

# Tax Lobby Builds Ties to Chairman of Finance Panel

By ERIC LIPTON

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WASHINGTON — Restaurant chains like McDonald's want to keep their lucrative tax credit for hiring veterans. Altria, the tobacco giant, wants to cut the corporate tax rate. And Sapphire Energy, a small alternative energy company, is determined to protect a tax incentive it believes could turn algae into a popular motor fuel.

To make their case as Congress prepares to debate a rewrite of the nation's tax code, this diverse set of businesses has at least one strategy in common: they have retained firms that employ lobbyists who are former aides to Max Baucus, the chairman of the Senate Finance Committee, which will have a crucial role in shaping any legislation.

No other lawmaker on Capitol Hill has such a sizable constellation of former aides working as tax lobbyists, representing blue-chip clients that include telecommunications businesses, oil companies, retailers and financial firms, according to an analysis by LegiStorm, an online database that tracks Congressional staff members and lobbying. At least 28 aides who have worked for Mr. Baucus, Democrat of Montana, since he became the committee chairman in 2001 have lobbied on tax issues during the Obama administration — more than any other current member of Congress, according to the analysis of lobbying filings performed for The New York Times.

“K Street is literally littered with former Baucus staffers,” said Jade West, an executive at a wholesalers' trade association that relies on a former finance panel aide, Mary Burke Baker. “It opens doors that allow you to make the case.”

Like Ms. Baker, many of those lobbyists have already saved their clients millions — in some cases, billions — of dollars after Mr. Baucus backed their requests to extend certain corporate tax perks, provisions that were adopted as part of the so-called fiscal cliff legislation in January. Baucus aides who later became lobbyists helped financial firms save \$11.2 billion in tax deferments and helped secure a \$222 million tax benefit that is shared with the liquor industry.

Sean Neary, a spokesman for Mr. Baucus, said the senator had regularly rejected requests from those lobbyists for provisions benefiting their clients, like an appeal from one former aide, Pat Bousliman, now working as a wind industry lobbyist, to extend an alternative grant in lieu of tax credit program that expired in 2011.

Mr. Baucus's decisions are based on the merits of the policies, Mr. Neary said, not on who is advocating for them. “The fact is, oftentimes good policy can indirectly benefit someone,” he said. “That doesn't mean it shouldn't be done.”

The debate over the tax code — which has emerged as part of the two-year effort to stimulate the economy and reduce the deficit — could turn into a battle royal. While many members of Congress talk about lowering the corporate tax rate, replacing that lost revenue would require

eliminating many tax loopholes that legions of lobbyists, including many who had worked for other prominent lawmakers, make a living laboring to expand or defend.

Mr. Baucus, 71, the son of a wealthy Montana rancher, is somewhat of a wild card in the tax debate: he is the top Democrat in what arguably is the Senate's most powerful committee seat. The finance panel helps dictate how the government raises almost all of its money, and spends nearly half of it.

But he often bucks his party's leadership. Last month, for example, he voted against the Democrats' budget proposal for 2014, which included nearly \$1 trillion in new revenues. He also favored the Bush administration's tax cuts in 2001 for Americans including the wealthy, putting him at odds with many Democrats.

Mr. Baucus, who has spent nearly his entire professional career in Congress, declined a request for an interview. But Mr. Neary said that every action the senator takes is motivated by his commitment to voters.

"Every vote has to answer one question for him and that is: How is it impacting Montanans?" Mr. Neary said.

Several veteran Capitol Hill aides said it was naïve to suggest that former aides could extract special favors from their one-time bosses — unless what they were pushing for had broad support. But the former aides still bring an advantage to the corporations that hire them.

"It does mean you will have someone who knows how the levers of power are pushed or how to push the levers, and who can describe to you how situations are going to play out based on their years of experience," said Jim Manley, a former aide to Senator Harry Reid, the majority leader. Mr. Manley now works at a Washington lobbying and communications firm, QGA Public Affairs.

In recent interviews, four former aides to Mr. Baucus said that their ties to him heightened their appeal to potential clients. The link also helped justify their salaries, in some cases \$500,000 or higher, more than double or triple their Capitol Hill paychecks.

Former Senate aides who become lobbyists must wait a year before they can contact Mr. Baucus or his staff on behalf of a client, according to Senate ethics rules.

Staying active in their circle, one former aide said, also requires that they help Mr. Baucus's political career, through fund-raising and other assistance.

Several of the lobbyists regularly fly to Big Sky, Mont., for weekend fund-raising retreats that Mr. Baucus hosts, or attend more intimate events in Washington like a gathering last month near the Capitol, where Paul Wilkins, Mr. Baucus's chief of staff, talked about the millions of dollars Mr. Baucus will need to raise for his re-election campaign next year.

Among them, the top givers include Jeffrey A. Forbes, Mr. Baucus's former Finance Committee staff director, who has donated a total of at least \$25,000 to Mr. Baucus, his political action committee or the Montana Democratic Party. He attended the retreat in February at the Big Sky resort, which included skiing, snowmobiling and a big family dinner at Buck's T-4 Lodge. The totals grow much bigger — to hundreds of thousands of dollars — when donations from Mr. Forbes's clients, including Verizon and Altria, and other partners at his lobbying firm, are counted.

Mr. Wilkins said that the donations and fund-raising had been vital, noting that the nearly \$4.6 million expected in hand by the end of this month would rank Mr. Baucus's campaign chest among the top 10 in the Senate.

"It allows us to scare off opponents," Mr. Wilkins told the group, which included former Baucus aides turned lobbyists, at a Capitol Hill townhouse owned by Federal Express. "It is the basis of everything that we do. So thank you for your support and everything you have done for Senator Baucus." A New York Times reporter in attendance was asked to leave the private event.

Asked later about his comments, Mr. Wilkins said, "There is no expectation that former staffers do anything related to the office. They are private individuals, if they want to donate fine. If they don't want to donate, that is fine, too."

Mr. Baucus's office points out that the former aides who now work as tax lobbyists are a small fraction of those who have worked for him over the years. Still, several colleagues who have served more than two decades on the finance panel — including Orrin G. Hatch, Republican of Utah, and Charles E. Grassley, Republican of Iowa, both as ranking Republican or chairman — have much smaller networks of former aides who are tax lobbyists, according to the data collected by LegiStorm and the Center for Responsive Politics.

Republicans, though, imposed term limits on committee leadership posts more than a decade ago to help deter the creation of a so-called iron triangle among the chairman, federal officials and corporate lobbyists.

Mr. Baucus is viewed as an important ally when it comes to including corporate tax priorities into legislation. Last year, he introduced a plan — most of which was eventually passed into law as part of the fiscal cliff deal in January — that contained more than a dozen tax breaks, some of them pushed by clients who had retained Washington lobbying firms that employ his former aides or political advisers. Shannon Finley, who served as a political consultant and fund-raiser for Mr. Baucus before joining a lobbying firm in Washington, was hired in late 2011 by Beam, the liquor industry giant, to protect a federal tax break that it gets a cut of for producing its Cruzan rum in the United States Virgin Islands. Despite protests from fiscal conservatives that it was a giveaway, the provision was included in Mr. Baucus's package, costing \$222 million over the coming decade. Ms. Finley declined to comment.

The National Restaurant Association, whose board includes a senior McDonald's executive, had three former aides to Mr. Baucus working on tax-related matters, including Patrick Heck, who once held the post of chief tax counsel to Mr. Baucus. The association helped secure three

provisions in the January deal, worth an estimated \$5.9 billion over the next decade to restaurants and other companies. Elizabeth Garner, a Restaurant Association lobbyist, said Mr. Heck had expertise and relationships that proved helpful in their push.

With a debate on rewriting the tax code to streamline and simplify it expected to start this year — leaders in both the House and the Senate are working on their own drafts — lobbying could reach levels like that of the 2009 debate over health care, which also was overseen in part by the Senate Finance Committee, with Mr. Baucus at the gavel. His staff is already hosting meetings with industry lobbyists, academics and outside parties to get advice on the tax package that the Senate Finance Committee is trying to create.

Mr. Baucus's former aides will almost certainly be pushing competing plans. Some large corporations with relatively high corporate tax rates, like Verizon and Altria, have retained Mr. Forbes to help push for the overall cut in the tax rate, while others, like General Electric, which pays a relatively low rate, have a team of lobbyists including Ms. Finley to try to protect their various federal tax advantages.

Mr. Baucus's office said the senator's actions on the tax rewriting effort would be based on the bipartisan consensus that he was trying to build among the committee's members, not any special favors that individual industries wanted, even if they were represented by his former aides.

Bob Packwood, the former Republican senator from Oregon who was the chairman of the Senate Finance Committee in 1986 — the last time Congress passed broad legislation rewriting the tax code — said in an interview that former aides tended to have access to lawmakers, though he questioned how much influence they really had.

But one thing is certain: they will try.

“The lobbying will be tremendous,” he said. “As it was last time.”

Kitty Bennett contributed research.

This article has been revised to reflect the following correction:

Correction: April 9, 2013

An article on Sunday about former aides to Senator Max Baucus, Democrat of Montana, who became lobbyists described incorrectly a program Mr. Baucus's spokesman cited as an example of a request from a former aide that the senator had recently rejected. It was an alternative energy grant program, not an alternative energy loan guarantee program.