Lobbying Congress versus Agencies

Michelle Lowry
Drexel University
michelle.lowry@drexel.edu

Ekaterina Volkova*
University of Melbourne
ekaterina.volkova@unimelb.edu.au

January 2026

Abstract

While lobbying of Congress receives much attention, government agencies control key decisions. Companies extensively lobby agencies, and this contributes to increases in firm value around regulatory announcements. Lobbying on both bills and related agency rules yields 30-70% higher benefits than lobbying on bills only. Compared to lobbying of Congress: the propensity to lobby agencies and the associated benefits are concentrated on technical issues, and 'what you know' is relatively more important than 'who you know'. Firms that lobby agencies experience negative abnormal returns following shocks that decrease agency power (the Supreme Court's Chevron decision) or decrease a firm's lobbying capacity.

Keywords: lobbying, rulemaking, government investigations, Chevron decision, political connections

* Lowry is from Drexel University (email: michelle.lowry@drexel.edu); Volkova is from the University of Melbourne (email: ekaterina.volkova@unimelb.edu.au). We thank Pat Akey, Ilona Babenko, Marina Gertsberg, Nandini Gupta, Agustin Hurtado, Eduard Inozemtsev, William Johnson, Roni Michaely, Katya Neretina, Peter Pham, Matthew Ringgenberg, and conference participants at the 2nd HKU Summer Finance Conference, the Erasmus Corporate Governance Conference, the Financial Intermediation Research Society's (FIRS) conference, the FutFin conference, the Sydney Banking and Finance Conference and seminar participants at Lancaster University, London School of Economics, Manchester University, McGill University, University of Essex, University of Illinois Urbana-Champaign, University of Massachusetts at Lowell, and University of Strathclyde Business School for valuable comments. A previous version was entitled 'Corporate lobbying of bureaucrats'.

Conflict of interest disclosure statement

Michelle Lowry: I have nothing to disclose

Ekaterina Volkova: I have nothing to disclose

1. Introduction

It is widely recognized that companies use their power and influence over elected officials to sway government actions. There exists a quid pro quo dynamic behind such interactions: companies pursue favorable legislative measures, while politicians seek campaign contributions and electoral support in return (Stigler, 1971; Peltzman, 1976). Critically, however, much government activity is performed by career bureaucrats working within government agencies, who don't seek campaign contributions or votes. Government agencies write rules that specify how legislation is enacted, issue company-specific waivers that include exemptions and approvals vis-a-vis such legislation, oversee investigations and enforcements, and grant government contracts.[1] Ultimately, these actions can profoundly shape a firm's performance.

The objective of this paper is to examine company lobbying of these agencies vis-a-vis their lobbying of Congress. Despite arguments that companies would gain little by lobbying agencies because the agencies are controlled by Congress via the budget and political appointees, we find that companies lobby a broad set of government agencies extensively. We focus our analysis of this lobbying around two main questions. First, does lobbying government agencies represent a compliment or substitute to lobbying Congress. Second, how valuable is 'whom you know' versus 'what you know' in lobbying agencies, as compared to lobbying Congress?

To address these questions, we conduct an in-depth examination of companies' lobbying of nearly all government agencies within the United States, over a 25-year time period. To achieve this, we put together the largest dataset to date of government actions and the public's response to these actions. First, we obtain data from approximately one million government documents, and from these we extract the most salient actions of each agency: we analyze 61,325 proposed rules, 95,502 final rules, 65,741 company-specific waivers to these rules, and

[1] Throughout this paper, we will use the terms "government agencies," "bureaucratic agencies," and "executive agencies" interchangeably to refer to federal rule-making agencies in the United States at the department or independent agency level. Examples include the Securities and Exchange Commission (SEC), the Department of Labor, and the Department of Commerce. The appendix provides a complete list of the 42 agencies in our sample.

35,028 enforcement actions across 42 government agencies.[2] Second, to contrast lobbying across Congress versus agencies, for each Congressional bill, we determine the ultimate public law and all rules linked to that public law. Third, we obtain the total lobbying dollars of the 500 largest companies each year, a total of 215,714 lobbying transactions, including the specific issue(s) on which each company lobbied, and the federal government agencies that each company lobbied, each year. Fourth, we analyze the work history and the educational background of each of the 15,645 lobbyists in our sample, across both the private sector and each sector of the government.

Companies lobby government agencies extensively. Across the 500 largest companies each year between 1999 and 2024, 66% of firm-years have lobbying. Within this sample, 80% lobbied at least one government agency in addition to Congress. The average (median) company lobbied five (three) different agencies. Consistent with the importance of trade and tax policy, the Department of Commerce and the Department of the Treasury are the most lobbied agencies, but there is considerable heterogeneity across firms. Finally, companies tend to switch the agencies they lobby each year, suggesting active management of these interactions.

Turning to our first main question, it is not ex ante clear whether the lobbying of agencies represents a substitute or compliment to lobbying Congress. On the one hand, the complimentary nature of the tasks conducted by Congress and agencies suggests that there will be gains to lobbying each branch, and these lobbying activities will be complimentary. Recognizing that each branch controls different parts of the process, the company would split its 'lobbying budget' between these two branches of government. Alternatively, two factors suggest these means of political influence are better characterized as substitutes. First, extensive lobbying of Congress may yield a bill that is more tailored to a company's interests, lessening the value of lobbying agencies. Second, prior literature concludes that agencies are controlled by Congress via both the budget and political appointees (Weingast and Moran, 1983) and Weingast (1984)), suggesting

[2] We share detailed data on rulemaking across all 42 government agencies, and the relatedness of each rule and proposed rule to each publicly traded company in our sample. Data can be found here: https://www.evolkova.info/data/rule_relatedness/.

that companies would only lobby agencies on issues where Congress had little jurisdiction.

To analyze this question, we focus on agency rulemaking and the Congressional bills that they arise from. Agencies publish between 5,000 and 8,000 rules per year, and these rules can severely lower firm growth, profitability, and productivity (Kalmenovitz et al., 2025a). However, we know little about firms' efforts to influence the rule-making process. We analyze the text of all agency rules to construct a measure of each rule's relevance for each company.

Starting with companies' propensity to lobby, we find that a one standard deviation increase in the relevance of an agency's rulemaking for a firm is associated with a 10 – 14% rise in that company's lobbying of the agency. Company-specific requests for exemption from a rule, approval for an action, or eligibility for a program, commonly referred to as agency waivers, are associated with similar increases in lobbying.[3] Among the subset of rules that are linked to a Congressional bill, companies are 41% more likely to lobby on the rule if they also lobbied on the bill, providing initial evidence that companies perceive these different means of lobbying as complimentary. Heterogeneity analyses provide further support for this conclusion, as companies' lobbying of agencies is shaped by their unique contributions to the regulatory process. First, the propensity to lobby agencies is significantly greater among more technical rules, consistent with agencies having more discretion over these aspects and time-constrained bureaucrats lacking critical information.[4] Second, companies are more likely to lobby agencies when the Congressional bill is more general and more power is delegated to agencies.

To provide more direct evidence on the complimentary versus substitute nature of lobbying agencies and Congress, we turn to companies' benefits from lobbying. Here, we take advantage of the fact that rule announcement dates are at least partially exogenous. Any rule with an annual economic effect of at least $100 million that materially affects the economy along specific dimensions is labeled as either 'significant' or 'major', and it must be reviewed by the

[3] In additional analyses, we examine contract grants. We find that the first $1 million a company receives in contracts from an agency coincides with a 42% greater propensity to lobby that agency.
[4] While Congress tends to dictate overarching policy goals, agencies generally control the technical aspects related to implementation and compliance; technical aspects play a greater role in some regulatory issues than others.

Office of Information and Regulatory Affairs (OIRA) or General Accounting Office (GAO). Both the approval outcome and review duration are unknown at the outset. We analyze firm abnormal returns around rule announcement dates.

We find that lobbying the rulemaking agency is associated with statistically significant abnormal returns. In economic terms, for the median S&P 500 firm, lobbying on a single rule is associated with about $12 million in benefits, with the typical firm lobbying on roughly 11 rules per year. Moreover, echoing results on the propensity to lobby, we find that the benefits of lobbying agencies are complimentary to lobbying Congress. The benefits to lobbying on both the bill and an associated rule are approximately 30% greater than lobbying on the bill only, and this increases to an incremental 70% effect among more technical rules.

In the next portion of the paper, we turn to our second main question, whether the value of lobbying agencies arises from 'what lobbyists know' or from 'who lobbyists know'? We predict that 'what you know' will be relatively more important in lobbying agencies, compared to lobbying of Congress. First, government bureaucrats have fewer incentives than Congressional representatives to provide favors to companies, as these bureaucrats are not seeking campaign contributions or votes. Second, the rulemaking phase is generally more detail-oriented than the Congressional bill, and thus technical and institutional details are more important.

We collect and analyze data on lobbyists' educational and professional backgrounds. First, we document that connections are pervasive: 38% of firms hire a lobbyist who previously worked at the specific agency they are lobbying. Second, lobbyists also have considerable expertise: in 35% of cases the firm hires a lobbyist with a master's degree (or higher) in a field that corresponds closely to the issue at hand. Strikingly, we find that the benefits of lobbying (measured in terms of CARs) are entirely concentrated among cases in which the lobbyists have both relevant expertise and connections. This contrasts with Bertrand et al.'s (2014) finding that 2/3 of the value of lobbying Congress stems from 'who you know'. In sum, consistent with predictions, 'what you know' is more important in lobbying agencies than in lobbying Congress.

We additionally examine other key agency actions, investigations and enforcement

actions. We employ web scraping and FOIA requests to obtain all investigations (irrespective of whether there was an enforcement action) from two government agencies: the Securities and Exchange Commission (SEC) and the Wage and Hour Division within the Department of Labor (DOL). We find that an agency's opening of an investigation against a company leads to a 30% to 57% increase in lobbying propensity. Moreover, this lobbying provides benefits. Among companies subject to enforcement actions, abnormal returns around the announcement of these actions are 0.7% higher among companies that lobbied the respective agency. Strikingly, in contrast to rulemaking, 'who you know' contributes to significantly higher returns in this setting, whereas 'what you know' has no significant effect.

The relations between agency activities and a company's lobbying appear to be causal. First, all specifications include stringent sets of double fixed effects, which net out company-year shocks, agency-year shocks, and a company's average propensity to lobby each agency. Thus, the estimated benefits are incremental to any company-year characteristic, for example the intensity of political connections or performance. Second, company lobbying is elevated in the years preceding (but not following) agency final rule announcements. In contrast, company lobbying is significantly higher in the years following (but not preceding) proposed rules and the onset of agency investigations. Third, placebo tests show that the documented relations are specific to the relevant agency, and similar relations are not found with other randomly selected agencies.

To further test causality, we conduct two additional sets of tests. First, we examine changes in companies' valuation as a function of their lobbying behavior, around the 2024 Supreme Court Chevron decision that unexpectedly decreased the power of agencies. Companies who had previously relied on lobbying government agencies to maximize shareholder value should find this strategy less effective going forward. Findings provide independent evidence regarding the value of lobbying agencies: companies that engaged in such lobbying had significantly lower abnormal returns around the Chevron decision. For the median size company (among the S&P500), the loss equates to a $353 million decrease in market value.

Second, we use unexpected lobbyist deaths, lawsuits and scandals as exogenous shocks to

a firm's lobbying capacity. We match all lobbyists and lobby firms that experienced such an event to the companies that had hired them. We calculate company abnormal returns around relevant rule announcements, in the three years preceding versus following the loss of one or more of their lobbyists. Consistent with the benefits that lobbyists provide, the unexpected loss of key lobbyists significantly lowers the benefits to lobbying over the following three years.

We contribute to several bodies of literature. First, we contribute to literature on political influence through lobbying of the executive branch. McKay (2011) finds that lobbyists target both Congress and government agencies, and You (2017) shows that nearly half of lobbying activity focuses on bills that Congress has already passed. However, neither of these papers analyzes the company-specific motivations behind these lobbying efforts or the benefits companies obtain from such lobbying.

More generally, we contribute to the literature on lobbying. Firms lobby to influence the enactment of favorable policies (Kang, 2016), to increase contract awards (Agca and Igan, 2023; Cox, 2023), to obtain stimulus funds (Duchin and Sosyura, 2012; Adelino and Dinc, 2014), to obtain trade protection (Tovar, 2011), to decrease fraud detection (Yu and Yu, 2011), in support of more H1-B visas (Kerr et al., 2014), and, more generally, to increase firm value (Borisov et al., 2016). Hackinen el al. (2025) show both theoretically and empirically how organizations can use both hard and soft information to influence rulemaking. However, nearly all these papers examine total lobbying expenditures irrespective of where these expenditures are directed.[5] In contrast, we focus on companies' choice of where to allocate their lobbying dollars and the benefits they obtain through this allocation.

Finally, we provide the first evidence on the relative benefits of lobbying these two different branches of government. Our evidence that lobbying of agencies is complimentary to lobbying Congress is consistent with these bodies having distinct roles. Moreover, our findings

[5] Two exceptions are Duchin and Sosyura (2011) who examine lobbying on TARP funds, and Hochberg et al. (2009) who examine comment letters to the SEC as a way to lobby on SOX. Unlike our paper, these papers focus narrowly on either one agency or one topic, and they do not examine regulators incentives behind observed outcomes.

and that the benefits of lobbying agencies are greatest among more technical issues and when the lobbyist has expertise in addition to connections, is consistent with agencies having oversight over the more detailed and technical aspects of the regulatory structure.

2. Data

Our sample consists of the 500 largest publicly traded companies each year, from 1999 to 2024. We limit the sample to this subset of companies because lobbying is highly concentrated within the largest firms. In total the sample covers 1,371 unique companies. We rely on CRSP and Compustat for stock price and accounting data. Additional data sources are described below. We describe the critical aspects of each data source here, and we provide additional details in the Data Appendix.

2.1. Lobbying data

Firms are required to publicly disclose all lobbying activity via LD2 forms, which are filed with the Senate Office of Public Records (SOPR). These forms were filed semi-annually through 2007, and quarterly since then. Each LD-2 form provides the name of the company paying for the lobbying, the name of the lobbying firm and individual lobbyists that the company hired, and the total dollars spent lobbying by that company via that lobbying firm during that time period. We use the company name field to identify each company engaging in lobbying, and we manually match companies to the 500 largest firms in CRSP and Compustat data. In aggregate, companies in our sample expend more than $1 billion per year in the recent years in our sample, which is similar in magnitude to numbers reported in Kwon et al. (2024).

The LD-2 form includes detailed information for each issue on which the company lobbied. Line 15 provides a unique code, out of a total of 79 potential codes, which denotes the broad category of the lobbying, for example, tax, energy, environment, trade, etc. Many LD-2 forms include lobbying on multiple issues. For each of these issues, Line 17 of the LD-2 lists the government entity toward which the lobbying is directed, for example US Senate, US House of Representatives, Department of Commerce, Department of Defense, etc. We extract the names of

lobbied agencies and, to ensure consistency in our analysis, we match subagencies at the parent agency level. For example, the National Institutes of Health (NIH) and the Food and Drug Administration (FDA) are both matched to the Department of Health and Human Services (DHHS). We limit our sample to the 42 most lobbied agencies; the remaining agencies appear in less than 4% of LD-2 forms. Appendix Table A1 lists all agencies used in our analysis, and it indicates whether each agency writes rules, issues enforcement actions, and/or awards contracts.

Panel A of Table 1 provides descriptive statistics at the firm-year level. On average, firms have a market capitalization of $55 billion. The full sample consists of 13,227 unique firm-year observations, of which 8,748 are actively involved in lobbying. Among lobbying firms, the average lobbying expenditure is just over $5 million, and they lobby an average of 6.9 agencies

2.2 Rules and Proposed Rules

To obtain data on agency rulemaking, we rely on data from The Federal Register. The Federal Register represents the comprehensive agenda of the US government. It is published every day, excluding government holidays, and it includes four types of documents: notices, proposed rules, rules, and executive orders. During our sample period, there are 61,325 proposed rules and 95,502 final rules, all of which are published by government agencies. Approximately 83% of documents are published by a single agency, and the remaining 17% are co-authored by two (or in rare cases more than two) agencies. As shown in Internet Appendix Figure IA1, there is a slight decline in the numbers of each of these types of documents in recent years.

We develop measures that capture the relatedness of each agency's rulemaking to each company's operations. We rely on the 10K as a measure of each company's annual operations, and we calculate the cosine similarity between the firm-year 10K and Federal Register rules (or proposed rules) published by the agency-year. For each measure, we average the cosine similarities across all observations within the firm-agency-year level, which we refer to as *Relatedness*. As shown in Panel B of Table 1, the average *Relatedness* of both proposed rules and final rules, measured at the firm×agency×year level, is around 0.22.

Finally, for each rule, we obtain data on whether each rule was significant or major, both

of which represent official designations. Rules with an annual economic impact of at least $100 million fall under at least one (sometimes both) of these classifications. Rules written by executive agencies are evaluated for being significant, and this evaluation is conducted by the Office of Information and Regulatory Affairs (OIRA). Rules written by all agencies (executive and independent) are evaluated for being major, and this is done by both OIRA and the General Accounting Office (GAO).[6] We obtain all significant rules from OIRA, and we obtain all major rules from GAO.[7] Throughout the paper, we refer to the union of significant proposed rules, significant final rules, and major rules collectively as "important rules." As shown in Panel B of Table 2, 5.7% of all proposed and final rules are classified as "important".

2.3. Congressional bills and Public laws

To contrast lobbying of agencies with lobbying of Congress, we require a dataset of legislatively induced events. We begin by identifying all bills that became public laws. When a bill is approved by both chambers of Congress, it is subsequently signed and assigned a Public Law number. We obtain the full list of enacted bills, along with their final statutory texts, from the Public Laws archive on Congress.gov (https://www.congress.gov/public-laws/).

The date a bill becomes a public law does not necessarily represent the main resolution of legislative uncertainty, as the decisive vote often occurs earlier. To capture the true timing of uncertainty resolution, we collect all stages of legislative activity from the BILLSTATUS dataset (https://www.govinfo.gov/bulkdata/BILLSTATUS). For each bill, we record the date on which it passed the second chamber—i.e., when a House bill passed the Senate or a Senate bill passed the House. Over our sample period, Congress enacted 5,046 public laws.

---

[6] The 'significant' designation is defined by President Clinton's executive order 12866 in 1993, and it requires all executive agencies to submit their proposed rules OIRA for review. The 'major' designation is defined by the Congressional Review Act 5 U.S.C. § 804(2), and it requires all agencies (i.e., executive agencies and independent agencies) to submit their final rules to OIRA and GAO for review. In addition to the $100 million economic impact, additional criteria for 'significant' and 'major' rules include increases in costs or prices; significant adverse impacts on competition, employment, investment, productivity, or innovation; and, overlap with existing rules. Appendix Table A1 denotes whether each agency is an independent agency or an executive agency.

[7] All these rulemaking data are available at: https://www.evolkova.info/data/rule_relatedness/. They include rule document number, agency, publication date, indicators denoting whether a rule is significant or major, and relatedness to each company. The data are at the rule×company level, with over 65 million rows.

For each public law, we recover its originating bill number (e.g., H.R. 5376 or S. 144) and search for mentions of that bill in Line 16 of the LD-2 filings. Because bill numbers are reused in each new Congress, we limit the search to the two-year period following the bill's passage to avoid false matches across legislative sessions. In total, firms in our sample lobbied Congress on 754 of the 5,046 public laws during the 1999 - 2024 period.

2.4 Agency Waivers

We use Federal Register notices to identify waivers issued by agencies to specific firms. "Waivers" is a broad term for documents that provide regulatory relief or grant exemptions to companies. Internet Appendix Figure IA2 provides two examples: a waiver issued by the DOL to Ford Motor Company granting the company greater flexibility in managing retirement benefits, and a blanket approval granted by the Federal Energy Regulatory Commission (FERC) for specific wholesale electric power transactions involving Georgia-Pacific Corporation. To identify waivers, we first download all notices from the Federal Register, and we then search for company names within the text of the notice. A manual reading of a subsample of selected notices ensures that the majority reflect actions that potentially benefit the mentioned companies.

As shown in Table 1, the average company receives 1.5 waivers per year, but the distribution is highly skewed, with the median company receiving 0 waivers. The average agency issues 22 waivers per year, with an interquartile range of 0 to 23 (not tabulated).

2.5 Investigations

We obtain data on all investigations conducted by both the SEC and the Wage and Hour Division within DOL, via FOIA requests. The SEC investigations include investigations initiated through 2021 and closed as of July, 2024. SEC investigations that were closed before August 2, 2017 are from FOIA requests submitted by Blackburne et al. (2021).[8] Subsequent investigations are obtained through a separate FOIA request.

For DOL investigations, we focus on the Wage and Hour Division, which makes data on

[8] We thank Dan Taylor for sharing these data.

all investigations publicly available. This is one of the more active investigating divisions within DOL, but it does not systematically investigate every company every period. Also, it does not disproportionately focus on certain industries (as for example the Division of Mine Safety and Health (MSHA) or even the Occupational Safety and Health Administration (OSHA)). For conciseness, we refer to these Wage and Hour Division data simply as DOL investigations going forward. These data include investigations initiated through 2022 and closed as of July, 2024.

Both SEC and DOL investigations include the matter name (which is generally the company name), the opening date of the investigation, and the closing date. Across our sample of 11,000 firm-years between 2000 and 2021, there are 1,003 firm-years with an SEC investigation, across 391 unique firms. There are 376 firm-years with a DOL investigation between 2000 and 2022, across 278 unique firms. As shown in Internet Appendix Figure IA3, both SEC and DOL investigations have fluctuated over time, but there is no strong time trend. SEC investigations are concentrated within larger firms, whereas DOL investigations are spread more equally across firms of different sizes. Finally, Figure IA3 also shows the industry distribution of each.

2.6 Enforcement actions

From Violation Tracker, we obtain all enforcement actions across all government agencies. These data include agency, company name and CIK, a description of the violation, the date the penalty was levied, and the penalty dollar amount. In Internet Appendix Figure IA4, we describe the distribution of these enforcements. The DOL has the most enforcements, followed by EPA, Department of Transportation and SEC. Similar to SEC and DOL investigations, enforcements (across all agencies) have varied over time, but exhibit no time trend. The number of enforcements is positively correlated with firm size and varies across industries. As shown in Table 1, the average company incurs 0.5 enforcement actions. Similar to other variables, this distribution is highly skewed, with the median company having zero enforcement actions.

2.7 Lobbyist connections and expertise

We match lobbyists listed on the LD-2 (line 18) to the Revelio database using their names

and law-firm affiliations.[9] This enables us to identify each lobbyist's education and employment history, as listed on LinkedIn. Using this procedure, we match 15,645 of the 19,967 lobbyists, whose activities together account for roughly 96% of all LD-2 filings.

First, we determine if each lobbyist has an advanced degree (typically a Masters) and the field of each degree. We categorize all degrees into 11 categories, and we match each category to agency based on underlying expertise. Second, we search each lobbyist's work history to determine if they worked for a government agency, at any point in their career. In cases of past government experience, we record the name of each agency and the relevant employment dates.

2.8 Lobbyists Deaths, Lawsuits and Scandals

We search through news articles from an extensive set of sources to identify lobbyist deaths, lobbyist lawsuits and scandals, and lobbying firm lawsuits and scandals. Through careful manual verification, we ensure that each scandal and lawsuit was sufficiently severe that the lobbyist or lobbying firm ceased lobbying activity following the incident, that is, the individual or firm dropped out of our sample after the event. In total, we document 21 lobbying firm-level scandals or lawsuits, 48 individual lobbyist scandals or lawsuits, and 70 lobbyist deaths. These events affect 133 firms, 34 federal agencies, and 477 firm–agency–year observations.

3. Linking Congressional activity to Executive Branch agency activity

A fundamental objective of our paper is to contrast companies' lobbying of agencies with their lobbying of Congress, on each particular issue. This requires a link between agency rulemaking and the preceding Congressional action. One of the contributions of our paper is to provide such a link.

The Federal Register text of each rule contains a header that lists the Authority underlying the rulemaking, including any relevant public law(s). For each rule and proposed rule, we first extract the relevant public law(s). We then determine the Congressional bill associated

[9] For LD-2s that include multiple line 15 issues, the names of the individual lobbyists are separately specified for each issue.

with that public law (as described in Section 2.3).

Panel A of Table 2 illustrates the two most-lobbied bills in our sample, each of which led to a large number of subsequent rules. First, the Tax Cuts and Jobs Act of 2017 (Public Law 115-97) has resulted in 107 proposed rules and 114 final rules. Across this aggregate set of 221 items, only 162 were produced within three years, highlighting the long duration of rulemaking for major bills. Of these, 51 have been designated as important (i.e., either major or significant by GAO/OIRA). Second, the Inflation Reduction Act of 2020 has resulted in 49 proposed rules and 51 final rules to date, but given the relative recency of this Act, there may be more in future years. Of these, 14 have been designated as important. For each of these bills, the rulemaking was conducted by many different agencies (17 and 14, respectively) and many companies lobbied on each of the resulting rules (82 and 55, on average, respectively).

Panel B of Table 2 provides more general evidence on the relation between bills and rules. Across the 95,502 final rules within our sample, 39.5% were associated with a recent bill. On average, 17% of the underlying bills were lobbied on, compared to 42% of the resulting rules. Moreover, an average 5.3 companies lobbied on those rules. These statistics are relatively similar for proposed rules.[10] The last two rows provide statistics on the subset of proposed and final rules designated as important, either as major or significant. A much greater proportion of these are related to a recent bill, and the extent of lobbying on this subset is higher.

4. Lobbying of Executive Branch Agencies

In this section, we describe companies' allocation of lobbying dollars across the government. Among the subset of firm-years with lobbying, we determine whether the company: lobbied only Congress, lobbied Congress and executive branch agency(ies), or lobbied only executive branch agency(ies). As shown in Panel A1 of Figure 1, 66.1% of company-years have lobbying. Strikingly, there are only 13.3% of firm-years in which the company only lobbied

[10] There is not a one-to-one-matching between proposed rules and final rules. In some cases, multiple proposed rules get bundled into one final rules, and in other instances a final rule is issued without a precedent proposed rule.

Congress, compared to 52.8% of firm-years in which the company lobbied both Congress and government agencies. The remaining 33.9% of firm-years have no lobbying.

As shown in Panel A2 (which focuses on the company level instead of the company-year level), nearly 80% of companies lobby government agencies in at least some years; only 16% of companies never lobbied throughout the sample period, and only 6% lobbied only Congress.

Panel B of Figure 1 shows aggregate dollars spent lobbying across our entire sample of 500 companies, each year. Aggregate dollars spent on lobbying increased between 2000 and 2009 to nearly $1 billion, but they have remained relatively constant or even decreased slightly since then. As discussed by Kwon et al. (2024), this leveling in expenditures coincides with the passage of the 2007 Honest Leadership and Open Government Act, which instituted various restrictions on lobbying. Among companies that lobby, the average company lobbies approximately 6.7 agencies, a rate that has remained relatively constant over time.

Panel A of Figure 2 shows a histogram of the number of agencies lobbied, across all company-years with non-zero lobbying expenditures. The most common scenario is for one, two and three agencies to be lobbied, each of which represents 9.5% of company-years. The distribution is highly skewed, with 11% of companies lobbying 15 or more agencies.

Panel B shows a histogram of the most lobbied agencies. Consistent with trade and taxes being paramount for every large company, Department of Commerce and Department of the Treasury are the most heavily lobbied agencies. This is followed by Department of Health and Human Services, Department of State (DOS), and Office of Management and Budget (OMB).

Figure 3 illustrates the distribution of lobbying attention for two large companies, ExxonMobil and Pfizer, across a selected subsample of agencies. Both firms lobby Congress and at least one agency each year. However, their choice of agencies is strategic. ExxonMobil consistently lobbies the Department of Energy (DoE) and the EPA. In contrast, Pfizer rarely lobbies these two agencies, instead focusing on the Department of Health and Human Services. Additionally, some agencies, such as the Department of Defense and the Department of Transportation, receive lobbying from both firms only in certain years.

5. Determinants of companies' lobbying of government agencies versus lobbying Congress

In this section, we examine companies' allocation of lobbying attention across the government, as well as the associated benefits companies obtain. We concentrate in this section on agency rulemaking.[11] In section 5.1, we examine a company's propensity to lobby an agency as a function of that agency's rulemaking. In section 5.2, we focus more precisely on lobbying of specific rule(s), and we contrast this with the propensity to lobby on associated Congressional bill(s). Finally, in section 5.3 we estimate the benefits companies obtain from this lobbying.

5.1 Relation between agency rulemaking-related activities and company lobbying

As discussed by Grossman and Helpman (2001) and Gregor (2011), one motivation for lobbying is to provide information to time-constrained regulators. Policy makers lack expertise and time, and companies seek to share key institutional details and industry dynamics. Incremental to this, companies also lobby to sway regulatory policies to their benefit. Companies have incentives to lobby when they can benefit through either of these channels.

To capture companies' lobbying around agency rulemaking, in our first set of tests we regress company lobbying by firm *f*, of agency *a*, in year *t* (*Lobbied agency*) on each measure of agency rulemaking-related activity: $Relatedness_{final\ rules}$, $Relatedness_{proposed\ rules}$, an *Agency waiver* dummy variable, and *#Agency waivers*. We normalize the continuous *Relatedness* variables to have mean equal to zero and standard deviation equal to one. We include a stringent set of fixed effects. First, we include company×year fixed effects, which capture company-specific dynamics that affect a company's lobbying, for example a change in the company's financial position, a change in its reliance on government funds, its sensitivity to regulation, its overall lobbying effectiveness, or its other means of political influence such as campaign contributions. Second, we include agency×year fixed effects, which capture agency-specific shocks that potentially affect all companies' decisions to lobby that agency, for example increased funds to disburse or

[11] In section 7, we examine company lobbying around other agency activities.

increased rule-making activity. Third, we include company×agency fixed effects, which capture time-invariant dynamics that affect a company's decision to lobby a particular agency.

We begin by estimating regressions in which both the dependent variable and the key independent variables are measured in year *t*. We then examine time-series patterns, in which we examine lobbying prior to and following these agency actions.

Our first set of results is shown in Panel A of Table 3. Looking at columns 1 and 2, we find that companies actively re-allocate their lobbying dollars across agencies, as a function of agency rulemaking. A one standard deviation increase in agency rules related to the firm corresponds to a 0.6 percentage point increase in agency lobbying. Relative to a firm's average propensity to lobby an agency of 5.6%, this represents a 10.7% increase. Analogous effects for proposed rules are even greater, at 14.3%. This lobbying may reflect information provision to time-constrained regulators and/or an effort to sway regulatory policies in the company's favor.[12]

In columns 3 and 4, we examine agency waivers, which typically represent company-specific benefits. Fotak et al. (2025) find that politically connected companies are more likely to obtain waivers related to tariff exemptions during the first Trump administration. Results are consistent with the potential for waivers contributing to company lobbying. A one standard deviation increase in the number of waivers increases lobbying propensity by 19.7%.

To examine the time-series characteristics of these relations, we regress *Lobbied agency* on each agency rulemaking-related activity, measured at times *t-3* through *t+3*, plus fixed effects included in Table 3. Coefficients from these regressions are reported in Panels A – D of Figure 4. Looking at Panel A, companies increase their lobbying of an agency a full three years ahead of that agency issuing a company-related rule, but after the final rule has been issued, company lobbying of that agency decreases to its long-term mean (which is captured through the fixed effects). In Panel B, we see that proposed rule lobbying is most pronounced in the year the

[12] Company × year fixed effects soak up a company's decision of whether to lobby. Nevertheless, for robustness we also estimate effects on the subsample of firm-years with positive lobbying expenditures. As shown in Internet Appendix Table IA1, results are qualitatively similar.

proposed rule is released, and it remains elevated for one additional year.[13] Panels C and D show that companies' lobbying of an agency is also significantly elevated in the years preceding agency waivers, and it becomes insignificant following the granting of such waivers.

While the stringent set of fixed effects mitigate many endogeneity concerns, we additionally estimate placebo tests. We estimate simulations, similar to Kalmenovitz et al. (2025a), in which we substitute the actual agency lobbied by a company with a placebo agency, keeping all other company-year characteristics fixed.[14] We estimate 1,000 simulations, in which lobbying of the placebo agency at time *t* is regressed on $Relatedness_{final\ rules}$, $Relatedness_{proposed\ rules}$, *Agency waiver dummy*, or *#Agency waivers* (Panels A – D of Figure 5, respectively). In all cases, the independent variable is measured in year *t*, and we include the same set of fixed effects used previously. The blue bars show the distribution of t-statistics across all agencies, and the red line shows the t-statistic from our actual specification (from Table 3). If our main regressions capture company decisions to more actively lobby the agency(ies) that are engaged in company-relevant rulemaking, then the coefficients on placebo agency activity will be insignificant. That is precisely what we find. In the *final rules* (*proposed rules*) specifications, the t-statistic from our actual specifications exceeds the t-statistic of the placebo test in 998 (1000) out of 1000 simulations. Inferences from the agency waiver placebo tests are similar.

5.2 Lobbying agencies versus Congress

In this subsection, we examine whether companies' propensity to lobby agencies on rules represents a substitute or compliment to their lobbying of Congress on the associated bills. On the one hand, Weingast and Moran (1983) and Weingast (1984) argue that agencies are typically controlled by Congress, suggesting that companies would only lobby agencies in cases where Congressional oversight is limited. It is also possible that successful lobbying Congress yields

[13] Only a fraction of proposed rules is ultimately formalized into final rules. The duration of lobbying following a proposed rule will be longer for the subset of proposed rules that continue to be debated, compared to those that are dropped more quickly.

[14] To account for actual patterns in lobbying, within each simulation we replace the actual agency with the same placebo agency throughout the sample period. In other words, if SEC lobbying is replaced with EPA lobbying in year t, then SEC lobbying is replaced with EPA lobbying in all other years and all other companies as well.

bills more tailored to companies' wishes, thus lessening demands to lobby agencies. Under either of these scenarios, agency lobbying and Congressional lobbying would represent substitutes.

Alternatively, the relation between Congressional action and agency actions may be better described as complimentary. As noted by Kerwin and Furlong (2020) and McCubbins et al. (1987), Congress typically enacts broad statutory mandates, while agencies are responsible for the many underlying details that embody rules. Under this scenario, companies would have incentives to lobby Congress as a means of informing and influencing the broad direction of a bill, and then subsequently lobby agencies on the same issue to provide relevant technical and sector-specific details and potentially influence the final rules.

5.2.1 Measuring lobbying on a rule

Our empirical tests require measures of firm lobbying on both Congressional bills and agency rules. While the bills on which a company lobbies are reported on LD-2 forms, the specific rules are not. We thus develop a proxy. Our approach is based on the following premise: when an agency is developing a rule highly relevant to a firm, and the firm lobbies that agency during the same period, the lobbying is likely directed at that rule. First, we categorize instances in which *Relatedness* (which as described in the prior section represents the cosine similarity between a rule and the firm 10K) falls into the top quartile as being *Related rules*. Second, we define *Lobbied agency on rule* equal to one if *Related rule* equals one and the company lobbied the agency during the three years leading up to rule passage, zero otherwise.

A validation exercise provides confidence that this proxy captures firm lobbying on specific rules. Our validation exercise relies on comment letters, as this is one of the most common means of lobbying. Using the Regulations.gov API, we search all 22 million publicly available comment letters for references to each of the roughly 2,400 lobbying firms used by companies in our sample since 2008.[15] In cases of a comment letter×lobbying firm match, we link the lobbying firm to all its clients (i.e., the companies lobbying) in the year the letter was

[15] Regulations.gov has a very limited coverage prior to 2008. As described in more detail in Appendix A.3, our measure can only be calculated across a subsample of observations.

written and we link the comment letter to the regulatory docket and thus the specific rule. This provides a company×rule lobbying link, which we refer to as *Lobbied agency on rule via comment letter*. We estimate two regressions, where this is the independent variable of interest.

Results are shown in Appendix Table A.3. In column 1, the dependent variable is *Lobbied agency*, which equals one if the firm lobbied the agency on any issue; consistent with this not capturing lobbying on a specific rule, the coefficient on *Lobbied agency on rule via comment letter* is insignificant after controlling for company×year, company×agency, agency×year, and rule fixed effects. In contrast, in column 2 the dependent variable is our main proxy, *Lobbied agency on rule*. Here, the coefficient on *Lobbied agency on rule via comment letter* is highly significantly positive with a t-statistic above 5. In economic terms, when *Lobbied agency on rule via comment letter* equals 1, there is a 30.2% increase in *Lobbied agency on rule*.

5.2.2 Findings on companies' tendency to lobby agencies versus Congress

Our main tests of whether lobbying agencies represents a substitute or compliment to lobbying Congress are presented in Panel B of Table 3. We form a sample of all important rules that are associated with a bill passed in Congress within the prior three years, as described in Section 3. We estimate regressions in which the dependent variable is *Lobbied agency on rule*.

Looking first at column one, our independent variable of interest is *Lobbied on bill*, which is an indicator variable equal to one if the firm previously lobbied Congress on the underlying bill. The significantly positive coefficient suggests that companies view lobbying Congress and agencies as complimentary. In economic terms, a company is 41% more likely to lobby the rulemaking agency if it previously lobbied on the bill.[16] This is incremental to a broad set of fixed effects, which soak up many sources of variation: rule, company×year, company×agency, and agency×year.

In columns 2 – 4, we examine factors that potentially increase the value of lobbying agencies. We focus first on rule technicality. Relevant expertise is a primary reason that agencies

[16] Average propensity to lobby agency is 5.6% and hence 2.3% increase in the propensity to lobby corresponds to 2.3%/5.6% = 41% increase.

are entrusted with rulemaking authority. Many employees are subject matter experts, due to educational background, professional experience, and frequent long work histories at the government agency. Thus, agencies should play a relatively greater role (compared to Congress) on more technical rules, and as such companies would be more likely to lobby agencies (in addition to Congress). We estimate technical complexity of rules by using ModernBERT to measure how closely each rule's language resembles specialized jargon rather than general administrative wording.[17] In Column 2, we include the interaction term *Lobbied on bill × Rule technicality*. Results are consistent with predictions. A one standard deviation increase in rule technicality almost doubles a company's propensity to lobby the agency, in addition to Congress.

In columns 3 and 4, we analyze whether firms are more likely to lobby agencies when Congress grants those agencies greater discretion. We form two proxies. Our first measure is $Agency\ Discretion_{\#\ rules}$, defined as the total number of rules associated with the bill. Our second measure is $Agency\ Discretion_{\#\ agencies}$, defined as the number of agencies engaged in rulemaking stemming from the bill. In both cases, the interaction between *Lobbied on Bill × Agency Discretion* is positive, and it is significant in column 3.

In sum, companies lobby agencies extensively, shifting their lobbying targets from year to year in line with agencies' rulemaking activity. Moreover, companies' lobbying of agencies is more extensive in instances where these agencies are likely to have greater purview. This allocation of resources suggests that companies perceive benefits to this lobbying, and we test this directly in the next subsection.

5.3 Benefits to lobbying

To estimate the benefits that firms obtain from lobbying, we focus on firm returns around key regulatory announcements. Results are shown in Table 4. We first examine the benefits to lobbying Congress. We measure abnormal returns in the three days surrounding the bill's

[17] Technicality is estimated by embedding vocabulary terms and full-rule texts with ModernBERT (nomic-ai/ModernBERT-base, mean-pooled embeddings), defining jargon and general terms using the TF‑IDF distribution (top 10% high-IDF terms vs. bottom 10% low-IDF terms), constructing the resulting jargon direction, and projecting each document's embedding onto this axis to obtain a continuous technicality score. We then normalize the variable.

publication/passage date, calculated as stock returns minus S&P500 returns. As shown in Panel A, column 1, our estimates are similar to Neretina (2024): for the median company in the S&P500, estimated benefits to lobbying on a Congressional bill equal $34 million.

In column 2, we turn to the benefits of lobbying agencies, which can stem from both information provision that aids time-constrained bureaucrats and influence-seeking that contributes to company-specific benefits. To focus on the most impactful rules, we restrict the sample to important rules defined as those that are classified as significant or major, as described in section 2.3. These rules undergo review by OIRA or GAO before publication, which makes the publication date unpredictable (Kerwin and Furlong, 2018).[18]

We regress abnormal returns on *Lobbied agency on rule*, as defined above. We include the same set of stringent fixed effects used in Table 3. The coefficient on *Lobbied agency on rule* is significantly positive, indicating that companies that are affected by agency rulemaking and that had lobbied that agency earn significantly higher returns, relative to companies that did not lobby that agency.[19] These results are robust across alternative specifications. Internet Appendix Table IA2 reports models with one-way fixed effects and with high-dimensional fixed effects, including agency × size decile × year and agency × industry × year. Internet Appendix Table IA3 splits the sample into significant proposed rules and final rules and reports results using both three-day and five-day return windows. Finally, Internet Appendix Table IA4 constructs an alternative measure of *Lobbied agency on rule* using the text descriptions of lobbying activity in LD-2 forms rather than firm 10-K filings. Results across all specifications are consistent.

In column 3 of Table 4, Panel A, we more directly test whether lobbying agencies represents a substitute or compliment to lobbying Congress. We include whether the rule originated from a Congressional bill (*Associated bill*) and whether the company lobbied on that

[18] During our sample period, 7% of rules were rejected by OIRA, 73% were accepted after modifications, and 18% were accepted with no changes. The average review time of significant rules was 81 days.
[19] One potential concern is that relatedness is imperfectly measured and the coefficient on lobbying partially captures the relatedness of a rule. However, to the extent that companies are more likely to lobby on regulations that would negatively affect firm value, this biases the coefficient on relatedness*lobbying downward.

bill (*Lobbied on bill × Associated bill*). We find that firm CARs around the rule announcement are over three times as high if the company lobbied both the agency (on the rule) and Congress (on the associated bill). Importantly, these specifications include rule fixed effects, meaning these results do not capture the significance of the rule per se. They also include company×year, company×agency, and agency×year fixed effects, netting out many other potential effects.

In Panel B of Table 4, we limit the sample to rules associated with a recent Congressional bill. In column 1, we further confirm that firm CARs around a rule announcement are higher when the firm also lobbied on the underlying bill. In column 2, we explore the influence of technicality, which we previously found to predict the propensity to lobby agencies. We include the interactions *Lobbied agency on rule × Rule technicality* and *Lobbied agency on rule × Bill technicality*. Consistent with predictions, we find that the benefits of lobbying on a rule are significantly higher when the rule is more technical. In contrast, bill technicality has no significant influence. In columns 3 and 4, we examine the influence of Agency discretion, using the same two proxies employed in Table 3. We find that this also has a significant effect.

The stringent sets of fixed effects mean that these benefits are incremental to any political influence that occurs at the company×year level. In additional tests, we examine the influence of political connections at the company×agency×year level. Following evidence in Emery and Faccio (2025), we control for the presence of past regulators at agency *a* who currently work within top positions at company *c*. Consistent with overall conclusions of Emery and Faccio, we find that such connections are associated with higher returns at rule passage, significant at the 10% level. However, we find that the benefits of lobbying an agency are incremental to the value of such connections. Results are reported in Internet Appendix Table IA5.

The bottom rows of each panel of Table 4 summarize economic significance for the median company in the S&P500. This company would, on average, benefit by $33-34 million from lobbying on a bill.[20] The incremental value of lobbying on an associated rule equals $9 – 12

[20] Looking at column 1, economic significance is calculated as the coefficient on *Lobbied on bill,* (0.11%) * Market capitalization of median S%P500 company ($31 billion) = $34.1 million.

million, yielding a total benefit 30% greater than lobbying Congress alone. Incremental benefits to lobbying the rulemaking agency are even greater among more technical bills ($24 million) and among instances where Congress delegates more power to agencies ($10 – 12 million). In sum, companies' total benefits from lobbying are 30 – 70% greater if one incorporates the benefits of lobbying on rules, as opposed to just focusing on the benefits of lobbying Congress.

Prior literature shows that the benefits of lobbying exceed the costs, but this literature focuses only on lobbying of Congress.[21] Our findings on the incremental value of lobbying agencies indicates that this discrepancy is even larger than previously recognized. Lobbying on a single rule is associated with a $12 million increase in market capitalization, and the median firm lobbies on 11 rules per year. The total implied gain far exceeds lobbying expenses—median annual spending on lobbying Congress and agencies combined is roughly $1.5 million.

6. Is it who you know or what you know

In their analysis of lobbying Congress, Bertrand et al. (2014) conclude that 'who you know' is more important than 'what you know'.[22] In this section, we examine if this conclusion extends to all lobbying. Findings in Tables 3 and 4 regarding rule technicality suggests that 'what you know' might be relatively more important in the context of lobbying agencies.

Descriptive statistics provided in Table 5 show that both connections and expertise are prevalent among the lobbyists in our sample. Panel A lists the 25 most common employers prior to the start of a person's lobbying career. The U.S. House of Representatives and the U.S. Senate are the two most common, but many lobbyists also worked in federal agencies, including the Department of Justice (127 lobbyists) and the Department of Commerce (100 lobbyists). Among the top 50 most common past workplaces, 27 are in the public sector, accounting for 3,095 of the 4,266 lobbyists with identifiable pre-lobbying employment (Panel A2).

[21] See, for example, Tullock, 1972; Ansolabehere et al., 2003; Gordon and Hafer, 2005.
[22] Relatedly, and i Vidal et al. (2012) find that lobbyists generate significantly more revenue when they have connections to powerful politicians.

Panels B and C of Table 5 provide more detail regarding the potential connections of these lobbyists. Looking first at Panel B, Among the 487 unique firms that lobbied Congress, 78% employed at least one lobbyist with Congressional experience. At the bill level, 76.9% of the 754 unique bills that were lobbied involved at least one such lobbyist. Finally, at the firm × bill level, nearly 63% of instances included at least one lobbyist with Congressional experience.

Panel C shows analogous statistics for agency lobbying. Across all firm×agency lobbying relationships, 37.8% involve at least one lobbyist who previously worked at that agency. Strikingly, 61% of rules are lobbied by at least one person who previously worked at the rulemaking agency. At the most precise firm×agency×rule level, 12.5% of instances have at least one lobbyist with prior experience at the agency. In sum, connections are pervasive not only among Congressional lobbying, but also among agency lobbying.

Panel D of Table 5 describes the expertise of the lobbyists. Within our sample, 16.9% of lobbyists have masters degrees, suggesting a certain level of expertise. The most common field is 'Law & policy, which is highly relevant for work done within multiple agencies, including DOJ, DOS, GAO, and OMB. Subsequent rows list the other most common fields, along with the percent of lobbyists holding advanced degrees in each and the relevant agencies.

In Table 6, we examine the benefits of these connections and knowledge sets. We estimate regressions similar to those in Table 4, where the dependent variable is CARs over the three days surrounding rule announcement. We define several new variables to capture the influence of 'who you know' versus 'what you know', in returns to lobbying. *Lobbied agency on rule*$_{Connected}$ equals one if the firm employs at least one lobbyist who previously worked for the same agency, zero otherwise. *Lobbied agency on rule*$_{Expertise}$ equals one if the firm equals one if a firm employs at least one lobbyist with a master's degree in a field related to the agency's area of regulation, as described in Panel D Table 5, zero otherwise. Finally, we also define indicator variables capturing the combination of connections and expertise: *Lobbied agency on rule*$_{Connected \& Expertise}$, *Lobbied agency on rule*$_{Connected \& No Expertise}$, *Lobbied agency on rule*$_{Not connected \& Expertise}$.

Looking first at column 1, results indicate that the benefits of lobbying an agency are

over twice as large if the firm employs a connected lobbyist. Results in column 2 indicate that the value of hiring a lobbyist with relevant expertise are even greater: the benefits of lobbying an agency are 3.5 times greater if the firm employs a lobbyist with expertise. In columns 3 and 4, we examine the joint influence of connections and expertise. We find that the benefits are concentrated among the subset of cases in which the lobbyist has both expertise and connections. Across both columns, the coefficient on *Lobbied agency on rule*$_{Connected\ \&\ Expertise}$, is positive and significant at the 1% level, while neither *Lobbied agency on rule*$_{Connected\ \&\ No\ expertise}$ (Column 3) nor *Lobbied agency on rule*$_{Not\ connected\ \&\ Expertise}$. (column 4) is statistically significant.

In economic terms, for the median S&P500 firm, the incremental value of a connected lobbyist equals $15 million, compared to $29 million for a lobbyist with expertise. However, the value of having both connections and expertise equals $44 – 45 million, for a total value of lobbying on a rule of $53 – 56 million.

In Panel B, we compare these effects across more versus less technical rules, defined as those with above- versus below-median technicality, respectively. Findings build upon prior evidence showing that the benefits of lobbying agencies are greater among more technical rules. While there are benefits to lobbying on both sets of rules, as shown by the significantly positive coefficient on *Lobbying agency on rule* across most specifications, the incremental benefits that stem from lobbyists' connections and expertise are concentrated within more technical rules. In economic terms, instances with connected and expertise lobbyists provide benefits equal to $65 million on technical rules, compared to $19 million among non-technical rules.

7. Additional agency actions

7.1. Agency investigations and enforcement actions

In addition to rulemaking, a key function of many government agencies is investigating companies for possible wrongdoing and, where appropriate, bringing enforcement actions. Because data on investigations across all government agencies are not available, we employ two alternate samples. First, we employ detailed data from the SEC and from the Wage and Hour

Division of DOL on all investigations, irrespective of whether the investigation resulted in an enforcement. Second, we employ broader data on enforcements undertaken across all agencies. We first estimate firms' propensity to lobby and then estimate the benefits from this lobbying.

Looking first at Table 7, we estimate regressions similar to those in Table 3, where lobbying is the dependent variable, and both lobbying and investigations are measured in year t. In columns 1 and 2, the analysis is limited to either the SEC or DOL, and the dependent variable equals $Lobbied\ agency_{f,\ SEC,\ t}$. or $Lobbying_{f,\ DOL,\ t,}$, respectively. The key independent variable is either $SEC\ Investigation_{f,\ a,\ t}$, or $DOL\ Investigation_{f,\ a,\ t}$, defined as an indicator variable equal to one in the year the respective agency initiates an investigation of the firm, zero otherwise.[23] We include firm and year fixed effects, and time-varying firm controls that potentially relate to lobbying (firm size, leverage, and capital expenditures).

We find that an SEC investigation increases the probability of lobbying this agency by 55%, from 5.1% to 7.9%.[24] Similarly, a DOL investigation leads to a 29% increase, from 8.0% to 10.3%. Consistent with economic intuition, Figure 6 shows that companies' lobbying of the agency begins in the year the investigation is initiated and remains elevated for one to two years. In contrast, we find no evidence of significantly higher lobbying prior to the investigation.

The SEC and DOL data have the advantage of including all companies who face an investigation, irrespective of whether this investigation resulted in an enforcement action. To examine the effects of investigations on lobbying more broadly, we use data on agency enforcement actions, which are available across all government agencies. In columns 3 and 4, we regress $Lobbied\ agency_{f,a,t}$ on estimated $Investigation\ Start_{f,a,t}$. Because we do not have the actual investigation start date, we define *Investigation start* as being one year prior to the Enforcement date, as approximately 75% of SEC and DOL investigations were started by this point. Fixed

[23] The mean duration of an SEC (DOL) investigation is 3.00 years (1.47 years), and the median is 2.14 years (1.99 years).The interquartile range of SEC (DOL) investigations is 1.17 to 4.04 years (0.68 to 2.00 years).

[24] The unconditional probability of lobbying the SEC is 0.051. An SEC investigation increases the firm's propensity to lobby the SEC by 0.028 (coefficient on SEC Investigation in col 1), which equates to a 55% increase. The unconditional probability of lobbying the DOL is 0.08 and a DOL investigation increases a firm's propensity to lobby by 0.023 (coefficient on DOL Investigation in col 2), which equates to a 29% increase.

effects similar to those in prior tables are included, enabling us to isolate the effects of agency enforcements on changes in companies' allocation of lobbying across government agencies.[25]

Results column 3 of Table 7 show that company lobbying of an agency is significantly higher in the year that agency begins investigating the company. Column 4 indicates that this elevated lobbying is concentrated in larger cases, defined as cases in which the ultimate penalty is in the top or middle tercile.[26] Moreover, Figure IA5 shows that lobbying spikes one year after the investigation start date, and it is not significantly elevated in any year prior to this start date.

Internet Appendix Figure IA6 presents a placebo analysis, similar to that in Figure 5. Companies facing an agency investigation may face many other challenges, which plausibly cause them to lobby Congress and/or other agencies. However, the t-statistics across all randomly selected agencies are centered close to zero, and the actual t-statistic is greater than nearly all the placebo t-statistics. In sum, results indicate that companies lobby the investigating agency specifically, not the government more generally.

If companies successfully employ lobbying to influence the enforcement process to their benefit, then lobbying should lead to a less strict enforcement action. This would be reflected in a more positive (or analogously less negative) abnormal return around announcement of the enforcement, as these announcements typically include details regarding the violation as well as the penalty. To examine this prediction, we regress abnormal returns over the three days surrounding the public announcement of the enforcement action on $Lobbied\ agency_{f,a,t}$, which equals one if the company lobbied the agency in the past year. We additionally include the same stringent set of fixed effects used in prior regressions.

In column 1, the sample includes just SEC and DOL violations. The coefficient on $Lobbied\ agency_{f,a,t}$ captures the difference between companies that lobbied the respective agency

[25] The coefficient on *Investigation Start* captures whether companies with enforcements engage in more lobbying, compared to both non-investigated companies and investigated but not enforced companies. Because the 'investigated by not enforced' companies are included in the control group, the coefficient on *Investigation Start* should be understated, relative to the coefficient on *Investigation* (as used in columns 1 and 2).

[26] Karpoff et al. (2008) show that regulator fines are only a fraction of total costs incurred by the firm; they estimate that the penalties imposed by the market are over 7.5 times as great as penalties imposed through the legal system.

and those that didn't, conditional on having a violation. We find that companies that previously lobbied the enforcement agency earn 0.28% higher abnormal returns around the violation announcement (significant at the 5% level), compared to companies that didn't lobby. In column 2, we extend the result to all violations. Results are similar, but with an even greater magnitude, 0.75%, significant at the 1% level. Finally, in columns 3 and 4, we examine the influence of connections and expertise in these benefits to lobbying an investigating agency. We find that the benefits of hiring a connected lobbyist are approximately double those of an unconnected lobbyist. In contrast, we find no evidence that expertise plays a significant role in this setting.

Our results build upon prior work that examines lobbying around investigations by one agency or within one industry.[27] More generally, Borisov et al. (2016) and Yu and Yu (2011) examine the relation between enforcement actions and total firm lobbying dollars, irrespective of the agency toward which these lobbying dollars are directed. Importantly, firms subject to enforcement actions frequently face many challenges simultaneously, including for example financial distress or increased political risk, which may affect total lobbying expenditures. Our examination of broad set of investigating agencies and companies' decisions to lobby these specific agencies enables us to precisely estimate the benefits of lobbying across a broad sample.

7.2 Agency contracts

In addition to rulemaking and investigations, many government agencies grant contracts. Unfortunately, no government agency releases data on the companies that apply for each contract; available data (from USASpending.gov) only include granted procurement contracts.[28] Nonetheless, to provide some evidence on the relation between contracts and lobbying, we estimate regressions similar to those in Tables 3 and 7. As shown in Internet Appendix Figure IA7, companies' lobbying of an agency increases significantly in the year of the contract grant. We additionally find that it is greatest among larger contracts (not tabulated).

[27] For example, Correia (2014) finds that SEC investigations lead to company lobbying, Steel (2024) examines how long-term political connections affect SEC enforcements, and Lambert (2019) focuses on lobbying and investigations within one industry, banks.

[28] As discussed in Broggard et al. (2021), procurement grants represent over 75% of all government grants.

8. Shock to lobbying agencies

Our findings indicate that companies significantly benefit from lobbying agencies. While our stringent fixed effects and placebo analyses mitigate endogeneity concerns, we take two approaches to provide more robust evidence on causality. In section 8.1 we focus on the 2024 Chevron decision, and in section 8.2 we examine lobbyist deaths, scandals, and lawsuits.

8.1. Reversal of the Chevron doctrine

On June 28, 2024, the Supreme Court overturned what is commonly known as the Chevron doctrine. This doctrine, initially determined by a 1984 decision in Chevron v. Natural Resources Defense Council, gave government agencies considerable power. Specifically, it required courts to evaluate issues following a two-step process. First, if Congress had clearly addressed the issue in the past, then Congress's intent must be followed. Second, if Congress had not clearly addressed the issue but a government agency had issued guidance, then as long as this guidance is 'reasonable', the agency's interpretation must be followed. The rationale behind Chevron was that agencies have considerable expertise, and this expertise should be respected even if another body (e.g., a court) might prefer a different outcome.

In overturning Chevron, the Supreme Court effectively decreased the power of agencies, as agency decisions can now be overturned by future court rulings. The implication is that the overturning of Chevron decreases the benefits of lobbying government agencies. Any benefits that companies obtain through lobbying have a higher probability of being reversed, and thus this represents a negative shock to firms that relied on such lobbying. As demonstrated throughout the paper, this lobbying contributed to economically significant gains for firms, and at least a portion of these gains are characterized by greater uncertainty in the post-Chevron world.

We take advantage of this natural shock by examining company abnormal returns around the Chevron decision, as a function of firms' past lobbying. We define abnormal returns over 3- and 5-day windows, and we regress these CARs on a dummy equal to one if the firm lobbied at least one government agency in the past year. We additionally control for whether the company

lobbied Congress over this period, the log of dollars spent lobbying over the past year, firm financials used in prior tables, and industry fixed effects (controls not tabulated). There is one observation per firm. Results are shown in Table 9.

Results indicate that companies that lobbied at least one agency over the past year had significantly lower abnormal returns around the Chevron announcement. In economic terms, the median S&P500 company experienced a decrease in market value of $312 - $353 million.

Our findings in this subsection complement those of Brown and Huang (2020) and Borisov et al. (2016), who both find that a decrease in political access is associated with significantly negative abnormal returns, among the subsample of firms that previously benefited most from such access. While both these papers focus generally on political access, including access to politically elected officials who rely on companies for campaign contributions, we show that the value of such access extends to government agencies.

6.2 Lobbyist deaths, lawsuits, and scandals

Similar to many intermediaries, lobbying is characterized by relationships. A firm is more likely to hire both a lobbying firm and even a specific individual lobbyist if it has employed that firm or person in the past. This firm or person has cumulated knowledge of the firm over time, in ways that enable more efficient intermediation on the firm's behalf. As such, if this firm or person is suddenly unavailable, then the firm's ability to effectively lobby will be reduced.

To identify events that cause an individual or firm to stop lobbying, for reasons that are exogenous to the characteristics of the underlying companies who hire these lobbyists, we search for lobbyist deaths, lawsuits, and scandals. Using Tavily Search API, we search for each lobbyist name plus words pertaining to each of these events. For added verification on the accuracy of search results and the exogeneity and severity of the event, we manually read through each identified event and ensure that the lobbyist did not continue lobbying after the event.

We identify all instances in which a firm hired one or more of these 'shocked lobbyists' to lobby an agency, resulting in 477 firm-agency pairs. We search for all important rules written by these agencies over the three years preceding and following this shock. We regress firm CARs

around announcements of these rules on *Lobbyists lost*, which equals the fraction of lobbyists employed by the firm to lobby the agency over the past three years who were lost due to a death, lawsuit or scandal. By definition, *Lobbyists lost* equals zero in years -3 to -1, and a positive number in subsequent years. Importantly, it exhibits both time-series and cross-section variation. The average company loses 1 out of 9 lobbyists in the death/scandal.

Results are shown in Table 10. Looking at columns 1 and 2, we find that the average *Lobbyists lost* post-shock causes a $14 – $22 million lower company valuation around a rule passage.[29] In columns 3 and 4, we restrict the sample to relevant rules, defined as rules that are relevant to the firm who lost one or more lobbyists. Consistent with intuition, magnitudes are greater in this subsample, with a drop in market capitalization of $15–$34 million.

In sum, findings in this section provide added evidence that the benefits to lobbying are causal. An unexpected shock to lobbying, as measured by either a Supreme Court decision or the unexpected loss of specific lobbyists, results in negative shocks to firm value.

6. Conclusion

We find that companies lobby government agencies extensively, changing the agencies they lobby each year as a function of each agency's activities, including for example company-related rulemaking and investigations. Stock return analyses indicate that companies benefit from such lobbying. These benefits are complimentary to benefits obtained from lobbying Congress, and they are greatest among more technical rules and among instances in which Congress delegates more power to agencies. Analyses of exogenous shocks to the power of agencies and to firms' lobbying capacity provide added evidence that our findings are causal.

A central question is whether the gains from lobbying accrue primarily to the firms that lobby, or whether lobbying improves regulatory design in ways that generate broader social benefits. Surveys of lobbying activity (e.g., Bombardini, 2020) suggest that lobbying includes

[29] Looking at column 1, the economic significance is calculated as coefficient on *Lobbyists lost* (-0.406%) * Average number of lobbyists lost (0.11) * Median S&P500 Market Capitalization ($31 bil) = $-13.8 million.

both information provision and influence seeking. However, empirical studies by Huneeus and Kim (2021) and Neretina (2024) conclude that lobbying imposes negative externalities. Both these studies focus on Congressional lobbying, and a productive direction for future research would be to examine this question within agency lobbying, where the lessened role of politically motivated quid-pro-quo dynamics may diminish the role of influence over information.

Similar to Bertrand et al's (2014) analysis of lobbying Congress, we find that both 'who you know' and 'what you know' among lobbyists play significant roles in lobbying agencies. However, relative to lobbying Congress, 'what you know' is relatively more important in lobbying agencies. This is consistent with agencies overseeing the more detailed and technical aspects of the regulatory agenda.

References

Adelino, M., & Dinc, I. S. (2014). Corporate distress and lobbying: Evidence from the Stimulus Act. *Journal of Financial Economics*, *114*(2), 256-272.

Ağca, Ş., & Igan, D. (2023). The lion's share: Evidence from federal contracts on the value of political connections. *The Journal of Law and Economics*, *66*(3), 609-638.

Ansolabehere, S., de Figueiredo, J., Snyder, J. (2003). Why is there so little money in US politics? *Journal of Economic Perspectives* 17, 105 – 130.

Bertrand, M., Mullianathan, S., & Trebbi, F. (2014). Is it whom you know or what you know? An empirical assessment of the lobbying process. *American Economic Review*, 104(12), 3885-3920.

Blackburne, T., Kepler, J. D., Quinn, P. J., & Taylor, D. (2021). Undisclosed SEC investigations. *Management Science*, *67*(6), 3403-3418.

Borisov, A., Goldman, E., & Gupta, N. (2016). The corporate value of (corrupt) lobbying. *The Review of Financial Studies*, *29*(4), 1039-1071.

Brogaard, J., Denes, M., & Duchin, R. (2021). Political influence and the renegotiation of government contracts. *The Review of Financial Studies*, *34*(6), 3095-3137.

Brown, J., Huang, J. (2020). All the president's friends: political access and firm value. *Journal of Financial Economics* 138, 415 – 431.

Correia, M. (2014). Political connections and SEC enforcement. *Journal of Accounting and Economics* 57, 241 – 262.

Cox, C. (2023). Lobbying for government appropriations. *The RAND Journal of Economics*, *54*(3), 443-483.

De Figueiredo, J., & Silverman, B. (2006) Academic earmarks and the returns to lobbying. The *Journal of Law & Economics*, 49, 597-625.

Duchin, R., & Sosyura, D. (2012). The politics of government investment. *Journal of Financial Economics*, *106*(1), 24-48.

Duchin, R., Wang, J., Kalmenovitz, J. (2024). Between boardrooms and the beltway: the career paths of senior regulators. *Working paper*.

Emery, L., Faccio, M. (2025). Exposing the revolving door in executive branch agencies. *Journal of Financial and Quantitative Analysis*, forthcoming.

Faith, R., Leavens, D., & Tollison, R. (1982). Antitrust pork barrel. *Journal of Law and Economics* 25, 329 – 342.

Fotak, V., Lee, H., Megginson, W., Salas, J., 2025. The political economy of tariff exemption grants. *Journal of Financial and Quantitative Analysis*, forthcoming.

Gordon, S., Hafer, C. (2005). Flexing muscle: Corporate political expenditures as signals to the bureaucracy. *American Political Science Review* 99, 245 – 261.

Gregor, M. 2011. Corporate lobbying: A review of the recent literature, *Working Paper*, IES.

Grossman, G. M., and E. Helpman. 2001. *Special Interest Politics*. Cambridge, MA: MIT Press.

Hackinen, B., Carenini, G., Tirole, J., Trebbi, F. (2025). Hard facts or cheap talk? Strategic communication and policy change in regulatory rulemaking. *Working paper*.

Hochberg, Y., Sapienza, P., Vissing-Jorgensen, A., 2009. A lobbing approach to evaluating the Sarbanes-Oxley Act of 2002. *Journal of Accounting Research* 47, 519 - 583.

Hunter, W., & Nelson, M. (1995). Tax enforcement : A public choice perspective. *Public Choice* 82, 53 – 67.

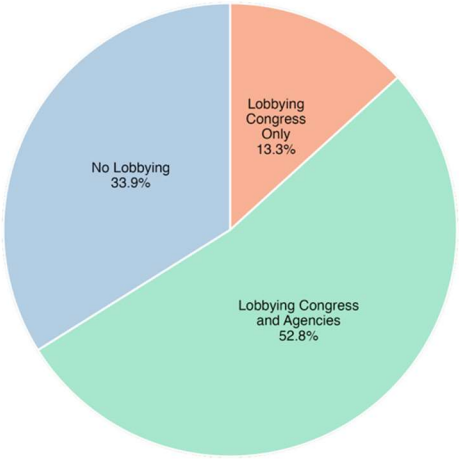
I Vidal, J., Draca, M., Fons-Rosen, C., 2012. Revolving door lobbyists. *American Economic Review* 102, 3731 – 3748.

Kang, K. (2016). Policy influence and private returns from lobbying in the energy sector. *The Review of Economic Studies*, *83*(1), 269-305.
Kalmenovitz, J., Lowry, M., & Volkova, E. (2025a). Regulatory Fragmentation. *The Journal of Finance* 80, 1081 – 1126.
Kalmenovitz, J., Vij, S., Xiao, K. (2025b). Closing the revolving door. *Working paper*.
Kerwin, C. M., & Furlong, S. R. (2018). *Rulemaking: How government agencies write law and make policy*. Cq Press.
Kerr, W. R., Lincoln, W. F., & Mishra, P. (2014). The dynamics of firm lobbying. *American Economic Journal: Economic Policy*, *6*(4), 343-379.
Kwon, S., Lowry, M., & Verardo, M. (2024). Firms' transition to green: Innovation versus lobbying. *European Corporate Governance Institute–Finance Working Paper*, (921).
Laffont, J., Tirole, J. 1991. The politics of government decision-making; a theory of regulatory capture. *The Quarterly Journal of Economics* 106, 1089-1127.
Lambert, T. (2019). Lobbying on regulatory enforcement actions: Evidence from US commercial and savings banks. *Management Science*, *65*(6), 2545-2572.
Lucca, D., Seru, A., Trebbi, F., 2014. The revolving door and worker flows in banking regulation. *Journal of Monetary Economics* 65, 17 – 32.
Neretina, E., 2024. Corporate lobbying and returns to non-lobbying industry competitors. *Working paper.*
McKay, A. M. (2011). The decision to lobby bureaucrats. *Public choice*, *147*, 123-138.
McKay, A. M., Yackee, S. (2007). Interest group competition on federal agency rules. *American Politics Research* 35, 336 – 257.
Peltzman S (1976). Towards a more general theory of regulation. *J. Law Econom.* 19(2):211–240.
Shive, S., Forster, M., 2017. The revolving door for financial regulators. *Review of Finance* 21, 1445 – 1484.
Steel, R (2024). Lobbying against enforcement. *Working paper.*
Stigler G (1971). The theory of economic regulation. *Bell J. Econom. Management Sci.* 2(1):3–21.
Tovar, P. (2011). Lobbying costs and trade policy. *Journal of International Economics*, *83*(2), 126-136.
Tullock, G. (1972). The purchase of politicians. *Western Economic Journal* 10, 354-355.
Van Schewik, B. (2015). Network neutrality and quality of service: what a non-discrimination rule should look like. *Stanford Law Review* 67, 1 – 166.
Weingast, B., & Moran, M. (1983). Bureaucratic discretion or congressional control? Regulatory policymaking by the Federal Trade Commission. *Journal of Political Economy* 91, 765 – 800.
Weingast, B. (1984). The Congressional-Bureaucratic system: A principal-agent perspective (with applications to the SEC). *Public Choice* 44, 147 – 191.
Yackee, J. W., & Yackee, S. W. (2006). A bias towards business? Assessing interest group influence on the US bureaucracy. *The Journal of Politics, 68(1), 128-139.*
You, H. Y. (2017). Ex post lobbying. *The Journal of Politics*, *79*(4), 1162-1176.
Young, M., Reksulak, M., & Shughart, W. (2001). The political economy of the IRS. *Economics and Politics* 13, 201 – 220.
Yu, F., and X. Yu. 2011. Corporate lobbying and fraud detection. *Journal of Financial and Quantitative Analysis 46:1865–91.*

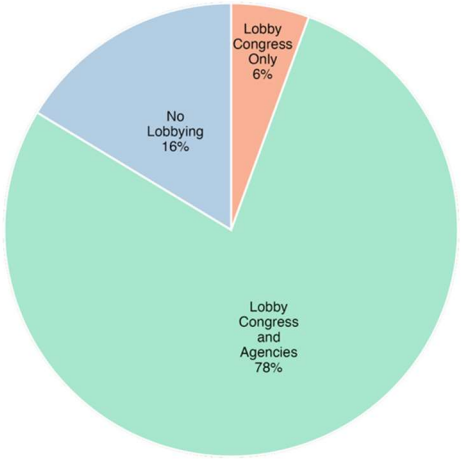
Figure 1: Company Lobbying Activities

The sample consists of the 500 largest companies in the CRSP-Compustat universe for each year between 1999 and 2024. Panel A1 presents a pie chart showing the percentage of company-year observations where companies did not lobby, lobbied only Congress or both Congress and government agencies. Panel A2 shows the percentage of companies that, over the entire sample period, either never lobbied, lobbied only Congress in some years, or lobbied both Congress and agencies in some years. Panel B shows the total lobbying dollars spent by companies, on average each year, as depicted by the pink bars and labelled on the right-hand y-axis. It also shows the average number of agencies lobbied, as depicted by the purple line and labelled on the left-hand y-axis.

Panel A1: Annual propensity of companies to lobby Congress and government agencies



Panel A2: Overall propensity of companies to lobby Congress and government agencies across all years



Panel B: Aggregate lobbying dollars and average number of agencies lobbied (per company)

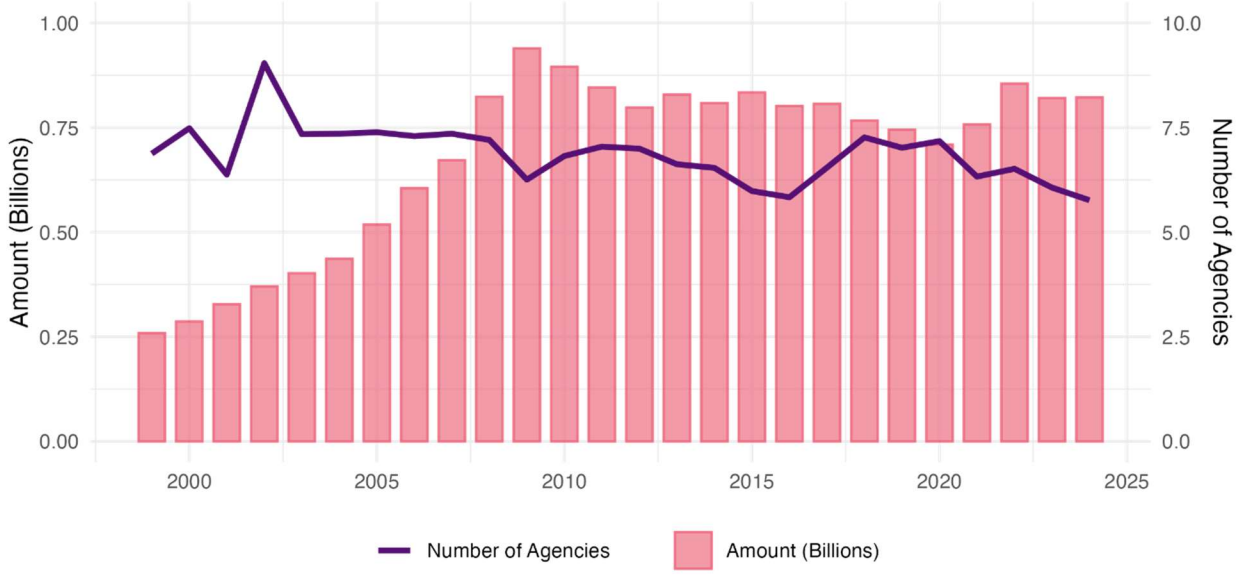
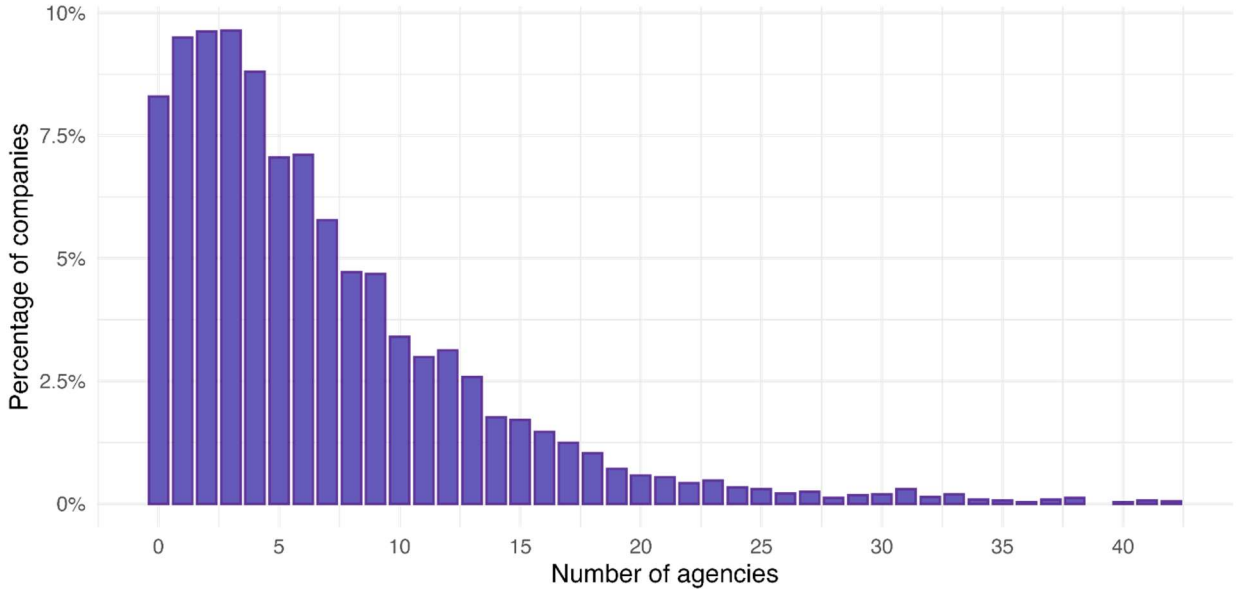


Figure 2: Distribution of the Number of Agencies that Companies Lobby

The sample consists of the 500 largest companies in the CRSP-Compustat universe for each year between 1999 and 2024. Panel A shows the total number of agencies lobbied by each firm during the sample years. The list of agencies is limited to the 42 most common agencies and is consolidated at the parent agency level. Panel B shows the most frequently lobbied agencies, with the bars representing the total number of companies that lobbied each agency during the sample years.

Panel A: Number of Agencies Lobbied



Panel B: Most Common Agencies

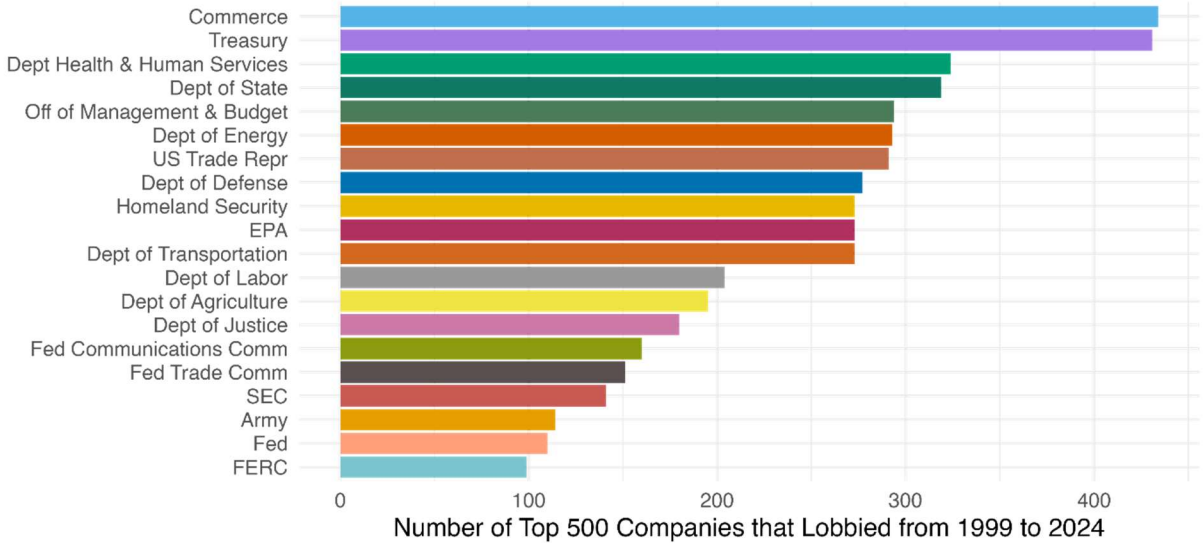


Figure 3: Lobbying Agencies: An Example
The sample consists of the 500 largest companies in the CRSP-Compustat universe for each year between 1999 and 2024. The figure shows the lobbying trends for two selected companies: Exxon Mobil and Pfizer for selective agencies across the years. Table A1 in Appendix provides a list of full agency names.

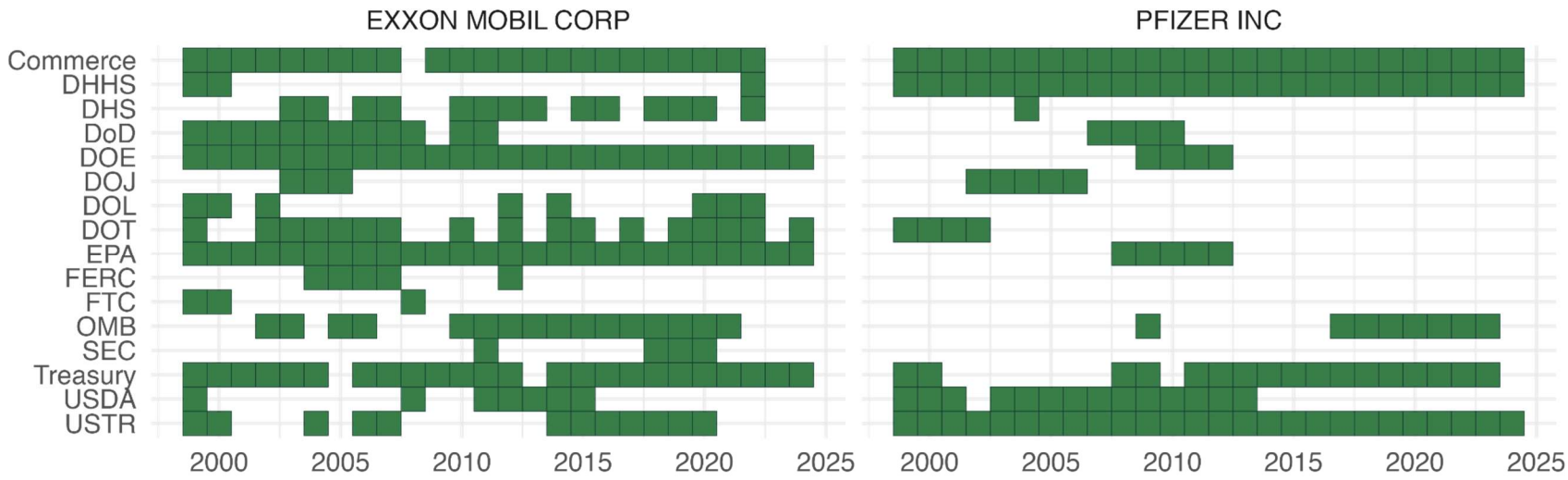
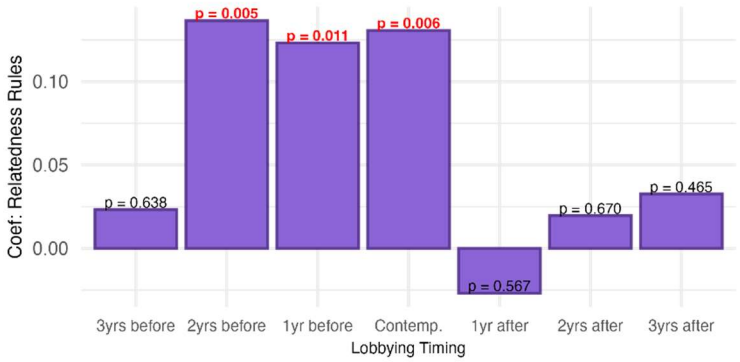


Figure 4: Timing, Agency Rulemaking

This figure illustrates the timing dynamics of the correlation between agency lobbying and its determinants from Table 3. It presents results from a company-agency-year panel regression, where lobbying is regressed on leads and lags of the determinants, controlling for company-year, agency-year, and agency-company fixed effects. The regression equation is: $Lobbied\ agency_{f,a,t} = \sum_{i=-3}^{+3} var_{f,a,t-i} + \gamma_{f,a} + \kappa_{f,t} + \zeta_{a,t}$, where $Lobbied\ agency_{f,a,t}$ indicates whether firm f lobbied agency a in year t, $var_{f,a,t-i}$ is a rule-related variable measured i years before or after year t, and $\gamma_{f,a}, \kappa_{f,t}, \zeta_{a,t}$ are fixed effects. The coefficients are shown in reverse order; for example, in Panel A, the first bar represents the coefficient for the variable measured three years after year t. Panels B, C and D report different variables: relatedness to proposed rules, waivers as a dummy, and the number of waivers, respectively. The bars denote coefficients, and p-values are displayed above each bar.

Panel A: Rules



Panel B: Proposed Rules



Panel C: Agency Waivers (measured as a dummy)



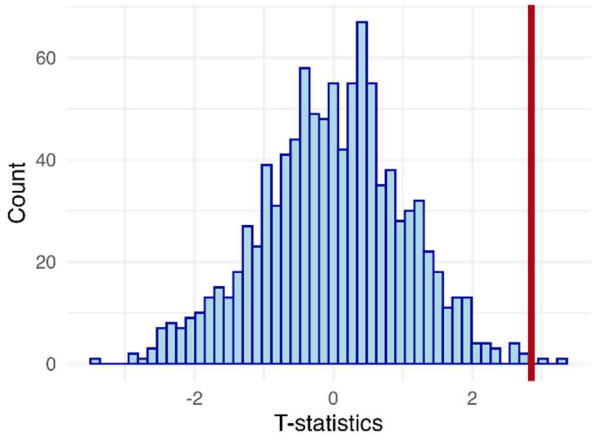
Panel D: Number of Agency Waivers



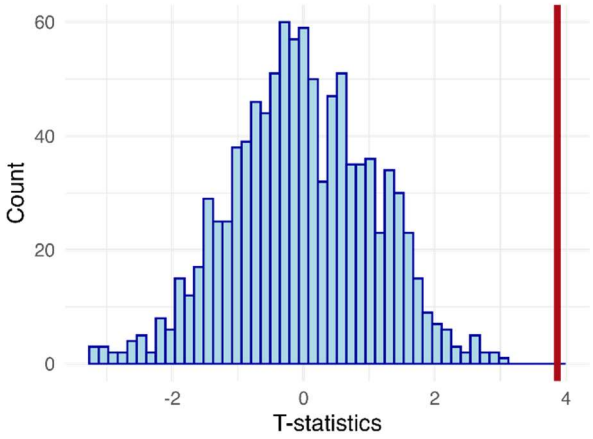
Figure 5: Placebo Analysis, Agency Rulemaking

This figure examines the strength of the relationship between lobbying and rulemaking using placebo simulations. The simulations are generated as follows: we take the company-agency-year panel and replace agency names with placebo agency names by randomly reshuffling them without repetition. The reshuffling is consistent across observations, meaning that if, in one observation, the SEC is replaced with the DHHS, it is replaced in the same way for all observations. This procedure is repeated 1,000 times. We then re-estimate model 1 from Table 3. The blue bars represent the t-statistics from the simulations, while the red bar represents the actual t-statistic. Panel B (Panel C, Panel D) repeats the same procedure for model 2 (model 3, model 4) from Table 3.

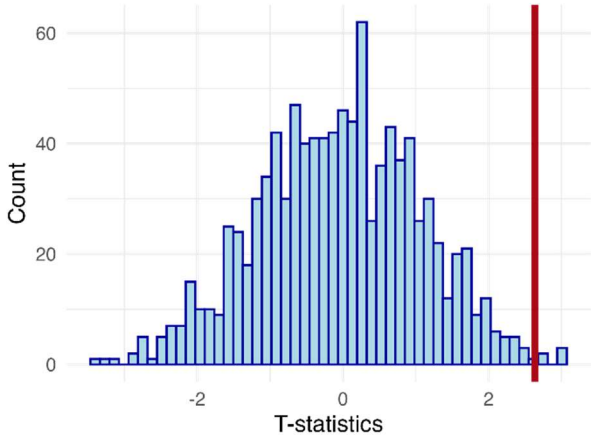
Panel A: Rules



Panel B: Proposed Rules



Panel C: Agency Waivers (measured as a dummy)



Panel D: Number of Agency Waivers

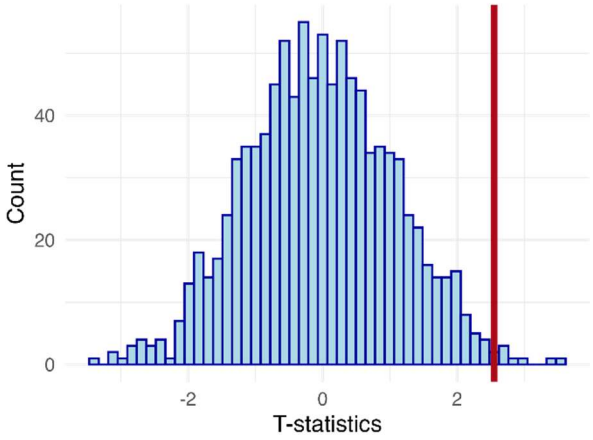


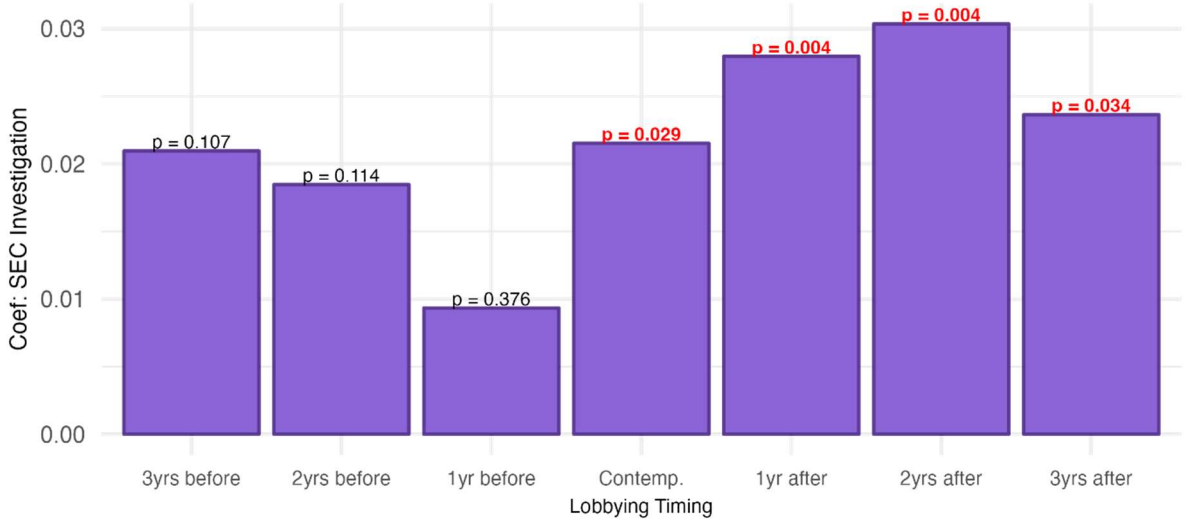
Figure 6: Timing, Agency Investigations

This figure illustrates the timing dynamics of the correlation between agency lobbying and SEC (DoL) investigations from Table 7. Specifically, it estimates the following regression:

$$Lobbied\ agency_{f,t} = \sum_{i=-3}^{+3} Investigation_{f,t-i} + \delta_f + \vartheta_t$$

where $Lobbied\ agency_{f,t}$ indicates whether firm f lobbied agency SEC (DoL) agency in year t, $var_{f,t-i}$ is a dummy. Variable that indicates where SEC (DoL) initiated firm investigation in i years before or after year t, and δ_f, ϑ_t are fixed effects. The coefficients are shown in reverse order; for example, in Panel A, the first bar represents the coefficient for the SEC investigation measured three years after year t. Panel B repeats analysis from Panel for the DoL investigations. The bars denote coefficients, and p-values are displayed above each bar.

Panel A: SEC Investigations



Panel B: DoL Investigations

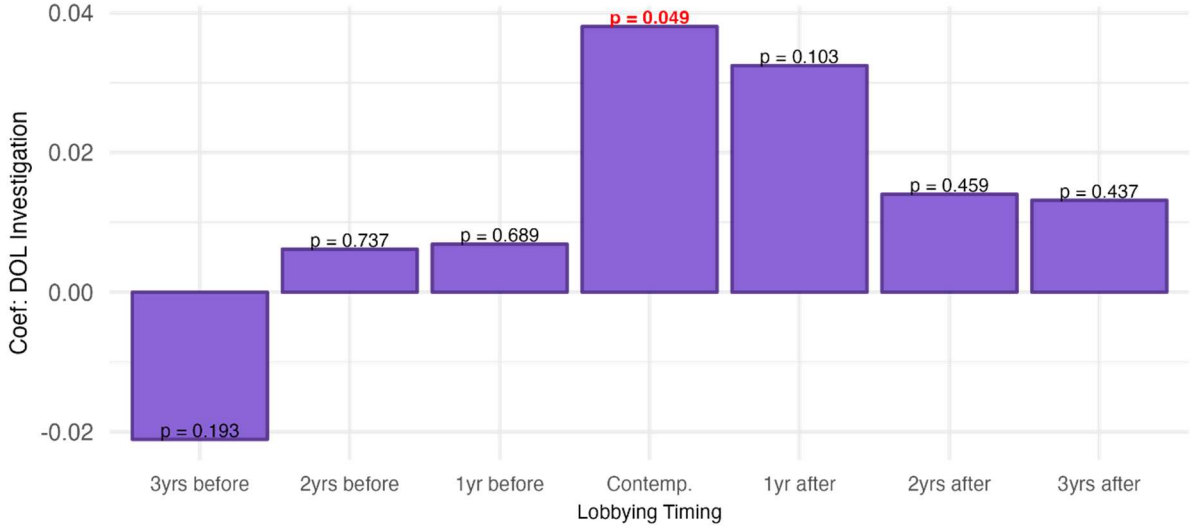


Table 1: Summary Statistics
The sample consists of the top 500 largest companies in the CRSP-Compustat universe each year between 1999 and 2024. Panel A shows firm-year summary statistics. *Firm size* is measured as total assets in millions and reported for the full sample. The next four variables are reported for a subsample of lobbying firm-year observations. *Lobby dollars* represent the total amount of firm lobbying expenses obtained from LD-2 forms, measured in millions. # *Agencies lobbied* is the number of agencies lobbied in a year. # *Issues lobbied* indicates the total number of issues the company lobbied on. # *Lobbyists hired* is the number of lobbyists hired by the firm. # *Waivers received* is the number of waivers issued by government agencies to the firms. # *Enforcements* is the number of enforcement actions issued to the company. *Waivers received* represents the total number of agency waivers a firm received in a given year.

Panel B shows statistics for firm-agency-year sample. *Relatedness_rules (Relatedness_proposed_rules)* represents cosine similarity between the text of firm annual report in a given year and texts of final/proposed rules issued by the agency in the same year.
All variables are defined in Table A2.

Panel A: Firm-year observational level

Variable	Mean	Q1	Median	Q3	N Obs
Firm size	54,900	5,467	14,142	37,882	13,327
Lobby dollars	2.027	0.000	0.640	2.160	8,748
# *Agencies lobbied*	5.143	1.000	3.000	7.000	8,748
# *Issues lobbied*	6.857	3.000	6.000	10.000	8,748
# *Lobbyists*	17.893	4.000	10.000	22.000	8,748
# *Waivers received*	1.530	0.000	0.000	2.000	13,327
# *Enforcements*	0.478	0.000	0.000	1.000	13,327

Panel B: Firm-agency-year observational level

Variable	Mean	Q1	Median	Q3	N Obs
$Relatedness_{Rules}$	0.218	0.183	0.217	0.253	425,033
$Relatendness_{Proposed\ Rules}$	0.223	0.188	0.222	0.257	398,364
$Relatendness_{important\ Rules}$	0.243	0.206	0.239	0.277	265,423

Table 2: Description Statistics on Bills and Rulemaking

This table summarizes the connection between congressional legislation and subsequent rulemaking activity. Panel A lists the two most frequently lobbied bills in our sample—the *Tax Cuts and Jobs Act* and the *Inflation Reduction Act of 2022* together with the number of firms that lobbied on each bill and statistics on related rulemaking, including the number and type of rules produced, the share classified as *important* (significant or major), and the number of agencies involved. Panel B1 aggregates all rulemaking documents in the *Federal Register*. *Number of Documents* is the count of unique rules in each category. *Percent of Rules with Recent Bill* reports the share of rules linked to a congressional bill enacted within the preceding three years. *Average # of Companies Lobbied on Bill* shows the mean number of distinct firms that lobbied Congress on those bills. Panel B2 restricts the sample to *Important Rules* as defined as a combination of major and significant rules. *Percent of Bills Lobbied on* indicates the fraction of underlying bills that were subject to congressional lobbying, while *Percent of Rules Lobbied on* reports the share of rules that received agency-level lobbying. *Average # of Companies Lobbied on Rule* measures the mean number of firms that lobbied the issuing agency on the corresponding rule.

Panel A: Examples of most lobbied bills

Public Law Number	# Companies Lobbied on the Bill	# Proposed Rules Produced	# Final Rules Produced	# Final & Proposed Rules within 3 yrs	# Important Rules Produced	# Agencies worked on rules	Average # Companies Lobbied on Produced Rules
Bill: Tax Cuts and Jobs Act of 2017							
115-97	208	107	114	162	51	17	83
Bill: Inflation Reduction Act of 2022							
117-169	197	49	51	100	14	14	56

Panel B: Relationship between rules and bills

Category	Number of Documents	Percent of Rules with Recent Bill	Percent of bills lobbied on	Percent of Rules lobbied on	Average #of Companies Lobbied on Rule
Proposed Rules	61,325	36.5%	18.0%	43.4%	6.6
Final Rules	95,502	39.5%	16.9%	42.4%	5.4
Important Rules					
Major	1,494	90.1%	55.0%	91.8%	37.0
Significant	7,473	76.4%	32.5%	65.3%	14.9

Table 3: Influence of Agency Rulemaking on Firm Lobbying

The sample is constructed at the firm-agency-year level, based on the top 500 largest companies in the CRSP-Compustat universe from 1999 to 2024. Agencies included are the most commonly lobbied parent agencies identified from LD-2 forms. The dependent variable in Panel A, *Lobbied agency*$_{f,a,t}$ is a dummy variable equal to one if firm *f* lobbied agency *a* in year *t*. In the model 1 (model 2/model 3), the main independent variable is *Relatedness rules* $_{f,a,t}$ (*Relatedness proposed rules* $_{f,a,t}$), which measures the cosine similarity between the annual report of firm *f* and the final rules (or proposed rules) issued by agency *a* in year *t*. In the model 3, the main independent variable is *Agency Waiver*$_{f,a,t}$, which is a dummy variable equal to one if agency a issued at least one regulatory waiver to firm f in year *t*. Model 4 repeats the analysis in model 3, using *# Agency Waivers*$_{f,a,t}$ instead of the dummy variable. All models include company×year, company×agency, and agency×year fixed effects. Panel B examines the determinants of firm–agency lobbying for a given *important rule*. The sample is constructed as the interaction between all important rules *r* that are associated with bills passed in Congress within the past three years and all firms *f*. The dependent variable, *Lobbied agency on rule*$_{f,r}$, equals 1 if a firm lobbied the corresponding agency during the previous three years and the rule's relatedness falls in the top quartile. The key independent variables are defined as follows. *Lobbied on bill* equals 1 if a company lobbied on the bill associated with the given regulation. *Rule technicality* is the normalized technical complexity score of a rule. *Agency discretion (# rules / # agencies)* is defined as the number of rules produced from the associated bill within the subsequent three years divided by the number of agencies involved in issuing those rules. All specifications include fixed effects for the rule, company×year, company×agency, and agency×year. Standard errors are clustered at the firm level. All variables are defined in Table A2.

Panel A: Agency-Company-Year Level

	Dependent variable: *Lobbied agency*$_{f,a,t}$			
	(1)	(2)	(3)	(4)
Relatedness final rules	0.006***			
	(0.002)			
Relatedness proposed rules		0.008***		
		(0.002)		
Agency Waiver			0.002***	
			(0.001)	
# Agency Waivers				0.011***
				(0.004)
Num.Obs.	425,033	398,364	462,000	462,000
R2	0.598	0.600	0.578	0.578
R2 Adj.	0.530	0.528	0.510	0.510
FE: company×year	Yes	Yes	Yes	Yes
FE: company×agency	Yes	Yes	Yes	Yes
FE: agency×year	Yes	Yes	Yes	Yes

Panel B: Relationship Between Bill and Rules Lobbying

	Dependent variable: *Lobbied agency on rule$_{f,r}$*			
	(1)	(2)	(3)	(4)
Lobbied on bill	0.023***	0.027***	0.008	0.018**
	(0.005)	(0.005)	(0.008)	(0.009)
Lobbied on bill × *Rule technicality*		0.023***		
		(0.004)		
Lobbied on bill × *Agency Discretion$_{\#\ rules}$*			0.022***	
			(0.006)	
Lobbied on bill × *Agency Discretion$_{\#\ agencies}$*				0.003
				(0.003)
Num.Obs.	1,835,383	1,835,383	1,835,383	1,835,383
R2	0.500	0.500	0.500	0.500
FE: rule	Yes	Yes	Yes	Yes
FE: company×year	Yes	Yes	Yes	Yes
FE: company×agency	Yes	Yes	Yes	Yes
FE: agency×year	Yes	Yes	Yes	Yes

Table 4: Abnormal Returns around Lobbying Congress and Agencies

Panel A examines abnormal stock-price reactions around the publication of rules and bills that were previously subject to lobbying. The dependent variable, *CAR[-1,1],* measures the cumulative abnormal return over a three-day window around the rule's or bill's publication/passage date. Model (1) uses the sample of all bills lobbied in Congress, while Models (2)–(3) use the sample of important rules interacted with the sample of all firms. Independent variables capture whether the firm lobbied on the relevant bill (*Lobbied on bill*), whether it lobbied the agency issuing the rule (*Lobbied agency on rule*), and whether the rule is associated with a bill (*Associated bill*). The interaction term *Lobbied on bill × Associated bill* tests whether firms that lobbied both the legislative and regulatory sides experience stronger market reactions. Panel B examines CARs around the publication of important rules generated by recently passed legislation (i.e. where *Associated bill* equals to 1). The main explanatory variable, *Lobbied agency*, equals 1 if a firm lobbied the agency on a given rule, as defined in Panel B of Table 3. The interaction term *Lobbied on bill × Associated bill* captures the joint effect of lobbying on the bill that led to the rule and on the agency implementing it. Models (2)–(4) further incorporate rule-level characteristics. *Rule technicality* is a normalized measure of rule complexity. *Agency discretion (# rules / # agencies)* is defined as the number of rules issued from a given bill in the following three years, scaled by the number of agencies involved in implementing those rules. The sample includes all important rules associated with a bill passed in Congress within the last three years. Economic magnitudes reported at the bottom reports the magnitude for the average firm in the sample. All standard errors are clustered at firm level.

Panel A: Abnormal Reaction to Lobbying on Bills and Rules.

	Dependent variable: CAR[-1;1] at		
	Bill ann't	**Rule ann't**	
	(1)	(2)	(3)
Lobbied on bill	0.110***		
	(0.042)		
Lobbied agency on rule		0.038***	0.038***
		(0.011)	(0.011)
Associated bill			0.831
			(61.756)
Lobbied on bill ×Associated bill			0.107***
			(0.038)
Sample	Bills	Imp. Rules	Imp. Rules
Num.Obs.	375,886	4,886,652	4,886,652
R2	0.025	0.058	0.058
Controls	Yes	Absorbed	Absorbed
FE: rule	No	Yes	Yes
FE: company×year	No	Yes	Yes
FE: company×agency	No	Yes	Yes
FE: agency×year	No	Yes	Yes
FE: bill	Yes	Absorbed	Absorbed
Economic magnitude: *Lobbied on Bill*	34 mil		33 mil
Economic magnitude: *Lobbied agency*		12 mil	12 mil

Panel B: Abnormal Reaction to Lobbying on Rules generate by a Recent Bill.

	Dependent variable: CAR[-1,1] at rule ann't			
	(1)	(2)	(3)	(4)
Lobbied agency on rule	0.029*	0.031*	0.009	0.008
	(0.018)	(0.017)	(0.019)	(0.020)
Lobbied on bill	0.110***	0.109***	0.085	0.104
	(0.040)	(0.040)	(0.053)	(0.065)
Lobbied agency on rule × Rule technicality		0.046***		
		(0.017)		
Lobbied on bill × Bill technicality		-0.001		
		(0.037)		
Lobbied agency on rule × Agency Discretion # rules			0.023***	
			(0.008)	
Lobbied on bill × Agency Discretion # rules			0.038	
			(0.042)	
Lobbied agency on rule ×Agency Discretion # agencies				0.029***
				(0.011)
Lobbied on bill × Agency Discretion# agencies				0.002
				(0.025)
Num.Obs.	1,835,383	1,835,383	1,835,383	1,835,383
R2	0.083	0.083	0.083	0.083
FE: rule	Yes	Yes	Yes	Yes
FE: company×year	Yes	Yes	Yes	Yes
FE: company×agency	Yes	Yes	Yes	Yes
FE: agency×year	Yes	Yes	Yes	Yes
Econ magnitude: *Lobbied agency on rule*	9 mil	10 mil	3 mil	3 mil
Econ magnitude: *Lobbied on bill*	34 mil	34 mil		
Econ magnitude *Lobbied agency on rule* interaction term (1 st. dev. ↑)	-	14 mil	7 mil	9 mil

Table 5: Descriptive Statistics on Lobbyists

This table summarizes lobbyists' prior employment and education before entering the lobbying profession. The sample covers about 13,000 lobbyists, with work experience and education obtained from Revelio Labs' LinkedIn data. Panel A1 lists the 25 most common former employers, along with the number of lobbyists, median 2024 compensation, and employer type (government vs. private). Panel A2 aggregates these by employer type. Panel B examines congressional lobbying. The first two columns report the number and share of firms that lobbied on at least one bill (487 firms in total), by whether they employed lobbyists with prior congressional experience and by years since leaving Congress. The next two columns present analogous statistics for bills (754 bills in total), showing that in 580 bills at least one lobbying firm hired a lobbyist with prior congressional experience. The last two columns report firm–bill pairs (6,614 in total), indicating how often a firm lobbying on a given bill employed such lobbyists. Panel C analyzes regulatory lobbying and prior agency experience. Among 5,908 firm–agency pairs, 37.8% had at least one lobbyist who previously worked for that agency. At the rule level, 61.0% of important rules lobbied on had at least one participating firm with a connected lobbyist. At the firm–agency–rule level, companies used a former agency employee in about 12.5% of cases. Panel D provides statistics on lobbyist education, showing the percent of lobbyists with a master's degree, and the percent with a master's degree in each of 11 broad categories along with the agencies for which this expertise is relevant.

Panel A1: Top 25 most common past employers of lobbyists.

Employer	# of Lobbyists	Median Compensation	Employer Type
U.S. House of Representatives	1,375	$94,946	Government
United States Senate	1,061	$92,543	Government
White House Commission on Remembrance	151	$103,632	Government
Department of Justice	127	$158,243	Government
Department of Commerce	100	$124,177	Government
Congress	100	$122,385	Government
Department of State	99	$82,905	Government
The United States Army	98	$74,578	Government
Squire Patton Boggs	96	$217,488	Private
U.S. Department of the Treasury	89	$102,698	Government
U.S. Navy	89	$103,790	Government
Akin, Gump, Strauss, Hauer & Feld	81	$258,981	Private
Air Force	79	$107,213	Government
International Business Machines Corp.	76	$190,738	Private
Chamber of Commerce (Research)	72	$313,213	Government
Department of Health & Human Services	71	$104,417	Government
PricewaterhouseCoopers	71	$154,722	Private
Department of Defense	68	$127,491	Government
Ernst & Young Global	68	$175,016	Private
The Republican National Committee, Inc.	65	$101,481	Government
Department of Energy	62	$112,690	Government
Pfizer Inc.	61	$248,043	Private
The Boeing Co.	60	$241,046	Private
AT&T, Inc.	59	$282,287	Private
Microsoft Corp.	56	$275,475	Private

Panel A2: Top 50 Most Common Past Employers: Government and Private Sector

Category	# of Lobbyists	# of Employers	Median Compensation
Government	3,095	27	$100,909
Private	1,171	23	$205,264

Panel B: Lobbying on Bills and Past Congress Experience

Congress Experience	# (Firm)	% (Firm)	# (Bill)	% (Bill)	#(Firm×Bill)	%(Firm×Bill)
Some experience	380	78.0%	580	76.9%	4,137	62.6%
0–3 years	268	55.0%	386	51.2%	1,851	28.0%
3–9 years	54	11.1%	118	15.7%	1,255	19.0%
≥10 years	58	11.9%	76	10.1%	1,031	15.6%
No experience	107	22.0%	174	23.1%	2,477	37.5%
Total	487	100%	754	100%	6,614	100%

Panel C: Lobbying on Regulations and Past Agency Experience

Agency Experience	# (Firm–Agency)	% (Firm–Agency)	# (Rule-Level)	% (Rule-Level)	# (Firm–Agency–Year)	% (Firm–Agency–Year)
Some experience	2,234	37.8%	3,200	61.0%	1,729	12.5%
0–3 years	1,005	17.0%	1,564	29.8%	403	2.9%
3–9 years	715	12.1%	1,084	20.6%	562	4.1%
≥10 years	514	8.7%	552	10.5%	764	5.5%
No experience	3,674	62.2%	2,049	39.0%	12,109	87.5%
Total	5,908	100%	5,249	100%	13,838	100%

Panel D: Lobbyist education

Lobbyist Education	#	%	Related Agencies
Masters Degree	2,645	16.9%	
Field			
Law & Policy	487	3.1%	DOJ, DOS, GAO, OMB
Business & Finance	290	1.9%	CFTC, Commerce, Treasury, FDIC, Fed, FTC, USTR, PBGC, SEC, SBA
Engineering & Technology	281	1.8%	CIA, USDA, USAF, Army, Commerce, HUD, Navy, Transportation, EPA, FEMA, FERC, FMC, GSA, NASA, NTSB
Social Sciences	267	1.7%	USAID, DOL, DOS
Arts & Humanities	173	1.1%	DOEdu, LOC
Science & Environment	131	0.8%	USDA, Army, DOD, HHS, HUD, EPA, FERC, FMC, NASA, NTSB, NRC
Security & Military	115	0.7%	CIA, USAF, Army, Navy, Transportation, VA, OHS
Health & Medicine	94	0.6%	HHS, Army, Navy, VA
Math & Data	42	0.3%	CIA, USAF, DOE (Energy), HHS, Navy, Transportation, NSF
Education	38	0.2%	DOEdu
Other	778	5.0%	–

Table 6: Value of connections in lobbying agencies

Panel A examines the relationship between firm returns and agency lobbying across all rules. The dependent variable, *CAR*[-1;1], measures the cumulative abnormal return over a three-day window around the rule publication date. The main explanatory variable, *Lobbied agency on rule*, equals 1 if a firm lobbied the agency issuing the rule. *Lobbied agency on rule*$_{Connected}$ equals 1 when a firm employs at least one lobbyist who previously worked for the same agency, zero otherwise. *Lobbied agency on rule*$_{Expertise}$ equals 1 if a firm employs at least one lobbyist with a master's degree in a field related to the agency's area of regulation, zero otherwise, as described in Panel D of Table 5. *Lobbied agency on rule*$_{Connected \& expertise}$, *Lobbied agency on rule*$_{Connected \& no\ expertise}$, and *Lobbied agency on rule*$_{Not\ connected \& expertise}$ represent combinations of these two characteristics. Panel B repeats the analysis for subsamples of more technical and less technical rules, defined as above-median versus below-median technicality, respectively. All regressions include fixed effects for the rule, company×year, company×agency, and agency×year, with standard errors clustered at the company level. Economic magnitudes reported at the bottom are calculated based on the average firm size.

Panel A: All Important Rules

	***Dependent variable: CAR[-1,1]* at rule ann't**			
	(1)	(2)	(3)	(4)
Lobbied agency on rule	0.031***	0.026**	0.031***	0.026**
	(0.011)	(0.011)	(0.011)	(0.011)
Lobbied agency on rule$_{Connected}$	0.048**			
	(0.024)			
Lobbied agency on rule$_{Expertise}$		0.093***		
		(0.026)		
Lobbied agencyon rule$_{Connected \& Expertise}$			0.141***	0.146***
			(0.039)	(0.039)
Lobbied agency on rule$_{Connected \& No\ expertise}$			-0.001	
			(0.029)	
Lobbied agency on rule$_{Not\ connected \& Expertise}$				0.052
				(0.034)
Num.Obs.	4,886,652	4,886,652	4,886,652	4,886,652
R2	0.058	0.058	0.058	0.058
FE: rule	Yes	Yes	Yes	Yes
FE: company×year	Yes	Yes	Yes	Yes
FE: company×agency	Yes	Yes	Yes	Yes
FE: agency×year	Yes	Yes	Yes	Yes
Econ magnitude: *Lobbied agency on rule*	10 mil	8 mil	10 mil	11 mil
Econ magnitude: conn, expertise or both	15 mil (conn)	29 mil (exp)	44 mil (both)	45 mil (both)
Econ magnitude: total	25 mil	37 mil	53 mil	56 mil

Panel B: More and Less Technical Important Rules

	Dependent variable: CAR[-1,1] **at rule ann't**			
	More Technical Rules		**Less Technical Rules**	
	(1)	(2)	(3)	(4)
Lobbied agency on rule	0.031*	0.022	0.027*	0.028*
	(0.016)	(0.016)	(0.016)	(0.017)
Lobbied agency on rule$_{Connected\ \&\ Expertise}$	0.208***	0.220***	0.063	0.060
	(0.049)	(0.048)	(0.066)	(0.065)
Lobbied agency on rule$_{Connected\ \&\ No\ expertise}$	-0.020		0.023	
	(0.038)		(0.048)	
Lobbied agency on rule$_{Not\ connected\ \&\ Expertise}$		0.081*		0.014
		(0.047)		(0.051)
Num.Obs.	1,862,945	1,862,945	2,432,140	2,432,140
R2	0.076	0.076	0.074	0.074
FE: rule	Yes	Yes	Yes	Yes
FE: company×year	Yes	Yes	Yes	Yes
FE: company×agency	Yes	Yes	Yes	Yes
FE: agency×year	Yes	Yes	Yes	Yes
Econ magnitude: *Lobbied agency on rule*	10 mil	7 mil	8 mil	9 mil
Econ magnitude: conn, expertise or both	65 mil	68 mil	19 mil	19 mil
Econ magnitude: total	75 mil	75 mil	28 mil	28 mil

Table 7: The Influence of Investigation on Company Lobbying.

This table examines how investigations by regulatory agencies affect firm lobbying activity. The dependent variable, *Lobbied agency*$_{f,a,t}$ equals 1 if firm *f* lobbied agency *a* in year *t*. Columns (1)–(2) focus on investigations by specific agencies, with *SEC Investigation*$_{f,t}$ (*DOL Investigation*$_{f,t}$) equal to 1 if firm *f* was under investigation by the SEC (Department of Labor) in year *t*. Columns (3)–(4) use a broader sample of agency investigations drawn from the Violation Tracker database. *Investigation Start* $_{f,a,t}$ equals 1 if firm *f* received a violation fine from agency *a* in the following year, which approximates the start of an investigation. Columns (4) disaggregate investigations by size. *Large Investigation Start* $_{f,a,t}$, *Medium Investigation Start* $_{f,a,t}$, and *Small Investigation Start* $_{f,a,t}$ are dummy variables equal to 1 if the firm's penalty in the following year falls into the top, middle, or bottom tercile of the fine distribution, respectively. Columns (1)–(2) include company and year fixed effects, while Columns (3)–(4) include company×year, company×agency, and agency×year fixed effects. Standard errors are clustered at the firm level. Firm-level controls include size, leverage, capital expenditures and profitability. All variables are defined in Table A2.

	Dependent variable: *Lobbied agency*$_{f,a,t}$			
	(1)	(2)	(3)	(4)
SEC Investigation$_{f,a,t}$	0.028**			
	(0.011)			
DOL Investigation$_{f,a,t}$		0.023*		
		(0.014)		
Investigation Start$_{f,a,t}$			0.018***	
			(0.005)	
Large Investigation Start$_{f,a,t}$				0.015**
				(0.007)
Medium Investigation Start$_{f,a,t}$				0.018**
				(0.009)
Small Investigation Start$_{f,a,t}$				-0.006
				(0.007)
Num.Obs.	10,940	11,440	273,000	283,500
R2	0.452	0.448	0.596	0.595
Controls	Yes	Yes	Absorbed	Absorbed
Sample	SEC Investigation	DOL Investigations	Violation Tracker	Violation Tracker
FE: company×year	No	No	Yes	Yes
FE: company×agency	No	No	Yes	Yes
FE: agency×year	No	No	Yes	Yes
FE: company	Yes	Yes	No	No
FE: year	Yes	Yes	No	No

Table 8: The Relation between Agency Enforcement Actions and Company Lobbying

This table examines whether company lobbying behavior affects market reactions to subsequent agency enforcement actions. The dependent variable, *CAR*[-1;1], measures the cumulative abnormal return over a three-day window centered on the announcement of the enforcement action. The key explanatory variable, *Lobbied agency*, equals 1 if the firm lobbied the agency that initiated the enforcement action within the previous three years. Column (1) focuses on enforcement actions by the SEC and the Department of Labor (DOL), while Columns (2)–(4) expand the sample to include all agencies covered by the Violation Tracker database. Columns (3)–(4) further decompose lobbying relationships based on connections and expertise. *Lobbied agency*$_{Connected}$ equals 1 when a firm employed a lobbyist who previously worked for the same agency. *Lobbied agency*$_{Expertise}$ equals 1 when a firm employed a lobbyist holding a master's degree in a field relevant to the agency's area of regulation. Columns (1) and (2) include company, year, and agency fixed effects, while Columns (3) and (4) include company×year, company×agency, and agency×year fixed effects. Standard errors are clustered at the firm level.

	Dependent variable: CAR[-1,1] at enforcement ann't			
	(1)	(2)	(3)	(4)
Lobbied agency	0.280**	0.754***	0.709***	0.754***
	(0.127)	(0.241)	(0.240)	(0.240)
Lobbied agency$_{Connected}$			0.728*	
			(0.414)	
Lobbied agency$_{Expertise}$				0.073
				(0.338)
Num.Obs.	13,787	30,911	30,911	30,911
R2	0.048	0.390	0.391	0.390
Samples	SEC & DOL enforcement actions	All enforcement actions	All enforcement actions	All enforcement actions
Controls	Yes	Absorbed	Absorbed	Absorbed
FE: company×year	No	Yes	Yes	Yes
FE: company×agency	No	Yes	Yes	Yes
FE: agency×year	No	Yes	Yes	Yes
FE: company	Yes	No	No	No
FE: year	Yes	No	No	No
FE: agency	Yes	No	No	No

Table 9: Abnormal Returns Around Chevron Decision

This table examines firms' stock market reactions around the U.S. Supreme Court's *Chevron* decision on June 24, 2024. The dependent variable is the cumulative abnormal return (*CAR*) over either a three-day window (*CAR*[-1;1]) or a five-day window (*CAR*[-2;2]) surrounding the decision date. The main explanatory variable, *Lobbied agency*, equals 1 if a firm lobbied at least one federal agency in 2023. Control variables include *Lobbied congress* (a dummy equal to 1 if a firm lobbied Congress in 2023), *Lobbying amount* (the logarithm of total lobbying expenditures in 2023), *Size* (log of total assets), *Leverage* ((dltt + dlc)/at), *Capex/At*(capital expenditures over total assets), and *EBITDA/Sales* (operating profitability). All regressions include Fama–French 48 industry fixed effects, and standard errors are clustered at the industry level. All variable definitions are provided in Table A2.

	Dep't Variable = CAR's around Chevron	
	CAR[-1,1]	**CAR[-2,2]**
	(1)	(2)
Lobbied agency	-1.141***	-1.008**
	(0.409)	(0.410)
Lobbied congress	0.245	0.267
	(0.279)	(0.424)
Lobbying amount	0.305*	0.192
	(0.173)	(0.184)
Num.Obs.	500	500
R2	0.270	0.243
Controls	Yes	Yes
FE: industry	Yes	Yes
Econ Magnitude: *Lobbied agency*	353 mil	312 mil

Table 10: Deaths and Scandals This table examines how unexpected shocks to lobbying networks—such as lobbyist deaths, scandals, or lawsuits—affect firms' stock market reactions to regulatory rulemaking. We identify individual lobbyists and lobbying firms that ceased lobbying following one of these events and construct a sample of affected firms based on their prior lobbying connections. For each affected firm–agency pair, we observe outcomes within a three-year window before and after the event.

The key explanatory variable, *Lobbyists lost (fraction)*, measures the fraction of lobbyists that a firm previously used to lobby a given agency who were lost due to death, scandal, or lawsuit. The dependent variable, *CAR*[-1;1] (or *CAR*[-2;2]), represents the cumulative abnormal return around the publication of rules related to the affected agency.

Columns (1)–(2) report results for all important rules, while Columns (3)–(4) restrict the analysis to important and relevant rules—those most closely connected to the agency or issue area in which the firm lost lobbying capacity. Control variables include *Lobbied congress*, *Lobbying amount*, *Size*, *Leverage*, *Capex/At*, and *EBITDA/Sales*. All regressions include rule, agency, company, and year fixed effects, with standard errors clustered at the firm level.

	Dep't Var = CARs around rule announcement			
	CAR[-1,1]	**CAR[-2,2]**	**CAR[-1,1]**	**CAR[-2,2]**
	(1)	(2)	(3)	(4)
Lobbyists lost (fraction)	-0.406***	-0.643***	-0.452***	-1.010***
	(0.108)	(0.187)	(0.166)	(0.234)
Lobbied congress	0.495*	-0.003	0.068	1.305*
	(0.259)	(0.294)	(0.661)	(0.709)
Lobbying amount	0.024	0.143	0.215	0.311
	(0.076)	(0.105)	(0.142)	(0.217)
Num.Obs.	20,852	20,852	7,824	7,824
R2	0.399	0.405	0.481	0.501
Sample	All Rules	All Rules	Relevant Rules	Relevant Rules
Controls	Yes	Yes	Yes	Yes
FE: rules	Yes	Yes	Yes	Yes
FE: agency	Yes	Yes	Yes	Yes
FE: company	Yes	Yes	Yes	Yes
FE: year	Yes	Yes	Yes	Yes

Appendix

Table A1: List of Agencies.
This table lists all agencies used in the analysis. The second column shows their abbreviations, while the third and fourth columns indicate where agencies write rules and notices, respectively. The fifth column shows whether an agency had at least one enforcement action (Violation Tracker), and the sixth column indicates whether an agency issues government contracts (usaspending.gov). The last column denotes whether each agency is an independent agency or an executive agency.

Agency	Abbreviation	Rules	Notices	Enforcements	Contracts	Agency Type
Agency For International Development	USAID	Yes	Yes	No	Yes	Independent
Central Intelligence Agency	CIA	No	No	No	No	Independent
Commodity Futures Trading Commission	CFTC	Yes	Yes	Yes	Yes	Independent
Department of Agriculture	USDA	Yes	Yes	Yes	Yes	Executive
Department of Air Force	USAF	No	Yes	No	No	Executive
Department of Army	Army	Yes	Yes	No	No	Executive
Department of Commerce	Commerce	Yes	Yes	Yes	Yes	Executive
Department of Defense	DOD	Yes	Yes	No	Yes	Executive
Department of Education	DOEdu	Yes	Yes	Yes	Yes	Executive
Department of Energy	DOE	Yes	Yes	Yes	Yes	Executive
Department of Health and Human Services	HHS	Yes	Yes	Yes	Yes	Executive
Department of Housing and Urban Development	HUD	Yes	Yes	Yes	Yes	Executive
Department of Justice	DOJ	Yes	Yes	Yes	Yes	Executive
Department of Labor	DOL	Yes	Yes	Yes	No	Executive
Department of Navy	Navy	No	Yes	No	No	Executive
Department of State	DOS	Yes	Yes	No	Yes	Executive
Department of Transportation	Transportation	Yes	Yes	Yes	Yes	Executive
Department of Treasury	Treasury	Yes	Yes	Yes	Yes	Executive
Department of Veteran Affairs	VA	Yes	Yes	No	Yes	Executive
Environmental Protection Agency	EPA	Yes	Yes	Yes	Yes	Independent
Export-Import Bank	EXIM	Yes	Yes	No	Yes	Independent
Federal Communications Commission	FCC	Yes	Yes	Yes	Yes	Independent
Federal Deposit Insurance Corporation	FDIC	Yes	Yes	Yes	No	Independent
Federal Emergency Management Agency	FEMA	Yes	Yes	No	Yes	Executive
Federal Energy Regulatory Commission	FERC	No	Yes	Yes	No	Independent
Federal Maritime Commission	FMC	Yes	Yes	Yes	Yes	Independent
Federal Reserve System	Fed	Yes	Yes	Yes	No	Independent
Federal Trade Commission	FTC	Yes	Yes	Yes	Yes	Independent
General Services Administration	GSA	Yes	Yes	No	Yes	Independent
Government Accountability Office	GAO	Yes	Yes	No	Yes	Independent
International Trade Commission	ITC	Yes	Yes	Yes	Yes	Independent
Library Of Congress	LOC	Yes	Yes	No	No	Independent
National Aeronautics and Space Administration	NASA	Yes	Yes	No	Yes	Independent
National Science Foundation	NSF	Yes	Yes	No	Yes	Independent
National Transportation Safety Board	NTSB	Yes	Yes	No	Yes	Independent
Nuclear Regulatory Commission	NRC	Yes	Yes	Yes	Yes	Independent
Office Of Homeland Security	OHS	Yes	Yes	No	Yes	Executive
Office Of Management and Budget	OMB	Yes	Yes	No	No	Executive
Office Of United States Trade Representative	USTR	Yes	Yes	No	No	Executive
Pension Benefit Guaranty Corporation	PBGC	Yes	Yes	No	No	Independent
Postal Service	USPS	Yes	Yes	No	No	Independent
Securities and Exchange Commission	SEC	Yes	Yes	Yes	Yes	Independent
Small Business Administration	SBA	Yes	Yes	No	Yes	Independent

Table A2: Variable Definitions.

Name	Description	Level	Data Source
Lobbied agency	Dummy variable equal to one when company *f* lobbied agency *a* in year *t*	Company×agency×year	LD-2s
Relatedness proposed (final/important) rules	Cosine similarity between the text of firm *f*'s annual report in year *t a*nd the texts of all proposed (final/important) rules published by agency *a* in year *t*	Company×agency×year	Federal Register, SEC EDGAR
Agency Waiver	Dummy variable equal to one if firm *f* received a regulatory waiver from agency *a* in year *t*. We identify waivers from Federal Register notices mentioning firms	Company×agency×year	Federal Register
# Agency Waivers	Number of regulatory waivers received by a company *f* from agency *a* in year *t*	Company×agency×year	Federal Register
Related Rule	Dummy variable equal to one if the cosine similarity between the text of the selected rule and firm *f*'s annual report in the corresponding year is in the top quartile	Company×rule	Federal Register, SEC EDGAR
Lobbied agency on rule	Dummy variable equal to one if company *f* lobbied agency *a* at least once during years *t–3, t–2*, or *t–1* and the Related Rule dummy equals one	Company×agency×year	LD-2s, Federal Register, SEC EDGAR
Associated bill	Dummy variable equal to one if a rule is associated with a bill introduced within the three years prior to the rule	Rule×bill	Federal Register, Congress.gov
Lobbied on bill	Dummy variable equal to one if a company reports lobbying on a specific bill in LD-2 filings	Company×bill	LD-2s
Rule (bill) technicality	Continuous measure based on ModernBERT embeddings of the full rule/bill text, capturing how specialized, technical, and domain-dense the language is	Rule (bill)	Federal Register, Congress.gov
Agency Discretion # rule (# agencies)	Number of rules produced from the associated bill within the subsequent three years divided by the number of agencies involved in issuing those rules	Agency×bill	Federal Register
CAR [-1,1]	Three-day cumulative abnormal return calculated as the difference between the firm's daily stock return (%) and S&P 500 daily return (%)	Company×date	CRSP
Lobbied agency on rule (Connected)	Dummy variable equal to one if Lobbied agency on rule equals one and the company employed a lobbyist who previously worked at that agency	Company×agency×year	LD-2s, Federal Register, SEC EDGAR, Revelio
Lobbied agency on rule (Expertise)	Dummy variable equal to one if Lobbied agency on rule equals one and the company employed a lobbyist with a relevant master's degree, as defined in Table 5 Panel D	Company×agency×year	LD-2 Forms, Federal Register, SEC EDGAR, Revelio
SEC / DOL Investigation	Dummy variable equal to one when firm *f i*s under SEC (DOL) investigation in year *t*	Company×year	FOIA requests, Blackburne et al. (2021), DOL website
Investigation Start	Dummy variable equal to one if firm f receives an enforcement penalty from agency a in year *t+2*. The two-year lag accounts for investigation duration	Company×agency×year	Violation Tracker
Large / Medium / Small Investigation Start	Dummy variable equal to one if Investigation Start equals one and the penalty amount is in the top / middle / bottom tercile, respectively	Company×agency×year	Violation Tracker
Lobbyists lost (fraction)	Fraction of lobbyists previously hired by firm f to lobby agency a who permanently exit lobbying following a death, scandal, or lawsuit	Company×agency×year	LD-2 Forms, news sources
Firm Size	Logarithm of total assets	Company×year	Compustat

Name	Description	Level	Data Source
Leverage	(dlc + dltt) / at, where dlc = debt in current liabilities, dltt = long-term debt, and at = total assets	Company×year	Compustat
Capex/AT	capx / at, where capx = capital expenditures and at = total assets	Company×year	Compustat
EBITDA/Sales	ebitda / sale, where ebitda = EBITDA and sale = Sales	Company×year	Compustat
# Agencies lobbied	Total number of agencies lobbied by firm *f* in year *t*	Company×year	LD-2 Forms / SOPR
# Issues lobbied	Total number of issues lobbied by firm *f* in year *t*	Company×year	LD-2 Forms / SOPR
Lobbying Amount	Logarithm of Lobbying dollars	Company×year	LD-2 Forms / SOPR
Lobbied Congress	Dummy variable equal to one when firm *f* lobbied Congress in year *t*	Company×year	LD-2 Forms / SOPR

Table A3: Measuring firm lobbying an agency on a rule, validation exercise

In this section, we aim to validate the measure *Lobbied agency on rule* using a subsample where we can confidently determine that a company actually lobbied an agency on a specific rule. To do this, we use comment letters available on Regulations.gov together with the website's search API. The process proceeds in several steps.

First, we construct the list of all lobbying firms hired by companies in our sample after 2008. We focus on the post-2008 period because coverage on regulations.gov is limited before then.

Second, for each lobbying firm and each year, we query the comments API at https://api.regulations.gov/v4/comments. We run the search separately by year to avoid losing results due to API limits (in some cases results are capped at the first 500 records). Conceptually, this mirrors the manual process of taking a lobbying firm name, such as "Squire Patton Boggs", and searching for all comments authored by that firm using the website search interface, for example: https://www.regulations.gov/search/comment?filter=Squire%20Patton%20Boggs%20.

Third, after collecting all search results, we extract the docket numbers associated with each comment. For example, suppose Squire Patton Boggs submitted the comment available at: https://www.regulations.gov/comment/TREAS-DO-2023-0009-0060. From this we identify the docket it belongs to: https://www.regulations.gov/docket/TREAS-DO-2023-0009. We then retrieve the RIN associated with that docket (in this example, **1505-AC82**). Once the RIN is known, we link the docket to the corresponding Federal Register rule document—in this case document number **2023-17164**, available at: https://www.federalregister.gov/documents/2023/08/14/2023-17164/provisions-pertaining-to-us-investments-in-certain-national-security-technologies-and-products-in.

Fourth, we match this information to our lobbying data by identifying all firms in our sample that hired the lobby firm in a given year (i.e. Squire Patton Boggs in 2023). Using these links, we construct the variable *Lobbied agency on rule via comment letter.* This indicator equals one if a company hired a lobbying firm in a given year and that lobbying firm submitted a comment letter on the docket associated with the rule.

Lastly, we restrict the sample to the important rules used in Col 2 of Table 4. This step is necessary because the Federal Register and Regulations.gov differ in coverage, with the latter primarily beginning around 2008 and not including all agencies. Therefore, we only retain rules from Col 2 whose RINs can be matched to a corresponding docket in regulations.gov.

In column (1), the dependent variable *Lobbied agency* equals one if a company lobbied the relevant agency at any point in the previous three years. In column (2), the dependent variable is *Lobbied agency on rule*, which equals one if a company lobbied the agency in the previous three years and the rule's relevance is in the top quartile. Both models include the same fixed effects as Col 2 of Table 4. The strong statistical significance (t-stat > 5) of *Lobbied agency on rule via comment letter* in the second model indicates that our main proxy, *Lobbied agency on rule*, effectively captures lobbying activity related to specific rules.

Dependent Variable:	*Lobbied agency*	*Lobbied agency on rule*
	(1)	(2)
Lobbied agency on rule via comment letter	0.0034	0.0200***
	(0.0027)	(0.0039)
Num.Obs.	215,536	215,536
R2	0.847	0.579
FE: rule	Yes	Yes
FE: company×year	Yes	Yes
FE: company×agency	Yes	Yes
FE: agency×year	Yes	Yes

Internet Appendix to
Corporate Lobbying of Bureaucrats

Michelle Lowry and Ekaterina Volkova

Figure IA1: Rulemaking in Federal Register

The figure displays the number of proposed and final rules in the Federal Register per year.

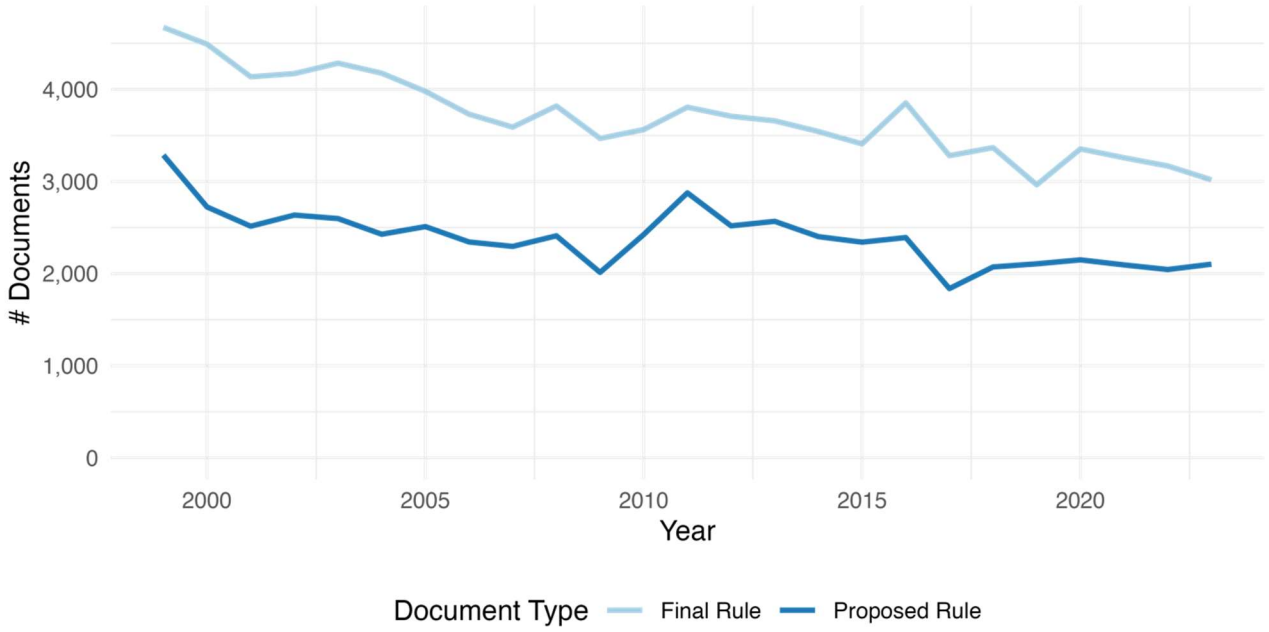


Figure IA2: Waiver Examples
Panel A provides an example of a waiver granted to Ford Motor Company by the Department of Labor, giving the company greater flexibility in managing retirement benefits. Panel B shows an example of the Federal Energy Regulatory Commission's (FERC) blanket approval for certain wholesale electric power transactions by Georgia-Pacific Corporation.
Panel A Department of Labor Waiver to Ford Motor
https://www.federalregister.gov/documents/2009/06/26/E9-15159/notice-of-proposed-exemptions

Ford Motor Corporation and Its Affiliates (Collectively, Ford) Located in Detroit, MI

Proposed Exemption

The Department is considering granting an exemption under the authority of section 408(a) of the Act and in accordance with the procedures set forth in 29 CFR part 2570, subpart B (55 FR 32836, 32847, August 10, 1990).

Section I. Covered Transactions

If the exemption is granted, the restrictions of sections 406(a)(1)(B), 406(a)(1)(D), 406(b)(1), and 406(b)(2) of the Act shall not apply, effective July 13, 2006, to: (1) Monthly cash advances to Ford by the Independent Health Care Trust for UAW Retirees of Ford Motor Company (the DC VEBA), as defined in section III(f), below, of this exemption, to reimburse Ford for the estimated mitigation of certain health care expenses (the Mitigation), as defined in section III(h), below, of this exemption, and during the period from July 14, 2006 through February 28, 2007, for the payment of dental expenses incurred by participants in the DC VEBA; and (2) an annual "true-up" of the Mitigation payments and dental expenses against the actual expenses incurred, with the result that: (a) if Ford has been underpaid by the DC VEBA, Ford receives the balance outstanding from the DC VEBA with interest, or (b) if the DC VEBA has overpaid Ford, Ford reimburses the DC VEBA for the amount overpaid, with interest.

Panel B. FERC Waiver to Georgia-Pacific

https://www.federalregister.gov/documents/2000/12/18/00-32121/georgia-pacific-corporation-notice-of-issuance-of-order

DOCUMENT HEADINGS

Department of Energy
Federal Energy Regulatory Commission
[Docket No. ER00-3604-000 and ER00-3604-001]

December 12, 2000.

Georgia-Pacific Corporation (Georgia-Pacific) submitted for filing a rate schedule under which Georgia-Pacific will engage in wholesale electric power and energy transactions at market-based rates. Georgia-Pacific also requested waiver of various Commission regulations. In particular, Georgia-Pacific requested that the Commission grant blanket approval under 18 CFR Part 34 of all future issuances of securities and assumptions of liability by Georgia-Pacific.

On December 8, 2000, pursuant to delegated authority, the Director, Division of Corporate Applications, Office of Markets, Tariffs and Rates, granted requests for blanket approval under Part 34, subject to the following:

Within thirty days of the date of the order, any person desiring to be heard or to protest the blanket approval of issuances of securities or assumptions of liability by Georgia-Pacific should file a motion to intervene or protest with the Federal Energy Regulatory Commission, 888 First Street, NE., Washington, DC 20426, in accordance with Rules 211 and 214 of the Commission's Rules of Practice and Procedure (18 CFR 385.211 and 385.214).

Absent a request for hearing within this period, Georgia-Pacific is authorized to issue securities and assume obligations or liabilities as a guarantor, indorser, surety, or otherwise in respect of any security of another person; provided that such issuance or assumption is for some lawful object within the corporate purposes of the applicant, and compatible with the public interest, and is reasonably necessary or appropriate for such purposes.

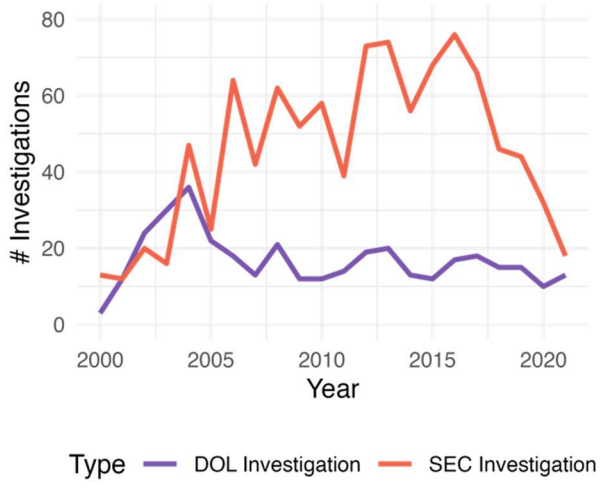
The Commission reserves the right to require a further showing that neither public nor private interests will be adversely affected by continued approval of Georgia-Pacific's issuances of securities or assumptions of liability.

Notice is hereby given that the deadline for filing motions to intervene or protests, as set forth above, is January 8, 2001.

Figure IA3: SEC/DOL Investigations

This figure illustrates trends in SEC and DOL investigations. Panel A show the number of investigations initiated each year. Panel B displays the number of investigations by firm size quartile, while Panel C depicts the distribution of investigations across Fama-French 12 industries.

Panel A: Trends in SEC/DOL Investigations



Panel B: SEC/DOL Investigation and Firm Size



Panel C: Distribution of SEC/DOL Investigation by Industry

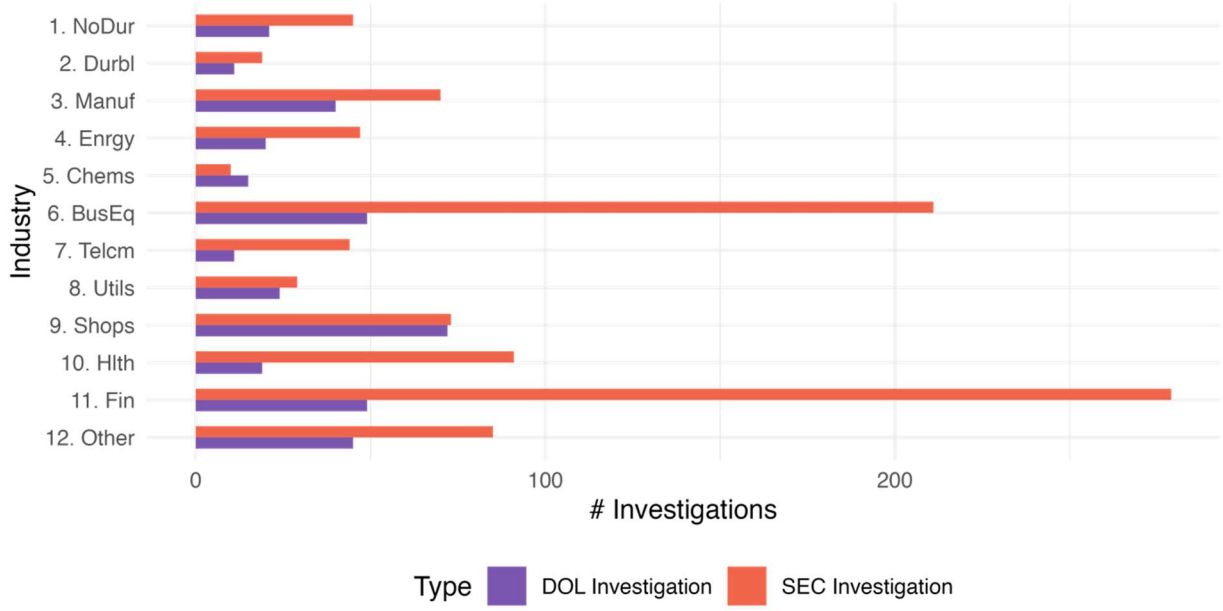
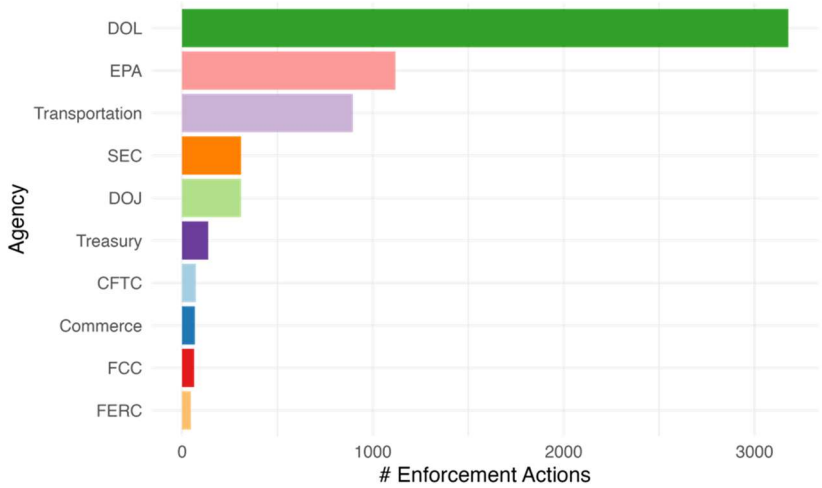
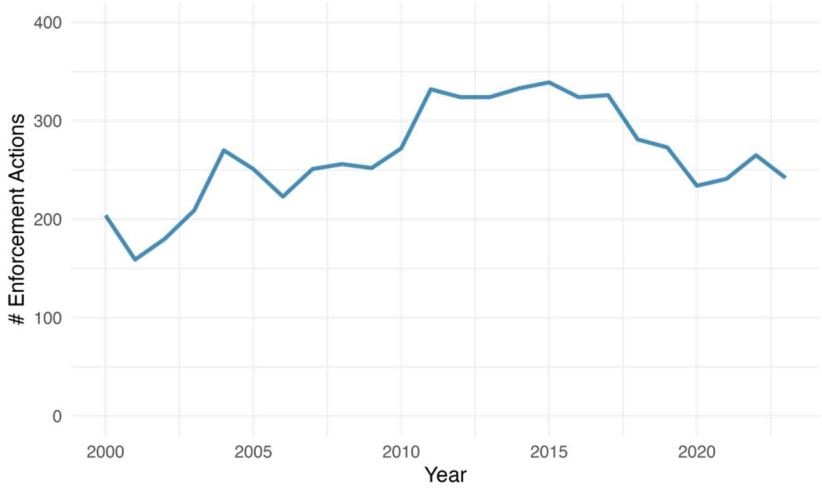


Figure IA4: Enforcement Actions This figure presents statistics for enforcement actions sourced from Violation Tracker data. Panel A displays the top 10 agencies with the highest number of enforcement actions. Panel B plots trends in enforcement actions over time. Panel C shows the number of enforcement actions by firm size quartile, while Panel D depicts the distribution across Fama-French 12 industries.

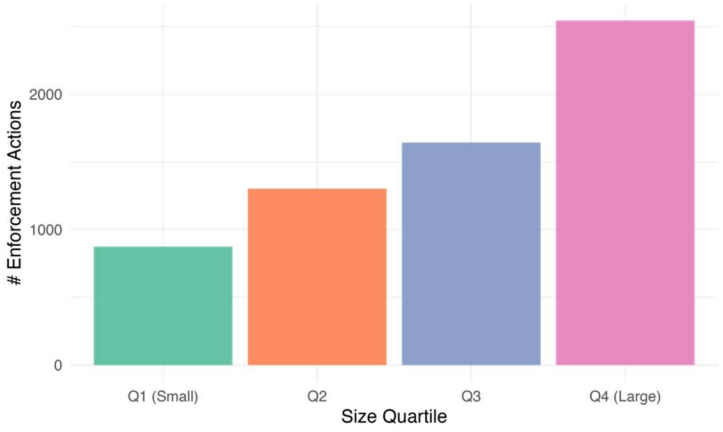
Panel A: Top 10 Agencies by Number of Enforcement Actions



Panel B: Number of Enforcement Actions over Time



Panel C: Number of Enforcement Actions by Firm Size Quartile



Panel D: Number of Enforcement Actions by Industry

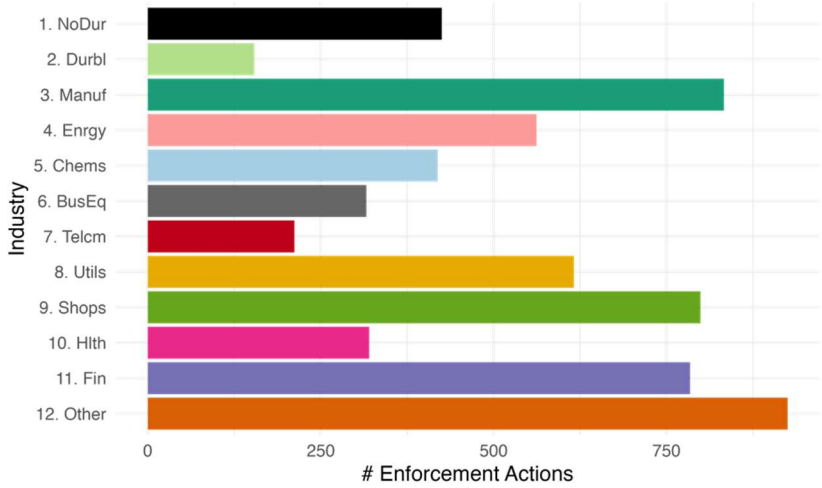


Figure IA5: Timing, Enforcement Actions associated with Investigations by all Agencies
This figure illustrates the timing dynamics of the correlation between agency lobbying and its determinants from Table 7. It presents results from a company-agency-year panel regression, where lobbying is regressed on leads and lags of the determinants, controlling for company-year, agency-year, and agency-company fixed effects. The regression equation is:

$$Lobbied\ agency_{f,a,t} = \sum_{i=-3}^{+3} Investigation\ Start_{f,a,t-i} + \gamma_{f,a} + \kappa_{f,t} + \zeta_{a,t}$$

where $Lobbied\ agency_{f,a,t}$ indicates whether firm f lobbied agency a in year t, $Investigation\ Start_{f,a,t-i}$ is measured i years before or after year t, where year t is defined as one year prior to the enforcement action date. $\gamma_{f,a}, \kappa_{f,t}, \zeta_{a,t}$ are fixed effects. The coefficients are shown in reverse order; for example, the first bar represents the coefficient for the variable measured three years after year t.



Figure IA6: Placebo analysis, Agency Enforcement Actions

This figure examines the strength of the relationship between lobbying and agency enforcement actions using placebo simulations. The simulations are generated as follows: we take the company-agency-year panel and replace agency names with placebo agency names by randomly reshuffling them without repetition. The reshuffling is consistent across observations, meaning that if, in one observation, the SEC is replaced with the DHHS, it is replaced in the same way for all observations. This procedure is repeated 1,000 times. We then re-estimate model 3 from Table 7. The blue bars represent the t-statistics from the simulations, while the red bar represents the actual t-statistic.

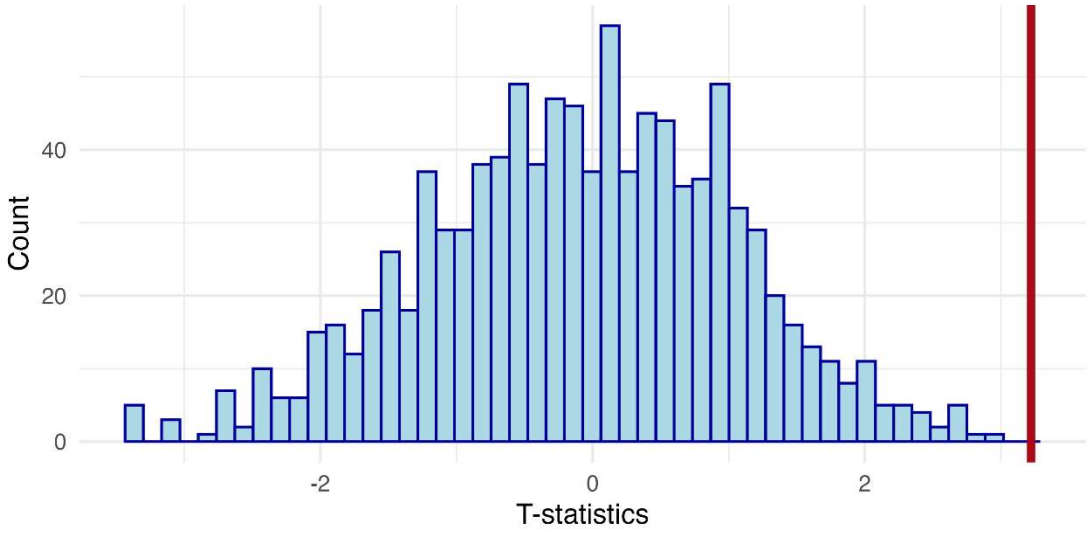


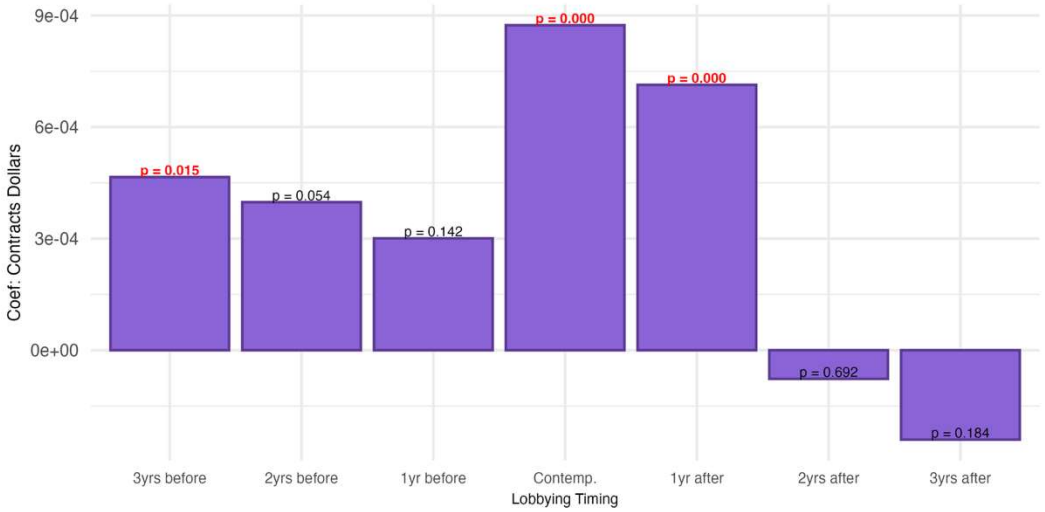
Figure IA7: Government Contracts

These figures illustrate the timing dynamics of the correlation between agency lobbying and its determinants. Panel A presents results from a company-agency-year panel regression, where lobbying is regressed on leads and lags of the determinants, controlling for company-year, agency-year, and agency-company fixed effects. The regression equation is:

$$Lobby_{f,a,t} = \sum_{i=-3}^{+3} contract_{f,a,t-i} + \gamma_{f,a} + \kappa_{f,t} + \zeta_{a,t}$$

where $Lobby_{f,a,t}$ indicates whether firm f lobbied agency a in year t, $contract_{f,a,t-i}$ is a logarithm of the total dollar amount of contracts awarded in year $t - i$ to firm by agency, and $\gamma_{f,a}, \kappa_{f,t}, \zeta_{a,t}$ are fixed effects. Panel B examines the strength of the relationship between lobbying and contract grants using placebo simulations. The simulations are generated as follows: we take the company-agency-year panel and replace agency names with placebo agency names by randomly reshuffling them without repetition. The reshuffling is consistent across observations, meaning that if, in one observation, the SEC is replaced with the DHHS, it is replaced in the same way for all observations. This procedure is repeated 1,000 times. We then re-estimate contemporaneous regression with all double fixed effects. The blue bars represent the t-statistics from the simulations, while the red bar represents the actual t-statistic.

Panel A: Timing of Lobbying and Government Contract



Panel B: Placebo Simulations

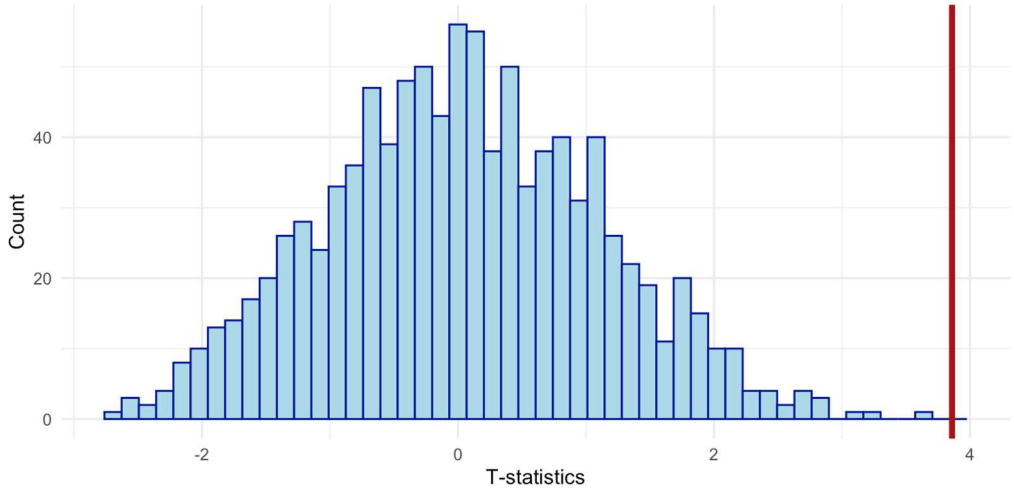


Table IA1: The Influence of Agency Rulemaking on Firm Lobbying, subset of firm-years with lobbying

This table replicates Table 3, on the subset of firm-years with positive lobbying expenditures.

	Dependent variable: *Lobbied Agency*$_{f,a,t}$			
	(1)	**(2)**	**(3)**	**(4)**
Relatedness_rules$_{f,a,t}$	0.007***			
	(0.003)			
Relatedness_proposed rules$_{f,a,t}$		0.010***		
		(0.002)		
Agency Waiver$_{f,a,t}$			0.002*	
			(0.001)	
# *Agency Waivers*$_{f,a,t}$				0.009*
				(0.005)
Num.Obs.	284,370	265,776	293,370	293,370
R2	0.600	0.602	0.596	0.596
R2 Adj.	0.541	0.541	0.540	0.540
FE: company×year	Yes	Yes	Yes	Yes
FE: company×agency	Yes	Yes	Yes	Yes
FE: agency×year	Yes	Yes	Yes	Yes

Table IA2: Abnormal Returns Around Publication of Important Final Rules. Robustness

This table examines abnormal stock returns around the publication dates of important (major or significant) rules. Column (2) replicates the specification from Table 4 with a different set of fixed effects. Models (1)–(6) repeat the analysis using fewer or single fixed effects. Columns (7) and (8) extend the baseline specification by including high-dimensional fixed effects: agency × firm-size decile (calculated within each year) × year and agency × Fama–French 12 industry × year.

	***Dependent variable: CAR[-1,1]* at rule ann't**							
	Varying sets of Single FE (instead of double FE)						Additional sets of interacted FE	
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
Lobbied agency on rule	-0.011	0.015	0.019**	0.027***	0.027***	0.028***	0.038***	0.035***
	(0.009)	(0.009)	(0.009)	(0.010)	(0.010)	(0.010)	(0.011)	(0.011)
Num.Obs.	4,886,652	4,886,652	4,886,652	4,886,652	4,886,652	4,886,652	4,879,700	4,879,695
R2	0.004	0.005	0.005	0.025	0.025	0.025	0.057	0.067
FE: company	Yes	Yes	Yes	Yes	Yes	Yes	No	No
FE: agency	No	No	Yes	No	No	Yes	No	No
FE: year	No	Yes	Yes	No	Yes	Yes	No	No
FE: rule	No	No	No	Yes	Yes	Yes	Yes	Yes
FE: company×year	No	No	No	No	No	No	Yes	Yes
FE: company×agency	No	No	No	No	No	No	Yes	Yes
FE: agency×size×year	No	No	No	No	No	No	Yes	No
FE: agency×industry×year	No	No	No	No	No	No	No	Yes

Table IA3: Abnormal Returns Around Publication of Rules by Rule Type.

This table replicates Column (2) from Table 4, splitting the sample into significant proposed rules, significant final rules, and major final rules. The analysis is also repeated using three-day and five-day windows around the rule announcement date.

Dependent variable:	***CAR[-1,1]***	***CAR[-2,2]***	***CAR[-1,1]***	***CAR[-2,2]***	***CAR[-1,1]***	***CAR[-2,2]***
	(1)	(2)	(3)	(4)	(5)	(6)
Lobbied agency on rule	0.033*	0.050**	0.040**	0.049**	0.076**	0.085**
	(0.017)	(0.022)	(0.017)	(0.020)	(0.031)	(0.041)
Num.Obs.	1,941,191	1,941,191	2,201,335	2,201,335	554,658	554,658
R2	0.068	0.077	0.068	0.078	0.138	0.150
Sample:	Proposed Rules (Significant)		Final Rules (Significant)		Final Rules (Major)	
FE: rule	Yes	Yes	Yes	Yes	Yes	Yes
FE: company×year	Yes	Yes	Yes	Yes	Yes	Yes
FE: company×agency	Yes	Yes	Yes	Yes	Yes	Yes
FE: agency×year	Yes	Yes	Yes	Yes	Yes	Yes

Table IA4: Congress vs Agency Lobbying. Alternative Definition.

This table examines the incremental value of lobbying agencies to lobbying of Congress. To identify whether a company lobbied Congress or a specific agency on a proposed/final rule, we use content from LD-2 forms. Specifically, we compute the BERT cosine similarity between each Line 16 of all LD-2 filings by the company and the abstracts of significant final rules published by agencies. A firm is considered to have lobbied agency *a* on a rule in year *t* if, within the past three years, at least one Line 16 has a cosine similarity above 0.4 with the rule's abstract and the agency is listed in the associated Line 15. Similarly, we classify a firm as lobbying Congress if the House or Senate appears in Line 15 under the same similarity condition.

This approach embeds rule relevance based on LD-2 information directly into the *Lobbied agency on rule* and *Lobbied Congress on rule* indicators. Models 1 and 2 mimics the analysis from Col 2 of Table 4, restricting sample to cases where a company lobbied Congress on a rule, controlling for rule fixed effects, as well as company×year, company×agency, and agency×year fixed effects. Models 3 and 4 repeat this analysis using only rule, agency, company, and year fixed effects. Standard errors are clustered at the company level.

	Sample: Conditional on Lobbying Congress on a given Rule			
	CAR[-1,1]	CAR[-2,2]	CAR[-1,1]	CAR[-2,2]
Lobby agency on rule	0.051**	0.050	0.034*	0.073***
	(0.024)	(0.029)	(0.019)	(0.028)
Num.Obs.	577,800	577,800	579,169	579,169
R2	0.072	0.080	0.033	0.036
R2 Adj.	0.045	0.054	0.024	0.026
FE: rule	Yes	Yes	Yes	Yes
FE: company×year	Yes	Yes	No	No
FE: company×agency	Yes	Yes	No	No
FE: agency×year	Yes	Yes	No	No
FE: agency	No	No	No	No
FE: company	No	No	No	No
FE: year	No	No	No	No

Table IA5: Abnormal Returns around Lobbying Controlling for Revolving Door

This table replicates Model (2) of Table 4 while controlling for a company–year–agency measure of # *Former agency regulators at company*. This measure counts regulator-to-firm transitions as measured in Emery and Faccio (2025). Columns 1 – 3 use three alternative measures of # *Former agency regulators at company* : an indicator variable for whether a company has any former regulators from the agency, the total number of former regulators from the agency, and the logarithm of this number. Fixed effects used in prior specifications are also included.

	Dep. variable: CAR[-1,1] at rule ann't		
	(1)	(2)	(3)
Lobbied agency on rule	0.035***	0.035***	0.035***
	(0.011)	(0.011)	(0.011)
I(#Former agency regulators at company > 0)	0.055*		
	(0.030)		
# Former agency regulators at company		0.043*	
		(0.024)	
Log(1 + # Former agency regulators at company)			0.073*
			(0.040)
Num.Obs.	3,863,282	3,863,282	3,863,282
R2	0.053	0.053	0.053
FE: rule, company×year, company×agency, agency×year	Yes	Yes	Yes

Data Appendix to Lobbying Congress vs Agencies

This data appendix provides additional detail regarding data sources employed in the paper.

A. Mapping Agency Rules to Congressional Bills

1. Obtaining list of bills: First, we download all Congressional bills from the following website: https://www.govinfo.gov/bulkdata/BILLSTATUS. Congressional bill numbers have two parts. The first part is the prefix, H.R. or S., which designates whether the bill originated in the House or the Senate, respectively. (H.Res. and S.Res. are excluded, as they represent resolutions that only apply to one chamber, pertaining for example to internal rules and procedures for that chamber. They do not go to the other chamber, and they never become Public Law.) The second part is a number, where the numbers start at 1 at the beginning of each Congress and increase sequentially. Each Congress lasts two years, for example Congress 116 covers the period January 3, 2019 through January 3, 2021. To provide one example, H.R. 1865 from the 116th Congress denotes the 1865th bill originating in the House during this time frame.

   For bills introduced prior to the 108th Congress, the data format differs slightly, and bulk downloads are not available. For these earlier Congresses, we obtain bill status information using the Congress.gov API at https://api.congress.gov/v3/bill.

2. Extracting bill dates: For each bill, the variables *actionName* and *actionDate* (available both in the BILLSTATUS bulk downloads and via the Congress.gov API) record the sequence of legislative actions and the corresponding dates. We identify passage events by selecting actions whose description contains the phrase "Passed/agreed to in" for the House and Senate. We then define the bill's "uncertainty-resolution" date as the date the bill is passed by the second chamber. This date serves as the bill-passage date in our empirical analysis.

3. Mapping bills to public laws: After final bill passage, the bill becomes public law. We merge the bill number to public law (PL) number from https://www.congress.gov/public-laws/, using the date to identify which Congress number the bill applies to.

   For example, H.R.1865 was introduced in the House on March 25, 2019, meaning it applies to the 116th Congress; it is signed in the second chamber, i.e., the Senate, on November 12, 2019 (which we use as the bill passage date), and it becomes PL 116-94 on December 20, 2019 (https://www.congress.gov/bill/116th-congress/house-bill/1865/actions).

   To provide a second example, S.3084 was introduced in the Senate on June 22, 2016, meaning it applies to the 114th Congress; it is signed by the second chamber, i.e., the House, on December 16, 2016, and it becomes PL 114-329 (https://www.congress.gov/bill/114th-congress/senate-bill/3084).

4. Getting texts of bills: For each bill that becomes public law, we download the entire bill text from https://www.congress.gov/public-laws/. We use this text to define technicality using ModernBERT sentence embeddings. The model captures how closely the wording of a statute resembles specialized legal and bureaucratic language rather than general, accessible prose. Statutes written in more domain-specific and technical language receive higher technicality scores.

5. Mapping public laws to rules: We get the list of Public Law numbers from https://www.congress.gov/public-laws/ and search for these identifiers in the statutory-authority fields of Federal Register rules. Because Public Law identifiers appear in multiple textual formats

(e.g., “PL 116-94,” “Public Law 116-94,” “Pub. L. No. 116-94”), we standardize them using regular expressions prior to searching. A rule may cite multiple Public Laws; we therefore record all cited Public Law numbers for each rule. We then merge these Public Law numbers to the bill–to–Public Law mapping constructed in Step 3, yielding a Federal Register rule → Public Law → bill mapping.

B. Lobbying on Bills and Rules

1. Lobbying on Bills (*Lobbed on bill*): We search line 16 of each LD2 form (as filed at the company x lobbying firm x quarter level) for mention of each bill number, taking into account which Congress the bill applies to. For example, bill H.R.1865 lobbied in 3rd quarter 2019 refers to the 116th Congress, whereas bill S.3084 lobbied in 3rd quarter 2016 refers to the 114th Congress.

2. Lobbying on Rules (*Lobbied agency on rule*): Our objective is to determine whether company *c* lobbied agency *a* on rule *r*, where *a* represents the agency that wrote *r*. First, from line 17 of the LD2 form, we determine whether company *c* lobbied agency *a*. Second, for each potential company × rule pair, we calculate the cosine similarity between company c’s 10K and the text of rule *r*, where both the rule and the 10K pertain to year *t*. We classify all cases in which this cosine similarity falls into the top quartile as related rules, i.e., rules that are relevant for company *c*. Company c is classified as having lobbied on this related rule r if it lobbied the relevant agency a at any point during the three-year period prior to the rule’s issuance. Table A3 provides a validation of the proposed measure where we capture actual lobbying with comment letters.

   As an alternative way to identify whether company *c* lobbied on rule *r*, we compare the issues listed by the company in Line 16 of its LD-2 filings to the abstract of rule *r*. We compute the cosine similarity between the BERT embedding of each Line 16 entry and the embedding of the rule abstract. Company c is classified as having lobbied agency *a* on rule *r* if, during the three years prior to the rule’s issuance, (i) at least one Line 16 description has a similarity above 0.4 with the rule abstract, and (ii) agency *a* is listed in Line 17 of the corresponding LD-2 filing. Results are reported in Table IA4.

C. Lobbyists' connections and expertise

1. For each of the approximately 18,000 lobbyists in our sample, we concatenate the name of the lobbyist, the name of the lobbying firm, and the word "LinkedIn." For example, we search for "JEFFREY TURNER SQUIRE PATTON BOGGS LinkedIn." We use the Tavily Search API to automatically query this text string. Because nearly all lobbyists are located in Washington, DC, we route traffic through a VPN in DC. We retain the top five search results and supply the JSON output—which includes the URLs and brief descriptions—to ChatGPT. ChatGPT then evaluates each result and verifies whether both the individual's name and the lobbying firm match the lobbyist in our dataset, identifying the correct LinkedIn profile URL. In nearly all cases, only one valid LinkedIn profile is identified across the five search results. All matches are additionally verified manually.

2. The use of the search API has advantages over fuzzy name-matching techniques because it allows us to capture variations in how individuals present their names online. For example, a lobbyist formally listed as "Jeffrey Turner" at Squire Patton Boggs appears as "Jeff Turner" on LinkedIn. Likewise, the search API enables us to correctly identify profiles associated with longer names, such as matching "JUAN ITURREGUI" to the LinkedIn profile of "Juan Carlos Iturregui", as well as cases involving maiden-name usage, such as "MIMI SIMONEAUX" appearing as "Mimi Simoneaux Kneuer."

3. Importantly, this process works well for lobbyists, because nearly all lobbyists have active Linkedin profiles. This approach may not extend to situations in which individuals have less strong incentives to maintain active LinkedIn profiles.

4. Once we have identified the correct LinkedIn profile, we extract the individual's unique LinkedIn identifier from the profile URL. For example, in the LinkedIn page https://www.linkedin.com/in/jeff-turner-7a0b397/, the identifier is *jeff-turner-7a0b397*. We then use this identifier to match the individual to the Revelio dataset.

5. Expertise: From Revelio 'individual_user_education' dataset, we capture each individual lobbyist's education. We identify if the person has a masters' degree, and if so the field of this degree. Revelio provides both a raw field and a cleaned field; we use the raw field, because many observations are missing for cleaned field. We download all raw cases (> 1,000 unique values), and we ask ChatGPT to group these into 11 distinct categories, as listed in Table 5, Panel D.

   We map these expertise categories to the relevant government agencies, based on the skills required for each agency. This mapping is similarly provided in Table 5, Panel D.

6. Connections: From Revelio 'individual_positions' dataset, we download the employment history of each individual lobbyist. All companies in Revelio data can be mapped to the ultimate parent employer using 'company_mapping' dataset. For all cases in which the parent employer is 'Government of the United States of America' (ultimate parent rcid 1006288), we extract the direct employer; this includes cases such as Department of Commerce, Department of State, etc. We additionally manually search for agency and subagency names across all direct employers, to identify the small number of cases that do not list the US government as the parent employer. (examples

include OIRA, OMB, House Committee of Homeland Security). If the direct employer is an agency that the individual subsequently lobbied, we code this as a connection.

D. Deaths and scandals

1. We run a series of searches to identify cases involving deaths, lawsuits, or public scandals. First, we conduct searches at the individual-lobbyist level. Using the Tavily Search API, we search for the lobbyist's full name in combination with the terms *"lobbyist obituary OR died OR death OR passed away OR funeral."* We also conduct a separate search combining the lobbyist's name with *"lobbyist scandal OR lawsuit OR trial."* Second, we conduct analogous searches at the lobbying-firm level by combining the firm name with *"lobbying firm scandal OR lawsuit OR trial."*

2. For each query, we retain the top five search results and provide the JSON output (including URLs and brief descriptions) to ChatGPT. ChatGPT then evaluates each result to determine whether it documents an actual death, lawsuit, or scandal involving the lobbyist or lobbying firm, and identifies the most relevant source URL. All flagged cases are subsequently carefully verified manually. The searches for deaths are particularly noisy, often returning obituary pages unrelated to lobbyists. We therefore retain only cases in which the obituary clearly states that the deceased individual worked as a lobbyist.

3. To further ensure that these events are meaningful and severe, we restrict attention to cases in which the lobbyist (or lobbying firm) ceased lobbying activity following the event.

4. Our automated process is designed to mimic a careful manual search. For example, for the lobbyist **Guy Vander Jagt**, we search for the exact phrase
"GUY VANDER JAGT lobbyist obituary OR died OR death OR passed away OR funeral."
ChatGPT selects the most relevant result from the top five search outputs—in this case:
https://www.legacy.com/obituaries/name/guy-vander-jagt-obituary?pid=89483199
We then manually review the obituary to verify that it references his lobbying career.

5. We follow the same procedure when identifying lawsuits or scandals, manually reading the most relevant source for confirmation. Examples include the **Podesta Group** investigation at the firm level (https://www.nbcnews.com/politics/justice-department/justice-department-ends-investigation-tony-podesta-vin-weber-without-charges-n1058306) and the **Mark Magliocchetti** case at the individual-lobbyist level (https://www.nytimes.com/2010/09/25/us/politics/25lobby.html).