

# LOBBY WATCH



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Hammond Cheesy?

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## TAB Chief Failed To Register As Racetrack Slots Lobbyist

- Racing Lobby Paid Business Group More Than \$100,000 To Push Its Slots Plan
- Now Bill Hammond Sounds Like Casino King Donald Trump's Apprentice

In a state with more registered gambling lobbyists than lawmakers, the most intriguing gambling lobbyist of all may be an unregistered one.

Last week, racetrack lobbyist Elton Bomer told the *Dallas Morning News* that two years ago the racing industry paid the Texas Association of Business (TAB) between \$100,000 and \$150,000 to promote the legalization of video slot machines at Texas racetracks. Bomer said that TAB President Bill Hammond returned to the industry last month, offering to continue TAB's support for racetrack slots—even as the casino industry urged the state to sell slot licenses to the highest bidder.

The racing industry rejected Hammond's offer, according to the head of the Texas Horsemen's Partnership, which pays part of Bomer's lobby fees, because it could not afford to spend any more on lobbyists. Following this rebuff, Hammond urged TAB's executive committee on March 18 to change its position to endorse state auctions of so-called "video lottery terminal" (VLT) slot licenses to the highest bidder.

The racing industry's account is stunning because it suggests that the state's leading business lobby auctions off its support for

public policies much as the casino industry would have the state sell slot licenses to the highest bidder. But is this account of TAB's actions accurate?

The *Morning News* reported that Hammond did not return calls seeking verification. Yet Hammond issued a written statement confirming that the group's policy on slots could be evolving. "As we have for years," the statement says, "we support VLTs at racetracks and now are considering supporting the auctioning of VLT licenses."

In 2003, when Bomer said that the racing industry paid TAB to promote its agenda, TAB's name started popping up in gambling publications. "The Legislature is looking for sources of revenues, and this [putting slots at tracks] is a good source," TAB's Greg Talley told *Gaming Magazine* in April 2003. "It could also help rescue the race track industry."

Later that month Hammond and TAB Chair Hardy England met Governor Perry "to brainstorm on various avenues for holding the line on spending," TAB's newsletter reported. "Shortly after the Governor's mansion get-together," the newsletter said, "the governor, along with Hammond and England stood with 11 other state groups urging Texas lawmakers to hold the line on spending."

That same issue of TAB's newsletter listed racetrack slots as "a prime example of how the state can raise additional revenue without new taxes."

When Governor Perry unveiled a proposal in April 2004 to rely on sin taxes to generate new school funding, Hammond issued a congratulatory press statement that singled out one funding idea for praise. Hammond cheered Perry's proposal to generate \$2 billion over three years from racetrack slots as "a funding mechanism that does not place more burdens on the backs of Texas businesses."

In a press release a month later, Hammond slammed "Las Vegas-based casino companies," which he said seek to kill Perry's slot proposal "to protect their share of the \$2.8 billion spent by Texans at their casinos." TAB's 2005 legislative agenda again calls for legalizing VLTs at racetracks.

The public record that has surfaced to date is consistent with the racing industry's account of TAB. This account raises two further unanswered questions. First, did another interested party, such as the casino industry, make any financial pledges to TAB before Hammond called for the business group to endorse auctioning slot licenses?

Second, did Bill Hammond violate state lobby laws by failing to register as a racing industry lobbyist? Texas Ethics Commission guidelines

say reportable lobby activities involve payments of more than \$1,000 a quarter to an individual or *an individual's employer* that results in "direct communications" with "members of the legislative or executive branch" to "influence legislation."

Bomer, a Gardere Wynne lobbyist who reports the value of most of his lobby contracts as "\$200,000 or more," claims that the racing industry paid Hammond's employer at least \$100,000 in 2003. In April of that year Hammond met Perry in the Governor's Mansion "to brainstorm on various avenues for holding the line on spending." If Hammond advocated racetrack slots in this meeting or in others with legislative or executive officials, he arguably should have registered.

A Travis County grand jury is investigating if TAB broke a state law barring corporate contributions in 2002 by raising corporate money for \$1.8 million in attack ads against Democratic House candidates.

TAB has refused to identify the source of this money, although it got some of it from insurance interests. "I hope you will consider asking your colleagues in the insurance industry to write a check for \$50,000 or \$100,000 to the TAB voter education project," Hammond wrote in a 2002 solicitation. "Contributions for this purpose are not reportable."•

### Elton Bomer's Current Clients

2005 Client	Min. Value of Contract	Max. Value of Contract
Gardere Wynne Sewell	\$200,000	?
Health Care Service Corp.	\$200,000	?
State Farm Insurance	\$200,000	?
TX Medical Assn.	\$200,000	?
TX Racing Agri-Industry	\$200,000	?
Electronic Data Systems	\$150,000	\$200,000
<b>TOTALS:</b>	<b>\$1,150,000</b>	<b>?</b>