

## Scope and Methodology of Report

This report shows the costs of lobbying services provided to Minnesota local governments and their associations. The report is prepared in accordance with Minnesota Statutes §6.76, which states:

*"(a) On or before January 31 of each year, 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 21, except payments to associations of local governments that are reported under paragraph (b), 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.*

*(b) Associations of local governments subject to this section shall report annually, on or before January 31, to the state auditor and the association's members the proportionate amount of each member's dues spent for lobbying purposes."*

In addition to collecting the information prescribed in Minnesota Statutes §6.76, the Office of the State Auditor has begun requiring local governments and their associations to report more detailed information regarding the billing practices of those hired to provide lobbying services, and other costs related to lobbying services such as administration and overhead. The change was made because the definition of “lobbyist” and “lobbying” in Minnesota Statutes and Rules were different, and resulted in wide variances of what was reported as an expenditure on lobbying services.<sup>1</sup> The State Auditor’s concern was that local governments and their associations were understating the true costs of their lobbying effort because they were excluding overhead, administration, and other costs related to lobbying services. The revised instructions and forms introduced for the 2003 period reflect the inclusion of the definitions of lobbyist and lobbying set forth in statute and rules.<sup>2</sup>

Upon review of the forms that were provided by associations, it was clear that there were still significant differences among associations in what was reported as lobbying services expenditures. This led to an additional request by the Auditor’s Office for copies of the contracts between associations and firms hired to lobby on their behalf, the by-laws of associations, recruitment materials, and member agreements. An examination of these documents indicated that several

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<sup>1</sup>A “lobbyist” as defined in Minn. Stat. § 10A.01, Subd. 21, is a person who is paid “for the purpose of attempting to influence legislative or administrative action, or the official action of a metropolitan governmental unit, by communicating or urging others to communicate with public or local officials.” This definition is broadened if the person is an employee of a local government to also include, “time spent monitoring legislative or administrative action...and related research, analysis, compilation and dissemination of information relating to legislative or administrative policies in the state or the policies of metropolitan governmental units.” “Lobbying” includes not only communication, but also “any activity that directly supports this communication.” Minn. Rule 4511.0100, Subp. 3.

<sup>2</sup>The instructions provided to associations can be seen in Appendix B on page 176.

associations and firms hired to provide lobbying services classified certain activities as “non-lobbying” when they should have been classified as an expenditure on lobbying services. An example of this practice is provided on page 10.

The Office of the State Auditor has collected and published data on the lobbying services costs of local governments since 1989. This is the sixth year that associations whose membership includes local governments were required to report their lobbying services expenditures to the State Auditor. Because of the inclusion of local government associations, the data presented in this report are not comparable with reports prior to the 1997 report. This report summarizes expenditures on local government lobbying services during calendar year 2003 and is intended to inform Minnesota citizens and policy makers of the amount spent by their local governments to attempt to influence public policy in the state.

The reporting forms used to collect information on the expenditures by local governments and their associations for lobbyists and lobbying are presented as appendices in this report. The list of local government associations was developed by reviewing a list of all associations that were registered with the Campaign Finance and Public Disclosure Board. While the Auditor’s Office attempted to identify all associations of local governments and provide them forms to fulfill their reporting requirement, it is the associations’ responsibility to comply with the reporting requirement. The expenditures on lobbying services are the amounts self-reported by local governments and local government associations.