

WISCONSIN STATE
LEGISLATURE
COMMITTEE HEARING
RECORDS

2005-06

(session year)

Assembly

(Assembly, Senate or Joint)

Committee on
Campaigns &
Elections
(AC-CE)

File Naming Example:

Record of Comm. Proceedings ... RCP

- > 05hr_AC-Ed_RCP_pt01a
- > 05hr_AC-Ed_RCP_pt01b
- > 05hr_AC-Ed_RCP_pt02

Published Documents

> Committee Hearings ... CH (Public Hearing Announcements)

> **

> Committee Reports ... CR

> **

> Executive Sessions ... ES

> **

> Record of Comm. Proceedings ... RCP

> **

*Information Collected For Or
Against Proposal*

> Appointments ... Appt

> **

> Clearinghouse Rules ... CRule

**

> Hearing Records ... HR (bills and resolutions)

> **05hr_ab0226_AC_CE_pt02**

> Miscellaneous ... Misc

> **

Vote Record
Committee on Campaigns and Elections

Date: 3/2/06
 Moved by: F Seconded by: T AB 224

AB 1058 SB _____ Clearinghouse Rule _____
 AJR _____ SJR _____ Appointment _____
 AR _____ SR _____ Other _____

A/S Amdt _____
 A/S Amdt _____ to A/S Amdt _____
 A/S Sub Amdt _____
 A/S Amdt _____ to A/S Sub Amdt _____
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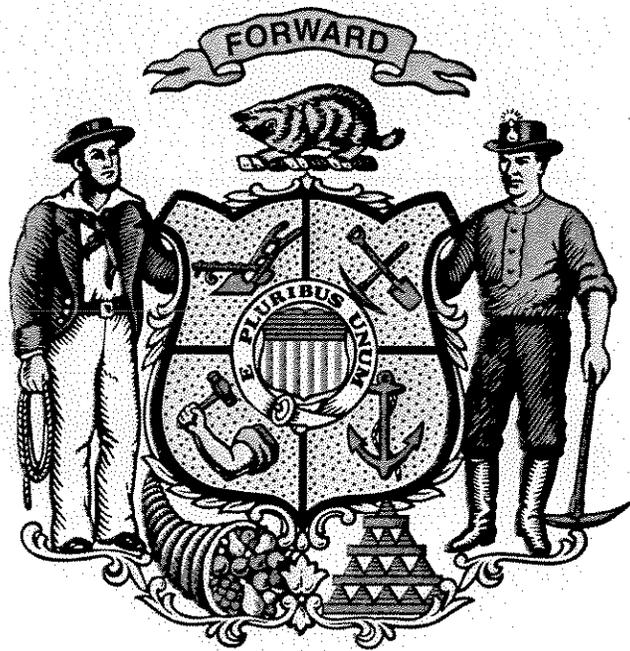
Be recommended for:
 Passage Adoption Confirmation Concurrence Indefinite Postponement
 Introduction Rejection Tabling Nonconcurrency

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
Representative Stephen Freese, Chair	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Mark Gundrum	<input checked="" type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Jeffrey Wood	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Robin Vos	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative David Travis	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Representative Frederick Kessler	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Totals:	<u>4</u>	<u>2</u>	_____	_____

4/2

out

Motion Carried Motion Failed



300NE



WISCONSIN LEGISLATIVE COUNCIL

*Terry C. Anderson, Director
Laura D. Rose, Deputy Director*

TO: REPRESENTATIVE STEPHEN FREESE
FROM: Robert J. Conlin, Senior Staff Attorney
RE: 2005 Assembly Bill 226
DATE: August 29, 2005

This memorandum summarizes the major substantive provisions of 2005 Assembly Bill 226, generally relating to campaign financing. Assembly Bill 226 was introduced by Representative Freese and others and was cosponsored by Senator Ellis and others. The bill was referred to the Assembly Committee on Campaigns and Elections, which has scheduled a public hearing on the bill for September 1, 2005.

A. REGISTRATION AND REPORTING REQUIREMENTS

- **"Issue Ads."** Assembly Bill 226 imposes a reporting requirement upon a person who makes one or more communications that are financed with any noncandidate election expenditures exceeding \$500 in aggregate with respect to an election. A "noncandidate election expenditure" is defined to mean an expenditure for the purpose of making a communication during the period beginning on the 30th day preceding a primary election and ending on the date of the final election or, if no primary is held, during the period beginning on the 60th day preceding the election at which an office is filled and ending on the date of that election; that contains a reference to a clearly identified candidate to be filled at that election; and that is made independently of a candidate. The report must be filed within 24 hours after the date on which each communication financed with a noncandidate election expenditure not identified in a previous report is made. The report must include information about the person making the expenditure, the name of each candidate identified in each communication, a statement as to whether the communication is intended to support or oppose any candidate, and the total amount or value of the expenditure and the cumulative expenditures made by the person with respect to that election. This activity generally is not an act for "political purposes" if the communication does not expressly advocate the election, defeat, recall, or retention of a clearly identified candidate or a particular result at a referendum.

[SECS. 9, 15, 17, and 48 of Assembly Bill 226.]

- **Referenda Reports.** Assembly Bill 226 requires an individual who accepts contributions, incurs obligations, or makes disbursements with respect to a referendum, or a political group which similarly makes or accepts contributions, incurs obligations, or makes disbursements, in excess of \$100 in a calendar year, to file a statement with the appropriate filing officer providing registration information such as the name of the individual or group, the name of the treasurer, the nature of the referenda, and other identifying information. [SECS. 19, 20, and 78 of Assembly Bill 226.]
- **Candidate's Identity.** Assembly Bill 226 requires the registration statement of a personal campaign committee to identify the candidate on whose behalf the committee was formed and the office that the candidate seeks. [SEC. 23 of Assembly Bill 226.]
- **Phone, Fax or Email of a Candidate.** Assembly Bill 226 requires the registration statement of a candidate or personal campaign committee to include the telephone number and fax number or email address, if any, at which the candidate may be contacted. [SEC. 25 of Assembly Bill 226.]
- **Exemption From Independent Disbursement Report--State Office.** Assembly Bill 226 provides that an individual or committee required to file an oath of independent disbursements and who or which accepts contributions, makes disbursements, or incurs obligations, for purposes of supporting or opposing one or more candidates for *state office* but who or which does not anticipate accepting contributions, making disbursements, or incurring obligations in excess of \$1,000 in a calendar year and does not anticipate accepting a contribution exceeding \$100 from a single source may make a statement to that effect on the registration statement and the individual or committee will not be subject to any filing requirements if the statement is true. The statement may be revoked and, if it is, filing requirements apply. If revocation is not timely made, it is considered a violation of false reporting statutes. [SEC. 38 of Assembly Bill 226.]
- **Exemption From Independent Disbursement Report--Local Office.** Assembly Bill 226 provides that an individual or committee required to file an oath of independent disbursements and who or which accepts contributions, makes disbursements, or incurs obligations for supporting or opposing one or more candidates for *local office* but who or which does not anticipate accepting contributions, making disbursements, or incurring obligations in excess of \$100 in a calendar year and does not anticipate accepting any contribution exceeding \$100 from a single source may make a statement to that effect on the registration statement and the individual or committee will not be subject to any filing requirements if the statement is true. The statement may be revoked and, if it is, filing requirements apply. If the revocation is not timely made, it is considered a violation of the false reporting statutes. [SEC. 38 of Assembly Bill 226.]
- **24-Hour Reporting of Independent Disbursements.** Assembly Bill 226 requires any committee that makes an independent disbursement for purposes of supporting the election or defeat of a candidate for Governor, Lieutenant Governor, Attorney General, Secretary of State, Treasurer, Superintendent of Public Instruction, Justice, Representative, or Senator to file reports with the Elections Board within 24 hours after any of the specified events. The reporting requirement applies only to a disbursement made during the period beginning on

the 30th day preceding a primary election for an office and ending on the date of the final election or, if no primary is held, during the period beginning on the 60th day preceding an election at which an office is filled and the date of that election. The requirement does not apply to a nonelection candidate expenditure in the issue ad context. [SEC. 57 of Assembly Bill 226.]

- **24-Hour Reporting for Candidates not Accepting Public Financing.** Assembly Bill 226 provides that any candidate for Governor, Lieutenant Governor, Attorney General, Secretary of State, Treasurer, Superintendent of Public Instruction, Representative, or Senator who does not accept a grant from the Wisconsin Election Campaign Fund (Fund) and who makes a disbursement after accumulating cash or who makes disbursements exceeding a combined total of 90% of the disbursement limit for the applicable office, must file daily reports with the Elections Board and each candidate for that office, by email or fax, on each day beginning with that date or the seventh day after the primary election was held (or would have been held), whichever is later. Each report must specify the amount of each disbursement required to be reported under s. 11.06 (1), Stats., and must be filed no later than 24 hours after the disbursement is made. If no email or fax number is available, the report must be filed at the address shown for the candidate. [SEC. 58 of Assembly Bill 226.]
- **Electronic Reporting.** Assembly Bill 226 requires a committee that must report electronically to do so within 24 hours after a reportable transaction. [SEC. 75 of Assembly Bill 226.]
- **Timely Reports.** Assembly Bill 226 provides that a report is timely filed only by delivering it to the appropriate filing office or agency by the due date or by depositing the report with the U.S. Postal Service no later than the third day before the due date. [SEC. 71 of Assembly Bill 226.]
- **Nonresident Reporting.** Assembly Bill 226 provides that a nonresident registrant must report the same information that a resident will report, but must state separately: (a) contributions and other income received from sources in Wisconsin; and (b) disbursements made and obligations incurred with respect to an election for state or local office in Wisconsin. Assembly Bill 226 also retains the current statutory provision relating to appropriate filings made by a federal candidate committee. Such a committee must report under Wisconsin law, unless a report filed with the Federal Elections Commission for the same period has been received by the Elections Board. [SECS. 39, 40, and 41 of Assembly Bill 226, and s. 11.06 (3m), Stats.]

B. CONTRIBUTIONS

- **Individual Contribution Limits.** Assembly Bill 226 retains the individual contribution limits under current law for certain offices as follows:

	<i>Current</i>	<i>Assembly Bill 226</i>
Governor	\$10,000	\$10,000
Lieutenant Governor	\$10,000	\$10,000

Attorney General	\$10,000	\$10,000
Secretary of State	\$10,000	\$10,000
Treasurer	\$10,000	\$10,000
Superintendent	\$10,000	\$10,000
Justice	\$10,000	\$10,000
Senator	\$1,000	\$1,000
Representative	\$500	\$500

- **Committee Contribution Limits.** Assembly Bill 226 modifies committee contribution limits for certain offices as follows:

	<i>Current</i>	<i>Assembly Bill 226</i>
Governor	\$43,128	\$45,000
Lieutenant Governor	\$12,939	\$15,000
Attorney General	\$21,560	\$25,000
Secretary of State	\$8,625	\$10,000
Treasurer	\$8,625	\$10,000
Superintendent	\$8,625	\$10,000
Justice	\$8,625	\$10,000
Senator	\$1,000	\$1,000
Representative	\$500	\$500

[SECS. 86, 87, 89, and 91 of Assembly Bill 226.]

- **Overall Individual Contribution Limits.** Assembly Bill 226 retains the overall individual contribution limit at \$10,000 per year. [SEC. 95 of Assembly Bill 226.]
- * **Contributor Information.** Assembly Bill 226 requires a campaign treasurer of a registrant that receives a contribution of money from an individual who has contributed over \$100 cumulatively within a calendar year to obtain information relating to the person's occupation and principal place of employment before depositing the contribution. If the treasurer does not obtain this information, the contribution must be returned. [SEC. 54 of Assembly Bill 226.]
- * **Committee Contributions in General.** Assembly Bill 226 provides that no individual who is a candidate for state or local office may receive and accept more than 65% of the appropriate disbursement level from all committees subject to a filing requirement, including political party committees. Further, no candidate may receive and accept more than 35% of the value of the appropriate disbursement level from all committees other than political party committees. The term "committee" includes the Wisconsin Election Campaign Fund. [SECS. 101 and 103 of Assembly Bill 226.]
- * **Contributions to Incumbents During Legislative Session.** Assembly Bill 226 generally prohibits contributions to any incumbent partisan state elective official for the purpose of promoting that official's nomination or reelection to the office held by the official during the

period beginning on the date of introduction of the executive budget bill and ending on the date of enactment of the biennial budget act. [SEC. 82 of Assembly Bill 226.]

- ✕ • **Contributions to Political Parties.** Assembly Bill 226 increases, for political parties, the amount they may receive in a biennium from all committees, excluding transfers between party committees of the party, from \$150,000 to \$600,000. [SEC. 98 of Assembly Bill 226.]
- ✕ • **Political Party Limits.** Assembly Bill 226 increases the maximum amount a political party may receive from a committee, exclusive of political party committees, and increases the amount a committee, other than a political party committee, can contribute to a political party in a calendar year from \$6,000 to \$18,000. [SEC. 98 of Assembly Bill 226.]
- ✕ • **PAC to PAC Transfers.** Assembly Bill 226 prohibits a committee from making a contribution to any other committee, except a political party committee, personal campaign, or support committee. Also, the prohibition does not apply if the contribution is made between bona fide affiliated committees. The term “bona fide affiliated committees” is defined to mean committees established and maintained by statewide labor organizations or trade associations and, respectively, the committees established and maintained by the local branches, units, or divisions of those statewide labor organizations or trade associations. [SEC. 99 of Assembly Bill 226.]

C. DISBURSEMENTS

- ✕ • **Disbursement Limits.** Assembly Bill 226 revises the disbursement levels for the following offices:

	<i>Current</i>	<i>Assembly Bill 226</i>
Governor	\$1,078,200	\$4,000,000
Lieutenant Governor	\$323,475	\$500,000
Attorney General	\$539,000	\$700,000
Secretary of State	\$215,625	\$250,000
Treasurer	\$215,625	\$250,000
Superintendent	\$215,625	\$250,000
Justice	\$215,625	\$300,000
Senator	\$34,500	\$150,000
Representative	\$17,250	\$75,000

[SECS. 113, 114, and 115 of Assembly Bill 226.]

- **Voluntary Limits.** Assembly Bill 226 repeals the provision authorizing voluntary disbursement limitations for candidates who do not accept a grant from the Fund. [SEC. 117 of Assembly Bill 226.]
- ✕ • **Limits Increased for Grants.** Assembly Bill 226 provides that if any candidate for a specified state office has made disbursements exceeding the amount of the appropriate disbursement level, then all of the candidate’s opponents may make additional disbursements in an amount equivalent to the total disbursements made by the original candidate exceeding

the appropriate disbursement level. Similarly, if independent disbursements or noncandidate election expenditures have been made against the candidate, the candidate may make additional disbursements exceeding an appropriate disbursement level in an amount equivalent to the aggregate amount of the independent disbursements and noncandidate election expenditures. [SECS. 116, 119, and 120 of Assembly Bill 226.]

- **Cost-of-Living Adjustment.** Assembly Bill 226 creates a cost-of-living adjustment for the disbursement limitations, which is to be determined by an Elections Board rule. The board must determine the percentage difference between the Consumer Price Index for the 12-month period ending on December 31 of each odd-numbered year and the Consumer Price Index for calendar year 2005. Each biennium the Elections Board is required to adjust the disbursement limitations by that percentage to reflect any difference, rounded to the nearest multiple of \$25, which shall be in effect until a subsequent rule is promulgated. Such determinations by the Elections Board may be promulgated as emergency rules. [SECS. 112 and 121 of Assembly Bill 226.]

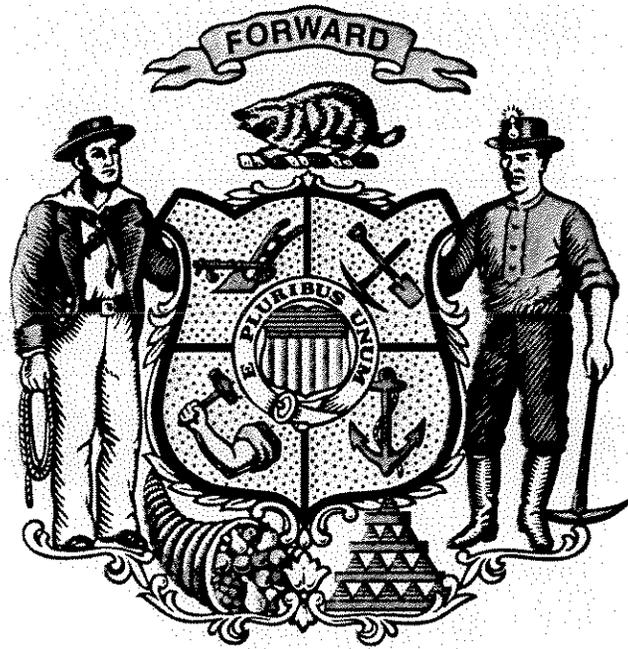
D. PUBLIC FINANCING

- **Grant Amounts.** Assembly Bill 226 generally provides that the total grant available to an eligible candidate may not exceed an amount which, when added to all other contributions accepted by the candidate from sources other than individuals and political party committees, is equal to 35% of the appropriate disbursement level. [SEC. 153 of Assembly Bill 226.]
- **Extra Grant Based on Opposition.** Assembly Bill 226 provides that in the case of a candidate who accepts a grant, and who is opposed by one or more candidates who do not accept a grant, the Elections Board must make an additional grant to the candidate accepting a grant in an amount equal to the total amount or value of disbursements made by the opposing candidates exceeding the appropriate disbursement level. However, the increased grant, along with other increased grants provided by the Fund, may not exceed three times the amount of the appropriate disbursement level. [SEC. 153 of Assembly Bill 226.]
- **Extra Grant Based Upon Independent Obligations, Disbursements, or Expenditures.** Assembly Bill 226 provides that if the sum of the aggregate independent disbursements and noncandidate election expenditures made against a candidate exceeds 10% of the appropriate disbursement level, the Elections Board must make an additional grant to the eligible candidate who accepts a grant in an amount equivalent to the amount of those independent disbursements and noncandidate election expenditures. However, the additional grant, along with other increased grants provided by the Fund, may not exceed an amount equal to three times the appropriate disbursement level. [SEC. 153 of Assembly Bill 226.]
- **Increased Checkoff.** Assembly Bill 226 increases the income tax "checkoff" from \$1 to \$5 and allows the individual making such designation to indicate whether the amount shall be placed in the Fund's "general account" or "political party account." If a designation does not indicate which account, the "general account" will be credited. [SEC. 166 of Assembly Bill 226.]

- **Donations to the Fund.** Assembly Bill 226 authorizes contributions, that are otherwise required to be returned or donated to charitable organizations or to the common school fund, to be transferred to the Fund. [For example, SECS. 7 and 50 of Assembly Bill 226.]
- X • **Party Accounts.** Assembly Bill 226 establishes a “general account” and a “political party account” under the Fund. Grants will be made from the political party account of the candidate’s political party, if any, if there are sufficient moneys in that account to make full payment of the grant and then from the general account. If there are insufficient moneys in the general account to make full payment of the grant, the board must proportionately reduce the grant. Also, the Fund is apportioned between nonpartisan candidates and partisan and special election candidates. [SECS. 128 to 130, and 144 to 148 and 149 of Assembly Bill 226.]
- X • **Qualifying Fundraising.** Assembly Bill 226 requires an applicant for a grant to have raised at least 5% of the disbursement level applicable to the office sought in contributions of \$100 or less from individuals who reside in the state, and, for a legislative candidate, at least 50% of this amount must be made by individuals who reside within the legislative district, with one exception. The exception provides that a candidate for a legislative office may substitute contributions received by the candidate from political party committees for not more than 50% of the contributions that are otherwise required to be received from individuals who reside within the legislative district. [SECS. 135 and 137 of Assembly Bill 226.]
- **Exceeding Disbursement Limit.** Assembly Bill 226 repeals the current law provisions that allow a candidate who receives a grant to exceed the disbursement limit if his or her opponent does not accept a grant. [SEC. 142 of Assembly Bill 226.]
- X • **Designated Checkoff.** Assembly Bill 226 allows individuals to designate their income tax checkoff for a political party and requires such designated funds to go to a “political party” account. Moneys from such an account are apportioned to eligible candidates representing the party who qualify for grants. [SEC. 166 of Assembly Bill 226.]
- **Public Integrity Endowment.** Assembly Bill 226 creates a provision by which a taxpayer may receive a tax credit, up to the amount of the person’s state tax liability, for all amounts contributed to the Public Integrity Endowment. The endowment is designed to solicit contribution to supplement the assets of the Wisconsin Election Campaign Fund. [SECS. 164 and 178 of Assembly Bill 226.]
- X • **Electronic Transfer.** Assembly Bill 226 requires the State Treasurer to electronically transfer any supplemental grants a candidate qualifies for to the candidate’s campaign depository account if the Treasurer has the necessary account information. [SEC. 149 of Assembly Bill 226.]
- **Administration.** Assembly Bill 226 requires the Elections Board to certify to the Department of Revenue (DOR) in each even-numbered year information relevant to eligible political parties and candidates for purposes of administering the Fund. [SEC. 158 of Assembly Bill 226.]

E. OTHER

- ✕ • **Legislative Campaign Committees.** Assembly Bill 226 eliminates the special status of legislative campaign committees. [For example, SEC. 11 of Assembly Bill 226.]
- ✕ • **Local Prosecutions.** Assembly Bill 226 authorizes the District Attorney of any county which has territory within the jurisdiction or district within which a candidate seeks office to bring an action for violation of campaign finance laws alleged to have been committed by the candidate. [SEC. 161 of Assembly Bill 226.]
- **Registration and Reporting Penalties.** Assembly Bill 226 provides that a violation of the registration or reporting requirements may result in a forfeiture of not more than \$500 per day for each day of a continued violation. Also, if a disbursement is made, or an obligation to make a disbursement is incurred, in an amount or value differing from the amount reported, then specified forfeitures must be paid. For example, if the actual amount or value differs from the reported figures by more than 5% but not more than 10% cumulatively, the violator must forfeit four times the amount or value of the difference. If the difference is more than 10% but not more than 15% cumulatively, the violator must forfeit six times the amount or value of the difference. If the difference is greater than these amounts, the violator must forfeit eight times the amount of the difference. These provisions apply as well to incorrect reporting of independent disbursements or noncandidate election expenditures. [SEC. 160 of Assembly Bill 226.]
- **Declaratory Actions.** Assembly Bill 226 authorizes any person who proposes to publish, disseminate or broadcast any communication, or any person who causes such publication, dissemination or broadcast, to commence a declaratory action to determine the application of the registration requirements under the campaign finance law to that person. [SEC. 169 of Assembly Bill 226.]
- ✕ • **Nonseverability.** Assembly Bill 226 provides that if a court finds all or any portion of the bill relating to issue ads, independent expenditure and issue ad reporting, transfers between committees, or extra grants is unconstitutional, then all of those provisions are void in their entirety. [SEC. 178 of Assembly Bill 226.]
- **Effective Date and Initial Applicability.** Assembly Bill 226 provides that the act generally takes effect on January 1, 2006 or the date after publication, whichever is later, and applies to elections held after that date. [SECS. 179 and 180 of Assembly Bill 226.]



Griffiths, Terri

From: S. Mary Fran Gebhard [mgebhard@saintbede.org]
Sent: Wednesday, August 31, 2005 4:56 PM
To: Rep.Freese
Subject: Thursday: hearing on AB 226

The Honorable Steve Freeze
WI State Assembly
Madison, WI

Dear Mr. Freese,

Your committee on Campaigns and Elections is holding a public hearing Thursday, September 1 and I had fully intended to attend. But with the price of gas zooming up to \$3.00 per gallon, I can not afford to come.

I feel this legislation is one of the most important issues of the year and is one last hope to help make our elections in 2006 fair and more honest with the people having the say of who will be elected and not big moneyed people. It has some very important provisions:

1. It will increase the current and inadequate \$1 check off for public financing on the state income tax form to \$5 with a partisan option which makes it more attractive

2. It creates an additional source of funding for candidates through the creation of a Public Endowment. Anyone interested in cleaning up state government could contribute to this fund with 100% tax credit. Thus it provides an additional source of public funding.

3. Provides candidates with increased funding for public grants if they agree to the rules.

4. Provides candidates who are target of "issue ads" with public funding matches up to three times the spending limit. This levels the playing field.

5. Requires the disclosure by issue ad groups of how much they are spending against targeted candidates.

6. Prohibits fund raising during the budget deliberations.

7. Abolishes legislative campaign committees which have been abused for years.

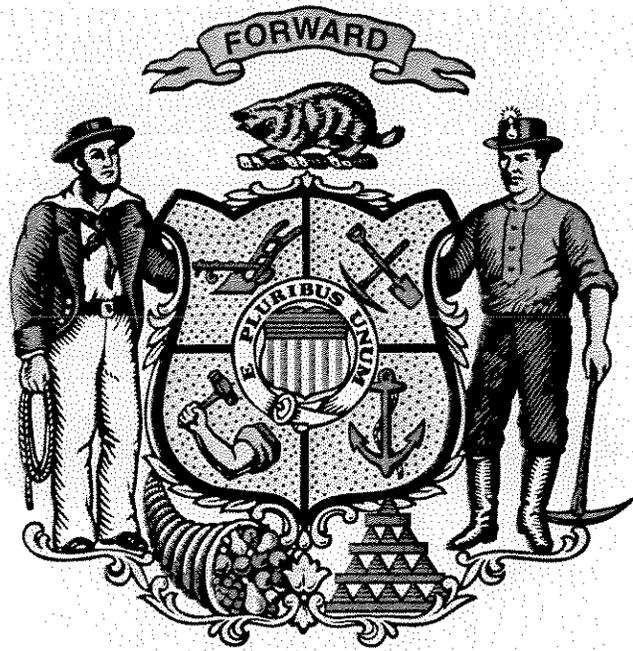
8. Limits transfers of much of the out of state campaign money into Wisconsin which lessens the possibility of receiving funding for favors by the legislators. This is very important to me because my state senator, Ron Brown, has reported thousands of dollars in funds he received from out of our district and out of the state. He is to represent our interests and not big business.

While this bill is not perfect, it does have some significant reforms and is a start of reform that we need so very badly. Like many Americans, I am very upset by what has happened to the integrity of our government, both state and national. It is a great opportunity for you who are presently in our legislature to act to restore the integrity for which Wisconsin has been a leading figure. It would help to restore a little faith in our democratic process.

I feel so very strongly about this bill and hope and plead that you and your committee will begin to make a difference and give the government back to the people of Wisconsin. Enough is enough. Please pass this piece of legislation in committee and support it all the way to its adoption by the Assembly and this forces the Senate to reconsider it.

Thanks you.

Sister Mary Frances Gebhard
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**Testimony of Julaine K. Appling, Executive Director
The Family Research Institute of Wisconsin
Public Hearing
Assembly Committee on Campaigns and Elections
AB 226
Thursday, September 1, 2005, 1:00 p.m.**

Thank you, Chairman Freese and other committee members for the opportunity to appear before you to present testimony on Assembly Bill 226. I am here today on behalf of The Family Research Institute of Wisconsin, a statewide not-for-profit educational Wisconsin corporation that has a substantial stake in this bill. The Family Research Institute of Wisconsin represents tens of thousands, and likely hundreds of thousands, of Wisconsin citizens who look to us to speak for them on critical issues and most of all to educate them on issues and candidates at election time. We believe this bill will have a severe chilling effect on political discourse in Wisconsin and will thereby ultimately be deleterious to everyone.

America's representative form of government demands an educated and involved electorate. I often tell people that a participatory form of government doesn't work if we as citizens don't participate. By anyone's standard, educating people and moving them from apathy to involvement on political issues is extremely difficult. At The Family Research Institute of Wisconsin we know educating and involving are the hardest things we do—on any issue. It's at least doubly difficult for elections. Assembly Bill 226 will make it that much harder.

Outside of the last two presidential elections, the overall trend in numbers of eligible voters actually voting in Wisconsin and across the country has been downward, especially in off-presidential years. While many factors contribute to this trend, including disinterest and deep-seated cynicism, another factor is not being able to find out reliable information on the candidates and the issues. Our experience in our office during the 30-60 day window prior to any election certainly anecdotally supports that.

More and more people are looking to independent groups that carefully monitor who is running in an election and what the issues are to succinctly give them important information—and the closer to the election, the better. Unlike those who are running for office or are heavily involved in a campaign, the average citizen doesn't start seriously thinking about candidates and issues and how he or she will vote until literally days before the election. That's when they are especially looking for groups they trust to educate them—not instruct them on what candidate to vote for or how to vote on a referendum, but to give them reliable, accurate information, such as incumbents' voting records on issues they are concerned about, candidates' own responses to questions asked about issues, and the exact wording of a referendum.

AB 226 makes it more difficult for such information to be disseminated to voters, requiring reporting and then, we believe, the potential for someone or some board ultimately determining that such educational efforts are actually "contributions" to a candidate or a referendum campaign. If that happens, then corporations and even not-for-profits that are not corporations will be prohibited from doing the type of voter education we have done for years and that is appreciated and sought after by citizens.

Essentially, AB 226 is a pernicious attack on Constitutionally protected free speech. Of all the free speech that ought to be assiduously protected in this state, it is that which discusses and takes positions on political issues.

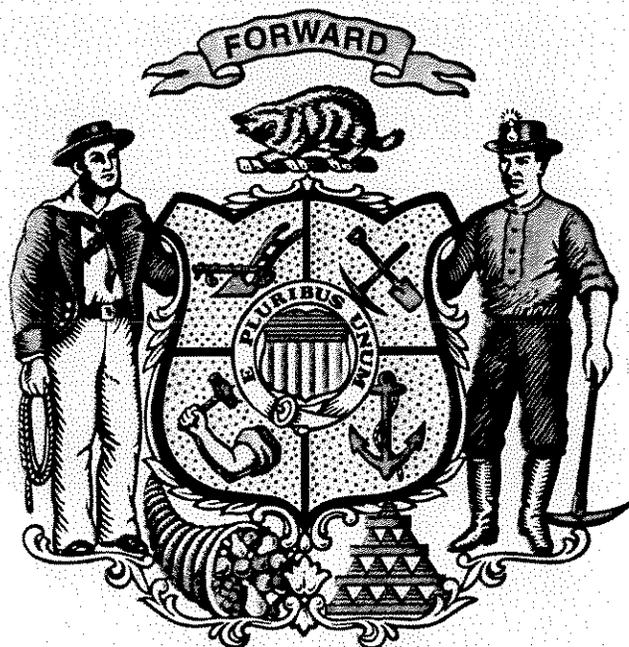
Such discussion is the very heart of our democratic system. Wisconsin's elected officials ought to be welcoming, not attempting to shut down, the exchange of ideas on important matters and free and open discussion of the people who will be elected to make decisions for all of us on these issues

Issue ads are already restricted beyond what we believe is acceptable. Should AB 226 become law, running such ads would basically be making a contribution to the opposing side—which is ludicrous.

AB 226 appears to be highly protective of incumbents, insulting to citizens, and much political-ado about nothing. Campaign and election finance reform doesn't register high on the voters' list of important issues. Likely voters in Wisconsin are focusing on marriage, education, jobs, taxes, and health care. Moreover, Wisconsin citizens are smart enough to discern the truth of ads and any other campaign information.

We urge you to oppose AB 226 and by doing so allow free political speech to continue as unimpeded and unrestricted as possible, without time and reporting constraints—for the good of this state and the continuation of true representative democracy.

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Testimony of the Wisconsin Democracy Campaign on 2005 Assembly Bill 226

Assembly Committee on Campaigns and Elections September 1, 2005

Thank you for holding this public hearing on campaign finance reform legislation. While we appreciate this opportunity to share our thoughts on Assembly Bill 226 with the committee, we believe you should be hearing testimony on legislative proposals that would meaningfully reform Wisconsin's broken campaign finance system such as Assembly Bill 392 and Assembly Bill 626.

The Wisconsin Democracy Campaign has been working for many years to get much-needed campaign finance reforms enacted. In past sessions, the Democracy Campaign endorsed bipartisan reform bills – including last session's Senate Bill 12 and the previous session's Senate Bill 104.

Assembly Bill 226 is the companion to this session's Senate Bill 46, which was debated in the Senate in March and rejected on a 20-13 vote. AB 226 contains some good elements of reform. It has some features in common with 2003 SB 12 and 2001 SB 104. But there also are important differences. After carefully reviewing the bill's many provisions, **the bill as it stands now creates a campaign finance system that would not work.** As it is currently written, AB 226 is akin to a prototype of a new automobile that does not have a working engine. It looks good in the showroom but would not perform on the road.

Last session's Senate Bill 12 proposed providing public financing grants to qualified candidates that were equal to 45% of the spending limits established in the bill. This year's SB 46 and AB 226 scale back the percentage of public financing to 35%.

But there is not an adequate funding source in SB 46 for even the more limited public grants promised in the new legislation. Last session's SB 12 included a guaranteed source of funds for the public financing program established in the legislation. SB 46 and AB 226 rely on a voluntary \$5 income tax checkoff and the establishment of a "Public Integrity Endowment," to which the public could make donations that would make donors eligible for an individual income tax credit.

Just over 240,000 people designated \$1 to the Wisconsin Election Campaign Fund on their 2003 state income tax returns. Even if a similar number of people were willing to designate the higher \$5 amount under the new checkoff, only about \$1.2 million per year would be raised. For each two-year election cycle, the \$5 checkoff would therefore produce about \$2.4 million that would be available for public financing grants to candidates.

To see just how woefully insufficient a \$5 checkoff would be, assume that AB 226 is in effect for the 2006 election. Under AB 226, candidates for governor would be eligible for a \$1.4 million grant. If just two candidates qualified for a grant, the cost to the system would be \$2.8 million – more than a \$5 checkoff could be expected to produce over two years.

In addition, candidates seeking other statewide constitutional offices in 2006 would be eligible under

AB 226 to receive public grants that would collectively total \$595,000. If just two candidates qualified for a grant in those races, the cost would be nearly \$1.2 million.

Candidates in the 15 Senate races in 2006 would each be eligible for a grant of \$52,500 under AB 226, while candidates in the 99 Assembly races would be eligible for a grant of \$26,250. If two candidates qualified for grants in each legislative race, the cost would be nearly \$6.8 million. If only half that many qualified for grants, the cost still would be almost \$3.4 million.

The bottom line is that when the cost of public financing grants to candidates for statewide office is combined with the expense of grants to legislative candidates, the cost of AB 226 in the 2006 election would be well over \$10.7 million – **nearly four and a half times what a \$5 checkoff is likely to produce**. Even if two legislative candidates qualify for a grant in only half of the races, the total cost of AB 226 would be nearly \$7.4 million – still *more than three times* what the checkoff in AB 226 could be reasonably expected to produce.

To think that citizen donations to a Public Integrity Endowment can fill a funding gap this wide – especially considering the state's experience with voluntary donations to the Rainy Day Fund, for example – is wishful thinking of the most extreme sort.

Keep in mind that this analysis is based on the generous assumption that two years' worth of checkoff designations would be available to finance the system. In reality, only one year's worth of \$5 designations (from 2005 tax returns filed in early 2006) – or an estimated \$1.2 million – would be available for the 2006 election, even though the bill as it is currently written, if enacted, would be in effect for the 2006 election.

Also keep in mind that these cost estimates for public financing grants do not include the cost of supplemental grants candidates would be eligible to receive under AB 226 if special interest groups run ads against them.

Given the gross inadequacy of the funding sources for the public financing program in AB 226, **special interest groups can safely assume that the targets of their ads will never receive the supplemental grants they are entitled to receive under the bill in order to respond to special interest attacks**. This undercuts the primary argument being advanced in defense of the decision to continue to allow interest groups to use unlimited and anonymous soft money donations to pay for campaign ads – namely that candidates will be able to effectively counter soft money-financed attacks thanks to the supplemental grants they would receive under AB 226. It has even been argued that special interest attack ads paid for with unregulated soft money donations will disappear altogether because groups will no longer believe it's worthwhile to sponsor such ads if they know their spending will be countered dollar for dollar by candidates armed with public funds. That too appears to be wildly wishful thinking in light of the insufficiency of funding for public grants in AB 226.

If AB 226 is enacted as proposed, soft money groups will continue to flourish at the state level because they would remain at a distinct competitive advantage. Unlike candidates and regulated committees, soft money-fueled front groups would not have to disclose their funding sources. Hence there would be no limit on the size of donations they could accept, while candidates and regulated committees would have to continue to abide by campaign contribution limits. And the soft money groups would be free to accept corporate donations while candidates and other regulated committees could not.

It should be remembered that the lack of a reliable funding source was a chief cause of the demise of

Wisconsin's old public financing system, which worked well for years after its adoption in 1977 but eventually was abandoned by candidates who no longer received the public grants promised in the law. Once the revenue generated by the \$1 checkoff was not sufficient to fully fund the public financing grants, candidates started receiving pro-rated grants that provided them little financial incentive to agree to the spending limits in the law. Candidates then began to privately finance their campaigns and were no longer subject to spending limits, and a campaign arms race ensued. The next thing we knew six of the most powerful politicians in Wisconsin faced nearly four dozen felony charges for alleged activity such as extortion, money laundering, kickbacks, bid rigging, illegal campaign contributions and criminal misconduct in public office.

It seems extremely unwise to seek to cure what ails Wisconsin's campaign finance system with a legislative remedy that contains the very same flaw that caused the old system's health to fail.

It also is a major mistake to abandon the idea of full disclosure and leave the soft money loophole intact. **Disclosure is the backbone of campaign finance reform, and the public's right to know is worth fighting for.**

Under the proposed legislation, special interests and phony front groups will continue to be able to avoid disclosing their political donations and skirt campaign contribution limits in state law. Last session's SB 12 required full disclosure of campaign finances and closed the loophole that currently enables special interests to make undisclosed and unlimited contributions known as "soft money" donations.

The soft money loophole that remains intact in this session's SB 46 and AB 226 also allows groups to get around Wisconsin's century-old ban on corporate campaign contributions. In recent years, it has become common practice for groups to pay for electioneering activities with corporate donations. (For more information, see a 2004 WDC study available online at: www.wisdc.org/suntodark.html)

AB 226 as it is currently written would allow Americans for a Brighter Tomorrow, a left-wing group that ran some of the nastiest political ads of the 2004 campaign – including one that called a Republican candidate a "right wing zombie" – to continue to conceal the sources of money used to influence state legislative elections here. It is not known who is funding Americans for a Brighter Tomorrow, but it is known that an ex-staffer of indicted former Senate leader Chuck Chvala is connected to the group.

Another group that would not have to disclose where it gets its money under AB 226 is All Children Matter, a right-wing group based in Michigan. All Children Matter is thought to have spent well over \$500,000 in 2004 to influence state legislative elections here. The group is headed by Michigan multimillionaire Dick DeVos, whose family founded Amway Corporation.

AB 226 also would leave Citizens for Wisconsin's Future free to continue concealing how it pays for campaign ads such as several it sponsored in 2004 attacking Assembly Speaker John Gard. This group is thought to be a front for the Ho-Chunk tribe and its gambling interests.

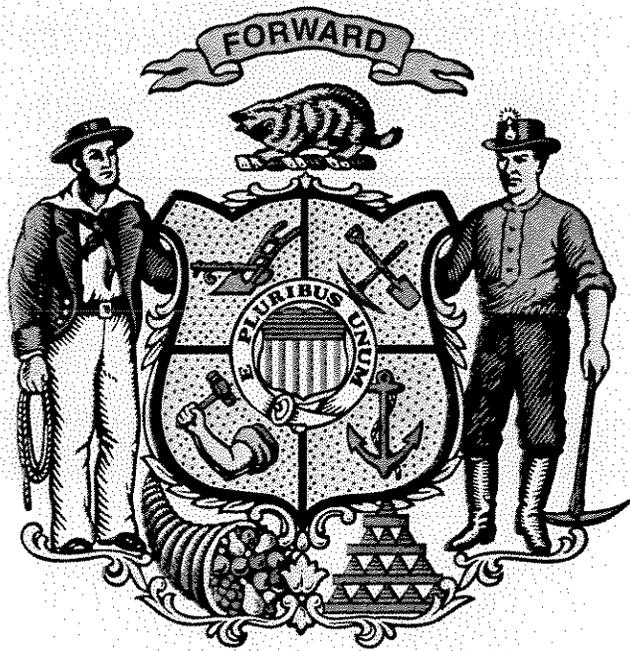
Exploitation of the soft money loophole is at the center of the corruption scandal that has produced criminal charges against former legislative leaders. Fundraising done for a front group run by Chvala is the subject of extortion and money laundering charges filed against the former Senate Democratic leader.

The group, Independent Citizens for Democracy, secretly solicited corporate contributions from Alliant Energy, Madison Gas & Electric, MG&E subsidiary Central Wisconsin Development Corporation, Oneida Tribe of Indians of Wisconsin, Dairyland Greyhound Park, Mathy Construction, Air Wisconsin Airlines Corporation, Badger Liquor Company, General Beer Distributors Company, building contractor J.F. Ahern Company, Racine road builder James Cape & Sons Company, Black River Falls road builder Lunda Construction Company, Elkhorn road builder Mann Bros. Inc. and over 20 other Wisconsin corporations.

The premise of AB 226 is that the soft money-financed front groups would be effectively neutralized by public matching grants candidates would receive to counter campaigns run against them by the groups. Unfortunately, AB 226 as it is currently written does not come even remotely close to establishing an adequate funding source for these matching grants. Consequently, soft money group activity would continue unabated. And the public would be kept in the dark about who is paying for their campaign ads.

This runs counter to the clear message voters sent in a 2000 referendum, when 90 percent supported "full and prompt disclosure of election-related activities."

With two simple repairs – the establishment of an adequate funding source to finance the public grants the bill promises candidates and a requirement that interest groups disclose the source of funds they use to pay for campaign ads – Assembly Bill 226 would become a highly effective remedy to runaway campaign fundraising and spending as well as the political corruption this campaign arms race promotes.





Common Cause In Wisconsin

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STATEMENT IN SUPPORT OF ASSEMBLY BILL 226

Before the Wisconsin Assembly Committee on Campaigns & Elections

Representative Stephen J. Freese, Chair

By Jay Heck, Executive Director of Common Cause in Wisconsin

September 1, 2005

Representative Freese and Other Members of the Committee:

Common Cause in Wisconsin (CC/WI), the state's largest non-partisan reform advocacy organization with more than 4,000 members, strongly supports Assembly Bill 226. With its companion legislation, Senate Bill 46, this is the only bipartisan comprehensive campaign finance reform measure thus far introduced in the Legislature this year and it is the only vehicle with which to achieve campaign finance reform in 2005 in time to have it in effect for the 2006 elections. It is also likely the only comprehensive reform package that has any chance whatsoever of being considered and passed in both chambers of the Wisconsin Legislature.

While Assembly Bill 226 isn't "perfect" reform and it doesn't do everything CC/WI or many pro-reform legislators want or believe needs to be done to completely reform Wisconsin's campaign finance laws, its passage and enactment into law would be a significant step forward and would lay a solid foundation on which further reform could be built.

CC/WI has long supported "sum sufficient" funding for campaign finance reform whether it is for candidate grants or for supplemental funding to offset a candidate spending over the spending limit or to provide additional resources for a candidate who is the victim of outside special interest spending in the form of an independent expenditure or of a sham issue ad.

During the last three sessions of the Legislature, CC/WI has supported comprehensive campaign finance reform measures all introduced by Senator Ellis and others that contained sum sufficient funding.

1999-2000 Senate Bill 113 was not considered in either the Democratic controlled State Senate or in the Republican-controlled Assembly—because of the sum sufficient public financing. 2001-2002 Senate Bill 104 was likewise, blocked from even being considered by the State Assembly—because of the sum sufficient funding. In 2002 a version of Senate Bill 104 that was introduced in 2003 as Senate Bill 12, passed in the Democratic-

controlled State Senate but everyone knew at that time it was dead on arrival in the State Assembly and so it was. 2003-2004 Senate Bill 12 never even made it out of this committee because of the opposition to sum sufficient public financing.

This year, there are 60 Republicans in the State Assembly—more than in 1999, 2001 or 2003 and opposition to sum sufficient public financing is stronger than ever before. It is a hard, cold fact that the fate of comprehensive campaign finance reform legislation with sum sufficient funding would be the same as that of Senate Bills 113, 104 and 12 over the past six years.

Assembly Bill 226 contains significantly greater public financing for Wisconsin's elections than currently exists. Raising the current, woefully inadequate \$1 check off to \$5 is in and of itself, a tremendous increase in public financing. We believe that critics of this measure have significantly underestimated how much revenue could be raised by creating a \$5 check off with a choice of partisan designation as Minnesota has had for the last decade. Participation by tax filers in Minnesota's \$5 check off has been about 50 percent higher on average than participation in Wisconsin's \$1 check off.

In another creative attempt to address the currently intractable "sum sufficient" financing obstacle, Assembly Bill 226 contains a mechanism that could generate much more revenue for public financing of campaigns than some critics have mistakenly alleged. The Public Integrity Endowment provides a 100 percent tax credit—not tax deduction—which provides a far greater incentive to contribute to such an entity than a mere tax deduction. This is not "wishful thinking of the most extreme sort" as critics have charged. There is the potential to raise a great deal of revenue for public financing of campaigns through this mechanism.

What is clear is that simply insisting on "sum sufficient" funding will get us nowhere given the current configuration of the Wisconsin Legislature and the disposition of the current Governor about campaign finance reform. One lesson we have learned from repeated defeats over the past several years is that it is absolutely necessary to look to sources other than just sum sufficient general purpose revenue (GPR) for public financing. For example, in Arizona—which has 100 percent public financing for candidates who agree to abide by spending limits—there is no sum sufficient GPR appropriation for public financing. Instead, the revenue is generated through a \$5 income tax form check off similar to that contained in Assembly Bill 226 and from a 10 percent surcharge on criminal and civil forfeitures.

To simply advocate for "sum sufficient" general purpose revenue, as some critics do, and declare anything else inadequate is irresponsible because such a proposal would once again be dead on arrival in the full State Assembly and thus be the end of campaign finance reform.

How can critics refute the fact that having a \$5 check off with a partisan designation generating far more revenue for public financing of elections in Wisconsin is far better than the current situation with a paltry \$1 check off? They can't. Isn't having an

additional source of public financing for elections through the establishment of a Public Integrity Endowment generating additional revenue for public financing far preferable than the currently where there is no additional source of public financing? The answer is, emphatically yes, we believe.

We have a much better chance of approaching full funding for everything that is called for in Assembly Bill 226 by raising revenue through the check off and the Public Integrity Endowment. If additional revenue is necessary to fully fund this bill, then the possibility of actually securing an additional appropriation from this Legislature would be greatly enhanced by first attempting to raise revenue for public financing from these other avenues.

* * *

Another major criticism of Assembly Bill 226 is that it does not require that the donors (primarily corporate) to organizations that run phony issue be disclosed and regulated. CC/WI has fought and long and hard for complete disclosure. We take a back seat to no one in pushing for the regulation and disclosure of groups utilizing their general treasury or "soft" money, including the full disclosure of the corporate donors financing phony issue ads. In 2000, alone among reform groups, CC/WI devised issue ad regulation and disclosure legislation that mirrored the McCain-Feingold law. We worked with State Senator Judy Robson and State Representative Steve Freese in passing and reporting what became Senate Bill 2 out of the Joint Committee for the Review of Administrative Rules to the floor of the Democratic-controlled State Senate where the measure passed, and then to the Republican-controlled State Assembly, where it failed twice in March of 2001. Today there are more anti-reform, anti-disclosure Republicans in the Assembly than there were in 2001 when full disclosure lost. So, as with the public financing component, an alternative method of getting to full disclosure must be found to advance reform. Otherwise, no reform will occur as long as the Legislature remains in its current configuration—which no one disputes will be the case for some time to come.

CC/WI worked very hard for the passage and enactment of the McCain-Feingold reform legislation at the federal level--which banned soft money contributions to the national political parties and regulates and forces disclosure of sham issue advocacy. The U.S. Supreme Court, in upholding the federal law in late 2003, strengthened the case for disclosure at the state level. But federal enactment doesn't automatically mean that the states will follow suit. Indeed, less than a handful have done so. Similar legislation has yet to get through the Wisconsin Legislature where the Assembly leadership remains opposed to such regulation and disclosure. 2003-2004 Senate Bill 12, as introduced in early 2003, did contain language that would force disclosure and regulation of soft money but its continued inclusion in the legislation meant that the bill would never get scheduled for consideration in the State Assembly. The same situation applies today. Inclusion of full disclosure of the names of the corporate donors would kill any comprehensive campaign finance reform measure in the Assembly as it stands today.

What critics neglect to point out is that the disclosure requirements for corporate donors is much more extensive in Assembly Bill 226 than is currently the case. The measure provides that issue advocacy groups must report how much they spend against targeted candidates who are then eligible to receive public funding to counter that spending. This public funding "bump" for the targeted candidate goes well beyond McCain-Feingold which contains no public funding whatsoever. Does CC/WI want full disclosure of the soft money donors? Of course we do. But it is a non-starter with the current Assembly leadership. Assembly Bill 226 would at least provide some funding to counter and discourage the sham issue advocacy that now proliferates Wisconsin elections by providing public funding matches to candidates who are the targets of these sham issue ads. The alternative to Senate Bill 226 is continued sham issue advocacy with no disclosure and no public funding at all for targeted candidates to defend themselves.

We believe the more likely way to gain full disclosure and close the loophole in Wisconsin's ban on corporate money in state elections is through the State Elections Board, where Governor Jim Doyle—should he choose to press for full disclosure—has the votes at hand to accomplish this needed reform and sidestep the intractable opposition of the Republican leadership in the Assembly. Twice in 2004, Doyle—who says he supports this reform but refused to actively try to achieve it—had the opportunity to call and lobby Democrats on the board to vote for full disclosure. Twice, Doyle did nothing and Democrats voted against it and the measure failed. If Governor Doyle wanted full disclosure of corporate donors he could achieve it tomorrow by exerting even minimal effort to line up votes on the Elections Board and pass it. He could then veto changes made by the Legislature and the Elections Board rule would become law. So the truth about gaining full disclosure, that critics of the disclosure in Assembly Bill 226 must know to be true, is that it is in the Elections Board, not in the Republican-controlled Legislature, that full disclosure of corporate donors is more likely to occur.

* * *

In sum, the major objections to Senate Assembly Bill 226 raised by some critics today are unreasonable if they conclude that no reform is better than this reform. What some of these critics insist upon—sum sufficient funding and disclosure of the names of corporate donors to issue ads, the State Assembly will simply not consider, let alone pass however desirable they are. Make no mistake about the fact that CC/WI would much prefer comprehensive campaign finance reform that includes sum sufficient funding and complete disclosure. But if that is not possible, Assembly Bill 226 offers an opportunity to move campaign finance reform significantly forward in the direction we think is necessary and it would do it for the first time since 1977. In addition to greatly enhanced public financing and enhanced disclosure requirements for issue ad groups, AB 226 would act to discourage outside special interest groups from huge spending on independent expenditures and sham issue ads that skew elections and corrupt public policy-making, it would prohibit campaign fund raising during consideration of the state budget and it would abolish the legislative leadership special interest "slush funds" known as legislative campaign committees that leaders utilize to ensure fealty from rank and file legislators. Assembly Bill 226 would make more elections more competitive and

take much of the special interest money out of a system that currently corrupts the way the public's business is conducted in Madison.

But even if you disagree with Assembly Bill 226, you ought to at least agree that it is time to get campaign finance reform to the floor of the Wisconsin Legislature for a full-fledged debate and to get legislators and the Governor on the record either in favor of campaign finance reform or against it.

* * *

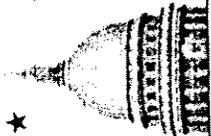
Here are the major provisions of Assembly Bill 226, which would:

- * Increase the current and inadequate \$1 check off for public financing on the state income tax form to \$5 with a partisan option to make checking off the money (which would not increase tax liability or decrease the refund) more attractive.
- * Create an additional source of funding for candidates through the creation of a Public Integrity Endowment (PIE) to be set up and administered through the State Elections Board. Individuals, unions, corporations, foundations and anyone else interested in cleaning up state government could contribute to the PIE and be eligible for a 100 percent tax credit. (There is currently no additional source of public funding--only the \$1 check off).
- * Provide candidates with increased funding for public grants if they agree to abide by revised spending limits and provide complying candidates with additional public funding equal to the amount over the spending limit that their non-complying opponent spends up to three times the spending limit. (There is currently no such provision in place).
- * Provide candidates who are the targets of outside spending by independent expenditure groups or those who run so-called "issue ads" (that depict a candidate 60 days or less before the general election or 30 days or less before the primary) with public funding matches up to three times the spending limit. (There is currently no such provision in place).
- * Require the disclosure by issue ad groups of how much they are spending against targeted candidates. (Currently no disclosure whatsoever is required of these groups).
- * Prohibit campaign fund-raising by legislators and statewide elected officials from the date the biennial state budget is introduced until it is enacted into law. (Currently fund raising is rampant during the budget period).
- * Abolish legislative campaign committees which legislative leaders have utilized to decrease the independence of legislators and which have created, at the very least, the appearance of corruption through the solicitation for campaign contributions in return for the consideration of pending legislation. (Currently, LCCs collect hundreds of thousands of dollars of special interest money).

*Limit transfers of much of the out of state campaign money into Wisconsin that currently flows into this state and limits special interest committee transfers. (Currently hundreds of thousands of dollars of out of state money flows into Wisconsin and money moves freely between special interest groups).

These are sweeping and significant reforms that CC/WI strongly believes are worth fighting for and their enactment into law would mark a significant step forward in cleaning up Wisconsin. If they were in place we would have a vastly improved (even if not perfect) political environment. We emphatically disagree with those who say no reform is better than this reform.

Wisconsin State Journal



★★★

MADISON, WISCONSIN

THURSDAY, SEPTEMBER 1, 2005

WWW.MADISON.COM/WSJ

OUR OPINION

Bill would clean money politics

A bipartisan group of state lawmakers led by Rep. Steve Freese, R-Dodgeville, is renewing its push for meaningful campaign finance reform at the state Capitol today.

The package of rules is long overdue and deserves

Today's public hearing on a bipartisan campaign finance reform package starts at 1 p.m. in room 300 North-East at the state Capitol in Madison.

an Assembly floor vote this fall. That would help pressure the Senate and governor to act before the 2006 election campaigns are full blown.

Freese chairs the Assembly Campaigns and Elections Committee that's holding the public hearing

on Assembly Bill 226 this afternoon. The bill isn't perfect. It does too little for some reformers and does way too much for others who benefit the most from Wisconsin's twisted status quo.

Yet the bill does plenty of good things and would significantly rein in the corrupting influences of Wisconsin's money politics. The highlights include:

- A ban on campaign fundraising during the state budget process.

- A \$5 check-off on state tax forms to help candidates who limit their spending. Citizens could steer the



Freese

\$5 donation to the political party of their choice. Additional grant money would come from a public integrity fund that citizens, unions and corporations could donate to for tax credits.

- Public disclosure of how much outside groups spend on phony "issue ads" leading up to elections.

- A mechanism for candidates who are playing by the rules to respond to ads by special interest groups.

- A ban on legislative campaign committees that help top lawmakers bully their members into strict party-line votes.

If lawmakers and the governor need more evidence that these changes are needed, it's heading their way big-time. Beginning in October, the trials of several fallen lawmakers are to begin — finally!

Former Senate Majority Leader Chuck Chvala, D-Madison, is accused of extortion and illegally laundering campaign money through Kansas and elsewhere.

Former Assembly Speaker Scott Jensen, R-Waukesha, is accused of turning his taxpayer-funded staff and offices into powerful campaign machines — even stationing a taxpayer-funded employee at a political party office to raise money full time.

Just as troubling, tens of millions of dollars are being spent each election cycle on misleading and often nasty political messages that make it harder for voters to make informed decisions about whom to support.

Change is badly needed, and AB 226 is a decent and workable start for fixing Wisconsin's mess.

M I L W A U K E JOURNAL SENTINEL

WEST EARLY EDITION * THURSDAY, SEPTEMBER 1, 2005 * WWW.JSONLINE.COM

Get rid of legal bribery

As the 2006 election season dawns, voters should start contemplating just how corrupt electioneering has become, allowed to reach this tawdry state by campaign finance law that gives a nod and a wink to what amounts to legal bribery.

They should pay particularly close attention to what legislators say and do during

this Legislature's upcoming

CAMPAIGN FINANCE REFORM

chance to resurrect campaign finance reform.

A first bill went down to ignominious defeat, 20-13, in the state Senate in March. The Assembly Committee on Campaigns and Elections is giving that body's identical version a hearing today.

We know chances for survival are slim in a legislative house that is arguably more partisan and more driven by politics than even the Senate.

But Common Cause of Wisconsin notes an interesting confluence this time around. The hearing comes about a month before the felony corruption trials begin of three former and one current legislator. Common Cause is hoping the Assembly notes this and how meaningful campaign finance reform might have prevented the transgressions those on trial are suspected of committing.

Like its twin, Assembly Bill 226 qualifies as

meaningful reform. But opponents will say, as they did before, that it should fail because it doesn't go far enough, conveniently omitting the fact that so-called "perfect" bills have been defeated previously.

What they're really saying is that they will not compromise to get at good-though-not-perfect legislation because they like things just as they are — advantage incumbents.

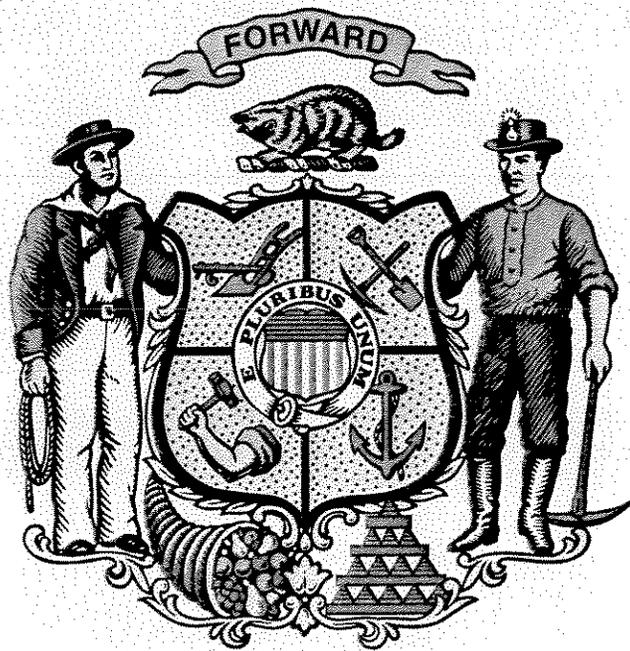
AB226 would create a system of public financing — increasing to \$5 the checkoff for that purpose on state income tax forms — and create a Public Integrity Endowment to help finance campaigns.

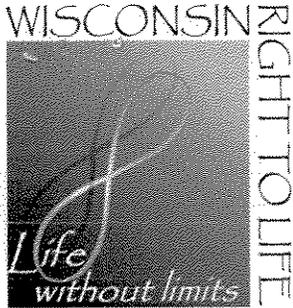
The bill bans legislative campaign committees, which are controlled by legislative leadership and dole money out to legislators to ensure votes on specific issues later.

It would prohibit any fund raising when legislators are considering the budget and ban unrestricted giving from one political action committee to another. And it would require so-called issue-ad groups to disclose how much they are spending against candidates.

Clearly, since "perfect" bills have failed, it's time for compromise that achieves some good. We're hopeful that this will pave the way for improvements in the future.

Just as clear is that what we have now is simply dismal. Unless, of course, you're an incumbent.





State Affiliate of the
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Washington, DC 38004-1193

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Testimony of
Susan Armacost,
Legislative Director
Wisconsin Right to Life

before the
Assembly Campaign & Elections Committee

in opposition to
Assembly Bill 226
September 1, 2005

Help make Life Without Limits a reality for future generations
Please remember Wisconsin Right to Life in your will, living trust or life insurance

I am Susan Armacost, Legislative Director of Wisconsin Right to Life here to testify in strong opposition to AB 226.

Wisconsin Right to Life is widely recognized as one of the major public policy participants in the state with over a half million members and supporters who are ordinary citizens who have come together under the banner of Wisconsin Right to Life to speak in one collective voice regarding matters pertaining to the sanctity of human life. Wisconsin Right to Life provides objective candidate information on right to life issues to its members and supporters and often, to the larger population via mass media and other means.

Assembly Bill 226 would force Wisconsin Right to Life, which is not a political action committee, to comply with complicated and unwieldy reporting requirements in order to be granted the "right" to merely mention the name of a candidate in any sort of communication within 30 days of a primary election and 60 days prior to a general election.

This provision would have particularly dire consequences for the 62 chapters of Wisconsin Right to Life that routinely send information to their respective local memberships at election time regarding the positions and voting records of candidates in their area on right to life issues. Our chapter leaders are ordinary citizens working as volunteers in their communities. A mandate forcing such ridiculous and offensive reporting requirements upon them, along with the threat of substantial penalties, would virtually guarantee that most of our chapters would cease to provide this information at election time.

This, of course, is exactly what the proponents of AB 226 want to happen, silencing the citizenry because some overly-sensitive lawmakers don't want anyone talking about their voting records and their positions on issues at election time. The very notion that we would be told by the State what we can and cannot say and when we would be allowed to say it is about as offensive as it gets!

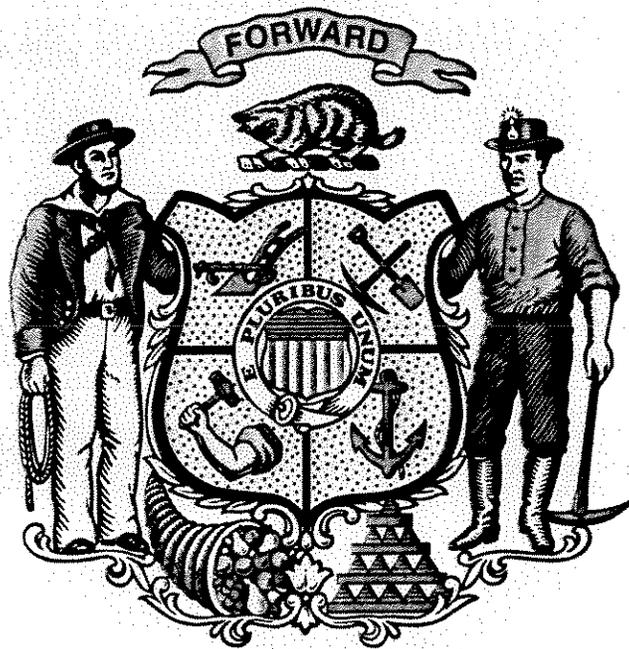
In addition, AB 226 would "reward" a candidate with additional taxpayer dollars because someone dared to exercise their First Amendment rights by criticizing that candidate in a mass communication. In other words, the State would be spending money to "reward" a candidate who did absolutely nothing to deserve it! And unsuspecting taxpayers who checked off that they wanted their \$5 to go to a particular political party, would end up having their money being used to subsidize the candidates they don't want elected! And all this because some lawmakers don't want people to talk about them at election time.

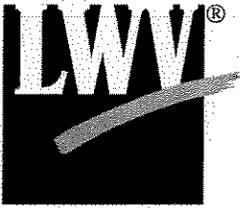
And finally, AB 266 would dictate to committees which other committees they may or may not contribute to. It is highly offensive for the State to dictate to any organization how they spend their own money. In addition, there is the little matter of the constitutional right of freedom of association which this provision so grossly ignores.

Wisconsin Right to Life is a true grassroots organization. Apparently, some legislators are so threatened by the idea of ordinary citizens having a stake in the political process that they want to shut them up. Some politicians actually believe they should control everything that is said about them at election

time and that other voices should be silenced.

Assembly Bill 226 is yet another atrocious attempt to muzzle citizen organizations at election time. Wisconsin Right to Life urges you to soundly reject it.





**LEAGUE OF WOMEN VOTERS[®]
OF WISCONSIN, INC.**

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September 1, 2005

TO: Assembly Committee on Campaigns and Elections
RE: Statement about Assembly Bill 226

The League of Women Voters of Wisconsin opposes this highly truncated version of the Ellis-Erpenbach bill, a bill that we supported early in the last legislative session. Although this bill covers many routine aspects of campaign finance activity, it unfortunately does not address or provide a way to correct the serious problems which have developed under the 1977 statute which currently regulates campaign financing in Wisconsin. Problems also have emerged because of loopholes in this and related laws.

In three important ways AB 226 does NOT provide a strong reformed campaign finance system for Wisconsin for the 21st century:

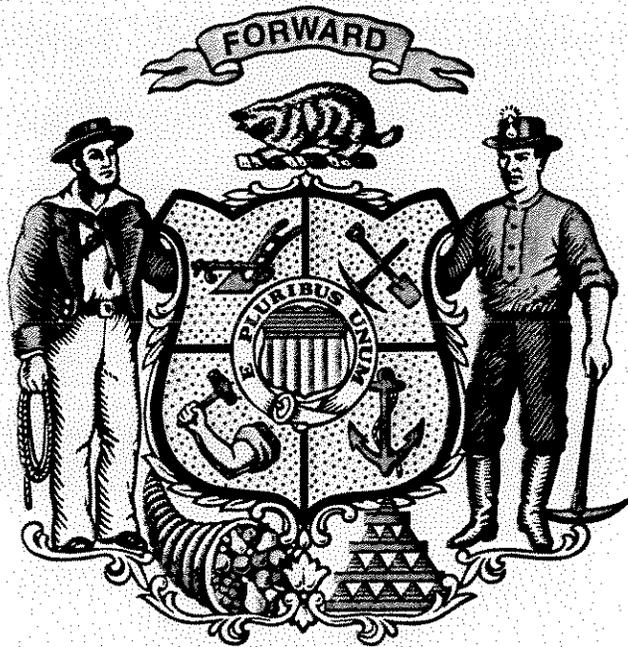
1 - Full grants are set at 35% of the spending limit, and even though this will be more dollars because the limits are increased, it will not be enough for candidates without access to or desire for large/special interest contributions to equitably compete, especially against a privately funded opponent. **The League has long believed that much larger relative grants such as 75%, along with the additional grants to counter high spending opponents and independent spending, are needed to maintain a level playing field. Limits are necessary on campaign spending for all candidates, regardless of whether they accept campaign financing. This will allow more individuals to run for office and reduce the need for special interest money.**

2 - The funding which would result from the \$5 check off - even if the numbers checking off remain the same - along with voluntary donations probably will not provide enough funds to insure that most statewide and legislative candidates will be fully funded. Wisconsin Democracy Campaign estimates that at the very least the funds needed will be three times the amount raised by the \$5 checkoff. As now, candidates will be discouraged from using public funds and submitting to the voluntary spending limits which accompany the money. To prevent this situation reform proposals in recent years - unlike this bill - have included a provision guaranteeing the funds from general purpose revenues if/when the checkoff is insufficient. **The League believes that such back up funds would be essential in order for candidates to have full confidence that they can accept the grant and wage a competitive campaign. We prefer an "opt-out" system for the check-off box. Taxpayers would automatically contribute \$5, or the designated amount, unless they check the box to opt out.**

3 - There has historically been general agreement among various perspectives in the reform movement that full disclosure of the sources of campaign funds must be a basic component of campaign finance law. Some have seen this as the only necessary component. Secondly Wisconsin has had a successful workable law on its books since 1907 prohibiting corporate campaign contributions. In addition the highest courts have now agreed that money spent on ads mentioning candidates during campaigns is money spent to influence elections and can be regulated. Yet SB 46 does nothing to require reporting of who finances the many campaign ads now running which do not specifically say to vote for or against a candidate. It does nothing to insure that the 1907 law is not broken. **The League believes that full information about the financing of campaigns must be available to the voters in a democratic election process.**

In summary, the League cannot support this bill, even though it includes several small but good provisions. It does not include the essential reforms we have worked for. We would like to hope that good strengthening amendments will be added and that the final version will be like the bill originally introduced by some of the bill's sponsors during the last legislative session.

Thank you for your attention to our concerns.





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DOYLE'S REFORM PACKAGE NEEDS A LOT MORE WORK

Governor Should Call Legislature into Special Session on Campaign and Ethics Reform if He Truly Wants Action on Proposal

Governor Jim Doyle unveiled a reform package today but it was already falling apart before he even released it and so he has much more work to do if it is amount to anything. He also needs to call a Special Session on Reform and Ethics if he is serious about reform.

Doyle today released proposals that have already been introduced in some form in the Legislature--many with bipartisan support--which is absolutely critical if reform has any chance of passing in the Republican-controlled Legislature and signed into law by the Democratic Governor.

The reform package was announced as having the support of the two leading Republican reformers in the Wisconsin Legislature--State Senator Michael Ellis of Neenah and State Representative Stephen Freese of Dodgeville. Democratic reformers, State Senator Jon Erpenbach of Middleton and State Representative Mark Pocan of Madison were also part of the bipartisan agreement. But one provision in the package apparently was not agreed to beforehand by the Republicans and now Ellis and Freese are withholding their support. If this situation doesn't change the proposal is dead in the water.

It should be noted that Common Cause in Wisconsin supports each of the provisions in the Governor's package. While not as sweeping as the comprehensive campaign finance reform legislation the Governor opposed last March -- Senate Bill 46 -- and which is still pending in the Assembly as Assembly Bill 226, it contains reforms that are needed. The problem with the package now, as we write this, is that it apparently does not have the support of Senator Ellis and Representative Freese who both say they did not agree to the inclusion of the provision banning the use of state tax dollars or campaign contributions for the legal defense of legislators or staff criminally charged with violating state ethics or campaign finance laws. It's a good proposal which we support but its inclusion with the other reforms may make this package untenable and make it no longer bipartisan--which means it won't move an inch.

The reform package does not address the real corruption in the Capitol--the big money being raised to run for statewide office and for the Legislature. It provides public financing for State Supreme Court elections which is good but that's not where the real problem lies in our elections in Wisconsin.

Nevertheless, CC/WI could support this package if the Governor can come to an understanding with Senator Ellis and Representative Freese. This would provide a first step toward the broader bipartisan reform Wisconsin needs.

The Governor also needs to get this package--if he really wants it acted on in 2006--on the "fast track" to be considered by the Legislature. The best way to do that would be to call the Legislature into **Special Session--immediately--**on campaign finance and ethics reform, which CC/WI called on him to do beginning last October. Otherwise, time to consider the package could just run out when the Legislature adjourns for the year this Spring.

Here is what the Governor said he would support:

Ban on fundraising during the budget. Under the Governor's proposal there would be a ban on fundraising during the state budget process on incumbent partisan state officials and challengers to partisan state offices. The ban would go into effect from the date of introduction of the budget until enactment. This reform was first proposed by CC/WI in 1997. It has been introduced already as Assembly Bill 66.

One-year ban lobbying by legislators and their staff. Under current law, former state public officials are not allowed to communicate with the officials' former agency as a paid representative for 12 months after leaving public office. This ban currently does not apply to legislators and legislative staffers. Under the Governor's proposal, this ban would apply to legislators and legislative staffers (i.e., former legislators and their staff would be barred from lobbying anyone in the legislature for 12 months after leaving public office). CC/WI has long supported this provision and has teamed with Rep. Freese to try to advance it.

Expand the 1-year ban from lobbying to also prevent former Governors and all gubernatorial political appointees that work at agencies from being able to lobby any cabinet agency, as well as a ban on lobbying anyone in the Governor's office. Under this proposal, a Governor and any political appointee of a Governor (i.e., Cabinet Secretaries, Commissioners, Deputy Secretaries, Executive Assistants, and Division Administrators) would be banned from lobbying cabinet agencies and the Governor's office for 12 months after leaving state service.

Ban on campaign contributions or state tax dollars from being used to pay for legal defense fees. This proposal would prevent campaign funds or state tax dollars from being used to pay for legal defense fees or costs of any official criminally charged with breaking Ch. 11 (i.e., the campaign finance chapter) or Ch. 19, subchapter III (i.e., the Ethics Code, including the "Pay to Play" statute). CC/WI supports this provision and has even sued the Legislature to stop payment of taxpayer funds for legal defense of criminally charged legislators.

But this is the sticking point right now between Doyle and the Republicans. It has to be worked out.

100% Public Funding derived for Supreme Court races who agree to limit their spending. This proposal provides for a public financing grant of \$100,000 in the primary and \$300,000 in the general election, subject to a biennial cost of living adjustment, for certain qualifying Supreme Court candidates. For candidates that do not accept public financing, the proposal provides for a contribution limitation of \$1,000 to any candidate for the Supreme Court.

Continued support for SB 1 – Merger of Elections and Ethics Board Bill. This bill is important legislation that merges the State Elections and Ethics Boards and provides the new Government Accountability Board with broader powers to investigate possible campaign and ethics violations. CC/WI has long supported this provision, working with Senator Ellis in 2002 to develop the legislation.