



Loopholes for Sale

Campaign Contributions by Corporate Tax Dodgers

March 2012

Loopholes for Sale

Campaign Contributions by Corporate Tax Dodgers

March 2012



Authors

Blair Bowie, U.S. PIRG

Dan Smith, U.S. PIRG

Richard Phillips, Citizens for Tax Justice

Steve Wamhoff, Citizens for Tax Justice

Acknowledgements

Authors

Blair Bowie, U.S. PIRG

Dan Smith, U.S. PIRG

Richard Phillips, Citizens for Tax Justice

Steve Wamhoff, Citizens for Tax Justice

The authors thank Robert Maguire and Evan MacKinder of The Center for Responsive Politics for their thoughtful and informed assistance.

Copyright 2012 U.S. PIRG Education Fund and CTJ.

New Jersey Public Interest Research Group Law & Policy Center (NJPIRG Law & Policy Center)

With public debate around important issues often dominated by special interests pursuing their own narrow agendas, NJPIRG Law & Policy Center offers an independent voice that works on behalf of the public interest. NJPIRG Law & Policy Center, a 501(c)(3) organization, works to protect consumers and promote good government. We investigate problems, craft solutions, educate the public, and offer Americans meaningful opportunities for civic participation.

For more information about NJPIRG Law & Policy Center or for additional copies of this report, please visit www.njpirg.org.

Citizens for Tax Justice (CTJ)

Citizens for Tax Justice, founded in 1979, is a public interest research and advocacy organization focusing on federal, state and local tax policies and their impact upon our nation. CTJ's mission is to give ordinary people a greater voice in the development of tax laws. Against the armies of special interest lobbyists for corporations and the wealthy, CTJ fights for fair taxes for middle and low-income families, requiring the wealthy to pay their fair share, closing corporate tax loopholes and adequately funding important government services.

For more information about CTJ, please visit www.ctj.org.

*Cover photos: David Iliiff (U.S. Capitol), Bigstock
Report design: Alec Meltzer*

Executive Summary

Recent polls show a large majority of Americans, including small business owners, are convinced that profitable corporations are not paying enough in taxes. Citizens for Tax Justice and U.S. PIRG's *Loopholes for Sale* pursues the intersection of corporate campaign contributions to members of Congress and the absence of Congressional action to close corporate tax loopholes and raise additional revenue from corporate taxes. The report includes the following findings:

280 profitable Fortune 500 companies collectively received \$223 billion in tax breaks between 2008 and 2010 while contributing \$216 million to Congressional candidates over the last four election cycles.

These 280 corporations that were profiled in CTJ's November 2011 report on corporate tax avoidance are Fortune 500 companies that were consistently profitable during each of the three years between 2008 and 2010. They are revealed in this new report to have contributed over \$216 million to Congressional candidates through their political action committees (PACs) during the current and the past three election cycles.

The thirty most aggressive tax dodging corporations—dubbed the “Dirty Thirty”—collectively paid a negative tax rate between 2008 and 2010 while spending \$41 million on Congressional campaign contributions.

Loopholes for Sale finds that these thirty U.S. companies spent \$41 million on campaign contributions through corporate PACs for Congressional races and made other indirect contributions in the 2006, 2008, 2010 and to date in 2012 election years (including candidates who have since retired or who did not win their election race).

The 30 that collectively had a negative tax rate made a total of \$30.3 million in contributions to members of Congress who are currently serving in office, nearly \$58,000 per member on average.

Of the 534 current members of Congress, 524 (98 percent) have taken a campaign contribution from one or more of these thirty corporations since 2006.

The top five Congressional recipients of contributions since the 2006 election cycle from the 30 companies that collectively paid a negative tax rate were:

- House Minority Whip Steny Hoyer (D-MD) - \$379,850.00
- Speaker of the House John Boehner (R-OH) - \$336,5000.00
- House Majority Leader Eric Cantor (R-VA) – \$320,900.00
- Senator Roy Blunt (R-MO and former House Minority Whip) – \$220,500.00
- Senate Minority Leader Mitch McConnell (R-KY) - \$177,001.00

The 30 companies that collectively paid no taxes from 2008-2010, over the current and past three election cycles, contributed a total of \$3.1 million to current members of the House Ways and Means Committee and \$1.9 million to current members of the Senate Finance Committee.

Of the 61 individual members of the two above committees, only Senator Maria Cantwell (D-WA) did not take a contribution from any one of these 30 tax-dodging companies.

Members of the House Ways and Means Committee received an average of \$84,859 from these same thirty corporations, which is 66 percent more than the average \$51,209 that other members of the House received from these companies.

Members of the Senate Finance Committee (excluding Senator Cantwell) received an average contribution of \$83,209 from the thirty companies, which is 28 percent more than the average \$65,206 that Senators who are not on the Finance Committee received.

Of the thirty companies that collectively paid no taxes, only PG&E has so far made a contribution directly to a super PAC from its treasury.

U.S. PIRG and CTJ conclude with recommendations to achieve the following:

Require full and honest disclosure: In the post-*Citizens United* world, we need new rules to require full and honest disclosure so citizens know who is backing the candidates they are being asked to support.

Achieve political equality in elections: Changing the campaign finance system that inherently favors moneyed interests by allowing corporations and individuals to directly translate their financial success into political power is key to restoring democracy and achieving lasting reforms.

Close the most egregious corporate tax loopholes, beginning with deferral, which allows corporations to defer paying taxes on offshore profits sometimes indefinitely, at great cost to the Treasury and other taxpayers.

Introduction

Thirty major profitable corporations with a collective federal income tax bill of *negative* \$10.6 billion over three years have made Congressional campaign contributions totaling \$41 million over four election cycles. This includes PAC contributions to 98 percent of the sitting members of Congress as well as indirect contributions. This report identifies what each of those corporations spent on political contributions and those members of Congress who were the top recipients.

These contributions from the top tax dodging corporations, along with their lobbying expenditures examined in an earlier report, *Representation Without Taxation*, may help to explain why Congress has not enacted corporate tax reform that closes loopholes and raises revenue despite extremely strong public support for this type of reform.

Tax reform has become a top-tier issue of this election season. Not since the early 1980s has the call to wipe away the unnecessary loopholes and tax breaks that pervade our corporate tax system been stronger. Recent polling data demonstrate clear public preferences on what corporate tax reform should look like. A Gallup Poll found that two-thirds of Americans believe that corporations pay too little

in taxes.¹ Another Gallup Poll found that a solid 70 percent of Americans believe that lawmakers should increase taxes on some corporations by eliminating certain tax deductions.²

The small business community also strongly favors closing corporate tax loopholes. An independent poll found that 90 percent of small business owners believe big corporations use loopholes to avoid taxes that small businesses have to pay, and 92 percent say big corporations' use of such loopholes is a problem.³

This public sentiment has not been matched by Congressional action. While there are proposals in Congress that would close a variety of tax loopholes, almost none have seen floor votes. In addition, major corporate tax reform proposals have been designed to be "revenue-neutral," meaning they would close some loopholes but use all the revenue savings to offset a reduction in the corporate tax rate

1 Gallup Poll, "Americans Still Split About Whether Their Taxes Are Too High," April 18, 2011 <http://www.gallup.com/poll/147152/americans-split-whether-taxes-high.aspx>

2 Gallup Poll, "Americans Favor Jobs Plan Proposals, Including Taxing Rich," September 20, 2011 <http://www.gallup.com/poll/149567/Americans-Favor-Jobs-Plan-Proposals-Including-Taxing-Rich.aspx>

3 American Sustainable Business Council, Main Street Alliance, and Small Business Majority. "Poll: Small Business Owners Say Big Businesses, Millionaires Not Paying Fair Share of Taxes" February 6, 2012, <http://businessforsharedprosperity.org/content/poll-small-business-owners-say-big-businesses-millionaires-not-paying-fair-share-taxes>

—at a time when Congress is looking for revenue to fund public priorities and address the deficit. Given polling showing that large majorities of the public believe corporations are paying less than they should in taxes, it is surprising that lawmakers are discussing a corporate tax overhaul that would result in no net increase in revenue.

For example, House Ways and Means Committee Chairman Dave Camp is pursuing a revenue-neutral reform of the corporate income tax.⁴ The principles laid out by Rep. Camp would make it difficult to avoid a revenue loss. He has proposed the adoption of a “territorial” tax system, which would exempt the offshore profits of U.S. corporations from U.S. taxes. This would increase the existing incentives for U.S. corporations to shift profits to offshore tax havens in order to avoid taxes.

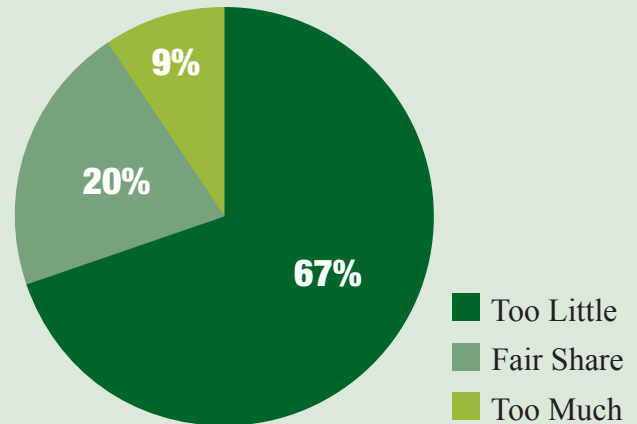
President Obama has released a “framework” for corporate tax reform that would close tax loopholes but use the resulting revenue savings to offset a steep cut in the corporate income tax rate.⁵ In fact, the types of changes envisioned in the “framework” if not done comprehensively could result in a loss of revenue. However, it is impossible to tell given how little detail the document provides about how loopholes would be closed.

If the public is so clearly supportive of closing corporate tax loopholes and making corporations pay more than they currently are, why aren’t our elected officials moving forward on corporate tax reform? This report explores how part of the answer may be found by taking a hard look at the way some of America’s largest companies translate wealth into influence through campaign contributions.

A report released earlier this year from U.S. PIRG and Citizens for Tax Justice identified thirty corporations, dubbed the “Dirty Thirty,” that spent a total of \$476 million on lobbying Congress between 2008 and 2010 while collectively paying

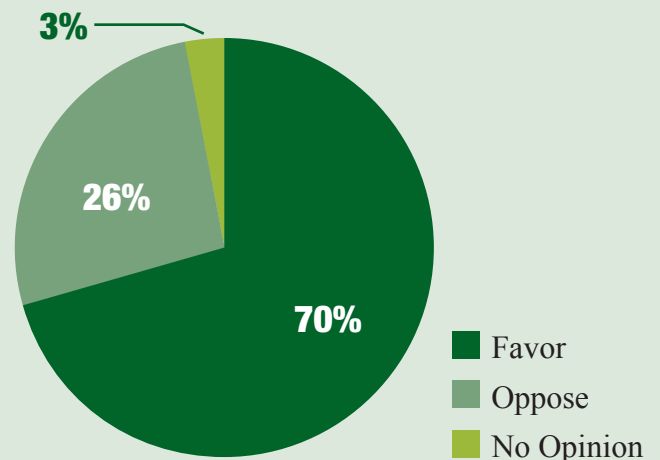
Most Recent Polling Shows Public Wants To Eliminate Corporate Tax Breaks And Increase Corporate Share Of Taxes

Are corporations paying their fair share in federal taxes, paying too much or paying too little?



Gallup Poll April 7-11, 2011

Increasing taxes on some corporations by eliminating certain tax deductions



Gallup Poll September 15-18, 2011

4 Chairman Dave Camp. “Ways and Means Discussion Draft” October 26, 2011, <http://waysandmeans.house.gov/taxreform/>

5 The White House and Department of Treasury. “The President’s Framework for Business Tax Reform” October 26, 2011, <http://www.treasury.gov/resource-center/tax-policy/Documents/The-Presidents-Framework-for-Business-Tax-Reform-02-22-2012.pdf>

no federal income taxes and instead *receiving* \$10.6 billion from the IRS over that three-year period.⁶ On top of this tax dodging, *at least* 22 of the “Dirty Thirty” have identifiable subsidiaries in tax haven countries. Corporations based in the U.S. and other countries increasingly use accounting gimmicks to make profits appear to be generated by subsidiaries that are often nothing more than post office boxes in offshore tax havens like the Cayman Islands to avoid corporate income taxes.⁷ As a result, our calculations probably understate the tax dodging done by these companies.

This study takes a more in-depth look at political spending by these thirty corporations and finds that they, in addition to lobbying, spent another \$41 million on campaign contributions through corporate PACs for Congressional races and made other indirect contributions.

This study also reports on a larger sample of 280 corporations that were profiled in a Citizens for Tax Justice report, “Corporate Taxpayers & Corporate Tax Dodgers, 2008-2010.”⁸ These 280 corporations make up most of the Fortune 500 companies that were consistently profitable in the three year period between 2008 and 2010. These 280 companies contributed over \$216 million to Congressional and presidential candidates through their political action committees (PACs) during the current and the past three election cycles, which may in part explain how they were able to obtain a total of \$223 billion in tax breaks from 2008 through 2010.

How Corporations Contribute to Political Candidates

There are myriad ways special interests can gain special access in the Capitol, from making campaign contributions to taking advantage of personal relationships. This report explores three of the main ways that corporations aide political campaigns: PAC contributions to candidates, contributions to candidates from executives, and outside spending which may originate with PACs, executives, or the corporate treasury itself.

Political Action Committees and Tax Policy

Corporate PACs

Many contributions made by corporations to political campaigns are made through political action committees (PACs). PACs allow the individuals within a corporation to gather their money in one entity (separate from the general corporate treasury) and then allocate it through contributions to candidates, other PACs, and party committees. PACs are allowed to contribute up to \$5,000 to an individual candidate for a primary election and \$5,000 more during the general election. These limits only apply to direct contributions to candidates’ campaigns. (Corporate PACs may also influence elections by making “independent expenditures” that are not subject to contribution limits, as discussed later in this report.)

Over the last two decades, corporate PACs have played an increasingly significant role in the election process. Between 1990 and 2010 corporate PACs nearly tripled their campaign contributions to federal candidates, from around \$58 million in the 1990 cycle to \$165 million in the 2010 cycle. Even adjusting for inflation, this represents a 70 percent increase in corporate contributions. Taken together, corporate PACs have contributed \$1.1 billion to federal candidates over the last 22 years, representing over a third of total PAC campaign contributions.

Our analysis of the campaign contributions made by the consistently profitable 280 Fortune 500 companies revealed that these companies’ PACs

6 US PIRG and Citizens for Tax Justice, “Representation Without Taxation,” January 18, 2012. <http://www.uspirg.org/reports/usp/representation-without-taxation>

7 Most multinational U.S. corporations pay higher income taxes in foreign countries where they do business than they pay in the U.S. See Citizens for Tax Justice, “Corporate Taxpayers & Corporate Tax Dodgers, 2008-2010,” November 3, 2011, page 10. <http://ctj.org/corporatetaxdodgers> However, a small group of countries has become notorious for having no corporate income tax (or an extremely low corporate income tax) and accommodating large corporations that want to shift profits to subsidiaries in these countries using transactions that exist only on paper. These countries are commonly called tax havens. A report from the Government Accountability Office uses three different methods to identify countries as tax havens. Government Accountability Office, “Large U.S. Corporations and Federal Contractors with Subsidiaries in Jurisdictions Listed as Tax Havens or Financial Privacy Jurisdictions,” GAO-09-157, Dec 18, 2008. <http://www.gao.gov/products/GAO-09-157>

8 Citizens for Tax Justice, “Corporate Taxpayers & Corporate Tax Dodgers, 2008-2010,” November 3, 2011. <http://ctj.org/corporatetaxdodgers>

Corporate PAC Campaign Contributions By Cycle

1990	\$58,131,722
1992	\$68,430,976
1994	\$69,610,433
1996	\$78,194,723
1998	\$78,018,750
2000	\$91,525,699
2002	\$99,577,798
2004	\$115,641,547
2006	\$135,925,970
2008	\$158,323,496
2010	\$165,455,021

Source: Federal Election Commission Data

alone contributed over \$216 million to federal candidates during the 2006, 2008, and 2010 election cycles, and so far during the 2012 election cycle.

The “Dirty Thirty” PACs

What is most striking about corporate PAC campaign contributions is the role that the country’s biggest tax dodgers play in the political process. A surprising 524 of the 534 current members of Congress (98 percent) took a campaign contribution from one or more of the “Dirty Thirty” companies noted by our January 2012 report for spending more on lobbying than they paid in taxes.

Taken together, these 30 companies (see Table on page 6) dispensed \$41.3 million in total campaign contributions to Congressional candidates during the current and past 3 election cycles (including candidates who have since retired or who did not win their election race). This includes \$30.3 million in contributions to those who are members of Congress today, who have received nearly \$58,000 on average.

The top recipients of money from these thirty tax avoiding corporations include many members of the Congressional leadership of both political parties (see Tables on page 7). The top three House recipients were House Minority Whip Steny Hoyer,

Speaker of the House John Boehner, and House Majority Leader Eric Cantor. The top two Senate recipients were Roy Blunt (who is now a Senator but was a House Minority Whip for much of this period) and Senate Minority Leader Mitch McConnell.

After the top leadership of the parties, the top recipients in both the Senate and the House were the leadership of the tax policy writing committees (see Tables on page 8). For example, David Camp, the current chairman of the House Ways and Means Committee, took in the fourth biggest haul of contributions, receiving \$278,377 from these tax-dodging corporations. Similarly, Max Baucus, the current chairman of the Senate Finance Committee, took in \$164,471—the third largest amount in the Senate.

The “Dirty Thirty” companies contributed \$3.1 million to current members of the House Ways and Means Committee and \$1.9 million to current members of the Senate Finance Committee over the current and past 3 election cycles. Of the 61 individual members of these two committees, only Senator Maria Cantwell did not take a contribution from any one of these 30 tax-dodging companies.

Members of the House Ways and Means Committee received an average of \$84,859 from these thirty particular corporations, which is 66 percent more than the average \$51,209 that other members of the House received. Similarly, members of the Senate Finance Committee (excluding Senator Cantwell) received an average contribution of \$83,209 from the Dirty Thirty, which is 28 percent more than the average \$65,206 that Senators who are not on the Finance Committee received.

General Electric alone gave \$451,000 to 37 members of the House Ways and Means Committee and \$200,500 to 24 members of the Senate Finance Committee. It is worth noting that the “active financing” tax loophole, one of GE’s most lucrative tax breaks, was only extended in 2008 after a heavy lobbying effort which included GE’s head tax lobbyist getting down on his knees in the Ways and Means staff office as he plead for its extension.⁹

9 David Kocieniewski. “G.E.’s Strategies Let It Avoid Taxes Altogether” New York Times <http://www.nytimes.com/2011/03/25/business/economy/25tax.html>

Dirty 30 Contributions to Current Members of Congress

Company	2008-2010 Domestic Profit (Millions)	2008-2010 Federal Taxes (Millions)	Three-Year Effective Tax Rate	2008-2010 Tax Subsidies (Millions)	Campaign Contributions (2006-2012 Cycle) ¹	Subsidiaries In Tax Havens ²	State of Corporate Headquarters
Pepco	882.0	-508.0	-57.6%	816.7	102,900	2	DC
General Electric	10,459.7	-4,737.0	-45.3%	8,397.9	3,390,850	14	CT
Paccar	365.5	-111.6	-30.5%	239.5	67,250		WA
PG&E Corp	4,855.0	-1,027.0	-21.2%	2,726.3	639,420		CA
Computer Sciences	1,665.8	-305.1	-18.3%	888.2	481,302	21	VA
NiSource	1,384.6	-227.3	-16.4%	711.9	463,499		IN
CenterPoint Energy	1,931.0	-284.0	-14.7%	959.9	166,688		TX
Tenet Healthcare	415.0	-48.0	-11.6%	193.3	230,900	1	TX
Intergrys Energy Group	818.4	-92.3	-11.3%	378.8	24,800		IL
American Electric Power	5,899.0	-545.0	-9.2%	2,609.7	1,048,124		OH
Con-way	286.4	-26.0	-9.1%	126.3	129,000	1 ³	MI
Ryder System	627.0	-45.8	-7.3%	265.3	78,500	9	FL
Baxter International	926.1	-65.9	-7.1%	390.0	378,500 ⁴	7	IL
Wisconsin Energy	1,724.9	-85.0	-4.9%	688.8	117,500		WI
Duke Energy	5,475.5	-216.0	-3.9%	2,132.4	916,000	27	NC
DuPont	2,124.0	-72.0	-3.4%	815.4	482,950	12	DE
Consolidated Edison	4,263.0	-127.0	-3.0%	1,619.1	78,850	1 ⁵	NY
Verizon	32,518.0	-951.0	-2.9%	1,233.2	3,201,550 ⁶		NY
Interpublic Group	570.9	-15.0	-2.6%	214.8	151,615 ⁷	1	NY
CMS Energy	1,292.0	-29.0	-2.2%	481.2	394,350	8	MI
NextEra Energy	6,403.0	-139.0	-2.2%	2,380.1	1,250,750	1	FL
Navistar International	896.0	-18.0	-2.0%	331.6	147,500	1	IL
Boeing	9,735.5	-177.6	-1.8%	3,585.0	4,049,250	40	IL
Wells Fargo	49,370.0	-680.8	-1.4%	17,960.3	1,687,700	58	CA
El Paso	4,105.0	-41.0	-1.0%	1,477.8	232,750	24	TX
Mattel	1,019.8	-9.2	-0.9%	366.1	128,000	4	CA
Honeywell	4,903.1	-33.9	-0.7%	1,750.0	6,469,277	5	NJ
DTE Energy	2,551.0	-17.0	-0.7%	909.9	834,307	2 ⁸	MI
Corning	1,977.0	-4.0	-0.2%	696.0	399,311	5	NY
FedEx	4,246.6	37.0	0.9%	1,449.3	2,595,900	21 ⁹	TN
TOTAL	163,690.7	-10,601.7	-6.5%	67,893.4	30,339,293	265	-

1 2012 cycle includes all contributions reported by the Center for Responsive Politics by February 15th, 2012.

2 Unless otherwise noted below, numbers of tax haven subsidiaries come from 2010 corporate 10-K reports

3 In 2007, Menlo Worldwide, a Con-way subsidiary acquired Chic Holdings, a Chinese company registered in the Cayman Islands. Chic Holdings was not listed as a "significant" subsidiary in Con-way's 10-K report. There could be other unlisted tax haven subsidiaries as well. See Con-way press release—http://www.con-way.com/en/about_con_way/newsroom/press_releases/Sep_2007/2007_sept_9/

4 Contribution data compiled for Baxter International includes contributions from the political action committee of Baxter Healthcare, a subsidiary of Baxter International.

5 Con Edison Development Guatemala was a Cayman Islands subsidiary that the company sold in 2010. It is included because this study looks at the 2008-2010 period. See <http://secfilings.nyse.com/filing.php?doc=1&attach=ON&ipage=721439&rid=23>

6 Contribution data compiled for Verizon includes contributions from both the Verizon Communications and Verizon Wireless political action committees.

7 Contribution data compiled for Interpublic includes contributions from the political action committees of the MWW Group and Cassidy & Associates, two of Interpublic's subsidiaries.

8 As of 2008, DTE Energy had two inactive subsidiaries in the Cayman Islands. See <http://efile.mpsc.state.mi.us/efile/docs/12134/0474.pdf>

9 In its 2010 10-K report, FedEx only disclosed its largest subsidiaries. Based on its 2008 filing, the company has 21 tax haven subsidiaries that are part of its larger subsidiaries listed in the 2010 filing.

Source: All tax data was obtained through a report by Citizens for Tax Justice entitled "Corporate Taxpayers and Corporate Tax Dodgers, 2008-2010, 2011." Campaign contribution data for these corporations came from the Center for Responsive Politics. Data on tax haven subsidiaries was obtained by the authors using corporate 10-K reports filed with the Securities and Exchange Commission. They can be found at www.sec.gov. The list of tax haven jurisdictions was one compiled by a 2009 GAO report—<http://www.gao.gov/products/GAO-09-157>

House of Representatives Top 10 Recipients of Dirty 30 Contributions (2006-2012 Election Cycles)

Member of Congress	Total Contributions	Position in Congress
Hoyer, Steny H (D-MD)	\$379,850.00	House Minority Whip
Boehner, John (R-OH)	\$336,500.00	Speaker of the House
Cantor, Eric (R-VA)	\$320,900.00	House Majority Leader
Camp, Dave (R-MI)	\$278,377.00	Chairman of Committee on Ways and Means
Dingell, John D (D-MI)	\$274,700.00	Committee on Energy and Commerce (Former Chairman)
Clyburn, James E (D-SC)	\$267,000.00	Assistant Democratic Leader
Barton, Joe (R-TX)	\$239,500.00	Chairman Emeritus of Committee on Energy and Commerce
Upton, Fred (R-MI)	\$234,000.00	Chairman of Committee on Energy and Commerce
Tiberi, Patrick J (R-OH)	\$195,200.00	Member of Committee on Ways and Means
Thompson, Bennie G (D-MS)	\$193,500.00	Former Chairman and Current Ranking Member of Committee on Homeland Security
Total	\$2,719,527	

SOURCE: Center for Responsive Politics, February 2012

Senate Top 10 Recipients of Dirty 30 Contributions (2006-2012 Election Cycles)

Member of Congress	Total Contributions	Position in Congress
Blunt, Roy (R-MO)	\$222,500.00	Vice Chairman of Republican Conference, Former House Minority Whip
McConnell, Mitch (R-KY)	\$177,001.00	Senate Minority Leader
Baucus, Max (D-MT)	\$164,471.00	Chairman, Finance Committee
Kirk, Mark (R-IL)	\$138,500.00	Member of Appropriations Committee
Burr, Richard (R-NC)	\$132,000.00	Member of Finance Committee
Grassley, Chuck (R-IA)	\$126,500.00	Current Member and Former Chairman of Finance Committee
Hatch, Orrin G (R-UT)	\$122,000.00	Ranking Member of the Finance Committee
Chambliss, Saxby (R-GA)	\$122,000.00	Ranking Member of Select Committee on Intelligence
Corker, Bob (R-TN)	\$120,000.00	Member of Committee on Energy and Natural Resources
Murkowski, Lisa (R-AK)	\$120,000.00	Ranking Member of Committee on Energy and Natural Resources
Total	\$1,444,972	

SOURCE: Center for Responsive Politics, February 2012

Ways and Means Committee Recipients of Dirty 30 Contributions (2006-2012 Election Cycles)

Committee Member	Total Contribution Received
Becerra, Xavier (D-CA)	\$137,000
Berg, Richard A (R-ND)	\$26,634
Berkley, Shelley (D-NV)	\$22,000
Black, Diane Lynn (R-TN)	\$37,999
Blumenauer, Earl (D-OR)	\$57,500
Boustany, Charles W Jr (R-LA)	\$86,250
Brady, Kevin (R-TX)	\$82,000
Buchanan, Vernon (R-FL)	\$70,000
Camp, Dave (R-MI)	\$278,377
Crowley, Joseph (D-NY)	\$170,000
Davis, Geoff (R-KY)	\$121,000
Doggett, Lloyd (D-TX)	\$5,500
Gerlach, Jim (R-PA)	\$110,250
Herger, Wally (R-CA)	\$76,000
Jenkins, Lynn (R-KS)	\$25,000
Johnson, Sam (R-TX)	\$79,000
Kind, Ron (D-WI)	\$109,500
Larson, John B (D-CT)	\$72,000
Levin, Sander (D-MI)	\$144,500
Lewis, John (D-GA)	\$50,000
Marchant, Kenny (R-TX)	\$33,000
McDermott, Jim (D-WA)	\$24,000
Neal, Richard E (D-MA)	\$145,500
Nunes, Devin Gerald (R-CA)	\$86,500
Pascrell, Bill Jr (D-NJ)	\$60,500
Paulsen, Erik (R-MN)	\$55,694
Price, Tom (R-GA)	\$86,000
Rangel, Charles B (D-NY)	\$133,382
Reed, Tom (R-NY)	\$39,509
Reichert, Dave (R-WA)	\$107,750
Roskam, Peter (R-IL)	\$108,000
Ryan, Paul (R-WI)	\$144,750
Schock, Aaron (R-IL)	\$43,000
Smith, Adrian (R-NE)	\$35,500
Stark, Pete (D-CA)	\$14,000
Thompson, Mike (D-CA)	\$67,000
Tiberi, Patrick J (R-OH)	\$195,200
Total	\$3,139,795

SOURCE: Center for Responsive Politics, February 2012

Senate Finance Committee Recipients of Dirty 30 Contributions (2006-2012 Election Cycles)

Committee Member	Total Contribution Received
Baucus, Max (D-MT)	\$164,471
Bingaman, Jeff (D-NM)	\$76,500
Burr, Richard (R-NC)	\$132,000
Cantwell, Maria (D-WA)	\$0
Cardin, Ben (D-MD)	\$50,957
Carper, Tom (D-DE)	\$110,770
Coburn, Tom (R-OK)	\$45,500
Conrad, Kent (D-ND)	\$54,500
Cornyn, John (R-TX)	\$104,499
Crapo, Mike (R-ID)	\$64,000
Enzi, Mike (R-WY)	\$49,000
Grassley, Chuck (R-IA)	\$126,500
Hatch, Orrin G (R-UT)	\$122,000
Kerry, John (D-MA)	\$37,500
Kyl, Jon (R-AZ)	\$74,500
Menendez, Robert (D-NJ)	\$47,005
Nelson, Bill (D-FL)	\$70,750
Roberts, Pat (R-KS)	\$91,750
Rockefeller, Jay (D-WV)	\$81,500
Schumer, Charles E (D-NY)	\$70,500
Snowe, Olympia J (R-ME)	\$95,500
Stabenow, Debbie (D-MI)	\$99,100
Thune, John (R-SD)	\$91,000
Wyden, Ron (D-OR)	\$54,000
Total	\$1,913,802

SOURCE: Center for Responsive Politics, February 2012

Executive Contributions

In addition to campaign contributions that corporations make through their corporate PACs, campaign finance law allows individuals to make direct campaign contributions to candidates and political parties. Corporate executives have taken advantage of the ability to use multiple avenues for their political giving.

Campaign contributions from CEOs and other top corporate officials are subject to contribution limits of \$2500 to any one federal candidate in the primary cycle and another \$2500 in the general election. (As with corporate PACs and treasury spending, these limits do not apply to contributions to independent expenditure committees.)

Company	Total Given Via PACs 2006-2012	Total Contributions Via Individuals and Soft Money	Total Contributions
Boeing	\$5,313,500	\$1,480,498	\$6,793,998
General Electric	\$4,745,550	\$2,778,155	\$7,523,705
FedEx	\$3,656,900	\$776,995	\$4,433,895
Honeywell International	\$8,230,361	\$306,517	\$8,536,878
Verizon	\$3,915,800	\$2,404,132	\$6,319,932
Total	\$25,862,111	\$7,746,297	\$33,608,408

SOURCE: Center for Responsive Politics, February 2012

Political giving from individual executives presumably serves much the same purpose as PAC contributions in both helping a candidate who values the corporation's interests to be elected and getting the interests of the corporation more attention when that politician is in office.

Five of the thirty corporations profiled in *Representation Without Taxation* are among those companies that spend so much money on politics that the Center for Responsive Politics (CRP) has identified them as "heavy hitters" and made available additional data about their political expenditures. For these five companies, an analysis of CRP data shows that contributions from individuals within the companies, combined with "soft money" contributions to political parties, constitute an additional 30 percent or \$7.7 million on top of the \$25.9 million contributed through corporate PACs.

These five companies illustrate another powerful way in which corporate interests can buy influence, in addition to the PAC spending already detailed, with elected representatives. Since the executives contributing directly to candidates are many of the same people directing the corporate PAC contributions, the total given to promote the interests of a particular corporation is larger than what the corporate PAC contributions reveal.

Outside Spending

Corporations can also influence political campaigns through disbursements outside of expenditures directly to candidates' campaigns or parties, in the form of independent expenditures and electioneering communications.

Independent expenditures are monies spent to support or oppose a given candidate that are not made in coordination with any candidate's campaign. Corporations can make these directly through their PACs, individual executives, or, thanks to the Supreme Court's 2010 *Citizens United vs. the FEC* decision, through their general treasury. Corporations may also make independent expenditures indirectly with the money originating from any of the above sources and being funneled through a super PAC (independent expenditure only committee), a 501(c)(4) non-profit corporation, or a trade association, which then, in turn, can spend all or a portion of that money on the independent expenditure.

Super PACs, which were created by the post-*Citizens United* DC Circuit Court decision in *Speechnow.org vs. the FEC*, can raise and spend unlimited amounts from any source. A recent report co-authored by U.S. PIRG and Demos found that businesses are responsible for 17 percent of super PAC money, second only to large individual donors.¹⁰

Thus far, of the Dirty Thirty, only PG&E has made a contribution directly to a super PAC from its treasury. It is likely, that if corporations are taking advantage of the new unlimited money system, that they are doing it through 501(c)(4) non-profits and 501(c)(6) trade associations which do not have to disclose their donors and thus can obscure corporations as the source of their funding.

10 Bowie and Lioz. *Auctioning Democracy: The Rise of Super PACs and the 2012 Election*. U.S.PIRG and Demos. February 8, 2012. <http://www.uspirg.org/reports/usp/auctioning-democracy>

Electioneering communications, like a television or radio advertisement, are those made in the months leading up to the election that talk about a specific, named candidate but do not explicitly direct the listener to vote for or against that candidate. Corporations are allowed to make electioneering communications in any of the same ways they are allowed to make independent expenditures.

The U.S. Chamber of Commerce, a 501(c)(6) trade association and favorite recipient of corporate political funds, doubled its spending on electioneering

communications between 2008 and 2010. In 2010, the Chamber jumped to the top of the list of outside spenders just behind the political parties, according to the Center for Responsive Politics.

Since many of these expenditures can be made without public disclosure, it's difficult to know exactly how prevalent they are and how much they impact our politics. It is nonetheless clear that corporations now have even more methods of using money to influence elections than contributions to candidates by corporate PACs and corporate executives.

Conclusion

The large majority of Americans who believe corporations pay too little in taxes can reasonably wonder whether or not all the corporate money in the political process is what prevents Congress from addressing the problem. The fact that 98 percent of current members of Congress have received contributions from the Dirty Thirty indicates the pervasive nature of this special interest money in our political system. The contributions cut across party lines and lend credence to the widespread public perception that Congress is unduly influenced by corporate interests.

To make fair both the tax code and the campaign finance rules in this country, U.S. PIRG and Citizens for Tax Justice make the following recommendations:

Policy Recommendations

Limit Corporate Money in Elections

Policymakers should adopt the following:

1. **Full and honest disclosure:** The *Citizens United* decision not only increased the ability of corporations to spend unlimited sums on elections, it also increased the need for strong public disclosure. Much of corporate campaign spending already takes place outside of existing disclosure rules. Money is spent by entities with

noble and patriotic monikers that are often little more than front groups created to hide their true funding sources. In the post-*Citizens United* world, we need new rules to require full and honest disclosure so citizens know who is backing the candidates they are being asked to support. Minnesota stands out as one state to enact stronger disclosure laws. Others should follow its lead.

2. **Empowering shareholders:** The post-tax profits of publicly traded companies rightfully belong to the shareholders. After the U.S. Supreme Court's decision, we learned of a number of CEOs and corporate board members who chose to use corporate funds as their personal political action committees. Target Corporation and 3M, both Minnesota-based companies, faced a public relations backlash for their political giving, which compromised shareholder value. If the U.S. Supreme Court insists that corporations are people, a proposition which the Montana Supreme Court recently called "affront to the inviolable dignity of our species,"¹¹ then let's at least make sure the people who own the corporations have a say

¹¹ "Dissenting Opinion", The Hon. Justice Nelson. Western Tradition Partnership, Inc. vs The Attorney General of the State of Montana. The Supreme Court of the State of Montana. December 30, 2011. P. 79.

in how their money is spent. Resolutions have been filed by investors at several publicly traded companies to prohibit any political spending, require shareholder approval of any political spending or require disclosure of any political spending. Each of these policies would provide some level of accountability as well as greater transparency for these expenditures.

3. **Achieve political equality:** Closing tax loopholes and empowering shareholders are important steps; however, we cannot make our government work for the public without changing a campaign finance system that inherently favors moneyed interests. The Supreme Court must either come to understand the consequences of its backwards interpretation of the first amendment and reverse itself or we will need to identify and develop additional measures to blunt the impact of unlimited spending by unaccountable corporate actors.

Close the Most Egregious Corporate Tax Loopholes

Policymakers should begin by repealing the rule that allows U.S. corporations to “defer” paying taxes on profits they generate offshore. If Congress is unable to enact this fundamental reform, then it should take the following steps:

1. Treat the profits of publicly traded “foreign” corporations that are managed and controlled in the U.S. as domestic corporations for income tax purposes.
2. Require full and honest reporting by ending the ability of multi-national corporations to hide the identity of their owners and the origins of their profits behind layers of shell companies and requiring a full reporting of profits, country by country.
3. Close the loophole that allows foreign subsidiaries of U.S. companies to deposit profits in U.S. financial institutions, thereby benefiting from the stability of the dollar while skipping out on U.S. taxes.

While these solutions would end some severe tax dodging abuses, corporations will continue to find loopholes and push for new ones unless reforms are enacted to curtail undue corporate influence on the political process.