

Group linked to Cagle ramped up fundraising before legislative session

In the six months leading up to the 2017 legislative session, a fund created by Lt. Gov. Casey Cagle's campaign staffers collected \$2.2 million in high-dollar contributions, many coming from lobbyists, businesses and associations with a keen interest in the Georgia Senate he leads.

Georgia Conservatives Fund, long run by Cagle's political consultant and started more than seven years ago by his then-re-election campaign manager, raised money intermittently in the past and donated to GOP Senate candidates.

But it ramped up fundraising significantly in the second half of 2016, taking in contributions as large as \$100,000 and holding fundraisers with groups that had legislation before the General Assembly a few months later.

The fund received money from casino interests lobbying for gaming legislation and beer distributors in a long-running legislative turf battle with craft brewers.

It took checks from new-car dealers seeking to cut taxes on vehicles they lease, as well as a company wanting a tax break so owners of giant yachts might be enticed to use Georgia repair services.

Cagle announced plans to run for governor on Sunday, and his campaign said it is not affiliated with the fund.

Rick Thompson, a former state ethics commission director and expert on campaign finance laws, says that's an important distinction.

"The question is, does the candidate control it or direct it?" Thompson said. "If the candidate is not specifically in charge of it, they can do whatever they want with the money in the state of Georgia."

Cagle's campaign directed all questions about the fund to its legal counsel, **Josh Belinfante**.

Belinfante said Georgia Conservatives Fund "is not there to support one person over another."

"The group is set up to support policy," he said. "It is not connected to a campaign."

While Cagle's campaign said he is not involved, until the middle of last year, the fund's email address was rebecca@caseycagle.com, the campaign email for his consultant.

Belinfante said the fund's aim is to "promote free-market, pro-growth policies." Under the law, the fund could promote the policies or proposals of Cagle or other candidates — using the same tools as a typical political campaign, he said. But it could not run TV ads or do mailings, for instance, explicitly telling Georgians to

vote for Cagle.

Ethics watchdogs questioned the fund's ramping up in the months leading up to the legislative session.

"Two million dollars in six months' time by corporations and interests who want something out of the General Assembly looks like they are trying to buy his influence," said Sara Henderson, the policy director for Common Cause Georgia.

The fund had raised about \$2 million more than it spent as of the end of 2016, according to an Atlanta-Journal Constitution analysis of Internal Revenue Service records.

Cagle has served as the Senate's president since 2007. In that role, he doesn't vote on bills. He plays a key role, however, in deciding which bills get a hearing in the chamber, particularly late in the session when lawmakers vote on dozens of bills, often with limited debate.

Cagle is already expected to be a fundraising powerhouse in the 2018 governor's race. He has raised more than \$11 million in contributions for previous statewide races, and he has long been the favorite of traditional statehouse donors.

But as a federal political organization, Georgia Conservatives Fund can receive unlimited donations, taking in checks much larger than Cagle could receive as a candidate. IRS records shows one Macon nursing home company contributed \$100,000 to the fund Nov. 29.

The state limit for Cagle's campaign would be \$17,100 if he had a primary, primary runoff and general election.

The fund took in its first money — \$40,000 from cigarette maker Altria and \$4,000 from nursing home giant Pruitt — in 2010. It started donating to candidates the next year.

Before July 1, the fund had raised about \$250,000 during its existence, and it spent more than half of it. Between July 1 and Dec. 31, it raised \$2.25 million, according to IRS filings. The General Assembly session began Jan. 9.

Belinfante said, "It started to take a much more active role last year, in part because we had the legislative session coming up."

Gov. Nathan Deal's team set up a similar fund, called Real PAC, to promote his agenda in the years leading up to his re-election campaign in 2014.

Many of the contributions to the fund came from typical donors to both Cagle campaigns and those of other state officials, such as Georgia Power, the beer distributors lobby, title pawn giant Titlemax, Hospital Corporation of America and lobbying groups such as McGuireWoods.

Cagle's campaigns have long had strong ties to developers, construction companies and real estate firms, and they donated about \$400,000. Nursing homes companies, who receive more than \$1 billion a year from the state to care for the elderly, gave an additional \$200,000. The Atlanta Braves chipped in \$2,500.

MGM Resorts contributed \$25,000. MGM has hired top lobbyists to push casino legislation, including Brad Alexander of McGuireWoods, who served as Cagle's chief of staff.

Gaming interests held a fundraiser for Cagle's campaign in November 2015.

Their efforts to pass a bill have been stymied, to a large extent, by opposition from Deal. Legislation stalled again this session, and it may not move until a new governor — possibly Cagle — takes office.

About its contribution, Lorenzo Creighton, the chief operating officer of MGM National Harbor, said, "MGM is committed to providing information, based on our industry experience, to Georgians as its leaders examine destination casino resorts and the expanded opportunities they create for employment, increased tourism and funding critical programs across the state."

About 40 auto dealers contributed from late October to mid-November, mostly on Nov. 3, according to the IRS records. Combined, the industry gave about \$100,000 to the fund, including \$6,000 from the Georgia Automobile Dealers Association, the new-car dealers' lobby. Association officials could not be reached for comment.

Auto dealers are traditionally big donors, but they had a special interest in legislation during the 2017 session.

The House approved a bill to cut taxes on leased vehicles and raise them on Georgians who buy used cars. New-car dealers had complained that higher taxes on leased vehicles had nearly killed the business, and that used-car buyers were getting an unfair deal on taxes. The used-car lobby fought the bill.

When it got to the Senate, both sides made their case to the chamber's leaders. In the end, on the last night of the session, the Senate backed only the leasing tax cut.

A state fiscal accounting of the change said it would cost the state, and save people who lease cars, \$227 million over the next five years.

Georgia Conservatives Fund also received \$25,000 from Colonial Group, which operates a collection of shipping, oil and gas businesses. The company and its president, Robert Demere, have been donors to Cagle campaigns in the past.

Backers said Demere planned to invest \$50 million to \$60 million into the big-boat business and was promising to create hundreds of jobs if lawmakers approved a sales tax break on yacht owners who get their ships refitted or repaired in Georgia. They said there is no huge yacht repair business in Georgia, and the tax break passed on the last night of the session. Deal signed it into law this week.

Alexander of McGuireWoods, who represented Colonial Group, said his lobbying firm is "active in the political process." It traditionally is a donor to the campaigns of top state leaders and political organizations.

"We support candidates on both sides of the political aisle," he added. "This particular group plans to be very active in supporting pro-business issues, and we are very happy to support their work."

Henderson of Common Cause Georgia said the timing of Georgia Conservatives Fund's fundraising acceleration — right before the 2017 session — is suspicious.

"It makes sense that he might be raising money for incumbent protection," she said. "But to me, this has everything to do with him running for governor, and he is using this political action committee to solicit funds while at the same time serving as lieutenant governor. They (donors) realize what they are doing is trying to

influence his decisions while he is in the session.”

But Belinfante said some of the same questions could be raised about virtually any political campaign.

“I don’t think there is anything unique to the Georgia Conservatives Fund that would raise that concern,” he said. “Luckily, the First Amendment protects that activity.”