

Local Government Lobbying in 2000

Summary of 2000 Local Government Lobbying Expenditures

In 2000, local governments spent \$4,277,977 in direct and indirect lobbying expenditures as reported to the Office of the State Auditor (OSA). This represents an increase of \$176,785 or 4.3 percent over the amount spent in 1999. The 2000 increase represents the first instance since 1989 (the year the OSA began compiling lobbying expenditures data) that lobbying expenditures increased in an even-numbered year. Lobbying expenditures have historically only increased during odd-numbered years when the legislature sets the biennial budget and more legislative days are typically used.

Fifty-four reporting local governments spent a total of \$2,801,869 in direct lobbying expenditures in 2000. This was \$162,534 more than in 1999. A direct lobbying expenditure is the amount paid 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.

In addition to the \$2.8 million in direct lobbying expenditures, local governments paid dues of \$7,395,197 in 2000 to associations that represented their interests before the legislature. Of the approximately \$7.4 million in dues, \$1,476,108 was spent on lobbying activities.¹ These expenditures are considered indirect lobbying costs. In 1999, local governments paid association dues of approximately \$6.0 million, of which \$1,461,857 was spent on lobbying activities.

Direct Lobbying Expenditures of Minnesota Local Governments

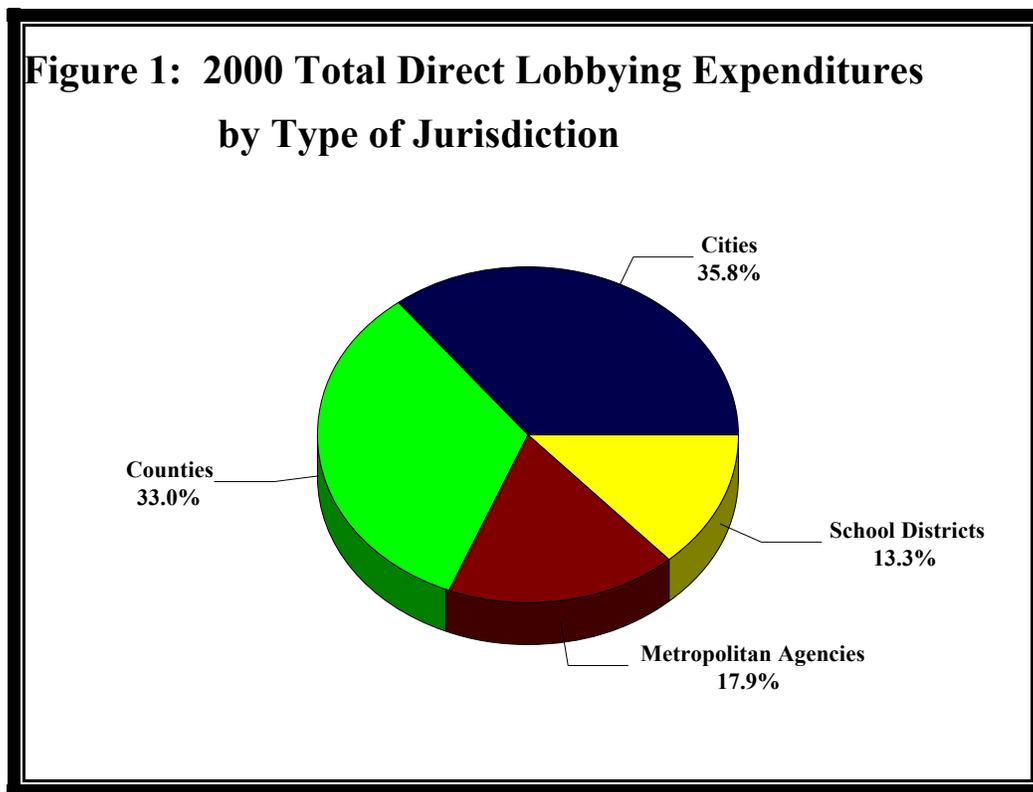
Fifty-four of Minnesota's cities, counties, school districts, and metropolitan agencies directly employ staff and/or contract with professional lobbyists to represent their interests before the legislature. Tables 1 through 3 detail direct lobbying expenditures.

Of the 54 entities reporting:

- ! Twenty-seven cities and the Minneapolis Park and Recreation Board reported a combined total of \$1,003,504 in direct lobbying expenditures;
- ! Thirteen counties reported a combined total of \$924,283 in direct lobbying expenditures;
- ! Eight school districts reported a combined total of \$371,812 in direct lobbying expenditures; and,
- ! Five metropolitan agencies reported a combined total of \$502,272 in direct lobbying expenditures.

¹ This report analyzes the lobbying expenditures funded exclusively through member dues. Several associations reported that they had other sources of funding that helped support their lobbying activities.

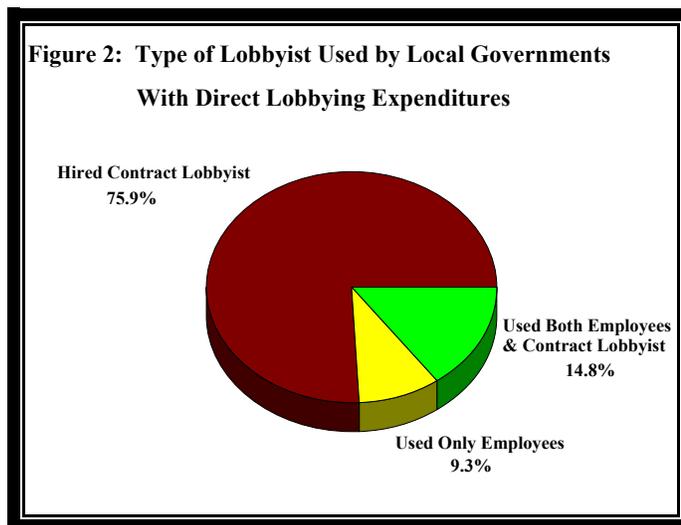
Figure 1 shows 2000 total direct lobbying expenditures by type of jurisdiction.



Direct lobbying expenditures by local governments included the use of hired contract lobbyists and local government employees. Approximately sixty percent (\$1,678,037) of the total direct lobbying expenditures were made to various contract lobbyists. The remaining forty percent (\$1,123,832) of the expenditures were made to employees of thirteen local governments to represent the local government's interests before the legislature or a state administrative agency.

During 2000:

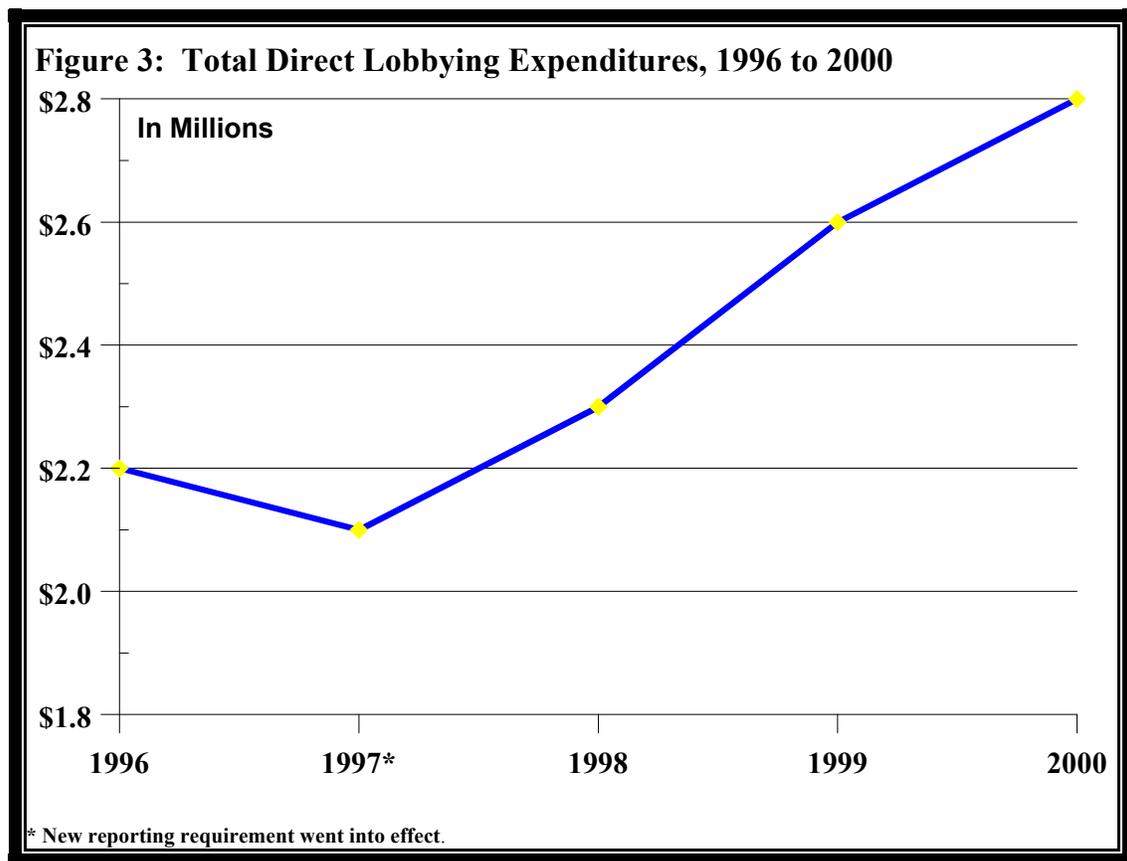
- ! 5 local units of government relied entirely upon their employees to represent them at the legislature;
- ! 41 units of government relied entirely upon contract lobbyists to represent their interests; and,
- ! 8 local units of government hired contract lobbyists and used their own employees for lobbying the legislature.



Trends in Direct Lobbying Expenditures

An analysis of the five-year trend in direct lobbying expenditures finds that after a decrease between 1996 and 1997, direct lobbying expenditures have risen every year. The decrease between 1996 and 1997 most likely reflects a change in the reporting requirement. Prior to 1997, associations of local governments were not required to report lobbying expenditures to the OSA. Because of confusion on the reporting requirements, some local governments would report dues paid to associations as contracts with lobbying firms. This caused their direct lobbying expenditures to be inflated. After the new reporting requirement went into effect, there was a clear delineation between contracts with lobbyists and dues paid to associations.

Figure three shows direct lobbying expenditures for the years 1996 to 2000.



Other Lobbying Expenditures on Behalf of Local Governments

While 54 local governments opted to hire lobbyists or use employees to lobby on their behalf, most local governments relied on various local government organizations to represent their interests at the legislature.² These local government organizations receive the majority of their funding from membership dues, although some receive other significant sources of revenue. Many associations representing local governments not only lobby on behalf of their members, but also act as service organizations. Groups such as the League of Minnesota Cities and the Association of Minnesota Counties provide a wide range of services to their members. For these associations, lobbying services account for a relatively minor share of their overall expenditures.

Other associations are formed for the explicit purpose of lobbying the legislature on a specific issue or range of issues for which the members share a common interest. Most of these associations hire a lobbyist or a lobbying firm to represent their interests before the legislature. The dues paid by members of these associations generally represent a percentage of the total amount paid to a contracted lobbyist. One would expect that most of the member dues from these arrangements would be used for lobbying, but some associations reported that less than ten percent of dues were used for lobbying activities.

Twenty-six associations representing local governments reported lobbying expenditures for 2000. The total amount spent on lobbying activities totaled \$1,936,912. Of the \$1.9 million spent on lobbying, \$1,476,108 or 76.2 percent was funded through the dues of the association members. Indirect lobbying expenditures increased \$14,251 or 0.97 percent over 1999.

The associations reporting lobbying expenditures included:

- ! Ten organizations that represented the interests of cities;
- ! Five organizations that represented the interests of counties;
- ! Six organizations that represented the interests of school districts;
- ! Two organizations that represented other local government interests; and
- ! Three organizations that represented more than one type of local government.

² 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, Education Minnesota is registered with the Campaign Finance and Public Disclosure Board. However, because the organization does not directly represent school districts or school district management personnel, its lobbying expenditures are not included in this report.

Many Local Governments Belong to Multiple Associations

The majority of reporting local governments (91.2%) belonged to two associations or less. The remaining 8.8 percent were members of between three and six associations. While there are no restrictions regarding the number of associations to which a local government may belong, local governments may want to evaluate whether they are receiving overlapping services. Tables 4 and 5 detail indirect lobbying expenditures.

Figure 4 details the distribution of local government memberships to associations.

