

LOBBY WATCH



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Are Retreads Safe?

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Sibley Asks Voters To Rehire a Hired Gun

Bible-Belt Baptists Hash It Out: How Many Times Should Lawmakers— Or Church Casseroles—Be Resurrected, Reheated and Reincarnated?

The massive, seasonal migration of lawmakers into the lobby blinds us to how rare it is for lawmakers to leave the legislature, make money in the lobby and then return to the legislature with enriched perspectives.

Nine ex-lawmakers have reentered the legislature since 1995, according to the Legislative Reference Library. Just two of these lawmakers registered as lobbyists before their reentries.

Rep. Tracy King reported nine lobby contracts worth up to \$135,000 while on his two-year sabbatical. During his 12-year hiatus, colleague Todd Hunter landed 73 contracts worth up to \$2.8 million.

If David Sibley rides his unrivaled war chest to a Senate victory on Saturday, as expected, he will blow Hunter and King out of these

shallow waters. Since leaving the Senate in 2002, Sibley reported 239 contracts worth up to a stunning \$15.6 million.

The Texas Legislature is a farm team for lobbyists. Less often, wealthy, well connected lobbyists run for public office, enjoying huge fundraising advantages. Sibley raised \$480,627 in less than two months, dominating the four-way special election for retiring Senator Kip Averitt's seat. Sibley's war chest is almost seven times that of his closest rival: Republican Brian Birdwell.

Many Sibley clients are excited about sending one of their lobbyists to the Senate. Just 31 big contributors gave Sibley \$230,972 accounting for half his total war chest. Ten of these big donors are ex-clients who together paid Sibley up to \$4.3 million to lobby.

Lawmakers Reentering the Legislature Since 1995

| Legislator | Initial Terms | Latest Terms | Max. Lobby Income |
|--------------------------|---------------|--------------|-------------------|
| Sen. Troy Fraser (R) | '88-'93 | '97-'13 | \$0 |
| Sen. Chuy Hinojosa (D) | '81-'91 | '03-'13 | \$0 |
| Rep. Valerie Corte (R) | '06-'06 | '09-'11 | \$0 |
| Rep. Roberto Alonzo (D) | '93-'97 | '08-'11 | \$0 |
| Rep. Al Edwards (D) | '79-'07 | '09-'11 | \$0 |
| Rep. Todd Hunter (R) | '89-'97 | '09-'11 | \$2,785,000 |
| Rep. Wayne Christian (R) | '97-'03 | '07-'11 | \$0 |
| Rep. Tracy King (D) | '95-'03 | '05-'11 | \$135,000 |
| Rep. Richard Raymond (D) | '93-'99 | '01-'11 | \$0 |

Top Contributors To David Sibley

| Amount | Contributor (Company) | City | Max. Lobby Fees Paid To Sibley |
|----------|--|---------------|--------------------------------|
| \$25,025 | Texans for Lawsuit Reform | Austin | \$450,000 |
| \$25,000 | *Gary Heavin (Curves Fitness Centers) | Gatesville | \$0 |
| \$10,025 | TX Medical Assn. | Austin | \$100,000 |
| \$10,000 | Independent Insurance Agents of TX | Austin | \$360,000 |
| \$10,000 | Drayton McLane (McLane Co.) | Temple | \$0 |
| \$10,000 | *Rick Sheldon (Rick Sheldon Real Estate) | Waco | \$255,000 |
| \$10,000 | TX Dental Assn. | Austin | \$775,000 |
| \$10,000 | *F.M. Young (Young Construction) | Waco | \$0 |
| \$8,739 | *TX Farm Bureau | Waco | \$0 |
| \$8,250 | Robert Hallam (Ben E. Keith Co.) | Dallas | \$0 |
| \$7,000 | Ryan TX PAC | Dallas | \$0 |
| \$5,500 | Stephen Gustafson (Falls Distrib. Co.) | Wichita Falls | \$0 |
| \$5,166 | Stan Schlueter (lobbyist) | Austin | \$0 |
| \$5,000 | AT&T PAC | Austin | \$1,075,000 |
| \$5,000 | *Sen. Kip Averitt (Ryan & Co.) | Waco | \$0 |
| \$5,000 | CenterPoint Energy PAC | Houston | \$275,000 |
| \$5,000 | Chickasaw Nation | Ada, OK | \$0 |
| \$5,000 | Sen. Craig Estes | Wichita Falls | \$0 |
| \$5,000 | Independent Bankers Assn. of TX | Austin | \$0 |
| \$5,000 | Maxxam Inc. PAC | Houston | \$0 |
| \$5,000 | Mike Patterson (Patterson Equity Partners) | Arlington | \$0 |
| \$5,000 | Bill Ratliff (lobbyist) | Mt Pleasant | \$0 |
| \$5,000 | TX Aggregates & Concrete Assn. | Austin | \$0 |
| \$5,000 | TX Assn. of Builders | Austin | \$200,000 |
| \$5,000 | TX Consumer Finance Assn. | Austin | \$0 |
| \$5,000 | TX Restaurant Assn. | Austin | \$0 |
| \$5,000 | Wholesale Beer Distributors of TX | Austin | \$335,000 |
| \$4,767 | *James Hawkins (FirstCity Finc'l Corp.) | Waco | \$500,000 |
| \$4,500 | TX Bankers Assn. | Austin | \$0 |
| \$4,000 | TX Apartment Assn. | Austin | \$0 |
| \$3,000 | Rural Friends of Electric Coops | Austin | \$0 |

*In-District Contribution.

Then-Lieutenant Governor Rick Perry put Sibley in charge of the 1999 Senate committee that Sibley used to help deregulate Texas' electricity markets. Although Enron's Kenny Boy Lay has departed, other promoters of that consumer fleecing now back Sibley's campaign. Former Rep. Steve Wolens, the dereg architect in the House, gave Sibley \$2,500. Then-Governor George W. Bush gave \$2,000.

As deregulation began to hit electricity rates—like summer sun on mercury—Sibley hit the revolving door. The Energy & Natural Resources sector quickly became his biggest cash cow, accounting for 19 percent of the up to \$15.6 million that he billed clients. His No. 1 client in this sector was the Association of Electric Companies, which fought to give its members deregulatory windfalls.

Sibley's Top Lobby Clients, 2002 Through 2010

| Client | Max. Value of Contracts | No. of Contracts |
|--------------------------------|-------------------------|------------------|
| AT&T Corp. | \$1,075,000 | 9 |
| McCreary Veselka Bragg Allen | \$1,025,000 | 8 |
| Lorillard Tobacco Co. | \$950,000 | 7 |
| TX Dental Assn. | \$775,000 | 8 |
| *Assn. of Electric Co's of TX | \$750,000 | 8 |
| State Farm Insurance Co. | \$700,000 | 5 |
| *El Paso Electric Co. | \$660,000 | 7 |
| City of Harlingen | \$525,000 | 6 |
| First City Financial Corp. | \$500,000 | 6 |
| Brazos River Authority | \$485,000 | 9 |
| Texans for Lawsuit Reform | \$450,000 | 4 |
| Indep't Insurance Agents of TX | \$360,000 | 6 |
| National Evaluation Systems | \$350,000 | 4 |
| Nucor Steel | \$350,000 | 3 |
| Wholesale Beer Distrib. of TX | \$335,000 | 8 |
| Some Partnerships | \$325,000 | 7 |
| TX Council of Engineering Co's | \$310,000 | 8 |
| *Direct Energy LP | \$300,000 | 3 |
| Zurich American Insurance | \$300,000 | 4 |
| *CenterPoint Energy | \$275,000 | 3 |
| RKS TX Investments LP | \$225,000 | 3 |
| *Pedernales Electric Coop | \$210,000 | 3 |
| Lubbock Heart Hospital | \$200,000 | 2 |
| NLASCO, Inc. | \$200,000 | 2 |
| TX Assn. of Builders | \$200,000 | 2 |
| Universal Insurance Exchange | \$200,000 | 1 |
| Visa U.S.A., Inc. | \$200,000 | 4 |
| Waste Control Specialists, LLC | \$200,000 | 2 |
| Swedish Match | \$175,000 | 4 |
| Research Group of TX, Inc. | \$160,000 | 2 |
| *Entergy Corp. | \$150,000 | 2 |
| Land Owners Conservancy | \$150,000 | 1 |
| TX Civil Justice League | \$150,000 | 1 |
| TSP Development, Ltd. | \$150,000 | 1 |
| *Cap Rock Electric Cooperative | \$125,000 | 2 |

*Electric generator or marketer.

Sibley's No. 3 career client is Lorillard Tobacco, the maker of the nation's best-selling menthol cigarettes. Lorillard and Swedish Match (which produces cigars and snuff) collectively paid Sibley up to \$250,000 last year, making him the No. 1 tobacco lobbyist in Texas.¹ Last year the industry snuffed efforts to ban smoking in workplaces and public spaces.²

Led by State Farm, insurance was the No. 3 industry clamoring for Sibley's lobby services. State Farm has done more than anyone to publicize Texas' inability to regulate insurers. The company triggered Texas Department of Insurance protests last year when it announced a 9 percent increase in homeowner rates. State Farm was so moved by this regulatory posturing that it recently announced rate hikes of another 4.5 percent.³ For years, State Farm has got the better of Texas regulators, who settle complaints about its "excessive" rates for pennies on the dollar.⁴

As part of the Department of Insurance's supervision of one Sibley client, state regulators co-signed every major check that troubled auto insurer Universal Insurance wrote. The *Texas Observer* recently reported that—in a dazzling display of clout—Universal's payments of \$255,000 to Sibley were co-signed by the very regulators that he was hired to lobby.⁵ Late last year the state sued Universal's former owner, Sibley client Kourosh Hemyari, for allegedly taking \$4.8 million in improper fees from policyholders.

David Sibley is by far the most experienced candidate on the Senate District 22 ballot. Some of that experience is the kind that only big money can buy.



Sibley's Top Lobby Industries

| Client Industry or Interest | Max. Value of Contracts | Share of Total | No. of Contracts |
|-----------------------------|-------------------------|----------------|------------------|
| Energy/Nat'l Resources | \$2,970,000 | 19% | 11 |
| Ideological/Single Issue | \$2,160,000 | 14% | 8 |
| Insurance | \$1,945,000 | 12% | 9 |
| Miscellaneous Business | \$1,275,000 | 8% | 7 |
| Health | \$1,245,000 | 8% | 11 |
| Communications | \$1,235,000 | 8% | 3 |
| Finance | \$1,220,000 | 8% | 13 |
| Agriculture | \$1,175,000 | 8% | 3 |
| Lawyers/Lobbyists | \$1,125,000 | 7% | 2 |

Senate Dist. 22 Finances as of May 3, 2010

| Candidate | Money Raised | Money Spent | Money In Bank |
|-------------------------------|--------------|-------------|---------------|
| David Sibley (R) | \$480,627 | \$356,836 | \$200,221 |
| Brian Birdwell (R) | \$73,434 | \$81,367 | \$53,471 |
| Gayle Avant (D) | \$5,690 | \$2,946 | \$2,804 |
| Darren Yancy (R) ⁶ | *\$1,250 | \$16,326 | \$7,800 |

Notes

¹ See the forthcoming edition of Austin's Oldest Profession: Texas' Top Lobby Clients and Those Who Service Them," Texans for Public Justice, May 2010. The top tobacco lobbyists trailing Sibley were Reggie Bashur, Walter Fisher, Susan Longley and Stan Schlueter.

² H.B. 5 and S.B. 544.

³ "State Farm Plans 2nd Rate Hike in 8 Months," *Dallas Morning News*, March 12, 2010. "State Farm Stiff-Arming Regulators," *Dallas Morning News*, April 14, 2010.

⁴ "State Farm Ordered to Pay for Overcharging: \$310 Million Going Back to Homeowners Far Less Than Sought," *Dallas Morning News*, November 7, 2009.

⁵ "Master Stroke: Why Did Gov. Perry's Insurance Regulators Sign Their Own Lobbyist's Paychecks?" *Texas Observer*, February 5, 2010.

⁶ Yancy also reported a \$14,000 campaign loan.