

# MULTISTATE

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## **Dominion increased political spending while pushing for law**

July 10, 2018 | Dominion Energy's tenfold increase in spending to influence Virginia politicians was prompted by the spread of "fake news and propaganda perpetuated by anti-energy groups," a company spokesman said.

Recently filed disclosure forms show the state's biggest electric utility and most politically powerful company spent more than \$1 million on lobbyists, entertainment, meals and communications from May 2017 to the end of April 2018. That's about 10 times what the company said it spent in last year's filing.

The spending came during a period when the company successfully pushed through legislation that could lead to substantial increases to electric bills

Dominion spokesman David Botkins said the company's stepped up "education outreach" was needed "to break through the fake news and propaganda perpetuated by anti-energy groups."

Most of the increase in reported spending was due to a boost in communications spending, which the company said totaled nearly \$700,000. Dominion's media blitz while lawmakers were debating the bill included a TV ad that ran during the Super Bowl.

Dominion had 22 registered lobbyists this last session, a mix of full-time employees and well-connected hired guns. Dominion hired lobbyists from McGuireWoods, Reed Smith and Williams Mullen, three of the top lobbying firms in Virginia. The regulated monopoly also hired David Hallock, a close political advisor to Gov. Ralph Northam, as an outside lobbyist.

The \$1 million figure likely does not include the full scope of the company's efforts, as Virginia law requires only that a narrow definition of lobbying expenses be made public.

The company said it also spent \$110,000 on entertainment, meals and events. The bulk of that went to a Dominion-sponsored awards ceremony for prominent African-Americans held at a Richmond hotel attended by Northam and several lawmakers.

Long the dominant political player in state politics, Dominion has come under increased scrutiny because of its outsized political influence. Several newly elected Democratic House members have refused to accept the company's political donations.

"It's unfortunate that at a time when refusing monopoly money has become a hallmark of good governance, Dominion is doubling down on its political spending in an attempt to rig the rules in Richmond and mislead Virginians about the cost of their corruption," said Brennan Gilmore, executive director of Clean Virginia, a newly formed group devoted to countering Dominion's political influence.

The spending paid off for Dominion, as lawmakers approved a sweeping overhaul of electric regulations despite warnings from Attorney General Mark Herring's office and others that the law hurts customers.

Among many other things, the law gives Dominion new flexibility in accounting for costs that virtually guarantee its rates can't go down.

The new law also allows Dominion to bury about 4,000 miles of power lines, which regulators estimate will eventually add \$5 a month to an average residential customer's bill. Experts have said the \$2 billion project will translate to only a 0.00002 percent increase in reliability, while Dominion says the project has significant value for the state. New rate add-ons to pay for grid modernization and renewable energy project costs could add several dollars a month to typical residential bills.

Dominion has said the new law is customer friendly, pointing to provisions that require Dominion to refund past overearnings and pass along savings from lower federal tax rates.

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### **[The Georgia race for governor sets a spending record with months to go](#)**

July 10, 2018 | The race for governor has fast become the costliest contest for the state's top job in Georgia history.

New financial reports released this week show the candidates in the hunt to succeed Gov. Nathan Deal have raised or loaned themselves roughly \$33 million.

That figure is only set to grow: There's still four months to go in the race.

The documents reinforce trends that have long shaped the race. Lt. Gov. Casey Cagle is still the campaign cash king. Secretary of State Brian Kemp, who faces Cagle in the July 24 GOP runoff, is holding his own. And Democrat Stacey Abrams is taking advantage of the Republican tiff to restock her coffers.

The reports, which cover a three-month period from April 1 through June 30, also offer a glimpse of the late — and ultimately futile — maneuvering by the five also-rans in the race.

For instance, former state Rep. Stacey Evans donated an additional \$500,000 of her own cash to her campaign in the final stretch — bringing her total personal investment to roughly \$2 million — only to be trounced by Abrams in her party's primary.

The fundraising has shattered Georgia spending records. The costly Democratic runoff in 2006 between Cathy Cox and Mark Taylor for the right to face Gov. Sonny Perdue pushed the overall cost of that governor's race to roughly \$30 million, a high bar matched by the crowded 2010 frenzy won by Deal.

But this contest, which featured two Democrats and five Republicans each with seven-figure takes, seems destined to make those races appear quaint by comparison.

Cagle has already raised more than \$10.5 million, and he remains the overwhelming favorite of [the well-connected lobbyists](#) and business interests who have poured hundreds of thousands of dollars into his campaign.

Kemp has struggled to keep pace with his rival, with a \$4.5 million overall take. But that's enough cash to fuel a surge of late advertisements, and Kemp's campaign has reserved about \$1 million worth of airtime for the final stretch.

And Abrams has worked to raise her profile — and plenty of cash — since her primary win. She's raised \$6 million overall — and roughly \$2.75 million this period — much of it from out-of-state donors. With \$1.5 million in cash on hand, she has more money in her campaign coffers than either GOP candidate, and no need to spend any of it on a runoff.

That's not counting money pouring into the race from third-party groups who aren't allowed to coordinate with the candidates. A San Francisco-based activist group has pledged to [pump in more than \\$10 million](#) to help elect Abrams by [mobilizing left-leaning residents who aren't registered to vote](#).

And several pro-Cagle boosters have built accounts bursting with cash. One group, called Changing Georgia's Future, [reported this week that it has raised more than \\$1 million](#). Two other funds created under federal tax law have [collected at least \\$2 million to support Cagle's campaign](#).

What does it mean for you? Well, the tide of cash assures even more spending on flyers to fill mailboxes and clog doorsteps, ads that flood the airwaves and fill websites and mobile phones, and expanded field staffs to knock on doors and organize rallies.

### **Mega-donors**

Cagle, who is [hampered by a secretly taped conversation](#) with a vanquished opponent, has long had a dominating fundraising edge. And his most recent contributions showed that's not likely to change.

The [Capitol crowd stalwarts who](#) have showered him with donations since he entered the race last year have intensified their support, and an Atlanta Journal-Constitution analysis shows lobbyists and special-interest political action committees chipped in more than \$290,000 to Cagle's campaign over the past three months.

That included donations from the state's dominant banking, dental, hotel and liquor distribution associations, the new-car dealer's lobby and the National Rifle Association's political arm.

The \$290,000 does not include state vendors and other businesses that rely on state funding. One Middle Georgia family that runs nursing homes gave about \$45,000 in the past three months. Nursing homes receive more than a \$1 billion in state funding each year.

Famous businessmen, such as Republican mega-donor Bernie Marcus, also gave to Cagle.

Kemp, has relied far less on the statehouse crowd, taking in most of his money from Georgia businesses and individuals.

He has, however, faced questions about [whether he accepted improper donations](#) from donors who work in fields his office regulates. And the latest reports showed he continued to take contributions from electricians, contractors and others under his oversight.

He also was helped by a string of high-profile donors that include former U.S. Rep. Bob Barr, Novare Group Chief Executive Jim Borders and several Republican state legislators.

Abrams had a strong showing with donors big and small, collecting thousands of small contributions from across the country. She also benefited from nearly \$100,000 in big contributions from political action committees and labor, such as Planned Parenthood and the national bricklayers union.

The Abrams campaign said it received money from more than 31,000 donors during the reporting period, with half of the contributions being under \$25.

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### **Outside fund backing Cagle's campaign reports raising \$1 million**

July 09, 2018 | An "independent" group has raised more than \$1 million to run TV ads in support of Lt. Gov. Casey Cagle's campaign for governor, much of it coming from a fund run by top statehouse lobbyists, according to disclosures filed Monday.

Changing Georgia's Future reported spending \$600,000 so far, mostly on media ads, and has an additional \$400,000 available to use before the July 24 Republican runoff between Cagle and Secretary of State Brian Kemp.

The director of the state ethics commission [said last fall that his agency will take a closer look at such groups to make sure they are not coordinating with campaigns, which is against the law.](#)

The fund's lawyer and Cagle's campaign have said there is no such coordination, although one pro-Cagle fund was headed, until late last year, by the lieutenant governor's fundraiser.

Lt. Gov. Casey Cagle and Secretary of State Brian Kemp emerged as the top finalists in Tuesday's election.

As lieutenant governor and Senate president, Cagle plays a major role in deciding what legislation receives consideration. So much of the money Cagle and the funds are raising is coming from those interested in legislation and state funding.

Changing Georgia's Future reported raising about \$780,000 in June. Of that, \$500,000 came from Citizens for Georgia's Future.

Citizens for Georgia's Future and [the Georgia Conservatives Fund](#), a separate group created under federal tax law that raised more than \$2 million leading up to the 2017 General Assembly session, share the same CEO and CFO: top contract lobbyist [Jay Morgan](#) and nursing home lobbyist [Russel Carlson](#).

Besides the \$500,000 that came from the Citizens' group, Changing Georgia's Future reported receiving \$100,000 from nursing home giant PruittHealth.

The Pruitt family donated \$26,000 to Cagle's gubernatorial campaign last year. The nursing home industry receives more than \$1 billion in Medicaid funding each year.

Other big donors included Savannah's Colonial Group, which donated \$21,000. Colonial Group [benefited from a tax break the General Assembly approved last year for owners of giant yachts needing to be retrofitted.](#)

An additional \$15,000 came from a Florida private prison firm, The GEO Group; \$17,500 from two members of the University System of Georgia's Board of Regents, who are appointed by the governor; and \$20,000 from St. Louis-based Centene, a state contractor that has been paid billions of dollars over the past five years to provide health insurance to Medicaid and PeachCare recipients in Georgia.

Many of the donors also contributed over the past few years to the Georgia Conservatives Fund and to Cagle's gubernatorial campaign.

The Atlanta Journal-Constitution [reported last month that Cagle is receiving overwhelming support from statehouse lobbyists and the special-interest clients they represent.](#)

Morgan [told the AJC in June](#) that he and Carlson were made CEO and CFO of the Georgia Conservatives Fund in recent months to provide a “firewall” between the independent group and Cagle’s campaign.

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### **Bristol lawmaker discloses thousands in previously unreported campaign contributions**

July 8, 2018 | According to a Journal review of the amended campaign-finance reports that state Rep. Kenneth Marshall filed with the R.I. Board of Elections on July 2, he did not report \$11,150 of the contributions he received during the first quarter of this year from a long list of State House lobbyists and others pushing bills at the State House including, for example, auto-body shop owners.

PROVIDENCE, R.I. — The disclosure by state Rep. Kenneth Marshall of thousands of dollars in previously unreported campaign contributions has shed new light on the high-ranking state lawmaker’s decision not to seek reelection to his legislative seat.

A Bristol Democrat, Marshall stunned legislative colleagues when he announced on June 27, on the last day of the candidate-declaration period, that he was not seeking reelection to the House District 68 seat he has had since 2013. As a senior deputy majority leader — and first vice chairman of the House Finance Committee — he is a member of House Speaker Nicholas Mattiello’s leadership team.

According to a Journal review of the amended campaign-finance reports that Marshall filed with the R.I. Board of Elections on July 2, he did not report \$11,150 of the contributions he received during the first quarter of this year from a long list of State House lobbyists and others pushing bills at the State House including, for example, auto-body shop owners.

The original report he filed for that January 1-through-March 31 period reflected zero contributions, despite the well-attended fundraiser he held at the Renaissance Hotel on March 1. Marshall told The Journal he simply did not make it to the bank to deliver the checks until weeks after he received them. He also neglected to report an earlier \$500 donation, and that required a series of corrections from one reporting period to the next over the course of a year.

In a telephone interview on Sunday, Marshall acknowledged that these were not his only accounting errors.

He acknowledged having charged a personal trip to the Delray Sands Resort in Highland Beach, Fla. in February to his campaign account, as alleged in a complaint that Nathan Carpenter, state coordinator for the Rhode Island Progressive Democrats of America, filed against him with the state Board of Elections on June 20.

Marshall said he has two green credit cards that look virtually identical. He paid the Florida hotel bill with the wrong one and as soon as it came to his attention, he said, he called the Board of Elections to ask how to remedy the situation. He said his next campaign-finance filing — for the quarter that ended on June 30 — will show that he wrote a personal check to his campaign account to cover the \$956.36 he paid the Florida hotel.

Carpenter, in his complaint, also sought an investigation of the more than \$15,000 Marshall spent on food, drink and cigars since he was elected in November 2012. That included: \$456.65 in March 2018 at the Public Kitchen and Bar, in Providence (which Marshall explained as a fundraising expense).

Marshall said other allegations about his expenses — such as the gas and meals he charged to his campaign account on his way to and from Quebec — are off base. He said that trip brought him to a legislative conference.

But the complaint triggered an audit by the Board of Elections campaign-finance division.

Marshall said it also made it look as if he was engaged in “nefarious” activities, when his only sin was not being sufficiently attentive to details, like driving up from Bristol where he lives — or Middletown where he works — to deposit checks at the campaign bank account he opened in Barrington because the bank advertised Sunday hours.

By the end of June, Marshall was also facing an aggressive Democratic primary challenge from progressive activist Laufton Ascencao — a leader in the “Resist Hate RI” network founded in response to Donald Trump’s 2016 election as president. Bristol Town Councilman Andrew T. Tyska is also running as a Democrat.

Marshall said “fundraisers are a necessary evil of politics,” but a politician needs a “CPA to handle these campaign accounts. It’s not something an average individual can really grasp,” and the difficulty would make anyone holding public office “skittish about their reputations being tarnished.”

This was not Marshall’s first run of trouble with campaign finance reports. In 2016 Marshall was also fined \$500 by the board for misreporting 25 contributions totaling \$5,525.

Marshall, then in his second term, said that as a new representative, he found some of the reporting requirements difficult to navigate.

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### **[Government Work Done, Tax Policy Writers Decamp to Lobbying Jobs](#)**

July 8, 2018 | Six months after Republicans pushed a \$1.5 trillion tax overhaul through Congress, many of the most influential players who worked behind the scenes on the legislation are no longer on Capitol Hill or in the Trump administration.

They are now lobbyists.

The two-way street between lobbying and lawmaking is well worn in Washington. But after President Trump’s campaign pledge to “drain the swamp,” there was some speculation that the so-called special interests might be sidelined. And while the frenetic two-month sprint last year to pass the tax legislation left some lobbyists marginalized, the businesses now scrambling to navigate the changes are increasingly recruiting the people who wrote it.

With the November midterm elections near, and the possibility that Republicans could lose control of the House or the Senate, staff members have additional motivation to move on.

“Companies are looking to better understand the legislation and potentially affect future changes, which is why they are snatching up top talent,” said Ken Spain, a Republican consultant who works on financial and tax issues. “With the uncertainty of the election looming, Republican staffers are quietly making themselves available to K Street while they can still demand top asking price.”

While they might not be household names, those who have decamped to the private sector played a major role in the passage of the most sweeping tax bill in three decades. More than a dozen people have already migrated this year, and more are expected to follow as the elections draw closer.

In June, the Clearing House Association, an advocacy group focused on financial regulation, announced that it had [hired Shahira Knight](#) to lead its new joint venture with the Financial Services Roundtable. Ms. Knight was deputy director of the White House's National Economic Council and a close aide to [Gary Cohn](#), Mr. Trump's top economic adviser who left earlier this year. Marc Short, the White House's legislative affairs director, is expected to leave in the coming months.

The Treasury Department has also lost top talent in the last month. Drew Maloney, who was the assistant secretary for legislative affairs and the agency's chief liaison with Congress, will in August [become the president and chief executive of the American Investment Council](#), the lobbying group for the private equity industry. And Jared Sawyer, Treasury's deputy assistant secretary for financial institutions policy, has just started at Rich Feuer Anderson, a financial services lobbying firm.

With little time left on the legislative calendar and more gridlock in store, some of these departing officials may feel that staying in government offers diminishing returns.

"If you think about administrations historically, a lot of what is accomplished is in the first year or 18 months," Mr. Maloney said in an interview. "Many staffs spend years and never accomplish what we did at Treasury in a limited amount of time, between tax legislation, financial services reform, Cfius reforms and sanctions." He was referring to the recent rollback of some rules for smaller banks and the likely passage of legislation that would expand the ability of the Committee on Foreign Investment in the United States to block international mergers on national security grounds.

Staff members on committees in Congress have also moved on. Perhaps the most high-profile departure this year was Mark Prater, the longtime tax counsel of the Senate Finance Committee who [joined the tax advisory firm PricewaterhouseCoopers](#) in June. In May, Brendan Dunn, the policy adviser and counsel to the Senate majority leader Mitch McConnell, [left to become a policy partner](#) at the lobbying firm Akin Gump to focus on tax policy matters.

The staff of the House Ways and Means Committee, which started the tax-writing process, has experienced an exodus of its own. David Stewart, the committee's staff director, [left this spring](#) to take a job in the public policy practice of the law firm Squire Patton Boggs. The committee also lost its coalition director, its general counsel, a speechwriter and several communications aides to lobbying groups like the Chamber of Commerce or to jobs in government affairs at companies like Microsoft and MGM International.

Administration and congressional staff members can often double or triple their salaries while working a fraction of their government hours by joining lobbying firms.

The migration from lawmaking to lobbying has occurred under both Democratic and Republican presidents. Congressional staff members often make the switch after the enactment of major legislation, and experts who chart the influence of money in politics noted a similar trend, perhaps to a lesser degree, after the passage of the Affordable Care Act under President Barack Obama.

"This year, the revolving door is particularly swinging out of control," said Craig Holman, government affairs lobbyist at Public Citizen, an advocacy group that promotes lobbying reform. "The midterm elections are coming up, which many expect to not go well for the Republicans,

and this is the ideal opportunity for Republican congressional staff and administration officials to be able to cash in on what they have been doing the last year and a half.”

Upon taking office, Mr. Trump made moves to strengthen some of the lobbying restrictions put in place by Mr. Obama. But Mr. Trump weakened other rules, including one that allows departing executive branch officials to lobby the administration informally, [as long as they are not registered lobbyists](#).

Paul Miller, president of the National Institute for Lobbying and Ethics, said that this has led to the growth of a shadow lobbying industry, where former government staff members take consulting and advisory jobs that are essentially lobbying under a different name.

“They’re calling it something else and doing what they were doing anyway,” Mr. Miller said. He noted that the number of registered lobbyists has been falling in recent years. “The actual number of lobbyists has increased dramatically.”

There is still plenty of lobbying to be done. Last week, Mr. Trump said that he wanted to pass [another round of tax cuts](#) this year, lowering the corporate tax rate further and making permanent the individual tax cuts that will eventually expire. The Internal Revenue Service is in the process of determining guidance on several provisions of the tax law that remain murky. Perhaps the most important one is who qualifies for the lower tax rate for “pass through” businesses — entities whose tax liability is borne by the owners on their personal tax returns.

The international side of the tax code is also due for more changes. Representative Kevin Brady of Texas, the Republican chairman of the Ways and Means Committee, acknowledged in an interview on the Fox Business Network last week that the speed of the passage of the legislation meant that fixes were needed.

“We threw major changes at the international side,” Mr. Brady said. “We didn’t have as much time to model them, analyze it. Now that we’re getting that feedback, we’re going to be making those changes.”

But critics of the Trump administration warn that the president is turning a blind eye to the fact that lobbyists are becoming more entrenched under his watch.

“It’s going to cost the American taxpayer billions of dollars,” said Norman Eisen, the chairman of Citizens for Responsibility and Ethics and a former adviser to Mr. Obama. “These people are being brought into the special interest influencing industry in order to find ways to evade an already generous, excessively generous giveaway to corporations.”

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### [What’s at stake in the Legislature’s fight over public campaign financing](#)

July 6, 2018 | Good morning from Augusta. The Legislature is set to return to Augusta next week to handle [dozens of vetoes](#) from Gov. **Paul LePage** amid a large pile of outstanding work. One of the chief items is the authorization of Clean Election funding for the 2018 campaigns.

[A fix to a legislative drafting error](#) that has kept the fund from making payments to taxpayer-funded candidates since the new fiscal year began on July 1 has been held up by Republicans in the House of Representatives in a battle with Democrats.

Candidates also [had their last payments slashed last month](#) after LePage refused to allow a routine transfer and [he was sued over it](#). Maine Citizens for Clean Elections, the advocacy group that is leading the lawsuit, has said their legal argument also applies after July 1 — meaning they could sue again if the Legislature doesn’t make the fix.

Long story short, it's a mess. We're not sure how it's going to be resolved after the Legislature's scheduled return on Monday. But we do know that most of the key races in both chambers feature at least one or two Clean Election candidates. Slim majorities in both the House and Senate mean that this battle could affect control of the Legislature.

**A lack of further Clean Election funding would affect Democrats more, but many key Senate Republicans are also in the program.** That's likely part of the reason why majority Senate Republicans have been open to a fix while the more conservative group of House Republicans, who are in the minority, have been less open to one.

At our last count in June, 77 percent of Democratic legislative candidates are running as Clean Election candidates to just 27 percent of Republicans. But 40 percent of Senate Republicans are using it and they include some of their top-tier candidates in the chamber, where the GOP has a 18-17 majority. In several races that are likely to be competitive, Senate candidates in both parties are using the program.

That includes the re-election race for Sen. **Dana Dow**, R-Waldoboro, against former Labor Commissioner **Laura Fortman**. Both Senate Minority Leader **Troy Jackson**, D-Allagash, and his Republican opponent, former Rep. **Mike Nadeau**, R-Fort Kent, are using it. The same is true for the open-seat race between House Majority Leader **Erin Herbig**, D-Belfast, and her Republican opponent, former Rep. **Jayne Crosby Giles**.

However, Democrats could be hurt in a few key races. Rep. **Louis Luchini**, D-Ellsworth, is running as a Clean Election candidate for an open seat against Rep. Richard Malaby, R-Hancock, a privately financed candidate. The same is true in a race where Democrats are hoping to give Assistant Senate Majority Leader **Amy Volk** a scare by running former Rep. **Linda Sanborn**, D-Gorham, against her.

**Some of the key House races are more one-sided when it comes to Clean Elections.** In the House, Democrats are more adversely impacted. They're running with Clean Elections money in several key seats, including the rematches between Rep. **Stedman Seavey**, R-Kennebunkport, and Democrat **Diane Denk** and Rep. **Trey Stewart**, R-Presque Isle, and former Rep. **Bob Saucier**, D-Presque Isle. Republicans could suffer in one race, where former state Sen. **John Nutting**, D-Leeds, is facing Clean Election candidate **Joshua Morris**, a Republican.

Sometimes, the impact of money in legislative races can be overstated. If this continues, more of the onus could be on central party committees to pick up the fundraising slack and run ads on their candidates' behalf. It's really hard to tell how this will hit races because we just haven't been here before.