



Developer Dollars

*How Campaign Contributions
Overpower Growth Management
Efforts in North Carolina*

NCPIRG Education Fund

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Executive Summary

Big money in politics corrupts the process by which our laws get made. Major contributors are able to have a disproportionate impact on the outcome of elections, such that few reform-minded individuals win office. Too often, this means some of the state's most pressing environmental problems, like the state's disappearing open spaces and its increasing air pollution, don't get solved.

The North Carolina General Assembly's failure thus far in taking even small steps toward stopping sprawling development provides a clear example of how big money in politics can thwart popular reforms that would protect the state's environment and public health.

North Carolina loses over 400 acres of forest and farmland every day—the fifth fastest rate in the country. This in turn leads to degraded environmental conditions. Smog pollution triggers 240,000 asthma attacks across the state each year. Pavement covering the soil that once filtered our water causes two-thirds of North Carolina's water pollution. These problems are all results of the runaway, unplanned development known as sprawl.

The public overwhelmingly supports solutions to these problems. In many polls, North Carolinians have expressed a readiness to change the rules for growth to protect the state's natural heritage.

Individuals and industries that profit from sprawl development – developers, realtors, and construction companies – feel differently. They have invested vast sums of money in political campaigns, at least in part to guard against land-use reform. These campaign contributions from pro-sprawl interests totaled nearly \$8 million in the 2000 election cycle to North Carolina legislative and statewide candidates.

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made.

Campaign contributions from pro-sprawl interests included the following during the 2000 election cycle:

- \$5 million from builders, contractors, and developers.
- \$3 million from the real estate industry.
- \$400,000 from real estate and construction PACs.
- \$461,000 from the top three donors: \$217,000 from the Shelton Companies of Charlotte; \$132,000 from the Wilmington-based network of John Elmore, Henry E. Miller and Lionel Yow; and \$112,000 from attorney, developer, and new Board of Transportation member Lanny Wilson, also from Wilmington.

In the 2001-2002 legislative session, champions of land-use reform put forward several proposals to begin to curb sprawl. Recognizing the financial clout of the developers, they kept their reforms modest. Yet anti-reform legislators supported by developers and realtors have pushed aside even these modest measures, in most cases not even allowing debate on proposals.

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Land-use reforms should be debated on a level playing field. For this to happen, public officials must better reflect the opinions and diversity of the citizens of the state.

Public financing of elections would help to create a level playing field. In such a system, any candidate who has amassed the support of enough individual voters can be within striking distance of winning an election for state office. Once they qualify, candidates use public money for their campaigns, not money from special interests.

An effective public financing system must contain three key elements:

- Local fundraising requirements to ensure that candidates serve their constituents rather than out-of-district wealthy special interests.
- A qualification requirement of a large number of contributions at a level that ordinary citizens can afford.
- Matching funds to help publicly-financed candidates running against candidates funded by large amounts of private money.



Introduction: The Weight of Major Contributors

Cindy Watson's defeat by the hog industry is known to many Tar Heels. First elected in 1994, the Duplin County Republican led the fight in the North Carolina General Assembly to clean up polluting factory hog farms. In 1998, the hog industry selected John Manning, a Murphy Family Farms contract hog producer, to run against Ms. Watson in the primary. Donors related to Murphy Family Farms, Smithfield Foods, Prestage Farms, and other water polluters spent hundreds of thousands of dollars on media ads to attack Watson and funded 75% of Manning's campaign.¹ She couldn't keep up with her opposition's flood of money, despite wide support in her district, and narrowly lost the election.

The moneyed influence levied by one of the state's most powerful special interests in this instance is egregious, but not unordinary. Rather, it is one glaring example of a growing trend in the influence of special interest money in North Carolina politics. Wealthy individuals and special interests like the hog industry—with the ability to spend hundreds of thousands of dollars on political campaigns—are shutting out ordinary citizens from the democratic process.

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The Facts about Campaign Contributions

- Data from the North Carolina State Board of Elections shows most campaign money coming in large chunks from a wealthy few: In elections of the past decade, 90% of all campaign money in North Carolina came from less than 1% of the population.²
- In the 2000 Gubernatorial elections, 80% of all campaign money came from donors who were wealthy enough to give \$1,000 or more, while barely 2% came from donors who gave less than \$100.³

Nearly all observers agree that money largely determines election outcomes. As former NC Supreme Court Chief Justice, Jim Exum, has noted: “Without substantial sums of money or the ability to raise it, you don't have a meaningful voice and cannot win a campaign.”⁴ In the 2000 elections, the top-spending candidates won 87% of all races.⁵

Since the candidates with the most money win most of the time, average voters and the candidates they support are increasingly shut out of the process. At the same time, special interests, from the hog industry to the developers, are working to elect officials who will attend to corporate bottom lines more than to the public interest.



Threats to North Carolina's Forests, Farmlands, and Coast

North Carolina loses
over 400 acres of forest
and farmland every day,
the fifth fastest rate in
the country.⁸

From the Great Smoky Mountains to the Outer Banks, North Carolinians take pride in the state's natural beauty and its quality of life. With this appeal come new people, and with new people comes a wealth of cultural and economic opportunities. The North Carolina Office of Planning projects that the state will add 2 million people in the next 20 years.⁶ Between 1990 and 2000, North Carolina's population grew by over 20%, far exceeding the national growth rate.⁷

But the beautiful natural places and quality of life that newcomers seek—and natives have long relished—are rapidly disappearing.

The state's forests, farmlands, and unique coastline, so critical to the state's heritage, are under siege. According to the USDA, North Carolina loses over 400 acres of forest and farmland every day, the fifth fastest rate in the country.⁸ While the state's coastlines have long remained some of the most undisturbed in the country, new development encroaches upon them, too. The Wilmington metropolitan area's growth rate, 27% in the last decade, is second only to that of the Triangle.⁹

Quality of life is deteriorating along with our ecosystems. Smog pollution triggers an estimated 240,000 asthma attacks each summer.¹⁰ Officials estimate that 2/3 of the state's non-industrial water pollution is a result of pavement: toxic residue from gas stations and dry cleaners, once filtered by natural soils, are now running directly into our rivers, lakes, and streams.¹¹

These threats, from the loss of open space to increased air pollution, are linked by the phenomenon known as sprawl: unplanned growth that indiscriminately eats up open space and increases pollution. Developers of all stripes—from those who build golf courses, to Wal-Mart's, to townhouse communities, to other developments—benefit directly from buying and paving over cheap, undeveloped lands, while growing communities are left with the bill for more water and sewer systems and other public services. Wake County, for example, spends \$1.48 for school and non-school expenditures on every dollar that new residential development creates in tax revenue. In Chatham County, 1998 expenses due to new growth exceeded tax income from the same growth by nearly \$4 million.¹²



Preserving North Carolina's Natural Heritage

The solution to sprawl is not to stop development or the state's growth in population. Instead, we must change the rules for growth—so that it benefits the public and the environment, not just developers, realtors, and construction companies.

Principles of Reform

Public policy that would successfully preserve our state's natural heritage and quality of life would:

- **Preserve Open Space.** Strengthen public funding and ownership of valuable open spaces, including barrier island habitats, wetlands, forests, farmlands, and urban parks and greenways. Since 1996, the Clean Water Management Trust Fund has already protected 1560 miles of open space lining rivers and streams across the state.¹³ But millions more acres of open space still warrant protection.
- **Increase Transportation Options.** Curb beltways and other sprawling highway projects that would fragment open space, while expanding alternative forms of transportation. The state spends 100 times more taxpayer dollars on its highway system than on public transportation.¹⁴ North Carolina needs a dedicated source of funding for public transportation development.
- **Promote Local Citizen Control.** Increase local citizen and government control over development decisions in communities, and encourage regional, coordinated planning between towns, cities, and counties. Generally, local municipalities currently need approval from the N.C. General Assembly to enact any new local growth-management tools.
- **Stop Subsidizing Sprawl.** End taxpayer subsidies for sprawling developments, including roads and other services, which threaten forests, farmlands, and wetlands. Instead, require developers building outside the scope of existing infrastructure to pay "impact fees" to cover the costs of the new roads, schools, sewer lines, and other public services.
- **Invest in Existing Towns and Cities.** Redirect growth into existing and developed communities through a combination of urban growth boundaries, stronger land use planning requirements, and public reinvestment in cities. Some downtowns have underutilized infrastructure and space. North Carolina should promote investments in these communities rather than the creation of new infrastructure, gobbling up more space.



Broad-Based Support for Good Land-Use Policy

North Carolinians value their natural heritage and believe it is possible to preserve it. Throughout the state and across the country, poll after poll demonstrates that citizens are ready to change the rules for growth.

Sprawl is a major concern in North Carolina:

- Almost two-thirds of North Carolinians in a recent survey by the American Planning Association favored stronger laws to manage growth.¹⁵
- A recent Raleigh poll showed that voters there believe the most important problem in their city is “overpopulation/growth.” Second is the related problem of traffic.¹⁶
- A survey in Cary found that “traffic/roads/congestion” was people’s highest concern, while “growth/too much, too fast” was second.¹⁷
- A poll in Currituck County found that the primary goal of residents was to preserve their communities’ rural character.¹⁸

Americans overwhelmingly support sprawl control measures:

- A 2000 poll conducted by the Pew Center for Civic Journalism found that sprawl was tied with crime as the top local issue on people’s minds across the U.S., well ahead of traditional hot button issues like the economy and education.¹⁹
- A 2000 Smart Growth America survey found that 78% of Americans want state officials to adopt growth control measures.²⁰
- In the 2000 general election, Americans voted on 208 sprawl-control ballot measures – mostly land conservation funding and growth limits – and approved 84% of them.²¹



Special Interests Influence North Carolina Elections

Despite broad-based support and a clear benefit to public well being and our environment, developers, realtors, and construction companies have been largely successful in quelling comprehensive reform of the state's land-use policies.

In 2000, the NC General Assembly adopted former Governor Jim Hunt's "Million Acres Initiative," the open-space measure that set a goal of preserving one million acres across the state by 2010. Yet lawmakers did not approve a dedicated source of funding for the initiative, leaving private land-trust groups and the state's existing natural resource trust funds the burden for meeting this goal.

In 1999, lawmakers also approved the establishment of a "Smart Growth Study Commission," whose recommendations were due for release in time for consideration by lawmakers in the 2001 session. In a legislature dominated by pro-sprawl interests, a study commission to address the state's uncontrolled growth was the best pro-reform lawmakers could enact.²²

Building on their past success of thwarting meaningful reforms in spite of broad public support, developers, realtors, and construction companies gave broadly and deeply to candidates running for office in the 2000 elections.

Summary of Contributions from Pro-Sprawl Interests

Donors from industries with a vested interest in increasing sprawl – construction and real estate – contributed nearly \$8 million to North Carolina legislative and statewide campaigns in 1999-2000. 50% of this money went to the gubernatorial candidates, 11% to State Senate candidates, 12% to candidates for the State House of Representatives, and 15% to candidates for statewide office other than governor. In addition, 6% of this money went to other political committees, most of which was then redistributed to candidates. (See Table 1.)

63% of this money came from the construction industry – \$4.7 million from owners and employees of construction companies and \$252,000 from their PACs. The other 37% came from the real estate industry – \$2.8 million from business owners and employees and \$148,000 from their PACs.

Contributions from PACs

Political Action Committees (PACs) sponsored by industry associations are a major avenue of influence for pro-sprawl forces.

The North Carolina Homebuilders PAC had the most financial clout among these pro-sprawl PACs. This PAC mustered \$179,000 in political money in 1999-2000. Close behind was the North Carolina Realtors PAC, which contributed \$149,000. Sixty percent of this PAC money went to candidates for the State House of Representatives. (See Table 2.)

The dominance of these PACs in North Carolina is not new. In the 1998 election cycle, the North Carolina Homebuilders PAC and the North Carolina Realtors PAC were the second and third biggest contributors overall. The two PACs contributed a combined \$262,225 in that election cycle.²³

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Top Contributors

One hundred pro-sprawl companies were linked to \$13,500 or more in contributions to North Carolina legislative and statewide candidates in the 2000 election cycle, for a total of \$3.7 million.

Donors affiliated with the Shelton Companies, an investment and real estate firm in Charlotte, were collectively the largest pro-sprawl contributor in the 2000 North Carolina election cycle. These donors gave \$217,000 to candidates and committees, more than the total from the largest PAC. The second largest donor group related to real estate and development is the Wilmington-based network of John Elmore, Henry E. Miller and Lionel Yow; the Elmore-Miller-Yow triad operates in multiple ventures together, including political fundraising and real estate development. Their combined total is \$132,000. Attorney, developer, and new Board of Transportation member Lanny Wilson, also from Wilmington, is number three on the list with \$112,000 in contributions. (See Table 3.)

Other Board of Transportation appointees among the largest developer and real-estate donors include G.R. Kindley of Rockingham (Southern Builders) at \$51,575, Paul Waff of Edenton at \$29,600, and Collice Moore of Greenville at \$29,150.

Shelton Company donors were collectively also the highest donor to the gubernatorial candidates, with a total of \$99,000. They were followed by Waterfront Properties, a large real estate company based in Charleston, with \$64,000, and Elmore, Miller & Yow, with \$63,000. The twenty companies who contributed \$20,000 or more to gubernatorial candidates gave a combined \$736,000. (See Table 4.)

Donors from Elmore, Miller & Yow also top the list of pro-sprawl donors to 1999-2000 candidates for seats in the North Carolina legislature, followed very closely by Lanny Wilson of Wilmington. The third highest was Clark Properties, a development company out of Lincoln. (See Table 5.)

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Table 1: Contributions by Pro-Sprawl Industries

Donor Type	State House	State Senate	Governor	Other Statewide Offices	Parties	PACs	Total
Real Estate Companies	\$312,160	\$260,177	\$1,501,618	\$419,601	\$104,861	\$214,824	\$2,813,241
Construction/Contractors	165,550	211,821	1,147,139	301,927	61,224	112,721	2,000,382
Commercial Developers	152,330	184,989	769,677	343,645	153,570	52,935	1,657,146
Residential Builders	100,854	100,125	556,345	133,525	78,525	107,171	1,076,545
Builders' PACs	100,400	50,616	6,500	11,000	3,500	6,770	178,786
NC Realtors PAC	99,600	43,050	2,000	206	3,000	945	148,801
Other PACs	41,960	20,700	1,300	2,800	2,500	4,280	73,540
Totals	\$972,854	\$871,478	\$3,984,579	\$1,212,704	\$407,180	\$499,646	\$7,948,441

Table 2: Contributions by Pro-Sprawl PACs to Candidates and Political Committees

Donor PAC	State House	State Senate	Governor	Other Statewide Offices	Parties	PACs	Total
NC Homebuilders PAC	\$100,400	\$50,616	\$6,500	\$11,000	\$3,500	\$6,770	\$178,786
NC Realtors PAC	99,600	43,050	2,000	206	3,000	945	148,801
Shelter Providers PAC	17,000	9,500					26,500
North Carolina Construction Industry PAC	15,660	3,700	800	2,800	2,500	250	25,710
Home Builders of Durham and Orange County PAC	9,300	7,500	500			4,030	21,330
Totals	\$241,960	\$114,366	\$9,800	\$14,006	\$9,000	\$11,995	\$401,127

Table 3: Top Real Estate, Development, and Construction Contributions to Candidates and Political Committees

Donor PAC	State House	State Senate	Governor	Other Statewide Offices	Parties	PACs	Total
The Shelton Companies	\$13,450	\$13,500	\$99,350	\$48,425	\$38,000	\$4,400	\$217,125
Elmore, Miller & Yow	19,250	21,457	62,750	25,550	1,000	2,000	132,007
Lanny Wilson, Developer	8,620	31,662	30,925	30,298	7,750	3,100	112,355
Waterfront Properties			64,000		27,000		91,000
The Crosland Group	19,300	6,950	40,450	9,025	5,000	10,000	90,725
Mills Construction	5,750	15,250	23,900	39,250	2,000		86,150
Pearsall Construction	9,200	11,750	33,000	29,600	2,000		85,550
Cameron Harris & Co.	16,200	2,750	16,000	21,350	26,200	250	82,750
Zimmer & Zimmer	1,500	16,000	36,000	9,000	12,000		74,500
Lincoln Harris	12,750	4,750	29,000	17,950	2,000	1,500	67,950
McCotter Family, Developers	3,000	21,000	22,500	14,000	3,000		63,500
Spangler Construction		500	55,000	5,250	1,000		61,750
Vannoy & Sons Construction	5,500	5,000	47,850	2,225	1,000		61,575
William Armfield	6,150	13,600	15,700	16,000	9,000		60,450
Nick Garrett Inc.	2,500	16,000	25,500	10,250	5,000		59,250
Southern Builders	1,000	3,500	36,000	11,075			51,575
Grubb & Ellis/ Bissell Patrick	10,025	3,900	23,793	6,850	2,300	2,405	49,273
Barnhill Contractors	1,200	13,000	17,950	10,200		5,750	48,100
Biznexus	300	1,250	9,000	8,000	21,000	3,175	42,725
Allen Tate Co.	16,273	1,950	14,550	1,450	2,366	3,450	40,039
Totals	\$151,968	\$203,769	\$703,218	\$315,748	\$167,616	\$36,030	\$1,578,349

The twenty companies who contributed \$20,000 or more to gubernatorial candidates gave a combined \$736,000.

(See Table 4.)

Table 4: Top Pro-Sprawl Contributors to the Gubernatorial Race

Company	Amount
The Shelton Companies	\$99,350
Waterfront Properties	64,000
Elmore, Miller & Yow	62,750
Spangler Construction	55,000
Vannoy & Sons Construction	47,850
The Crosland Group	40,450
Southern Builders	36,000
Zimmer & Zimmer	36,000
Pearsall Construction	33,000
Lanny Wilson, Developer	30,925
Lincoln Harris	29,000
Nick Garrett, Inc.	25,500
Mills Construction	23,900
Grubb & Ellis/Bissell Patrick	23,793
The Dowd Company	23,450
McCotter Family, Developers	22,500
Howard Management Group	21,600
Collice Moore & Associates	21,250
S.T. Wooten Construction	20,134
Robert Swain Company	20,000
Total	\$736,452

Table 5: Top Pro-Sprawl Contributors to State Legislative Candidates

Company	State House	State Senate	Total
Elmore, Miller & Yow	\$19,250	\$21,457	\$40,707
Lanny Wilson, Developer	8,620	31,662	40,282
Clark Properties	33,328		33,328
The Shelton Companies	13,450	13,500	26,950
The Crosland Group	19,300	6,950	26,250
McCotter Family, Developers	3,000	21,000	24,000
Mills Construction	5,750	15,250	21,000
Pearsall Construction	9,200	11,750	20,950
William Armfield	6,150	13,600	19,750
Cameron Harris & Co.	16,200	2,750	18,950
Nick Garrett, Inc.	2,500	16,000	18,500
Allen Tate Company	16,273	1,950	18,223
Zimmer & Zimmer	1,500	16,000	17,500
Lincoln Harris	12,750	4,750	17,500
Carotek	14,500	2,000	16,500
Barnhill Contractors	1,200	13,000	14,200
Grubb & Ellis/Bissell Patrick	10,025	3,900	13,925
Great Meadows, Inc.	8,450	2,700	11,150
Vannoy & Sons Construction	5,500	5,000	10,500
Swain & Associates	3,750	6,000	9,750
Totals	\$167,271	\$176,619	\$343,890

Top Recipients

The present North Carolina legislature is almost entirely composed of recipients of pro-sprawl dollars, with 96% of the members having received donations from these industries.

Candidates for the legislature were also vastly more successful when funded by pro-sprawl interests. 96% of winning candidates received pro-sprawl dollars in 2000, compared to only 46% of losing candidates. In total, pro-sprawl interests gave \$1.4 million to winning candidates for the legislature in the last election cycle, compared to \$511,000 given to losing candidates.

In the State Senate, winning candidates raised \$673,000, as opposed to only \$203,000 raised by losing candidates. Marc Basnight (D-Dare) was the top recipient of sprawl dollars in the Senate, with \$286,000. The top fifteen Senate candidate fundraisers from pro-sprawl interests all raised more than \$14,000 each, for a total of \$661,000. (See Table 6.)

In the House, winners raised \$666,000 from these industries. The top sprawl fundraiser was Jim Black (D-Mecklenburg), with \$160,000. The top fifteen pro-sprawl fundraisers for House seats each raised more than \$13,000, for a total of \$479,000. (See Table 7.)

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Table 6: Top Ten Senate Candidate Recipients of Pro-Sprawl Dollars

Candidate	Party	Winner	Total
Marc Basnight	D	W	\$286,380
Louise McColl	D	L	74,798
Scott Thomas	D	W	41,200
Tony Rand	D	W	29,500
Fountain Odom	D	W	28,875
Al Wheeler	D	L	28,386
Patrick Ballantine	R	W	28,095
A B Swindell	D	W	26,275
Robert Rucho	R	W	19,525
Howard Lee	D	W	19,150
Kay Hagan	D	W	18,050
Wiley Wooten	D	L	16,850
Edward Warren	D	W	14,950
John Kerr	D	W	14,700
Steve Metcalf	D	W	14,168
Total			\$660,902

Table 7: Top Ten State House Candidate Recipients of Pro-Sprawl Dollars

Candidate	Party	Winner	Total
Jim Black	D	W	\$159,800
Ed McMahan	R	W	52,700
David Miner	R	W	39,250
David Clark, Jr.	D	L	35,778
Constance Wilson	R	W	22,975
Philip Baddour	D	W	20,850
John Bridgeman	D	L	20,623
Julia Howard	R	W	18,200
Harold Brubaker	R	W	18,050
David Redwine	D	W	16,850
Edd Nye	D	W	16,500
Andy Dedmon	D	W	15,250
Ronald Smith	D	W	15,000
Lanier Cansler	R	W	13,850
Bill Caster	R	L	13,105
Total			\$478,781

Chairs of Key Committees

Pro-sprawl interests steered much of their money to the chairs of key committees in the legislature in the 2000 election cycle. Committee chairs and ranking minority members of committees in both houses that are influential on growth management received a total of \$252,000 from pro-sprawl industries.

In the Senate, chairs and ranking minority members of influential committees received \$191,000 from the pro-sprawl lobby. Chairs and ranking minority members of the various appropriations committees received \$105,000 of that money. The chairs and ranking minority members of the Rules and Operation of the Senate Committee received \$31,000. (See Table 8.)

Pro-sprawl interests also donated \$61,000 to the chairs of influential committees in the House, with a total of \$49,000 going to the chairs of three key committees. (See Table 9.)

Chairs and ranking minority members of these influential committees in the legislature received almost 18% of all of the pro-sprawl dollars contributed to winning candidates for the legislature.

Pro-sprawl interests steered much of their money to the chairs of key committees in the legislature in the 2000 election cycle.

Table 8: Pro-Sprawl Dollars Raised by Chairs and Ranking Minority Members (RMMs) of Influential Senate Committees

Committee	Total Raised by Chairs	Total Raised by RMMs	Total
Appropriations IT	\$3,725	\$4,350	\$8,075
Appropriations Justice	4,700	400	5,100
Appropriations on General Government		1,600	1,600
Appropriations on Transportation	2,800	2,300	5,100
Appropriations Natural and Economic Resources	5,350	4,550	9,900
Appropriations on Health and Human Services		1,250	1,250
Appropriations on Education	11,590	1,900	13,490
Appropriations/Base Budget	60,450		60,450
Finance	14,700	1,600	16,300
Rules and Operation of the Senate	29,500	1,250	30,750
Judiciary I	5,150	2,300	7,450
Commerce	6,500	2,300	8,800
Education/Higher Education	14,490	1,600	16,090
Agriculture/ Environment/ Natural Resources	4,450	1,900	6,350
Totals	\$163,405	\$27,300	\$190,705

Table 9: Pro-Sprawl Industry Dollars Raised By Chairs of Influential House Committees

Committee	Total Raised by Chairs
Appropriations	\$21,400
Finance	3,400
Rules, Calendar, and Operations of the House	8,950
Education	2,250
Transportation	6,650
Environment and Natural Resources	18,750
TOTALS	\$61,400



The Fate of Recent Legislation

Despite broad-based support and a clear benefit to public well being and our environment, developers, realtors, and construction companies have been largely successful in quelling comprehensive reform of the state's land-use policies.

Many of the legislators who won their seats thanks to the financial support of pro-sprawl special interests already think like their donors and are not inclined to support reforms. And even legislators with the best intentions don't want to become the next Cindy Watson, defeated by pro-sprawl special interests.

Because campaign contributions are allowed to flow in amounts that no ordinary voter could afford, these dynamics dominate the North Carolina political landscape.

In this context, champions for land-use reform put forward several proposals to help curb sprawl in the 2001-2002 session. Recognizing the financial clout of the developers, they kept their reforms modest. But in a legislature so closely tied to pro-sprawl interests, even these moderate measures went nowhere.

Legislators entertained debate on only a few measures designed to help the state manage its growth, and enacted none.

Preserve Open Space. Senator Fountain Odom (D-Mecklenburg) and Representative Pryor Gibson (D-Montgomery) both introduced legislation in 2000 to create an "Open Space and Farmland Conservation Trust Fund," funded by an increase in the excise tax on the transfer of property in North Carolina. Funds from the trust fund would be used to preserve open space, forests, farmlands, streamside buffers, and greenways, and would be a dedicated source of funding to help the state reach its goal of preserving one million acres of forests, farmlands, and other open spaces by 2010.

Senate Bill 950 was referred to the Senate Finance Committee and never taken up for debate. House Bill 1058 was referred to the House Environment and Natural Resources Committee, but Representative Gibson did not call the bill for a hearing before his committee.

Increase Transportation Options. "Improve Air Quality with Local Plan," H 1226, introduced by Representative Joe Hackney (D-Orange) in April 2001, aimed to decrease the automobile pollution associated with sprawl. Under the provision, communities with serious air pollution problems would need to develop plans to improve their air quality by reducing automobile traffic. The bill would require these communities to consider including many key principles of managing growth: directing transportation infrastructure to high-density communities, and high density-communities to existing transportation infrastructure; investing in existing cities and communities; and increasing transportation infrastructure and limiting unnecessary highway development. Anticipating opposition from pro-development and pro-highway interests, Representative Hackney did not mandate that communities employ any of these pro-growth principles in their plans or their implementation of them; rather, communities only had to consider them.

H 1226 was referred to the House Transportation Committee, and was never calendared for discussion.

Because campaign contributions are allowed to flow in amounts that no ordinary voter could afford, these dynamics dominate the North Carolina political landscape.

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Promote Local Citizen Control. A second bill of Representative Hackney’s took a similar path. H 1344, “Developments of Regional Impact,” would require agencies authorized to approve new developments to consider the regional impacts of the development. State, regional, and local agencies whose plans would be affected by new development would be allowed to participate in decision-making regarding new developments. Authorized agencies would be required to review environmental impacts and cost of new infrastructure that new developments would bring.

The House Environment and Natural Resources Committee heard a summary of H 1344 on April 24, but did not hear debate or vote on the bill.

Stop Subsidies for Sprawl. One of the best examples of how pro-sprawl interests have been able to stop debate on land-use reforms is the fate of eleven “impact fee” bills in the NC General Assembly in 2001. Local governments impose impact fees on developers to offset the costs of additional public services and added municipal infrastructure that new developments require.

Currently, most local municipalities in North Carolina have the authority to assess impact fees for sewer and water infrastructure. However, to assess fees for others costs, such as renovating or constructing schools, many municipalities must get approval from the NC General Assembly. Many local projects require approval from the NC General Assembly, and legislators typically vote on these requests according to the wishes of the local delegation.

In 2001, Representatives Weiss (D-Wake), Insko (D-Orange), Hackney (D-Orange), Michaux (D-Durham), Miller (D-Durham), and Hensley (D-Wake) introduced seven local “impact fee” bills; and Senators Gulley (D-Durham), Kinnaird (D-Orange), and Lucas (D-Durham) introduced four.

In the House, all but one of the impact fee bills were referred to the Committee on Rules and Operations of the House. In the Senate, all impact fee bills were referred to the Finance Committee.

Remarkably, despite agreement between local delegates, out of the eleven local impact fee bills introduced in the House and the Senate, only *one* of these impact fee bills, H836, sponsored by Representative Paul Miller (D-Durham), was calendared for debate in 2001, and even this was not called for a vote. Miller’s bill was referred to House Finance rather than to the Rules Committee.

Despite support from nearly all of the local delegations of Orange and Chatham Counties, Durham, and Cary; pro-sprawl interests, who are frequently on record in opposition to impact fees, through their ties to powerful committees, were able to stop these “local” bills—types of bills routinely approved by the NC General Assembly.



The Solution: Voter-Owned Elections

The disproportionate influence of pro-sprawl interests over who gets elected to office is a clear barrier to the enactment of land-use reforms in the public interest.

Armed with public support for and confidence in practical solutions to sprawl, environmental groups, land trust groups, and other public interest groups will continue to strive for land-use reforms through the legislature, the administration, and even the courts. Without a doubt, the battles of these groups would be more winnable if the officials they needed to influence better reflected the opinions and diversity of the citizens of the state.

Public financing of elections opens and levels the playing field, so that any candidate who has amassed the support of enough individual voters in his or her district can be within striking distance of winning an election for state office. Once they qualify, candidates use public money, not money from special interests, in their campaigns. Voters in Maine, Massachusetts, and Arizona have already approved similar public financing measures.

The disproportionate influence of pro-sprawl interests over who gets elected to office is a clear barrier to the enactment of land-use reforms in the public interest.

An effective system of voluntary public financing must include three fundamental provisions:

- **Require local-voter fundraising.** Local voter fundraising requirements limit the influence of special interests that now can spread their money around the state, and ensure that a candidate is truly serving his constituents, rather than these out-of-district special interests and wealthy individuals. Individuals who cannot vote for a candidate or do not live in his community should not be able to contribute to his campaign.
- **Require a minimum number of small contributions, at a dollar level that ordinary citizens can afford.** In order to qualify for public funding, a candidate must prove that she has the support of a substantial number of voters in her district by raising a large number of contributions under \$150 [oh my; no chance of advocating for \$100, I suppose]. Once she has qualified, the candidate may not accept any money except public funds.
- **Provide for matching funds.** While requiring an overall limit on spending, public financing also provides for the possibility that special interests may continue to funnel money into elections. If a qualifying candidate is outspent by a privately funded opponent, he can receive up to double the normal public funds available for campaigns.

In August, despite bill co-sponsorships from 50 Representatives and 23 Senators, the Senate leadership chose not to get behind SB 1054, the NC Voter-Owned Elections Act. Lawmakers will therefore take up this measure in 2002.

This month, the recommendations of the “Smart Growth Study Commission,” were made public at long last. Lawmakers in 2002, therefore, will have the opportunity to follow some of the recommendations of the Commission to protect the state’s forests and farmlands.

Methodology

Campaign contributions data for this report was obtained from the North Carolina Board of Elections in July 2001. This data includes all contributions to state candidates (excluding judicial candidates), PACs, and parties reported to the Board of Elections for the 2000 election cycle.

The BOE data is organized in separate spreadsheets for each recipient committee. This data was converted to database format and compiled into one master database.

Contributions and contribution totals by companies referred to in this report reflect contributions made by owners, executives, employees, their family members and the PACs of these companies, not the companies themselves.

Special thanks to Democracy South for its detailed analysis of major donor contributions.

The status of growth management legislation was verified through a search of House and Senate calendars on the NC General Assembly website, <http://www.ncga.state.nc.us>. Special thanks to David Knight, lobbyist for the Sierra Club and the Trust For Public Land, who reviewed the "Fate of Recent Legislation" section of the report.

Endnotes

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- ¹⁵ Associated Press, *Report: North Carolina Among Fastest-Developing States*, 1 December 2000.
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- ¹⁸ Patrick Lackey, "With Bypass Open, N.C. County Will Test Growth Control," *The Virginian-Pilot*, 25 May 2001.
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- ²⁰ Smart Growth America, *Greetings from Smart Growth America*, 2000.
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- ²² Two pro-reform legislators, Rep. Joe Hackney and Sen. Howard Lee, chaired the commission. Representatives from the American Lung Association and the Sierra Club had seats on the commission along with representatives from the NC Homebuilders Association.
- ²³ Mark Dixon, National Institute of Money in State Politics, *1998 North Carolina Legislative Elections Analysis*, May 2000.

