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The Koch brothers invest millions in Iowa properties and donate \$130,000 to Iowa politicians...why?

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Charles and David Koch, the billionaire brothers whose oil and chemical fortune has helped bankroll a free-market ideology in Washington, D.C., have expanded their financial and political footprint in Iowa, a Des Moines Register analysis has found.

Land records on file in 20 Iowa counties reveal that Koch Industries or its subsidiaries now own 18 commercial and industrial facilities valued at nearly \$90 million, including four ethanol plants purchased earlier this year.

As the Kochs' business holdings here have grown, so, too, has their interest in Iowa politics. KochPac, the company's political action committee, has contributed more than \$130,000 to candidates for the Legislature and statewide office since 2003, records show.

Candidates in only five other states - Texas, Oklahoma, Kansas, Virginia and Wisconsin - got a bigger share of the nearly \$2 million the Kochs contributed to statehouse races during that period, the nonpartisan National Institute on Money in State Politics reported last year.

The Koch brothers draw attention for their wealth alone, each tied for fifth on Forbes' list of the richest people in America. Combined, their net worth of \$43 billion places them third behind Bill Gates (\$54 billion) and Warren Buffett (\$45 billion).

But it's the brothers' financial backing of their limited-government, free-market philosophy that has made their Wichita, Kan.-based company a lightning rod for criticism at a time when the nation is roiled by debate over the government's role and its spending.

Charles Koch's own description of his company's intentions, in a March essay in the Wall Street Journal, reflects the language heard now in contentious Washington debates over raising the debt ceiling. He criticized "years of tremendous overspending by federal, state and local governments" and failure by political leaders to put forth "serious proposals for necessary cuts in military and entitlement programs." The better alternative, he wrote, is less government spending and greater economic freedom.

That's not much different from what Iowans hear these days from Republican candidates campaigning for the presidency in the leadoff caucus state.

But in today's polarized culture, the Koch brothers are both respected and reviled, despised by critics like the 800 or so demonstrators who gathered in February outside of Palm Springs, Calif., to protest what they see as the Kochs' undue influence on government.

In Iowa Legislature, both parties get money

Across the nation, Republicans received the lion's share of KochPac contributions to legislative races. But in Iowa, where Democrats controlled the Legislature during much of the period from 2003 to 2010, Republicans and Democrats benefited about equally, the Register's analysis found.

Through its lobbying arm, Koch Companies Public Sector, the company spent another \$58,000 in Iowa

over the past two legislative sessions to help get its message across to state lawmakers.

Koch's growing presence in the state has until recently drawn little attention - a key component of the conglomerate's way of doing business. Democrats worry that the conservative political agenda promoted by the company in other states will eventually turn up here.

"Their business interests and their ideological interests coincide," said Bill Broydrick, a Washington, D.C., lobbyist and 30-year veteran of Wisconsin politics, where Koch Industries has contributed heavily to Republican Gov. Scott Walker and GOP lawmakers.

"They act in their most basic self-interest," said Broydrick, a former Democratic state lawmaker who also served on former Wisconsin Rep. Les Aspin's staff.

For its part, Koch says there is nothing sinister about its activities here. It says its interest in Iowa simply reflects a company that directly employs a work force of more than 500 people earning over \$16 million in wages and benefits annually and supports another 900 jobs held at other companies in the state.

Philip Ellender, Koch Companies Public Sector's chief operating officer, said the oil giant's interest in renewable fuels spurred its most recent expansion here.

"Koch's commercial interest has led to an expansion of its operations in the state," Ellender said. "In addition, Iowa has a sound economy and a strong work force, which makes it an attractive place to do business."

Long national players, state level is new area

Political engagement appears to be part of the Koch culture, from Charles and David Koch on down. Documents filed with the Federal Election Commission list hundreds of Koch employees, the brothers included, who contribute anywhere from \$120 to \$5,000 annually to the company's political action committee, as well as make individual contributions directly to candidates.

The brothers have long been players on the national scene. They, their employees and KochPac have given about \$9.5 million to congressional and presidential campaigns and other political committees since 1990, more than 80 percent of it to Republicans, according to the Center for Responsive Politics, a Washington, D.C.-based watchdog group.

The second-largest privately held company in the United States, Koch Industries also spends millions more lobbying the federal government on such issues as defense appropriations, financial regulatory reform and energy issues.

The company also has bankrolled conservative think tanks such as the Cato Institute and the Heritage Foundation - as well as the tea party organization Americans for Prosperity and its Americans for Prosperity Foundation, chaired by David Koch.

But the Kochs' involvement in state-level politics is relatively new.

In addition to contributing to state races in Iowa and elsewhere, the company has also attempted to influence referendums in some of the 23 states where it's been politically active.

Flint Hills Resources, a Koch subsidiary, gave \$1 million to support a California referendum question last year that would have blocked legislation to reduce greenhouse gas emissions there. The measure was ultimately defeated, garnering 41 percent of the vote.

In statewide races, donations are all GOP

In Iowa since 2003, KochPAC's largess has benefited Democrats in the Legislature more than Republicans, \$61,300 vs. \$51,000.

Topping the list of recipients is House Minority Leader Kevin McCarthy, D-Des Moines, who received KochPac contributions totaling \$5,150 from 2006 to 2008, when he was leader of the Democratic majority in the House. Also listed is Senate Majority Leader Michael Gronstal, D-Council Bluffs, who totaled \$2,750 during the same election cycles.

McCarthy said he has assumed the contributions were the result of Democrats' push to expand the renewable fuels industry in Iowa. He said he has had little contact with Koch or its executives.

"I really didn't know anything about them, and, frankly, I don't think I have met anyone from any of their companies," McCarthy said.

When it comes to statewide elections, however, KochPAC's record of political giving tells a far different story.

Republican candidates for governor and other statewide offices scored a clean sweep, totaling more than \$20,000. Democrats got nothing.

Topping that list is Iowa Secretary of Agriculture Bill Northey, with \$8,000; Gov. Terry Branstad and Lt. Gov. Kim Reynolds, \$5,000; and unsuccessful attorney general candidate Brenna Findley, \$2,500. In 2006, KochPAC also contributed \$5,000 to the unsuccessful campaign of Republican gubernatorial candidate Jim Nussle.

Broydrick, the lobbyist and former Wisconsin lawmaker, said that splitting the money about evenly, particularly in legislative races, might be unusual. But giving to candidates of both political parties is not.

"It is a business decision with an ideological tinge," he said. "As a result, it works out perfectly for them because they are attempting to exert their philosophical views, but always as a result of their business considerations."

Not so, says Ellender, Koch's lobbying chief. He said political contributions go to a specific type of candidate who shares the company's values, not to enhance its profit margins.

"Koch supports candidates who champion fiscal responsibility, limited government and free markets, all of which are critical to the success and survival of our nation," Ellender said.

Personal disagreement isn't block, Blouin says

Michael Blouin, who tangled with Koch Industries in the 1970s as a Democratic U.S. representative when the company sought to build a pipeline through 12 northeast Iowa counties, takes a pragmatic approach to Koch's expanded business and political presence here.

"It's neither good nor bad. It is a reality," said Blouin, a former director of the Iowa Department of Economic Development. "Why should they be any different in trying to influence outcomes through decision makers than anyone else?"

At the same time, Blouin said some companies' political views simply invite controversy.

"Are there times that I have disagreed with the political philosophies of the businesses recruited here? Sure," Blouin said. "But that certainly shouldn't prevent these businesses from finding Iowa to be a welcoming place for them."

Blouin noted that Koch employs substantial numbers of Iowans at a time when job creation lags nationwide.

"Besides, we should have the structure to protect the state from allowing businesses to go too far, either through tax policies or other types of regulation," he said. "It is simply the reality of bringing businesses to the state. Sometimes you might have disagreements with them."

Additional Facts

Wealthy, controversial

Their wealth alone grabs attention: Forbes magazine estimates Charles and David Koch are each worth \$21.5 billion. But it's the brothers' financial backing of free-market causes that has triggered a firestorm of criticism from liberal activists. Their philosophy of limiting government's reach and spending has become a driving force in the debt ceiling debate now dividing Congress.
