

CONGRESS AVE.

2002 EDITION

AUSTIN'S OLDEST PROFESSION:

TEXAS' TOP LOBBY CLIENTS
& THOSE WHO SERVICE THEM



TEXANS FOR PUBLIC JUSTICE · JULY 2002

Austin's Oldest Profession: Texas' Top Lobby Clients & Those Who Service Them 2002 Edition

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Data analyzed in this report come from reports that lobbyists filed with the Texas Ethics Commission (TEC). Lobby fees are reported within broad ranges (such as \$50,000 to \$99,999). For brevity's sake, except where otherwise stated, this study reports the maximum amount, labeling it "maximum" or "up to." Except as otherwise stated, the 2001 data were filed with the TEC as of July 11, 2001.

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Texans for Public Justice is a non-profit, non-partisan research and advocacy organization that follows the role of money in Texas politics.

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I. Lobby Facts

- Texas' state lobby ranks No. 2 in the nation after California. The most recent data available show that in 2000 California had 2,324 registered lobby clients and Texas had 2,119. Florida ranked a distant third with 1,665 registered lobby clients.
- Over the past seven years, special interests have paid lobbyists a total of between \$552 million and \$1.3 *billion* to influence Texas officials (the exact amount is unknown since Texas lobbyists report their incomes in ranges (such as "\$50,000 to \$99,999").
- Special interests paid Texas lobbyists up to \$230 million during 2001—up 33 percent from what they spent in 1995 (this report analyzes \$211 million in lobby expenditures reported at the close of the legislative session in July 2001).

Top Lobby Clients

- Southwestern Bell's parent, SBC Corp., the 800-pound gorilla of Texas' lobby, spent up to \$7 million on 96 lobbyists in 2001.
- The 14 biggest lobby clients in Texas had maximum lobby expenditures of more than \$1 million apiece in 2001. The up to \$25 million that these mega-clients spent on 409 lobby contracts accounted for 11 percent of the state's total lobby expenditures.
- The Energy & Natural Resources sector led the state in lobby expenditures, spending up to \$36 million—or 17 percent of the Texas total. It was followed by: Ideological & Single-Issue clients (13 percent); Communications & Electronics (13 percent); Health (11 percent); and Miscellaneous Business clients (10 percent).

Top Lobbyists

- Shattering the glass ceiling, Baker Botts lobbyist Pam Giblin reported a maximum annual income in excess of \$2 million. This revolving-door lobbyist is a former Texas Air Control Board general counsel who now represents polluters.
- Thirty-eight lobbyists reported 2001 lobby incomes in excess of \$1 million. With an average of 28 clients apiece, these hired guns collectively billed their clients up to \$52 million, pocketing one out of every four Texas lobby dollars. After Giblin, the next biggest lobbyists were John Erskine, Jr., Neal "Buddy" Jones, Christie Goodman and Randall Erben.
- Texas lobbyists reported 17 mega-contracts worth unspecified amounts of "more than \$200,000." While lobbyists listed lobby firms as the "client" for most of these contracts, they reported specific clients for six unlimited contracts benefiting: the Associated General Contractors, Brownsville Public Utilities Board, Swisher International, the Texas Association of Realtors, Texas Electric Cooperatives and the Texas Trial Lawyers Association.

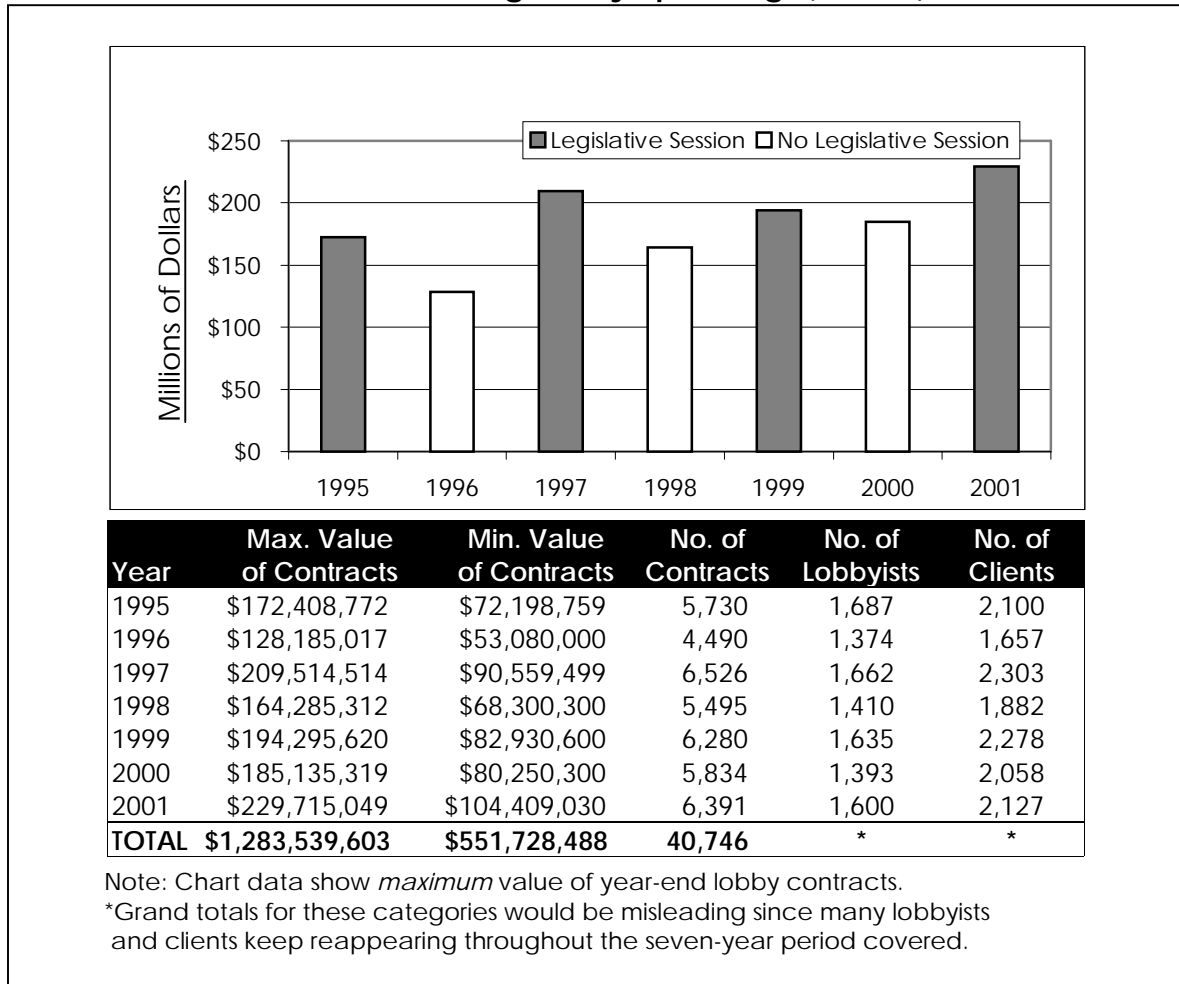
II. Lobby Clients

A. Texas' Escalating Lobby Spending

This report exposes the industries and clients that spent the most to influence public officials in 2001 and Texas' top hired-gun lobbyists that year. Lobbying is a growth industry, as the Texas Ethics Commission data graphed below reveal. Special interests spent up to \$230 million on Texas lobbyists in 2001, up 33 percent from the up to \$172 million that lobby clients spent in 1995. (The exact values of lobby contracts are not known because Texas lobbyists report these values in ranges, such as "\$50,000 to \$99,999"). Over the past seven years, special interests have spent between \$552 million and \$1.3 billion on 40,735 Texas lobby contracts. As the table below shows, lobby spending has ballooned even though the total number of lobbyists, clients and contracts has stayed relatively constant.

Texas' lobby spending peaks in odd-numbered years when the biennial Texas Legislature is in session. With the exception of 1999, lobby spending has increased over time, regardless of whether you compare legislative years (striped bars) or years when the legislature did not meet (solid bars). Lobby spending for a given year peaks at the end of the year after the last lobby reports are filed. The data on this page reflect *year-end* data for each year shown. These data differ from the data used in the rest of this report, which reflect lobby contracts reported as of July—after the 2001 legislative session adjourned. The reason for this discrepancy is that year-end data were not available when research on this report began in late 2001.

Texas' Escalating Lobby Spending, ('95-'01)



B. The Nation's No. 2 State Lobby

Texas has the second largest state lobby in the nation after California. A recent Center for Public Integrity study analyzed the 49 states that report lobby data.¹ That study found that Texas ranked No. 2 in the nation behind California in the total number of registered lobby clients in 2000—when the Texas Legislature was not even in session.² The Center study, which did not provide lobby expenditure data for Texas, found that California's total lobby expenditures in 2000 (including lobbyist retainers *and* the money that lobbyists spent wining and dining government officials) was \$180 million. By comparison, Texas Ethics Commission data reveal that in the off-session year of 2000 Texas lobby clients spent between \$80 million and \$185 million just on Texas lobby retainers alone.

Top Lobby States in 2000

State	No. of Lobby Clients
California	2,324
Texas	2,119
Florida	1,665
Illinois	1,594
Michigan	1,575

Source: Center for Public Integrity. Note that the Center's data differ from data reported elsewhere in this report for reasons explained in endnote No. 2.

C. Million-Dollar Clients

The remainder of this report analyzes Texas lobby contract data that were current in July 2001, after the close of the 77th Texas Legislature. By that time, 1,400 lobbyists had registered 6,007 *paid* lobby contracts with the Texas Ethics Commission. These lobbyists reported receiving between \$95 million and \$211 million for these contracts.

By the end of the 2001 legislative session, 14 clients had maximum lobby expenditures of more than \$1 million apiece (see the appendix for Texas' top 105 lobby clients). Together, these mega-clients took out 409 lobby contracts—or 6 percent of the state total. These clients paid up to almost \$25 million for these contracts, accounting for 11 percent of all the lobby money spent in Texas in 2001. Southwestern Bell was far and away the largest lobby force, spending up to almost \$7 million on 96 lobby contracts (see below). Many of Texas' biggest lobby clients will be discussed further in the pages to come.

Million-Dollar Clients

2001 Lobby Client	Contract Value (Max.)	No. of Contracts	Interest Category
SBC Corp (Southwestern Bell)	\$6,925,000	96	Communications/Electronics
Electronic Data Systems Corp	\$2,020,000	22	Communications/Electronics
DuPont	\$1,995,000	24	Energy/Natural Resources
Reliant Energy	\$1,825,000	32	Energy/Natural Resources
TXU	\$1,635,000	54	Energy/Natural Resources
ExxonMobil	\$1,290,000	23	Energy/Natural Resources
Assoc. of Electric Co's of TX	\$1,290,000	25	Energy/Natural Resources
Baker Botts	\$1,210,005	8	Lawyers/Lobbyists
TX Municipal League	\$1,175,000	14	Ideological/Single-Issue
City of Austin	\$1,150,000	12	Ideological/Single-Issue
AT&T	\$1,145,000	28	Communications/Electronics
City of Houston	\$1,130,000	21	Ideological/Single-Issue
TX Assoc. of Realtors	\$1,090,001	12	Real Estate
Verizon	\$1,075,000	38	Communications/Electronics

Ringling A Bell

Weighing in again as Texas' top lobby interest, Southwestern Bell parent company SBC Corp. spent up to \$7 million on 96 lobby contracts in 2001. The company's 2001 lobby spending was up 38 percent from the up to \$5 million that it spent on 127 contracts in the 1999 legislative session.

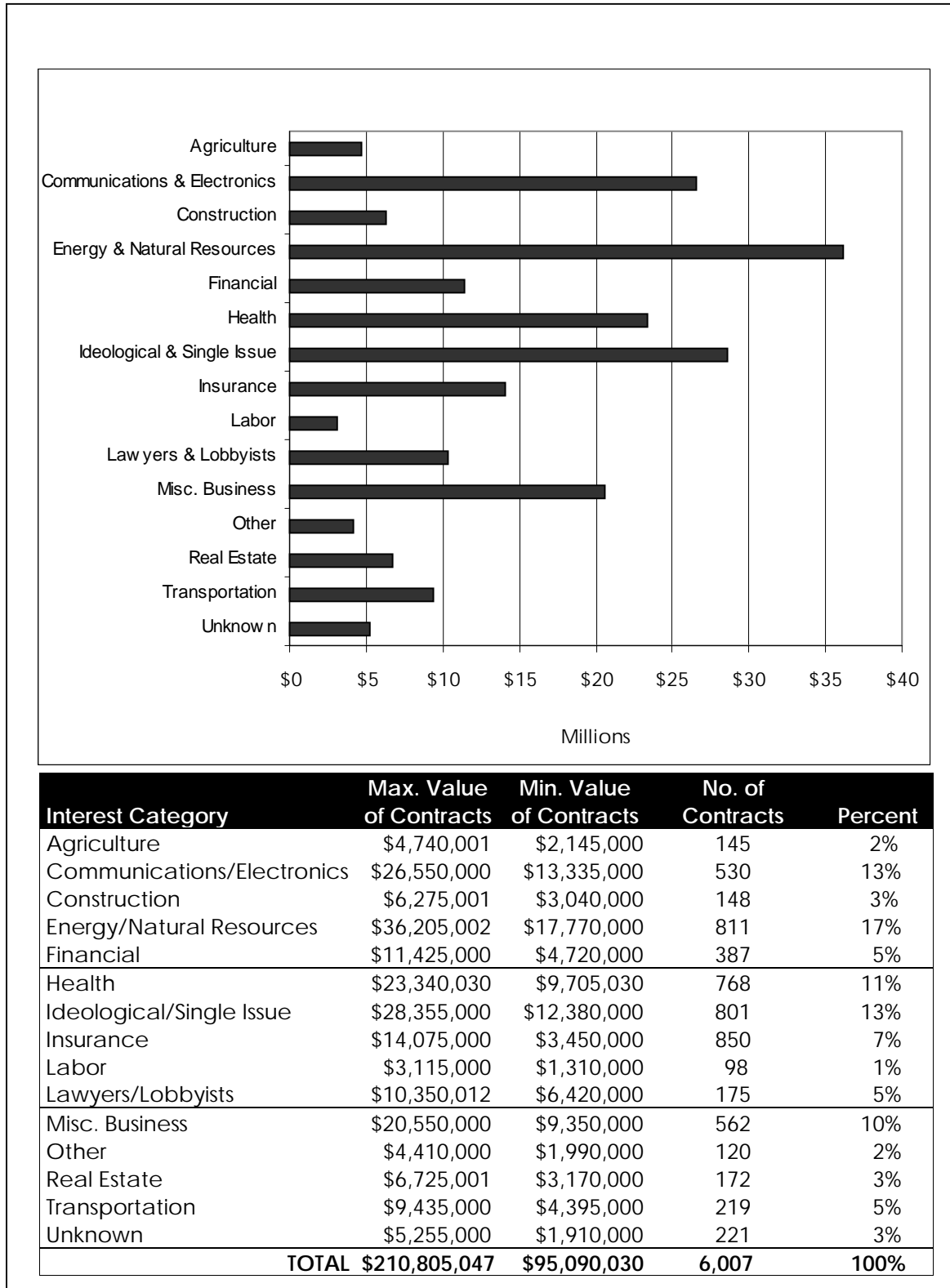
In 2001, when it hired ex-Senator John Montford as its vice president of external affairs and outgoing Public Utility Commissioner Judy Walsh as its vice president of regulatory policy, Bell had seven former state legislators on its lobby payroll.³ It also was one of the top clients that paid Dan Morales a total of more than \$1.1 million in 1999. Although Morales said he did not lobby, this money fueled a scandal because—as state attorney general two years earlier—Morales backed a Southwestern Bell lawsuit that sought entry to long-distance phone markets *before* Bell complied with a federal mandate to open its local phone network to competition. On Bell's dime, Morales later backed the company's Ameritech merger before federal regulators.⁴

Bell's lobby clout is legendary. A 1999 telecommunications law (SB 560) invited Bell to jack up fees on many services such as caller identification. A provision that Bell did not like, however, required companies that sell advanced telecommunications services to offer these services in rural areas at reasonable rates. In a rare defeat in 2001, Bell lobbyists failed to pass a bill that would have watered down this rural-service mandate—even as it offered state subsidies to comply with it (SB 1783).

D. Clients By Interest Category

This report categorizes Texas' 2001 lobby contracts by their underlying interests. Energy & Natural Resources is the leading category, accounting for 17 percent of all the money spent on lobby contracts in Texas. The next largest categories, respectively, are Ideological & Single-Issue clients (13 percent), Communications & Electronics clients (13 percent), Health clients (11 percent) and Miscellaneous Business clients (10 percent).

Maximum Lobbying by Interest Category



Energy & Natural Resources

Accounting for 17 percent of Texas' total lobby spending in 2001, Energy & Natural Resources interests spent between \$18 million and \$36 million to take out 811 lobby contracts. This is equivalent to the industry taking out 4.5 lobby contracts for every Texas legislator.

Energy interests dominated this sector, led by such investor-owned utilities as **Reliant Energy**, **TXU**, **American Electric Power** and their trade group—the **Association of Electric Companies of Texas**. These interests fended off populist efforts to refund \$5 billion to ratepayers in 2001. Lawmakers previously had let the utilities collect this money to cover the “stranded costs” of nuclear power plants, which were considered incapable of competing in a deregulated market. In fact, nuclear power did compete, thanks to the soaring costs of other fuels. But industry lobbyists rallied in 2001 to prevent any refund of these phantom costs to ratepayers.

Federal and state officials have accused **Enron**, TXU, Reliant American Electric Power and other power companies of profiting off energy market manipulation. Reliant and Dynegy in 2002 acknowledged artificially boosting their energy trading volumes. The Texas Public Utilities Commission (PUC) staff has recommended a \$7 million fine against defunct Enron and is negotiating settlements with five other power companies.⁵

Other leading clients in this sector have a keen interest in keeping Texas' pollution cops off the beat. **DuPont**, **ExxonMobil** and **ALCOA** all work to keep Texas No. 1 in toxic pollution. Runaway air pollution in Texas' major cities has politicians studying ways to limit vehicle emissions. This creates lobby jobs at **Environmental Systems**, the nation's top producer of auto emissions testing equipment. Finally, in 2001 **Waste Control Specialists** lost the latest round of its perennial battle to expand its low-level nuclear waste dump in West Texas.

Special-Interest Pioneer

Texas energy companies began to benefit one year after their 1999 lobbying coup—an emergency oil and gas tax cut backed by then-Governor George Bush.

The No. 1 beneficiary of this tax cut (which was supposed to benefit small energy producers) was Pioneer Natural Resources, which got a \$45 million tax break, according to a *Dallas Morning News* investigation.⁶ The next largest beneficiaries were Chevron, Texaco, Exxon and Unocal.

Pioneer owner Richard Rainwater was Bush's partner in the Texas Rangers and other business deals and was a top donor to Bush's gubernatorial campaigns. Pioneer paid Locke Liddell & Sapp lobbyist Gary Compton up to \$200,000 in 2001, just as it did back in 1999.

Top Energy & Natural Resources Clients

Lobby Client	Max Value of Contracts	No. of Contracts
Dupont	\$1,995,000	26
Reliant Energy	\$1,825,000	32
TXU	\$1,635,000	54
Association of Electric Companies of TX	\$1,290,000	25
ExxonMobil	\$1,290,000	23
American Electric Power	\$990,000	17
Enron Corp.	\$945,000	16
ALCOA	\$825,000	12
Waste Control Specialists	\$720,000	17
Environmental Sys. Products Holdings, Inc.	\$700,000	8

Ideological & Single-Issue

Accounting for 13 percent of Texas' total lobby spending in 2001, Ideological or Single-Issue interests spent between \$12 million and \$28 million to take out 801 lobby contracts. Most of the top spenders in this sector were local government entities, led by the **Texas Municipal League** and the **City of Austin**, which perennially battles developers' efforts to get the legislature to preempt Austin's environmental rules. While local government entities

Civil Justice Saboteur

Apart from municipal interests, the largest Ideological and Single-Issue lobby client was the Texas Civil Justice League (TCJL). TCJL and Texans for Lawsuit Reform (which operates one of the state's largest PACs) helped push through a raft of 1995 legislation that has made it harder to hold businesses legally accountable when they harm consumers, workers or communities. Subsequently, however, their agenda has languished and even has gone defensive.

Putting the best possible face on this situation, President Ralph Wayne listed TCJL's primary accomplishments in the 2001 session as defeating two obscure bills that would have increased the liabilities of those who abuse oil and gas leases.⁸

The money-fueled arrogance of Texans for Lawsuit Reform (TLR) in particular has become a liability with legislators, who have tired of TLR always coming back to demand more hand outs. This has forced TLR to distance itself from itself. In an unprecedented move in early 2002, TLR's PAC began to launder its financial muscle through other business PACs, transferring \$25,000 to TCJL's PAC and \$19,000 to the PAC of the Texas Association of Business and Chambers of Commerce. This allows TLR to apply its political squeeze under the names of somewhat less divisive organizations.

share a number of common interests (represented by the Texas Municipal League) their lobbyists also compete against one another for scarce state funds.

The largest non-governmental entity in the Ideological & Single-Issue sector is the **Texas Civil Justice League**, which lobbies for laws that make it harder to sue businesses that harm people or communities (see "Civil Justice Saboteur"). The **Texas Humane Legislation Network** lobbied to pass two key bills in 2001. One is a three-strikes-and-you're-out law for animal abusers. The other law requires owners of dangerous wild animals to protect the animal and the public. Finally, after spending up to \$475,000 on lobbyists and making \$500,000 in political contributions, the **Tigua Ysleta Del Sur Pueblo** Indian tribe lost a February 2002 federal appeal to stop the state from shutting down its Speaking Rock Casino.⁷

Top Ideological or Single-Issue Clients

Lobby Client	Max. Value of Contracts	No. of Contracts
TX Municipal League	\$1,175,000	16
City of Austin	\$1,150,000	15
City of Houston	\$1,130,000	23
TX Civil Justice League	\$885,000	21
Metro. Transit Auth. of Harris Co.	\$780,000	15
TX Humane Legislation Network	\$725,000	9
Capital Metro. Transp. Auth.	\$700,000	8
San Antonio Water System	\$600,000	8
City of San Antonio	\$575,000	9
Ysleta Del Sur Pueblo	\$475,000	17

Communications & Electronics

Accounting for 13 percent of Texas' lobby spending in 2001, Communications & Electronics interests spent from \$13 million to \$27 million on 530 lobby contracts.

Telephone companies accounted for six of the top 10 interests in this sector. Texas' No. 1 lobby client spent up to almost \$7 million on 96 lobby contracts. SBC Corp's **Southwestern Bell** provides local service for 77 percent of the state's phones, according to the **Texas Telephone Association** trade group (Verizon has 13 percent of the market). Regulators also have allowed Southwestern Bell to compete with **AT&T**, **Sprint** and **MCI WorldCom** in long-distance service. A smaller firm that spent up to \$50,000 on lobbying, **Vista Services Corp.**, got slammed with a \$680,000 federal fine in 2000 for switching consumers' phone companies without their permission.

This sector's top-10 list also includes two computer companies: **Electronic Data Systems** (EDS) and **Texas Instruments**. EDS made headlines in February 2001, when the Travis County District Attorney's Public Integrity Unit raided an EDS subsidiary. Its prosecutors were investigating allegations that EDS' National Heritage Insurance Co. (NHIC) defrauded Texas' Medicaid program out of \$10 million. Allegations aired in anonymous letters to House Appropriations Chair Rob Junell accused NHIC of conspiring to overcharge the state for administering Texas' Medicaid program after it arranged to eliminate price caps from its state contract in 1998. Although state officials expressed outrage at the allegations, they were stymied by the perception that another company would be hard pressed to take over the contract midstream. EDS settled the charges in June 2001, paying a \$250,000 fine and reimbursing \$3.4 million of state funds. The sector's other top lobby clients are the **Outdoor Advertising Association** and **Orbis Online**, which provides online procurement services to the State of Texas and other clients.

A Winning Bid

San Antonio-based Orbis Online is Texas' only firm conducting Internet-based "reverse auctions," according to Senator Todd Staples' office.⁹

The Texas Attorney General found in December 2000 that Texas government entities lack authority to conduct such auctions (in which vendors bid against each other for contracts online).¹⁰

The next month, as the first report surfaced that Orbis hired the Loeffler Jonas & Tuggey lobby firm, Rep. Rick Green—who is of counsel to that firm—expressed his "concern" about the opinion to Attorney General John Cornyn. "I would like to work with you and your staff to craft legislation that would allow the reverse auctions to be used by our state agencies," he wrote. A legislative fix that Sen. Staples authored (presumably without the Attorney General's help) passed that same year (SB 221).

Top Communications & Electronics Clients

Lobby Client	Max. Value of Contracts	No. of Contracts
Southwestern Bell	\$6,925,000	175
Electronic Data Systems	\$2,020,000	24
AT&T	\$1,145,000	28
Verizon Services Group	\$1,075,000	46
TX Telephone Assoc.	\$750,000	12
Sprint	\$700,000	7
TX Instruments	\$700,000	20
MCI WorldCom	\$650,000	11
Outdoor Advertising Assoc.	\$485,000	11
Orbis Online, Inc.	\$450,000	3

Health

Accounting for 11 percent of Texas' lobby spending in 2001, Health interests spent from \$10 million to \$23 million on 768 lobby contracts.

Dominating this category were hospital interests led by the **Texas Hospital Association**, health professional groups, led by the **Texas Medical Association**, and health insurance interests, led by the health maintenance organization (HMO) **Superior HealthPlan, Inc.**

The greatest health battle of the 2001 legislative session came over a proposal to make health insurers pay medical bills promptly (HB 1862). Physicians and consumer groups shepherded the bill through the legislature. But Governor Rick Perry, who had never objected to the measure, vetoed it. A close friend of the governor, lobbyist Mike Toomey, represented the bill's primary opponents: HMOs and Texans for Lawsuit Reform (TLR). TLR and its members are the No. 1 source of contributions to Perry's political campaign; the group opposed a provision that would have barred such health disputes from being forced out of court and into arbitration.¹¹

Health professions also fought several turf battles. **Texas Dental Hygienists** outmaneuvered the **Texas Dental Association** in 2001, when the Senate killed a provision to allow dentists to train hygienists on the job rather than hiring pre-certified hygienists.¹² The **Texas Ophthalmological Association** has fought a long turf war with optometrists, who separately fended off competition from a contact lens maker: 1-800 Contacts, Inc. (see "Eyes Wide Shut").

The **Texas Health Care Association** represents the nursing home industry, which has been squeezed in recent years between dwindling federal receipts and substantial liabilities for negligent care. Finally, **Johnson & Johnson** is a major manufacturer of health care products, from bandages to pharmaceuticals.

Eyes Wide Shut

A major contact lens manufacturer effectively killed a bill it desperately wanted through overly aggressive lobby tactics.

When consumers seek to simply refill an existing contact lens prescription, some optometrists have forced them to get a new eye exam or to buy new lenses from them. The 2001 Texas Legislature was working on a measure to make it easier for consumers to refill existing prescriptions at a lower cost by buying directly from contact lens makers. But Senate sponsor Mike Moncrief killed his own bill after he learned that one manufacturer was seeking to pack a legislative hearing with supporters by transporting them to the Capitol in limousines and private jets.

In its zeal to pass this particular bill, Utah-based 1-800 Contacts overlooked one of the fundamental premises of its industry: appearances matter.

Top Health Clients

Lobby Client	Max. Value of Contracts	No. of Contracts
TX Hospital Assoc.	\$875,000	14
TX Medical Assoc.	\$665,000	18
TX Ophthalmological Assoc.	\$400,000	5
TX Dental Assoc.	\$350,000	8
TX Health Resources	\$300,000	5
1-800 Contacts, Inc.	\$285,000	9
Superior HealthPlan Inc.	\$270,000	15
AMERIGROUP TX, Inc.	\$270,000	13
TX Health Care Assoc.	\$265,000	9
Johnson & Johnson	\$250,000	2
TX Dental Hygienists' Assoc.	\$250,000	6

Miscellaneous Business

The Miscellaneous Business sector accounted for 10 percent of Texas' lobby spending in 2001, with 562 contracts worth from \$9 million to \$21 million. Gambling interests were prominent here, led by scandal-ridden **GTECH**, which has had an exclusive contract to run the Texas lottery since that lottery started in 1992.¹³ GTECH sparked renewed controversy in October 2001 when the Texas Lottery Commission quietly omitted a contract provision that barred its contractor and its lobbyists from contributing to the campaigns of Texas politicians. The commission quickly restored this language after the *Dallas Morning News* blew the whistle.¹⁴

The Lottery Commission also announced in February 2002 that it would start considering the local economic impact of the contracts it awards. This was a victory for San Antonio-based **Oberthur Gaming Technologies** (three 2001 lobby contracts of up to \$185,000), which covets an instant-ticket Lottery contract now held by Georgia-based **Scientific Games Corp.**¹⁵ Finally, the **Amusement and Music Operators of Texas** represents "eight-liner" gambling machine owners. These businesses have fought the Texas Attorney General's Office by pushing the limits of a 1995 law that legalized prize-awarding amusement machines. An interim House committee and the Texas Supreme Court are trying to clarify where amusement ends and gambling begins.

Top Miscellaneous Business Clients

Lobby Client	Max Value of Contracts	No. of Contracts
GTECH Corp.	\$850,000	7
DeVry University, Inc.	\$700,000	8
Panhandle 2000, Inc.	\$450,000	3
Amusement & Music Operators of TX	\$435,000	7
TX Assoc. of Business & Chambers of Com.	\$360,000	8
TX Retailers Assoc.	\$320,000	16
Agilent Technologies, Inc.	\$300,000	3
San Antonio Athletic Club, Inc.	\$300,000	3
Saxon Publishers, Inc.	\$300,000	2
TX Border Infrastructure Coalition	\$270,000	7

Illinois-based **DeVry University, Inc.** is a private higher-education company. It sought Texas Higher Education Coordinating Board approval in 2001 to offer certain degree programs in Texas. **Saxon Publishers** publishes math and phonics textbooks, including some that the Texas Education Agency has pre-approved for public schools in the state.¹⁶

The **Texas Association of Business and Chambers of Commerce**, Amarillo-based **Panhandle 2000** and El Paso-based **Texas Border Infrastructure Coalition** are business-booster organizations. The **Texas Association of Retailers** represents diverse retail stores that failed to get the cash-strapped legislature to renew Texas' sales tax holiday in 2001.¹⁷

Agilent Technologies is a Hewlett Packard spin-off that sells testing equipment used in the communications and life science industries. The **San Antonio Athletic Club** appears to represent the San Antonio Spurs basketball team.

III. Lobbyists

A. Million-Dollar Lobbyists

Thirty-eight Texas lobbyists reported maximum lobby incomes of \$1 million or more in 2001. With an average of 28 clients apiece, the members of this million-dollar club collectively billed their clients up to \$52.3 million in 2001. These 38 lobbyists accounted for an astounding one out of every four lobby dollars billed in the state.

Shattering the glass ceiling, Baker Botts' Pamela Giblin (see accompanying table) shot to the top of the list as the only 2001 lobbyist to report a maximum lobby income in excess of \$2 million. A former Texas Air Control Board general counsel, Giblin is Texas' top polluter lobbyist, with energy, chemical and waste interests accounting for two-thirds of her clients.

As discussed in the next section, the value of the largest Texas lobby contracts—which are worth more than \$200,000—are not known. Giblin reported the only such mega-contract with a government entity: the Brownsville Public Utility Board (BPUB).

To determine if this mega-contract was worth \$200,001 or \$5 million, Texans for Public Justice (TPJ) filed a Public Information Act request with the BPUB. After two months of BPUB stonewalling, TPJ indirectly obtained some information by requesting copies of the documents that BPUB sent to the Office of Attorney General (OAG) in its efforts to shirk disclosure of its lobby spending.

A BPUB letter to the OAG says, "During calendar year 2001, BPUB continued to use and pay for the services of the law firms of Baker & Botts and of Murray Scheer Montgomery Tapia & O'Donnell to obtain favorable federal and state action on regulatory approvals and financial assistance for a proposed water project and to pay for the services of Cliff Johnson and Reggie Bashur as persons identified by Baker & Botts as necessary consultants to obtain favorable action on the required state and federal permits." Citing attorney-client privilege, BPUB declined to disclose other details of its exorbitant lobbying activity.

Pam Giblin's Top 2001 Clients	Max. Value of Contract
Baker Botts	>\$200,000
Brownsville Public Utilities Board	>\$200,000
Pilgrim's Pride Corp.	\$200,000
Secured Enviro. Management	\$200,000
Waste Management of TX	\$100,000
Albemarle Corp.	\$25,000
AMD	\$25,000
Arco Chemical Co.	\$25,000
BASF Corp.	\$25,000
Bayer Corp.	\$25,000
BP Amoco	\$25,000
Bridgestone/Firestone Inc.	\$25,000
Capitol Aggregates, Ltd.	\$25,000
Celanese Chemicals	\$25,000
Champion International Corp.	\$25,000
Chevron U.S.A. Inc.	\$25,000
Coastal Corp.	\$25,000
Donohue Industries	\$25,000
Dow Chemical U.S.A.	\$25,000
DX Holding Co.	\$25,000
Du Pont	\$25,000
Eastman Chemical Co.	\$25,000
Entergy	\$25,000
Enterprise Products Partners	\$25,000
Equistar Chemicals	\$25,000
ExxonMobil Corp.	\$25,000
GB Biosciences Corp.	\$25,000
Global Octanes Corp.	\$25,000
Goodyear Tire & Rubber Co.	\$25,000
Huntsman Chemical Corp.	\$25,000
Lyondell Citgo Refining Co.	\$25,000
Motorola Corp.	\$25,000
Occidental Chemical Corp.	\$25,000
Pasadena Paper Co.	\$25,000
Phillips Petroleum Co.	\$25,000
Reliant Energy	\$25,000
Rohm and Haas TX	\$25,000
Shell Oil Co.	\$25,000
Solutia, Inc.	\$25,000
Sterling Chemicals	\$25,000
Temple Inland	\$25,000
Texaco	\$25,000
TX Instruments	\$25,000
TX Petrochemicals Corp.	\$25,000
Union Carbide Corp.	\$25,000
Union Pacific Railroad Co.	\$25,000
Valero Energy Corp.	\$25,000
Westvaco TX	\$25,000

Texas' Million-Dollar Lobbyists

Lobbyist	Max. Value of Contracts	Min. Value of Contracts	No. of Contracts	Lobbyist Background
1 Pamela M. Giblin	\$2,055,002	\$1,180,000	56	Ex-TX Air Control Board Gen'l Counsel; at Baker Botts
2 John M. Erskine Jr.	\$1,885,000	\$995,000	26	Ex-Amoco & DuPont lobbyist; at Hughes & Luce.
3 Christie L. Goodman	\$1,875,000	\$960,000	24	Works with Randall Erben
4 Neal Jones Jr.	\$1,875,000	\$865,000	50	Ex-legislator & Speaker chief of staff; at HillCo Partners
5 Randall H. Erben	\$1,835,000	\$935,000	25	Law Offices of Randall H. Erben
6 Russell T. Kelley	\$1,795,000	\$835,000	41	Ex-aide to Speaker Bill Clayton; at Public Strategies
7 Brian G. Yarbrough	\$1,705,000	\$860,000	24	Works with Randall Erben
8 Janis L. Carter	\$1,610,000	\$890,000	20	Ex-Aide to Rep. Rob Junell
9 Larry D. McGinnis	\$1,610,000	\$865,000	21	Ex-Legislative aide to two senators; at Hughes & Luce
10 Reginald G. Bashur	\$1,600,000	\$950,000	15	Ex-aide to Governors Clements & Bush
11 Myra Leo	\$1,550,000	\$840,000	19	Ex-Legislative Chief of Staff; at Hughes & Luce
12 Edna R. Butts	\$1,510,000	\$820,000	18	Hughes & Luce lobbyist
13 Deana D. Hendrix	\$1,500,000	\$820,000	17	Hughes & Luce lobbyist
14 Marc T. Shivers	\$1,500,000	\$820,000	17	Hughes & Luce lobbyist
15 Alexander Gonzales	\$1,485,000	\$800,000	20	Hughes & Luce lobbyist
16 John C. Johnson Jr.	\$1,485,000	\$785,000	16	Ex-legislator; Gov. Bush aide; TX Water Commissioner
17 J. McCartt	\$1,430,000	\$665,000	35	HillCo Partners lobbyist
18 Demetrius McDaniel	\$1,425,000	\$810,000	13	Ex-aide to Ag. Commissioner/lawmaker; at Akin Gump
19 Kent A. Caperton	\$1,385,001	\$775,000	19	Ex-senator
20 Stan Schlueter	\$1,280,000	\$615,000	29	Ex-Chair House Calendars Com.; at Schlueter Group
21 Hugo Berlanga	\$1,270,000	\$675,000	17	Ex-Chair of House Public Health Com.
22 Bill Messer	\$1,235,000	\$580,000	24	Ex-legislator
23 Andrea McWilliams	\$1,210,000	\$570,000	24	Ex-legislative aide; at McWilliams & Assoc.
24 David A. Marwitz	\$1,205,000	\$570,000	27	At Eppstein Group
25 Michael Toomey	\$1,155,000	\$505,000	35	Ex-legislator & aide to Gov. Clements; pal of Gov. Perry
26 Mignon McGarry	\$1,140,000	\$560,000	25	Ex-aide to Ex-Sen. Chet Brooks
27 John Chris Gavras II	\$1,115,000	\$520,000	26	At Eppstein Group
28 Christopher Shields	\$1,110,000	\$530,000	23	At Chris S. Shields, P.C.
29 Bryan P. Eppstein	\$1,105,000	\$520,000	25	At Eppstein Group
30 Gaylord Armstrong	\$1,100,001	\$720,000	11	At McGinnis Lochridge & Kilgore
31 Bill Clayton	\$1,090,000	\$535,000	22	Ex-House Speaker
32 Tristan Castaneda Jr	\$1,060,000	\$505,000	22	At Chris S. Shields, P.C.
33 Mark Vane	\$1,060,000	\$25,000	102	At Akin Gump
34 John T. Shults	\$1,045,000	\$495,000	23	At Eppstein Group
35 Kimberly A. Yelkin	\$1,030,000	\$40,000	97	At Akin Gump
36 Gary D. Compton	\$1,000,001	\$700,000	7	At Shell Oil Co.
37 Robert I. Kelly	\$1,000,000	\$550,000	9	At Robert I. Kelly & Assoc.
38 J. Kyle Frazier	\$1,000,000	\$465,000	26	At the Schlueter Group
TOTALS	\$52,325,005	\$26,150,000	1,050	

Note: Data cover paid lobby contracts registered in July 2001.

B. Fattest Lobby Contracts

Lobbyists reported 17 mega-contracts in 2001 worth unspecified amounts of "more than \$200,000." The public has no way of knowing whether these contracts were worth \$200,001 apiece or \$5 million. In another disclosure failing, only five of these 17 mega-contracts revealed full information about both sides of a conventional lobby-client relationship. Eleven lobbyists who reported huge contracts listed their own lobby firm as the source of their mega-contract. For another such contract, the Texas Association of Realtors listed itself as both the lobbyist and client. There is no way to know if unethical lobbyists and firms abuse this kind of disclosure to conceal the identities of other paying clients. Texas' No. 1 hired gun, Baker Botts' Pamela Giblin, is the only lobbyist who reported two mega contracts: one with her employer and one with the Brownsville Public Utilities Board.

**Fattest Contracts With Real Clients
(Contract Value Exceeds \$200,000)**

Client	Lobbyist
Assoc. General Contractors	Karen A. Johnson
Brownsville Public Utilities Bd	Pamela M. Giblin
Swisher International, Inc.	Jim Short
TX Association of Realtors	????
TX Electric Cooperatives	Campbell McGinnis
TX Trial Lawyers Assoc.	Nicholas K. Kralj

**Fat Contracts With Lobby Firm 'Clients'
(Contract Value Exceeds \$200,000)**

Lobby Firm 'Client'	Lobbyist
Baker Botts	Robert Strauser
Baker Botts	Kim Sherman
Baker Botts	Larry F. York
Baker Botts	Pamela M. Giblin
Baker Botts	Mary Keller
Bicameral Consultants, Inc.	Johnnie Rogers Jr.
Locke Liddell & Sapp	Gary D. Compton
McGinnis Lochridge & Kilgore	Robert C. Wilson
McGinnis Lochridge & Kilgore	Gaylord Armstrong
Vinson & Elkins	Joe Bill Watkins
Winstead Sechrest & Minick	Kent A. Caperton

Sweet Victory

The nation's top producer of premium snuff and chew tried to snuff out its competitors in 2001. Since U.S. Tobacco's (UST's) Skoal and Copenhagen brands sell for much more than competing discount brands, it would benefit if Texas taxed these goods by *weight* rather than price.

Spending up to \$360,000 on Texas lobbyists in 2001, UST (backed by its McLane Co. distributor and Texas Comptroller Carole Keeton Rylander) floated such a tax bill (HB 3382). A year earlier, Rylander broke from her predecessors by agreeing to settle a \$27 million lawsuit over smokeless tobacco taxes with the McLane Co., which was owned by Rylander campaign Treasurer Drayton McLane.¹⁸

Yet the UST tax give away was defeated with opposition from the Smokeless Tobacco Council trade group and Swisher International. Having never hired a Texas lobbyist before, the producer of Swisher Sweets cigars and many smokeless tobacco products suddenly took out a mega-contract of "more than \$200,000" with Houston lobbyist Jim Short.

IV. Top Lobby Clients in Texas

Rank 2001	'99 Lobby Client	Contract Value (Max.)	No. of Contracts	Interest Category
1	1 Southwestern Bell	\$6,925,000	96	Communications/Electronics
2	2 Electronic Data Systems Corp.	\$2,020,000	22	Communications/Electronics
3	10 DuPont	\$1,995,000	24	Energy/Natural Resources
4	4 Reliant Energy	\$1,825,000	32	Energy/Natural Resources
5	6 TXU	\$1,635,000	54	Energy/Natural Resources
6	14 ExxonMobil	\$1,290,000	23	Energy/Natural Resources
6	23 Assoc. of Electric Co's of Texas	\$1,290,000	25	Energy/Natural Resources
8	20 Baker Botts	\$1,210,005	8	Lawyers/Lobbyists
9	7 TX Municipal League	\$1,175,000	14	Ideological/Single-Issue
10	3 City of Austin	\$1,150,000	12	Ideological/Single-Issue
11	5 AT&T	\$1,145,000	28	Communications/Electronics
12	26 City of Houston	\$1,130,000	21	Ideological/Single-Issue
13	24 TX Assoc. of Realtors	\$1,090,001	12	Real Estate
14	* Verizon	\$1,075,000	38	Communications/Electronics
15	* American Electric Power	\$990,000	17	Energy/Natural Resources
16	38 TX Hospital Assoc.	\$975,000	15	Health
17	11 Enron Corp.	\$945,000	15	Energy/Natural Resources
18	9 Boeing	\$900,000	9	Transportation
19	39 TX Civil Justice League	\$885,000	20	Ideological/Single-Issue
20	68 GTECH Corp.	\$850,000	7	Miscellaneous Business
20	67 Indep't Insurance Agents of TX	\$850,000	7	Insurance
22	16 Stratus Properties	\$830,000	13	Real Estate
23	5 McGinnis Lochridge & Kilgore	\$825,002	6	Lawyers/Lobbyists
24	171 ALCOA	\$825,000	12	Energy/Natural Resources
25	46 Metro. Transit Auth. of Harris Co.	\$780,000	15	Ideological/Single-Issue
26	461 Associated General Contractors	\$760,001	12	Construction
27	121 TX Telephone Assoc.	\$750,000	12	Communications/Electronics
28	216 Burlington Northern Santa Fe	\$730,000	9	Transportation
29	55 TX Humane Legislation Network	\$725,000	8	Ideological/Single-Issue
30	15 Waste Control Specialists	\$720,000	14	Energy/Natural Resources
31	69 Alliance of Auto. Manufacturers	\$700,000	7	Transportation
31	12 Capital Metro. Transpo. Auth.	\$700,000	7	Ideological/Single-Issue
31	18 DeVry University, Inc.	\$700,000	7	Miscellaneous Business
31	* Enviro. Systems Products Holdings	\$700,000	7	Energy/Natural Resources
31	19 Sprint	\$700,000	7	Communications/Electronics
31	17 TX DPS Officers Assoc.	\$700,000	7	Labor
31	34 TX Instruments	\$700,000	20	Communications/Electronics
38	* 1-800 Contacts, Inc.	\$685,000	18	Health
38	36 TX Medical Assoc.	\$685,000	20	Health
40	59 TX Trial Lawyers Assoc.	\$675,001	12	Lawyers/Lobbyists
41	96 Koch Industries	\$670,000	14	Energy/Natural Resources
42	45 MCI WorldCom	\$650,000	11	Communications/Electronics
43	37 Winstead Sechrest & Minick	\$625,001	6	Lawyers/Lobbyists
44	22 Cash America International	\$620,000	8	Finance
45	* ESP	\$600,000	3	Energy/Natural Resources
45	21 San Antonio Water System	\$600,000	8	Ideological/Single-Issue
47	43 City of San Antonio	\$575,000	9	Ideological/Single-Issue
48	144 Texaco Inc.	\$565,000	23	Energy/Natural Resources
49	47 TX Electric Cooperatives	\$550,001	6	Energy/Natural Resources
49	300 Continental Airlines	\$550,000	9	Transportation

*No lobby contracts registered in 1999.

Rank	Contract	No. of			
2001	'99	Lobby Client	Value (Max.)	Contracts	Interest Category
49	50	Holly Corp.	\$550,000	4	Energy/Natural Resources
52	554	US Tobacco (UST) Public Affairs	\$535,000	16	Agriculture
53	168	Chevron	\$525,000	7	Energy/Natural Resources
53	251	TX Ophthalmological Assoc.	\$525,000	6	Health
55	176	Hillwood Development Corp.	\$510,000	12	Real Estate
56	104	El Paso Electric Co.	\$500,000	4	Energy/Natural Resources
57	605	Outdoor Advertising Assoc. of TX	\$485,000	11	Communications/Electronics
58	*	Ysleta Del Sur Pueblo	\$475,000	17	Ideological/Single-Issue
59	56	TX Farm Bureau	\$470,000	11	Agriculture
60	60	Vinson & Elkins	\$465,001	8	Lawyers/Lobbyists
61	33	PG&E Corp.	\$460,000	10	Energy/Natural Resources
61	141	United Services Auto. Assoc.	\$460,000	7	Insurance
63	199	Dow Chemical	\$455,000	10	Energy/Natural Resources
64	*	BITL, L.L.C.	\$450,000	3	Lawyers/Lobbyists
64	*	Orbis Online, Inc.	\$450,000	3	Communications/Electronics
64	244	Panhandle 2000, Inc.	\$450,000	3	Miscellaneous Business
64	198	Perdue Brandon Fielder...	\$450,000	8	Lawyers/Lobbyists
64	57	Solutia, Inc.	\$450,000	6	Energy/Natural Resources
64	48	TX Business Law Foundation	\$450,000	3	Lawyers/Lobbyists
64	409	Waste Management, Inc.	\$450,000	5	Energy/Natural Resources
71	174	Lower Colorado River Authority	\$445,000	12	Ideological/Single-Issue
72	593	Shell Oil	\$445,000	7	Energy/Natural Resources
73	720	AMERIGROUP Corp.	\$440,000	17	Health
74	95	Aetna	\$435,000	8	Insurance
74	78	Amusement & Music Operators	\$435,000	7	Miscellaneous Business
74	74	Philip Morris	\$435,000	7	Agriculture
77	256	Dallas/Fort Worth Intern'l Airport	\$430,000	10	Transportation
78	1137	American Heart Assoc.	\$425,000	9	Ideological/Single-Issue
78	71	Coastal Corp.	\$425,000	5	Energy/Natural Resources
78	86	State Farm Insurance	\$425,000	6	Insurance
81	138	Ind't Colleges & Universities of TX	\$410,000	4	Ideological/Single-Issue
81	246	American Cancer Society	\$410,000	8	Ideological/Single-Issue
83	411	Accident & Injury Pain Centers	\$400,000	6	Health
83	91	Bryan Eppstein & Co.	\$400,000	4	Lawyers/Lobbyists
83	457	City of Laredo	\$400,000	5	Ideological/Single-Issue
83	521	Com-Net Ericsson	\$400,000	4	Communications/Electronics
83	*	N. Harris Co. Reg'l Water Auth.	\$400,000	5	Energy/Natural Resources
83	87	TX Assoc. of School Boards	\$400,000	6	Other
83	*	TX Dental Assoc.	\$400,000	9	Health
90	84	Envirocare	\$395,000	7	Energy/Natural Resources
91	70	TX Healthcare Assoc.	\$390,000	14	Health
92	604	Comarco, Inc.	\$375,000	7	Communications/Electronics
92	40	Entergy/Gulf States Inc.	\$375,000	19	Energy/Natural Resources
94	143	Eastman Chemical Co.	\$360,000	15	Energy/Natural Resources
94	93	TX Assoc. Business & Ch. of Com.	\$360,000	8	Miscellaneous Business
94	116	TX Cable & Telecom. Assoc.	\$360,000	8	Communications/Electronics
97	*	ACE Cash Express	\$350,000	7	Finance
97	987	Citigroup	\$350,000	20	Finance
97	*	First Cash Financial Services	\$350,000	7	Finance
97	123	Johnson & Johnson Law Office	\$350,000	3	Health
97	129	Pilgrim's Pride Corp.	\$350,000	4	Agriculture
97	80	TX Chemical Council	\$350,000	6	Energy/Natural Resources
97	93	TX Classroom Teachers Assoc.	\$350,000	7	Labor
97	241	TX Dental Hygienists' Assoc.	\$350,000	7	Health
97	*	Valor Telecom. Enterprises	\$350,000	2	Communications/Electronics

*No lobby contracts registered in 1999.

Notes

- ¹ *The Fourth Branch*, Center for Public Integrity, May 2001.
- ² The number of 2000 Texas lobby clients listed here differs from what is reported elsewhere in this report. The origins of this discrepancy are that the Center for Public Integrity counted *all* lobby contracts whereas this report just counts *paid* lobby contracts. The Center also used data from an unspecified date in “early 2000” (the number of reported contracts tends to increase as the year progresses).
- ³ The other ex-legislators were Kent Caperton, Kent Hance, Rusty Kelly, Carl Parker, Nolan Robnett and Stan Schlueter. Southwestern Bell promoted Montford to President in June 2002.
- ⁴ Morales Defends Working for Bell,” *Dallas Morning News*, February 26, 2002.
- ⁵ “PUC Might Fine Enron For Power Overscheduling,” *Dallas Morning News*, June 4, 2002.
- ⁶ “Ex-partner’s company benefited from Bush’s ’99 tax break,” *Dallas Morning News*, April 16, 2000.
- ⁷ “Tiguas Gave Candidates More Than \$500,000,” *El Paso Times*, December 3, 2001.
- ⁸ One proposal would have extended the statute of limitations on such cases (HB 736/SB 422). Another would have reversed a bad Texas Supreme Court precedent that allowed oil companies to file these cases in courts that are hundreds of miles away from the landowners who are adversaries in these disputes (HB 735/SB290). Wayne cited these bills in his “Overview of the 77th Texas Legislature,” on the Internet at www.tcjil.com/news.htm.
- ⁹ “Reversing the Way Texas Public School Districts Do Business,” *Texas School Law News*, September 2001.
- ¹⁰ Office of Attorney General Opinion JC-0316, December 15, 2000.
- ¹¹ “Suit-Limits Group is Top Perry Donor,” *Dallas Morning News*, August 19, 2001; “Dr. Issues Killer Post-Mortem on Perry’s Prompt-Pay Veto,” *Lobby Watch*, Texans for Public Justice, October 8, 2001.
- ¹² “Dental-Training Measure Fails,” *Dallas Morning News*, May 22, 2001. Dentists also have been under fire because their Texas Board of Dental Examiners has coddled rather than disciplined dangerous dentists. See “Do Errant Dentists Go Unpunished?” *Austin American-Statesman*, August 20, 2000.
- ¹³ For more on GTECH scandals, see *Texas Revolvers*, Texans for Public Justice, February 1999.
- ¹⁴ “Lottery Firm’s Ban Is Restored,” *Dallas Morning News*, October 19, 2001.
- ¹⁵ “Lottery To Amend Contract Rules,” *Dallas Morning News*, February 13, 2002. The Lottery Commission revised its rules in response to a provision inserted in a 2001 law by San Antonio Sen. Leticia Van de Putte.
- ¹⁶ The state does not fully fund textbooks that have not been approved by the Texas Education Agency.
- ¹⁷ It also is trying to extend the sales tax burden to sales made through out-of-state catalogues and the Internet.
- ¹⁸ “Double Dippin’,” *Texas Observer*, June 22, 2001.