

LOBBY WATCH



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Perrier® Sells A Drought Solution:

November 19, 2001

Water Bottlers Funded Passage Of \$2 Billion In TX Water Bonds

- A Slush Fund That Didn't Want To Make A Splash.

For reasons that are not entirely clear, bottled water companies quietly bankrolled efforts to approve \$2 billion worth of Texas water infrastructure bonds this month.

Just prior to the November 6th election, newly formed "Texans for Prop. 19" raised \$131,000 and spent \$70,857 to pass a constitutional amendment authorizing these bonds.

Not surprisingly, a water engineering firm that stands to benefit from these projects chipped in \$5,000. Yet the rest of the money—96 percent of the total—came from bottled water companies led by Perrier and Coca-Cola (which bottles water under the Dasani label). None of the bottled water companies that bankrolled so-called "Texans for Prop. 19" are based in the Lone Star State or cut their PAC checks here.

While the interest of bottled water companies in Proposition 19 is murky, taxes explain at least part of it. This year the Texas Legislature passed a bill (S.B. 2) to implement water infrastructure recommendations made by the state's 16 regional water planning authorities. A major obstacle to this legislation was that lawmakers had to find a way to finance these projects, which will cost an estimated \$17 billion. The Senate version of S.B. 2 would have raised money by imposing a nickel tax on every bottle of water sold in Texas.¹

The industry balked at this tax, which would have increased public appreciation of tap water. As a result, this S.B. 2 funding source never survived the trip across the lobby from the Senate to the House (and the state sought other funding mechanisms such as Proposition 19).

As it happens, Austin political consultant—and Perrier lobbyist—George Shipley established the PAC that helped pass Proposition 19. In all, the bottled water industry is paying 21 lobbyists between \$135,000 and \$410,000 this year to push its interests in Texas.

So-Called 'Texans' Who Financed "Texans for Prop. 19"

Company	Water Brands	Location	Donation
Perrier Group of America	Perrier, Ozarka, Oasis	Greenwich, CT	\$50,000
Coca-Cola of NA	Dasani	Atlanta, GA	\$50,000
Pepsi-Cola Co.	Aquafina	Somers, NY	\$15,000
Danone Waters of NA*	Sparkletts, Alhambra	Pasadena, CA	\$10,000
Dannenbaum Engineering	none	Houston, TX	\$5,000
Suntory Water Group	Crystal Springs	Atlanta, GA	\$1,000
TOTAL:			\$131,000

*This money listed as a pledge rather than an in-hand contribution.

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2001 Lobby Contracts

Water Bottler	Max. Value of Contracts	No. of Lobbyists
Perrier	\$150,000	4
TX Soft Drink Assoc.	\$135,000	9
Suiza Foods Corp.	\$50,000	2
TX Bottled Water Assoc.	\$30,000	3
Pepsico	\$25,000	1
Coca-Cola Enterprises	\$20,000	2
TOTAL:	\$410,000	21

This lobbying has increased sharply. Through most of the period from 1995 through the present, for example, Perrier, had no registered Texas lobbyist. In 1999, the company took out two small lobby contracts of up to \$10,000 apiece. This year it hired four lobbyists for up to \$150,000.

Many environmental groups opposed the water bottlers on Proposition 19 because it never specified what this money would be spent on. Environmentalists fear that it will go to environmentally destructive projects rather than conservation.

The five Bush-appointed businessmen on the Texas Water Development Board that oversees the bonds recently drafted a \$17 billion water plan that calls for eight new dams on the Brazos, Colorado, Rio Grande, Sulphur and Trinity Rivers. The Sierra Club says these “boondoggles” will rob sensitive coastal estuaries of fresh water supplies. East Texas’ proposed Marvin Nichols Reservoir, for example, would flood 100 square miles and displace hundreds of family farmers to quench Dallas-Fort Worth’s insatiable thirst.

In helping the board draft this plan, the state’s regional water authorities leaned heavily on consulting firms (such as Texans for Prop. 19 donor Dannenbaum Engineering) that stand to benefit from these exorbitant projects.

Apart from the bottled-water tax, some environmentalists speculate that companies that sell Texas aquifer water may have backed Proposition 19 because it will increase surface water supplies, thereby reducing competition for underground water reserves. While Pepsi and Coke sell filtered tap water, Perrier pumps its Ozarka brand straight out of East Texas’ Carrizo Aquifer.

Four days after Perrier started mining this aquifer near Eustace in 1996, farmer Bart Sipriano’s well dried up, prompting he and his neighbors to sue the company (*Sipriano v. Great Springs Water*). Applying Texas’ archaic water laws (which give water to whoever owns the biggest pump), the Texas Supreme Court ruled for Perrier in 1999. However reluctantly, the court’s ruling concurred with a Perrier spokesperson who said, “You can do with groundwater what you want regardless of your neighbors.”

One Austin environmentalist suspects that Perrier’s chief concern in the water wars is to head off ground water regulation in Texas. He says the company may have helped the Water Development Board pass Proposition 19 with the hope that the grateful board will refrain from endorsing any such rules in the future. •

Leading Water Carriers

Lobbyist	Client	Maximum Value of Contracts
Mindy Ellmer	Perrier	\$50,000
Russell Johnson	Perrier	\$50,000
Russell Kelley	TX Soft Drink Association	\$50,000
Celia Israel	Suiza Foods Corp.	\$25,000
Mignon McGarry	Pepsico	\$25,000
Lyda Molanphy	Perrier	\$25,000
Chris Semos	Suiza Foods Corp.	\$25,000
George Shipley	Perrier	\$25,000
Jack Roberts	TX Soft Drink Association	\$25,000

¹ Early versions of the bill also authorized taxes on the owners of water rights and on domestic water usage. The bottled water tax was the only one to emerge from the Senate.