

# Democracy North Carolina

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Contact: Bob Hall 919-489-1931

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## **PAC DONATIONS TO N.C. LEGISLATORS SOAR**

### **Realtors, UNC-CH Boosters, Doctors Top List**

As the General Assembly prepares to convene, a new study shows that 25 special-interest groups – each with their own wish list for lawmakers – donated a record \$5.1 million directly to state legislative candidates in the 2006 election. The groups include Realtors and beer wholesalers, bankers and doctors, lawyers and utility executives, dentists and auto dealers.

The \$5.1 million total is almost double what the same groups gave legislative candidates just four years ago in the 2002 election, said Bob Hall of Democracy North Carolina, the nonpartisan watchdog group that conducted the analysis. Eleven of the political action committees (PACs) contributed more than \$200,000 each; only two gave that much in 2002.

The NC Realtors PAC, which topped the list in both election cycles, contributed \$613,464 to General Assembly candidates in 2006, a leap from \$235,200 in 2002. The Realtors PAC gave at least \$3,000 to 107 of the state's 170 legislators.

Citizens for Higher Education, a relatively new PAC sponsored by boosters of the UNC-Chapel Hill campus, came in second place, giving at least \$6,000 to 25 sitting legislators.

PACs for the NC Medical Society, NC Home Builders Association, Academy of Trial Lawyers, Progress Energy, Bank of America, Nationwide Insurance, NC Hospital Association, and Duke Energy round out the list of the top 10 PACs. (A few reports have not been processed or received by the State Board of Elections, Hall noted, so totals may be even higher.)

Many of these PACs are doling out thousands more this week, as legislators sponsor last-minute fundraising events for their political caucuses before the General Assembly begins. In fact, Democracy North Carolina found that PAC contributions to political parties, generally earmarked for legislative caucus committees, are also growing rapidly.

In the 2006 cycle, the top 25 PACs and their national affiliates gave \$740,900 to the state Democratic and Republican parties, led by donations of over \$200,000 from groups tied to the NC Academy of Trial Lawyers and NC Association of Educators. That's a 54% jump over what these same PACs gave the parties in 2002.

The parties then funnel much of this money into hotly contested legislative races, Hall said. "The money chase is relentless and it's getting worse," he said. "It puts terrible pressures on both donor and politician, and it damages the integrity of our democratic government."

“Groups complain about being shaken down for donations, but they use their role as money supplier to gain an advantage for goals that often conflict with another special interest or with the larger public interest,” he said. “Too many people act like this is a ‘pay to play’ system.”

Some groups, like nurse anesthetists, have dramatically increased their giving, sometimes to offset the perceived leverage their opponents gain through their large donations.

Hall said most legislators emphasize that a PAC contribution doesn’t influence their vote, and some take the extra step of sending the money back. Legislators who routinely returned or refused all PAC donations in the 2006 cycle include Representatives William Current, Dale Folwell, and Carolyn Justice, all Republican House members.

However, most of them faced little or no opposition and raised relatively little money.

“The real solution is providing a new supply of clean money, attached only to the voters’ interests,” said Hall. Democracy North Carolina is part of NC Voters for Clean Elections, a coalition that promoted the public financing program for judicial races and wants it expanded to cover more elections. “Ethics, lobbying, and campaign finance reforms are all crucial, but they won’t solve the demand for money for elections; only a new supply, a clean source, can do that.”

Other findings from a review of the top 25 PACs:

- On one day in March 2006, the PAC for the Branch Banking & Trust Company sent checks totaling \$102,500 to 79 legislators in amounts ranging from \$1,000 to \$4,000. Most of the big PACs spread their contributions broadly, giving the most to the top tier of leadership but not overlooking the rank-and-file legislator.
- Similarly, three weeks before the 2006 election, on October 11, the NC Home Builders Association PAC sent checks totaling \$82,250 to 82 legislators.
- On March 15, 2006, the Nationwide Insurance PAC sent checks totaling \$61,750 to 39 state senators. The next day, it wrote 93 more checks worth \$86,750 and sent them to 92 House members and one senator. So in two days, it passed out \$148,500 to 78% of the legislators – most of whom had no opposition in the upcoming primary.
- The top 25 PACs all strongly favor incumbents, those in a position to help. More than 96 percent of their funds in 2006 went to legislators who were serving in office at the time of the contribution.
- The list of 25 includes the state’s top real-estate development interests, three top banks and the bankers association, three electric utility groups, three phone networks, five medical-related PACs, and two insurance companies.

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## DONATIONS FROM TOP PACs TO N.C. LEGISLATIVE CANDIDATES

	<u>2006 ELECTION*</u>	<u>2002 ELECTION*</u>
NC REALTORS PAC	\$ 613,464	\$ 235,200
CITIZENS FOR HIGHER EDUCATION PAC	425,000	149,000
NC MEDICAL SOCIETY STATE & FED PAC	377,973	135,050
NC HOME BUILDERS ASSN PAC	284,350	210,950
NC ACADEMY OF TRIAL LAWYERS PAC	276,500	130,500
PROGRESS ENERGY PAC *	242,750	142,000
BANK OF AMERICA CORP PAC	234,167	134,250
NATIONWIDE CAROLINA PAC	231,750	134,900
NC HOSPITAL ASSN PAC	227,750	150,600
DUKE ENERGY CORP PAC	227,500	173,100
BRANCH BANKING & TRUST CO OF NC PAC	219,750	80,110
WACHOVIA CORP NC PAC	196,750	91,895
BELLSOUTH EMPLOYEES NC PAC	182,750	149,378
NC AUTO DEALERS ASSN PAC	161,250	100,750
BLUE CROSS AND BLUE SHIELD OF NC PAC	142,600	69,250
NC ASSN OF EDUCATORS PAC	130,150	94,100
NC DENTAL PAC	122,750	85,450
NC ASSN OF ELECTRIC COOPERATIVES PAC	119,050	96,275
SOUTHEAST ANESTHESIA ASSOCIATES PAC	116,800	81,500
CAROLINK TELEPHONE COOP PAC	104,850	25,600
NC ASSN OF NURSE ANESTHETISTS PAC	103,050	3,500
SPRINT CORP/NEXTEL/EMBARQ PAC	101,750	83,675
NC BEER & WINE WHOLESALERS ASSN PAC	94,816	99,450
NC BANKERS ASSN PAC	93,900	68,550
NC FARM BUREAU PAC	92,400	35,975
	\$5,123,819	\$2,761,008

\* Based on disclosure reports filed and processed by the State Board of Elections as of January 26, 2007. The 2006 figures are based on reports filed by the PACs; 2002 figures are based on reports filed by candidates/recipients. In most cases, data reported by a PAC and its recipients match fairly closely, but not always, e.g., when a PAC makes many donations late in the year and some don't show up on the recipients' reports until the next year. Progress Energy is one such case; its reports for 2001-02 show contributions to legislative candidates of about \$163,000 (including over \$29,000 sent in Dec. 2002, technically for the 2004 primary), but the candidates' reports show only \$142,000 for 2001-02. Comparing Progress Energy's own PAC reports for 2001-02 to 2005-06 shows a jump of 49% rather than the 71% increase shown above.