

Why Two Rich Men from Kansas Want to Dismantle Maine's Renewable Energy Policy...

...And Why YOU Should Care

Maine People's Alliance

Maine's Majority Education Fund

Maine Conservation Alliance

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Are We Debating Renewable Energy or the Koch Brothers' Profits?

Maine's Renewable Portfolio Standard (RPS) requires 30 percent of the state's energy providers' electricity sales to come from renewable resources, such as wind, solar, biomass, geothermal, and hydroelectric power.

Investing in Maine's renewable energy is good for our economy as well as our environment. The existing RPS has led to tremendous investment in Maine by renewable energy companies, which, according to a London Economics International study, totaled more than \$2 billion in the last 10 years. These companies are paying more than \$17 million annually in property taxes, and employing more than 2,500 Mainers.¹

Maine's RPS creates jobs, cuts down on harmful pollution, and keeps more of Mainers' energy dollars in the state. Despite the positive effect the RPS has had on our economy – and its ongoing potential to make Maine a leader in renewable energy development – Governor Paul LePage and his allies in the Legislature have teamed up with out-of-state interests to weaken the RPS substantially. This report seeks to answer the question of why. Why would certain interests oppose the broad based success of renewable energy efforts in Maine?

We examine the ways in which one of those out-of-state interests, Koch Industries and its multibillionaire owners, Charles and David Koch, have worked with Maine policymakers to undermine the RPS and to influence energy policy in Maine. When we look at the role played by these out-of-state corporate interests we ask ourselves this question: Are we really having a debate about the pros and cons of renewable energy, or are a few billionaire CEOs worried about making just a little bit less money?

Who are the Koch Brothers?

Koch Industries has estimated annual revenues of one hundred billion dollars, with interests in oil, refining, pipelines, paper, carpet, textiles and lumber. It is the second largest private company in the US.² It is also one of the nation's largest air polluters, pumping an estimated 300 million tons of carbon into the atmosphere every year.³

The Kochs pour large sums of money into states like Maine to attempt to weaken environmental standards for air and water quality and land protection. In putting together this report we have learned a great deal about the way the Koch network operates. Because the Kochs spend through foundations, think tanks and front groups, citizens are in the dark about the Koch connections in their state.

¹ London Economics International, MPUC RPS Report 2011- Review of RPS Requirements and Compliance in Maine January 30, 2011.

² Andrea Murphy, America's Largest Private Companies, (*Forbes*, November 28, 2012).

³ Political Economy Research Institute, Toxic 100 Air Polluters, March 2010.

How the Koch Brothers Have Infiltrated Maine's Policy

The Kochs affect Maine's public policy through local and national front groups, a national public policy organization, and direct and indirect contributions to candidates and lawmakers who are friendly to their agenda.

Local Front Groups

The Kochs work within Maine through two primary organizations, the Maine Heritage Policy Center (MHPC) and Americans for Prosperity-Maine (AFP Maine). Both are local affiliates of national organizations with direct ties to the Kochs. MHPC's parent, the Heritage Foundation, received more than \$4.5 million from the Kochs between 1997 and 2011.⁴ Between 2005-2009, the AFP Foundation received \$5.5 million from Koch and the Koch-connected Lambe Foundation.⁵

MHPC's 2010 revenues exceeded \$1 million, allowing the organization to employ seven staff and operate a conservative-leaning news service called the Maine Wire. As recently as 2011, MHPC employed an individual from the Koch Summer Fellows program. Maine Heritage Policy Center is also part of the State Policy Network, a national network of conservative think tanks, which has a history of also receiving financial support from the Koch-connected Lambe Foundation.⁶ MHPC coordinates the release of information with other like-minded organizations to promote certain policy positions.

Because AFP is a national organization with a Maine chapter, it's unclear exactly how much the organization spends in our state. The Kochs' connection to AFP is well documented.⁷ The Kochs have donated upwards of \$14 million to AFP since its inception.⁸ AFP Maine similarly coordinates the distribution of information and policy positions promoted by other organizations in the Koch network. In particular, they promoted Maine Heritage Policy Center's release of Beacon Hill Institute (BHI) research which advocated against the state's renewable energy policy (see below for more on BHI).

National Front Groups and Public Policy Organizations

Koch-funded organizations like the American Legislative Exchange Council (ALEC), the Heartland Institute, and BHI have also sought to influence public policy in Maine.

The Kochs advance policy through their legislative arm, ALEC, a membership organization that drafts conservative model bills in hopes of adoption in state legislatures around the country.⁹

⁴ [Koch Industries Climate Denial Front Group, The Heritage Foundation](#) (Greenpeace.org).

⁵ AFP Foundation and Lambe Foundations IRS 990s, as reported by Foundation Directory.

⁶ SourceWatch.org, [SPN Members](#).

⁷ Peter Overby, [Who's Raising Money For Tea Party Movement?](#), (NPR, February 19, 2010).

⁸ Kevin Grandia, [The Big Money Behind Americans for Prosperity](#) (DeSmogBlog.com, February 26, 2009).

⁹ [Who is Writing Maine's Laws?](#) (Maine's Majority Education Fund, March 15, 2012).

ALEC's influence in Maine is clear. During the 125th Legislature, more than 20 ALEC-linked bills were introduced in Maine, including LD 1810 (the "Takings Bill"), which would have undermined current and future laws that protect our water, land, wildlife and public health. The Kochs have given hundreds of thousands to ALEC, including at least \$200,000 in 2011 alone.¹⁰

The Heartland Institute, a libertarian think tank that denies climate change, received \$55,000 from Koch foundations through 2011 (the most up-to-date year for which we have data).¹¹ In Maine and other states around the country, the Heartland Institute has partnered with ALEC to introduce and build public support for legislation designed to dismantle renewable energy standards like Maine's Renewable Portfolio Standard (RPS).¹²

Suffolk University, in Massachusetts, houses the Beacon Hill Institute (BHI). Suffolk University has received, through 2010, \$817,000 from the Koch Foundation.¹³ BHI has released a number of reports in recent years that have come under increased scrutiny for biased methods.¹⁴

Over the past two years, the Koch brothers and their proxies have worked to undermine Maine's RPS through a campaign co-sponsored by the Heartland Institute and ALEC. Governor LePage and his allies, including Sen. Thibodeau in 2012 (LD 1863) and Senator Edward Youngblood in 2013 (LD 646), have introduced legislation that would change Maine's rules to include large hydropower as part of the calculation of the RPS.¹⁵ If large hydro were included in the calculation of the RPS, fewer of Maine's own renewable resources would be used to meet the standard.

These bills are part of a systematic attempt to dampen the growth of renewable energy generation nationally. ALEC and the Heartland Institute have targeted states' RPS with model legislation called the "Electricity Freedom Act." This year, sixteen other states have introduced legislation to weaken renewable energy standards.¹⁶

This model legislation is linked to what the *Bangor Daily News* called "a biased report" released by BHI in September 2012. That BHI report incorrectly asserted that the RPS creates an economic barrier for states.¹⁷ The report was released through the Maine Heritage Policy Center, part of the State Policy Network.

Despite the fact that BHI's research methods are shoddy at best, picking and choosing which critical research factors to include in their assessment, and are set up to reach conclusions

¹⁰ Lisa Graves, [A CMD Special Report on ALEC's Funding and Spending](#) (PR Watch, July 13, 2011).

¹¹ Greenpeace, <http://www.greenpeace.org/usa/en/campaigns/global-warming-and-energy/polluterwatch/koch-industries/heartland-institute-hi/>

¹² Tiffany Germain, Matt Kasper, [How Conservatives Are Manipulating Renewable Energy Standards](#), (Clean Technica, March 6, 2013).

¹³ Suffolk University IRS 990s, as reported by Foundation Directory.

¹⁴ Pierre Bull, [State Renewable Energy Policy Developments](#) (Switchboard Blog, April 3, 2013).

¹⁵ Tiffany Germain, Matt Kasper, [How Conservatives Are Manipulating Renewable Energy Standards](#), (Clean Technica, March 6, 2013).

¹⁶ [ALEC Picks Up the Pace: 16 State Could Repeal Renewable Energy Policy](#) (SustainableBusiness.com, April 23, 2013).

¹⁷ Pierre Bull, [State Renewable Energy Policy Developments](#) (Switchboard Blog, April 3, 2013).

advantageous to those who fund BHI (just take a look at their client list), Governor LePage continues to cite its “findings” as his justification for weakening Maine’s renewable energy policies.¹⁸

Support for Candidates and Lawmakers

A 2012 Maine's Majority Education Fund study found that corporate members of ALEC's elite Private Enterprise Committee, including oil, tobacco and pharmaceutical companies, contributed more than \$750,000 to Maine candidates, parties and political action committees since 2002. Nearly 77 percent of this funding has gone to Republicans, including key proponents of the ALEC/Koch agenda. The remaining 33 percent has gone to Democrats and Independents.¹⁹

Of the \$177,250 spent by the Private Enterprise Committee during the 2010 election, 75 percent, \$134,550, went to support Republican lawmakers, including \$96,000 to elect Governor Paul LePage. \$42,800 went to Democrats and Independents.²⁰

A number of lawmakers have significant ties to the Koch machine. One of them is state Senator Mike Thibodeau, currently the Senate Minority Leader, a Republican from Winterport who is leading the charge to undermine Maine's Renewable Portfolio Standard.

Sen. Thibodeau is one of a handful of Maine legislators who are actively involved in ALEC. In 2011 he received a \$350 scholarship, funded by corporate contributions, to travel to an ALEC conference in Scottsdale Arizona. In 2012, Sen. Thibodeau served as the sponsor for a bill on behalf of Governor LePage that would undercut Maine’s existing RPS, similar to ALEC-modeled bill introduced in the current 2013 legislative session.

Since 2010, AFP Maine director and former ALEC state co-chair Carol Weston has served as Sen. Thibodeau's campaign treasurer.²¹

Sen. Thibodeau also runs a political action committee called Paving the Way for a Prosperous Maine, which since its inception in September 2011, has received \$15,850 in contributions from ALEC-affiliated entities like Phrma, Spectra Energy, and the American Chemistry Council. He has used his PAC to support a number of candidates, including fellow ALEC members, Senator James Hamper and former Senator Chris Rector.²²

¹⁸ LePage Twists Truth on Renewable Energy Standards (Bangor Daily News, October 9, 2012).

¹⁹ Who is Writing Maine's Laws? (Maine’s Majority Education Fund, March 15, 2012).

²⁰ Ibid.

²¹ Maine Ethics Commission, http://www.mainecampaignfinance.com/Public/report_list.asp?TYPE=CAN&ID=4577.

²² Ibid.

Why Fight Back Now?

In recent years, we've seen a disturbing rise in front groups, organizations and think tanks pushing an aggressive corporate agenda. Funding for many of these groups originates from a common connection: Koch Industries, headquartered in Wichita, Kansas, and the foundations of its two billionaire owners, Charles and David Koch.

As we face another attempt to weaken Maine's clean energy policies in the 126th Legislative Session we want to articulate our findings about the connections some of the parties working in our state have to these industrialists from Kansas. Mainers should and will decide for themselves what is best for our state. We view it as our civic duty to shine a light on our findings regarding these little-known outside influencers.

This report does not deny the right of out-of-state corporate interests or even philanthropies to work in Maine. Maine is proud to be a part of a global, interconnected world. However, when corporate interests advance their pecuniary aims through entities that claim to serve the public good, we must act. A real debate about how to build a clean energy future that supports Maine's families and businesses is welcome. A debate against outside interests hiding behind front groups is not.

The Koch brothers' influence undermines Mainers' democratic right to protect our environment, save our jobs, and expand our investments in homegrown renewable innovations. We must make it clear that Maine's environment and economy are not for sale.

Glossary: Who are the Maine players?

Americans for Prosperity – Maine (AFP Maine)

Americans for Prosperity – Maine, an organization receiving major funding from the Koch brothers, is working to undermine the state’s Renewable Portfolio Standard (RPS). AFP Maine promoted the release of MHPC’s report by the Beacon Hill Institute critical of the RPS, which led to subsequent legislation that the group publicly campaigned for. A member of the American Legislative Exchange Council, which also has ties to Charles and David Koch, introduced that bill.

American Legislative Exchange Council (ALEC)

The American Legislative Exchange Council is a conservative organization comprised of businesses, lawmakers, and foundations that write and introduce template legislation that state and federal lawmakers try to turn into law. ALEC’s “model bills” promote issues such as gun rights, stripping environmental or labor regulations, and drastically altering corporate taxes and regulations. ALEC receives funding from the Koch brothers.

Beacon Hill Institute (BHI)

The Beacon Hill Institute at Suffolk University in Boston, Massachusetts, is a conservative think tank that receives funding from the Koch Foundation. The Kochs have given Suffolk nearly \$1 million as of 2010. In return, the Beacon Hill Institute has created a number of controversial and flawed studies to support policy positions for conservative lawmakers nationwide.

Carol Weston

Carol Weston is the Maine State Director for Americans for Prosperity in Maine, and a former legislator in Maine’s state Senate and House of Representatives. Weston also served as the state chair for the American Legislative Exchange Council while a state Senator. As a lobbyist for AFP, Weston pushed an ALEC “model bill” to reduce Maine’s renewable energy standards. Weston also lobbied for a bill that would undermine land, water and public health protections by introducing a convoluted system in which property owners could secure monetary compensation for alleged reductions in property value from land-use and environmental regulations.

Charles and David Koch

Charles and David Koch are the owners of Koch Industries, the second largest privately owned company in the United States. The Kochs have a combined income of \$80 billion, which they funnel into a web of front groups who seek to influence public opinion on issues like climate change, tax policy, and labor laws, in Maine and other states across the country. The Koch brothers are affiliated with, or provide funding to, the Heartland Institute, Maine Heritage Policy Center, Americans for Prosperity, the American Legislative Exchange Council, and the Beacon Hill Institute.

Heartland Institute

The Heartland Institute is best known for its efforts to combat climate science. In Maine, and other states across the country, the Heartland Institute has partnered with the American Legislative Exchange Council to introduce and build public support for legislation designed to dismantle renewable energy standards like Maine's Renewable Portfolio Standard. Between 1986 and 2011, the Heartland Institute has received \$55,000 from foundations affiliated with the Koch brothers.

Maine Heritage Policy Center (MHPC)

The Maine Heritage Policy Center, whose parent organization is the heritage foundation, is part of a national network of conservative think tanks called the State Policy Network. The group receives funding from two Koch-affiliated organizations, the Cato Institute and Lambe Foundation. In 2012, MHPC heavily pushed a report authored by the Beacon Hill Institute calling for a reduction or total freeze of Maine's Renewable Portfolio Standard.

Appendix A: Contributions to Sen. Mike Thibodeau's Paving the Way for a Prosperous Maine Political Action Committee from companies and associations affiliated with the American Legislative Exchange Council (ALEC).²³

Date	Contributor	Amount
10/03/11	AT&T	\$500.00
10/24/11	TimeWarner	\$1,500.00
11/12/11	Fairpoint	\$250.00
11/17/11	Verizon	\$250.00
12/11/11	Phrma	\$500.00
12/12/11	Anthem	\$500.00
12/15/11	American Chemistry Council	\$500.00
12/16/11	Waste Management	\$250.00
06/22/12	TimeWarner	\$1,000.00
06/25/12	Express Scripts, Inc.	\$500.00
07/20/12	Phrma	\$500.00
09/01/12	Merck, Sharp & Delome	\$500.00
09/01/12	American Chemistry Council	\$250.00
10/03/12	Mylan Labs	\$250.00
10/04/12	Anheuser Busch	\$500.00
10/15/12	Astrazeneca	\$2,500.00

²³ Source: Maine Ethics Commission,
http://www.maine campaign finance.com/Public/report_list.asp?TYPE=PAC&ID=5558.

10/15/12	Nestle Waters	\$1,000.00
10/15/12	Fairpoint	\$750.00
10/15/12	Verizon	\$500.00
10/15/12	Diageo	\$500.00
10/15/12	Spectra Energy	\$1,000.00
10/22/12	Altria	\$500.00
12/04/12	Comcast	\$100.00
12/04/12	AT&T	\$500.00
12/04/12	Phrma	\$500.00
12/04/12	American Chemistry Council	\$250.00
TOTAL		\$15,850.00