

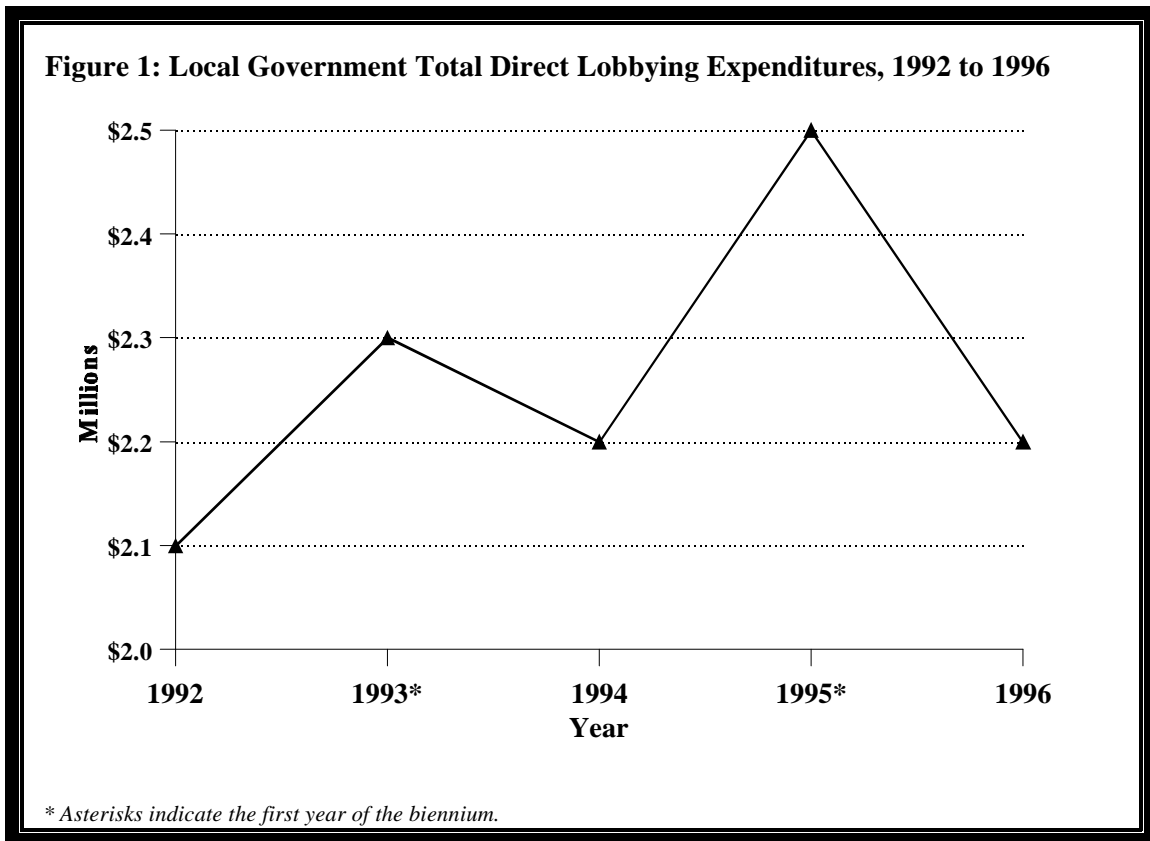
Local Government Lobbying in 1996

Summary of 1996 Local Government Lobbying Expenditures

During 1996, 80 Minnesota local governments expended \$2,228,640 in direct lobbying expenditures. This represented a decrease of 10.4 percent from the \$2,487,482 in direct lobbying expenditures made in 1995. A direct lobbying expenditure is the amount paid directly to a local government employee or a contract lobbyist for the purpose of lobbying the Legislature or state administrative agency. Direct lobbying expenditures do not include dues and membership fees paid to local government organizations, even though the local government organizations spend a portion of those dues and membership fees for lobbying activities.

Eighty local governments reported \$2,228,640 in direct lobbying expenditures in 1996.

Historically, local government lobbying expenditures are higher in the first year of the biennium than in the second year due to the budgeting cycle of the Legislature. Figure 1 shows the trend of direct lobbying expenditures by local governments for the years 1992 through 1996.

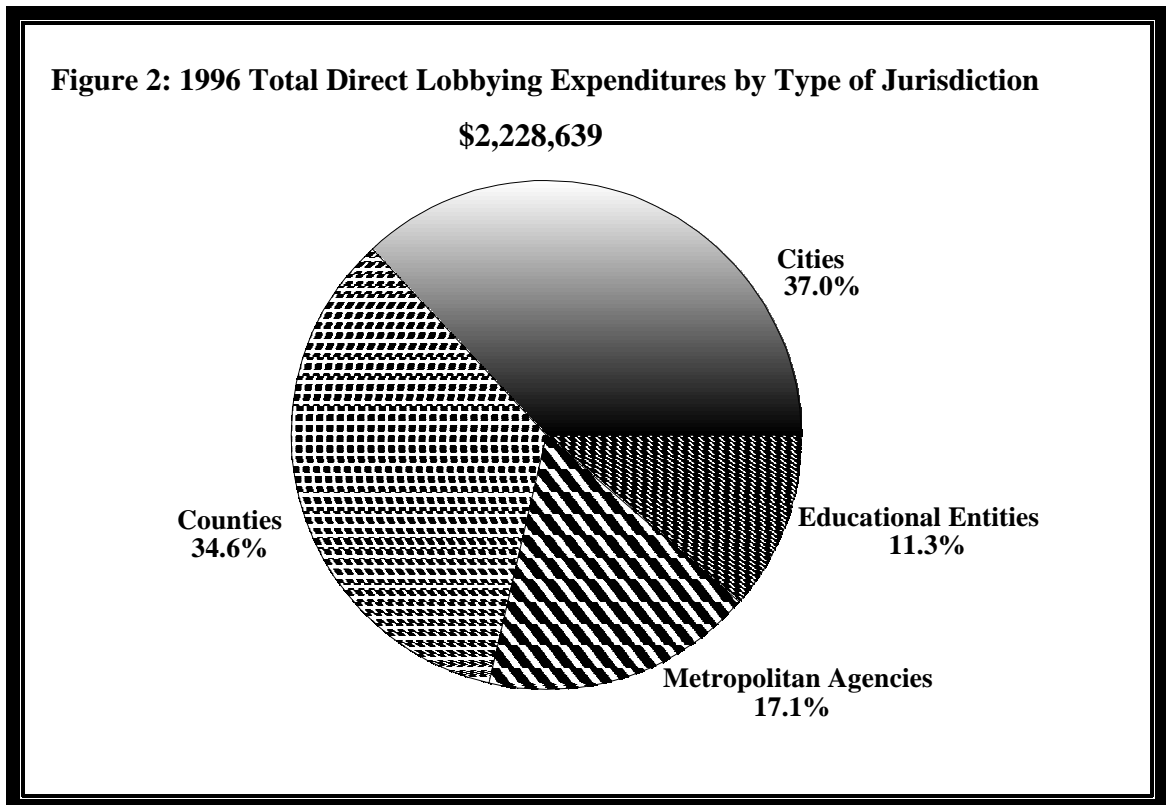


Direct Lobbying Expenditures of Minnesota Local Governments

Eighty of Minnesota's cities, counties, school districts, and metropolitan agencies opted to directly employ staff and/or contract lobbyists to lobby the Legislature on their behalf in 1996. The 80 units of government include:

- Forty-seven cities that reported a combined total of \$823,693 in direct lobbying expenditures;
- Thirteen counties that reported a combined total of \$771,726 in direct lobbying expenditures;
- Sixteen school districts or other educational entities that reported a combined total of \$251,553 in direct lobbying expenditures; and,
- Four metropolitan agencies that reported a combined total of \$381,667 in direct lobbying expenditures.

Figure 2 shows 1996 total direct lobbying expenditures by type of jurisdiction.



Local Governments with Highest Direct Lobbying Costs

Five of the 80 local governments reported over \$100,000 in lobbying expenditures, for a combined total of \$961,013. These five local governments account for 43.1 percent of the total direct local government lobbying expenditures. The five local governments are:

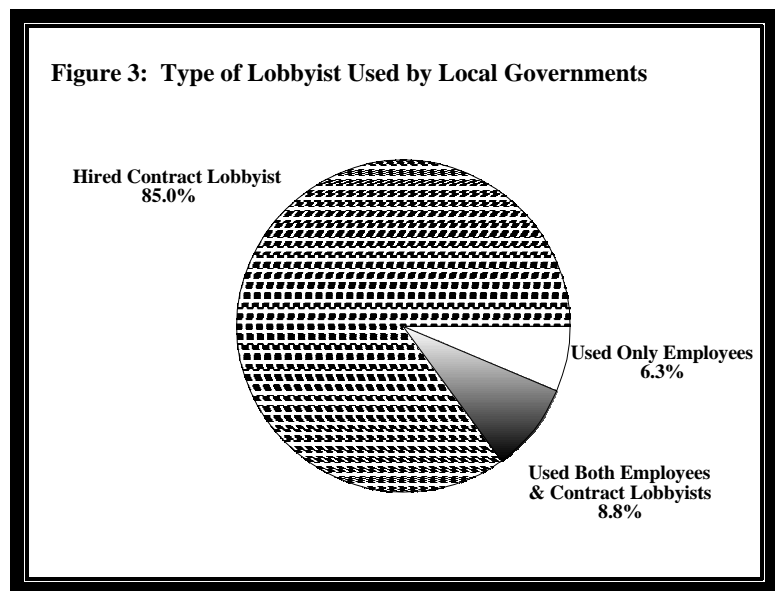
City of Duluth	\$105,865	Metropolitan Airports Commission	\$153,919
City of Minneapolis	\$229,393	Metropolitan Council	\$131,341
Hennepin County	\$340,495		

Hired Contract Lobbyists are Utilized Far More than Employee Lobbyists

Direct expenditures by local government units for lobbying the Legislature in 1996 included the use of hired contract lobbyists and local government employees. Approximately 59.6 percent (\$1,329,246) of the total direct lobbying expenditures were made to various contract lobbyists. The remaining 40.4 percent (\$899,393) of the expenditures were made to employees of 12 government units to lobby on behalf of the local units of government. During 1996:

- Five local units of government relied entirely upon their employees to represent them at the Legislature;
- Sixty-eight units of government relied entirely upon contract lobbyists to represent them at the Legislature; and,
- Seven local units of government hired contract lobbyists and used their own employees for lobbying the Legislature.

Figure 3 shows that local governments which have direct lobbying expenditures utilize contract lobbyists far more than their own employees to lobby the Legislature.



Firms That Lobby on Behalf of Local Governments

In 1996, Minnesota local governments hired 32 contract lobbyists or lobbying firms at a cost of \$1,329,247 to lobby the Legislature on their behalf. Ten of these lobbyists or firms each received \$50,000 or more from local governments for a combined total of \$1,011,755. This accounted for 76.1 percent of all contract lobbying expenditures by Minnesota local governments. The ten contract lobbyists are:

Best & Flanagan	\$123,818	McGrann, Shea, Franzen, Carnival, Straughn & Lamb	\$144,779
Capitol Hill Associates	\$71,251	Messerli & Kramer	\$180,334
Flaherty & Koebele	\$61,271	Publicorp/Ehlers & Associates	\$52,678
Legislative Associates	\$79,898	Ronald Jerich & Associates	\$83,067
Mary D. Gilbert	\$74,659	Schatz, Pacquin, Lockridge, Grindal and Holstein	\$140,000

Other Lobbying Expenditures on Behalf of Local Governments

While 80 local government units have opted to pay lobbyists directly to lobby on their behalf, most local governments rely on various local government organizations to represent them at the Legislature.¹ These local government organizations charge membership dues to individual local governments throughout the state. Most local government associations provide administrative assistance in addition to lobbying services for their members. The amount of resources spent by these organizations on lobbying varies substantially from one organization to another, but the amount expended on lobbying activities is reported to the State Ethical Practices Board.

In 1996, 22 local government organizations filed lobbying expenditure reports with the State Ethical Practices Board. The reporting form used by the Ethical Practices Board requires lobbying organizations to report their expenditures within the broad ranges of \$0 to \$500; \$501 to \$50,000; \$50,001 to \$150,000; \$150,001 to

Organizations representing local governments spent between \$1.4 and \$3.2 million lobbying the Legislature in 1996.

¹Other than local government management associations, the local government organizations identified in this report do not include various professional organizations that lobby on behalf of specific professional occupations within local governments. For example, the Minnesota Education Association (MEA) is registered with the State Ethical Practices Board. However, since the organization does not specifically represent school districts or school district management personnel, the MEA's lobbying expenditures are not included in this report.

\$250,000; and, \$250,001 to \$500,000. Because of these broad ranges, it is impossible to determine precisely how much was spent by these organizations. Based on the limited expenditure data available, the total expenditures reported by the 22 local government organizations fall somewhere between \$1,356,021 and \$3,150,500. When the direct lobbying expenditures are included, the total amount of 1996 local tax dollars spent on lobbying the state Legislature ranged from \$3,584,661 to \$5,379,140. The 22 local government organizations include:

- Three organizations that represented the interests of school districts;
- Five organizations that represented the interests of cities;
- Four organizations that represented the interests of local economic development and housing organizations;
- Five organizations that represented the interests of counties; and,
- Five organizations that represented other local government interests.

Local Government Organizations with Highest Lobbying Expenditures

Among the 22 local government organizations that lobbied the Legislature on behalf of their local government members, seven organizations reported lobbying expenditures in excess of \$150,000. These organizations are:

Association of Metropolitan Municipalities	\$150,001 to \$250,000
Association of Metropolitan School Districts	\$150,001 to \$250,000
Coalition of Greater Minnesota Cities	\$250,001 to \$500,000
League of Minnesota Cities	\$250,001 to \$500,000
Metropolitan Inter-County Association	\$150,001 to \$250,000
Minnesota School Boards Association	\$150,001 to \$250,000
Schools for Equity in Education	\$150,001 to \$250,000

Scope and Methodology of Report

This report on the lobbying expenditures of Minnesota counties, cities, school districts and metropolitan agencies is prepared in accordance with Minnesota Statute (1996) § 6.76. The statute requires that:

"On or before January 31, 1990, and each year thereafter, all counties, cities, school districts, metropolitan agencies, regional railroad authorities, and the metropolitan council shall report to the state auditor, on forms prescribed by the auditor, their estimated expenditures paid for the previous calendar year to a lobbyist as defined in section 10A.01, subdivision 11, and to any staff person not registered as a lobbyist over 25 percent of whose time is spent during the legislative session on legislative matters."

Many state policies, appropriation and tax laws established by the Minnesota Legislature and state administrative agencies have a direct impact on Minnesota's local governments. Therefore, it is appropriate that local governments work with the Legislature and administrative agencies in the development of these laws and administrative processes. *This report is not intended to question the appropriate role of local governments in the state's legislative and administrative process. Instead, it is intended to inform Minnesota citizens of the amount spent by their local governments to lobby the Legislature.*

The Office of the State Auditor has collected and published this data for lobbying expenditures made by local governments since 1989. This report summarizes local government lobbying expenditures during calendar year 1996. Due to a change in methodology, reports issued since 1992 are not comparable with earlier reports.²

In January of 1996, a lobbying reporting form was mailed to local governments which had reported lobbying expenditures in 1995 (see Appendix A). A review of individual lobbyist registrations with the State Ethical Practices Board identified additional local governments that have paid individuals to lobby on their behalf during 1996. The lobbying expenditures are the amounts reported by the local governments. The Office of the State Auditor did not attempt to verify the accuracy of those amounts. The data was cross-referenced against data collected by the State Ethical Practices Board, which requires lobbyists, and organizations that pay lobbyists, to file periodic reports.

²While the law requires local governments to report the total annual cost of salaries and benefits of employees who spend more than 25 percent of their time on legislative issues, local governments contend that these figures artificially inflate their total lobbying expenditures. Therefore, for the past four years local governments were asked to report the percentage of an employee's time spent on legislative issues. This percentage was then used to prorate the total annual salary and benefit expenditures of the employee as a means of determining the amount of their total compensation related to legislative issues.

DATA TABLES

Appendix A

**Office of the State Auditor
Lobby Disclosure Form**