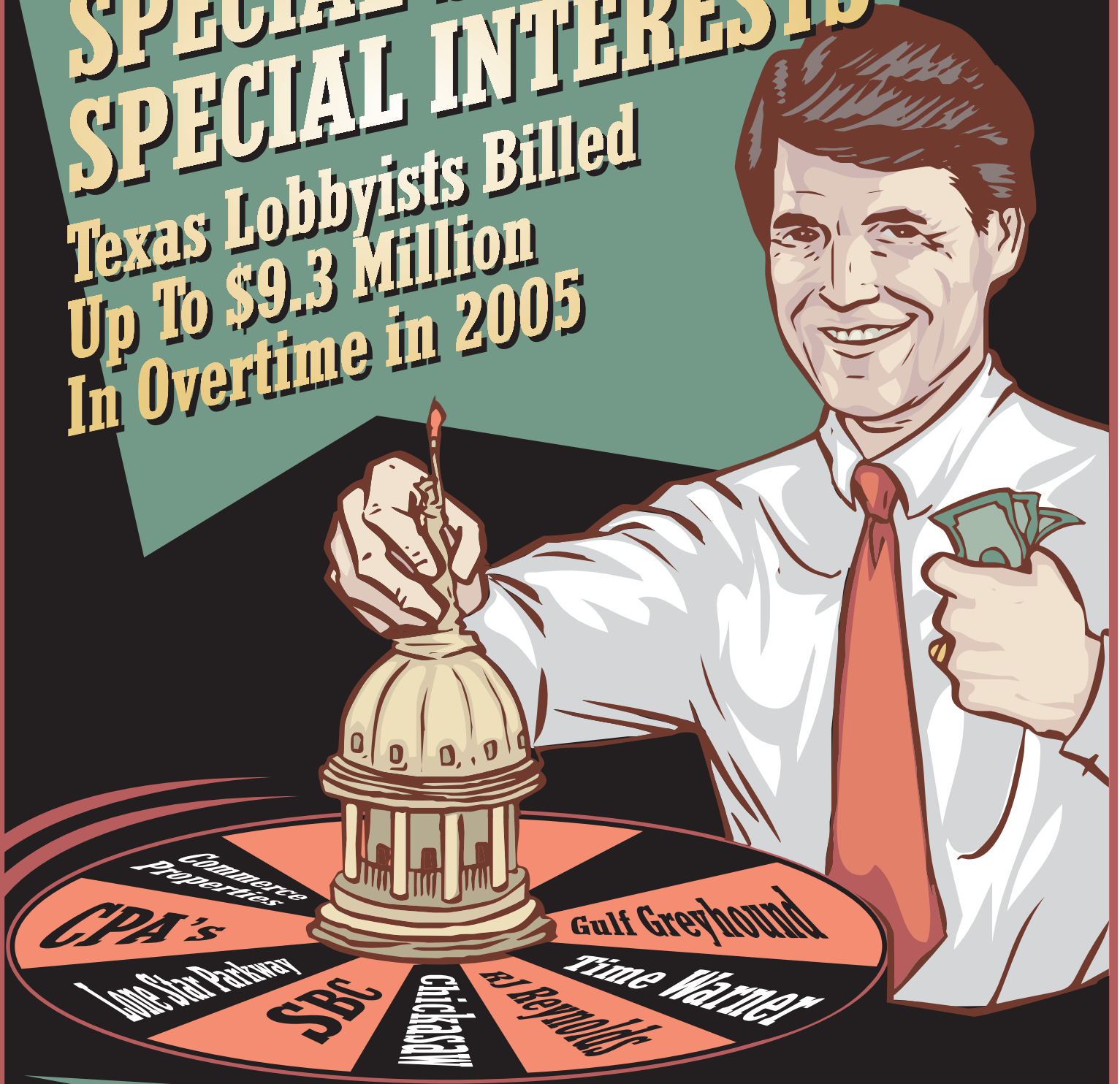


SPECIAL SESSIONS FOR SPECIAL INTERESTS

Texas Lobbyists Billed
Up To \$9.3 Million
In Overtime in 2005



Texans For Public Justice - April 2006

Special Sessions For Special Interests:

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I. Summary

- The summer after the Texas Legislature ended its regular 2005 session Governor Rick Perry convened two consecutive special sessions in a failed effort to solve the state's school funding crisis. These special sessions extended the full-blown lobby season, mobilizing special interests that did not want to get the bill for more school funding.
- The number of Texas lobbyists and lobby clients increased just 1 percent from the end of the regular session to the close of the second special session. During this three-month period the total value of Texas lobby contracts increased by \$9.3 million (3.4 percent).
- Leading proposals to increase school revenue included: Closing the loopholes that allow most businesses to dodge state taxes; or Increasing "sin taxes" on alcohol, tobacco or gambling. Interests with major stakes in these tax proposals accounted for some of the biggest surges in special-sessions lobby spending.
- The Chickasaw Nation, which operates Oklahoma's largest gambling operations, was the fastest-growing major lobby client. It increased its special-sessions lobby spending 200 percent. Lone Star Parkway doubled its lobby spending, as did the real estate company of an investor in the proposed Austin Jockey Club racetrack. Two greyhound tracks also ran up their lobby spending.
- Sin-tax opponent RJ Reynolds boosted its lobby spending 67 percent. The soda-pushing Texas Beverage Association spent \$225,000 in the specials after sitting out the regular session.
- Representing companies that oppose tax hikes for schools, Texas Businesses for Educational Excellence increased its lobby spending 44 percent.
- The Finance industry had the greatest lobby growth. The American Legal Finance Association (ALFA), which represents companies that finance plaintiff lawsuits, led this industry. ALFA scrambled after being hit in the regular session by a threatening but failed bill. That bill sought to retroactively exempt a Houston oil tycoon from paying the companies that bankrolled his successful contract-interference lawsuit against Halliburton.
- The Texas Building Owners and Managers Association (BOMA) was one of the fastest-growing clients in the No. 2-ranked Real Estate industry. BOMA has opposed efforts to impose sales taxes on commercial rents.
- Heading the No. 3-ranked Health industry was Concentra Health Services, a top beneficiary of the regular session's workers' compensation overhaul.
- Time Warner Cable led the No. 4-ranked Communications industry by hiring two new lobbyists, including Rep. Tom DeLay's brother. This failed to counter the influence of rival SBC Corp (now AT&T). Long Texas' No. 1 lobby client, SBC squeezed its own giveaway bill out of a special session ostensibly convened for Texas schools.

II. Introduction

After Texas' regular legislative session ended on May 30, 2005, Governor Rick Perry convened two special legislative sessions. The governor said he called these extraordinary summer sessions in response to court orders for the state to solve a school-funding crisis—a goal that the legislature fumbled twice that year. Yet the threat of tweaking the tax code whipped special interests into a frenzy as they scrambled to ensure that they did not foot the bill for more school funding. Meanwhile other special interests sought to exploit the special sessions to revive agendas that had floundered in the regular session. By extending the lobby season, the governor spurred moneyed interests to ramp up their lobby expenditures beyond what they had committed in the regular session. Additionally the special sessions flushed some interests into the lobby that had not registered for the regular session.

Data from past legislative years reveal that Texas lobby registrations gradually increase as the calendar year progresses—even in the absence of a special session. Nonetheless many of the lobby clients and industries that increased their lobby expenditures the most during the special sessions appeared to do so with an eye to playing special-sessions offense or defense. This report identifies the interests that reported the greatest lobby-spending increases during Governor Perry's 2005 special-sessions marathon.

By the close of the regular legislative session in late May 2005, 2,437 clients had paid 1,483 lobbyists up to \$277 million for 6,972 *paid* Texas lobby contracts. By the time the year's second and final special session ended on August 19, the number of registered lobbyists and lobby clients increased approximately 1 percent (see table). During this period, the number of active Texas lobby contracts increased 2 percent. Finally, the combined value of these lobby contracts increased up to \$9.3 million, or 3.4 percent. Clearly some lobby clients increased the number and value of their lobby contracts during the special session.

Special-Sessions Lobby Bounce

Lobby Data	May 2005	Sept. 2005	May-Sept. Growth (%)
No. of Lobby Clients	2,437	2,468	1.3%
*No. of Lobbyists	1,483	1,495	0.8%
*No. of Lobby Contracts	6,972	7,126	2.2%
Min. Value of Contracts	\$131,458,000	\$136,175,000	3.6%
Max. Value of Contracts	\$277,173,040	\$286,515,039	3.4%

* Numbers reflect *paid* lobby contracts only.

To identify the industries and clients that increased their lobby expenditures the most during the special sessions, this report compares two snapshots of Texas lobby registrations. The first snapshot captures lobby registrations that were current at the end of the regular session in late May 2005. The second snapshot shows registrations that were current in September 2005—after the close of the second special session.

Texas lobbyists are required to update their registrations when they add or drop clients. As such, some clients that were registered in May no longer were registered in September (just as some September clients were not on the books in May). Since this report focuses on clients who *increased* their lobby spending during this period, the remainder of this report excludes data for May clients who no longer were registered in September.¹

Governor Perry's stated reason for convening two special sessions in 2005 was to force the legislature to increase school funding even as it relieved overburdened property taxpayers. Most proposals to accomplish these goals recommend: Increasing "sin taxes" on alcohol, tobacco, gambling or pornography;

or Closing gaping loopholes in the state tax code. One such loophole allows 80 percent of businesses in the state to dodge franchise taxes through a shell game in which they park most of their assets in a non-taxed limited partnership.² Another big loophole exempts professional-service firms from sales taxes. Not surprisingly, many of the greatest lobbying surges during the special sessions occurred among clients that sell sin, pay heavy property taxes or exploit Texas' corporate tax loopholes.

III. Lobby Growth By Industry

The accompanying table shows which industries had the fastest lobby-spending growth from May to September 2005. This table reveals that a few industries greatly surpassed the 3.4 percent growth rate of the lobby as a whole. The Finance and Real Estate industries led the pack, increasing their lobby expenditures by more than 5 percent during the four-month special-session season. These industries, discussed below, have fended off proposals to increase taxes benefiting schools. The No. 3-ranked Miscellaneous Business category is home to purveyors of alcohol and gambling “sins.” Another favorite sin-tax target, the tobacco industry, is classified as “Agriculture,” which ranked No. 5 in lobby-spending growth.

Special-Sessions Lobby Growth By Interest Category

Interest	Max. Value of May Contracts	Max. Value of Sept. Contracts	May-Sept. Growth	May-Sept. Growth
Finance	\$17,940,000	\$19,150,000	\$1,210,000	6.7%
Real Estate	\$15,310,002	\$16,085,002	\$775,000	5.1%
Miscellaneous Business	\$31,460,002	\$32,935,001	\$1,474,999	4.7%
Health	\$33,900,002	\$35,410,001	\$1,509,999	4.5%
Agriculture	\$6,250,000	\$6,525,000	\$275,000	4.4%
Unknown	\$2,993,000	\$3,120,000	\$127,000	4.2%
Communications	\$17,395,002	\$18,105,002	\$710,000	4.1%
Computers & Electronics	\$11,880,002	\$12,330,002	\$450,000	3.8%
Energy & Nat'l Resources	\$38,235,005	\$39,655,006	\$1,420,001	3.7%
Ideological & Single-Issue	\$40,730,004	\$42,040,004	\$1,310,000	3.2%
Construction	\$9,020,000	\$9,235,000	\$215,000	2.4%
Insurance	\$16,575,004	\$16,945,004	\$370,000	2.2%
Transportation	\$10,855,001	\$11,010,001	\$155,000	1.4%
Lawyers & Lobbyists	\$15,375,016	\$15,535,016	\$160,000	1.0%
Labor	\$5,545,000	\$5,595,000	\$50,000	0.9%
Other	\$2,840,000	\$2,840,000	\$0	0.0%
TOTAL	\$276,303,040	\$286,515,039	\$10,211,999	3.7%

The next table shows the large lobby clients (with September 2005 contracts worth at least \$200,000) that posted special-session growth rates in excess of 25 percent. Half of these clients fall into the fast-growth Finance, Real Estate and Miscellaneous Business industries mentioned above. Another fast-growth client, Texas Businesses for Educational Excellence, promotes greater cost-accountability for schools on behalf of businesses that oppose business tax hikes for schools. (For more on the “education lobby” see [TPJ's November 30, 2005 Lobby Watch, "School Lobby's Civics Lesson Cost Up to \\$6.3 million"](#).)

Major Lobby Clients With Rapid Special-Sessions Growth

Client	Max. Value of Contracts May 2005	Max. Value of Contracts Sept. 2005	May- Sept. Growth	No. of Contracts In Sept.	No. of New Contracts
Chickasaw Nation	\$100,000	\$300,000	200.0%	2	0
General Electric Co.	\$105,000	\$280,000	166.7%	9	0
Commerce Properties Inc.	\$100,000	\$200,000	100.0%	2	1
MEC Lone Star LP	\$110,000	\$220,000	100.0%	7	0
Texaco Natural Gas Inc.	\$100,000	\$200,000	100.0%	8	4
American Legal Finance Assn	\$480,000	\$815,000	69.8%	25	8
RJ Reynolds Tobacco Co.	\$150,000	\$250,000	66.7%	4	1
Time Warner Cable	\$380,000	\$580,000	52.6%	14	2
TX Oil & Gas Assn	\$270,000	\$395,000	46.3%	12	3
TX Businesses for Ed. Excellence	\$250,000	\$360,000	44.0%	6	1
Outdoor Advertising Assn of TX	\$240,000	\$340,000	41.7%	11	0
Gulf Greyhound Partners Ltd.	\$300,000	\$400,000	33.3%	3	0
Holt TX Ltd. (HOLTCAT)	\$160,000	\$210,000	31.3%	12	0
TX Bldg Owners & Mngrs Assn	\$320,000	\$420,000	31.3%	6	1
Concentra Health Services Inc.	\$180,000	\$230,000	27.8%	9	0
EMC Corp.	\$180,000	\$230,000	27.8%	9	0
National Assn of REITs	\$180,000	\$230,000	27.8%	10	0
TX Society of CPAs	\$90,000	\$115,000	27.7%	6	1

Sin City

By far the fastest-growing lobby client during the special sessions was the **Chickasaw Nation**, which operates Oklahoma's largest gambling operations. The tribe announced a \$260 million expansion of its gambling operations in 2005 despite questions about the legality of some of its existing casinos. This tribe has an interest in preventing the legalization of competing casinos or slot machines in Texas. During Texas' special sessions the Chickasaw boosted payments to Texas lobbyists Joseph Bishop and James Shearer up to 200 percent.

Fast-growth **MEC Lone Star**, the owner of Grand Prairie-based Lone Star Parkway, wants the kind of expanded Texas gambling that the Chickasaw fear. Texas racetracks have been pushing for authorization to operate slot machines. MEC doubled its lobby spending during the special sessions, paying most of this money to the Graydon Group. Houston-area dog track, **Gulf Greyhound**, similarly boosted its lobby spending, paying most of these fees to Robert and Gordan Johnson—lobbyists who own shares in this dog track. The apparent contractor-for-life to the Texas Lottery, **GTECH**, also increased its lobby spending 14 percent.

"Walk down the right back alley in Sin City, and you can find anything."
—Sin City

Sin-tax opponent **RJ Reynolds Tobacco** fired up its spending, paying most of this money to the Johnson & Johnson firm. Chewing-tobacco giant **U.S. Smokeless Tobacco** also increased its lobby expenditures 13 percent (with Rusty Kelley, Reggie Bashur and James Clark biting off most of this chaw).

High finance

Finance and Real Estate were the industries that posted the highest special-sessions growth rates, expanding their lobby spending by 6.7 percent and 5.1 percent, respectively. The fastest growth Finance client, **the American Legal Finance Association**, is discussed in the “Of Special Interest” section of this report.

The **National Association of Real Estate Investment Trusts** (NAREIT) is a fast-growth client that straddles the Finance and Real Estate industries. REITs are like mutual funds that allow investors to buy shares in a portfolio of real estate properties. The REIT industry loves Texas’ franchise-tax loophole, which it has fought to preserve since then-Governor Bush issued a vague call to reform Texas’ tax structure in 1997. Two resulting legislative proposals at that time would have imposed sales taxes on commercial rents and applied the franchise tax to general partnerships, limited partnerships and REITs. Drew Alexander, head of the Houston-based REIT Weingarten Realty Investors, led the industry’s successful lobby efforts to sandbag both revenue proposals. Public Strategies’ Rusty Kelley and HillCo Partners’ Neal ‘Buddy’ Jones led NAREIT’s 10-member lobby team that carried on this work in 2005.

The fast-growth **Texas Society of Certified Public Accountants** (TSCPA) is one of many professional-services trade groups that revolted in recent years against paying sales or franchise taxes. Lobbyist Jack Roberts spearheaded the accountant tax revolt.

Of Special Interest:

ALFA-Male Plaintiff

The American Legal Finance Association (ALFA) posted the fastest-growth among large Finance industry clients. After ramping up its lobby spending 69 percent, ALFA had 25 contracts worth up to \$815,000.

Companies that finance plaintiff lawsuits created the ALFA trade group in 2004 to represent a fledgling industry facing mounting regulatory scrutiny. In a 2005 settlement with New York Attorney General Eliot Spitzer, nine ALFA members agreed to reforms designed to curb allegations that they engaged in predatory-lending tactics with individuals and businesses pursuing legal claims. Some jurisdictions do not regulate this industry's contingency contracts as loans since plaintiffs need not repay anything if they lose in court.

A failed bill that Rep. Joe Nixon and Sen. Ken Armbrister introduced during the regular 2005 session (HB 2987) purported to protect consumers by subjecting lawsuit-financing contracts to state usury laws. Rep. Nixon said that this would cap this industry's effective interest rate at 18 percent—or less than what credit card companies routinely charge Texas consumers. In an unusual provision, the bill applied retroactively to cases that already had resulted in a final judgment.

The *Houston Chronicle* reported at the time that this clause would release a Houston plaintiff, Anglo-Dutch oil company, from paying millions of dollars to firms that collectively had invested more than \$2 million in Anglo's litigation. A trial court that found that Halliburton and Ramco broke a Kazakhstan oil contract with Anglo awarded the company \$106 million in damages. To avoid appeals, Halliburton and Anglo settled for an undisclosed amount in 2004. Anglo owner Scott Van Dyke then balked at paying his financiers their share, which exceeded \$4 million.

Confronted with the fact that their retroactive bill would bail out Van Dyke, the sponsoring lawmakers admitted to the *Chronicle* that they floated the bill for lobbyist Steve Holzheuser. Remarkably, both legislators said they did so without bothering to find out who Holzheuser represented. Research for this report suggests that Van Dyke used an entity called American Oil & Gas LLC to pay Holzheuser and seven other lobbyists a total of up to \$170,000.

Members of ALFA opposed the Nixon-Armbrister bill. ALFA apparently feared that a variant of this bill would rise from the dead. Three big firms—Public Strategies, Graydon Group and Gardere Wynne Sewell—dominated ALFA's lobby roster.

2005 Lobbyists For American Oil & Gas

Lobbyist	Max. Value of Contract	Min. Value of Contract
Steve Holzheuser	\$100,000	\$50,000
Bernard Rothschild	\$10,000	\$0
Blanca Laborde	\$10,000	\$0
Stephanie Gibson	\$10,000	\$0
C. L. Matthews	\$10,000	\$0
Joe A. Garcia	\$10,000	\$0
William E. Siebert	\$10,000	\$0
David H. Cain	\$10,000	\$0
TOTAL:	\$170,000	\$50,000

Real Estate

The Real Estate industry's fastest-growing major client, **Commerce Properties** of Pflugerville, has interests in Governor Perry and the gambling industry. President Tim Timmerman once served on the board of an insurance company with future Governor Rick Perry. Timmerman helped Perry make \$343,000 in the early 1990s, the *Dallas Morning News* reported, by telling him about a strategic land parcel between billionaire Michael Dell's lot and a local sewage line. A big Austin-area landowner, Timmerman also is an investor in the Austin Jockey Club (AJC). AJC sought to build a horse track in Pflugerville but 71 percent of its voters opposed the track in a non-binding referendum in early 2005. After the referendum, Timmerman's company hired Locke Liddell lobbyist Yuniedth Midence for up to \$100,000. Commerce Properties upped the ante further during the special sessions by adding Locke Liddell's Bill Jones—Governor Perry's former general counsel.³

The fast-growth **Texas Building Owners and Managers Association** (BOMA) also added Bill Jones during the special sessions. BOMA opposed imposing sales taxes on commercial rents. During the regular session its top lobbyist, Locke Liddell's Robert Miller, got Sen. Jeff Wentworth and Rep. Frank Corte to float a bill that established a uniform commercial building code in Texas (SB 1458).

HCG Master Ground Lease, LP is another fast-growth Real Estate client. Sen. Gonzalo Barrientos floated a failed bill in the regular 2005 session that would have granted this developer bond-issuing authority to fund a shopping center over an environmentally sensitive aquifer near Austin.

Health

The Health industry's fastest-growing major client, **Concentra Health Services**, championed the workers' compensation overhaul (HB 7) that passed during the regular 2005 session. One provision of that law authorizes HMO-style networks—such as those operated by Concentra—to treat workers' compensation claims. The law also replaces the six-member Workers' Compensation Commission with a single gubernatorial appointee who heads a new workers' compensation division within the business-friendly Texas Department of Insurance. Concentra paid nine Gardere Wynne lobbyists up to \$230,000. Concentra's top lobbyist, Stephen Koebele, was ahead of the recent wiretapping craze. Comptroller Carole Keeton Strayhorn sacked Koebele in 1999 for secretly taping his phone calls with the comptroller.

Communications

Time Warner Cable led large Communications clients, expanding its spending 53 percent. During the special sessions Time Warner added two new top lobbyists: Mark Malone and Congressman Tom DeLay's brother, Randy. Even so, the up to \$580,000 that this cable giant spent on 14 lobbyists was not enough to fend off a special-session lobby coup by behemoth rival **SBC Corp.**

While the legislature did not solve the school-funding crisis in the 2005 special sessions, it did approve a big SBC and Verizon handout, deregulating the rates these phone companies can charge for their local phone monopolies. The same new law allows the phone giants to compete with cable television providers without negotiating cumbersome franchise taxes with each local jurisdiction, as cable companies do. While SBC increased its lobby spending a modest 2 percent during the special sessions, it has long been Texas' largest lobby client. By September it was spending up to \$6.9 million on 237 lobbyists, led by SBC Vice President Paul Cardella and ex-legislative parliamentarian Walter Fisher (who appeared to help

SBC thrash two former Fisher clients: the Texas Municipal League and the Texas Cable and Telecommunications Association).

Another fast-growth Communications client was the **Outdoor Advertising Association**, which had an 11-member lobby team led by Rusty Kelley. The advertising industry mobilized as early as 2003 to fend off school-finance proposals that would have extended the state sales tax to billboard ads and certain newspaper inserts. One other fast-growth media opponent of such proposals is the *Dallas Morning News'* Belo Corp., a franchise-tax dodger that increased its lobby spending 24 percent.

Computers & Electronics

Fast-growth **General Electric** may have had an interest in corporate tax loopholes, whereas **EMC Corp.** appeared to be seeking government contracts.

Energy & Natural Resources

The land-intensive petrochemical industry (**Texas Oil and Gas Association and Texaco**) has long been a champion of property-tax relief and generally supports a low, broad-based business tax.

IV. Special Sessions Newcomers

In addition to the lobby clients that increased their lobby expenditures, 61 clients that were not registered in the regular session decided to hire lobbyists during the 2005 special sessions. Sin-tax interests again topped this list of new lobby clients. The top new client was the **Texas Beverage Association**, a soft-drink trade group that may have helped let the fizz out of junk-food taxes. The beverage group paid 10 lobbyists—led by Public Strategies—up to \$255,000.

Another major new client, the Florida-based Hecht family’s **Southwest Florida Enterprises**, is a major investor in the Corpus Christi Greyhound racetrack, which wants slot machines.

Amil International is a Brazilian-based HMO that dropped thousands of city and school workers in Central Texas when it abandoned the market in early 2005. While the land-heavy petrochemical industry has been a big proponent of property-tax relief, **Chevron Phillips Chemical Co.** has opposed proposals to shift some of this burden through a sales tax on professional services. The company complained as early as 2004 that such a tax would cost it tens of millions of dollars in extra legal, accounting and consulting fees.

The **Texas Real Estate Investors Association** (TREIA) is a new landlord trade group created in response to a reform that passed in the regular session (HB 1823). Reform groups including ACORN and the Texas Low Income Housing Information Service promoted this legislation to crack down on lease-to-own real estate schemes that often prey on vulnerable consumers such as immigrants. Landlord interests represented by partners Joe Bishop and James Shearer watered down this reform during the regular session but failed to kill it outright.

Top New Clients Surfacing in the Special Sessions

New Client	Max. Value	No. of	Interest
	of Contracts		
	Sept. 2005		
TX Beverage Assn.	\$255,000	10	Misc. Business
Southwest Florida Enterprises	\$200,000	1	Misc. Business
National Extended Care, LLC	\$200,000	4	Health
Amil International (US), Inc.	\$150,000	1	Health
Chevron Phillips Chemical Co.	\$135,000	3	Energy/Nat'l Resources
TX Real Estate Investors Assn.	\$100,000	2	Real Estate
TX Pain Society	\$100,000	1	Health
TX Assn. of Accredited Pain Programs	\$100,000	1	Health
LULAC National Housing Commission	\$100,000	2	Ideological/Single-Issue
Gonzalez Financial Holdings, LLC	\$100,000	4	Finance
FileNet Corp.	\$100,000	1	Finance

Pain lobbyist Michael Cushman represented the **Texas Pain Society** (TPS) and **Texas Association of Accredited Pain Programs** (TAAPP). These groups had keen interests in the regular session’s workers’ compensation overhaul (HB 7). This new law seeks to cut costs, in part by cracking down on abusive billings. TPS largely represents physicians who treat pain. The TAAPP represents a more interdisciplinary group of rehabilitation providers. TAAPP says it formed to restore credibility to an industry tainted by fly-by-night programs that, for example, rented motel pools to provide injured workers with “group physical therapy.”

San Antonio-based **Gonzalez Financial Holdings** (GFH) mass mails deceptive, official-looking letters warning homeowners that their property taxes are overdue. The company then offers loans to pay back taxes, foreclosing on those who fail to repay the loans. A month after Corpus Christi's KRIS-TV exposed this scam in June 2005, GFH hired four Loeffler Tuggey Pauerstein Rosenthal lobbyists for a total of up to \$100,000. These lobbyists included former Texas Public Utility Chair Rebecca Armendariz Klein.

California-based **FileNet Corp.** markets data-management software to private companies and government entities, including Texas A&M. It hired local lobbyist Marc Rodriguez during the special sessions for up to \$100,000.

V. Fastest-Growth Major Lobbyists

Lobbyist	Firm	Max. Value	Max. Value	May-Sept	Top Fast-Growth Client
		of Contracts	of Contracts	Growth	
		May 2005	Sept. 2005	(%)	
Charles W. Evans	NA	\$121,000	\$286,000	136.4%	*Texans for Educational Ex.
Deb. Goodell-Polan	NA	\$145,000	\$280,000	93.1%	AmeriGroup Corp.
Bob McFarland	NA	\$156,000	\$255,000	63.5%	Six Flags Over TX
Gilbert Turrieta	NA	\$1,498,000	\$2,212,000	47.7%	Am. Legal Finance Assn.
Galt Graydon	Graydon Group	\$1,595,000	\$2,334,500	46.4%	Cendant Corp.
Robert Johnson Jr.	Johnson & Johnson	\$602,000	\$847,000	40.7%	RJ Reynolds Tobacco Co.
Jay P. Brown	Graydon Group	\$910,000	\$1,274,000	40.0%	*MEC Lone Star [Parkway]
Russell T. Kelley	Public Strategies	\$23,188,000	\$32,177,500	38.8%	TX Beverage Assn.
Jay W. Propes	Graydon Group	\$1,247,000	\$1,711,000	37.2%	*Wholesale Beer Distributors
Jack Roberts	NA	\$2,388,000	\$3,151,000	32.0%	TX Beverage Assn.
Gordon Johnson	Johnson & Johnson	\$757,500	\$982,500	29.7%	*Retama [Park]
Lisa Mayes	Loeffler Tuggey	\$272,000	\$351,000	29.0%	Nat'l Extended Care
Allen Beinke Jr.	Loeffler Tuggey	\$272,000	\$351,000	29.0%	Nat'l Extended Care
David Sibley	Sibley Group	\$3,834,000	\$4,914,000	28.2%	Waste Control Specialists

*This lobbyist had more than one fast-growth client that increased spending at the same rate.

Fourteen major lobbyists (with maximum September lobby incomes exceeding \$250,000) increased their reported lobby incomes by more than 25 percent between May and September of 2005.

¹ This explains discrepancies between the first two tables in this report. For example, the maximum value of May 2005 contracts listed in the first table is \$277,173,040. Note that this is \$870,000 *more* than the maximum value of May 2005 contracts listed in the second table. This is because the second table excludes data for May clients who no longer were registered in September (clients who clearly did not *increase* their lobby expenditures). This also explains the discrepancy between the May-September growth rate reported in the two tables (a rate that increases when the May-only contracts are excluded).

² Texas generally levies a "franchise tax" on the taxable capital and earned surplus of a corporation or limited liability company doing business in the state. The state exempts limited partnerships from this tax. Many businesses can and do dodge the franchise tax through a shell game in which they park 99 percent of their assets in a non-taxed Texas limited partnership. This limited partnership is controlled by an out-of-state general partner that is taxed only on this remaining 1 percent of assets.

³ Jones switched to Vinson & Elkins in January 2006.