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January 15, 2015

The Honorable Jodi Remke
Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, CA 95814

RE: FPPC Regulation 18616 - SUPPORT

Dear Chair Remke,

On behalf of California Common Cause and our members, I am writing with a letter of support for the proposed amendments to FPPC Regulation 18616, which would require itemization of payments in the Other Payments to Influence (OPI) category in lobbyist employer disclosures. The proposed regulation would greatly improve transparency in lobbying, providing Californians with a better understanding of how organizations seek to exert influence in our state's capitol. Disclosure is an important tool to preventing special interests from exerting improper or hidden influence over state decision makers.

The Political Reform Act requires lobbyist employers to file quarterly reports about their lobbying activity. The report discloses, among other things, what legislation employers lobbied on; what employers paid their lobbyists; an itemization of their campaign contributions and gifts to elected officials; and "other payments to influence." OPI is a broad and opaque category that can include everything from monthly rent payments to sophisticated ad campaigns pressuring elected officials to act on pending legislation. While lobbyist employers must keep records of all their OPIs, there is no requirement that they *disclose* the itemization of these payments: instead, OPIs are reported as a single lump sum. This outdated approach conceals what this money was spent on, depriving the public of meaningful information about the tactics that interest groups use to influence policymaking.

Improving OPI transparency is critical (1) because of the total amount expended in this category and (2) because, for many of the largest interest groups in California, OPI has become their single biggest lobbying expenditure. According to a *Sacramento Bee* analysis, interest groups spent \$71 million on OPI in the first three quarters of 2015.¹ And, as noted by the FPPC staff report, the ten biggest interest groups in the state spent nearly 70 percent of their lobbying budget on OPI. We can surmise that a substantial amount of this money went to ad campaigns to push legislators to take favorable positions on legislation. For example, at the end of 2015, oil companies and the environmental group NextGen likely spent millions of dollars on dueling ad campaigns over SB 350, a climate change bill.² Unfortunately, with current disclosures such expenditures are invisible, hidden within the OPI catch-all.

For these reasons, Common Cause fully supports the Proposed Regulation as drafted. We appreciate the FPPC's leadership in developing this proposal to modernize the lobbying rules, which will bring greater transparency and accountability to this growing category of lobbying expenditures.

In future rounds of regulatory action, we urge the Commission to also require lobbyist employers to disclose what bill or proposed regulation is the subject of an advertising payment. Interest groups often take positions on dozens of bills, so adding this linkage will clarify towards what end these resources are being directed. We encourage collaboration between the Commission and the Secretary of State to determine how best to achieve this increased disclosure, including whether such disclosure could be integrated into existing Cal-Access forms.

Proposed Regulation 18616 will cast sunlight into one of the darker corners of lobbying expenditures; we urge the Commission to adopt this important proposal, and look forward to working with the Commission on continued improvements to state lobbying disclosures.

Please contact me at nheidorn@commoncause.org or (916) 520-4070 if you have any questions.

Sincerely,



Nicolas Heidorn
Policy and Legislative Counsel
California Common Cause

Endnotes:

¹ Jim Miller, "Capitol lobbying tab nearly a quarter-billion dollars," *Sacramento Bee* (Nov. 3, 2015), available at: www.sacbee.com/news/politics-government/capitol-alert/article42778131.html.

² Laurel Rosenhall, "Ad blitz heats up climate change fight," *CALmatters* (Aug. 20, 2015), available at: <https://calmatters.org/articles/ad-blitz-heats-up-climate-change-fight/>