

Corporate America's TROJAN HORSE in the States

The Untold Story

Behind the

American

Legislative

Exchange

Council

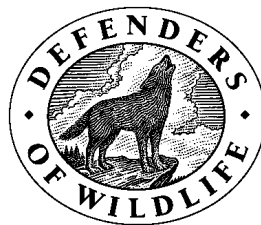


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Foreword

Defenders of Wildlife and the Natural Resources Defense Council assembled this unprecedented, jointly produced report to help shine the public spotlight on a corrosive, secretive and highly influential power in state capitals around the nation — the American Legislative Exchange Council (ALEC). As documented in the pages that follow, while ALEC purports to be a “good-government” group operating in the public interest, its sole mission is to advance special-interest legislation across the nation on behalf of its corporate sponsors and funders. The organization’s behind-the-scenes advocacy has been surprisingly effective – leading, according to ALEC material, to the enactment of more than 450 state laws during the 1999 and 2000 state legislative sessions.

ALEC would have the public believe that it’s an association of elected members of the 50 state legislatures with varying political and public policy philosophies. However, ALEC is nothing less than a tax-exempt facade for the country’s largest corporations and kindred entities. Companies like Enron, Amoco, Chevron, Shell, Texaco, Coors Brewing, Koch Industries, Nationwide Insurance, Pfizer, National Energy Group, Philip Morris, and R. J. Reynolds pay for essentially all of ALEC’s expenses. The payments might be membership dues, fees to sit on nine industry-specific committees that approve “model” bills, expenditures for lavish parties and entertainment, or “scholarships” to pay for targeted legislators to attend ALEC’s junket-like meetings.

ALEC’s role is especially insidious because state law-making bodies are even

more vulnerable to secretive and well-financed corporate advocacy than the U.S. Congress. Many states have little or no public reporting requirements that would require disclosure of junkets and gifts awarded to legislators by ALEC, and little or no lobbying disclosure laws requiring public release of information about ALEC's funding support and methods of operation. State legislatures are often made up primarily of underpaid, under-appreciated, part-time lawmakers with few if any personal staff to help research, evaluate and enact complex laws, and are notoriously parsimonious in providing for their own analytical needs. Meanwhile, the public advocacy groups most likely to oppose corporate excesses are too thinly funded to compete effectively in most states. For all of these reasons, ALEC's approach of brazenly promoting a corporate agenda as the product of a supposedly objective, nonprofit organization is especially effective in state legislatures, and especially attractive to the corporations that set its advocacy agenda.

Environment is an especially popular target for ALEC, which is currently promoting more than two dozen industry bills related to energy and environmental protection. According to one staff member, the goal is "...to break the stranglehold of the command-and-control policies promoted by the EPA (Environmental Protection Agency) and the extremist environmental lobby." But this is only one aspect of ALEC's reach. While our organizations are of course especially concerned about ALEC's destructive environmental initiatives, the organization's "model" bills cover the full range of subjects on which business has a state legislative interest, including health care, land use, tobacco restrictions, mandated employee benefits, utility regulation, agriculture, tax policy, education and much more.

American capitalism has helped give this country the highest standard of living in history, and its potential to continue to do the same is remarkable if the rules within which government requires that it compete, grow and evolve are properly drawn to protect our environment and quality of life against corporate excesses. These protections are essential in part because it is the nature of the corporate ethic to continually fight to obtain the most lenient regulatory environment possible in order to maxi-

mize profits and stock price. The resulting pressures can create an attitude that whatever is possible within the law is justified, as is re-shaping the law to make it increasingly more permissive.

Due to the magnitude and visibility of the Enron collapse, the public can hope for some remedial action at the federal level. But that is not sufficient. Polluters, developers, and their big business allies will use their extensive resources to finance a corporate takeover of state government if we continue to turn a blind eye to the deceptive and insidious work of the American Legislative Exchange Council. It is time to hold this group, and its members, accountable for the greater public interest.

Rodger Schlickeisen
President
Defenders of Wildlife

John Adams
President
Natural Resources Defense Council

CHAPTER ONE

Overview

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This report examines the history, finances, and activities of the American Legislative Exchange Council, a 501(c)(3) organization with headquarters in Washington, D.C., that bills itself as “the nation’s largest bipartisan, individual membership association of state legislators.”

As this report shows, however, ALEC is little more than a tax-exempt screen for major U.S. corporations and trade associations that use it to influence legislative activities at the state level. ALEC allows these corporations to do what they couldn’t attempt directly or openly without risking public criticism. They funnel cash through ALEC to curry favor with state lawmakers through junkets and other largesse in the hopes of enacting special-interest legislation — all the while keeping safely outside the public eye.

The organization’s national meetings appear to be mostly window dressing for policy decisions that have already been made, either within the organization’s offices in Washington, D.C., or in closed consultations with the corporations and other like-minded interests that finance virtually all its activities. Indeed, the state legislators

who attend ALEC meetings are joined by the platoons of lobbyists, corporate executives, and representatives of assorted trade and professional associations who pay to have the lawmakers as their captive audience.

The tie that binds is money, and ALEC’s major underwriters have included the now-disgraced Enron Corporation, as well as the American Nuclear Energy Council, the American Petroleum Institute, Amoco, Chevron, Coors Brewing Company, Shell, Texaco, Chlorine Chemistry Council, Union Pacific Railroad, Pharmaceutical Research & Manufacturers of America, Waste Management, Philip Morris Management Corporation, R.J. Reynolds Tobacco and many other of the nation’s major corporations and trade associations.

Founded in 1973 by conservative activist Paul Weyrich, ALEC occupies prime office space in downtown Washington, operates on an annual budget of roughly \$6 million, and employs a full-time staff of around thirty. In its early years, reflecting Weyrich’s vision, ALEC focused

almost exclusively on the hot-button social issues on the right-wing's political agenda – anti-abortion, anti-feminist, anti-voting rights for the District of Columbia. In the late 1980s, however, ALEC abandoned most of these issues in favor of those that had the benefit of attracting substantial corporate donations.

ALEC pursues its mission chiefly by generating and promoting hundreds of “model” bills, resolutions, and policy statements every year. The state lawmakers said to be “members” of ALEC seem to have little or no real control over the inner workings of the organization. ALEC’s “private-sector members” — three hundred corporate sponsors each paying tens of thousands of dollars a year — appear to run the show, from financing the organization and selecting the issues it pushes, to exercising veto power over its policy positions.

These corporate underwriters father legislation that is drafted with help from ALEC’s staff, approved as “model” bills by the organization’s board, and then introduced by ALEC’s legislator “members” in state capitals from coast to coast.

ALEC’s success rate is enviable. During the 1999 and 2000 state legislative sessions alone, the organization says more than 450 pieces of legislation based on ALEC’s “model” bills were enacted into law.¹

Protecting corporate polluters from environmental regulation is a major ALEC goal. The corporations and trade associations that finance virtually all of ALEC’s activities have used it to mount a wide-ranging and effective assault against laws safeguarding public health and the environment.

ALEC exploits a weakness of state legislatures. Forty-one states have only part-time legislators, and 33 of those have no paid legislative staff. Many state lawmakers are overwhelmed by the hectic, often-frenzied pace of annual sessions. ALEC’s “model” bills and packets of background information on key issues frequently shape the supposed solutions to a wide range of state problems and issues. It is doubtful that the impact of many of the bills is understood by short-handed and busy lawmakers ill-equipped to fully recognize hidden agendas.

This report is based on thousands of pages of primary financial documents and other source material, including tax returns filed by ALEC, its affiliates, and its major underwriters; financial disclosure reports filed by state lawmakers who have participated in ALEC-sponsored junkets and other activities; and thousands of newspaper, magazine, wire-service, and other news-media accounts from 1978 to the present.

Among the key findings:

- ALEC isn’t by any stretch of the normal meaning of the words a membership association of state legislators. The dues paid by state lawmakers (or paid by state legislatures on their behalf), in fact, make up only a negligible portion of ALEC’s total revenues—typically, about one percent a year.

- For two-year dues of \$50, ALEC’s “legislator members” can avail themselves of perquisites that can include junkets to prime tourist destinations in the United States, free or heavily subsidized trips that resemble vacations for their spouses and children, and an assortment of other fringe benefits that range from no-cost child care

1. American Legislative Exchange Council 2001 brochure, “Corporate Edition”

and medical tests to free Broadway theater tickets and dinners at expensive restaurants.

- ALEC's more than three hundred corporate sponsors pay annual membership dues ranging from \$5,000 to \$50,000 to advance their agendas, plus additional fees of \$1,500 to \$5,000 a year to participate in ALEC's various task forces, where, according to an ALEC publication, "legislators welcome their private-sector counterparts to the table as equals."

- Many state legislators are able to tap official travel accounts to pay for their trips to ALEC's annual meetings and to other ALEC-sponsored events, thus shifting the cost of their trips—air fares, lodging, meals, and entertainment—to taxpayers. An examination of financial-disclosure forms filed by state legislators in 1999 and 2000 suggests that taxpayers foot the bill for at least \$3 million in expenses the lawmakers incur each year in connection with their travel to ALEC-sponsored meetings.

- ALEC's state chairs often solicit corporate lobbyists and corporate representatives to provide "scholarships" for state legislators to attend ALEC's annual meetings and other events—and, in some cases, the costs of taking along their spouses and other family members.

- Nationwide, gaping holes in many state ethics and financial-disclosure laws not only allow state legislators to receive gifts—such as free travel, lodging, meals, and the like—but also to do it without adequate disclosure. In most states, legislators do not even have to report gifts received by their spouses and children. As a consequence, ALEC and its corporate sponsors can offer state legislators a large assortment of valu-

able perquisites that, too often, lawmakers do not have to include on their public financial-disclosure forms. (See Appendix.)

- A review of applicable state ethics and financial-disclosure requirements, coupled with an examination of financial-disclosure forms filed by state legislators whose names appear on a list of state "leaders" published by ALEC, suggests that virtually all of the largesse lavished on state legislators in connection with ALEC-sponsored meetings and other activities goes unreported.

- Throughout most of ALEC's history, the tobacco industry has been one of its chief underwriters. For many years the nation's major tobacco companies gave ALEC more than \$200,000 a year, sponsored golf and tennis events at ALEC meetings all over the country, and paid its legal bills. In most years, in fact, the tobacco industry's contributions to ALEC have significantly eclipsed the combined dues paid by all of its "legislator members."

- Although its incorporation papers stipulate that "the corporation shall not participate in, or intervene in (including publishing or distribution of statements), any political campaign on behalf of any candidate for public office," from the early to mid-1980s ALEC operated a political action committee ("ALEC-PAC") for the purpose of making contributions to its favored candidates for public office. The PAC was notable in that it apparently engaged exclusively in "non-federal" political activities, which have many fewer reporting requirements all effectively beyond the regulatory reach of the Federal Election Commission.

- Although ALEC calls itself the largest,

bipartisan, individual membership association of state legislators” in virtually all its promotional materials, it is only nominally “bipartisan” and declines to make its membership list public. All of the state legislators who serve as officers of ALEC are Republicans, and only one of the organization’s twenty-nine directors is a Democrat.

The following chapters describe in detail, for the first time, ALEC’s agenda and its largely invisible sources of funds, decision-making structure and flow of largesse to state lawmakers. Far from upholding the Jeffersonian principles it touts in its literature, one can argue that ALEC’s real role has been to subvert the democratic process in state legislatures across the country.

CHAPTER TWO

Corporate Dividends

“Our members join for the purpose of having a seat at the table. That’s just what we do, that’s the service we offer. The organization is supported by money from the corporate sector, and, by paying to be members, corporations are allowed the opportunity to sit down at the table and discuss the issues that they have an interest in.”

—Dennis Bartlett, *American Legislative Exchange Council*, 1997

By nearly any standard, ALEC’s “private-sector members” get a big bang for their bucks. For dues that reportedly range from \$1,500 to \$5,000 (on top of their annual membership fees), ALEC’s “private-sector members” can buy a seat—and a vote—on one or more of its ten standing task forces, which cover territory ranging from civil-justice to trade and transportation issues.² In this way they can work to draft the legislation they want, have it rubber-stamped by ALEC’s membership, and, in most cases, expect to see the legislation introduced in state legislatures by sympathetic lawmakers.

ALEC’s corporate bylaws spell out the organization’s philosophy: “The purposes and objectives of ALEC shall be to work in cooperation with the private sector to promote individual liberty, limited government, and free enterprise.”

ALEC’s task forces craft the organization’s public-policy agenda—its “model” legislation and issue positions. On each task force, the private-sector representatives have an equal vote with the state legislators—and effective veto power over the task force’s activities and legislative recommendations. Nothing can move out of the task force without agreement from its private-sector representatives.

For ALEC’s corporate sponsors, “a seat at the table”—on one or more of its task forces—is the ideal mechanism for pushing “model” legislation favorable to their interests. Consider, as just one example, ALEC’s recent work in the criminal-justice arena. “ALEC developed model criminal justice policies that kept criminals off of our streets for longer periods of time,” one of its recent publications notes, “and allowed private industry to use its expertise to help states meet

2. Center for Policy Alternatives report, “ALEC and the Extreme Right-Wing Agenda – What Every Legislator Should Know”

their growing incarceration needs.” The publication goes on to point out that twenty-eight states have authorized the use of private prisons to house inmates. Is it any surprise that ALEC’s Task Force on Criminal Justice has been co-chaired by a representative of Corrections Corporation of America, the nation’s largest operator of private prisons?

Another active private-sector participant in ALEC’s Task Force on Criminal Justice is the National Association of Bail Insurance Companies, whose membership consists of the ten companies that write the great majority of court-appearance bonds in the United States. In a recent brochure, the association touts “the ALEC connection” as “an essential ingredient of NABIC’s legislative strategy.”

The brochure lays bare exactly how surely and swiftly the “pay-to-play” arrangement has paid off. “In 1995, within two years of joining ALEC,” the brochure points out, “a member of the NABIC Board sat on the ALEC Board, ALEC had approved several model bills in support of commercial surety bail, and, furthermore, had completed a study on the failure of government-funded pretrial release programs (to be followed by a similar additional study two years later, in 1997).”

The brochure goes on to list, among “some of the tools forged by the ALEC- NABIC partnership,” four so-called model bills, including “The Uniform Bail Act,” which, among other things, would eliminate pretrial release agencies and create new business for bail bondsmen. “In addition,” the brochure notes, “ALEC hampered away with briefing papers exposing the

wrongs of pretrial release, the 10 percent deposit bail system, and problems with jail overcrowding.”

Officials of the association clearly feel that their investment has paid rich dividends: “For many years NABIC has given considerable financial support to ALEC and to the ALEC Criminal Justice Task Force. . . . Through ALEC, NABIC has had a channel to express its interests to a majority of the states’ speakers of the house and presidents of the senate.”

Nor, by any means, are the nation’s bail-companies alone. An organization’s willingness to cough up the requisite task-force fees often seems to be the key factor in ALEC’s willingness to push a particular cause.

“Pay-To-Play” Payoffs

Environmental Protection. Virtually all the “model” bills bear positive-sounding names but, over the past decade, ALEC-sponsored legislation has tried to weaken many of our nation’s environmental protections.

ALEC’s inventory of “model” legislation includes such measures as “The Environmental Good Samaritan Act,” the “Environmental Literacy Improvement Act,” the “Groundwater Protection Act,” and “The Private Property Protection Act.” All these measures have emanated from ALEC’s Task Force on Energy, Environment, Natural Resources, and Agriculture, which clearly knows, as the saying goes, on which side its bread is buttered. “The best chance we have to improve the environment,” the task force’s staff director said on Earth Day 1998, “is to break the stranglehold of

the command-and-control policies promoted by the EPA and the extremist environmental lobby.”³

ALEC’s “model” bills and packets of background information on key issues frequently shape the discussion of proposed state remedies to environmental problems. Moreover, many of the bills appear to protect major polluters and other business interests from environmental regulation.

The ALEC task force that deals with environmental issues pushes more than two dozen pieces of “model” legislation – everything from resolutions on biotechnology and environmental justice to “fill-in-the-state” bills like the “Common Sense Scientific and Technical Evidence Act” and the “Waste Tire Abatement Act.” Typically, the task force’s private-sector members write the legislation that’s up for discussion. The legislative and corporate members, sitting elbow-to-elbow around a table, vote separately on each measure; a majority on both sides is needed to approve “model” legislation. Consequently, the state legislators cannot move anything out of a task force without the consent and formal concurrence of most of their private-sector counterparts. (ALEC’s board of directors can veto a task force’s decision but rarely does.)

ALEC’s “Economic Impact Statement Act” is a telling example of its approach to environment-related legislation. Little wonder that most of the big corporations behind ALEC would love to see this one on the books: It would require state agencies to produce detailed “economic impact statements” for all existing and proposed environmental regulations. ALEC says the draft

legislation has been designed “to provide environmental protection while permitting the creation of wealth through requiring an economic analysis of new environmental regulations.”

In truth, the proposed legislation seems little more than a perversion of the 1969 National Environmental Policy Act, which mandates environmental impact statements for significant federal government actions. Environmental activists have long used the landmark federal law to promote the public interest by halting or delaying potentially destructive projects; now, through ALEC’s “model” legislation, corporate special interests aim to turn the tables at the state level.

Although ALEC’s self-described mission is to limit government, here’s a case where it conveniently puts aside its principles: Agencies or other arms of state governments, after all, would have to generate all those economic impact statements required under its “model” legislation. The New Mexico Fish and Game Department has estimated, for example, that it would need twenty additional employees, at a cost of \$1.5 million a year, to get the job done.

“The Environmental Good Samaritan Act” is another piece of apple-pie legislation, at least judging from its title. Borrowed from Pennsylvania’s “Growing Greener” legislative package, which was adopted at the end of 1999, it aims to give developers immunity from prosecution under environmental laws while they are cleaning up land they polluted.

Then there’s ALEC’s “Environmental Audit Privilege and Qualified Disclosure Act,” which opponents in some states have branded the “Polluter Protection Act.” This proposed law

3. *Washington Times*, April 23, 1998, “Earth Day activists fume over corporate ‘greenwashing’”

puts the public's right to know about environmental, workplace, and industrial hazards far behind protecting the secrecy of polluters and other corporate wrongdoers. State penalties are waived for polluters that conduct "self-audits" and report their own violations of environmental laws, and audit reports are sealed as privileged information. ALEC's "model" legislation was reportedly drafted by lawyers for Coors Brewing Company. In the early 1990s, the company battled the Colorado Public Health and Environment Department over smog-forming volatile organic compounds (VOCs) emitted by its brewery in Golden, Colorado. Although Coors and the state eventually settled on \$237,000 in penalties, with Coors agreeing to reduce the brewery's VOC emissions by 200,000 tons a year, the company apparently decided to strike back, through ALEC's "model" bill. As a high-ranking EPA enforcement official put it: "This is coming from big companies that have been targets of enforcement action."⁴

And consider this final case in point: ALEC's "Private Property Protection Act," a bill that, if successful, ultimately could lead to the effective dismantling of such broadly popular environmental-protection laws as the 1972 Clean Water Act, the 1973 Endangered Species Act, and the 1990 Clean Air Act. This piece of "model" legislation grew out of an ALEC resolution that expressed the organization's opposition to "any governmental attempt at whatever level and by whatever means to confiscate, reduce the value of, or restrict the uses of private property unless to abate a public nuisance affecting the public health and safety."

When most people think of the Fifth Amendment, they think of the clause that confers on individuals the right not to incriminate themselves. But the Fifth Amendment also holds that "No person shall be . . . deprived of life, liberty, or property without due process of law, nor shall private property be taken for public use without just compensation." Accordingly, for example, when government condemns land for a highway or commercial airport, it must pay the owner fair market value for his or her lost property. The U.S. Supreme Court has consistently upheld a carefully limited interpretation of this amendment, designed to protect the broad public interest.

Over the past decade, however, real-estate developers and others pushed a radical reinterpretation of the Fifth Amendment as part of a wide-ranging drive to eviscerate the land-use aspects of a generation of environmental-protection laws. They argue that any government action—a new zoning law or wetlands regulation, for example, or the adoption of a wildlife habitat preservation plan—may constitute a "taking" for which a property owner must be compensated.

In California, State Senator Raymond Haynes has sponsored a veritable slew of ALEC-written "Private Property Bills" over the years. Haynes, who recently completed a term as ALEC's national chairman, has been amply rewarded for his dedication to the organization. He's been on the receiving end of numerous ALEC-paid trips, including a ten-day trip to Australia in 1998 that included three days on the shores of the Great Barrier Reef, where, Haynes

4. *Governing* magazine, June 1997, "Can polluters police themselves?"

later admitted, little work was conducted. The purpose of the trip, Haynes said, was to set up an Australian version of ALEC.

While on the trip, Haynes found himself staying in a luxury hotel that was so expensive he called ALEC's headquarters in Washington, D.C., to make sure that it was picking up the tab, which came to \$1,600 for six nights. "It was not a place I would have picked, but they picked it," Haynes later told a reporter for *The Orange County Register*. "So I didn't squawk all that much."

Far from squawking, in fact, many of ALEC's "legislator members" appear to be ready, willing, and able to carry water, whenever needed, for the organization's corporate underwriters.

Electricity Restructuring. In the mid-1990s, many states restructured their electric power industries with broad support from the public-interest community. But the efforts of Enron Corporation to champion its vision of restructuring is a telling example of the influence of major corporations over ALEC.

In pushing for deregulation, ALEC was advancing the cause of Enron and another of its largest corporate benefactors, Koch Industries, Inc. In June 1996, ALEC's board of directors approved "model" legislation calling for deregulation of the \$220 billion industry, and in November 1996 an ALEC task force, meeting in Salt Lake City, approved the "model" legislation, which recommended that states open their electric-utility markets to competition by the year 2000.

The corporate members of the task force that took up the issue, however, were sharply divided. The side that won – a coalition of private energy

companies, including Enron and Koch Industries, and large industrial users of electricity – had purchased most of the "private-sector" seats on the task force. The side that lost – representatives of investor-owned utilities and their trade association, the Edison Electric Institute – walked out of the session and later renounced their ALEC memberships.

"It's a situation where you buy a seat at the table and then you have the opportunity to vote and drive policy," EEI's Tim Kichline later told a reporter. "We don't have enough votes. If they are going to do something we like, they don't need our votes, and if they are going to do something we do not like, we can't stop them."⁵

The following August, Kenneth Lay, Enron's chairman and chief executive officer, was a keynoter at ALEC's annual convention in New Orleans. In a speech titled "Restructuring Competition . . . Not Accommodation!" — a pitched battle cry for deregulation of the nation's energy industry — Lay urged the state legislators to reject the "calculated machinations of cozy monopolists" and to open retail electricity markets "with both haste and completeness."

State legislators who attended could connect the dots, concluding that Lay's appearance had something to do with the \$20,000 that Enron had chipped in to finance the meeting. "I didn't think it was a coincidence," James Ports, a lawmaker from Maryland, told a reporter.⁶

Tobacco. As noted earlier, the tobacco industry has been one of ALEC's chief underwriters. For many years the nation's major tobacco companies gave ALEC more than \$200,000 a year⁷, sponsored golf and tennis events at ALEC meet-

5. *Austin American-Statesman*, Nov. 2, 1997, "Lawmakers' corporate classmates: A lesson in access"

ings all over the country, and paid some of its legal bills.⁸ In most years, in fact, the tobacco industry's contributions to ALEC have significantly eclipsed the combined dues paid by all state lawmakers to be members of the organization.

Through much of the 1980s and 1990s, ALEC was one of the tobacco industry's most dependable allies on issues big and small.

ALEC has frequently provided Big Tobacco with support for the industry's advocacy activities. In 1987, for example, professors Bernard L. Weinstein and Harold T. Gross of Southern Methodist University called for the elimination of state excise taxes—such as those levied on purchases of liquor, gasoline, and tobacco—in an opinion piece for *The New York Times*. The recommendation, they wrote, was drawn from their recent study for ALEC. They did not mention that the tobacco industry is a large contributor to ALEC.⁹

In 1988, the tobacco industry financed ALEC's annual symposium on indoor air pollution, which featured its paid experts as speakers. Nonetheless, Constance Heckman, who was ALEC's executive director at the time, told a reporter for the *Los Angeles Times* that she saw little chance of conflict. "We are conservative; we are pro- business," she was quoted as saying. "They [tobacco companies] don't change us. They just compound our effectiveness on the issues that we agree on."

In 1990, ALEC gave the tobacco industry valuable ammunition by releasing a report in which it argued that higher excise taxes, the rev-

enue-raising darlings of states, are often counterproductive, resulting in lost revenue, businesses, and jobs.¹⁰ The study found that consumers are willing to make the extra effort to cross state borders to avoid paying higher taxes, even if the resulting savings are just for one type of item.

This study was trotted out for years as state after state considered increases in cigarette taxes.

Over the years, the tobacco industry has used the congenial atmosphere of ALEC meetings to secure powerful allies in state legislatures from coast to coast. Consider the case of Jeffrey Coy, a Pennsylvania state representative who, while attending ALEC's 1990 annual meeting in Monterey, California, played golf in an outing sponsored by R.J. Reynolds Tobacco Company.

Coy was the chief sponsor of legislation that would limit consumer suits over defective products—a bill that critics have said is designed to benefit tobacco interests. He told a reporter for Gannett News Service that he saw no appearance of a conflict of interest in playing golf at the R.J. Reynolds outing, noting that the company was a member of ALEC's Task Force on Product Liability.

"Anyone who knows me well knows I play a lot of golf," he said. "I play with a lot of different people with a lot of different interests. At that tournament, it's safe to say, the words 'product liability' were never mentioned. Do [tobacco companies] have an interest in the bill? Absolutely. Are they the only companies interested in this bill? Absolutely not."

Coy said that he attended the conference

6. Ibid

7. *Boston Globe*, Aug. 27, 1992, "Tobacco group lines up troops for tax-plan war"

8. *Los Angeles Times*, May 22, 1988, "Big Tobacco buying new friendships"

9. *New York Times*, Feb. 22, 1987, "Tax revision at the state level: States should follow the federal cue"

10. *Los Angeles Times*, May 22, 1988, "Big Tobacco buying new friendships"

because it included panel discussions on product liability and tort reform. "I spent a great deal of time talking to legislators from other states about product liability and tort reform," he said.¹¹

Golden Rule Insurance Company. Golden Rule bills itself as "the pioneer of Medical Savings Accounts," and over the years ALEC has carried water for the company in innumerable ways—including, of course, the development of "model" state legislation to promote MSAs. (J. Patrick Rooney, Golden Rule's chairman, has long been a member of ALEC's "Private Enterprise Board.")

In 1994, testifying before the House Energy and Commerce Subcommittee on Oversight and Investigations, State Representative Mike H. Coffman of Colorado said ALEC played an instrumental role in helping Golden Rule thwart his efforts to reform the state's health-insurance industry. "There seemed to be a very close linkage between Golden Rule and the American Legislative Exchange Council," Coffman told members of the subcommittee. "The American Legislative Exchange Council participated in the fight against my legislation by producing position papers that were word for word that of Golden Rule's and sent them to legislators prior to key votes. This greatly reinforced Golden Rule's lobbying capability against my reform efforts."¹²

Texaco, Inc. Corporate sponsorship of ALEC provides a company's top executives with a captive audience of state legislators and a convenient public-relations platform. "The American people need someone in their corner

to prevent the imposition of costly and unnecessary programs and help strike an affordable balance between environmental needs and affordable energy," James W. Kinnear, Texaco's president and chief executive officer, told ALEC's 1991 annual meeting in Seattle. He urged legislators, in implementing the 1990 Clean Air Act, not to require the use of reformulated, less polluting gasoline.

Procter & Gamble Company. In 1990, with at least fourteen states considering bans on non-degradable disposable diapers and five other states poised to levy special taxes on disposable diapers, ALEC loaned one of its big corporate benefactors—the manufacturer of Pampers—a little help on the PR front. "This is the fad fringe issue of the year," Jerry Taylor, then ALEC's legislative director, told Advertising Age. "Legislators want to make it look like they are doing something for the environment, to solve the solid waste crisis, and diapers are an easy target."

American Petroleum Institute, Amoco Corporation, Chevron Corporation, ExxonMobil Corporation. In 1990, when North Carolina Attorney General Lacy Thornburg sought to bar major oil companies from retailing gasoline in the state, ALEC produced a study for its funders in the the industry that said Thornburg's plan would be a recipe for higher prices and would cost consumers \$92 million more each year.

In 1991, ALEC followed up with a report that was sharply critical of renewed calls for a windfall-profits tax on oil companies. "The windfall profits tax is nothing more than a means

11. Gannett News Service, Sept. 13, 1990, "The good life: Franklin County lawmakers' expenses detailed"

12. Federal News Service, Aug. 3, 1994, Prepared statement to the House Energy and Commerce Subcommittee on Oversight and Investigations

of taking income away from the private sector for use by the public sector,” the report said. “It can be opposed on the grounds that, given the way Washington wastes its revenues, the funds would be better used in private hands.”

Later that year, ALEC endorsed the Marine Spill Response Corporation’s push for immunity for oil-spill responders. At the time, most coastal states did not allow spill responders immunity from removal costs or damages. The MSRC, which is financed by major oil companies, is lobbying states to adopt the federal standard, which provides immunity unless the responder acts with gross negligence or willful misconduct.

American Nuclear Energy Council. In 1992, the lobbying arm of the nuclear-power industry (now the Nuclear Energy Institute) wrote “model” state legislation, which ALEC then adopted, that would have required state utility commissions to conduct “rolling prudency reviews” of nuclear power plants.

The nuclear-power companies wanted state utility commissions to review the construction of nuclear power plants at various stages and to decide at each juncture whether the costs could be passed on to ratepayers. Such reviews were typically conducted only after construction had been completed.

State public utility commissions had generally refused to allow utilities to pass on to their customers most cost overruns on the construction of nuclear power plants. As a result, the shareholders of nuclear-power companies had to

absorb \$15 billion in costs that the companies once assumed would be added to the electricity rate base.

Pharmaceutical Research and Manufacturers of America; Bayer Corporation, GlaxoSmithKline; Eli Lilly & Company; Merck & Company, Inc.; Pfizer, Inc. In 1993, ALEC helped form the Coalition for Equal Access to Medicines, which described itself as “an ad hoc volunteer organization.” Its mission: to kill provisions of the deficit-reduction bill that aimed to encourage states to establish lists, or “formularies,” of approved Medicaid drugs. The Congressional Budget Office estimated that formularies would save the federal government at least \$275 million over five years. States expected to save almost as much.

According to *The New York Times*¹³, the coalition was created and financed by the prescription-drug industry. Its organizing committee included an officer of ALEC, which was a member of the coalition. Over the years, pharmaceutical manufacturers have been among ALEC’s most generous corporate benefactors.

National Rifle Association. In 1993, ALEC adopted a resolution expressing its opposition to a waiting period to buy firearms and a ban on semiautomatic firearms. “The administration and Congress should take a hard look at ALEC’s resolution,” James Baker, the executive director of the National Rifle Association’s Institute for Legislative Action, said. The NRA is a longtime funder of ALEC.

13. *New York Times*, July 7, 1993, “Drug industry musters a coalition to oppose a change in Medicaid”

CHAPTER THREE

Membership and Leadership

On December 12, 2001, several hundred state legislators from around the country gathered in Washington, D.C., for a three-day conference that, from all outward appearances, pretty much resembled any number of good-government meetings. The conference, organized by the American Legislative Exchange Council and promoted as the “States and Nation Policy Summit,” was designed, according to a brochure for the event, to give the lawmakers an opportunity to “share their knowledge and experiences with each other, as well as hear from national leaders and renowned policy experts.” The get-together featured all the usual trappings of ordinary conventions: seminars, task-force sessions, ballroom banquets with keynote speakers, receptions and hospitality suites, an exhibit hall, and, for the spouses and children of attendees, a jam-packed schedule of sightseeing, shopping, and recreational events in the nation’s capital.

On August 7, 2002, the scene will be repeated, on a much larger and grander scale, when more than a thousand state legislators from around the country are expected to gather in Orlando, Florida — home of Disney World —

for ALEC’s 29th annual meeting. ALEC calls its five-day annual meeting “one of the nation’s most prestigious state-level conferences,” describing it as an opportunity for state legislators “to discuss issues and develop policy.”

But ALEC’s annual meetings and other high-profile get-togethers tend to be mostly window dressing for a panoply of policy decisions made either within the organization’s offices in Washington, D.C., or in closed consultations with its major funders.

The lawmakers will almost certainly be outnumbered, as they are at nearly all ALEC meetings, by the legions of lobbyists, corporate executives, and representatives of trade and professional associations who give tens of thousands of dollars each to ALEC. In return, ALEC gives these corporate interests the opportunity to wine and dine state lawmakers, who then may become more willing to introduce ALEC’s “model” bills when they go home.

In virtually all its promotional materials, ALEC calls itself “the nation’s largest bipartisan, individual membership association of state legis-

lators.” This description, however, is misleading in almost every way. For starters, ALEC appears to be only nominally “bipartisan.” It declines to make its membership list public, but in a current publication titled “Leaders in the States,” ALEC lists 209 of its members who are in “senior leadership positions” (including its own state chairs) in the 50 state legislatures. The publication does not denote the party affiliations of these state

legislators, perhaps because the “bipartisan” breakdown is so lopsided: 177 are Republicans (84.7 percent), 29 are Democrats (13.9 percent) and three others from Nebraska are officially designated as Non-Partisan (1.4 percent). Only three of ALEC’s state chairs — those in Arkansas, Mississippi, and Texas — are Democrats.

Here is the state-by-state breakdown:

	Democrat	Republican		Democrat	Republican
Alabama	0	2	Nebraska	NP*	NP*
Alaska	0	3	Nevada	0	5
Arizona	0	7	New Hampshire	0	3
Arkansas	1	0	New Jersey	0	3
California	0	3	New Mexico	0	3
Colorado	2	7	New York	0	4
Connecticut	0	3	North Carolina	3	2
Delaware	0	4	North Dakota	0	5
Florida	3	7	Ohio	0	6
Georgia	0	3	Oklahoma	1	6
Hawaii	0	3	Oregon	0	2
Idaho	0	3	Pennsylvania	1	5
Illinois	0	2	Rhode Island	1	2
Indiana	0	5	South Carolina	1	3
Iowa	4	8	South Dakota	2	4
Kansas	0	2	Tennessee	0	3
Kentucky	0	5	Texas	1	2
Louisiana	3	2	Utah	0	7
Maryland	1	4	Vermont	0	2
Massachusetts	1	0	Virginia	0	6
Michigan	0	7	Washington	0	4
Minnesota	0	2	West Virginia	1	1
Mississippi	2	3	Wisconsin	0	3
Missouri	1	4	Wyoming	0	6
Montana	0	1			

A look at the state legislators who sit on ALEC's board of directors reveals an even starker partisan imbalance: All of ALEC's officers are Republicans, and only one of its 29 directors is a Democrat.

ALEC's six officers in 2001—all of them Republicans—were: Tennessee Representative Steve K. McDaniel, National Chairman; Oklahoma Senator James J. Dunlap, First Vice Chairman; Louisiana Representative Donald Ray Kennard, Second Vice Chairman; Michigan Senator Philip E. Hoffman, Treasurer; Kansas City Susan Wagle, Secretary; California Senator Raymond N. Hayes, Immediate Past Chairman.

The only Democrat on ALEC's board of directors is Iowa Representative Dolores Mertz. The other members of the board are: Tennessee Representative James F. "Jim" Boyer, a Republican; North Carolina Representative Harold J. Brubaker, a Republican; Arizona Senator Brenda Burns, a Republican; Texas Representative Bill Gene Carter, a Republican; Georgia Representative Earl D. Ehrhart, a Republican; Nebraska Senator Leo Patrick Engel, who is officially designated as nonpartisan; Connecticut Senator George L. "Doc" Gunter, a Republican; Mississippi Senator William G. "Billy" Hewes III, a Republican; New York Senator Owen H. Johnson, a Republican; Iowa Representative Dolores M. Mertz, a Democrat; Colorado Senator David Turner "Dave" Owen, a Republican; Nevada Senators William J. Raggio and Dean A. Rhoads, both Republicans; New York Assemblyman Robert A. Straniere, a Republican; and Wisconsin Senator Robert T. "Bob" Welch, a Republican.

What's more, ALEC isn't really a membership association of state legislators. The dues paid by state lawmakers (or paid by state legislatures on their behalf), in fact, make up only a negligible portion of its total revenues. ALEC's dues structure — state legislators pay just \$25 a year, either two years or four years at a time, to be members — seems designed mainly to boost its total "membership" numbers and help it maintain its thin but seemingly durable facade as a voluntary association of state legislators—an organization on a par with, say, the National Conference of State Legislatures or the National Governors' Association, which are — unlike ALEC — bona fide organizations representing the nation's state legislators and governors.

Using ALEC's own membership numbers, it's clear that the organization receives only about \$60,000 a year in dues from state lawmakers (2,400 x \$25). ALEC's tax return for the year 2000, for example, shows that it collected a total of \$56,126 in "membership dues and assessments" from legislators that year — less than one percent of its total revenues of nearly \$5.7 million. This ratio has shown only minor variations from year to year:

Year	Membership Dues	Total Revenues	Percent
2000	\$56,126	\$5,685,299	0.99
1999	\$54,977	\$5,768,265	0.95
1998	\$79,210	\$6,071,098	1.30
1997	\$60,170	\$5,659,971	1.06
1996	\$25,436	\$5,346,268	0.48

ALEC's multimillion-dollar annual budget is partly spent directly on the state legislators who choose to join — about 2,400 in all, by ALEC's count. Its "legislator members" can avail themselves of taxpayer-financed trips to prime tourist destinations in the United States, free or heavily subsidized vacations for their spouses and children, and an assortment of other fringe benefits that range from no-cost child care and medical tests to free Broadway theater tickets and dinners at expensive restaurants. Most of them can even pass along the nominal membership fee to taxpayers in their states.

Each year, ALEC invites new state legislators to its December meeting in Washington, D.C. The purpose of the conference is to bring them into ALEC's fold and introduce them to the many benefits of membership. The meeting, which in previous years ALEC has more accurately billed as a "National Orientation Conference," is just one of many events at which its "legislator members" mingle with — and receive the recommendations of — the organization's "private-sector members."

ALEC's Unified Registration Statement

(URS) for Charitable Organizations describes its activities in this arena as follows: "Membership manages the programs for the recruitment and retention of ALEC state legislator members. This includes liaison with the ALEC state chairs, private-sector state chairs, and six state leadership teams. In addition, membership provides assistance to ALEC state chairs in raising state scholarship funds [and] tracking the expenditures of these funds."

A careful reading of ALEC's corporate bylaws suggests that it reserves the right to reject the membership applications of state legislators who are judged to be ideologically or philosophically incompatible with its mission. Under a "Qualifications for Membership" section, the bylaws read: "Full membership shall be open to persons dedicated to the preservation of individual liberty, basic American values and institutions, productive free enterprise, and limited representative government, who support the purposes of ALEC, and who serve, or formerly served, as members of a state or territorial legislature, the United States Congress, or similar bodies outside the United States of America."

CHAPTER FOUR

The Deep Pockets

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ALEC's self-described mission is "to advance the Jeffersonian principles of free markets, limited government, federalism, and individual liberty among America's state legislators." The emphasis, of course, is on limited government — except in those cases where government intervention of one kind or another can be fashioned to promote corporate interests.

ALEC pursues this mission chiefly by generating and promoting hundreds of "model" bills, resolutions, and policy statements every year. During the 1999-2000 legislative cycle, for example, ALEC claims that its member legislators introduced more than 3,100 pieces of legislation based on its "model" bills and resolutions and that more than 450 of them were enacted.¹⁴ ALEC also provides its members with dozens of studies, research reports, and position papers on topics related to its policy objectives.

As noted previously, however, ALEC isn't really a membership association of state legislators; the dues paid by state lawmakers (or paid by state legislatures on their behalf) constitute only a negligible portion of its total revenues. Year in

and year out, virtually all of ALEC's revenues come from corporations and their affiliate foundations, trade and professional associations, and a relative handful of ultraconservative foundations.

An examination of ALEC's tax returns shows that more than 95 percent of its revenue typically comes in the form of "contributions, gifts, grants, and similar amounts" received from corporations and charitable foundations as well as other money received in connection with its conferences and seminars, as membership fees for its task forces, and as revenue from the sale of its publications. A breakdown:

Year	Non-Dues Support	Total Revenue	Percent
2000	\$5,566,035	\$5,685,299	97.9
1999	\$5,659,785	\$5,768,265	98.1
1998	\$5,948,946	\$6,071,098	98.0
1997	\$5,554,976	\$5,659,971	98.1
1996	\$5,271,627	\$5,346,268	98.6
1995	\$4,817,647	\$4,871,861	98.9
1994	\$4,279,306	\$4,337,009	98.7

14. American Legislative Exchange Council 2001 brochure, "Corporate Edition"

Over the years, ALEC has taken in more than \$1.3 million from foundations controlled by ultraconservative philanthropist Richard Scaife, along with sizable amounts from the Coors-related Castle Rock Foundation, the Charles G. Koch Charitable Foundation, the Lynde and Harry Bradley Foundation, and the John M. Olin Foundation.¹⁵

In addition, ALEC reportedly has more than three hundred corporate sponsors that pay annual membership fees ranging from \$5,000 to \$50,000 to be part of the action, plus additional fees of \$1,500 to \$5,000 a year to participate in ALEC's various task forces.

ALEC's basic corporate membership categories, along with the associated benefits (drawn verbatim from the organization's literature), are as follows:¹⁶

Jefferson Club (\$50,000)

- All publications
- Seven contacts on mailing list
- Eligibility to participate on ALEC Task Forces (subject to applicable Task Force Dues)
- Discount on exhibit booth at conferences
- VIP photo opportunities at ALEC meetings
- Discount advertising rates in ALEC publications
- Special recognition at all conference events
- One head-table seating at Annual Meeting
- Reserved-table seating for ten people at ALEC meetings under organization's name

Madison Club (\$25,000)

- All publications
- Five contacts on mailing list
- Eligibility to participate on ALEC Task

Forces (subject to applicable Task Force Dues)

- Discount on exhibit booth at conferences
- VIP photo opportunities at ALEC meetings
- Discount advertising rates in ALEC publications

Washington Club (\$10,000)

- All publications
- Three contacts on mailing list
- Eligibility to participate on ALEC Task Forces (subject to applicable Task Force Dues)
- Member discount registration at ALEC Annual Meeting
- Discount advertising rates in ALEC publications

Membership (\$5,000)

- All publications
- Three contacts on mailing list
- Eligibility to participate on ALEC Task Forces (subject to applicable Task Force Dues)
- Member discount registration at ALEC Annual Meeting

Discount advertising rates in ALEC publications

ALEC maintains nine standing task forces on which state legislators and industry representatives sit to craft model legislation and to set the organization's agenda in specific policy areas. This is the purest incarnation of ALEC's "pay-to-play" system: Corporations and trade associations must pay fees to be task force members. Each of these task forces is co-chaired by a state legislator and a private-sector representative. ("Legislators welcome their private-sector counterparts to the table as equals," an ALEC publication notes, "working in unison to solve the challenges facing the nation.") The nine task forces and their appli-

15. Mediatransparency.org

16. American Legislative Exchange Council 2001 brochure, "Corporate Edition"

cable annual fees (which are in addition to ALEC's basic membership fees) are:

Civil Justice (\$2,500)

Commerce and Economic Development (\$2,500)

Criminal Justice (\$2,000)

Education (\$1,500)

Energy, Environment, Natural Resources, and Agriculture (\$2,000)

Health and Human Services (\$2,000)

Tax and Fiscal Policy (\$2,500)

Telecommunications and Information

Technology (\$5,000)

Trade and Transportation (\$1,500)

A password-protected, "members-only" area of ALEC's website includes more than 200 pieces of model legislation within these nine broad topic areas. ALEC's credo is that business "can, should, and must be an ally of legislators," its literature says. Its cornerstone, the literature adds, "is the forum it provides for the private sector to work in a one-on-one relationship with state legislators."

ALEC's corporate leaders became concerned in the mid-1990s about the issue of "buying access," as Les Goldberg of American Express Company put it at one ALEC meeting in 1997. The minutes of the meeting go on to note that Duane Parde, then ALEC's executive director, said the organization was "steering clear of that charge" in part by "fundraising for general, rather than specific, support," and by changing the operating procedures of ALEC's task forces "to limit exposure in that area."

Consequently, ALEC's most recent tax return shows a change in accounting procedures

to reflect no revenue from its task forces, down from \$300,895 in 1999 and multimillion-dollar amounts in previous years.

ALEC is not required by law to disclose how much individual corporations and trade associations have donated. But a review of ALEC's publications, tax returns and news accounts show that ALEC's major benefactors have included:

Alcoholic Beverages

Coors Brewing Company

Distilled Spirits Council of the United States

Miller Brewing Company

Joseph E. Seagram & Sons, Inc./Universal

Studios

Seagram North America

Automobiles

Avis Rent a Car

DaimlerChrysler Corporation

Ford Motor Company

General Motors Corporation

Banks/Financial Services

American General Financial Group

American Express Company

Bank of America

Community Financial Services Corporation

Credit Card Coalition

Credit Union National Association, Inc.

Fidelity Investments

Harris Trust & Savings Bank

Household International

LaSalle National Bank

J.P. Morgan & Company

Non-Bank Funds Transmitters Group

Criminal Justice

American Bail Corporation
 Corrections Corporation of America
 National Association of Bail Insurance
 Companies
 Wackenhut Corrections

Energy Producers/Oil

American Petroleum Institute
 Amoco Corporation
 ARCO
 BP America, Inc.
 Caltex Petroleum
 Chevron Corporation
 ExxonMobil Corporation
 Mobil Oil Corporation
 Phillips Petroleum Company

Energy Producers/Other

American Electric Power Association
 American Gas Association
 Center for Energy and Economic
 Development
 Commonwealth Edison Company
 Consolidated Edison Company of New York, Inc.
 Edison Electric Institute
 Enron Corporation
 Independent Power Producers of New York
 Koch Industries, Inc.
 Mid-American Energy Company
 Natural Gas Supply Association
 PG&E Corporation/PG&E National
 Energy Group
 U.S. Generating Company

Health Care

American Physical Therapy Association
 Baxter Healthcare Corporation

Insurance

Alliance of American Insurers
 Allstate Insurance Company
 American Council of Life Insurance
 American Insurance Association
 Blue Cross and Blue Shield Corporation
 Coalition for Asbestos Justice. (This organization
 was formed in October 2000 to “explore new
 judicial approaches to asbestos litigation.” Its
 members include ACE-USA, Chubb & Son,
 CNA service mark companies, Fireman’s
 Fund Insurance Company, Hartford
 Financial Services Group, Inc., Kemper
 Insurance Companies, Liberty Mutual
 Insurance Group, and St. Paul Fire and
 Marine Insurance Company. Counsel to the
 coalition is Victor E. Schwartz of the law
 firm of Crowell & Moring in Washington,
 D.C., a longtime ALEC ally.)

Fortis Health
 GEICO
 Golden Rule Insurance Company
 Guarantee Trust Life Insurance
 MEGA Life and Health Insurance Company
 National Association of Independent Insurers
 Nationwide Insurance/National Financial
 State Farm Insurance Companies
 Wausau Insurance Companies
 Zurich Insurance

Law/Lobbying

Skelding, Labasky, Corry, Hauser, Metz & Daws
 Wilson, Elser, Moskowitz, Edelman & Dicker

Manufacturing

American Plastics Council
 Archer Daniels Midland Corporation
 AutoZone, Inc. (aftermarket automotive parts)
 Cargill, Inc.
 Caterpillar, Inc.
 Chlorine Chemistry Council
 Deere & Company
 Fruit of the Loom
 Grocery Manufacturers of America
 Inland Steel Industries, Inc.
 International Game Technology
 International Paper
 Johnson & Johnson
 Keystone Automotive Industries
 Motorola, Inc.
 Procter & Gamble
 Sara Lee Corporation

Media

American Lawyer Media, Inc.
 R.R. Donnelly & Sons Company
 Primedia, Inc.
 The Washington Times

Pharmaceuticals

Abbott Laboratories
 Aventis Pharmaceuticals, Inc.
 Bayer Corporation
 Eli Lilly & Company
 GlaxoSmithKline
 Glaxo Wellcome, Inc.
 Hoffman-LaRoche, Inc.
 Merck & Company, Inc.
 Pfizer, Inc.
 Pharmaceutical Research and Manufacturers of

America (PhRMA)
 Pharmacia Corporation
 Rhone-Poulenc Rorer, Inc.
 Schering-Plough Corporation
 Smith, Kline & French
 WYETH, a division of American Home
 Products Corporation

Restaurants

McDonald's Corporation
 Wendy's International, Inc.

Technology

America Online
 Americans for Technology Leadership
 Intel Corporation
 KeySpan
 Microsoft Corporation
 TechCentralStation.com

Telecommunications

AT&T
 Ameritech
 BellSouth Telecommunications, Inc.
 GTE Corporation
 MCI
 National Cable and Telecommunications
 Association
 SBC Communications, Inc.
 Sprint
 UST Public Affairs, Inc.
 Verizon Communications, Inc.

Tobacco

Cigar Association of America, Inc.
 Lorillard Tobacco Company

Philip Morris Management Corporation
R.J. Reynolds Tobacco Company
Smokeless Tobacco Council

Transportation

Air Transport Association of America
American Trucking Association
The Boeing Company
United Airlines
United Parcel Service

Other

Amway Corporation
Cabot Sedgewick
Cendant Corporation
Corrections Corporation of America
Dresser Industries
Federated Department Stores
International Gold Corporation
Mary Kay Cosmetics
Microsoft Corporation
Newmont Mining Corporation
Quaker Oats
Sears, Roebuck & Company
Service Corporation International
Taxpayers Network, Inc.
Turner Construction
Wal-Mart Stores, Inc.

Organizations/Foundations

Adolph Coors Foundation
Ameritech Foundation
Bell & Howell Foundation
Carthage Foundation
Charles G. Koch Charitable Foundation
ELW Foundation
Grocery Manufacturers of America
Heartland Institute of Chicago
The Heritage Foundation
Iowans for Tax Relief
Lynde and Harry Bradley Foundation of Milwaukee
National Pork Producers Association
National Rifle Association
Olin Foundation
Roe Foundation
Scaiffe Foundation
Shell Oil Company Foundation
Smith Richardson Foundation
Steel Recycling Institute
Tax Education Support Organization
Texas Educational Foundation
UPS Foundation

CHAPTER FIVE

Benefits To Legislative Members

ALEC membership has its benefits, and for 2,400 or so state legislators across the nation who belong to ALEC, chief among them each year is the opportunity to take at least one all-expenses-paid trip that looks a lot like a vacation. The allure of an attractive trip, in fact, could be enough to induce some lawmakers — perhaps even those who are not comfortable with much of the organization’s special-interest agenda — to sign on ALEC’s dotted line and become a member at the bargain rate of \$25 a year.

Many state legislators are able to tap official travel accounts to pay for their trips to ALEC’s annual meetings and to other ALEC-sponsored events, thus shifting the cost of their trips—air fares, lodging, meals, and entertainment—to taxpayers. A typical example: State Senator Stephen Martin of Virginia, who serves as ALEC’s state chair, obtained a \$2,580 reimbursement from the state for his trip to ALEC’s 1999 annual meeting.¹⁷ Martin is by no means alone, of course, and over the years ever-larger numbers of state lawmakers have turned to official accounts to finance their trips to ALEC’s annual meeting

and other events.

An examination of financial-disclosure forms filed by state legislators in 1999 and 2000 suggests that taxpayers foot the bill for at least \$3 million in expenses the lawmakers incur each year in connection with their travel to ALEC-sponsored meetings. That means each year a significant amount of taxpayer money is helping ALEC do its business, which is predominantly aimed at advancing corporate special interests.

Yet other lawmakers accept “scholarships” from ALEC to help pay for their trips — and, in some cases, the costs of taking along spouses and other family members—to ALEC’s annual meetings and other events. The money for the “scholarships” comes, of course, from ALEC’s corporate sponsors. Here’s how ALEC explains the program in the Unified Registration Statement (URS) for Charitable Organizations that it files in many states: “Scholarship funds are solicited to support the ALEC program in each state. They are given to individuals to help them pay for travel and lodging for ALEC meetings, conventions, and/or task forces. They may also be used for registration

17. Stephen A. Martin, Statement of Economic Interests, 1999, filed with the General Assembly of Virginia

fees for ALEC meetings or conventions.”

ALEC’s state chairs routinely solicit corporate lobbyists and corporate representatives for the “scholarships.” In 1995 and 1996, for example, twelve state legislators from Colorado used “scholarships” of about \$1,000 each to defray their expenses in attending ALEC meetings. State Representative Dave Owen, the ALEC state chair in Colorado and longtime vice-chairman of the powerful House Appropriations Committee, raised the funds for the “scholarships” from corporate lobbyists with business before the legislature.

Similarly, in 1995, State Representative Richard Morgan of North Carolina, the powerful chairman of the House Rules Committee, sent an especially brazen appeal to lobbyists on ALEC letterhead. “ALEC is the only national organization where business leaders serve side by side with legislators on the same boards and task forces developing model state legislation,” Morgan said in his letter. “In anticipation of a record-breaking crowd at this year’s annual meeting, we invite you to support our North Carolina legislators by making a contribution to the ALEC scholarship fund. Your donation will be used to help pay for scholarships so North Carolina lawmakers can attend the ALEC annual meeting, August 9-13 in San Diego, California.” (Morgan’s request for donations came after lobbyists for USAir arranged a special discount airfare for legislators and their spouses to fly to the event.)¹⁸

And in 1997, state legislators in New York held a fund-raising reception at the Fort Orange Club where lobbyists were asked to make their

checks payable to the “ALEC-NY Scholarship Fund,” according to an account in *The (Albany) Times Union*.¹⁹ As it turned out, the funds were to pay for travel, lodging and registration fees for twenty New York lawmakers to attend ALEC’s annual meeting in New Orleans that year.

“If it’s truly an educational experience, the taxpayers should pay for it,” Blair Horner of the New York Public Interest Research Group told a reporter for *The Times Union*. “If the legislators don’t think they can defend it, they shouldn’t go or they should pay for it themselves.” Horner said that the “scholarship fund” was merely another form of influence peddling — as well as way to get around the gift limits for state legislators. “This crosses the line, when they want to go to a conference at a nice place and they ask lobbyists to pick up the tab,” he said.

The image of state legislators shaking down lobbyists to pay for their trips has been strong enough in some states to induce lawmakers to turn the ALEC meetings into state-sanctioned — and financed — events.

In 2001, for example, the Utah Senate and House decided to stop asking lobbyists to pay for the trips of state legislators to various ALEC-sponsored functions. Traditionally, State Representative Marda Dillree had organized two fund-raisers a year specifically for that purpose. But House Speaker Marty Stephens, who has participated in various ALEC activities, led a successful effort to have taxpayers pick up the tab instead.

“It got to a point where ALEC fund-raising looked to some like a lobbyist was buying a trip [for a specific lawmaker],” Stephens told a

18. The Insider, North Carolina state government news service, June 26, 1995, “The cost of business?”

19. The (Albany) Times Union, June 9, 1997, “Pataki plays political chess”

reporter for Salt Lake City's *Deseret News*²⁰, explaining that some legislators would ask lobbyists to contribute to a fund-raiser so that they could go to one of the ALEC meetings. About seventeen Utah lawmakers attended ALEC's 2000 annual meeting in New York City under the state-pay system, Dillree told the *Deseret News*. "The Legislature pays for the trip," she added, "but each lawmaker still pays the \$50 yearly ALEC membership fee." [The membership fee is actually \$50 for two years.]

*The Deseret News*²¹ had reported earlier in the year that Dillree was among the "double-dippers" in the Utah Legislature — lawmakers who used their tax-exempt campaign treasuries to pay for meals, lodging, and travel expenses for which they were later reimbursed from official state accounts. Dillree reportedly used about \$3,800 in funds from her campaign account to pay for travel expenses she incurred in 1999 and 2000 in connection with her involvement in ALEC. But state records, the newspaper reported, showed that Dillree, who was on official state business when she attended the ALEC meetings, was reimbursed for the same expenses by the Legislature. The money was not returned to her campaign account.

"I don't see it as a double dip," Dillree told the newspaper. "I think of all the time I spend in meetings I don't get paid a dime for, and all the [conferences] I have gone to and not been reimbursed. My thinking is it is a legitimate use of campaign money."

Dillree, however, apparently recognized that she shifted tax-exempt campaign funds to personal use. She told *The Deseret News* that she

paid income taxes on the reimbursement.

The newspaper also reported that House Speaker Stephens used funds from his campaign account so that his wife could accompany him to ALEC meetings. Stephens said that he had declared the expenditures as personal — and thus taxable — income. "If you take it out [of a campaign account] for personal reasons," the newspaper quoted him as saying, "you have to take it as income and pay taxes."

Nationwide, gaping holes in state ethics and financial-disclosure laws allow many state legislators to receive gifts in secrecy. What's more, in the vast majority of states, state legislators do not have to report gifts received by their spouses and children. As a consequence, ALEC and its corporate sponsors can offer state legislators a large assortment of valuable perquisites that, in almost all cases, lawmakers do not have to include on their financial-disclosure forms -- this, despite the obvious potential conflict of interest. ALEC's 28th annual meeting, in New York City, included, among other events: a "Grand Opening Reception" complete with food, entertainment, and a replica of the Statute of Liberty (courtesy of Philip Morris Management Corporation and United Parcel Service); open-until-midnight hospitality suites (courtesy of Primedia, Inc., and DaimlerChrysler Corporation); a variety of "spouse tours" (courtesy of Intuit, Inc.); an "ALEC's Kids' Congress" where children were "constantly entertained and cared for from morning until night" (courtesy of Pfizer, Inc.); a "family night" at Chelsea Piers Sports & Entertainment Complex (courtesy of Keystone Automotive Industries, Inc.); and an end-of-con-

20. *Deseret News*, Nov. 6, 2001, "House asking lobbyists for funds again"

21. *Deseret News*, Feb. 25, 2001, "Some lawmakers are getting a boost by double dipping"

vention golf tournament (courtesy of R.J. Reynolds Tobacco Company).

Who could blame many state legislators if they look at ALEC's annual meeting as the vacation bargain of the year and end up somewhat beholden to ALEC and the corporate sponsors?

State Secrets

The holes in state ethics and financial-disclosure laws make it impossible to determine exactly how many state legislators have their trips to various ALEC-sponsored meetings paid for by others — taxpayers, campaign contributors, corporations, and ALEC itself — as well as how many bring along members of their families in the same fashion. In a dozen states, for example, legislators may accept gifts from outside interests and take trips paid for by outside interests without fear of any public scrutiny or criticism—no disclosure of any kind is required. Those states are Alabama, Georgia, Idaho, Iowa, Michigan, Minnesota, Mississippi, New Mexico, North Carolina, North Dakota, South Dakota, and Vermont. (See Appendix.)

In yet other states, the disclosure rules are so lax that state legislators do not have to report such basic information as the costs, dates, and sources of funds for trips. In Arizona, for example, State Senator Brenda Burns, who served as ALEC's national chairman in 1999, merely reported the following on the financial-disclosure form she filed with the state in 2000: "Reimbursement (travel, hotel) of meetings for: American Legislative Exchange Council." How much did Burns get, and from whom? It's impossible to tell.

In states with tighter disclosure rules, lawmakers can legally report next to no information about who pays for their trips to ALEC-sponsored meetings. Consider the case of State Senator Robert T. Welch of Wisconsin, who serves as ALEC's state chair. In the "Statement of Economic Interests" that he filed with the Wisconsin Ethics Board for 1999, Welch, on the part of the form that asks lawmakers to "list sources of honoraria and payment of expenses related to your state government duties (more than \$50) not previously reported to the Ethics Board," reported the following: Payer — "ALEC;" Approximate value of expenses — "\$4,450"; Circumstances of receipt — "Annual meetings."

A review of applicable state ethics and financial-disclosure requirements, coupled with an examination of financial-disclosure forms filed by state legislators whose names appear on a list of state "leaders" published by ALEC, suggests that most of the economic benefits provided to state legislators in connection with ALEC-sponsored meetings and other activities goes unreported. (See Appendix.)

Consequently, newspaper, magazine, and wire-service stories may provide the best running account of how the ALEC "system" works. Here are some snapshots, drawn from news accounts over the years, of ALEC in action in the United States and abroad:

1989. At least fifty state legislators from Missouri will be flying to Monterey, California, in July for ALEC's five-day national conference, the *St. Louis Post-Dispatch* reports.²² Some of the legislators readily acknowledge that among the

22. *St. Louis Post-Dispatch*, July 6, 1989, "Dyer one of 50 from Missouri to take California junket"

lures is the conference's proximity to the ocean. The conference is expected to cost at least \$1,250 for each legislator, according to estimates of the Missouri State Senate. That includes \$300 for airfare, a \$200 registration fee, as much as \$107 a night for lodging, and \$50 a day for meals. Senators will dip into the Senate's travel contingency fund to cover the bill. While workshops on issues such as foreign trade and public utility regulation are scheduled in the week, one day is devoted primarily to fun: golf and tennis tournaments and a countryside trek that includes touring author John Steinbeck's home in Salinas and tasting wine in Gonzales.

In Florida, ALEC spent more than \$35,000 to have at least 23 state legislators and their spouses attend its conference in Monterey, California, the *St. Petersburg Times* reports. ALEC, which raised money from major corporations, paid more than \$35,000 for these lawmakers to attend; side trips to Napa Valley and San Francisco were financed by lobbyists.²³

1990. At least 18 members of the Illinois House attended ALEC's summer convention in Boston at taxpayer expense, the *St. Louis Post-Dispatch* reports.²⁴ The newspaper's survey of legislative travel records shows that some lawmakers mixed business with pleasure. The expense report filed by Representative Timothy Johnson, for example, shows that he flew to Boston four days before the start of the ALEC convention on July 25 so that he could attend the Boston Celtics basketball camp. Johnson did not bill the state for the camp, but he did submit bills for four nights in Boston, including two

before the convention started. And his expense report shows that he left the convention two days early for "personal vacation time on the East Coast" before flying back to Illinois at state expense. Johnson, who was reimbursed for \$1,228 in expenses in connection with the ALEC convention, said that while he may not have attended "every single session," he did not leave early and actually had saved the taxpayers money. "I could have reimbursed myself for another \$1,500," he said. "Anyone who would look at this would say I slanted it on the side of not reimbursing myself."

1994. In an offer that may be at odds with Iowa's campaign-finance laws, Representative Roger Halvorson told legislators that he would help them raise campaign money to pay for trips to Florida for an ALEC-sponsored meeting. The *Des Moines Register* reports.²⁵ In a letter dated April 15, Halvorson encouraged lawmakers to attend the ALEC conference, which is scheduled for April 2-7 in Tampa. Based on the instructional nature of the meeting, Halvorson said in his letter, lawmakers could use campaign funds to pay for their trips. "You can use your campaign fund for these expenses, as it is totally educational," he wrote. "If you need campaign fund assistance, I would be happy to talk to some of ALEC's friends who can assist you." The ALEC conference also includes such recreational activities as a golf tournament (sponsored by R.J. Reynolds Tobacco Company), skeet and trap shooting (sponsored by the National Rifle Association), and a trip to Busch Gardens (sponsored by Anheuser-Busch Companies).

23. *St. Petersburg Times*, Sept. 30, 1990, "Inquiries put focus on freebies"

24. *St. Louis Post-Dispatch*, Dec. 23, 1990, "Costly legislative junkets mix pleasure, business"

25. *Des Moines Register*, June 3, 1994, "Trip tip may raise questions of ethics"

1996. About 18 state legislators from Colorado will be attending ALEC's annual meeting in Newport, Rhode Island, "where the very wealthy used to summer in huge mansions that caught the cooling salt breezes," the *Rocky Mountain News* reports.²⁶

Only six of the 18 will have their expenses paid by the state, the Denver-based newspapers reports; the rest will rely on "scholarships" that, it says, "are actually subsidies provided by corporate sponsors."

1997. At least 24 Texas legislators attended

ALEC's annual meeting in New Orleans, the *Austin-American Statesman* reports.²⁷ The newspaper says that some legislators charged taxpayers for their travel costs, while others used campaign funds or paid their own way.

State Representative Warren Chisum told the newspaper that some of his colleagues use the summer conferences as vacations. "I wish they wouldn't do that," he said. "I know not everyone is interested in every issue, but I would encourage them that when they come to these conferences, they come for a purpose."

26. *Rocky Mountain News*, July 24, 1996, "St. Louis in July: Is that a junket?"

27. *Austin American-Statesman*, Nov. 2, 1997, "Two learning styles: Seminars and golf courses"

CHAPTER SIX

A Brief History: ALEC's Formation, Growth, and Transformation

The 1970s—A Right-Wing Organization Takes Flight

The American Legislative Exchange Council was originally the brainchild of conservative activist and culture warrior Paul Weyrich, a one-time journalist who later coined the term “Moral Majority” for evangelist Jerry Falwell. Weyrich’s original vision was to bring together state legislators who were energized by such social issues as the Equal Rights Amendment and abortion rights and concerned about what they saw as an overbearing, over-regulating, and over-taxing government.

As Weyrich saw it, liberals had spent decades building up their own infrastructure of foundations, think tanks, and academicians; conservatives had not. And so he simply borrowed their techniques. “I always look at what the enemy is doing and, if they’re winning, copy it,” he told an interviewer at the time. “You know, conservatives are notoriously difficult to organize.”²⁸ After establishing ALEC in September 1973, Weyrich went on to help form such organizations as the Council for National Policy,

Coalitions for America, the International Policy Forum, the National Council for Democracy, and the Free Congress Foundation.

In the beginning, ALEC consisted of two volunteer staff members, thirteen state legislators, and an annual budget of \$2,700. ALEC’s first annual meeting, held at a hotel near Chicago’s O’Hare International Airport, had twenty-seven participants and a budget of \$250.

ALEC was not officially organized as a not-for-profit corporation until more than two years later. The three original incorporators of record, listed on papers filed in Illinois on December 8, 1975, were Donald Totten, a Republican state representative from Illinois (ALEC was initially run out of Totten’s home or office in Schaumburg); Donald Lukens, a Republican state senator from Ohio, and Louis “Woody” Jenkins, a Democratic state representative from Louisiana.

Totten, a fierce partisan who came to run a Republican political machine that rivaled some of Chicago’s most sophisticated Democratic organizations, had developed a close friendship

28. Denver Westword, Feb. 16, 1994, “Passing on the right: Conservative strategists gear up for the information highway”

with Ronald Reagan and would later serve as a key leader and strategist in his presidential campaigns. Lukens and Jenkins had considerably more checkered — and controversial — political careers. Lukens, for example, was ousted from the U.S. House of Representatives in 1990 after being convicted for having sex with a 16-year-old girl and was later convicted on bribery and conspiracy charges relating to his congressional service.²⁹ Lukens was also implicated in the “Koreagate” and House bank scandals.³⁰ Jenkins never made it to Washington, but he nonetheless achieved national notoriety for his role in the Iran-contra affair. In 1984 Jenkins and his wife, perhaps borrowing a page from the ALEC book, founded a not-for-profit organization, Friends of the Americas, whose ostensible purpose was to aid Honduran refugees during the conflict with the Sandinistas in Nicaragua; it was later revealed that former National Security Agency aide Oliver North funneled \$125,000 to the group as part of his effort to aid the Nicaraguan contras.³¹

Today, ALEC has removed Weyrich’s name from its own accounts of its beginnings; gone, too, are the names of Totten, Lukens, and Jenkins. Here, drawn from ALEC’s 2000 Annual Report, is a typically revisionist history:

“More than a quarter century ago, a small group of state legislators and conservative policy advocates met in Chicago to implement a vision: A bipartisan membership association for conservative state lawmakers who shared a common belief in limited government, free markets, federalism, and individual liberty. Their vision and initiative resulted in the creation of a voluntary

membership association for people who believed that the government closest to the people was fundamentally more effective, more just, and a better guarantor of freedom than the distant, bloated federal government in Washington, D.C.

“At that meeting in September 1973, state legislators, such as then-Illinois State Representative Henry Hyde, and Lou Barnett, a veteran of then-Governor Ronald Reagan’s 1968 presidential campaign, together with a handful of others, launched the American Legislative Exchange Council. Among those who were involved with ALEC in its formative years were: Robert Kasten and Tommy Thompson of Wisconsin; John Engler of Michigan; Terry Branstad of Iowa; and John Kasich of Ohio, all of whom moved on to become governors or members of Congress. Congressional members who were active during this same period included James Buckley of New York and Jesse Helms of North Carolina, and Congressmen Phil Crane of Illinois and Jack Kemp of New York.”

ALEC received its 501(c)(3) determination letter from the Internal Revenue Service on April 15, 1977. ALEC’s corporate bylaws spell out the organization’s mission as follows: “Assist legislators in the states by sharing research information and staff support facilities; establish a clearinghouse for bills at the state level, and provide for a bill exchange program; disseminate model legislation and promote the introduction of companion bills in Congress and state legislatures; formulate legislative action programs.”

Throughout most of its first decade, ALEC focused on such hot-button social issues as abor-

29. *Washington Post*, Oct. 13, 2001, “A free pass for Congress?”

30. *U.S. News & World Report*, April 17, 1978, “On the record: 31 lawmakers cited by Park

31. *The (Baton Rouge, La.) Advocate*, Nov. 3, 1996, “Jenkins, Landrieu in stretch for Senate seat”

tion rights, ratification of the Equal Rights Amendment, and the drive to give the District of Columbia full voting rights in Congress. In 1978, for example, Donna Carlson, a state representative from Arizona who served as ALEC's first vice chairman, testified on Capitol Hill in opposition to an effort to extend by seven years the time for ratifying the ERA. "Whether or not it is legal to extend the time period to fourteen years, it seems grievously unfair to put the ERA monkey on the backs of state legislators for fourteen years," Carlson told members of the House Judiciary Subcommittee on Civil and Constitutional Rights. "What would you think of a football coach who demanded a fifth quarter because his team was behind?"

That same year, ALEC co-sponsored what was billed as the nation's first national tax-limitation conference. Conservative economist Milton Friedman, who was identified in literature for the event as one of ALEC's founders (he wasn't), was one of the guest participants. At the conference, David Copeland, a state representative from Tennessee who was among ALEC's original organizers, predicted that a movement to abolish the property tax as a source of revenue would be started in his lifetime. "The property tax is not a good common denominator for taxes," he said. "There is no relation between property taxes and government spending."

In December 1978, ALEC reportedly spent \$15,000 to bring about 50 state legislators to Washington for a workshop on how to defeat a proposed constitutional amendment that would have given the District of Columbia full voting representation in Congress. The legislators, who

came from thirty-six different states, also heard right-wing activist Phyllis Schlafly predict that the Equal Rights Amendment would still be defeated. While ALEC had clearly developed some organizational muscle — "While opponents coalesce behind the fine-tuned leadership of ALEC," The *Washington Post* reported, "backers of the amendment flounder in disunity, bogged down by debates about who will direct the ratification effort and what is the best strategy to employ" — to some it seemed largely wasted on litmus-test issues of the Far Right.

By this time, ALEC reportedly had 700 conservative state legislators as members and a \$300,000 annual budget that it said had been raised mostly from a mailing list of 23,000 conservative donors. In fact, however, much of ALEC's money came from such ultraconservative foundations as Richard Mellon Scaife's Allegheny Foundation.³²

ALEC's full-bore campaign against the proposed constitutional amendment to give the District of Columbia full voting rights in Congress also revealed the tactics it would refine to an art form over the next two decades. It sent each of the nation's 7,000 or so state legislators a blue loose-leaf binder that contained newspaper articles, essays, and a draft resolution opposing the amendment. This may, in fact, have been the organization's first use of "model" legislation to advance its various causes.

In February 1978, ALEC forged an alliance with Gun Owners of America — an organization that has been described as "eight lanes to the right of the National Rifle Association" — to promote a "quick-kill" strategy for defeating the

32. *Washington Post*, Dec. 3, 1978, "Conservatives unite to oppose D.C. amendment"

proposed constitutional amendment. The strategy, unveiled at the Conservative Political Action Conference in Washington, aimed to get at least 13 state legislatures to send formal resolutions of disapproval to the federal government, thus making it impossible for the amendment to win approval of the 38 states needed for ratification.

The relationship between the two organizations is telling. The executive director of Gun Owners of America, Larry Pratt, had founded the organization in 1975 with H. L. Richardson, a prominent benefactor of the Religious Right. Pratt, who at one time served on ALEC's board of directors, is credited by the Southern Poverty Law Center with having introduced the concept of militias to the right-wing underground. In 1992, for example, Pratt was invited to speak at a meeting organized by Pete Peters, the leader of Christian Identity, a movement that supports violence to promote white supremacy, and he was also a regular guest on Peters's public-access cable-television show. Pratt also outlined the militia model in his 1990 book, "Armed People Victorious." In 1996 he was forced to step down as a top official of Patrick J. Buchanan's presidential campaign when his ties to white-supremacist organizations were publicized.

From its inception, ALEC aggressively solicited large contributions both from ultraconservative foundations and from major U.S. corporations. (An early direct-mail fund-raising effort aimed at individual contributors apparently flopped.) Its financial affairs, however, were mostly shrouded in secrecy. In the middle of ALEC's drive to defeat the proposed constitutional amendment to give the District of

Columbia full voting rights in Congress, D.C. Delegate Walter E. Fauntroy told reporters, "I'd like to know where they're getting their money." He wasn't alone.

The 1980s—ALEC Rides the Reagan Revolution

Throughout most of the 1980s, Ronald Reagan would be ALEC's biggest booster and, to some degree, its ticket to political respectability. In his second month in office, Reagan met at the White House with Richard A. Viguerie—the "King Midas of the Right," as *The Atlantic Monthly* dubbed him — and representatives of 21 conservative organizations, including ALEC, the National Right To Work Committee, the Eagle Forum (Phyllis Schlafly's group), and the National Pro-Life Political Action Committee. It would be the first of many occasions over the years during which Reagan hosted representatives of ALEC at the White House.

From the beginning, however, ALEC's extremist tendencies irritated some officials in the Reagan administration. Just days after President Reagan nominated Sandra Day O'Connor, a relatively obscure Arizona judge and mother of three, to be the Supreme Court's first woman justice, for example, ALEC joined other conservative organizations in raising questions about votes she had cast as a state senator in favor of abortion rights and the Equal Rights Amendment. In particular, ALEC and its allies charged that there may have been a "cover-up" of her abortion record — an allegation based on a Justice Department memorandum in which O'Connor was quoted as saying that she "had no recollection of how she voted" on an abortion

bill.

“The information we have on her abortion record, when compared with the information contained in a memorandum prepared by Kenneth W. Starr on July 7, 1981, shows an apparent prima facie cover-up either on the part of Mrs. O’Connor or on the part of the attorney general’s office or both, of her voting record on abortion,” Kathleen Teague, ALEC’s executive director, said at a press conference. Teague added that ALEC was merely “providing information” on the nomination, not taking a stand on it, though the disclaimer rang hollow. Later the same day, Republican Senator Barry Goldwater of Arizona, who had vowed to campaign in support of O’Connor’s nomination, called Teague’s allegations “a lot of foolish clap-trap” from “people who do not know what they are talking about.”

Soon, though, some of ALEC’s key employees landed assignments in the Reagan administration. In May 1982, for example, President Reagan named Penny Pullen, chairman of ALEC’s Task Force on Education, to the National Council on Education Research, the policy-making committee of the Education Department’s National Institute of Education. Pullen’s task force had developed ALEC’s “model” legislation on textbook standards, which critics branded a “book-banning law.”

Months later ALEC convened its eighth annual “Leadership Conference” (the original name of its annual meetings) in Chattanooga, Tennessee, with a handful of high-ranking members of the Reagan administration as guest participants. The theme of the meeting, “Energy

Turns the World,” was designed to parallel the theme of the 1982 World’s Fair in Knoxville, Tennessee, and the 150 or so state lawmakers in attendance were scheduled to tour the Sequoyah Nuclear Power facility as well as a number of other energy projects in the Tennessee Valley Authority area.

By this time ALEC was trying to more closely align itself with corporate America. According to a news release, ALEC’s annual meeting in Knoxville was to feature “legislative working sessions designed to bring together administration policy officials, state legislative leaders, and business representatives to develop and exchange ideas on how to resolve modern federal and state problems.”

But many large corporations might have been understandably jittery about aligning themselves with an organization whose leaders so frequently seemed to be on the outermost fringes of American politics. In July 1982, for example, Kathleen Teague repeatedly walked the far-right plank, rhetorically at least, on PBS’s MacNeil-Lehrer Report. After calling the National Women’s Political Caucus, which had just concluded a three-day convention in San Antonio, Texas, “a tiny majority of radical women,” she said, “I think that they are basically sour-grapes losers who supported President Carter for reelection in 1980.” Teague then went on to tell Jim Lehrer: “I really don’t believe that we have as much of a gender gap problem as some people seem to believe we do,” adding: “I take exception that there are inequities in the workplace for women.”

(Today, ALEC seems to studiously avoid any

mention of Kathleen Teague Rothschild, who was the organization's executive director through most of President Reagan's first term in office. Little wonder. "If a man doesn't feel needed by his wife, he'll go out and find another woman who does need him," she once told author Barbara Ehrenreich, as Ehrenreich recounts in her book, *"The Hearts of Men."* "Take the case of a woman who's been a housewife, then she gets women-libberized and goes into the work force. No matter what, her husband isn't going to feel he's number one in her life anymore. So she will lose him to a more conservative woman.")

By 1984 ALEC's annual revenues had hit nearly \$750,000, with ultraconservative foundations contributing more than \$215,000 and corporations supplying most of the balance. That year, in what may be the first major profile of ALEC, Neal Peirce and Robert Guskind of *National Journal*, while pointing out that ALEC had declined to disclose how much money it received from corporate donors, identified Adolph Coors Company, Atlantic Richfield Company, Edison Electric Institute, Hoffmann-LaRoche, Inc., Eli Lilly and Company, Mary Kay Cosmetics, Inc., and Procter & Gamble Company as being among them. They quoted Teague as saying, "I have more big corporations who want to see me, get involved, and become members than we can practically cope with."³³

From the early to mid-1980s, ALEC operated a political action committee ("ALEC-PAC") for the purpose of making contributions to conservative candidates for public office. The PAC was notable in that it apparently engaged exclusively

in "nonfederal" political activities, thus shielding it from many reporting requirements, keeping it out of the regulatory reach of the Federal Election Commission, and allowing it to raise and spend "soft money" in near-total secrecy.

In their profile of ALEC, Pierce and Guskind wrote that ALEC-PAC had targeted 24 state Senate and 60 state House races — out of 5,960 state legislative seats up for election—that it maintained were "pivotal to conservative challenges to the liberal control" of 19 legislative chambers in 15 states. "In Congress, you've got only one legislative body and they will either pass or kill your bill," Teague told *National Journal*. "In the states, if you're trying to get banking deregulation passed and you've lost in Kansas, Nebraska, and Texas, it's not a total failure. You may well win in Arizona, California, and New York that year. You've got fifty shots."

There was no mention of the relevant language in ALEC's articles of incorporation — namely, that "the corporation shall not participate in, or intervene in (including publishing or distribution of statements), any political campaign on behalf of any candidate for public office."

Peirce and Guskind also stated that some of the organization's corporate sponsors had grown uncomfortable with its activism on social issues. They quoted a corporate government affairs officer (who asked not to be identified) as saying: "We like ALEC's conservatism and pro-business attitude. But abortion, school prayer, and the like are just not issues for us. We nod and accept the rest of it but we aren't supportive of it. You have to grin and bear it."

33. *National Journal*, Oct. 13, 1984, "The New Right takes its political show on the road to win power in the states"

In 1985, ALEC assumed a high-profile role in the high-stakes and eventually successful campaign to unseat Rose Elizabeth Bird, the chief justice of the California Supreme Court, in a yes-or-no confirmation election. Bird's opponents argued that she should be removed from the bench because of her opposition to the death penalty. "It's a political battle in a new battlefield for us," Michael Steinmetz, the president of ALEC's political action committee, told a reporter for *The Christian Science Monitor*. "If we find that we can motivate people in this race, then we will take a much more serious look at other states."

In 1987, Paul Weyrich, ALEC's founder and a spiritual godfather of the New Right, warned his fellow conservatives nationwide that they were all but ignoring the important political battlegrounds of the 50 state legislatures. "The Great Society may be over in Washington," he wrote in the Heritage Foundation's Policy Review, "but it has just begun in the states."

Constance C. Heckman, ALEC's executive director at the time, publicly branded Weyrich's dire assessment "a joke." In just four years, she said, ALEC has doubled its budget, staff, and programs. "We are moving the agenda," she said, on issues from tax policy to tort reform.

Through all this time ALEC was closely aligned with Ronald Reagan, who as president publicly embraced the organization's activities and frequently invited its leaders and members to political pep talks in the Old Executive Office Building. But the late 1980s marked a major turning point for ALEC, with the organization shifting away from some of the "hot button"

political issues of its past and ending, for the most part, its alliances with the likes of Larry Pratt, Kathleen Teague, Phyllis Schlafly, and other ultraconservative social activists. Its political action committee, which was highly controversial even within the organization, was apparently dismantled before the 1988 elections. At the same time, ALEC moved to vigorously embrace a wide range of issues of greater interest to its most generous corporate sponsors – chief among them energy, pharmaceutical, and tobacco companies.

The 1990s—The "Corporatization" of ALEC

In May 1990, Samuel Brunelli, a former linebacker for the Denver Broncos football team who had taken over as ALEC's executive director two years earlier, laid out his vision for the organization in a publication of the Heritage Foundation:

"The liberals are winning in the states because too many conservatives have not yet realized that they have been outflanked," Brunelli wrote. "While we have concentrated our fire on positions that have already been taken, the liberals have exploited our weakness in the states and opened up a new front. As we might expect, they have read and understood Mao's dictum: take the countryside and the capital will fall. Ronald Reagan and the conservatives defeated the Left in Washington. So the Left moved the battlefield to Albany and Austin, Sacramento and Springfield.

"We must not underestimate the cost of our losses in the states. The objective of conservative government is not to localize socialism. Bad gov-

ernment which is close to the people is still bad government. Winning in Washington but losing in the states means just one thing: we are losing.

“ALEC’s goal is to ensure that these [conservative] state legislators are so well informed, so well armed, that they can set the terms of the public policy debate, that they can change the agenda, that they can lead. This is the infrastructure that will reclaim the states for our movement; these are the people who will make conservative policy; this is our army that we must prepare and support for the battles at hand. If we ever hope to govern America, it is critical that the conservative movement achieve this goal.”

By the following year, Fred C. Noye, ALEC’s incoming national chairman, was sounding much more upbeat in assessing the organization’s successes in the battlefields to which Brunelli had referred. “In the 1990-91 session, a total of 240 of our model bills were introduced throughout the nation,” Noye wrote. “At least one ALEC model bill was introduced in all 49 states in session. (Kentucky was not in session.) Ninety-two ALEC bills were enacted in states, for a passage rate of 38 percent. That’s 20 percent higher than the average for state legislation, and 33 percent higher than the federal level. Seven states enacted four or more bills, while 21 enacted two or more. Our success at moving legislation in the states confirms that conservative policies can and will receive the public and political support necessary for enactment if there is a strong public-private partnership pushing the issue. The partnership between the public and private sectors is the strength of ALEC and the secret to our success.”

Ironically, the election of Bill Clinton as president in 1992 may have given ALEC its biggest boost ever. With a Democrat in the White House, the organization prospered as never before. Faced with perceived new threats at the federal level, the nation’s tobacco companies poured record contributions into ALEC. So did health-care and pharmaceutical companies; oil, natural gas, and other energy companies; and a broad array of anti-union interests.

ALEC’s annual revenues soared from about \$2 million in 1992 to about \$5 million in 1995.

Underneath it all, however, ALEC apparently was in financial trouble. In September 1995, after months of internal strife and an independent audit of the organization’s finances, ALEC’s legislative and corporate boards of directors fired Brunelli amid charges that the organization was hundreds of thousands of dollars in debt and was facing growing financial difficulties.³⁴

These issues seem to have precipitated significant fissures within ALEC’s power structure. The minutes of a meeting of ALEC’s “Joint Board of Directors” in Kansas City on March 21, 1997, for example, contain references to issues that arose during Brunelli’s tenure as ALEC’s executive director. The document suggests that Duane Parde, Brunelli’s successor as ALEC’s executive director, inherited more than \$400,000 in debt and a host of other financial and management problems. At the beginning of the meeting, State Representative Bonnie Sue Cooper of Missouri, who was then ALEC’s national chairman, pointed out that ALEC’s primary goal for the year was to achieve financial security, and in that regard she “thanked Koch

34. *National Journal*, Oct. 21, 1995, “Along the K Street corridor”

Industries and E&M Charities for their loans.” (ALEC’s tax returns show that in 1996 it borrowed \$500,000 from the Charles G. Koch Charitable Foundation.)

Les Goldberg, the American Express Company’s representative at the meeting, expressed his concern that the business plan drafted by Parde “did not address the issue of ‘buying access.’” The minutes go on to note: “Parde said he shares that concern and outlined the following as ways ALEC is steering clear of that charge: 1) fundraising for general, rather than specific, support, and 2) task force operating procedures have been changed to limit exposure in that area, such as fundraising is now done yearly, rather than per event.” In other words, the appearance was to change, but not the reality.

In the four years since then, Parde seems to have ushered ALEC into a new, wide-open era of “pay to play.”

Sometime in this mid-1990s, for example, the Church of Scientology became one of ALEC’s underwriters, for the apparent purpose of interacting with state lawmakers on mental-health-care issues. Here’s an excerpt from a 1998 fundraising letter written by Bruce Wiseman, the president of the Citizens Commission on Human Rights International, a highly controversial offshoot of the Church of Scientology. “Two years ago we started a similar project with the American Legislative Exchange Council,” Wiseman writes. “ALEC is a national organiza-

tion made up of legislators from every state as well as some federal legislators who meet and draft ‘model legislation’ for every state. The bean return for that has been enormous! CCHR has worked its way up the conditions at ALEC and recently got an article published by ALEC in opposition to mandated mental-health parity, which went to key state legislators who deal with health issues in their respective states. In addition, the ALEC membership has opened the door to meeting numerous legislators and other opinion leaders from around the country. . . .”

ALEC’s “pay-to-play” orientation was in sharp focus at the organization’s annual convention in New York City in August 2001. Consider a workshop titled “Free-Market Health Care Reform: Expanding Coverage Without Expanding Government,” at which Ben Cutler, the president and chief executive officer of Milwaukee-based Fortis Health, spoke to a captive audience of state legislators. Fortis, whose products include medical savings accounts and “temporary” health-insurance policies, was well-rewarded for being a major underwriter of ALEC’s annual meeting; aside from Cutler’s place at the podium, Fortis’s corporate logo was displayed on a large screen during the entire workshop and its literature was stacked on tables at the entrance to the conference room. This, of course, was “business as usual” at ALEC’s annual meetings.

CHAPTER SEVEN

Concluding Comment

Theodore Roosevelt, more than any other president, recognized the dangers to democracy inherent in allowing major corporations to amass unbridled economic and political power. From his bully pulpit in the White House, Roosevelt railed against the “robber barons” of the day and, in relying on his Justice Department to break mammoth and seemingly all-powerful companies into smaller pieces, achieved fame as a “trust-buster.” The titans of American industry were not pleased. “We bought the son of a bitch,” steel magnate Henry Frick once complained, “and then he did not stay bought.”

In 1910, after his second term in the White House, Teddy Roosevelt picked up where his trust-busting crusade had stopped. “We must drive the special interests out of politics,” he declared. “The citizens of the United States must effectively control the mighty commercial forces which they have themselves called into being. There can be no effective control of corporations while their political activity remains. To put an end to it will neither be a short nor an easy task, but it can be done. . . .”

Nearly a century later, however, Roosevelt’s warning still has an eerie ring of urgency. Even today, the American political system is awash in a tidal wave of corporate money, special interests manipulate the machinery of government to their own ends, and some who call themselves public servants eagerly do the bidding of those who do not have the best interests of their constituents in mind. The tobacco industry — whose power was finally constrained by the legal system, not the political system — provides the starkest and sorriest example of what’s wrong. Even after the industry had lost virtually all its public credibility, its legions of lawyers and lobbyists could still find plenty of compliant collaborators in Congress as well as in statehouses from coast to coast. Why? Over the years, Big Tobacco spent big — untold millions of dollars in political contributions, gifts, and other forms of largesse — to keep lawmakers in Washington and in state legislatures right where it wanted them: in its pocket.

Nonetheless, most Americans undoubtedly would be shocked to learn that many of the state

laws under which they live and work have actually been written by major U.S. corporations – not by the state legislators they have elected to represent them. As this report documents, this approach to lawmaking at the state level has been championed and carried out over the years by the American Legislative Exchange Council. Through ALEC, corporations pay to have their special-interest legislation promoted to state legislators across the country.

It is perfectly clear that ALEC’s “member legislators” do not set the agenda for the organization. Corporate representatives are also considered members and are welcomed to the table as “equals.” But that is just the beginning. Based on

their financial contributions, corporate members can take the lead in proposing legislation to be considered by the various industry committees and can then sit on those committees and have the power to veto any proposed “model” bill that does not meet their specifications.

ALEC’s approach, carefully constructed to assure corporate control, is “pay to play.” Corporations have of course proven only too willing to “pay” in order to “play” in the crafting of state laws.

It is time to shine the spotlight on ALEC, its sponsors, and its members, and on ALEC’s use of corporate money to buy access to America’s state legislatures.

APPENDIX

Here is a summary of applicable state ethics and financial-disclosure requirements

ALABAMA

State legislators may accept gifts from outside interests and take trips paid for by outside interests; no disclosure is required.

ALASKA

State legislators may not take trips valued at more than \$250 in one year that are paid for by outside interests, although they may take such trips “to obtain information on legislative issues.” They must report a “receipt of gift of travel and/or hospitality primarily for matters of legislative concern.”

ARIZONA

State legislators may accept gifts from outside interests and must disclose those valued at more than \$500; they may take trips paid for by outside interests and must disclose, under the rule governing gifts, travel expenses valued at more than \$500.

ARKANSAS

State legislators may accept gifts from outside interests and take trips paid for by outside interests; they must disclose those valued at \$100 or more. In Arkansas, however, “the giving or receiving of food, travel, or lodging which bears a relationship to the public servant’s office and when appearing in an official capacity” is not defined as a gift.

CALIFORNIA

State legislators may not accept gifts valued at more than \$300 from outside interests and may not take trips valued at more than \$300 paid for by outside interests; disclosure is required for gifts valued at more than \$50 and trips valued at more than \$50 when a lawmaker “does not provide services of equal or greater value in return.” The ceiling does not apply to payments for travel within the United States that has “a legislative purpose.” Lawmakers must also report travel paid for by a government, educational institution, or nonprofit entity that has a

legislative purpose but is not connected with a speaking event.

COLORADO

State legislators may accept gifts from outside interests and must disclose those valued at \$50 or more on the “Public Officeholder Report of Gifts, Honoraria, and Other Benefits” form filed with the Secretary of State. They may take trips paid for by outside interests and must disclose their trip expenses on the same form.

CONNECTICUT

A state legislator must “file with the Ethics Commission, within 30 days, a report of the payment or reimbursement of ‘necessary expenses’ for lodging and/or out-of-state travel incurred by me in my capacity as a public official of state employee, for an article, appearance, or speech, or for participation at an event, unless the payment of reimbursement is provided by the State of Connecticut, the federal government, or another state government.”

DELAWARE

State legislators must disclose “any gift with a value in excess of \$250 from any person.” They may take trips paid for by outside interests and must disclose any travel expenses valued at more than \$1,000. If legislators do not receive travel expenses as reimbursements, the trips may be considered gifts and disclosed accordingly.

FLORIDA

State legislators may accept gifts from outside interests and must disclose those valued at more

than \$100 on “Form 9 — Quarterly Gifts Disclosure” or “Form 10 — Annual Disclosure of Gifts From Governmental Entities and Direct Support Organizations and Honorarium Event-Related Expenses” filed with the Florida Commission on Ethics. Legislators may accept travel expenses paid for by outside interests and must disclose those valued at more than \$100 on either of the same forms.

GEORGIA

State legislators may accept gifts from outside interests and take trips paid for by outside interests; no disclosure is required.

HAWAII

State legislators may accept gifts from outside interests and must disclose those valued at more than \$200; they may take trips paid for by outside interests and must disclose travel expenses valued at more than \$200.

IDAHO

State legislators may accept gifts from outside interests and take trips paid for by outside interests; no disclosure is required.

ILLINOIS

State legislators may not accept gifts or trips from “prohibited sources,” including lobbyists or other persons who are regulated by the state or have financial interests that may be affected by the legislature. There are exceptions, however, including “food, travel, or lodging.” Legislators may accept gifts from other outside interests and must disclose those valued at more than \$500.

They must report any reimbursements related to official duties, including travel payments, in a letter to the Clerk of the House or the Secretary of the Senate.

INDIANA

State legislators may accept gifts from outside interests and must disclose single gifts valued at more than \$100 and groups of gifts from a single source collectively valued at more than \$250. There is, however, no statutory definition of a gift, leaving it unclear whether trips and/or travel expenses paid for by outside interests must be disclosed.

IOWA

State legislators may accept gifts from outside interests and take trips paid for by outside interests; no disclosure is required.

KANSAS

State legislators may not accept gifts or trips valued at \$40 or more from persons known to have a “special interest,” which includes, but is not limited to, lobbyists. Legislators may accept gifts and trips from other outside interests and must disclose those valued at \$500 or more. Exceptions, however, include reimbursement for travel expenses related to attending seminars, conferences, and other speaking engagements as well as hospitality in the form of recreation, food, or beverage given by an entity not licensed, inspected, or regulated by the legislator and used in the company of the donor or the donor’s authorized agent.

KENTUCKY

State legislators may not accept gifts from lobbyists or lobbyists’ employers; they may accept gifts from other outside interests and must disclose those valued at more than \$200. They may not take trips paid for by lobbyists or lobbyists’ employers; they may take trips paid for by other outside interests. State legislators do not need to report prepaid expenses but must get prior approval from the Kentucky Legislative Research Commission to accept prepayment of travel expenses associated with public duty. Any reimbursement for travel expenses must be disclosed.

LOUISIANA

State legislators may not accept gifts from, or take trips paid for by, lobbyists, lobbyists’ employers, or other sources seeking financial relationships with the legislature. They may accept gifts from, or take trips paid for by, other sources; no disclosure is required. State legislators may also accept travel expenses for trips and entertainment when the trips relate to educational or informational purposes.

MARYLAND

State legislators may accept gifts from most outside interests and take trips paid for by most outside interests; no disclosure is required. Limits are placed on gifts from lobbyists and other interests that are regulated by or have financial interests that may be affected by the legislature. State legislators may accept travel, lodging, and food related to their participation on a panel or in connection with a speaking event.

MASSACHUSETTS

The Massachusetts State Ethics Commission has ruled that state legislators may not take anything of “substantial value” (anything valued at \$50 or more) for duties performed in their official capacities or because they are public officials.

MICHIGAN

State legislators may accept gifts from outside interests and take trips paid for by outside interests; no disclosure is required.

MINNESOTA

State legislators may not accept gifts from, or take trips paid for by, lobbyists or lobbyists’ employers. They may accept gifts from, and take trips paid for by, other outside interests; no disclosure is required.

MISSISSIPPI

State legislators may accept gifts from outside interests and take trips paid for by outside interests; no disclosure is required.

MISSOURI

State legislators may accept gifts from outside interests and may take trips paid for by outside interests; they must disclose those valued at \$200 or more.

MONTANA

State legislators may accept gifts from outside interests and take trips paid for by outside interests; no disclosure is required.

NEBRASKA

State legislators may not accept gifts from, or take trips paid for by, lobbyists, lobbyists’ employers, or anyone acting on their behalf. A lobbyist, however, may pay for a legislator’s travel to a speaking engagement. Legislators may accept gifts from, and take trips paid for by, other outside interests; they must disclose any such gifts or travel expenses valued at more than \$100.

NEVADA

State legislators may accept gifts from, and take trips paid for by, outside interests; they must disclose those valued at \$200 or more.

NEW HAMPSHIRE

State legislators may accept gifts from outside interests and must disclose those valued at more than \$50. They may take trips paid for by outside interests and must disclose travel expenses on a “Report of Expense Reimbursement” form filed with the New Hampshire Ethics Committee.

NEW JERSEY

State legislators may accept gifts from outside interests and must disclose those valued at more than \$250. They may take trips paid for by outside interests and must disclose travel reimbursements totaling more than \$100.

NEW MEXICO

State legislators may accept gifts from outside interests and take trips paid for by outside interests; no disclosure is required.

NEW YORK

State legislators may accept gifts from, and take trips paid for by, outside interests; they must disclose those valued at \$1,000 or more.

NORTH CAROLINA

State legislators may accept gifts from outside interests and take trips paid for by outside interests; no disclosure is required.

NORTH DAKOTA

State legislators may accept gifts from outside interests and take trips paid for by outside interests; no disclosure is required.

OHIO

State legislators may accept gifts from outside interests and must disclose those valued at more than \$75. They may not accept gifts valued at more than \$75 from lobbyists and must disclose any that they do accept that are valued at more than \$25. State legislators may not take trips paid for by lobbyists; they may take trips paid for by other outside interests and must disclose them. They may accept lodging and travel expenses associated with speaking engagements and must disclose them.

OKLAHOMA

State legislators may not accept gifts or trips valued at more than \$300 from lobbyists or other persons with financial interests that might be affected by the legislature; they must disclose all gifts or trips valued at more than \$300 from other outside interests.

OREGON

State legislators may accept gifts from outside interests and must disclose those valued at more than \$250. They may take trips paid for by outside interests and must disclose those valued at more than \$650 “for travel related to public duties.”

PENNSYLVANIA

State legislators may accept gifts from outside interests and must disclose those valued at more than \$250. They may take trips paid for by outside interests and must disclose those valued at more than \$650 “for travel related to public duties.”

RHODE ISLAND

State legislators may not accept gifts from, or take trips paid for by, “interested persons”—anyone with a direct financial interest in a decision the legislator participates in as part of his or her official duties. State legislators may accept gifts and trips from other outside interests and must disclose those valued at more than \$100.

SOUTH CAROLINA

State legislators may not accept gifts from, or take trips paid for by, lobbyists. They may accept gifts from, and take trips paid for by, other outside interests and must disclose those valued at more than \$25 a day and more than \$200 a year.

SOUTH DAKOTA

State legislators may accept gifts from outside interests and take trips paid for by outside interests; no disclosure is required.

TENNESSEE

State legislators may not accept gifts from, or take trips paid for by, lobbyists or lobbyists' employers. State legislators may accept gifts from, and take trips paid for by, all other outside interests; no disclosure is required.

TEXAS

State legislators may accept gifts from outside interests and disclose those valued at more than \$250; they may take trips paid for by outside interests and must disclose the travel expenses.

UTAH

State legislators may accept gifts from, and take trips that are paid for by, outside interests; no disclosure is required unless a legislator is "involved in governmental action directly affecting the giver."

VERMONT

State legislators may accept gifts from outside interests and take trips paid for by outside interests; no disclosure is required.

VIRGINIA

State legislators may accept gifts from outside interests and must disclose single gifts valued at more than \$50 or a group of gifts from a single source valued at more than \$100. State legislators may take trips paid for by outside interests and must disclose single expenses valued at more than \$50 or a group of expenses paid by a single source valued at more than \$100. In addition, they may accept some payments or reimbursements for travel expenses from outside interests in connection with speeches or other appearances related to their leg-

islative positions; any payments or reimbursements valued at more than \$200 must be disclosed.

WASHINGTON

State legislators may not accept single gifts or a series of gifts from one source valued at more than \$50. State legislators may not take trips paid for by outside interests that are valued at more than \$50, with one exception: They may accept travel, lodging, and food expenses incurred while attending seminars or programs sponsored by government or nonprofit professional, educational, trade, or charitable associations or institutions; they must disclose expenses for food and beverages, travel, and seminars.

WEST VIRGINIA

With some minor exceptions, state legislators may not accept gifts from, or take trips paid for by, lobbyists or other "interested persons"—anyone with a financial interest in legislative activities. State legislators may accept gifts and travel expenses from other outside interests and must disclose those valued at more than \$100.

WISCONSIN

State legislators may not accept gifts from, or take trips paid for by, lobbyists or lobbyists' employers. They may accept gifts and travel expenses from other outside interests and must disclose those valued at more than \$50.

WYOMING

State legislators may accept gifts from outside interests and take trips paid for by outside interests; no disclosure is required.