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DRAINING THE SWAMP

By Preston Mui

AN IN-DEPTH REVIEW OF TAXPAYER-FUNDED LOBBYING IN WASHINGTON STATE

EXECUTIVE SUMMARY

Taxpayer-funded lobbying is on the rise. Even as government budgets are strained and an income tax is considered, government entities continue to spend millions of taxpayer dollars to pay for lobbyists.

Data compiled by contract lobbyists and public agency lobbying report forms filed with the Public Disclosure Commission (PDC) reveal \$6 million worth of taxpayer-funded lobbying expenditures in 2009 alone, and over \$42 million from 2000 to 2009. In addition, spending on taxpayer-funded lobbying is on the rise. Lobbying expenditures reported to the PDC have more than doubled since 2000.

Most of these expenditures were spent on lobbyists and lobbying firms. While taxpayers were footing the bill, a few lobbyists were receiving huge checks.

However, these figures do not reveal all funds spent on taxpayer-funded lobbying. The Freedom Foundation uncovered over \$4.6 million in lobbyist expenditures that were not reported by various public agencies. Sound Transit alone, until questioned by the Evergreen Freedom Foundation, had not reported over \$800,000 spent on lobbying since 2003 — and the reports Sound Transit filed late were filed improperly.

Also not reported in lobbying forms are hidden costs associated with public agency lobbying, such as pensions and benefits, and the millions spent by state agencies and municipalities to lobby the federal government.

Though not technically public agencies, public employee unions—whose members are required by state law to pay union dues—spent over \$26 million lobbying the state legislature from 2000-2009.

The problems uncovered in this report illustrate Washington's need for specific reforms regarding taxpayer-funded lobbying. The best approach to draining the taxpayer-funded lobbying swamp is to prohibit the practice as much as possible, and to enact specific transparency and enforcement reforms. Toward that end, the Freedom Foundation recommends the following:

- Prohibit state agencies from hiring contract lobbyists
- Prohibit state agency employees other than the director or deputy director from lobbying
- Prohibit state agencies from paying dues to associations that lobby
- Enact stricter penalties and enforcement for public entities failing to disclose or improperly disclosing lobbying expenditures
- Follow Florida's example by fining individuals, rather than taxpayer-funded agencies, when public funds are improperly used for lobbying and suspend lobbying privileges for public entities that fail to comply with public disclosure laws
- Increase transparency by requiring public entities to provide more detailed descriptions of their lobbying activities
- Increase transparency and discourage the passage of unfunded mandates on local governments (and the subsequent lobbying to pay for them) by requiring that fiscal notes with financial implications for local governments be completed prior to a bill's first public hearing

"You must drain the swamp if you are going to govern for the people." - Nancy Pelosi, 2006, on corrupt lobbyist-politician relationships

Playing politics with other people's money

When government officials use taxpayer funds to lobby Olympia, they use other people's money to advocate for programs, laws or taxes those taxpayers might not support. The appropriation of taxpayer dollars for these purposes is, as Thomas Jefferson once said, "sinful and tyrannical," for it forces citizens to support ideas they oppose. It is doubly unjust if someone who opposes higher taxes must pay to fund lobbying for higher taxes.

In addition to the financial costs of taxpayer-funded lobbying, the practice also distorts the political process. Citizens who participate in the political process are forced to compete with public agencies that are funded by their tax dollars. A truly fair political process cannot exist when one voice must fund the political activities of another.

As long as taxpayer-funded lobbying is allowed to continue, citizens will be disadvantaged against government agencies in the political arena.¹ This turns the notion of a republican form of government on its head. When citizens must both fund and compete with government, government ceases to be the servant of the people.

Taxpayer-funded lobbying leads to growth in government

Forcing citizens to fund government lobbying also leads to growth in the size and cost of government. Government agencies presumably lobby for policies and programs that are favorable to the bureaucrats that work in them—this means larger agency budgets, more spending and higher taxes.

Because of the relationships between public agencies, lobbyists and the state government, taxpayer-funded lobbying harms citizens in two ways. Not only do they have to foot the bill for lobbying contracts, but they also have to pay for new

programs that become adopted as a result of public agency lobbying.

In 2006, before she was elected Speaker of the U.S. House of Representatives, Nancy Pelosi decried corrupt lobbyist-politician relationships when she argued, "You must drain the swamp if you are going to govern for the people." There is an important distinction to be made, however, as the corporate lobbyists she referenced use their own money to petition the government; public agencies use tax dollars.

Pelosi was right to describe lobbying as a "swamp." Like a swamp, taxpayer-funded lobbying is an ecosystem of its own. Public agencies use tax dollars to hire lobbyists, who lobby the Legislature for larger budgets, more spending and higher taxes. Government and lobbyists coexist in a perpetual cycle of taxpayer dollars.

The Direct Costs of Public Agency Lobbying

Capitol Way: Our very own K Street

The direct costs of lobbying itself are not insignificant. Reported taxpayer-funded lobbying at the state level by public entities exceeded \$6 million in 2009, and amounted to \$42.4 million between 2000 and 2009.

By comparison, the amount of money spent on lobbying by public entities (including both state agencies and local public entities) in 2009 could have funded 2,357 enrollees on the Basic Health Plan that year.²

According to the PDC, which handles lobbying accountability reports, government was the second highest spender of contract lobbyists among categories of lobbyist employers in 2009, just behind gen-

eral businesses. And that doesn't include public sector unions, utilities and other lobbyist employers that use taxpayer money or forced dues to lobby. When utilities and public education are included, government rises to the top of the list.³

Disturbingly, the direct cost of taxpayer-funded lobbying the past decade has followed an upward trend. Public entities now spend twice as many taxpayer dollars on lobbying expenditures as they did a decade ago [Figure 1].

There is also a notable correlation between taxpayer-funded lobbying by public entities and the overall growth in spending by state government. Over the past decade, spending by the state government has increased by more than 50 percent [Figure 2].

Following the money

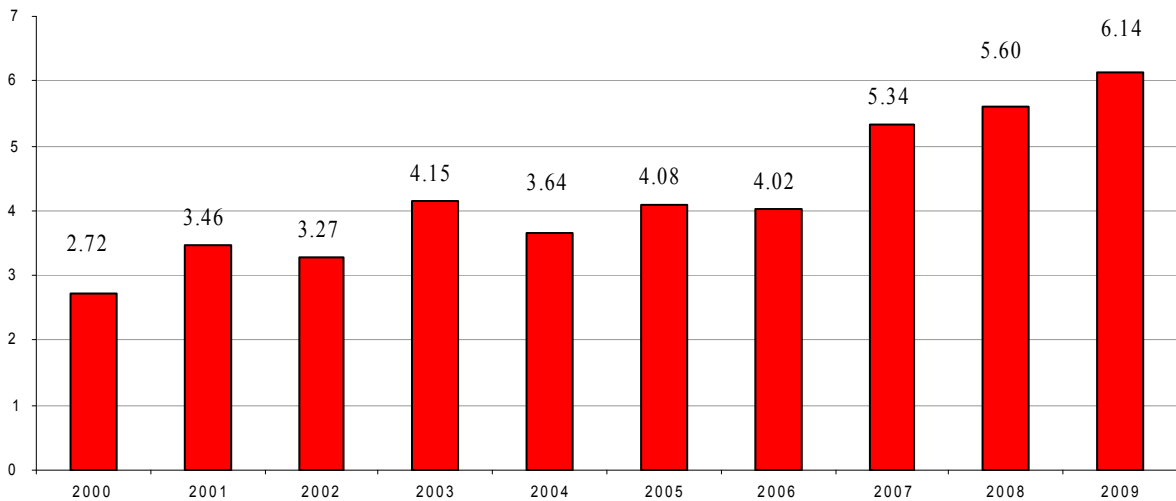
The majority of taxpayer-funded lobbying is spent on contract lobbyists or lobbying firms. These contracts are worth tens of thousands of dollars a year, and ultimately cost taxpayers millions.

By law, public entities must report lobbying expenditures to the PDC every quarter through the L-5 public agency lobbying form. The L-5 form requires lobbying expenditures to be disclosed in four categories: salaries paid to employees that are attributable to lobbying (calculated by salary and time spent lobbying), publications intended to influence policies, travel costs and contractual services.

According to data compiled by L-5 forms available on the PDC website, the overwhelming majority of lobbying expenditures by public entities is spent on contract lobbyists and firms [Figure 3]. Of the

Public agencies reported \$42.4 million in lobbying expenditures from 2000 to 2009.

Figure 1
Lobbying expenditures by public agencies, 2000-2009 (Millions of \$)
Public agency lobbying has clearly increased over the past decade.



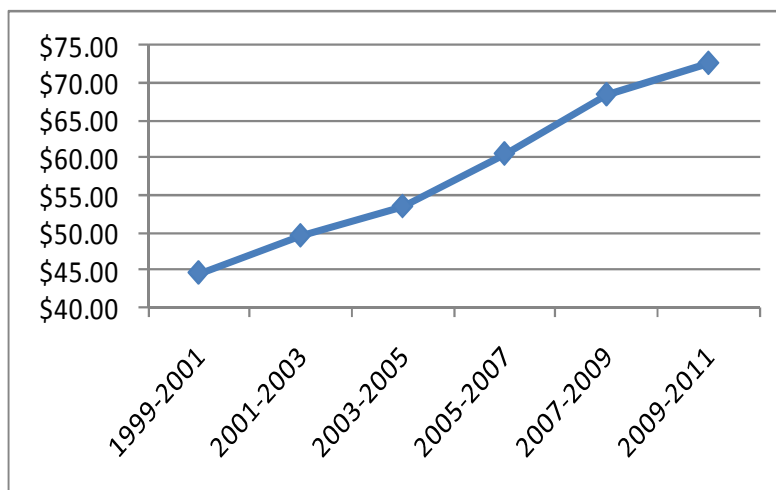
Source: Compiled data from Washington State Public Disclosure Commission, L-3 and L-5 forms available at <http://www.pdc.wa.gov/qviewreports/lobbying.aspx>

Most lobbying expenditures are used to pay contract lobbyists and lobbying firms. These lobbyists reap huge salaries — paid for by taxpayers, of course.

Figure 2

State government spending levels (Billions of \$)

Like expenditures on lobbying, state government has grown over the past decade.

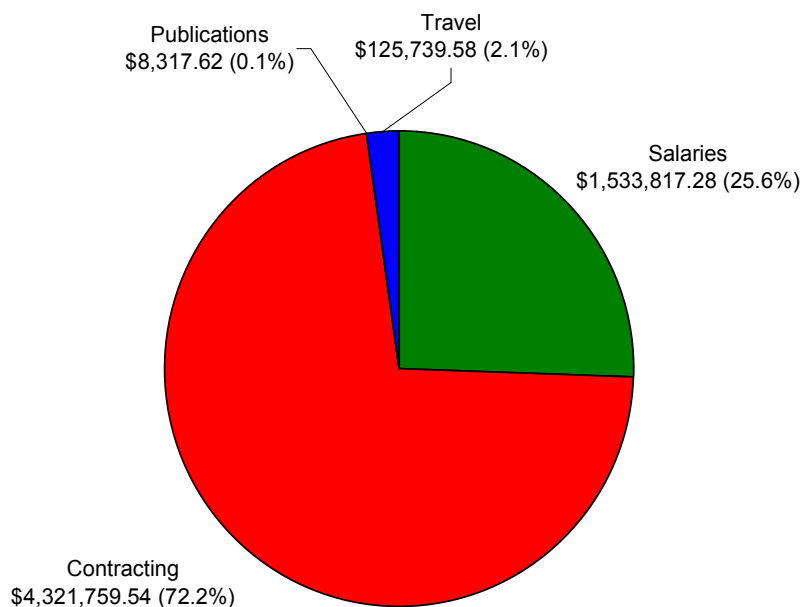


Source: Evergreen Freedom Foundation. Data is from state accounting at fiscal.wa.gov

Figure 3

Lobbying expenditures by public agencies, 2009, categorized by expenditure type

The overwhelming majority of expenditures are spent on contract lobbyists



Source: Data compiled from Washington State Public Disclosure Commission, L-3 and L-5 forms available at <http://www.pdc.wa.gov/qviewreports/lobbying.aspx>

more than \$6 million spent on lobbying in 2009, \$4.3 million (72.2 percent) was spent on lobbyists and lobbying firms. From 2000 to 2009, public entities spent nearly \$30 million on contract lobbyists.

Some public agencies hire, rather than contract, employees to lobby the Legislature full-time, often under the titles "Director of Governmental Affairs" or "Intergovernmental Relations Specialist." When lobbyists are hired in this manner, their salaries are reported as "salaries" rather than "contracts or contractual services."

Over the course of a decade, the costs of lobbying for a single public entity can soar into seven figures [Table 1].

These enormous expenditures translate into huge paychecks for lobbyists [Table 2]. For example, one lobbyist, Douglas Levy, made over \$300,000 lobbying for six cities in 2009 alone.

The swamp is bigger than we know

The true cost of taxpayer funded-lobbying is much higher than we were able to quantify in this report. During the course of our review, we discovered more than 60 public entities that failed to report or underreported their lobbying expenditures to the PDC. In addition, hidden costs of lobbying attributable to employee benefits and pensions and taxpayer-funded lobbying directed toward the federal government would greatly increase the totals. Lobbying by closed-shop public sector unions using mandatory dues to fund their lobbying expenses is arguably an indirect use of tax dollars as well.

Failure to comply with disclosure laws

Public entities have failed to disclose millions of dollars in lobbying expenditures. Not only does the government spend millions of dollars on lobbyists, sometimes it fails to tell citizens about it.

There are discrepancies between what lobbyists and lobbying firms reported, and what public agencies reported. A cross-check of reports filed by lobbyists (L-2 forms) and expenditure reports filed by public agencies (L-5 forms) uncovered millions of dollars worth of lobbying expenditures reported by lobbyists that public agencies did not report.⁴ These expenditures were not incorporated into the figures stated earlier in the report.

Examples of unreported lobbying expenditures include:

- Central Puget Sound Regional Transit Authority (Sound Transit) had not filed L-5 forms for the years 2003-2009 until we contacted Sound Transit. Sound Transit has since filed the missing reports, which amount to \$813,661.21 worth of lobbying expenses.
- The City of Tacoma has no L-5 forms on file with the PDC's website between 2001 and 2004. However, Smith Alling Lane, PS filed forms disclosing \$295,263.49 worth of payments from the city during this period.
- Similarly, Metro Parks of Tacoma did not disclose \$285,000 of compensation paid to T K Bentler Public Affairs Association between 2001 and 2009.

These and other discrepancies revealed \$4,628,854.70 worth of public agency lobbying reported by lobbyists, but not by public entities between 2000 and 2009. This figure does not include many discrepancies in which public entities reported the expenditures, but at lower rates than reported by the lobbyist.

This figure also only takes into account instances in which registered lobbyists filed reports where public agencies had not. There are also cases where in-house lobby-

Over \$4.6 million worth of taxpayer-funded lobbying was not been reported by public agencies between 2000 and 2009. Sound Transit alone failed to file \$813,661.21 worth of lobbying over seven years.

Table 1**Top 20 public agency taxpayer-funded lobbyists, by year 2009.**

Place	Entity	Lobbying Exp. (2009)	Lobbying Exp. (2000-2009)
1	University of Washington*	\$306,377.27	\$1,687,363.79
2	King County Council*	\$292,354.32	\$1,637,786.50
3	WA Public Utilities Districts Assn.	\$205,362.00	\$1,419,698.44
4	Tacoma Public Utilities	\$191,353.11	\$363,895.42
5	City of Seattle*	\$161,740.93	\$1,272,928.60
6	Washington State Potato Commission	\$125,883.70	\$575,511.35
7	Association of Washington Public Hospital Districts	\$125,585.02	\$1,090,030.67
8	Energy Northwest	\$119,002.26	\$643,820.45
9	Chelan County Public Utility District 01-Elec	\$112,941.72	\$757,117.18
10	Office of the Governor	\$107,141.00	\$1,205,132.01
11	Attorney General of WA	\$101,700.37	\$450,107.99
12	City of Everett	\$101,018.06	\$889,718.33
13	Snohomish County Public Transport Benefit Area	\$96,111.10	\$869,633.58
14	Snohomish County Public Utility District	\$86,763.23	\$517,211.63
15	City of Tacoma	\$85,428.92	**\$240,034.52
16	Washington Public Ports Association	\$85,021.32	\$443,730.91
17	Office of Financial Management	\$82,307.69	\$911,377.46
18	City of Marysville	\$81,990.00	***\$185,270.00
19	Port of Tacoma	\$78,506.53	\$965,562.34
20	King County Public Hospital District No. 1	\$78,000.00	\$672,849.69

Notes:

1. At the time data was gathered, the City of Bellingham did not report any lobbying expenditures during 2009, but lobbyist Richard Little reported compensation of \$120,000 from the City of Bellingham in 2009. If this were included, the City of Bellingham would be ranked 8th, with total 2000-2009 expenditures of \$327,955.44

2. Likewise, Central Puget Sound Transit Authority (Sound Transit) did not show any lobbying expenditures during 2009, but lobbyist reports showed \$116,548.55 worth of expenditures by Sound Transit. If this were included, Sound Transit would be ranked 10th with total 2000-2009 expenditures of \$1,034,632.21

3. Does not include Indian tribes or public employee unions.

***Does not include other lobbyist employers affiliated with the organization (e.g. King County Executive Office)**

****Does not include \$295,263.49 reported by Smith Alling Lane, PS, but not by the City of Tacoma**

*****Does not include \$26,640.00 reported by James Halstrom and Strategies 360, but not by the City of Marysville**

Source: Compiled data from Washington State Public Disclosure Commission, L-3 and L-5 forms available at <http://www.pdc.wa.gov/qviewreports/lobbying.aspx>

Table 2**Top 5 lobbyists compensated by public agencies, 2009**

	Lobbyist	Compensation	Employers
1	Gordon Thomas Honeywell	\$399,500.00	Gig Harbor, Kenmore, Lakewood, Pasco, Spokane Valley, Tacoma, Snohomish County
2	Douglas Levy	\$316,566.50	Everett, Federal Way, Kent, Puyallup, Redmond, Renton
3	Mark Brown	\$284,000.00	Battle Ground, Lacey, Longview, Ridgefield, Vancouver
4	Strategies 360	\$221,802.00	Marysville, Jefferson Co. Pub. Works, PUD of Cowlitz Co., PUD of Chelan Co., PUD of Grant Co.
5	Capitol Solutions	\$192,392.02	Olympia, Treasurer's Office, Educational Service Dist. #105, Evergreen School Dist., OSPI, Clark Pub.Utilities, Puget Sound Air Agency

Notes:**1. Compensation does not include expenses****2. Only includes compensation from public agencies**

Source: Compiled data from Washington State Public Disclosure Commission, Lobbyist L-2 forms summarized at
<http://www.pdc.wa.gov/public/page2.aspx?c1=0&c2=100>

“To compel a man to furnish contributions of money for the propagation of opinions which he disbelieves is sinful and tyrannical.”

— Thomas Jefferson

Table 3**Top 5 public employee union lobbyists, 2009**

	Union/Association Name	Exp. ('09)	Exp. ('00-'09)
1	Washington Education Association	\$1,076,027.14	\$13,425,052.28
2	Washington Federation of State Employees	\$391,974.47	\$4,901,634.44
3	Washington State Council of Fire Fighters	\$247,716.09	\$2,648,279.98
4	Public School Employees of WA	\$143,893.84	\$599,183.74
5	Washington State Patrol Troopers Association	\$113,965.01	\$1,041,963.79

Source: Compiled data from Washington State Public Disclosure Commission, L-3 forms available at
<http://www.pdc.wa.gov/qviewreports/lobbying.aspx>

The existence of hidden administrative costs, federal lobbying, and mandatory dues to public sector unions means the true cost of public agency lobbying is far greater.

ing occurred, but was not reported.

Puget Sound Partnership (PSP), for example, has filed no public agency lobbying forms for any quarter since the second quarter of 2007. However, during the first quarter of 2010, PSP and the Department of Ecology initiated agency request legislation to ban copper in vehicle brake pads (SB 6557/HB 3015). During this time, PSP engaged in a number of lobbying activities, such as creating a publication intended to influence legislation⁵ and sending both the agency director and the director of public affairs to testify in favor of the bill.⁶ PSP's director of public affairs also wrote that he was "working to secure funding" for PSP projects.⁷

Because the employees of public agencies are not required to disclose their lobbying activities the way independent or private lobbyists do, there are no forms to cross-check an agency's claims. It is therefore impossible to determine the full extent to which agencies failed to properly disclose their lobbying activities, and how egregiously public agencies violated public disclosure laws. The problem, in other words, is much worse than we know.

Hidden costs of lobbying

Although public agencies are required to report salaries paid to employees attributable to lobbying activities, the actual cost of public employee lobbying is higher than reported. Costs that are not reported include benefits, technology costs and other administrative costs associated with hiring employees to lobby.⁸

Because salaries to public employees make up approximately one-fourth of public agency lobbying expenditures [Figure 3], these unreported expenses are significant. For example, medical benefits cost an average of 16.4 percent of a state employee's salary.⁹ When combined with pensions and other unreported costs, the actual cost of public employee lobbying significantly outpaces what we were able

to quantify in this report.

Lobbying at the federal level

The PDC reports lobbying at the state level. None of the figures in this report include expenditures for lobbying at the federal level, which extends beyond the scope of this report. There may be millions more spent at the federal level. Clearly, the swamp extends beyond Olympia.

Public sector unions

Although public employee unions are technically not public agencies, they are still in some sense taxpayer-funded. Because Washington is not a right-to-work state, public employees must pay union fees, even if they do not want to join the union. These union fees are directly deducted from employee salaries, so ultimately lobbying by public sector unions is funded by unwilling donations.

If public employee union lobbying is considered, the cost of taxpayer-funded lobbying is even more staggering. Unions spent \$2,340,826.10 in 2009 on lobbying, and over \$26 million from 2000 to 2009.

When combined with lobbying by public entities, the total comes to \$8,479,844.31 in 2009 and a staggering \$68.8 million over the past decade.¹⁰

The lobbying expenses of public employee unions [Table 3] imply that the influence of this lobbying is enormous. For example, the Washington Education Association spent more than \$13 million lobbying the state between 2000 and 2009. That's more than six times that of the University of Washington, the largest public agency lobbyist employer.

The solution to ending unwilling donations to public sector union lobbying is to adopt right-to-work reforms. If membership in public sector unions is voluntary, lobbying will no longer be funded by forced dues.

Other groups not included

The data included in this report does not include lobbying done by Indian tribes, which receive large amounts of federal dollars and spent hundreds of thousands lobbying the state government in 2009. Also not included are private entities that lobby and receive direct payments of taxpayer dollars. For example, Planned Parenthood, which receives significant transfer payments from the state, spent \$132,345.01 lobbying the state in 2009¹¹. Exactly how much of these lobbying expenditures are attributable to taxpayer dollars is uncertain, but possibly substantial.¹²

Policy Recommendations

The best approach to draining the taxpayer-funded lobbying swamp is to prohibit the practice as much as possible. However, there are sometimes legitimate instances where public entities may need to comment on legislation or provide technical expertise to the Legislature. Comprehensive taxpayer-funded lobbying reform must put a stop to government waste, while preserving legitimate communication between public entities and lawmakers.

State agency recommendations

Prohibit state agencies from hiring contract lobbyists

South Carolina Gov. Mark Sanford signed an Executive Order in 2003, banning members of his cabinet from hiring independent lobbyists.¹³ In 2009, Florida prohibited state public agencies from spending public funds on lobbying publications and contract lobbyists, requiring agencies to represent themselves before the state legislative or executive branches.¹⁴

Prohibiting state agencies from hiring contract lobbyists is a good first step, but many state agencies will simply hire full-time employees as “government relations specialists” or “legislative liaisons” instead of hiring a contract lobbyist or lobbying firm. Policy changes must also place limits on lobbying by employees of state agencies.

In fact, Washington state came close to reforming this practice. The 2003-2005 operating budget included a section with language to prohibit state agencies from hiring or contracting legislative liaisons. This section would have allowed the state to reduce allotments for state agencies by \$3,257,000. However, then-Gov. Gary Locke vetoed that section of the budget, concerned that the section would restrict the ability of agencies to respond to legislative inquiries.¹⁵

Prohibit state agency employees other than the director or deputy director from lobbying

While ending outright waste in taxpayer-funded lobbying is important, it is still necessary to allow state agencies to comment on legislation if the agency has specialized knowledge on how legislation may affect outcomes the agency is responsible for. These activities, while legitimate, may still be considered lobbying activities.

One possible solution to this dilemma is to limit lobbying activities to the agency Director or Deputy Director. This approach would curtail lobbying by state agencies, while ensuring lawmakers still hear from them on the most important issues in a limited capacity. Since agency directors are responsible for their agencies’ performance and goals, this restriction encourages agency directors to focus their lobbying activities on legislation that is most directly related to outcomes their agency is responsible for, rather than for unnecessary spending and higher budgets.

- ***Prohibit state agencies from hiring contract lobbyists***
- ***Prohibit state agency employees other than the director or deputy director from lobbying***
- ***Prohibit state agencies from paying dues to associations that lobby***

***"It's a silly idea, really - towns spending tax dollars to persuade the state Legislature to give them, among other things, more tax dollars. Money paid to lobbyists could be spent on fixing potholes and collecting garbage."
- Star-Ledger Editorial Board***

Prohibit state agencies from paying dues to associations that lobby

State agencies may try to circumvent the suggested prohibitions by creating associations of public agencies that lobby on behalf of its members. Examples of these are the Association of Washington Cities and the Washington Public Ports Association. These associations, while not technically public entities, are funded by dues from taxpayer-funded public agencies and lobby for their members. If individual agencies are restricted in their lobbying activities, lobbying by these associations may increase in response. Comprehensive restrictions on taxpayer-funded lobbying must also curtail lobbying by these associations. If public agencies are prohibited from lobbying, they should also be prohibited from paying dues to associations that lobby.¹⁶

Recommendations for state agencies and municipalities

Enact stricter penalties and enforcement for public entities failing to disclose or improperly disclosing lobbying expenditures

As demonstrated by the tremendous amount of unreported lobbying expenditures, Washington's enforcement of public disclosure transparency laws is lacking.

Not only do many public entities fail to accurately disclose lobbying expenditures, many agencies that file L-5 forms do so improperly. For example, not only did Sound Transit fail to disclose seven years' worth of lobbying, but even its delinquent L-5 forms were filed incorrectly. Sound Transit's description of lobbying activities conducted by their State Government Relations Specialists is limited to:

"Meetings with legislators regarding Sound Transit's legislative agenda as

*adopted by the Sound Transit board."*¹⁷

Citizens should not have to search through Sound Transit's meeting minutes to discover what Sound Transit was lobbying for—that's why the PDC exists. The PDC's instructions regarding that section of the L-5 public agency lobbying form are clear:

*"Supply all information requested... a description of the issues concerning which the person lobbied. Include bill and WAC [Washington Administrative Code] numbers when appropriate. A statement to the effect that the person lobbied on all matters of interest is NOT sufficient. Be brief, but be as specific as possible."*¹⁸

Sound Transit's statement is more specific than "all matters of interest" — but only slightly, and laughably so. Furthermore, Sound Transit's delinquent reports failed to disclose which lobbyists or lobbying firms it contracted with. The PDC requires that contract expenditures be itemized.¹⁹

Sound Transit is only one example of the enforcement failures that plague public agency lobbying disclosure. In order to stop delinquent reporting, lawmakers must change the incentives so that public agencies comply more readily.

Follow Florida's example by fining individuals, rather than taxpayer-funded entities, when public funds are improperly used for lobbying and suspend lobbying privileges for public entities that fail to comply with public disclosure laws.

The PDC currently has the power to impose penalties of up to \$2,400 (\$4,700 in

repeat instances) on employers of lobbyists that fail to report lobbying. In severe cases, violators may be referred to the attorney general for harsher penalties.²⁰

These penalties, even if enforced, do little to encourage transparency in public agencies. After all, penalties are relatively small and levied against the agency's budget—which is in turn funded by taxpayers! Even the penalties for improper or missing disclosure forms are another chain in the taxpayer-funded lobbying ecosystem.

In order to achieve real transparency, reform needs to include closer monitoring of lobbying and penalties that encourage public servants to file reports in a timely manner. One good example is the state of Florida, where state employees have their salaries deducted if public funds under their control are improperly used for lobbying. Public agencies that violate public agency lobbying laws are also prohibited from lobbying for two years.²¹

Washington could severely curtail public agency failures to properly report taxpayer-funded lobbying expenditures by following Florida's example. If public servants responsible for public funds were personally penalized for failure to disclose lobbying expenditures, the incentives to comply with public transparency laws would change dramatically. In addition, suspending lobbying privileges for public agencies that violate public agency lobbying laws provides incentives for the entire agency to comply.

These penalties should also not be left solely to the discretion of the PDC. Penalties for failure to comply with public agency lobbying laws should be mandatory and costly, further discouraging failures to disclose expenditures.

Increase transparency by requiring public entities to provide more detailed descriptions of their lobbying activities

When it comes to transparency and openness laws, Washington is actually one of the best states in the nation. In *State-Level Lobbying and Taxpayers*, the Pacific Research Institute ranked Washington as the fourth most open state when it comes to disclosing lobbying by public entities.²²

Despite these accolades, the taxpayer-funded lobbying swamp is still murky. Washington's public agency lobbying could be much more transparent.

Not all lobbying expenses are required to be disclosed. In-person discussion of pending legislation is reportable, but public disclosure laws exempt telephone contacts with legislators from being reported. In-person lobbying performed by elected officials is also not required to be reported.²³

Even if public entities comply with current laws (which, as we have demonstrated, many do not), it is difficult to know exactly what an agency lobbied for. Currently the L-5 public agency lobbying form only requires public entities to disclose a "General description of lobbying activities or objectives" for their employees who lobby. This information does not give the public adequate knowledge about what their tax dollars are used to lobby for.

If public entities are permitted to lobby, they should be required to disclose more than who lobbies and a general description of the activities. This recommendation is also applicable to lobbying that is limited to agency directors and deputy directors. The public should know who is being lobbied, and how long government employees spend lobbying on what issues.

Ironically, public entities are required to itemize expenditures if the expenditures are funded by non-public funds. Public agencies are not required to itemize expenses bought with taxpayer dollars. The

- ***Enact stricter penalties and enforcement for public entities failing to disclose or improperly disclosing lobbying expenditures***
- ***Fine individuals, rather than taxpayer-funded agencies, when public funds are improperly used for lobbying and suspend lobbying privileges for public entities that fail to comply with public disclosure laws***

- ***Increase transparency by requiring public entities to provide more detailed descriptions of their lobbying activities***
- ***Increase transparency and discourage the passage of unfunded mandates on local governments by requiring that fiscal notes with financial implications for local governments be completed prior to a bill's first public hearing***

public actually has better knowledge about how non-public funds are used than public funds.²⁴

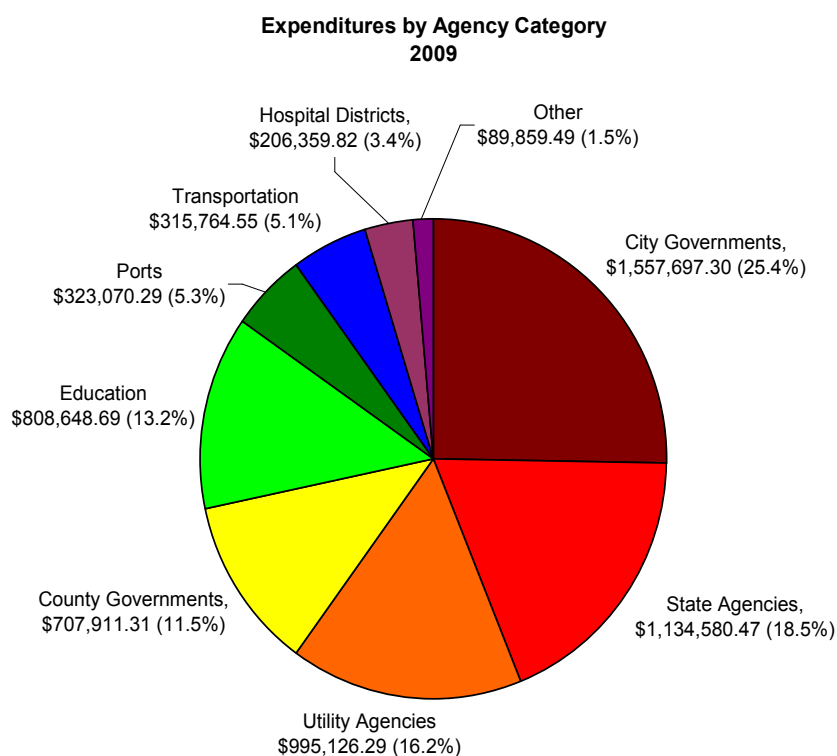
Comprehensive taxpayer-funded lobbying reforms would require public agencies to disclose their lobbying activities in greater detail. If public agencies are required to itemize privately-funded expenditures, it is only fair that they be required to also itemize publicly-funded expenditures.

Local and municipal government recommendations

Increase transparency and discourage the passage of unfunded mandates (and the subsequent lobbying to pay for them) by requiring that fiscal notes with financial implications for local governments be completed prior to a bill's first public hearing

Placing prohibitions on taxpayer-funded lobbying by state agencies is a significant improvement, but the swamp is much larger. City governments, county governments and public utility districts make up more than half of taxpayer-funded

Figure 4
Lobbying expenditures by public agencies, 2009, categorized by agency type



Source: Data compiled from Washington State Public Disclosure Commission, L-3 and L-5 forms available at <http://www.pdc.wa.gov/qviewreports/lobbying.aspx>

lobbying [Figure 4]. Meaningful reforms of taxpayer-funded lobbying would also extend to local and municipal government entities.

Placing strict prohibitions on city and county government lobbying may be inappropriate at this time. Cities and county governments spend hundreds of thousands of dollars each year complying with unfunded mandates from the state government. King County, for example, found that unfunded mandates cost the county \$350,000 a year.²⁵

As long as the state continues to burden counties and cities with unfunded mandates, it may be unfair to demand that the state government dictate city and county policies without allowing cities and counties the ability to lobby for changes.

The first-best policy recommendation is to end unfunded mandates. This would greatly decrease the need and incentive for cities and counties to lobby, and it would then be appropriate to call for lobbying restrictions similar to those suggested for state agencies. Of course, lawmakers enact new policies all the time without bothering with plans to pay for them.

With that in mind, we recommend mandatory completion of local government fiscal notes prior to any public hearing on legislation that would have a financial impact on local governments. Completed fiscal notes would oblige legislators to acknowledge the burden unfunded mandates place on municipalities, hopefully deterring passage of unfunded mandates and the subsequent taxpayer-funded lobbying to pay for them.

Conclusion

Taxpayer-funded lobbying is a distortion of the political process and a misuse of taxpayer dollars. At a time when public services are being considered for budget cuts, it's essential that we take a proper look at restrictions on taxpayer-funded lobbying.

Taxpayer-funded lobbying is an offense against citizens not only due to the quantities spent, but also the lack of transparency and widespread violations of existing lobbying laws.

Taxpayer-funded lobbying by public entities is growing. Now is the time to drain the swamp.

Notes

1. Barr, Benjamin. "Your Tax Dollars at Work: The Implications of Taxpayer-Funded Lobbying." Goldwater Institute. January 23th, 2007. Pg 18.
2. Figures: \$6.14 million spent on public agency lobbying in 2009, \$217 per Basic Health Plan enrollee per month cost to taxpayers (http://seattletimes.nwsource.com/html/localnews/2008463754_webhealthplan03m.html).
3. Public Disclosure Commission Lobbyist Expenditure Summary Reports. <http://www.pdc.wa.gov/public/Lobbyist/lobexp.aspx>. In 2009, the "Government" category spent \$4,734,610.80 on contract lobbyists; "General Business" spent \$4,819,287.91.
4. Lobbyist L-2 Expenditure Summary Reports available at <http://www.pdc.wa.gov/public/Lobbyist/lobexp.aspx> Public Agency L-5 lobbying forms available at www.pdc.wa.gov/qviewreports/lobbying.aspx
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