

Tar Heel Power Brokers

Ranking special-interest influence
in North Carolina politics



by ALEX KOTCH *and* BRIAN FRESKOS
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INDEX: TAR HEEL POWER BROKERS

Of the 768 registered lobbyists in North Carolina at the end of the 2013 legislative session, number included in the N.C. Center for Public Policy Research's ranking of the state's top lobbyists in 2013: **60**

Of those 60, the number of top lobbyists who were hired by North Carolina-based utility giant Duke Energy: **4**

Combined amount that Duke gave to North Carolina state-level candidates, party PACs and an independent political spending group in 2012 and 2014: **\$944,250**

Ranking of Duke on the Facing South/Institute for Southern Studies list of special interests with the most political clout in North Carolina: **1**

Amount that Duke has also donated in the last three years to the Republican Governors Association, which has supported North Carolina Gov. Pat McCrory, a former Duke executive, and other friendly gubernatorial candidates: **over \$3.7 million**

Amount Duke gave to the Democratic Governors Association over the same period: **\$855,500**

Date that the N.C. Coal Ash Management Act, which allows Duke Energy to continue storing most of its coal ash waste in pits that are leaking toxic pollution to water supplies across the state, became law: **9/20/2014**

Duke's 2013 earnings: **nearly \$2.7 billion**

The rank of Nationwide Insurance and Affiliates in our overall political power broker list: **2**

Number of top North Carolina lobbyists hired by Nationwide, which captured the No. 1 spot on the Facing South/Institute for Southern Studies lobbying power rankings: **5**

Amount that Nationwide gave to North Carolina state-level candidates and party PACs between 2012 and 2014: **\$692,500**

Year in which Nationwide was one of several auto insurers that successfully sought to defeat a "Good Driver Discount Bill," which would have allowed insurers to bypass rate restrictions: **2014**

Amount that the N.C. Chamber of Commerce, the biggest spender of all organizations analyzed by Facing South/Institute for Southern Studies, put into state-level races in 2012 and 2014: **almost \$1.5 million**

Amount the N.C. Association of Realtors, ranked third among the state's top power brokers, spent on state-level races over the same time period: **over \$1 million**

Number of top lobbyists hired by the realtors' association: **5**

Date that Senate Bill 521, which financially benefits real estate agents by allowing them to charge customers for market analyses, became law: **7/12/2012**

Amount the Alliance for Access to Dental Care, a conservative-leaning super PAC ranked No. 6 in overall political influence, racked up in independent political expenditures, much of them supporting Thom Tillis, now a U.S. Senator, when he was speaker of the N.C. House: **\$370,000**

As the result of a 2012 bill, number of members the Alliance was allowed to appoint to a six-member state task force charged with making recommendations for regulation of dental management companies: **2**

Tar Heel Power Brokers: Ranking special-interest influence in North Carolina politics

INTRODUCTION

In August 2014, six months after a spill at a shuttered Duke Energy coal plant in North Carolina sent tens of thousands of tons of toxic coal ash and millions of gallons of contaminated water into the Dan River, the North Carolina legislature passed a bill in response to the crisis.

The law requires Charlotte-based Duke to promptly clean up leaking coal ash pits at four of its plants across the state. However, it allows the company to leave its coal ash in leaking pits at 10 North Carolina plants, putting residents of nearby and downstream communities at risk. It also allows the company to dump the coal ash it's moving into communities without getting the approval of local officials, and it bars those same communities from regulating the dumping more strictly than the state.

It's not surprising Duke Energy was able to successfully push for such watered-down standards in response to the coal ash disaster. The nation's largest utility



On Feb. 2, 2014, 39,000 tons of toxic coal ash spilled into the Dan River at Duke Energy's retired coal plant near Eden, N.C. (Photo by Waterkeeper Alliance/Rick Dove.)

employs some of the state's most influential lobbyists and pours hundreds of thousands of dollars into state politics each year, making it one of the most powerful special-interest groups in North Carolina.

While Duke Energy is uniquely influential in North Carolina politics, it is just one of many special interests

that use a combination of lobbying muscle and election spending to shape decisions in the state. Who are the special interests with the most powerful influence machinery in North Carolina, and how do they compare to each other?

To answer these questions, we at Facing South/Institute for Southern Studies (ISS) have created the first study of its kind: an analysis of North Carolina's top power brokers according to their lobbying clout in the General Assembly and their election spending in the state.

First, we looked at the special interests that have spent the most money on North Carolina state elections since 2012. Our report tracks \$18.5 million, including direct spending on candidates as well as "outside" spending from super PACs and other independent groups.

Second, we analyzed the lobbying clout of special interests, drawing on the 2014 edition of a biannual report published by the nonpartisan N.C. Center for Public Policy Research ranking the most influential lobbyists in North Carolina.

Finally, we combined the two rankings to offer a combined list of the top "Tar Heel Power Brokers" — a snapshot of the special interests that are best able to combine lobbying muscle with election-year spending to shape politics and policy in North Carolina.

THE TOP ELECTION SPENDERS

The amount of money flooding into North Carolina politics is steadily rising. Each election year, tens of millions of dollars are spent on state-level races in North Carolina, including money given directly to candidates by donors and PACs, money funneled through political parties, and — increasingly in recent years — money flowing through super PACs and other independent groups, which are not officially coordinated with a candidate.¹

For this report, Facing South/ISS looked at the biggest spenders in state-level politics since 2012 that are also involved in significant lobbying, this report's other key measure of political influence.

Topping the list of the state election spenders is the **N.C. Chamber of Commerce**, a powerful business association that has largely backed conservative and Republican candidates in recent years. The Chamber, whose



A television ad by N.C. Chamber's independent-expenditure arm supporting Supreme Court candidate Eric Levinson. N.C. Chamber IE spent a combined \$345,000 on ads supporting Levinson and Jeanette Doran, who ran to unseat incumbent Justice Robin Hudson in 2014. Hudson won the primary and general elections. (Image is a still from N.C. Chamber IE's ad.)

“cornerstone” membership includes companies such as Duke Energy that are themselves top special-interest groups, spent nearly \$1.5 million on state-level elections in 2012 and 2014.

This includes nearly \$944,000 spent by the group’s independent-expenditure arm, N.C. Chamber IE; another \$263,700 given to other independent-expenditure groups; \$244,620 given directly to candidates and PACs over the last two election cycles; and over \$40,000 for nonpartisan Supreme Court voter guides by the Chamber itself.

Other top interests that have spent heavily in North Carolina state elections since 2012 and also engage in lobbying are:

- * **N.C. Advocates for Justice**, the liberal-leaning political arm of North Carolina trial lawyers, which spent \$1.16 million on state-level elections, the bulk (more than \$880,000) on direct contributions to candidates and PACs.

- * The conservative-leaning **N.C. Association of Realtors**, which is linked to the National Association of Realtors. The North Carolina group gave almost \$685,000 to candidates and PACs and made independent expenditures of more than \$380,000, mainly through its political-expenditure arm, the N.C. Homeowners Alliance.

- * Tobacco company **Reynolds American**, headquartered in Winston-Salem, N.C., which steered \$680,000 to independent-expenditure groups and gave another \$271,000 to candidate campaigns and PACs, largely for Republican and conservative candidates.

- * **Duke Energy**, the utility giant that merged with Progress Energy in 2012. Duke has spent over \$944,000 on state elections, with \$844,250 going directly to candidates and PACs and another \$100,000 donated to the N.C. Chamber IE group.

Other interests that spent more than \$500,000 on state-level elections in North Carolina since 2012 are the **Eastern Band of Cherokee Indians**, Ohio-based **Nationwide Insurance**, the **Alliance for Access to Dental Care**, **Blue Cross and Blue Shield of North Carolina**, the **N.C. Farm Bureau**, and the **N.C. Medical Society**.

POLITICAL SPENDING RANKINGS: NORTH CAROLINA'S TOP 20

In the 2012 and 2014 elections, companies and special-interest groups gave money to candidates for state office, party PACs, and independent-expenditure groups, and made their own independent expenditures. These are the top 20 spending groups that also employ the state's top lobbyists.

RANK	ENTITY	TOTAL SPENT	TO CANDIDATES & PACS	INDEPENDENT EXPENDITURES	TO IE GROUPS
1	N.C. Chamber of Commerce	\$1,492,407	\$244,620	\$984,087	\$263,700
2	N.C. Advocates for Justice	\$1,165,616	\$884,683	\$29,658	\$251,275
3	N.C. Association of Realtors	\$1,067,049	\$684,250	\$382,799	\$0
4	Reynolds American	\$951,000	\$271,000	\$0	\$680,000
5	Duke Energy	\$944,250	\$844,250	\$0	\$100,000
6	Eastern Band of Cherokee Indians	\$717,300	\$697,300	\$0	\$20,000
7	Nationwide Insurance & Affiliates	\$692,500	\$692,500	\$0	\$0
8	Alliance for Access to Dental Care	\$678,260	\$308,250	\$370,010	\$0
9	Blue Cross and Blue Shield of North Carolina	\$594,550	\$419,550	\$0	\$175,000
10	N.C. Farm Bureau	\$562,150	\$562,150	\$0	\$0
11	N.C. Medical Society	\$536,502	\$536,502	\$0	\$0
12	N.C. Association of Electric Cooperatives	\$496,450	\$496,450	\$0	\$0
13	N.C. Beer & Wine Wholesalers Association	\$468,881	\$468,881	\$0	\$0
14	N.C. Home Builders Association	\$460,125	\$460,125	\$0	\$0
15	Piedmont Natural Gas	\$435,835	\$210,835	\$0	\$225,000
16	Parents for Educational Freedom in North Carolina	\$433,782	\$56,409	\$367,372.47	\$10,000.00
17	N.C. Dental Society	\$429,077	\$429,077	\$0	\$0
18	N.C. Hospital Association	\$405,362	\$287,850	\$117,512	\$0
19	State Farm	\$400,589	\$400,589	\$0	\$0
20	American Petroleum Institute	\$351,325	\$0	\$351,325	\$0



SOURCE: N.C. Center for Public Policy Research, N.C. State Board of Elections
CHART: Facing South/Institute for Southern Studies, February 2015

INTERESTS WITH THE MOST LOBBYING CLOUT

Once state lawmakers are in office — elected with the help of special-interest spending — they are pressured by hundreds of businesses, associations and other groups with hired lobbyists seeking to promote their agenda.

But not all lobbyists are created equal: Due to resources, relationships, reputation and other factors, some of the state's more than 600 registered lobbyists² wield much more clout than others.

Every two years, the N.C. Center for Public Policy Research publishes rankings of the most influential lobbyists in the state, drawing on surveys of state legislators,



registered lobbyists and capitol news correspondents. Based on these findings, the Center ranks the 60 lobbyists who exert the most influence in the N.C. General Assembly, along with the companies and interests they represent.³

To examine the relative lobbying power of special interests in North Carolina, Facing South/ISS started with the Center's latest ranking of lobbyists, published in 2014 and drawing on surveys from 2013. In a unique analysis, Facing South/ISS then matched the top 60 lobbyists with their clients and compiled a lobbying power ranking, showing which interests have the most powerful lobbying voice in the state legislature. Facing South/ISS next narrowed the list to those interests that also spend on elections.

Harold Brubaker, the state's most powerful lobbyist in 2013 and former Republican state House speaker. (Photo from ncleg.net.)

Leading the list of groups with the most lobbying power is **Nationwide Insurance and Affiliates**, which employed five top lobbyists, including the three the Center ranked as the most influential: Harold Brubaker, Dana Simpson and Tom Fetzer.

Duke Energy comes in as the second-most influential lobbying interest with four top-ranking lobbyists, including Simpson and Fetzer. In third place is the **N.C. Beer and Wine Wholesalers Association**, followed by **AT&T North Carolina** in fourth. **CVS Caremark** and **State Farm** tied for fifth place in the Facing South/ISS lobbyist rankings.

LOBBYING POWER RANKINGS: N.C.'S TOP 20

In 2013, 444 companies and special-interest groups employed at least one of the state's 60 most powerful lobbyists. Of those who also spent money politically, these are the top 20 interests in terms of lobbying power.

RANK	ENTITY	# LOBBYISTS	SCALED SCORE
1	Nationwide Insurance & Affiliates	5	100
2	Duke Energy	4	96.8
3	N.C. Beer & Wine Wholesalers Association	4	92.2
4	AT&T North Carolina	4	91.8
5	State Farm	3	71.2
5	CVS CareMark	3	71.2
7	N.C. Association of Realtors	5	69.4
8	Alliance for Access to Dental Care	3	65.8
9	Blue Cross and Blue Shield of North Carolina	3	64.4
10	N.C. Association of Electric Cooperatives	3	61.6
11	Alcoa	3	58.5
12	Pepsico	2	53.9
13	N.C. Dental Society	2	51.1
14	N.C. Retail Merchants Association	2	50.2
15	N.C. Pediatric Society	3	49.8
16	Microsoft	4	49.3
17	N.C. Society of Surveyors	2	47.5
18	GlaxoSmithKline	2	44.8
19	ElectriCities of North Carolina	2	43.8
20	Parents for Educational Freedom in North Carolina	2	43.4



SOURCE: N.C. Center for Public Policy Research, N.C. State Board of Elections

CHART: Facing South/Institute for Southern Studies, February 2015

SPENDING AND LOBBYING TOGETHER: The Top Power Brokers

Finally, Facing South/ISS looked at what interests exert the most influence on state politics through a combination of election spending and lobbying clout. The result is a list of North Carolina's leading power brokers — those that spend the most to elect sympathetic lawmakers to office and also have the most effective lobbyists to press their agenda during the legislative session:

1 – DUKE ENERGY

Duke Energy employs the second-most influential lobbying team and ranks fifth in spending on state elections, making it a clear leader in its ability to both elect and pressure state lawmakers.

Duke's influence with legislators has been on full display in recent years. In 2013, Duke's lobbyists advocated successfully to insert into a regulatory reform bill⁴ language that eased coal ash cleanup requirements, allowing Duke to continue to pollute groundwater until it reaches neighboring property.⁵ Gov. Pat McCrory, a 28-year employee of the company, signed the bill into law.



A protestor in Raleigh days after Duke Energy spilled 39,000 tons of toxic coal ash into the Dan River on Feb. 2, 2014. (Photo by Stephen Melkisetian/CC BY-NC-ND 2.0.)

Duke Energy's clout is also apparent in the Coal Ash Management Act,⁶ the legislature's response to the February 2014 spill into the Dan River of 39,000 tons of toxic coal ash and 27 million gallons of contaminated water from a waste pit at the company's retired coal plant near Eden, N.C. Approved by the legislature last summer, the measure requires Duke to take immediate action to remove coal ash from unlined waste pits at only four of its 14 plants across the state — even though all of the company's coal ash pits are known to be leaking pollution into the state's water supplies.⁷

The Coal Ash Management Act also allows Duke's coal ash to be used as structural fill, and the company is now working with Kentucky-based coal ash disposal specialist Charah on a plan to move ash from waste pits slated for closure to abandoned clay

mines in Lee and Chatham counties, despite the objections of local residents and elected officials. Under the law, neither Duke nor its contractor need permission from local governments before dumping the waste into the mines. Furthermore,

local governments are explicitly barred from regulating coal ash more strictly than the state.⁸

2 – NATIONWIDE INSURANCE AND AFFILIATES

Nationwide Insurance and Affiliates is one of the world's largest insurance and financial services companies. Based in Columbus, Ohio with regional headquarters in Raleigh, N.C., Nationwide ranked as having the most influential lobbyists in the state and was the seventh-highest spender of the power brokers analyzed in the report. The company was one of a number of auto insurers,⁹ also including the N.C. Farm Bureau (ranked No. 29 in the overall power broker rankings), that opposed a failed "Good Driver Discount Bill" from 2013, which would have allowed companies to opt out of the N.C. Rate Bureau's rate adjustment standards and bypass rate restrictions. State Farm, another insurer and ranked ninth in overall power, was part of a coalition called Fair N.C.¹⁰ that supported the bill.

3 – N.C. ASSOCIATION OF REALTORS

The N.C. Association of Realtors ranked seventh in lobbying and third in spending. The group gave more than \$684,000 to candidates and PACs and spent more than \$8,500 in 2014 to support two state legislative candidates. Its conservative-leaning political expenditure arm, the N.C. Homeowners Alliance, has made nearly \$375,000 in independent expenditures supporting state House and Senate candidates since the 2012 election cycle. In 2012, the realtors association supported Senate Bill 521, which allowed real estate agents to perform market analyses, also known as brokering price options, for a fee to clients and third parties.¹¹ The bill passed both chambers and was signed into law.

4 – N.C. CHAMBER OF COMMERCE

The N.C. Chamber of Commerce's high ranking was largely due to its position as the top-spending interest group in the Facing South/ISS analysis. But the conservative business organization — whose "cornerstone" members include other corporations in these rankings such as Duke Energy, Reynolds American, Blue Cross and Blue Shield of North Carolina, and AT&T¹² — also boasts associations with top lobbyists such as McGuireWoods Consulting, the highest-ranked lobbying firm in the N.C. Center for Public Policy Research's latest survey.

5 – N.C. BEER AND WINE WHOLESALERS ASSOCIATION

The N.C. Beer and Wine Wholesalers Association employed four lobbyists, including highly ranked Harold Brubaker and Tom Fetzer, giving it an overall rank as the third-most influential lobbying interest. It also gave close to \$469,000 to state candidates and party PACs. The N.C. General Assembly controls alcohol regulation such as taxes and selling permits, and Beer and Wine Wholesalers is often hired for legislators' campaign events, according to State Board of Elections reports.

6 – ALLIANCE FOR ACCESS TO DENTAL CARE

The Alliance for Access to Dental Care is a conservative-leaning super PAC that spent more than \$370,000 on television ads in 2012 supporting Republican state House candidates; much of that total went towards Thom Tillis, now a U.S. Senator, when he was speaker of the state House. The ads urged voters to thank their “free market conservative” legislators and tell them to oppose Senate Bill 655, a measure regulating dental management companies that handle administrative and other services for dental practices and are often owned by out-of-state private equity firms. The Alliance, funded mainly by out-of-state dental management firms, fought the bill, which passed the House with compromise language¹³ and was signed into law that year. Seen as an agreement between the Alliance and the N.C. Dental Society (No. 13 overall in our power broker rankings), it set out less onerous dental management regulation than the original legislation had proposed. The law also allowed the Alliance to make two appointments to a six-member task force that would give regulation recommendations to the N.C. Board of Dental Examiners.

7 – AT&T NORTH CAROLINA

AT&T North Carolina, which employs more than 6,000 people in the state, contributed more than \$267,000 in support of state candidates during the last two election cycles and had four of the state’s top lobbyists at its disposal, making it fourth in lobbying power. In 2011, AT&T and other telecom companies spent huge sums on campaign donations and lobbying in a successful effort to pass a bill restricting municipal broadband networks in North Carolina.¹⁴

8 – BLUE CROSS AND BLUE SHIELD OF NORTH CAROLINA

Blue Cross and Blue Shield of North Carolina, the largest health insurer in the state, has given heavily to candidates, PACs and independent-expenditure groups in the last four years, including \$175,000 to N.C. Chamber IE. Blue Cross has sought to influence a variety of state policy decisions, including whether North Carolina will expand Medicaid under the Affordable Care Act, a move CEO Brad Wilson has supported.¹⁵ Despite its clout, several bills Blue Cross has opposed, including one that expanded private insurers’ required autism coverage¹⁶ and another that challenged the company’s dominance in the state’s health insurance market,¹⁷ have made headway in Raleigh.

Another notable company in the rankings is tobacco giant **Reynolds American**, which is in the process of buying fellow tobacco powerhouse, Lorillard.¹⁸ Reynolds sits in 11th place, mostly due to the \$680,000 it gave to prominent conservative, independent-spending groups N.C. Chamber IE, Justice for All N.C., Real Jobs N.C., and the N.C. Judicial Coalition. In 2014, Reynolds successfully pressed legislators for a low tax rate on nicotine-laden liquid used in e-cigarettes.¹⁹ North Carolina is only the second state after Minnesota to tax this e-cigarette oil, but the state’s rate is

much lower than its Midwestern counterpart's.²⁰ By setting its own very modest tax rate, Reynolds will likely benefit as more states implement e-cigarette taxes.

TOP POLITICAL POWER BROKERS IN NORTH CAROLINA: 2012-14

When lobbying power and political spending are combined, these 20 companies and special-interest groups top the list. The "power score" is the average of each special interest's scaled lobby power score and election spending score.

RANK	ENTITY	SPENDING RANK	LOBBYING RANK	POWER SCORE
1	Duke Energy	5	2	80
2	Nationwide Insurance & Affiliates	7	1	73.2
3	N.C. Association of Realtors	3	7	70.5
4	N.C. Chamber of Commerce	1	30	64.4
5	N.C. Beer & Wine Wholesalers Association	13	3	61.8
6	Alliance for Access to Dental Care	8	8	55.6
7	AT&T North Carolina	25	4	54.8
8	Blue Cross and Blue Shield of North Carolina	9	9	52.1
9	State Farm	19	5	49
10	N.C. Association of Electric Cooperatives	12	10	47.5
11	Reynolds American	4	33	45.1
12	Eastern Band of Cherokee Indians	6	29	41.4
13	N.C. Dental Society	17	13	39.9
14	N.C. Advocates for Justice	2	102	39.5
15	CVS CareMark	65	5	36.5
16	N.C. Retail Merchants Association	23	14	36.4
17	N.C. Medical Society	11	26	36.2
18	Parents for Educational Freedom in North Carolina	16	20	36.2
19	Pepsico	44	12	29.8
20	Alcoa	91	11	29.4



SOURCE: N.C. Center for Public Policy Research, N.C. State Board of Elections
CHART: Facing South/Institute for Southern Studies, February 2015

OTHER IMPORTANT NORTH CAROLINA INFLUENCERS

To rank North Carolina's top power brokers, the Facing South/ISS analysis focuses on interests that combine lobbying clout with election spending to influence state politics and policy.

However, this approach leaves out groups that may have considerable lobbying power but don't spend directly on elections, such as **Business and Education Leaders for Smart Start and Jobs**, which ranks fifth in the Facing South/ISS list of top lobbying interests; **WakeMed Health and Hospitals** (sixth in lobbying clout); and **Autism Speaks** (seventh).

This analysis also excludes groups that have spent heavily on elections but don't have a significant lobbying presence. For liberal-leaning groups, this includes **N.C. Families First**,²¹ a 527 political organization that poured nearly \$2.3 million into opposing Republican legislative candidates in the 2014 elections, and **N.C. Citizens for Protecting Our Schools**,²² a liberal-leaning 501(c)(4) that made over \$790,000 in political expenditures and donated almost \$1.8 million to other expenditure groups, most of it to N.C. Families First, in the last two election cycles. Protecting Our Schools' funders include **N.C. Futures Action Fund** and **N.C. Advocates for Justice** (14th in the power broker rankings), and Washington, D.C.-based **National Education Association** and **America Votes**. The Futures Action Fund and America Votes have also funded N.C. Families First directly.



Four Republican North Carolina House members lost their re-election bids last year after being targeted by N.C. Families First, the top-spending outside group in the state's 2014 elections: (from left to right) Nathan Ramsey (R-115), Mike Stone (R-51), Tom Murry (R-41) and Tim Moffitt (R-116). (Photos from ncleg.net.)

On the conservative side, **Justice for All N.C.**,²³ a 527 organization, has spent just under \$1.5 million on TV ads since 2012 supporting conservative candidates for the state Supreme Court and opposing one liberal candidate, Justice Robin Hudson.²⁴ And in 2012, it gave \$1.48 million more to another super PAC, the **N.C. Judicial Coalition**,²⁵ which spent over \$1.9 million supporting conservative Supreme Court

candidate Paul Newby that year, and \$133,000 supporting conservative chief justice candidate Mark Martin in 2014.

Other influential forces in North Carolina politics not included in the Facing South/ISS analysis are national committees that have spent tens of millions of dollars to influence state-level races. The **Republican Governors Association**²⁶ (RGA) made \$4.9 million in expenditures in 2012 that benefited successful gubernatorial candidate Pat McCrory, and it injected another \$338,000 into North Carolina-based **Real Jobs N.C.**, a conservative-leaning 527 organization that spent over \$945,000, mostly in 2012, in favor of Republican legislative and gubernatorial candidates.

The **Democratic Governors Association**²⁷ (DGA) has not directly spent money in North Carolina elections, according to state campaign finance reports, but in 2012 it gave \$2.95 million to **N.C. Citizens for Progress**, a liberal-leaning 527 group that spent just over \$2.6 million in 2012 opposing McCrory and benefiting Democratic gubernatorial candidate Walter Dalton. Citizens for Progress changed its focus in 2014 and took the name N.C. Families First.

Numerous North Carolina companies donate to these national political committees — including some that feature prominently in the Facing South/ISS power broker rankings. The top donor to both the RGA and the DGA since 2011, for example, is Duke Energy, which has given \$3.7 million and \$855,500 to the RGA and DGA, respectively, including a massive \$2 million donation to the RGA in October 2014.²⁸ Reynolds American, which places 11th in this report's overall power rankings, has given the second-highest amount to both groups.

In today's political money landscape, the role of top power brokers in election spending can be hard to trace. For example, Reynolds American is by far the top North Carolina donor to the **Republican State Leadership Committee** (RSLC), a national 527 group that helps elect down-ballot, state-level GOP candidates, giving more than \$2.5 million since 2011. Lorillard Tobacco, which will likely merge with Reynolds, has given another \$335,000 to the RSLC, and Duke Energy has donated \$285,000. The RSLC hasn't spent directly on North Carolina state elections, but it has funneled \$2.8 million to conservative-leaning independent-expenditure groups Real Jobs N.C., Justice for All N.C., and Citizens for Accountability, another 527 organization that spent \$83,000 in support of successful Republican candidate for lieutenant governor Dan Forest in 2012.

Cases involving Duke Energy have appeared before the N.C. Supreme Court in recent years, including two rate increases, the merger with Progress Energy, and groundwater contamination cleanup from coal ash pits. Justice Paul Newby was re-elected with the help of the RSLC's contributions to Justice for All N.C.²⁹

TOP NORTH CAROLINA DONORS TO NATIONAL GROUPS

Several North Carolina companies are among the top donors to political advocacy organizations based in Washington, D.C. that have influence in North Carolina. Of those, only the Republican Governors Association made direct expenditures in the state. However, the Democratic Governors Association and the Republican State Leadership Committee have donated millions to North Carolina-based groups that spent heavily in state elections.

REPUBLICAN GOVERNORS ASSOCIATION

Made \$4.91 million in independent expenditures; gave \$338,000 to N.C. committees and \$440,000 to RSLC

RANK	DONOR	2011-12	2013-14	2011-14	POWER RANK
1	Duke Energy	\$376,800	\$3,325,000	\$3,701,800	1
2	Reynolds American	\$741,337	\$751,000	\$1,492,337	11
3	Pike Electric	\$632,429	\$367,840	\$1,000,269	N/A
4	SAS Institute	\$100,450	\$353,150	\$453,600	N/A
5	Lorillard	\$135,450	\$150,450	\$285,900	34
TOTALS		\$1,986,466	\$4,947,440	\$6,933,906	

DEMOCRATIC GOVERNORS ASSOCIATION

Gave \$2.95 million to N.C. Citizens for Progress

RANK	DONOR	2011-12	2013-14	2011-14	POWER RANK
1	Duke Energy	\$400,000	\$455,500	\$855,500	1
2	Reynolds American	\$0	\$294,257	\$294,257	11
3	SAS Institute	\$45,000	\$175,000	\$220,000	N/A
4	Time Warner Cable	\$0	\$110,000	\$110,000	N/A
5	Bank of America	\$0	\$75,350	\$75,350	41
TOTALS		\$445,000	\$1,110,107	\$1,555,107	

REPUBLICAN STATE LEADERSHIP COMMITTEE

Gave \$2.8 million to N.C. political groups Real Jobs N.C., Justice for All N.C., Citizens for Accountability

RANK	DONOR	2011-12	2013-14	2011-14	POWER RANK
1	Reynolds American	\$981,473	\$1,547,631	\$2,529,104	11
2	Lorillard	\$178,402	\$156,475	\$334,877	34
3	Duke Energy	\$175,000	\$110,000	\$285,000	1
4	Variety Stores	\$250,000	\$0	\$250,000	N/A
5	Time Warner Cable	\$115,039	\$125,000	\$240,039	N/A
TOTALS		\$1,699,914	\$1,939,106	\$3,639,020	



SOURCE: Internal Revenue Service

CHART: Facing South/Institute for Southern Studies, February 2015

CONCLUSION

While special interests use many tools to influence policy, two of the most important are spending to help elect sympathetic officials and lobbying to further their legislative agendas. “Tar Heel Power Brokers” is the first study to quantify, analyze and rank the influence of key special interests in North Carolina by looking at both election spending and lobbying clout in state politics.

While special interests use many tools to influence policy, two of the most important are spending to help elect sympathetic officials and lobbying to further their legislative agendas. On the national level, lobbying and election spending are both multibillion-dollar industries that powerful interests use to shape politics and policy.

By quantifying, analyzing and ranking which interests in North Carolina spend the most to influence elections and hire the most effective lobbyists, this report offers a unique perspective on the power brokers who shape the direction of the state and the tools they use to exert influence.

METHODOLOGY

For this study, Facing South/ISS looked at special interests in North Carolina that have both 1) spent money, directly or indirectly, on state-level elections since 2012, and 2) a significant lobbying presence in state politics. Only companies, associations, groups and other interests that have engaged in election spending and do significant lobbying were included in the final list of top “Tar Heel Power Brokers.”

LOBBYING INFLUENCE: To quantify and assess the lobbying influence of the top power brokers, Facing South/ISS drew on the findings of the latest lobbyist survey completed by the N.C. Center for Public Policy Research. The report, published in 2014, drew on surveys of state lawmakers, political reporters and other lobbyists in 2013 to rank the influence of individual lobbyists in the state.

Using the Center’s findings, Facing South/ISS assigned each top lobbyist a score inversely related to the lobbyist’s ranking. For example, the lobbyist who earned the top spot in the Center’s report received a score of 60; the No. 2, 59; No. 3, 58; and so on. Next, the lobbyists were divided according to the companies, organizations or interests they represent; most of the top lobbyists represent multiple clients.

The scores of all lobbyists representing each company/association/interest were added to produce a measure of that organization’s total lobbying power. For example, Nationwide Insurance and Affiliates had the highest combined lobbying score, represented by five lobbyists: Harold Brubaker (No. 1 in the Center’s rankings; score, 60), Dana E. Simpson (No. 2; score, 59), Tom Fetzer (No. 3; score, 58), B. Davis Horne Jr. (No. 26; score, 35), and Susan V. Valauri (No. 54; score, 7). Nationwide’s total lobbying score was calculated by adding up the scores of these five lobbyists working for the company (219). The companies, associations and interests were then ranked from highest to lowest according to their lobbying power.

ELECTION SPENDING: Facing South/ISS drew on state campaign finance filings to tally state-level political spending from three categories: 1) direct donations to state office candidates and political party PACs; 2) independent expenditures, and 3) contributions to other North Carolina-based independent-expenditure groups.

COMBINED LOBBYING AND SPENDING SCORE: The lobbying scores and spending totals of interests were scaled to fit into a range from 0 to 100, and each group’s lobbying and spending scores were averaged together. Finally, we ranked the organizations from highest to lowest in terms of their average scores, providing a measure of each organization’s total potential for influencing policy through the two main mechanisms, lobbying and spending.

ENDNOTES

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