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# THE STATE OF STATE DISCLOSURE:

An Evaluation of Online Public Information  
About Economic Development Subsidies,  
Procurement Contracts and Lobbying  
Activities

by

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Appendices for each state with details on disclosure practices and scoring methods can be found online at [www.goodjobsfirst.org](http://www.goodjobsfirst.org). That site also contains pages with hyperlinks to all of the state disclosure Web sites.

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# EXECUTIVE SUMMARY

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Transparency in key aspects of state government is improving, but there are still wide variations in the degree to which states are making full use of the Internet to disseminate information to the public. Only a few states have created high-quality disclosure systems, while many more seem to be resisting the great degree of openness that the Web makes possible. This is the overall finding of a review of selected state online disclosure practices conducted by the Corporate Research Project of Good Jobs First.

State governments are critical arenas for the public's right to know, in part because they are a major force in the country's political economy. They employ about five million people and spend some \$1.5 trillion a year. They play a major role in regulating business and protecting the public, and they are often in the vanguard of public policy innovation. Making those activities more transparent is a vital public benefit.

In an effort to advance that goal, this report examines the quantity and quality of online information currently provided by state government agencies throughout the United States in three areas:

- Economic development subsidies awarded by state agencies (and by local governments as allowed and regulated under state law) to encourage the growth of business activity within their borders;

- State government procurement contract awards and private contractors providing those public goods and services; and
- Lobbying activity and lobbyists at the state level.

On the issue of government spending, a bipartisan consensus is emerging—supported by figures as varied as Grover Norquist on the Right and Ralph Nader on the Left—that states ought to be more transparent. This year, about half a dozen states have decided to create new public databases on spending, which in some cases also cover contracts. These initiatives mirror federal legislation co-sponsored by Senators Barack Obama (D-Ill.) and Tom Coburn (R-Okla.), which will take effect in 2008. Groups such as the National Taxpayers Union have been promoting what they call “Google Government.”

More transparency on spending is a positive development, but there is also a need for greater disclosure about other key areas of interaction between government and the private sector—for example, information about which companies are getting special tax breaks and direct financial assistance from state agencies and which companies are spending money to exert influence over state policymaking.

In each of our three subject areas—subsidies, contracts and lobbying—we assembled an inventory of available

disclosure sources and evaluated that disclosure. Our focus is on information that is readily available to the public, which we define as being present on an open Web site. We do not consider data that might be available through informal queries to agencies or formal Open Records requests. In the age of the Internet, the key criterion for public access should be what is immediately viewable at a government Web site.

The following are the specific criteria by which we judged each state's online disclosure:

- *Ease of finding* the Web site online;
- *Searchability*, especially the ability to search for a specific company receiving a subsidy, a specific vendor receiving a contract, or a specific client employing a lobbyist;
- *Level of detail*, especially the name and location of the company involved, as well as the dollar value of the subsidy, contract, or lobbying expense (in the case of subsidies we also look at job quality reporting);
- *Thoroughness*, especially the extent to which the data cover, for example, different types of subsidies and different types of contracts (in the case of procurement we also consider whether the full text of the contract is posted, and with lobbying we consider whether there is information on what issues or bills the lobbyist worked);
- *Depth*, including how many years of archival data are available; and
- *Data currency*, meaning how soon information is posted on the Web site.

Using these criteria, we assign a score (ranging from 0 to 100 percent) to each state's online disclosure in each of the three areas. Table A below shows how the states rank across the three categories. Table B summarizes the states' performances in each of the three areas. The Good Jobs First Web site ([www.goodjobsfirst.org](http://www.goodjobsfirst.org)) contains an online appendix for each state with details on its disclosure practices and an explanation of how we derived its score. We also provide pages with hyperlinked lists of the state disclosure Web sites.

### OUR KEY OVERALL FINDINGS

- Every state makes (or will soon make) at least some information available online about procurement contracts and lobbying, but fewer than half of the states do so for economic development subsidies.
- While a few states receive a perfect or near-perfect score in one of the three categories, not a single one earns 100 percent across the board.
- The state with the best average across the three categories is Connecticut, with 84 percent. Trailing closely behind are Indiana (83 percent), Nebraska (82) and New York (81). Bringing up the rear are Wyoming (33), West Virginia (37) and Alabama (40).
- When the percentages are converted into school-type letter grades (without using a curve), only four states receive an overall grade of B or B-, while 26 states and DC rate an F.
- The category with the highest average score across the states (but equivalent to only a B-) is procurement disclosure at

81 percent. Lobbying disclosure averages worse at 72 percent (or a C-). Subsidy disclosure is in a far more primitive condition, with many states getting a score of zero, and the overall average is only 28 percent (a very low F).

- Some states score very high in certain areas but very low in others. For example, Kansas, Massachusetts and Washington get the highest score for contract disclosure and Colorado and Washington score 100 percent on lobbying disclosure, yet none of them offer any online subsidy disclosure and thus score 0 in that area.
- Easy-to-find or attractively designed sites are not always the most informative. For

example, Virginia's lobbying Web site has pleasing graphic design but limited data.

#### KEY FINDINGS RELATING TO ECONOMIC DEVELOPMENT SUBSIDIES

- In recent years, a growing number of state commerce and revenue agencies have been quietly introducing public disclosure for additional programs, even in the absence of overall subsidy disclosure legislation.
- When Good Jobs First last surveyed subsidy disclosure practices several years ago, we found about a dozen states that provided some amount of company-specific data (much of it not yet on the Web). Our new research shows that 23

TABLE A. RANKING OF STATES BY AVERAGE SCORE OVER THREE DISCLOSURE CATEGORIES

STATE	MEAN SCORE (%)	RANK	GRADE
Connecticut	84%	1	B
Indiana	83%	2	B
Nebraska	82%	3	B-
New York	81%	4	B-
Missouri	79%	5	C+
Montana	77%	6 (tie)	C+
Wisconsin	77%	6 (tie)	C+
Illinois	76%	8	C
North Carolina	75%	9 (tie)	C
Ohio	75%	9 (tie)	C
Texas	75%	9 (tie)	C
New Jersey	73%	12 (tie)	C
Pennsylvania	73%	12 (tie)	C
Iowa	72%	14 (tie)	C-
Maryland	72%	14 (tie)	C-
Maine	70%	16 (tie)	C-
Utah	70%	16 (tie)	C-
Vermont	68%	18	D+
South Dakota	65%	19 (tie)	D
Washington	65%	19 (tie)	D
North Dakota	64%	21	D
Massachusetts	63%	22	D
Kentucky	62%	23	D-
Nevada	61%	24	D-
Florida	59%	25	F

## THE STATE OF STATE DISCLOSURE

STATE	MEAN SCORE (%)	RANK	GRADE
Georgia	58%	26	F
Colorado	56%	27	F
Delaware	55%	28 (tie)	F
Tennessee	55%	28 (tie)	F
Virginia	55%	28 (tie)	F
Oklahoma	54%	31	F
California	53%	32 (tie)	F
Idaho	53%	32 (tie)	F
Louisiana	53%	32 (tie)	F
Mississippi	53%	32 (tie)	F
Kansas	52%	36 (tie)	F
Michigan	52%	36 (tie)	F
Alaska	51%	38 (tie)	F
Hawaii	51%	38 (tie)	F
Arizona	50%	40 (tie)	F
Rhode Island	50%	40 (tie)	F
Minnesota	49%	42	F
New Mexico	47%	43	F
Arkansas	46%	44	F
District of Columbia	44%	45 (tie)	F
Oregon	44%	45 (tie)	F
New Hampshire	43%	47	F
South Carolina	42%	48	F
Alabama	40%	49	F
West Virginia	37%	50	F
Wyoming	33%	51	F
<b>AVERAGE</b>	<b>60%</b>		<b>D-</b>

Grading system: A (96-100); A- (90-95); B+ (87-89); B (83-86); B- (80-82); C+ (77-79); C (73-76); C- (70-72); D+ (67-69); D (63-66); D- (60-62); F (59 and below)

### ALPHABETICALLY

STATE	MEAN SCORE (%)	RANK	GRADE
Alabama	40%	49	F
Alaska	51%	38 (tie)	F
Arizona	50%	40 (tie)	F
Arkansas	46%	44	F
California	53%	32 (tie)	F
Colorado	56%	27	F
Connecticut	84%	1	B
Delaware	55%	28 (tie)	F
District of Columbia	44%	45 (tie)	F
Florida	59%	25	F
Georgia	58%	26	F
Hawaii	51%	38 (tie)	F
Idaho	53%	32 (tie)	F
Illinois	76%	8	C
Indiana	83%	2	B

STATE	MEAN SCORE (%)	RANK	GRADE
Iowa	72%	14 (tie)	C-
Kansas	52%	36 (tie)	F
Kentucky	62%	23 (tie)	D-
Louisiana	53%	32 (tie)	F
Maine	70%	16 (tie)	C-
Maryland	72%	14 (tie)	C-
Massachusetts	63%	22	D
Michigan	52%	36 (tie)	F
Minnesota	49%	42	F
Mississippi	53%	32 (tie)	F
Missouri	79%	5	C+
Montana	77%	6 (tie)	C+
Nebraska	82%	3	B-
Nevada	61%	24	D-
New Hampshire	43%	47	F
New Jersey	73%	12 (tie)	C
New Mexico	47%	43	F
New York	81%	4	B-
North Carolina	75%	9 (tie)	C
North Dakota	64%	21	D
Ohio	75%	9 (tie)	C
Oklahoma	54%	31	F
Oregon	44%	45 (tie)	F
Pennsylvania	73%	12 (tie)	C
Rhode Island	50%	40 (tie)	F
South Carolina	42%	48	F
South Dakota	65%	19 (tie)	D
Tennessee	55%	28 (tie)	F
Texas	75%	9 (tie)	C
Utah	70%	16 (tie)	C-
Vermont	68%	18	D+
Virginia	55%	28 (tie)	F
Washington	65%	19 (tie)	D
West Virginia	37%	50	F
Wisconsin	77%	6 (tie)	C+
Wyoming	33%	51	F
<b>AVERAGE</b>	<b>60%</b>		<b>D-</b>

states now have some online subsidy disclosure (with 3 more slated to begin in 2008). However, as of today, 27 states and the District of Columbia provide no online information in this area and thus get a score of zero.

- Many of the states disclose only *projected costs* but not *actual benefits*. That is, they provide information about deals as they have been awarded, but they do not

report outcomes of the deals over time (such as jobs actually created).

- The best subsidy disclosure comes from Illinois (85 percent), Iowa (82), Minnesota (79) and Pennsylvania (70), but there are still deficiencies in these states. In letter-grade terms, only the top two get a grade better than C+. Of the 23 states with some disclosure, 11 get a grade of F (59 percent or less)

- Seven states (Hawaii, Louisiana, Nebraska, New Jersey, North Dakota, Oklahoma and Texas) will soon have improved scores, thanks to new disclosure initiatives that will begin over the next year.

KEY FINDINGS RELATING TO PROCUREMENT

- Every state aside from Minnesota currently provides at least some online information on contracts (and Minnesota will soon join the rest).
- Sixteen of the states score at 90 percent or above with a grade of A-.
- Apart from Minnesota, only one state—Wyoming—scores below 50 percent, but 13 states get letter grades of C+ or below. Of those, four get an F.

KEY FINDINGS RELATING TO LOBBYING

- Lobbying is the one category in which every state scores better than zero, and five states score a perfect 100 percent: Colorado, Nebraska, New York, Washington and Wisconsin. The lowest scorers are Alabama, South Carolina and West Virginia, each with 39 percent.
- Wisconsin’s site stands out as truly exceptional because of its excellent design, the large amount of information provided, and the fact that its content is updated daily.

Our findings point to two different conclusions. On the one hand, it is encouraging to see what some states are doing to harness the power of the Internet to inform the public. If sunshine is the best

TABLE B. TALLY OF STATE SCORES FOR ONLINE DISCLOSURE IN THREE CATEGORIES

STATE	SUBSIDIES			CONTRACTS			LOBBYING		
	SCORE (%)	RANK	GRADE	SCORE (%)	RANK	GRADE	SCORE (%)	RANK	GRADE
Alabama	0%	*	F	81%	29 (tie)	B-	39%	49 (tie)	F
Alaska	0%	*	F	81%	29 (tie)	B-	72%	25 (tie)	C-
Arizona	0%	*	F	93%	6	A-	56%	40 (tie)	F
Arkansas	0%	*	F	81%	29 (tie)	B-	56%	40 (tie)	F
California	0%	*	F	76%	40 (tie)	C	83%	14 (tie)	B
Colorado	0%	*	F	67%	45 (tie)	D+	100%	1 (tie)	A
Connecticut	67%	6 (tie)	D+	95%	1 (tie)	A-	89%	10 (tie)	B+
Delaware	0%	*	F	86%	18 (tie)	B	78%	20 (tie)	C+
District of Columbia	0%	*	F	81%	29 (tie)	B-	50%	42 (tie)	F
Florida	0%	*	F	88%	17	B+	89%	10 (tie)	B+
Georgia	0%	*	F	86%	18 (tie)	B	89%	10 (tie)	B+
Hawaii	0%	*	F	81%	29 (tie)	B-	72%	25 (tie)	C-
Idaho	0%	*	F	86%	18 (tie)	B	72%	25 (tie)	C-
Illinois	85%	1	B	71%	42 (tie)	C-	72%	25 (tie)	C-
Indiana	61%	10 (tie)	D-	95%	1 (tie)	A-	94%	6 (tie)	A-
Iowa	82%	2	B-	90%	7 (tie)	A-	44%	46 (tie)	F
Kansas	0%	*	F	95%	1 (tie)	A-	61%	36 (tie)	D-
Kentucky	45%	23	F	57%	48 (tie)	F	83%	14 (tie)	B
Louisiana	0%	*	F	81%	29 (tie)	B-	78%	20 (tie)	C+
Maine	48%	22	F	90%	7 (tie)	A-	72%	25 (tie)	C-
Maryland	59%	13	F	62%	47	D-	94%	6 (tie)	A-



STATE	SUBSIDIES			CONTRACTS			LOBBYING		
	SCORE (%)	RANK	GRADE	SCORE (%)	RANK	GRADE	SCORE (%)	RANK	GRADE
Massachusetts	0%	*	F	95%	1 (tie)	A-	94%	6 (tie)	A-
Michigan	0%	*	F	67%	45 (tie)	D+	89%	10 (tie)	B+
Minnesota	79%	3	C+	0%	*	F	67%	31 (tie)	D+
Mississippi	0%	*	F	76%	40 (tie)	C	83%	14 (tie)	B
Missouri	65%	8	D	90%	7 (tie)	A-	83%	14 (tie)	B
Montana	58%	14 (tie)	F	90%	7 (tie)	A-	83%	14 (tie)	B
Nebraska	56%	16	F	90%	7 (tie)	A-	100%	1 (tie)	A
Nevada	52%	19 (tie)	F	81%	29 (tie)	B-	50%	42 (tie)	F
New Hampshire	0%	*	F	86%	18 (tie)	B	44%	46 (tie)	F
New Jersey	61%	10 (tie)	D-	90%	7 (tie)	A-	67%	31 (tie)	D+
New Mexico	0%	*	F	81%	29 (tie)	B-	61%	36 (tie)	D-
New York	58%	14 (tie)	F	86%	18 (tie)	B	100%	1 (tie)	A
North Carolina	67%	6 (tie)	D+	81%	29 (tie)	B-	78%	20 (tie)	C+
North Dakota	64%	9	D	83%	27 (tie)	B	44%	46 (tie)	F
Ohio	69%	5	D+	90%	7 (tie)	A-	67%	31 (tie)	D+
Oklahoma	0%	*	F	90%	7 (tie)	A-	72%	25 (tie)	C-
Oregon	0%	*	F	71%	42 (tie)	C-	61%	36 (tie)	D-
Pennsylvania	70%	4	C-	81%	29 (tie)	B-	67%	31 (tie)	D+
Rhode Island	0%	*	F	57%	48 (tie)	F	94%	6 (tie)	A-
South Carolina	0%	*	F	86%	18 (tie)	B	39%	49 (tie)	F
South Dakota	55%	17 (tie)	F	90%	7 (tie)	A-	50%	42 (tie)	F
Tennessee	0%	*	F	86%	18 (tie)	B	78%	20 (tie)	C+
Texas	55%	17 (tie)	F	86%	18 (tie)	B	83%	14 (tie)	B
Utah	52%	19 (tie)	F	90%	7 (tie)	A-	67%	31 (tie)	D+
Vermont	61%	10 (tie)	D-	83%	27 (tie)	B	61%	36 (tie)	D-
Virginia	0%	*	F	86%	18 (tie)	B	78%	20 (tie)	C+
Washington	0%	*	F	95%	1 (tie)	A-	100%	1 (tie)	A
West Virginia	0%	*	F	71%	42 (tie)	C-	39%	49 (tie)	F
Wisconsin	52%	19 (tie)	F	79%	39	C+	100%	1 (tie)	A
Wyoming	0%	*	F	48%	50	F	50%	42 (tie)	F
<b>Average</b>	<b>28%</b>		<b>F</b>	<b>81%</b>		<b>B-</b>	<b>72%</b>		<b>C-</b>

\* States without disclosure are not ranked.

antiseptic, many states are using new technology to deter waste, fraud and corruption. What Illinois is doing with subsidies, what Wisconsin is doing with lobbying, and what several states are doing with procurement provide good models of online transparency.

On the other hand, more than a decade after the Internet gained broad popular use, it is discouraging to find so many states still resisting online disclosure entirely when it comes to subsidies, and numerous others

settling for obscure sites with incomplete data when it comes to procurement and lobbying. We commend the disclosure leaders and urge the laggards to emulate them.

Yet it is not enough for laggards to catch up. Even those states with the highest scores in this survey have much room for improvement. This report concludes by offering some options that policymakers can consider to bring transparency to a higher level in all states.

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# INTRODUCTION

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Debates over government openness are most familiar at the federal level, with great attention paid to the condition of the Freedom of Information Act. Yet disclosure is also an issue at the state level, with some states taking great strides toward transparency and others remaining more of a black box.

State governments are critical arenas for the public's right to know, in part because they are a major force in the country's political economy. They employ about five million people and spend some \$1.5 trillion a year.<sup>1</sup> They have important functions in regulating business and protecting the public, and they are often in the vanguard of public policy innovation.

However, when it comes to transparency, the states are, so to speak, all over the map. Some are very stingy in the amount of information they provide to the public, while others put special emphasis on openness. In the latter category is Florida, which began making some of its records accessible via computer in the late 1980s.

On the issue of government spending, a bipartisan consensus is emerging—supported by figures as varied as Grover Norquist on the Right and Ralph Nader on the Left—that states ought to be more transparent.<sup>2</sup> During the past year, more than half a dozen states have decided to create new public databases on spending, which in some cases also cover contracts.<sup>3</sup>

These initiatives mirror the Federal Funding Accountability and Transparency Act of 2006 co-sponsored by Senators Barack Obama (D-Ill.) and Tom Coburn (R-Okla.), which will take effect in 2008. Several groups such as the National Taxpayers Union have been promoting what they call “Google Government.”<sup>4</sup>

More transparency on spending and contracts is a positive development, but there is also a need for greater disclosure about other key areas of interaction between government and the private sector; for example, information about which companies are getting special tax breaks and direct financial assistance from state agencies and which companies are spending money to exert influence over state policymaking.

This study examines the quantity and quality of online information currently provided by state government agencies throughout the United States about three forms of interaction between the private and the public sector:

- Economic development subsidies such as tax breaks, grants and low-cost financing awarded by state agencies (and by local governments as allowed and regulated under state law);
- State government procurement contract awards and private contractors providing those public goods and services; and

- Lobbying activity and lobbyists at the state level.

In each of these three areas, we assembled an inventory of available disclosure sources and evaluated that disclosure. Our focus is on information that is readily available to the public, which we define as being present on an open Web site. We do not consider data that might be available through informal queries to agencies or through formal Open Records requests. In the age of the Internet, the key criterion for public access should be what is immediately viewable at a government Web site.

#### OUR EVALUATIONS ARE BASED ON THE FOLLOWING CRITERIA:

- *Ease of finding* the Web site online;
- *Searchability*, especially the ability to search for a specific company receiving a subsidy, a specific vendor receiving a contract, or a specific client employing a lobbyist;
- *Level of detail*, especially the name and location of the company involved, as well as the dollar value of the subsidy, contract, or lobbying expense (in the case of subsidies we also look at job quality reporting);
- *Thoroughness*, especially the extent to which the data cover, for example, different types of subsidies and different types of contracts (in the case of procurement we also consider whether the full text of the contract is posted, and with lobbying we consider whether there is information on what issues or bills the lobbyist worked);
- *Depth*, including how many years of archival data are available; and

- *Data currency*, meaning how quickly information is posted on the Web site.

Using these criteria, we assign a score (ranging from 0 to 100 percent) to each state's online disclosure. The following chapters describe our finding in more detail. The Good Jobs First Web site ([www.goodjobsfirst.org](http://www.goodjobsfirst.org)) contains an online appendix for each state with details on its disclosure practices and an explanation of how we derived its score. We also provide pages with hyperlinks to each state's disclosure Web sites.

We want this report to serve a dual purpose. It is meant, first, to be a resource for taxpayers, researchers, journalists, activists and scholars who want to know what information is available on development subsidies, procurement contracts or lobbying at the state level. Second, we hope the scoring system will encourage states that score poorly to enter the 21<sup>st</sup> century and prod states with mediocre disclosure to make their systems more thorough and searchable.

In this way, we hope to contribute to what Melissa Maynard, writing in a recent issue of *Governing* magazine, described as a comeback for open government at the state level. "The pendulum has begun to swing back in the direction of access," she writes, following a trend toward secrecy in the wake of 9/11.<sup>5</sup>

The strength of the U.S. democracy rests to a great extent on transparency. Trust in government is enhanced when taxpayers can readily see where their tax dollars are going and who is lobbying their elected officials. Accessible information is a powerful weapon against tyranny and injustice as well as inequality and inefficiency.

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# I. DISCLOSURE OF ECONOMIC DEVELOPMENT SUBSIDIES

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Economic development subsidies are used by states seeking to encourage the growth of business activity within their borders. The average state now has more than 30 types of subsidies, and states and cities combined spend more than \$50 billion for this purpose each year.<sup>6</sup> Although states legally enable and regulate these subsidies, many of them are granted by local or regional government bodies.

Examples of subsidies include: cash grants; low interest, tax-free loans (such as private-activity bonds); property tax abatements (reductions or complete exemptions); corporate income tax credits (for activities such as capital investment, hiring or research and development); sales tax exemptions on building materials and new equipment; enterprise zones (which often bundle multiple tax breaks); tax increment financing (TIF) districts (diversions of the increase in property and/or sales tax); training grants; land gifts or write-downs; infrastructure aid; and utility tax exemptions or reductions.

Although common, subsidies are highly controversial. A large body of literature from academics, state auditors, investigative journalists and non-profit research groups finds many recurring problems, such as:

- The tendency of some public officials to give subsidies to companies that do not

really need them, for projects that would have happened without public assistance;

- The failure of companies to create as many jobs or pay as high a wage as they promised when seeking the subsidy;
- The creation by subsidized companies of jobs that are of poor quality as measured by benefits and opportunities for advancement;
- The competitive disadvantage created for existing companies when subsidies are given to newly arriving firms; and
- The unintended consequence for some local governments, given the cost of subsidies, to cut back on vital public services such as education.<sup>7</sup>

For years, a nationwide movement for economic development accountability has been pushing to reform the subsidy system.<sup>8</sup> The most fundamental of these reforms is disclosure. Providing the public with information on subsidy awards—including the costs and benefits of deals given to specific companies—is essential to this process.

There has been a slow but steady movement by states to enact laws on subsidy disclosure. This report evaluates the results of that movement while also reviewing the extent to which some state

economic development agencies have quietly begun disseminating data on various aspects of their subsidy programs even in the absence of specific sunshine legislation. While there is still a long way to go, our findings suggest that subsidy disclosure is advancing in every region of the country.

Our survey finds that 23 states now publicly disclose company specific-subsidy data on at least one type of incentive. Moreover, in 2008 three more states (Hawaii, Louisiana and Oklahoma) are slated to begin disclosing company-specific subsidy data. This is a substantial increase from previous subsidy surveys conducted by Good Jobs First. We credit the increase in reporting in part to the hard work of a diverse array of state tax and budget policy groups, community groups, labor unions, and other grassroots activists who have mobilized around this issue.

This expansion is encouraging, but as activists and analysts point out, many of the new forms of disclosure are quite limited in their scope, often covering only a single program. Moreover, most of them disclose only the *projected cost* to the public of a subsidy deal as it is awarded, but they do not report on *actual outcomes* over time, i.e. how many jobs were created and how good were the wages and benefits. There is much work still to be done on this issue.

#### SPECIFIC EVALUATION CRITERIA

To qualify as a “disclosure state” in this report, a state must disclose company-specific data on at least one subsidy program and the information must be readily available to the public online. Our findings were gathered through extensive

searches of each state’s economic development and revenue department Web sites. We then interviewed each state’s incentive program staff to ensure that we had not missed anything.

For those states with some disclosure, we evaluated their system on nine criteria, as listed in the grid below. For all but one criterion, we awarded 0 to 3 points. Because states have so many subsidy programs, we triple-weighted the criterion for Range, or how many programs are covered, on a scale of 0 to 9. We gave more points when subsidy data are more easily searchable by recipient company, when specific dollar awards are listed, when a greater number of years of data are available, when the data are posted sooner, when the Web site is easier to find, when a greater number of programs are included, when more identifying information about the recipient company is included, when there are more details about the projected jobs, and when there are details about actual jobs created.

A state could receive a maximum of 33 points. We calculated the number of points as a percentage of 33 to derive the state’s score. A state with no subsidy disclosure received a score of zero. For states with multiple subsidy disclosure reports, scores represent an average of each report’s score in that category.

The online appendices at [www.goodjobsfirst.org](http://www.goodjobsfirst.org) show how each state was evaluated for the nine criteria and thus how its overall score was derived. They also provide narrative comments on each state’s disclosure system.

## THE STATE OF STATE DISCLOSURE

CRITERION	ZERO POINTS	TIER 1(1 POINT)	TIER 2 (2 POINTS)	TIER 3 (3 POINTS)	MAX. SCORE
SEARCHABILITY	None	Unsearchable PDF	Searchable PDF	Database searchable by recipient	3
DOLLAR INFO	None	Summary amount for program	Amount range per deal	Exact dollars per deal	3
YEARS AVAILABLE	None	One year	Two years	Three or more years	3
DATA CURRENCY	None	Data are three years old	Data are two years old	Data are from last fiscal or calendar year	3
ACCESSIBILITY	None	Buried in a Report	Obscure link	Own disclosure page, prominent link	3
RANGE OF PROGRAMS	None	Three or fewer programs disclosed (3 points)	More than three programs disclosed, but not comprehensive (6 points)	All programs disclosed (9 points)	9
COMPANY NAME	None	Gives company name	Name of company and location	Name with location and contact info	3
PROJECT DETAILS	None	One of following: total jobs, wages, healthcare, capital investment	Two of previously listed	Three or more of previously listed	3
OUTCOME REPORTING	None	One of following: total jobs, wages, healthcare, capital investment	Two of previously listed	Three or more of previously listed	3

### FINDINGS

Although the increase in subsidy disclosure is a positive sign, 27 states and the District of Columbia still have none. Moreover, among the states with disclosure, only a few states cover a wide range of programs. Most states disclose company-specific data on just one or two subsidy programs, omitting information on all the others.

No state earned close to a perfect score, and 11 of the states with some disclosure get grades that are below passing. The higher-ranked disclosure states stand out, in part, for releasing highly detailed information over a substantial period of time. Disclosure of project details (defined as total projected jobs, wages and benefits, and capital investment) and outcome

### SUBSIDY DISCLOSURE SCORES OF STATES WITH SCORES ABOVE ZERO

STATE	SUBSIDIES SCORE (%)	GRADE	STATE	SUBSIDIES SCORE (%)	GRADE
Illinois	85%	B	Maryland	59%	F
Iowa	82%	B-	Montana	58%	F
Minnesota	79%	C+	New York	58%	F
Pennsylvania	70%	C-	Nebraska	56%	F
Ohio	69%	D+	South Dakota	55%	F
Connecticut	67%	D+	Texas	55%	F
North Carolina	67%	D+	Nevada	52%	F
Missouri	65%	D	Utah	52%	F
North Dakota	64%	D	Wisconsin	52%	F
Indiana	61%	D-	Maine	48%	F
New Jersey	61%	D-	Kentucky	45%	F
Vermont	61%	D-			

Grading system: A (96-100); A- (90-95); B+ (87-89); B (83-86); B- (80-82); C+ (77-79); C (73-76); C- (70-72); D+ (67-69); D (63-66); D- (60-62); F (59 and below)

reporting (defined as reporting on the outcome over time of job and investment promises) allows meaningful analysis of long term public costs and benefits.

Minnesota, for example, reports total subsidy amount, wage and benefits data, a summary of the goals in the subsidy agreement, outcomes until goals are attained, and (when applicable) a company’s former location within the state and the reason for relocation. Only eight other states (Illinois, Iowa, Maine, Missouri, Montana, North Carolina, Ohio and Wisconsin) disclose two or more project details.

Accessibility and formatting of the disclosure reports are also key factors in scoring. For example, the Illinois Department of Commerce and Economic Opportunity has a specially designated corporate accountability Web site created pursuant to the 2003 Corporate Accountability in Tax Expenditures Act. All compliance reports are available there in an easy-to-use database searchable by report year, award year, and program type. Only four other states (Ohio, Missouri, North Dakota and Pennsylvania) have searchable, online databases for subsidy reporting. In most cases, disclosure reporting is featured in a subsidy program’s annual report, posted online as a searchable PDF document. Unlike online databases with sort functions, this PDF format limits the public’s ability to quickly synthesize the data.

States with lower scores generally supply fewer details and post reports in less accessible ways (including non-searchable PDF documents). In many cases, low-scoring reports document fewer years of

deals and are not up to date in their reporting.

Of the 27 states and the District of Columbia with no systematic online disclosure, five (District of Columbia, Michigan, Tennessee, Virginia and Wyoming) reveal some subsidy details in press releases, public meetings minutes or other informal postings. Although we note many of these sources in the narratives of the appendices, states with such disaggregated, fragmentary disclosure receive a grade of zero.

Seven states, including three with no current disclosure (Hawaii, Louisiana, and Oklahoma) and four with some (Nebraska, New Jersey, North Dakota, and Texas) will release data in the next year that will, if they adhere to announced guidelines, significantly improve their subsidy disclosure.

STATES WITH NO SUBSIDY DISCLOSURE

Alabama	Massachusetts
Alaska	Michigan
Arizona	Mississippi
Arkansas	New Hampshire
California	New Mexico
Colorado	Oklahoma
Delaware	Oregon
District of Columbia	Rhode Island
Florida	South Carolina
Georgia	Tennessee
Hawaii	Virginia
Idaho	Washington
Kansas	West Virginia
Louisiana	Wyoming

EXCERPTS FROM AN ILLINOIS ECONOMIC DEVELOPMENT SUBSIDY ANNUAL PROGRESS REPORT SUBMITTED BY TARGET CORPORATION FOR A DEKALB LOCATION

**Corporate Accountability for Tax Expenditures Act 93-552**

**Annual Project Progress Reports for 2006**

Target Corporation

DeKalb

**I. Development Assistance Agreements Awarded in 2004**

	Assistance Amount	Agreement Number
IDOT Economic Development Program	1,326,850.00	04 DTA20501
High Impact Business Designation	1,035,000.00	04 ZBA0003

**Number of Employees At the Time of Application**

Job Classification	Avg Annual Salary	Positions	Full-Time	Part-Time	Temporary
Executives & Managers	0.00	0	0	0	0
Maintenance	0.00	0	0	0	0
NONE	0.00	0	0	0	0
Office & Clerical	0.00	0	0	0	0
warehouse/packers	0.00	0	0	0	0
<b>Totals:</b>		<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>

**Number of Employees As of the Date of the Report (12/31/2006)**

Job Classification	Avg Annual Salary	Positions	Full-Time	+/-	Part-Time	+/-	Temporary	+/-
Executives & Managers	63000.00	59	59	59	0	0	0	0
Maintenance	31800.00	48	47	47	1	1	0	0
NONE	0.00	0	0	0	0	0	0	0
Office & Clerical	25500.00	20	19	19	1	1	0	0
warehouse/packers	24500.00	430	394	394	36	36	0	0
<b>Totals:</b>		<b>557</b>	<b>519</b>	<b>519</b>	<b>38</b>	<b>38</b>	<b>0</b>	<b>0</b>

**Number of Jobs Stated in the Agreement that would be Created at the Site as a Result of Assistance**

Job Classification	Avg Annual Salary	Positions	Full-Time	Part-Time	Temporary
Executives & Managers	50000.00	50	50	0	0
Maintenance	30030.00	38	38	0	0
Office & Clerical	18382.00	32	32	0	0
Warehouse/Packers	22295.00	437	437	0	0
<b>Totals:</b>		<b>557</b>	<b>557</b>	<b>0</b>	<b>0</b>



## II. DISCLOSURE OF STATE PROCUREMENT CONTRACTS

Procurement contracts account for hundreds of billions of dollars in spending each year by state governments. Agencies acquire a wide range of products from the private sector—including capital projects such as highways, prisons and university buildings; services such as information technology and money management; and commodities such as foodstuffs, office equipment and firearms.

Like subsidies, these contracts often prompt controversy. There are perennial scandals about contracts awarded to politically connected bidders rather than to those offering the best deal. In recent years, there have been uproars over the awarding of state information technology contracts to companies that in turn subcontract much of the work overseas.<sup>9</sup> Campaigns on issues such as the recycling of computer components have looked to

state procurement practices to try to advance their cause.<sup>10</sup>

To have an informed debate about state procurement practices, the public needs data on contracts that have already been awarded. This report evaluates the current availability of such data via the official Web sites of the 50 states and the District of Columbia.

### SPECIFIC EVALUATION CRITERIA

We began by tracking down the specific disclosure sites that states use to disseminate information about procurement contracts. We then evaluated each of them using seven criteria, as listed in the grid below. For each criterion, we awarded 0 to 3 points. We gave more points when contract data are more easily searchable by recipient company, when

CRITERION	ZERO POINTS	1 POINT	2 POINTS	3 POINTS	MAX. SCORE
SEARCHABILITY	None	List Not Searchable by Vendor Name	Searchable by keyword/contract number OR List of Vendors Available	Database searchable by vendor name	3
DOLLAR INFO	None	(Not used)	Buried in contract	Exact dollars per contract visible on list	3
AVAILABILITY	None	(Not used)	Active contracts	Active contracts and archived contracts	3
ACCESSIBILITY	None	(Not used)	Obscure link only	Prominent link or own domain	3
CONSISTENCY	None	Only one type	Only some are disclosed	All programs or sectors are disclosed	3
COMPANY NAME	none	Company Name	Name of company and location	Name with location and contact info	3
COPY OF CONTRACT	none	(Not used)	Abstract available online	Full Contract or Notice of Award available online	3

specific dollar awards are listed, when a greater number of years of data are available, when archived as well as current contracts are covered, when the Web site is easier to find, when a greater number of contract types are included, when more identifying information about the vendor is included, and when the full text of the contract is made available.

A state could receive a maximum of 21 points. We calculated the number of points as a percentage of 21 to derive the state’s score. A state providing no contract data receives a score of zero. The online appendices at [www.goodjobsfirst.org](http://www.goodjobsfirst.org) show how each state was evaluated for the seven criteria and thus how its overall score was derived. They also provide additional details on each state’s disclosure system.

FINDINGS

We found that 49 states and the District of Columbia provide some online public information about procurement contracts. At the time of this report’s release, the only state with a score of zero is Minnesota, which does not make contract information available to the general public. Only state agencies and Cooperative Purchasing Venture (CPV) program members have access to the information. However, earlier this year Minnesota passed a new law to create a public online database on state contracts and grants valued over \$25,000 starting in 2008.

There is a great deal of variation among the states in terms of the extent of the disclosure and the usefulness of the Web sites. While some states

disclose quite detailed procurement information (including copies of entire contracts along with addenda and amendments), other states provide considerably less. Some states make it easy to determine if a particular company has been awarded a contract, while others make it very difficult to do so.

Five states score highest with 95 percent (or A-)—Connecticut, Indiana, Kansas, Massachusetts and Washington. They receive the maximum score for 6 out of the 7 criteria. All the highest scoring states provide the user with a database that can be searched by vendor name, and the vendor information includes company name and detailed contact information. In addition, all but one of these highest scoring states provide information on both active and archived contracts.

Apart from Minnesota with a score of zero, six states scored below 70 percent: Wyoming, Kentucky, Rhode Island, Colorado, Maryland, and Michigan. These states scored lowest for a variety of reasons, such as scoring zero on at least one factor or not having a score of 3 in any of the criteria. For all 51 jurisdictions, the mean score was 81 percent and the median score was 86 percent.

The top ranking states are as follows, with a 10-way tie at 90 percent:

STATE	SCORE	GRADE	STATE	SCORE	GRADE
Connecticut	95%	A-	Missouri	90%	A-
Indiana	95%	A-	New Jersey	90%	A-
Kansas	95%	A-	Montana	90%	A-
Massachusetts	95%	A-	Nebraska	90%	A-
Washington	95%	A-	South Dakota	90%	A-
Arizona	93%	A-	Utah	90%	A-
Iowa	90%	A-	Maine	90%	A-
Ohio	90%	A-	Oklahoma	90%	A-

The bottom 10 ranking states are as follows, with a three-way tie at 71 percent:

STATE	SCORE	GRADE
Minnesota	0%	F
Wyoming	48%	F
Kentucky	57%	F
Rhode Island	57%	F
Maryland	62%	D-
Colorado	67%	D+
Michigan	67%	D+
Illinois	71%	C-
Oregon	71%	C-
West Virginia	71%	C-

Grading system: A (96-100); A- (90-95); B+ (87-89); B (83-86); B- (80-82); C+ (77-79); C (73-76); C- (70-72); D+ (67-69); D (63-66); D- (60-62); F (59 and below)

KANSAS CONTRACTING DISCLOSURE SITE

**KANSAS**  
DEPARTMENT OF ADMINISTRATION  
**Purchases**

Home | Accounts & Reports | Admin Hearings | Budget | Facilities | DISC | Personnel | Purchases | Printing | Surplus

**SEARCH BY KEYWORD**  
  
 include expired contracts

**SEARCH BY AGENCY**  
 Select Agency...  
 include expired contracts

**SEARCH BY VENDOR**  
  
 include expired contracts

**SEARCH BY ALPHA**  
[A](#) | [B](#) | [C](#) | [D](#) | [E](#) | [F](#) | [G](#) | [H](#) | [I](#) | [J](#) | [K](#) | [L](#) | [M](#) | [N](#) | [O](#) | [P](#) | [R](#) | [S](#) | [T](#) | [U](#) | [V](#) | [W](#) |

**Procurement Contract List**  
 Listed are procurement contracts established by the Kansas Division of Purchases. Some of these contracts are available only to specific agencies, and others to all state agencies and political subdivisions.

You can select which contracts you wish to view by searching:

**Keyword:** Searches title of contract, words included in contracts or contract numbers. When searching by keyword, use words that directly relate to the contract you are looking for. For example, to find contracts related to desktop computers, type in **desktop computer**.

**Alphabetically:** Lists contracts by the first letter of the title.

**Note:** You may view or download the contracts by clicking on the contract title. The contracts are saved in "stacked order", which means that the original contract is saved first, followed by the addendums and then the renewal.

**\*\*ATTENTION:** The procurement document may occasionally indicate additional files are available on-line as part of the contract award document. [Click here to access those additional files.](#)

>> **QUICK LINKS** <<  
[Current Statewide Contracts](#)

[Contact Info](#) | [Divisions/Offices](#) | [Comments](#) | [kansas.gov](#) | [Index](#)  
 900 SW Jackson, Room 102N, Topeka, KS 66612, 785/296-2376

# III. DISCLOSURE OF STATE LOBBYISTS AND LOBBYING

Lobbying is a subject most widely discussed at the federal level, but it is also an important issue for states. According to the Center for Public Integrity, there were some 39,000 individual lobbyists working at the state level in 2005. These lobbyists and their employers reported spending more than \$1.2 billion on their activities that year. The latter number is understated because eight states did not provide spending data.<sup>11</sup>

Given the frequent policy stalemates at the federal level, state legislatures have become ever more important arenas for public policy initiatives such as the expansion of healthcare coverage and the reduction of greenhouse-gas emissions. The availability of information on state lobbyists and the interests they represent is critical to understanding how those initiatives are faring.

## SPECIFIC EVALUATION CRITERIA

We began by tracking down the specific disclosure sites that states use to disseminate information about state lobbying and lobbyists. We then evaluated each of them using six criteria, as listed in the grid below. For each criterion, we awarded 0 to 3 points. We gave more points when lobbying data are more easily searchable by the client company, when specific dollar spending amounts are provided, when a greater number of years of data are available, when the information is posted sooner, when the Web site is easier to find, when there is an indication of what issues or bills the lobbyist worked.

A state could receive a maximum of 18 points. We calculated the number of points as a percentage of 18 to derive the state's score. The online appendices at [www.goodjobsfirst.org](http://www.goodjobsfirst.org) show how each

CRITERION	ZERO POINTS	1 POINT	2 POINTS	3 POINTS	MAX. SCORE
SEARCHABILITY	none	Unsearchable list	Searchable list by lobbyist and/or principal	Searchable by lobbyist and principal plus at least one other category	3
DOLLAR INFO	none	Financial summary	Detailed financial reports	Searchable detailed financial reports	3
YEARS AVAILABLE	none	One year	Two years	Three or more years	3
DATA CURRENCY	none	Data are one year old	Data are current	Data are current and updated more than once a year	3
ISSUES	none	General issue areas listed	Searchable by general issue area	Searchable by general issue area and specific bill	3
ACCESSIBILITY	none	Obscure link	Prominent link, but cumbersome interface	Prominent link or own domain and intuitive design and search functions	3

state was evaluated for the six criteria and thus how its overall score was derived. They also provide narrative comments on each state’s disclosure system. Sites occasionally feature or lack elements that are not covered in our rubric; these are noted in the appendices.

For accessibility and format we were looking for disclosure sites that are easy to find and easy to use. An accessible, well-formatted site is clearly linked from an official government site such as the Secretary of State’s Web page and includes an easy-to-use database or a well-organized and fully cross-linked menu of searchable PDF files. Sites that allow an initial search using at least one search term in addition to lobbyist and/or principal name and year score the highest.

In the dollar information category, we looked for detailed and searchable financial information. States that offer up-to-date quarterly reports score the highest. For issue information, the highest scoring states allow searching by general issue areas and by specific bills on which lobbyists are paid to work.

## FINDINGS

Our review of state disclosure about lobbyists and lobbying reveals that basic information is quite accessible online in most states, but comprehensive and detailed disclosure in a user-friendly format is rare.

Five states scored 100 percent (earning a grade of A) in our scoring system: Colorado, Nebraska, New York, Washington and Wisconsin. Yet, among these, Wisconsin stands out. It exceeds our

rating criteria not only for the types and amount of lobbying information disclosed, but also for the excellent design of the site, the day-to-day currency of information, and a feature enabling taxpayers to register for automatic email updates on any disclosure item.

It appears that our findings reflect significant improvement in recent years. The Center for Public Integrity concluded in a 2005 update of its 50-state analysis of lobbying disclosure that “lawmakers in almost half the states—sometimes prompted by scandals—have beefed up their disclosure laws.”<sup>12</sup> Although the CPI study focused on the requirements of disclosure laws rather than the quality of online reporting, a comparison of our findings with theirs is revealing. Our review of lobbying disclosure Web sites reflects reforms enacted to lobbying disclosure laws in 24 states since the original CPI report in 2003.

Every state, at the minimum, posts a roster of lobbyists and the principal organizations that they represent, along with contact information. Such a simple form of disclosure received our lowest rating. Alabama, South Carolina and West Virginia fell into that category, with each scoring under 40 percent. Another three states—Iowa, New Hampshire and North Dakota—scored slightly better but were still under 50 percent. A total of 11 states and the District of Columbia get a score below 59 percent and thus a grade of F.

Most states offer far more than mere lists of names and organizations, with features including searchable databases and cross-linked and/or hot-linked results. These sites provide data on lobbying expenditures and

## THE STATE OF STATE DISCLOSURE

issues or bills worked by lobbyists, and they offer historical as well as current data. As for issue information, the highest scoring states allow searches by general subjects and by specific bills on which lobbyists are paid to work. Only six states (Colorado, Massachusetts, Nebraska, New York, Washington, and Wisconsin) earned the maximum of three points in this category.

Some states have good content and poor design or vice versa. For example, Connecticut, Indiana and Pennsylvania offer a plethora of disclosure data but in formats that are difficult to navigate. Virginia displays excellent design, but the breadth and depth of data available are limited.

### TOP SCORING STATES:

STATE	SCORE	GRADE
Colorado	100%	A
Wisconsin	100%	A
New York	100%	A
Nebraska	100%	A
Washington	100%	A
Rhode Island	94%	A-
Maryland	94%	A-
Indiana	94%	A-
Massachusetts	94%	A-

### BOTTOM SCORING STATES:

STATE	SCORE	GRADE
West Virginia	39%	F
Alabama	39%	F
South Carolina	39%	F
North Dakota	44%	F
New Hampshire	44%	F
Iowa	44%	F
Wyoming	50%	F
Nevada	50%	F
District of Columbia	50%	F
South Dakota	50%	F

## WISCONSIN "EYE ON LOBBYING" DISCLOSURE SITE

- ▶ Home
- ▶ Contact Us
- ▶ Site Map
- ▶ News and Notices

 LOBBYING IN WISCONSIN

 STATE OFFICIALS & THEIR FINANCIAL INTERESTS

 STANDARDS OF CONDUCT

 LOCAL OFFICIALS

 ABOUT THE ETHICS BOARD

 FORMS & PUBLICATIONS

**State of Wisconsin  
Ethics Board**  
<http://ethics.state.wi.us>

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HELPING YOU KEEP AN  
**EYE ON LOBBYING**  
IN WISCONSIN



An added service from the Wisconsin Ethics Board,  
click the FOCUS icon to learn more

2002 Public Integrity Award Winner  
Selected by the Ford Foundation & Harvard University as one of the 25 most significant innovations in American government.

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click here to access  
lobbying data from prior sessions

**Who is lobbying 2007?**

SEARCH BY:

- ◆ ORGANIZATION
- ◆ LOBBYIST
- ◆ STATE AGENCY (key officials and liaisons to the legislature)
- ◆ KEYWORD in organization's name, business interests, or lobbying interests
- ◆ CHANGES LAST 10 DAYS (new organization, lobbyists, and authorizations)

**What are they lobbying about 2007?**

SEARCH BY:

- ◆ ORGANIZATION
- ◆ BILL
- ◆ BUDGET BILL SUBJECT
- ◆ ADMINISTRATIVE RULE
- ◆ TOPIC of bill not yet introduced or rule not yet proposed by agency
- ◆ KEYWORD in proposals
- ◆ CHAPTER or STATUTE affected by bill

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**Lobbying Effort 2007-2008**

SEARCH BY:

- ◆ ORGANIZATION
- ◆ BILL
- ◆ BUDGET BILL SUBJECT
- ◆ ADMINISTRATIVE RULE

**REPORTS/GRAPHS OF GREATEST LOBBYING EFFORT:**

- ◆ sorted by ORGANIZATION (all organizations)
- ◆ sorted by HOUR (all organizations)
- ◆ sorted by DOLLAR (all organizations)

<http://ethics.state.wi.us/LobbyingRegistrationReports/LobbyingOverview.htm>

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## IV. CONCLUSION AND POLICY OPTIONS

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Our findings indicate that transparency in key aspects of state government is improving, but there are still wide variations in the degree to which states are making full use of the Internet to disseminate vital information to the public. Only a few states have created disclosure systems that could be considered models; many more seem to be resisting the high degree of openness that the Web makes possible.

Our findings point to two different conclusions. On the one hand, it is encouraging to see what some states are doing to harness the power of the Internet to inform the public. What Illinois is doing with job subsidies, what Wisconsin is doing with lobbying, and what several states are doing with procurement provide good models of online transparency.

On the other hand, more than a decade after the Internet gained broad popular use, it is discouraging to find so many states still resisting online disclosure entirely when it comes to subsidies, and numerous others settling for obscure sites with incomplete data when it comes to procurement and lobbying. We commend the disclosure leaders and urge the laggards to emulate them.

Yet even the disclosure leaders in many cases need to do much more to achieve

true transparency. We recommend these options to state policymakers who want to enhance the public's right to know:

### ALL THREE KINDS OF DATA

In this report, we focus on the ability to search for information on a specific company. In addition to making this possible, disclosure sites should make it possible to browse through complete lists of subsidy and contract recipients as well as lobbyist employers. Users should also be able to easily review dollars amounts in the various categories and see what the aggregate numbers are.

Since most states maintain their databases in spreadsheet software, we recommend that, *in addition to providing online searchability*, all disclosure databases be downloadable in a program such as Excel so that the data can be thoroughly analyzed offline and different data sets can be integrated.

It would also be desirable for public databases to include Application Programming Interfaces, so that the information can be easily incorporated into other Web sites.

### SUBSIDIES

Despite the relatively high grades that some states receive in this study for

subsidy disclosure, no state has anything close to comprehensive disclosure about *all* the types of financial assistance given to companies in the name of economic development. In addition to moving toward full transparency about the subsidies awarded, states should do more to monitor the performance of subsidy recipients—the outcomes of the deals—and disclose those results to the public. That would mean detailed reporting on jobs created by subsidized companies, including wages and benefits.

States should also make it easy for the public to see which subsidized companies have failed to live up to their job creation and job quality promises. In those cases, the disclosure would ideally also include information on what (if anything) public officials have done to get the company to redress its shortfall or repay all or part of the subsidies (via a “clawback” or recapture safeguard).

Given how much easier it has become to post information on the Web, we also recommend that state disclosure data be updated quarterly, instead of annually. Following the leads of Minnesota and Ohio, subsidy disclosure should also report when companies receive assistance for simply relocating, especially when the move begins and ends within the state (as most corporate relocations do). Ideally, subsidy disclosure databases would include the exact street address of the project site (so that deals can be mapped and analyzed for their impact on regional development patterns) and it should be recorded whether the job site is transit-accessible (defined as within one-quarter mile of a regularly served transit stop).

Since income taxes are a large and growing aspect of job subsidies, state governments might consider passing legislation requiring revenue departments to disclose the state income tax returns of publicly traded companies. This form of disclosure would allow interested parties to examine, among other things, discrepancies between what companies report to the Securities and Exchange Commission and their shareholders versus what they report to state tax officials.<sup>13</sup>

### PROCUREMENT CONTRACTS

The states are much further along in disclosure about contracts than they are with subsidies, but there is still a lot of room for improvement. States should move toward reporting not only on the recipients of contracts but also on their *performance* (Colorado passed such a law earlier this year). Taxpayers should know about companies that have failed to complete projects on time or that have forced the state to incur cost overruns.

Another approach would be to automatically provide linked information about the political contributions that have been made by companies that have received contracts (in those states that allow contributions by corporations) or by their officers and principals. A step in this direction was recently taken in Illinois, when Comptroller Dan Hynes unveiled a site called Open Book that his office created in cooperation with the State Board of Elections.<sup>14</sup> In announcing the effort, Hynes said: “Open Book is going to shine a very bright light on the shadowy world of pay-to-play politics in Illinois state government.”<sup>15</sup>



Another enhancement would be to compile and link information on the track record of contractors with regard to compliance with state laws on the environment, consumer protection, workplace standards, etc. The background data could also include any state tax liens that may have been imposed on the company. Such information could help the public determine whether state contracts are being awarded to companies that have not been diligent in obeying the law and paying their taxes. These provisions could apply to subsidy recipients as well.

LOBBYING

The exemplary lobbying disclosure currently provided by states such as Wisconsin should be the starting place. Ideally, the public should be able to see at a glance what role a company may have had in encouraging the adoption of a particular piece of legislation or policy.

Another enhancement would be to integrate lobbying data with financial and affiliation disclosure data that public officials are required to submit under ethics laws. Such disclosure could, for example, inform the public when a state lobbyist is a former legislator or public official, or when a legislator or official being lobbied has a financial tie to the lobbying client.

These are but a few examples of the wide array of transparency reforms that the Internet makes possible. While more openness in the public sector is a good in itself, the real aim of expanded disclosure is to improve the way government functions. The often-quoted statement by Justice Louis Brandeis that “sunlight is... the best of disinfectants” is truer than ever, though today it might be revised to say that the light comes from a computer screen displaying a well-stocked government Web site.

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# ENDNOTES

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1. See U.S. Census Bureau data at <<http://ftp2.census.gov/govs/apes/06stus.txt>> and <<http://www.census.gov/govs/state/0500usst.html>> .
2. The text of a letter sent jointly by Norquist and Nader to the nation's governors in July 2007 can be found at [http://www.atr.org/content/pdf/2007/july/070507lt-nader\\_norquist\\_govs.pdf](http://www.atr.org/content/pdf/2007/july/070507lt-nader_norquist_govs.pdf)
3. For a summary of these initiatives, which have come as the result of legislation or unilateral executive branch action, see the compilation provided by Americans for Tax Reform at [http://www.atr.org/content/pdf/2007/Oct/100807ot-memo\\_trnsp.pdf](http://www.atr.org/content/pdf/2007/Oct/100807ot-memo_trnsp.pdf). See also <http://www.showmethespending.org/>
4. See, for example, the press release at [http://www.ntu.org/main/press\\_release.php?PressID=918&org\\_name=NTU](http://www.ntu.org/main/press_release.php?PressID=918&org_name=NTU)
5. Melissa Maynard, "A Little Sunshine," *Governing*, July 2007.
6. See Kenneth Thomas, *Competing for Capital: Europe and North America in a Global Era* (Georgetown University Press, 2000) and Peter Fisher and Alan Peters, "The Failures of Economic Development Incentives," *Journal of the American Planning Association*, Winter 2004.
7. For a wide-ranging critique of development subsidies, see Greg LeRoy, *The Great American Jobs Scam: Corporate Tax Dodging and the Myth of Job Creation* (Berrett-Koehler Publishers, 2005).
8. For an overview of these reforms, see the Good Jobs First Web site, especially <[http://www.goodjobsfirst.org/accountable\\_development/key\\_reforms.cfm](http://www.goodjobsfirst.org/accountable_development/key_reforms.cfm)> .
9. See, for example, Philip Mattera et al., *Your Tax Dollars at Work...Offshore: How Foreign Outsourcing Firms are Capturing State Government Contracts* (Washington, DC: Corporate Research Project of Good Jobs First, July 2004); available online at <<http://www.goodjobsfirst.org/pdf/offshoringtext.pdf>> .
10. See, for example, the Web site of the Silicon Valley Toxics Coalition on state initiatives at <[http://svtc.eto toxics.org/site/PageServer?pagename=svtc\\_ewaste\\_and\\_recycling\\_policy](http://svtc.eto toxics.org/site/PageServer?pagename=svtc_ewaste_and_recycling_policy)> .
11. <http://www.publicintegrity.org/hiredguns/chart.aspx?act=lobbyspending>
12. <http://www.publicintegrity.org/hiredguns/report.aspx?aid=728>
13. See Michael Mazerov, *State Corporate Tax Disclosure: The Next Step in Corporate Tax Reform* (Washington, DC: Center on Budget and Policy Priorities, February 2007); available online at <http://www.cbpp.org/2-13-07sfp.htm>
14. Open Book can be found at <http://www.openbook.ioc.state.il.us/>
15. <http://www.ioc.state.il.us/news/ViewNewsRelease.cfm?ID=2070837220>