LOBBY WATCH
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Leftover Campaign Funds Grease the Revolving Door

- **Lobby interests hired ex-lawmakers—and tapped their war chests.**

Several former lawmakers who recently moved from the Texas House into the Texas lobby sweetened this transition by transferring thousands of leftover campaign dollars to political committees or non-profits controlled by the very lobby interests that hired them as they left the legislature. While this practice probably falls short of the legal standard for a prohibited "personal use" of campaign funds, it does blur the line between prohibited and permissible uses of campaign funds.

One day after the resignation of Rep. Vilma Luna (D-Corpus Christi) took effect on July 31, 2006, for example, *Quorum Report* reported that the powerful HillCo Partners lobby firm was hiring Luna, who departed the House with almost $100,000 leftover in her war chest. Three weeks later Luna contributed $5,000 of these funds to HillCo PAC—the political committee that her new employer uses to enhance its clout with elected officials.[1] This HillCo donation is five times larger than any other political contribution that Luna has made from her surplus funds.

Almost a year after Rep. Todd Baxter (R-Austin) defeated a Democratic challenger by a margin of just 147 votes, Baxter resigned from the House effective November 1, 2005. Two weeks after he left the House—with approximately $50,000 in his war chest—the Texas Cable and Telecommunications Association announced that it had recruited Baxter as its top lobbyist. Baxter then contributed $1,000 in leftover campaign funds to the PAC of this new employer in February 2006.[2]

That same month Baxter began lobbying for an electricity retailer group called the Alliance for Retail Markets. Six months later Baxter's defunct campaign contributed $1,000 to the alliance's PAC, too.

Lobbyists Who Gave Leftover Campaign Funds To Their Employers

Revolving-Door House Member	Date Left Office	Post-Legislative Employer(s)	Date New Employer Received Leftover Campaign Funds	Value of Leftover Campaign Funds Employer Received
Todd Baxter (R-Austin)	11/1/05	TX Cable & Telecom. Assn.	2/13/06	$1,000
Todd Baxter (R-Austin)	11/1/05	Alliance for Retail Markets	7/28/06	$1,000
Vilma Luna (D-Corpus)	7/31/06	HillCo Partners lobby firm	8/23/06	$5,000
Barry Telford (D-DeKalb)	1/11/05	TX Retired Teachers Assn.	10/17/06	$500
			TOTAL:	**$7,500**

Before, during and after holding public office Texas politicians have ample discretion in how they can expend their campaign funds. The main restriction prohibits them from tapping campaign funds for "personal use,"[3] which is statutorily defined as "a use that primarily furthers individual or family purposes not connected with the performance of duties or activities as a candidate for or holder of a public office."

The primary purpose of the campaign contributions that Luna and Baxter made to their employers' PACs appears to relate to their private-sector lobby jobs rather than any candidate or officeholder role they previously might have exercised. Yet to nail the personal-use standard directly enough to prompt regulatory action a lobby interest might need to specifically agree to pay a revolving-door lobbyist a premium in exchange for leftover campaign funds. Of course the terms of such job offers almost never are made public. Indeed, such considerations might not even be made explicit to recruited revolving-door lobbyist.

Nonetheless, common sense suggests that political control over leftover campaign funds can only enhance the premiums that revolving-door lobbyists command in the marketplace. Their value is measured by the strength of their personal relationships with former colleagues—relationships that are strengthened by handouts of leftover campaign cash.

The employers of Todd Baxter and Vilma Luna certainly believe that campaign contributions strengthen political relationships. During the 2006 election cycle the PACs of HillCo, the cable trade association and the Alliance for Retail Markets collectively spent more than $1 million promoting their political agendas.

Another recent revolving-door lobbyist contributed a smaller amount of campaign funds to a foundation affiliated with a lobby employer that does not operate a PAC. Retiring Rep. Barry Telford (D-DeKalb) completed his final House term on January 11, 2005 and immediately began lobbying for the Texas Retired Teachers Association. Several days earlier his campaign reported—apparently erroneously—that it had no cash on hand.[4] Telford's campaign later contributed $500 to the Texas Retired Teachers Foundation in October 2006.[5]

Some lawmakers cash out of office with war chests considerably larger than those discussed here. At the conclusion of his term last month, Senator Ken Armbrister (D-Victoria)—who left with more than $1 million in surplus campaign funds—immediately went to work as the legislative director promoting Rick Perry's agenda in the legislature. It is hard to imagine a better preparation for a future private-sector lobby practice.

The current system is ripe for abuse. The legislature should impose a two-year cooling off period on revolving-door lobbyists and ban former candidates and officeholders from contributing leftover campaign funds to other candidates or PACs. ■

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[1] Around this same time, Luna reported signing her first 15 corporate and local-government lobby clients at HillCo.
[2] The same day Baxter's campaign made a $7,065 "consulting" payment to the direct-mail firm Delisi Communications.
[3] See §253.035 of the Election Code for restrictions on personal use of campaign funds. §253.203 forbids politicians from maintaining campaign funds for more than six years after they cease being an officeholder or candidate. §253.204 lists permissible ways to dispose of campaign funds when the six-year limit is reached. These include refunding money to the original donors or donating the funds to a political party, candidate, PAC, charity, educational institution or the state treasury. Texas Ethics Commission Advisory Opinion No. 47 of September 9, 1992 suggests that these also are permissible uses for campaign funds before the six-year clock has run out.
[4] Six months later the campaign reported that it had received no new funds, yet it reportedly spent $8,498 and now said that it had $24,097 left in the bank.
[5] The association created the foundation to build an income-producing office building on TRTA land next to the Capitol.