

Lobby

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"Where there was any doubt, we decided to err on the side of caution and register the employees."

All told, 1,130 lobbyists have been registered thus far under the new ethics reform, compared with 840 registered throughout last year. The lobbyist-to-lawmaker ratio in Austin has jumped from less than 5-to-1 to more than 6-to-1.

The increase is particularly surprising considering that state lawmakers are not even scheduled to go into session this year.

The insight into state politics, however, might not last.

Businesses and other private concerns that disagree with the lobbying law have succeeded in altering it — through lobbying, of course.

Originally, the law defined lobbying as any action for which a person either earns or spends \$200 to influence state lawmakers or administrators.

Now the Texas Ethics Commission has agreed to a long list of exceptions, generally for those who interact with government without trying to effect substantive change.

Robert Mannas, assistant general counsel for the commission, said an outpouring of objections convinced officials that the law originally was too far-reaching.

Mannas said the Ethics Commission carefully crafted the exceptions — and is continuing to examine the law's language — to avoid diluting the overall effectiveness of the measure.

"We have been lobbied pretty heavily," he said, "but it has been on the grounds that this is more reasonable."

Flawed though it may have been, the new lobbying law has provided a rare look inside the relationships that exist between state government and Dallas business.

More than 150 local concerns are represented in the disclosures, from small companies and individual business owners to trade associations and public-interest groups.

Other notable names that have turned up include:

- Ross Perot and Ross Perot Jr., who are represented personally and in various businesses: seven lobbyists.

- Texas Utilities Co., which is seeking state approval to build new generating plants: six lobbyists.

- North American Coal Corp., one of the state's biggest coal miners: eight lobbyists.

- DES Corp., a state-regulated vending machine company and bingo hall operator: six lobbyists.

- American Airlines Inc., which is caught

in the middle of the Dallas/Fort Worth International Airport expansion battle: five lobbyists.

- Associates Corp. of North America, a \$2-billion-a-year diversified finance company: six lobbyists.

The average number of lobbyists registered for Dallas-area businesses is about three.

The new law also puts restrictions on lobbyist spending and requires monthly reports detailing how money is spent and on which state officials it is spent.

Common Cause, the government watchdog group founded by Ralph Nader, is jubilant about the law.

Suzy Woodford, director of the group's Texas chapter, said lobbyists last year spent

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— William Keffer, attorney
Arco Oil & Gas Co.

more than \$2 million in Austin — money that went virtually unaccounted for.

Some of the money, Woodford said, undoubtedly included campaign contributions that were "laundered" through lobbyists.

"Now it'll be much easier to follow the money," she said.

Common Cause concedes that the language of the law originally was too broad, although the group felt comfortable that actual lobbyists would be exposed in the process.

Even with the numerous exceptions allowed later, Woodford said, business interests have not succeeded in watering down the law. The Ethics Commission, she explained, has resisted the "specious" arguments offered by certain companies.

"They never did want any disclosure," she said. "Their interest is not in having the public be able to figure out where the influence is coming from."

Dallas businesses, however, contend that they are not wielding extraordinary amounts of influence — only completing extraordinary amounts of paperwork to comply with the new law.

The state's effort to achieve higher ethical standards, businesses say, has made lobbyists out of bookkeepers and bookkeepers out of lobbyists.

"It just shows the inefficiencies of the legislative process," said William Keffer, an attorney for Arco Oil and Gas.

Keffer said Arco has registered seven employees as lobbyists simply because they interact frequently with state agencies that regulate the company, including the Railroad Commission, the Air Control Board and the Water Commission.

The more government regulation that exists, he said, the more resources a company must devote to interpreting and complying with those rules.

"It certainly isn't lobbying in the sense of pigeon-holing a representative," he added. "We are not engaged in trying to throw our weight around."

EDS similarly argues that most of its lobbyists are regular employees involved in administering the company's state contracts: one for processing Medicaid claims and one for standardizing the state's accounting methods.

Spokeswoman Cathie Hargett said EDS still employs just one full-time lobbyist, but the company listed 36 lobbyists, she said, to "comply with the spirit of the law."

Centex vice president Ray Smerge said the real estate company registered some of its lawyers because of a lawsuit with the state stemming from Centex's dealings with a now-insolvent insurance company.

Smerge said Centex officials were fearful that interaction with state officials in the course of that lawsuit might be deemed lobbying under the new ethics law.

"The law is written in such an expansive way," he said, "that even though the lawyers are not doing any lobbying, we thought they might run afoul of the law."

Other companies offer similar explanations — none of which are meant to suggest, of course, that businesses do not occasionally engage in some good, old-fashioned politicking in Austin.

In recent years, Arco has lobbied successfully against production limits in the

depressed natural gas market, while North American Coal has fought similar legislation in the coal industry.

Associates Corp. has lobbied unsuccessfully for state approval of home equity financing, and Centex has helped defeat a measure that would have raised the company's insurance premiums in the real estate title business.

Two Dallas-based law firms — Hughes & Luce and Akin Gump Hauer & Feld — are among the most active providers of lobbyists-for-hire in the state capital.

But ethics reform apparently has slowed business considerably, as lobbyists anguish over the new reporting requirements and wait to see if the Ethics Commission will retool the law further.

Lobbyists not only must account for how they spend money, they also must disclose their own salaries.

Hughes & Luce lobbyist Robert Henderson said his firm has registered its lobbyists also as lobbyists for the firm itself, so that income from clients can be reported en masse rather than as individual lobbyists' salaries.

Henderson called the new law a "nuisance" that is having a chilling effect on Austin.

"It has caused people not to do a lot of things that are probably legal," he said. "The business lunch? You're not seeing a lot of it."

Lobbyist Kraege Polan, who represents bingo hall operator DES Corp., says he has solved the problem completely.

Polan said he is not spending a dime on state officials until he understands all the implications of the new law.

"If I take a legislator to lunch," he said, "I'm paying for mine, and he's paying for his."