

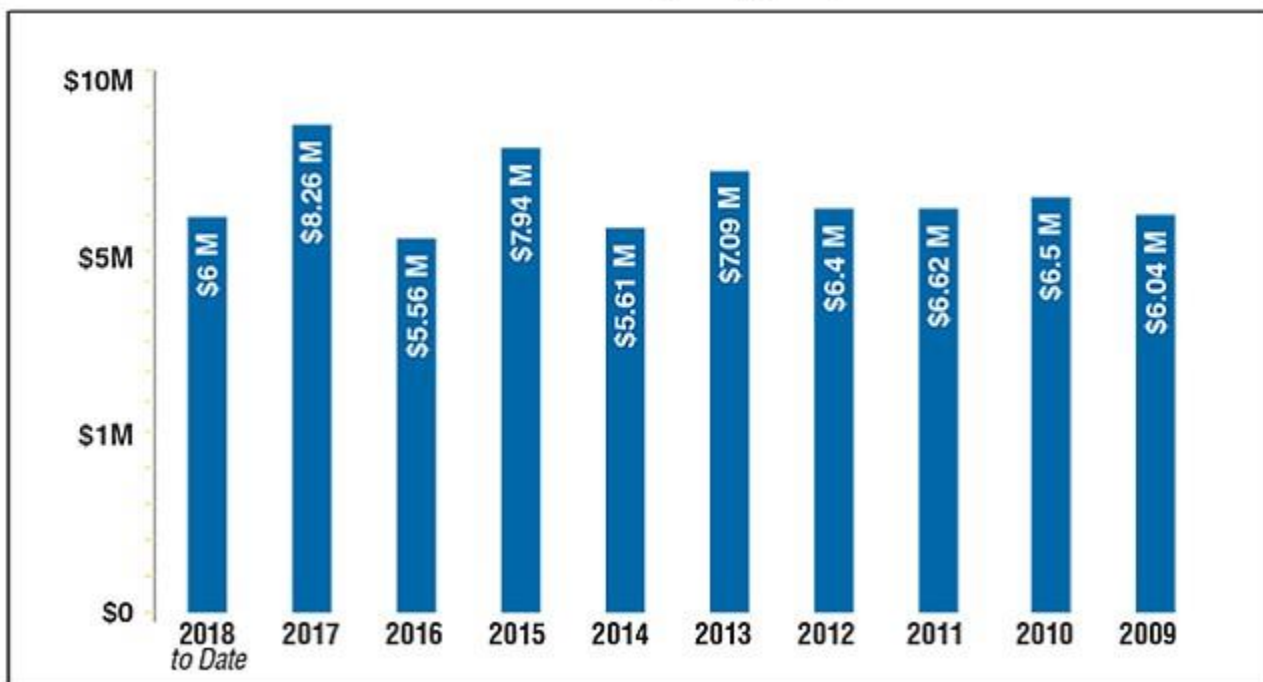
TECH: QUALCOMM'S TECH OPERATES IN HEAVILY REGULATED CLIMATE

Co. Seeks to Cover Public Policy Bases

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Qualcomm's Direct Lobbying Spend



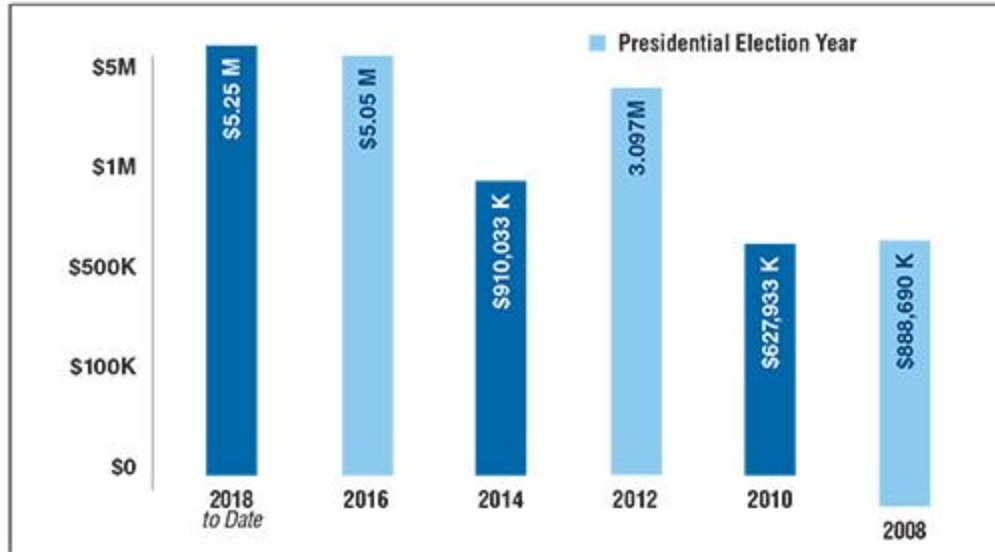
Qualcomm's Direct Lobbying Spend

With its \$6 million lobbying budget for 2018, Qualcomm Inc.'s spending to date far outpaced its industry peers.

The San Diego-based semiconductor company has maintained significant spending levels to gain the ear of D.C. leaders in the past few years. So far this year, it has outspent competitors such as Intel Corp. and Broadcom Inc., who have spent \$3.07 million and \$910,000 respectively, according to the Center for Responsive Politics' database of lobbying expenses and campaign contributions.

"Semiconductors in general haven't been strong lobbyists but Qualcomm might lead the way to increasing the payments," said Kevin Cassidy, an analyst with Stifel, Nicolaus & Co. Inc.

The total campaign contributions for Qualcomm, including those to political candidates, PACs and parties



Source: The Center for Responsive Politics

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A Big Impact

Miro Copic, a marketing professor with San Diego State University, added that lobbying gives research-heavy companies like Qualcomm the most bang for their buck.

“It’s an extraordinary means of using broad marketing dollars,” Copic said. “An ad campaign doesn’t have anything near the same impact.”

About half of the Qualcomm’s spending this year went to Washington, D.C.-based firm Covington & Burling LLP, which has been the company’s top firm for more than the past decade.

Last year, Qualcomm’s lobbying expenses peaked at \$8.26 million. The company also secured two major political wins: The stopping of Broadcom’s acquisition attempt and the passage of the Tax Cuts and Jobs Act.

With Broadcom, President Donald Trump blocked the merger with an executive order in March, before a scheduled stockholder vote that could have put Broadcom’s candidates in control of the board of directors. The Committee on Foreign Investment in the United States (CFIUS) had also expressed security concerns over Qualcomm being acquired by a foreign company (Broadcom is now headquartered in the U.S., where it conducts most of its business, but was headquartered in Singapore at the time).

“It worked out for Qualcomm,” Cassidy said. “Their lobbying efforts were pretty clear with getting Broadcom away from trying to acquire them through CFIUS.”

Tax Cuts and Jobs Act

The Tax Cuts and Jobs Act let Qualcomm repatriate its \$28.8 billion in income abroad at a much lower tax rate, though the company also reported it was hit with a \$6 million charge as a result of the policy change. Slashing the corporate income tax rate to 21 percent also freed up some additional cash.

Intellectual property protections also ranked high on Qualcomm’s list of top issues. Copic said the new NAFTA, the U.S. Mexico-Canada Agreement, included tougher patent protections that will benefit Qualcomm.

“They (Qualcomm) research and evolve the next generation of wireless technologies,” Copic said. “These are huge issues for them.”

Future Oriented

Qualcomm’s lobbying efforts, like its research business, point to future technologies. According to the Center for Responsive Politics, Qualcomm has pushed for freeing up more spectrum for 5G networks, and advancing smart city infrastructure, tele-health and self-driving cars. Those initiatives fit into Qualcomm’s broader strategy of not just having its chips in smartphones, but a multitude of connected devices, presumably supported by a 5G network.

That is evident in Qualcomm’s stymied attempt to acquire Dutch counterpart NXP Semiconductors, which is known for its work with IoT and autonomous vehicles.

“Qualcomm is used to selling to a handful of very large customers. IoT is going to be many, smaller customers,” Cassidy said. “They need to have different infrastructure to support a larger customer base. That’s what NXP was about.”

Campaign Cash

In addition to Qualcomm’s lobbying spend, the company also has a significant footprint in the election cycle. Individuals and organizations associated with Qualcomm spent \$5.25 million toward campaign donations this year.

Of that, just short of \$313,000 went to federal candidates.

The top recipient was Sen. Dianne Feinstein (D-Calif.), who received \$24,110. Sara Jacobs, who ran for a seat in the U.S. House, and is also Qualcomm co-founder Irwin Jacobs’ granddaughter, received \$19,750. Sen. Chris Coons (D-Delaware) was also a major recipient, with \$16,400 in contributions.

By far, the majority of cash from Qualcomm affiliates went to “outside groups,” including super PACs and tax-exempt nonprofits. A total of \$3.605 million went to these entities.

The top three include super PAC “Women Vote!,” the “Value in Electing Women” PAC, and the “Senate Majority PAC,” a Democratic super PAC that supports Senate campaigns.

Qualcomm did not respond to a request for comment.