

Democracy North Carolina

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LOBBYISTS DONATED \$450,000 TO STATE LEGISLATORS BUT THEIR FUND-RAISING GOES UNDISCLOSED

Special-Interest PACs Donate \$7 Million to Legislators in 2004 Election

As the General Assembly grapples with whether to regulate the fund-raising activities of lobbyists, a new study finds that the house parties and other events hosted by lobbyists for legislators are rarely disclosed on campaign finance reports.

In a search of over 200,000 records covering contributions and expenditures from January 2003 to April 2006, researchers found only 11 cases of legislative candidates acknowledging the liquor, food, invitation letters, and other forms of in-kind donations that lobbyists provide to help fund-raising events. The goods and services come from lobbyists for pork producers, billboards, state lottery proponents and opponents, and education groups – but the total listed is only \$5,005.

“The public gets hardly any information about how lobbyists move money into the political system in North Carolina,” said Bob Hall of Democracy North Carolina, a watchdog group that monitors campaign finance reports.

“Political observers know that lobbyists are hosting an increasing number of fund-raising events for legislators, caucus committees, and executive branch politicians. But you don’t see the lobbyists’ spending for those events listed, even though state law says such in-kind donations should be disclosed on the beneficiaries’ campaign finance report.”

Hall also said a proposed restriction on lobbyists giving more than a total of \$4,000 per election to all legislative and Council of State candidates would have, by itself, “a small impact on their clout and even less impact on the money chase that dominates North Carolina politics today.”

Less than half the registered lobbyists in 2003-2004 made a donation to a state candidate or party over \$100 during that period, Democracy North Carolina found. The top 10 donor-lobbyists gave a total of about \$200,000 to legislative candidates, while the next 251 gave \$250,000.

Contract lobbyists Dave Horne, Marsha Jones, Don Beason, and Zeb Alley topped the list.

The total of \$450,000 from lobbyists to legislative candidates in the 2004 election pales next to the \$7 million donated by special interest PACs (political action committees), Hall noted. Much of that PAC money is directed to candidates by lobbyists and feeds what he called an “unhealthy co-dependency between needy politicians and special interests in need of special favors.”

He recommended a “stick and carrot approach” to reduce the power of lobbyists in Raleigh – (1) a ban on lobbyists soliciting money for legislators and Council of State officials, (2) a limit on their direct contributions, and (3) as an incentive, access to public campaign funds for the candidates who voluntarily reject special interest contributions and gather a large number of small donations for voters. Proposals for all three measures are still awaiting action in the General Assembly as part of a package of reforms adopted by a special study commission.

Highlights from the findings (see next two pages of tables):

- ***In-Kind Donations.*** Democracy North Carolina analyzed over 200,000 records from the State Board of Elections that cover contributions and expenditures for legislative candidates from January 2004 to mid-April 2006. The group found only 11 cases of in-kind donations attributed to lobbyists with a description that linked the activity to fund-raising. About 15 other cases had vague or no description. *(See details on first table.)*

The 11 in-kind contributions total \$5,005 and came from such well-known contract lobbyists as Zeb Alley, Roger Bone, and Al Adams, from Theresa Kostrzewa, who represented beer and pork producers, and from Tony Adams of the NC Outdoor Advertising Association.

- ***Direct Donations.*** The analysis also shows that only about a dozen lobbyists would be impacted by a proposal (in the lobby reform bill on the House floor) to limit their total contributions to state-level politicians to \$4,000 per election (primary, run-off, and general) or \$12,000 in an election cycle.

The top 10 lobbyist-donors gave 44% of all the donations from lobbyists to legislative candidates in 2003-2004 – \$200,000 of the \$450,000 total. Then Co-Speaker Jim Black was the leading recipient of those funds, receiving \$54,050, followed by Co-Speaker Richard Morgan (\$47,470) and Senate President Pro Tem Marc Basnight (\$33,550). Overall, Mike Easley was the top recipient of contributions from lobbyists in the 2004 election, with \$103,000.

- ***Party Donations.*** A \$4,000 limit can be circumvented, Hall said, because under the proposal lobbyists can still give unlimited amounts to the political parties for caucus committees that benefit the Democratic and Republican members of the General Assembly.

In fact, 16 lobbyists gave a total of \$16,900 to the N.C. Democratic Executive Committee in early 2003 as the General Assembly was reconvening. Lobbyists donated a total of \$69,165 to political party committees during the 2004 election.

- ***PAC Donations.*** Hall said the biggest way lobbyists funnel money into campaigns is through directing the contributions of their affiliated political action committees (PACs) to key allies. Millions of dollars are disbursed to nearly every member, with larger amounts going to the legislature's top leaders and major committee chairs. Sen. Stan Bingham, Rep. Carolyn Justice, and Rep. William Current are among the only legislators who refuse PAC contributions.

In the 2004 election, Hall said PACs supplied \$7 million of the \$23 million raised by legislative candidates (not counting unidentified donations or money transferred between candidates).

Because limits typically have loopholes, Hall pointed out that any set of restrictions should be accompanied with incentives to make it possible for candidates to voluntarily reject donations from lobbyists and special-interest groups.

He said a bill for a pilot public financing program for legislative candidates in four districts would be one place to begin. The bill (H-1851) was recommended by the House Select Committee on Ethics and Government Reform and could receive a floor vote later this week. Candidates would need to raise a large number of small donations from voters and refuse PAC donations in order to qualify for a competitive amount of "clean" campaign funding.

"One way or another, the money chase must be addressed," said Hall. "It's the pressure pushing politicians into mistakes and scandals. It will only get worse without some creative solutions."

In-Kind Contributions for Fundraising Listed for Lobbyists on Campaign Disclosure Reports, 1/2003 to 4/2006, In Date Order

11 Listed As Related to Fundraising for Legislative Candidates

Date	Amount	Donor/Lobbyist	Candidate & Purposed Listed by Candidate
2003.12.04	150.00	ADAMS, AL	ROSS, DEBORAH BEVERAGES FOR <u>FUNDRAISER</u>
2004.04.20	485.00	WILLIAMS, HOPE	YONGUE, DOUGLAS <u>FUNDRAISING</u> RECEPTION (FOOD, BEVERAGES)
2004.05.03	500.00	BONE, ROGER	SWINDELL, A B IV BEVERAGES, PAPER PRODUCTS FOR <u>FUNDRAISER</u>
2004.05.06	500.00	ALLEY, ZEB	WILKINS, W A (WINKIE) JR <u>FUNDRAISER</u> AT HIS HOME FOR WILKINS
2004.07.23	350.00	ADAMS, TONY	LAROQUE, STEPHEN CAMPAIGN <u>FUNDRAISING</u> EVENT
2004.10.11	240.00	NEELY, CHARLES	DALTON, WALTER H JR <u>FUNDRAISER</u> DINNER
2005.10.06	563.98	ALLEY, ZEB	WILKINS, W A (WINKIE) JR <u>FUNDRAISER</u> -REFRESHMENTS
2005.11.04	1105.26	ADAMS, TONY	LaRoque, Stephen <u>FUNDRAISER</u> INVITATIONS
2005.11.17	325.00	KOSTRZEWA, THERESA	LaRoque, Stephen <u>FUNDRAISER</u>
2006.01.18	126.00	MCDOWELL, TIMOTHY	YONGUE, DOUGLAS POSTAGE/ <u>FUNDRAISER</u> INVITATIONS
2006.02.08	660.36	WILLIAMS, HOPE	YONGUE, DOUGLAS <u>FUNDRAISING</u> REFRESHMENTS, DECOR, ETC
Total	\$5,005.60		

Sample Without Reference to Fundraising These may or may not be related to fundraising

2003.09.04	350.00	BONE, ROGER	MORGAN, RICHARD T [NO PURPOSE LISTED]
2003.12.11	330.00	WILLIAMS, HOPE	GRADY, ROBERT IN-KIND CONTRIBUTION/FOOD
2004.04.01	342.69	PORTER, TRAVIS	BLACK, JIM [NO PURPOSE LISTED]
2004.09.21	1712.92	TURLINGTON, ED	HARRIS, OSCAR SUPPLIES FOR CAMPAIGN EVENT
2004.09.22	480.00	BODE, JOHN	STEVENS, RICHARD Y FOOD AND BEVERAGE
2005.01.25	4000.00	ADAMS, TONY	BASNIGHT, MARC 40 SIGNED, LTD ED. ART PRINTS @\$100 EACH
2005.11.10	210.00	TILSON, HUGH	STEVENS, RICHARD Y FOOD AND BEVERAGE
2006.02.14	47.96	GUNNELLS, DURWARD BUTCH	SWINDELL, A B IV DONATION-SOFT DRINKS
2006.03.02	200.00	REED, MELISSA	RIDPATH, EDWARD A HOUSE PARTY FOOD AND DRINK

Contributions from Lobbyists in 2003-2004 Election Cycle

Lobbyist/Contributor	To General Assembly Candidates	To Council of State Candidates	To Political Parties	TOTAL
HORNE, B DAVIS JR	\$33,750	\$ 2,750	\$ 0	\$36,500
JONES, MARSHA	27,000	0	2,500	29,500
BEASON, DON	25,750	500	3,000	29,250
ALLEY, ZEB D	19,850	6,900	3,200	29,950
EUDY, KENNETH L	18,750	12,250	2,000	33,000
CLOUD, RANDOLPH	18,500	10,800	5,350	34,650
BODE, JOHN	16,000	13,000	0	29,000
WEBSTER, WILLIAM IV	15,900	0	0	15,900
GRECZYN, ROBERT JR	13,500	7,000	0	20,500
BUTLER, PAUL JR	12,200	500	0	12,700
BONE, ROGER	12,100	2,500	300	14,900
KAPLAN, HARRISON	11,785	500	1,350	13,635
PREYER, JANE B	10,050	3,000	3,600	16,650
ADAMS, TONY	9,100	0	0	9,100
COPE, DANA S	5,750	6,000	500	12,250
PORTER, W TRAVIS	5,750	3,000	750	9,500
EDMISTEN, RUFUS L	5,650	3,735	1,750	11,135
KAYLOR, ROBERT W	5,550	500	0	6,050
DORSETT, JENNIE	5,500	0	250	5,750
PETERSON, JOHN H	4,750	0	1,500	6,250
KILLIAN, LEON	4,600	2,750	300	7,650
MISKEW, DOUGLAS P	4,250	0	1,500	5,750
MACFADYEN, AL	4,025	6,500	1,150	11,675
261 OTHER LOBBYISTS GIVING OVER \$100	\$159,137	\$212,403	\$40,165	\$411,705
TOTALS	\$449,197	\$294,588	\$69,165	\$812,950

Top Recipients of Lobbyists' Contributions in 2003-2004 Election Cycle

CANDIDATE	AMOUNT
EASLEY, MIKE	\$103,000
BLACK, JIM	54,050
COOPER, ROY	49,775
MORGAN, RICHARD T	47,470
NC DEMOCRATIC EXEC COMM	40,475
BASNIGHT, MARC	33,550
PERDUE, BEVERLY M	28,550
BALLANTINE, PATRICK J	27,878
MOORE, RICHARD H	25,050
MINER, DAVID	19,550
RAND, TONY	19,450
SMITH, FRED	18,975
CULPEPPER, BILL	15,320
BRUBAKER, HAROLD J	12,200
HOYLE, DAVID W	11,950
COBB, W BRITT JR	11,440
COBEY, WILLIAM W JR	10,200
NC REPUBLICAN EXEC COMM	10,000
STEVENS, RICHARD Y	9,500
GIBSON, PRYOR	7,950