

Democracy North Carolina

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Release for Thursday, August 23, 2012

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Legislative Leaders Are Setting Record for Fundraising from Special Interests; Speaker's Solicitation Called "Shakedown"

Despite efforts to reduce the influence of lobbyists and special interests in political fundraising, the top leaders of the NC General Assembly are on pace to break two records, according to a review of disclosure reports by the watchdog group Democracy North Carolina:

- (1) they are raising more money from special-interest political action committees (PACs) than any of their predecessors, and
- (2) they are relying more heavily on PACs to reach and exceed the large fundraising totals of past legislative leaders – in the range of \$1 million and beyond.

As of July 1, after 18 months of fundraising in the 2012 cycle, House Speaker Thom Tillis had taken in \$341,450 from dozens of PACs and Senate President Pro Tem Phil Berger had raised \$320,600 from a similar list of special interests, led by the PACs of utilities, banks, healthcare providers, insurance firms, and various trade groups.

These amounts are over \$100,000 more than what the previous leaders – Democratic House Speaker Joe Hackney and Senate President Pro Tem Marc Basnight – raised at a similar point in their 2010 campaigns.*

At that time, Democrats were being criticized by Republicans and independent groups (including Democracy North Carolina) for nurturing a "pay to play" culture that rewarded political donors with favorable treatment.

But rather than diminishing, the disclosure reports and a fundraising solicitation uncovered by WRAL-TV indicate the new Republican leaders of the General Assembly are relying even more heavily than their predecessors on money from special interests with a legislative agenda.

Speaker Thom Tillis has gotten 36% of his \$946,000 total so far this cycle from PACs, while the comparable number for Senate leader Phil Berger is 33% of his \$974,000 total. Hackney and Basnight raised 25% and 20% of their totals from PACs at a similar point in the 2010 campaign.

Democracy North Carolina's review of campaign reports reveals that the General Assembly leader who raised the most from PACs in a two-year fundraising cycle was disgraced Democratic House Speaker Jim Black. He took in \$385,100 or 29% of his \$1,329,900 total from PACs in the 24-month 2001-2002 election cycle.

Black's fundraising practices triggered a federal and state investigation into his cozy relationships with lobbyists and deal-making with special interests. The resulting scandal, and his felony conviction, led to major changes in the state's ethics and campaign finance laws in 2006 and 2007, including a ban on lobbyists making or bundling donations for state legislators.

But a solicitation uncovered by WRAL-TV shows that lobbyists are again under unusual pressure to help a House Speaker with campaign cash.

An email last week from Speaker Tillis' political director Lucy Croxton tells lobbyists and special-interest leaders to essentially get your PAC to send in a check by a September deadline or explain when the money will be coming – and make it a big check!

“This is a shakedown, plain and ugly, and it’s apparently working,” said Bob Hall, executive director of Democracy North Carolina. “Lobbyists and groups with issues in the General Assembly are being pressured to pony up money to the head man. It’s the textbook definition of pay-to-play politics. It’s corrupting and it sends us backwards to the sad era of Jim Black.”

Hall said the Tillis campaign solicitation is not illegal but it represents “the arrogance of power that can lead to corrupt deal-making.” The solicitation stops short of “trading legislative favors for donations” and does not solicit donations directly from lobbyists. In small print at the bottom, the solicitation says, “This committee cannot accept contributions from lobbyists and are [sic] not asking for such. We are providing you with a copy of this information simply to inform you and request that you pass the information along to any interested parties and recommend support where appropriate.”

Hall said more legislative candidates from both the Democratic and Republican parties are sending solicitations to lobbyists with what he called the “escape-clause language.” “People are looking for loopholes in the ban, and unfortunately our legislative leaders are setting the wrong example,” he said.

Democracy North Carolina has promoted a public financing alternative for candidates who rely on small contributions from voters rather than special-interest donations. Such a program exists now for candidates for the state’s appellate courts and some executive branch offices, but not for the state legislature.

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The Tillis campaign email solicitation can be viewed at:
http://www.wral.com/asset/news/state/nccapitol/2012/08/21/11454269/Tillis_Fundraising_email.pdf

The WRAL-TV story can be viewed at: <http://www.wral.com/news/state/nccapitol/story/11453437/>

* Marc Basnight has retired from the General Assembly and Joe Hackney is not running for reelection, although he continues to raise funds for Democrats in the House. His campaign committee reported receiving 30,100 from PACs out of a total income of \$271,641 for the 18 months ending June 30, 2012.

Sen. Martin Nesbitt, the current Democratic leader in the state Senate, had raised only \$69,550 from PACs through June 30, 2012, according to his disclosure report; he has raised a total of \$138,600 in the first 18 months of this election cycle, or less than one sixth the amount raised by Senate leader Phil Berger in the same period.

See chart of fundraising on next page

Legislative Leaders' Fundraising Reliance on PAC Donations						
	Fundraising in First 18 Months of Election Cycle: Jan. 1 of odd year to June 30 elec year			Fundraising in Full 24-Month Period of Full Cycle		
Legislative Leader and Election Cycle	\$\$ Raised From PACs	Total Income	% Total from PACs	\$\$ Raised From PACs	Total Income	% Total from PACs
Thom Tillis in						
2011-2012	\$341,450	\$945,942	36%			
2009-2010	\$117,950	\$134,725	88%	\$311,200	\$416,540	75%
Phil Berger in						
2011-2012	\$320,600	\$974,331	33%			
2009-2010	\$141,956	\$264,405	54%	\$315,406	\$617,543	51%
Joe Hackney in						
2009-2010	\$185,250	\$743,563	25%	\$316,850	\$1,218,677	26%
2007-2008	\$171,950	\$686,106	25%	\$298,850	\$930,782	32%
Marc Basnight in						
2009-2010	\$194,250	\$968,349	20%	\$305,000	\$1,519,769	20%
2007-2008	\$169,775	\$1,132,716	15%	\$317,225	\$1,336,000	24%
Jim Black in						
2001-2002	\$225,250	\$819,665	27%	\$385,100	\$1,329,926	29%

Prepared by Democracy North Carolina from reports filed with the State Board of Elections