

# **STATE OF MINNESOTA**

## **Office of the State Auditor**



**Rebecca Otto**  
**State Auditor**

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**2017 Local Government  
Lobbying Services**

## Description of the Office of the State Auditor

The mission of the Office of the State Auditor is to oversee local government finances for Minnesota taxpayers by helping to ensure financial integrity and accountability in local governmental financial activities.

Through financial, compliance, and special audits, the State Auditor oversees and ensures that local government funds are used for the purposes intended by law and that local governments hold themselves to the highest standards of financial accountability.

The State Auditor performs approximately 150 financial and compliance audits per year and has oversight responsibilities for over 3,300 local units of government throughout the state. The office currently maintains five divisions:

**Audit Practice** - conducts financial and legal compliance audits of local governments;

**Government Information** - collects and analyzes financial information for cities, towns, counties, and special districts;

**Legal/Special Investigations** - provides legal analysis and counsel to the Office and responds to outside inquiries about Minnesota local government law; as well as investigates allegations of misfeasance, malfeasance, and nonfeasance in local government;

**Pension** - monitors investment, financial, and actuarial reporting for approximately 650 public pension funds; and

**Tax Increment Financing** - promotes compliance and accountability in local governments' use of tax increment financing through financial and compliance audits.

The State Auditor serves on the State Executive Council, State Board of Investment, Land Exchange Board, Public Employees Retirement Association Board, Minnesota Housing Finance Agency, and the Rural Finance Authority Board.

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# 2017 Local Government Lobbying Services

For the Year Ended December 31, 2017



May 7, 2018

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## Scope and Methodology

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This report shows the expenditures by local governments and their associations for lobbyists and lobbying. The report is prepared in accordance with Minn. Stat. § 6.76, which states:

*(a) On or before January 31 of each year, all political subdivisions 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 political subdivisions 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 political subdivisions 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.*

*(c) For purposes of this section, "political subdivision" has the meaning given in section 6.465, but also includes a metropolitan or regional agency or a public corporation audited by the legislative auditor.*

The Office of the State Auditor has collected and published data on the lobbying services costs of local governments since 1989. This report summarizes expenditures on local government lobbying services during the calendar year 2017<sup>1</sup> and is intended to inform the public and policymakers of the amount spent by their local government on lobbying services.<sup>2</sup>

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 starting on page 391. The list of local government associations was developed by reviewing all associations that were registered with the Campaign Finance and Public Disclosure Board. While the Office of the State Auditor attempted to identify all associations of local governments and provide them forms to fulfill their reporting requirement, it is the responsibility of the associations to comply with the reporting requirement. The expenditures on lobbying services are the amounts self-reported by local governments and local government associations.

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<sup>1</sup>While the law requires associations to report on a calendar year, certain associations continue to report on their own fiscal years.

<sup>2</sup>This report only details local government lobbying expenditures used to influence legislative, administrative, or official actions by Minnesota officials. This report does not detail local government lobbying expenditures at the federal level.

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## Executive Summary

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- Local governments spent a total of \$8,768,187 on lobbying activities in 2017. This represents a decrease of \$341,952, or 4 percent, from the amount spent on lobbying services in 2016 (pg. 5).
- In 2017, 101 local governments (four fewer than in 2016) reported that they directly employed staff or hired contract lobbyists. These local governments spent a total of \$4,459,652 on staff and contract lobbyists. This was \$488,925, or 10 percent, less than in 2016 (pg. 5).
- In addition to the \$4.5 million paid directly to staff and contract lobbyists, local governments paid dues of \$12,186,259 in 2017 to local government associations that also represented their interests before legislative, administrative, or other governmental bodies. These associations spent \$4,308,535 on lobbyists and lobbying in 2017, an increase of 4 percent over 2016. Of the \$4.3 million spent on lobbyists and lobbying by these associations, \$3,647,690 was funded exclusively through dues. This represents an increase of 3 percent over the \$3,554,109 in association dues that were spent on lobbying activities in 2016 (pg. 5).

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## Overview

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The operation and funding of local governments can be greatly affected by decisions made by the State Legislature. Therefore, it is understandable that those affected by these decisions would want to have representation during the legislative process. This report documents the level of expenditures made by local governments and their associations to perform this function.

According to reports filed with the Office of the State Auditor, local governments spent a total of \$8,768,187 on lobbying activities in 2017. This represents a decrease of \$341,952, or 4 percent, from the amount spent on lobbying services in 2016.

***Expenditures on local government lobbying decreased 4 percent between 2016 and 2017.***

In 2017, 101 local governments (four fewer than in 2016) reported that they directly employed staff or hired contract lobbyists. These local governments spent a total of \$4,459,652 on staff and contract lobbyists.<sup>3</sup> This was \$488,925, or 10 percent, less than in 2016. Staff and contract lobbyists are paid to provide information to policymakers to influence legislative, administrative, or official actions regarding local governments in Minnesota.

In addition to the \$4.5 million paid directly to staff and contract lobbyists, local governments paid dues of \$12,186,259 in 2017 to local government associations that also represented their interests before legislative, administrative, or other governmental bodies.<sup>4</sup> These associations spent \$4,308,535 on lobbyists and lobbying in 2017, an increase of 4 percent over 2016. Of the \$4.3 million spent on lobbyists and lobbying by these associations, \$3,647,690 was funded exclusively through dues. This represents an increase of 3 percent over the \$3,554,109 in association dues that were spent on lobbying activities in 2016.

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<sup>3</sup>These expenditures do not include dues and membership fees paid to local government associations.

<sup>4</sup>The local government associations identified in this report do not include various professional associations 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 association does not directly represent school districts or school district management personnel, its lobbying expenditures are not included in this report.

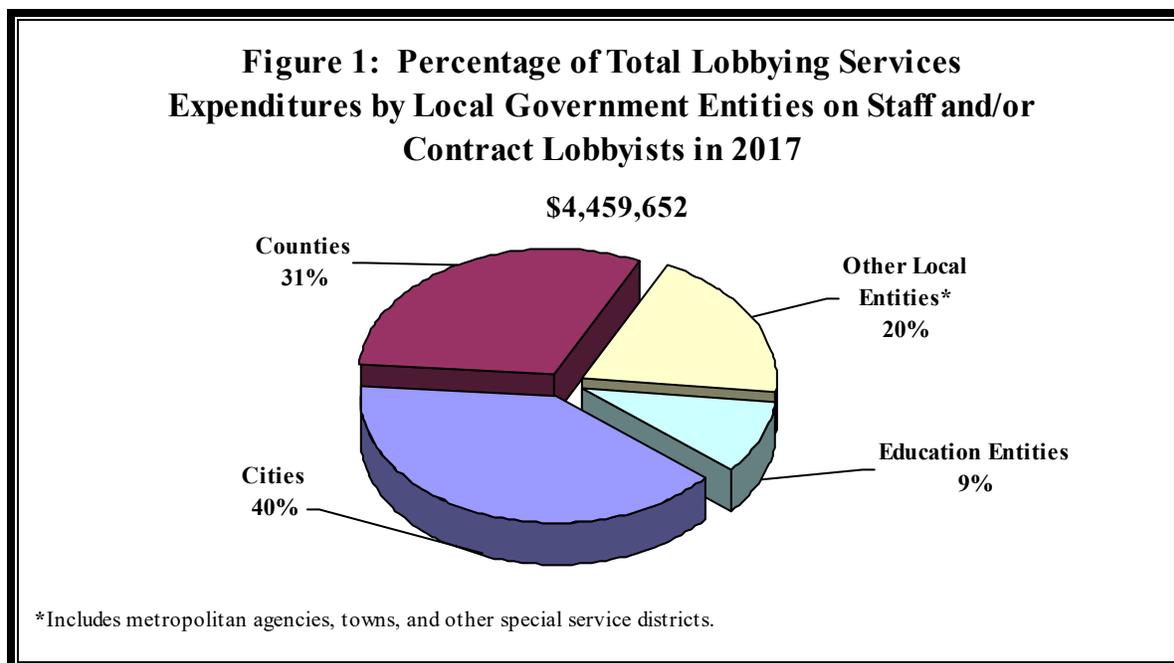
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# Lobbying Services Expenditures by Local Governments

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## Staff and Contract Lobbyists

In 2017, 101 local governments, including cities, counties, school districts, and special districts, directly employed staff and/or contracted with professional lobbyists to represent their interests before the Legislature. Table 4 on pages 15 - 25 shows the payments made to these employees and hired professional staff as well as other costs attributable to lobbying efforts. Figure 1 below shows the 2017 percentage of total expenditures on staff and contract lobbyists by type of entity.



Of the 101 reporting entities that employed lobbying staff or hired contract lobbyists in 2017:

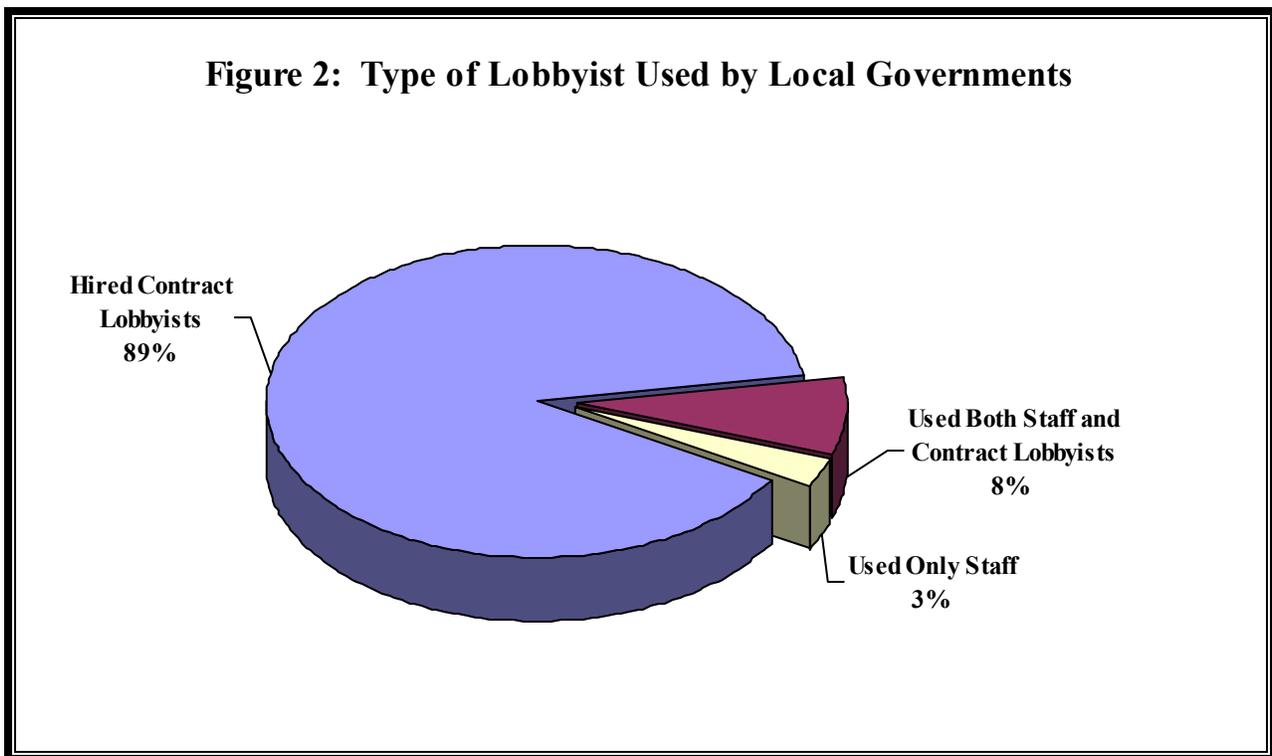
- Forty-two cities and city component units reported a combined total of \$1,795,129 in lobbying services expenditures. This compares to 38 cities and \$1,682,968 in 2016.
- Nineteen counties and county component units reported a combined total of \$1,375,093 in lobbying services expenditures. This compares to 20 counties and \$1,340,096 in 2016.
- Eleven education entities reported a combined total of \$415,154 in lobbying services expenditures. This compares to 15 entities and \$469,520 in 2016.
- Twenty-nine metropolitan agencies, towns, and other special districts reported a combined total of \$874,276 in lobbying services expenditures. This compares to 32 entities and \$1,455,993 in 2016.

## Reliance on Contract Lobbyists

Local governments more frequently use contract lobbyists than utilize their own staff to provide lobbying services. Contract lobbyists accounted for \$3,219,995, or 72 percent, of the total amount spent by those governments using contract or staff lobbyists. Local governments spent \$1,173,531 on staff lobbyists to represent their interests before the Legislature and other governmental bodies. In addition, local governments reported an additional \$66,126 in overhead costs related to lobbying services in 2017.

During 2017:

- Three local governments relied entirely on their staff to represent them at the Legislature, compared to four in 2016.
- Ninety local governments relied entirely on contract lobbyists to represent their interests, compared to ninety-three in 2016.
- Eight local governments hired contract lobbyists and used their own staff for lobbying, the same as in 2016.



## Highest Expenditures on Staff and Contract Lobbyists

Eleven of the 101 local governments that directly employed lobbying staff and/or hired contract lobbyists reported over \$100,000 in lobbying services expenditures, for a total of \$2,092,710. These 11 local governments accounted for 47 percent of the total amount paid to contract and staff lobbyists in 2017 (see Table 1 on the following page).

**Table 1: Local Governments Spending More Than \$100,000 on Lobbying Services in 2017**

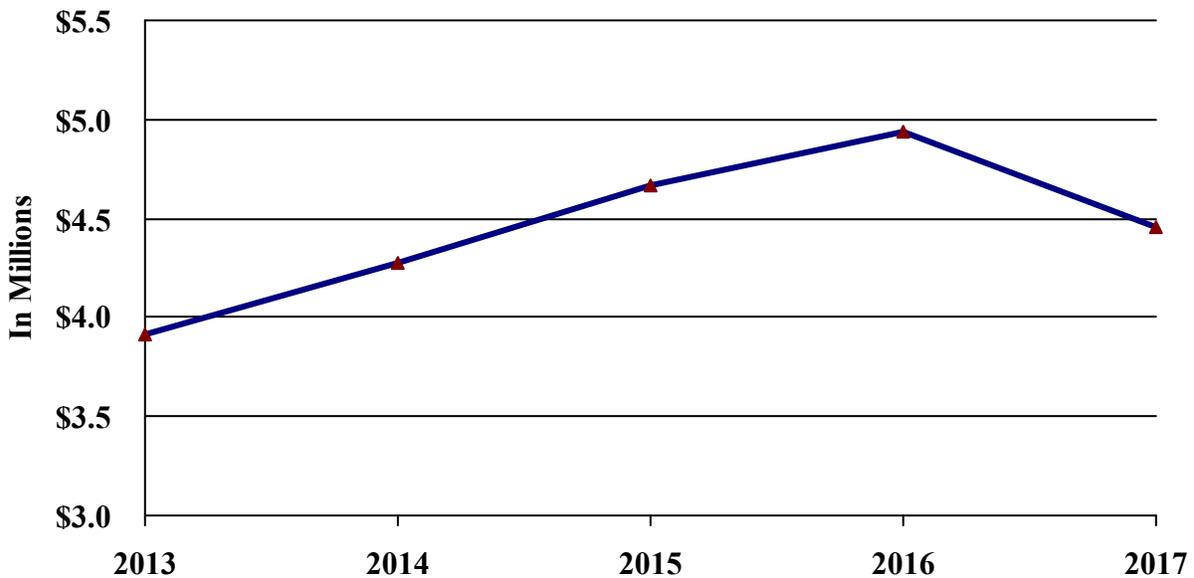
City of Minneapolis	\$357,776	Saint Louis County	\$145,283
City of Saint Paul	\$332,261	Metropolitan Airports Commission	\$135,844
Hennepin County	\$310,380	Anoka County	\$114,489
Ramsey County	\$166,871	Dakota County	\$113,477
City of Bloomington	\$156,078	Counties Transit Improvement Board	\$110,000
Minneapolis Park and Recreation Board	\$150,252		

### Trends in Expenditures for Staff and Contract Lobbyists

The number of entities that reported expenditures on contract and staff lobbyists decreased from 105 in 2016 to 101 in 2017. There were 16 entities that reported lobbying expenditures in 2016 that reported no lobbying expenditures in the 2017 reporting period. There were 12 entities reporting lobbying expenditures in 2017 that reported no lobbying expenditures in the 2016 reporting period.

Figure 3 below shows the long-term trend of expenditures on staff and contract lobbyists for the years 2013 to 2017.

**Figure 3: Total Expenditures on Staff and Contract Lobbyists - 2013 to 2017**



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## Lobbying Services Expenditures by Associations

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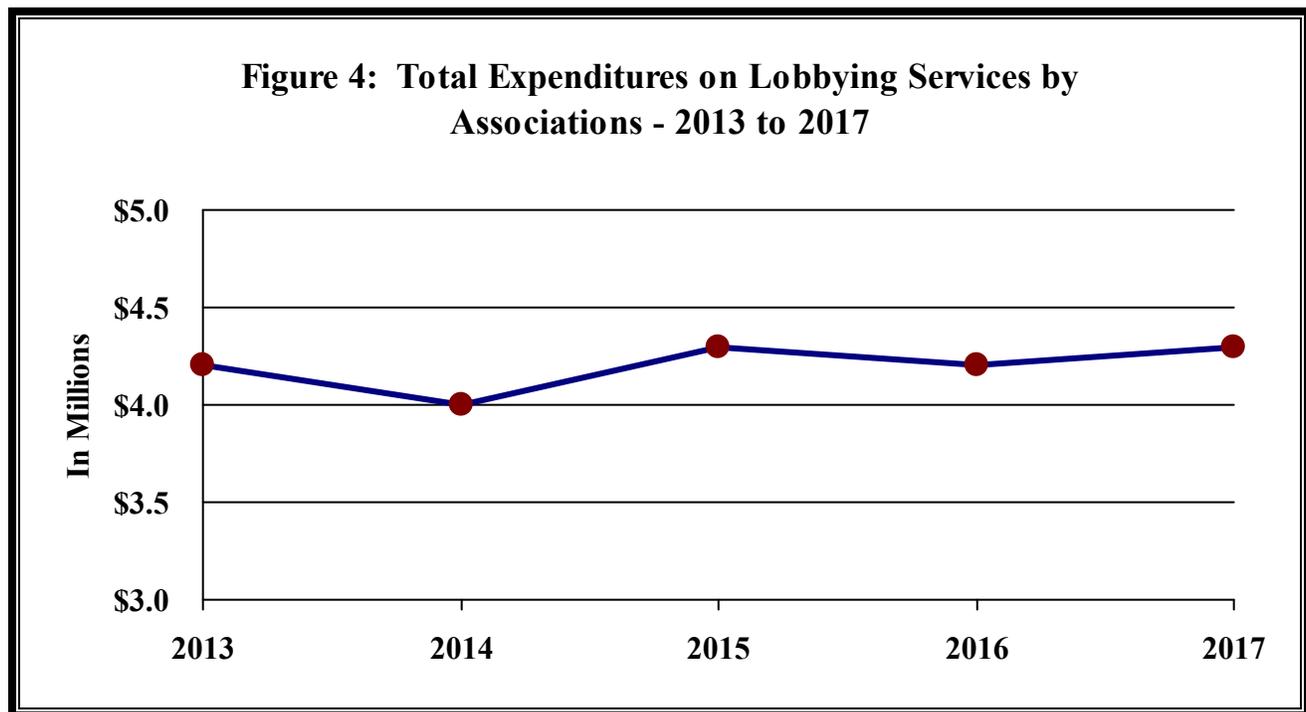
While 101 local governments opted to hire lobbyists or use staff to lobby on their behalf, it is more common for them to rely on various local government associations to represent their interests at the Legislature. These local government associations receive the majority of their funding from membership dues and other public funds. Some associations representing local governments not only lobby on behalf of their members, but also act as service associations. 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 smaller share of their overall expenditures as compared to associations whose primary purpose is lobbying.

Other types of 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 influence legislative, administrative, or other official actions at the state, regional, or metropolitan level of government. The dues paid by members of these associations generally represent a percentage of the total amount paid to a contract lobbyist.

### Trends in Lobbying Services Expenditures Made by Associations

In 2017, 24 associations representing local governments reported expenditures on lobbying services totaling \$4,308,535. Of this amount, \$3,647,690, or 85 percent, was funded through the dues of the association members. Total expenditures for lobbying/lobbyists by associations in 2017 increased \$146,973, or 4 percent, over the level expended in 2016.

Figure 4 below shows total expenditures on lobbying services by associations from 2013 to 2017.



## Association Lobbying by Type of Entity

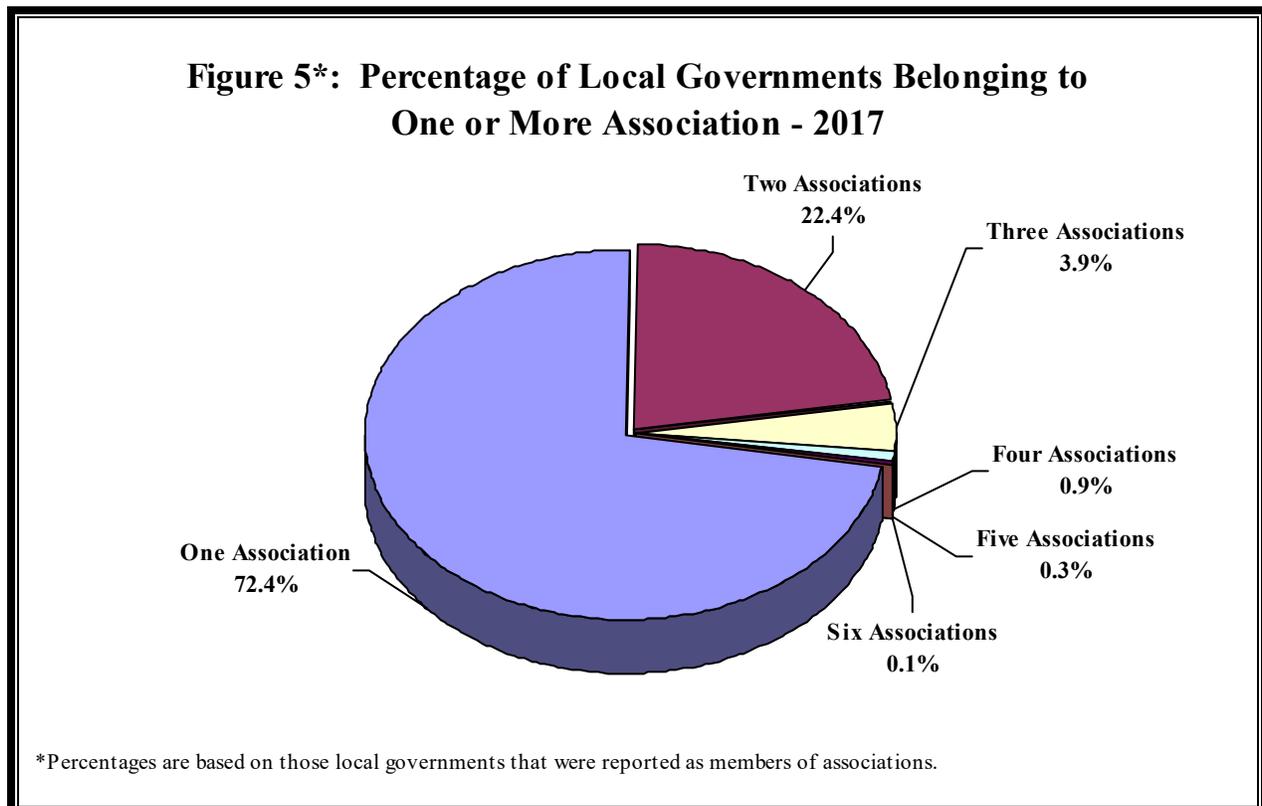
The associations reporting lobbying expenditures included:

- eight associations that represented the interests of cities;
- three associations that represented the interests of counties;
- four associations that represented the interests of school districts;
- one association that represented the interests of townships;
- two associations that represented the interests of special districts; and
- six associations that represented more than one type of local government.

## Multiple Association Memberships

While it is common for local governments to belong to at least one association, some local units belong to several. Of the 3,226 local units of government that belonged to at least one association, there were 166 local units of government that paid dues to three or more associations.

Figure 5 below shows the percentage of local governments that belong to one or more association.

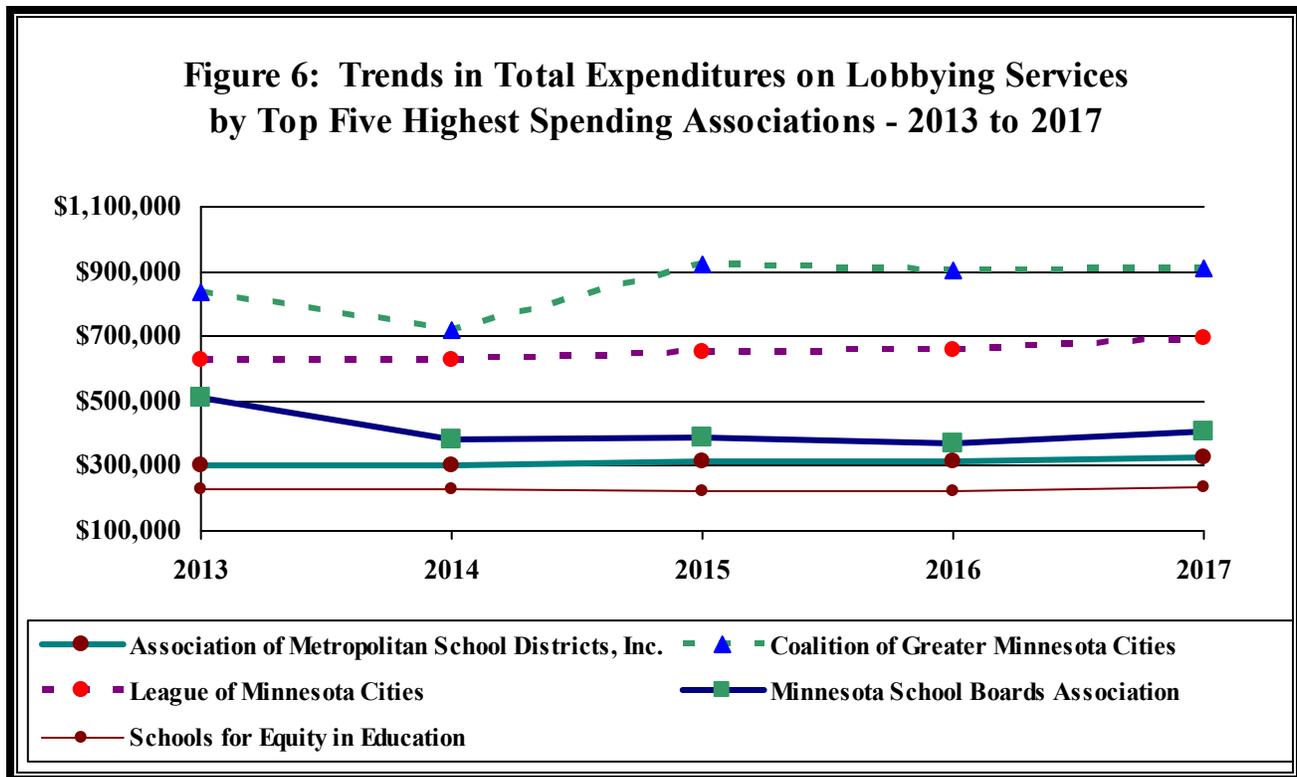


## Associations With the Highest Expenditures on Lobbying Services

Among the 24 local government associations that lobbied the Legislature on behalf of their local government members, 12 associations reported expenditures on lobbying/lobbyists in excess of \$100,000 in 2017 (see Table 2 below). These 12 associations accounted for \$3,805,632, or 88 percent, of the total lobbying expenditures of associations in 2017.

Coalition of Greater Minnesota Cities	\$909,129	Minnesota Rural Education Association	\$220,581
League of Minnesota Cities	\$694,632	Association of Minnesota Counties	\$188,489
Minnesota School Boards Association	\$409,180	Minnesota Inter-County Association	\$185,744
Association of Metropolitan School Districts, Inc.	\$324,663	Greater Minnesota Partnership	\$152,130
Schools for Equity in Education	\$234,398	Municipal Legislative Commission	\$139,541
Association of Metropolitan Municipalities	\$220,679	North Metro Mayors Association	\$126,466

Figure 6 below shows the five-year trend in lobbying expenditures by the five associations with the highest lobbying expenditures in 2017.



## Compensation Paid to Firms or Staff for Lobbying Services

In 2017, Minnesota local governments or associations of local governments paid 14 firms or lobbyists \$100,000 or more to provide lobbying services.<sup>5</sup> The 14 firms or lobbyists receiving \$100,000 or more in payments from local governments or associations of local governments are listed below in Table 3.

Flaherty and Hood, P.A.	\$838,924	Costin Group	\$147,980
Messerli and Kramer	\$506,469	Joel Carlson	\$139,441
Lockridge, Grindal, and Nauen, PLLP	\$485,679	Larkin Hoffman Daly and Lindgren, Ltd.	\$137,916
Ewald Consulting	\$211,003	Rice, Michels, and Walther LLP	\$133,252
Capitol Hill Associates	\$187,721	Katie Knutson	\$117,038
Amundson Strategies, LLC	\$167,746	Weber Johnson Public Affairs	\$102,758
Fryberger, Buchanan, Smith, and Frederick	\$152,787	Eugene Ranieri	\$101,519

<sup>5</sup>The amounts listed are those exclusively attributed to lobbying services. Some of these firms also received money for services they provided to the association or local government that they determined were not attributable to lobbying. Only the part of an employee's salary and benefits attributed to lobbying was included in this analysis.