

# ALEC stands its ground

By [Dana Milbank](#), Published: December 4 – Washington Post

It was like going into the belly of the beast.

This week in Washington is the annual “policy summit” of the American Legislative Exchange Council, a powerful, secretive organization funded by the Koch brothers and other corporate interests that is famous for drafting conservative legislation that Republican state legislatures adopt down to the last semicolon. And the news media were invited to attend!

## Dana Milbank

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I descended the escalators at the Grand Hyatt downtown, two floors below street level, excited by the possibilities listed on the ALEC agenda:

The environment and energy task force, led by private-sector American Electric Power. The tax and fiscal policy task force, headed by Altria. The international relations task force, run by Philip Morris. The commerce and insurance task force, by State Farm. And the health and human services task force, by Guarantee Trust Life Insurance.

Alas, I was quickly regurgitated from the belly of the beast. Outside the meeting rooms, a D.C. police officer, stationed to keep out the riffraff, turned me away.

“Our business meetings are not open, and so the subcommittee meetings and task force meetings are not open,” explained Bill Meierling, an ALEC spokesman. I could wait a few hours and then attend a luncheon and some workshops, as long as I promised not to record them.

But Meierling wanted to assure me that there was nothing untoward about this arrangement, and that it was absolutely not true that the corporations that fund ALEC were behind closed doors, handing their legislative wish lists to the conservative state legislators who then pass them, rubber-stamp style, from coast to coast.

“What you fundamentally need to know about this organization is it’s completely legislator driven,” he said.

Uh-huh. And ALEC is proving that by keeping reporters from the rooms where the legislators are or are not receiving their marching orders from corporate patrons.

This probably won’t fly much longer. ALEC has been a major force behind the conservative swing in state capitals, and it claims 82 alumni in the House — including Speaker John Boehner (Ohio) and Majority Leader Eric Cantor (Va.) — and 11 in the Senate. Its advisory council includes Exxon Mobil, Pfizer, Diageo, AT&T, Peabody Energy, Koch Industries and UPS, and exhibitors at its conference this week include the Charles Koch Institute, the Family Research Council and the Heritage Foundation. Sen. Ted Cruz (R-Tex.) and Rep. Paul Ryan (R-Wis.) are addressing the conference.

But ALEC’s fortunes began to change with the killing of Trayvon Martin and the resulting attention to the danger of “stand your ground” laws, one of many initiatives ALEC spread from sea to shining sea. Some corporate sponsors, including Amazon, Coca-Cola, General Electric, Kraft, McDonald’s and Wal-Mart, quit ALEC. On Tuesday, the Guardian newspaper published a trove of internal ALEC documents showing how grim its situation has become.

It reported that the group has lost almost 400 state legislators in the past two years and more than 60 corporations. Its income fell a third short of projections in the first six months of this year. To raise money, the documents showed, ALEC considered expanding its policy portfolio to gambling, and, concerned about potential tax problems with its designation as a 501(c)(3) charity, it is considering 501(c)(4) status, which would allow it to lobby more openly.

Among the ALEC documents obtained by the Guardian: a draft loyalty oath for legislators who serve as the group’s state chairs, declaring that “I will act with care and loyalty and put the interests of the organization first.”

When I first dealt with ALEC as a state government reporter 18 years ago, it was right of center but known for thoughtful policy research. But it adopted an aggressive agenda to pass legislation expanding gun rights and voter-identification requirements, and limit the reach of public-employee unions, social-welfare programs, consumer and environmental protections, and Obamacare.

Emboldened by the Guardian report, liberal politicians held an anti-ALEC teleconference Wednesday afternoon. “ALEC,” said Rep. Mark Pocan (D-Wis.), a former member of the group, “is nothing more than a corporate-funded and -dominated group that operates much like a dating service, only between legislators and special interests.”

Danielle Conrad, a Nebraska state senator who quit ALEC, called it a “shadowy group” that made a “radical shift” in its agenda.

At the Grand Hyatt, Meierling, who joined ALEC from the United Way in January, told me that he’s gradually introducing transparency but that ALEC “can’t just kick the doors open.”

Actually, it can — unless it doesn’t want people to see what’s behind those doors.

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Please check out the Alex Link below for more information on ALEC

<http://www.theguardian.com/world/2013/dec/03/alec-funding-crisis-big-donors-trayvon-martin>

## ALEC facing funding crisis from donor exodus in wake of Trayvon Martin row

- Rightwing lobby group appealing to major donors to return
- [Internal documents reveal](#) so-called 'Prodigal Son Project'
- Network lost almost 400 state legislators over past two years
- [ALEC calls for penalties on 'freerider' homeowners](#)

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Ex-Florida governor Jeb Bush speaks at Alec's 40th annual meeting in August. Alec has identified more than 40 lapsed corporate members. Photo: M Spencer Green/AP

An influential US lobbying network of Republican politicians and big businesses is seeking to avert a looming funding crisis by appealing to major donors that have abandoned it over the past two years following criticism of its policy on gun laws.

The Guardian has learned that the American Legislative Exchange Council (Alec), which shapes and promotes legislation at state level across the US, has identified more than 40 lapsed corporate members it wants to attract back into the fold under a scheme referred to in its documents as the "Prodigal Son Project".

The target firms include commercial giants such as Amazon, [Coca-Cola](#), [General Electric](#), [Kraft](#), [McDonald's](#) and [Walmart](#), all of which cut ties with the group following the furore over the killing of the unarmed black teenager [Trayvon Martin](#) in [Florida](#) in February 2012.

Alec was embroiled in [the controversy surrounding Florida's 2005 "stand-your-ground" law](#) after George Zimmerman, a neighbourhood watch volunteer, shot and killed the 17-year-old Martin. The Florida law was picked up by Alec, and, working in partnership with the National Rifle Association, used as a template for one of its ["model bills"](#), which was then taken up by other states across the country.

The Guardian has learned that by Alec's own reckoning the network has lost almost 400 state legislators from its membership over the past two years, as well as more than 60 corporations that form the core of its funding. In the first six months of this year it suffered a hole in its budget of more than a third of its projected income.

The reference to the Prodigal Son Project is just one of many revelations contained in a batch of internal Alec documents that have been obtained by the Guardian. The documents, prepared for its most recent annual board meeting in Chicago in August, cast light on the inner workings of the group.

They show that:

- **Alec has set up a separate sister group called the "Jeffersonian Project"** amid concerns over possible government inquiries into whether its activities constitute lobbying – which would threaten its tax-exempt status;
- **the network has suffered a decline in its membership** among state-based [Republicans](#) and among big corporations following the Trayvon Martin controversy;
- **its income raised from conferences, membership fees and donations has fallen short**, leaving the group with a potential funding crisis;
- **a draft agreement prepared for the board meeting proposed that Alec's chairs in each of the 50 states, who are drawn from senior legislators, should be required to put the interests of the organisation first**, thus setting up a possible conflict of interest with the voters who elected them;
- **Alec also considered extending its remit** to include the gambling industry, particularly online gambling, as a possible source of new members and revenue.

Alec reconvenes for its next nationwide meeting, described as a ["states and nation policy summit"](#), on Wednesday in Washington. The three-day event will be attended by hundreds of state legislators and corporate representatives.

In a sign of the influence the network holds with Republicans, it will be addressed by rising stars of the party including US senator Ted Cruz of Texas, who led the push for the recent government shutdown, and the party's budget guru, Paul Ryan of Wisconsin.

The network also counts among its former members the two highest ranking Republicans in the House of Representatives, John Boehner and Eric Cantor, as well as prominent Republican governors such as Scott Walker of Wisconsin and John Kasich of Ohio.

The documents seen by the Guardian show that Alec is hoping to avoid legal, tax and ethical challenges by creating a separate sister organisation it calls the "Jeffersonian Project". The new body would be categorised as a 501(c)(4) social welfare organisation, a designation that would allow Alec to be far more overt in its lobbying activities than its current charitable status as a 501(c)(3).

"Any activity that could be done by Alec may be done by Jeffersonian Project if legal counsel advises it would provide greater legal protection or lessen ethics concerns," a [note on the proposed new body](#) to Alec's board of directors says. The note adds that the Jeffersonian Project would remove "questions of ethical violations made by our critics and state ethics boards and provides further legal protection".

Alec's critics have accused it of violating tax laws by lobbying on behalf of rightwing legislation that advances the interests of its corporate members. Among the areas that Alec has pursued aggressively [in the form of model bills](#) are measures to privatise public education, cut taxes, reduce public employee compensation and workplace rights, [oppose Obamacare](#) and resist state action to reduce global warming gas emissions.

A letter included among the documents from Alec's lawyer, Alan Dye, warns that "though we do not believe that any activity carried on by Alec is lobbying, the IRS could disagree". It also makes clear that major potential donors are holding back because they are anxious about Alec's tax status.

"Alec has been approached by donors who are willing to make sizable donations, but insist that the donations go to a section 501(c)(4) organization," Dye writes.

Lisa Graves, executive director of the Center for Media and Democracy, which monitors Alec's activities, said the Jeffersonian Project laid bare Alec's internal concerns about the tax rules and the perceived need to take steps to avoid getting into trouble. "It should have disclosed its lobbying long ago," she said.

But Alec's senior director of public affairs, Bill Meierling, insisted that the group complies with all state and federal tax laws. He said the creation of the Jeffersonian Project "does not indicate a desire to avoid trouble; it illustrates a desire for compliance with the law".

It would also be proactive, rather than reactive. "We are preparing for the possibility of future change that may alter the way we communicate with the public."

The Obama administration last week signaled its intention to get tough on tax-exempt organisations [that stray into the political realm](#). Alec is not directly affected by the new rules as it does not engage in election campaigning, but more intense federal scrutiny could have longer-term ramifications.

Meierling insisted that Alec does not lobby in any state. It "provides non-partisan study, research and analysis on policy issues, and nothing more. Alec does not advocate the passage of specific legislation; it discusses the impact of potential policies on the American people."

Alec's own internal records of its membership states that it has 1,810 state legislators on its membership books – amounting to almost a quarter of all elected representatives at state level across the nation. That support base has declined though over the past two years, from a peak in 2011 of 2,200, underlining the structural problems that the group faces in the wake of the Trayvon Martin outrage.

Alec has also suffered heavy losses in its private backing from corporate members that have declined from a similar 2011 peak of 280 to 214. Among the documents are Alec's own list of 38 companies that have allowed their membership to lapse, including The Home Depot, the over-50s organisation AARP, healthcare insurers such as WellPoint and the pharmaceutical company Roche Diagnostics.

The documents show that Alec has struggled to hold on to members from the financial services industry. [A note records that](#) "many of these companies failed to renew at Alec due to controversy".

The group accepts that it has lost members in recent months, but puts it down to normal cyclical pressures. "No one disputes that Alec lost public and private members during the past several years, but Alec and its members work on issues relevant to the American people and will continue to do so long into the future," Meierling said.

He added that "companies do not like controversy of any sort. It is also clear that – whether true or untrue – accusations made of Alec cost members."

But he said the network intended to regain the trust of lapsed members by focusing on "transparency and engagement".

However, the decline in both public and private membership is starting to have an impact on Alec's financial health, the documents show. Over the first six months of this year, the network suffered a shortfall on its projected budget of \$547,500 in sponsorship of its thrice-yearly national conferences, and a further shortfall of \$440,792 on its general support from memberships.

By 30 June this year it had developed [a hole in its income](#) of \$1.4m on expected dues of \$3.9m. Alec said that its financial challenges did not amount to a crisis, though it admitted that there had been a shortfall in projected income.

Despite the losses, Alec continues to be supported by some of the largest rightwing foundations in the country, including the energy tycoons the [Koch brothers](#), the Bradley Foundation and the Searle Freedom Trust set up by the creator of NutraSweet. Alec's [list of corporate members](#) includes companies such as the telecoms firm AT&T, energy concerns Exxon Mobil and Peabody Energy, the pharma company [Pfizer](#), drinks giant Diageo and the tobacco multinational Altria.

Yet the hole in Alec's budget still has to be filled, lending urgency to the push to regain lapsed members referred to in the documents as the Prodigal Son Project. Meierling said no "specific, named project exists", but he added that "it is reasonable for any organisation to be interested in engagement with former members".

A total of 41 companies are listed by Alec as targets to be lured back into membership. Of those, only one – Wells Fargo – is known to be still funding the network, [acting as a sponsor](#) of the August board meeting in Chicago.

Walmart is one of the companies that withdrew its membership of Alec in May 2012 complaining that the organisation had strayed from its core mission to advance free-market policies and that the "divide between [its] activities and our purpose as a business has become too wide". In April 2012, in the wake of criticism from Walmart and others, Alec shut down its Public Safety and Elections Task Force, which had been responsible for the stand-your-ground law as well as [controversial voter suppression legislation](#).

Yet Walmart continues to keep its distance. A company spokesperson, Lorenzo Lopez, told the Guardian: "We don't have any current plans to rejoin Alec."

Coca-Cola was also asked whether they had plans to rejoin, but did not comment.

Lisa Graves said that the difficulty the network was having in attracting back major corporate sponsors showed how vulnerable the network is to public scrutiny. "This is a reflection of the power of sunlight on their activities – for too many years they were operating largely in secret. Corporations are sensitive to these issues."

The documents obtained by the Guardian include a variety of papers prepared for Alec's board of directors. To give a full and fair picture of the organisation, the Guardian is [publishing all of the documents](#).

Among them is a draft agreement that was prepared for Alec's board of directors that set out the proposed responsibilities of the group's state chairs from prominent, largely Republican, legislators. The draft agreement contains the [proposed commitment from state chairs that](#): "I will act with care and loyalty and put the interests of the organization first."

The duty of elected politicians to put the interests of Alec first, with no mention of their obligations to the voters who put them in office, would have set up an apparent conflict of interest. But Alec said that the draft agreement was not adopted by the membership committee or by any of the state chairs. "All legislators are beholden to their constituents' interests first – if they are not, they will be held accountable at the ballot box," Meierling said.

Another document prepared for the board meeting reveals that Alec considered expanding its area of interests to take in gambling, specifically online gambling and sports betting.

The [position paper](#) notes that \$37bn in revenue was generated by gambling in the US last year, providing a potentially lucrative source of new corporate members – it lists giant casino operators such as Las Vegas Sands, MGM and Wynn Resorts as potential draws. "This industry is very large and regulated by the states. We believe they would have a strong interest in Alec." But Meierling said that the proposal was not taken up. The Alec board, consisting solely of state legislators, rejected the gambling plan.

- This article was amended on 18 December 2013. An earlier version wrongly stated that George Zimmerman claimed self-defence under the "stand your ground" law.



## EXPOSED: The State Policy Network

### ***The Powerful Right-Wing Network Helping to Hijack State Politics and Government***



In twelve reports released on November 13, 2013, the Center for Media and Democracy (CMD) and Progress Now state groups expose the State Policy Network (SPN), an \$83 million web of right-wing "think tanks" in every state across the country.

Although SPN's member organizations claim to be nonpartisan and independent, an in-depth investigation reveals that SPN and its state affiliates are major drivers of the ALEC-backed corporate agenda in state houses nationwide, with deep ties to the Koch brothers and the national right-wing network of funders.

The reports show how these groups masquerade as "think tanks," and describe how some of them may be skirting tax laws while really orchestrating extensive lobbying and political operations to peddle their legislative agenda to state legislators, all while reporting little or no lobbying activities.

For key findings of CMD's report on the national SPN group, [see the press release here](#).

**Read the [national report here](#) and the 11 state reports at [StinkTanks.org here](#).**

**Also see [ALEC Exposed.org](#) for the latest information and actions/ support that you can do to expose ALEC - at [http://www.alecexposed.org/wiki/ALEC\\_Exposed](http://www.alecexposed.org/wiki/ALEC_Exposed)**