



# ESSAY

DECEMBER 2012

ADVANCING LIBERTY  
WITH RESPONSIBILITY  
BY PROMOTING  
MARKET SOLUTIONS  
FOR MISSOURI  
PUBLIC POLICY

# Taxpayer-Funded Lobbying



*By David Stokes and Abhi Sivasailam*

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*“To compel a man to furnish funds for the propagation of ideas he disbelieves and abhors is sinful and tyrannical” - Thomas Jefferson*

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## INTRODUCTION

This paper discusses taxpayer-funded lobbying and attempts to qualify its use in Missouri. In connection with this paper, the Show-Me Institute has collected contracts between dozens of local governments and lobbying firms in Missouri and made those contracts available at [www.smiinfo.org/lobbycontracts](http://www.smiinfo.org/lobbycontracts). Those contracts will give Missourians a better idea of who their local governments are hiring for lobbying, what they are aiming for, and how they are spending tax dollars.

The practice of government using tax dollars to lobby other

governments appears to often be a lose-lose proposition for taxpayers. In many cases, if the lobbying succeeds, government expands; if it fails, government wastes tax dollars. The authors hope that this paper and the disclosure of existing contracts will subject taxpayer-funded lobbying to greater scrutiny, transparency, and accountability in Missouri.

## BACKGROUND

Most citizens have at least a cursory familiarity with the role of lobbying in the political process. Lobbying refers to actions undertaken by individuals, groups, and special interests for the purpose of

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influencing public officials.<sup>1</sup>

Typically, lobbying occurs on behalf of private parties — as in the case of individuals expressing concerns to their elected representatives, or corporations hiring lobbyists to communicate their interests to legislators. However, a more concerning form of lobbying — and one with which far fewer citizens are familiar — is lobbying that occurs on behalf of public institutions, with the funding coming from taxpayer dollars.

Taxpayer-funded lobbying — often referred to as intergovernmental lobbying — is the process of one governmental entity lobbying another. The entities that engage in this brand of lobbying include school districts, universities, police departments, fire protection districts, cities, counties, and various other agencies at every level of government that — in turn — lobby each other, state governments, and the federal government. In essence, taxpayer-funded lobbying connotes that government — quite literally — lobbies itself.

According to Americans for Prosperity, this form of lobbying consumes up to \$1 trillion of the tax revenue collected in this country each year.<sup>2</sup> In Missouri, the amount of taxpayer dollars spent on intergovernmental lobbying in 2012 is estimated at approximately \$2.7 million.<sup>3</sup> For example, governments that serve Kansas City residents are spending \$432,569 in 2012 on taxpayer-funded lobbying. That is almost a half million dollars for one year of lobbying in

Jefferson City.<sup>4</sup>

In consideration of tight budgets across the state, expenditures such as these warrant particular scrutiny.

## **POTENTIAL PROBLEMS WITH TAXPAYER-FUNDED LOBBYING**

The process of taxpayer-funded lobbying in general poses several substantial causes for concern.

### **Taxpayer-Funded Lobbying is Subject to Little Accountability.**

The lack of accountability associated with taxpayer-funded lobbying stems from three problems. First, there is a transparency problem. Most citizens are unaware of the existence of taxpayer-funded lobbying and those who are often have little information pertaining to which institutions lobby and to what extent. This lack of information can be attributed largely to weak disclosure requirement laws and results in little or non-existent citizen oversight of public lobbying activities.<sup>5</sup>

Second, citizen oversight of taxpayer-funded lobbying activities is weakened due to the delayed feedback inherent in the political process. There are few immediate or direct costs for poor performance so public entities can “fail” repeatedly on lobbying expenditures before reprisal from taxpayers.

Third, public entities do not face the same level of lobbying constraints that

individuals, private groups, and firms must confront. Individuals, private groups, and firms incur personal and private costs when they choose to lobby by themselves or through third parties; they typically only lobby to the extent that the benefits of lobbying outweigh these costs. Firms, for example, face limited resources that can be dedicated to lobbying. If lobbying activities are consistently unprofitable, the firm — responsible to its stakeholders — cannot continue to sustain these activities. Certainly, government budget limitations constrain the practice somewhat. But like most other government practices, the accounting system is not set up to measure costs versus benefits. Taxpayer-funded lobbying is simply not subject to the same level of cost-benefit analysis in the public sector as it is in the private sector, and the potential that government will continue to lobby beyond any effective limit is real.

The structure of most public entities ensures that their exposure to these market constraints will be considerably smaller. As such, the possibility that some public entities will not see net benefits to lobbying is less likely to deter many of these entities from continuing the practice.

### **Taxpayer-Funded Lobbying May Skew the Distribution of Power Among Public Entities.**

Consider two hypothetical cities of equal size and of equal importance

to the state of Missouri that are each attempting to carve out a particular chunk of government funds for city projects. In the absence of lobbying, the ability of each city to influence legislators will depend largely on the relative merits of each city's proposal. Now suppose that the former city is wealthy and can afford to contract third-party lobbyists and the latter city is poor and cannot. To the extent that lobbying expenditures are effective, the wealthier city with lobbyists may be more able to obtain value from legislators than the poorer city — irrespective of merit-based considerations. The answer to this dilemma should not be, “Well, the poorer city should hire more lobbyists.”

In addition, taxpayer-funded lobbying can turn short-term benefits into long-term headaches. Higher levels of government may offer taxpayer-funded gifts, such as additional police officers, as grants. When those grants run out, the city is left with the choice of increasing taxes to pay for what previously was “free,” or cutting city employees who may have become important city assets. Either way, there is no free lunch — even, or perhaps especially — in government spending.

Furthermore, grants from higher levels of government may be based on political calculations instead of true need. Examples where political calculations trump primary needs in government expenditures are as numerous as amendments to omnibus bills, and

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have existed since the beginning of democracy. Did the United States select an obscure swamp between Virginia and Maryland as the nation's capital because it truly was the best place for the seat of government? Or was it the right place to choose at that time in exchange for support on debt assumption? For a more local, and less glamorous, example, the St. Louis Regional Chamber and Growth Association, which is funded in part by tax dollars, employed private lobbyists as part of its efforts in 2011 to pass the proposed Aerotropolis, a.k.a., China Hub, legislation despite a lack of evidence the project would be successful.<sup>6</sup>

Another example that illustrates both points is Olympian Village, Mo. The city received federal grants to hire police officers under the federal government's Community Oriented Policing Services (COPS) program. To be clear, taxpayer-funded lobbying was not involved here, just Congressional earmarks.<sup>7</sup> Before the grants, the tiny Jefferson County village had no police department and was served by the local sheriff's department. Olympian Village used the COPS grants to create a police department for its community of about 700 people. The village closed the department after a few years when the grants ran out and continuing it would have meant they had to fund it locally.<sup>8</sup> Olympian Village did not need a police department, and that grant money could have been put to better use in other places, or not spent at all.<sup>9</sup> These are the types of issues that dominate when local governments lobby

other governments for more funding.

### **Taxpayer-Funded Lobbying May Distort the Priorities of Public Entities.**

To the extent that lobbying expenditures are effective, intergovernmental lobbying introduces incentives for politicians to divert funds from long-run projects into lobbying in the hopes of obtaining personal credit for the quick, short-run benefits that lobbying can produce. In general, taxpayer-funded lobbying provides an opportunity for office holders and public employees to advance their own needs and desires over the needs of the constituents they serve or the mission of the public entity they comprise. For example, school districts tasked with the core mission of producing strong educational outcomes for students have been known to invest in lobbying expenditures aimed at securing benefits for teachers and retaining powers for teachers' unions. Through the latter half of the 20th century, teachers' unions grew to unprecedented levels of power. Student achievement, however, has remained flat. Unions often stand in the way of meaningful reform because they are protecting teachers, not the interest of students.<sup>10</sup> Resources, including money for lobbying, that are meant and expected to better the lot of students are diverted to better the lot of teachers.<sup>11</sup>

An even more dramatic distortion of public priorities is when governments employ lobbyists to lobby for restricting

public access to certain records. In this Orwellian turn, governments use public money in attempts to limit public access to information. According to the Missouri Sunshine Coalition, governments in Missouri have used tax dollars in an effort to limit access to information regarding “the execution of prison inmates, police misconduct records, and hospital finance records.”<sup>12</sup> This use of tax dollars by government to restrict transparency is perhaps the most compelling reason the issue of taxpayer-funded lobbying needs to be addressed.

### **Taxpayer-Funded Lobbying Crowds Out Public Involvement.**

Just like the Constitution of the United States, the Missouri Constitution, in Article 1, Section 9, codifies the right of citizens to lobby their government.

That the people have the right peaceably to assemble for their common good, and to apply to those invested with the powers of government for redress of grievances by petition or remonstrance.<sup>13</sup>

The most substantial concerns regarding taxpayer-funded lobbying relate to the impact of such activities on the integrity of representative government and the proper functioning of democracy. If legislators are listening to the paid voices of other governments that tax dollars fund, they are listening to the will of government, not the people. In practical terms, public hearings before legislative

bodies generally have time limits, and if paid lobbyists for government entities use up that time, that is time taken away from citizens.

Benjamin Barr, of the Goldwater Institute in Arizona, viewed these issues as particularly threatening. Barr emphasized that taxpayer-funded lobbying competes with citizen participation in government. When a government-paid lobbyist testifies before a legislature, that speech is using tax dollars to give a particular view of the issue at hand. That speech is also competing with and crowding out citizen participation. Anyone who has ever attended a legislative hearing and witnessed lobbyists testify for an hour before citizens get their chance to speak will recognize a practical example of that concern.

According to Barr:

The First Amendment begins with the premise that the cornerstone of a healthy republic is citizen participation. Instead of bolstering citizen participation in government, taxpayer-funded lobbying pits the interests of government bodies against those of ordinary citizens. Lobbying by government also violates the established first amendment principle of neutrality, which proscribes government from dictating which issues and viewpoints predominate.<sup>14</sup>

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### **Taxpayer-Funded Lobbying May Lead to More Lobbying and More Government.**

Taxpayer-funded lobbying has been described as an “arms race.”<sup>15</sup> State funding and the supply of special favors from state governments are limited and are of high value. As such, public entities at every level of government are often in intense competition to secure this funding and these favors. So long as taxpayer-funded lobbying is perceived as effective, public entities competing for state resources have strong incentives to outdo — and outspend — one another to carve out greater influence.

Paralleling this potential growth in public lobbying is potential growth in public spending and the size and scope of government. In the private sector, interest group competition through lobbying can result in a government of stable or shrinking size. However, this is typically not the case with interest group competition among public entities. As Jason Clemens, Julie Kaszton, Karrie Rufer, and Laura Sucheski note in their paper, “State-Level Lobbying and Taxpayers”:

While there may be general taxpayer protection associations and small government advocacy groups, there are generally no issue-specific organizations to compete against government lobbying of other levels of government. Governments may compete with one another

for allocations, but they don’t tend to compete with other organizations whose aim is to negate the funding available to the governments. Put differently, governments may compete with one another for a slice of available resources, but they don’t compete for the existence of the resources in the first place. Indeed, the competition between governments for these resources can often create pressure to increase them.<sup>16</sup>

One of the central concerns associated with intergovernmental lobbying is its effectiveness. Causes for concern remain whether or not taxpayer-funded lobbying is effective at achieving its goals. This is why we use the metaphor of a lose-lose situation. If taxpayer-funded lobbying is effective, then concerns remain that such lobbying may have little accountability, may distort the priorities of public entities, may lead to a more expansive government, and may skew the distribution of power among public entities. If taxpayer-funded lobbying is ineffective, then not only do problems such as those relating to accountability and the disruption of priorities and incentives remain, but the fundamental problem of spending taxpayer dollars wastefully and without accompanying social benefits becomes prominent. Even under the best-case scenario, where the taxpayer money for lobbying is budgeted, measured, limited, audited, and successful at achieving its goals,

unless that “goal” is either reducing the size of government or a truly necessary public good (*e.g.*, some federal highway funding), then how taxpayers benefit from this practice is hard to measure. Governments do not lobby other governments because they want to become smaller, and truly important public services do not need the special efforts of lobbyists.

## DEFENSES OF TAXPAYER-FUNDED LOBBYING

Advocates of taxpayer-funded lobbying remain despite these causes for concern. These advocates are usually bureaucrats, politicians, or professional lobbyists. These groups are, quite understandably, involved in the practice and defend it because it expands their sphere of influence. More rules benefit the bureaucrats. More decisions benefit the elected officials. More government revenue benefits both. Most obvious, more lobbying in general benefits lobbyists.

Supporters of the practice typically defend intergovernmental lobbying in one (or more) of three ways. First, they claim that the political landscape necessitates the practice of intergovernmental lobbying to ensure that the interests of governmental bodies — and the citizens they represent — are heard. Confronted with a political system involving influence-seeking activities, public institutions contend that the failure to lobby will undermine their

interests (or those of their constituents) in favor of individuals and groups — including other public institutions — who lobby. As John O’Brien, director of a county agency in Michigan that engages in taxpayer-funded lobbying explains, “I didn’t create the system...I just have to live by those rules. We’re competing with every other group for this funding.”<sup>17</sup>

Second, governmental bodies claim that lobbying expenditures are justified with positive rates of return on those expenditures. For example, a city may claim that expenditures on lobbying a state government are not problematic so long as those expenditures produced value for the city that exceeds the costs of lobbying. There is no available data to evaluate the effectiveness of lobbying expenditures in Missouri, but anecdotal data from elsewhere in the nation suggests that some, though not all, public entities may enjoy net benefits from their lobbying expenditures.<sup>18</sup> While there may be net benefits to certain entities in some instances, the fact remains that there is no way to accurately measure whether taxpayer-funded lobbying is the best use of that resource — tax dollars.

Third, governmental bodies claim that intergovernmental lobbying is a valuable tool for communicating information.<sup>19</sup> Under this view, legislators have limited resources to commit to learning the intricacies and effects of each bill before them, and intergovernmental lobbying

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allows governmental bodies to bridge the information gap. Insofar as quality information is valuable for securing the integrity and efficacy of democracy, intergovernmental lobbying may have beneficial side effects resulting from more informed legislators.

Though there is some legitimacy to each of these claims, they remain vulnerable to criticism. First, while these arguments may warrant some level of lobbying by public institutions, it is not clear that they warrant the contracting of third-party lobbyists. To the extent that lobbying provides a useful — or even pro-social role — political institutions can lobby using members of their organization. For example, cities that wish to lobby may continue to do so through the channel of their elected representatives. Executive agencies, schools, and police departments can similarly lobby through the channel of their organizational leaders. Importantly, when political institutions lobby using organizational leaders instead of unique third parties — or even public employees hired specifically to direct lobbying efforts — the practice of intergovernmental lobbying is likely to be subjected to heightened scrutiny.

Second, the defenses in support of taxpayer-funded lobbying do not directly counter or refute any of the specific concerns associated with the activity. To be specific, though intergovernmental lobbying may — on occasion — be effective, necessary to ensure that

certain perspectives are introduced into the political process, or useful for transmitting information to legislators, it remains difficult to defend such lobbying against claims of unaccountability and its negative impact on a healthy, functioning democracy.

Beyond the problems with government lobbying discussed herein, it is important to note that the defenders of government lobbying are typically people who benefit from growing government, such as government employees.<sup>20</sup> With rare exceptions, governments do not lobby other governments so that they can shrink.<sup>21</sup>

## **EXAMPLES OF TAXPAYER-FUNDED LOBBYING IN MISSOURI**

Many different types of government in Missouri use lobbyists. Two examples — fire districts and cities — are discussed briefly here to provide concrete examples and highlight areas where governments routinely use lobbyists.

### **Fire Districts**

One type of government entity that actively uses lobbyists is Missouri fire districts, and particularly fire districts in the Saint Louis area. Fire districts are independent government agencies that an elected board of directors manages.

As the name implies, they provide fire and (sometimes) ambulance services to their designated areas. They do that job very



well. Particularly in suburban areas, it is very expensive to provide this service.<sup>22</sup>

Not everyone in Missouri is served by a fire district. Many municipalities, especially larger cities, use city fire departments, which are simply municipal departments under the control of the elected mayor and council and the appointed city manager. Many rural areas have either volunteer fire departments or fire districts, but the smaller tax base and reduced needs for firefighting services in rural areas result in significantly less spending on fire services. Fire districts dominate in the suburbs of larger cities. And that is where they employ lobbyists.<sup>23</sup>

The *St. Louis Post-Dispatch* has well documented the problems with fire districts in the Saint Louis area over the past decade.<sup>24</sup> It is outside the scope of this paper to repeat those stories of cronyism, Sunshine Law violations, and excessive pensions. However, it is important to note how fire districts employ their intergovernmental lobbyists in ways that will expand government in taxpayers' lives. That expansion can occur via tax increases, role expansions, or simply by defeating reform measures.

At least seven fire districts within Saint Louis County employ outside lobbyists. Collectively, these districts spend approximately \$88,000 per year on intergovernmental lobbying in Missouri. There are many fire districts that do not directly hire lobbyists, but those districts are represented by the Missouri

Association of Fire Protection Districts (MAFPD) or the Missouri Association of Career Fire Protection Districts (MACFPD), which also engage in lobbying and legislative efforts.<sup>25</sup>

The primary goal of the fire districts in the Saint Louis area in recent years has been the passage of a law authorizing them to impose sales taxes as well as property taxes. Many cities and rural districts already have the authority to impose sales taxes. Furthermore, the sales tax authority comes with a requirement to roll back property taxes, which is the carrot designed to appeal to taxpayers. (The tax neutral aspect is, at best, a short-term result — the end result will inevitably be a higher total tax burden.)

However, the ultimate reason for the sales tax authority is simply to increase the amount of money fire districts have available to spend, much of it unrelated to direct improvements in fire safety. Salary and pension issues are generally the focus of these legislative initiatives for fire protection districts. As Missouri Representative John Diehl noted in 2010, the proposal to authorize sales taxes was:

... “a big cash grab” and said districts that are pushing the bill the most are the ones with the most money. “That money is simply not needed by those districts,” he said. “Or if it’s needed, it has not been demonstrated why it’s needed.”<sup>26</sup>

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Over the past three years, several bills have been introduced in the Missouri Legislature to expand the authority of fire districts to enact sales taxes.<sup>27</sup> While these proposals did not pass, they are examples of the legislative goals of various governments that tax dollars are helping to facilitate. For example, in 2010, Senate Bill 826 attempted to authorize sales taxes for fire districts in Saint Louis County. At a legislative hearing on that bill on January 28, 2010, three lobbyists for five fire protection districts testified in favor of it (some represented multiple organizations). To be fair, two lobbyists for three other fire protection organizations testified in opposition to the bill.<sup>28</sup> No matter the numbers, this is a clear example of fire districts using tax dollars to advocate for legislation that would grant them more authority to levy taxes on the public. Such a practice encourages the growth and expansion of government.

### **Missouri Cities and Hotel Taxes**

Missouri law requires cities to get specific authorization from the state of Missouri before they enact special sales taxes on hotel and lodging facilities. This requirement, while common, also has been an opportunity for lobbying firms. In 2011, Jefferson City, which has a contract with a private lobbying firm, received state authorization to raise its hotel tax, which city voters later approved.

Similarly, the City of Columbia attempted in 2012 to get authorization

from the state to increase its hotel tax. According to a local paper, Columbia's political leadership had the city's lobbyists actively involved in the effort:

The Columbia City Council has authorized city staff to work with state legislators and the city's contract lobbyist to get the enabling legislation on the books. CHA has also hired a lobbyist to represent its views.<sup>29</sup>

This is an example of government using tax dollars to lobby for more tax dollars from the public. Many other cities and counties have attempted to do the same thing, with mixed results.

## **POLICY OPTIONS FOR MISSOURI**

Given that intergovernmental lobbying suffers from meaningful flaws, it is desirable to limit or reform its use in Missouri in ways that shield citizens from potential harms. Three possible reforms are discussed here.

1. Require that the Missouri Ethics Commission (MEC) collect and display a greater range of information about taxpayer-funded lobbying efforts.

The Missouri Ethics Commission is tasked with enforcement of the lobbying laws of the state. All individuals who wish to lobby the state government must register with the Missouri Ethics Commission, declare the identity of the organization on whose behalf they are lobbying, and report basic data such

as dollars expended on gifts or dinners for legislators. Citizens interested in identifying the organizations that lobby the state government may peruse the relevant database that lists all “principals” that contract lobbyists. Unfortunately, this database does not allow users to segment the data to distinguish between private principals and public principals. If the database were altered to allow for segmentation, citizens would have easier access to data on the prevalence of intergovernmental lobbying, thus partially addressing problems of accountability and transparency.

To further address problems of accountability and transparency, Missouri should look to recommendations such as those outlined in the Pacific Research Institute’s (PRI) “State-Level Lobbying and Taxpayers: How Much Do We Really Know?” PRI analyzed the lobbying disclosure laws and the accessibility of lobbying data in all 50 states and ranked states across a range of measures. In its analysis, PRI ranked Missouri as 23rd in the nation with respect to the quality of its disclosure laws and 13th in the nation with respect to the accessibility of data pertaining to lobbying. In its analysis of Missouri’s disclosure laws, PRI penalized Missouri for the following:

- a. Allowing disclosure and regulation exemptions for certain governmental entities that lobby.
- b. Failing to incorporate a definition of “public entity” into lobbying laws.

- c. Allowing for materiality tests such that if lobbying expenses are less than a certain dollar threshold or if time spent lobbying is less than a specified threshold, then no disclosure is required.
- d. Weak information disclosure requirements, including failure to mandate that principals disclose their address and phone number, the names of all the lobbyists representing them, the address and phone number of contracted lobbyists, the nature of the lobbying, direct lobbying costs, indirect lobbying costs, and a failure to mandate that lobbyists disclose the nature of their lobbying activities and the specific pieces of legislation for which they lobby.

In its analysis of the quality of the accessibility of Missouri’s lobbying data, PRI penalized Missouri for the following:

- a. Inadequate ability to sort data such as by specific time period, total expenditures, compensation spending, source of funding, subject of lobbying, legal status of the principal, and the sector and sub-sector of the principal.
- b. No ability to simultaneously sort data across multiple criteria.

The value of this reform option derives from the value of government transparency: government actors behave differently and more responsibly when their actions are publicly available for

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review and scrutiny. Armed with richer data on taxpayer-funded lobbying, citizens across Missouri can conduct their own cost-benefit analyses of such lobbying and choose to condone — or even demand — it of the organizations that represent them. Unfortunately, this option fails to address other fundamental issues that plague the practice of taxpayer-funded lobbying, such as the crowding out of public involvement.

2. Require that the State Auditor perform regular audits pertaining to intergovernmental lobbying.

The State Auditor is tasked with the proper fiscal regulation of public agencies across Missouri. Regular audits of the taxpayer-funded lobbying practices of these agencies would accomplish two valuable ends:

- a. These audits, which would be publicly available, would again increase the transparency of intergovernmental lobbying practices.
- b. The Auditor's office could produce not just descriptive tabulations of lobbying expenditures, but also normative evaluations of the efficacy of such expenditures.

While this option promotes transparency and encourages discourse, it leaves public institutions that are outside the purview of the Auditor's oversight unaffected and does not directly address harmful aspects associated with intergovernmental lobbying.

3. Prohibit the exercise of any and all forms of intergovernmental lobbying within the state.

While this option most effectively addresses all causes for concern associated with taxpayer-funded lobbying, it also closes off all potential benefits. For example, under this option, even if a plurality of citizens within a city desired that city to procure lobbying services, that city would be barred from doing so.

Because all conceivable options necessarily introduce tradeoffs, it is impossible to advance any option as strictly superior to all others. It is therefore incumbent upon the citizens of Missouri, armed with detailed knowledge of the potential costs and benefits of taxpayer-funded lobbying, to discuss and determine which solution they prefer.

Missouri Representative Shane Schoeller attempted to pass a ban on certain types of lobbying by public entities in 2010. His proposal would have allowed governments to contract with lobbyists for certain activities, but it would have prohibited those lobbyists from "advocating" their position to the legislature. The proposal to prohibit "advocacy" but allow activities such as monitoring legislation and educating legislators was a technical distinction that proved hard to define and would have been even more difficult to enforce. For that reason and others, the bill did not pass. Rep. Schoeller, however, deserves credit for being willing to take on the issue of intergovernmental lobbying.



## PUBLIC INFORMATION COLLECTION PROJECT

In addition to discussing the normative cases for and against taxpayer-funded lobbying, we have attempted to document the prevalence of such lobbying in Missouri.

**Method:** The method by which data was collected and analyzed for this paper is inspired by similar work of the Illinois Campaign for Political Reform.<sup>30</sup> First, the Missouri Ethics Commission's lobbyist registration database was used to identify public institutions — or public “principals,” to borrow the phrasing of the MEC — on whose behalf lobbyists were registered. Because the data from the MEC do not allow for filtering of public principals from private ones, this sequestration was done manually. Public institutions were defined as those institutions that derived at least a portion of their operating revenue from taxpayer dollars. Upon compilation of a list of relevant public principals, each of these institutions was sent a request for records under the Missouri Sunshine Law for the following:

1. Copies of contracts that the public institution entered into to procure services to lobby Missouri state government.
2. Invoices or other billing statements from contracted lobbyists summarizing the work performed or requesting payment submitted to the public institution.

3. Receipts or other financial statements showing payments the public institution made for lobbying state government.

The data obtained is provided online and indicates that public institutions across Missouri are spending approximately \$2.7 million in 2012 to procure state lobbying services.<sup>31</sup> It is important to note that this figure understates the true prevalence of intergovernmental lobbying in at least three major ways.

First, this figure is based only on the volume of taxpayer dollars used to lobby the state of Missouri, not the total volume of taxpayer dollars used for the purposes of lobbying. Specifically, this figure excludes the amount of taxpayer dollars that political institutions expend for the purposes of lobbying lateral or subordinate governmental units, such as cities lobbying other cities, or police departments and schools lobbying city governments.

Second, this figure neglects the full cost of government employees whose principal responsibilities are to facilitate intergovernmental affairs or lobbying activities. It was not within the scope of this project to attempt to identify and determine the salary of full-time government employees who are not full-time lobbyists but who engage in legislative lobbying as part of their job duties.

Third, this figure does not capture the lobbying activities of consortiums of public institutions. For example, the

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Missouri Municipal League (MML) — an association of Missouri cities, towns, and villages — is funded by fees from member organizations and lobbies on behalf of these member organizations. Because the fees paid into the MML originate from tax collections, activities of the League can be considered taxpayer-funded lobbying. Unfortunately, because the MML is incorporated as a not-for-profit organization, its records cannot be obtained under the Missouri Sunshine Law. As such, data regarding the lobbying the MML undertakes — and similar associations across Missouri — remains unavailable. Efforts should be made, however, to increase the transparency of organizations such as the MML, the MAFPD, the MACFPD (see the section on Fire Districts on page 8) and many others which use tax dollars for legislative lobbying.

**Data:**

The state lobbying contracts that were acquired as part of this project are posted at [www.smiinfo.org/lobbycontracts](http://www.smiinfo.org/lobbycontracts). The documents are readily searchable by key terms or government institution. It is our hope that this data will be useful to citizen activists across Missouri as they strive to stay informed about their governments' actions.

**CONCLUSION**

Taxpayer-funded lobbying is both a symptom and a cause of the constant growth in government at all levels. It is a symptom because much of it involves

lower levels of government chasing the offerings of higher levels of government. It is a cause because various levels of government respond to lobbying efforts by increasing the supply of money to be distributed. The lobbying for more funding from other governments can be rationally interpreted by those targeted as revealing a desire for more government spending, even though that desire may be on behalf of politicians and not constituents.

Taxpayers and politicians must realize that every time they lobby for their “fair share” of current expenditures, thousands of other entities are lobbying just as hard for their share. It will usually be a classic “lose-lose” situation for taxpayers. If the lobbying efforts succeed, the government pie grows, the revenues needed to fund it increase, and the taxpayers' combined debt expands.<sup>32</sup> If the lobbying efforts fail, tax dollars have been needlessly collected and wasted.

Taxpayer-funded lobbying does not lead to a just and fair distribution of public goods. It leads, instead, to an arms race of government handouts, a divisive fight for the spoils of government extravagance, and more debt for the public to pay. The practice can also make it more difficult for average citizens to fight back because tax dollars have been used to limit public access to information in the first place. It is impractical to outright prohibit taxpayer-funded lobbying in Missouri. However, important changes can be made to the

practice. Regular audits, improved MEC data, and better disclosure requirements can improve the practice. Taxpayer-funded lobbying in Missouri must become much more transparent so that citizens can find out who is working for their governments, and what issues they are lobbying for or against. The policy options for transparency discussed previously are imperative for good government in Missouri.

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*Note: The authors wish to thank former Show-Me Institute intern Mary Kate Hopkins for her assistance with this project.*

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## NOTES

<sup>1</sup> Merriam-Webster Dictionary. View online here: <http://www.merriam-webster.com/dictionary/lobbying>.

<sup>2</sup> Kerpen, Phil. "Taxpayer Funded Lobbying: Big Government Growth Machine," Americans For Prosperity Foundation, 2007, p. 1.

<sup>3</sup> Due to the large number of different fiscal years for the collected data, giving an exact amount for calendar year 2012 would be complicated.

<sup>4</sup> Those Kansas City governments are: the city, the school district, the police board, the port authority, the school retirement system, and the transportation authority. The figure is not exact for calendar year 2012, as the various governments have different fiscal years.

<sup>5</sup> The Missouri Ethics Commission, which is charged with enforcing lobbying laws, currently only requires lobbyists to disclose expenditures on items such as food and gifts for lawmakers. It does not compile data on principals who hire the lobbyists or differentiate between public and private lobbyists. It does not collect information about salaries the principal pay. The information available is limited and not well organized.

<sup>6</sup> Spalding, Audrey, and Patrick Ishmael. " 'Aerotropolis': A Raw Deal For Missouri," Show-Me Institute Case Study, July 11, 2011. View online here: <http://showmeinstitute.org/publications/case-study/corporate-welfare/578-aerotropolis-a-raw-deal-for-missouri.html>.

<sup>7</sup> Taxpayer-funded lobbying may have been involved, but we have no evidence that it was.

<sup>8</sup> If there had been a real need for a local police department to deal with, for example, the problem of methamphetamine, then the city would have continued to fund it.

<sup>9</sup> "President Clinton's COPS Grants: Are They Working?" *NBC Nightly News*, Oct. 21, 2000. View online here: <http://archives.nbclearn.com/portal/site/k-12/flatview?cuecard=2436>.

<sup>10</sup> Klein, Joal, "Learning the Hard Way," *Wall Street Journal*, August 20, 2011.

<sup>11</sup> For example, the lobbying contracts for both the Saint Louis and Kansas City school districts instruct their lobbyists to "coordinate" efforts with the teachers' union.

<sup>12</sup> Blank, Chris. "Missouri Lawmaker Proposes Restrictions on Lobbyists," *Columbia Missourian*, AP story, February 5, 2010.

<sup>13</sup> The Missouri Constitution, Article 1, Section 9.

<sup>14</sup> Barr, Benjamin. "Your Tax Dollars at Work: The Implications of Taxpayer-Funded Lobbying," Policy Report No. 217, the Goldwater Institute, January 23, 2007.

<sup>15</sup> Werkman, Dirk. "The 'Spending Lobby' Swings a Well-Financed Stick." *Cal-Tax Digest*, November 1997. View online here: <http://www.caltax.org/MEMBER/digest/Nov97/nov97-4.htm>.

<sup>16</sup> Clemens, Jason, Julie Kaszton, Karrie Rufer, and Laura Sucheski. "State-Level Lobbying and Taxpayers: How Much Do We Really Know? Assessing State Lobbying Disclosure Laws and Accessibility," Pacific Research Institute, March 2010, p. 18.

<sup>17</sup> Fonger, Ron. "Taxpayers pay when local government agencies play politics." *Michigan Live*, December 6, 2009. View online here: [http://www.mlive.com/news/flint/index.ssf/2009/12/taxpayers\\_pay\\_when\\_local\\_gover.html](http://www.mlive.com/news/flint/index.ssf/2009/12/taxpayers_pay_when_local_gover.html).

<sup>18</sup> Ibid and Knich, Diane. "Schools Defend Lobbying Costs" *The Post and Courier*, September 28, 2009. View online here: <http://www.postandcourier.com/news/2009/sep/28/schools-defend-lobbying-costs?print>.

<sup>19</sup> Knich, Diane. "Schools Defending Lobbying Costs," *The Post and Courier*, September 28, 2009. View online here: <http://www.postandcourier.com/news/2009/sep/28/schools-defend-lobbying-costs?print>.

<sup>20</sup> For example, employees of the Missouri Highways and Transportation, who lobbied in favor of enhanced enforcement of seat belt laws.

<sup>21</sup> One of the few examples of competition within government lobbying is when different governments that provide overlapping services fight for the right to be the primary provider of that service. Generally, this fight occurs between counties and cities in Missouri. Some of the lobbying efforts by counties in Missouri are in favor of policies, such as TIF reform, that would help

limit the growth of government. However, in these instances, limiting the growth of government would be *a result of* the policy changes, not *the reason* for the policy changes.

<sup>22</sup> Weich, Susan, and Elizabeth Holland. "Burning Through Tax Dollars." *St. Louis Post-Dispatch*, August 22–25, 2004.

<sup>23</sup> At least seven fire districts in Saint Louis County employ private lobbyists.

<sup>24</sup> Weich, Susan, and Elizabeth Holland. "Burning Through Tax Dollars." *St. Louis Post-Dispatch*, August 22–25, 2004.

<sup>25</sup> The author did not attempt to gather data from the MAFPD and MACFPD for reasons that will be discussed later in the paper.

<sup>26</sup> Holland, Elizabeth, and Phil Sutin. "Munyo League Opposes Sales Tax Bill For Fire Districts." *St. Louis Post-Dispatch*, April 10, 2010. View online here: <http://www.stltoday.com/news/local/govt-and-politics/>

[munyo-league-opposes-sales-tax-bill-for-fire-districts/article\\_40132e51-a4e8-5e69-8252-7d1bd5f951ad.html](http://www.munyo-league-opposes-sales-tax-bill-for-fire-districts/article_40132e51-a4e8-5e69-8252-7d1bd5f951ad.html).

<sup>27</sup> These bills include House Bill 1536, 2012; HB 542, 2011; Senate Bill 826, 2010; HB 1361, 2010; HB 1679, 2010; and HB 1681, 2010. Some of these bills were not exclusive to fire protection districts, and some dealt with only minor parts of the overall issue. Senate Bill 826, 2010 was most directly on point, and also came closest to passing.

<sup>28</sup> Source: e-mail to David Stokes from legislative staffer.

<sup>29</sup> Read, John. "Hotels Hope Tax Plan Doesn't Sleep Over." *Columbia Business Times*, Issue 10, Volume 18. View online here: <http://columbiabusiness.com/14449/2012/03/29/hotels-hope-tax-plan-doesn%E2%80%99t-sleep-over/>.

<sup>30</sup> "Governments Lobbying State Government." Illinois Campaign For Political

Reform. 2011. View online here: <http://www.ilcampaign.org/issue-briefings/governments-lobbying-state-governments-2011>.

<sup>31</sup> The number is approximate. Different governments use different fiscal years. Not every government responded to our request, though a strong majority did. Also, the number counts lobbyist contracts and does not count other money spent on lobbying, as explained in the narrative. Please view data online at [www.smiinfo.org/lobbycontracts](http://www.smiinfo.org/lobbycontracts).

<sup>32</sup> "Debt" here is referring to all kinds of government debt: the national debt, underfunded state pensions for public employees, municipal bond debt, etc.

**Please view lobbying contracts online at**  
[www.smiinfo.org/lobbycontracts](http://www.smiinfo.org/lobbycontracts)



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