



Is the Unicameral Listening to Voters or Lobbyists?

LOBBY REPORT 2015

Our 2015 Lobby Report gives Nebraskans an opportunity to compare lobbying activity over a four-year period. The convening of Nebraska's Unicameral is a biennial event—for example, the 104th Legislature includes a 90-day session in 2013 and a 60-day session in 2014. This report looks at both the 103rd and 104th Legislatures. Where possible we have also included some statistics reported for 2015.

The statistics in this report have been compiled from records available to the public at the Nebraska Accountability and Disclosure Commission and the Clerk of the Legislatures Office. Work is underway to provide these records online.

Common Cause Nebraska believes all people and all organizations should be encouraged to make their opinions heard. Professional lobbyists are excellent communicators and providers of information. It is gift-giving, entertainment and campaign contributions that create ethical questions and public concern. Common Cause continues to encourage legislation that eliminates these questionable practices and limits the influence of big money.

Jack Gould

Issues Chair, Common Cause Nebraska

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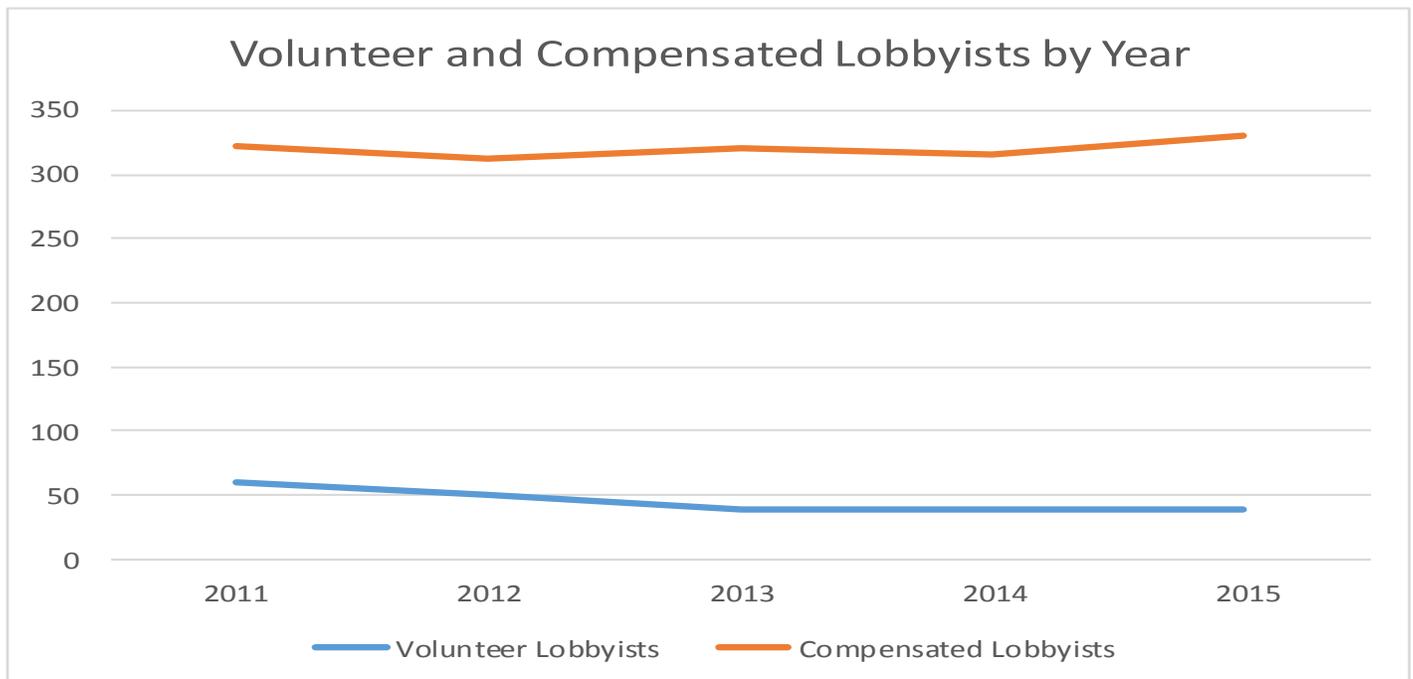
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Number of Active Lobbyists

As the table below shows, the number of principals (people, companies or organizations that hire lobbyists) has steadily increased in recent years. The 527 principals hiring lobbyists in 2015 is a record for the state of Nebraska. Lobbying activity is largely influenced by the issues under consideration and by the willingness of principals to spend dollars to influence the body.

Registered Lobbyists by Year

	2011	2012	2013	2014	2015
Compensated Lobbyists	323	313	321	316	331
Volunteer Lobbyists	60	50	38	39	39
Entities Hiring Lobbyists (Principals)	487	499	506	506	527
Volunteer Organizations	38	33	23	27	30
<i>Days in Session</i>	<i>90</i>	<i>60</i>	<i>90</i>	<i>60</i>	<i>90</i>



Lobbying Expense

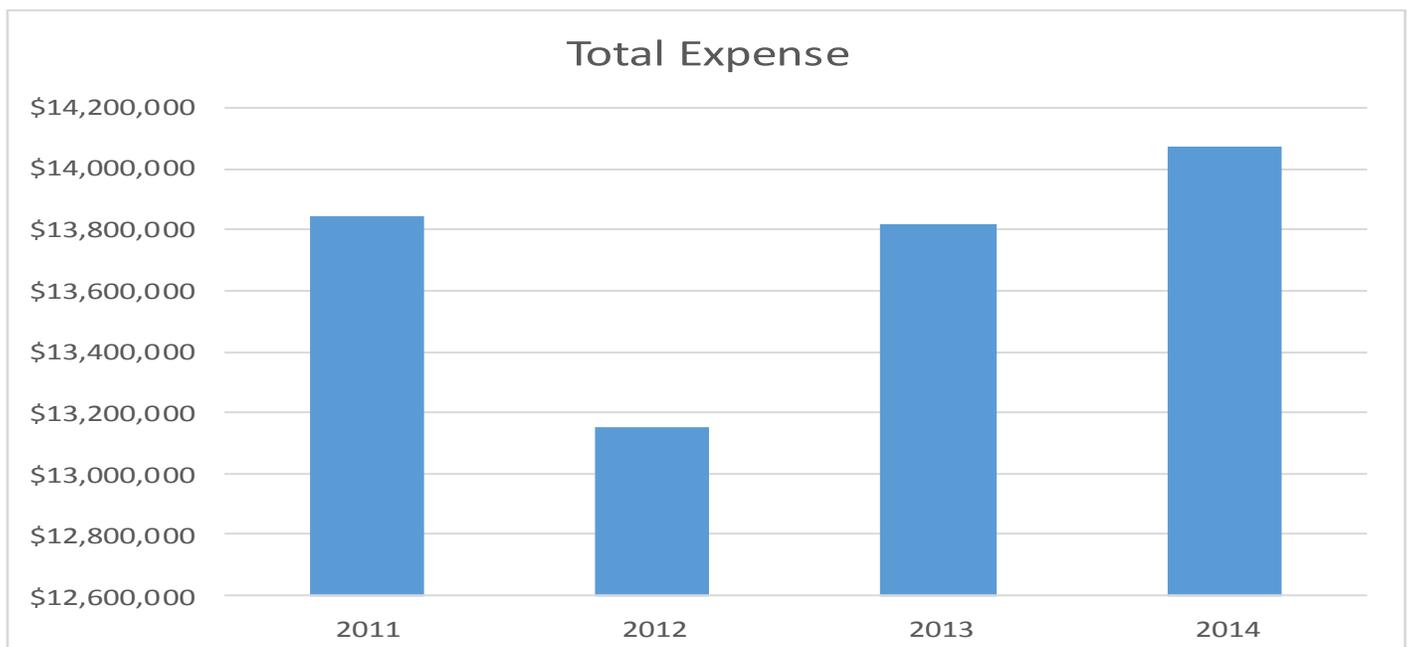
Several categories of lobbying expenses indicate trends in lobbying activity, as shown in the accompanying table. The total amount spent by principals on lobbying per session continues to hover between \$13 million and \$14 million since 2011. Expenditure records going back to 2000 however indicate a dramatic increase in 60-day-session expenditures, from \$3,002,853 in 2000 to \$14,070,476 in 2014. The 2014 Principal's Total Expense is the largest amount ever reported for a 60-day session.

The statistics also indicate that Lobbyist Compensation has shown a steady increase and accounts for the primary increases in Total Expenditures.

It is important to note that the reporting of spending by lobbyists on food and beverages is included in the Entertainment category. For a more accurate picture of lobbying activity, both Miscellaneous and Entertainment categories should be broken into several smaller groups, including Food and Beverages.

Principal Expenses by Year

	2011	2012	2013	2014
Lobbyist Compensation	\$12,200,404	\$12,082,196	\$12,833,019	\$13,032,999
Lobbyist Reimbursement	\$350,501	\$272,568	\$275,760	\$347,241
Entertainment	\$338,885	\$355,544	\$272,639	\$263,260
Miscellaneous	\$619,995	\$162,806	\$181,998	\$211,499
Office Supplies	\$129,936	\$171,194	\$170,620	\$160,495
Gifts (including event tickets)	\$36,864	\$25,637	\$28,369	\$23,992
Travel	\$142,904	\$52,913	\$44,930	\$19,014
Lodging	\$23,453	\$29,080	\$9,356	\$11,973
Principal's Total Expenses	\$13,842,946	\$13,151,942	\$13,816,694	\$14,070,476
Days in Session	90	60	90	60

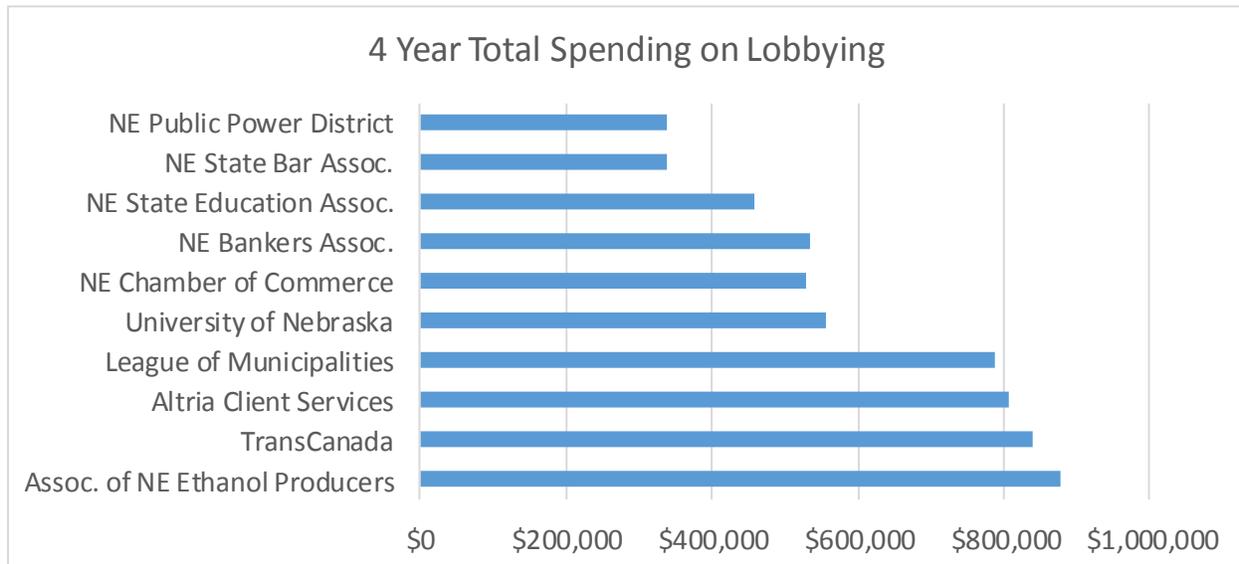


Who Spends the Most on Lobbying?

Of the 506 entities that hired paid lobbyists in 2014, we have identified ten of the biggest spenders over the last four years. Our Four-Year Total indicates that the Association of Nebraska Ethanol Producers has replaced TransCanada as the top spender.

The University of Nebraska has also shown a steady increase in total spending, moving from sixth in 2013 to fifth in 2014. The University's lobbying expense reflects tax dollars being spent to get more tax dollars.

	2011	2012	2013	2014	4 Year Total
Assoc. of NE Ethanol Producers	\$293,913	\$201,825	\$191,475	\$190,191	\$877,404
TransCanada	\$579,531	\$94,996	\$92,000	\$73,197	\$839,704
Altria Client Services	\$317,807	\$317,807	\$209,655	\$158,402	\$808,022
League of Municipalities	\$204,752	\$211,351	\$193,131	\$179,551	\$788,785
University of Nebraska	\$116,783	\$122,079	\$156,634	\$160,135	\$555,631
NE Chamber of Commerce	\$128,783	\$129,895	\$151,377	\$120,036	\$530,091
NE Bankers Assoc.	\$142,795	\$125,499	\$124,535	\$141,668	\$534,497
NE State Education Assoc.	\$148,601	\$137,761	\$103,050	\$68,645	\$458,057
NE State Bar Assoc.	\$86,021	\$86,202	\$92,388	\$74,841	\$339,452
NE Public Power District	\$89,655	\$83,521	\$86,292	\$78,544	\$338,022



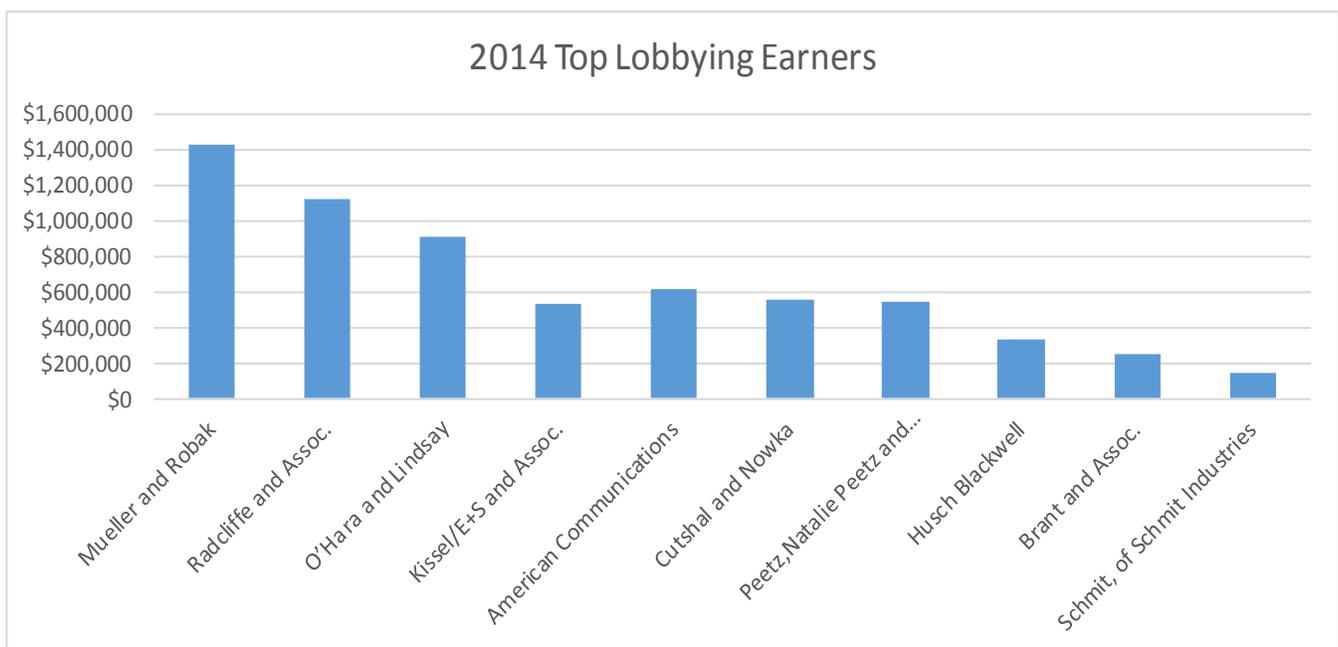
Who Makes the Most?

Most people recognize that Nebraska’s state senators are woefully under paid. The \$12,000 annual salary and limited per diem are not adequate to compensate for the long hours and the heavy responsibility. At the same time, it is wrong to assume gift giving and special privileges are an acceptable form of compensation. Lobbyists and principals provide these with the expectation that they will win favor and gain special access.

It is ironic that “we the people” provide so little for our lawmakers while special interests are willing to spend so much. Our 49 senators earn collectively a total of \$588,000 each year while special interests spend more than \$14,000,000 to influence our government. It is also ironic that most senators argue that the lobby has little influence on their vote while so many powerful entities are sure their investments in lobbying pay off.

Below is our list of the Top 10 lobbying firms based on their reporting of Total Receipts.

	2011	2012	2013	2014	Total
Mueller and Robak	\$1,176,804	\$1,164,855	\$1,273,952	\$1,425,318	\$5,040,927
Radcliffe and Assoc.	\$1,022,067	\$1,062,785	\$1,025,960	\$1,116,530	\$4,227,342
O’Hara and Lindsay	\$886,813	\$857,503	\$873,348	\$909,514	\$3,527,178
Kissel/E+S and Assoc.	\$548,657	\$564,764	\$611,519	\$534,076	\$2,259,016
American Communications	\$517,555	\$528,999	\$592,350	\$618,221	\$2,253,125
Cutshal and Nowka	\$497,362	\$521,862	\$552,308	\$557,101	\$2,128,633
Peetz,Natalie Peetz and Company	\$302,500	\$469,500	\$513,000	\$541,500	\$1,826,500
Husch Blackwell	\$263,819	\$183,682	\$237,552	\$330,102	\$1,015,155
Brant and Assoc.	\$242,299	\$237,982	\$240,743	\$253,992	\$975,016
Schmit, of Schmit Industries	\$289,800	\$201,825	\$191,475	\$139,725	\$822,825



Legislative Impact

It remains difficult to measure the full impact of lobbying money on the Nebraska Unicameral. Lobbyists are restricted to gifts of \$50 per month per senator. Senators must report only gifts valued over \$100. Principals only report total expenditures. Because food and beverages are grouped with all other Entertainment, the picture becomes clouded. Golf outings, luncheons, holiday gifts, birthday gifts, wedding presents, and tickets to events are difficult to track to specific senators.

For example, we know that TransCanada, a foreign company, spent \$839,704 over a four-year period on lobbying activity. But we cannot track the money to specific events or specific recipients. If TransCanada gave a senator a gift value under \$100, neither TransCanada nor the senator would have to report the value or identify the gift. If TransCanada held an elaborate dinner and invited every senator, providing food and beverages amounting to \$200 per senator, the expense might only show up in TransCanada's total Entertainment figure. The public could not find out if their senator attended, or the actual value of the event.

The only principal that provides greater disclosure is the University of Nebraska. Several years ago the University agreed to disclose their "gifts of admission" so that the public could see who received the highly valued football tickets. It has been reported that the seating of senators is between the 40-yard lines about halfway up the lower section on the west side of the stadium. In 2014 the University placed a value of \$784 on two season tickets. Senators are not required to make the "foundation donation" that general public pays.

It can be argued that who gets free football tickets is a trivial issue. But, unfortunately, it is the only true measure of how accurately gifts are reported. The \$100 limit requires senators to report season tickets and the University is required to report all tickets to events. Ron Withem, the University's lead lobbyist, has indicated that Club Tickets and Skybox Tickets will no longer be offered to senators on a single-game basis.

Senators can also buy season tickets with campaign funds, and they are expected to donate these tickets to charity. The charities, however do not have to be identified.

The charts below are compiled from the University of Nebraska's Principal's Report and the Statement of Financial Interests filed by the senators with the Nebraska Accountability and Disclosure Commission. The chart shows who accepted tickets, the value of the tickets and who actually reported the gift.

It should be noted that the University does not disclose senators who pay for tickets with campaign dollars or with their own money. Just having access is a perk.

The University also provided twelve senators with UNO Hockey ticket with a total value of \$501 and eleven senators received Spring Game football tickets valued at \$20 each.

Eighty-eight members of the capitol staff also received \$10 gift tickets to the Spring Game.

Senators Who Accepted Free UNL Football Tickets - 2014

	Accepted Two Season Tickets: \$784	Paid for Tickets with Cam- paign Funds
Sen. Coash	Reported	No
Sen. Conrad	Reported	No
Sen. Cook	Not Reported	No
Sen. Crawford	Reported	No
Sen. Davis	Not Reported	No
Sen. Dubas	Reported	No
Sen. Haar	Reported	No
Sen. Howard	Not Reported	No
Sen. Johnson	No	\$784
Sen. Karpisek	Reported	No
Sen. Larson	Reported	No
Sen. Lautenbaugh	Reported	No
Sen. Mello	No	\$784
Sen. Murante	Reported	No
Sen. Scheer	No	\$784

Senators Who Accepted Free UNL Football Tickets - 2013

	Accepted Two Season Tickets: \$896	Paid for Tickets with Cam- paign Funds
Sen. Coash	Reported	No
Sen. Conrad	Reported	No
Sen. Cook	No	\$896
Sen. Crawford	Reported	No
Sen. Davis	Not Reported	No
Sen. Dubas	Reported	No
Sen. Haar	Reported	No
Sen. Howard	Not Reported	No
Sen. Karpisek	Reported	No
Sen. Larson	Reported	No
Sen. Lautenbaugh	Not Reported	No
Sen. McGill	Reported	No
Sen. Mello	No	\$896
Sen. Murante	Reported	No
Sen. Price	Reported	No
Sen. Smith	No	\$1,270
Sen. Adams	No	No

Public School Lobbying

Many public entities, already supported by tax dollars, spend tax dollars to lobby for more tax dollars. The most visible examples are the University of Nebraska and Nebraska’s public schools. Below are the eighteen school districts that have had the revenue to hire their own lobbyists over the last six years.

This practice raises important questions: Is the investment in the best interest of all Nebraska school children? Are these districts sacrificing a teacher to hire a lobbyist? Does the lobbying result in competition for tax dollars leaving the districts without lobbyists with less funding? Are the lobbyists working for the best interest of all Nebraska children or just for the children in the districts that pay them?

School District Spending on Lobbying by Year

School District	2009	2010	2011	2012	2013	2014
Adams Central	\$6,300.59	\$2,072.73	\$4,267.52	\$2,511.45	\$11,117.87	\$8,070.15
Bellevue	\$75,475.00	\$60,075.00	\$73,800.00	\$60,000.00	\$60,200.00	\$60,200.00
Bennington	\$20,000.00	\$9,000.00	\$20,200.00		\$32,300.00	\$7,700.00
Columbus	\$15,000.00	\$11,250.00	\$11,250.00	\$15,000.00	\$11,250.00	
DC West						\$25,200.00
Elkhorn	\$20,200.00	\$15,200.00	\$20,200.00	\$20,000.00	\$18,950.00	\$25,200.00
Fremont	\$15,395.89	\$14,001.38	\$12,092.29	\$10,558.61	\$20,000.04	\$20,000.04
Grand Island NW	\$6,597.74	\$2,081.42	\$4,268.01	\$2,606.68	\$11,079.02	\$8,070.15
Grand Island	\$21,450.00	\$19,875.00	\$30,000.00	\$30,000.00	\$30,000.00	\$30,000.00
Lakeview		\$2,245.73	\$4,348.02	\$2,646.08	\$6,080.69	\$8,174.11
Lexington	\$15,200.00	\$15,000.00				
Lincoln	\$95,572.35	\$96,186.71	\$70,447.95	\$54,823.16	\$45,086.06	\$42,706.22
Millard	\$65,420.33	\$65,383.95	\$65,471.95	\$65,396.11	\$66,079.15	\$59,823.93
Omaha	\$62,152.96	\$67,038.31	\$79,161.51	\$68,283.24	\$67,091.05	\$78,886.68
Papillion	\$22,186.40	\$20,983.00	\$12,200.00		\$27,200.00	\$36,200.00
Ralston	\$23,500.00	\$31,020.00	\$27,142.50	\$30,073.32	\$28,416.63	\$32,476.64
Springfield Platteview					\$10,769.25	\$20,100.00
Westside	\$27,708.97	\$19,525.80	\$22,646.36	\$27,704.92	\$31,418.13	\$29,832.96
Total Spending	\$492,160.23	\$450,939.03	\$457,496.11	\$389,603.57	\$477,037.89	\$492,640.88

It should be noted that the University of Nebraska competes with K-12 public schools for state education dollars. Of the \$160,135 lobbying dollars spent by the University in 2014, \$118,069.76 went to compensate its six registered lobbyists.

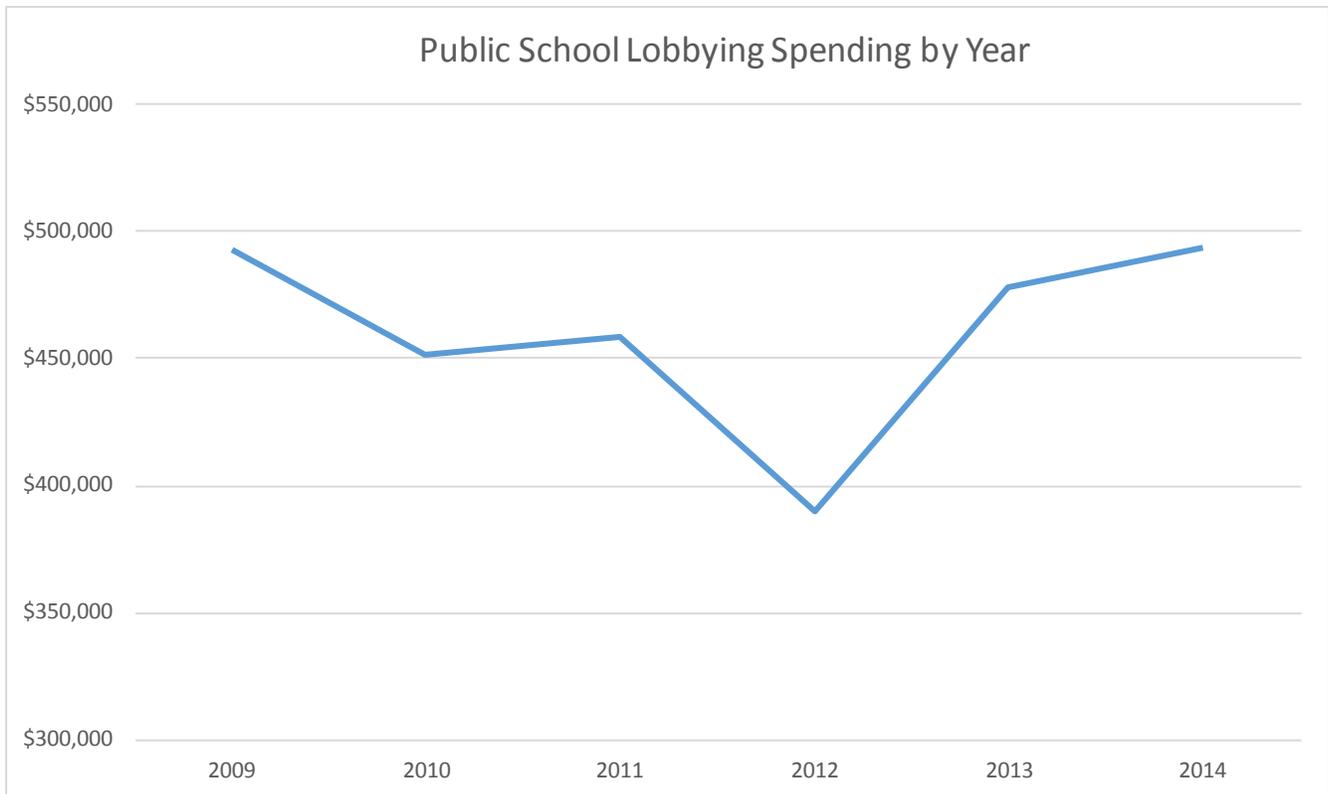
As reported last year, a number of “lobby-less” school districts have organized to form Schools Taking Action for Nebraska Children’s Education (STANCE). The member districts have pledged not to hire professional lobbyists, and are instead requiring their superintendents to take an active role at the capitol. Their goal is to represent the interests of all Nebraska children rather than compete for the special interests of individual districts. STANCE should be credited for a truly noble effort.

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Which Lobbyists Represent Each School District

School	Lobbyist
Adams Central	Nowka
Bellevue	Radcliffe
Bennington	Plucker
Columbus	Amack
DC West	Bromm
Elkhorn	Nowka
Fremont	Jensen/Rogert
Grand Island NW	Ramaekers
Grand Island	Amack

School	Lobbyist
Lakeview	Nowka
Lexington	Bromm
Lincoln	Radcliffe
Millard	Mueller/Passarelli
Omaha	O'Hara
Papillion	Husch/Blackwell
Ralston	Kissel
Springfield Platteview	Bromm
Westside	Kelly



Campaign Contributions

Although we tend to separate lobbying expenses from campaign contributions, both play a key role in winning access and influence. Union Pacific, for example, spent less than \$100,000 lobbying in 2011 and 2012, but it spent \$110,400 on campaign contributions over those two years.

Most corporate interests contribute generously to candidates from both parties but tend to favor incumbents. It is a very practical approach. Once a candidate is elected, offers to host fundraisers begin. There is a real value in developing an eight-year relationship with a newly elected senator. Most incumbent senators raise at least two thirds of their campaign money through lobbyists and special interests. It is reasonable to think that term limits might reduce the fundraisers during a senator's second term but this is not the case. Many senators use campaign dollars for club memberships, travel expenses, charitable contributions, tickets to fundraising events, office supplies, computers, and so on. If senators have other political ambitions or plans to return to the legislature in four years, a healthy war chest is desirable and lobbyists are more than willing to help.

As a result of several Supreme Court decisions, Nebraska no longer has any limits on campaign spending or campaign contributions. (See *Getting Elected in Nebraska* on our Common Cause Nebraska webpage) This has created a situation in which the lobby can increase its importance by hosting fundraisers and urging clients to make generous contributions. By acting as a conduit for campaign funds, the lobby grows in its ability to gain access and influence.

In-session Fundraisers

Lobbyist sponsored in-session fundraisers tend to be the most efficient approach to fundraising for both lobbyists and senators. The senators are in town, the lobbyists are in the rotunda, and the issues are on the floor. Common Cause estimates that an in-session breakfast fundraiser can generate as much as \$7,000 one hour before the senators are on the floor of the legislature. Most contributions are kept under \$250, the limit beyond which individual donations must be disclosed. This allows the required reporting to appear only as a single cash total. Invitations call for a \$100 contribution at the door for all lobbyists and a complimentary pass for all senators. These are closed events. The public and the press are not invited. It is possible for lobbyists to "bundle" checks from other individuals, adding to the difficulty of tracing contributions.

Twenty-nine states prohibit in-session fundraisers. Common Cause Nebraska has helped to draft legislation to prohibit these events, but the Government Committee has failed to advance the legislation during four legislative sessions.

In-session fundraisers are rarely advertised, but some are placed on the Legislative Calendar in the Clerk's Office. Below is a current list of lobbyist scheduled in-session fundraisers between January and May 2015, as reported on the Legislative Calendar.

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Calendar of In-Session Fundraisers

January	February	March
6th - Heath Mello*	12th - Harr	6th - Sue Crawford
22nd - Johnson	26th - John Murante	19th - Cook*
28th - Watermeier		30th - Tommy Garrett
30th - Haar*		

April	May
2nd - Nordquist*	5th - John Murante
9th - Adam Morfeld	
13th - Howard	
30th - Hughes	

* - Senator is in second term

Campaign Finance Reporting

Senators report campaign contributions and expenditures over \$250, but senators and other state officials do not have to provide a verifiable yearly bank balance for their campaign accounts. Contributions under \$250 are generally reported as cash, creating a serious gap in the reporting requirements. In 2012, Senator Brenda Council was able to gamble away \$64,000 in campaign funds because auditors did not have access to a documented bank balance. In 2006, Senator Ray Mossey resigned after it was discovered that \$7,442.98 was missing from his campaign account. In 1993, Margaret Reynolds, the treasurer of Senator Scott Moore’s campaign, diverted \$6,680 for her personal use. Auditors detected none of these felony thefts. Individuals outside the monitoring process reported all three. In 2013, 2014, and 2015 Common Cause helped to write legislation that would require yearly verifiable bank balances to be submitted to the Accountability and Disclosure Commission. Without a verifiable bank balance, campaign balances are whatever the candidate chooses to report.

Currently LB166, the bill to require a verifiable bank balance for all campaign accounts sits in the Government Committee without a vote being taken. The bipartisan Accountability and Disclosure Commission, the Omaha World Herald, the Lincoln Journal Star, the League of Women Voters, and Common Cause Nebraska support the bill. At the public hearing on LB166 there was no opposition. Members of the Committee have argued that three felony convictions over twenty years are not enough to warrant reform.

The Revolving Door

There are currently as many as twenty-five former state elected officials who have walked through the “revolving door “ and are now lobbying for special interests. The National Conference of State Legislatures reports that thirty-three states have passed revolving-door prohibitions calling for one- or two-year “cooling-off periods” before elected officials are able to become paid lobbyists. Common Cause Nebraska has helped to draft similar legislation in four legislative sessions, but none of the bills have made it out of committee. A cooling-off period allows for issues and committee ties to change. It also provides distance between legislation and any promises of future jobs.

Common Cause Recommendations

Lobbying Expenses:

1. Lobbyists should be required to report expenses per elected official recipient.
2. Lobbyist and principal reports should include a separate category for food and beverages.
3. Food and beverages should be subject to gift rules.

Gift Giving (See Legislative Impact):

1. Elected officials should be required to report all gifts over \$50 which would allow auditors to cross-check those disclosures with lobby reports.
2. A long-term solution would be to eliminate all gift giving by lobbyists and principals while raising legislative salaries to at least \$30,000. Thereby replacing the generosity of lobbyists with that of the public.

School District Spending:

1. Public schools should be prohibited from spending tax dollars (state and local) on professional lobbying firms. The responsibility for lobbying should fall to educators, rather than hired firms.
2. All public entities receiving private foundation funds should be required to clearly identify and indicate how private funds are spent. Additionally, greater disclosure should be required from private foundations whose primary purpose is to support public entities. Donors and taxpayers deserve to know how private funds are used.
3. Public officials should be required to disclose all benefits and gifts provided by private entities, including their value, before negotiating any salary increase.

Campaign Contributions:

1. Nebraska should join 29 other states in prohibiting in-session campaign contributions from lobbyists and principals.
2. Registered lobbyists should be restricted from soliciting and/or bundling campaign contributions for candidates.

Campaign Finance Reporting:

1. All elected officials should be required to provide a verifiable bank balance from their campaign account each year.
2. Lower the campaign donation and expenditure disclosure rates from \$250 to \$50 or \$100.

The Revolving Door:

1. Nebraska should join 33 other states by adopting "revolving door legislation, which would require a 2 year cooling off period before former officials can become paid lobbyists.