

Lee Drutman Sunlight Foundation

Yale University
Institution for Social and Policy Studies
May 6, 2013

*Does lobbying
work?*

*Enough of the time
to pay off*

Why does lobbying work?

1. Expertise
2. Persistence

FEDERAL
TAX
REGULATIONS

2002

REGULATIONS
UNDER
I.R.C. 1986
Sections
1.531 to 1.969

U.S. CODE
CONGRESSIONAL &

FEDERAL
TAX
REGULATIONS

2002

REGULATIONS
UNDER
I.R.C. 1986
Sections
1.531 to 1.969

U.S. CODE
CONGRESSIONAL &

FEDERAL
TAX
REGULATIONS

2002

REGULATIONS
UNDER
I.R.C. 1986
Sections
1.970 to 1.999

U.S. CODE
CONGRESSIONAL &

FEDERAL
TAX
REGULATIONS

2002

REGULATIONS
UNDER
I.R.C. 1986
Sections
38.0 to 601.0-1
11 C.F.R.
Parts 10, 19
INDEX

U.S. CODE
CONGRESSIONAL &

INTERNAL
REVENUE
CODE

1987

COMPLETE
TEXT
with
INDEX

U.S. CODE

INTERNAL
REVENUE
CODE

1988

COMPLETE
TEXT
with
INDEX

U.S. CODE

3.8 million
words

(a) Containers, packing and transportation charges.

In determining, for the purposes of this chapter, the price for which an article is sold, there shall be included any charge for coverings and containers of whatever nature, and any charge incident to placing the article in condition packed ready for shipment, but there shall be excluded the amount of tax imposed by this chapter, whether or not stated as a separate charge. A transportation, delivery, insurance, installation, or other charge (not required by the foregoing sentence to be included) shall be excluded from the price only if the amount thereof is established to the satisfaction of the Secretary in accordance with the regulations.

(b) Constructive sale price

(1) In general

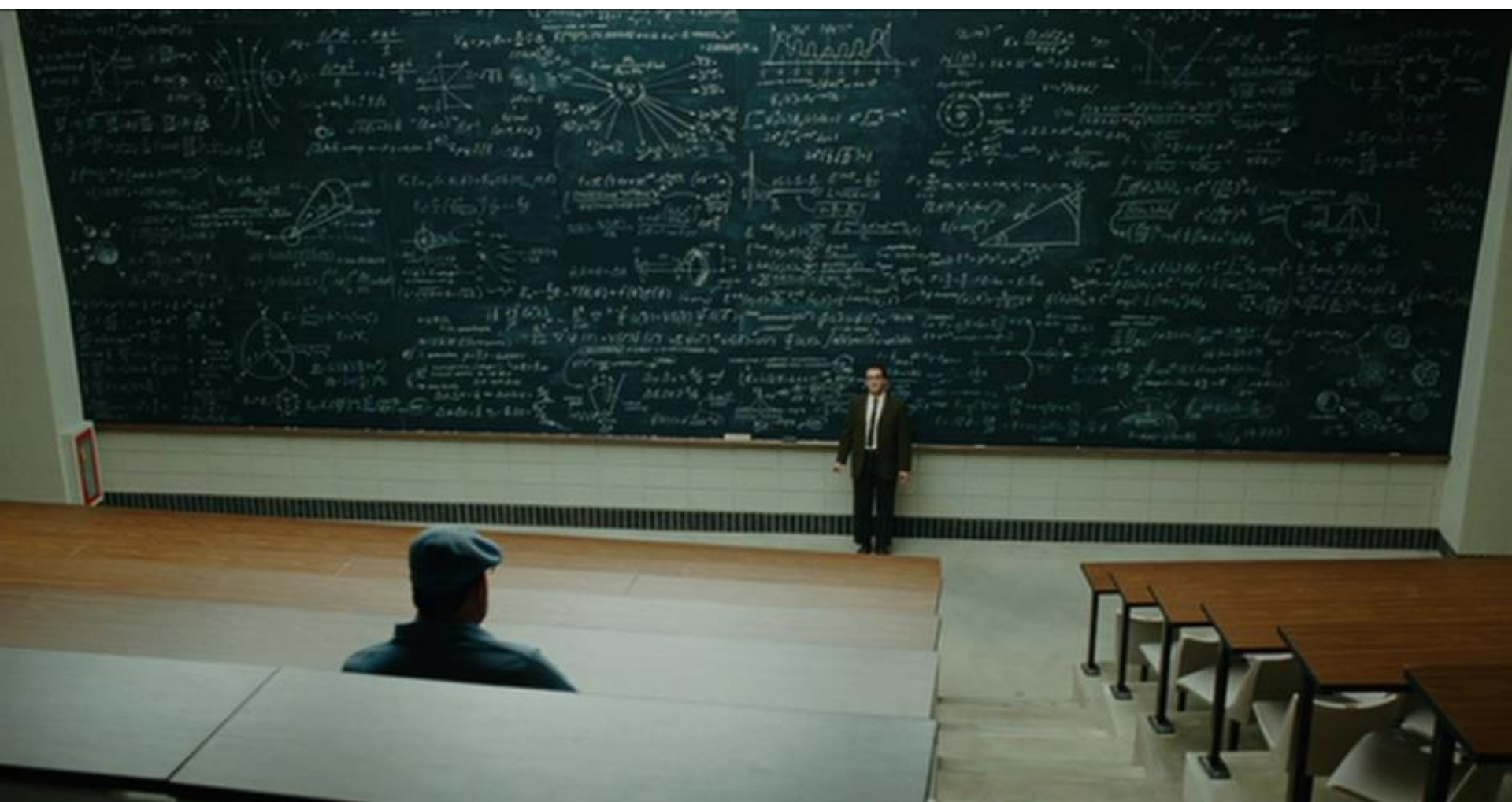
If an article is—

(A) sold at retail,

(B) sold on consignment, or

(C) sold (otherwise than through an arm's length transaction) at less than the fair market price, the tax under this chapter shall (if based on the price for which the article is sold) be computed on the price for which such articles are sold, in the ordinary course of trade, by manufacturers or producers thereof, as determined by the Secretary. In the case of an article sold at retail, the computation under the preceding sentence shall be on whichever of the following prices is the lower: (i) the price for which such article is sold, or (ii) the highest price for which such articles are sold to wholesale distributors, in the ordinary course of trade, by manufacturers or producers thereof, as determined by the Secretary. This paragraph shall not apply if paragraph

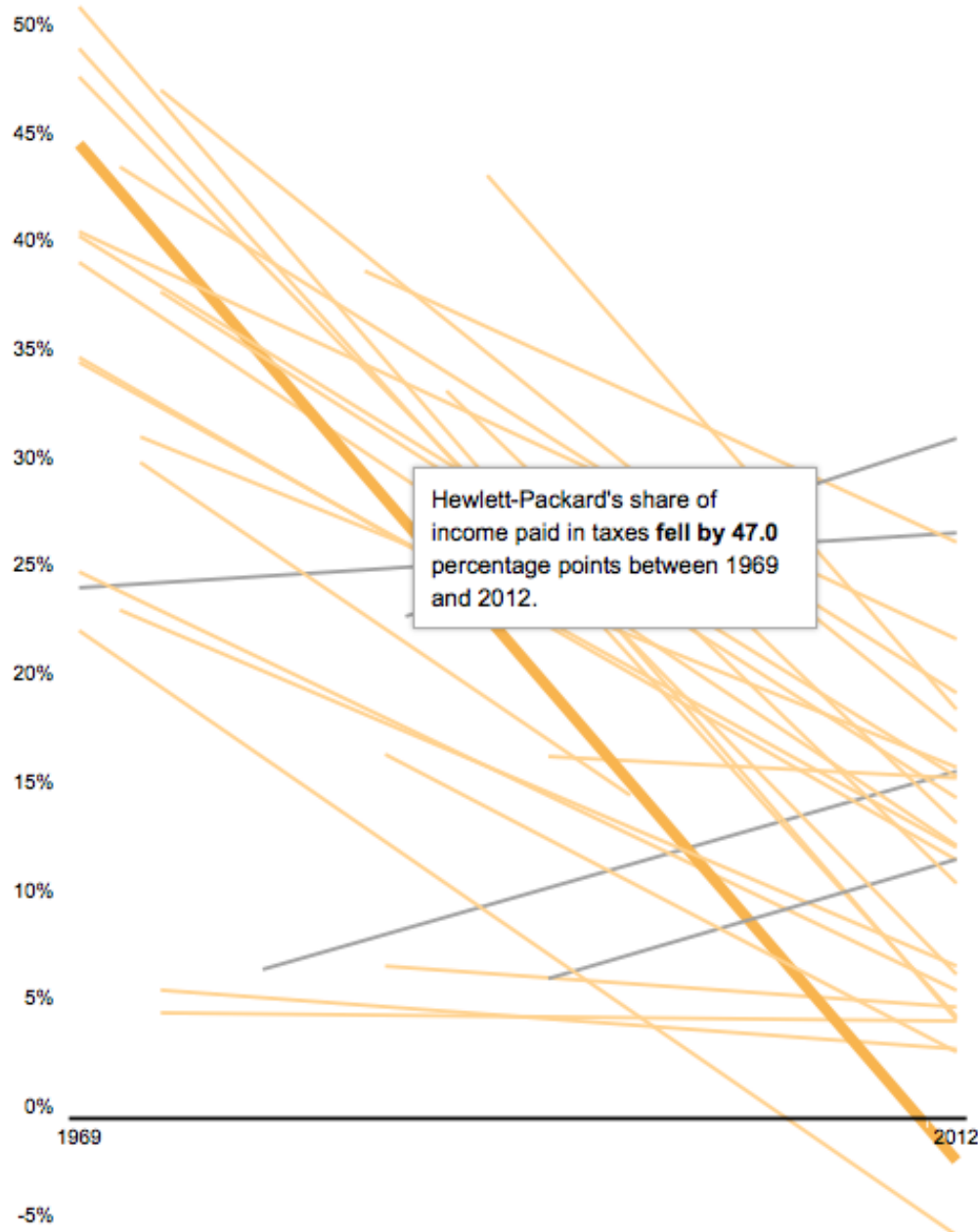
(2) applies.



14,000

Changes
(1986-2005)

“Post analysis of Dow 30 firms shows declining tax burden as a share of profits”, March 27, 2013



Company	2007-2010 decline	2007 rate	2010 rate	2007- 2009 lobbying (in millions)	Estimated tax reduction (in millions)
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Company	2007-2010 decline	2007 rate	2010 rate	2007- 2009 lobbying (in millions)	Estimated tax reduction (in millions)
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AT&T	-40.4%	34.0%	-6.4%	\$70.96	-\$7,359.95

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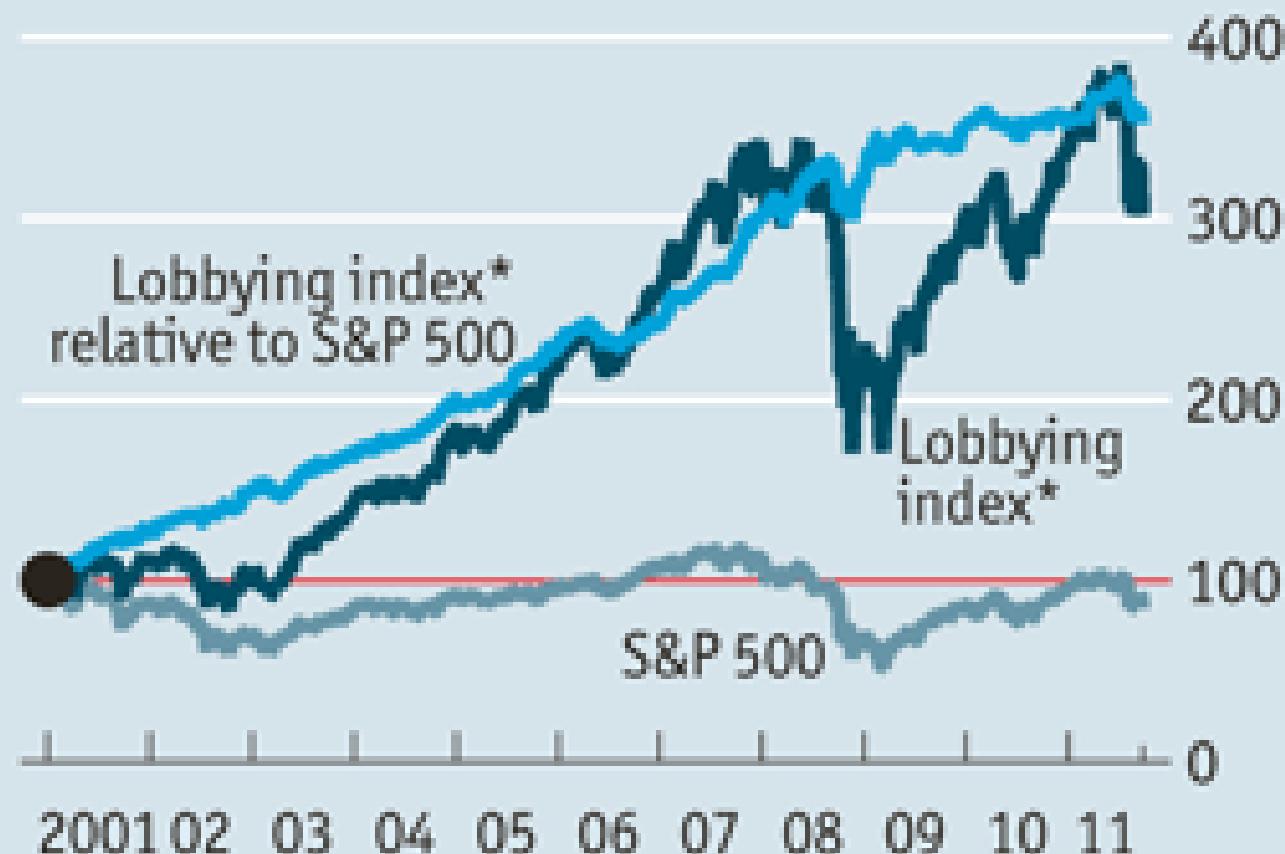
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Median among 200 companies	-0.6%	31.8%	31.6%	\$5.48	-\$13.08

Richter et al. (2009, AJPS): *“Firms that spend more on lobbying in a given year pay lower effective tax rates in the next year.”*

Beat you in the lobby

Share prices, January 1st 2001=100



Sources: Strategas Research
Partners; Thomson Reuters;
The Economist

*50 most intensive
lobbyists in the S&P 500

Kim (2008, *Business and Politics*): “Lobbying has a positive effect on the firm's equity returns relative to the market and, to a lesser degree, relative to its industry.”



MR. BAUCUS
CHAIRMAN



2,221

Organizations lobbying on
taxes, 112th Congress

1,454

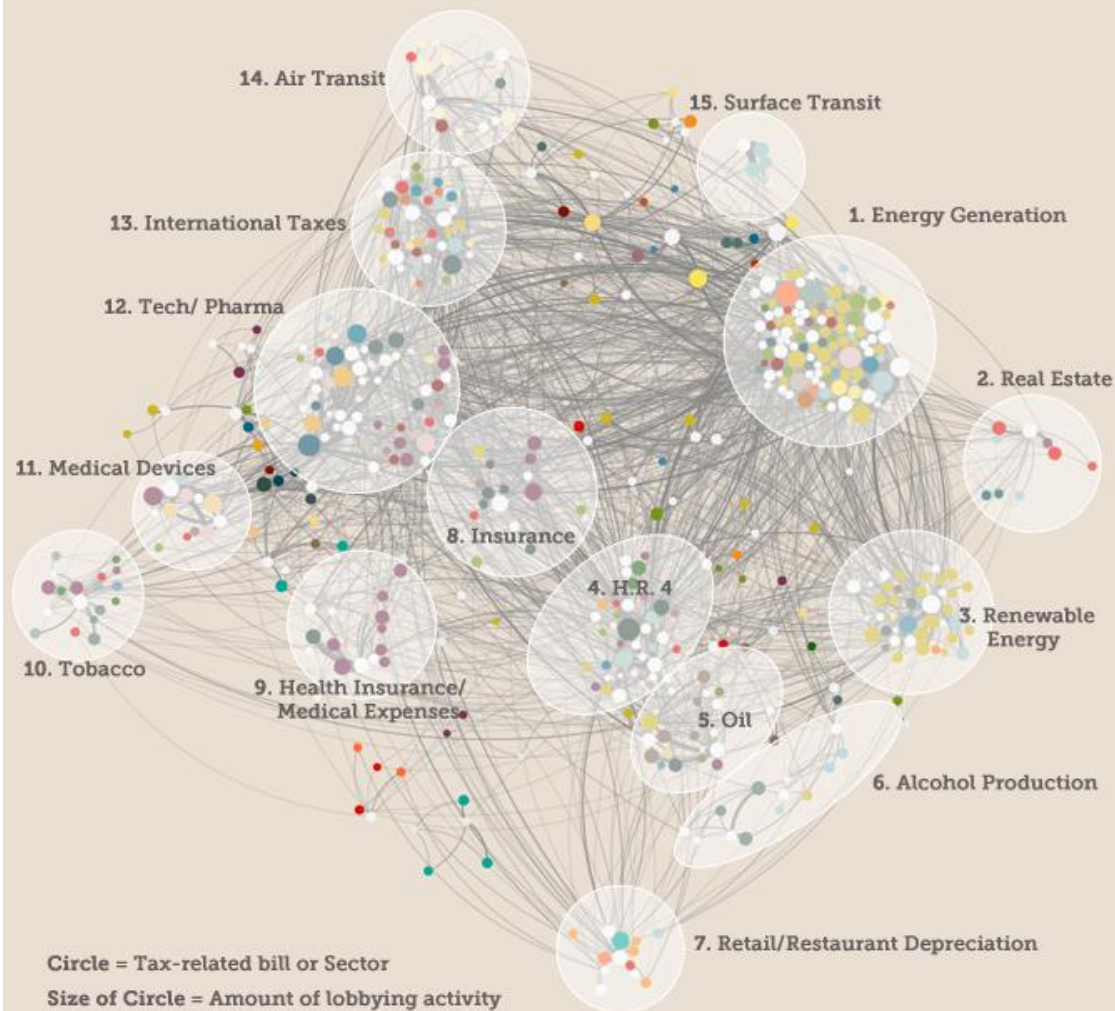
Tax-related bills,
112th Congress

\$773 million

**Tax-related lobbying
spending, 112th Congress**

Tax Lobbying in the 112th Congress (2011-2012)

This network is based on tax lobbying reports from the 112th Congress filed by 2,221 organizations from 336 sectors mentioning 1,454 bills. For ease of viewing, this visualization shows only core bills and sectors in the network.



Circle = Tax-related bill or Sector

Size of Circle = Amount of lobbying activity

Line = Lobbying on bill by sector

Color = Tax sub-issue (identified by Sunlight); Sectors are white

It's not just taxes



at&t

<u>H.R.3309</u>	Federal Communications Commission Process Reform Act of 2011	<u>21</u>
<u>H.R.3523</u>	Cyber Intelligence Sharing and Protection Act (CISPA)	<u>19</u>
<u>S.2105</u>	Cybersecurity Act of 2012	<u>19</u>
<u>S.911</u>	SPECTRUM Act	<u>19</u>
<u>H.R.3310</u>	Federal Communications Commission Consolidated Reporting Act of 2011	<u>18</u>
<u>S.543</u>	Wireless Tax Fairness Act of 2011	<u>16</u>
<u>H.R.3630</u>	JOBS Act of 2011	<u>15</u>
<u>H.R.3674</u>	PRECISE Act of 2011	<u>15</u>
<u>H.R.4263</u>	SECURE IT Act of 2012	<u>15</u>
<u>H.R.2482</u>	Public Safety Spectrum and Wireless Innovation Act	<u>14</u>
<u>H.R.1002</u>	Wireless Tax Fairness Act of 2011	<u>14</u>
<u>S.2151</u>	SECURE IT	<u>14</u>
<u>H.R.1981</u>	Protecting Children From Internet Pornographers Act of 2011	<u>13</u>
<u>H.R.607</u>	Broadband for First Responders Act of 2011	<u>12</u>

<u>H.R.1860</u>	Digital Goods and Services Tax Fairness Act of 2011	<u>11</u>
<u>H.R.2520</u>	Spectrum for Innovation Act of 2011	<u>10</u>
<u>S.1223</u>	Location Privacy Protection Act of 2011	<u>10</u>
<u>S.2102</u>	Cybersecurity Information Sharing Act of 2012	<u>10</u>
<u>S.1207</u>	Data Security and Breach Notification Act of 2011	<u>9</u>
<u>S.1408</u>	Data Breach Notification Act of 2011	<u>9</u>
<u>S.1011</u>	Electronic Communications Privacy Act Amendments Act of 2011	<u>9</u>
<u>S.1151</u>	Personal Data Privacy and Security Act of 2011	<u>9</u>
<u>S.913</u>	Do-Not-Track Online Act of 2011	<u>9</u>
<u>S.799</u>	Commercial Privacy Bill of Rights Act of 2011	<u>9</u>
<u>H.R.2577</u>	SAFE Data Act	<u>9</u>
<u>H.R.2096</u>	Cybersecurity Enhancement Act of 2011	<u>9</u>
<u>H.R.1841</u>	Data Accountability and Trust Act (DATA) of 2011	<u>9</u>
<u>H.R.1895</u>	Do Not Track Kids Act of 2011	<u>9</u>

<u>H.R.1528</u>	Consumer Privacy Protection Act of 2011	<u>9</u>
<u>H.R.611</u>	BEST PRACTICES Act	<u>9</u>
<u>H.R.654</u>	Do Not Track Me Online Act	<u>9</u>
<u>H.R.653</u>	Financial Information Privacy Act of 2011	<u>8</u>
<u>H.R.4817</u>	Efficient Use of Government Spectrum Act of 2012	<u>8</u>
<u>H.R.3834</u>	Advancing America's Networking and Information Technology Research and Development Act of 2012	<u>8</u>
<u>H.R.4196</u>	To amend the Internal Revenue Code of 1986 to extend the allowance for bonus depreciation for certain business assets.	<u>8</u>
<u>H.R.4257</u>	Federal Information Security Amendments Act of 2012	<u>8</u>
<u>H.R.3675</u>	Next Generation Television Marketplace Act	<u>8</u>
<u>H.R.3509</u>	Wireless Innovation and Public Safety Act of 2011	<u>8</u>
<u>H.R.3605</u>	Global Online Freedom Act of 2011	<u>8</u>
<u>H.R.1622</u>	Spectrum Innovation Act	<u>8</u>
<u>H.R.166</u>	Internet Investment, Innovation, and Competition Preservation Act	<u>8</u>
<u>H.R.1746</u>	CAP Act	<u>8</u>

<u>H.R.1695</u>	Broadband Conduit Deployment Act of 2011	<u>8</u>
<u>H.R.3035</u>	Mobile Informational Call Act of 2011	<u>8</u>
<u>H.R.2163</u>	Broadband Affordability Act of 2011	<u>8</u>
<u>H.R.2168</u>	GPS Act	<u>8</u>
<u>H.R.2281</u>	Next Generation Wireless Disclosure Act	<u>8</u>
<u>H.R.2629</u>	Next Generation 9-1-1 Advancement Act of 2011	<u>8</u>
<u>S.732</u>	Cell Phone Bill Shock Act of 2011	<u>8</u>
<u>S.74</u>	Internet Freedom, Broadband Promotion, and Consumer Protection Act of 2011	<u>8</u>
<u>S.2240</u>	A bill to amend the Internal Revenue Code of 1986 to extend the allowance for bonus depreciation for certain business assets.	<u>8</u>
<u>S.3333</u>	Data Security and Breach Notification Act of 2012	<u>8</u>
<u>S.1152</u>	Cybersecurity Enhancement Act of 2011	<u>8</u>
<u>S.1040</u>	Broadband for First Responders Act of 2011	<u>8</u>
<u>H.R.96</u>	Internet Freedom Act	<u>8</u>
<u>S.1434</u>	Data Security Act of 2011	<u>8</u>

<u>S.1212</u>	GPS Act	<u>8</u>
<u>S.1308</u>	Protecting Children From Internet Pornographers Act of 2011	<u>8</u>
<u>S.1939</u>	Broadband Conduit Deployment Act of 2011	<u>8</u>
<u>S.2008</u>	Next Generation Television Marketplace Act of 2011	<u>8</u>
<u>S.1817</u>	Telecommunications Jobs Act of 2011	<u>8</u>
<u>S.1695</u>	Next Generation Wireless Disclosure Act	<u>8</u>
<u>S.1780</u>	Federal Communications Commission Consolidated Reporting Act of 2011	<u>8</u>
<u>S.1784</u>	Federal Communications Commission Process Reform Act of 2011	<u>8</u>
<u>S.971</u>	Digital Goods and Services Tax Fairness Act of 2011	<u>8</u>
<u>S.522</u>	Spectrum Relocation Improvement Act of 2011	<u>8</u>
<u>S.3291</u>	Fair Telephone Billing Act of 2012	<u>7</u>
<u>S.2237</u>	Small Business Jobs and Tax Relief Act	<u>7</u>
<u>S.3301</u>	Judiciary Appropriations Act, 2013	<u>6</u>
<u>S.3186</u>	Mobile Device Theft Deterrence Act of 2012	<u>6</u>

<u>S.3240</u>	Agriculture Reform, Food, and Jobs Act of 2012	<u>6</u>
<u>S.3414</u>	CSA2012	<u>6</u>
<u>H.R.6020</u>	Judiciary Appropriations Act, 2013	<u>6</u>
<u>H.R.3261</u>	Stop Online Piracy Act	<u>5</u>
<u>S.2038</u>	STOCK Act	<u>5</u>
<u>S.1832</u>	Marketplace Fairness Act	<u>4</u>
<u>S.1866</u>	AGREE Act	<u>4</u>
<u>S.1934</u>	A bill to amend the Internal Revenue Code of 1986 to repeal certain communications taxes, and for other purposes.	<u>4</u>
<u>S.18</u>	Small Business Paperwork Mandate Elimination Act	<u>4</u>
<u>S.1647</u>	A bill to repeal the sunset on the reduction of capital gains rates for individuals and on the taxation of dividends of individuals at capital gain rates.	<u>4</u>
<u>S.1652</u>	Consumer Mobile Fairness Act of 2011	<u>4</u>
<u>H.R.99</u>	Fair and Simple Tax Act of 2011	<u>4</u>
<u>S.1012</u>	Telephone Excise Tax Repeal Act of 2011	<u>4</u>
<u>S.106</u>	Telephone Excise Tax Repeal Act of 2011	<u>4</u>

<u>S.12</u>	Job Creation Act of 2011	<u>4</u>
<u>S.3342</u>	SECURE IT	<u>4</u>
<u>S.28</u>	Public Safety Spectrum and Wireless Innovation Act	<u>4</u>
<u>S.297</u>	A bill to amend section 254 of the Communications Act of 1934 to provide that funds received as universal service contributions and the universal service support programs established pursuant to that section are not subject to certain provisions of title 31, United States Code, commonly known as the Antideficiency Act.	<u>4</u>
<u>S.413</u>	Internet Freedom Act	<u>4</u>
<u>S.359</u>	Comprehensive 1099 Taxpayer Protection and Repayment of Exchange Subsidy Overpayments Act of 2011	<u>4</u>
<u>S.72</u>	Small Business Paperwork Mandate Elimination Act of 2011	<u>4</u>
<u>S.727</u>	Bipartisan Tax Fairness and Simplification Act of 2011	<u>4</u>
<u>S.8</u>	Tough and Smart National Security Act	<u>4</u>
<u>S.825</u>	Job Creation Through Innovation Act	<u>4</u>
<u>S.931</u>	A bill to amend the Internal Revenue Code of 1986 to reform the rules relating to fractional charitable donations of tangible personal property.	<u>4</u>
<u>H.R.3476</u>	AGREE Act	<u>4</u>
<u>H.R.3091</u>	To make permanent the individual income tax rates for capital gains and dividends.	<u>4</u>
<u>H.R.1773</u>	Made in America Act of 2011	<u>4</u>

<u>H.R.1873</u>	Arbitration Fairness Act of 2011	<u>4</u>
<u>H.R.1693</u>	Research and Development Tax Credit Extension Act of 2011	<u>4</u>
<u>H.R.1020</u>	To amend the Energy Policy Act of 2005 to include American Samoa, Guam, the Commonwealth of the Northern Mariana Islands, Puerto Rico, and the Virgin Islands in certain efforts to reduce diesel emissions.	<u>4</u>
<u>H.R.942</u>	American Research and Competitiveness Act of 2011	<u>4</u>
<u>H.R.689</u>	21st Century Investment Act of 2011	<u>4</u>
<u>H.R.3763</u>	FCC MERGER Act	<u>4</u>
<u>H.R.4</u>	Small Business Paperwork Mandate Elimination Act of 2011	<u>4</u>
<u>H.R.4181</u>	To amend title 9, United States Code, to exclude employment contracts and employment disputes from such title.	<u>4</u>
<u>H.R.428</u>	Telephone Excise Tax Repeal Act of 2011	<u>4</u>
<u>S.987</u>	Arbitration Fairness Act of 2011	<u>4</u>
<u>H.R.8</u>	American Taxpayer Relief Act of 2012	<u>3</u>
<u>H.R.6377</u>	Mobile Device Privacy Act	<u>3</u>
<u>H.R.6083</u>	Reducing Regulatory Burdens Act of 2012	<u>3</u>
<u>H.R.5949</u>	FISA Amendments Act Reauthorization Act of 2012	<u>3</u>

<u>S.73</u>	State Leadership in Health Care Act	<u>2</u>
<u>S.3703</u>	Data Cap Integrity Act of 2012	<u>2</u>
<u>S.244</u>	State Health Care Choice Act	<u>2</u>
<u>S.248</u>	Empowering States to Innovate Act	<u>2</u>
<u>S.3485</u>	Mobile Workforce State Income Tax Simplification Act of 2012	<u>2</u>
<u>S.3521</u>	Family and Business Tax Cut Certainty Act of 2012	<u>2</u>
<u>S.1577</u>	GROWTH Act	<u>2</u>
<u>S.1813</u>	MAP-21	<u>2</u>
<u>S.2029</u>	OPEN Act	<u>2</u>
<u>H.R.439</u>	State Leadership in Health Care Act	<u>2</u>
<u>H.R.5</u>	Protecting Access to Healthcare Act	<u>2</u>
<u>H.R.911</u>	Spectrum Inventory and Auction Act of 2011	<u>2</u>
<u>H.R.4310</u>	HAVEN Act	<u>2</u>
<u>H.R.1440</u>	Family and Medical Leave Enhancement Act of 2011	<u>2</u>

<u>H.R.1062</u>	Burdensome Data Collection Relief Act	<u>1</u>
<u>H.R.1148</u>	STOCK Act	<u>1</u>
<u>H.R.1905</u>	Iran Threat Reduction Act of 2011	<u>1</u>
<u>H.R.2937</u>	Pipeline Infrastructure and Community Protection Act of 2011	<u>1</u>
<u>H.R.2366</u>	Internet Gambling Prohibition, Poker Consumer Protection, and Strengthening UIGEA Act of 2011	<u>1</u>
<u>H.R.4348</u>	MAP-21	<u>1</u>
<u>H.R.3765</u>	Temporary Payroll Tax Cut Continuation Act of 2011	<u>1</u>
<u>H.R.3596</u>	United States Call Center Worker and Consumer Protection Act	<u>1</u>
<u>H.R.658</u>	Orphan Earmarks Act	<u>1</u>
<u>H.R.6063</u>	Child Protection Act of 2012	<u>1</u>
<u>S.1746</u>	VISIT USA Act	<u>1</u>
<u>S.1747</u>	CPU Act	<u>1</u>
<u>S.3254</u>	HAVEN Act	<u>1</u>
<u>S.275</u>	Pipeline Transportation Safety Improvement Act of 2011	<u>1</u>

148

Different bills

63

Lobbying firms

228

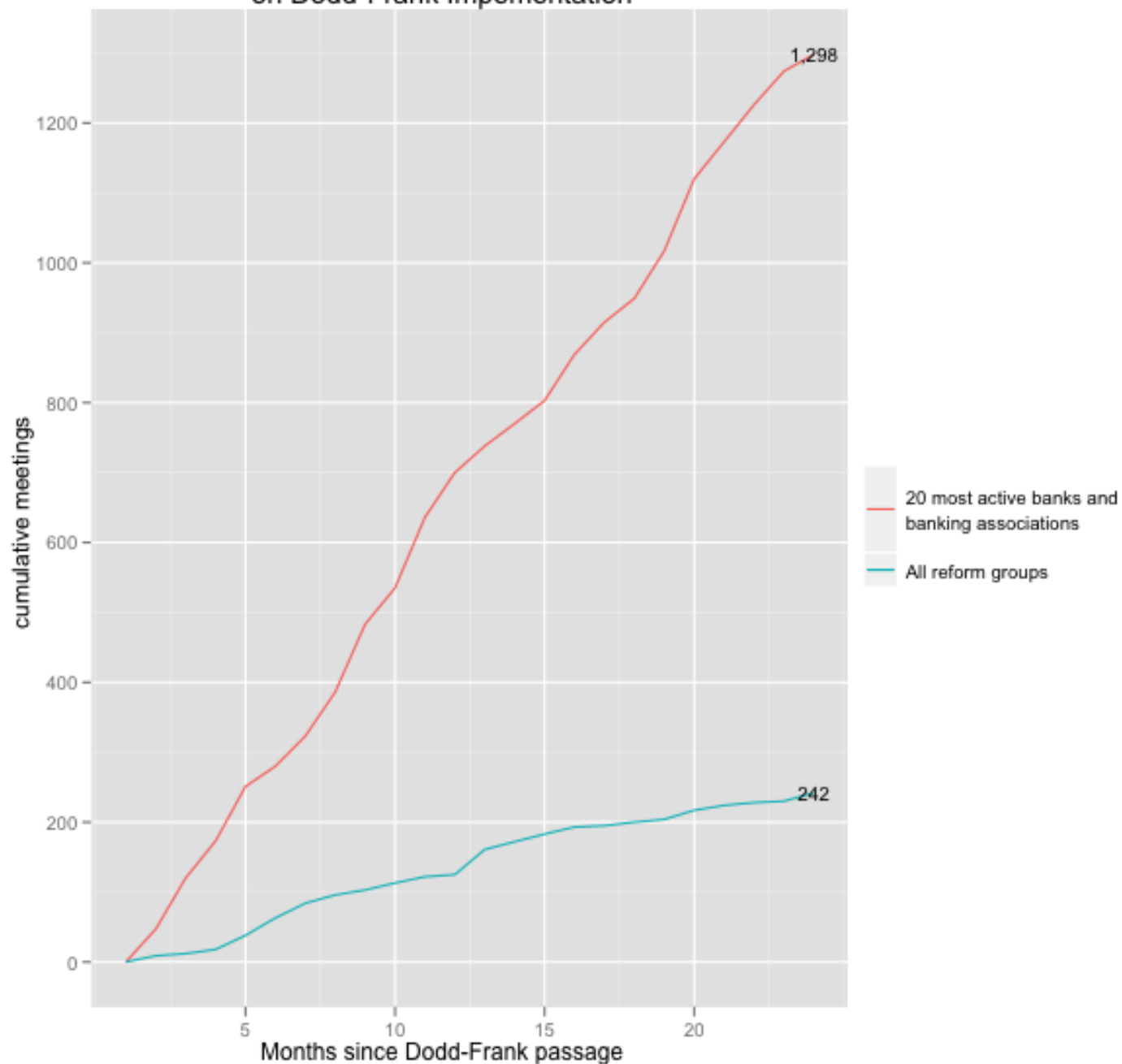
Lobbyists

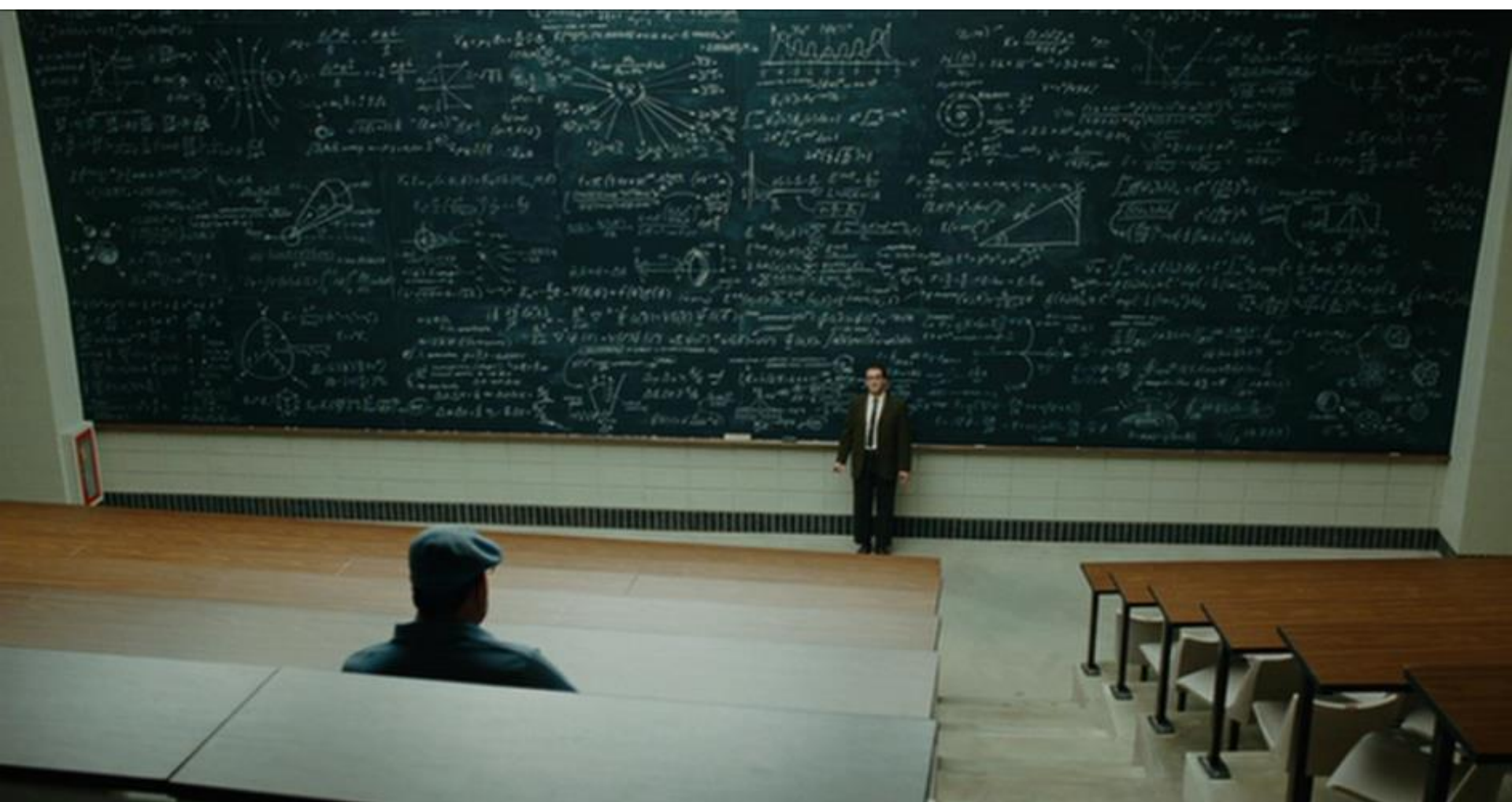


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Rulemakings under Dodd-Frank

Combined Fed/Treasury/CFTC meetings
on Dodd-Frank Impementation





Why does lobbying work?

1. Expertise
2. Persistence

*Does lobbying
work?*

*Enough of the time
to pay off*