



# Testimony

## Taxpayer-Funded Lobbying

### *Invited Testimony before the Texas Senate Committee on State Affairs*

by James Quintero

Mr. Chairman and Members of the Committee:

My name is James Quintero, and I am a policy director at the Texas Public Policy Foundation. Thank you for the opportunity to address the committee today on taxpayer-funded lobbying. This issue is one of next session's most consequential, and the passage of well-crafted legislation has the potential to radically improve the policy landscape.

The interim charge being discussed this afternoon is as follows:

*Study how governmental entities use public funds for political lobbying purposes. Examine what types of governmental entities use public funds for lobbying purposes. Make recommendations to protect taxpayers from paying for lobbyists who may not represent the taxpayers' interest.*

My written remarks below explore how and why taxpayer-funded lobbying is employed, arguments against the practice, and recommendations to improve policymaking.

### **Taxpayer-Funded Lobbying: *The Arrangement***

Political subdivisions practice taxpayer-funded lobbying in many different ways, including through the utilization of:

- **Outside Lobbyists.** Some entities contract with private firms and individuals to advocate at the statehouse.
- **In-House Lobbyists.** Other entities dedicate staff to influence legislation or administrative actions.
- **Membership Organizations.** Many entities pay membership dues to one or more advocacy organizations that promote a specific agenda, which is oftentimes pro-government in nature.

#### ***Outside Lobbyists***

Cities, counties, school districts, and special districts spend millions of taxpayer dollars every year on professional lobbyists. The amount spent on advocacy is no small sum either. According to past research, local governments spent as much as [\\$41 million on outside firms and individuals](#) to lobby the statehouse in 2017. It is estimated that those expenditures represented 11% of all lobby dollars spent that year.

For the current fiscal year, lobby expenditure data are still forthcoming in some cases, making it difficult to provide a comprehensive estimate. However, interested parties can still get a sense of its size by examining a political subdivision's budget. A new state law ([House Bill 1495](#)) requires the proposed budget of a political subdivision to include a line item for expenses related to "directly or indirectly influencing or attempting to influence the outcome of legislation or administrative action." The information must be provided in a manner that allows for as clear a comparison as practicable between those expenditures in the proposed budget and actual expenditures for the same purpose in the prior year. For certain Texas cities, the newly disclosed data reveals a significant level of expense.

At least one Texas city—the city of Houston—will spend almost \$1 million on outside lobbyists this year. Over a 2-year period, its lobbying expenditures will total \$1.3 million. The city of Austin will spend the next most to lobby, at \$674,650. Its 2-year total is just shy of \$1.3 million. Other municipalities—like San Antonio, Arlington, Lubbock, Irving, and Grand Prairie—plan to spend between \$100,000 to \$400,000 this year. Brownsville and Plano will spend the least. The city of Fort Worth has yet to reveal its lobbying expenditures for FY 2021.

These expenditures do not include other costs, like in-house lobbyists and fees or dues paid to membership organizations.

**Table 1**  
Municipal Government Spending on Outside Lobbyists

MUNICIPALITY	FY 2020	FY 2021	2020-21 TOTAL	SOURCE
Houston	\$400,000	\$900,000	\$1,300,000	<a href="#">Adopted Operating Budget (p. 103)</a>
San Antonio	\$48,750	\$358,250	\$407,000	<a href="#">Adopted Operating &amp; Capital Budget (p. 549)</a>
Austin	\$605,400	\$674,650	\$1,280,050	<a href="#">Adopted Budget (p. 162)</a>
Fort Worth	\$397,000	Unknown*	\$397,000	<a href="#">Recommended Annual Budget and Program Initiatives (p. 20)</a>
Arlington	\$173,750	\$151,750	\$325,500	<a href="#">Adopted Budget and Business Plan (p. 268)</a>
Plano	\$35,940	\$35,940	\$71,880	<a href="#">Program of Service (p. iii)</a>
Lubbock	\$150,000	\$150,000	\$300,000	<a href="#">Proposed Operating Budget and Capital Program (p. 25)</a>
Irving	\$146,000	\$146,000	\$292,000	<a href="#">Proposed Budget Book One (p. 49, FY 2021 figure only)</a>
Grand Prairie	\$105,200	\$105,200	\$210,400	<a href="#">Proposed Budget Book (p. iii)</a>
Brownsville	\$96,000	\$96,000	\$192,000	<a href="#">2021 Annual Budget (p. 90)</a>

\*Figure to be published in Fort Worth's "Adopted Book."

### ***In-House Lobbyists***

Political subdivisions also engage in taxpayer-funded lobbying by employing in-house lobbyists. This cohort generally consists of intergovernmental relations personnel that have been assigned the task of lobbying state government. During a legislative session, it is not uncommon for these employees to descend on the Texas Capitol en masse to influence affairs. And that can be an expensive proposition for taxpayers.

For instance, the city of Austin's Intergovernmental Relations department spent an estimated \$864,843 in FY 2020 and plans to spend \$1,185,141 in FY 2021. Those expenditures are separate and apart from the money spent on outside lobbyists.<sup>1</sup> In large part, these resources have been committed to advance the city's legislative program—which in no way is beneficial to taxpayers.

According to the city's [2021 State Legislative Agenda](#), the following items represent just a few of the issues that Austin's in-house lobby team will engage on:

- Oppose a city spending limit.
- Support "local options for revenue expansion and diversification."
- Oppose lowering the homestead appraisal cap.
- Support mandatory sales price disclosure.
- Oppose pension reform.
- Protect impact fees, building permit or registration fees.
- Oppose a taxpayer-funded lobbying ban.

It is unclear how promoting and advancing those legislative concepts benefits the taxpaying public.

### ***Membership Organizations***

Another way that political subdivisions use taxpayer money to lobby is through membership organizations. These associations are not accountable to voters. Their very nature allows them to insulate members from the consequences of promoting

<sup>1</sup> For more information, see page 162 of the city of Austin's [2020-21 Adopted Budget](#).

higher taxes and bigger government. These associations often charge membership dues to raise a small portion of their budget. Sometimes members do not spend their own money on these dues—for instance, many members of a professional prosecutors association use civil asset forfeiture funds taken from citizens without benefit of a trial and guilty verdict to pay their dues. The majority of funds raised by these associations typically come from the ad space they sell in their trade association-like magazines to private sector companies seeking government contracts. The ad space is bought, typically at a premium high above what the subscription base would justify, for the purpose of funding the associations' operations and lobbying efforts. Thus, this money does not directly flow from taxpayers but rather is provided by firms that supply goods and services to government and, as a result, benefit from greater government spending.

### **Taxpayer-Funded Lobbying: *Arguments Against***

Local government should not spend public money on private lobbyists for many reasons. First, one part of a representative government should not petition another part of government for a “redress of grievances.” A political subdivision may not lay claim to that right.

Second, lobbyists employed with taxpayer money usually advocate for greater spending, more taxing authority, and increased regulatory power. It is unreasonable to force taxpayers to fund lobbying campaigns that go against their interests.

Third, the practice puts individuals at a distinct disadvantage when it comes to getting their representatives' attention. Lobbyists know how to work the system, while the average Texan does not. Besides, local elected officials have other avenues to elevate their needs and concerns to state lawmakers, like making personal contact or showing up at the Texas Capitol in person. State officials are all highly motivated to listen to the elected members of the local government bodies that they represent.

So long as government is large and powerful—taxing, spending, and regulating in ways that can significantly affect the profitability of businesses and personal finance—individuals will be driven to influence lawmaking. Much of this activity is defensive but some is opportunistic, leading to crony corporatism with the government actively encouraged to pick winners and losers. In both cases, private individuals engaged in lobbying activities are exercising their free speech rights, as enshrined in the [First Amendment](#) which states: “the right of the people ... to petition the Government for a redress of grievances.”

Private persons engaged in lobbying write bills, assemble coalitions, and strive to pass or defeat legislation using this freedom. When they work for unions, businesses, or other special interests, they still are exercising their right to free speech. However, when these persons are employed by a governmental entity, the dynamics change. After all, only people have rights. Governments have powers.

### **Taxpayer-Funded Lobbying: *Recommendations***

- Ban the ability of local government to hire outside lobbyists.
- Prohibit any political subdivision of the state from using public funds to hire someone whose main job was to lobby any governmental entity.
- Prohibit any public funds from going to public agency associations.

Thank you for your time. I look forward to answering any questions that you may have.

## ABOUT THE AUTHORS



**James Quintero** is the policy director for the Government for the People campaign at the Texas Public Policy Foundation. Quintero focuses extensively on state and local government spending, taxes, debt, public pension reform, annexation, and local regulations. His work has been featured in the *New York Times*, *Forbes*, the *Huffington Post*, Fox News, and Breitbart. He is currently a bi-weekly contributor to the *Austin American-Statesman*.

Quintero received an MPA with an emphasis in public finance from Texas State University and a BA in sociology from the University of Texas at Austin. He currently serves on Texas State University's MPA Program Advisory Council.

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