

LOBBY WATCH



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Picking Losers:

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Gambling Industry Bet Against Republican-Dominated House

- **Gambling Interests Gave 80% of Their House Donations To Democrats.**
- **Losers Pocketed Two-Thirds of Gambling Industry Money in the House.**

Gambling interests with stakes in the legalization of casinos or slot machines bet heavily on Democratic House candidates going into the Republican-dominated 2010 elections. Political bookies widely expected the GOP to expand its slim House majority this round, though few envisioned the extent of the sweep until late in the race.

On election night the gambling industry's losses mirrored those of the Texas Democratic Party. Indian tribes and gambling PACs bet almost \$1 million on Texas House candidates—with 80 percent going to the battered Democrats. Almost two-thirds of the money that the gambling industry bet in the House went to losers.¹

Gambling Interests Bet Against a GOP House Sweep (Contributions Cover January 2009 to Oct. 23, 2010)

Gambling Interest	Total to House Candidates	Democrats' Share of House Total	Total to All Texas PACs & Candidates
Texans for Economic Development	\$283,500	72%	\$293,500
Chickasaw Nation	\$248,500	89%	\$434,500
North Texas Leadership PAC	\$233,030	100%	\$425,030
Texas Gaming Assn.	\$64,500	71%	\$89,500
Choctaw Nation of Oklahoma	\$41,500	12%	\$216,000
Gulf Greyhound Partners	\$35,000	100%	\$35,000
Alabama-Coushatta Tribe of TX	\$17,750	55%	\$29,250
Kickapoo Traditional Tribe of TX	\$15,500	77%	\$50,500
TX Greyhound Assn.	\$10,000	0%	\$10,150
Tigua Indian Reservation	\$5,750	100%	\$7,750
TX Quarter Horse Assn.	\$3,250	8%	\$4,250
TX Thoroughbred Breeders Assn.	\$3,000	50%	\$32,215
International Game Technology	\$0	NA	\$1,000
TOTAL	\$961,280	80%	\$1,628,645

Gambling Interests Put Big Money On Losers

Gambling Interest Contributions To:	Winning Candidates	Winners (Percent)	Losing Candidates	Losers (Percent)
House Candidates	\$340,500	35%	\$616,280	64%
All Candidates	\$601,500	43%	\$781,280	55%

Note: Not all lawmakers sought reelection, so winners + losers ≠ 100%.²

Seven tribes or gambling PACs gave between 71 percent and 100 percent of their House dollars to Democrats. These include the three largest donors, which collectively account for 80 percent of the House's gambling dollars. Texans for Economic Development, which pushes slot machines on behalf of horse and dog tracks, led the pack. It gave Democrats 72 percent of the \$283,500 it bet on the House.

Democrats pocketed 89 percent of the \$248,500 that the Oklahoma-based Chickasaw Nation invested in the Texas House. Last year the Chickasaw placed a bet on Texas legalizing slot machines when it bid \$48 million for the bankrupt Lone Star Park horse track in Grand Prairie. The deal must be approved by the Texas Racing Commission, which requires Texans to own majority stakes in tracks.

To that end, the Chickasaw recruited three high-powered Texans as investors. Phil Adams is a College Station insurance executive who parlayed close ties to Governor Perry into an appointment as a Texas A&M University System Regent. Steve Mostyn is the Houston trial lawyer who recently spent millions to become the No. 1 contributor to Texas Democrats. Finally, Ricky Knox is a former Austin lobbyist who made a killing off the hiring of GTECH as the Texas Lottery's contractor-for-life. In the late 1980s, Knox also worked with relatives of current GOP House Speaker Joe Straus to legalize racetrack gambling.

Two weeks after voters thrashed Chickasaw-backed Democratic candidates for the Texas House, the Racing Commission was scheduled to address the proposed transfer of Lone Star Park to these investors. At the last minute the Chickasaw group withdrew its application without explanation, indicating that it would reapply sometime in the future.

Capitol Inside speculated that unspecified regulatory problems with the applicants themselves may have prompted them to withdraw.³ Another explanation is that the applicants downgraded the chances of Texas legalizing lucrative racetrack slot machines after voters

trounced many House Democrats who helped make Rep. Straus speaker in 2009.

The last gambling PAC betting heavily in the Texas House is the North Texas Leadership PAC. It plowed \$233,030 into Texas House races without backing one Republican. Dallas dental-clinic magnate David Alameel bankrolls this PAC. Last year the Racing Commission refused to transfer a license for an unbuilt racetrack to Alameel and Dallas Democratic Rep. Yvonne Davis.⁴ That rejection, which prompted ongoing legal proceedings, kept the license in the hands of the sellers, including Speaker Straus. Straus sold his stake in the venture to his father this year.⁵

Three smaller gambling interests favored Republicans. The Choctaw Nation gave \$41,500 to Texas House candidates, directing just 12 percent to Democrats. The Texas Greyhound Association only supported Republicans with the \$10,000 that it spent in the House. The Texas Quarter Horse Association gave Democrats 8 percent of its modest House donations.

The table on the next page lists the Texas candidates who received the most money from gambling interests. Governor Rick Perry's \$133,000 topped the list, edging out failed Democratic challenger Bill White. Aside from Lieutenant Governor David Dewhurst, the next six candidates favored by gambling interests were all Democratic House aspirants. Note that just two of them prevailed. Highlighting this wreckage, the next page lists the gambling industry's favorite politicians, putting failed Democratic House candidates in **bold**.

Lawmakers who helped Straus topple Speaker Tom Craddick in early 2009 dominate the top Republican House candidates backed by gambling interests. Apart from Speaker Straus, the gambling industry's favorite Republican House candidate was Lubbock Rep. Delwin Jones, who lost his March primary. Jones helped open the door to a new speaker as one of the so-called Anybody-But-Craddick (ABC) Republicans. Speaker Straus then appointed Rep. Jones as House Redistricting Committee chair.

The Favorite Candidates of Gambling Interests

Amount From Gambling Interests	Recipient Candidates	Party	Office Held Or Sought	Won or Lost?	Running Status
\$133,000	Rick Perry	R	Governor	W	Incumbent
\$125,000	Bill White	D	Governor	L	Challenger
\$60,447	Carol Kent	D	H-102	L	Incumbent
\$45,439	Paula Pierson	D	H-93	L	Incumbent
\$45,000	David Dewhurst	R	Lt. Governor	W	Incumbent
\$42,000	Chris Turner	D	H-96	L	Incumbent
\$37,500	Pete Gallego	D	H-74	W	Incumbent
\$37,000	Robert Miklos	D	H-101	L	Incumbent
\$31,869	Michael L. Smith	D	H-69	L	Open Seat
\$30,000	Joe Straus	R	H-121	W	Incumbent
\$27,000	Joseph Moody	D	H-78	L	Incumbent
\$25,000	Kay B. Hutchison	R	Governor	L	Challenger
\$23,750	Mark Homer	D	H-3	L	Incumbent
\$23,500	Diana Maldonado	D	H-52	L	Incumbent
\$23,236	John Wellik	D	H-114	L	Challenger
\$22,500	Carlos Uresti	D	S-19	W	Incumbent
\$22,000	Allen Vaught	D	H-107	L	Incumbent
\$21,000	Greg Abbott	R	Attorney Gen'l	W	Incumbent
\$20,500	Valinda Bolton	D	H-47	L	Incumbent
\$20,338	Richard Hackney	D	H-11	L	Challenger
\$20,000	Jim Dunnam	D	H-57	L	Incumbent
\$20,000	Kirk England	D	H-106	L	Incumbent
\$19,077	Loretta Haldenwang	D	H-105	L	Challenger
\$16,625	John Mabry	D	H-56	L	Challenger
\$16,000	Patrick Rose	D	H-45	L	Incumbent
\$16,000	Kristi Thibaut	D	H-133	L	Incumbent
\$15,000	Susan Combs	R	Comptroller	W	Incumbent
\$15,000	David Sibley	R	S-22	L	Open Seat
\$14,500	Senfronia Thompson	D	H-141	W	Incumbent
\$13,500	Abel Herrero	D	H-34	L	Incumbent
\$13,500	Yvonne Gonzalez	D	H-35	L	Incumbent
\$13,500	Delwin Jones	R	H-83	L	Incumbent
\$13,250	Mark Strama	D	H-50	W	Incumbent
\$13,000	Mabrie G. Jackson	R	H-66	L	Open Seat
\$12,500	Dan Branch	R	H-108	W	Incumbent
\$12,250	Donna Howard	D	H-48	W	Incumbent
\$11,500	Edmund Kuempel	R	H-44	W	Incumbent
\$11,000	Hubert Vo	D	H-149	W	Incumbent
\$10,000	Lon Burnam	D	H-90	W	Incumbent
\$10,000	Wendy Davis	D	S-10	NA	Not Running
\$10,000	Jamie Dorris	D	H-113	L	Challenger
\$10,000	Veronica Gonzales	D	H-41	W	Incumbent
\$1,122,280	TOTAL				

Note: Names of failed Democratic House candidates are listed in **bold**.

Another ABC Republican favored by gambling interests was Seguin Rep. Ed Kuempel, who died two days after his reelection this November. Last year Straus appointed the pro-gaming Kuempel to chair the House committee that oversees the gambling industry.

Gambling interests also backed recently reelected Dallas Rep. Dan Branch. This lifelong friend of Straus was among the first Craddick supporters to jump ship.

Finally, the gambling interests gave heavily to Mabrie Jackson. Jackson ran for the Plano House seat vacated

by ABC Republican Brian McCall. Jackson lost her primary battle for that seat to Van Taylor.

Gambling interests did not even fare well with Republican candidates that they backed in the House. Two of their top five House Republican picks lost their primaries, while a third died soon after his reelection.

In 2010 the gambling industry made a risky bet against the Republican-dominated House that will control the state's purse and gambling rules next year. But for bad luck, these gamblers wouldn't have no luck at all. •

NOTES

¹ Democrats received \$772,780 of the \$961,280 that the gambling interests contributed to House candidates.

² For example, gambling interests contributed to Reps. Brian McCall and Frank Corte, who could not "win" or "lose" because they did not seek reelection. This is also true of contributions made to incumbent senators who did not face reelection in 2010.

³ "Mostyn and Chickasaws Might Back Off Track Bid In Move That Could Boost Lamantia License Shift," *Capitol Inside*, November 16, 2010. "Group Withdraws Lone Star Request," *Dallas Morning News*, November 17, 2010. "Lone Star Sale Shrouded in Mystery," *Houston Chronicle*, November 24, 2010.

⁴ Rep. Davis had no opponents in 2010.

⁵ "Speaker Straus' Other Horse Race," *Texas Observer*, April 8, 2010. The Straus-linked Austin Jockey Club sold the license—subject to regulatory approval—for \$1.5 million in 2005. The buyers agreed to pay Austin Jockey's owners 5 percent of anything that they grossed off new gambling activities that the state authorized in the future. The contract capped this take at \$315 million—210 times the track's sales price.