

Why Google's lobbying in California skyrocketed this year

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Credit: CC0 Public Domain

The 30-second video ad struck an ominous tone, urging Californians to tell their lawmakers to vote against legislation that would force Google, Facebook and other large platforms to pay news publishers.

"It's a dangerous precedent that will drive up costs for [small businesses](#) and make it easier for politicians to raise taxes in the future," the narrator says in the ad, which ran in June. "With inflation running high, we can't afford another Sacramento tax increase."

The ad stated that it was "paid for" by the California Taxpayers Association, a nonprofit advocacy group, but it really was bankrolled by Google.

Between April and June, the search giant paid the association \$1.2 million for advertising, filings to the California secretary of state show. The association confirmed that Google funded the ad campaign against the bill.

Tech companies strongly opposed Assembly Bill 886, known as the California Journalism Preservation Act.

The money appears to have been well spent. Lawmakers put the legislation on hold until 2024.

Google's payment to the taxpayers group made up most of the record \$1.5 million the company spent lobbying California lawmakers and regulators from January to September. During the same period last year, Google spent \$187,434. The company spends an average of about \$257,000 per year lobbying in California, according to a review of such expenditures from 2005 to 2022.

The massive surge reflects the growing efforts by tech companies to influence California lawmakers as they debate how to protect young people and journalists and other workers from the threats posed by [social media sites](#), artificial intelligence and other emerging technology.

Bob Shrum, a longtime Democratic consultant and director of the Center

for the Political Future at the University of Southern California, said political ads are one way companies try to sway lawmakers, but the strategy is not always effective.

Shrum, who listened to the California Taxpayers Assn. ad, said viewers might walk away with the impression that the price of their internet service will go up.

"They skirt the line of being factual," he said. "At the same time, the ad is anything but a rounded, accurate portrait of what the controversy is all about."

Google's spending on lobbying in California outpaced that of Facebook parent company Meta, Amazon, Apple, and other multibillion-dollar companies, data from the California secretary of State show. The search giant's lobbying spending lagged behind AT&T, Waymo (Google's self-driving car unit) and McDonald's, as well as major energy companies like Chevron.

Google's lobbying efforts went beyond advertising. On June 28, California Gov. Gavin Newsom and two of his top staff members met with Google leaders at the company's San Francisco office, according to filings to the secretary of State's office.

A Google representative said the meeting was about the overall legislative landscape; Newsom's office said it was related to an executive order about artificial intelligence that he went on to sign in September.

State Sen. Ben Allen (D-Santa Monica) also met with Google, the filings showed. Allen's office said the senator and a legislative director who works on environmental policy toured the tech giant's Mountain View campus in April to learn about sustainability and waste reduction.

"We regularly engage with lawmakers and regulators on a range of issues, including economic growth, small business support, cybersecurity and protecting online information, among other issues," Bailey Tomson, a spokesperson for Google, said in a statement.

The company lobbied on a variety of bills during the last legislative session, including measures barring law enforcement demands for Google location data, protecting child safety on social media and regulating artificial intelligence.

One of the company's biggest priorities: fighting a bill that would require tech giants to negotiate payment to [news organizations](#) for stories displayed on their platforms. The online platforms would pay a "journalism usage fee" to certain publishers.

Organizations that support the bill said it would help preserve democracy by funding local news outlets, which are grappling with drastic cuts and layoffs as they compete with tech companies for advertising dollars. Tech companies should pay publishers because they profit from their [news content](#), helping to keep people engaged on their platforms, news advocacy groups such as the California News Publishers Assn. and News/Media Alliance say. (The Los Angeles Times is a member of both organizations and supports the proposed legislation.)

Meta spokesperson Andy Stone said in May that the bill would mostly benefit large publishers. The legislation "fails to recognize that publishers and broadcasters put their content on our platform themselves and that substantial consolidation in California's local news industry came over 15 years ago, well before Facebook was widely used," Stone tweeted.

Meta threatened to remove news from its platforms Facebook and Instagram if the California bill becomes law, a move the social media

giant used in other countries that passed similar legislation. In 2021, Meta temporarily blocked news in Australia but reversed the decision after reaching a deal with the Australian government. In August, Meta blocked news in Canada.

Debate about AB 886 has continued since the legislative session wrapped in September. On Dec. 5, the California Senate Judiciary Committee held a four-hour hearing about the importance of journalism in the digital age. Chris Argentieri, president and chief operating officer of the L.A. Times, and Matt Pearce, a Times reporter and chair of Media Guild of the West, testified in support of the legislation.

At the hearing, Google Vice President of News Richard Gingras said the search engine helps drive traffic to digital publications and noted that the company also supports journalism in other ways, such as the Google News Initiative, which provides funding, resources and training.

"A link tax as proven elsewhere would be counterproductive, making it more difficult for users to find diverse sources of news, reducing the opportunity for news publishers to build new audiences and making it harder for Google to direct users to helpful content," Gingras told lawmakers.

The insinuation that payments to news organizations in California would be a new tax has been a pivotal part of video ads against the Journalism Preservation Act. Political ads against AB 886, including the one aired by the California Taxpayers Assn., ran in June and July, when the bill faced a critical deadline in the Senate Judiciary Committee, data from Meta's ad library show.

Advocacy group News/Media Alliance, which supports AB 886, pushed back against the ads' claim that lawmakers are trying to impose a tax on tech companies.

"They distort reality, and they do a good job of it, because Google is a massive company with endless resources to be able to spend on creating messaging that's false," said Danielle Coffey, president and chief operating operator of the organization.

The California News Publishers Assn. and News/Media Alliance spent \$161,519 on lobbying in California from January to September—far less than [tech companies](#) spent.

David Kline, a spokesperson for the California Taxpayers Assn., said ads are just one tool lobbyists use if legislation is moving quickly and they need to get the word out to a lot of people. The association's ad against AB 886 has racked up 2.1 million views on Google-owned YouTube.

"It's a giant state, where advertising is your only realistic option for doing that, and just by the nature of it, advertising is expensive," he said. The taxpayers group wasn't representing only Google but also other members that had concerns about the bill, he added.

Google and Meta are members of the Computer & Communications Industry Assn., which also ran ads against AB 886. From January to September, the trade group spent \$1.3 million on lobbying, filings to the secretary of State's office show.

Matt Schruers, president of the association, said the majority of the spending was related to political advertising.

Lawmakers' decision to put the bill on hold until next year "is an acknowledgment of the fact that there are serious issues with the proposal and concerns that have yet to be resolved," Schruers said.

Assemblymember Buffy Wicks (D-Oakland), who sponsored the bill, said political ads are a common strategy in Sacramento, especially by

billion-dollar companies. Lawmakers put the bill on hold because it's important that they get it done "right" rather than quickly, she said.

The extra time also allows lawmakers to see how similar legislation plays out in Canada, she said. Google, after threatening to block news in Canada, struck a deal with the Canadian government in November to pay [news](#) businesses \$73.5 million annually to comply with a new law that requires tech platforms to pay publishers.

Wicks refuted the idea that the bill would impose a new tax, noting that there's a different legislative process for tax increases, and it would require more votes.

"When you put out disingenuous ads like that, I assume some members got calls, but I think most members are savvy enough to know it's just simply not a tax," she said.

News advocacy groups also used advertising to increase support for the bill, but compared to tech industry spending, it's "a drop in the bucket," Coffey said.

Ads from such groups that ran in October and November on Facebook included the face of Sen. Tom Umberg (D-Orange), the chair of the Senate Judiciary Committee.

"Sen. Tom Umberg has the opportunity to be the hero our democracy needs," one ad by the California News Publishers Assn. says.

Umberg said he doesn't spend a lot of time on social media and doesn't recall seeing the ads. He said the legislation is complex, and he has concerns about how the bill would be enforced, along with its impact on minority groups and local publications, which is why lawmakers put it on hold.

He remains optimistic, though, that the bill will reach the finish line next year, and tech platforms will have "some of their skin in the game."

"It is my view that there's going to be a piece of legislation that's going to get to the governor's desk that is going to address the issue of the symbiotic relationship between social media and credible journalism," Umberg said.

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