

## Oil Money Makes Messy Politics: ExxonMobil political donations and lobbying handouts

**E**xxonMobil is an industry leader in both political campaign contributions and lobbying expenditures. In campaign donations, Exxon typically ranks among the top two donors in the oil and gas industry and always within the top five. In lobbying dollars, Exxon outspends its competitors - accounting for about ten percent of the industry total.<sup>1</sup>

### EXXON'S POLITICAL BANKROLL

To be among the top spenders on political campaigns in the oil and gas industry is notable. The industry has donated \$180 million to political candidates since 1989, making it the eighth biggest spender out of 80 industries analyzed.

Currently, ExxonMobil has donated over \$600,000 to political candidates - second only to Koch Industries, a small oil company known for its high spending on Congressional candidates. The oil industry clearly favors republicans to push its agenda on Capitol Hill and ExxonMobil is no exception. In 2006, 89 percent of ExxonMobil's donations went to republicans.

### "Exxon's Congress" ExxonMobil's Top Candidates for 2006

| Name                        | Office | Exxon Money in 2006 | Exxon Money since 1989 |
|-----------------------------|--------|---------------------|------------------------|
| Kay Bailey Hutchison (R-TX) | Senate | \$16,200            | \$82,070               |
| George Allen (R-VA)         | Senate | \$11,150            | \$25,750               |
| Conrad Burns (R-MT)         | Senate | \$10,500            | \$35,500               |
| Richard Pombo (R-CA)        | House  | \$10,500            | \$22,000               |
| Joe Barton (R-TX)           | House  | \$10,000            | \$43,750               |
| Dennis Hastert (R-IL)       | House  | \$10,000            | \$34,000               |
| Thomas Kean Jr (R-NJ)       | Senate | \$10,000            | \$10,000               |
| Trent Lott (R-MS)           | Senate | \$10,000            | \$26,500               |
| Ben Nelson (D-NE)           | Senate | \$10,000            | \$12,000               |
| Rick O'Donnell (R-CO)       | House  | \$10,000            | \$10,000               |
| Michael Sodrel (R-IN)       | House  | \$10,000            | \$15,000               |

Source: Center for Responsive Politics. October 2006.

In the 2004 election cycle, ExxonMobil outspent its peers in the industry with \$935,016 given to Congressional candidates through its political action committee (PAC) and executive donations. In 2000, ExxonMobil spent almost \$1.4 million on campaign donations - second only to the Enron Corporation.

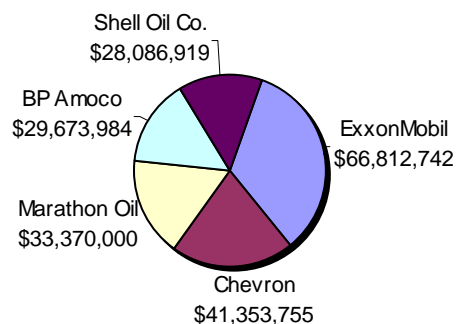
Since 2000, ExxonMobil has managed to give in excess of \$4 million to political candidates. In comparison, politicians received about \$1.4 million from the entire alternative energy sector during that same period.

While campaign contributions are not the only factor influencing how a loyal Exxon-backed Congress will vote, the trend demonstrates that campaign contributions are a key factor in who gets elected and who stays in office.

### EXXON'S LOBBYING LEGACY

Between 1998 and 2005, ExxonMobil spent close to \$67 million on in-house and contract lobbyists, ranking the company first among all the oil and gas companies. Of all the companies and organizations lobbying in Washington, DC, ExxonMobil was the twelfth highest spender on lobbyists through 2004.<sup>2</sup>

### Top Five Industry Spenders on Lobbying in millions of dollars 1998-2005



Source: Center for Responsive Politics

ExxonMobil spent \$7.56 million on lobbying in 2004 - \$2.3 million more than its closest competitor. In 2005, ExxonMobil spent \$7.14 million, but dropped to second place after Chevron radically increased its spending by almost three million. In comparison, BP spent \$2.8 million and Shell spent \$1.4 million on lobbying.

## POLITICAL PEDDLING

The return ExxonMobil gets for the millions it spends on lobbyists and campaign contributions comes back in the billions. The industry as a whole receives up to \$113 billion per year in direct federal subsidies, according to experts.<sup>3</sup>

Records filed with the Senate Public Records Office show that Exxon lobbyists focus most of their time on bills that address energy, global warming, environmental rules, and foreign policy. Targets of Exxon lobbyists are not just members of Congress, but nearly every agency as well. In 2005 alone, Exxon reported lobbying the State Department, White House, Environmental Protection Agency, Energy Department, Office of Management and Budget, Department of the Interior, and the Transportation Department.

The 2005 Energy Bill is a prime example of how political dollars translate into legislation. The Energy Bill, in effect until 2010, authorized \$4 billion in federal subsidies to the oil and gas industry. Below are a few examples of handouts to Exxon.<sup>4</sup>

### **PERKS FOR EXXON FROM THE 2005 ENERGY BILL**

**Deepwater Drilling.** ExxonMobil is the self-declared leader in deepwater oil and gas, which it claims will account for 20 percent or more of its production by 2010. The Energy Bill dolled out \$1.5 billion in oil subsidies for ultra-deepwater activities.

**Tax Royalty Relief.** Oil companies supposedly pay a royalty to the government for the privilege of extracting resources off public land owned by all Americans. The Energy Bill dolled out billions worth of unnecessary "royalty relief" for ExxonMobil and other oil and gas companies. Ironically, Exxon has already settled several lawsuits for \$52 million for not paying or underpaying royalties. In Alabama Exxon was found guilty of royalty fraud and fined \$3.6 billion, which the company has appealed since 2000.

**LNG: Liquefied Natural Gas permits.** ExxonMobil plans to build at least two new liquefied natural gas (LNG) facilities in Texas. Yet, when ExxonMobil wanted to build a LNG facility in Alabama in 2003 it faced vociferous opposition from the locals who were concerned about potential health hazards and by Republican Governor Bob Riley. The Governor demanded that an independent safety assessment be done before the project went forward. A year later ExxonMobil canceled its plans. The 2005 Energy Bill changed the rules so that the state no longer has the right to determine the location of LNG facilities. Instead, location assessments will be done by federal agencies, which are typically more industry-friendly.

**Public health laws.** Laws under the Clean Water Act and the Clean Air Act used in the permitting of LNG facilities and natural gas pipelines were also weakened by the Bill. It is now vastly easier for ExxonMobil to get approval for its LNG facilities – despite legitimate objections from the state or local community.

## WHY IT MATTERS

There is no denying that America needs a separation of oil and state. ExxonMobil's backward policies on global warming and oil dependence make that separation even more urgent. The company's policies are like an anchor holding America down from achieving a safer, cleaner energy future. ExxonMobil is the largest and most profitable private oil company in the world. Coupled with its spending on politicians and lobbying, and it is also among the most influential.

Exxon's policies on energy and environment make it a rogue company among its peers. ExxonMobil is the only major oil giant arguing that renewable energy is a bad investment, that global warming isn't a real threat, and that U.S. energy independence is undesirable and impossible. These policies are among the greatest threats to the future of America's national security and energy policy.

### **Renewable Energy**

While other oil companies have recognized the threat of global warming and are investing in renewable energy, Exxon CEO Rex Tillerson dismisses renewable energy as "uneconomic." In a 2006 speech on Capitol Hill, Mr. Tillerson argued that developers of energy alternatives should be left alone to compete with the oil and gas industry. Without reference to the billions of dollars handed out to the oil and gas industry, he deplored renewable energy incentive programs. "Interventions only distort the market," he said.<sup>5</sup>

ExxonMobil's policy on alternatives is stunting the speed in which alternatives become available. It is also holding back their employees from applying their talents to developing innovative solutions and the critical know-how necessary for future competition. To its credit, Exxon does put a relatively small sum into Stanford's Global Climate and Energy program (GCEP). GCEP's research however is focused on making fossil fuels burn cleaner, which are useful endeavors but do little to advance renewable energy or address the myriad problems of oil dependence.

### **Global Warming**

The Bush administration describes Exxon as the biggest opponent of mandatory reductions of global warming pollution. Yet, it also thanks Exxon for its "active involvement" in the crafting of U.S. climate policy.<sup>6</sup>

ExxonMobil's denial of global warming started well over a decade ago under former CEO Lee Raymond. In 1990, the Intergovernmental Panel on Climate Change (IPCC), the world's foremost authority, came out with its first assessment of global warming and urged

governments to cut greenhouse gases by 60 to 80 percent. It was around then that Exxon and Mobil began a multi-million dollar disinformation campaign to confuse the science and block government action.<sup>7</sup>

When CEO Rex Tillerson took over in January 2006 he inherited the policy. Taking a page from the playbook of the tobacco industry, Exxon still spends millions on front groups that deceive the public and create the illusion of a debate about the science of global warming. In 2006, Mr. Tillerson told shareholders that global warming does not pose a financial risk to the company.<sup>8</sup> Despite the scientific consensus worldwide that global warming pollution must be dramatically cut, Mr. Tillerson ignores the issue by insisting that "because of their abundance and economic advantages fossil fuels will remain the dominant sources of energy for many decades to come."<sup>9</sup>

ExxonMobil does not participate in any voluntary reporting systems of global warming pollution nor does it set public reduction targets like the other oil giants. The company's contribution to global warming is estimated to be five percent of the world's total.<sup>10</sup>

### Energy Independence

ExxonMobil executives are adamantly against U.S. energy independence, despite its potentially positive impact on U.S. national security. They argue instead for continued dependence on oil producing nations, such as Saudi Arabia where the company has sunk heavy investments.<sup>11</sup> Saudi Arabia holds 22.3 percent of the world's remaining oil reserves.

With an unsubstantiated declaration that no amount of alternatives will ever replace oil and gas, Exxon's

the American people to overcome formidable challenges. The company's arguments ignore myriad proposals that would dramatically reduce America's oil demand (utilizing fuel economy and energy efficiency) and increase the availability of renewable alternatives (particularly wind, solar, and biomass).

Although it lobbies against U.S. energy independence, Exxon also lobbies in favor of opening the Arctic Refuge and other sensitive areas to oil drilling. At times, the company argues that opening the Arctic would improve energy independence, which the U.S. Energy Information Administration has countered. Directly after meeting with CEO Rex Tillerson in May 2006, House Speaker Dennis Hastert (R-IL) called on Congress to concentrate on prying open the Arctic Refuge. Today, ExxonMobil is the only oil giant still a member of Arctic Power, the single-issue lobby group devoted to opening the Refuge to drilling. BP, Chevron and ConocoPhillips all pulled out under pressure from their shareholders and the public.

### EXXON EXPOSED

We are at a crossroads in American energy policy. Polls show that the majority of Americans support a transition away from oil using renewable alternatives. Real change is within reach. Politicians are increasingly under pressure by voters to support renewable energy solutions. In fact, the Separation of Oil & State Coalition, a member of Exxpose Exxon, reports that 52 percent more members of Congress are currently free of oil industry donations than in 2004. We are winning. By exposing Exxon's political peddling, you can empower your members of Congress to cast off the yoke of Big Oil and redirect their loyalties back to the American public.

<sup>1</sup> All campaign contribution figures in this document come from the Center for Responsive Politics, [www.opensecrets.org](http://www.opensecrets.org). Figures are based on contributions from Political Action Committees, soft money donations and corporate executives and their families giving \$200 or more as reported to the Federal Election Commission. The oil and gas industry includes multinational and independent oil and gas producers and refiners, natural gas companies, gasoline service stations and fuel oil dealers.

<sup>2</sup> All lobbying expenditures in this document come from the Center for Public Integrity, [www.publicintegrity.org](http://www.publicintegrity.org). Figures are based on filings with the U.S. Senate Office of Public Records. Data for 2005 was obtained directly through U.S. Senate Office of Public Records, Lobby Filing Disclosure Program, <http://sopr.senate.gov/>.

<sup>3</sup> This calculation comes from several experts including Terry Tamminen, the former Administrator of CalEPA and special advisor to CA Gov. Schwarzenegger. See his book, *Lives Per Gallon: The Real Cost of Our Oil Addiction*, Island Press, 2006.

<sup>4</sup> Alison Cassidy, U.S. PIRG Education Fund, "Big Money to Big Oil: How ExxonMobil and the oil industry benefit from the 2005 Energy Bill," Exxpose Exxon, August 2005, [www.exxposeexxon.com/facts/Energy-Bill-Giveaways-to-ExxonMobil.pdf](http://www.exxposeexxon.com/facts/Energy-Bill-Giveaways-to-ExxonMobil.pdf).

<sup>5</sup> Speech by ExxonMobil CEO Rex Tillerson, Center for Strategic and International Studies; Washington, DC, May 1, 2006. [http://www.exxonmobil.com/Corporate/Newsroom/SpchsIntvws/Speeches\\_and\\_Interviews\\_Overview.asp](http://www.exxonmobil.com/Corporate/Newsroom/SpchsIntvws/Speeches_and_Interviews_Overview.asp).

<sup>6</sup> Greenpeace, Documents received from State Department pursuant to FOIA request, [www.greenpeace.org/usa/news/kyoto-now/read-our-foia-documents](http://www.greenpeace.org/usa/news/kyoto-now/read-our-foia-documents); and John Vidal, "Revealed: How Oil Giant Influenced Bush," *The Guardian (UK)*, June 8, 2005.

<sup>7</sup> For a tracking of Exxon's disinformation campaign see, "Denial and Deception: A Chronicle of ExxonMobil's Efforts to Corrupt the Debate on Global Warming," Greenpeace, May 2002. <http://www.exxposeexxon.com/facts/reports/research.html>.

<sup>8</sup> Elizabeth Souder, "Exxon Investors Voice Frustrations," *Dallas Morning News*, June 1, 2006.

<sup>9</sup> Speech by ExxonMobil CEO Rex Tillerson, Center for Strategic and International Studies; Washington, DC, May 1, 2006.

<sup>10</sup> "Exxon's Climate Footprint: The Contribution of ExxonMobil to Climate Change Since 1882," Friends of the Earth International, January 2004, [http://www.foe.co.uk/resource/reports/exxons\\_climate\\_footprint.pdf](http://www.foe.co.uk/resource/reports/exxons_climate_footprint.pdf).

<sup>11</sup> Speech by ExxonMobil CEO Rex Tillerson, Center for Strategic and International Studies; Washington, DC, May 1, 2006.