

Lobbying Report Compliance: Evidence from Corporate Tax Lobbying

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Abstract

This paper examines tax lobbying report compliance and the disclosure of specific tax issues lobbied. The Lobbying Disclosure Act of 1995 and Honest Leadership and Open Government Act of 2007 require lobbyists to disclose the specific issues on which they lobby the U.S. federal government. Despite these disclosure rules, I find substantial variation in the level of compliance with the Act related to tax issues. Using a hand-collected dataset and a new measure of lobbying report compliance, I find that only 68.4% of these reports are fully compliant with the Act, on average. Notably, the percentage of compliant tax lobbying reports has declined significantly over time, from almost 90% compliance in 2008 to less than 50% compliance by 2017, with some rebound to about 60% by 2019. I find greater compliance when lobbying reports are filed by in-house lobbyists, by revolving door lobbyists, for lobbying activity related to the Department of the Treasury, later in the year, and with a higher tax lobbying dollar amount, and lower compliance for reports filed for larger firms. Further analyses reveal that the major tax issues disclosed relate to international taxes, investment incentives, and non-income taxes. Overall, this paper provides detailed evidence on compliance with federal disclosure laws related to tax lobbying, the nature of tax issues being lobbied, and the role of lobbyists in advocating for those issues.

Key Words: corporate tax; lobbying; revolving door

Data Availability: data collected from the indicated sources

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1. INTRODUCTION

This paper examines the determinants of tax lobbying reporting compliance, and the disclosure of specific tax issues lobbied for by corporations. The Lobbying Disclosure Act of 1995 (LDA), later amended by the Honest Leadership and Open Government Act of 2007, were two pieces of legislation intended to bring an increased level of transparency to federal lobbying activities in the United States by requiring lobbyists to file reports of their lobbying activities with the Secretary of the Senate and the Clerk of the House of Representatives, which are then made available to the public. Notably, the quarterly lobbying activity report, Form LD-2, specifically requires that lobbyists disclose the specific issue(s) being lobbied for each general issue area included in the report. There are 79 general lobbying issue areas including budget (BUD), environment (ENV), health (HCR), aviation (AVI), and taxation (TAX). The instructions for Form LD-2 state *“For each general lobbying area, list the specific issues which were actually lobbied during the quarterly period. Include, for example, specific bills before Congress or specific executive branch actions. BE SPECIFIC. Bill numbers alone do not satisfy the requirements for reporting on this line and restatement of the general issue code is insufficient....For specific issues other than legislation, provide detailed descriptions of lobbying efforts. Do not leave line blank.”* Using a sample of lobbying reports that cover the general issue code taxation (TAX), my paper examines disclosures of the specific tax issue(s) lobbied and explores the determinants of compliance with providing this disclosure.

Despite the detailed instructions for this disclosure, I find substantial variation in the level of compliance with the Act in providing such information. This is especially surprising given that noncompliance with the Act could result in termination of the lobbyist’s registration, civil penalties or criminal penalties. However, enforcement efforts by the Secretary of the Senate, the Clerk of

the House, and the United States Attorney's Office (USAO) have been limited. According to a 2022 report filed by the United States Government Accountability Office (GAO), the USAO received 3,298 referrals for noncompliance with the Form LD-2 requirements from the years 2013 to 2022 and as of January 2023, 73 percent of these referrals were still pending further action. Additionally, enforcement surrounding Form LD-2 has primarily been focused on compliance with filing the report, reporting of income or expenses, and disclosure of lobbyists' covered positions. In other words, disclosure of the specific issue(s) lobbied, a line item of the report intended to provide detailed information on the lobbying activities of the organization and an increased level of transparency, has not been as highly scrutinized by the government.

I focus on the general issue code area TAX for three reasons. First, tax is consistently one of the top issues lobbied by corporations. Second, tax lobbying activities by corporations have received considerable negative media attention. Thus, it is possible that we observe increased variation in compliance with the Act for tax issues in particular, given that the costs (i.e., negative media attention surrounding tax lobbying activity) may outweigh the benefits (i.e., avoidance of penalties for noncompliance). As an example, a 2023 OpenSecrets.org article revealed that the lobbying activities of tax preparation software companies have created hurdles for the Internal Revenue Service's plan to launch a free filing program. The article even calls attention to the specific lobbying issues that were disclosed in Intuit's lobbying reports. Third, I focus on tax lobbying since tax lobbying activity spans a wide array of industries, unlike other general issue areas where lobbying activity is concentrated amongst a few specific industries (e.g., aviation).

Due to the observed variation in the level of detail provided for specific tax issues lobbied, I construct my primary compliance measure as an ordinal variable. I read the specific tax issue(s) lobbied for all 20,883 tax lobbying reports in my sample and classify the compliance of each report

as either a zero, one, two, or three, with zero representing the lowest level of compliance and three representing the highest level of compliance. A lobbying report is categorized as zero if the specific issues lobbied is either left blank or broadly mentions “tax issues”. A lobbying report is categorized as one if the specific issues lobbied mentions a type of tax issue but still in a broad context (i.e., international tax, tax credits). A lobbying report is categorized as two if the specific issues lobbied mentions a comprehensive tax bill with several different tax provisions, but without specifying which provisions within the tax bill are being lobbied. And lastly, a lobbying report is categorized as three if the specific issues lobbied mentions either specific provisions within a comprehensive tax bill, a bill that covers a specific tax issue, a specific section of the Internal Revenue Code (IRC) or Regulations, or mentions a specific tax issue.

I first document that the percentage of fully compliant tax lobbying reports (i.e., *Compliance* = 3) in my sample is 68.4%, confirming the substantial variation in compliance with the Act. I also document that the percentage of compliant tax lobbying reports has been significantly decreasing over time, with compliance in 2008 at nearly 90% falling steadily to an all-time low in 2017 at less than 50% compliant, around the passage of the Tax Cuts and Jobs Act, with a slight rebound in compliance to about 60% by 2019. When examining determinants of compliance, I find a positive association between compliance and lobbying reports that are filed by in-house lobbyists, are filed by revolving door lobbyists, are filed for lobbying activity related to the IRS or the Department of the Treasury, are filed later in the year, and have a higher tax lobbying dollar amount. I find a negative association between compliance and lobbying reports that are filed by a Big 4 accounting firm as well as a negative association between compliance and firm size. These results are robust across a number of specifications, including two alternative measures of compliance, subsample analyses, an aggregated sample, and a changes analysis.

Interestingly, when focusing on a subsample of in-house lobbying reports, I do not find evidence that firms with stronger corporate governance have higher lobbying report compliance. I also do not find evidence that lower lobbying report compliance is a signal of broader tax avoidance.

In a subsequent analysis, for lobbying reports that disclose the specific tax issue(s) lobbied, I categorize the lobbying reports by the type of tax issues mentioned in the report. I identify that the major tax issues lobbied relate to international taxes, investment incentives (i.e., tax incentives related to investment in capital, research and development, human capital, domestic production, and environmental sustainability), and non-income taxes (i.e., sales and excise taxes). For these lobbying reports that mention the specific tax issue(s) lobbied, I find that revolving door lobbyists are positively associated with international tax issues and negatively associated with non-income taxes. Big 4 accounting firms are positively associated with international tax issues and negatively associated with investment incentives, non-income taxes, and other tax issues. These two results suggest that tax revolving door lobbyists and Big 4 accounting firms focus on lobbying technical tax issues (i.e., international tax) that may require greater tax expertise. Additionally, I find a positive and significant relationship between lobbying reports that mention either international taxes or investment incentives and tax lobbying dollar value, suggesting these two tax lobbying activities are especially valuable to corporations.

My paper contributes to two broad strands of research. First, I contribute to the tax-related corporate political activity literature. Several studies document the tax benefits of political connections. These studies find that politically connected firms have lower effective tax rates (ETRs), less volatile effective tax rates, more tax aggressiveness, and higher firm value. While many of these studies use lobbying data, my paper extends this stream of research by examining largely underutilized data in the lobbying reports, namely the specific tax issue(s) lobbied and the

individual lobbyists lobbying on tax issues. Using this data, I am able to (i) create a new, more refined measure of tax lobbying dollars, and (ii) examine the level of compliance in providing information on the specific tax issues lobbied as required by the LDA, as well as the different types of tax issues being lobbied, including international tax issues, investment incentives, and non-income taxes. Second, my paper contributes to the political science literature examining lobbyist characteristics. Prior research finds that revolving door lobbyists are associated with a higher monetary premium (Bombardini and Trebbi 2014) and finds some evidence that revolving door lobbyists are more effective lobbyists (LaPira and Thomas 2017; Makse 2017; McKay and Lazarus 2023). I build upon these prior studies by further examining the role of the revolving door and in-house lobbying on lobbying reporting compliance and lobbying on specific tax issues.

The remainder of this paper is organized as follows. Section 2 presents background and reviews the relevant prior literature. Section 3 describes the data, sample selection, and variable measurement. Section 4 discusses the research design. Section 5 reports the main results. Section 6 presents sensitivity and additional analyses. Section 7 concludes.

2. BACKGROUND AND PRIOR LITERATURE

2.1 Lobbying and Lobbying Disclosure

Lobbying represents an economically significant strategy to influence politics in the United States. In 2023, over \$4 billion was spent on lobbying activities in the United States with 12,937 lobbyists engaged in lobbying.¹ The Lobbying Disclosure Act of 1995 (LDA), later amended by the Honest Leadership and Open Government Act of 2007, is legislation meant to bring an increased level of transparency to federal lobbying activities in the United States. The Act requires

¹ <https://www.opensecrets.org/federal-lobbying>

lobbyists to register with the Secretary of the Senate and the Clerk of the House of Representatives (Form LD-1), file a semi-annual report of their campaign contributions (Form LD-203),² and file a quarterly report of their lobbying activities (Form LD-2).³ The quarterly activity report, Form LD-2, provides information such as the name of the registrant, client name, dollar amount, and details of lobbying activity for each general issue code. The name of the registrant could either be a lobbying firm, an individual (if self-employed), or an organization (if the lobbyist is in-house). There are 79 general issue codes, including aviation (AVI), budget (BUD), communications (COM), environment (ENV), health (HCR), and taxation (TAX). Each lobbying activity report can cover several general issue areas. For each general issue area, corporations (if in-house) or their lobbying firm must disclose: (i) the specific issue(s) being lobbied, (ii) the House(s) of Congress and federal agencies being lobbied, and (iii) the names of the individuals who acted as a lobbyist in the general issue area. The quarterly reports are made available to the public. See Appendix B for an example of a quarterly lobbying report.

The Secretary of the Senate, the Clerk of the House, and the United States Attorney's Office (USAO) are tasked with enforcing compliance with the lobbying reporting requirements of the LDA. Noncompliance with the requirements could result in termination of the lobbyist's registration, civil penalties (up to \$200,000 per violation), or criminal penalties (up to five years in prison).⁴ Enforcement actions begin with a referral, which is a notification that the Secretary of the Senate and the Clerk of the House send to USAO about a lobbyist's potential noncompliance with the LDA. Prior to pursuing civil or criminal penalties, the USAO attempts to bring lobbyists

² Form LD-203 is a new requirement under the Honest Leadership and Open Government Act of 2007.

³ Lobbying disclosure reports were originally required to be filed on a semi-annual basis until the Honest Leadership and Open Government Act of 2007 mandated these reports to be filed on a quarterly basis, starting in 2008.

⁴ The Honest Government and Leadership Act of 2007 increased the civil penalties from \$50,000 to \$200,000 and added criminal penalties for noncompliance.

into compliance through letters, emails, and phone calls. However, resolution of these referrals has been somewhat limited. According to a 2022 report filed by the United States Government Accountability Office (GAO),⁵ the USAO received 3,298 referrals for failure to comply with the quarterly lobbying activity reporting requirements (Form LD-2) from the years 2013 to 2022. As of January 2023, 73 percent of these referrals were still pending further action. Additionally, enforcement surrounding Form LD-2 has primarily been focused on compliance with: (i) filing the report, (ii) accurately reporting income or expenses, and (iii) properly disclosing covered positions.⁶ In other words, certain sections of the quarterly lobbying report have not been as highly scrutinized, including the specific issue(s) being lobbied (line 16 of the quarterly lobbying activity report), a line item intended to provide detailed information on the lobbying activities of the organization.

As an example, in 2013, the USAO filed a civil suit against Biassi Business Services, Inc., a consulting firm, for failure to file 124 required filings under the LDA (LD-2 or LD-203). For failure to file and failure to remedy the delinquent filings, Biassi Business Services faced \$33 million in potential fines (Davidson, 2013). Ultimately, the USAO secured a \$200,000 default judgment against Biassi Business Services for the LDA violations.⁷ Similarly, in 2015 Alan Mauk Associates Ltd. faced a fine of up to \$5.2 million for failure to file the required quarterly reports (Yeager, 2014). Alan Mauk Associates settled and agreed to pay a \$30,000 civil penalty. Later in 2015, Carmen Group agreed to pay a civil penalty of \$125,000 for failure to file some its quarterly

⁵ GAO-23-105989, 2022 Lobbying Disclosure Observations on Compliance with Requirements, a report to congressional committees.

⁶ A lobbyist is considered a covered official if they have served as either a covered executive branch official or a covered legislative branch official within twenty years of first acting as a lobbyist for the client. A covered executive branch employee includes the President, Vice President, as well as several senior positions in the administration. A covered legislative branch official includes Members of Congress, as well as any officers and employees of Congress.

⁷ <https://www.justice.gov/usao-dc/pr/lobbying-firm-agrees-pay-125000-civil-penalty-violating-lobbying-disclosure-act>

activity reports and for their lobbyists' failure to file some of their political contribution reports in a timely manner (Hsu, 2015). Interestingly, in 2014, the Center for Public Integrity highlighted the Carmen Group's failure to disclose sufficient details for the specific issues they lobbied for on behalf of Xavier University of Louisiana. The Center for Public Integrity specifically draws attention to the vaguely worded phrase "Hurricane Katrina related recovery issues" used in the Carmen Group's lobbying reports to describe their lobbying activity related to convincing federal officials to forgive \$130 million worth of emergency loans the U.S. Department of Education had given the University (Rochabrun and Levinthal, 2014). The settlement agreement for \$125,000, however, did not mention any instances of failure to comply with providing detailed information of specific issue(s) lobbied in their filed reports, but only mentioned instances of failure to file in a timely manner (Levinthal, 2015). Taken together, these three examples of noncompliance penalties highlights: (i) the overall limited enforcement of the LDA, and (ii) that any enforcement efforts appear targeted at compliance with *filing* rather than compliance with providing sufficient lobbying activity details the reports.

Using a sample of lobbying reports that cover the general issue code taxation (TAX), this paper examines disclosures of the specific tax issue(s) lobbied and explores the determinants of lobbying reporting compliance. I focus on lobbying reports that cover the general issue code TAX for three key reasons. First, tax is consistently one of the top issues lobbied. Specifically, in 2018, tax was the second top issue lobbied (in terms of number of clients), and for the years 2019 through 2023, tax was the third top issue lobbied, behind budget and health. Of the 12,937 lobbyists employed in 2023, 3,826 lobbied on tax (i.e., nearly 30 percent of all lobbyists lobby on tax)⁸. Second, tax lobbying by corporations has received considerable media attention. For example, a

⁸ <https://www.opensecrets.org/federal-lobbying/top-issues>

2019 New York Times article “How Big Companies Won New Tax Breaks from the Trump Administration” discusses corporate lobbying activity surrounding the Treasury Department’s enactment of the Tax Cuts and Jobs Act of 2017 (TCJA) (Drucker and Tankersley, 2019). In a more recent example, a 2023 OpenSecrets.org article revealed that the lobbying activities of tax preparation software companies (i.e., Intuit, the company that owns TurboTax and H&R Block) have created hurdles for the IRS’s plan to launch a free filing program. The article even calls attention to the specific lobbying issues that were disclosed in Intuit’s lobbying reports (Massoglia, 2023). Thus, there is likely more variation in compliance for tax lobbying in particular as the perceived benefits of noncompliance may potentially outweigh the perceived costs of noncompliance. Lastly, I focus on tax lobbying since tax lobbying activity spans a wide array of industries, unlike issues such as aviation and communications, where lobbying activity is concentrated amongst a few specific industries.

2.2 Tax-related Corporate Political Activity

Thus far, prior literature on tax-related corporate political activity has primarily focused on examining the returns to corporate political connections in the form of future tax benefits as well as firm valuation (Barrick and Brown 2019). Some studies have found that politically connected firms have lower effective tax rates (ETR) (Richter, Samphantharak, and Timmons 2009; Hill, Kubick, Lockhart, and Wan 2013). Kim and Zhang (2016) finds that politically connected firms are more tax aggressive than non-politically connected firms. Other studies focus on corporate political activity surrounding specific tax legislation (Alexander, Mazza, and Scholz 2009; Chen, Dyreng, and Li 2018). More recent studies have found that returns to tax-related corporate political activity are highly contextual in nature. Brown, Drake, and Wellman (2015) uses long-run measures of campaign contributions to members of the tax-writing committees of Congress (i.e.,

the House Ways and Means Committee and the Senate Finance Committee) and finds that firms pursuing a long-term, or relational, approach to corporate political activity have lower future cash and GAAP ETRs and less volatile cash ETRs. Furthermore, Brown et al. (2015) finds incremental returns to tax lobbying for firms that make campaign contributions to tax policymakers, suggesting that the two types of political activity are complementary. Meade and Li (2015) develops a proxy to identify strategic tax lobbying, or lobbying to obtain new tax benefits, and defensive tax lobbying, or lobbying to retain existing tax benefits. They find a negative relation between strategic tax lobbying and future cash ETRs.

As for firm valuation, Hill et al. (2013) finds that shareholders do not value tax lobbying by firms that already have low ETRs. However, shareholders do value tax lobbying by firms with higher ETRs. Hutchens, Rego, and Sheneman (2016) finds a positive relationship between abnormal stock returns and lobbying on tax, trade, defense, and budget issues, and that this relationship is pronounced for firms that adopt a relational approach to lobbying. In the context of tax lobbying, they further find that the positive relation between shareholder value and tax lobbying is more pronounced for firms that stand to gain the most from tax lobbying, which they define as firms with higher ETRs, and firms with no foreign operations or research and development (R&D) expenditures.

While many of these prior studies use lobbying report data, much of the details underlying the data have been largely underutilized, namely the specific tax issues lobbied and the names of the lobbyists that lobby on tax issues. Thus, I contribute to this stream of literature in two ways. First, using newly parsed quarterly lobbying report data from lobbyingdata.com, I develop a new, more refined measure of tax lobbying dollars (see Section 3.4 for a detailed discussion of this new measure). Second, I collect granular data on the specific tax issues lobbied and identify (i) the

level of compliance in providing this detailed information as required by the LDA (see Section 3.2), and (ii) the different types of tax issues being lobbied, including international tax issues, investment incentives, and non-income taxes (see Section 6.4).

2.3 Lobbyists

In addition to the accounting literature, my research builds on political science research examining lobbyist characteristics. LaPira, Thomas III, and Baumgartner (2014) finds that core lobbying issue areas (i.e., budget, tax, trade, and health) have more in-house lobbyists and more “revolving door” lobbyists, or lobbyists with previous government experience. Bertrand, Bombardini, and Trebbi (2014) examines the role of lobbyist issue expertise and the role of lobbyists’ political connections on the dollar value of lobbying. While they find that both issue expertise and connections are valued, they find a consistently higher monetary premium for political connections over issue expertise. Additional studies examine the benefits of employing revolving door lobbyists. A few studies find some evidence that lobbying by revolving door lobbyists is associated with a bill’s increased probability of progressing through the legislative approval process (LaPira and Thomas 2017; Makse 2017). McKay and Lazarus (2023) examines the relationship between lobbying by universities and earmarked funds, and finds an incremental effect of revolving door lobbyists at the lower levels of lobbying expenditures. Other studies find that the value of revolving door lobbyists declines with the entry of new legislators (Strickland 2020). My paper contributes to this stream of research by further examining the role of the revolving door and in-house lobbying on lobbying reporting compliance and lobbying on specific tax issues.

3. DATA, SAMPLE, AND VARIABLE MEASUREMENT

3.1 Data and Sample Selection

I collect the quarterly lobbying reports from lobbyingdata.com, a recent source for lobbying data launched in 2020. This dataset offers two key advantages over the lobbying database OpenSecrets.org, developed by the Center for Responsive Politics and used in prior studies. First, lobbyingdata.com parses the data by general issue code area (e.g., tax, aviation, health, etc.), whereas OpenSecrets.org aggregates the data at the lobbying report level. Second, lobbyingdata.com provides a client firm identifier (i.e., company ticker), which improves the process of matching firms from the lobbying database to financial data in Compustat. OpenSecrets.org requires matching by company name, which can introduce measurement error.

For my lobbying report analysis, my sample begins with all quarterly lobbying reports from the years 2008 to 2019 that match with firms in Compustat. I first remove lobbying reports with missing income or expenses and duplicate lobbying reports. I then remove all lobbying reports for firms in the financial services (SIC 6000 – 6999) and utilities (SIC 4900 – 4999) industries as they are highly regulated. Since my study focuses on lobbying of *tax* issues, I restrict my sample to lobbying reports that mention TAX as one of the general issue code areas. Lastly, I drop any observations missing the necessary data to construct variables of interest for my analyses. My final sample consists of 20,883 lobbying reports for 384 unique firms. Table 1 Panel A provides a complete description of my sample selection process.

[INSERT TABLE 1 HERE]

Panel B presents the number of observations by Fama-French 48 industry code classification. Panel B reports that corporate tax lobbying occurs across a wide range of industries, with business services, communication, and pharmaceutical products being the most frequent

industries that lobby on tax issues, and non-metallic and industrial metal mining, rubber and plastic products, and precious metals being the least frequent industries that lobby on tax issues.

3.2 Measurement of Compliance

My measurement of lobbying reporting compliance is based on the level of detail provided for specific issue(s) lobbied and the extent to which this level of detail fulfills the requirements for this line item as per the Form LD-2 instructions. The instructions for Form LD-2 line 16, specific issues lobbied, state:

“For each general lobbying area, list the specific issues which were actually lobbied during the quarterly period. Include, for example, specific bills before Congress or specific executive branch actions. BE SPECIFIC. Bill numbers alone do not satisfy the requirements for reporting on this line and restatement of the general issue code is insufficient. Use the following format to describe legislation: BILL NO., BILL TITLE, AND DESCRIPTION OF THE SPECIFIC SECTION(S) OF INTEREST.

i.e., "H.R. 3610, Department of Defense Appropriations Act of 1996, Title 2, all provisions relating to environmental restoration."

For specific issues other than legislation, provide detailed descriptions of lobbying efforts. Do not leave line blank.”

Despite these detailed instructions, there is substantial variation in the level of detail provided on the specific tax issues being lobbied. Due to the substantial time investment required to hand-collect data on the specific issues lobbied, I examine the specific issues only for the TAX general issue code area. As discussed in Section 2, I select TAX as my issue code area of interest because it is consistently one of the top issues lobbied for and tax lobbying activity spans a range

of industries. Thus, focusing on lobbying reports that mention the general issue area of tax provides me with a large sample of lobbying reports for many different types of firms over time. Also, we might expect to find higher variation in the level of detail provided for tax issues specifically, given the significant media attention and scrutiny surrounding corporations' tax activities (Chen, Schuchard, and Stomberg 2019).

Due to the observed variation in the level of detail provided for specific tax issues lobbied, I construct my primary compliance measure, *Compliance*, as an ordinal variable.⁹ I manually read the specific issues lobbied for the general issue code TAX of every lobbying report in my sample and categorize each lobbying report as either a zero, one, two, or three, with zero representing the lowest level of compliance and three representing the highest level of compliance. Each lobbying report is categorized based on the following criteria:

Zero: A lobbying report is categorized as zero if the specific issue(s) lobbied is either left blank, restates the general issue code (i.e., tax, tax issues), broadly mentions tax issues pertaining to an industry (i.e., tax issues that affect the tourism industry) or company (i.e., taxation and media issues related to iHeartMedia), or broadly mentions tax reform, tax policy, tax legislation, tax regulations, or tax administration.

One: A lobbying report is categorized as one if the specific issue(s) lobbied mentions a type of tax issue but still in a broad context, including but not limited to, international tax, tax credits, excise taxes, state tax issues, tax extenders.

Two: A lobbying report is categorized as two if the specific issue(s) lobbied mentions a comprehensive tax bill with several different tax provisions, but without specifying which

⁹ I acknowledge that the compliance categories for my measurement of compliance are somewhat subjective. In robustness tests, I use two alternative measures of compliance. See Section 3.3 for a description of these alternative measures.

provisions within the tax bill are being lobbied. Examples include the American Jobs and Closing Tax Loopholes Act of 2010, United States Job Creation and International Tax Reform Act of 2012, Tax Relief Extension Act of 2015, and the Tax Cuts and Jobs Act of 2017.

Three: A lobbying report is categorized as three if the specific issue(s) lobbied mentions either specific provisions within a comprehensive tax bill, a bill that covers a specific tax issue (i.e., the Protect Medical Innovation Act which is specifically for the repeal of the excise tax on medical devices), a specific section of the Internal Revenue Code (IRC) or Regulations, or mentions a specific tax issue (i.e., bonus depreciation, research and development (R&D) tax credit, alternative minimum tax, etc.).

For example, the American Airlines lobbying report presented in Appendix B is classified as compliance level three since it mentions three specific tax issues (corporate alternative minimum tax, bonus depreciation, and pension matters) and two bills that cover a specific issue (S. 1646 and H.R. 2846, Technical Clarification to Public Law 113-243 Act of 2015). See Appendix C for additional examples of disclosures of specific issues lobbied and their respective level of compliance categorization.

3.3 Alternative Measures of Compliance

One possible concern is that my measurement of compliance is somewhat subjective. To mitigate this concern, I use two alternative measures of compliance. First, I use a binary measure of compliance. *Compliance_binary* is equal to one if *Compliance* is equal to three, and zero otherwise. Second, an argument could be made that tax lobbying reports categorized as compliance level one and compliance level two could be considered equally informative. So, I develop an alternative ordinal measure of compliance, *Compliance_alt*, which only has three

levels: zero, one, and two. *Compliance_alt* is equal to zero if *Compliance* is equal to zero. *Compliance_alt* is equal to one if *Compliance* is equal to either one or two. *Compliance_alt* is equal to two if *Compliance* is equal to three.

3.4 Tax Lobbying Dollars and Lobbyist Characteristics

As noted earlier, one of the advantages of using data from lobbyingdata.com, as opposed to OpenSecrets.org, is that lobbyingdata.com parses the lobbying reports by general issue code area whereas OpenSecrets.org aggregates the data at the report level. This parsed data allows me to identify which individual lobbyists are lobbying on the general issue code TAX to: (i) create a new, more refined measure of the dollar amount spent on tax lobbying and (ii) collect data on the characteristics of lobbyists that are specifically lobbying on TAX.¹⁰

Prior studies have used various measures of tax lobbying and tax lobbying dollars. Some studies use an indicator variable for the act of lobbying in general (on any issue) or lobbying on the general issue area tax (Hill et al. 2013; Meade and Li 2015). Other studies use the dollar amount on the lobbying report to measure the extent of lobbying (Richter et al. 2009; Alexander et al. 2009). However, one of the limitations of the lobbying report-level data is that only a single dollar amount is provided for the entire report, rather than separate reporting of dollar amount by general issue area. Thus, using the total dollar amount can overstate the amount spent specifically on tax lobbying. Some studies have attempted to overcome this limitation by using a ratio of tax issues to total issues mentioned in the report to allocate a portion of the total dollar amount to tax lobbying (Brown et al. 2015). However, this measure assumes that the dollar amount on the

¹⁰ Using the American Airlines lobbying report in Appendix B as an example, lobbyingdata.com would identify Samuel Olchyk as a lobbyist for TAX and James Burnley, Megan Malone, Scott Gluck, and Bart Stupak as lobbyists for AVI. OpenSecrets.org would identify Samuel Olchyk, James Burnley, Megan Malone, Scott Gluck, and Bart Stupak as lobbyists for both TAX and AVI. This type of aggregation makes it unclear how many of the lobbyists truly work on tax issues, or infer the relative importance of tax issues to other issues for American Airlines.

lobbying report is split evenly amongst the general issue areas on the report, which can either overstate or understate the actual amount spent on tax lobbying.

Instead, using the number of individual lobbyists listed for each general issue area, I create a new measure of tax lobbying, calculated for each lobbying report as follows:

$$\text{Dollar amount per lobbying report} \times \frac{\text{Number of lobbyists listed as lobbying on TAX}}{\text{Total number of lobbyists listed across all issues}}$$

This new measure allocates the dollar amount on the lobbying report based on the ratio of resources allocated to tax to resources allocated to all issue areas. Using the American Airlines lobbying report in Appendix B as an example, the amount of tax lobbying dollars for this report would be \$22,000 or (\$110,000 x (1/5)).¹¹

In addition to developing this new measure, I collect data on the characteristics of the individual lobbyists lobbying on tax issues specifically. Specifically, I collect data on lobbyists' tenure based on the lobbyists' history in the lobbyingdata.com database.¹² I also collect data from both lobbyingdata.com and OpenSecrets.org on whether the tax lobbyist is a revolving door lobbyist. I define a tax lobbyist as "revolving door" if the lobbyist was previously on a tax-writing committee in Congress (i.e., the House Ways and Means Committee or the Senate Finance Committee) or worked for the Internal Revenue Service (IRS).¹³

¹¹ In comparing my new measure to the Brown et al. (2015) measure, I find that, of the 20,883 lobbying reports in my sample, my calculation of tax lobbying differs from the Brown et al. (2015) calculation for 7,020 lobbying reports (approximately 33.6% of my sample). For 3,446 (3,574) lobbying reports, my new measure results in a higher (lower) tax lobbying dollar amount as compared to the Brown et al. (2015) measure. Overall, the correlation between the two measures is 89% in my sample. However, this correlation decreases as the total dollar value of the lobbying report increases. More specifically, the correlation drops to 77% for the subsample of lobbying reports with a total dollar value greater than or equal to \$1 million.

¹² This database starts in 1999, thus the maximum individual lobbyist tenure in my dataset is 21 years.

¹³ In robustness tests, I alternatively define a lobbyist as a revolving door if they were previously a Member of Congress or worked for the IRS. Untabulated results are unchanged using this alternative definition of revolving door lobbyist.

4. RESEARCH DESIGN

I examine the determinants of lobbying reporting compliance at the individual lobbying report level using the following ordinary least squares regression model¹⁴ with fixed effects:

$$\begin{aligned} Compliance_{i,j,k,t} = & \beta_0 + \beta_1 Inhouse_{i,j,k,t} + \beta_2 TaxRevolvingDoor_{i,j,k,t} + \beta_3 Big4_{i,j,k,t} + \\ & \beta_4 MaxTenure_{i,j,k,t} + \beta_5 NumTaxLobbyist_{i,j,k,t} + \beta_6 NumOtherLobbyist_{i,j,k,t} + \beta_7 TaxDollars_{i,j,k,t} \\ & + \beta_8 OtherDollars_{i,j,k,t} + \beta_9 Treasury_{i,j,k,t} + \beta_{10} Q2_{i,j,k,t} + \beta_{11} Q3_{i,j,k,t} + \beta_{12} Q4_{i,j,k,t} + \beta_{13} Size_{i,t-1} + \\ & \beta_{14} ROA_{i,t-1} + \beta_{15} MTB_{i,t-1} + \beta_{16} CashETR_{i,t-1} + Fixed\ Effects + \varepsilon \end{aligned} \quad (1)$$

The dependent variable, *Compliance*, is the level of reporting compliance for lobbying report k filed by lobbying firm j for firm i on date t . As described in Sections 3.2 and 3.3, *Compliance* is an ordinal variable ranging from zero to three, with zero (three) being the lowest (highest) level of lobbying reporting compliance; *Compliance_binary* is equal to one if *Compliance* is equal to three, and zero otherwise; and *Compliance_alt* is an ordinal variable ranging from zero to two, with zero (two) being the lowest (highest) level of lobbying reporting compliance. I select a set of determinants to capture characteristics of the lobbying firm filing the report, the individual lobbyists listed as lobbying for TAX on the report, the size of the report, the agencies lobbied, the timing of the report, along with firm characteristics.

Inhouse is an indicator variable set equal to one if the lobbying report is filed by the firm itself (i.e., the registrant name on the lobbying report is the same as the client name on the lobbying report), and zero otherwise. It is possible that lobbying reports filed by in-house lobbyists (i.e., firm employees) could exhibit higher levels of compliance if there is stakeholder pressure for greater transparency surrounding the firm's corporate political activity (Goh, Liu, and Tsang 2020).

¹⁴ I use an ordinary least squares model rather than an ordered logit or probit model due to the lack of reliability of an ordered model when using fixed effects (Greene 2004). I also estimate an ordered logit model without fixed effects.

According to Morningstar's proxy voting database, the number of shareholder resolutions on corporate political activity increased by 33% from 2018 to 2022, and these resolutions were mostly related to lobbying and campaign contribution transparency.¹⁵ On the other hand, corporations face reputational risks, and since the firm is in control of what gets disclosed on in-house lobbying reports (unlike reports filed by a lobbying firm), firms may choose to be less transparent about their tax lobbying activities if there are concerns that the tax issue(s) they support (or oppose) will be highly scrutinized. This is especially true if the firms' tax lobbying activities could potentially have an adverse effect on stakeholders or society as whole (i.e., tax policies often affect both businesses and individuals). In this case, the cost of disclosing the specific tax issues lobbied might outweigh the stakeholder demand for transparency. Thus, I do not make a prediction for the sign for β_I .

TaxRevolvingDoor is an indicator variable set equal to one if at least one of the individual lobbyists listed as lobbying on TAX, was either previously on one of the tax-writing committees of Congress (i.e., Senate Finance Committee or House Ways and Means Committee) or worked for the IRS, and zero otherwise. Since these lobbyists previously worked for the government, we might expect a positive relation between *Compliance* and *TaxRevolvingDoor*, if revolving door lobbyists have high career concerns. The revolving door can move in reverse (i.e., the "reverse revolving door") whereby revolving door lobbyists return to work for the government. Thus, revolving door lobbyists may be more likely to comply with the requirements of the LDA to maintain a positive relationship with the government for the possibility of returning to work for the government. Additionally, there is a possibility that revolving door lobbyists might expect a higher level of scrutiny by the regulator for their lobbying reports, given the additional requirement

¹⁵ <https://www.sustainalytics.com/esg-research/resource/investors-esg-blog/in-whose-best-interest--why-investors-are-demanding-more-transparency-on-companies%27-lobbying-activities>

for revolving door lobbyists to disclose their covered positions on the report. Thus, the expected costs of non-compliance (i.e., probability of detection and penalties) may be higher for revolving door lobbyists. Conversely, given their political connectedness, revolving door lobbyists might expect a level of protection from the government in the event of non-compliance and thus the expected potential costs of non-compliance (i.e., penalties) might be lower for revolving door lobbyists. Finally, revolving door lobbyists might also have reputational concerns and may be more (less) likely to disclose the specific issues they lobby on to serve as a signal of their lobbying effectiveness if there is an expectation that the bills they lobby have a higher (lower) probability of passing. Based on the preceding discussion, I do not make a prediction for the sign for β_2 .

Big 4 is an indicator variable set equal to one if the lobbying firm filing the report is a Big 4 accounting firm and zero, otherwise. Since Big 4 accounting firms specialize in services that emphasize the importance of accuracy, transparency, and compliance, we might expect a positive relation between *Big 4* and *Compliance*. On the other hand, lobbying activities by Big 4 accounting firms have received considerable negative media attention. For example, a 2021 New York Times article, “How Accounting Giants Craft Favorable Tax Rules from Inside Government,” discusses how PwC lobbies for tax breaks for clients, such as the qualified business income deduction, that could potentially save their clients billions of dollars. Given the significant media attention surrounding their lobbying activities, it is possible that lobbying reports filed by Big 4 accounting firms might exhibit lower levels of compliance, in order for the Big 4 firm to maintain a positive relationship with the client on whose behalf the firm is lobbying. Thus, I do not make a prediction for the sign for β_3 .

MaxTenure is the number of years the individual lobbyist, listed as lobbying on TAX, with the longest tenure has worked as a lobbyist.¹⁶ Lobbyists with more lobbying experience have had more experience with filing the reports and thus might exhibit higher levels of reporting compliance. On the other hand, if lobbyists with longer tenure have expectations of lower levels of enforcement of reporting compliance based on their previous experience as a lobbyist (i.e., an observed lack of enforcement), then we might expect a negative relationship between lobbyist tenure and compliance. Thus, I do not make a prediction for the sign for β_4 .

The next four determinants capture the magnitude of the lobbying report in terms of dollar amount and number of lobbyists on the report (see Section 3.4 for a detailed discussion of how tax dollars per lobbying report is calculated). If there is an expectation of higher levels of enforcement for higher magnitude lobbying reports then I expect a positive relationship between *NumTaxLobbyist*, *NumOtherLobbyist*, *TaxDollars*, *OtherDollars*, and *Compliance*. Thus, the expected signs for $\beta_5, \beta_6, \beta_7$, and β_8 are positive.

Treasury is an indicator variable set equal to one if the lobbying report mentions either the Internal Revenue Service or the Department of the Treasury as an agency lobbied, and zero otherwise. It is possible that lobbyists may exhibit different levels of reporting *Compliance* when they are lobbying for legislation (i.e., lobbying Congress) versus when they are lobbying for the interpretation and enforcement of legislation (i.e., lobbying the IRS or Department of Treasury). I do not make a prediction for the sign for β_9 .

The next three variables are related to the timing of the report. *Q2*, *Q3*, and *Q4* are indicator variables set equal to one if the quarterly lobbying report is for quarter two, quarter three, or quarter four, respectively, and zero otherwise. I also include firm fundamentals including firm size (*Size*),

¹⁶ Results are robust to using the average tenure across all individual lobbyists listed as lobbying on TAX in lieu of the maximum tenure.

return on assets (*ROA*), market-to-book ratio (*MTB*), and cash effective tax rate (*CashETR*).¹⁷ All firm fundamental variables are lagged by one year and continuous variables are winsorized at the 1st and 99th percentiles to mitigate the effect of outliers. To control for general macroeconomic time trends, I include year fixed effects. I also include either industry fixed effects or firm fixed effects in each specification. All variables are defined in Appendix A. Standard errors are clustered at the firm level.¹⁸

5. RESULTS

5.1 Descriptive Statistics

Table 2 Panel A presents descriptive statistics at the lobbying report level for the variables used in my analyses.

[INSERT TABLE 2 HERE]

The average level of *Compliance* is 2.258. The percentage of reports that are fully compliant (i.e., *Compliance* = 3) over the entire sample period is 68.4%. I find that 30.4% of lobbying reports in my sample are filed by in-house lobbyists, 29.4% of reports have at least one tax lobbyist that is a revolving door lobbyist, and 1.4% of reports are filed by a Big 4 accounting firm. 15.8% of reports mention lobbying the Department of Treasury. The mean lobbying tenure of the tax lobbyist with the highest tenure on the report is 12.866 years. The average number of tax lobbyists per lobbying report is 3.265. The average number of general issue codes per lobbying report is 4.235. The average dollar amount of tax lobbying per report is \$53,498 and the average dollar amount of lobbying on other issues is \$244,367. Table 2 Panel B presents the number of reports by

¹⁷ For Cash ETR, negative values are set equal to zero and values greater than one are set equal to one (Yost and Shu 2022).

¹⁸ Results are robust to clustering standard errors by lobbying firm (registrant name) and results are also robust to clustering standard errors by industry (Fama-French 48 industry classification).

Compliance level. Nearly 18% of the reports are *Compliance* level zero (3,757 reports). 6.59% of the reports are *Compliance* level one (1,376 reports) and 7.05% of the reports are *Compliance* level two (1,473 reports). Table 3 reports the pairwise correlations.

[INSERT TABLE 3 HERE]

5.2 Descriptive Trends

Although the previous section reports statistics in the cross-section, they mask interesting time-series trends in the compliance of tax lobbying reports. To evaluate these compliance trends over time, Figure 1 Panel A presents the percentage of lobbying reports for each level of compliance each year. Figure 1 Panel B presents a more granular picture of the percentage of tax lobbying reports that are fully compliant (*Compliance* = 3) each year.

[INSERT FIGURE 1 HERE]

Figure 1 shows that the percentage of compliant tax lobbying reports has been significantly decreasing over time, with compliance in 2008 at nearly 90% falling steadily to an all-time low in 2017 at less than 50% compliant, around the passage of the Tax Cuts and Jobs Act. The compliance rate increases to about 60% by 2019, but still remains lower than the early portion of the sample period. Overall, I conclude that the compliance of lobbying reports with respect to tax issues has significantly degraded over time.

5.3 Determinants of Lobbying Reporting Compliance

Table 4 presents the results of estimating equation (1) that examines the determinants of tax lobbying reporting compliance. Panel A presents results for the dependent variable *Compliance*. Panel B presents the results for the two alternative measures of Compliance: *Compliance_binary* and *Compliance_alt*. Panel A column (1) presents the results of an ordered logit model without fixed effects. Panel A column (2) presents the results of equation (1) with

industry and year fixed effects and panel A column (3) presents the results with firm and year fixed effects.

[INSERT TABLE 4 HERE]

I find a positive and significant relationship between *Inhouse* and *Compliance* across all three specifications in Panel A ($p = 0.026, 0.000$, and 0.06 , respectively). The 0.521 coefficient on *Inhouse* in column (1) suggests that the odds of being in a higher *Compliance* category are approximately 1.684 times¹⁹ higher for lobbying reports filed by in-house lobbyists, all else equal. This positive association is consistent with the notion that there may be stakeholder demand for greater transparency surrounding corporate political activities and thus, lobbying reports filed by the firm itself might exhibit higher levels of transparency to meet these demands. In Panel A columns (2) and (3), I find a positive and significant relationship between *TaxRevolvingDoor* and *Compliance* ($p = 0.026$ and 0.020 , respectively). I find a significantly negative relationship between *Big4* and *Compliance* across all three specifications (all $p < 0.01$), consistent with the idea that Big 4 accounting firms might expect a higher level of media scrutiny for their lobbying activities and thus, they are less transparent in their lobbying reports in order to maintain a positive relationship with their clients. However, I interpret this finding with some caution as the percentage of reports filed by Big 4 accounting firms in my sample is rather small. I find a significantly positive relationship between *TaxDollars* and *Compliance* across all three specifications ($p = 0.013, 0.017$, and 0.001 , respectively), consistent with an expectation of higher levels of scrutiny by the regulator for more material lobbying reports. I also find a significantly positive relationship between *Treasury* and *Compliance* across all three specifications ($p = 0.014, 0.039$, and 0.097 , respectively), suggesting that lobbyists are more transparent about their lobbying

¹⁹ $e^{.521} = 1.6837$

activities related to the interpretation and enforcement of tax policies. The 0.3558 coefficient on *Treasury* in column (1) suggests that the odds of being in a higher *Compliance* category are approximately 1.427 times²⁰ higher for lobbying reports filed for lobbying activity related to the Department of the Treasury, all else equal. I find a significantly positive relationship between both *Q3* and *Q4* and *Compliance*, suggesting that reports filed later in the year are associated with higher levels of compliance. I find a negative and significant relationship between firm size and compliance across all three specifications ($p = 0.045$, 0.006 , and 0.075 , respectively) and a negative and significant relationship between *MTB* and *Compliance*. The results for *MaxTenure*, *NumTaxLobbyist*, *NumOtherLobbyist*, *ROA*, and *CashETR* are mixed and the results for *OtherDollars* and *Q2* are not significant in any specification.

In Table 4 Panel B columns (1) and (2), I re-estimate equation (1) using a binary measure of *Compliance*. I find largely similar results when re-estimating equation (1) with *Compliance_binary* as the dependent variable²¹. Notably, the results in Table 4 panel B column (1) suggest that lobbying reports filed by in-house lobbyists are associated with a 16 percentage point increase in the probability that the lobbying report is fully compliant (*Compliance*=3), all else equal, and that lobbying reports filed by Big 4 accounting firms are associated with a 36.44 percentage point decrease in the probability that the lobbying report is fully compliant, all else equal. Table 4 panel B columns (3) and (4) shows that my results are largely unchanged when re-estimating equation (1) with *Compliance_alt* as the dependent variable.

Overall, my results in Table 4 suggest that lobbying reports filed by in-house lobbyists, reports filed by revolving door lobbyists, reports with a higher tax lobbying dollar amount, reports

²⁰ $e^{.3558} = 1.4273$

²¹ The most notable difference with *Compliance_binary* as the dependent variable is that the results for *TaxRevolvingDoor* are only marginally significant at the 15% level in Table 4 Panel B column (2) ($p = 0.137$) and insignificant in column (1) ($p = 0.203$).

that mention lobbying the Department of Treasury, and reports filed later in the year (Q3 and Q4 quarterly reports) are associated with higher levels of compliance. Reports for larger firms and reports filed by Big 4 accounting firms are associated with lower levels of compliance.

5.4 Number of Clients

Table 5 presents the results of re-estimating equation (1) with the number of lobbying firm clients (*NumClients*) as a determinant in lieu of *Inhouse*. Columns (1) – (3) present the results for the full sample and Columns (4) – (6) present the results for the subsample of external lobbying reports (i.e., *Inhouse* = 0) since the number of clients for all in-house reports will be one. The purpose of this alternative specification is to examine whether there is a difference in *Compliance* for reports filed by larger lobbying firms (measured by the number of lobbying clients in year *t*) as compared to smaller lobbying firms.

[INSERT TABLE 5 HERE]

I find results that are largely similar to Table 4 in columns (1) – (3). I also find similar results in columns (4) – (6) with the exception of *Treasury* which becomes insignificant. Interestingly, when focusing on the subsample of external lobbying reports in columns (4) – (6), I do not find a consistently significant relationship between the number of lobbying clients and compliance, suggesting that there is not a large difference in the level of compliance for reports filed by large lobbying firms as compared to smaller lobbying firms.

6. SENSITIVITY AND ADDITIONAL ANALYSES

6.1 In-house Only Lobbying Reports

I next examine the determinants of lobbying report compliance focusing on a subsample of in-house lobbying reports to further examine the role of firm characteristics on lobbying report

compliance. Of my 20,883 lobbying reports, 6,344 are filed by in-house lobbyists (i.e., firm employees). The results are presented in Table 6. Column (1) presents the results of re-estimating equation (1) for this subsample with some additional firm characteristics (*RD*, *Capex*, *Foreign*, *Loss*, *Leverage*). Column (2) adds additional corporate governance measures, including *Board Size*, whether the CEO is the chairman of the board (*CEO Chair*), and the percentage of independent directors on the board (*PropInd*).²²

[INSERT TABLE 6 HERE]

Table 6 shows a positive and significant relationship between *Compliance* and *TaxRevolvingDoor* and *Compliance* and *Treasury* in columns (1) and (2). Additionally, I find a positive and significant relationship between *Compliance* and *Q4* and *Compliance* and the number of tax lobbyists on the report. I do not find a significant relationship between *Compliance* and *CashETR* suggesting that a firm's lower level of compliance with disclosing details of their tax lobbying activity (i.e., lobbying reports are less transparent about the firm's tax lobbying activities) is not necessarily a signal of broader firm tax avoidance (i.e., lower ETRs). Lastly, in column (2), I do not find higher levels of lobbying reporting compliance for firms with stronger corporate governance.²³

6.2 Addressing Repeat Reports

One potential concern with my analysis thus far is that there is a potential “stickiness” to the specific tax issues being mentioned in the reports. Lobbying is an ongoing process, and it is likely that the reports for each quarter in a given year may mention the same issues and thus,

²² This data is collected from ISS ESG. My sample for this analysis is reduced to 5,233 due to the availability of these additional variables.

²³ It is possible that the corporate governance measures are highly correlated with one another. I re-estimate my regression adding only one of the three corporate governance measures to the regression at a time and I still do not find significantly different levels of compliance for any of the corporate governance measures.

exhibit the same level of compliance (or non-compliance). To address the concern of this potential “stickiness” dampening the variation in my data, I perform two tests. First, I separately examine the determinants for each quarter. This eliminates the concern of repeat lobbying disclosures across multiple quarters in a given year. The results are presented in Table 7. Table 7 shows that my results are largely unchanged for each of the four quarters.

[INSERT TABLE 7 HERE]

Next, I aggregate my unit of observation from the lobbying report level to the lobbying firm-firm-year level. In other words, I aggregate my data for all quarterly reports filed by lobbying firm j for firm i in year t . The results are presented in Table 8. Columns (1) and (2) present the results for the full sample. Columns (3) and (4) present the results for the subsample of firms with 12 or fewer lobbying reports filed per year as firms can have multiple lobbying firms filing lobbying reports in a given year and there may be repeat tax lobbying issues across lobbying firms. These two columns remove the 90th percentile (and above) of firms with the highest number of lobbying reports filed in a given year. Overall, Table 8 shows that my results are largely unchanged using this alternative specification.

[INSERT TABLE 8 HERE]

6.3 Changes Analysis

This section focuses on reports filed by lobbying firm j for firm i that change levels of compliance over time by estimating a first differences model. This analysis provides further insight into what prompts a *change* in the level of compliance from one quarter to the next. Table 9 presents the results for this changes analysis.

[INSERT TABLE 9 HERE]

Column (1) reports the results for the full sample and column (2) presents the results for the subsample of reports with a change in compliance (i.e., $\Delta Compliance$ is $>$ or $<$ zero). I find a positive and significant association between $\Delta Compliance$ and $\Delta TaxRevolvingDoor$, $\Delta Compliance$ and $\Delta TaxDollars$, $\Delta Compliance$ and $\Delta Treasury$, $\Delta Compliance$ and $\Delta CashETR$. I find a negative and significant association between $\Delta Compliance$ and $\Delta MaxTenure$, and $\Delta Compliance$ and $\Delta Size$. Overall, these results suggest that the addition of a tax revolving door lobbyist, an increase in tax lobbying dollars, lobbying the Department of Treasury, and an increase in Cash ETR are all associated with an increase in lobbying reporting compliance. An increase in lobbyist tenure and an increase in firm size are both associated with a decrease in lobbying reporting compliance.

6.4 Specific Tax Issues Lobbied

Lastly, I perform an exploratory analysis for lobbying reports that mention the specific tax issue(s) being lobbied. I further examine these reports and classify them based on the type of tax issue. Specifically, I group them into four categories: international, investment incentives, non-income taxes, and other tax issues. Each lobbying report could cover just one or several of these categories. Each category is a binary variable set equal to one if the lobbying report mentions that specific tax issue, and zero otherwise. Some examples of the types of tax issues included in each of the four categories are the following:

International: International is set equal to one if the lobbying report mentions international tax issues including but not limited to taxation of foreign income, controlled foreign corporations, offshoring, dual capacity, foreign tax credit, transfer pricing, IRC Section 951, or subpart F income.

Investment incentive: Investment incentive is set equal to one if the lobbying report mentions any tax incentive intended to encourage investment. This could include

investment in capital (i.e., bonus depreciation, Section 179, Section 168, etc.), investment in domestic production (i.e., IRC Section 199, film tax credit, etc.), investment in research and development (i.e., R&D tax credit, orphan drug tax credit, etc.), investment in human capital (i.e., work opportunity tax credit, pensions, wellness programs tax credit, etc.), or investment in energy efficiency and environmental sustainability (i.e., investment tax credit, electric vehicle tax credit, the bicycle commuter act, IRC Section 45, etc.).

Non-income tax: Non-income tax is set equal to one if the lobbying report mentions any type of non-income taxes including excise taxes (i.e., beer tax, medical device tax, occupancy tax, SWEET act, etc.), sales and use taxes (i.e., state taxation of online sales, internet access tax, etc.), or tariffs.

Other tax issues: Other tax issues is set equal to one if the lobbying report mentions any specific tax issue that does not fall under one of the prior three categories, including but not limited to the corporate tax rate, return-free tax filing, alternative minimum tax, LIFO inventory method, net operating losses (NOLs), and advertising deductibility.

As an example, the American Airlines lobbying report in Appendix B would be classified as two categories: investment incentive (bonus depreciation and pensions) and other tax issues (corporate alternative minimum tax, and S. 1646 and H.R. 2846, Technical Clarification to Public Law 113-243 Act of 2015). See Appendix D for additional examples of categorization of specific tax lobbying issues.

In Table 2 Panel A, I find that 27.8% of lobbying reports mention international tax issues, 37.6% of reports mention tax issues related to investment incentives (10.1% mention capital incentives, 12.6% mention R&D incentives, 9.0% mention human capital incentives, and 13.0%

mention environmental incentives), 22.9% of reports mention non-income tax issues, and 24.9% of reports mention other tax issues.

I examine the determinants of the specific tax issues lobbied at the lobbying report level using the following linear probability model²⁴ with fixed effects:

$$\begin{aligned}
Y_{i,j,k,t} = & \beta_0 + \beta_1 \text{International}_{i,j,k,t} + \beta_2 \text{Investment Incentive}_{i,j,k,t} + \beta_3 \text{Non-Income Tax}_{i,j,k,t} + \\
& \beta_4 \text{Other Tax}_{i,j,k,t} + \beta_5 \text{Inhouse}_{i,j,k,t} + \beta_6 \text{TaxRevolvingDoor}_{i,j,k,t} + \beta_7 \text{Big4}_{i,j,k,t} + \\
& \beta_8 \text{MaxTenure}_{i,j,k,t} + \beta_9 \text{NumTaxLobbyist}_{i,j,k,t} + \beta_{10} \text{TaxDollars}_{i,j,k,t} + \beta_{11} \text{Size}_{i,t-1} + \beta_{12} \text{ROA}_{i,t-1} + \\
& \beta_{13} \text{MTB}_{i,t-1} + \beta_{14} \text{CashETR}_{i,t-1} + \beta_{15} \text{RD}_{i,t-1} + \beta_{16} \text{Capex}_{i,t-1} + \beta_{17} \text{Foreign}_{i,t-1} + \beta_{18} \text{Loss}_{i,t-1} + \\
& \beta_{19} \text{Leverage}_{i,t-1} + \text{Fixed Effects} + \varepsilon
\end{aligned} \tag{2}$$

The dependent variable, $Y_{i,j,k,t}$, captures one of the specific tax issues lobbied: *International*, *Investment Incentive*, *Non-Income Tax*, or *Other Tax*. Each of these dependent variables is set equal to one if lobbying report k filed by lobbying firm j for firm i on date t mentions that specific tax issue, and zero otherwise. I separately regress each dependent variable onto my other specific tax issue variables, excluding the dependent variable. I additionally include lobbying report characteristics including *Inhouse*, *TaxRevolvingDoor*, *Big4*, *MaxTenure*, *NumTaxLobbyist*, *TaxDollars*, and firm characteristics including *Size*, *ROA*, *MTB*, *CashETR*, research and development (*RD*), capital expenditures (*Capex*), multinational status (*Foreign*), loss indicator (*Loss*), and *Leverage*. I also include firm and year fixed effects. Standard errors are clustered by firm.

Table 10 presents the results of estimating equation (2) to examine the determinants of disclosing each of the four specific tax issues: *International*, *Investment Incentive*, *Non-Income*

²⁴ I use a linear probability model rather than a logit or probit model due to the lack of reliability when using fixed effects (Greene 2004).

Tax, and *Other*. Columns (1) – (4) present the results for the full sample. Columns (5) – (8) present the results for the subsample of lobbying reports with *Compliance* equal to at least level one. Columns (9) – (12) present the results for the subsample of lobbying reports with a *Compliance* level of three.

[INSERT TABLE 10 HERE]

I find that lobbying reports that mention international tax issues are more likely to also mention investment incentives and less likely to mention non-income taxes. I find that revolving door lobbyists are positively associated with lobbying reports that mention international tax issues and negatively associated with lobbying reports that mention non-income taxes. Big 4 accounting firms are positively associated with international tax issues and negatively associated with investment incentives, non-income taxes, and other tax issues. These two results suggest that tax revolving door lobbyists and Big 4 accounting firms are associated with lobbying on more tax technical issues (i.e., international tax) that may require more tax expertise. Lobbying reports that mention either international tax issues or investment incentives are more likely to have a higher tax lobbying dollar value, suggesting that these tax lobbying activities are more valuable to firms.

7. CONCLUSION

Using a new, hand-collected dataset, my paper examines the determinants of tax lobbying reporting compliance and specific tax issues lobbied. I document an overall decline in the percentage of compliant tax lobbying reports over time. I find a positive association between reporting compliance and in-house lobbyists, revolving door lobbyists, reports that mention lobbying the Department of Treasury, reports filed later in the year, and reports with a higher tax lobbying dollar amount. I also find a negative association between reporting compliance and firm

size. These results are robust across a number of specifications. The enforcement efforts towards compliance with the LDA by the USAO have been somewhat limited. Thus, these findings should be of interest to regulators as they provide insights into the characteristics of lobbying reports that exhibit higher and lower levels of reporting compliance. These findings can assist the regulator in identifying where to direct their enforcement efforts in order to bring about greater lobbying transparency, the objective of the LDA.

In further analyses, I identify that the three major tax issues lobbied relate to international taxes, investment incentives, and non-income taxes. I find that revolving door lobbyists and Big 4 accounting firms work more on international tax issues, consistent with the idea that these lobbyists focus on more tax technical issues that require greater tax expertise. Finally, lobbying reports that mention either international taxes or investment incentives are more likely to have a higher tax lobbying dollar value, suggesting these tax lobbying activities are more valuable to corporations than non-income taxes and other tax issues.

While much of the prior research on tax-related corporate political activity has focused on the returns to political connections (Richter et al. 2009; Hill et al. 2013; Meade and Li 2015; Brown et al. 2015), my paper contributes to this existing stream of research by examining previously underutilized tax lobbying data. Using this data, I am able provide new evidence on firms' compliance with lobbying disclosure laws, provide a newly refined measure of tax lobbying, identify the types of tax issues being lobbied, and examine the role of lobbyist characteristics on tax lobbying disclosure compliance and tax lobbying activities.

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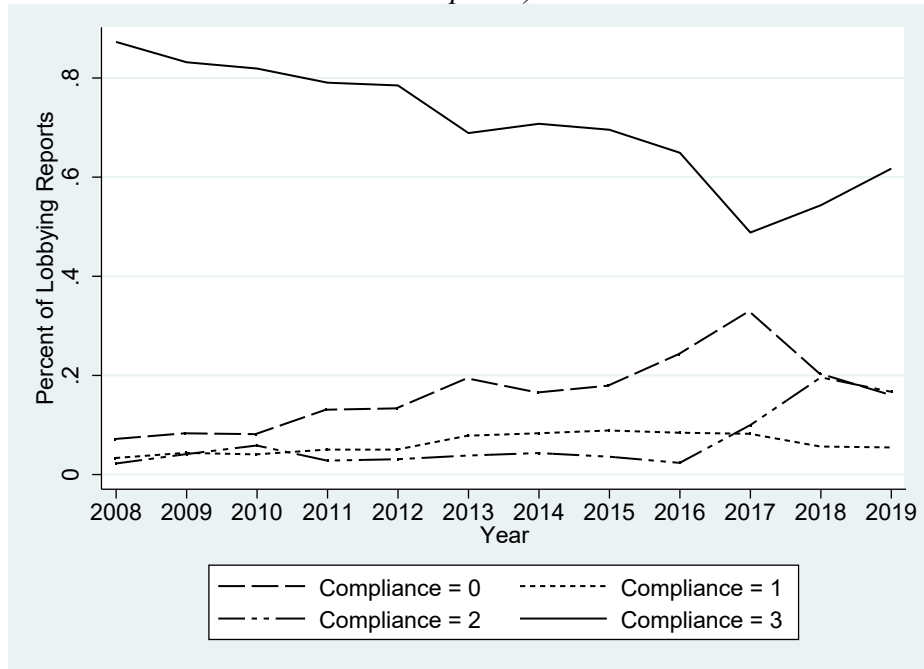
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Figure 1
Time Trend of Compliance

Panel A

Percent of Lobbying Reports by Level of Compliance Over Time (0 = least compliant; 3 = most compliant)



Panel B

Percent of Compliant Lobbying Reports Over Time (i.e., Compliance = 3)



Table 1
Panel A: Sample Selection

	Lobbying Reports	Firms
Lobbying Reports from lobbyingdata.com from 2008 - 2019 matched to Compustat	113,488	1,604
Lobbying Reports with missing income or expenses	(7,017)	(53)
Duplicate Lobbying Reports	(1,398)	-
Financial Services or Utilities	(22,805)	(308)
Lobbying Reports without the general issue code TAX	(55,756)	(745)
Lobbying Reports missing necessary data from Compustat	(5,629)	(114)
Final Sample	20,883	384

Panel B: Lobbying Reports by Industry

Fama-French industry code (48 industries)	Number of Lobbying Reports	Percent
Business Services	2,891	13.84
Communication	1,962	9.4
Pharmaceutical Products	1,848	8.85
Transportation	1,316	6.3
Retail	1,240	5.94
Petroleum and Natural Gas	1,237	5.92
Electronic Equipment	951	4.55
Machinery	828	3.96
Restaurants, Hotels, Motels	702	3.36
Chemicals	661	3.17
Automobiles and Trucks	603	2.89
Computers	556	2.66
Medical Equipment	554	2.65
Other	524	2.51
Aircraft	494	2.37
Wholesale	438	2.1
Consumer Goods	422	2.02
Construction Materials	408	1.95
Food Products	335	1.6
Business Supplies	302	1.45
Beer & Liquor	280	1.34

Candy & Soda	248	1.19
Construction	235	1.13
Healthcare	195	0.93
Personal Services	192	0.92
Entertainment	188	0.9
Coal	164	0.79
Defense	159	0.76
Apparel	153	0.73
Electrical Equipment	148	0.71
Measuring and Control Equipment	139	0.67
Steel Works Etc	136	0.65
Shipping Containers	109	0.52
Shipbuilding, Railroad Equipment	86	0.41
Recreation	79	0.38
Tobacco Products	62	0.3
Printing and Publishing	18	0.09
Non-Metallic and Industrial Metal Mining	14	0.07
Rubber and Plastic Products	3	0.01
Precious Metals	3	0.01

This table presents the sample selection. Panel A presents the sample selection. Panel B presents the distribution by industry.

Table 2
Panel A: Descriptive Statistics

	N	Mean	Std. Dev.	p25	Median	p75
<i>Compliance</i>	20,883	2.258	1.184	2	3	3
<i>Compliance_binary</i>	20,883	0.684	0.465	0	1	1
<i>Compliance_alt</i>	20,883	1.504	0.781	1	2	2
<i>Inhouse</i>	20,883	0.304	0.460	0	0	1
<i>TaxRevolvingDoor</i>	20,883	0.294	0.456	0	0	1
<i>Big4</i>	20,883	0.014	0.117	0	0	0
<i>MaxTenure</i>	20,883	12.866	4.646	10	13	16
<i>NumIssues</i>	20,883	4.235	3.456	2	3	5
<i>NumTaxLobbyist</i>	20,883	3.265	2.735	1	2	4
<i>NumOtherLobbyist</i>	20,883	11.082	18.054	2	5	13
<i>TaxDollars (log)</i>	20,883	10.158	1.120	9.354	10.086	10.859
<i>OtherDollars (log)</i>	20,883	9.151	4.503	9.498	10.44	11.426
<i>TaxDollars (raw)</i>	20,883	53,498.36	103,966.55	11,538.46	24,000.00	52,000.00
<i>OtherDollars (raw)</i>	20,883	244,367.01	630,389.81	13,333.33	34,210.53	91,666.66
<i>Treasury</i>	20,883	0.158	0.365	0	0	0
<i>IRS</i>	20,883	0.028	0.166	0	0	0
<i>Q2</i>	20,883	0.249	0.433	0	0	0
<i>Q3</i>	20,883	0.248	0.432	0	0	0
<i>Q4</i>	20,883	0.257	0.437	0	0	1
<i>Size</i>	20,883	10.195	1.645	9.208	10.407	11.433
<i>ROA</i>	20,883	0.085	0.093	0.044	0.083	0.130
<i>MTB</i>	20,883	5.029	15.304	1.926	3.166	5.010
<i>CashETR</i>	20,883	0.200	0.157	0.100	0.187	0.268
<i>RD</i>	20,883	0.031	0.046	0	0.010	0.048
<i>Capex</i>	20,883	0.045	0.036	0.020	0.036	0.058
<i>Foreign</i>	20,883	0.834	0.372	1	1	1
<i>Loss</i>	20,883	0.093	0.290	0	0	0
<i>Leverage</i>	20,883	0.250	0.159	0.146	0.229	0.332
<i>NumClients (log)</i>	20,883	2.607	1.547	0.693	2.944	3.989
<i>NumClients (raw)</i>	20,883	33.787	42.187	1	18	53
<i>International</i>	20,883	0.278	0.448	0	0	1
<i>Investment Incentive</i>	20,883	0.376	0.484	0	0	1
<i>Capital</i>	20,883	0.101	0.301	0	0	0
<i>R&D</i>	20,883	0.126	0.332	0	0	0
<i>Human Capital</i>	20,883	0.090	0.286	0	0	0
<i>Environment</i>	20,883	0.130	0.337	0	0	0
<i>Non-Income Tax</i>	20,883	0.229	0.420	0	0	0
<i>Other Tax</i>	20,883	0.249	0.432	0	0	0

This table presents descriptive statistics at the lobbying report level.

Table 2
Panel B: Number of Lobbying Reports by Level of Compliance

Compliance	N	Percent
0	3,757	17.99%
1	1,376	6.59%
2	1,473	7.05%
3	14,277	68.37%

Table 3: Pairwise Correlations

Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	(15)
(1) Compliance	1														
(2) Compliance_binary	0.921***	1													
(3) Compliance_alt	0.988***	0.934***	1												
(4) International	0.182***	0.121***	0.215***	1											
(5) Investment Incentive	0.455***	0.497***	0.461***	0.106***	1										
(6) Non-Income Tax	0.308***	0.339***	0.314***	-0.113***	-0.037***	1									
(7) Other Tax	0.299***	0.322***	0.305***	-0.022***	0.037***	-0.033***	1								
(8) Inhouse	0.175***	0.176***	0.175***	0.131***	0.220***	0.062***	0.105***	1							
(9) TaxRevolvingDoor	-0.003	-0.036***	-0.002	0.142***	-0.030***	-0.104***	0.006	-0.313***	1						
(10) Big4	-0.047***	-0.094***	-0.038***	0.130***	-0.071***	-0.037***	-0.055***	-0.078***	0.158***	1					
(11) MaxTenure	-0.081***	-0.099***	-0.091***	0.022***	-0.106***	0.004	0	-0.206***	0.173***	0.034***	1				
(12) NumTaxLobbyist	-0.01	-0.022***	-0.009	0.047***	-0.027***	0.067***	0.014**	-0.130***	0.286***	0.130***	0.303***	1			
(13) NumOtherLobbyist	0.046***	0.050***	0.048***	0.103***	0.103***	0.069***	0.034**	0.292***	-0.070***	-0.063***	0.109***	0.447***	1		
(14) TaxDollars	0.145***	0.128***	0.144***	0.183***	0.151***	0.027***	0.131***	0.549***	0.044***	0.057***	0.029***	0.168***	0.160***	1	
(15) OtherDollars	0.040***	0.050***	0.037***	-0.029***	0.076***	0.111***	0.034***	0.483***	-0.382***	-0.204***	-0.039***	0.041***	0.422***	0.068***	1
(16) Treasury	0.099***	0.089***	0.099***	0.186***	0.102***	0.022***	0.062***	0.256***	0.081***	0.074***	0.009	0.086***	0.233***	0.276***	0.056***
(17) Q2	-0.01	-0.002	-0.008	-0.003	-0.002	0.003	0	0.001	0.005	0.002	0.001	0.003	0.005	-0.007	0
(18) Q3	-0.004	0.007	0	0.008	0.002	0.005	0.007	0.001	0.001	0	-0.01	0.003	0.004	-0.012*	0.001
(19) Q4	0.030***	0.006	0.021***	0.003	0.01	-0.004	0.008	-0.005	-0.002	0	-0.017**	-0.002	-0.004	0.001	-0.001
(20) Size	-0.081***	-0.104***	-0.085***	0.171***	-0.099***	0.080***	-0.038***	-0.113***	0.081***	0.097***	0.159***	0.182***	0.167***	0.171***	0.036***
(21) ROA	-0.062***	-0.066***	-0.054***	0.133***	-0.113***	-0.050***	0.014**	-0.024***	0.009	0.004	0.015**	0.062***	0.067***	0.024***	0
(22) MTB	-0.069***	-0.070***	-0.065***	-0.041***	-0.058***	0.002	-0.019***	-0.033***	0.008	-0.012*	0.026***	0.018***	0.033***	-0.023***	0.014**
(23) CashETR	-0.016**	-0.015**	-0.015**	0.024***	-0.036***	-0.01	-0.027***	0.016**	0.007	-0.006	0.022***	0.026***	0.026***	0.012*	0.005
(24) RD	0.001	-0.015**	0.003	0.138***	-0.039***	-0.135***	-0.013*	-0.028***	0.001	0.020***	-0.014**	0.049***	0.093***	-0.038***	0.027***
(25) Capex	0.023***	0.041***	0.021***	-0.094***	0.133***	0.045***	-0.026***	0.008	-0.049***	-0.063***	-0.076***	-0.024***	-0.031***	0.01	0.005
(26) Foreign	-0.048***	-0.058***	-0.042***	0.224***	-0.065***	-0.055***	-0.085***	-0.007	0.039***	0.047***	0.070***	0.070***	0.068***	-0.016**	-0.045***
(27) Loss	0.056***	0.065***	0.053***	-0.085***	0.113***	-0.024***	0.026***	0.039***	-0.031***	-0.018***	-0.055***	-0.053***	-0.041***	-0.045***	0.011
(28) Leverage	-0.063***	-0.092***	-0.069***	-0.020***	-0.072***	-0.022***	0.033***	-0.007	0.019***	-0.037***	0.100***	-0.054***	-0.086***	0.008	-0.012*
(29) NumClients	-0.161***	-0.182***	-0.161***	-0.071***	-0.191***	-0.074***	-0.099***	-0.817***	0.454***	0.117***	0.256***	0.310***	-0.185***	-0.353***	-0.392***
	(16)	(17)	(18)	(19)	(20)	(21)	(22)	(23)	(24)	(25)	(26)	(27)	(28)	(29)	
(16) Treasury	1														
(17) Q2	0.005	1													
(18) Q3	0.007	-0.331***	1												
(19) Q4	-0.003	-0.339***	-0.338***	1											
(20) Size	0.070***	-0.003	-0.001	0	1										
(21) ROA	0.044***	0.001	0.002	-0.001	0.101***	1									
(22) MTB	0.011	-0.001	0.002	-0.001	-0.012*	0.103***	1								
(23) CashETR	0.038***	0	0	0	0.046***	0.037***	0.037***	1							
(24) RD	0	0.003	0.001	-0.005	-0.052***	0.129***	0.108***	-0.099***	1						
(25) Capex	-0.008	0.005	0	-0.002	-0.005	-0.013*	-0.014**	-0.023***	-0.158***	1					
(26) Foreign	0.098***	0.003	-0.001	-0.004	0.117***	0.093***	0.036***	0.047***	0.216***	-0.145***	1				
(27) Loss	-0.023***	0.002	-0.002	0.001	-0.227***	-0.628***	-0.063***	-0.154***	0.040***	0.051***	-0.035***	1			
(28) Leverage	-0.053***	-0.006	-0.003	0	0.086***	-0.117***	-0.026***	-0.114***	-0.234***	0.044***	-0.078***	0.098***	1		
(29) NumClients	-0.175***	0.001	-0.002	0.004	0.127***	0.025***	0.044***	-0.007	0.038***	-0.037***	0.039***	-0.057***	0.009	1	

This table presents the correlations for the variables. *, **, *** represent significance at the 0.10, 0.05 and 0.01 levels, respectively.

Table 4
Panel A: Determinants of Compliance

Variables	Dependent Variable: <i>Compliance</i>		
	Ordered Logit	OLS	
	(1)	(2)	(3)
<i>Inhouse</i>	0.5210** (0.2345)	0.4190*** (0.1029)	0.2189* (0.1160)
<i>TaxRevolvingDoor</i>	0.1054 (0.1279)	0.1497** (0.0668)	0.1647** (0.0706)
<i>Big4</i>	-0.8177*** (0.2033)	-0.4919*** (0.1682)	-0.4308*** (0.1580)
<i>MaxTenure</i>	-0.0331*** (0.0109)	0.0103 (0.0064)	0.0061 (0.0065)
<i>NumTaxLobbyist</i>	0.0084 (0.0303)	-0.0129 (0.0172)	-0.0337** (0.0170)
<i>NumOtherLobbyist</i>	0.0038 (0.0081)	0.0014 (0.0027)	0.0059*** (0.0017)
<i>TaxDollars</i>	0.1711** (0.0692)	0.0720** (0.0301)	0.1211*** (0.0349)
<i>OtherDollars</i>	-0.0119 (0.0178)	-0.0116 (0.0082)	-0.0049 (0.0083)
<i>Treasury</i>	0.3558** (0.1451)	0.1320** (0.0638)	0.0981* (0.0589)
<i>Q2</i>	0.0206 (0.0196)	0.0082 (0.0104)	0.0143 (0.0103)
<i>Q3</i>	0.0485** (0.0217)	0.0222* (0.0116)	0.0241** (0.0116)
<i>Q4</i>	0.1070*** (0.0231)	0.0977*** (0.0129)	0.1010*** (0.0129)
<i>Size</i>	-0.1229** (0.0612)	-0.0804*** (0.0294)	-0.1273* (0.0714)
<i>ROA</i>	-1.3981* (0.8321)	-0.3021 (0.3279)	0.0541 (0.2895)
<i>MTB</i>	-0.0075*** (0.0024)	-0.0029** (0.0012)	-0.0017* (0.0010)
<i>CashETR</i>	-0.0991 (0.3549)	-0.0469 (0.1457)	0.2148* (0.1265)
Constant		2.1786*** (0.3379)	2.1381*** (0.7355)
N	20,883	20,883	20,883
Adjusted R-squared	0.034	0.132	0.302
Fixed Effects	None	Industry, Year	Firm, Year
Clustering	Firm	Firm	Firm

Table 4				
Panel B: Determinants of Compliance – Alternative Measures of Compliance				
Variables	<i>Compliance_binary</i>		<i>Compliance_alt</i>	
	(1)	(2)	(3)	(4)
<i>Inhouse</i>	0.1600*** (0.0386)	0.0882** (0.0416)	0.2723*** (0.0684)	0.1544** (0.0767)
<i>TaxRevolvingDoor</i>	0.0336 (0.0263)	0.0403 (0.0270)	0.0989** (0.0438)	0.1085** (0.0460)
<i>Big4</i>	-0.3644*** (0.0524)	-0.3540*** (0.0477)	-0.2660*** (0.0921)	-0.2406*** (0.0789)
<i>MaxTenure</i>	0.0048** (0.0023)	0.0031 (0.0023)	0.0059 (0.0042)	0.0032 (0.0043)
<i>NumTaxLobbyist</i>	-0.0053 (0.0063)	-0.0123** (0.0062)	-0.0088 (0.0108)	-0.0213** (0.0106)
<i>NumOtherLobbyist</i>	0.0007 (0.0010)	0.0021*** (0.0006)	0.0012 (0.0018)	0.0040*** (0.0011)
<i>TaxDollars</i>	0.0243** (0.0118)	0.0436*** (0.0133)	0.0485** (0.0201)	0.0769*** (0.0233)
<i>OtherDollars</i>	-0.0050 (0.0031)	-0.0017 (0.0029)	-0.0081 (0.0053)	-0.0043 (0.0054)
<i>Treasury</i>	0.0568** (0.0250)	0.0364 (0.0228)	0.0869** (0.0425)	0.0677* (0.0398)
<i>Q2</i>	0.0048 (0.0038)	0.0070* (0.0037)	0.0050 (0.0066)	0.0090 (0.0065)
<i>Q3</i>	0.0120** (0.0046)	0.0122*** (0.0047)	0.0156** (0.0075)	0.0164** (0.0075)
<i>Q4</i>	0.0134*** (0.0049)	0.0146*** (0.0049)	0.0481*** (0.0080)	0.0503*** (0.0079)
<i>Size</i>	-0.0368*** (0.0119)	-0.0384 (0.0290)	-0.0541*** (0.0194)	-0.0771 (0.0488)
<i>ROA</i>	-0.1003 (0.1337)	0.0305 (0.1130)	-0.1569 (0.2132)	0.0642 (0.1966)
<i>MTB</i>	-0.0012** (0.0005)	-0.0008** (0.0004)	-0.0018** (0.0008)	-0.0012* (0.0007)
<i>CashETR</i>	-0.0378 (0.0555)	0.0556 (0.0497)	-0.0416 (0.0982)	0.1438* (0.0860)
Constant	0.7584*** (0.1407)	0.5668* (0.2993)	1.4674*** (0.2195)	1.3983*** (0.4999)
N	20,883	20,883	20,883	20,883
Adjusted R-squared	0.153	0.329	0.135	0.308
Fixed Effects	Industry, Year	Firm, Year	Industry, Year	Firm, Year
Clustering	Firm	Firm	Firm	Firm

This table presents the results of estimating equation (1) examining the determinants of lobbying report compliance. Panel A presents the results using an ordinal measure of Compliance. Panel B presents the results using a binary and an alternative ordinal measure of Compliance. The sample period is 2008 – 2019. All variables are defined in Appendix A. Standard errors are in parentheses and are clustered by firm. *, **, *** indicate significance at the 0.10, 0.05, and 0.01 levels, respectively (two-tailed).

Table 5
Determinants of Compliance – Number of Clients

Dependent Variable: Compliance						
Variables	Full Sample			Inhouse = 0		
	Ordered Logit	OLS		Ordered Logit	OLS	
	(1)	(2)	(3)	(4)	(5)	(6)
<i>NumClients</i>	-0.1790*** (0.0554)	-0.1034*** (0.0282)	-0.0866*** (0.0318)	-0.1113 (0.0810)	-0.0378 (0.0431)	-0.0979** (0.0466)
<i>TaxRevolvingDoor</i>	0.2159 (0.1356)	0.1958*** (0.0694)	0.2157*** (0.0740)	0.2291 (0.1458)	0.2180*** (0.0770)	0.2497*** (0.0777)
<i>Big4</i>	-0.7790*** (0.2056)	-0.4513*** (0.1732)	-0.4095** (0.1652)	-0.7508*** (0.1981)	-0.3778** (0.1826)	-0.2684 (0.1705)
<i>MaxTenure</i>	-0.0314*** (0.0110)	0.0089 (0.0067)	0.0070 (0.0067)	-0.0415*** (0.0132)	0.0075 (0.0096)	0.0042 (0.0097)
<i>NumTaxLobbyist</i>	0.0223 (0.0290)	-0.0084 (0.0165)	-0.0259 (0.0164)	0.0213 (0.0297)	-0.0118 (0.0205)	-0.0472** (0.0189)
<i>NumOtherLobbyist</i>	0.0036 (0.0080)	0.0015 (0.0027)	0.0055*** (0.0016)	-0.0047 (0.0084)	-0.0018 (0.0047)	0.0082*** (0.0032)
<i>TaxDollars</i>	0.1971*** (0.0584)	0.1111*** (0.0273)	0.1222*** (0.0304)	0.0634 (0.1132)	0.0330 (0.0532)	0.1322*** (0.0496)
<i>OtherDollars</i>	-0.0062 (0.0179)	-0.0038 (0.0080)	-0.0032 (0.0084)	-0.0187 (0.0170)	-0.0155* (0.0086)	-0.0052 (0.0086)
<i>Treasury</i>	0.3549** (0.1411)	0.1421** (0.0625)	0.0967* (0.0567)	0.1260 (0.1770)	0.0411 (0.0971)	0.0720 (0.0951)
<i>Q2</i>	0.0221 (0.0196)	0.0097 (0.0103)	0.0149 (0.0102)	0.0163 (0.0219)	0.0099 (0.0128)	0.0130 (0.0121)
<i>Q3</i>	0.0490** (0.0216)	0.0236** (0.0115)	0.0243** (0.0115)	0.0331 (0.0245)	0.0162 (0.0141)	0.0158 (0.0135)
<i>Q4</i>	0.1080*** (0.0233)	0.0979*** (0.0129)	0.1016*** (0.0128)	0.1050*** (0.0247)	0.1030*** (0.0155)	0.1078*** (0.0149)
<i>Size</i>	-0.1273** (0.0591)	-0.0858*** (0.0291)	-0.1260* (0.0691)	-0.1375** (0.0647)	-0.0944*** (0.0326)	-0.1862** (0.0843)
<i>ROA</i>	-1.4210* (0.8323)	-0.3248 (0.3325)	0.0361 (0.2908)	-1.2964 (1.0085)	-0.1771 (0.4191)	0.0938 (0.3497)
<i>MTB</i>	-0.0074*** (0.0024)	-0.0028** (0.0012)	-0.0017* (0.0010)	-0.0080*** (0.0026)	-0.0032** (0.0013)	-0.0023* (0.0013)
<i>CashETR</i>	-0.0926 (0.3516)	-0.0362 (0.1463)	0.2085* (0.1258)	-0.0994 (0.4006)	0.0450 (0.1791)	0.2686* (0.1554)
Constant		2.1458*** (0.3936)	2.3443*** (0.7753)		2.8862*** (0.5576)	2.9944*** (0.9259)
N	20,883	20,883	20,883	14,539	14,539	14,539
Adjusted R-squared	0.036	0.132	0.304	0.021	0.131	0.331
Fixed Effects	None	Industry, Year	Firm, Year	None	Industry, Year	Firm, Year
Clustering	Firm	Firm	Firm	Firm	Firm	Firm

This table presents the results of re-estimating equation (1) examining the determinants of lobbying report compliance using number clients as a determinant. The sample period is 2008 – 2019. All variables are defined in Appendix A. Standard errors are in parentheses and are clustered by firm. *, **, *** indicate significance at the 0.10, 0.05, and 0.01 levels, respectively (two-tailed).

Table 6
Subsample Analysis: In-house Only Lobbying Reports

Variables	<i>Compliance</i>	
	(1)	(2)
<i>TaxRevolvingDoor</i>	0.1679** (0.0816)	0.1584* (0.0891)
<i>MaxTenure</i>	0.0077 (0.0079)	0.0139* (0.0080)
<i>NumTaxLobbyist</i>	0.0631*** (0.0198)	0.0525*** (0.0195)
<i>NumOtherLobbyist</i>	-0.0020 (0.0023)	-0.0014 (0.0021)
<i>TaxDollars</i>	-0.0403 (0.0458)	-0.0072 (0.0383)
<i>OtherDollars</i>	0.0249 (0.0275)	-0.0098 (0.0165)
<i>Treasury</i>	0.1739** (0.0700)	0.1911*** (0.0681)
<i>Q2</i>	-0.0093 (0.0179)	0.0008 (0.0198)
<i>Q3</i>	0.0160 (0.0196)	0.0249 (0.0211)
<i>Q4</i>	0.0798*** (0.0183)	0.0849*** (0.0208)
<i>Size</i>	-0.0197 (0.0406)	0.0133 (0.0439)
<i>ROA</i>	-0.4215 (0.3666)	-0.4343 (0.4703)
<i>MTB</i>	-0.0011 (0.0016)	-0.0018 (0.0013)
<i>CashETR</i>	-0.1830 (0.1629)	-0.1010 (0.1819)
<i>RD</i>	-0.7547 (1.0474)	-0.5533 (1.1661)
<i>Capex</i>	-2.1072** (0.9907)	-1.9524* (1.0123)
<i>Foreign</i>	-0.0265 (0.1281)	-0.0256 (0.1423)
<i>Loss</i>	0.0264 (0.0977)	-0.0758 (0.1208)

<i>Leverage</i>	0.2618 (0.2394)	0.1483 (0.2790)
<i>Board Size</i>		-0.0320 (0.2325)
<i>CEO Chair</i>		-0.0565 (0.0734)
<i>PropInd</i>		0.1923 (0.3954)
Constant	2.7418*** (0.4025)	2.3810*** (0.6950)
N	6,344	5,233
Adjusted R-squared	0.163	0.170
Fixed Effects	Industry, Year	Industry, Year
Clustering	Firm	Firm

This table presents the results of re-estimating equation (1) examining the determinants of lobbying report compliance for a subsample of in-house only lobbying reports. The sample period is 2008 – 2019. All variables are defined in Appendix A. Standard errors are in parentheses and are clustered by firm. *, **, *** indicate significance at the 0.10, 0.05, and 0.01 levels, respectively (two-tailed).

Table 7
Determinants of Compliance by Quarter

Dependent Variable: <i>Compliance</i>								
	Q1		Q2		Q3		Q4	
Variables	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>Inhouse</i>	0.4223*** (0.1112)	0.2219* (0.1292)	0.4224*** (0.1075)	0.2400* (0.1236)	0.4444*** (0.1046)	0.2058* (0.1218)	0.3927*** (0.1049)	0.1839 (0.1206)
<i>TaxRevolvingDoor</i>	0.1403** (0.0685)	0.1581** (0.0726)	0.1402** (0.0686)	0.1564** (0.0728)	0.1836*** (0.0706)	0.2098*** (0.0761)	0.1445** (0.0695)	0.1484** (0.0747)
<i>Big4</i>	-0.5615*** (0.1840)	-0.5297*** (0.1824)	-0.4812*** (0.1838)	-0.4182** (0.1808)	-0.4693*** (0.1784)	-0.4151** (0.1635)	-0.4823*** (0.1619)	-0.4208*** (0.1456)
<i>MaxTenure</i>	0.0114 (0.0070)	0.0079 (0.0071)	0.0091 (0.0070)	0.0050 (0.0071)	0.0076 (0.0066)	0.0021 (0.0071)	0.0130** (0.0062)	0.0086 (0.0065)
<i>NumTaxLobbyist</i>	-0.0109 (0.0181)	-0.0310 (0.0190)	-0.0133 (0.0182)	-0.0329* (0.0182)	-0.0141 (0.0172)	-0.0377** (0.0166)	-0.0130 (0.0168)	-0.0351** (0.0162)
<i>NumOtherLobbyist</i>	0.0013 (0.0027)	0.0057*** (0.0020)	0.0014 (0.0027)	0.0054*** (0.0019)	0.0013 (0.0027)	0.0062*** (0.0017)	0.0014 (0.0028)	0.0064*** (0.0015)
<i>TaxDollars</i>	0.0701** (0.0320)	0.1181*** (0.0393)	0.0549* (0.0322)	0.1100*** (0.0371)	0.0731** (0.0317)	0.1355*** (0.0377)	0.0907*** (0.0320)	0.1385*** (0.0379)
<i>OtherDollars</i>	-0.0106 (0.0088)	-0.0066 (0.0092)	-0.0123 (0.0085)	-0.0055 (0.0087)	-0.0114 (0.0087)	-0.0004 (0.0089)	-0.0118 (0.0081)	-0.0049 (0.0083)
<i>Treasury</i>	0.1186* (0.0697)	0.0999 (0.0665)	0.1678** (0.0697)	0.1071 (0.0659)	0.1148* (0.0687)	0.0825 (0.0649)	0.1188* (0.0623)	0.0800 (0.0593)
<i>Size</i>	-0.0764*** (0.0293)	-0.1666** (0.0775)	-0.0824*** (0.0313)	-0.1142 (0.0758)	-0.0924*** (0.0302)	-0.1082 (0.0753)	-0.0704** (0.0290)	-0.1235* (0.0729)
<i>ROA</i>	-0.2460 (0.3438)	0.1776 (0.3160)	-0.1298 (0.3456)	0.1394 (0.3290)	-0.3856 (0.3484)	-0.0112 (0.3290)	-0.4418 (0.3156)	-0.0994 (0.2750)
<i>MTB</i>	-0.0037*** (0.0014)	-0.0017 (0.0011)	-0.0029** (0.0013)	-0.0019* (0.0011)	-0.0028** (0.0013)	-0.0018 (0.0013)	-0.0023* (0.0013)	-0.0016 (0.0011)

<i>CashETR</i>	0.0314	0.3094**	-0.1171	0.1605	-0.0651	0.1659	-0.0156	0.2341*
	(0.1455)	(0.1299)	(0.1600)	(0.1432)	(0.1640)	(0.1514)	(0.1461)	(0.1339)
Constant	2.1136***	2.5282***	2.4004***	2.1524***	2.3486***	1.8544**	1.9635***	2.0138***
	(0.3456)	(0.7784)	(0.3598)	(0.7902)	(0.3509)	(0.7906)	(0.3526)	(0.7714)
N	5,118	5,118	5,201	5,201	5,186	5,186	5,372	5,372
Adj. R-squared	0.130	0.272	0.125	0.282	0.144	0.289	0.115	0.262
Fixed Effects	Industry, Year	Firm, Year	Industry, Year	Firm, Year	Industry, Year	Firm, Year	Industry, Year	Firm, Year
Clustering	Firm	Firm	Firm	Firm	Firm	Firm	Firm	Firm

This table presents the results of re-estimating equation (1) examining the determinants of lobbying report compliance separately for each quarter. Columns (1) and (2) present the results for Q1 quarterly reports. Columns (3) and (4) present the results for Q2 quarterly reports. Columns (5) and (6) present the results for Q3 quarterly reports. Columns (7) and (8) present the results for Q4 quarterly reports. The sample period is 2008 – 2019. All variables are defined in Appendix A. Standard errors are in parentheses and are clustered by firm. *, **, *** indicate significance at the 0.10, 0.05, and 0.01 levels, respectively (two-tailed).

Table 8
Aggregation to the Lobbying Firm-Firm-Year Level

Dependent Variable: <i>Compliance</i>				
Variables	Full Sample		Number of Reports Per Year ≤ 12	
	(1)	(2)	(3)	(4)
<i>Inhouse</i>	0.3984*** (0.0992)	0.2388** (0.1156)	0.3897*** (0.1010)	0.2259* (0.1187)
<i>TaxRevolvingDoor</i>	0.1105* (0.0659)	0.1210* (0.0698)	0.1041 (0.0705)	0.1094 (0.0766)
<i>Big4</i>	-0.4004*** (0.1443)	-0.3117** (0.1475)	-0.3979** (0.1572)	-0.3126* (0.1687)
<i>MaxTenure</i>	0.0109* (0.0061)	0.0070 (0.0063)	0.0085 (0.0061)	0.0033 (0.0062)
<i>NumTaxLobbyist</i>	-0.0143 (0.0164)	-0.0320* (0.0165)	-0.0043 (0.0150)	-0.0208 (0.0150)
<i>NumOtherLobbyist</i>	0.0015 (0.0028)	0.0054*** (0.0019)	0.0009 (0.0028)	0.0050** (0.0019)
<i>TaxDollars</i>	0.0663** (0.0309)	0.1123*** (0.0375)	0.0722** (0.0320)	0.1154*** (0.0397)
<i>OtherDollars</i>	-0.0125 (0.0085)	-0.0067 (0.0087)	-0.0089 (0.0081)	-0.0026 (0.0083)
<i>Treasury</i>	0.1542*** (0.0572)	0.1125** (0.0552)	0.1404** (0.0574)	0.0956* (0.0543)
<i>Size</i>	-0.0763*** (0.0270)	-0.1194* (0.0715)	-0.0827*** (0.0282)	-0.1164 (0.0714)
<i>ROA</i>	-0.3386 (0.3059)	0.0139 (0.2873)	-0.3804 (0.3080)	-0.0501 (0.2930)
<i>MTB</i>	-0.0028** (0.0012)	-0.0018 (0.0012)	-0.0030** (0.0012)	-0.0020* (0.0011)
<i>CashETR</i>	-0.0447 (0.1385)	0.2220* (0.1275)	-0.0206 (0.1411)	0.2237* (0.1266)
Constant	2.2205*** (0.3280)	2.1682*** (0.7403)	2.1784*** (0.3333)	2.0706*** (0.7550)
N	6,208	6,208	5,706	5,706
Adjusted R-squared	0.131	0.286	0.128	0.295
Fixed Effects	Industry, Year	Firm, Year	Industry, Year	Firm, Year
Clustering	Firm	Firm	Firm	Firm

This table presents the results of re-estimating equation (1) at the lobbying firm-firm-year level. The sample period is 2008 – 2019. All variables are defined in Appendix A. Standard errors are in parentheses and are clustered by firm. *, **, *** indicate significance at the 0.10, 0.05, and 0.01 levels, respectively (two-tailed).

Table 9
Changes Analysis

Dependent Variable: $\Delta Compliance$		
Variables	$\Delta Compliance > \text{or} <$	
	Full Sample	Zero Only
	(1)	(2)
$\Delta TaxRevolvingDoor$	0.1186* (0.0656)	0.7375* (0.3999)
$\Delta MaxTenure$	-0.0154*** (0.0059)	-0.0854*** (0.0253)
$\Delta NumTaxLobbyist$	0.0165 (0.0119)	0.0531 (0.0614)
$\Delta NumOtherLobbyist$	0.0003 (0.0015)	0.0161 (0.0161)
$\Delta TaxDollars$	0.0425** (0.0164)	0.3607*** (0.1184)
$\Delta OtherDollars$	0.0009 (0.0045)	-0.0009 (0.0290)
$\Delta Treasury$	0.0929*** (0.0298)	0.7357*** (0.2134)
$\Delta Size$	-0.2123*** (0.0709)	-1.0181*** (0.3300)
ΔROA	-0.3056 (0.1945)	-1.7569 (1.1646)
ΔMTB	-0.0018** (0.0009)	-0.0070*** (0.0027)
$\Delta CashETR$	0.1674* (0.0920)	0.9261* (0.5319)
Constant	0.0067** (0.0029)	0.0644** (0.0310)
N	19,373	1,677
Adjusted R-squared	0.009	0.071
Fixed Effects	Industry, Year	Industry, Year
Clustering	Firm	Firm

This table presents the results of estimating a first differences model. The sample period is 2009 – 2019. All variables are defined in Appendix A. Standard errors are in parentheses and are clustered by firm. *, **, *** indicate significance at the 0.10, 0.05, and 0.01 levels, respectively (two-tailed).

Table 10
Specific Tax Issues Lobbied

Full Sample					Subsample Compliance >=1			
Variables	International	Investment Incentive	Non-Income Tax	Other Tax	International	Investment Incentive	Non-Income Tax	Other Tax
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
<i>International</i>		0.1454*** (0.0230)	-0.0319** (0.0146)	0.0600** (0.0291)		0.0491* (0.0279)	-0.0881*** (0.0180)	0.0087 (0.0369)
<i>Investment Incentive</i>	0.1197*** (0.0212)		0.0175 (0.0176)	0.0569** (0.0223)	0.0377* (0.0217)		-0.0313 (0.0197)	0.0047 (0.0276)
<i>Non-Income Tax</i>	-0.0387** (0.0169)	0.0258 (0.0260)		-0.0004 (0.0275)	-0.1011*** (0.0207)	-0.0468 (0.0290)		-0.0649** (0.0315)
<i>Other Tax</i>	0.0531** (0.0252)	0.0612** (0.0241)	-0.0003 (0.0201)		0.0069 (0.0291)	0.0048 (0.0284)	-0.0447** (0.0210)	
<i>Inhouse</i>	0.1228*** (0.0309)	0.0861** (0.0369)	0.0797*** (0.0269)	0.0873*** (0.0260)	0.1095*** (0.0317)	0.1030*** (0.0376)	0.0883*** (0.0295)	0.0919*** (0.0289)
<i>TaxRevolvingDoor</i>	0.1209*** (0.0262)	0.0228 (0.0243)	-0.0322* (0.0195)	0.0126 (0.0230)	0.1043*** (0.0266)	0.0162 (0.0276)	-0.0393* (0.0214)	0.0170 (0.0261)
<i>Big4</i>	0.3127*** (0.0643)	-0.2784*** (0.0693)	-0.1158 (0.0707)	-0.2046*** (0.0652)	0.1793*** (0.0653)	-0.3236*** (0.0781)	-0.1535* (0.0853)	-0.2342*** (0.0531)
<i>MaxTenure</i>	0.0044** (0.0020)	0.0023 (0.0022)	0.0001 (0.0020)	0.0020 (0.0016)	0.0040** (0.0017)	0.0038 (0.0025)	0.0007 (0.0019)	0.0020 (0.0017)
<i>NumTaxLobbyist</i>	-0.0036 (0.0030)	-0.0033 (0.0042)	0.0079** (0.0038)	0.0029 (0.0028)	-0.0002 (0.0036)	-0.0028 (0.0046)	0.0099** (0.0043)	0.0060* (0.0033)
<i>TaxDollars</i>	0.0277* (0.0146)	0.0470*** (0.0146)	0.0116 (0.0100)	0.0136 (0.0117)	0.0285** (0.0144)	0.0415*** (0.0157)	0.0082 (0.0108)	0.0104 (0.0131)
<i>Size</i>	0.0218 (0.0262)	0.0177 (0.0300)	-0.0310 (0.0267)	-0.0223 (0.0319)	0.0194 (0.0282)	0.0293 (0.0316)	-0.0283 (0.0270)	-0.0114 (0.0343)
<i>ROA</i>	0.2328* (0.1215)	-0.1254 (0.1354)	-0.0427 (0.0805)	0.2058* (0.1066)	0.1492 (0.1165)	-0.0375 (0.1378)	-0.0500 (0.0826)	0.2420** (0.1097)
<i>MTB</i>	-0.0001 (0.0003)	0.0001 (0.0006)	0.0006 (0.0004)	-0.0005 (0.0004)	-0.0003 (0.0004)	0.0003 (0.0007)	0.0008* (0.0005)	-0.0001 (0.0005)
<i>CashETR</i>	-0.0208 (0.0340)	0.0559 (0.0476)	0.0059 (0.0336)	0.0181 (0.0365)	-0.0765** (0.0352)	0.0401 (0.0500)	0.0158 (0.0349)	-0.0085 (0.0364)
<i>RD</i>	0.6619 (0.4390)	1.2343** (0.5330)	-0.6909* (0.3660)	-0.0960 (0.5153)	0.4614 (0.3192)	1.1431** (0.4638)	-0.6763* (0.3705)	-0.2695 (0.4972)
<i>Capex</i>	0.5184 (0.4692)	-0.0009 (0.3237)	-0.2018 (0.2661)	-0.9045** (0.3773)	0.7042 (0.5231)	-0.2062 (0.3638)	-0.2383 (0.2700)	-0.9441** (0.4297)
<i>Foreign</i>	0.0326 (0.0221)	0.0129 (0.0755)	-0.1080** (0.0426)	0.0003 (0.0378)	0.0289 (0.0220)	0.0527 (0.0801)	-0.0894* (0.0478)	0.0002 (0.0432)
<i>Loss</i>	0.0101 (0.0311)	-0.0081 (0.0303)	-0.0118 (0.0235)	0.0413 (0.0300)	0.0029 (0.0355)	-0.0057 (0.0328)	-0.0153 (0.0249)	0.0333 (0.0309)
<i>Leverage</i>	-0.0698 (0.0770)	-0.0052 (0.0921)	-0.1314** (0.0562)	0.0879 (0.0807)	-0.0448 (0.0827)	0.0139 (0.0990)	-0.0895 (0.0629)	0.0951 (0.0927)
<i>Constant</i>	-0.4660 (0.2890)	-0.4400 (0.3280)	0.5434* (0.3053)	0.2352 (0.3433)	-0.3167 (0.3170)	-0.4290 (0.3531)	0.6045** (0.3069)	0.2470 (0.3659)
N	20,883	20,883	20,883	20,883	17,126	17,126	17,126	17,126
Adjusted R-squared	0.454	0.433	0.487	0.337	0.536	0.453	0.544	0.367
Fixed Effects	Firm, Year	Firm, Year	Firm, Year	Firm, Year	Firm, Year	Firm, Year	Firm, Year	Firm, Year
Clustering	Firm	Firm	Firm	Firm	Firm	Firm	Firm	Firm

Table 10, continued
Specific Tax Issues Lobbied

Subsample Compliance = 3				
Variables	<i>International</i>	<i>Investment Incentive</i>	<i>Non-Income Tax</i>	<i>Other Tax</i>
	(9)	(10)	(11)	(12)
<i>International</i>		0.0359 (0.0337)	-0.1005*** (0.0223)	0.0086 (0.0483)
<i>Investment Incentive</i>	0.0278 (0.0263)		-0.1429*** (0.0259)	-0.1025*** (0.0371)
<i>Non-Income Tax</i>	-0.1112*** (0.0262)	-0.2039*** (0.0332)		-0.1692*** (0.0369)
<i>Other Tax</i>	0.0061 (0.0340)	-0.0933*** (0.0338)	-0.1079*** (0.0225)	
<i>Inhouse</i>	0.1126*** (0.0333)	0.1026** (0.0413)	0.0912*** (0.0297)	0.1226*** (0.0312)
<i>TaxRevolvingDoor</i>	0.1058*** (0.0322)	0.0115 (0.0323)	-0.0394** (0.0190)	0.0420 (0.0303)
<i>Big4</i>	0.0268 (0.0598)	-0.1636* (0.0839)	-0.0306 (0.1234)	-0.2620*** (0.1008)
<i>MaxTenure</i>	0.0026 (0.0017)	0.0002 (0.0025)	-0.0011 (0.0023)	0.0003 (0.0021)
<i>NumTaxLobbyist</i>	0.0042 (0.0036)	0.0051 (0.0061)	0.0155*** (0.0044)	0.0124*** (0.0046)
<i>TaxDollars</i>	0.0266* (0.0152)	0.0362** (0.0183)	0.0111 (0.0117)	0.0025 (0.0154)
<i>Size</i>	-0.0195 (0.0271)	0.0130 (0.0281)	-0.0314 (0.0304)	-0.0136 (0.0341)
<i>ROA</i>	0.1782 (0.1198)	0.0121 (0.1178)	-0.0585 (0.0876)	0.1457 (0.1106)
<i>MTB</i>	0.0000 (0.0005)	0.0012 (0.0009)	0.0015** (0.0007)	-0.0001 (0.0007)
<i>CashETR</i>	-0.0347 (0.0357)	0.0292 (0.0447)	0.0179 (0.0365)	-0.0029 (0.0398)
<i>RD</i>	0.0862 (0.3213)	0.9735** (0.4157)	-0.6313* (0.3225)	-0.5307 (0.4712)
<i>Capex</i>	0.6753 (0.5626)	0.0145 (0.3513)	-0.0967 (0.2760)	-0.6957 (0.4670)
<i>Foreign</i>	0.0081 (0.0194)	0.0901 (0.0554)	-0.0649** (0.0324)	0.0110 (0.0492)
<i>Loss</i>	0.0346 (0.0347)	-0.0111 (0.0291)	-0.0120 (0.0266)	0.0240 (0.0316)
<i>Leverage</i>	-0.0255 (0.0980)	0.0866 (0.0928)	-0.0594 (0.0664)	0.1063 (0.1042)
<i>Constant</i>	0.0953 (0.2898)	-0.0688 (0.3050)	0.7054** (0.3243)	0.4655 (0.3566)
N	14,277	14,277	14,277	14,277
Adjusted R-squared	0.562	0.509	0.611	0.405
Fixed Effects	Firm, Year	Firm, Year	Firm, Year	Firm, Year
Clustering	Firm	Firm	Firm	Firm

This table presents the results of estimating equation (2) examining the determinants of specific tax issues lobbied. The sample period is 2008 – 2019. All variables are defined in Appendix A. Standard errors are in parentheses and are clustered by firm. *, **, *** indicate significance at the 0.10, 0.05, and 0.01 levels, respectively (two-tailed).

Appendix A
Variable Definitions

<i>Dependent Variables</i>		
Variable	Description	Source
<i>Compliance</i>	A categorical variable set equal to zero, one, two, or three based on the level of compliance in reporting specific issues lobbied, as described in Section 3.2.	Lobbyingdata.com
<i>Compliance_alt</i>	A categorical variable set equal to zero if <i>Compliance</i> =0, one if <i>Compliance</i> =1 or <i>Compliance</i> =2, and two if <i>Compliance</i> =3.	Lobbyingdata.com
<i>Compliance_binary</i>	An indicator variable set equal to one if <i>Compliance</i> =3 and zero if <i>Compliance</i> =0, <i>Compliance</i> =1 or <i>Compliance</i> =2.	Lobbyingdata.com
<i>International</i>	An indicator variable set equal to one if the lobbying report mentions international tax issues, and zero otherwise.	Lobbyingdata.com
<i>Investment Incentive</i>	An indicator variable set equal to one if the lobbying report mentions tax incentives that encourage investment, and zero otherwise.	Lobbyingdata.com
<i>Non-Income Tax</i>	An indicator variable set equal to one if the lobbying report mentions any type of non-income taxes, and zero otherwise.	Lobbyingdata.com
<i>Other Tax</i>	An indicator variable set equal to one if the lobbying report mentions any specific tax issue that is not an international, investment incentive or non-income tax issue, and zero otherwise.	Lobbyingdata.com

<i>Independent Variables</i>		
Variable	Description	Source
<i>Inhouse</i>	An indicator variable set equal to one if the lobbying report is filed by an in-house lobbyist, and zero if the lobbying report is filed by an external lobbyist.	Lobbyingdata.com
<i>TaxRevolvingDoor</i>	An indicator variable set equal to one if at least one of the tax lobbyists on the report was previously on the Senate Finance Committee, the House Ways and Means Committee, or worked for the IRS, and zero otherwise.	OpenSecrets.org, Lobbyingdata.com
<i>Big4</i>	An indicator variable set equal to one if the lobbying report is filed by a Big 4 accounting firm, and zero otherwise.	Lobbyingdata.com
<i>MaxTenure</i>	The number of years the tax lobbyist with the longest tenure on the report worked as a lobbyist.	Lobbyingdata.com

<i>NumTaxLobbyist</i>	The number of lobbyists listed under the general issue code TAX.	Lobbyingdata.com
<i>NumOtherLobbyist</i>	The number of lobbyists listed under all other (non-tax) general issue codes.	Lobbyingdata.com
<i>TaxDollars</i>	The natural log of tax lobbying dollars $\ln[\text{Dollar amount per lobbying report} * (\text{Number of lobbyists listed as lobbying on TAX} / \text{Total number of lobbyists listed across all issues})]$	Lobbyingdata.com
<i>OtherDollars</i>	The natural log of non-tax lobbying dollars $\ln[\text{Dollar amount per lobbying report} - \text{TaxDollars}]$	Lobbyingdata.com
<i>Treasury</i>	An indicator variable set equal to one if the lobbying report mentions either the Internal Revenue Service or the Department of Treasury as an agency lobbied, and zero otherwise.	Lobbyingdata.com
<i>Q2</i>	An indicator variable set equal to one if the lobbying report is for quarter two activity, and zero otherwise.	Lobbyingdata.com
<i>Q3</i>	An indicator variable set equal to one if the lobbying report is for quarter three activity, and zero otherwise.	Lobbyingdata.com
<i>Q4</i>	An indicator variable set equal to one if the lobbying report is for quarter four activity, and zero otherwise.	Lobbyingdata.com
<i>NumClients</i>	The natural log of the number of clients the lobbying firm has in year t.	Lobbyingdata.com
<i>Size</i>	The natural log of total assets $\ln[AT]$.	Compustat
<i>ROA</i>	Pretax book income divided by total assets $[PI/AT]$.	Compustat
<i>MTB</i>	Market to book ratio $[(PRCC_F * CSHO)/CEQ]$	Compustat
<i>CashETR</i>	Taxes paid divided by pretax book income net of special items $[TXPD/(PI - SPI)]$. Negative values are set equal to zero and values greater than one are set equal to one.	Compustat
<i>RD</i>	R&D expense divided by sales $[XRD/SALE]$. Missing values are set equal to zero.	Compustat
<i>Capex</i>	Capital expenditures divided by total assets $[CAPX/AT]$.	Compustat
<i>Foreign</i>	An indicator variable equal to one if pretax foreign income (PIFO) is non-zero and non-missing and zero, otherwise.	Compustat
<i>Loss</i>	An indicator variable equal to one if the firm has incurred a loss in the current year ($PI < 0$), and zero otherwise.	Compustat
<i>Leverage</i>	Long-term debt divided by total assets $[DLTT/AT]$.	Compustat

<i>Board Size</i>	The natural log of the number of directors on the board of directors	ISS ESG
<i>CEO Chair</i>	An indicator variable set equal to one if the CEO is also the chairman of the board and zero, otherwise	ISS ESG
<i>PropInd</i>	Percentage of the board of directors that are independent directors	ISS ESG

Appendix B: Quarterly Lobbying Activity Report Example

<p>Clerk of the House of Representatives Legislative Resource Center 135 Cannon Building Washington, DC 20515 http://lobbyingdisclosure.house.gov</p>	<p>Secretary of the Senate Office of Public Records 232 Hart Building Washington, DC 20510 http://www.senate.gov/lobby</p>
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LOBBYING REPORT

Lobbying Disclosure Act of 1995 (Section 5) - All Filers Are Required to Complete This Page

1. Registrant Name <input checked="" type="checkbox"/> Organization/Lobbying Firm <input type="checkbox"/> Self Employed Individual Venable LLP	
2. Address Address1 575 7th Street NW Address2 City Washington State DC Zip Code 20004 Country USA	
3. Principal place of business (if different than line 2) City State Zip Code Country	
4a. Contact Name Mr. Ronald M. Jacobs	b. Telephone Number 2023444000 c. E-mail LDA@venable.com
5. Senate ID# 39941-1053	
7. Client Name <input type="checkbox"/> Self <input type="checkbox"/> Check if client is a state or local government or instrumentality AMERICAN AIRLINES	6. House ID# 319580054

TYPE OF REPORT 8. Year 2015 Q1 (1/1 - 3/31) ☐ Q2 (4/1 - 6/30) ☐ Q3 (7/1 - 9/30) ☒ Q4 (10/1 - 12/31) ☐

9. Check if this filing amends a previously filed version of this report ☐

10. Check if this is a Termination Report ☐ Termination Date 11. No Lobbying Issue Activity ☐

INCOME OR EXPENSES - YOU MUST complete either Line 12 or Line 13	
12. Lobbying INCOME relating to lobbying activities for this reporting period was: Less than \$5,000 <input type="checkbox"/> \$5,000 or more <input checked="" type="checkbox"/> \$ 110,000.00 Provide a good faith estimate, rounded to the nearest \$10,000, of all lobbying related income for the client (including all payments to the registrant by any other entity for lobbying activities on behalf of the client).	13. Organizations EXPENSE relating to lobbying activities for this reporting period were: Less than \$5,000 <input type="checkbox"/> \$5,000 or more <input type="checkbox"/> \$ 14. REPORTING Check box to indicate expense accounting method. See instructions for description of options. <input type="checkbox"/> Method A. Reporting amounts using LDA definitions only <input type="checkbox"/> Method B. Reporting amounts under section 6033(b)(8) of the Internal Revenue Code <input type="checkbox"/> Method C. Reporting amounts under section 162(e) of the Internal Revenue Code

Signature Digitally Signed By: Ronald M. Jacobs, Partner **Date** 10/20/2015 2:27:39 PM

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code TAX

16. Specific lobbying issues

Corporate Alternative Minimum Tax and bonus depreciation; general pension matters; S. 1646 and H.R. 2865, Technical Clarification to Public Law 113-243 Act of 2015.

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. SENATE, U.S. HOUSE OF REPRESENTATIVES

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
Samuel	Olchuk			<input type="checkbox"/>

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

LOBBYING ACTIVITY. Select as many codes as necessary to reflect the general issue areas in which the registrant engaged in lobbying on behalf of the client during the reporting period. Using a separate page for each code, provide information as requested. Add additional page(s) as needed.

15. General issue area code AVI

16. Specific lobbying issues

ATC reform; UAE open skies issues

17. House(s) of Congress and Federal agencies ☐ Check if None

U.S. SENATE, U.S. HOUSE OF REPRESENTATIVES

18. Name of each individual who acted as a lobbyist in this issue area

First Name	Last Name	Suffix	Covered Official Position (if applicable)	New
James	Burnley			<input type="checkbox"/>
Megan	Malone			<input type="checkbox"/>
Scott	Gluck			<input checked="" type="checkbox"/>
Bart	Stupak		U.S. Representative, 1993-2011	<input checked="" type="checkbox"/>

19. Interest of each foreign entity in the specific issues listed on line 16 above ☒ Check if None

Source: <https://lda.senate.gov/filings/public/filing/68d6a8e2-86ba-4329-a316-ab07a8399cd4/print/>

Appendix C: Examples of Specific Issues Lobbied Disclosure and Compliance Categorization

Company (Client)	Lobbying Firm (Registrant)	Period	Compliance Categorization	Specific Issues Lobbied Disclosure
Amgen Inc.	Williams and Jensen, Pllc	2008 Q1	0	Corporate taxation issues
Parker-Hannifin Corp	Lne Group	2012 Q3	0	Lobbied for taxation issues
General Dynamics Corp	Haake & Associates	2013 Q2	0	Corporate tax law and policy matters
Tyson Foods Inc.	Tyson Foods Inc.	2014 Q2	0	Tax issues impacting Tyson Foods
BioMarin Pharmaceutical Inc.	Venn Strategies	2016 Q4	0	Tax policy affecting bio-pharmaceutical companies
Murphy Oil Corp	Alpine Group Partners, LLC	2019 Q3	0	Issues related to tax reform
Oracle Corp	Podesta Group, Inc.	2011 Q2	1	International tax issues
XPO Inc	Venable LLP	2011 Q4	1	General income and excise tax proposals
Southwest Airlines	Public Strategies Washington, Inc.	2014 Q4	1	Monitor Tax Extenders
Sunrun Inc.	Sunrun Inc.	2019 Q3	1	Tax credits
Walmart Inc.	The Nickles Group, Llc	2010 Q4	2	H.R. 4853, Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act, issues related to corporate taxes.
Meta Platforms Inc.	Squire Patton Boggs	2013 Q1	2	S.268, CUT Loopholes Act
Abbott Laboratories	W Strategies, Llc	2014 Q4	2	Monitored legislative efforts to reform the corporate tax system. H.R. 5771: Tax Increase Prevention Act of 2014.
Zoetis Inc.	Williams and Jensen, Pllc	2017 Q4	2	Issues related to general corporate taxation; Implementation of the Tax Cuts and Jobs Act (P.L. 115-97).

Company (Client)	Lobbying Firm (Registrant)	Period	Compliance Categorization	Specific Issues Lobbied Disclosure
Verizon Communications Inc.	Ken Cunningham Group, Llc	2008 Q1	3	S. 156 Internet Tax Non-Discrimination Act of 2007; S. 140 and S. 170, Telephone Excise Tax Repeal Act of 2007; S. 166, Cell Phone Tax Moratorium Act of 2007; S. 41, R&D Tax Credit; S. 777, 3% Withholding; S. 6, Energy Tax Legislation
Caterpillar Inc.	Washington Tax and Public Policy Group	2010 Q2	3	Extension and expansion of alternative simplified research and development tax credit (H.R. 422, S. 1203); Subpart F issues, including look-through treatment for controlled foreign corporations H.R. 4213; international tax reform issues including foreign tax credit, expense disallowance; International Revenue raising provisions in H.R. 4213.
Kelly Services Inc.	Wexler Walker	2012 Q3	3	Work Opportunity Tax Credit
Cardinal Health Inc.	Crowell & Moring Llp	2016 Q4	3	LIFO inventory accounting method
H&R Block Inc.	Forbes-Tate	2018 Q3	3	Improve tax administration and tax fraud prevention; Promote minimum competency standards for tax return preparers; Regulatory reform; IRS reform; H.R. 5444, Taxpayer First Act; H.R. 5445, 21st Century IRS Act; S. 912, Tax Filing Simplification Act of 2017; Education on administration of the Government Populated Return; Taxpayer Service Standards; Revocation of the PTIN; Issues with financial products and financial product innovation; FinTech; Consumer privacy; H.R. 3860, IRS Data Verification Modernization Act of 2017; S. 1958, IRS Data Verification Modernization Act of 2017
Westrock Co	The Colling Group, llc	2018 Q4	3	Section 45 Energy Tax Credits S.2371
Boston Scientific Corp	Alpine Group Partners, Llc	2019 Q1	3	Medical device tax repeal

Appendix D: Examples of Specific Issues Lobbied Disclosure and Type of Tax Issue

Company (Client)	Period	International	Investment Incentive	Non- income Taxes	Other	Specific Issues Lobbied Disclosure
Yum Brands Inc.	2008 Q4	1	1			Restaurant Depreciation: Bill Numbers HR3673, S2170, HR1424 Tax Treatment of Foreign Income
Qualcomm Inc	2009 Q1	1				Tax Repatriation Amendment: HR 1 The American Recovery and Reinvestment Act of 2009 Overseas Tax Deferral Issue HR 1265/ S 506 Stop Tax Haven Abuse Act
Intuit, Inc.	2009 Q4				1	Legislation that will expand IRS Free File program.
Coca-cola Co.	2010 Q1			1		Health care reform financing option, specifically pertaining to a tax on sugar-sweetened beverages.
Textron Inc.	2012 Q1	1	1			(1) Extension of Research and Development Tax Credit - Support; (2) Repeal or Modification of Current Law on Tax Deferral on Earnings of Foreign Subsidiaries - Oppose (no specific legislation); (3) Amending Current Law on Tax Depreciation Treatment of Business Aircraft - Oppose (no specific legislation); (4) Extending Current Law on 100% Expensing/Bonus Depreciation of Business Equipment - Support (no specific legislation).
Procter & Gamble Co	2012 Q2	1				International tax issues, including deferral and extension of the CFC look-through rule.
Comcast Corp	2014 Q1			1		Internet Tax Freedom Act - S 743, Marketplace Fairness Act of 2013.

Company (Client)	Period	International	Investment Incentive	Non- income Taxes	Other	Specific Issues Lobbied Disclosure
Molson Coors Beverage Co	2014 Q2			1		General interest to amend the IRC to reduce the tax on beer to its 1991 levels, HR 1918. Oppose HR 494 and S.917 the BREW Act
Charter Communications Inc	2017 Q4				1	H.R. 1- Tax Cuts and Jobs Act- Interest deductibility
General Motors Co	2018 Q4	1	1		1	Issues related to corporate and international tax reform including issues related to IRC sections 904(d), 951A, 250, 59A, 163(j), 954(c)(6), 174, 965, 168(k)(4), 53(e), and 30D.
Traverse Therapeutics Inc	2019 Q1		1			Issues related to the Orphan Drug Tax Credit