

July 1, 2021

The Honorable Amy Klobuchar

425 Dirksen Senate Office Building Washington, DC 20510

The Honorable David Cicilline

2233 Rayburn House Office Building

Washington, DC 20515

The Honorable Mike Lee

361A Russell Senate Office Building

Washington, DC 20510

The Honorable Ken Buck

2455 Rayburn House Office Building

Washington, DC 20515

Dear Chairs Klobuchar and Cicilline and Ranking Members Lee and Buck:

We, the undersigned organizations, representing millions of taxpayers and consumers, urge you to reject a recent request from attorneys general of 45 states for an increase in federal funding for state antitrust enforcement activities. Despite dire predictions, California, Connecticut, Wisconsin, and numerous other states are reporting large budget surpluses and do not need additional federal resources. Congress should be prudent and recognize that an exorbitant increase in funding for state antitrust enforcers could lead to taxpayer waste and severe economic consequences across multiple industries.

The antitrust debate has garnered a great deal of attention at the state and national levels. State and federal regulators both have a role in ensuring objective measures of consumer harm remain the lodestar of antitrust enforcement. A light-touch approach has led to increased innovation and has greatly benefited consumers. However, some state chief legal officers are seeking to capitalize on the antitrust debates surrounding a few large technology companies in Congress to pad the pockets of well-off state governments.

Increased funding would be an unnecessary waste of taxpayer dollars. Many feared the COVID-19 pandemic would significantly damage the fiscal footing of state governments. However, stronger than anticipated tax revenue coupled with previous relief bills approved by Congress bucked these predictions. California expects a \$75.7 billion surplus, Connecticut and Idaho are on pace to have \$800 million to spare, and Wisconsin projects a budget surplus of \$4.4 billion. While some state revenues have taken a hit, state governments generally are flush with cash. As of February 2021, 29 states have

pulled in as much, if not more, revenue in the previous 12 months as they did in the year leading up to the pandemic.

In response to the pandemic, Congress acted to help consumers and businesses stay afloat, resulting in trillions in federal spending. While some of this spending was intended to address emergency circumstances, now Congress must be concerned with record debt and deficits along with the emerging threat of inflation. In May, the consumer price index rose five percent, the largest increase since 2008, right before the financial crisis. Consumers are also aware and concerned about this trend. A survey of consumer expectations from the Federal Reserve Bank of New York shows median year-ahead inflation expectations increased to 4 percent in May, up from 3.4 percent in April. At the height of the pandemic, government measures likely helped millions of Americans and businesses, but as the U.S. recovers, Congress must resist unnecessary spending that augments the threat of inflation.

The misguided funding request attempts to leverage Congressional discontent with “Big Tech” as a rationale for an increase in funding. Lawmakers should be skeptical of the consequences of increased funding for both federal and state antitrust enforcers. There is no guarantee that the focus of litigation will remain on a handful of large technology companies. Instead, governments at the state and national level would have a much larger hammer to threaten the free market with. As lawmakers look to get Americans back to work and return to pre-pandemic levels of productivity, arming regulators with greater power to disrupt economic growth should be a source of concern.

State governments can ask Congress for additional funding. But the request is neither necessary, nor justified, given their billions of dollars in budget surpluses. As stewards of taxpayer dollars, we encourage lawmakers to reject this frivolous spending request.

Sincerely,

National Taxpayers Union

American Consumer Institute

Americans for Prosperity

Americans for Tax Reform

Center for Freedom and Prosperity

Competitive Enterprise Institute

Council for Citizens Against Government Waste

Digital Liberty

Libertas Institute

Lone Star Policy Institute

Open Competition Center

Pelican Institute Center for Technology & Innovation

Taxpayers Protection Alliance

The Committee for Justice