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Cabela's in Fort Worth becomes lightning rod in governor's race

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AUSTIN — A duel over ethics and economic development at both the state and local levels has emerged as one of the biggest flashpoints of the Texas governor's race as the campaign enters its final month.

A scathing audit of Gov. Rick Perry's job-luring Texas Enterprise Fund has armed Democrats with what they call a full-blown scandal along with visions of a game-changing burst of momentum in the countdown to the Nov. 4 election.

But when Democratic nominee Wendy Davis was hammering away at Greg Abbott over the issue in their second and final debate last week, the Republican candidate fired back, accusing Davis of financial deal-making when she was a Fort Worth councilwoman engaged in the city's effort to lure a Cabela's sporting goods store to the city.

The rivals and their campaigns have portrayed the attacks as lies and distortions. But as they battle each other over a litany of ethics allegations, analysts are trying to gauge whether the public is tuning in — and understanding — the often-complex political and economic debate, and whether or not it's going to affect Texans' votes.

"The kind of political issues that grab voters are pictures of somebody taking a bribe and these issues are so complex. ... They're not terribly interesting in terms of their salacious effect," said TCU political science professor Jim Riddlesperger. "There is very little reason to expect that these ethics charges are going to change the minds of voters at this point in the election."

The latest Texas Lyceum Poll, released last week but conducted in advance of the fund's audit, gave Abbott, the state attorney general, a 9-point advantage, supported by 49 percent of likely voters compared with 40 percent for Davis, a two-term state senator from Fort Worth.

With the campaign in its final phase, Davis supporters say the single-digit spread shows that she is gathering strength and poised to close the gap before Election Day. But pollsters and other independent analysts say Davis nevertheless faces a fierce headwind as she tries to overtake the Republican front-runner in red-state Texas after consistently trailing Abbott throughout the campaign.

"The electorate is still basically the same electorate that has been putting Republicans in office for 20 years," said Josh Blank, research director for the Lyceum Poll. "It would be very surprising to me if Davis made up the gap."

Nevertheless, Davis and Democrats rallying behind her have seized on the Texas Enterprise Fund audit to boost their hopes of victory, saying the harsh critique of the Republican governor's prize state incentive fund exposes a scandal that ensnares both Perry and Abbott.

The first-of-its-kind audit — which was authorized with a bill that Davis pushed through the Legislature in 2013 — found that the program was riddled with flaws and that millions of dollars in grants were doled out to nearly a dozen recipients that didn't submit applications. Davis charged that Abbott, as the state's chief legal officer, failed to root out problems in the fund and demanded that he return more than \$1.4 million in donations that he reportedly received from fund recipients.

But as Davis went on the attack against Abbott over the fund during their debate, he countered that Davis benefited financially as an executive of the title company that closed the deal with Cabela's after helping lure one of the chain's superstores to Fort Worth as head of the City Council's economic development committee.

Davis has adamantly denied wrongdoing, pointing out that, as an executive of Republic Title, she was a salaried employee and did not benefit from the sale of property from the Hillwood development company to Cabela's.

"What Greg Abbott said is an outright lie and he knows it," asserted Davis communications director Zac Petkanas.

The charges and countercharges now being unleashed over the Texas Enterprise Fund perpetuate what had already been a prolonged skirmish over ethics that appears certain to continue until Election Day.

Abbott's campaign has repeatedly accused Davis of using her public positions as councilwoman and senator to boost her legal or business interests. Davis, in turn, has cast Abbott, often described as Perry's Republican heir apparent to the governor's office, as an entrenched "insider" who is part of a "culture of corruption" in Austin.

In addition to giving both candidates new ammunition to lob against each other, the nearly 100-page audit constituted unwelcome news for Perry, providing detractors with a new attack line if he decides to run for president after leaving the governor's office in January.

Perry, who is also facing an abuse-of-power indictment, has touted the incentive fund as a driving element behind Texas' stature as the

nation's leading creator of jobs. But problems uncovered by the audit could put the controversial program in danger of being abolished by the Legislature after Perry leaves office.

Abbott has expressed skepticism about the program, raising speculation that he may be open to scrapping it. Davis, who has championed properly targeted economic incentives since she was a councilwoman, has signaled support for continuing the program but says she wants to make sure it is properly controlled and monitored to prevent abuse.

The fund, financed by state general revenue, was created in 2003 to create jobs and spur economic development. From 2003 to 2013, according to the audit, \$506 million has been disbursed for 115 projects, with a total of \$55 million in uncommitted funds left for future projects.

North Texas projects

More than \$151 million went to 33 North Texas projects, including Cabela's, which became the first retailer to receive a Texas Economic Fund grant when it got \$400,000 for sites in Fort Worth and Buda, near Austin, in 2004. Triumph Aerostructures of Dallas, formerly Vought, received \$35 million and was one of the projects that the audit described as problematic.

The audit found that recipients of 11 projects totaling \$222 million – or 44 percent of the total awards from the fund – weren't required to submit applications or create direct jobs. Auditors also cited instances of inadequate monitoring, lax documentation and faulty compliance with reporting requirements.

Davis quickly went on the offensive after the audit was released, accusing Abbott of trying to “orchestrate a cover-up” about problems within the fund and calling for an investigation by “appropriate state or federal authorities” of her allegations that Abbott was trying to bottle up information about the troubled grants.

Abbott's spokesman Jerry Strickland, responding to Davis' assertions, accused Davis of “political posturing,” saying the auditor's report found “absolutely no wrongdoing” by the attorney general's office. Strickland said the report mentioned Abbott's office only twice – when the office sought to recover money from fund recipients who failed to comply with grant requirements.

The fireworks predictably continued during the candidates' debate last week as Davis lectured Abbott that, as the state's chief law officer, it was “your responsibility to make sure that the millions of dollars that were going to those companies were resulting in jobs, and you failed to do that.”

But Abbott sought to put Davis on the defensive by pointing to her involvement in the efforts to bring a Cabela's store to Fort Worth. Abbott told Davis she “personally profited” from the effort, saying “it was your title company that benefited by closing that deal.”

Davis and her campaign team have strongly denounced Abbott's assertions. “Any insinuation that Davis profited off Cabela's or the Texas Enterprise Fund is absolutely not true,” Petkanas, Davis' chief spokesman, said in a written fact sheet to rebut Abbott.

No one disputes that Davis, as a member of the City Council, supported efforts to lure Cabela's, one of the nation's premier sporting goods firms, to Fort Worth. After the company signaled its interest in expanding to other locations, Ross Perot Jr.'s Hillwood company sought to bring a Cabela's superstore to the Alliance Corridor in Fort Worth as city officials considered a package of local incentives to sweeten the deal.

Davis and other city officials flew to Kansas City aboard a Hillwood jet in late 2003 to view a Cabela's store. (*The Dallas Morning News* reported that the city reimbursed Hillwood \$800 for the trip.)

'Awestruck'

Then-Councilman Jim Lane, a member of the delegation, recalled that the Fort Worth visitors were awestruck by what they saw.

“I remember walking into that place and I almost fainted,” Lane said. “My head turned around like the little girl in *The Exorcist*. My Lord, if we could make this work in Fort Worth, it would be the right thing for the people in Tarrant County.”

City officials attracted the retailer in 2004 by offering a 20-year incentive package and creating a tax increment finance district, called a TIF, that would divert taxes from the escalated property value spawned by Cabela's into infrastructure improvements designed to attract other big-ticket relocations to the site in far north Fort Worth.

Planners envisioned a cumulative impact of \$739 million in direct and indirect taxes over 20 years and predicted that the store would help draw 4.5 million tourists, resulting in the creation of a nearby upscale hotel and other amenities.

Jay Chapa, the city's director of housing and economic development, called Cabela's “a good- performing store” that is meeting its obligations but said the overall tax district was hurt during the recession and has not fulfilled projections for additional development. Cabela's officials did not respond to telephone and email requests to discuss the Fort Worth store's performance.

The local incentives approved by the City Council were independent of inducements made the same year at the state level through the

Texas Enterprise Fund. Pery announced the award during an appearance in Fort Worth, calling the arrival of Cabela's "great news for the Fort Worth economy."

Local residents organized as Fort Worth Citizens for Responsible Government sought to block creation of the TIF but lost in court. "We didn't feel like it was a good use of taxpayer money and taxpayer time to build a sporting goods store," recalled Louis McBee, 65, an accountant and a member of the watchdog group.

Davis' role as an executive for the title company that handled the land sale between Hillwood and Cabela's was outlined in a Sept. 13 *Dallas Morning News* story. Davis was CEO of Republic Title's Fort Worth division when, as a councilwoman, she joined colleagues in the 8-1 vote June 8, 2004, to approve the tax incentives for Cabela's. Three days later, the paper reported, Republic filed a deed of sale for 50 acres to Cabela's.

Abbott, in a radio interview, accused Davis of "cutting deals in her capacity for the title company" while embracing the Cabela's incentives package as a council member.

But Petkanas said that Davis was a salaried employee of Republic and did not have a stake "in the profitability of the company." Davis also received a letter from the city attorney that effectively cleared her to work for Republic, Petkanas said.

Lane, Davis' former council colleague, said he saw nothing improper in Davis' behavior. "She always had clearance from the city attorney. She was very careful about that," said Lane. "I'm not going to say something ugly about General Abbott, but I think he's got his facts wrong."

Tarrant-area deals

Several companies have received money from the Texas Enterprise Fund to expand or create jobs in Tarrant County.

- Cabela's, Fort Worth and Buda: May 2004, 241 direct jobs, \$400,000
- Fidelity Investments, Westlake: February 2007, 850 direct jobs, \$8.5 million
- U.S. Bowling Congress, Arlington: March 2008, 198 direct jobs, \$610,000
- Klein Tools, Mansfield: December 2010, 585 direct jobs, \$2.8 million
- TD Ameritrade, Fort Worth: April 2011, 490 direct jobs, \$1.2 million
- GE Transportation, Fort Worth: May 2011, 330 direct jobs, \$2.1 million
- Ferris Manufacturing, Fort Worth: December 2011, 80 direct jobs, \$420,000

Source: Governor's office

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