



## Missouri's no-limit legislature stokes debate over ethics reform

By JASON HANCOCK  
*The Star's Jefferson City correspondent*

Call it the No-Limit General Assembly.

Campaign contributions? No limits.

Gifts to lawmakers? No limits.

Free meals? Free travel? Free World Series tickets from those whose fortunes often hinge on legislative outcomes?

Absolutely no limits.

No wonder, then, that lobbyists are popular in Missouri's Capitol. They've got money to burn, goodies to share and bills to pass (or kill). And they gained clout by the barge-load after Missouri voters implemented term limits in the early 1990s.

Elected legislators, by comparison, are new to the game. They must increasingly turn to lobbyists to finance their re-elections, to provide them with expertise on the virtually countless issues they encounter and to perhaps hire them when term limits ultimately cast them into the private labor market.

Legislators return to the Capitol on Wednesday, 12 years after term limits kicked in and six since contribution limits officially evaporated. The combination of those two factors, critics argue, has tipped the legislative scale, with all the experience — and the money — to the lobbying side.

"What I've seen it translate to is the reluctance of elected officials to upset those who are substantial donors," said state Sen. Brad Lager, a Savannah Republican. "They (lawmakers) don't want to shut off the gravy train."

"So what do you do? Don't upset the guy who has the gravy."

Interviews with dozens of lawmakers, lobbyists and political observers reveal a legislative business — and it has become a business — where outright corruption is rare, but money talks.

“Maybe I was naive,” said state Sen. John Lamping, a Ladue Republican finishing his first term in Jefferson City, “but when you get into the room and see it work, so much of our gridlock centers around the leverage special interests hold.”

Take the yearly battle between electric utilities and their large industrial customers over how to regulate rates, Lamping said. Weeks of committee meetings and debate, armies of lobbyists and a flood of gifts and campaign donations, and every time it ends in a stalemate.

Likewise with efforts to rein in how much the state spends on tax incentives for businesses. Each year the effort stalls, he said, thanks partly to developers spending to protect the status quo.

“When we spend a lot of time with an issue and then accomplish nothing, you have people who say, ‘Great, now those special interests will be back again next year spending more money,’ ” Lamping said.

Not everyone, however, shares that gloomy view.

“People pushing ethics reform want to make it out like the Capitol is the wild, wild west,” said state Rep. Caleb Rowden, a Columbia Republican and a freshman lawmaker. “But everyone I know in Jefferson City is dedicated to voting based on their convictions, not because of who gave them tickets to a Mizzou game or who wrote them a big check.”

Yet lobbyists would save their money if they “didn’t believe it was paying dividends in some way,” said Wally Siewert, director of the Center for Ethics in Public Life at the University of Missouri-St. Louis.

“It may not be buying votes, but it’s certainly buying access,” he said. “It’s disingenuous to say that these things have absolutely no impact.”

A handful of bills aimed at campaign and ethics laws have been filed in the Senate. Yet none has emerged in the House — where Republican leaders have shown little appetite in recent years for debate on ethics reform.

That’s not likely to change in 2014, said House Speaker Pro Tem Denny Hoskins, a Warrensburg Republican.

“Will we talk about ethics at all? We could,” he said, “but I don’t think it’ll be a major focus.”

Freebies and big checks

Missouri is the only state without limits on campaign donations or on how much an elected official can accept in personal gifts from lobbyists.

The results: roughly \$1 million in lobbyists’ gifts every year, and six-figure checks that are becoming routine in Missouri campaigns.

Committee hearing rooms, legislative offices and the Capitol regularly feature lobbyist-funded buffets. Between meals, there are plenty of snacks. One lobbyist spent around

\$4,000 on fruit and pastries for the offices of Republican leaders, public records show. Another spent \$600 on jelly beans and M&Ms.

The freebies don't stop at the Capitol doors. After hours, dinner, drinks and entertainment are taken care of. According to [a database of gifts compiled by St. Louis Public Radio](#), lobbyists spent about \$12,000 in 2013 to pay for legislators to play golf.

Lobbyists' expense budgets dipped after the session adjourned in May, then spiked again in October, when the St. Louis Cardinals played in the World Series. Lobbyists spent \$14,000 that month alone on "entertainment."

Legislators earn about \$35,000 a year for serving in the part-time legislature. They also get \$104 for every day the legislature is in session. Most lawmakers also hold down jobs in their districts.

Many legislators, critics say, look at lobbyist gifts as virtually an entitlement of the office.

"Just getting elected to something shouldn't dramatically change my standard of living," said Secretary of State Jason Kander, a Kansas City Democrat who previously served four years in the House.

If legislators were federal employees, they'd not be able to [accept more than \\$50 a year in gifts from somebody doing business with the government](#). Doing so could violate the federal bribery statute.

Kansas [limits the amount an individual can give a candidate](#), although there is no cap on how much someone can give a political action committee. Kansas lawmakers are [prohibited from receiving more than \\$40 worth of gifts](#) from a single entity — regardless of how many lobbyists that firm employs — in a single year. And the state imposes a \$100 annual cap on recreational activities, such as golf outings.

The Star interviewed 10 lobbyists with long careers in the Missouri Capitol. Each was hesitant to publicly criticize the current system for fear of burning bridges with the very lawmakers they're paid to influence. But privately, each admitted they would support capping gifts or banning them outright.

Paying for meals or event tickets provides great access to lawmakers, putting them face-to-face to make the case for their clients, they said. But not always.

Buying lunch for a committee meeting, for instance, has become routine around the Capitol, and most lawmakers likely are unaware of who provided the meal even when a small sign discloses who's picking up the tab.

When it comes to campaign donations, lawmakers repealing limits in 2008 created a new crop of mega donors.

In the years since the legislature repealed donation limits, retired financier Rex Sinefield doled out more than \$28 million to various candidates, committees and political causes — five times more than any other individual donor.

Last summer, Sinefield gave \$1.3 million to Grow Missouri and \$750,000 to Missouri Club for Growth in an effort to override Gov. Jay Nixon's veto of Republican-backed tax

cuts. A rush of donations at the year's end brought his political contributions in Missouri to \$3.8 million for 2013.

But while Sinquefield may have the deepest pockets in Missouri, he's hardly alone. During his 2012 run for lieutenant governor, for example, Lager received nearly \$1 million in donations from just three people, all relatives of Joplin businessman David Humphreys.

When an initiative petition was filed to place contribution limits on the ballot, [Sinquefield sued](#). He argued donation caps infringe on the constitutional right to free speech. Neither Sinquefield nor Humphreys responded to queries for this story. But Sinquefield [told the Wall Street Journal in 2012](#) that his political spending benefited Missouri's electorate.

"By my engagement," he said at the time, "voters are provided with more choices, not less."

Even while pushing an ambitious agenda, people like Sinquefield have few policy victories to show for their troubles.

The money raised the profile of their issues, but observers agree it's much easier and more cost effective to stop legislation.

Take, for instance, efforts to impose tougher regulations on payday lending. The last serious legislative effort on the issue came in 2010, and the payday loan industry gave nearly \$400,000 to lawmakers and political committees from both parties. In the end, the bill wound up in the House Financial Institutions Committee. The vice chairman at the time owned a payday loan store.

And that's where it died.

Reporting vs. restricting

The argument for lifting limits contended that the system would function better with less emphasis on restricting money and more on tracking it.

In the years leading up to the law change, big donors formed multiple committees to skirt the donation limits and funnel money to candidates. That made it difficult to track campaign cash. Critics of contribution limits say that practice would return if caps were reinstalled.

"If someone wants to donate \$100,000, I have no problem with that as long as it's disclosed and voters can use that information to make their decision at the ballot box," said John Hancock, former chairman of the Missouri GOP and a veteran political consultant.

James Klahr, executive director of the Missouri Ethics Commission, said the state's laws offer strong transparency. Among other things, campaign contributions of more than \$5,000 must be disclosed within 24 hours, and lobbyists must file monthly reports documenting gifts to elected officials.

"There is a lot of information available on our website," he said.

But a 2011 report by Auditor Tom Schweich found that [the Missouri Ethics Commission was underfunded and understaffed](#). Additionally, state law prohibits the commission from launching an investigation without a formal complaint, and it is not a crime to obstruct a commission investigation.

Transparency is not enough, said Beth Rosenson, a professor of political science at the University of Florida and author of the book “The Shadowlands of Conduct: Ethics and State Politics.”

“Disclosure has value,” she said, “but an individual citizen is really unlikely to access that type of information.”

Tougher ethics laws do more than simply “prevent the bad apples from spoiling the bunch,” said George Connor, a political science professor at Missouri State University. “They also limit the temptation for the good apples.”

Despite an emphasis on transparency in Missouri, there are no shortage of loopholes.

During the 2012 election, several nonprofit groups ran ads attacking various candidates. As nonprofits, they weren’t legally required to disclose who gave them money. That made it unlikely voters will ever know where the money came from.

It’s also easy to muddy the waters regarding lobbyist gifts. Instead of reporting a gift to a specific lawmaker, lobbyists can report giving freebies to a group of lawmakers — a committee, a caucus, even the entire General Assembly.

Giving a gift to a group instead of an individual makes it difficult — sometimes impossible — to tell who’s getting handouts from whom.

Early in 2013, House Republicans created a new type of committee they said was for “issue development.” One of these new committees was made up solely of House Republican leaders — including Speaker Tim Jones and Majority Leader John Diehl. It had no bills assigned to it and never held a public meeting during the first three months of the session.

Yet the committee did accept several thousand dollars’ worth of dinners at an expensive steakhouse in Columbia, paid for by corporate lobbyists.

When the [committee’s activities were revealed by The Star](#), it stopped taking gifts altogether and called its first public meeting. When asked about the committee at the time, [Jones told The Associated Press](#) it was important for the majority leaders to be able to meet formally from time to time to set the legislative agenda.

Another way to keep lobbyist gifts from being disclosed is for lawmakers to reimburse the giver. But not necessarily out of their own pockets.

In recent years, many lawmakers started using campaign money to pay back some lobbyist gifts.

Such legislators say they only use campaign funds when the gift is related to campaigning or official duties.

Critics say that dances on the edge of what the law allows.

“That’s just a misuse of campaign funds, plain and simple” said Rep. Myron Neth, a Liberty Republican. “It’s using campaign money to pay for personal stuff. It’s skirting the law.”

Revolving door

As one of his final acts as speaker of the Missouri House in the summer of 2012, Steve Tilley appointed a blue-ribbon commission to look at options to update the state’s transportation infrastructure. Among those appointed was Thomas Dunne, the now-former chairman and CEO of Fred Weber Inc., a highway construction company.

Several months later, Tilley resigned to become a lobbyist. Who was his first client?

Fred Weber Inc.

“There might not have been any wrongdoing,” Connor said, “but that certainly doesn’t pass the smell test.”

Efforts to reach Dunne over the holidays were unsuccessful.

The report released by the commission was eventually used by lawmakers to advocate for a penny sales tax hike to raise \$8 billion over 10 years for highway and bridge construction. That plan, however, ran into a filibuster in the Senate that doomed its chances.

Contacted for this story, Tilley would only say, “I’m not any different than the multitude of lobbyists in the Missouri Capitol that are also former lawmakers.”

He has a point.

Many states have a “cooling-off period” before a former legislator can come back to lobby the legislature. There is none for the No-Limits Missouri General Assembly. Someone can walk out of the Capitol one day as a legislator and walk back the next as a paid lobbyist.

“You have someone approaching the end of their legislative career, and they could be making decisions based on future employment,” Rosenson said. “At the very least, their judgment may be clouded.”

One thing Tilley has that many of his fellow lobbyists don’t is a [campaign committee with around \\$1 million](#) left over from his abandoned run for lieutenant governor. He used \$900,000 of that money to buy 12,000 shares of stock in a community bank based in his hometown of Perryville — a move that is allowed under campaign finance rules. Tilley’s committee still owns the stock.

He regularly uses the rest to dole out as campaign contributions.

Many of the beneficiaries of those donations have also hired Tilley as a political consultant to advise their campaigns. That means they are essentially using Tilley’s money to hire Tilley.

“It certainly opens the door to the possibility of conflict of interest,” said Siewert from UMSL’s Center for Ethics in Public Life.

State Rep. Penny Hubbard, a St. Louis Democrat, first voted “no” on a pair of bills limiting lawsuits against certain companies.

But by the time lawmakers returned to the Capitol in September to override the governor’s vetoes, Hubbard had changed her mind and helped the GOP pass the bills into law.

In the intervening months, her son, former lawmaker Rodney Hubbard, had been hired as a lobbyist by proponents of the bills.

Both insisted the arrangement had nothing to do with the change of heart and that Penny Hubbard had made up her mind long before her son came on board to lobby.

“She votes her own conscience, and she calls her own shots,” Rodney Hubbard [told the St. Louis Post-Dispatch](#).

Push to change

The last time lawmakers seriously looked at legislative ethics reform was 2010, following a series of FBI investigations into alleged pay-to-play scenarios in the Capitol. A special legislative committee produced a bill capping contributions and lobbyist gifts and implementing a cooling off period for lawmakers.

House leadership had other ideas, however, and those provisions were struck from the final bill.

“Our bill was gutted,” said former state Rep. Kevin Wilson, a Neosho Republican who chaired the special committee.

What was left of the reform effort was thrown out two years later by the Missouri Supreme Court over procedural problems with how it was passed.

Since then, there’s been little legislative traction for ethics reform. That’s left proponents looking at the ballot as the only way forward. At least two ballot initiatives already have been filed with the secretary of state’s office for this year’s election.

“The foxes have demonstrated they cannot protect the hen house,” said Sean Soendker Nicholson, executive director of the liberal advocacy group Progress Missouri. “It’s going to take something at the ballot.”