



For Hire: Lobbyists or the 99%?

How Corporations Pay More for Lobbyists Than in Taxes

A report by Public Campaign

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Executive Summary

Amidst a growing federal deficit and widespread economic insecurity for most Americans, some of the largest corporations in the country have avoided paying their fair share in taxes while spending millions to lobby Congress and influence elections. This report builds on a recent report on corporate tax dodging by Citizens for Tax Justice by examining lobbying expenditure data provided by the Center for Responsive Politics. We also look at publicly available data on job creation, federal campaign contributions, and executive compensation, to understand how these corporations have been spending their cash.

Key Findings

- The thirty big corporations analyzed in this report paid more to lobby Congress than they paid in federal income taxes for the three years between 2008 and 2010, despite being profitable.
- Despite making combined profits totally \$164 billion in that three-year period, the 30 companies combined received tax rebates totaling nearly \$11 billion.
- Altogether, these companies spent nearly half a billion dollars (\$476 million) over three years to lobby Congress—that's about \$400,000 each day, including weekends.
- In the three-year period beginning in 2009 through most of 2011, these large firms spent over \$22 million altogether on federal campaigns.
- These corporations have also spent lavishly on compensation for their top executives (\$706 million altogether in 2010).

Introduction

Over the past few months, a growing protest movement has shifted the debate about economic inequality in this country. The American people wonder why members of Congress suggest cuts to Medicare and Social Security but won't require millionaires to pay their fair share in taxes.

They want to know why they are struggling to find jobs and put food on the table while the country's largest corporations get tax breaks and sweetheart deals, then use that extra cash to pay bloated bonuses to CEOs or ship jobs overseas.

As lobbying and campaign finance records show, they are sending some of this money back to Washington— but to peddle influence.

In fact, the 30 big corporations paid more to lobby Congress than they paid in federal income taxes for the three years between 2008 and 2010, despite being profitable. During a period when companies posted three-year U.S. profits ranging from \$286 million (Con-Way) to \$49 billion (Wells Fargo) and totally \$164 billion altogether, all but one company in this group paid no federal income taxes at all.

Instead these 30 companies spent large sums on lobbying, from \$710,000 (Integrus Energy Group) to \$84 million (General Electric).

Altogether, these companies spent half a billion dollars (\$476 million) over those three years to lobby Congress—or, in other words, roughly \$400,000 each day, including weekends.

Table 1. Three-Year Totals for U.S. Profits, Federal Income Taxes Paid, and Lobbying Expenses, in Millions (2008-2010)

Company	U.S. Profits	Taxes Paid	Lobbying
General Electric	\$10,460	-\$4,737	\$84.35
PG&E Corp.	\$4,855	-\$1,027	\$78.99
Verizon Communications	\$32,518	-\$951	\$52.34
Wells Fargo	\$49,370	-\$681	\$11.04
American Electric Power	\$5,899	-\$545	\$28.85
Pepco Holdings	\$882	-\$508	\$3.76
Computer Sciences	\$1,666	-\$305	\$4.39
CenterPoint Energy	\$1,931	-\$284	\$2.65
NiSource	\$1,385	-\$227	\$1.83
Duke Energy	\$5,475	-\$216	\$17.47
Boeing	\$9,735	-\$178	\$52.29
NextEra Energy	\$6,403	-\$139	\$9.99
Consolidated Edison	\$4,263	-\$127	\$1.79
Paccar	\$365	-\$112	\$0.76
Integrus Energy Group	\$818	-\$92	\$0.71
Wisconsin Energy	\$1,725	-\$85	\$2.45
DuPont	\$2,124	-\$72	\$13.75
Baxter International	\$926	-\$66	\$10.45
Tenet Healthcare	\$415	-\$48	\$3.43
Ryder System	\$627	-\$46	\$0.96
El Paso	\$4,105	-\$41	\$2.94
Honeywell International	\$4,903	-\$34	\$18.30
CMS Energy	\$1,292	-\$29	\$3.48
Con-way	\$286	-\$26	\$2.29
Navistar International	\$896	-\$18	\$6.31
DTE Energy	\$2,551	-\$17	\$4.37
Interpublic Group	\$571	-\$15	\$1.30
Mattel	\$1,020	-\$9	\$0.84
Corning	\$1,977	-\$4	\$2.81
FedEx	\$4,247	\$37	\$50.81
Total	\$163,691	-\$10,602	\$475.67

Sources: Profit and tax data were obtained from the Citizens for Tax Justice report "Corporate Taxpayers and Corporate Tax Dodgers 2008-10 (November 2011). Lobbying expenditure information was obtained from the Center for Responsive Politics.

At a time when millions of Americans are still unemployed and millions more make tough choices to get by, these companies are enriching their top executives and spending millions of dollars on Washington lobbyists to stave off higher taxes or regulations.

Corporate Tax Dodging

Through a variety of tax dodging techniques, including stashing profits in overseas tax havens and exploiting other tax loopholes, 29 out of 30 companies featured in this study succeeded in paying no federal income taxes from 2008 through 2010.

In fact, these 29 companies received tax rebates over those three years, ranging from \$4 million for Corning to nearly \$5 billion for General Electric and totally nearly \$11 billion altogether.

The only corporation that paid taxes in that three-year period, FedEx, paid a three-year tax rate of 1%, far less than the statutory rate of 35%.

Table 2. Three-Year Totals for U.S. Profits and Federal Income Taxes Paid (in Millions), and Tax Rates (2008-2010)

Company	U.S. Profits	Taxes Paid	Tax Rate
General Electric	\$10,460	-\$4,737	-45%
PG&E Corp.	\$4,855	-\$1,027	-21%
Verizon Communications	\$32,518	-\$951	-3%
Wells Fargo	\$49,370	-\$681	-1%
American Electric Power	\$5,899	-\$545	-9%
Pepco Holdings	\$882	-\$508	-58%
Computer Sciences	\$1,666	-\$305	-18%
CenterPoint Energy	\$1,931	-\$284	-15%
NiSource	\$1,385	-\$227	-16%
Duke Energy	\$5,475	-\$216	-4%
Boeing	\$9,735	-\$178	-2%
NextEra Energy	\$6,403	-\$139	-2%
Consolidated Edison	\$4,263	-\$127	-3%
Paccar	\$365	-\$112	-31%
Integrus Energy Group	\$818	-\$92	-11%
Wisconsin Energy	\$1,725	-\$85	-5%
DuPont	\$2,124	-\$72	-3%
Baxter International	\$926	-\$66	-7%
Tenet Healthcare	\$415	-\$48	-12%
Ryder System	\$627	-\$46	-7%
El Paso	\$4,105	-\$41	-1%
Honeywell International	\$4,903	-\$34	-1%
CMS Energy	\$1,292	-\$29	-2%
Con-way	\$286	-\$26	-9%
Navistar International	\$896	-\$18	-2%
DTE Energy	\$2,551	-\$17	-1%
Interpublic Group	\$571	-\$15	-3%
Mattel	\$1,020	-\$9	-1%
Corning	\$1,977	-\$4	-0%
FedEx	\$4,247	\$37	1%

Sources: Profit and tax data were obtained from the Citizens for Tax Justice report "Corporate Taxpayers and Corporate Tax Dodgers 2008-10 (November 2011).

Layoffs

Despite being profitable, some of these large corporations have actually laid off workers. Since 2008, seven of the corporations have reported laying off American workers. Leading the pack is Verizon, which laid off 21,308 workers, and Boeing, which reduced its American workforce by 14,862 workers.

Table 3. Total U.S. Layoffs Since 2008¹

Company	Total U.S. Layoffs
Verizon Communications	21,308
Boeing	14,862
Wells Fargo	6,385
General Electric	4,168
FedEx	3,800
American Electric Power	2,600
Honeywell International	968

The table above only covers a subset of the companies in this report. Unfortunately companies can be reluctant to make data on changes in U.S. employment available to the public.²

Lobbying

Meanwhile, the 30 corporations examined in this report have spent lavishly on lobbyists to pursue their interests in federal policymaking. Altogether, these corporations spent \$476 million, nearly half a billion, on their in-house lobbyists and outside lobbying firms.

General Electric is the biggest spender on lobbying in this group, with \$84 million between 2008 and 2010. In 2010, GE spent \$39 million, including paying \$840,000 each to lobbying firms Federal Policy Group and Capitol Tax Partners. Issues lobbied on that year included defense, federal budget and appropriations, taxes and finance. Other big spenders on lobbying include PG&E, Verizon, Boeing and FedEx.

¹ Layoff data were obtained from the Institute for Policy Studies report title "America Loses: Corporations that Take 'Tax Holidays' Slash Jobs" (October 3, 2011) and supplemented by news sources.

² Jia Lynn Yang, "Corporations Pushing for Job Creation Tax Breaks Shield U.S. vs. Abroad Hiring Data," The Washington Post, August 21, 2011.

Table 4. Three-Year Totals for Lobbying Expenses in Millions (2008-2010)

Company	Total	2010	2009	2008
General Electric	\$84.35	\$39.29	\$26.40	\$18.66
PG&E Corp.	\$78.99	\$45.46	\$6.28	\$27.25
Verizon Communications	\$52.34	\$16.75	\$17.68	\$17.91
Boeing	\$52.29	\$17.90	\$16.85	\$17.54
FedEx	\$50.81	\$25.58	\$16.37	\$8.86
American Electric Power	\$28.85	\$10.31	\$7.30	\$11.24
Honeywell International	\$18.30	\$6.53	\$7.09	\$4.68
Duke Energy	\$17.47	\$6.50	\$5.88	\$5.09
DuPont	\$13.75	\$4.83	\$4.68	\$4.24
Wells Fargo	\$11.04	\$5.43	\$2.95	\$2.66
Baxter International	\$10.45	\$3.43	\$4.05	\$2.97
NextEra Energy	\$9.99	\$3.46	\$3.45	\$3.08
Navistar International	\$6.31	\$2.44	\$1.97	\$1.90
Computer Sciences	\$4.39	\$1.82	\$1.59	\$0.98
DTE Energy	\$4.37	\$1.50	\$1.52	\$1.35
Pepco Holdings	\$3.76	\$1.32	\$1.19	\$1.25
CMS Energy	\$3.48	\$1.25	\$1.28	\$0.95
Tenet Healthcare	\$3.43	\$1.23	\$1.37	\$0.83
El Paso	\$2.94	\$1.08	\$1.00	\$0.86
Corning	\$2.81	\$1.28	\$0.94	\$0.59
CenterPoint Energy	\$2.65	\$1.68	\$0.55	\$0.42
Wisconsin Energy	\$2.45	\$0.77	\$0.71	\$0.97
Con-way	\$2.29	\$0.77	\$0.85	\$0.67
NiSource	\$1.83	\$0.57	\$0.68	\$0.58
Consolidated Edison	\$1.79	\$0.82	\$0.50	\$0.48
Interpublic Group	\$1.30	\$0.39	\$0.29	\$0.62
Ryder System	\$0.96	\$0.36	\$0.36	\$0.24
Mattel	\$0.84	\$0.00	\$0.11	\$0.73
Paccar	\$0.76	\$0.24	\$0.24	\$0.28
Integrus Energy Group	\$0.71	\$0.28	\$0.26	\$0.17
Total	\$475.67	\$203.27	\$134.38	\$138.02

Source: Center for Responsive Politics

Campaign Contributions

In addition to lobbying, the 30 corporations featured in this report also spend large sums on campaign contributions to influence elections. In the three-year period beginning in 2009 through most of 2011, these large firms spent over \$22 million altogether on federal campaigns. The biggest spenders were defense contractors Honeywell International (at least \$5 million) and Boeing (at least \$4 million).

Table 5. Three-Year Totals for Federal Campaign Contributions (2009-2011)³

From/To	Company	3 Year Total	2011 (partial)	2009-2010
From PAC and employees to candidates & party cmtes.	Honeywell International	\$5,112,779	\$1,237,434	\$3,875,345
	Boeing	\$3,850,730	\$977,824	\$2,872,906
	General Electric	\$3,640,588	\$862,498	\$2,778,090
	Verizon Communications	\$2,686,585	\$722,237	\$1,964,348
	FedEx	\$1,857,705	\$503,755	\$1,353,950
From PAC to candidates.	Wells Fargo	\$787,500	\$255,500	\$532,000
	Duke Energy	\$654,500	\$179,100	\$475,400
	American Electric Power	\$579,000	\$118,000	\$461,000
	DTE Energy	\$487,377	\$145,500	\$341,877
	Computer Sciences	\$301,000	\$71,500	\$229,500
	Corning	\$267,399	\$52,400	\$214,999
	DuPont	\$267,100	\$40,500	\$226,600
	PG&E Corp.	\$262,850	\$57,900	\$204,950
	NiSource	\$258,549	\$63,499	\$195,050
	CMS Energy	\$238,400	\$64,500	\$173,900
	Baxter International	\$210,500	\$46,500	\$164,000
	Tenet Healthcare	\$156,900	\$44,500	\$112,400
	Navistar International	\$144,967	\$40,500	\$104,467
	El Paso	\$111,500	\$22,500	\$89,000
	CenterPoint Energy	\$111,271	\$49,826	\$61,445
	Con-way	\$82,500	\$19,500	\$63,000
	Wisconsin Energy	\$73,500	\$21,500	\$52,000
	Ryder System	\$69,000	\$16,500	\$52,500
	Consolidated Edison	\$64,850	\$14,250	\$50,600
	Pepco Holdings	\$51,250	\$6,000	\$45,250
	Mattel	\$51,000	\$0	\$51,000
	Paccar	\$24,500	\$0	\$24,500
	Integrus Energy Group	\$24,360	\$6,300	\$18,060
	NextEra Energy	N/A	N/A	N/A
Interpublic Group	N/A	N/A	N/A	
Total		\$22,428,160	\$5,640,023	\$16,788,137

³ Federal campaign contribution data was obtained from the Center for Responsive Politics, accessed on December 5, 2011. For some companies, contributions from PAC and employees are included. For others, only contributions from PACs were available. The three-year period of 2009 to 2011 was used instead of 2008 to 2010 due to the availability of data.

Executive Compensation

Another area where these corporations have decided to spend lavishly is compensation for their top executives (\$706 million altogether in 2010). Executives doing particularly well work for General Electric (\$76 million in total compensation in 2010), Honeywell International (\$54 million), and Wells Fargo (\$50 million). Executives who have seen the greatest increase work for DuPont (188% increase), Wells Fargo (180% increase) and Verizon (\$167% increase).

Table 6. Total Compensation to Top Five Executives in 2008 and 2010⁴

Company	2008 Compensation	2010 Compensation	Change 2008-2010
General Electric	\$59,768,565	\$75,958,801	27%
Honeywell International	\$47,246,881	\$54,279,566	15%
Wells Fargo	\$17,813,435	\$49,834,687	180%
Boeing	\$32,051,790	\$41,920,135	31%
Corning	\$45,694,366	\$35,218,411	-23%
NextEra Energy	\$26,029,488	\$29,723,548	14%
DuPont	\$9,510,486	\$27,401,622	188%
FedEx	\$22,865,354	\$24,929,712	9%
Wisconsin Energy	\$22,929,711	\$24,235,350	6%
Tenet Healthcare	\$20,209,305	\$24,053,996	19%
American Electric Power	\$18,259,623	\$23,721,031	30%
Baxter International	\$18,398,957	\$22,511,434	22%
Mattel	\$16,992,078	\$22,506,647	32%
Interpublic Group	\$16,714,431	\$22,050,787	32%
Verizon Communications	\$7,635,651	\$20,361,064	167%
Navistar International	\$10,792,971	\$19,532,864	81%
Computer Sciences	\$13,258,809	\$18,605,267	40%
El Paso	\$12,605,825	\$18,552,180	47%
Consolidated Edison	\$9,614,607	\$17,473,814	82%
Duke Energy	\$7,013,287	\$17,208,832	145%
Integrus Energy Group	\$7,114,955	\$14,859,175	109%
DTE Energy	\$8,890,594	\$14,359,210	62%
CMS Energy	\$7,280,549	\$12,424,470	71%
CenterPoint Energy	\$13,168,377	\$12,227,281	-7%
Paccar	\$11,271,490	\$11,371,448	1%
Ryder System	\$9,769,278	\$11,288,516	16%
NiSource	\$8,447,336	\$11,212,993	33%
Con-way	\$9,400,704	\$10,399,780	11%
Pepco Holdings	\$4,482,435	\$9,773,981	118%
PG&E Corp.	\$4,392,718	\$8,501,575	94%
Total	\$519,624,056	\$706,498,177	

⁴ Executive compensation data were obtained from company annual report proxy statements (Form 14-A filed with the SEC).

Conclusion

"We don't have a government that represents us. That is the message," Carrie Stone told a reporter when asked why she was driving from West Virginia to Washington, D.C. to join the Occupy DC protesters.⁵

She's right. Big corporations and their CEOs get special deals in Washington at the expense of poor and middle class Americans. Congress continually votes to give tax breaks to oil companies and hedge fund managers while continually debating ways to cut important programs that benefit the 99%.

As thousands of unemployed Americans pour into the Capitol this week to meet with Congress and push legislation to create jobs, our politicians and their friends in corporate board rooms should ask whether American corporations should be investing in Washington lobbyists and politicians or American jobs.

About Public Campaign

Public Campaign is a national nonpartisan organization that fights to raise the voices of everyday people in our democracy through changing our campaign finance laws and through holding elected officials accountable. Learn more at www.publiccampaign.org.

For more information, contact Adam Smith (asmith@publiccampaign.org).

⁵ Protesting occupiers spread message beyond Wall Street (October 7, 2011). USA Today. Available online: <http://www.usatoday.com/news/nation/story/2011-10-06/dc-wall-street-protest/50683204/1>.