



Testimony

House Bill 749

Testimony Before the Texas House 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. I am testifying in support of [House Bill 749](#).

The bill before the committee is easily one of the most consequential pieces of legislation this session. As introduced, HB 749 would:

- Prohibit a political subdivision from spending public funds 1) to hire an individual required to register as a lobbyist under Chapter 305 of the Texas Government Code for the purpose of legislative advocacy, or 2) to pay a nonprofit association or organization that primarily represents governmental interests and hires or contracts with an individual required to register as a lobbyist under Chapter 305.
- Provide that if a political subdivision is engaged in prohibited activity, a taxpayer or resident of that entity is entitled to injunctive relief to prevent any further activity or expenditures. A taxpayer or resident who prevails is entitled to recover reasonable attorney's fees.

If passed, the ban on cities, counties, school districts, and special districts hiring registered lobbyists or spending public money with government-centric organizations that hire registered lobbyists would have a profoundly positive impact on the people and policies of Texas. The change would rebalance the system in some fantastic ways.

My written remarks below examine the problem with using tax dollars to hire registered lobbyists, consider arguments in support of enacting a ban, and elevate recent public opinion polls.

A Pernicious Practice

Local governments spend public money to hire lobbyists to advocate for higher taxes, more spending, and bigger government. This activity occurs through a variety of different channels, including:

- **External Lobbyists.** Some entities contract with private firms and individuals to advocate at the statehouse.
- **Internal 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.

External Lobbyists

Cities, counties, school districts, and special districts spend millions every year to hire on registered lobbyists. 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 reveal a significant level of expense.

Chart 1. Municipal Government Lobbying Expenditures

Municipality	FY 2020	FY 2021	2-Year Total	Source
Arlington	\$173,750	\$151,750	\$325,500	Adopted Budget and Business Plan (p. 268)
Austin	\$605,400	\$674,650	\$1,280,050	Adopted Budget (p. 162)
Brownsville	\$96,000	\$96,000	\$192,000	2021 Annual Budget (p. 90)
Fort Worth	\$397,000	\$696,000	\$1,093,000	Recommended Annual Budget and Program Initiatives (p. 25)
Grand Prairie	\$105,200	\$105,200	\$210,400	Proposed Budget Book (p. iii)
Houston	\$400,000	\$900,000	\$1,300,000	Adopted Operating Budget (p. 103)
Irving	\$146,000	\$146,000	\$292,000	Proposed Budget Book One (p. 49, FY 2021 figure only)
Lubbock	\$150,000	\$150,000	\$300,000	Proposed Operating Budget and Capital Program (p. 25)
San Antonio	\$48,750	\$358,250	\$407,000	Adopted Operating & Capital Budget (p. 549)

At least one Texas city—the city of Houston—will spend almost \$1 million on external lobbyists this year. Over a 2-year period, its lobbying expenditures will total \$1.3 million. The city of Fort Worth is next to spend the most to lobby this year, at \$696,000. Its 2-year total is just shy of \$1.1 million. Other municipalities, like Austin, San Antonio, Arlington, Lubbock, Irving, and Grand Prairie plan to spend between \$100,000 to \$675,000 this year. Brownsville will spend the least.

This small sample of municipal government lobbying expenditure data holds some uncomfortable truths. First, it exposes the fact that, despite tumultuous times, government spending on legislative advocacy remains high. In almost every instance, cities spent six figures to employ lobbyists during the interim and increased spending greatly for the session year. Second, it reveals a deep level of commitment to lobbying the Legislature. Which raises the question: For what? Experience suggests that it is in service of larger government institutions, more taxing and bonding authority, and greater regulatory control. Third, it hints at a much larger problem, in the aggregate, than many Texans realize.

Internal Lobbyists

Political subdivisions also engage in this anti-taxpayer activity 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.* 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.

* For more information, see page 162 of the city of Austin’s [2020-21 Adopted Budget](#).

- Support mandatory sales price disclosure.
- Oppose pension reform.
- Protect impact fees, building permit, or registration fees.
- Oppose a taxpayer-funded lobbying ban.

The city of Houston's in-house lobby team, otherwise known as its [Inter Government Relations](#) (IGR) department, provides another useful example. The IGR consists of four full-time employees equipped with an almost \$600,000 annual budget. It also borrows heavily from within city government. In 2019, it tapped more than 180 persons across two dozen different departments to assist with [“reviewing legislation, crafting testimony, and understanding policy implications.”](#)

But while IGR has ample means, it is hard to say what taxpayers gain from its pro-government activism. In fact, its advocacy arguably hurts, not helps, the average Houstonian.

Consider that its chief lobbyist has taken public stands against legislation [to let voters decide on massive tax increases](#), [to make government more transparent](#), [to end forced annexation](#), and [to ease local regulations that spike housing costs](#). Fortunately, most of these proposals passed in the end, but Houston-area taxpayers footed the bill for the attempted quashings.

These are just a few examples. Over the years, department staff have opposed countless commonsense reforms, both out in the open and behind closed doors.

Today, the IGR has a [new to-do list](#) that includes preserving the city's ability to misuse emergency orders; tightening Houston's regulatory grip over the energy industry; getting more money from state taxpayers; and crowding out low-income women and children in the state's Medicaid program by adding more healthy, able-bodied adults to the system.

It is unclear how promoting and advancing those legislative concepts benefit 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 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.

Arguments Against

There are many reasons why it is wrong for local governments to spend tax dollars on lobbyists. First, it is inappropriate for one level of government to petition another level of government for a “redress of grievances.” Governments do not have that rights. In fact, governments have no rights. They have powers.

Second, publicly funded lobbyists almost always advocate against the interest of the taxpayer and in favor of the governmental entity. Forcing Texans—a majority of whom support limited government—to finance their opposition at the Legislature is unethical.

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.

Fourth, the practice is contributing to the ongoing California-zation of Texas. By artificially amplifying the number of pro-government voices, political subdivisions have been able to wield far more influence than would have otherwise been possible, affecting the quality and composition of legislation being considered and passed. The result has been to tilt the balance in favor of progressive proposals and away from conservative ideals, at least the local level.

Public Opinion Is Overwhelmingly Opposed

Last month, the Foundation released a new poll of 800+ registered voters, conducted by WPA Intelligence between February 2–4, 2021, that [asked Texans whether local governments should spend tax money to hire lobbyists](#). Here’s the major takeaway: *Texans overwhelmingly oppose allowing tax dollars to fund lobbyists, with 86% saying the practice should end and only 7% who believe it should stay.*

That’s right, about 9 in 10 Texans oppose tax dollars going to lobbyists. The huge margin speaks volumes, but it comes as no surprise. Other past polls have revealed similar findings.

- In 2019, again using WPA Intelligence, the Foundation asked a near-identical question and found that 91% of respondents were [against the practice](#), with 80% saying they were strongly against.
- In 2020, a supermajority of Texas Republican primary voters [supported the following ballot proposition](#): “Texas should ban the practice of taxpayer-funded lobbying, which allows your tax dollars to be spent on lobbyists who work against the taxpayer.” (YES – 94.29%, NO – 5.71%)

The results confirm the obvious—the public overwhelmingly opposes local governments using tax dollars to hire well-heeled lobbyists.

For those reasons, I ask that the committee look favorably on HB 749. Thank you for your time. I look forward to answering any questions that you may have. ★

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, Breitbart, and 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.

About Texas Public Policy Foundation

The Texas Public Policy Foundation is a 501(c)3 nonprofit, nonpartisan research institute. The Foundation promotes and defends liberty, personal responsibility, and free enterprise in Texas and the nation by educating and affecting policy-makers and the Texas public policy debate with academically sound research and outreach.

