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## Petro powerhouse Koch Industries boosts investments in North Carolina politics

[Koch Industries](#), the Kansas-based oil and chemical conglomerate whose owners Charles and David Koch have played a leading role in financing the fight against government regulation, is stepping up its investment in North Carolina politics at a critical moment for the state's energy future.

While national coverage of the Koch brothers has focused on their personal efforts to deploy tens of millions of dollars on behalf of presidential candidate Mitt Romney and other Republicans, in North Carolina the company's political action committee is contributing unprecedented amounts to state campaigns. The move comes as the state recently legalized fracking for natural gas, and amid [growing political support for offshore drilling](#). Koch Industries is [heavily involved in the fracking industry](#) as well as in the [refining](#) and [distribution](#) of petroleum.

According to the latest N.C. State Board of Elections filings, KochPAC has contributed a total of \$63,000 to North Carolina state campaigns and to other state-level political committees in 2012. That's more than double its total contributions of all the previous years combined -- \$16,000 in 2010, \$4,000 in 2008, and \$9,500 in 2006, the first year KochPAC was active in the state.

KochPAC's biggest donation in North Carolina this year was \$25,000 to the NC Chamber Independent Expenditure Committee on Oct. 16. The NC Chamber is a pro-business lobby that primarily supports Republicans and has been an [outspoken proponent](#) of fracking. KochPAC also contributed \$4,000 in April to another pro-business organization, the Manufacturers and Chemical Industry Council of North Carolina PAC.

The other \$34,000 KochPAC contributed this year in North Carolina went to the campaigns of five individual candidates -- all of them Republicans, who now control the state legislature. In the run-up to the general election, it made the following contributions, all on Sept. 28:

- \* \$4,000 to **gubernatorial candidate Pat McCrory** of Charlotte;
- \* \$4,000 to **Senate President Pro Tem Phil Berger**, who represents Guilford and Rockingham counties;
- \* \$4,000 to **House Speaker Thom Tillis** of Mecklenburg County, who is running unopposed;
- \* \$4,000 to **Senate Majority Leader Harry Brown**, who represents Jones and Onslow counties and who is also unopposed; and
- \* \$2,000 to **House Majority Leader Paul Stam** of Wake County.

KochPAC also contributed to four of those candidates' primary races on April 26: \$4,000 each to Tillis and Berger, and \$2,000 each to Brown and Stam. (Tillis, Brown and Stam were unopposed in the primary.) As

legislative leaders, they played an important role in the [passage of the bill](#) that legalized fracking, as well as in the [controversial override](#) of Democratic Gov. Beverly Perdue's veto of the legislation.

McCrory has been a [vocal proponent of fracking](#) in his current run for governor against Democratic Lt. Gov. Walter Dalton, who has been more cautious in his support for the controversial drilling method that's been linked to [water contamination](#) and [air pollution](#). McCrory's campaign manager, Russell Peck, previously [served as director of external affairs](#) for America's Natural Gas Alliance, an industry lobby group.

KochPAC also supported McCrory in his unsuccessful 2008 gubernatorial run against Perdue, when McCrory campaigned in favor of oil and gas drilling for North Carolina. In fact, KochPAC's \$4,000 contribution to McCrory's 2008 campaign was the only political donation it made in the state that year.

In the 2010 election, KochPAC also contributed to the Manufacturers and Chemical Industry Council of North Carolina PAC and to the NC Chamber PAC, at \$3,000 each. In addition, it donated \$3,000 each to Tillis, then the House minority whip, and Berger, then Senate minority leader, and supported the campaigns of three other Republicans -- \$1,000 to Rep. Danny McComas of New Hanover County and \$500 each to Reps. Pat Hurley and Harold Brubaker, both of Randolph County.

KochPAC also helped two Democrats in 2010, donating \$1,000 to state Sen. Clark Jenkins, who continues to serve Edgecombe, Martin and Pitt counties, and \$500 to Rep. Winkie Wilkins, who still represents Durham and Person counties. KochPAC reported spending just over \$850 in independent expenditures for mailings and postage in support of the seven candidates it backed that year. That election resulted in control of both legislative chambers switching from Democrats to Republicans, but both KochPAC-supported Democrats held on to their seats.

At the time of the 2006 election, the North Carolina legislature was under Democratic control, and most of KochPAC's contributions -- \$6,500 -- went to Democrats. But it also contributed \$3,000 to Republicans, including \$1,000 to Berger.

A year earlier, Koch Industries fertilizer subsidiary Koch Nitrogen [finalized](#) a long-term, exclusive deal to store urea at a site on North Carolina's Cape Fear River. That boosted the company's profile in the state, where Koch subsidiary Georgia-Pacific also [has eight facilities](#) that manufacture lumber, plywood, corrugated containers, and other products.

Koch Industries' increasingly generous investments in North Carolina politics are part of a broader national effort by the company to wield political influence. The company has contributed over \$2.2 million to state-level politics from 2003 to 2012, [according to FollowTheMoney.org](#), the database of the National Institute on Money in State Politics. Include its subsidiaries, and that number rises to over \$5.4 million. [About 90 percent](#) of Koch Industries' contributions have gone to Republicans.

The company is also pouring money into national politics. According to the Center for Responsive Politics' OpenSecrets.org database, Koch Industries has [spent over \\$4.6 million](#) on federal campaign contributions in the 2012 election cycle alone -- and [over \\$18 million](#) total since 1990. It's one of the top donors to federal Republican candidates this election cycle, having contributed about \$1.5 million overall, including \$21,450 to Mitt Romney, OpenSecrets.org [reports](#). The company has also spent almost \$69 million on federal lobbying since 1990, with most of that focused on energy issues.

Koch Industries doesn't limit its influence to the White House, Congress and statehouses, however: Charles and David Koch, the billionaire brothers who run the company, also operate [a network of family foundations](#) that together are one of the largest sources of funding for right-wing organizations promoting an anti-regulatory agenda and [climate science denial](#). Among the advocacy groups they have supported are Americans for Prosperity, Cato Institute, the Heritage Foundation, and Reason Foundation.

The Koch foundations have also [provided funding for the John Locke Foundation](#), a Raleigh-based free-market think tank that's been one of the most prominent voices of climate science denial in North Carolina. JLF was founded and is primarily funded by conservative benefactor Art Pope, a [discount retail](#) mogul who was a [major funder for the 2010 North Carolina legislative elections](#) that gave the Republicans control of both the House and Senate. Pope is a close ally of the Kochs and serves as a [national director](#) of Americans for Prosperity, a conservative advocacy group that was co-founded by David Koch and is one of the largest recipients of funding from the Koch foundations. In North Carolina, Americans for Prosperity has racked up over \$460,000 in independent expenditures benefiting business-friendly state candidates so far this year, [according to FollowNCMoney.org](#).

But at the same time Koch Industries and its owners have been promoting pro-business politicians and less government regulation, the company has repeatedly run afoul of the law. Last year, Bloomberg [reported](#) that former Koch employees say the company illegally traded with Iran through foreign-held subsidiaries and paid unlawful bribes to secure contracts in six countries, including Egypt, Nigeria and Saudi Arabia. And in 2001, the company [paid \\$25 million](#) to settle a lawsuit involving allegations that it underpaid the U.S. government for oil extracted from Indian land.

Koch Industries has also faced [numerous charges of environmental wrongdoing](#) over the years:

\* In 2009, the U.S. Justice Department and Environmental Protection Agency hit Koch subsidiary Invista with a \$1.7 million penalty for **environmental violations in seven states**.

\* In 2001, Koch paid a \$20 million settlement for covering up **illegal releases of carcinogenic benzene** from its refinery in Corpus Christi, Texas.

\* In 2000, the Koch Pipeline subsidiary agreed to a \$35 million settlement with the U.S. Justice Department and State of Texas for **hundreds of oil spills**.

\* In 1999, a Texas jury found that the company's **negligence led to a pipeline explosion that killed two teenagers**, awarding the victims' families \$296 million.

\* Also in 1999, the Koch Petroleum Group acknowledged that it had **negligently dumped hundreds of thousands of gallons of aviation fuel into wetlands** in Minnesota and **released a million gallons of toxic wastewater into the Mississippi River** and surrounding lands, paying \$8 million in fines and remediation costs.

Now that North Carolina has lifted its ban on fracking, the task of crafting regulations for the industry falls to the state's Energy and Mining Commission, which is charged with finishing the job by 2014. Of that 15-member commission's 12 appointed seats, four are named by the governor, four by the House speaker, and four by the Senate president pro tem -- and a number of appointees have already [come under fire for being too cozy with the industry](#) they're supposed to regulate.

But with McCrory [leading in the polls](#), Tillis running unopposed, and Berger's Democratic opponent [given "virtually no chance to win."](#) it's unlikely that the friendly atmosphere the gas industry now enjoys in North Carolina's halls of power will change any time soon. And that's probably the payoff Koch Industries has been hoping to see from its investments.