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Lobbying Industry Immune to Virus as Spending Spikes to New Highs

Lobbying expenditures hit a record \$105 million in 2020 as lawmakers enacted scores of bills to address the COVID-19 crisis, marijuana advocates pushed hard for legalization, and a major health insurer secured legislation letting it reorganize, according to annual lobbying reports filed with the New Jersey Election Law Enforcement Commission (ELEC).

Overall spending jumped nearly 3.4 percent from \$101.6 million in 2019.

Table 1
Top Ten Special Interest Lobbyists Total
Spending 2020 vs 2019 Plus Total Lobbying Expenditures

ENTITY	2020	2019	CHANGE-\$	CHANGE-%
New Jersey Education Association	\$ 6,255,530	\$ 6,240,028	\$15,502	0.2%
New Direction NJ Corporation	\$ 4,963,431	\$ 3,911,200	\$1,052,231	26.9%
Horizon Blue Cross Blue Shield Of NJ	\$ 4,283,242	\$ 1,437,314	\$2,845,928	198.0%
Move Health Care Forward NJ Inc (Horizon)	\$ 3,155,075	\$ 849,866	\$2,305,209	271.2%
Engineers Labor Employer Cooperative	\$ 1,249,220	\$ 682,697	\$ 566,523	83.0%
Public Service Enterprise Group (PSE&G)	\$ 872,933	\$ 769,883	\$ 103,050	13.4%
Hackensack Meridian Health	\$ 577,986	\$ 724,056	\$ (146,071)	-20.2%
Prudential Financial Inc	\$ 564,568	\$ 588,735	\$ (24,167)	-4.1%
NJ State League Of Municipalities	\$ 558,137	\$ 600,439	\$ (42,302)	-7.0%
<i>New Jersey Hospital Association</i>	<i>\$ 528,281</i>	<i>\$ 487,802</i>	<i>\$ 40,478</i>	<i>8.3%</i>
Total Expenditures- Top Ten	\$ 23,008,402	\$ 16,292,020	\$6,716,382	569.7%
Total Expenditures-All Lobbyists	\$105,056,351	\$101,642,742	\$3,413,609	3.4%

Jeff Brindle, ELEC's Executive Director, said state government's response in 2020 to the pandemic health threat was a top concern of lawmakers, executive branch officials and lobbyists.

"State efforts to confront the COVID-19 outbreak were a key factor that drove lobbying expenditures in 2020 to a new record," said Brindle.

So far, 76 (40 percent) of the 188 laws enacted during the current two-year legislative session were related to the pandemic. The Legislature's website lists 169 bills that mention COVID-19.

The public health crisis also has sparked an unusual flood of executive orders.

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Of the 132 executive orders issued since January 1, 2020 by Governor Phil Murphy, 105 (80 percent) have dealt with the COVID-19 outbreak.

Lobbyists have had to focus not just on legislation but also the executive branch. For instance, lobbyists for New Jersey Education Association (NJEA) met with the Governor’s office over the issue of school openings.

“Given the unprecedented nature of this crisis, it follows that there would be a major legislative and executive response as well as heavy engagement by the lobbying community,” said Brindle.

States like Colorado also have reported new highs in lobbying spending due to the legislative reaction to the public health scare.

While the virus crisis was a major priority of state officials and lobbyists last year, Brindle said the push to legalize marijuana in New Jersey also lead to heavy spending.

Preliminary figures indicate pro-marijuana advocates jointly spent at least \$1.5 million on lobbying in 2020. Several of the same advocates also contributed most of the \$2.3 million spent to secure passage of a legalization ballot question in November 2020. Marijuana backers also contributed \$65,000 to other committees and candidates last year.

“The combined \$3.9 million in political spending last year was the largest annual total since a bill legalizing medical marijuana in New Jersey took effect in 2010,” Brindle said. Virtually all reported spending during the past decade came from pro-marijuana groups, not opponents, he noted.

Table 2
Political Spending by Advocates of
NJ Legalized Marijuana Legislation

YEAR	LOBBYING	CONTRIBUTIONS*	TOTAL
2020**	\$1,501,502	\$2,379,314	\$ 3,880,816
2019	\$1,970,335	\$ 158,335	\$ 2,128,670
2018	\$1,548,076	\$ 312,400	\$ 1,860,476
2017	\$ 630,166	\$ 256,955	\$ 887,121
2016	\$ 170,000	\$ 108,920	\$ 278,920
2015	\$ 130,000	\$ 6,600	\$ 136,600
2014	\$ 192,000	\$ 106,450	\$ 298,450
2013	\$ 90,000	\$ 157,175	\$ 247,175
2012	\$ 120,287	\$ 200,520	\$ 320,807
2011	\$ 222,254	\$ 4,500	\$ 226,754
2010	\$ 85,255	\$ 21,600	\$ 106,855
Totals	\$6,659,876	\$3,712,769	\$10,372,645

*2020 contribution total includes \$2.3 million to ballot question committees and \$65,270 to other committees and candidates **2020 Lobbying total preliminary

“Supporters of legalized marijuana in New Jersey have invested about \$6.7 million on lobbying and \$3.7 million on contributions since 2010- a total of more than \$10 million.” said Brindle. “Obviously, their investment paid off since the state has enacted two medical marijuana laws, a decriminalization bill and a broader legalization bill along with other related legislation.”

The culmination of their efforts came February 22, 2021, when Governor Phil Murphy signed a bill legalizing cannabis for recreational use by adults, making New Jersey the 15th state to do so.¹ Less than a week later, Virginia’s legislature enacted a similar bill.

Table 3
Political Spending by Groups That
Support Pro-Marijuana Legislation in New Jersey

GROUP	LOBBYING	2020 BALLOT QUESTION*	OTHER CONTRIBUTIONS ²	TOTAL
Scotts Miracle-Gro/Scotts Company	\$ 396,968	\$ 800,000	\$ 850,400	\$2,047,368
Compassionate Care Centers of America Foundation/Garden State Dispensary	\$ 870,287			\$ 870,287
Acreage Holdings	\$ 549,086	\$ 20,000		\$ 569,086
American Civil Liberties Union Of NJ		\$ 556,762	\$ 575	\$ 557,337
Compassionate Care Research Institute Inc.	\$ 227,500	\$ 10,000	\$ 189,200	\$ 426,700
Curaleaf (Formerly Compassionate Sciences)	\$ 346,000			\$ 346,000
Weedmaps	\$ 151,000	\$ 164,000	\$ 2,600	\$ 317,600
Growing Economic Opportunities (NJ Laborers Union)		\$302,600		\$302,600
Drug Policy Alliance	\$ 255,666	\$ 25,000	\$ 1,000	\$ 281,666
Eaze Solutions Inc.	\$ 241,499		\$ 36,450	\$ 277,949
Totals	\$3,038,006	\$1,878,362	\$1,080,225	\$5,996,593

*Contributions to either NJ CAN 2020, Building Stronger Communities, or both pro-marijuana committees.

The biggest supporter of legalized marijuana in New Jersey has been Scotts Miracle-Gro, a lawn and garden company based in Marysville, Ohio. Scotts has become one the biggest mainstream investors in the industry since its CEO declared in a Wall Street Journal interview in 2011 announcing “I want to target the pot market.”³

“As the leading provider of nutrients, plant supplements, growing media, air filtration and lighting used for hydroponic and indoor growing, our company is unique in its ability to help people who choose to produce cannabis authorized under state-law.”⁴ The company noted that, even at this early stage, there are “roughly 15,000 licensed cannabis businesses in the United States, 200,000 people employed in the field, and more than 2 million medical cannabis patients served by the industry.”⁵

Other issues also drew heavy spending in 2020.

NJEA spent \$6.3 million shaping several bills critical to its members. The union represents 203,520 teachers and others, and historically has been the largest special interest group in terms of spending.

¹ South Dakota voters also legalized marijuana use last year but a judge has ruled the law unconstitutional. The case remains pending.

² Includes donations to both Democratic and Republican Governors Associations during past decade. Former Governor Christ Christie chaired the RGA and served as finance chairman during the period. Current Governor Phil Murphy chaired the DGA and still serves as finance chairman.

³ Dana Mattioli, “High Hopes at Miracle-Gro in Medical Marijuana Field,” Wall Street Journal, June 14,2011.

⁴ <https://scottsmiraclegro.com/who-we-are/where-we-stand/cannabis-legalization/> accessed March 3, 2021.

⁵ Id.

One of its top priorities was (S-2273/A-20), which overhauls health benefits for teachers at an estimated annual savings of \$1 billion. It was unanimously passed in the Legislature and enacted by Governor Murphy July 2, 2020.

Another bill (S-993/A-631) provided non-teaching employees of local, county, or regional school districts the right to dispute disciplinary action through arbitration. It was signed into law on August 13, 2020.

Another big spender last year was New Direction NJ Corp., a 501c4 social welfare non-profit group run by Governor Murphy’s 2017 campaign manager. It spent nearly \$5 million primarily on media campaigns promoting the governor’s policy agenda.

Just as some groups have been trying to make marijuana lawful in New Jersey for more than a decade, Horizon Blue Cross Blue Shield of NJ has been trying for many years to revamp its corporate structure.

The company’s efforts finally succeeded when Governor Murphy on December 23, 2020 enacted reorganization legislation (A-5119/S-218).

Horizon boosted its lobbying expenditures 198 percent to \$4.3 million in 2020. It contributed \$2.8 million *of that expenditure* to Move Health Care Forward NJ Inc, a group that ran a major advertising blitz for the corporate overhaul.

Done mostly via cable TV and the internet, the media campaign successfully secured approval of legislation letting Horizon convert from a health services corporation to a non-profit holding company. The health insurer contends the restructuring will allow it to modernize and diversify its business operations.

The lobbying industry’s growing use of internet and traditional communications to build support or opposition to state policies has been a steady trend.

A new peak was reached in 2020 when total communication expenditures topped \$18 million- a 32 percent increase over the 2019 total. The top ten spenders made up 93 percent.

Table 4
Top Ten Expenditures on Communications
and Total Communications Expenditures in 2020

GROUP	AMOUNT
NJ Education Association (NJEA)	\$ 5,887,160
New Direction NJ Corporation	\$ 4,963,431
Move Health Care Forward NJ Inc	\$ 3,155,075
Engineers Labor Employer Cooperative	\$ 1,066,720
Horizon Blue Cross Blue Shield Of NJ	\$ 651,674
Public Service Enterprise Group (PSE&G)	\$ 345,008
FGH Holdings On Behalf Of Stop The Hit	\$ 338,735
AARP NJ	\$ 203,396
NJ Ratepayers United Inc. (Bravo Group)	\$ 137,808
Altria Client Services Inc & Its Affiliates	\$ 108,186
Total Communication Expenditures- Top Ten	\$16,857,193
Total Communications Expenditures- All Lobbyists	\$18,059,357

The amount spent on “benefit passing”- gifts like meals, trips or other things of value- dispensed by lobbyists fell in 2020 to \$2,783. That is the third smallest sum since the all-time high of \$163,375 in 1992.

Of the 862 represented entities who reported spending money on lobbying in 2020, the top 25 alone spent nearly **\$28.9** million- nearly a third of all lobbying expenditures. Twenty-two groups remain on the list from 2019.

Perhaps because nursing homes were a major focus of several COVID-19 bills, NJ Association of Health Care Facilities, which represents the industry, jumped 13 spots to get on the list.

Table 5
Top 25 Represented Entities by Spending in 2020

GROUP	2020 SPENT	2020 RANK	2019 RANK
NJ Education Association (NJEA)	\$6,255,530	1	1
New Direction NJ Corporation	\$4,963,431	2	2
Horizon Blue Cross Blue Shield of NJ	\$4,283,242	3	3
Move Health Care Forward NJ Inc	\$3,155,075	4	4
Engineers Labor Employer Cooperative	\$1,249,220	5	8
Public Service Enterprise Group (PSE&G)	\$ 872,933	6	5
Hackensack Meridian Health	\$ 577,986	7	7
Prudential Financial Inc	\$ 564,568	8	10
NJ State League of Municipalities	\$ 558,137	9	9
<i>New Jersey Hospital Association</i>	<i>\$ 528,281</i>	<i>10</i>	<i>13</i>
AARP NJ	\$ 504,219	11	6
NJ Business & Industry Association	\$ 485,957	12	12
RWJBarnabas Health	\$ 464,628	13	15
Chemistry Council of NJ (Includes State Street Associates)	\$ 445,198	14	24
Comcast Corporation	\$ 442,549	15	14
FirstEnergy/Jersey Central Power & Light	\$ 424,000	16	18
Verizon	\$ 396,000	17	22
NJ Realtors	\$ 383,761	18	20
Atlantic Health System	\$ 377,940	19	17
Williams Companies	\$ 377,927	20	16
American Property Casualty Insurance Association	\$ 366,635	21	25
NJ Society of CPAs	\$ 359,558	22	21
FGH Holdings on Behalf of Stop The Hit	\$ 338,735	23	NA
NJ Bankers Association	\$ 314,177	24	35
NJ Association of Health Care Facilities	\$ 299,206	25	37

While total spending reached a new high in 2020, the number of lobbyists dipped three percent to 920 from 946 in 2019. The number peaked at 1,043 in 2008.

For the second straight year, lobbyists reported a record number of clients- 2,272- up 2 percent from 2019.

Of the nearly \$60 million in reported receipts by 78 governmental affairs agents (lobbyists), \$38.9 million - 65 percent- went to the top ten multi-client firms.

Table 6
Top Ten Multi-Client Lobbying
Firms Ranked by 2020 Receipts

FIRM	RECEIPTS
Princeton Public Affairs Group Inc	\$10,114,702
Public Strategies Impact LLC	\$ 7,122,570
CLB Partners Inc	\$ 3,888,950
MBI Gluckshaw	\$ 3,835,908
Kaufman Zita Group LLC	\$ 3,167,975
Gibbons PC	\$ 3,110,770
Optimus Partners LLC	\$ 2,329,711
Capital Impact Group	\$ 1,913,592
Komjathy & Kean LLLC	\$ 1,734,904
River Crossing Strategy Group	\$ 1,680,500
Total Top Ten	\$38,899,583
Total Governmental Affairs Agent Receipts	\$59,993,379
Percent Top Ten	65%

Huge increases in fees and communications offset reductions in other lobbying expenditure categories.

Table 7
Lobbying Expenses by Category

CATEGORY	2016	2017	2018	2019	2020	2019-2020 % + or -
Salary ¹	\$52,479,413	\$51,886,231	\$54,931,497	\$ 56,148,622	\$ 54,328,587	-3%
Support Personnel	\$ 2,498,862	\$ 2,395,907	\$ 2,463,181	\$ 2,650,872	\$ 2,132,264	-20%
Fees ²	\$ 2,313,953	\$ 4,603,279	\$ 2,261,072	\$ 2,826,599	\$ 4,912,400	74%
Communication Costs ⁴	\$10,574,948	\$ 8,510,409	\$ 6,929,935	\$ 13,717,962	\$ 18,059,357	32%
Travel	\$ 439,326	\$ 449,989	\$ 541,575	\$ 486,061	\$ 157,252	-68%
Benefit Passing ³	\$ 3,501	\$ 6,042	\$ 2,331	\$ 5,180	\$ 2,783	-46%
Total	\$68,310,003	\$67,851,858	\$67,129,591	\$ 75,835,295	\$ 79,592,643	5%
Compensation to Governmental Affairs Agent Not Included on Annual Reports	\$22,052,126	\$23,866,952	\$24,590,538	\$ 25,807,447	\$ 25,463,708	-1%
Adjusted Total*	\$90,362,129	\$91,718,809	\$91,720,129	\$101,642,742	\$105,056,351	3%

1- Salary includes in-house salaries and payments to outside agents.

2- Fees include assessments, membership fees and dues.

3- Benefit passing includes meals, entertainment, gifts, travel and lodging.

4- Communication costs include: printed materials, postage, telephone calls, faxes, receptions, and, in 2006 and years following, also includes direct mail pieces, newspaper advertisements, and television and radio broadcasts

In New Jersey, lobbyists who raise or spend more than \$2,500 were required to file a report on February 15th that reflects activity from the prior calendar year.

Summary information about lobbyist activities in 2020 can be obtained at the following website: http://www.elec.state.nj.us/publicinformation/gaa_annual.htm. Copies of annual reports also are available on ELEC's website.

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