

LOBBY WATCH

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How About a Bake Sale?

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School Children Must Match Refineries' Influence On Perry

KHOU and the *Houston Chronicle* recently reported that Governor Perry's environmental appointees are pushing tax breaks that would deprive Texas schools and communities of many millions of dollars in revenue.¹

Perry appointees to the Texas Commission on Environmental Quality (TCEQ) asked agency staff to revisit their recommendation that the agency deny a huge tax break to oil refineries. Valero Energy Corp. requested the tax cut for refinery equipment that removes sulfur from diesel fuel.

Valero owns about \$1 billion worth of the equipment just in Harris County. The equipment yields *annual* taxes of \$7.5 million to the county and local schools. Valero and its competitors own 27 Texas refineries that account for 25 percent of the nation's refining capacity. Such a tax break would come at the direct expense of local governments and schools on the Gulf Coast, where refineries are concentrated.²

Valero is seeking the break under a 1993 constitutional amendment that exempts certain pollution-control equipment from property taxes.³ Opposing the tax break, TCEQ staff argued that the equipment actually *increases* refinery emissions, with environmental benefits occurring where the diesel is burned. A Harris County Appraisal District official told the *Chronicle* that Valero sells just a fraction of its low-sulfur diesel in Harris County. As such, the communities and kids who pay the price for the tax break would receive little in return.

Returns can be traced to the more than \$1 million that refinery interests have given to Governor Perry since 2001. Before it's too late, *Lobby Watch* challenges Texas school children to match the political clout of refineries by holding bake sales and car washes. The civics lesson is that \$1 million in political contributions can be leveraged into many millions more. Play hardball, kids, or sit on the bench.

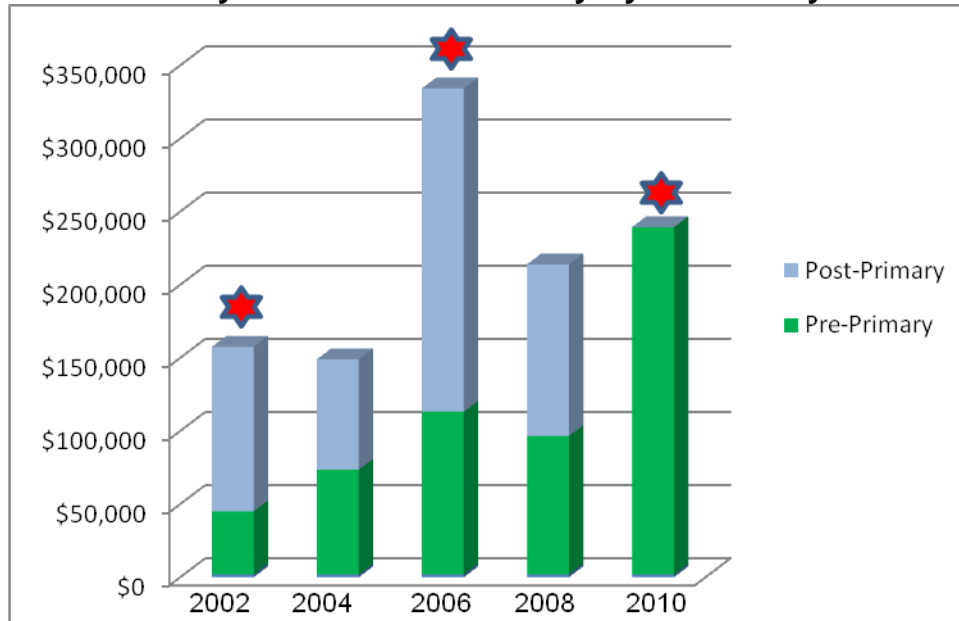
Refinery contributions to Governor Perry shot up this election cycle as the TECQ toyed with Valero's tax-break request. This cycle refinery interests gave \$237,373 to Governor Perry before the March primary. That more than doubles what they gave the governor going into any previous primary.

Refinery Contributions To Gov. Perry (2001 Through Feb. 2010)

Texas Refinery Interest	Amount To Perry
Western Refining Co.	\$421,157
Enterprise Products/Belvieu Enviro. Fuels	\$284,888
Koch Industries/Flint Hills Resources	\$131,500
ExxonMobil Corp.	\$123,900
Valero Energy Corp.	\$62,500
LyondellBasell/Equistar Chemicals	\$25,000
ConocoPhillips Co.	\$12,600
BP Global	\$9,500
Marathon Oil Corp.	\$9,000
Shell Oil	\$3,000
TOTAL	\$1,083,044

Note: Contributions from related PACs & executives.

Refinery Contributions To Perry By Election Cycle



★ Gubernatorial Election Year.

Paul Foster, CEO of El Paso-based Western Refining, is Governor Perry's highest-octane donor from this industry. Foster has contributed \$350,157 to Perry's campaign. This includes in-kind contributions when the Perry campaign flew on Foster's corporate jets.

Foster vice chairs the Perry-appointed University of Texas System Board of Regents. The governor previously appointed Foster to his 2007 Inaugural

Committee, the Texas Economic Development Corp. and the Texas Higher Education Coordinating Board.

Perry's next-largest refinery donor, Dan Duncan, founded gas-pipeline giant Enterprise Products Co. It owns the Belvieu Environmental Fuels refinery near Houston. Estimating his net worth at \$9 billion, *Forbes* ranked Duncan as the planet's 74th richest resident before his death last month.

Top Refinery Contributors To Gov. Perry (2001 Through Feb. 2010)

Amount	Perry Contributor	Company
\$370,157	Paul Foster	Western Refining (CEO)
\$283,888	Dan Duncan	Enterprise Products (late chair)
\$98,500	Morris Foster	ExxonMobil (retired president)
\$75,000	Koch Industries PAC	Koch Industries
\$62,500	Valero PAC	Valero
\$50,000	David Koch	Koch Industries (executive VP)
\$25,000	ExxonMobil PAC	ExxonMobil
\$25,000	Lyondell PAC	LyondellBasell
\$22,000	Jeff Stevens	Western Refining (executive VP)
\$22,000	Scott Weaver	Western Refining (CFO)
\$12,500	ConocoPhillips PAC	ConocoPhillips
\$9,000	Marathon Oil PAC	Marathon Oil
\$7,500	BP Corp. PAC	BP Corp.
\$7,000	Kenneth Jinkerson	Western Refining (vice president)
\$6,500	Bernard Paulson	Koch (president)

Perry's No. 3 refinery donor is Morris Foster. This retired president of ExxonMobil Production Co. chairs gubernatorial appointees to the Texas A&M University Board of Regents.

Kansas-based Koch Industries and one of its owners, David Koch, are major Perry donors. Koch Industries owns the Corpus-based Flint Hills Resources refinery.

Boasting personal fortunes of \$14 billion apiece, *Forbes* ranks brothers Charles and David Koch as the

world's 19th and 20th richest people. David Koch, who was the Libertarian Party's 1980 vice presidential candidate, founded the regulation-averse Citizens for a Sound Economy. It was a precursor of Dick Arme's FreedomWorks, which found a niche hosting tea parties.

With Gulf Coast schools and governments choking over the size, scope and inequity of this tax break, even the Perry administration may eventually conclude that this giveaway is too outrageous to swallow. •

“It still smells of Sulfur.”



--Venezuelan President for Life Hugo Chavez at the UN podium a day after “the devil” (AKA George W. Bush) addressed that assembly in 2006. Citgo, a subsidiary of Venezuela's state-owned oil company, has a refinery in Corpus Christi.

NOTES:

¹ “Paying More Taxes for More Pollution?” KHOU.com Houston, March 25, 2010. “Valero Seeks Tax Exemption,” *Houston Chronicle*, April 14, 2010.

² See “Texas State Energy Profile,” U.S. Energy Information Administration, http://tonto.eia.doe.gov/state/state_energy_profiles.cfm?sid=TX

³ Texas Environmental Almanac,” Texas Center for Policy Studies,” 1995. <http://www.texascenter.org/almanac/Waste/INDUSTRIALCH9P4.HTML>