

# Democracy North Carolina

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## **LOBBYISTS PAID \$14.5 MILLION IN 2005 “LONG SESSION”**

### **New Law Poised to Reveal Details Hidden By Old Law**

Lobbyists prowling the halls of the NC General Assembly received \$14.5 million from their clients in 2005, the year with the last “long session.” That amounts to \$85,400 for each of the 170 legislators, according to Bob Hall of Democracy North Carolina, the nonpartisan watchdog group that conducted the analysis from data compiled by the NC Secretary of State.

“Lobbyists play a vital role in providing useful information from different, often competing interests,” said Hall, “but lobbying is a public process, not a private transaction, so it’s vital for the public to know about the large sums of money involved. In North Carolina, interest groups actually spend more on lobbying than their PACs spend on campaign contributions to state legislators.”

The 2005 session is best known for the narrow adoption of the state-run lottery and the illegal lobbying of Meredith Norris and her client, Scientific Games International. Amended reports from Scientific Games disclose it paid Norris and vice president Alan Middleton \$41,372 in 2005.

The company’s rival, GTECH, which eventually won the lottery contract, disclosed paying five lobbyists a total of \$106,000 during 2005.

Other big spenders in 2005 weighed in on such topics as pay raises for state employees, the alcohol content in beer, stormwater management and drinking water protection, changes in the workers compensation system, utility regulation, video poker, tax subsidies, and predatory lending.

Summary files from the Secretary of State\* show that 17 special interests paid their lobbyists over \$100,000 and another 29 paid at least \$72,500. These 46 account for 32% of the \$14.5 million that 721 businesses, trade associations, and nonprofits paid their registered lobbyists in 2005.

The top four groups and their lobbyists’ pay are: NC Citizens for Business & Industry (\$220,715 for 11 lobbyists), State Employees Association (\$186,650), NC Assn. of Electric Cooperatives (\$179,958) and the NC Academy of Trial Lawyers (\$178,823).

The \$14.5 million paid to lobbyists in 2005 is 45% more than the \$10.0 million listed on the 2003 reports processed by the Secretary of State’s office. But Hall said an exact comparison is not possible because the Secretary’s summary files for 2003 still omit data from many reports submitted late, after an analysis by Democracy North Carolina identified over 100 missing reports for 2003.

Data for the 2006 “short session” is not yet available in a convenient format from the Secretary of State, because reports for the second half of 2006 were not due until last week. Reports for 2005-2006 followed the semi-annual schedule and lax requirements of a law that was changed last year.

Because of loopholes in the old law, Democracy North Carolina found that:

- 82 percent of the 721 principals reported no spending in 2005, beyond a single figure for the compensation paid to their lobbyists and occasionally the registration fee paid to the Secretary.
- 18 percent of the principals reported spending \$512,248 in other areas, including \$251,286 for food and entertainment, \$63,929 for transportation and lodging, and \$174,378 for other items.

A new law, covering lobbying activities after January 1, 2007, closes several “loopholes,” prohibits most gift-giving and entertainment, and requires disclosure of more details, more often, about permitted spending that benefits legislators or executive branch officials. Reports for spending during February, the first full month of the 2007 General Assembly, are due next week and should provide important clues about how well the new law is working, Hall said.

“We’ve gone from one of the weakest laws in the nation to one of the strongest. In fact, it’s important that some provisions are not interpreted by regulators so narrowly that the law stifles public interactions between legislators and their constituents,” he said. One useful interpretation will require principals to list the amount *each* lobbyist receives, rather than just one lump sum.

The reports for 2005 reveal a wide range of compensation – and highlight some mysteries:

- It’s not surprising that computer giant Dell Inc. invested \$105,000 in lobbyists, but what policy issues were involved in the \$130,586 that engineering firm Hayes Seay Mattern & Mattern paid to its lobbyists? Or the \$90,000 paid by US Airways or \$110,019 by the Center for International Education or \$74,708 by Corning Inc. or \$76,904 by DaVita Inc.?

- The NC Chiropractic Association paid its lobbyist \$29,713 and optometrists didn’t even hire a lobbyist. Both groups benefited from now-famous special provisions in the 2005 budget tied to illegal contributions involving ex-Speaker Jim Black. Meanwhile the NC Amusement Machine Association’s lobbyists got \$79,275 to keep video poker alive, one last year.

- Eleven groups whose PACs rank among the state’s 25 biggest also ranked among the top 50 principals for compensation paid in 2005: NC Assn. of Electric Coops, Academy of Trial Lawyers, NC Assn. of Realtors, Duke Energy, NC Hospital Assn., NC Home Builders, NC Medical Assn., Progress Energy, Sprint/Embarq, NC Beer & Wine Wholesalers Assn., and Bank of America.

- “Predatory lending” groups seeking to raise interest rates on certain loans paid their lobbyists over \$300,000: World Acceptance Corp. (\$106,875), CompuCredit’s Purpose Solutions (\$80,398), NC Financial Services Assn. (\$35,700), Community Financial Services (\$32,000), Cash America Intl. (\$25,000), NC Independent Financial Assn. (\$20,700), and Check into Cash (\$18,500).

- 116 of the 721 principals reported paying their lobbyists nothing, perhaps because nothing special emerged in the 2005 session – or because the group misunderstood or disobeyed the law.

- Significant spending is often omitted from the reports – e.g., the \$24,500 Scientific Games paid Kevin Geddings in 2005 for communications and the amount the NC Association of Educators paid on ads for the lottery bill. Even the new law won’t disclose all lobbying costs, but it should capture (a) spending by lobbyists and lobby groups that benefits state officials, (b) compensation of lobbyists, and (c) significant spending to mobilize the general public to lobby.

**\* Our original release cited the \$203,500 listed on reports submitted by the NC Insurance Federation, but it then filed amendments saying compensation was \$43,956 for 2005, which reduced the grand total to \$14.5 million.**

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## TOTAL COMPENSATION PAID IN CALENDAR 2005 TO IN-HOUSE AND CONTRACT LOBBYISTS\*

NAME OF PRINCIPAL	AMOUNT PAID TO LOBBYISTS	NAME OF PRINCIPAL	AMOUNT PAID TO LOBBYISTS
NC Citizens for Business & Industry	\$220,715	DaVita Inc.	76,904
State Employees Association of NC	186,650	Corning Inc.	74,708
NC Assn. of Electric Cooperatives	179,958	State Farm Insurance Companies	74,460
NC Academy of Trial Lawyers	178,823	Nextel Communications	74,250
NC Farm Bureau Federation	155,000	Infiltrator Systems Inc.	73,385
NC Press Association	147,667	NC Bail Agents Assn.	73,105
Dominion Resources/Virginia Power	142,464	First Citizens Bancshares	72,800
Hayes Seay Mattern & Mattern	130,586	Green Industry Council	72,500
ElectriCities of NC	117,520	NC Assn. of Career Colleges & Schools	66,060
GlaxoSmithKline	115,000	Small Rural School Consortium	65,000
NC Assn. of County Commissioners	111,970	American Express Co.	63,750
NC Cable Telecommunications Assn.	110,274	JM Family Enterprises	63,000
Center for International Education	110,019	NC Health Care Facilities Assn.	62,000
World Acceptance Corporation	106,875	Lorillard Tobacco Co.	61,978
GTECH	106,000	NC Dental Society	61,852
Dell Inc.	105,000	Assn. for Home & Hospice Care of NC	61,299
NC Association of Realtors	101,550	NC Citizens for Justice	60,625
Town of Cary	97,500	Martin Marietta Materials	60,428
Duke Energy Corp.	97,314	NC Society of Perfusionists	60,000
NC League of Municipalities	96,806	Catawba County	58,926
NC Hospital Association	96,236	NC Retired Gov'tal Employees Assn.	57,631
NC Home Builders Assn.	95,009	NC Automobile Dealers Assn.	56,271
NC Retail Merchants Assn.	94,500	General Motors Corp.	56,213
US Airways	90,000	Charlotte Area Transit System	55,603
NC Medical Society	87,998	American Petroleum Institute	55,000
Duke University Health System	85,962	Mental Health Assn. in NC	52,500
Liberty Homecare Group LLC	80,462	Securities Industry Assn.	52,212
Charlotte Chamber of Commerce	80,456	NC Coun. Comm. MH/DD/SA Programs	51,575
Purpose Solutions LLC	80,398	NC Petroleum Marketers Assn.	51,416
NC Museum of Art Foundation	80,000	NC Mutual Wholesale Drug Co.	50,146
NC Amusement Machine Assn.	79,275	NC Justice Center	50,130
Progress Energy	78,500	Alley Associates	50,000
Sprint	78,222	American Council of Life Insurers	50,000
NC Beer & Wine Wholesalers Assn.	78,000	Low Wealth Schools Consortium	50,000
NC Bar Assn.	77,843	NC Production Alliance	50,000
Hewlett-Packard Company	77,589	NC Travel & Tourism Coalition	50,000
Assn. of Community Pharmacists	77,500	RJ Reynolds Tobacco Company	50,000
Bank of America Corp.	77,194	NC Bankers Assn.	49,970

Insurance Federation of NC	49,956	NC Child Care Coalition	35,000
NC School Boards Assn.	49,834	NC Manufactured Housing Institute	35,000
NC Technology Assn.	49,083	NC Assn. of School Administrators	34,880
National Solid Waste Mgmt. Assn.	48,665	Nucor Corporation	34,853
CitiGroup Management Corporation	48,264	Synagro Technologies	34,749
Charlotte-Mecklenburg Bd. of Education	48,000	Conwood Company LLC	34,429
SAS Institute	48,000	Environmental Defense	34,386
NC Association of Educators	47,034	NC Beverage Assn. of NC	34,000
UST Public Affairs	46,500	Pepsi Bottling Ventures LLC	33,824
NC Adv. Coun. on Gastro. Endoscopy	46,450	CGI-AMS	33,000
AARP NC	46,143	Quintiles Transnational Corporation	33,000
Alliance of Automobile Manufacturers	45,834	NC Housing Finance Agency	32,960
Merck & Company	45,658	NC Assn. of Convenience Stores	32,565
ResCare Inc.	45,183	The Coalition for Natural Health	32,300
Automatic Data Processing (ADP)	44,995	Land for Tomorrow	32,042
Alliance for Managed Care	44,500	Comm. Financial Srvcs. Assn. of Amer.	32,000
NC Psychological Assn.	43,020	NC Land Title Assn.	32,000
Apollo Group	43,000	Monsanto Company	31,250
BellSouth	42,842	Swedish Match North America	31,000
Eckerd Youth Alternatives	42,447	Swisher International	31,000
Ilford Imaging Group	42,363	NC Police Benevolent Assn.	30,934
National Fed. of Indpt. Business (NFIB)	42,238	Cigar Assn. of America	30,847
NC Coal. for Privatiz. of Waste Water	42,000	Indoor Tanning Association	30,626
NC Assn. of Nurse Anesthetists	41,562	Harrington Benefit Services	30,200
Scientific Games	41,372	NC Poultry Federation	30,166
Teachers Ins. & Annuity Assn. College	41,000	Accenture LLP	30,000
Conservation Council of NC	40,961	Colonial Life and Accident Ins. Co.	30,000
American Institute of Architects NC	40,000	EchoStar Communications	30,000
Accountable Documents System (ADS)	40,000	Equality NC	30,000
Develop'tal Disabilities Facilities Assn.	40,000	Festiva Resorts	30,000
Liggett Vector Brands	40,000	NAPEO	30,000
NC Community Health Centers Assn.	40,000	NC Library Assn/NC Public Library Dirs.	30,000
Public School Forum of NC	40,000	NC Trucking Assn.	30,000
John Deere State Public Affairs	39,900	Wake Forest Univ. Health Sciences	30,000
HSBC GR Corporation	39,744	NC Chiropractic Assn.	29,713
NC Occupational Therapy Assn.	39,330	Coca-Cola Bottling Co. Consolidated	29,593
Philip Morris USA	39,275	UPS	29,500
NC PIRG	38,653	NC Assn. of Health Plans	29,414
City of Greensboro	38,128	Omega Protein Corporation	29,200
NC Assisted Living Assn.	37,800	Wachovia Corporation	29,167
NC Society of Anesthesiologists	37,750	NC Outdoor Advertising Assn.	29,033
Apartment Assn. of NC	37,743	Motion Picture Assn. of America	29,000
NC Nurses Assn.	37,500	Georgia-Pacific Corporation	28,974
Cherokee Tribal Gaming Commission	37,400	NC Economic Development Group	28,750
Motorola	37,261	Piedmont Natural Gas Company	28,658
Hugo Neu Corporation	36,561	NC Metropolitan Coalition	28,609
Durham County	36,000	SONA MedSpa International	28,100
The Nature Conservancy	35,904	ARCADIS	28,000
Pharmaceutical Res. & Manufacturers	35,777	American Cancer Society S Atlantic Div.	28,000
NC Financial Services Assn.	35,700	DuPont	28,000
NC Assn. of ABC Boards	35,000	GMAC Insurance Management Corp.	28,000

NC Telephone Cooperative Coalition	28,000	Johnson & Wales University	22,500
The Diageo Group	28,000	Ctr. for Responsible Lending/Self Help	22,362
NC Assn. of Broadcasters	27,112	JR Tobacco of America	22,200
Baxter Healthcare Corporation	27,000	The Taubman Company	22,075
NC High School Athletic Assn.	27,000	DISCUS	22,000
EDS Corporation	26,500	Carolina Asphalt Pavement Assn.	21,825
NC Watermen United (NCWU)	26,400	Manufacturers & Chemical Ind. Coun.	21,783
Consumer Credit Counseling-ForsythCo	26,000	El Pueblo	21,696
Dewey Square Group	26,000	Federated Retail Holdings	21,611
Property Casualty Insurers Assn.	26,000	Eastern Band of Cherokee Indians	21,333
Amer. Coun. of Engineering Cos. of NC	25,848	Children and Family Services Assn.	21,258
Cash America International	25,500	Carolinas AGC	21,000
Interstate Carriers Exemption Coalition	25,500	Eli Lilly and Company	21,000
Waste Management Carolinas	25,500	NC AgriBusiness Council	20,750
Lake Norman Regional Medical Center	25,400	NC Independent Finance Assn.	20,700
Shull's Mill Properties	25,400	NC Assn. of Pharmacists	20,572
Carolinas HealthCare System	25,240	NC Biosciences Organization	20,533
Autism Society of NC	25,000	Owen G Dunn Company	20,499
BP America	25,000	Celanese	20,450
CropLife America	25,000	Employers Coalition of NC	20,400
Currituck County	25,000	Harris Teeter	20,346
NC Assn. of Mortgage Professionals	25,000	NC Motorcoach Assn.	20,200
NC Coalition Against Domestic Violence	25,000	ACC Capital Holdings Corporation	20,000
NC Travel Industry Assn.	25,000	American Lung Assn. of NC	20,000
Settlement Funding LLC	25,000	Amer. Massage Therapy Assn. of NC	20,000
The Conservation Campaign	24,802	Caremark RX	20,000
Advanced Electrolysis & Laser Clinic	24,000	Consumer Data Industry Assn.	20,000
Professional Educators of NC	24,000	Johnson & Johnson	20,000
NC Retired School Personnel	23,773	Mediation Network of NC	20,000
Wood Preservative Science Council	23,701	Medimmune Inc.	20,000
Sierra Club NC Chapter	23,651	Miller Brewing Company	20,000
NC Assn. Plumb-Heat-Cool Contractors	23,534	Murphy-Brown LLC	20,000
NC Vending Assn. (NCVA)	23,507	NC Inst. of Minority Economic Devpmt.	20,000
Mortgage Bankers Assn. of Carolinas	23,500	National Assn. of Social Workers NC	20,000
Rex Hospital	22,800	Smithfield Foods	20,000
Conservation Trust for NC	22,788	State Lodge Fraternal Order of Police	20,000
Abbott Laboratories	22,500	Wine Institute	20,000

\* These figures are based on a data-file, summary compilation by the Secretary of State's Lobbying Compliance Division of the principal's disclosure reports for calendar 2005. Democracy North Carolina corrected several numbers in the file because of significant errors totaling more than \$400,000 but did not attempt to review the reports for all 721 principals.

#### SUMMARY OF COMPENSATION DATA

**17 Principals paid compensation of \$100,000 or more = \$ 2,326,071 = 16% of total**  
**29 Principals paid compensation of \$72,500 - \$99,999 = \$ 2,378,876 = 16% of total**  
**675 Principals paid compensation less than \$72,500 = \$ 9,829,239 = 68% of total**

**Totals: 721 Principals = \$14,534,186 = 100%**