



SUPPLEMENTAL INSTRUCTIONS FOR COMPLETING THE SEMI-ANNUAL LOBBYING EXPENDITURE REPORT FOR EMPLOYERS OF LOBBYISTS

In order that employers of lobbyists timely comply with the reporting requirements, staff of the Tennessee Ethics Commission seeks to clarify questions that have been asked about Question No. 5 of the Semi-Annual Lobbying Expenditure Report for Employers of Lobbyists. The questions all relate to computing compensation paid by employers of lobbyists to lobbyists.

Pursuant to T.C.A. §3-6-301(7), “compensation” means any salary, fee, payments, reimbursement or other valuable consideration, or any combination thereof, whether received or to be received; however, “compensation” does not include the salary or reimbursement of an individual whose lobbying is incidental to that person’s regular salary.

The monetary value associated with Internal Revenue Service taxable benefits must be reported as compensation. For more information on what benefits are taxable, see www.irs.gov/pub/irs-pdf/p15b.pdf.

The percentage of a lobbyist’s salary that is attributable to lobbying activities must be reported as compensation.

The reimbursement of expenses paid directly by the lobbyist must be reported as compensation.

Examples:

- Lobbyist X is employed by ABC Corp. as an in-house lobbyist. ABC Corp. pays her a base salary of \$75,000, and pays \$15,000 for fringe benefits. If the fringe benefits are taxable, ABC Corp. must report the \$75,000 base salary, plus the \$15,000 taxable fringe benefits, for a total of \$90,000 in compensation. If Lobbyist X’s fringe benefit are not taxable, only the salary of \$75,000 must be reported to the Commission.
- Lobbyist X is an in-house lobbyist who only spent 40% of her time lobbying for ABC Corp. If her total salary is \$75,000, ABC Corp. must report to the Commission total lobbyist compensation paid of \$30,000 (.40 X \$75,000). If she receives \$15,000 in taxable fringe benefits (as in the previous example), then ABC Corp. would report her total compensation as \$36,000 (.40 x \$90,000).
- Lobbyist X is a contract lobbyist with ABC Corp. She was paid a base salary of \$75,000. She incurred \$15,000 of lobbying expenses, which were reimbursed by ABC Corp. ABC Corp. must, therefore, report \$90,000 as total compensation in response to Question #5 (e.g., the base salary of \$75,000 + reimbursements of \$15,000).