Rep. Greg Smith is a member of the select group that doles out state dollars. He also makes a tidy living from public contracts. It’s perfectly legal.

STATE REP. GREG SMITH (R-Heppner) may be the best compensated lawmaker in Salem.

The high-energy, perennially sunny economic development specialist is the longest-serving member in the state House. The descendant of an Oregon pioneer family, he grew up near Portland, where he became an Eagle Scout and graduated from Barlow High School.

Despite his urban beginnings, Smith, 50, long ago adopted the trappings of Eastern Oregon. A sign above the door to his office in the Capitol reads, “My cow died so I don’t need your bull.” Inside the office: a vintage saddle.

Smith’s district includes Umatilla, Morrow, Gilliam, Sherman and Wasco counties, and covers great swaths of north Central Oregon: water-starved high desert, rolling wheat fields and, these days, nearly as many wind turbines as people.

Before he became a lawmaker, Smith dropped out of graduate school, broke. Today, he owns five homes and four commercial properties.

Serving District 57 has, in turn, served him well. As a legislator, Smith earns just $31,200 a year, the same as all his other colleagues. But WW has learned Smith’s private consulting firm earned more than three-quarters of a million dollars last year.

And while that may be more than any other member of the Legislature earned, what sets him apart is where that money came from: public organizations that seek funding and other benefits from the Legislature and state agencies.

Observers say Smith’s consulting contracts would not exist were he not a powerful lawmaker.

On July 1, 2017, for example, Oregon tentatively agreed to spend more than $50 million on two railroad projects in different parts of the state. Smith sat on the two legislative committees that approved these projects, and he voted for them.

Soon after that vote, his consulting firm, Gregory Smith LLC, was hired as a private consultant to manage those projects, eventually earning $16,000 a month.

Current and former lawmakers find that disturbing.

“If someone is gaining financially because of their service in the Legislature, that’s a problem,” says former state Rep. Vicki Berger (R-Salem), who served with Smith for 12 years.

“That kind of thing undermines the public trust—which is the most important thing the Legislature has.”

Remarkably, what Smith does is legal.

WW reviewed thousands of emails obtained under public records requests from three key state agencies: the Oregon Department of Transportation, the Department of Environmental Quality, and Business Oregon, the agency that hands out state grants, loans and tax breaks.

Documents show Smith often approaches those three agencies as a consultant seeking help for his clients—and, by extension, himself. The agencies all say he’s the only lawmaker who regularly engages in this practice.

Smith is also a longtime member of the Legislature’s Joint Ways and Means Committee, which writes the budget for those agencies, and the Ways and Means Capital Construction Subcommittee, which parcels out pork.

He insists he never blurs the line between his legislative duties and his private consulting work. He’s careful to identify whether he’s contacting agencies as a lawmaker or consultant.

“I could say with dang near complete certainty you would never find an email or method of communication where that line is crossed,” Smith says. “I just don’t go there.”

Under Oregon law, when legislators face potential conflicts of interest, they simply declare them and vote anyway. They cannot recuse themselves.

Smith rises regularly on the House floor to disclose potential conflicts of interest. Yet he rarely specifies what those conflicts are.

His consulting work is similarly opaque. On the annual financial disclosure form all lawmakers fill out, Smith identifies just one of his clients under “sources of income.” That’s because he’s an actual employee of that organization. The other eight contracts are shielded behind his consulting firm. That’s legal.

“I follow the rules,” Smith tells WW. “And if the rules change, I’ll follow the new rules.”

In Oregon’s citizen Legislature, there’s an expectation that lawmakers will seek outside work. But interviews with more than two dozen current and former lawmakers, agency staffers and lobbyists, many of whom declined to speak for the record, reveal that Smith’s dealings are a matter of amazement in Salem.

And the situation exists in part because Democrats sometimes need his vote—and they know he’s willing to trade it. “That certainly helps him keep his committee positions,” says Berger.

Oregon ethics law prohibits public officials from using
WIDE OPEN SPACES: House District 57, which Smith represents, is Oregon’s second-least populous, with just 4,968 registered voters. (Many districts have more than 50,000.)

their public positions for private gain. That’s what sunk former Gov. John Kitzhaber, who failed to police first lady Cylvia Hayes’ consulting work.

There’s no evidence Smith has explicitly offered his legislative influence to gain private contracts. Critics say he doesn’t have to: Anybody who might hire him knows he sits on powerful appropriations committees—and enjoys the favor of House Speaker Tina Kotek (D-Portland).

Smith’s ability to build a company whose clients depend on state agencies—while also helping oversee those state agencies—speaks volumes about the way business gets done in Salem.

Kate Titus, executive director of the watchdog group Common Cause Oregon, says current laws allow legislators like Smith to benefit inappropriately from their positions.

“It’s like the insider trading scandals we’ve seen nationally,” Titus says. “If you are in an inside position making public decisions you can then use to your private advantage, it calls into question the decisions you make.”

AS BEFITS HIS SENIORITY, Smith enjoys a top-floor corner office in the Capitol.

Poined behind his Salem desk on a recent day, Smith vibrated with intensity: His blue eyes shined, his teeth gleamed an alabaster white and his skin glowed with a spring tan.

Smith shapes his public image carefully. He does his own social media (his 5,000 Facebook friends rival the circulation of the East Oregonian, the largest newspaper in his district) and is an exuberant congratulator of 4-H winners, honor roll students and new parents.

Gary Neal, retired executive director of the Port of Morrow, the economic engine of Smith’s district, says Smith is doing exactly what his constituents want.
“He’s a great guy,” says Neal, Smith’s onetime boss. “And he’s doing a great job.”

How can Smith juggle his constituents, contracts, clients, children (he’s got five) and committees (he’s on nine, one of the heaviest loads in Salem)?

“I don’t sleep,” he says. “My mind never stops.”

When Smith first joined the Legislature, in 2001, Oregon politics looked different. Republicans controlled both chambers of the Capitol. Smith roared into the building as a GOP firebrand.

He earned headlines, even notoriety, right away: He got arrested for spanking one of his children (he pleaded no contest), tried to claim immunity when pulled over for speeding, and battled a Democrat on the floor over a bill that required kids to wear bike helmets.

“I don’t need you to tell me how to parent my children,” The Oregonian quoted him as telling the bill’s sponsor.

Smith acknowledges he came in hot. “There was a learning curve,” he says.

GOP leadership placed him on the powerful Joint Ways and Means Committee. A rising star, he served as deputy majority leader from 2001 to 2006. After his first session, records show, Smith incorporated his consulting firm.

But in 2007, Republicans’ 16-year stranglehold on the House ended. Democrats took control. Smith lost his spot on Ways and Means. He realized if he wanted to deliver for his district, he needed to tone down his rhetoric.

“Do I want to be loud or do I want to be effective?” Smith remembers asking himself. “I realized I had to change my approach. I made a personal decision to try to move to the middle.”

It wasn’t obvious where the interests of a pro-lifer from one of the state’s reddest districts could overlap with Portland liberals. They soon found common ground.

ALL LEGISLATORS USE THEIR CLOUT to bring back pork for their districts. That’s why there’s a bridge in Salem named after Senate President Peter Courtney (D-Salem) and a big new health and wellness center named after him at Western Oregon University.

Smith excels at bringing dollars back to his district. But what sets him apart is how he’s found ways—at least nine of them—to land contracts with public entities that are regulated and, in some cases, funded by state agencies whose budgets he helps control.

That’s unusual. Asked whether any other members of the Ways and Means Committee regularly communicate with the Oregon Department of Transportation in a private capacity, an ODOT spokesman says, “not to our knowledge.” The Department of Environmental Quality and Business Oregon answered similarly.

Since 2002, Smith has been on the payroll of Eastern Oregon University, running the university’s small-business development center. The contract last year paid his company $119,000.

On several occasions, Smith has used his vote to bring dollars to EOU.

One of those votes became the pivotal moment in Smith’s 19-year tenure in the Legislature. In 2009, Democrats wanted to raise personal income taxes. But they were one vote shy of the 36 they needed to pass a new tax.

To top that off, higher-education officials told lawmakers that if the tax vote failed, they might close Eastern Oregon University, where Smith worked. Despite enormous pressure from his fellow Republicans, Smith voted yes. He was the only Republican to do so.

Smith denies selling his vote, saying instead he made a clear-eyed assessment of what his constituents needed. And he denies that the paycheck he gets from the university influences his vote. “I saw a financial crisis in the state of Oregon,” Smith says, “and 44 percent of my constituents were public employees at either the local, state or federal level.” Republicans, who opposed the tax hike, filed an ethics complaint against Democrats, claiming they traded state funds for Smith’s vote (the complaint was dismissed). They...
Follow- ing the Rules

Oregon law says when faced with a potential conflict of interest, all Smith or any other lawmaker has to do is inform colleagues he could benefit financially from a bill’s passage. Then he must vote anyway.

Smith discloses potential conflicts so often it’s become something of a joke with his colleagues. “I bet I’ve done it a thousand times,” Smith says. “I get teased by everyone.”

Each time, Smith tacitly acknowledges conflicting motivations: As a lawmaker, he’s supposed to serve the public’s interest in getting the best value for public dollars. As a consultant, he wants to maximize his income.

Many of Smith’s current and former colleagues think the current system—declare a potential conflict and proceed anyway—doesn’t serve transparency or taxpayers. Former state Rep. Gene Whisnant (R-Sunriver), who retired in 2019, pushed for lawmakers to detail in writing when potential conflicts of interest turned into actual conflicts.

State Rep. Mitch Greenlick (D-Portland), who has spent a decade trying to strengthen legislative ethics rules, calls the current practice “idiocy.”

He thinks if lawmakers have a conflict, they shouldn’t vote, but he and Whisnant failed to get traction on the issue. Oregon hasn’t revised its ethics laws for more than a decade.

“After serving in the House and Senate for 20 years,” says former state Rep. Bill Kennermer (R-Oregon City), who also retired this year, “I think it’s time we revisit the issue of conflicts of interest and update the way we manage them.”

Other states handle lawmakers’ conflicts in different ways. In many states, including California and Washington, lawmakers must recuse themselves. In some states, such as Michigan and Massachusetts, they are paid full-time wages.

Eliminating outside employment by paying legislators a full-time wage is politically unpalatable here. (They got a pay increase this session, from $24,216 a year to $31,200.)

Smith also benefits from Oregon’s lax laws on legislative nepotism and campaign spending.

Like lawmakers in both parties, Smith employs his wife, Sherri, as a legislative aide, paying her $4,381 a month.

And although Smith hasn’t drawn a serious challenger since the 2010 primary, he’s paid his wife $88,000 in campaign funds since 2012 for “management services.” (He also paid his company $10,000 in 2012 for “management services.”)

Smith defends the practice, saying his wife provides accounting services and does extraor- dinary constituent work. “If we did a financial analysis, I think we’d find District 57 is getting a heck of a deal,” Smith says. He says he performed legitimate campaign services for his 2012 payment.

Dan Meek, a campaign finance reform advocate, says a candidate paying his wife and himself to manage his own campaign is unusual—not to mention a bad idea.

“I don’t think it’s appropriate, because it basically means he’s on the payroll of his contributors,” Meek says. “This sort of thing is not allowed in most states.”

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called on Smith to leave the party, and even recruited an opponent to run against him in the 2010 primary.

But with the support of grateful public employee unions, Smith won re-election easily. According to multiple sources, that 2009 vote ensured he’d continue to get good committee assignments, because he’d shown his vote was available when needed.

POWERFUL PEOPLE in Smith’s district had already spotted his value. In 2008, the U.S. Army decided to transfer the 17,000-acre Umatilla Chemical Depot, which once stored nerve gas, to local ownership. Local officials chose Smith to manage the transfer.

As an employee of the Columbia Development Authority, which will receive the land, his salary is $120,000 a year.

As a legislator, Smith has been helpful to the project. In 2017, for instance, he got $6.5 million to build infrastructure for the property.

One local resident, Sam Pambrum, is working to preserve 3 miles of the Oregon Trail that crosses the land Smith now manages. He says he suspects Smith is maneuvering to lease the land for private clients, even as he builds it up at public expense—and to the detriment of historical preservation.

“I think it’s dead wrong,” Pambrum says. “Greg Smith has a company that gets paid from businesses to find sites for expansion.”

Smith denies he’s getting paid by clients to find them space at the repurposed weapons depot. “There are not, nor will there be, ‘side’ deals,” he says.

THE MOST RECENT EXAMPLES of the blurred lines between Smith’s consulting job and his work as a legislator are the railroad projects funded by House Bill 2017, the $5 billion transportation package Smith helped pass two years ago as a member of the Joint Transportation Committee.

A $26 million appropriation in the bill is for a rail terminal in Nyssa in Malheur County to help Eastern Oregon
onion farmers reach Midwestern markets. Lawmakers earmarked another $25 million for a rail project in the mid-Willamette Valley to send straw and other agricultural products that now move by truck to ports in Washington.

Rep. Smith voted to fund those projects. Not long after, consultant Smith was hired by Malheur County to develop the Nyssa project and by a Linn County group to develop the Albany project. Records show he has been in nearly continual communication as a consultant with the Oregon Department of Transportation on both projects.

An independent firm hired by ODOT and Business Oregon has raised doubts about the viability of both projects. The Malheur Enterprise newspaper has also raised numerous red flags in a series of articles about the Nyssa project.

Amid the questions, the Oregon Transportation Commission has delayed final approval of both projects until June at the earliest. The commission’s reluctance exposed one of the clearest examples of the overlap between Smith’s private consulting work and his legislative duties.

In February, Smith testified before the commission as a private consultant on behalf of both projects. “I’m state Rep. Greg Smith,” he told the commission. “But today I’m here in my private capacity.”

At the meeting, officials questioned consultant Smith about the projects, suggesting they needed to be more well defined.

Just days later, Rep. Smith introduced a bill to define key terms relating to the projects, which could have helped move them forward and, in turn, benefit his consulting firm.

An ODOT spokesman says his agency didn’t request the bill and had no involvement in its drafting. (The bill has not moved.)

Smith denies any self-dealing. The bill, Smith says, was intended to bring clarity to technical terms that weren’t well defined: “It wasn’t me trying to do any funny business.”

Smith’s Nine Public Contracts brought his company about $850,000 over the past year. He says he employs his wife, Sherri, and a half-dozen others to help with those contracts.

He says he believes clients hire him for his economic development expertise, not because of his legislative position. “If anything, it’s a detriment,” he says, explaining that his legislative duties consume time and energy he cannot spend on clients.

Dan Joyce, the judge of Malheur County, who hired Smith as economic development director in 2013 and added to his contract that he manage the Nyssa rail project in 2018, says Smith’s legislative position wasn’t a factor. But Kim Puzey, executive director of the Port of Umatilla, says he wanted Smith’s legislative know-how a decade ago when the port hired him to secure funding from ODOT.

“He helped us fill out a state grant,” Puzey says. “We got $4.7 million for a marine and rail project. Everybody wanted that money, but we hired him because he knew what the Legislature wanted because he worked on the bill—he was an originator of the program.”

Smith deflects questions about whether he has become wealthy as a citizen legislator. “Others might classify me that way,” Smith says, “but I still have to work.”

Ultimately, the check on Smith’s actions is Kotek, the House speaker. She alone decides committee assignments. Smith’s power and ability to steer pork to his clients and prospective clients comes from his seats on Ways and Means and special committees like the 2017 Joint Transportation Committee.

If Kotek wanted to cut off Smith’s oxygen, she could do it tomorrow. But giving Smith plum assignments and pork helps Kotek appear bipartisan and supportive of rural Oregon. Kotek says she relies on Smith’s budget expertise. She also acknowledges that his willingness to cross the aisle counts.

Kotek says she knew Smith was working on the rail projects, but she didn’t know about his other public sector contracts.

In her view, however, current rules regarding conflicts of interest are sufficient and Smith follows them scrupulously. “I’ve never experienced him doing anything inappropriate,” she says. “I expect that he is drawing hard lines between his private work and the work he does as a lawmaker.”

Dan Meek, a public interest lawyer who regularly testifies in Salem, says the appearance of a lawmaker earning money from legislation he helped shape and fund is troubling. “It looks corrupt,” Meek says, “but, in Oregon, corruption is legal.”

**Many Hats**

Rep. Greg Smith serves as the contracted economic development director of four Eastern Oregon counties: Baker, Harney, Malheur and Wheeler. They are near each other, geographically similar and all hungry for jobs.

To some people, that’s like getting paid to coach four competing basketball teams. Steve Grasty, recently retired judge of Malheur County (the same thing as county chair), says he finds it puzzling.

“We competed against neighboring counties all the time,” Grasty says. “How many jobs can he do and how does he balance them?”

Smith says the counties are different enough that he’s never faced a situation in which he had to favor one county over another. “We puts our best foot forward for every one of those counties,” he says.

Why do so many public or quasi-public entities hire Smith? Many people think it’s because when they hire him, they are gaining access to Salem’s entitlement and appropriations machines.

The fact that he’s a senior lawmaker is never far from the surface. “These small communities, most don’t have large tax bases,” says Dave Trott, former mayor of Umatilla. “They would take every opportunity they could to befriend someone in a position of political influence.”

**Nigel Jacquiss.**