

LOBBY WATCH



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The Governor's Call:

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Texas' No. 1 Special Interest, SBC, Completes A Very Special Session

After Texas' leading special interest suffered a rare defeat in this year's regular legislative session, Governor Rick Perry called lawmakers back into a special session that accomplished little more than passing the telecommunications overhaul that SBC demanded (Senate Bill 5 or 'SBC5').

Lobby records filed by the end of this year's regular session tag SBC as Austin's leading lobby force by far. Its army of 123 lobbyists—who reported up to \$6.8 million in SBC fees—

gave this giant well over twice the lobby clout of runner-up TXU.¹ Verizon, the next-largest beneficiary of the new telecommunications bill, paid 38 lobbyists another \$1.8 million. As such, SBC and Verizon lobbyists outnumbered the 150-member Texas House.

This phalanx left the leading force opposing this handout in the dust. The Texas Cable and Telecommunications Association (TCTA) paid 11 lobbyists up to \$685,000.² Time Warner Cable paid 14 lobbyists \$505,000.

Telephone Lobby Connections

Telecom Interest	Max. Value of Contracts	Min. Value of Contracts	No. of Contracts	'04 PAC Spending	Gov. Perry's Cut of PAC \$
SBC Communications	\$6,750,000	\$3,315,000	123	\$1,167,318	\$126,200
Verizon	\$1,810,000	\$855,000	38	\$100,203	\$10,000
AT&T	\$780,000	\$375,000	14	\$93,856	\$20,000
TX Telephone Association	\$525,000	\$310,000	5	\$29,499	\$0
VALOR Telecommunications	\$300,000	\$200,000	2	\$56,133	\$5,000
Cingular Wireless	\$250,000	\$125,000	5	\$25,585	\$0
MCI	\$225,000	\$110,000	3	\$91,825	\$15,000
Western Wireless	\$50,000	\$20,000	2	\$0	\$0
T-Mobile USA	\$50,000	\$20,000	2	\$0	\$0
Sprint	\$50,000	\$0	5	\$4,700	\$0
TX Payphone Association	\$40,000	\$0	4	\$10,500	\$0
TX Statewide Telephone Coop	\$25,000	\$10,000	1	\$9,250	\$0
TX Assoc. of Long Dist. Phones	\$25,000	\$10,000	1	\$0	\$0
ALLTEL Communications	\$20,000	\$0	2	\$0	\$0
Nextel Communications	\$10,000	\$0	1	\$0	\$0
Sage Telecom Inc.	\$10,000	\$0	1	\$0	\$0
TOTAL:	\$10,920,000	\$5,350,000	209	\$1,588,869	\$176,200

Cable Lobby Connections

Cable Interest	Max. Value of Contracts	Min. Value of Contracts	No. of Contracts	'04 PAC Spending	Gov. Perry's Cut of PAC \$
TX Cable & Telecom. Assoc.	\$685,001	\$455,000	11	\$20,731	\$0

Cable Interest	Max. Value of Contracts	Min. Value of Contracts	No. of Contracts	'04 PAC Spending	Gov. Perry's Cut of PAC \$
Time Warner Cable	\$505,000	\$220,000	14	\$338,015	\$25,000
Cox Communications	\$275,000	\$135,000	6	\$30	\$0
Belo Corp.	\$205,000	\$55,000	12	\$0	\$0
Comcast Cable	\$50,000	\$25,000	1	\$0	\$0
TOTAL:	\$1,720,001	\$890,000	44	\$358,776	\$25,000

At a time when a gubernatorial veto is the only thing that can stop SBC's dream bill, TCTA's lobby comes up short in another regard. Throughout the 2004 election cycle, TCTA's PAC did not give a dime to Governor Perry's campaign, which took \$126,200 from SBC's PAC. Time Warner's PAC, which gave Perry \$25,000, only slightly offset this slight.

Both sides escalated political spending going into the battle. SBC ramped up its PAC spending 56 percent from 2002 to 2004, as Time Warner boosted its Texas PAC spending 91 percent. Meanwhile Internet, phone and cable provider Grande Communications jacked up PAC spending 287 percent. Verizon PAC spending fell 55 percent.

The cable industry and local government officials attacked SBC5 because it allows SBC and Verizon to break into television markets with a competitive advantage. Unlike the cable guys, the phone giants will not have to negotiate cumbersome franchise taxes in each local jurisdiction that they enter.

While the media focused on this expensive fight, consumers will be the main victims. SBC5 deregulates what SBC and Verizon can charge to use local phone lines, which these giants monopolize throughout much of the state. This prompted opposition by competing phone companies, Internet service providers and consumer groups (including Consumers Union, AARP and Texas Public Interest Research Group).

Internet Lobby Connections

Cable Interest	Max. Value of Contracts	Min. Value of Contracts	No. of Contracts	'04 PAC Spending	Gov. Perry's Cut of PAC \$
Texans for Economic Progress ³	\$150,000	\$100,000	1	\$0	\$0
Grande Communications	\$130,000	\$50,000	5	\$212,950	\$26,000
Current Communications	\$120,000	\$50,000	4	\$0	\$0
Hughes Network Systems	\$110,000	\$50,000	2	\$0	\$0
Consolidated Communications	\$60,000	\$25,000	2	\$0	\$0
Broadband Horizons	\$50,000	\$25,000	1	\$0	\$0
Covad Communications	\$10,000	\$0	1	\$0	\$0
Alpheus Communications	\$10,000	\$0	1	\$0	\$0
TOTAL:	\$640,000	\$300,000	17	\$212,950	\$26,000

SBC5's opponents could not compete with the lobby clout of SBC (which is seeking to swallow AT&T) and Verizon (which has designs on MCI). Although Governor Perry

could veto this big-donor giveaway, he has little else to show for his special legislative sessions—other than a pension and pay hike for politicians. •

¹ TXU paid 47 lobbyists \$2.7 million.

² This maximum value is unknown. TCTA President Dale Laine's reported income is "\$200,000 or more."

³ Texans for Economic Progress has ties to Internet companies and consumer groups.