Money and Cooperative Federalism: Evidence from EPA Civil Litigation

Juan Pablo González[*]   Hye Young You[†]

Abstract

The federalism structure of the US government requires active cooperation from state governments to successfully enforce federal environmental regulations. What explains the variation in state governments' participation in lawsuits against firms that are accused of violating major environmental statutes? We argue that firms' political connections with state politicians affect a state government's decision to join the litigation process. By constructing a novel dataset on the EPA's civil cases and settlements for the period 1998-2021, we show that state environmental agencies are less likely to join the EPA in court when the defendant firms contributed to Republican state legislators. We do not find the same pattern when firms have connections with Democratic legislators. We present various mechanisms of how state politicians influence behaviors of state bureaucrats. Our findings highlight how state politics can be an avenue for firms to exert influence on federal environmental regulations.

JEL Classification: D72, D73, H77, G18
Keywords: Political Connections, Environmental Regulations, Federalism

---

[*]Assistant Professor, Universidad de Buenos Aires. Facultad de Ciencias Económicas. Departamento de Economía. Buenos Aires, Argentina. CONICET-Universidad de Buenos Aires. Instituto Interdisciplinario de Economía Política. Buenos Aires, Argentina. Email: jpgonzalez@economicas.uba.ar

[†]Associate Professor, Department of Politics & School of Public and International Affairs, Princeton University. Email: hyou@princeton.edu

1 Introduction

One of the defining characteristics of environmental policy in the US is its federal structure (Rothenberg 2002; Konisky and Woods 2018). The federal government sets standards and regulations, and has powers to monitor and enforce its programs and statutes across the country. Notwithstanding, the role of state governments is also crucial for environmental policy. States have authority to regulate important areas, like the fracking industry, and to experiment with different policies, such as cap and trade programs (Revesz 2001). In addition, most of the environmental regulatory enforcement of federal mandates is carried out at the state level by state environmental agencies. One of the areas of environmental enforcement in which cooperation between the federal and state governments is particularly important is federal litigation. Litigation has become one of the most widely used tools to address issues of climate change and environmental regulation in the US. Although the EPA has the authority to sue and take a case to court on its own, state governments can join the EPA as plaintiffs through their environmental agencies or state attorneys general. By joining the litigation process, states can bring important resources to strengthen the case against alleged violators.

Although cooperation from state governments is a critical factor in successfully enforcing federal regulations, state governments do not always join EPA civil cases as plaintiffs even when the violation occurred in their territories. For example, on January 27, 2021, the EPA announced a settlement with the Dow Chemical Company for its violation of the Clean Air Act (CAA). According to the court document, the Dow Chemical Company and its subsidiaries violated the CAA by generating excessive emissions of pollutants, including benzene. The violation took place in four facilities located in Freeport, Texas; Orange, Texas; Hahnville, Louisiana; and Plaquemine, Louisiana. In the lawsuit, however, only the Louisiana Department of Environmental Quality joined the EPA as a co-plaintiff. The state of Texas did not join the civil litigation even though violations by the Dow Chemical Company occurred at two facilities in its territory.[1]

---

1. https://www.epa.gov/sites/default/files/2021-01/documents/thedowchemicalcompany.pdf (accessed June 8, 2024).

In this paper we investigate explanations for the variations in state environmental agencies' decisions to join the EPA in civil litigation against the private sector. We argue that political connections that accused firms have with state politicians affect a state government's decision to join the litigation process. Firms have strong incentives to influence judicial outcomes by utilizing their political connections. Litigation cases are usually firms' most high-profile and expensive regulatory actions. Although there is a large literature on special interests' influence on regulatory agencies (Rothenberg 1994; Gordon and Hafer 2005), their influence on litigation cases has received less attention (Figueiredo and Figueiredo 2002). Most of the litigations initiated by the EPA against private firms are brought to federal courts. Given that federal judges who rule on EPA civil cases are appointed by the president and judges are assigned randomly once cases are filed in federal district courts, there is limited opportunity for accused firms to directly influence judges' litigation decisions.

We propose a different channel of influence. We argue that firms can use their political connections with state politicians to affect court outcomes indirectly through the involvement of state agencies in the judicial process. Litigation outcomes depend on the resources that parties bring into court (Figueiredo and Figueiredo 2002). This is especially true regarding EPA civil cases. Without input from the states—which enforce more than 75% of the federal regulations and possess local knowledge about the regulated firms—the federal government would be less effective in presenting its case and a lack of cooperation from state governments ultimately benefits the defendant's side. Thus, we expect that when firms that are connected to state politicians are sued by the federal EPA, state governments are less likely to join the EPA as a co-plaintiff.

To test our argument, we construct a novel dataset on EPA civil cases and settlements for the period 1998-2021. We manually review and code 748 major civil cases initiated by the EPA, focusing on cases that were settled in a federal court, as opposed to cases that were handled administratively by the EPA alone. Given our focus on private firms, we exclude cases in which the defendant was a city or a county, as well as "national" cases without a specific location of violations. Our final sample includes 332 unique judicial cases for which we gather a rich set of information from

court documents (consent decrees). For each case, we extract the information on firms involved on the defendant side, the states where violations occurred (often the violations occurred in multiple states per case), and which states joined the EPA as plaintiffs. We also collect data on the statutes that were violated; the court where the settlement took place; and other variables, such as penalties assigned, and environmental provisions mandated by the court. To test our hypothesis about the behavior of state agencies, we transform our data at the case level to the case-state level, which yields a main sample of 780 observations. To measure political connections between defendant firms and state politicians, we use donations made by defendant firms to candidates for state gubernatorial, legislative, and attorneys general races from the Database on Ideology, Money in Politics, and Elections (DIME) compiled by Bonica (2023).

We find that state environmental agencies are less likely to join the EPA in court when the firms being sued contributed to Republican state politicians in previous legislative elections. We use a rich set of control variables to account for alternative explanations for state participation, such as the number of states or firms involved in each case, the number of violations, and state-level political variables that may influence state agency behavior. We also use state and court fixed effects in different specifications to control for time-invariant state- and court-level characteristics, and various measures to account for the severity of the case.

However, a firm's decision to establish a political connection with state politicians through campaign contributions is not random. To address endogeneity concerns, we use the total contributions that the defendant firm made in other states where the firm did not have a litigation case with the federal EPA two election cycles before the firm was sued by the EPA as an instrument for contributions in states with a litigation case. The logic behind the instrument is that setting up a political action committee (PAC) to make contributions is costly, and firms may vary in their propensity to engage in politics for various reasons. Therefore, we expect that firms that are already active in contributing to races in states where they are not involved in litigation, also will be more likely to contribute to races in states where they are engaged in litigation. This instrumental variable approach also supports the main result.

We do not find any effect for political connections with Democratic state politicians. These differences could be because Republicans and Democrats represent voters and donors with very different views about the role of the EPA and environmental regulation in general (Egan and Mullin 2017; Karol 2019). Therefore, it could be costlier for Democratic legislators to side with alleged polluting firms, given that the major environmental groups mostly donate to Democratic candidates, and their voters strongly support environmental regulations. Among politicians themselves, there are starkly different views about the role of the EPA in the society and Republican state politicians have increasingly sued the federal EPA for various regulatory policies (Chen 2022).

Then, how do firms influence a state environmental agency's decision through their connections with state politicians? Although existing research shows that electing Republican politicians is associated with more pollution (Fowler and Kettler 2020) and less environmental enforcement (Innes and Mitra 2015), these outcomes are mostly controlled by state bureaucrats and the mechanisms of these relationships are not well documented. In this paper, we overcome this limitation by investigating the potential channels of political influence on state bureaucracies. There are various channels through which state politics influence the decisions of state bureaucratic agencies. First, in all 50 states, governors either appoint heads of state environmental agencies or propose candidates for the position; in some states, these nominations require confirmation by the state senate. Second, state legislatures approve the budget for these agencies and in many cases conduct oversight of their work (McGrath 2013; Cook and Fortunato 2023). Third, politicians also use informal contacts with agencies to address case work or policy demands on behalf of their constituents and interest groups (Ritchie 2018; Ritchie and You 2019; Silfa 2022). Therefore, if state politicians are connected with defendant firms, they could apply pressure on state environmental agencies to refrain from joining the EPA as a co-plaintiff.

We test two specific mechanisms that could explain the negative relationship between contributions to Republican state legislators and environmental agencies' involvement in civil litigation. First, given the oversight roles of the legislative committees, we test whether there are heterogeneous effects of political connections to state legislators depending on the committees on which

4

state legislators serve. The effect is especially salient for contributions made by defendant firms to Republican state legislators who serve on committees with jurisdiction over environmental regulation and land use. The second mechanism is direct communication between politicians and bureaucratic agencies. We collect data from communication logs between state politicians in Texas and the Texas Commission on Environmental Quality (TCEQ) for 2000-2020. We then show that contributions from firms being sued by the EPA are associated with more contacts with the agency that were initiated by Republican state legislators, but no effect for Democratic state legislators.

The main contribution of this research is to highlight the importance of studying special interest influence at the subnational level (Anzia 2018, 2022; Stokes 2020) even if we focus on national policy as an outcome. Many agencies, such as the EPA, rely on the states to conduct most regulatory activities, and state agencies play an important role in regulations and litigation. The relationship between the federal and state governments and the degree of shared responsibility are among the most fundamental topics in the environmental federalism literature (Konisky and Woods 2016). In this context, state politics can be a venue to influence federal regulation. Our paper highlights how the structure of federalism can create an opportunity for firms and interest groups to influence national policies through state politics (Meckling and Trachtman 2023).

Second, we identify a novel channel for private firms' indirect influence on judicial outcomes. The literature on special interests and courts has mostly focused on amicus curiae briefs (e.g., Box-Steffensmeier, Christenson, and Hitt 2013). Amicus curiae briefs can influence judges' decisions by presenting evidence and supporting the case for one of the parties involved (Bils, Rothenberg, and Smith 2020). Our theory also points to the information and resources brought to court, but instead of focusing on direct participation by interest groups, we emphasize the involvement of state regulatory agencies as plaintiffs, which is a function of firms' political connections to state politicians.

2 Regulatory and Conceptual Background

Cooperative federalism is characterized by shared responsibilities and (somewhat) clear lines of authority among different levels of government (Fiorino and Weted 2020). This relationship is particularly important in environmental policies as state governments are responsible for enforcing the vast majority of federal laws and regulations. The logic behind cooperative federalism is to benefit from both the federal government's centralized arrangements and the flexibility that decentralization can provide (Rothenberg 2002). The EPA has more resources than state agencies to invest in research to set standards and exploit economies of scale. By setting minimum standards and adopting a nationwide perspective, the EPA also can help prevent a race to the bottom in environmental regulation across the states, although there is little evidence of this type of behavior among states (Konisky 2007). On the other hand, states can adapt EPA standards so they are met through minimum costs according to the unique circumstances of each state. Also, local governments can take advantage of their local knowledge to monitor firms and conduct regulatory and enforcement actions.

This does not mean that the federal and state governments work together and cooperate in all aspects of environmental policy. There is vast literature documenting how partisan differences within the federalism system—both between the federal and state governments (Bulman-Pozen 2014) and between state and local governments (Barber and Dynes 2023; Einstein and Glick 2017)—hinder cooperation and increase gridlock. In recent years, environmental policies have been a subject of intense partisan disputes, and conflicts between the states and the federal government have frequently occurred (Konisky and Woods 2016, 2018). In March 2020, during the outbreak of the COVID-19 pandemic and economic downturn, the EPA under the Trump administration issued a final rule to roll back the Obama administration's fuel-efficiency standards for automobiles, citing the need to reduce costs associated with environmental regulation. A few months later, California Attorney General Xavier Becerra along with other state and municipal governments sued the Trump administration, challenging the EPA's final rule on fuel efficiency (Tabuchi 2020).

In addition to monitoring federal regulations, litigation against private firms is an important area of cooperation between federal and state environmental regulators. According to a recent report published by the United Nation's Environment Programme, litigation has been an increasingly important tool used to address issues of climate change and other environmental matters.[2] The EPA also actively uses formal lawsuits for enforcement actions and the largest violations of federal statutes are settled in court. Litigation cases can entail penalties of millions of dollars for polluting firms. These cases are also important because, along with levying penalties, court orders usually include environmental projects that must be conducted and/or financed by the defendant firms. The financial costs of those projects are usually much higher than the penalties and they provide reparations to affected communities. Thus, considering the policy implications and costs imposed on violating firms, it is important to understand state cooperation in litigation initiated by the federal EPA.

Now we turn to discuss the role of states in federal litigation. When the EPA finds a violation of federal statutes, it can lead to either an administrative or a judicial action. Administrative actions, which are handled by the EPA alone, take the form of notices of violations and/or orders directing involved parties to comply with the regulation. Judicial actions involve formal lawsuits. For the most part, the decision of which action to take depends on the severity of the violations. For example, the CAA and the Clean Water Act (CWA) establish caps for penalties, which are regularly adjusted for inflation.[3] If the penalties sought by the EPA are larger than these caps, the EPA must refer the case to the Department of Justice (DOJ). The EPA and the DOJ can determine whether to handle these cases administratively or judicially. If the case is taken administratively, states cannot be parties to the enforcement action. For major violations, the EPA brings cases against the defendants to court through the DOJ.[4]

---

2. https://www.unep.org/resources/report/global-climate-litigation-report-2020-status-review (accessed on January 8, 2024).

3. On December 23, 2020, the EPA announced the finalized rule on its penalty caps. For the Clean Air Act, the maximum penalty is $56,460 per day, per violation. For the Clean Water Act, the maximum penalty is $48,762 per day, per violation. See https://www.federalregister.gov/documents/2020/12/23/2020-26997/civil-monetary-penalty-inflation-adjustment (accessed August 12, 2022).

4. Table A2 in the Appendix compares penalties paid to the EPA as well as the spending for supplementary environmental projects under administrative vs. judicial actions among civil cases pursued by the federal EPA. It is clear

The EPA can take two types of judicial actions: civil and criminal litigations. The distinction between civil and criminal cases is important from a burden-of-proof perspective. In criminal cases, some level of knowledge or intent must be proven and guilt must be established beyond a reasonable doubt. In contrast, civil judicial cases can be brought simply through the existence of the environmental harm and defendants are not required to admit to any violation. And in most civil judicial cases, the government and the defendant reach a mutually agreeable settlement. In this paper, we focus on civil litigation cases where only the occurrence of a violation is brought to court because this is the most common type of judicial action that the EPA takes.

If it is determined that the case will be taken judicially, the EPA case team may inform the state that the EPA is proceeding with an enforcement action and offer the state an opportunity to join the case. There is no formal procedure in place to ask a state to join a federally led enforcement action. However, under the most important statutes, such as the CAA or the CWA, most states are the main administrators of these regulations and hold so-called primacy status (Fowler and Birdsall 2020). Therefore, the EPA typically informs the state that the EPA is proceeding with an enforcement action.[5] States can join the litigation process through their environmental agencies (which have the authority to regulate these statutes) and/or through the state attorneys general. By joining the EPA in litigation, state agencies can secure resources for their states as monetary penalties and environmental projects paid for by defendant firms. Despite the federal government's active efforts to elicit state cooperation, there is significant variation among states regarding involvement in these litigation cases. Why is it that all states do not join the EPA as a co-plaintiff when violations occur within their borders?

Private firms are usually defendants in EPA civil litigations. The costs associated with judicial cases far exceed those of administrative fines and penalties, but extant research on the influence of the private sector on regulatory outcomes has shown little interest in judicial cases.[6] We argue

that the penalties and environmental spending that an alleged firm paid under litigation was much larger than those under administrative cases.

5. We acquired information about the procedure of state involvement in a litigation through correspondence with multiple EPA bureaucrats involved in civil litigations.

6. Figueiredo and Figueiredo (2002) and Figueiredo (2005) are some exceptions.

that even if there is no direct channel of special interests' influence on federal judges and federal court outcomes, state agencies can indirectly affect these outcomes.[7] According to the DOJ's guidance for joint state/federal civil environmental enforcement litigation, "State and federal attorneys united against the resources of major corporate litigants can lead to faster and better settlements with even more significant penalties and broader injunctive relief" (DOJ, 2017).[8] This suggests that cooperation from state governments is critical in deciding court cases against corporate defendants.

How do firms influence state environmental agencies' decisions to join EPA lawsuits? Our main hypothesis is that state environmental agencies will be less likely to join the EPA in court when defendant firms made campaign contributions to state politicians in that state. Campaign contributions by firms alone can signal their intention to fight bureaucratic regulations (Gordon and Hafer 2005). Campaign contributions also enable access to politicians (Kalla and Broockman 2016) and therefore, to the extent that politicians can influence the behavior of bureaucratic agencies, firms can affect the behavior of environmental agencies through their connections with state politicians (Stokes 2020). State politicians have multiple tools for influencing state agencies' behaviors and firms can influence state bureaucrats via their connections to state politicians. In Section 5, we examine and test the specific mechanisms of political influence on the state bureaucracies.

3   Data and the Stylized Facts

Figure 1 presents a chart summarizing the case selection process and the litigation cases included in our sample. We obtained data for the major EPA civil cases between 1998 and 2021 from the enforcement website of the EPA.[9] The EPA provides a list of 748 cases that are considered of particular importance. We begin by manually reviewing and coding these 748 civil cases initiated by the EPA. The enforcement website provides a summary of the cases and, in many

---

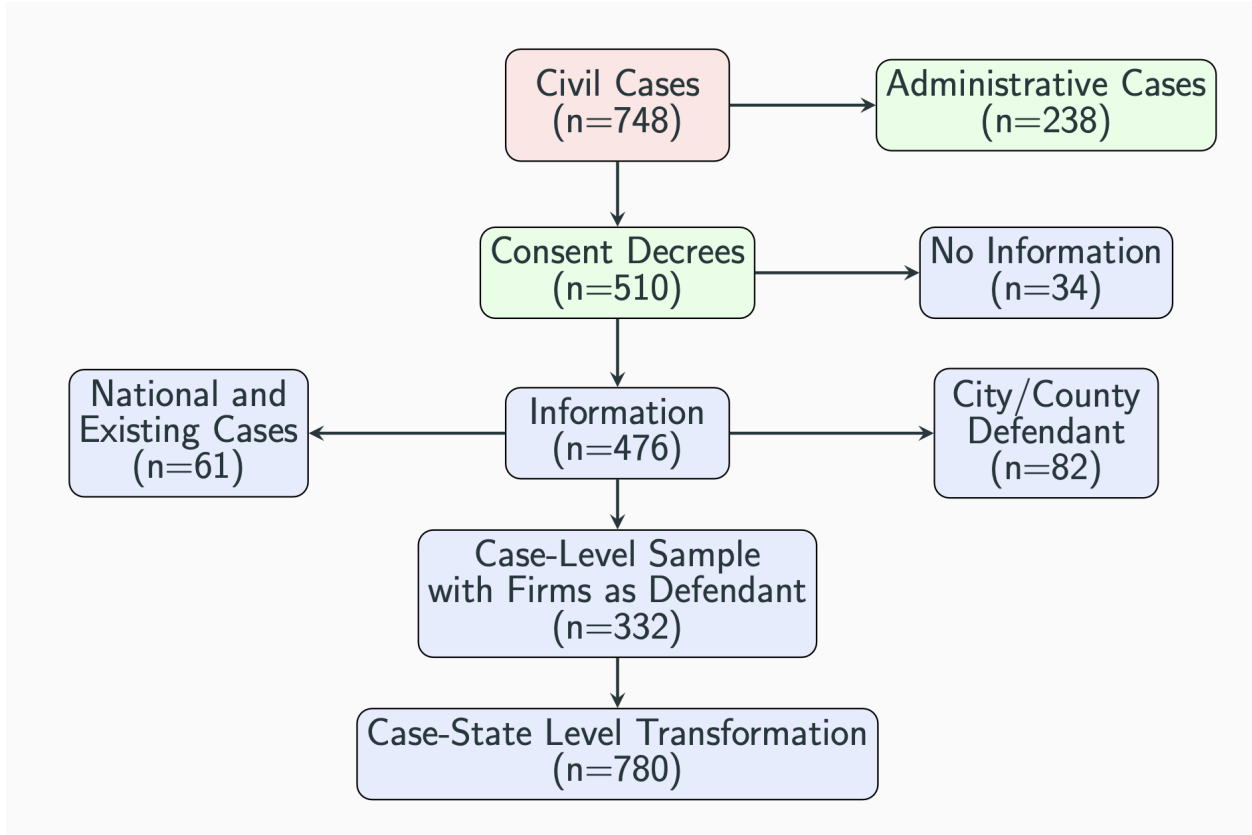7. The process of case assignment to judges is computerized and clerks in the federal system use the Management/Electronic Case Filing (CM/ECF) system. Each judge receives a number of "cards," which account for the probability of handling a given case.

8. https://www.justice.gov/file/928531/download (accessed March 12, 2022).

9. https://cfpub.epa.gov/enforcement/cases/ (accessed March 12, 2022)

Figure 1: The Case Selection Process

Notes: This chart shows the case selection process for the main data construction.

cases, a link to the court documents. Among 748 civil cases posted on the EPA's website, 238 are civil administrative cases that were not taken to a federal court, and these cases were handled by the federal EPA alone. Given that our hypothesis involves the behavior of state agencies, we focus on the second type of cases: civil judicial cases. Civil judicial cases are accompanied by consent decrees. A consent decree is an agreement between the plaintiff(s) and the defendant(s) that is supervised by a court. These cases are filed by the DOJ on behalf of the EPA and these were all settled in federal courts.[10] Out of 510 consent decrees settled between April 1998 and March 2021, we gather information on 476 cases from consent decrees.[11]

---

10. More than 95% of EPA litigation cases are settled (Helland 2001) and civil litigations usually result in payment of penalties and/or funding of environmental projects by the defendants.

11. We were not able to find the court documents or other sources to supply enough case-level information for 34 cases. When we examined those cases, we found that one-third of them concerned the EPA's requirements for importers. When companies import pesticides or objects that may contain toxic substances, they are required to inform the EPA about the substances; however, some companies violated those regulations. These types of cases are also settled in the federal courts but are less likely to involve a state government.

Consent decrees provide a rich set of information about cases, including the parties involved, the types and sites of the violations, the federal and state statutes that were broken, and the monetary penalties and other judicial provisions for the defendants.[12] Some cases do not present a particular location where the actions that led to the consent decree occurred. For example, in 2015, MTU America (a subsidiary of Rolls Royce Power Systems) settled a case regarding the production and distribution of engines across the United States that did not comply with the CAA. These national cases are usually handled by the EPA alone, so we exclude them from our sample. We also exclude cases in which the defendant is a city or a county. Finally, there are cases that are a continuation of a previous case in which, for example, one of the parties is looking for a change in the conditions imposed by the court. In those cases, we analyze only the original court document. The final sample for empirical analysis includes 332 consent decrees where the defendants are private firms.[13]

Our research question concerns the involvement of state agencies siding with the EPA in the litigation process. To analyze the decision of an individual state agency to join the EPA in litigation, we transform this data so that the unit of observation is at the level of the litigated case and the state in which the violation occurred (case-state level). This means that if a given judicial case reports violations in three states, we define three case-state level observations, one for each state where the environmental agencies could join the EPA. On the other hand, if a judicial case reports violations in only one state, we have only one case-state observation associated with that particular case. For example, in 2018, Chevron settled a case for violations of the CAA; the Comprehensive Environmental Response, Compensation, and Liability Act (CERCLA), and the Emergency Planning and Community Right-to-Know Act (EPCRA) at locations in California, Hawaii, Mississippi, and Utah; but only the state of Mississippi joined the EPA in court. This single case comprises four observations, one for each state. In this way, we can analyze state agencies' behaviors when there is a documented environmental violation in their states. This also allows us to incorporate a rich

---

12. Descriptive statistics for the variables we collected are presented in Table A1 in the Appendix.

13. Figures A1 and A2 in the Appendix show our 332 cases by the year in which the court settlement occurred and the distribution of cases according to the number of state agencies involved.

set of state- and firm-level variables. We have 780 observations at the case-state level, with 293 instances in which state environmental agencies joined as plaintiffs.

Figure 2: Participation Decisions by State Agencies
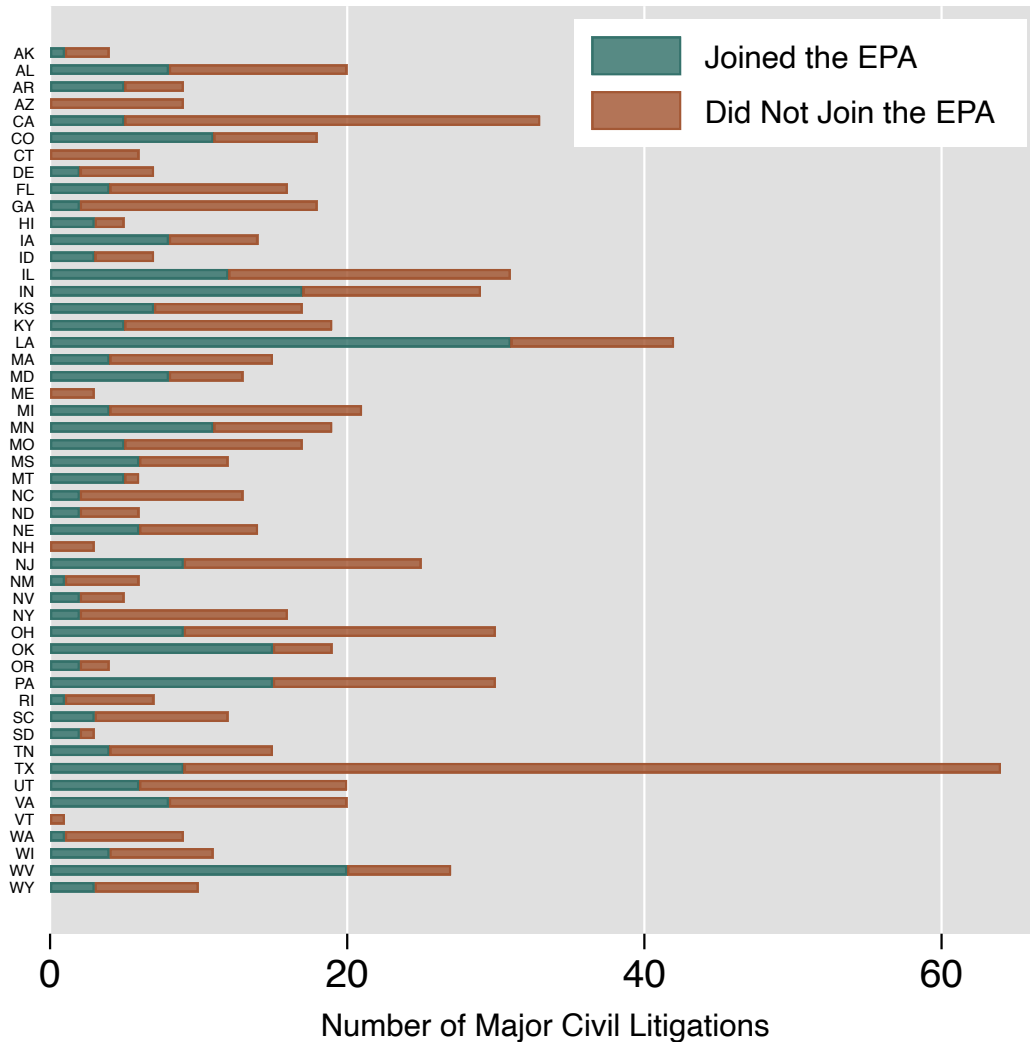
Figure 2 shows the number of cases by state and the cases in which the state environmental agency sided with the EPA in court. We have cases for all 50 states, with Texas having the largest number of cases for environmental violations.[14]

---

14. Liberal states like California and Massachusetts do not always join the federal EPA's litigation efforts. This could be due to a number of factors. For example, Democratic-leaning states tend to have more enforcement actions, which may result in less severe violations. When we compare the severity of violations by examining the total penalty paid to the federal EPA, the number of facilities involved in the violations, and the number of pages of consent decrees

We take other relevant variables from the court documents, such as the court in which the case was settled and the federal and state statutes that were allegedly violated by the defendants. We also gather information on penalties and other provisions in the consent decrees. Firms can be assigned to pay a penalty to the federal government and the state governments, and states can receive a share of these funds if they join as plaintiffs. In many cases, monetary penalties are not the largest expense for private firms. Courts can also mandate that firms complete different types of environmental projects where the violations occurred. We measure the estimated costs of mitigation and environmental projects, supplementary environmental projects, and injunctive relief.

To measure political connections between defendant firms and state politicians, we use campaign contributions made by private firms involved in litigation to races for governors, state legislators, and attorneys general using data from the Database on Ideology, Money in Politics, and Elections (DIME) compiled by Bonica (2023). Here we need to consider the timing of the contribution. Our focus is to uncover whether previous political connections through campaign contributions affected the behavior of environmental agencies. The contributions of interest are those made before the EPA and the DOJ brought the case against a given firm so we can measure the existing political connections prior to the litigation. Therefore, instead of using a consent degree's settlement date, we use the filing date for the case's presentation in court. We measure contributions in the election cycles prior to the date on which the case was filed in a federal court. More specifically, we measure contributions to races for governors and state attorneys general in the previous election cycle (previous four years) and to legislators' races in the previous two election cycles (previous four years).

We have 577 unique firms in our data, and we measure contributions from both corporate PACs and individuals employed at the defendant firms. In some cases, consent decrees involve small firms or subsidiaries, so we also include contributions from parent companies for those cases. Of

in the settlement, violations that occurred in states like California tend to have less severe violations than those that occurred in states like Texas. This suggests that controlling for case-level variables such as the severity of the violation is critical to the empirical analysis.

the total number of 577 firms, 58% made at least one contribution to state races in our sample.[15] Given the unit of analysis is at the case by state level, we calculate the total campaign contributions made by the defendant firm(s) to state politicians in the state where the violation occurred. If more than one defendant firm is involved in the lawsuit, we aggregate the contributions made by all defendant firms to state politicians for those cases.

Table 1 presents the summary statistics of campaign contributions made by defendant firms at the case by state level. We only present the summary statistics for the cases where defendant firms made positive contributions to state politicians. There are two patterns worth noticing. First, the mean and median total contribution for Republican candidates is significantly larger than for Democratic candidates. Second, much of the contributions are allocated to legislative races. Among the firms in our sample that made positive donations to state races, 82% of their state-level donations were contributed to legislative races as opposed to gubernatorial races.

Table 1: Summary Statistics for Campaign Contributions by Defendant Firms

Variables	N	Mean	Median
Total Contributions to All Candidates ($)	338	92,723	14,456
Total Contributions to Democratic Candidates ($)	282	42,272	6,335
Total Contributions to Republican Candidates ($)	298	65,166	11,064
Ratio of Contributions Given to Legislative Race	338	0.68	0.82
Number of Democratic State Legislature Candidates	245	18.8	8
Number of Republican State Legislature Candidates	269	30.0	11

Notes: The unit of observation is case by state. For the summary statistics, we only include cases where the defendant firm(s) made positive campaign contributions to state races. We calculate the contributions made by the defendant firm(s) to state politicians where the violations happened in the election cycle prior to the date when the EPA initiated a lawsuit. If there is more than one defendant firm in each case, we aggregate the contributions made by all defendant firms.

---

15. Figure A3 in the Appendix shows the distribution of firms' ideologies (CFscores from Bonica 2023) based on their overall donation patterns across years. Although there are more firms on the conservative side (greater than zero), the pattern is not as extreme as one would expect given that we are focusing on firms sued for environmental violations.

4 Political Connections and States' Decisions to Join the EPA

We test our hypothesis with a sample of 780 case-state level observations. We link defendant firms' campaign contributions to state politicians and the decision of state environmental agencies to join the EPA in court. The empirical specification is as follows:

$$Join_{i,j,t} = \alpha + \beta \, log(1 + Contributions_{i,t}) + \delta \, \mathbf{X}_{i,j,t} + \theta_i + \gamma_t + \varepsilon_{i,j,t} \tag{1}$$

where i, j and t refer to states, litigation cases, and years, respectively. The dependent variable takes the value of 1 if the state environmental agency of state i joined the EPA in case j settled in year t, and 0 otherwise. We use different measures of campaign contributions that are described below. $\mathbf{X}_{i,j,t}$ contains various control variables at the state-, case-, and firm levels, while θ_i and γ_t represent state and year fixed effects.[16] Finally, $\varepsilon_{i,j,t}$ is the error term. All models are estimated by OLS with standard errors clustered at the state level.

Before we present the main results, it is important to discuss whether a sample selection process would affect the results. Given that our analyses focus on a state government's participation in litigation *conditional on* the EPA bringing the case to court, one concern is that the EPA would only bring the case to court when the agency secured enough support from state governments. Defendant firms could also directly affect the EPA's decision to initiate civil judicial cases through other channels, such as contacting members of Congress. There is no data indicating whether the EPA began investigations of potential violations but declined to pursue a lawsuit, so it is challenging to examine what factors influence the EPA's decision to cancel litigation. However, our data refutes that the EPA only initiates litigation when it has secured sufficient support from state governments. As Figure A2 in the Appendix shows, almost half of the civil judicial cases did not involve co-operation from state governments even though the violations took place in the states' territories. Additionally, our correspondence with EPA bureaucrats suggests that the EPA first decides to pur-

---

16. State environmental agencies have different institutional designs in terms of the rank of political appointees within the agency and the level of decision makers for specific enforcement actions (Reenock, Konisky, and Uttermark 2022). These characteristics do not vary from year to year, so it is important to include state FEs to control for time-invariant (at least in the short run) characteristics of state-level political institutions.

sue litigation based on their case team's evaluation of the magnitude of the violations (i.e., if the penalties from the violations exceed the penalty caps for each statute). Then, the EPA informs relevant state governments and solicits their cooperation in the litigation. Therefore, we believe that the EPA's decision to pursue a civil judicial case is not a function of a state government's confirmed cooperation.

We focus on major cases, as defined by the EPA. Our correspondence with an EPA agent shows that there is no formal criteria except for the importance of the case but the designation of "major" cases are mostly determined by the severity of the violations. From 1998 to 2021, our sample includes 332 major civil judicial cases; in the same period, we identify 2,362 minor cases. Table A2 in the Appendix shows that the mean federal penalty in major cases is almost five times larger than in minor cases. If we look at the median penalty instead, the numbers are $989,000 versus $0. When we look at total court-mandated environmental spending, the median number for major cases is $3,145,000, while it is $0 for minor cases. This suggests that the major judicial cases we consider in this paper have the most important consequences on defendant firms as well as the affected communities.

Another concern is that firms may utilize other tools to influence the EPA's decision about whether the violation is addressed through administrative actions or judicial cases. Although the degree of violation and the total penalty would determine which action to take, it is possible that politically active firms exert their influence so that their violations will be handled via administrative actions. We examine whether contributions to federal races and lobbying expenditures affect the likelihood that this agency decides to pursue a judicial or administrative case. For this analysis, we include all major judicial cases and collect available information for 187 major administrative cases listed on the EPA website. The dependent variable takes the value of 1 if the case was handled judicially and 0 if it was handled administratively by the EPA. The results in table A3 in the Appendix show that neither campaign contributions to federal races nor lobbying expenditures influence the EPA's decision on the type of case to pursue. This finding mitigates concerns about the EPA's strategic behavior as a function of the defendant firms' political activities.

4.1 The Effect of Campaign Contributions to State Politicians

Politicians may hold different opinions on environmental regulations conducted by the EPA depending on their own ideologies or pressures from various groups, which make them more or less likely to be affected by contributions made by defendant firms. There is a significant divide between Democrats and Republicans around environmental protection (Egan and Mullin 2017; Bergquist and Warshaw 2023). Therefore, Democratic state politicians may face cross pressures from corporations that donated to them and from environmental interest groups or their constituents. The degree of cross pressure may be less severe in the case of Republicans. Thus, the influence of firms' political connections over state politicians may vary depending on the party affiliation of the politicians. We begin by analyzing contributions to Republicans in state-level races for governors, attorneys general, and legislators.

The results are presented in Table 2. In panel A we present the results for the OLS models. Since our dependent variable is dichotomous, in Panel B we estimate the same specifications using logit models.[17] The main explanatory variable *(ln) Contribution Rep* is the sum of all contributions to Republican candidates in state races by defendant firms in the previous two election cycles (four years) preceding the court filing. Column (1) includes the case-level control variables, such as the number of states where reported violations occurred and the number of firms sued in the judicial case.[18] We also include a variable that takes the value of 1 if at least one of the defendant firms is headquartered in the state to control for the potential importance of a defendant firm's contribution to the state's economy or the salience of violations to local voters, which may affect state environmental agencies' decisions. Finally, we also include the number of EPA statutes violated, and dummies for the Clean Air Act and the Clean Water Act. In Column (1), we find a statistically significant negative effect of contributions to Republicans in state races.

---

17. The complete regression results are presented in Table A4 for the OLS models and Table A5 for the logit models in the Appendix.

18. When multiple states are involved in a case, there is the possibility of free riding among states. Thus, we include the total number of states involved in the case to account for a state's strategic incentive to join the EPA. However, this concern can be mitigated by the fact that only participating states can receive a penalty payment from the defendant firm.

In Column (2) we include the number of EPA officials who signed the consent decrees as an additional control.[19] This is an important variable because it is possible that states only choose to join the EPA in high-profile cases or in very complex cases where the EPA could not make a compelling case without the states' input. Measuring the severity of a particular violation is a difficult task. Consent decrees can contain dozens or even hundreds of pages of highly technical information about violations and their impacts. The reason for including the number of EPA and state officials in the consent decree is that the number of officials actually involved in the case could provide a measure of the complexity and/or severity of a particular case.

Our main hypothesis points to the political influence on state bureaucrats, so, in Column (2), we also include various political variables indicating if the state has a Republican governor and if there is a Republican majority in the upper and lower chambers of the legislature. State attorneys general are of particular importance in state litigation. In many states, attorneys general participated in the litigation process on behalf of state environmental agencies. Therefore, we add a variable that takes the value of 1 if the state attorney general is a Republican. We also add two variables that indicate if the governor or the majority party of the state legislature is from the same party as the president.[20] The coefficient for the campaign contributions to Republicans variable remains significant and negative after controlling for these political variables for both OLS and logit models.[21]

In Column (3), we replace state fixed effects for court fixed effects to address the possibility that the EPA strategically selects a court for a particular case. This is a demanding test since we have 163 different federal courts in our sample.[22] The main result of the effect of connections with Republican state politicians remains robust and the estimated coefficient increases. Substantively, the estimated OLS coefficient based on the most demanding specification indicates that a one

---

19. Although this is a case-level variable, we did not include it in Column 1 in order to show the results for the full sample because we were unable to get this information for a small set of cases.

20. We define the state legislature as aligned with the president if the majority in both chambers share the same party as the president.

21. The full results in Table A4 in the Appendix show no systematic effect of Republican control of the governorship or legislature. We also interact our contribution variables with these measures of state Republican control. While the interactive effect is negative, it is not significant. However, given our sample size, we cannot rule out the possibility that the null result is due to lack of statistical power.

22. There are 94 federal district courts but some federal courts have divisions, which have jurisdiction over different parts of the judicial district. That is why the number of unique courts in our sample is greater than 94.

Table 2: Contributions to State Races

Outcome = Join the EPA	(1)	(2)	(3)	(4)
Panel A: OLS				
(ln) Contributions Rep	-0.010*	-0.009*	-0.013**	-0.013*
	(0.004)	(0.004)	(0.004)	(0.006)
Panel B: Logit				
(ln) Contributions Rep	-0.060**	-0.056*	-0.090**	-0.097**
	(0.020)	(0.023)	(0.032)	(0.037)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates. Standard errors are clustered at the state level. $***$ p$<$0.001, $**$ p$<$0.01, $*$ p$<$0.05, $+$ p$<$0.1.

standard deviation increase in contributions ($105,996) to Republicans in state races reduces the probability that a state agency will join the EPA in court by 2.2 percentage points, or a 5.7% decrease from the baseline probability of joining the federal EPA (0.38).[23]

Available resources and certain events could impose some constraints on state environmental agencies' capacity to join the EPA's litigation. To account for this, we gather information on state agencies and the number of natural disasters that occurred in the state. Data on the budget and staffing for these agencies was compiled by the Environmental Integrity Project for the period from 2008 to 2018, which covers most of our cases.[24] We include the state environmental agency's budget since the resources of these agencies can affect their capacity to gather information and join the EPA in court. We also take data from the Federal Emergency Management Agency (FEMA)

---

23. The mean value for contributions to Republican candidates is $24,897, and the calculation for the substantive effect is as follows: $\log(\frac{(24,897 + 105996)}{24,897})$ *(-0.013) = -0.022.

24. https://environmentalintegrity.org/news/state-funding-for-environmental-programs-slashed/ (accessed August 13, 2022).

on natural disasters.[25] This variable counts the number of declared natural disasters by the FEMA at the state level. We also include state GDP in the previous year.

It is also possible that the decision of state agencies is influenced by the importance of the defendant firms in their states. Given that larger firms contribute more on average, this could bias our results. In previous specifications we include *Headquarter* to control for this possibility. We further control for firms' characteristics using data from Reference USA that contains the firm-level information for subsidiary establishments by state for a subset of firms for which the information is available (Bisbee and You Forthcoming). Column (4) presents the results when we control for state- and firm-level variables. Although the number of observations decreases due to missing firm-level information, the results remain the same when we include the number of facilities, the number of employees, and sales at the state level.[26]

We now turn to an analysis of contributions to Democrats, using the same OLS specifications as above. The results in Table A6 in the Appendix show that state agencies are no less likely to join the EPA when defendant firms contribute to Democratic candidates. To further confirm our results for both parties, we run the same specifications including both contributions to Republicans and Democrats as separate variables in Table A7 in the Appendix. While the coefficient for Republicans remains significant and increases in magnitude, we find no effect for Democrats. We also present the main specification for contributions to Republicans, controlling for all state contributions from firms that were not sued by the EPA in Table A8. Our coefficient of interest remains negative and significant, and we find that contributions from non-defendant firms have no effect. Finally, we show that our main finding for contributions to Republicans holds when we try a probit model in Table A9 in the Appendix. The results remain the same, and contributions to Republicans are strongly associated with a lower probability of states joining the EPA in court.

---

25. https://www.fema.gov/disaster/declarations (accessed August 13, 2022),

26. Table A4 and Table A5 show that when the violation occurred in a state where the defendant firm is headquartered, the state is more likely to join the EPA as a co-plaintiff. This suggests that when a firm that is visible to voters violates environmental statutes, local media may cover the incident more prominently and the environmental violation becomes more salient to voters, politicians, and bureaucrats in that state. This may prompt actions from the state government (Mullin and Hansen 2023). However, this effect disappears when we include firm-level controls, such as the number of jobs the firm created in a state, for a subset of cases where this information is available.

The previous results show an interesting heterogeneity by partisan connection: State environmental agencies are less likely to join the EPA in court when the firms sued by the EPA contributed to Republican candidates in state races in the previous election cycle. However, we do not find the same pattern when firms have political connections with the Democratic Party. These differences could be explained by the fact that Republicans and Democrats represent voters and donors with opposing views about environmental protection and the role of the EPA (Karol 2019). It is well-established that the proportion of voters who prioritize environmental protections over jobs is higher among Democrats than Republicans (Sances and You 2022) and Democratic politicians hold a significantly more positive view of the EPA than Republican politicians (Bellodi 2022). Also, Democrats and Republicans have different donor bases. When we examine the partisan composition of the top 20 environmental groups in their donations to state-level elections between 1996 and 2018, we find that these groups spent 90% of their resources to support Democratic candidates at the state level.[27] Taken together, this suggests that Democratic politicians face more pressure from competing groups, which makes it more costly for them to side with corporate defendants.

4.2   Robustness Checks

Joining federal litigation as a co-plaintiff is not the only action that state governments perform to help the EPA. State environmental agencies also conduct regulatory actions to implement federal statutes and regulations. The number of enforcement actions that the state environmental agencies currently perform also could influence state governments' decision to join the EPA. To examine this possibility, we measure the number of regulatory actions conducted by a state government related to the CAA and CWA in the year when the litigation was filed by the EPA for a violation that occurred in that state.[28] We include the total number of state governments' regulatory actions under the CAA and CWA as control variables and run the same analysis as in Table 2 to assess the

---

27. See Figure A4 in the Appendix.

28. A regulatory action is the sum of overall regulatory activities, such as enforcement (notices of noncompliance), violation (a violation of the CAA or CWA was found), and penalty (when the state assigned a penalty to the facility). The data come from the EPA's Enforcement and Compliance History Online (ECHO) portal (https://echo.epa.gov) (accessed February 2022).

robustness of the previous findings. Table A10 in the Appendix presents the results. The effect of campaign contributions to Republican state candidates remains robust and there is no systematic relationship between state governments' other enforcement actions and their likelihood of joining the EPA in litigation. States also pursue their own judicial actions on firms for environmental violations. We gather data on state-led judicial cases from ECHO. *(ln) State Led* is the log of the number of state-led judicial cases settled in each state in any given year.[29] In Table A11 we run the same baseline specifications controlling for this variable and the results remain basically unchanged.

We also include the defendant firm's federal lobbying spending for the previous four years before the EPA filed a lawsuit to control for the firm's size and political influence. Table A12 in the Appendix shows that the main results are robust and the coefficient on the federal lobbying variable is not statistically significant. To check if a particular state (e.g., Texas) drives the result, we exclude each state from the sample and run separate regressions. Figure A6 in the Appendix shows the coefficients from the regressions and the results are remarkably consistent regardless of which state is excluded.

In previous specifications, we controlled for the complexity or severity of the case measuring the number of EPA officers signing the consent decree. We also use other measures of severity of violations to assure that the results are robust. In Table A13 in the Appendix we show that our results remain the same when controlling for the number of facilities that appear in the consent decrees in each state, penalties paid to the EPA, and the number of pages in the consent decree. The main result also holds when using all the different measures of case severity. We also collect information from the Federal Judicial Center about the district court judges' partisan affiliations based on the party of the president who appointed them. We include the partisan composition of judges and the main results remain the same. The coefficient on the partisan composition of district court judges is not statistically significant. Results are shown in Table A14 in the Appendix. Finally, Figure A1 shows that there were more cases under Democratic presidents than under Republican

---

29. This data only includes violations of the CWA and the CAA.

presidents. To address the potential bias that the partisanship of the presidential administration could bring to the cases in the datasets, we use president fixed effects instead of year fixed effects. The results are presented in Table A15 in the Appendix and the main results remain robust.

4.3 Addressing Endogeneity Concerns

The main finding that firms that contribute to state Republican politicians are less likely to join the state EPA in court is robust to different specifications and controls. To support a causal interpretation of these results, we propose the following instrument to estimate the effect of contributions from defendant firms on the likelihood of the state EPA joining the federal EPA in court. The idea is to use contributions to Republicans in other states where firms did not have a lawsuit with the federal EPA during the entire period of our study as an instrument for contributions in states with a lawsuit. In order to make political contributions, firms must have some infrastructure in place, such as a PAC. If a firm already has a PAC, it faces lower costs to contribute to another race. Also, the political leanings of a firm or the ideology of a CEO may make some firms more likely to contribute to certain races. Thus, we expect that firms that have already contributed to some state races are, on average, more likely than others to contribute to races in other states.

We define our instrument as follows. If a given firm is sued by the EPA in 2010 and has judicial cases in Texas, Louisiana, and Wisconsin at any point in our sample, we calculate *Other Contributions* for that observation as the sum of contributions in the previous two election cycles (before 2010) to state races in all states except those three. Thus, our instrument measures contributions by firms to states in which they have never (in our sample) been sued by the EPA. With respect to the exclusion restriction, contributions to state races in New York should be unrelated to the behavior of the Washington State Department of Ecology. Table A16 in the Appendix provides descriptive statistics for our instrument. We identify about 600,000 unique contributions to state races from firms in our sample, with 360,000 of the total directed to Republican candidates. If we exclude contributions to states where a given firm was sued by the EPA at some point in our sample, our total is 260,000 unique contributions. In a given cycle, firms contribute to an average of 5.48 states

in which they were not sued, and the average contribution to Republican candidates is $15,472 in 2021 dollars.

The results are presented in Table A17 in the Appendix. The first stage performs well across specifications. We find a negative effect of contributions on the likelihood of state agencies joining the federal EPA across specifications. It is noteworthy that these estimates are substantially larger than in our main specification, which may be due to two factors. On the one hand, even after controlling for various variables in the previous section, it is possible that we are not accounting for all characteristics of the defendants that might influence state agency behavior. Large firms that are very important in a given state may not even need to contribute in order for state agencies to give them more favorable treatment. If this were the case, our estimate should still be biased toward zero. On the other hand, using the IV design, we estimate the effect (LATE) only for firms that are affected by the instrument ('compliers'). The OLS estimate identifies the average difference in the likelihood of state EPA joining the federal EPA's litigation when the defendant firms' contributions differ by one unit. This would include firms that always donated or never donated to state races, regardless of the instrument. If the relationship between contributions and the state EPA's decision is stronger for this subgroup than other groups (e.g., firms always donating) and the IV estimate captures this effect, the IV estimates would be larger than the OLS estimates.

5   How Do Politicians Influence Environmental Agencies?

Up to this point, we aggregated all contributions to Republican candidates into a single variable. The state legislature, the governor, and the attorneys general can affect the behavior of bureaucratic agencies through different channels, so we divide our contributions variable by type of race. We find the most robust association between contributions to Republican legislators and a reduced likelihood that the state environmental agency would join the EPA in court.[30] Therefore, in this section, we consider two specific mechanisms that could explain how political connections with state legislators affect the behavior of environmental agencies.

---

30. For a detailed discussion of this empirical exercise, see pages A17-A20 in the Appendix.

5.1 Committee Assignments and Oversight

One potential mechanism of influence between legislators and the bureaucracy is the oversight capacities that the legislature holds over these agencies. State legislatures have formal powers to monitor what bureaucratic agencies do and how they implement existing statutes and regulation. According to this mechanism, the influence of legislators over environmental agencies should be stronger for those with direct authority over environmental agencies, or for legislators who sit on more important committees. To analyze if the effect varies by contributions to Republican state legislators on different committees, we use data on state legislative committees from Fouirnaies and Hall (2021) and construct variables to measure contributions by firms involved in civil litigation to committees that are relevant for state environmental agencies. We measure contributions to legislators on committees related to environmental protection, to energy, and to agriculture, land use and natural resources.[31] We also measure defendant firms' total contributions to state legislators who serve on committees with spending and budgetary authority, which include the Budget, Appropriations, and Ways and Means committees. The empirical specification is the same as in equation (1), and we use the full set of case- and state-level controls and court fixed effects as in Column (3) of Table 2. Results are summarized in Figure 3 and full results appear in Table A23 in the Appendix.

First, we present the main result from all contributions to Republican candidates by defendant firms (*All*). Second, we estimate the effect of contributions to committees related to environmental issues, which is the sum of contributions to committees related to environmental issues, and find a negative and significant effect (*Environment*). We also examine the effect of total contributions made to Republican incumbent state legislators who served on committees with budgetary powers and see a similar negative effect (*Budgetary*). For the last result, we conduct a placebo analysis using contributions to committees related to veterans and the military which are orthogonal to the issue of environmental protections (*Veterans*). If our argument is correct, political connections to

---

31. To this end, we search for the following terms in the names or the descriptions of the committees: environment, environmental, energy, oil, gas, agriculture, land use, and natural resources.

Figure 3: Heterogeneous Effects of Contributions by Committee Assignment
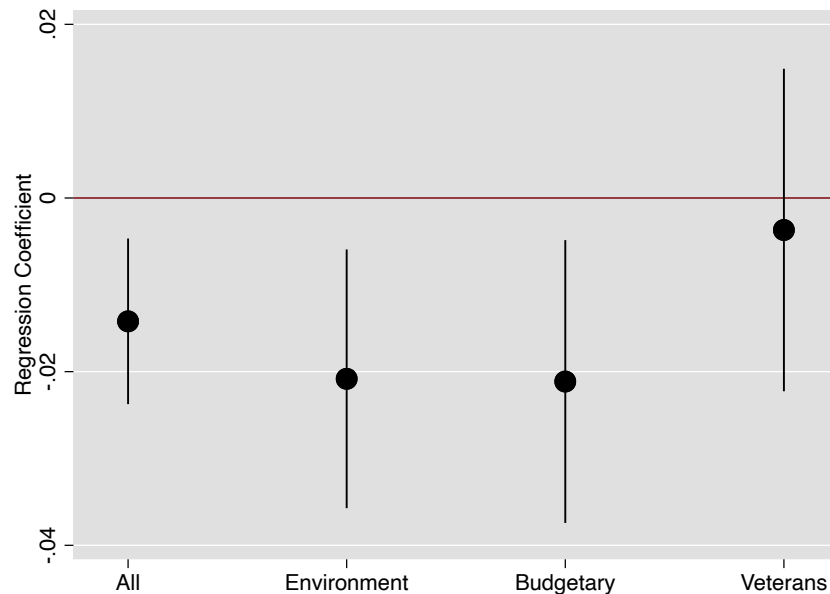
Notes: The figure shows the coefficients on the variable *(ln) Contributions* to Republican state legislators who serve on each type of committee. The bars indicate 95% confidence intervals.

legislators on these committees should not have a significant effect on the behavior of state environmental agencies since those committees do not have direct jurisdiction and oversight power on environmental issues. As expected, this estimate is very close to zero and far from significant. The analysis suggests that firms' political ties to legislators with oversight authority over the state environmental agency or to members of budget-related committees in the state legislature are closely related to the state's decision to join the EPA as a co-plaintiff.

5.2 Direct Communications with State Bureaucrats

Another mechanism is direct communication with bureaucratic agencies. Politicians use informal contacts with agencies to address casework or policy demands on behalf of their constituents and interest groups (Ritchie and You 2019; Ritchie 2022). To test this mechanism, we obtained a novel dataset on direct communications between Texas legislators and the Texas Commission of Environmental Quality (TCEQ). These data—which we obtained through a Freedom of Informa-

tion Act request to the TCEQ—include a record of all official correspondence initiated by elected politicians with that agency and cover the period 2000–2020, during which elected politicians contacted the TCEQ directly more than 5,500 times. Approximately 80% of these contacts were made by the governor or state legislators. Figure A5 in the Appendix shows the composition of state legislators by party and the frequency of their contacts with the TCEQ by the topic of each contact. Republican state legislators in Texas were more likely than their Democratic counterparts to contact the TCEQ to request hearings or public meetings regarding actions taken by the TCEQ.

We use this information to construct a measure of the number of contacts initiated by each legislator. The communication logs provide a limited description of the specific topic of the communication, so we do not know on whose behalf a message is being sent. Instead, we construct an independent variable that captures contributions to Texas state legislators from firms that were sued by the EPA at any point in our sample. Specifically, we identify all contributors with a lawsuit in our sample and measure all contributions made by the sued firms to Texas state legislative races. As Table A24 in the Appendix shows, firms that are being sued by the federal EPA contribute more to Texas state races, with the difference driven by their contributions to Republican candidates.

We also examine the types of politicians to whom firms that are being sued by the federal EPA are more likely to contribute. In Table A25 in the Appendix, we compare contributions from firms that have been sued by the federal EPA and firms that have not been sued by the EPA. While contributions to Republicans on environmental committees are almost three times larger for sued donors than for non-sued donors, the difference for contributions to Democrats on the same committees is only about 30%. We observe something similar, though less extreme, for contributions to committees with budgetary authority.

We now turn to analyze whether Texas state legislators who receive more donations from firms sued by the EPA are more likely to contact state environmental regulators. If this mechanism is driving our previous results, then we should see a positive association between donations from these firms and the number of communications from legislators to the TCEQ. Because some politicians may receive more contributions from different types of donors, we include the amount of

contributions from donors who have not been sued by the EPA in our sample as a control. For Texas Republican state legislators, we estimate the following specification:

$$log(1 + \text{TCEQ Contact}_i) = \alpha + \beta \, log(1 + \text{Contributions Sued Firms}_i) +$$
$$\delta \, log(1 + \text{Contributions Not-sued Firms}_i) + \theta t + \varepsilon_i$$

(2)

where i represents Republican state legislators and t indicates election cycle. We present the results in Table 3. In Column (1), we include legislators in both chambers and find a positive association between contributions from sued firms and contacts with the TCEQ. In Columns (2) and (3), we split our sample between the lower and upper chambers. In both cases, our coefficient of interest is positive, although it is larger and more significant for senators. Overall, we find support for the mechanism of direct communication channels among Texas legislators: Republican politicians who receive more contributions from firms sued by the EPA during our sample period are more likely to contact the environmental regulator. We perform the same analysis for Democratic state legislators in Texas, and the results are presented in Table A26 in the Appendix. It shows that there is no relationship between contributions from sued firms and the frequency of contacts with the TCEQ in either the lower or upper chambers. Although the evidence presented in this section for the specific mechanisms is indirect, the combined results suggest that state legislators could use both formal and informal channels to influence state environmental agencies and firms can use donations to influence state bureaucrats' behaviors via their connected politicians.

6 Conclusion

Active cooperation among different levels of government is crucial for public policy and regulation in federal systems. In this paper we analyze how the private sector can use campaign contributions to state politicians to weaken this cooperative interaction by affecting state environmental agencies. In particular, we study why state environmental agencies do or do not join the

Table 3: Texas State Legislators' Contacts with the TCEQ - Republicans

Outcome = TCEQ Contacts	(1) All	(2) Lower	(3) Upper
(ln) Contributions by Firms Sued	0.047**	0.027^{+}	0.102*
	(0.015)	(0.015)	(0.038)
(ln) Contributions by Firms Not-sued	-0.030*	-0.005	-0.074*
	(0.014)	(0.015)	(0.032)
Mean Outcome Variable	0.6	1.2	2.6
Election Cycle FE	Yes	Yes	Yes
Observations	1,154	948	206

Notes: Column (1) includes all Republican legislators, while Columns (2) and (3) restrict the analysis to the Lower and Upper chamber, respectively. The dependent variable in all columns is the log plus one of the number of individual contacts between a Texas legislator and the TCEQ. *(ln) Contributions by Firms Sued* and *(ln) Contributions by Firms Not-sued* measure contributions from the firms that were and were not sued by EPA in our sample period, respectively, in logs. Standard errors are clustered at the legislator level. $***$ p<0.001, $**$ p<0.01, $*$ p<0.05, $+$ p<0.1.

EPA in civil litigation against corporate litigants when the firms allegedly pollute state territories. We argue that political connections with state politicians matter and that state agencies will be less likely to join the EPA in court when the firms on the defendant side contributed to state politicians.

To test our argument, we construct a novel dataset of EPA civil litigation cases for the period 1998-2021. We show that firms that contributed to state Republican candidates are less likely to face the state environmental agency in court as an ally of the EPA. This result is consistent across various specifications and the effect is particularly strong for contributions made to Republican state legislators who served on environment-related committees or committees with budgetary powers. Our findings highlight that polluting firms can target state legislators to influence how federal regulation is enforced by affecting the degree of state governments' cooperation with the federal government.

Although this is the first paper that systemically documents how contributions to state politicians could influence state environmental agencies' cooperation with the federal EPA, this study has several limitations. First, we measure a connection between defendant firms and state politicians through campaign contributions but firms could have other means to form connections with

legislators through hiring former politicians to their board of directors and through lobbying. A more comprehensive measure of connections between firms and politicians would enhance our understanding about how private firms use different means to form connections with politicians at the state level. Second, although we provide two tests on specific mechanisms that could explain the negative effect of contributions from defendant firms and the likelihood that state environmental agencies join the EPA in court, the evidence is indirect. Complementing our analysis with more detailed data that include politicians' requests to state agencies on behalf of certain firms and interest groups would provide more convincing evidence for the mechanism. Third, we only focus on civil litigation initiated by the federal EPA given our interest in the effect of money on cooperative federalism. However, many state governments sue the federal EPA because of its regulations. Political connections between firms and state politicians could also affect how actively state governments take hostile actions toward the federal government, which is described as "partisan federalism" (Bulman-Pozen 2014). Expanding our focus to litigation between different levels of government will expand our understanding of how money can influence both cooperative and non-cooperative federalism in the US.

The role of state and local governments in environmental regulation has become increasingly important as actions to curb climate change are stalled at the federal level (Astor 2022). A recent landmark Supreme Court ruling *West Virginia v. Environmental Protection Agency*—which struck down the EPA's authority to regulate carbon emissions from power plants—highlights the limited tools that the EPA has to regulate pollution.[32] As the subnational governments' role in environmental regulations has become increasingly important, the influence of interest groups, particularly polluting firms, can also increase. Interest groups could have more power to influence policies at the local level (Anzia 2022) and this is particularly true for energy industries' influence on environmental regulations at the state level (Stokes 2020). Our finding shows that defendant firms also could use state politics to influence the federal regulations and court outcomes regarding environmental violations. As the states will be the key battleground for environmental regula-

---

32. https://www.supremecourt.gov/opinions/21pdf/20-1530_n758.pdf (accessed August 24, 2022).

tions in coming years, scholars must pay more attention to how state politics, especially under the federalism structure, provide opportunities for private sectors to exert influence on environmental regulations that have significant consequences on climate change, one of the most pressing issues that citizens face today.

References

Anzia, Sarah. 2018. "Looking for Influence in All the Wrong Places: How Studying Subnational Policy Can Revive Research." *Journal of Politics* 81 (1): 343–51.

———. 2022. *Local Interests: Politics, Policy, and Interest Groups in US City Governments.* University of Chicago Press.

Astor, Maggie. 2022. "As Federal Climate-Fighting Tools Are Taken Away, Cities and States Step Up." *The New York Times* July 1 (https://www.nytimes.com/2022/07/01/climate/climate-policies-cities-states-local.html?smid=url-share).

Barber, Michael, and Adam Dynes. 2023. "City-State Ideological Incongruence and Municipal Preemption." *American Journal of Political Science* 67 (1): 1190136.

Bellodi, Luca. 2022. "A Dynamic Measure of Bureaucratic Reputation: New Data for New Theory." *American Journal of Political Science* (Forthcoming).

Bergquist, Parrish. 2019. "Controlling the Regulators: How Party Control of Government Shapes Environmental Regulation in the 21st Century." *Working Paper* (https://static1.squarespace.com/static/5c502dfb4611a0c68bfed6d7/t/5c53b79df9619a9695f3caa6/1548990368493/Bergquist_controlling+the+regulators+%28JMP%29.pdf).

Bergquist, Parrish, and Christopher Warshaw. 2023. "How Climate Policy Commitments Influence Energy Systems and the Economies of US States." *Nature Communications* 14 (4850).

Bils, Peter, Lawrence Rothenberg, and Bradley Smith. 2020. "The Amicus Game." *Journal of Politics* 82 (3): 1113–1126.

Bisbee, James, and Hye Young You. Forthcoming. "Political Geography and Firm Strategies: How Electoral Competition Influences Local Job Creation." *Journal of Politics.*

Bonica, Adam. 2023. "Database on Ideology, Money in Politics, and Elections: Public version 2.0 [Computer file]." Stanford, CA: Stanford University Libraries.

Box-Steffensmeier, Janet M., Dino P. Christenson, and Matthew P. Hitt. 2013. "Quality Over Quantity: Amici Influence and Judicial Decision Making." *American Political Science Review* 107 (3): 446–60.

Bulman-Pozen, Jessica. 2014. "Partisan Federalism." *Harvard Law Review* 127 (4): 1077–1146.

Chen, Shawna. 2022. "17 GOP Attorneys General Sue EPA Over California Vehicle Emission Standards." *Axios* May 13 (https://www.axios.com/2022/05/14/epa-vehicle-emissions-california).

Cook, Scott, and David Fortunato. 2023. "The Politics of Police Data: State Legislative Capacity and the Transparency of State and Substate Agencies." *American Political Science Review* 117 (1): 280–295.

Egan, Patrick J., and Megan Mullin. 2017. "Climate Change: US Public Opinion." *Annual Review of Political Science* 20:209–27.

Einstein, Katherine, and David Glick. 2017. "Cities in American Federalism: Evidence on State-Local Government Conflict from a Survey of Mayors." *Publius: The Journal of Federalism* 47 (4): 599–621.

Figueiredo, John de. 2005. "Strategic Plaintiffs and Ideological Judges in Telecommunications Litigation." *Journal of Law, Economics, & Organization* 21 (2): 501–523.

Figueiredo, John M. de, and Rui J. P. de Figueiredo. 2002. "The Allocation of Resources by Interest Groups: Lobbying, Litigation and Administrative Regulation." *Business and Politics* 4 (2): 161–81.

Fiorino, Daniel, and Carley A. Weted. 2020. "Environmental Federalism in a Polarized Era." *State and Local Government Review* 52 (2): 138–151.

Fouirnaies, Alexander, and Andrew Hall. 2021. "How Do Electoral Incentives Affect Legislator Behavior? Evidence from U.S. State Legislatures." *American Journal of Political Science* 116 (2): 662–676.

Fowler, Luke, and Chris Birdsall. 2020. "Does the Primacy System Work? State versus Federal Implementation of the Clean Water Act." *Publius: The Journal of Federalism* 51 (1): 131–160.

Fowler, Luke, and Jaclyn J. Kettler. 2020. "Are Republicans Bad for the Environment?" *State Politics & Policy Quarterly* 21 (2): 195–219.

Gordon, Sanford C., and Catherine Hafer. 2005. "Flexing Muscle: Corporate Political Expenditures as Signals to the Bureaucracy." *American Political Science Review* 99 (2): 245–261.

Helland, Eric. 2001. "Prosecutorial Discretion at the EPA: Some Evidence on Litigation Strategy." *Journal of Regulatory Economics* 19 (3): 271–94.

Innes, Robert, and Arnab Mitra. 2015. "Parties, Politics, and Regulation: Evidence from Clean Air Act Enforcement." *Economic Inquiry* 53 (1): 522–39.

Kalla, Joshua L., and David E. Broockman. 2016. "Campaign Contributions Facilitate Access to Congressional Officials: A Randomized Field Experiment." *American Journal of Political Science* 60 (3): 545–58.

Karol, David. 2019. *Red, Green, and Blue: The Partisan Divide on Environmental Issues.* New York: Cambridge University Press.

Konisky, David. 2007. "Regulatory Competition and Environmental Enforcement: Is There a Race to the Bottom?" *American Journal of Political Science* 51 (4): 853–872.

Konisky, David, and Neal Woods. 2016. "Environmental Policy, Federalism, and the Obama Presidency." *Publius: The Journal of Federalism* 46 (3): 366–391.

Konisky, David, and Neal Woods. 2018. "Environmental Federalism and the Trump Presidency: A Preliminary Assessment." *Publius: The Journal of Federalism* 48 (3): 345–371.

McGrath, Robert. 2013. "Legislatures, Courts, and Statutory Control of the Bureaucracy across the U.S. States." *State Politics & Policy Quarterly* 13 (3): 373–397.

Meckling, Jonas, and Samuel Trachtman. 2023. "The Home State Effect on National Business Coalitions: Evidence from U.S. Climate Politics." *Governance,* nos. 1-19.

Mullin, Megan, and Katy Hansen. 2023. "Local News and the Electoral Incentive to Invest in Infrastructure." *American Political Science Review* 117 (3): 1145–1150.

Reenock, Christopher, David Konisky, and Matthew Uttermark. 2022. "Chain of Command vs. Who's in Command: Structure, Politics, and Regulatory Enforcement." *Policy Studies Journal* 50 (4): 797–821.

Revesz, Richard. 2001. "Federalism and Environmental Regulation: A Public Choice Analysis." *Harvard Law Review* 115 (2): 553–641.

Ritchie, Melinda. 2018. "Back-channel Representation: A Study of the Strategic Communication of Senators with the U.S. Department of Labor." *Journal of Politics* 80 (1): 240–253.

———. 2022. *Backdoor Lawmaking: Evading Obstacles in the US Congress.* Oxford University Press.

Ritchie, Melinda, and Hye Young You. 2019. "Legislators as Lobbyists." *Legislative Studies Quarterly* 44 (1): 65–95.

Rothenberg, Lawrence. 1994. *Regulation, Organizations, and Politics: Motor Freight Policy at the Interstate Commerce Commission.* University of Michigan Press.

———. 2002. *Environmental Choices: Policy Responses to Green Demands.* CQ Press.

Sances, Michael W., and Hye Young You. 2022. "Voters and Donors: The Unequal Political Consequences of Fracking." *Journal of Politics* 84 (3): 1667–1682.

Silfa, Maria. 2022. "Legislators and Rulemaking: The Impact of Campaign Contributions." *Working Paper* (https://drive.google.com/file/d/1gdn33ik47k76YwaYVRl4eXAjattnj1hq/view).

Stokes, Leah. 2020. *Short Circuiting Policy: Interest Groups and the Battle Over Clean Energy and Climate Policy in the American States.* New York: Oxford University Press.

Tabuchi, Hiroki. 2020. "States Sue to Block Trump From Weakening Fuel Economy Rules." *The New York Times* May 27 (https://www.nytimes.com/2020/05/27/climate/lawsuit-fuel-economy-climate.html?smid=url-share).

Appendix: Supporting Information for

Money and Cooperative Federalism: Evidence from EPA Civil Litigation

List of Figures

List of Tables

Figure A1: EPA Civil Litigation Settled by Year
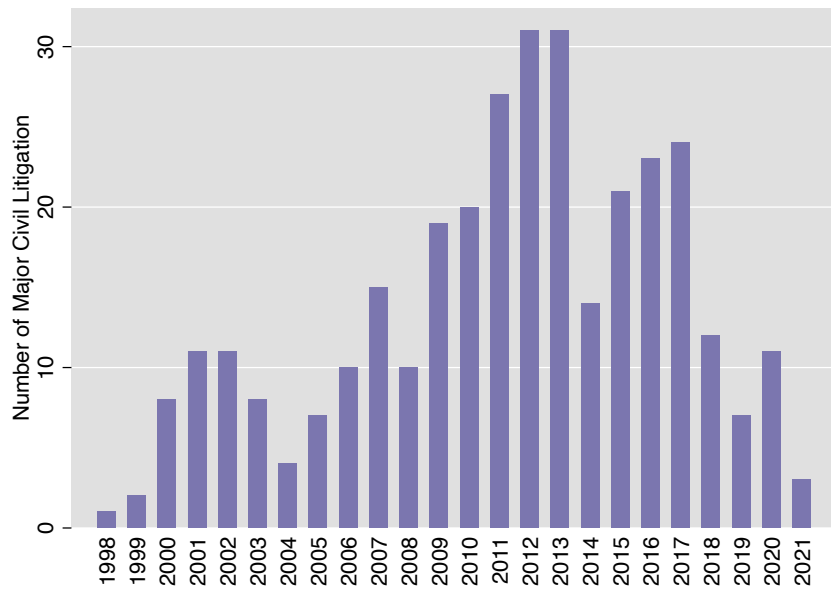
Figure A2: Litigation Cases with State Agencies
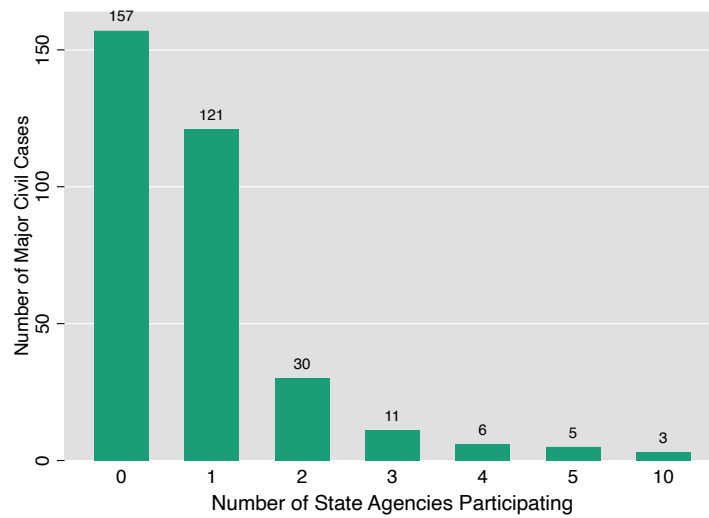
Notes: This shows the distribution of cases by the number of states involved.

Figure A3: Distribution of Firms by Ideology
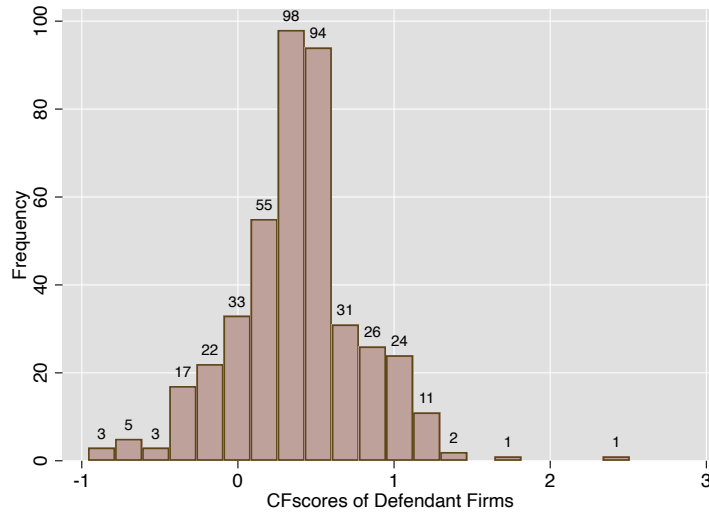
Notes: This shows the distribution of defendant firms' CFscores from Bonica (2023). Negative values mean more liberal; positive values mean more conservative. It includes all the firms in our sample, regardless of the firms' contribution to state races. If we narrow down the firms with the records of contributions to state races, we see a similar distribution.

Figure A4: Share of Contributions by Top 20 Environmental Groups
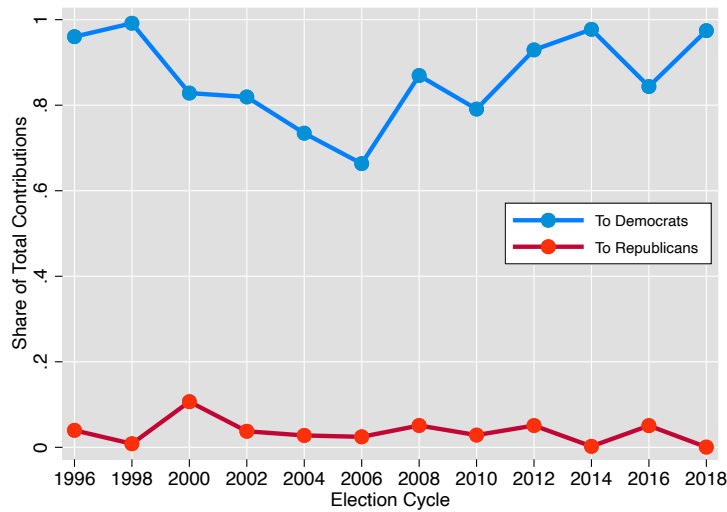
Notes: This figure shows the partisan shares of the top 20 environmental groups' contributions at the state level. The list of environmental groups is from opensecrets.org (https://www.opensecrets.org/industries/contrib.php?cycle=2020&ind=Q11). The values do not add up to 1 because the environmental groups also donated to candidates who are neither Democrats nor Republicans, such as Green Party candidates.

Figure A5: Texas State Legislators' Contacts to the TCEQ, 2000-2020
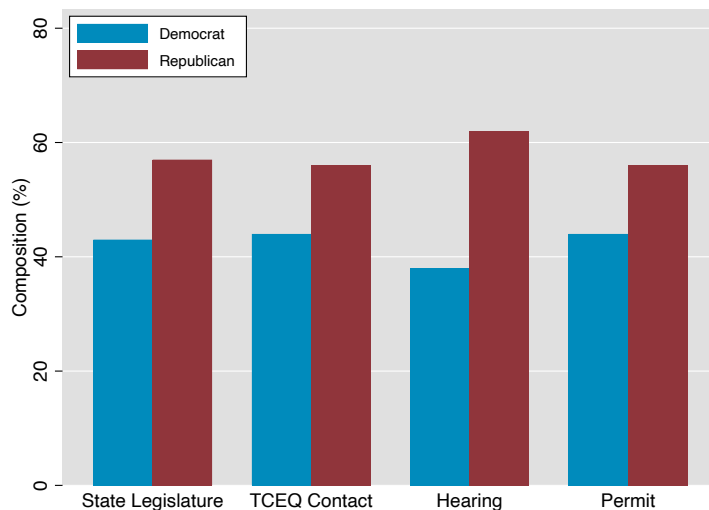
Notes: This figure shows the partisan compositions of state legislators in Texas for the period 2000-2020, their contacts to the TCEQ, specific contacts regarding hearings (and public meeting requests), and permits.

Figure A6: Excluding Each State
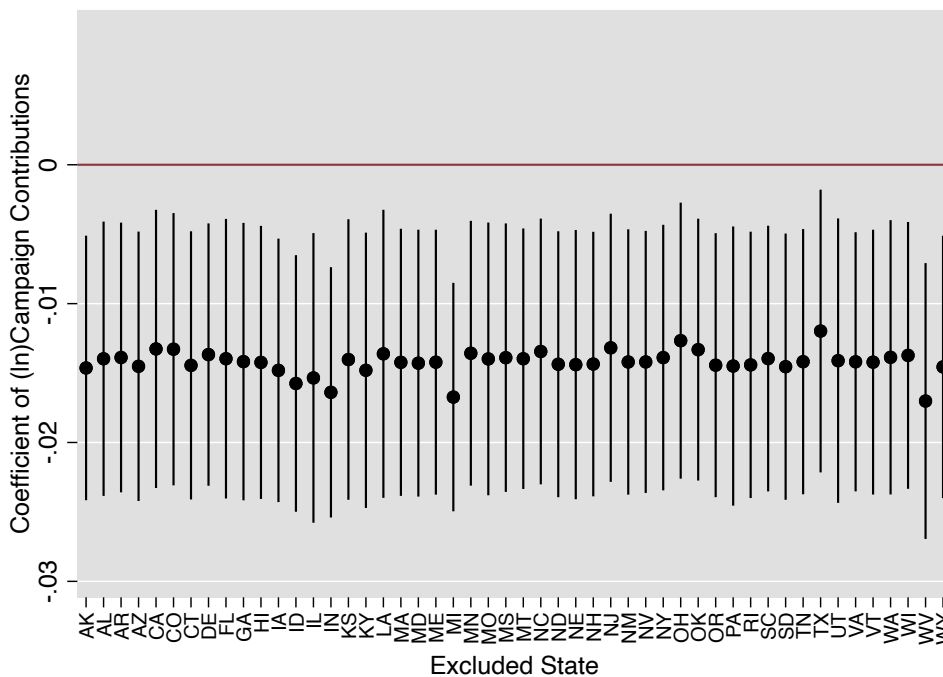
Notes: This shows the coefficients from the main regression when we exclude each state from the sample.

Table A1: Descriptive Statistics

Variables	Obs	Mean	Std. Dev.	Min	Max
State Joining the EPA	780	0.38	0.48	0	1
Contribution to Governor	780	8,977	44,931	0	821,699
Contribution to Governor (D)	780	3,611	25,778	-665	508,875
Contribution to Governor (R)	780	4,851	25,113	0	379,083
Contribution to Governor (Inc)	780	5,440	25,273	0	306,186
Contribution to Governor (Inc Party)	780	6,752	31,931	-443	379,083
Contribution to Legislature (1 cycle)	780	16,846	77,196	-62	1,216,160
Contribution to Legislature (2 cycles)	780	31,894	135,938	-603	1,915,416
Contribution to Legislature (1 cycle, D)	780	5,443	27,351	-62	320,362
Contribution to Legislature (2 cycles, D)	780	10,689	51,718	-603	633,861
Contribution to Legislature (1 cycle, R)	780	10,266	52,292	0	900,091
Contribution to Legislature (2 cycles, R)	780	18,938	86,046	0	1,365,116
CAA	780	0.60	0.49	0	1
CWA	780	0.32	0.47	0	1
Num. Statutes	780	1.23	0.67	1	4
Num. Firms	780	2.21	5.30	1	60
Num. States	780	6.11	5.86	1	23
Republican Governor	780	0.53	0.50	0	1
Republican Upper	780	0.62	0.48	0	1
Republican Lower	780	0.60	0.49	0	1
Republican AG	780	0.50	0.50	0	1
Gov-President Aligned	780	0.47	0.50	0	1
Leg-President Aligned	780	0.33	0.47	0	1
State Agency Staff	527	1,250	1,062	155	5,689
State Agency Budget (1,000s $)	559	316,125	579,713	27,074	4,563,862
Num. FEMA Disaster (t-1)	780	2.95	6.13	0	57
State GDP	776	484,914	519,965	24,910	2,739,343
Num. Signing EPA Officer	742	4.80	3.20	1	16
Firm Headquarter	780	0.27	0.44	0	1
(ln) Num. Subsidiary	629	2.1	1.8	0	7.6
(ln) Num. Employment	629	4.6	3.0	0	11.5
(ln) Sales ($)	629	9.3	5.7	0	17.4

Table A2: EPA Civil Cases, 1998-2021

	Administrative		Litigation	
	Major	Minor	Major	Minor
Federal Penalty (1000s $)				
- Mean	613	11	2,743	629
- Median	0	0.2	989	0
Environmental Project (1000s $)				
- Mean	231	3	119,590	19,640
- Median	0	0	3,145	0
Number of Observations	65	71,508	332	2,362

Notes: *Federal Penalty* indicates values for penalties paid to the EPA. *Environmental Project* indicates the total expenditures for supplemental environmental projects (SEPs) provided by an alleged violator for "tangible environmental or public health benefits to the affected community or environment" (https://www.epa.gov/enforcement/supplemental-environmental-projects-seps). The analysis includes only civil cases in which the defendant is a private company.

Table A3: EPA Judicial vs Administrative Cases

Outcome = Judicial Case	(1)	(2)	(3)	(4)
(ln) Contributions Rep	-0.002		-0.002	-0.001
	(0.004)		(0.004)	(0.003)
(ln) Lobbying		-0.001	-0.001	-0.001
		(0.003)	(0.003)	(0.002)
Mean Outcome Variable	0.84	0.84	0.84	0.84
Case-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	396	396	396	396

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 for judicial cases and 0 for administrative cases. *(ln) Contributions Rep* is the log of contributions to Republican candidates in federal races. *(ln) Lobbying* is the log of total lobbying spending. Robust standard errors. $***$ p<0.001, $**$ p<0.01, $*$ p<0.05, $+$ p<0.1.

Table A4: Contributions to State Races: Full Regression Result - OLS

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Rep	-0.010*	-0.009*	-0.013**	-0.013*
	(0.004)	(0.004)	(0.004)	(0.006)
CAA	-0.049	-0.075	-0.251**	-0.108
	(0.065)	(0.073)	(0.085)	(0.173)
CWA	-0.167**	-0.181*	-0.466***	-0.251
	(0.060)	(0.074)	(0.085)	(0.157)
Num. Statutes	0.001	0.003	0.003	0.011
	(0.033)	(0.036)	(0.060)	(0.061)
Num. Firms	0.004	0.002	0.001	0.000
	(0.004)	(0.004)	(0.005)	(0.005)
Num. States	-0.008	-0.007	-0.028*	-0.001
	(0.005)	(0.005)	(0.011)	(0.007)
Headquarter	0.141**	0.156**	0.078	0.099
	(0.042)	(0.046)	(0.053)	(0.071)
Num. Signing EPA Officer		-0.000	0.024$^+$	0.012
		(0.007)	(0.012)	(0.009)
Republican Gov		-0.074*	-0.084	-0.037
		(0.036)	(0.055)	(0.050)
Republican Upper		-0.062	-0.138$^+$	-0.185
		(0.087)	(0.069)	(0.116)
Republican Lower		0.091	0.067	0.064
		(0.069)	(0.069)	(0.122)
Republican AG		0.001	0.035	0.172$^+$
		(0.069)	(0.069)	(0.094)
Gove-President Aligned		0.018	0.025	0.147**
		(0.043)	(0.046)	(0.047)
Leg-President Aligned		-0.020	-0.019	-0.115
		(0.045)	(0.044)	(0.101)
(ln) State Agency Budget				-0.164
				(0.119)
(ln) State GDP				-0.404
				(0.545)
Num. FEMA Disasters				-0.001
				(0.002)
(ln) Num. Facilities				0.017
				(0.037)
(ln) Employees				0.052
				(0.033)
(ln) Sales				-0.023
				(0.016)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates in state races. Standard errors are clustered at the state level. $***$ $p<0.001$, $**$ $p<0.01$, $*$ $p<0.05$, $+$ $p<0.1$. A8

Table A5: Contributions to State Races: Full Regression Result - Logit

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Rep	-0.060**	-0.056*	-0.090**	-0.097**
	(0.020)	(0.023)	(0.032)	(0.037)
CAA	-0.272	-0.408	-1.831***	-0.601
	(0.341)	(0.386)	(0.500)	(0.927)
CWA	-0.983**	-1.062**	-2.865***	-1.645$^+$
	(0.322)	(0.392)	(0.516)	(0.861)
Num. Statutes	0.035	0.036	-0.197	0.018
	(0.189)	(0.204)	(0.426)	(0.367)
Num. Firms	0.026	0.012	0.007	0.009
	(0.019)	(0.019)	(0.024)	(0.035)
Num. States	-0.055$^+$	-0.056$^+$	-0.213*	-0.018
	(0.033)	(0.033)	(0.095)	(0.046)
Headquarter	0.784***	0.880***	0.429	0.886$^+$
	(0.222)	(0.251)	(0.303)	(0.505)
Num. Signing EPA Officer		-0.004	0.156*	0.095
		(0.039)	(0.079)	(0.059)
Republican Gov		-0.371$^+$	-0.570$^+$	-0.609
		(0.211)	(0.345)	(0.477)
Republican Upper		-0.356	-0.992*	-1.285
		(0.456)	(0.465)	(0.945)
Republican Lower		0.470	0.493	0.166
		(0.372)	(0.421)	(0.926)
Republican AG		-0.045	0.137	2.250*
		(0.390)	(0.435)	(0.969)
Gove-President Aligned		0.174	0.233	1.340**
		(0.226)	(0.270)	(0.420)
Leg-President Aligned		-0.086	-0.155	-1.054
		(0.258)	(0.274)	(1.064)
(ln) State Agency Budget				-1.327
				(1.066)
(ln) State GDP				-3.304
				(4.953)
Num. FEMA Disasters				-0.023
				(0.032)
(ln) Num. Facilities				0.160
				(0.267)
(ln) Employees				0.349$^+$
				(0.199)
(ln) Sales				-0.156$^+$
				(0.093)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates in state races. Standard errors are clustered at the state level. $***$ $p<0.001$, $**$ $p<0.01$, $*$ $p<0.05$, $+$ $p<0.1$.   A9

Table A6: Contributions to State Races: Democrats

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Dem	-0.005	-0.004	-0.004	-0.004
	(0.004)	(0.004)	(0.005)	(0.008)
CAA	-0.050	-0.075	-0.237**	-0.131
	(0.066)	(0.075)	(0.088)	(0.168)
CWA	-0.163**	-0.174*	-0.457***	-0.259+
	(0.060)	(0.075)	(0.085)	(0.153)
Num. Statutes	-0.001	0.001	0.006	0.018
	(0.033)	(0.036)	(0.058)	(0.059)
Num. Firms	0.003	0.001	-0.000	0.000
	(0.004)	(0.004)	(0.005)	(0.005)
Num. States	-0.007	-0.007	-0.028*	0.001
	(0.005)	(0.005)	(0.011)	(0.007)
Headquarter	0.136**	0.151**	0.068	0.089
	(0.043)	(0.046)	(0.052)	(0.070)
Num. Signing EPA Officer		-0.000	0.026*	0.012
		(0.007)	(0.012)	(0.009)
Republican Gov		-0.075*	-0.089	-0.058
		(0.036)	(0.056)	(0.048)
Republican Upper		-0.057	-0.138+	-0.173
		(0.086)	(0.070)	(0.121)
Republican Lower		0.088	0.064	0.068
		(0.069)	(0.069)	(0.117)
Republican AG		0.006	0.032	0.197*
		(0.071)	(0.070)	(0.097)
Gove-President Aligned		0.019	0.024	0.138**
		(0.043)	(0.045)	(0.046)
Leg-President Aligned		-0.014	-0.013	-0.095
		(0.045)	(0.044)	(0.101)
(ln) State Agency Budget				-0.170
				(0.121)
(ln) State GDP				-0.255
				(0.525)
Num. FEMA Disasters				-0.001
				(0.002)
(ln) Num. Facilities				0.009
				(0.037)
(ln) Employees				0.050
				(0.032)
(ln) Sales				-0.022
				(0.016)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Dem* is the log of contributions to Democratic candidates in state races. Standard errors are clustered at the state level. ∗∗∗ p<0.001, ∗∗ p<0.01, ∗ p<0.05, + p<0.1.   A10

Table A7: Contributions to State Races: Republicans & Democrats

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Rep	-0.016**	-0.016*	-0.020**	-0.020*
	(0.006)	(0.006)	(0.007)	(0.008)
(ln) Contributions Dem	0.009	0.010	0.011	0.010
	(0.007)	(0.007)	(0.008)	(0.010)
CAA	-0.051	-0.080	-0.262**	-0.115
	(0.065)	(0.073)	(0.084)	(0.173)
CWA	-0.168**	-0.184*	-0.469***	-0.256
	(0.060)	(0.075)	(0.087)	(0.156)
Num. Statutes	-0.001	0.002	-0.001	0.011
	(0.033)	(0.036)	(0.060)	(0.061)
Num. Firms	0.004	0.001	0.002	0.000
	(0.004)	(0.004)	(0.005)	(0.005)
Num. States	-0.008	-0.008	-0.000	-0.028*
	(0.005)	(0.005)	(0.007)	(0.011)
Headquarter	0.138**	0.153**	0.071	0.092
	(0.042)	(0.045)	(0.051)	(0.074)
Num. Signing EPA Officer		0.000	0.025$^+$	0.012
		(0.007)	(0.013)	(0.009)
Republican Gov		-0.074*	-0.084	-0.031
		(0.035)	(0.056)	(0.053)
Republican Upper		-0.062	-0.136$^+$	-0.187
		(0.087)	(0.071)	(0.114)
Republican Lower		0.097	0.074	0.062
		(0.070)	(0.069)	(0.128)
Republican AG		0.002	0.034	0.171$^+$
		(0.068)	(0.069)	(0.093)
Gove-President Aligned		0.014	0.023	0.146**
		(0.042)	(0.046)	(0.048)
Leg-President Aligned		-0.020	-0.018	-0.121
		(0.045)	(0.043)	(0.101)
(ln) State Agency Budget				-0.163
				(0.121)
(ln) State GDP				-0.443
				(0.557)
Num. FEMA Disasters				-0.001
				(0.002)
(ln) Num. Facilities				0.017
				(0.037)
(ln) Employees				0.050
				(0.034)
(ln) Sales				-0.023
				(0.017)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* and *(ln) Contributions Dem* are contributions to Republican and Democratic candidates, respectively. Standard errors are clustered at the state level. $***$ p<0.001, $**$ p<0.01, $*$ p<0.05, $+$ p<0.1.

Table A8: Contributions to Republicans - Including Non-defendant Contributions

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Rep	-0.010*	-0.009*	-0.012**	-0.013*
	(0.004)	(0.004)	(0.004)	(0.006)
(ln) Non-defendant Contributions Rep	0.001	0.005	-0.010	0.004
	(0.004)	(0.006)	(0.006)	(0.008)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates in state races by firms that were sued by EPA. *Non-defendant Contributions Rep* is the log of contributions to Republican candidates in state races by firms that were not sued by EPA. Standard errors are clustered at the state level. $***$ p$<$0.001, $**$ p$<$0.01, $*$ p$<$0.05, $+$ p$<$0.1.

Table A9: Contributions to State Races: Probit

Outcome = Join the EPA	(1)	(2)	(3)	(4))
(ln) Contributions Rep	-0.036**	-0.033*	-0.055**	-0.057**
	(0.012)	(0.014)	(0.018)	(0.021)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates in state races. Standard errors are clustered at the state level. $***$ p$<$0.001, $**$ p$<$0.01, $*$ p$<$0.05, $+$ p$<$0.1.

Table A10: Contributions to Republicans - Including State Enforcement Action

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Rep	-0.010*	-0.009*	-0.013**	-0.013*
	(0.004)	(0.004)	(0.004)	(0.006)
(ln) CWA State Enforcement Actions	0.004	0.018	-0.009	0.020
	(0.018)	(0.019)	(0.016)	(0.028)
(ln) CAA State Enforcement Actions	0.006	0.008	0.025	0.018
	(0.024)	(0.023)	(0.030)	(0.052)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates in state races. *(ln) CWA State Enforcement Actions* and *(ln) CAA State Enforcement Actions* are the number of enforcement actions carried out at the state level under the CWA and CAA, respectively, in logs. Standard errors are clustered at the state level. $***$ $p<0.001$, $**$ $p<0.01$, $*$ $p<0.05$, $+$ $p<0.1$.

Table A11: Contributions to Republicans - Including State-led Litigation

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Rep	-0.010*	-0.009*	-0.013**	-0.013*
	(0.004)	(0.004)	(0.004)	(0.006)
(ln) State Led	-0.023	-0.013	-0.033	0.013
	(0.025)	(0.027)	(0.022)	(0.036)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates in state races. *(ln) State Led* is the log of the number of state-led judicial cases related to the CAA and the CWA. Standard errors are clustered at the state level. $***$ $p<0.001$, $**$ $p<0.01$, $*$ $p<0.05$, $+$ $p<0.1$.

Table A12: Contributions to Republicans - Including Firms' Lobbying Spending

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Rep	-0.008*	-0.008	-0.015**	-0.012$^+$
	(0.004)	(0.005)	(0.005)	(0.007)
(ln) Lobbying Spending	-0.003	-0.003	0.006	-0.002
	(0.003)	(0.003)	(0.005)	(0.004)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates in state races. *(ln) Lobbying Spending* is the log of total amount of federal lobbying spending. Standard errors are clustered at the state level. $***$ p<0.001, $**$ p<0.01, $*$ p<0.05, $+$ p<0.1.

Table A13: Contributions to Republicans - Severity of Violations

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Rep	-0.012**	-0.010*	-0.011*	-0.011*
	(0.004)	(0.004)	(0.005)	(0.004)
(ln) Num. Facilities	0.088*			0.061
	(0.037)			(0.039)
(ln) Penalty to EPA		0.001		-0.014
		(0.008)		(0.011)
(ln) Num. Consent Decree Pages			0.254***	0.255***
			(0.039)	(0.036)
Num. Signing EPA Officer				0.003
				(0.008)
Mean Outcome Variable	0.38	0.37	0.38	0.39
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	Yes	Yes	Yes	Yes
State FE	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Observations	681	768	713	615

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates in state races. The specifications include different measures of case complexity/severity: the log of the number of facilities involved (*(ln) Num. Facilities*), the log of total EPA penalty amounts (*(ln) Penalty to EPA*), the log of the number of pages in the consent decree (*(ln) Num. Consent Decree Pages*), and the number of EPA officers who signed the court document (*Num. Signing EPA Officer*). Standard errors are clustered at the state level. $***$ p$<$0.001, $**$ p$<$0.01, $*$ p$<$0.05, $+$ p$<$0.1.

Table A14: Contributions to Republicans - Including District Court Ideology

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Rep	-0.009*	-0.008*	-0.013**	-0.012$^+$
	(0.004)	(0.004)	(0.004)	(0.006)
Republican Judges Share (%)	0.081	0.078	0.066	0.169$^+$
	(0.072)	(0.066)	(0.501)	(0.095)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	769	739	739	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates in state races. *Republican Judges Share (%)* is the share of judges appointed by a Republican president in each district court. Standard errors are clustered at the state level. $***$ p<0.001, $**$ p<0.01, $*$ p<0.05, $+$ p<0.1.

Table A15: Contributions to Republicans - Using President Fixed Effects

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Rep	-0.009*	-0.008$^+$	-0.008$^+$	-0.015**
	(0.004)	(0.004)	(0.005)	(0.005)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
President FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates in state races. Standard errors are clustered at the state level. $***$ p<0.001, $**$ p<0.01, $*$ p<0.05, $+$ p<0.1.

Table A16: Instrument Descriptive Statistics

	Mean	Median	Std Dev
All contributions to Republicans			
Contribution Amount ($) to state/cycle	17,828	2.95	56,889
Number of states	5.54	1	7.36
Other contributions to Republicans			
Contribution Amount ($) to state/cycle	15,472	2,716	50,611
Number of states	5.48	1	7.39

Notes: *All contributions to Republicans* include all the state-level contributions made by the firms in our sample. *Other contributions to Republicans* is the instrument variable which only includes contributions to states in which the firms in our sample were not sued by EPA.

Table A17: Contributions to Republicans - Instrumental Variable

Outcome = Join the EPA	(1)	(2)	(3)	(4)
Second Stage				
(ln) Contributions Rep	-0.027*	-0.028*	-0.043*	-0.031
	(0.013)	(0.013)	(0.022)	(0.019)
First Stage				
(ln) Other Contributions	0.407***	0.417***	0.276**	0.276***
	(0.049)	(0.046)	(0.100)	(0.058)
Kleibergen-Paap F Test	69.42	87.87	9.00	22.44
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates in state races. *(ln) Other Contributions* is the log of contributions to Republican candidates in states where defendant firms never had a civil litigation case with the EPA. Standard errors are clustered at the state level. $***$ p$<$0.001, $**$ p$<$0.01, $*$ p$<$0.05, $+$ p$<$0.1.

In Table A18, we estimate the same models as in Table 2 using contributions to Republicans in legislative races in the previous two electoral cycles (four years) as the independent variable. We find a strong association between contributions to Republican legislators and a reduced likelihood that the state environmental agency would join the EPA in court. To ensure that these results are not driven by the way we operationalize our independent variable, we try other specifications. In Table A19, we show that the number of legislators to whom defendant firms contribute is negatively associated with the state's involvement in the judicial process. We reach the same conclusion when measuring contributions per legislator in Table A20. Our argument is that political connections with legislators make it less likely that defendant firms would face the state agency in court. So, the expectation is that contributions to winning candidates matter the most. In Table A21, we show that the negative effect persists when restricting the measure of contributions to legislative candidates who won their elections.

Then, we estimate the same models for contributions to gubernatorial races. In contrast to the previous results, we do not find an effect. Although estimated coefficients in Table A22 in the Appendix are negative, they are far from significant. There are at least three reasons why we find no effect of contributions on gubernatorial races. First, legislative races account for 83% of total contributions from the firms in our sample, which means that these firms might be focusing mostly on legislative races to gain influence with the governor.[1] Relatedly, the contributions of a single firm might not be very important in a governor's race to which many other interest groups and individuals donate. But a generous contribution from a large company can be crucial for a state legislator. Indeed, the average amount that gubernatorial candidates raised is $6.6 million per race for the period 1998-2018, whereas state legislative candidates only raised $86,000 on average.[2] Third, as the coefficient on the variable *Republican Gov* in Table A4 shows, the governor's Republican partisanship is negatively associated with a state's decision to join the EPA in court and the effect is large. Given partisanship's strong and large effect on the outcome, there may be little room for firms to influence the state's decision through additional contributions to gubernatorial races. These results are consistent with existing literature showing that—although governors and legislators both influence environmental regulation—the former affects informal enforcements (like notices of violation), while formal enforcement, such as litigation, is linked to legislators' influence (Bergquist 2019).

---

1. When considering all state elections between 1998 and 2020, contributions to legislative and governors' elections account for 60% and 40% of total contributions, respectively, by all individuals and PACs.

2. The median values of campaign contributions raised by gubernatorial candidates and state legislative candidates for the period 1998-2018 are $2.9M and $30,394, respectively.

Table A18: Contributions to Republicans in Legislative Races

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Rep	-0.011**	-0.010*	-0.014**	-0.014+
	(0.004)	(0.004)	(0.005)	(0.007)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates in legislative races. Standard errors are clustered at the state level. $***$ p<0.001, $**$ p<0.01, $*$ p<0.05, $+$ p<0.1.

Table A19: Contributions to Republicans in Legislative Races - Num. of Legislators

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Num of Legislators	-0.039**	-0.032*	-0.043**	-0.046*
	(0.012)	(0.013)	(0.015)	(0.023)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Num of Legislators* is the log of the number of Republican legislators to whom defendant firms contributed. Standard errors are clustered at the state level. $***$ p<0.001, $**$ p<0.01, $*$ p<0.05, $+$ p<0.1.

Table A20: Contributions to Republicans in Legislative Races - Per Legislator

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions per Leg	-0.014*	-0.013*	-0.017*	-0.020*
	(0.006)	(0.006)	(0.007)	(0.010)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions per Leg* is the log of contributions per Republican legislator. Standard errors are clustered at the state level. $***$ p<0.001, $**$ p<0.01, $*$ p<0.05, $+$ p<0.1.

Table A21: Contributions to Republicans - Winning Candidates

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Win	-0.008*	-0.007	-0.013**	-0.013$^+$
	(0.004)	(0.004)	(0.005)	(0.007)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Win* is the log of contributions to Republican candidates in legislative races who won their elections. Standard errors are clustered at the state level. $***$ p<0.001, $**$ p<0.01, $*$ p<0.05, $+$ p<0.1.

Table A22: Contributions to Republicans in Gubernatorial Races

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions Rep	-0.007	-0.007	-0.008	-0.005
	(0.005)	(0.005)	(0.006)	(0.007)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	No	Yes	Yes	Yes
State- and Firm-level Controls	No	No	No	Yes
Year FE	Yes	Yes	Yes	Yes
State FE	Yes	Yes	No	Yes
Court FE	No	No	Yes	No
Observations	780	741	741	412

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions Rep* is the log of contributions to Republican candidates in gubernatorial races. Standard errors are clustered at the state level. $***$ p<0.001, $**$ p<0.01, $*$ p<0.05, $+$ p<0.1.

Table A23: Heterogeneous Effects of Contributions by Committee Assignment

Outcome = Join the EPA	(1)	(2)	(3)	(4)
(ln) Contributions: All	-0.014**			
	(0.005)			
(ln) Contributions: Environment		-0.021**		
		(0.007)		
(ln) Contributions: Budgetary			-0.021*	
			(0.008)	
(ln) Contributions: Veterans				-0.004
				(0.009)
Mean Outcome Variable	0.38	0.38	0.38	0.38
Case-level Controls	Yes	Yes	Yes	Yes
Political Controls	Yes	Yes	Yes	Yes
Year FE	Yes	Yes	Yes	Yes
Court FE	Yes	Yes	Yes	Yes
Observations	741	741	741	741

Notes: The dependent variable in all columns is a dummy variable that takes the value of 1 if the state agency joined the EPA in court. *(ln) Contributions: All* is the log of contributions to Republican candidates in legislative races by a defendant firm. *(ln) Contributions: Environment* is the log of contributions to Republican candidates on committees related to environmental issues. *(ln) Contributions: Budgetary* is the log of contributions to Republican candidates on committees with budgetary powers. *(ln) Contributions: Veterans* is the log of contributions to Republican candidates on veteran/military committees. Standard errors are clustered at the state level. $***$ p<0.001, $**$ p<0.01, $*$ p<0.05, $+$ p<0.1.

Table A24: Contributions: Sued vs Not-sued Firms

Variables	Mean	Median	Std. Dev
All Contributions ($)			
Sued Firms	23,344	1,509	1,600,000
Not-sued Firms	15,059	377	2,300,000
Republican Contributions ($)			
Sued Firms	17,393	1,182	1,100,000
Not-sued Firms	9,176	355	1,800,000
Democrat Contributions ($)			
Sued Firms	6,951	0	55,075
Not-sued Firms	5,882	63	95,721

Table A25: Contributions to Committees: Sued vs Not-sued Firms

Variables	Env (Rep)	Env (Dem)	Budget (Rep)	Budget (Dem)
Sued firms				
Mean Contribution ($)	4,498	1,056	3,068	1,351
Not-sued firms				
Mean Contribution ($)	1,725	745	1,419	1,066

Table A26: Texas State Legislators' Contacts with the TCEQ - Democrats

Outcome = TCEQ Contacts	(1)	(2)	(3)
(ln) Contributions Sued	0.023	0.006	0.047
	(0.017)	(0.016)	(0.044)
(ln) Contributions Not-sued	-0.009	0.010	-0.005
	(0.014)	(0.014)	(0.030)
Mean Outcome Variable	0.7	1.1	3.7
Election Cycle FE	Yes	Yes	Yes
Observations	835	701	134

Notes: Column 1 includes all Democratic legislators, while Columns 2 and 3 restrict the analysis to the Lower and Upper chamber, respectively. The dependent variable in all columns is the log plus one of the number of individual contacts between a Texas legislator and the TCEQ. *(ln) Contributions Sued* and *(ln) Contributions Not-sued* measure contributions from the firms that were and were not sued by the EPA in our sample period, respectively, in logs. Standard errors are clustered at the legislator level. $*** \, p<0.001$, $** \, p<0.01$, $* \, p<0.05$, $+ \, p<0.1$.