

News Release

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K Street Squeeze:

DeLay Infected Texas With His Pay-To-Play Lobby Fundraising

- **Contributions By Texas' Lobby Elite Soared 390%**
- **Clue: Mr. DeLay Did It—In the Lobby—With A Hammer**

Austin—Early in this decade Congressman Tom DeLay sped the spread of lobby-driven, pay-to-play fundraising from Washington to Austin, according to a new Texans for Public Justice study. The report, “The ‘K Street’ Effect Hits Texas,” found that the top 25 lobbyists in Texas increased their state political contributions an astounding 390 percent between 2000 and 2004. During this period all of Texas’ top lobbyists either dramatically increased their campaign contributions or fell out of the ranks of Texas’ lobby elite.

“Borrowing a page from DeLay’s Washington game plan, Texas’ Republican leadership subjected Austin’s top lobbyists to an unprecedented squeeze for political contributions,” said Texans for Public Justice Director Craig McDonald. “It was time to put up or shut up. Without exception elite Austin lobbyists either coughed up more cash—or found themselves surpassed by competitors who were willing to pay to play.”

DeLay established the so-called “K Street Project” in Washington in the late 1990s. This fundraising scheme solidified Washington as a pay-to-play town in which DeLay demanded that special interests hire Republican lobbyists who, in turn, were pressed to dig deep to get access to the GOP majority. Once established in Washington as a ruthlessly effective way to raise political funds, this model was ripe for export—especially to Austin.

Texas was ripe in part because it notoriously imposes no limits on what lobbyists or other individuals can contribute to non-judicial candidates. Many Austin lobbyists and political consultants also came into contact with the K Street Project when they followed ex-Governor George W. Bush to Washington in 2001. Finally, DeLay personally introduced this fundraising scheme to Texas when he created his now-indicted Texans for a Republican Majority PAC in 2001. TRMPAC solicited money from Washington lobbyists to help DeLay secure a Republican takeover of the Texas House in 2002, a flip that paved the way to DeLay’s 2003 redistricting plan.

To measure the extent to which the K Street model has taken root in Austin, researchers identified the top 25 Texas lobbyists (ranked by lobby incomes) in the legislative years 1999 and 2003. They then analyzed what these lobbyists contributed to state candidates and PACs in the corresponding 2000 and 2004

elections. Along with their affiliated PACs and firms, Texas' top 25 lobbyists in 1999 sank more than \$635,000 into the corresponding 2000 election. Just three years later, the individuals, firms and PACs affiliated with 2003's top 25 lobbyists poured more than \$3.1 million into the 2004 election—a startling 390 percent increase.

Significantly, while some lobbyists who made 1999's top 25 list made little or no campaign contributions, this was no longer the case by 2003—when every elite lobbyist was associated with substantial political contributions. As Texas' No. 1 lobbyist, Rusty Kelley, told the *San Antonio Express-News* earlier this year, “If you're asking me if I'd give [political] money if I didn't do what I do, the answer is obviously no.” Kelley, who reported \$5.2 million in 2003 lobby income, contributed \$433,008 of his *own* money to Texas candidates and PACs in the 2004 election cycle.

Thanks in part to DeLay's TRMPAC, Republicans took control in 2002 of the state House—the last bastion of Democratic control in Texas. As a result, it is not surprising that some Democratic lobbyists fell off the elite list from 1999 to 2003. Yet why wasn't a single one of these Democrats replaced by a Republican lobbyist who made little or no contributions? Apparently DeLay's K Street fundraising model had come home to roost in Texas.

As the K Street model predicts, most of the \$3.1 million in contributions associated with 2003's top 25 lobbyists went to incumbent Republicans. Lieutenant Governor David Dewhurst led the pack (with \$317,467), followed by Governor Rick Perry (\$231,270), Speaker Tom Craddick (\$148,159), Attorney General Greg Abbott (\$114,000) and Comptroller Carole Keeton Strayhorn (\$112,296). Many of these politicians have been associated in recent years with scandals involving aggressive solicitations of money from special interests in the lobby.

Read the full report: <http://www.tpj.org/reports/kstreet/index.html>

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