

Austin's Oldest Profession:

Texas' Top Lobby Clients & Those Who Service Them

(Analyzing 2007 Lobby Contracts)

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Source: Data analyzed in this report come from lobby reports filed with the Texas Ethics Commission by year-end 2007. Texas lobbyists report their income within broad ranges (such as "\$50,000 to \$99,999"). For brevity's sake, this study reports the maximum amount, labeling it "maximum" or "up to," except where otherwise noted.

Omar Khan did the primary research for this report.

Texans for Public Justice is a non-profit, non-partisan research and advocacy organization that monitors money in Texas politics and promotes campaign finance and judicial-selection reforms.

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I. Lobby Facts

- Special interests spent up to \$2.4 billion over the past decade on more than 62,000 Texas lobby contracts.
- During 2007, 2,706 clients paid 1,629 Texas lobbyists up to \$348 million, more than doubling the \$164 million maximum spent in 1998.
- Depending on how the numbers are crunched, Texas ranks somewhere between No. 1 and No. 4 in the nation in the amount of money that special interests spend to lobby this state government.
- Thirty-one clients boasted maximum lobby expenditures exceeding \$1 million in 2007. AT&T, which perennially tops this list, spent up to \$10.2 million on 126 contracts. TXU and TXU's new owners spent a combined total of up to \$14 million on 177 contracts, collectively surpassing even AT&T.
- Led by the old and new TXU, "Energy & Natural Resources" clients spent more on the lobby than any other industry (up to \$60 million), accounting for 17 percent of Texas' total lobby expenditures.
- "Ideological & Single-Interest" clients, led by local governments, ranked No. 2, spending up to \$49 million and accounting for 14 percent of all lobby spending.
- Health clients ranked No. 3, led by the powerful Texas Medical Association. This physicians' lobby euthanized proposals to spur competition from other health professionals.
- Twenty-eight lobbyists reported maximum 2007 incomes exceeding \$1.5 million apiece. The state's best-paid lobbyists collectively received up to \$67 million, accounting for 19 percent of all lobby dollars.
- Lobbyist Todd Smith claimed the biggest gross income, reporting up to \$3.9 million from 26 clients. Yet Smith may have inflated his income when he listed his own firm as the client for his three largest contracts.
- Texas lobbyists reported 59 mega-contracts worth unspecified amounts of "more than \$200,000" apiece. A 2007 reform requires better reporting of mega-contract values. Under the new law, the maximum category for a lobby contract is "\$500,000 or more." Lobbyists hitting this threshold must report the exact value of their contract. There were glitches implementing this new law in late 2007 but the Texas Ethics Commission says they have been ironed out in 2008.

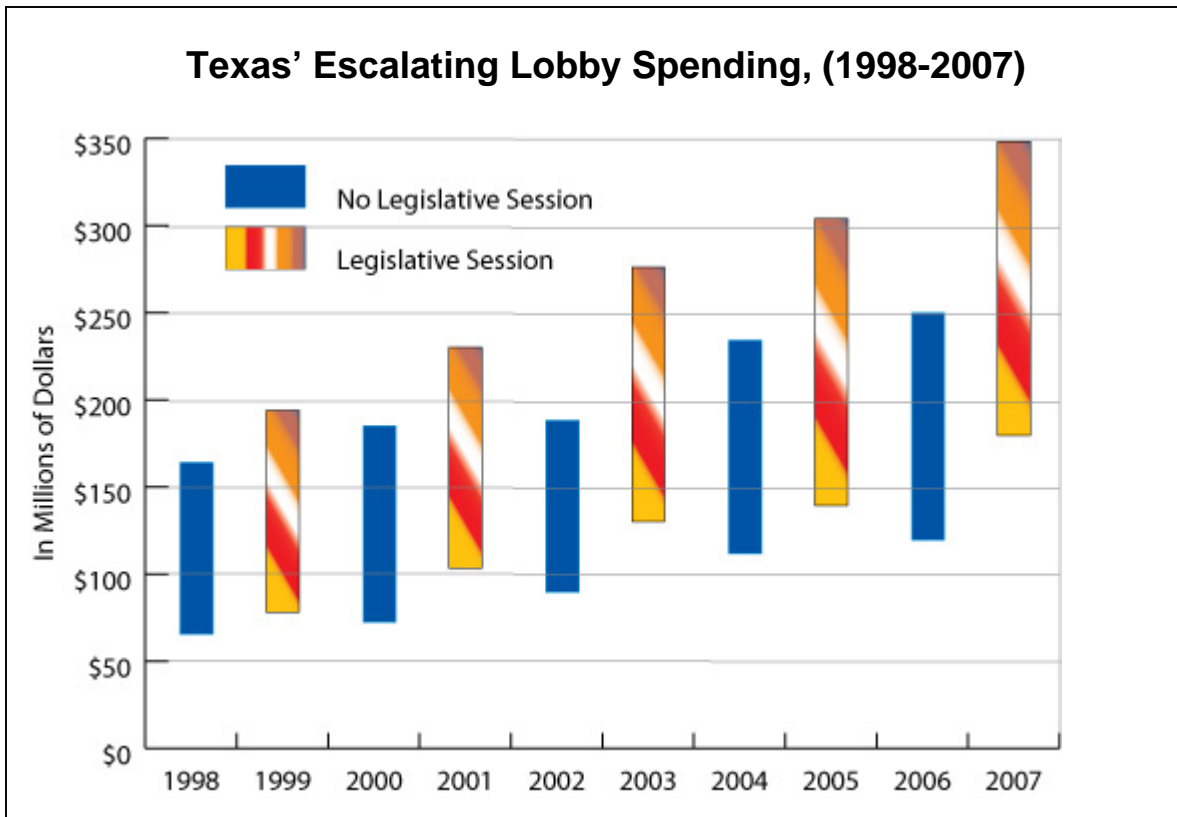
II. Lobby Clients

A. Texas' Escalating Lobby Spending

Over the past decade, special interests have spent between \$1.1 billion and \$2.4 billion on more than 62,000 Texas lobby contracts. As the accompanying table shows, lobby spending has increased over this period far more than the number of lobbyists, clients and contracts.

Texas' lobby spending peaks in odd-numbered years when the biennial Texas Legislature convenes in its regular session. Lobby spending has increased over time, regardless of whether you compare odd-numbered legislative years (striped bars) or the even-numbered years that lack a regular legislative session (solid bars). Lobby spending peaks at the end of the year—after the last lobby reports are filed. The numbers presented here are year-end data.

This report reveals the industries and clients that spent the most to influence public officials in 2007, as well as Texas' top hired guns that year. As the accompanying graph shows, lobbying is a growth industry. Special interests spent up to \$348 million on Texas lobbyists in 2007, more than double the \$164 million maximum that they spent in 1998. Exact contract values are unknown because Texas lobbyists report them in ranges such as "\$50,000 to \$99,999". As discussed later in this report, a reform implemented in September 2007 mandates better disclosure of the biggest lobby contracts—including disclosing the exact value of contracts worth \$500,000 or more.



Texas' Escalating Lobby Spending, (1998-2007)

Year	Min. Value of Contracts	Max. Value of Contracts	Contracts	Lobbyists	Clients
1998	\$68,300,300	\$164,285,312	5,495	1,297	1,599
1999	\$82,930,600	\$194,295,620	6,280	1,510	1,870
2000	\$80,250,300	\$185,135,319	5,834	1,280	1,658
2001	\$104,490,030	\$229,715,049	6,391	1,484	2,018
2002	\$90,175,079	\$188,305,115	4,737	1,256	1,827
2003	\$132,485,543	\$275,585,578	6,593	1,578	2,283
2004	\$113,960,043	\$234,210,077	5,321	1,371	1,896
2005	\$145,735,247	\$304,122,043	7,455	1,525	2,471
2006	\$119,315,500	\$250,400,439	6,120	1,315	2,125
2007	\$175,823,000	\$348,263,054	8,166	1,629	2,706
TOTAL:	\$1,113,465,642	\$2,374,317,606	62,392	*	*

Note: Data only include contracts with minimal values greater than zero.

*These totals would mislead since many lobbyists and clients reappeared each year.

B. The Nation's No. 4 State Lobby?

The adage “Everything’s bigger in Texas” is difficult to prove or disprove where lobby expenditures are concerned. A kaleidoscope of different state lobby reporting requirements subjects any state lobby ranking to numerous caveats. Undeterred, the Washington, D.C.-based Center for Public Integrity has ranked state lobby expenditures for several years. The most recent edition of the Center’s “Hired Guns” report covers 2006 lobby data.¹ By that reckoning Texas ranked as the nation’s No. 4 lobby in 2006, down from No. 2 in 2005.²

Top Lobby States in 2006

2006 Rank	State	2006 Lobby Spending	No. of Clients
1	California	\$271,680,365	3,201
2	New York	\$151,000,000	3,347
3	Florida	\$121,760,708	3,238
4	Texas	\$120,215,500	2,730
5	Massachusetts	\$78,960,743	1,052

Source: Center for Public Integrity

This ranking is subject to important caveats. As discussed above, the Texas Legislature does not convene regular sessions in even-numbered years. As such, 2006 was an off year for the Texas lobby.³ Moreover, most of the top lobby states listed in the accompanying table disclose the *actual* value of their lobby incomes, whereas Texas discloses lobby compensation in ranges (e.g. \$50,000 to \$99,999). This is significant because the Center compared the *minimum* value of Texas lobby contracts to the actual value of lobby contracts in other major states.⁴ Had the Center used the *maximum* Texas value of more than \$250 million, then Texas would have ranked second only to California—in an off year for the Texas Legislature. By contrast, in the 2005 session year, the maximum value of Texas lobby contracts surpassed actual values reported in California.

The Center’s Texas data differ from those used in this report for a couple of reasons. First, the Center tracks a wider universe of lobby expenditures that includes the amount that special interests pay registered lobbyists (these data are analyzed in this report) along with the amount that those lobbyists spend wining and dining politicians (data not analyzed here). In addition, the Center tracks *all* lobby contracts whereas this report just tracks *paid* ones.

C. Million-Dollar Clients

By the end of 2007, 31 clients spent more than \$1 million apiece on 814 lobby contracts. Collectively these 31 mega-clients paid lobbyists up to \$69 million, accounting for a remarkable 20 percent of all the money spent on Texas lobbyists. As usual, AT&T flexed Texas' largest lobby muscle, spending up to \$10.2 million on 126 contracts. The company announced in June 2008 that it would move its headquarters from San Antonio to Dallas. Dallas paid the behemoth \$5 million in public funds to seal the deal.⁵ AT&T competitors Verizon and Time Warner Cable also ranked among Texas' top 15 clients. Yet they collectively spent less than half of what their larger rival did.

Million-Dollar Clients

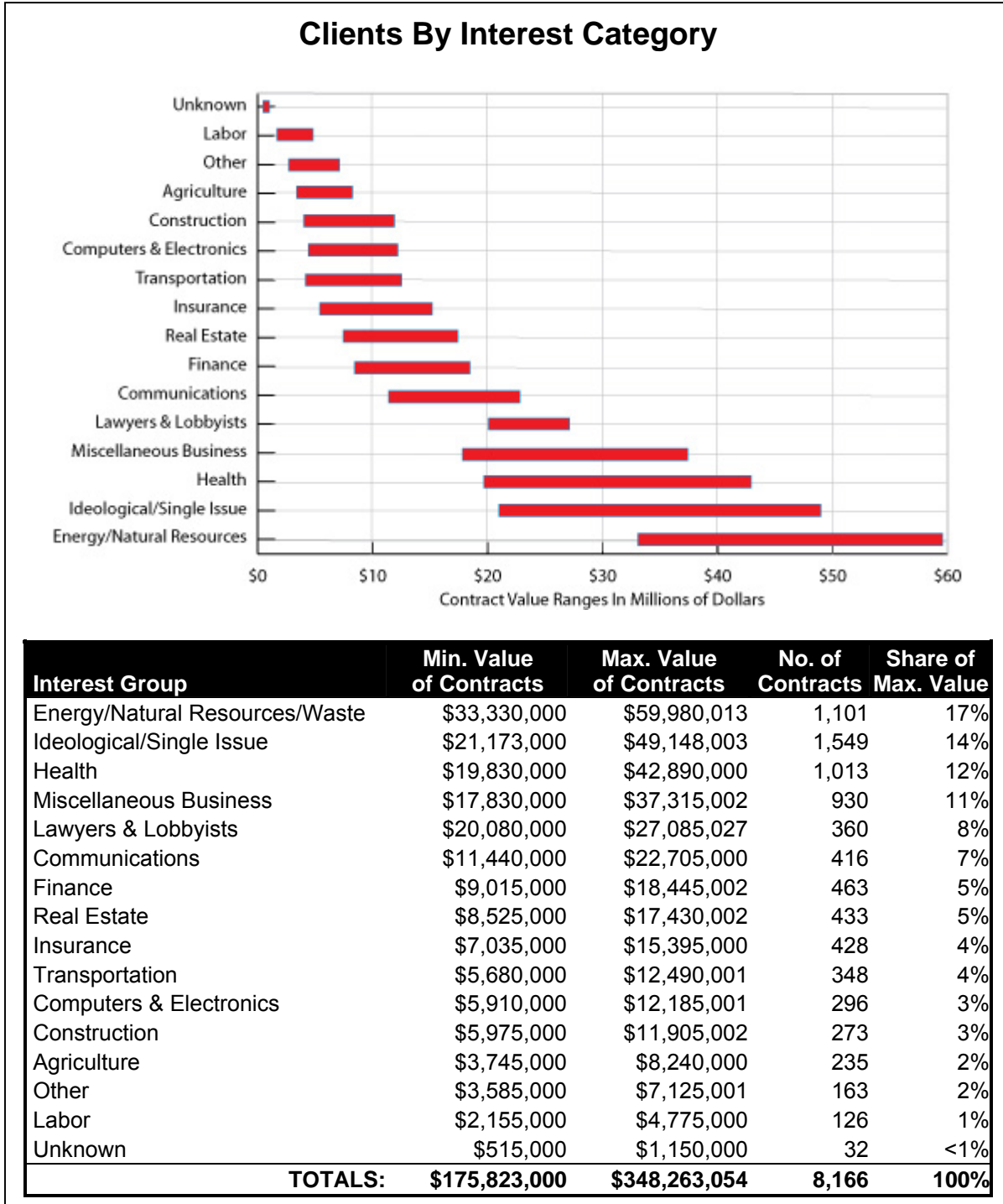
Client	Max Value of Contracts	No. of Paid Contracts	Interest
AT&T, Inc.	\$10,210,000	126	Communications
Energy Future Holdings Corp.	\$7,685,007	68	Energy/Natural Resources/Waste
TX Utilities Co (TXU)	\$5,745,001	96	Energy/Natural Resources/Waste
McGinnis Lochridge & Kilgore	\$4,550,009	11	Lawyers & Lobbyists
Energy Future Holdings Corp.	\$2,715,000	45	Energy/Natural Resources/Waste
Verizon	\$2,530,000	54	Communications
Locke Liddell & Sapp	\$2,370,004	9	Lawyers & Lobbyists
Baker Botts	\$2,170,004	7	Lawyers & Lobbyists
TX Cable & Telecom. Assn.	\$1,835,000	33	Communications
Vinson & Elkins	\$1,830,002	16	Lawyers & Lobbyists
TX Medical Assn.	\$1,805,000	29	Health
TX Trial Lawyers Assn.	\$1,725,001	17	Lawyers & Lobbyists
Ryan & Co.	\$1,710,001	17	Finance
TX Assn. of Realtors	\$1,525,001	14	Real Estate
Time Warner Cable	\$1,510,000	32	Communications
Linebarger Heard Goggan Blair...	\$1,425,000	27	Lawyers & Lobbyists
Mesa Water, Inc.	\$1,400,001	10	Energy/Natural Resources/Waste
City of Austin	\$1,390,000	25	Ideological/Single Issue
CenterPoint Energy	\$1,360,000	16	Energy/Natural Resources/Waste
UST Public Affairs, Inc.	\$1,340,000	23	Agriculture
Atmos Energy Corp.	\$1,280,001	17	Energy/Natural Resources/Waste
TX Assn. of School Boards	\$1,200,000	10	Other
Wholesale Beer Distributors of TX	\$1,140,000	22	Miscellaneous Business
ExxonMobil Corp.	\$1,120,000	10	Energy/Natural Resources/Waste
Assn. of Electric Co's of TX	\$1,110,000	22	Energy/Natural Resources/Waste
City of Houston	\$1,105,000	18	Ideological/Single Issue
Texans for Lawsuit Reform	\$1,060,000	19	Ideological/Single Issue
American Electric Power	\$1,050,000	7	Energy/Natural Resources/Waste
Reliant Energy	\$1,010,000	10	Energy/Natural Resources/Waste
Hunt Building Co.	\$1,000,002	2	Real Estate
Impact TX Communication	\$1,000,002	2	Lawyers & Lobbyists

No. 3-ranked lobby client TXU Corp. started the year promoting its quest to build 11 filthy new coal plants in Texas. In February 2007 buyout firms Kohlberg Kravis Roberts & Co. and TPG

Group announced a \$45 billion bid to acquire TXU, canceling all but three of the new coal plants. Calling themselves Energy Future Holdings Corp., the buyout partners spent up to \$7.7 million on 68 lobby contracts to consummate the takeover.⁶ These suitors, TXU and TXU's Luminant subsidiary together spent up to \$14 million on 177 lobby contracts—a lobby squeeze that surpassed even the mighty AT&T. Other jumbo clients are discussed later in this report.

D. Top Clients By Interest Category

This report categorizes Texas' 2007 lobby contracts by their underlying interests. Energy & Natural Resources clients led the herd. They accounted for 17 percent of all lobby expenditures, spending up to \$60 million. Ideological & Single-Interest clients consumed 14 percent of the lobby pie, spending up to \$49 million. The next largest categories, Health and Miscellaneous Business, also are discussed below.



1. Energy & Natural Resources Clients: Up to \$60 Million

The up to \$60 million that Energy & Natural Resources clients spent on 1,101 contracts accounted for 17 percent of all lobby spending. As discussed earlier, TXU, Luminant and their buyout suitors dominated this sector, collectively spending up to \$14 million on 177 lobby contracts. Most of the other top lobby clients in this sector also are electric power interests. (Classified in the Ideological and Single-Interest category, the non-profit Cities Aggregation Power Project makes wholesale electricity purchases on behalf of more than 100 cities.)

The top clients in the oil and gas industry were Atmos Energy (which acquired TXU's gas operations in 2004), ExxonMobil and Shell. Two fossil-fuel trade groups also spent up to \$500,000 on the lobby.

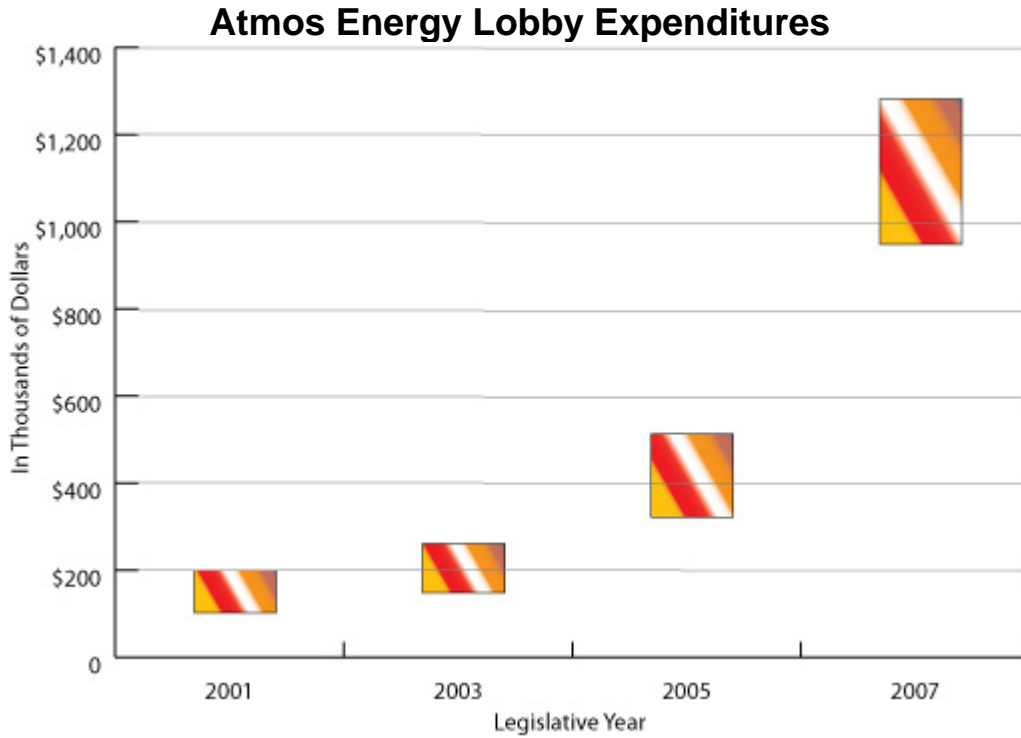
Top Energy & Natural Resources Clients

Client	Min. Value of Contracts	Max. Value of Contracts	No. of Contracts
Energy Future Holdings Corp. *	\$5,910,000	\$7,685,007	68
TX Utilities Co. (TXU) *	\$3,045,000	\$5,745,001	96
Mesa Water, Inc.	\$1,050,000	\$1,400,001	10
CenterPoint Energy	\$670,000	\$1,360,000	16
Atmos Energy Corp.	\$950,000	\$1,280,001	17
ExxonMobil Corp.	\$700,000	\$1,120,000	10
Assn. of Electric Co's of TX *	\$535,000	\$1,110,000	22
American Electric Power*	\$725,000	\$1,050,000	7
Reliant Energy, Inc.	\$645,000	\$1,010,000	10
Shell Oil Co.	\$750,000	\$960,001	10
Exelon Power*	\$390,000	\$840,000	16
Constellation Energy Group*	\$700,000	\$810,001	4
Entergy Corp. *	\$325,000	\$760,000	19
El Paso Electric Co.	\$380,000	\$725,000	9
NRG Energy, Inc. *	\$410,000	\$685,000	13
Waste Control Specialists, LLC*	\$305,000	\$655,000	13
Luminant Holding Co. *	\$290,000	\$620,000	13
TX Electric Cooperatives	\$270,000	\$550,000	8
Direct Energy, LP	\$210,000	\$505,000	13
TX Pipeline Assn.	\$500,000	\$500,001	1
City Public Service of San Antonio*	\$300,000	\$500,000	5
TX Oil & Gas Assn.	\$235,000	\$500,000	11

* Nuclear power interest.

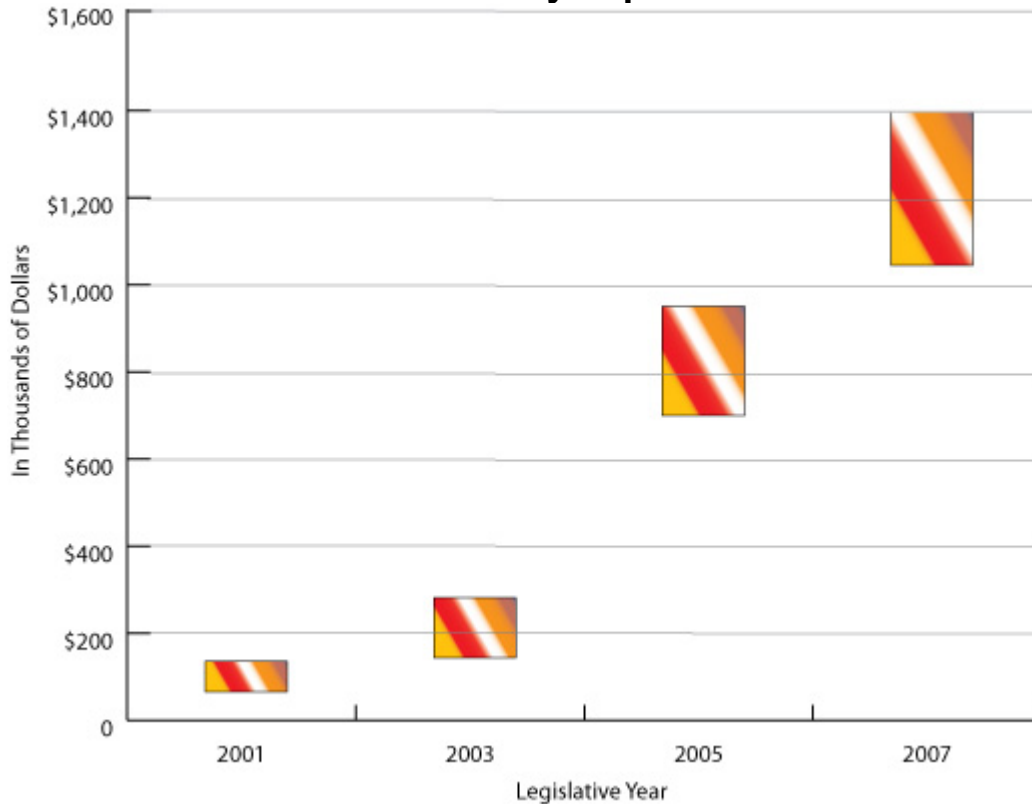
The most explosive regulatory issue for Atmos are its pipelines, which have killed five Texans in recent years. A hard-hitting investigative series aired by WFAA-TV of Dallas found that a Texas Railroad Commission investigation initially identified faulty pipeline couplings as the probable cause of one recent Atmos blast. Yet the final report by this agency—led by three elected commissioners who collectively received more than \$40,000 from Atmos' political committee—covered up these coupling concerns.⁷ Under pressure from WFAA and the *Dallas Morning News*, two of the three commissioners ordered gas utilities to replace the implicated couplings within two years in November 2007.⁸ As the accompanying graph shows, Atmos spent up to \$1.3 million on Texas lobbyists during the 2007 couplings probe—a 150 percent increase over the

maximum of \$510,000 that it spent during the preceding session. After Atmos contractors ruptured a Dallas pipeline in May 2008, nobody notified emergency personnel until after the first of three explosions erupted an hour later. The blasts destroyed two homes and hospitalized three people, one of whom did not survive.⁹



Dallas billionaire T. Boone Pickens—who influenced Texas’ 2006 elections with \$1.2 million in political contributions—controls the No. 3 Energy & Natural Resources client. His Mesa Water owns vast rights to Ogallala Aquifer water in the Panhandle and wants to transport it to thirsty markets around the Dallas Metroplex.¹⁰ Mesa expenditures on Texas lobbyists swelled 937 percent from 2001 to 2007.

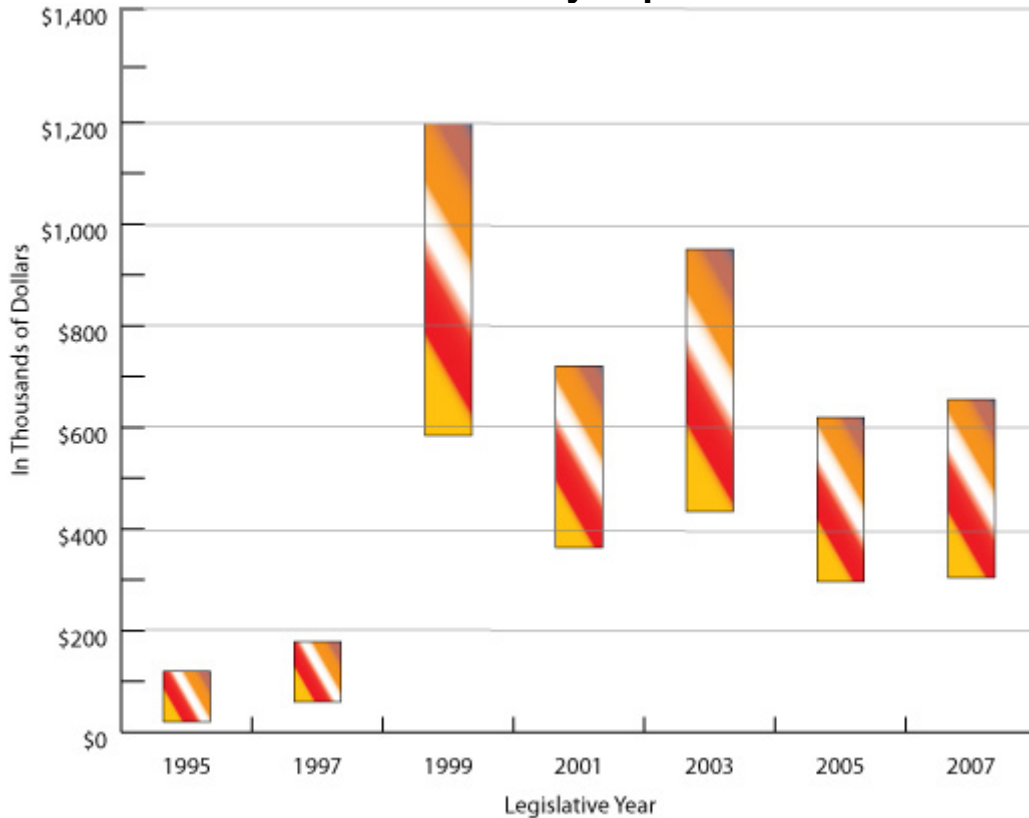
Mesa Water Lobby Expenditures



With Mesa Water paying lobbyists more than \$1 million in 2007,¹¹ the Texas Legislature further watered down indulgent laws governing so-called “fresh water supply districts.” These changes helped five Pickens employees form a water supply district on Pickens’ Panhandle ranch. That backwater district claims governmental powers of eminent domain to condemn private land for a 320-mile pipeline to the Metroplex.¹² Another Pickens company, Mesa Power, plans to build the nation’s largest wind farm in the Panhandle and transmit clean kilowatts over that same route to the smog-smothered Metroplex. With the wind farm encountering fewer political headwinds, Mesa Power spent just \$125,000 on the lobby in 2007.

Another Dallas billionaire—Harold Simmons—operates Waste Control Specialists (WCS). After several sessions of intense lobbying by WCS, the Texas Legislature in 2003 authorized the creation of privately run low-level nuclear waste dumps in West Texas’ Andrews County (just one company applied for this franchise). WCS continues to rely on aggressive lobbying. It informed investors in 2008 that regulators require the company “to obtain and retain numerous operating permits... any of which could be subject to revocation, modification or denial.”¹³ Yet this company has encountered few regulatory hurdles that it cannot clear. Harold Simmons ranked as Texas’ eighth-largest contributor in the 2006 election cycle, giving \$1.1 million to state political committees and candidates. Only one other individual surpassed the \$315,000 that Governor Rick Perry took from Simmons that cycle.¹⁴ Simmons and Pickens were major underwriters of the Swiftboat attack ads on 2004 Democratic presidential candidate John Kerry; Simmons spent \$2.9 million to fund similar attacks on Barack Obama in the summer of 2008.¹⁵

Waste Control Lobby Expenditures



The long-term strategy of WCS, which reported an operating loss of \$14 million in 2007, is to “provide ‘one-stop shopping’ for hazardous, low-level and mixed low-level radioactive wastes.”¹⁶ Helping expand the waste supply, Texas lawmakers approved a 2007 measure allowing school districts to offer tax abatements to new nuclear reactors.¹⁷ Texas accounted for one-fourth of the 31 new nuclear reactors proposed to federal regulators by August 2008.¹⁸ In May 2008, Governor Perry’s Texas Commission on Environmental Quality (TCEQ) appointees gave WCS a license to dispose of up to 1.2 million cubic yards of uranium-mining byproduct wastes.¹⁹ WCS, which is licensed to store low-level radioactive waste onsite, is pressuring the TCEQ to let it permanently dispose of this waste there.²⁰ Three TCEQ employees recently resigned because they said TCEQ brass treated the WCS license as a done deal. A major concern raised about the WCS facility is that radioactivity could leach into the Ogallala Aquifer, which covers parts of eight states. Company tests also found that 43 people have been exposed to radiation at the plant as a result of malfunctioning ventilators that contaminated the plant’s lunchroom and nearby hallways.²¹

2. Ideological & Single-Interest Clients: Up to \$49 Million

Ideological & Single clients spent up to \$49 million on more than 1,500 lobbyists, accounting for 14 percent of all lobby spending. Local government interests dominated this category. Local governments use the lobby to compete against one another for scarce state and federal funds. These lobbyists have swarmed in recent years against legislative efforts to limit the property taxes upon which local governments depend. At the end of the 2007 session, the Texas Municipal League celebrated the demise of various proposals to cap property-tax hikes. In 2008 local governments continue to track four interim legislative committees studying limits on property taxes and appraisals. County governments also are calling for public disclosure of property sales prices, which they argue would result in higher property tax appraisals.

Top Ideological & Single-Interest Clients

Client	Min. Value of Contracts	Max. Value of Contracts	No. of Contracts
City of Austin	\$645,000	\$1,390,000	26
City of Houston	\$555,000	\$1,105,000	18
Texans for Lawsuit Reform	\$545,000	\$1,060,000	20
TX Municipal League	\$510,000	\$990,000	18
Harris Co. Commissioners Court	\$655,000	\$855,001	12
Independent Colleges & Universities of TX	\$675,000	\$850,001	5
Port of Houston Authority	\$420,000	\$850,000	10
American Cancer Society	\$350,000	\$750,000	14
City of Dallas	\$305,000	\$745,000	23
Bexar Metropolitan Water District	\$450,000	\$700,000	5
Lower Colorado River Authority	\$300,000	\$680,000	18
Texans for School Choice	\$375,000	\$650,000	7
Metropolitan Transit Authority of Harris Co.	\$350,000	\$600,000	6
City of San Antonio	\$300,000	\$600,000	8
Cities Aggregation Power Project	\$325,000	\$590,000	11
TX Association of Counties	\$175,000	\$555,000	30
TX Industry Project	\$500,000	\$500,001	1

The largest non-governmental client in this category was Texans for Lawsuit Reform (TLR), which has used Texas' largest political committee to shield the legal liabilities of businesses that harm consumers, workers or communities. TLR's past successes have driven it offshore in the search for a new cause of action. Its 2007 claim to fame was a new law that forces injured dredging workers to sue their employer in the county where the injury occurred or where their employer is based.²² Workers previously filed these cases in their hometowns in the Rio Grande Valley, where TLR believes that Hispanic judges and juries are too sympathetic to injured workers. Promoters of the bill skirted one obvious fact: The dredging industry recruits workers from the depressed border because few others will do such dangerous work for relatively low pay.

The Independent Colleges and Universities of Texas (ICUT) seeks increased public funding for students at private schools through the Tuition Equalization Grant Program. The state appropriated \$106 million for this program in the 2008-2009 budget, less than ICUT sought.

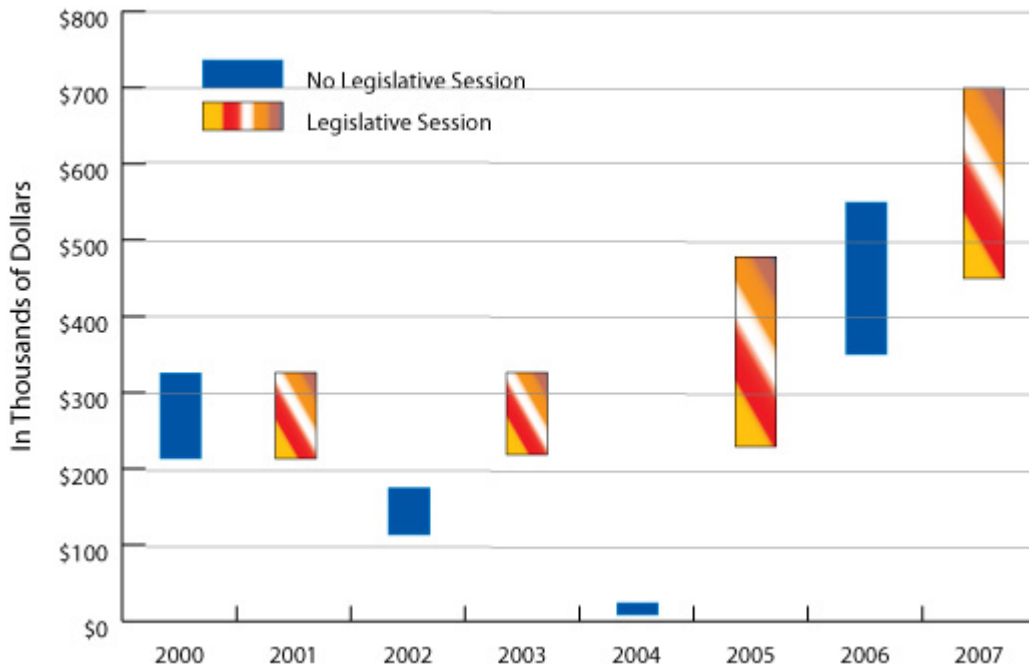
American Cancer Society lobbyists helped pass a 2007 ballot measure authorizing the state to issue \$3 billion in cancer-research bonds. Proposition 15's success (61 percent of the vote)

reflected its lobby pragmatism. It encountered no organized opposition because it proposed massive expenditures to *cure* cancer. The anti-cancer lobby knew that a proposal to *prevent* cancer through strict controls on the emissions of known carcinogens, for example, would have unleashed fierce opposition from the state’s petrochemical industry.²³ If politics is the art of the possible, the special-interest lobby is there to suppress what’s possible. Speaking of which, the Texas Industry Project is a group of more than 60 shipping, energy and manufacturing companies that Baker Botts organized to promote their mutual interest in weak environmental regulations.

Texans for School Choice is a lobby arm of wealthy school-voucher enthusiast James Leininger of San Antonio. During the 2006 election, this group’s political committee spent \$155,880, plowing 81 percent of it into the failed GOP House campaigns of George Antuna and Martha Wong.

The legislatively created Bexar Metropolitan Water District is struggling for survival. In 2007 then-House Natural Resources Committee Chair Robert Puente proposed transferring control of BexarMet from its elected board to Bexar County Commissioners.²⁴ Proponents said this would resolve the utility’s chronic mismanagement problems.²⁵ BexarMet defenders countered that Puente ultimately wanted the municipally owned San Antonio Water System (SAWS) to swallow its competitor (SAWS revived this conspiracy theory by making Puente its interim CEO in May 2008).²⁶ Puente’s original bill was blocked by opponents who said that dissolving BexarMet’s board would dilute minority voting rights. As enacted, the bill preserves the board but subjects it to a panel of legislative overseers who can put BexarMet in receivership if it does not pass environmental and financial audits.²⁷

BexarMet Lobby Expenditures



The new law would have put Puente on Bexar Met’s oversight board—if he remained in the House.²⁸ Instead, citing fatigue, Puente announced his retirement from the House in October 2007.²⁹ Exacerbating Puente’s exhaustion was the prospect of a tough Democratic primary in which he would have to explain his support for GOP House Speaker Tom Craddick as well as his cozy relationship with lobby pal Marc Rodriguez.³⁰ In 2006 Puente bought a foreclosed home and quickly flipped it to Rodriguez for a fast profit of at least \$24,000.³¹ The deal looked like a possible payoff for all the times that Puente had pushed legislation sought by Rodriguez’s clients.

Some Rodriguez Clients With Legislative Links to Robert Puente

Client	Tie To Rep. Puente or His Natural Resources Committee (NRC)
CL Ranch	Testified in NRC for Puente’s SB 3, 4/12/05
City Public Service	Beneficiary of Puente’s HB 1292 in 2007 ³²
Noble-Kidd Development	Testified in NRC for Puente’s HB 4085, 4/18/07
Onion Associates ³³	Testified in NRC for Puente’s HB 3772, 4/18/07
San Antonio Water System	Testified in NRC for Puente’s HB 1292, 3/21/07
TX Water Quality Assn.	Testified in NRC for Puente’s SB 1633, 5/21/03*
Water Exploration Co.	Testified in NRC on Puente’s SB 1570, 6/20/03

*Rodriguez signed this client the following year in 2004.

BexarMet had its own sleaze. During the 2007 session, Puente got the Bexar County District Attorney to investigate allegations that BexarMet’s public relations contractor, T.J. Connolly, made illegal corporate contributions to BexarMet board candidates.³⁴ Connolly, who participated in BexarMet’s Austin lobby squeeze, did not register as a Texas lobbyist.³⁵ After a grand jury indicted Connolly on political contribution charges in January 2008 prosecutors also secured indictments of BexarMet General Manager Gil Olivares on charges that he sexually harassed some employees and wiretapped others.³⁶ None of this bodes well for the BexarMet’s legislative probation.

3. Health Clients: Up to \$43 Million

Health industry clients spent up to \$43 million on more than 1,000 contracts, accounting for 12 percent of all lobby spending. Much of the health industry—including insurers, hospitals, physicians, dentists and pharmaceutical interests—promoted 2007 measures that expanded the Children’s Health Insurance Program and increased Medicaid reimbursements.³⁷ A federal judge has exerted ongoing pressure on Texas to increase Medicaid spending for children through his oversight of the settlement of a class action lawsuit filed in 1993.³⁸

Top Health Clients

Client	Min. Value of Contracts	Max. Value of Contracts	No. of Contracts
TX Medical Association	\$865,000	\$1,805,000	29
Pharmaceutical Research & Manufacturers of America	\$325,000	\$715,000	17
TX Hospital Association	\$335,000	\$695,000	16
TX Pharmacy Association	\$300,000	\$655,000	18
TX Association for Home Care	\$295,000	\$640,000	12
TX Dental Association	\$325,000	\$550,000	5
TX Association of Health Plans	\$260,000	\$545,000	13
Blue Cross Blue Shield of TX	\$270,000	\$540,000	11
E. TX Medical Center Regional Healthcare System	\$225,000	\$500,000	10
GlaxoSmithKline	\$275,000	\$490,000	10
CVS/Caremark	\$225,000	\$480,000	11
Health Advocate	\$300,000	\$470,000	5
SUNRx	\$300,000	\$470,000	5
Hospital Corporation of America	\$300,000	\$460,000	6
Cancer Therapy & Research Center	\$200,000	\$440,000	8
Aetna, Inc.	\$175,000	\$410,000	10
St. Luke’s Episcopal Health System	\$200,000	\$400,000	4

The Texas Medical Association (TMA) paid 29 lobbyists up to \$1.8 million—more than twice what any other Health interest spent. TMA plugged the Cancer Prevention and Research Institute, which will spend \$300 million a year on cancer research.³⁹ TMA helped defeat a bill to require physicians to disclose if they have financial stakes in the testing facilities to which they refer patients.⁴⁰ TMA’s doctor lobby stifled competition, telling its members that it pulled the plug on 88 bills seeking to expand the health practices of non-physicians (much as the Texas Dental Association excised a bill to let dental hygienists administer local anesthetics).⁴¹ TMA orthopedists won a recent round of turf footsy in court. In early 2008 Austin appellate judges overturned the State Board of Podiatric Medical Examiners, which had pronounced ankle bones as part of the “foot.”⁴² Note that even state judges do not escape the lobby’s reach. During their 2006 election campaigns, the two appeals judges who ruled in this case took a total of \$8,750 from TMA’s PAC and \$3,000 from the Texas Podiatric Medical Association PAC.⁴³

The Texas Pharmacy Association celebrated significant increases in the 2007 session on Medicaid reimbursements for generic and name-brand drugs (an industry represented by the Pharmaceutical Research and Manufacturers of America). Pharmacies are clashing with prescription benefits companies such as SUNRx over kickbacks from drug companies, mail-order drugs and pharmacy reimbursements.

The biennial state budget approved in 2007 increased reimbursements five percent for nursing home and in-home care providers (represented by the Texas Association for Home Care). This failed to keep up with a 2007 congressional increase in the minimum wage.⁴⁴

The Texas Association of Health Plans helped bottle up two bills opposed by health insurers. One promoted the use of out-of-network health providers.⁴⁵ The other sought to standardize Byzantine contracts between insurers and providers.⁴⁶ The nauseating intricacies of the health care system spawn for-profit middlemen, such as Pennsylvania-based Health Advocate, which offers to help patients and employers navigate this chaos.

4. Miscellaneous Business Clients: Up to \$37 Million

The diverse clients falling into the Miscellaneous Business sector spent up to \$37 million, accounting for 11 percent of all lobby spending. Some of the biggest spenders in this category were alcohol and gambling interests. The wholesale alcohol industry made a big play in 2007 to repeal rules that force bars and restaurants to buy alcohol from package liquor stores.⁴⁷ Package stores retaliated by urging lawmakers to allow manufacturers to sell directly to package stores—thereby bypassing wholesalers.⁴⁸ Hung up—or over—by this wicked mix of drinks, legislators never uncorked either bill from the House Licensing Committee.

Top Miscellaneous Business Clients

Client	Min. Value of Contracts	Max. Value of Contracts	No. of Contracts
Wholesale Beer Distributors of TX	\$605,000	\$1,140,000	22
GEO Group, Inc.	\$710,000	\$925,001	6
Licensed Beverage Distributors	\$370,000	\$720,000	13
TX Package Stores Association	\$300,000	\$635,000	13
Aces Wired, Inc.	\$300,000	\$600,000	6
Pearson Education	\$530,000	\$595,001	6
Administaff, Inc.	\$350,000	\$550,000	4
H.E. Butt Grocery Co.	\$200,000	\$510,000	16
TX Association of Manufacturers	\$245,000	\$500,000	11
Amusement & Music Operators of TX	\$225,000	\$450,000	5
Silverleaf Resorts, Inc.	\$170,000	\$435,000	19
Landry's Restaurants, Inc.	\$210,000	\$425,000	10
TX Retailers Association	\$210,000	\$425,000	5
BG Distribution/Republic Beverage	\$200,000	\$410,000	5
Gulf Greyhound Partners, Ltd.	\$300,000	\$400,000	2
Multimedia Games, Inc.	\$200,000	\$400,000	4

Gambling interests have unsuccessfully pressed lawmakers for years to expand their industry. A key goal has been to introduce slot-like machines called “video lottery terminals,” such as those produced by Austin-based Multimedia Games. Gulf Greyhound and other race tracks argue that they cannot survive without slots. Houston-based Landry’s Restaurants, which owns Nevada casino interests, has urged its home state to embrace casinos. Meanwhile some Amusement and Music Operators of Texas members have operated illegal slot-like machines called “eight liners.” Aces Wired tried to convince prosecutors that similar machines that it installed in recent years are legal simply because they track winnings on a debit card that can be redeemed for goods from participating retailers.⁴⁹ Texas Attorney General Greg Abbott disagreed in an opinion issued in early 2007. Abbott then orchestrated raids on Aces facilities in eight cities in May 2008.⁵⁰

Two state contractors in the Miscellaneous sector spent heavily to lobby the state. The Geo Group (formerly Wackenhut Corrections) spent up to \$1.1 million on 22 lobbyists in 2007, or 15 times what it spent during the 2005 session.⁵¹ In late 2007 the state abruptly revoked Geo Group’s contract for a juvenile detention facility in West Texas after officials belatedly “discovered” squalid conditions there. Nonetheless, the state continued to pay Geo to run nine other facilities in the state.⁵² Another state contractor, Pearson Education, paid six lobbyists an average of up to \$100,000 apiece. In addition to selling textbooks to Texas schools, Pearson won a 2007 contract to administer Texas Medical Board exams.

The Texas Association of Manufacturers is a major defender of the tax changes made in a 2006 special session (taking effect in 2008). Lawmakers in that special session funded a property-tax cut by replacing a loophole-ridden franchise tax with a margins tax on businesses. Lawmakers tweaked this tax change again in the 2007 session.⁵³ Businesses benefiting the most from the changes are capital- and property-intensive enterprises, including manufacturers and the oil and gas industry. To neutralize retailers such as H.E. Butt Grocery, lawmakers also included a one-half percent cut in the tax rate on wholesalers and retailers. Apart from nailing big businesses that had formed limited partnerships as a tax dodge, the new tax fell heaviest on small, competitive businesses with high costs and limited profits such as specialty contractors,⁵⁴ as well as certain professional partnerships (such as attorneys, architects, doctors and accountants). The failed push by professional firms to squirm out of the tax may help explain why the lobby rankings of these firms soared in 2007 (see “Top 100 Lobby Clients in Texas” at the end of this report). The tax firm Ryan & Co.—which ranked as the No. 282 lobby client in 2005—ranked No. 12 in 2007. And four law firms ranked among Texas’ top 10 lobby clients in the state in 2007—four times the number with that ranking in 2005.

Dallas-based Silverleaf Resorts has a history of infuriating customers. It has spawned class-action lawsuits and hundreds of complaints with the Better Business Bureau and state regulators. Customers have accused Silverleaf of using high-pressure, deceptive sales tactics to sell time shares in low-end, poorly maintained resorts. Silverleaf settled investigations by the state Attorney General and Real Estate Commission in 1997 by agreeing to comply with state real estate laws and improve customer disclosures.⁵⁵

II. Lobbyists

A. Texas' Top Lobbyists

Twenty-eight Texas lobbyists reported maximum lobby incomes exceeding \$1.5 million apiece in 2007, down from the 30 lobbyists who cleared this amount in 2005. Yet two staff lobbyists who are paid from \$50,000 to \$100,000 by the Texas Medical Association misleadingly reported that 17 individuals who served as TMA officers and directors each also paid them up to \$100,000 apiece. This gave the mistaken impression that these TMA staff members rank among Texas' best-paid lobbyists. Putting them aside, the 26 remaining mega-lobbyists received up to \$67 million for 944 contracts, which accounted for 19 percent of all Texas lobby dollars.

Texas' \$1.5 Million Lobbyists

Lobbyist	Min. Value of Contracts	Max. Value of Contracts	No. of Contracts	Lobbyist Description
Todd M. Smith	\$2,885,000	\$3,875,003	26	Impact TX Communications
Carol McGarah	\$1,665,000	\$3,405,000	64	Ex-Senate Aide; Blackridge, Inc.
Russell T. Kelley	\$1,685,000	\$3,295,000	63	Ex-Speaker aide; Blackridge, Inc.
Robert D. Miller	\$2,070,000	\$3,080,002	28	Ex-Senate aide
W. James Jonas III	\$2,495,000	\$3,050,003	16	Holland & Knight
Randall H. Erben	\$1,605,000	\$3,025,000	33	Ex-Ast. Sec. of State
Arthur V. Perkins	\$1,435,000	\$2,875,000	57	Coats Rose Law Firm
Amy Tankersley	\$1,435,000	\$2,875,000	57	Coats Rose Law Firm
Andrea McWilliams	\$1,455,000	\$2,865,000	41	Ex-legislative aide
Stan Schlueter	\$1,725,000	\$2,760,000	23	Ex-legislator
Michael Toomey	\$1,510,000	\$2,710,000	37	Ex-Governor's aide; ex-legislator
David Sibley	\$1,500,000	\$2,675,000	45	Ex-Senator
Frank R. Santos	\$1,470,000	\$2,600,000	29	Ex-House aide; Santos Alliances
Laura M. Matz	\$1,445,000	\$2,550,000	29	At Santos Alliances
Luis E. Gonzalez	\$1,420,000	\$2,500,000	28	Ex-House aide; Santos Alliances
Walter Fisher	\$1,320,000	\$2,360,000	26	Ex-Parliamentarian
Mignon McGarry	\$1,425,000	\$2,350,000	22	Ex-Senate aide
Bill Messer	\$1,250,000	\$2,335,000	40	Ex-Legislator
Ron E. Lewis	\$1,205,000	\$2,255,000	30	Ex-Legislator
Christopher Shields	\$1,360,000	\$2,210,001	26	Ex-Gubernatorial aide
Reginald G. Bashur	\$1,200,000	\$2,175,000	26	Ex-Gubernatorial aide
Dean McWilliams	\$1,080,000	\$2,165,000	31	Ex-Senate aide
Neal 'Buddy' Jones	\$730,000	\$2,020,000	84	Ex-legislator; ex-Speaker's aide
J.E. Buster Brown	\$935,000	\$1,825,000	23	Ex-Senator
Karen G. Batory*	\$900,000	\$1,800,000	18	TX Medical Association
Gayle Harris Love*	\$900,000	\$1,800,000	18	TX Medical Association
Jack Roberts	\$955,000	\$1,745,000	24	Ex-Comptroller aide
Demetrius McDaniel	\$755,000	\$1,565,000	36	Ex-House Aide; Ex-Agricult. aide

*The Texas Medical Association paid this staff member from \$50,000 to \$100,000. She then reported that she received comparable payments from 17 different people who served in TMA leadership roles, thereby inflating her actual lobby income by a power of 17.

Mr. Smith Goes To Washington

With the up to \$3.9 million that he reported in 2007, Todd M. Smith surpassed Rusty Kelley and Kelley partner Carol McGarah as Texas' top-grossing lobbyist. Yet a closer look at Smith's top clients suggests that puffery may have given him the edge. Smith reported that three clients paid him mega-contracts worth an unknown amount exceeding \$200,000 apiece.⁵⁶ In each case, Smith listed his own firm as the mega-client (attributing two mega-contracts to his Austin-based Impact Texas Communication and a third to his Washington-based Impact U.S.). It is hardly clear what it means to have three large contracts with yourself.

Self-referential contracts aside, Smith's main business comes from health-care interests, led by home-health businesses and trade groups for organizations that treat mental illnesses and addictions. (In a new line of work, Smith reported six sprinkler clients in 2008, led by the Irrigation Business Council.) Smith's lobby partners, Richard Stone and Kent Willis, registered using the address of Lubbock lawyer Nathan Ziegler, a former chief of staff of Rep. Carl Isett.⁵⁷ Smith served as Rep. Isett's spokesman in the flap over that lawmaker's hefty campaign payments to his wife's bookkeeping company.⁵⁸

Major clients of Smith's that are lesser known include Catalis, Inc. and Highland Campus Health Group. Abilene-based Highland does billing for campus health centers. Austin-based Catalis makes software for medical offices. Austin physician Gregg Lucksinger gushed about this software in an Internet testimonial that failed to identify him as a Catalis investor and board member.⁵⁹ In a 2007 lawsuit that has since been settled, Dr. Lucksinger accused Catalis of defrauding investors through a Ponzi scheme.⁶⁰

Smith also registered as a federal lobbyist in 2007. He helped the City of Granbury seek federal funds for an evacuation route that residents can use if the nearby Comanche Peak Nuclear Power Plant blows its top.⁶¹

*An earlier version of this report erroneously reported that Smith was a federal lobbyist for the American Health Care Association in 2007. TPJ regrets the error.

Todd M. Smith's Top 2007 Texas Clients

Client	Max. Value of Contract
Impact TX Communication (Smith's TX lobby firm)	?
Impact TX Communication (Smith's TX lobby firm)	?
Impact U.S. (Smith's federal lobby firm)	?
National Co. of Community Behavioral Healthcare	\$200,000
American Petroleum Institute	\$150,000
Catalis, Inc.	\$150,000
Highland Campus Health Group	\$150,000
Outreach Health Services, Inc. †	\$150,000
Republican Home Care Council †	\$150,000
TX Co. of Cmty. Mental Health/Retardation Centers*	\$150,000
American GI Forum of the United States	\$100,000
Bristol-Myers Squibb Co.	\$100,000
Chartwell Community Services †	\$100,000
City of Granbury*	\$100,000
Hawthorn Group	\$100,000
Mead Johnson & Co.	\$100,000
Jordan Health Services †	\$100,000
Nurses Unlimited, Inc. †	\$100,000
TX Pharmacy Assn.	\$100,000
Thomson, Inc.	\$100,000
United Way of TX	\$100,000

† Home-health care interest.

* Smith also lobbied for this client in Washington.

B. Fattest Lobby Contracts

The 2007 Texas Legislature reformed a major lobby-disclosure failing. Texas lobbyists report contract values in ranges (e.g. “\$150,000 – to \$199,999”), with the highest category long set at “\$200,000 or more.” This maximum category did not keep up with runaway lobby incomes. With Texas lobbyists reporting 86 of these mega-contracts in 2005, the public had no way to know if such a contract was worth \$200,001 or \$2 million. The 2007 reform pushed the maximum category up to “\$500,000 or more” and required lobbyists to report the exact value of any contract compensation exceeding \$500,000.⁶²

Although this reform took effect in September 2007, initial glitches prevented the reform from being implemented smoothly. Many lobbyists, for example, continued to report using old software that contained the outdated cap of “\$200,000 or more.” Pressed on this issue in early 2008, the Texas Ethics Commission reran updated year-end 2007 lobby data that disclosed what version of software each lobbyist had filed with. The resulting data included just seven contracts that used the newly expanded compensation categories (see accompanying table). This included two McGinnis Lochridge & Kilgore lobbyists whom the agency listed as receiving more than \$500,000 apiece from their firm. Interviewed about these contracts in August 2008, an Ethics Commission attorney attributed them to software glitches and a filing error. He said the contracts were subsequently reported to be worth up to \$150,000. Elsewhere in this report TPJ does not rely on this funky initial data. While some glitches may be expected when new rules take effect, it remains to be seen if watchdogs will need to file formal complaints to get lobbyists to comply with the new disclosure law.

2007 Contracts Reported Using New Compensation Categories

Lobbyist	Client	Min. Value of Contracts	Max. Value of Contracts
Carl Galant	McGinnis Lochridge & Kilgore	\$500,000	?
Jennifer Patterson	McGinnis Lochridge & Kilgore	\$500,000	?
Charles Griffey	Reliant Energy, Inc.	\$300,000	\$350,000
Thomas A. Forbes	Kemp Smith LLP	\$200,000	\$250,000
Mignon McGarry	HCA-Hospital Corp. of America	\$200,000	\$250,000
Mignon McGarry	Energy Future Holdings Corp.	\$200,000	\$250,000
Curtis Seidlits, Jr.	Energy Future Holdings Corp.	\$200,000	\$250,000

The accompanying table lists 59 mega-contracts that Texas lobbyists reported in 2007 (including the seven mega-contracts that appeared to use the new disclosure categories).⁶³ Note that 32 of these mega-contracts involve external clients, whereas in the remaining 27 cases the lobbyists reported their lobby firm as the client. In such cases lobbyists may be simply disclosing the compensation they receive from their lobby firm. Yet it also is possible that lobbyists and firms abuse such disclosure to conceal the identities of other paying clients. For one huge contract, the Texas Association of Realtors reported itself as both the lobbyist and client.

Fattest Lobby Contracts
(Maximum Contract Value Exceeds \$200,000)

Lobby Client	No. of Huge Contracts	Fat-Contract Lobbyist(s)
Atmos Energy Corp.	1	Gary Compton, Locke Lord Bissell & Liddell
Baker Botts, LLP	4	Denise Davis, Pam Giblin, Jim Grace, Robert Strauser
Baylor College of Medicine	1	Thomas Kleinworth, Dir. State Relations
Bicameral Consultants, Inc.	1	Johnnie B. Rogers, Jr.
Boeing Co.	1	Jeffrey Dodson, Dir. State Gov. Relations
CGI-AMS	1	W. James Jonas III, Holland & Knight LLP
Christopher S. Shields, PC	1	Christopher S. Shields
CitiFinancial Corp.	1	G. Gail Watkins, Akin Gump Strauss Hauer
Constellation Energy Group	1	Jean M. Ryall, Gov. Relations
Energy Future Holdings Corp.	9	Lionel Aguirre, Keith Fullenweider, Fred Goltz, Andrew Kever, Ron Kirk, Marc Lipschultz, Michael MacDougall, Mignon McGarry, Curtis Seidlits
GEO Group, Inc.	1	Lionel Aguirre, spouse of the late Lena Guerrero
Harris Co. Commissioners Court	1	Robert M. Collie, Jr., Andrews Kurth LLP
Holland & Knight, LLP	1	W. James Jonas III
Hospital Corp. of America	1	Mignon McGarry, sole proprietor
Hunt Building Co.	2	Mark A. Smith†
Impact TX Communication	2	Todd M. Smith*
Impact U.S.	1	Todd M. Smith*
Ind't Colleges/Universities of TX	1	Carol L. McDonald, President
Kemp Smith, LLP	1	Thomas A. Forbes
Locke Lord Bissell & Liddell	4	Gary Compton, Margaret Keliher, R. Bruce LaBoon, Robert D. Miller
Mesa Water, Inc.	1	Monty G. Humble, Vinson & Elkins, LLP
McGinnis Lochridge & Kilgore	9	Gaylord Armstrong, Wm. Bingham, Carl Galant, Russell Johnson, Campbell McGinnis, Jennifer Patterson, Mary Reagan, Shawn St. Clair, Catherine Tramuto
Pearson Education	1	W. James Jonas III, Holland & Knight LLP
Perry Homes	1	Robert Miller, Locke Lord Bissell & Liddell
Reliant Energy, Inc.	1	Charles Griffey
Ryan & Co.	1	Ben. Bruce Gibson, Dir. Public Affairs
Shell Oil Co.	1	George Pickle, Sr. Gov. Affairs Counsel
TX Assn. of Realtors	1	Not disclosed†
TX Industry Project	1	Pamela M. Giblin, Baker Botts LLP
TX Pipeline Assn.	1	Patrick J. Nugent, Executive Dir.
TX Trial Lawyers Assn.	1	Nicholas K. Kralj, Kralj Consulting, Inc.
TXU Corp.	1	Curtis L. Seidlits, Jr., Sr. Vice President
Vinson & Elkins, LLP	2	Glen Rosenbaum, Joe B. Watkins
Winstead, PC	1	Phil Haag

†Mark Smith reported two mega-contracts with Hunt Building Co.

*Todd Smith reported three mega-contracts with his own firms.

†The Realtors Association listed itself as both lobbyist and client on this contract.

IV. Top 100 Lobby Clients in Texas

2007 Rank	2005 Rank	Client	Max. Value of Contracts	No. of Contracts	Interest Group
1	1	AT&T Inc.	\$10,210,000	133	Communications
2	*	Energy Future Holdings Corp.	\$7,685,007	68	Energy/Nat'l Resources
3	2	TXU Corp.	\$5,745,001	96	Energy/Nat'l Resources
4	22	McGinnis Lochridge & Kilgore, LLP	\$4,550,009	11	Lawyers & Lobbyists
5	4	Verizon	\$2,530,000	90	Communications
6	66	Locke Liddell & Sapp	\$2,370,004	9	Lawyers & Lobbyists
7	63	Baker Botts, LLP	\$2,170,004	7	Lawyers & Lobbyists
8	33	TX Cable & Telecom. Assn.	\$1,835,000	33	Communications
9	27	Vinson & Elkins, LLP	\$1,830,002	17	Lawyers & Lobbyists
10	3	TX Medical Assn.	\$1,805,000	29	Health
11	14	TX Trial Lawyers Assn.	\$1,725,001	17	Lawyers & Lobbyists
12	282	Ryan & Co.	\$1,710,001	17	Finance
13	11	TX Assn. of Realtors	\$1,525,001	14	Real Estate
14	35	Time Warner Cable	\$1,510,000	32	Communications
15	5	Linebarger Heard Goggan Blair...	\$1,425,000	27	Lawyers & Lobbyists
16	20	Mesa Water, Inc.	\$1,400,001	10	Energy/Nat'l Resources
17	9	City of Austin	\$1,390,000	26	Ideological/Single Issue
18	8	CenterPoint Energy	\$1,360,000	16	Energy/Nat'l Resources
19	78	UST Public Affairs, Inc.	\$1,340,000	23	Agriculture
20	80	Atmos Energy Corp.	\$1,280,001	17	Energy/Nat'l Resources
21	50	TX Assn. of School Boards	\$1,200,000	10	Other
22	21	Wholesale Beer Distributors of TX	\$1,140,000	22	Miscellaneous Business
23	19	ExxonMobil Corp.	\$1,120,000	10	Energy/Nat'l Resources
24	6	Assn. of Electric Co's of TX	\$1,110,000	22	Energy/Nat'l Resources
25	12	City of Houston	\$1,105,000	18	Ideological/Single Issue
26	58	Texans for Lawsuit Reform	\$1,060,000	20	Ideological/Single Issue
27	34	American Electric Power	\$1,050,000	7	Energy/Nat'l Resources
28	89	Reliant Energy, Inc.	\$1,010,000	10	Energy/Nat'l Resources
29	*	Hunt Building Co.	\$1,000,002	2	Real Estate
29	416	Impact TX Communication	\$1,000,002	2	Lawyers & Lobbyists
31	13	TX Municipal League	\$990,000	18	Ideological/Single Issue
32	147	CitiFinancial Corp.	\$960,001	21	Finance
32	55	Shell Oil Co.	\$960,001	14	Energy/Nat'l Resources
34	7	Ameriquest Mortgage Co.	\$940,000	10	Finance
35	1202	GEO Group, Inc.	\$925,001	6	Miscellaneous Business
36	261	State Farm Insurance Co.	\$900,000	9	Insurance
37	50	Harris Co. Commissioners Court	\$855,001	12	Ideological/Single Issue
38	127	Indep't Colleges & Universities of TX	\$850,001	5	Ideological/Single Issue
39	42	Port of Houston Authority	\$850,000	10	Ideological/Single Issue
40	72	Exelon Power	\$840,000	17	Energy/Nat'l Resources
41	47	Constellation Energy Group, Inc.	\$810,001	4	Energy/Nat'l Resources
42	495	Community Financial Services Assn.	\$790,000	18	Finance
43	17	Entergy Corp.	\$760,000	19	Energy/Nat'l Resources
44	15	American Cancer Society	\$750,000	14	Ideological/Single Issue
45	151	City of Dallas	\$745,000	23	Ideological/Single Issue

2007 Rank	2005 Rank	Client	Max. Value of Contracts	No. of Contracts	Interest Group
46	49	El Paso Electric Co.	\$725,000	9	Energy/Nat'l Resources
47	348	Licensed Beverage Distributors	\$720,000	13	Miscellaneous Business
48	67	Pharm. Research & Mfgs. of Am.	\$715,000	17	Health
49	92	Bexar Metropolitan Water District	\$700,000	5	Ideological/Single Issue
50	772	Perry Homes	\$695,001	10	Construction
51	23	TX Hospital Assn.	\$695,000	16	Health
52	*	NRG Energy, Inc.	\$685,000	13	Energy/Nat'l Resources
53	46	Lower Colorado River Authority	\$680,000	18	Ideological/Single Issue
54	64	Eppstein Group	\$675,000	8	Lawyers & Lobbyists
55	485	TX Pharmacy Assn.	\$655,000	18	Health
55	52	Waste Control Specialists, LLC	\$655,000	13	Energy/Nat'l Resources
57	*	Texans for School Choice	\$650,000	7	Ideological/Single Issue
58	18	Affiliated Computer Services Inc.	\$640,000	11	Computers/Electronics
58	90	Dell Computer Corp.	\$640,000	14	Computers/Electronics
58	247	TX Assn. for Home Care	\$640,000	12	Health
61	113	TX Package Stores Assn.	\$635,000	13	Miscellaneous Business
62	118	TX Farm Bureau Mutual Insurance	\$630,000	19	Insurance
63	260	Boeing Co.	\$625,001	9	Transportation
64	*	Luminant Holding Co., LLC	\$620,000	13	Energy/Nat'l Resources
65	258	Baylor College of Medicine	\$610,001	3	Other
66	52	TX Manufactured Housing Assn.	\$610,000	8	Construction
67	*	Aces Wired, Inc.	\$600,000	6	Miscellaneous Business
67	182	City of San Antonio	\$600,000	8	Ideological/Single Issue
67	26	Metro. Transit Authority of Harris Co.	\$600,000	6	Ideological/Single Issue
70	307	Pearson Education	\$595,001	6	Miscellaneous Business
71	71	Cities Aggregation Power Project	\$590,000	11	Ideological/Single Issue
71	31	EDS	\$590,000	11	Computers/Electronics
73	24	Philip Morris USA, Inc.	\$560,000	9	Agriculture
73	67	TX Instruments	\$560,000	9	Communications
75	300	TX Assn. of Counties	\$555,000	30	Ideological/Single Issue
76	132	Administaff, Inc.	\$550,000	4	Miscellaneous Business
76	78	TX Credit Union League	\$550,000	8	Finance
76	148	TX Dental Assn.	\$550,000	5	Health
76	44	TX Electric Cooperatives	\$550,000	8	Energy/Nat'l Resources
80	60	TX Assn. of Health Plans	\$545,000	13	Health
81	47	Blue Cross Blue Shield of TX	\$540,000	11	Health
81	64	TX Assn. of Builders	\$540,000	12	Construction
83	70	TX Council of Engineering Co's	\$525,000	10	Construction
84	208	Reynolds American, Inc.	\$515,000	10	Agriculture
85	98	H.E. Butt Grocery Co.	\$510,000	16	Miscellaneous Business
86	533	Direct Energy, LP	\$505,000	13	Energy/Nat'l Resources
87	128	CGI-AMS	\$500,001	1	Computers/Electronics
87	384	Bicameral Consultants, Inc.	\$500,001	1	Lawyers & Lobbyists
87	*	Christopher S. Shields PC	\$500,001	1	Lawyers & Lobbyists
87	382	Holland & Knight, LLP	\$500,001	1	Lawyers & Lobbyists
87	*	Impact U.S.	\$500,001	1	Lawyers & Lobbyists

2007 Rank	2005 Rank	Client	Max. Value of Contracts	No. of Contracts	Interest Group
87	*	TX Industry Project	\$500,001	1	Ideological/Single Issue
87	438	TX Pipeline Assn.	\$500,001	2	Energy/Nat'l Resources
87	103	Winstead, PC	\$500,001	1	Lawyers & Lobbyists
95	149	City Public Service of San Antonio	\$500,000	5	Energy/Nat'l Resources
95	98	E. TX Medical Ctr Reg. Healthcare	\$500,000	10	Health
95	*	TX Assn. of Manufacturers	\$500,000	11	Miscellaneous Business
95	142	TX Oil & Gas Assn.	\$500,000	11	Energy/Nat'l Resources
99	496	GlaxoSmithKline	\$490,000	10	Health
99	7	Accenture	\$490,000	15	Computers/Electronics

Note: Clients spending the same amount on lobbyists share the same ranking number.

* Client not registered in 2005.

Endnotes

¹ "Hired Guns," Center for Public Integrity, December 21, 2007.

<http://www.publicintegrity.org/projects/entry/300/>

² The previous edition of "Austin's Oldest Profession" discusses how the Center ranked 2005 lobby data. See <http://www.tpj.org/reports/austinsoldest06/index.html>

³ Governor Rick Perry called a special session to address school financing on April 17, 2006. That session ended on May 15, 2006.

⁴ Florida treats executive- and legislative-branch lobbying separately. Florida uses exact compensation amounts for legislative lobby contracts but reports executive-branch lobby compensation in ranges.

⁵ "Dallas City Council Approves Millions in Subsidies for AT&T Headquarters Relocation," *Dallas Morning News*, August 13, 2008.

⁶ For more on this mobilization see "TXU's Takeover Lobby Cost About \$17 Million," TPJ's *Lobby Watch*, August 14, 2007. http://www.tpj.org/page_view.jsp?pageid=1195&pubid=956

⁷ "Explosions fuel gas pipeline fittings debate," WFAA-TV, October 22, 2007.

http://www.wfaa.com/sharedcontent/dws/wfaa/latestnews/stories/wfaa071018_mo_couplings.1835919e8.html

⁸ "State panel orders replacement of couplings," *Dallas Morning News*, November 7, 2007. The lone dissenter, Commissioner Victor Carrillo, questioned if the agency had the authority to order the replacement without more evidence that the couplings posed an immediate threat.

⁹ "Atmos, Contractor Facing Fines," *Dallas Morning News*, August 6, 2008.

¹⁰ See "T is for 'Taking': Did Texas Sell T. Boone Pickens Powers of Eminent Domain?" Texans For Public Justice, October 4, 2007, <http://tpj.org/watchyourassets/pickens/index.html>

¹¹ After the legislative session ended in May 2007 Mesa Water had reported spending up to \$1,050,001 on Texas lobbyists. These lobby expenditures jumped to \$1.4 million by the end of the calendar year.

¹² A decision issued by the U.S. Department of Justice in August 2008 disqualifies the three members of the water district's five-person board who are not local residents. The Justice Department acted out of concern that the district's structure dilutes minority voting rights. "Pickens' Energy Plans Clouded by Federal Decision," *Lubbock Avalanche-Journal*, August 23, 2008.

¹³ 2007 annual report of WCS parent company Valhi, Inc., filed with the U.S. Securities and Exchange Commission March 13, 2008.

¹⁴ Bob & Doyle Perry of Houston gave Governor Perry \$381,799 that cycle.

¹⁵ "Dallas Billionaire Harold Simmons Finances Anti-Obama Ad," *Dallas Morning News*, August 23, 2008.

¹⁶ 2007 annual report of WCS parent company Valhi, Inc., filed with the U.S. Securities and Exchange Commission March 13, 2008.

¹⁷ Rep. Dennis Bonnen's HB 2994.

¹⁸ As of August 2008, four companies had applied to the U.S. Nuclear Regulatory Commission to build two Texas reactors apiece. NRG Energy applied to build two additional reactors at the South Texas Project near Bay City. Luminant Power applied to add two more reactors to its Comanche Peak site southwest of Fort Worth. Exelon applied to build two reactors in Victoria County and Amarillo Power applied to build two reactors in the Amarillo area. Amarillo Power, a start-up by local developer George Chapman, has sought a partnership with UniStar Nuclear, a joint venture of Constellation Energy and French manufacturer Areva, Inc.

¹⁹ Including 3,776 canisters of concentrated waste from a shuttered federal weapons site in Fernald, Ohio.

²⁰ "Radioactive Waste Site Nearing OK," *Dallas Morning News*, August 13, 2008.

²¹ "Good to Glow," *Texas Observer*, April 4, 2008.

²² H.B. 1602. See "Patriots For Hire," *Texas Observer*, June 1, 2007.

²³ The Cancer Prevention and Research Institute will spend \$300 million a year, with a modest \$30 million going to tobacco prevention.

²⁴ HB 1565.

²⁵ Problems include voting irregularities, employee charges of sexual harassment, water contamination, prices and other customer complaints.

²⁶ “The BexarMet Drama Plays in Austin,” *San Antonio Express-News*, March 15, 2007. SAWS paid five lobbyists up to \$425,000 in 2007.

²⁷ “BexarMet Board Stays—Under Microscope,” *San Antonio Express-News*, May 31, 2007.

²⁸ The law names “the House author of this Act, or, in the event this Representative cannot serve, a Representative appointed by the Speaker of the Texas House.” Speaker Craddick appointed Rep. Frank Corte (R-San Antonio) to what would have been Puente’s seat.

²⁹ “Craddick Ally Puente Won’t Run,” *Austin American-Statesman*, October 18, 2007.

³⁰ Rodriguez married the daughter of lobbyist Dan Shelley, a former lawmaker who served as legislative director to Governors George W. Bush and Rick Perry.

³¹ “Puente’s Links To Lobbyist Questioned,” *San Antonio Express-News*, June 17, 2007.

³² This bill to raise a cap on harvesting Edwards Aquifer water was folded into the omnibus water bill SB 3. SAWS and BexarMet are the largest owners of Edwards Aquifer pumping permits and San Antonio’s City Public Service utility owns another major stake in this aquifer.

³³ In 2007 Puente made unrelenting—yet fruitless—efforts to pass legislation to extend water lines to an Onion Associates development. See “Puente’s Links To Lobbyist Questioned,” *San Antonio Express-News*, June 17, 2007.

³⁴ Prosecutors alleged that Connolly illegally reimbursed employees for political contributions made in their names. Similar allegations were made about contributions made by the Water Exploration Co., a Rodriguez client that sells water to BexarMet. “BexarMet PR Man Under Scrutiny Promises Answers,” *San Antonio Express-News*, August 31, 2007. “In Wake of BexarMet Funding Revelations, DA Is Investigating,” *San Antonio Express-News*, April 23, 2007.

³⁵ As the session heated up in February 2007, BexarMet doubled Connolly’s retainer to \$10,000 a month plus expenses. Connolly testified against Puente’s HB 1565 before Puente’s committee on March 14, 2007. He also billed BexarMet a total of \$5,451 for limousine vans that he contracted to send witnesses to that hearing and the Senate Natural Resources Committee hearing on the same BexarMet bill (see “BexarMet’s Star Chamber Takes Reluctant Look at Pricey PR Gun,” *San Antonio Express-News*, June 26, 2007). Texas lobbyists generally must register if they get paid more than \$1,000 a quarter and spend more than 5 percent of their compensated time on lobby activities.

³⁶ “BexarMet Boss Hit With Five Charges,” *San Antonio Express-News*, August 15, 2008.

³⁷ Such increases appeared, for example, in HB 1, HB 15, HB 109 and SB 10.

³⁸ *Frew v. Hawkins* initially was settled through a 1995 consent decree overseen by a federal judge. Two years later the plaintiffs returned to court in an effort to enforce the settlement agreement. A federal appeals court ruled that the state’s immunity made the consent agreement unenforceable. Addressing the case in 2000, the U.S. Supreme Court unanimously ruled that federal courts have authority to enforce consent decrees on state officials.

³⁹ HB 14, HJR 90.

⁴⁰ SB 1101.

⁴¹ HB 903.

⁴² “Medical Doctors Beat Podiatrists in Ankle Turf War,” *Austin American-Statesman*, March 19, 2008.

⁴³ All of these contributions occurred after the appeal in *Texas Orthopaedic Association v. Texas State Board of Podiatric Medical Examiners* was filed in the Third Court of Appeals in September 2005. TMA PAC contributed \$5,250 to Judge Alan Waldrop and \$3,500 to Judge David Puryear. The Texas Podiatric Medical Association PAC gave \$1,500 to each of these judges. Such contributions in the 2006 cycle could have made a difference in more ways than one. Puryear won that election with 52 percent of the vote; Waldrop squeezed by with 51 percent.

⁴⁴ “Deal on State Budget Reached,” *Dallas Morning News*, May 25, 2007. The Fair Minimum Wage Act of 2007 boosted the \$5.85 minimum wage to \$6.55 in July 2008 and \$7.25 in July 2009.

⁴⁵ HB 3568.

⁴⁶ HB 2016.

⁴⁷ HB 2266.

⁴⁸ HB 2525.

⁴⁹ "Gaming Texas Gambling Law," *Texas Observer*, April 6, 2007.

⁵⁰ "Cops Raid Gaming Company, Seize \$850,000," *San Antonio Express-News*, May 22, 2008.

⁵¹ The Geo Group spent up to \$60,000 on three Texas lobbyists in 2005.

⁵² "Lax Oversight Plagues Private Prisons in Texas," *Watch Your Assets*, Texans for Public Justice, February 6, 2008. www.tpj.org/watchyourassets/prisons The "Lax Oversight" study reports that Geo Group spent up to \$625,000 on six Texas lobbyists in 2007. That is what Geo lobbyists had reported by the end of the 2007 session. The much larger numbers in this lobby study are what Geo lobbyists reported at year's end—after the juvenile-detention scandal erupted in October. What a difference a crisis can make.

⁵³ HB 3928.

⁵⁴ The Texas office of the National Federation of Independent Business, which is leading the revolt against the tax changes, was drowned out in the lobby. It spent up to \$200,000 on three lobbyists in 2007.

⁵⁵ See Silverleaf's S-8 filing with the U.S. Securities Exchange Commission filed on September 30, 1998.

⁵⁶ Given that it is impossible to guess the "maximum value" of a contract reportedly worth "\$200,000 or more," TPJ records the value of such contracts as "\$200,001." An alert reader looking at the last digit of Smith's total maximum contract value of \$3,875,003 might correctly surmise that he reported three of these mega-contracts.

⁵⁷ Ziegler's wife, Sondra, is a former aide to then-Senator Phil Gramm.

⁵⁸ "Senators Keep Funds In Family," *Austin American-Statesman*, August 4, 2008.

⁵⁹ "New Electronic Health Record 'Addicting,'" *Future Healthcare*, Healthcare Whitepapers, <http://www.futurehealthcareus.com/?page=marketplace>.

⁶⁰ "Medical Software Firm Faces Lawsuit Before Product Launch," *Austin Business Journal*, February 9, 2007.

⁶¹ The Granbury City Council agreed in November 2006 to pay Smith's firm \$5,000 a month through October 2008.

⁶² HB 2489 by Reps. Leo Berman and Dwayne Bohac; the Senate sponsor was Robert Duncan.

⁶³ This is a noticeable drop from the 86 mega-contracts that lobbyists reported in 2005.