

LOBBY WATCH



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Late-Train Conductors:

Texas Loan Stars Incurred \$48 Million in Political Debts

Texas elections loopholes are allowing many of the 124 state candidates who borrowed \$48 million for their 2002 campaigns to hop the post-election “late train” by pressuring rich interests to repay their debts. Many of these loans would otherwise have to be repaid by the candidates themselves.

Special interests rarely retire the debts of losers, such as gubernatorial candidate Tony Sanchez: this election’s No. 1 debtor (\$22.2 million). As such, Texas’ most powerful late train belongs to Lieutenant Governor-Elect David Dewhurst, who borrowed \$13 million for his successful bid to run the Senate. This year’s late train brakes to a halt on December 14, 2002—30 days before the legislative session.

After Rick Perry narrowly became lieutenant governor in 1998 with a last-minute, \$1.1 million loan guarantee from James Leininger and William McMinn, he put the squeeze on the lobby and raised \$1.7 million during that brief late-train period.

With Dewhurst’s opponent attracting broad support in 2002 from the monied establishment, Dewhurst arguably surpasses Perry’s 1998 late-train clout. His oppo-

nent’s backers now must choose between hopping the late train or fretting about their political agendas.

A 1991 Texas law limits the amount of post-election contributions that candidates can use to retire personal campaign debts. Gubernatorial candidates cannot use contributions to repay more than \$500,000 in *personal* loans for each election faced (primary, runoff *and* general). The limit for other non-judicial statewide candidates is \$250,000 per election. Apart from the fact that these repayment caps are too high, there are two other gaping loopholes in this law:

- A Texas Ethics Commission interpretation excludes third-party loans that a candidate personally guarantees from the repayment limits; and
- The Legislature never imposed any repayment limits whatsoever on legislative candidates.

Dewhurst borrowed \$13 million to win his election, including \$7.4 million in loans that he personally guaranteed with his own assets. Thanks to these loopholes, however, none of these loans are subject to the repayment cap, giving Dewhurst a green light for a late-train cannonball. In fact, despite the torrent of self-financed political loans in 2002, not a single winning candidate ever hit the repayment caps.

Texas Candidates Borrowed \$48 Million in 2002

With Sanchez/Dewhurst

Without Sanchez/Dewhurst

Status	Count	Total Loans	Self-Financed Loans	Outside Loans
Won	44	\$16,593,032	\$9,207,772	\$7,385,260
Lost	80	\$30,945,244	\$29,921,737	\$1,023,507
Total:	124	\$47,538,277	\$39,129,509	\$8,408,767

Status	Count	Total Loans	Self-Financed Loans	Outside Loans
Won	43	\$3,593,032	\$1,793,885	\$1,799,147
Lost	79	\$8,683,582	\$7,660,075	\$1,023,507
Total:	122	\$12,276,614	\$9,453,960	\$2,822,654

Winning Loans: All Indebted Candidates Who Won in 2002

Winning Candidate	Party	Status	Office Won	Total Loans	Self-Financed Loans	Outside Loans
David Dewhurst	R	O	Lt. Governor	\$13,000,000	\$7,413,887	\$5,586,113
Greg Abbott	R	O	Attorney General	\$1,100,000	\$0	\$1,100,000
Juan Hinojosa	D	O	S-20	\$512,200	\$196,000	\$316,200
Craig Estes	R	I	S-30	\$290,000	\$290,000	\$0
Timoteo Garza	D	C	H-80	\$235,000	\$235,000	\$0
Linda Harper-Brown	R	O	H-105	\$149,927	\$71,800	\$78,126
Dori Contreras Garza	D	O	Appeals Court-13	\$125,000	\$25,000	\$100,000
Aaron Pena	D	O	H-40	\$115,320	\$115,320	\$0
Richard Raymond	D	I	H-42	\$110,000	\$65,000	\$45,000
Glenn A. Hegar	R	O	H-28	\$109,500	\$109,500	\$0
Sandra L. Watts	D	O	Dist Judge-117	\$100,000	\$100,000	\$0
Kyle Janek	R	O	S-17	\$100,000	\$0	\$100,000
Jake Collier	R	O	Dist Judge-158	\$86,500	\$86,500	\$0
Jerry E. Patterson	R	O	Land Com.	\$64,264	\$64,264	\$0
Richard Wayne Smith	R	O	H-128	\$59,000	\$49,000	\$10,000
Michael Williams	R	I	Railroad Com.	\$50,000	\$50,000	\$0
Jack Stick	R	O	H-50	\$37,190	\$29,220	\$7,969
Eduardo Lucio	D	I	S-27	\$34,500	\$34,500	\$0
D. Bryan Hughes	R	C	H-5	\$30,400	\$30,400	\$0
Jodie Laubenberg	R	O	H-89	\$26,000	\$26,000	\$0
Tommy Williams	R	O	S-4	\$25,000	\$25,000	\$0
Jim Solis	D	I	H-38	\$25,000	\$25,000	\$0
William Zedler	R	O	H-96	\$20,500	\$20,500	\$0
Kenneth Mercer	R	O	H-117	\$20,000	\$20,000	\$0
Elizabeth A. Berry	R	O	*Dist Judge-3	\$20,000	\$0	\$20,000
Michael Hamilton	R	O	H-19	\$15,000	\$15,000	\$0
Bruce Hal Miner	R	O	Dist Judge-47	\$15,000	\$0	\$15,000
Larry Taylor	R	O	H-24	\$14,650	\$14,650	\$0
Carlos Uresti	D	I	H-118	\$13,313	\$13,313	\$0
Glenda Dawson	R	C	H-29	\$10,000	\$10,000	\$0
Byron Curtis Cook	D	O	H-8	\$10,000	\$10,000	\$0
Norma P. Chavez	D	I	H-76	\$9,200	\$9,200	\$0
Michael Villarreal	D	I	H-123	\$8,451	\$8,451	\$0
Toby Goodman	R	I	H-93	\$7,918	\$7,918	\$0
Eduardo Rodriguez	D	O	H-51	\$6,850	\$0	\$6,850
Dora F. Olivo	D	I	H-27	\$6,000	\$6,000	\$0
Donald McLeroy	R	I	Education Bd-9	\$5,800	\$5,800	\$0
Robert R. Allen	R	I	H-106	\$5,675	\$5,675	\$0
Steve McKeithen	R	C	Appeals Court-9	\$5,000	\$5,000	\$0
Carter Casteel	R	O	H-73	\$5,000	\$5,000	\$0
Richard Hardcastle	R	I	H-68	\$3,071	\$3,071	\$0
Jerry A. Madden	R	I	H-67	\$2,500	\$2,500	\$0
Donna S. Rayes	D	O	Dist Judge-81	\$2,300	\$2,300	\$0
Sidney C. Miller	R	I	H-59	\$2,000	\$2,000	\$0
TOTALS:				\$16,593,029	\$9,207,769	\$7,385,258

Note: O = Open Seat; I = Incumbent; C = Challenger.

*Criminal District Judge.

Besides Dewhurst, four other winning candidates borrowed more than \$200,000 in the 2002 elections without hitting the caps. They are: Attorney General-Elect Greg Abbott (\$1.1 million of debt), Senator-Elect Juan Hinojosa (\$512,200); Senator Craig Estes (\$290,000); and Rep.-Elect Timoteo Garza (\$235,000).

Estes and Garza self-financed all of their loans, meaning that their loans came from themselves, their family or their businesses or that these insiders guaranteed a third-party loan. Outside debt (with no such insider source or guarantee) accounted for all of Abbott's debt and most of Hinojosa's.

Most of the *winning* candidates with the heaviest debts were running for an open seat. Because of their inherent advantages, incumbents are more likely than challengers to amass winning war chests without incurring debt. Due to incumbent

advantage, many of the most indebted *losers* sought an open seat or made a failed bid to unseat an incumbent.

Compared with the top-10 indebted winners, the top-10 losers include: Fewer incumbents (zero instead of 2); More challengers (6:1); Fewer open seats (4:7); and Even larger debts.

Dominating the top-10 losers are candidates who leveraged personal fortunes to try to unseat an incumbent. These include: oil tycoon for governor Tony Sanchez; Longhorn trial lawyer for comptroller Marty Akins; Red McCombs' son-in-law for senate John Shields; Dellionaire for Senate Ben Bentzin; and surprisingly wealthy former state official for governor Dan Morales. Under the loser-pays doctrine, most of these candidates will probably have to eat the debts of their failed campaigns.

Top Losers Who Lent Themselves Money in 2002

Losing Candidate	Party	Status	Office	Total Loans	Self-Financed Loans	Outside Loans	Election Lost
Tony Sanchez	D	C	Governor	\$22,261,662	\$22,261,662	\$0	General
Marty R. Akins	D	C	Comptroller	\$2,600,000	\$2,600,000	\$0	General
John Shields	R	C	S-25	\$1,145,000	\$1,050,000	\$95,000	Primary
Kenn George	R	O	Land Com.	\$835,000	\$835,000	\$0	Primary
David P. Deison	R	C	S-30	\$424,750	\$424,750	\$0	Primary
Ben Bentzin	R	C	S-14	\$400,000	\$400,000	\$0	General
Gary Gates	R	O	H-28	\$341,600	\$341,600	\$0	Primary
Anthony Buzbee	D	O	H-24	\$200,000	\$200,000	\$0	General
Dan Morales	D	C	Governor	\$190,298	\$190,298	\$0	Primary
Bob Richardson	R	O	H-50	\$150,000	\$150,000	\$0	Primary
Douglas Cannon	R	O	Education Bd.-6	\$144,000	\$144,000	\$0	Primary
Diana Martinez	D	O	S-20	\$129,000	\$69,000	\$60,000	Primary
Danny Duncan	D	O	H-2	\$100,000	\$100,000	\$0	General
C.L. Matthews	R	O	H-70	\$91,010	\$91,010	\$0	Primary
Tad Nelson	R	O	H-24	\$77,278	\$77,278	\$0	Primary
William Hamilton Vitz	R	O	H-70	\$75,271	\$75,271	\$0	Primary
Domingo Garcia	D	I	H-104	\$70,000	\$70,000	\$0	Primary
Eduardo Gonzalez	D	O	H-40	\$53,600	\$53,600	\$0	Primary
John Whitworth	R	O	H-20	\$52,000	\$52,000	\$0	Primary
Gary Polland	R	O	S-17	\$50,000	\$50,000	\$0	Primary
James Robert Allen	R		H-122	\$50,000	\$50,000	\$0	Primary
John W. Barger	R	C	H-123	\$50,000	\$50,000	\$0	General

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