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## **American Legislative Exchange Council in Oregon**

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#### **Introduction**

Public scrutiny of the American Legislative Exchange Council (ALEC) increased last summer with the launch of the ALEC Exposed website by the Center for Media and Democracy. Common Cause has filed two complaints with the Internal Revenue Service (IRS) about possible violations of ALEC’s status as a 501 c 3 nonprofit due to indications that the organization lobbies at a level not allowed under IRS rules. ALEC’s role in “Stand Your Ground” legislation and bills that limit access to voting have also contributed to several corporate members recently withdrawing from ALEC.

Corporations affiliated with ALEC have given \$18.9 million to Oregon candidates, ballot measures, leadership and other political committees. Most of it, \$16.1 million, came from companies on ALEC’s corporate board from 2001 through 2010. Just shy of \$2.8 million in contributions have been made since 2007 by corporations with ALEC affiliations in 2011.

“Top ALEC affiliated donors to Oregon campaigns include telecommunication, tobacco, and insurance companies as well as pharmaceutical drug interests,” said Janice Thompson, executive director of Common Cause Oregon. “Several of these ALEC donors are national corporations with interests in state legislation across the country, but many of the policies promoted by ALEC are opposed by groups controlled by Oregonians.”

ALEC opposes federal and state environmental regulations, the federal health care reform law, state minimum wage laws, and unions. ALEC’s agenda includes support for public subsidies for private schools, the development of privately-owned prisons, and restrictions on the voting

rights. Much of ALEC's work is conducted through task forces, each with two co-chairs, one a state legislator and one a corporate representative. Corporations provide most of the funding for ALEC and are major players in developing its political agenda, particularly through these task forces.

"ALEC demonstrates the depth of corporate influence in our democracy, to the detriment of public interest," said Janice Thompson.

### **Oregon legislators identified as ALEC members by Rep. Gene Whisnant**

As reported on May 27 in the *Oregonian*, Representative Gene Whisnant identified the following list of 22 Oregon legislators as members of ALEC.<sup>1</sup> This number increases to 24 when former Representatives Linda Flores and George Gilman are added to the list of Oregon legislators with ALEC affiliations.

#### Members of the Oregon House of Representatives

- Katie Eyre Brewer (R-29/Hillsboro)\*
- Kevin Cameron (R-19/Salem) – newly identified as ALEC member
- Jason Conger (R-54/Bend)\*
- Sal Esquivel (R-6/Medford)\*
- Tim Freeman (R-2/Roseburg)\*
- Bruce Hanna (R-7/Roseburg)\*
- Wally Hicks (R-3/Grants Pass)\*
- John Huffman (R-59/The Dalles)\*
- Mark Johnson (R-52/Hood River) – newly identified as ALEC member
- Bill Kennemer (R-39/Oregon City)\*
- Shawn Lindsay (R-30/Hillsboro)\*
- Mike McLane (R-55/Powell Butte)\*
- Dennis Richardson (R-4/Central Point) – newly identified as ALEC member
- Sherrie Sprenger (R-17/Scio) – newly identified as ALEC member
- Kim Thatcher (R-25/Keizer)\*
- Jim Thompson (R-23/Dallas) – newly identified as ALEC member
- Matt Wand (R-49/Troutdale)\*
- Gene Whisnant (R-53/Sunriver)\*
- Matt Wingard (R-26/Wilsonville)\*

#### Members of the Oregon Senate

- Ted Ferrioli (R-30/John Day) – newly identified as ALEC member
- Larry George (R-13/Sherwood) – newly identified as ALEC member
- Fred Girod (R-9/Stayton) – newly identified as ALEC member

#### Past Oregon legislators with ALEC affiliations

- Rep. Linda Flores\*
- Rep. George Gilman\*

The legislators identified with an asterisk had previously been identified by Common Cause Oregon as having ALEC affiliations using two resources: Oregon's campaign finance database ORESTAR and analysis by the Center for Media and Democracy at ALEC Exposed, [http://alecexposed.org/wiki/ALEC\\_Exposed](http://alecexposed.org/wiki/ALEC_Exposed)

ORESTAR indicates that campaign funds were used for ALEC memberships or registration and other expenses to attend ALEC conferences by Representatives Sal Esquivel (R-6/Medford), Wally Hicks (R-3/Grants Pass), Bill Kennemer (R-39/Oregon City), Kim Thatcher (R-25/Keizer), Gene Whisnant (R-53/Sunriver), and Matt Wingard (R-26/Wilsonville). Except for a 2009 expenditure by Representative Kennemer, all this spending occurred between 2010 and end of May 2012. Representatives Hicks and Wingard also reported reimbursements from ALEC for conference expenses in 2011. Representative Esquivel also received a \$500 contribution from ALEC in August 2009.

Contributions to ALEC's state scholarship fund were made by the Credit Union Legislative Action Fund (\$200 in July 2007 and \$200 in May 2009) and the Oregon Bankers PAC (\$500 in May 2009).

Former legislators Linda Flores and George Gilman also reported expenditures for ALEC conferences expenses in ORESTAR. The Flores political committee spending occurred in 2007 and 2009 while the Gilman committee reported ALEC related spending in 2007 and 2009.

The ALEC exposed website indicates that the following Oregon legislators were members of task forces in 2011. Since these task forces operate on a two-year legislative cycle these legislators are presumably still ALEC task force members: Representatives Katie Eyre Brewer (R-29/Hillsboro), Jason Conger (R-54/Bend), Tim Freeman (R-2/Roseburg), Wally Hicks (R-3/Grants Pass), Shawn Lindsay (R-30/Hillsboro), Mike McLane (R-55/Powell Butte), and Matt Wand (R-49/Troutdale). Freeman is a member of the Energy, Environment and Agriculture Task Force. Brewer is on the International Relations Task Force, McLane is on the Tax and Fiscal Policy Task Force. Conger, Hicks, and Wand are on the Civil Justice Task Force. Lindsay is on the Public Safety and Election Task Force, though ALEC disbanded this particular group this spring.

Another ALEC activity is recruiting state legislators from across the country to sign onto letters to federal elected officials with concerns about national policy matters. The following legislators signed onto a 2009 letter opposing health care reform Sal Esquivel (R-6/Medford), Bruce Hanna (R-7/Roseburg), Bill Kennemer (R-39/Oregon City), and Gene Whisnant (R-53/Sunriver). Representatives John Huffman (R-59/The Dalles) and Matt Wingard (R-26/Wilsonville) signed onto a 2010 opposing regulation of greenhouse gases by the Environmental Protection Agency.<sup>2</sup>

A February 2009 press release from Representatives Kim Thatcher (R-25/Keizer) and Gene Whisnant (R-53/Sunriver) cites ALEC's Report Card on American Education and ALEC's support for online and charter schools. Representatives Thatcher and Whisnant identify themselves in their press release as members of ALEC since 2005. The ALEC Exposed website also indicates that Representative Whisnant is Oregon's ALEC co-chair and a 2011 ALEC Legislator of the Year.

To summarize, the following 24 legislators have been identified as being ALEC members with varying degrees of involvement as discussed above: Representatives Katie Eyre Brewer (R-29/Hillsboro), Kevin Cameron (R-19/Salem), Jason Conger (R-54/Bend), Sal Esquivel (R-6/Medford), Tim Freeman (R-2/Roseburg), Bruce Hanna (R-7/Roseburg), Wally Hicks (R-3/Grants Pass), John Huffman (R-59/The Dalles), Mark Johnson (R-52/Hood River), Bill

Kennemer (R-39/Oregon City), Shawn Lindsay (R-30/Hillsboro), Mike McLane (R-55/Powell Butte), Dennis Richardson (R-4/Central Point), Sherrie Sprenger (R-17/Scio), Kim Thatcher (R-25/Keizer), Jim Thompson (R-23/Dallas), Matt Wand (R-49/Troutdale), Gene Whisnant (R-53/Sunriver), and Matt Wingard (R-26/Wilsonville). Senators identified by Representative Whisnant as being ALEC members are: Ted Ferrioli (R-30/John Day), Larry George (R-13/Sherwood), and Fred Girod (R-9/Stayton) – newly identified as ALEC member. Former legislators Linda Flores and George Gillman also had ALEC connections.

### **July 2011 IRS complaint and April 2012 IRS whistleblower submission**

A major element of ALEC's work is preparation of model legislation and urging its use by legislator members. In July of 2011 the national office of Common Cause asked the Internal Revenue Service (IRS) to examine whether ALEC, as what the IRS calls a charity, is engaged in lobbying that goes beyond what is allowed to groups in its tax-exempt category. These groups are also frequently identified by their IRS code designation as 501 c 3 organizations.

“Oregon has a robust community of political nonprofits that play by the rules,” said Thompson. “A notable exception is Bill Sizemore’s fraudulent operation of several groups. Oregon doesn’t need any more sham nonprofits, so IRS scrutiny of allegations about ALEC is important.”

<http://www.commoncause.org/atf/cf/%7Bfb3c17e2-cdd1-4df6-92be-bd4429893665%7D/COMMON-CAUSE-COMPLAINT-TO-IRS-RE-ALEC.PDF>

Many other groups provide model legislation without running afoul of IRS rules, notes the complaint by Common Cause about ALEC. For example, the National Conference of Commissioners on Uniform State Laws works through an open process and publicly disseminates its products including sample legislative text.

On April 23, 2012 Common Cause filed a formal submission to the IRS Tax Whistleblower Office that charges misuse of charity laws, extensive underreporting of lobbying, and obtaining improper tax breaks for ALEC's corporate funders. The whistleblower law firm Phillips & Cohen is representing Common Cause *pro bono* on the complaint that seeks an IRS audit of ALEC and payment of back taxes and penalties.

Eric Havian of Phillips & Cohen said, “ALEC’s defense is that although it may look like lobbying, they also do nonpartisan research and analysis” but that “ALEC does not act as a nonpartisan group and is tax-subsidized through its status as a public charity.”<sup>3</sup>

ALEC's budget is estimated to be \$7 million with the bulk of its support coming from its corporate members. There are approximately 2,000 legislator members of ALEC that pay \$100 for a two-year membership. Companies pay between \$7,000 and \$25,000 for private sector memberships. The *New York Times* reported on April 22, 2012 that “some companies give much more, all of it tax-deductible: AT&T, Pfizer and Reynolds American each contributed \$130,000 to \$398,000.”<sup>4</sup>

One of the harms to taxpayers identified in Common Cause's whistleblower submission is that “ALEC's corporate members improperly deduct from their taxable income the dues and other contributions made to ALEC...In fact, because ALEC solicits very few contributions from individuals, its false claims of tax-exempt status appear driven by the desire of ALEC corporate members to deduct lobbying expenses as charitable contributions.” See the submission here:

[http://www.commoncause.org/atf/cf/%7Bfb3c17e2-cdd1-4df6-92be-bd4429893665%7D/ALEC\\_FINAL\\_SUBMISSION\\_IRS\\_WHISTLEBLOWER.PDF](http://www.commoncause.org/atf/cf/%7Bfb3c17e2-cdd1-4df6-92be-bd4429893665%7D/ALEC_FINAL_SUBMISSION_IRS_WHISTLEBLOWER.PDF)

“ALEC is a corporate lobby front group masquerading as a public charity,” said Common Cause President Bob Edgar. “ALEC is not entitled to abuse its charitable tax status to lobby for private corporate interests, and stick taxpayers with the bill.” The Common Cause submission to the IRS includes several thousand pages of ALEC records that document extensive efforts to influence a wide range of state legislation. “For years, ALEC has obtained improper tax deductions for its corporate members while quietly wielding tremendous influence over our state governments. The IRS should force ALEC to clean up its act,” concludes Edgar.

Phillips & Cohen is a prominent whistleblower law firm that has recovered more than \$7 billion in fines and settlements. “Our firm has a reputation,” said Eric Havian, “we would have nothing to do with this case if we didn’t think it had very strong merit. We’re not a very ideological law firm; we’re lawyers.”<sup>5</sup>

### **Private-Sector Co-Chair, Scholarship Fund Secrecy, and Payment for ALEC Meetings**

One feature of ALEC is active involvement of private sector partners. As reported in the *Oregonian*, lobbyist Paul Cosgrove is Oregon’s private-sector co-chair. Cosgrove represented 24 lobbying clients during the 2011 legislative session. All but nine of these entities are companies or groups headquartered outside of Oregon or Washington State. His major client, however, is the Oregon Bankers Association which reported spending \$211,194 for their lobbying effort in our state in 2011.

ALEC’s Oregon private-sector co-chair Paul Cosgrove, along with state co-chair Representative Gene Whisnant are reported by the *Oregonian* to control a scholarship fund to cover travel and other costs for Oregon legislators to attend ALEC meetings. However, neither Cosgrove nor Whisnant would tell the *Oregonian* the size of the scholarship fund or name all of its corporate donors.

Cosgrove told the *Oregonian*, “It’s more than a dinner at a nice restaurant. But it’s not a very big amount.”<sup>6</sup> This statement, however, is difficult to square with reports of ALEC meeting costs ranging from a \$375 registration fee for the 2011 annual conference in New Orleans to \$2,100 given to Representative Gene Whisnant so he could attend a legislative policy meeting in December of 2010. ALEC member legislators disclosed these costs either on campaign finance reports filed in ORESTAR and statements of economic interest reports filed with the Oregon Government Ethics Commission depending on the funding source for their travel.

Analysis of campaign finance transactions since 2007 and statement of economic interest reports filed in 2011 and 2012 indicates that just shy of \$21,300 has been spent by nine ALEC legislator members for costs related to ALEC membership and meetings from 2007 through May 2012. The current legislators in this group are: Sal Esquivel (R-6/Medford), Wally Hicks (R-3/Grants Pass), Bill Kennemer, (R-39/Oregon City), Shawn Lindsay (R-30/Hillsboro), Kim Thatcher (R-25/Keizer), Gene Whisnant (R-53/Sunriver), and Matt Wingard (R-26/Wilsonville). Past legislators who traveled to ALEC meetings were Representatives Linda Flores and George Gilman.

The source of this money was a combination of campaign funds, \$7,918, and money from ALEC, \$13,374. Given that the bulk of ALEC funding comes from its corporate members, this means legislators traveled using money from businesses presumably affected by the policies discussed at these ALEC meetings. Locations of ALEC meetings included Memphis, Tennessee, New Orleans, San Diego, Scottsdale, Arizona, and Washington D.C.

Trips taken by Oregon legislators related to official business can be paid for by 501 c 3 nonprofit groups that are also called charities. ALEC is a charity which means that financial support from its corporate members are tax-exempt. This organizational structure is ALEC could pay for travel and conference expenses of their Oregon legislator members. The rationale for allowing this category of groups to pay for trips under Oregon's ethics laws is that under IRS rules their lobbying activities are limited.

However, the Common Cause complaint to the IRS Whistleblower program could result in a change in ALEC's nonprofit status due to the extent of its lobbying. If that occurs, then legislators could no longer accept payment for these trips from ALEC. Presumably, the Oregon Government Ethics Commission would not assess fines for past trips paid for by ALEC if that group's nonprofit status changes because legislators were using information they were given by ALEC at the time the reports were filed.

### **ALEC – Not Just Another Other Group**

A frequent defense of ALEC is that it just like other advocacy groups that provides information to legislators. For example, the *Oregonian* reports that many of Paul Cosgrove's business clients participate in ALEC and other groups like the Council of State Governments and the National Conference of States Legislators (NCSL). Cosgrove says. "Are there corporations and business interests involved in setting policy and debate at NCSL? You bet."<sup>7</sup>

However, Sen. Bruce Starr, a Republican from Hillsboro and NCSL vice president, identified for the *Oregonian* significant differences:

In ALEC, private individuals and elected lawmakers have equal voice on model legislation. NCSL does not do that, Starr says. "There's not an opportunity for anybody but legislators and legislative staff to sit at the table and discuss what those policies look like. And the only ones that have the vote are legislators."<sup>8</sup>

It should be noted that another difference between ALEC and NCSL is that the Oregon state legislature as a whole has decided to join the NCSL.

The *Oregonian* also discusses the Progressive States Network (PSN) formed in 2005 that provides a counterpoint to ALEC. Member groups of PSN include unions and groups that advocate for immigrant rights and education needs of young people. In contrast to ALEC, groups that belong to PSN do not pay dues.

"There's a real need in a lot of legislatures that are not full-time or fully staffed to share best practices," says Charles Monaco, the group's [PSN] New York-based spokesman. "The difference between us and ALEC is that the corporations behind ALEC are writing legislation to benefit their own bottom lines."<sup>9</sup>

Representative Gene Whisnant, ALEC's Oregon co-chair, acknowledged the truth of this statement by PSN saying, "I think some of the inputs we get from industry are based on helping that industry," he says. "But that doesn't mean I'll support them."<sup>10</sup>

### **Companies leaving ALEC**

ALEC has particularly faced scrutiny for its role in “Stand Your Ground” laws like the one that for weeks in early 2012 shielded the killer of Florida teenager Trayvon Martin from prosecution.

ALEC has also prepared voter ID laws characterized by ColorofChange.org as being “undemocratic, unjust and part of a longstanding right wing agenda” to “stop Black people, other people of color, young people, and the elderly from voting.” Common Cause and many other groups called on companies to leave ALEC. ColorofChange.org wrote: “Major companies that rely on business from Black folks shouldn’t be involved in suppressing our vote. Please join us in demanding that these companies stop funding ALEC.”<sup>11</sup>

Seventeen corporations including Cocoa-Cola, Pepsi, McDonald’s, Wendy’s, Kraft Foods, Mars Inc., Intuit, Blue Cross Blue Shield Association, Wal-Mart, and Yum! Brand, have left ALEC as of the end of May. Any contributions to Oregon campaigns from these companies noted later in this report are from before they announced leaving ALEC.<sup>12</sup> ALEC also announced that it is disbanding its task force on public safety and elections which was the source of voter ID and “Stand Your Ground” model legislation. ALEC’s remaining eight task forces dealing with issues ranging from telecommunications, health care, and problem liability continue to operate with ongoing concerns about the secrecy of their deliberations.

### **Oregon campaign contributions from ALEC’s corporate board from 2001 through 2010**

Oregon contributions to candidates, leadership and party PACs, and ballot measures from corporations with representatives on ALEC’s corporate board, their affiliated PACs, and employees came to slightly more than \$16 million from 2001 through 2010. These donors include some companies that have recently left ALEC but their contributions noted in this section occurred before withdrawing from the group.

**Table 1 – Top 10 Contributions to Oregon Campaigns from ALEC corporate board affiliates, 2001-2010**

<b>Total Contributions</b>	<b>Parent Organization on ALEC’s corporate board and Affiliates Making Contributions in Oregon</b>
\$7,884,223	Altria – Altria, Phillip Morris, Kraft Foods, and Miller Brewing
\$5,254,142	Reynolds American
\$967,834	State Farm Insurance
\$497,505	Pfizer
\$309,312	Koch Industries – Georgia Pacific
\$270,463	Pharmaceutical Research and Manufacturers Association or PHRMA
\$219,734	AT & T
\$182,236	Coca-Cola
\$144,937	GlaxoSmithKline
\$130,250	Wal-Mart

The top Oregon donor was Altria giving \$7,884,223. Altria is the parent company to Phillip Morris, Kraft Foods, and Miller Brewing and this figure aggregates their contributions under the Altria corporate umbrella. Reynolds American tobacco, including contributions from RJ Reynolds, gave \$5,254,142 in Oregon since 2001. State Farm Insurance, primarily from corporate headquarters, gave \$967,834 in Oregon. Pfizer, a prescription drug corporation, gave \$497,505. Georgia Pacific, an affiliate of Koch Industries, has made \$309,312 in Oregon contributions since 2001. (See Table 1)

Other ALEC corporate board corporations that made major political contributions in Oregon include pharmaceutical and health care corporations Johnson & Johnson and Bayer that gave \$121,700 and \$32,160. Diageo, a beverage marketer with an emphasis on alcohol sales, gave \$106,150 to Oregon campaigns between 2001 and the end of 2010.

Contributions to ballot measures came to \$13,020,328 from parent organizations and affiliates on ALEC’s “private enterprise board from 2001 through 2010. These entities gave \$2,094,794 to Republican candidates and leadership and party PACs in Oregon with contributions to Democratic candidates and leadership and party PACs coming to \$1,008,026. (See Table 2)

**Table 2 – Contribution Categories from ALEC corporate board affiliates, 2001-2010**

<b>Oregon ALEC corporate board Contributions, 2001-2010</b>	<b>Recipient Category</b>
\$13,020,328	Ballot Measures
\$2,094,794	Republican Candidates, Leadership and Party PACs
\$1,008,026	Democratic Candidates, Leadership and Party PACs

Contributions to 203 legislative candidates from ALEC corporate board companies and their affiliates from 2001 through 2010 come to \$1,981,673. Republican candidates received more campaign support, but that ALEC donors also saw the value of contributing to Democrats is illustrated by this broad pool of 203 candidates.

This group of 203 legislative candidates includes 23 with ALEC affiliations, including two former legislators: Katie Eyre Brewer, Kevin Cameron, Jason Conger, Sal Esquivel, Ted Ferrioli, Linda Flores, Tim Freeman, Larry George, George Gilman, Fred Girod, Bruce Hanna, Wally Hicks, John Huffman, Mark Johnson, Bill Kennemer, Shawn Lindsay, Dennis Richardson, Sherrie Sprenger, Kim Thatcher, Jim Thompson, Matt Wand, Gene Whisnant, and Matt Wingard.

**Table 3 – Legislative Contributions from ALEC corporate board affiliates, 2001-2010**

Contributions to Legislative Candidates	\$1,981,673	Number of Legislative Candidates	203
Contributions to ALEC Legislators	\$384,853	Number of ALEC Legislators	23
ALEC Contributions	19% of Total	ALEC Legislators	11 % of Total

These 23 ALEC affiliated candidates represent only 11 percent of the 203 candidates who received contributions from this set of ALEC political players. However, these 23 candidates received \$384,853 or 19 percent of the total contributions from ALEC corporate board companies and affiliates. (See Table 3)

Altria and its affiliate Phillip Morris gave almost \$7 million to the successful campaign in November 2007 to defeat Measure 50 that would have raised tobacco taxes to pay for children health programs. Reynolds American gave just shy of \$5 million to defeat Measure 50. State Farm Insurance gave \$803,030 to defeat use of credit reports in setting insurance rates, Measure 42, in November 2006 and \$125,300 to defeat a health reform proposal, Measure 23, on the November ballot in 2002. Pfizer gave \$150,000 in 2004 to support Measure 35 that would have imposed limits on non-economic damages that may be claimed in certain legal actions. (See Table 4)

**Table 4 – Top 5 Oregon Ballot Measure Contributions from ALEC corporate board affiliates, 2001-2010**

<b>Contribution</b>	<b>Contributor</b>	<b>Ballot Measure PAC Name/#</b>	<b>Year</b>
\$6,945,040	Altria and Phillip Morris	Stop the Measure 50 Tax Hike	2007
\$4,871,265	Reynolds American	Oregonians Against the Blank Check – No on 50	2007
\$803,031	State Farm Insurance	Oregonians Against Insurance Rate Increases – No on 42	2006
\$150,000	Pfizer	Oregonians for Qualify Affordable & Reliable Health Care – Yes on 35	2004
\$125,300	State Farm Insurance	Oregonians Against Unhealthy Taxes – No on 23	2002

**Oregon campaign contributions from corporations with 2011 ALEC affiliations from 2007 to present**

The ALEC Exposed website identifies more corporations with ALEC affiliations than the corporate board discussed in the section above. Of this additional group of ALEC affiliated corporations, only those identified with an ALEC connection during the year 2011 were reviewed for their presence as Oregon campaign contributors in ORESTAR. A major activity of these groups in 2011 was sponsorship of the annual ALEC conference. For example, the Blue Cross Blue Shield Trade Association, to which Oregon’s Regence Blue Cross Blue Shield belongs, was a conference sponsor in 2011. ORESTAR began operation in January of 2007 and the download for this section of the report includes transactions reported through May 29, 2012. In other words the following section analyzes Oregon campaign contributions from a different set of ALEC affiliated corporations over a different period of time than the section above.

Contributions to Oregon campaigns, candidates, ballot measures, and leadership and other political committees from 2011 ALEC affiliated donors totaled almost \$2.8 million between 2007 and as reported through May 29, 2012. As noted in Table 5, however, fundraising totals from Regence Blue Cross Blue Shield and McDonald’s Owner-Operators PAC do not include contributions made after their parent organizations announced their withdrawal from ALEC.

The top donor giving \$726,514 was Regence Blue Cross Blue Shield whose contributions came from the company and its political committee. QWEST, that became CenturyLink in 2011, gave \$304,873. Both these businesses gave both directly and through their affiliated political committees. These PACs, however, got essentially all its support from their respective companies, however, and those dollars are not included in these figures to avoid double counting. Other telecommunications industry contributions came from Comcast giving \$316,337 and Verizon owned companies including its wireless affiliate gave \$238,915. McDonald’s owners in Oregon gave \$209,718 while Union Pacific Railroad gave \$117,135. Pharmaceutical companies Eli Lilly gave \$177,785, AstraZeneca gave \$87,750, and Novartis gave \$84,742 between 2007 and as reported through May 29th of this year. (See Table 5)

**Table 5 – Top 10 Contributions to Oregon Campaigns from 2011 ALEC Affiliated Companies, 2007 through May 29, 2012**

<b>Total Contributions to Candidates, Leadership and Party PACs, and Measures, 2007-May 29, 2012</b>	<b>2011 ALEC Affiliated Companies – includes PAC contributions when applicable</b>
\$726,514 (This figure only includes contributions through April 19 <sup>th</sup> when the Regence Association announced its withdrawal from ALEC)	Regence Blue Cross Blue Shield
\$316,337	Comcast
\$304,873	QWEST/CenturyLink
\$238,915	Verizon
\$209,718 (This figure only includes contributions through March 31st when the Regence Association announced its withdrawal from ALEC)	McDonald’s Owner-Operators of Oregon PAC
\$177,785	Eli Lilly
\$117,125	Union Pacific Railroad
\$88,350	Burlington Northern Santa Fe Railroad
\$87,750	AstraZeneca
\$84,742	Novartis Pharmaceutical Corp

Other companies with 2011 ALEC affiliations that made contributions in Oregon between 2007 and May 29, 2012 include pharmaceutical companies Bristol-Myers Squibb giving \$80,080, Allergan USA giving \$47,000, Merck Sharpf & Dohme Corp giving \$30,000, Takeda Pharmaceuticals giving \$13,997, and Sanofi-Aventis whose contributions came to \$5,500. Energy companies Chevron and ConocoPhillips gave \$49,750 and \$26,950, respectively, to Oregon campaigns. Two private education companies, K12 Management and Connections Academy, gave \$31,250 and \$5,000 respectively between 2007 and early 2012.

Republican candidates and leadership and party PACs that received \$1,152,349 of the almost \$2.8 million given to Oregon campaigns by companies and related political committees with 2011 ALEC affiliations.

Given that these corporate donors are sophisticated political players it should be no surprise that Democratic candidates and affiliated political committees received \$861,771 in contributions. Other political committees including state and local issue and measure PACs received \$688,807 from 2011 ALEC affiliated corporations. Nonpartisan candidates, primarily in local government

contests, received \$86,189. All these contributions were received between 2007 and as reported through May 29, 2012. (See Table 6)

**Table 6 – Contribution Categories from 2011 ALEC Affiliated Companies, 2007 through May 29, 2012**

Oregon 2011 ALEC Corporate Affiliates Contributions	Recipient Category
\$1,152,349	Republican Candidates, Leadership and Party PACs
\$861,771	Democratic Candidates, Leadership and Party PACs
\$688,807	Ballot measures and other PACs-state and local
\$86,189	Nonpartisan candidates, primarily local

Contributions to 133 legislative candidates from corporations with 2011 ALEC affiliates and the political committees between 2007 and the end of May 2012 came to \$1,554,791. Republican candidates got more money, but these are sophisticated contributors who presumably see a political advantage to also giving to Democrats running for office, particularly since during this period Democrats controlled the Senate and regained control of the House, though after the 2010 elections there is an even split in the Oregon House of Representatives.

This pool of 133 candidates includes 24 candidates with ALEC affiliations, including two former legislators: Katie Eyre Brewer, Kevin Cameron, Jason Conger, Sal Esquivel, Ted Ferrioli, Linda Flores, Tim Freeman, Larry George, George Gilman, Fred Girod, Bruce Hanna, Wally Hicks, John Huffman, Mark Johnson, Bill Kennemer, Shawn Lindsay, Mike McLane, Dennis Richardson, Sherrie Sprenger, Kim Thatcher, Jim Thompson, Matt Wand, Gene Whisnant, and Matt Wingard.

These 24 ALEC affiliated candidates represent 18 percent of the 133 candidates who received contributions from this set of ALEC political players. However, these 24 candidates received \$474,004 or 30 percent of the total contributions from 2011 ALEC affiliated corporations and related political committees. (See Table 7.)

**Table 7 – Legislative Contributions from 2011 ALEC Affiliated Companies, 2007 through May 29, 2012**

Contributions to Legislative Candidates	\$1,554,791	Number of Candidates	133
Contributions to ALEC Legislators	\$474,004	Number of ALEC Legislators	24
ALEC Contributions	30% of Total	ALEC Legislators	18% of Total

Corporations with 2011 ALEC affiliations made contributions to local ballot measures, particularly for schools. For example, in 2011 Portlanders for Schools received \$40,000 from Regence Blue Cross Blue Shield, and \$10,000 each from Comcast and QWEST/Century Link.

Table 8 summarizes the top contributions to state ballot measure campaigns from 2011 ALEC affiliated corporations. The top donor is Regence Blue Cross Blue Shield giving \$215,773 to the Yes on Measure 50 campaign which was opposed by other companies with ALEC affiliations as

noted above in Table 4. The open primary campaign also got \$20,000 from Regence Blue Cross Blue Shield. QWEST/CenturyLink contributed a total of \$67,695 to both the signature gathering and special election campaign to unsuccessfully defeat tax fairness measures 66 and 67 on a special election ballot in January 2010. This company also gave \$2,500 to an unsuccessful signature gathering on a so-called redistricting reform proposal from Kevin Mannix that would have radically and inappropriately changed our state’s effective redistricting criteria. International Paper and Union Pacific gave contributions of \$10,000 and \$5,000, respectively, to Oregonians Against Job Killing Taxes, the unsuccessful no campaign to defeat Measures 66 and 67. (See Table 8)

**Table 8 – Top State Level Ballot Measure Contributions from 2011 ALEC Affiliated Companies, 2007 through May 29, 2012**

Total Measure \$	Contribution per Measure	Contributor	Ballot Measure PAC Name/#	Year
\$235,773	\$215,773	Regence Blue Cross Blue Shield	Yes on Healthy Kids Plan/#50	2007
	\$20,000		Open Primary signature gathering and measure /#65	2008
\$70,195	\$67,695	QWEST/CenturyLink	Oregonians Against Job-Killing Taxes/No on #66&67	2010
	\$2,500		Signature gathering for Mannix redistricting measure	2010
\$10,000	\$10,000	International Paper	Oregonians Against Job-Killing Taxes/No on #66&67	2010
\$5,000	\$5,000	Union Pacific	Oregonians Against Job-Killing Taxes/No on #66&67	2010

## Two 2012 legislative issues and ALEC affiliated contributors

### Union Pacific

*Willamette Week* reports that Union Pacific had profits of \$3.3 billion in 2011. The *Willamette Week* story focused on \$24.7 million in subsidies since 2006 from Connect Oregon, “a lottery-funded program intended to help local governments and businesses that don’t have the money to complete vital transportation projects.”<sup>13</sup> The \$24.7 million, along with another \$12 million to companies using track and facilities leased from Union Pacific, reportedly went towards fixing tracks. *Willamette Week* quotes Jody Wiser of Tax Fairness Oregon: “If their tracks need repair, it’s their job as a business, not ours as taxpayers to fix them. We’re cutting programs because we don’t have enough money, but we’re giving grants away to private businesses.”

The Connect Oregon program was created to “target transportation project where there wasn’t the money or expertise available without the public paying the bills,” and the 2011 Legislature agreed to fund the program with another \$40 million.<sup>14</sup> Legislation to boost that amount to \$50 million appears to have died during the 2012 session. Presumably much of the money distributed by Connect Oregon has gone for projects that meet the program’s stated purpose. That significant dollars, however, have gone to profitable Union Pacific, a supporter of ALEC’s 2011 conference, is ironic given the anti-government bias of ALEC.

## **Koch Industries and Georgia-Pacific**

Behind the scenes lobbying by Mark Nelson and others on the team representing Koch Industries in Salem evidently killed HB 4142 that would have called on public agencies to give preference to recycled paper made in Oregon when making purchasing decision. This bill prepared by the Oregon Working Family Party was supported by both environmental groups and the major paper industry union, the Association of Western Pulp and Paper Workers.

The Oregon paper mill industry has been buffeted by economic difficulties for years. Many of them have shifted to using paper waste to make recycled paper. The catch is that the Chinese paper industry with support from that government, outbids Oregon mills for this paper waste. The resulting shortage in the supply of paper waste has contributed to recent mill closures and bankruptcies.

Even though the hearing on HB 4142 was dominated by supporters, the bill has died in committee. In a guest editorial Barbara Dudley, co-chair of the Oregon Working Family Party cites Koch Industries, owners of Georgia-Pacific and its three Oregon paper mills, as opposing any bill that “picks winners and losers” and continues to write: “It [Koch Industries], like other multinational corporations, has little loyalty to place, but seeks the lowest wages and the most lax environmental regulations anywhere in the world.”<sup>15</sup>

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<sup>1</sup> Michelle Cole, ALEC gains foothold in Oregon, with one-fourth of legislators as members, *The Oregonian*, May 27, 2012

<sup>2</sup> The ALEC Exposed links to these letters go to the ALEC website which has been changed to say the documents are no longer available. Common Cause Oregon obtained the letters from our national office and has them on file.

<sup>3</sup> Rebecca Melnitsky, Group challenges ALEC tax status, *Albany Times Union* (New York), April 23, 2012

<sup>4</sup> Mike McIntire, Nonprofits acts as a stealth business lobby, *New York Times*, April 22, 2012

<sup>5</sup> Rebecca Melnitsky, Group challenges ALEC tax status, *Albany Times Union* (New York), April 23, 2012

<sup>6</sup> Michelle Cole, ALEC gains foothold in Oregon, with one-fourth of legislators as members, *The Oregonian*, May 27, 2012

<sup>7</sup> Michelle Cole, ALEC gains foothold in Oregon, with one-fourth of legislators as members, *The Oregonian*, May 27, 2012

<sup>8</sup> Michelle Cole, ALEC gains foothold in Oregon, with one-fourth of legislators as members, *The Oregonian*, May 27, 2012

<sup>9</sup> Michelle Cole, ALEC gains foothold in Oregon, with one-fourth of legislators as members, *The Oregonian*, May 27, 2012

<sup>10</sup> Michelle Cole, ALEC gains foothold in Oregon, with one-fourth of legislators as members, *The Oregonian*, May 27, 2012

<sup>11</sup> ColorofChange at <http://colorofchange.org/campaign/alec/>

<sup>12</sup> [http://sourcewatch.org/index.php?title=Corporations Who Have Cut Ties to ALEC](http://sourcewatch.org/index.php?title=Corporations_Who_Have_Cut_Ties_to_ALEC) downloaded on May 29, 2012

<sup>13</sup> Kara Wilbeck, Gravy Train, *Willamette Week*, Feb. 8 2012

<sup>14</sup> Willamette Week Staff, State Program that Subsidizes Union Pacific and Other For-Profit Rail Companies May Get Bigger, *Willamette Week*, Feb. 20, 2012

<sup>15</sup> Barbara Dudley, Paper Mills in Peril: Powerful Forces Sink Plan to Help Save Oregon Jobs, *Oregonian*, guest editorial on Feb. 15, 2012.