



# **NAMES IN THE NEWS: KOCH INDUSTRIES**

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With Koch Industries' announced buyout of paper company Georgia-Pacific creating the country's largest privately held company, two prolific political contributors also join forces.

Koch Industries, a private company with diverse interests including oil, chemicals and fibers, announced the purchase of publicly traded Georgia-Pacific for \$13.2 billion on Nov. 13, 2005. Manufacturer of such well-known brands as Brawny,<sup>®</sup> Quilted Northern<sup>®</sup> and Dixie,<sup>®</sup> Georgia-Pacific also makes building products, office paper and cardboard packaging. The acquisition of Georgia-Pacific is projected to increase Koch Industries' profits to a total of more than \$80 billion, topping the former largest private company, Cargill Inc.<sup>1</sup>

Koch Industries and Georgia-Pacific have given more than \$2.7 million since 1999 in state-level politics across the country. Together they have contributed to state political party committees as well as campaigns in all three branches of state government in 34 states.

Since 1999, Koch Industries, its subsidiaries and co-owners have contributed more than \$1.13 million in 26 states. Koch Industries contributed the most, \$710,721. Of Koch's numerous subsidiaries, only two contributed in their own right:

- Flint Hills Resources, an oil refining company, gave \$17,050 in 2004 to Alaskan state legislative candidates and the Alaska Republican Party.
- Koch Cellulose, purchased from Georgia-Pacific in May 2004,<sup>2</sup> contributed \$1,000 to successful Georgia House candidate Earl Ehrhart in 2004.

Koch co-owner David H. Koch and his wife, Julia F. Koch, contributed \$397,000, more than half of the amount given by Koch Industries. Eighty-one percent of the money was contributed in New York and all to Republican candidates and parties. Charles G. Koch, CEO and co-owner of Koch Industries, contributed only \$5,000. All of his contributions funded losing Republican gubernatorial campaigns in 2002. Except for \$1,000 spent in California, all was contributed in Kansas.

#### **KOCH AND AFFILIATED CONTRIBUTIONS, 1999-2005**

<b>CONTRIBUTOR</b>	<b>AMOUNT</b>
Koch Industries	\$710,721
David H. Koch	\$331,500
Julia F. Koch	\$65,500
Flint Hills Resources	\$17,050
Charles G. Koch	\$5,000
Koch Cellulose	\$1,000
<b>TOTAL</b>	<b>\$1,130,771</b>

<sup>1</sup> Andrew Ross Sorkin, "Paper Maker Georgia-Pacific to be Sold to Koch," *The New York Times*, Nov. 14, 2005, sec. C, p. 1.

<sup>2</sup> Press Release, "Koch Industries to Acquire Georgia-Pacific for \$48 Per Share in Cash," [on-line]; Nov. 13, 2005; available from [http://www.kochnews.com/employee/news\\_release.asp](http://www.kochnews.com/employee/news_release.asp); Internet; accessed Nov. 16, 2005.

Koch Industries gave money in 22 states with 66 percent, or nearly \$470,000, going to Kansas and Texas. The company is headquartered in Wichita, Kan., and has many subsidiaries in Texas, including petroleum refineries.

In buying Georgia-Pacific, Koch Industries acquired a company that has contributed more than \$1.99 million to state races since 1999. Not suprisingly, more than one-third of Georgia-Pacific's contributions went to candidates and committees in its home state. Georgia-Pacific contributed in 22 states in addition to Georgia.

**TOP 10 RECIPIENT STATES, 1999-2005**

<b>STATE</b>	<b>AMOUNT</b>
<b>KOCH INDUSTRIES</b>	
Texas	\$249,782
Kansas	\$219,800
Oklahoma	\$78,375
Virginia	\$74,000
Louisiana	\$28,002
Georgia	\$10,450
Nebraska	\$10,000
Colorado	\$6,000
Florida	\$6,000
Wisconsin	\$5,400
<b>GEORGIA-PACIFIC</b>	
Georgia	\$760,126
Oregon	\$220,800
Louisiana	\$210,869
California	\$174,273
Virginia	\$166,911
Washington	\$103,800
Mississippi	\$87,800
Arkansas	\$77,887
Florida	\$55,500
South Carolina	\$39,500

**WHERE THE MONEY WENT**

Both Koch Industries and Georgia-Pacific contributed more than three-quarters of their money from 1999 to 2005 to party committees and state legislative and gubernatorial candidates. Koch Industries offered the most support, \$228,450 or about one-third of its contributions, to House and Assembly candidates. Georgia-Pacific, on the other hand, contributed more to state party committees — \$671,000, also one-third of its contributions.

Republicans received more money than did Democrats from both companies, but Georgia-Pacific spread its contributions more evenly. Koch Industries gave 22 percent of its contributions to Democrats and 78 percent to Republicans, while Georgia-Pacific gave 45 percent of its contributions to Democrats and 51 percent to Republicans. The remainder went to third-party candidates.

### *Contributions to Candidates*

Since Koch Industries contributed largely to Republicans and more generously to state candidates than party committees, it is no surprise that Koch gave Republican candidates more than three times the amount given to Democrats. Republican candidates received \$463,134, compared with Democrats' \$132,575.

Even though Georgia-Pacific gave more money overall to Republican causes, Democratic candidates actually received slightly more from the company than did Republican candidates. Georgia-Pacific contributed \$628,157 to Democratic candidates, compared with \$625,478 to Republicans.

### *Contributions to Political Party Committees*

Both Koch Industries and Georgia-Pacific supported their home state Republican Party committees with more funds than other party committees. Georgia-Pacific contributed \$275,500 to the Georgia Republican Party and also gave the Georgia Democratic Party \$201,050. Koch Industries, on the other hand, gave \$55,000 to the Kansas Republican Party but did not contribute to the state Democratic committee. Koch did, however, contribute \$7,500 to the Kansas Democratic legislative caucuses that work to elect state legislators, although the Republican counterparts also received \$8,250.

In addition to the support provided to Kansas and Georgia state parties, Koch Industries contributed to party committees in nine other states and Georgia-Pacific in 15 other states.

### TOP RECIPIENTS

While Koch Industries' top 10 recipients were mostly candidates, Georgia-Pacific contributed large amounts mostly to party committees. Eight of Koch's top 10 recipients were candidates, compared with just three of Georgia-Pacific's top recipients.

Although overall Koch Industries spent the most money on House races, only one House candidate, Rep. James E. (Pete) Laney, was a top recipient of Koch contributions. Rep. Laney, also the only Democratic candidate on the top 10 list, is a longtime member of the Texas House of Representatives and former House speaker.

Seven of Georgia-Pacific's top recipients during the study period were party committees, in five states. The Georgia Republican and Democratic state party committees far and away received the most money, a total of \$476,550. The Florida and Arkansas state Republican parties, as well as two legislative caucuses in Louisiana and one in Virginia, rounded out the party committees on Georgia-Pacific's list of top recipients.

Jerry W. Kilgore, the Republican 2005 Virginia gubernatorial candidate and former Virginia attorney general, is the only top recipient common to both Koch Industries and Georgia-Pacific. Koch Industries gave Kilgore \$30,000 for his unsuccessful gubernatorial bid, the only losing candidate among Koch's top 10 recipients. Georgia-Pacific contributed \$20,000 to Kilgore, \$10,000 for his 2005 race and \$10,000 while he was serving as attorney general.

**TOP 10 RECIPIENTS, 1999-2005**

<b>STATE</b>	<b>RECIPIENT</b>	<b>PARTY</b>	<b>OFFICE</b>	<b>STATUS</b>	<b>AMOUNT</b>
<b>KOCH INDUSTRIES</b>					
Kansas	Kansas Republican Party	R	Party Committee		\$55,000
Virginia	Jerry W. Kilgore	R	Governor	Lost	\$30,000
Texas	Rick Perry	R	Governor	Won	\$20,000
Texas	James E. (Pete) Laney	D	House	Won	\$18,000
Texas	David Dewhurst	R	Lt. Governor	Won	\$17,500
Texas	Greg Abbott	R	Attorney General	Did Not Run	\$15,000
Texas	Michael L. Williams	R	Railroad Commissioner	Won	\$12,000
Texas	Tom Craddick	R	House	Won	\$11,000
Nebraska	Nebraska Democratic Party	D	Party Committee		\$10,000
Louisiana	Jeffrey P. Victory	R	Supreme Court	Won	\$10,000
Virginia	Robert F. McDonell	R	Attorney General	Won	\$10,000
<b>GEORGIA-PACIFIC</b>					
Georgia	Georgia Republican Party	R	Party Committee		\$275,500
Georgia	Georgia Democratic Party	D	Party Committee		\$201,050
	Republican Legislative Delegation				
Louisiana	Campaign Cmte	R	Party Committee		\$29,715
Virginia	Commonwealth Victory Fund	D	Party Committee		\$25,500
Louisiana	House Democratic Campaign Cmte	D	Party Committee		\$20,200
			Governor/		
Virginia	Jerry Kilgore	R	Attorney General	Lost	\$20,000
Florida	Florida Republican Party	R	Party Committee		\$17,500
Oregon	Ted Kulongoski	D	Governor	Won	\$16,000
California	James L. Brulte	R	Senate	Won	\$11,750
Arkansas	Arkansas Republican Party	R	Party Committee		\$11,500