

# Campaign Finance Talk

The Voice of the Michigan Campaign Finance Network

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August 2007

## Who is Howie Rich?

*And what is he doing in Michigan?*

by Rich Robinson

With almost \$200 million in political spending in Michigan in 2006, it's inevitable that some stories didn't get the attention they deserved. The committee behind the Stop OverSpending (SOS) Michigan ballot initiative gained some notoriety because its petitions were insufficient to gain access to the ballot. The money story behind SOS, part of a sprawling national story that largely passed below the public radar, is worthy of review.

Three out-of-state nonprofits put \$1,088,000 into SOS, 99 percent of its funds. Two of those committees, Fund for Democracy (\$623,000) and America at Its Best (\$310,000), are directed by a libertarian activist from New York City named Howie Rich. Howie Rich-related nonprofits provided substantial funding – in some cases nearly all the funding - for 18 ballot committees in 15 states from Maine to California in 2006.

Nine of Rich's ballot committees, including SOS Michigan, sought to put formulaic limits on state government spending. Seven others were inspired by the U.S. Supreme Court's *Kelo v. New London* decision and were designed to stop the use of eminent domain for private development projects (Michigan's 2006 eminent domain initiative was funded by the Michigan Chamber of Commerce and the Michigan Realtors Association, not Rich's committees). One other Rich-related proposal sought to retroactively apply term limits to judges in Colorado, and one was a Terri Schiavo-inspired "humane care" initiative in Nebraska, a distinct departure from conventional norms for libertarians.

Howie Rich's history in Michigan goes back at least 15 years to our term limits initiative, to which Rich was a significant financial contributor. In addition to the SOS work in 2006, his presence was felt in the 7<sup>th</sup> Congressional District Republican primary election, where Club for Growth, of which he is a director, supplied 90 percent of the funds for Tim Walberg's successful challenge against then-incumbent Joe Schwarz.

Howie Rich is present in Michigan today in the form of the over-sized pig that Leon Drolet pulls around the state to attract media attention for his threatened recalls against any legislators who support a tax increase. That same pig was used in Rich's campaigns around the country in 2006, at least as far west as Montana. If Rich's local associates are to be believed, he'll be back with more and more attempts to amend the Michigan Constitution.

So what? You need information to distinguish authentic grassroots effort from astroturf. Compared to the other states, it is relatively easy to amend the Michigan Constitution and that has made us a target for ideologues such as Howie Rich and special interest groups to push their grand experiments in governance. Ward Connerly's Michigan Civil Rights Initiative is another example. So was last year's Proposal 5, the mandatory funding for education initiative that was driven by \$3.4 million from the National Education Association. We can't stop these actors from spending their money, but we ought to know about it early enough in the process that we can evaluate the 'who, what and why' of ballot proposals.

## Top Pacs Beat Record Pace Of 2006

**M**oney continues to flow in the Lansing political marketplace. The top 150 political action committees (PACs) have raised \$9,558,690 through July 20<sup>th</sup> this year. That pace is just slightly ahead of the record-setting 2006 election cycle, when the top 150 PACs had raised \$9,538,880 through the July 2005 report.

The change in majority in the House is reflected in PAC fundraising. The House Democratic Fund has supplanted the House Republican Campaign Committee at the top of the list. The House Democratic Fund is up 64 percent to \$891,795, while the House Republicans are down 32 percent to \$699,247, good enough for third place in the money chase, behind the Senate Republican Campaign Committee at

\$828,758. The Senate Democratic Fund is eighth with \$264,965.

The Granholm Leadership Fund is the fundraising leader among elected officials' leadership PACs with \$268,350, 125 percent ahead of its pace from last cycle. Wayne County Commission Chairwoman Jewel Ware's Diamond PAC is second among leadership PACs with \$152,925. Lieutenant Governor John Cherry's JDC Genesee Fund is third with \$113,750, followed by Macomb County Public Works Commissioner Anthony Marrocco's Independent Voters PAC with \$87,775. The PACs of Senate Majority Leader Mike Bishop and Speaker of the House Andy Dillon are in a near dead heat with \$84,769 and \$83,001, respectively.

Big gainers among interest groups'

PACs included the Health and Hospital Association's Health PAC, up by 88 percent at \$304,059, the Auto Dealers of Michigan PAC, up by 81 percent at \$220,608, and U.S. Steel PAC, up more than ten-fold at \$169,901.

Among major players from last election cycle that have fallen off the fundraising list, Mitt Romney's Commonwealth PAC has stopped raising money, although it still has a fund balance of nearly \$400,000. The UAW and EMILY's List haven't put money into their Michigan PACs yet this year.

The list of the top Michigan PACs was compiled from reports filed with the Michigan Bureau of Elections. The complete list of the top 150 PACs is available online at [www.mcfn.org](http://www.mcfn.org).

### Top Michigan Political Action Committees – 2008 Election Cycle (through 7/20/2007)

Rank	Name	01/07-7/07	01/05-7/05	Change (%)	2006 Cycle
1	MI House Democratic Fund	\$891,795	\$545,201	63.6	\$2,720,517
2	Senate Republican Campaign Committee	828,758	787,230	5.3	2,659,680
3	House Republican Campaign Committee	699,247	1,023,796	(31.7)	4,451,775
4	MI Health & Hospital Assn. / Health PAC	304,059	162,028	87.7	518,160
5	MI Assn. of Realtors / REALTORS PAC	271,076	294,918	(8.1)	1,194,562
6	Blue Cross/Blue Shield of MI / BCBSM PAC	268,701	225,495	19.2	870,435
7	(Jennifer) Granholm Leadership Fund	268,350	119,100	125.3	893,815
8	Senate Democratic Fund	264,965	373,531	(29.1)	2,036,358
9	Auto Dealers of Michigan PAC	220,608	122,118	80.7	608,800
10	MI Education Assn. / MEA PAC	194,049	262,629	(26.1)	1,429,730
11	MI Bankers Assn. PAC / MI BANK PAC	190,883	196,206	(2.7)	393,265
12	US Steel PAC MI	169,901	14,477	1,073.6	129,120
13	MI Trial Lawyers Assn. / Justice PAC	163,299	191,189	(14.6)	1,062,264
14	Diamond PAC (Jewel Ware)	152,925	9,300	1,544.4	55,025
15	MI Beer & Wine Wholesalers Assn. PAC	148,394	210,662	(29.6)	722,698
16	Comerica Inc. PAC	133,049	117,971	12.8	500,691
17	Coalition for Progress (Jon Stryker)	129,335	n/a	n/a	5,460,077
18	MI Manufactured Housing RV & Campground Assn. PAC	125,680	230,314	(45.4)	534,000
19	DTE Energy Co. PAC	123,764	138,754	(10.8)	507,361
20	MI Farm Bureau PAC	119,869	59,166	102.6	243,206
21	JDC Genesee Fund (John Cherry)	113,750	121,200	(6.1)	265,450
22	MI Regional Council of Carpenters PAC	109,700	109,778	(0.1)	461,963
23	MI Credit Union League Action Fund	105,646	69,178	52.7	201,253

# Top Michigan Political Action Committees – 2008 Election Cycle

(through 7/20/2007)

Rank	Name	01/07-7/07	01/05-7/05	Change (%)	2006 Cycle
24	Independent Voters PAC (Anthony Marrocco)	87,775	-	n/a	12,100
25	(Mike) Bishop Majority Fund	84,769	n/a	n/a	201,525
26	(Andy) Dillon Leadership Fund	83,001	n/a	n/a	79,750
27	MI Infrastructure & Transportaion PAC / MITA PAC	81,720	159,469	(48.8)	406,172
28	AT&T Michigan PAC	77,482	34,519	124.5	213,416
29	Miller Canfield PAC	75,000	90,000	(16.7)	265,000
30	Great Lakes Sugarbeet Growers PAC	74,596	52,473	42.2	112,221
31	MI Restaurant Assn. PAC	71,061	85,653	(17.0)	258,647
32	(Mike) Cox 5200 Club	67,875	55,287	22.8	161,692
33	MI Soc of Anesthesiologists PAC	64,514	45,130	43.0	99,494
34	MI Assn. of Insurance Agents / Agent PAC	59,681	67,352	(11.4)	185,743
35	AFSCME PAC	59,517	40,751	46.1	156,867
36	COMM-PAC	59,250	85,000	(30.3)	165,125
37	MI Assn. of CPAs / MACPA PAC	53,012	51,109	3.7	159,589
38	MHSA PAC	52,000	51,900	0.2	151,400
39	Detroit Regional Chamber PAC	51,246	52,362	(2.1)	160,055
40	Citizens for Michigan (Anthony Soave)	50,000	30,000	66.7	160,000
41	Comcast Corp. PAC / COMPAC	50,000	7,500	566.7	199,552
42	Troopers PAC	50,000	26,800	86.6	107,000
43	MI State Medical Society / MI Doctors PAC	49,480	56,570	(12.5)	167,777
44	CMS Energy Employees for Better Government	49,225	53,841	(8.6)	191,115
45	MI Petroleum Jobbers PAC	48,750	77,430	(37.0)	129,965
46	MI Chamber of Commerce PAC	47,112	60,711	(22.4)	286,609
47	21st Century Club	46,800	34,100	37.2	77,250
48	Automobile Club of MI PAC / ACPAC	46,776	57,630	(18.8)	191,606
49	Dykema Gossett PAC	46,725	40,022	16.7	147,079
50	MI Assn. of Health Plans PAC / MAHP PAC	45,010	40,652	10.7	142,825
51	MI Auto Dealers Assn. / MAD PAC	42,300	87,225	(51.5)	202,236
52	ROYPAC	42,015	n/a	n/a	n/a
53	Brooke PAC (Jackson Natl. Life)	39,656	29,834	32.9	118,753
54	(Mark) Schauer 21st Century Fund	39,525	500	7,805.0	201,590
55	MI Osteopathic PAC	38,388	38,700	(0.8)	100,202
56	Michigan List	37,429	31,288	19.6	87,186
57	Friends of Ferris	36,722	38,512	(4.6)	78,779
58	Progressive Women's Alliance of West MI	36,503	10,420	250.3	96,474
59	Generations PAC (Kwame Kilpatrick)	36,500	-	n/a	471,007
60	MI Optometric Assn. PAC	36,432	36,071	1.0	118,904
61	Command Officers Assn of MI PAC	36,363	32,171	13.0	108,554
62	Operating Engineers Local 324 PAC	33,873	8,204	312.9	235,037
63	DaimlerChrysler PAC	33,072	32,956	0.4	145,388
64	Tetra Tech MPS SSF	33,000	8,190	302.9	31,723
65	Waste Management PAC	31,811	26,936	18.1	100,650
66	Plumbers & Pipefitters Local 333 PAC	31,701	23,944	32.4	102,137
67	Intl. Brotherhood of Electrical Workers / IBEW COPE	31,450	84,610	(62.8)	411,345

# Citizen's Guide Captures Record Year of State Political Spending

Political campaigns in Michigan raised and spent over \$192 million in the 2006 election cycle. Data and analysis for the record-breaking campaign spending are compiled in the *2006 Citizen's Guide to Michigan Campaign Finance*, released in mid-July by the Michigan Campaign Finance Network.

Campaigns for state offices, including governor, attorney general, secretary of state, state representative, state senator, state board of education, elected university boards and the judiciary, totaled \$134.8 million. State candidates for the U.S. House of Representatives raised \$19.3 million and the Stabenow–Bouchard U.S. Senate race cost \$19.1 million. Committees that supported or opposed the various ballot questions raised another \$19.4 million.

The gubernatorial campaign totaled \$78.9 million, more than twice the cost of the 2002 gubernatorial campaign. It included \$35.5 million in self-funding by Republican challenger Dick DeVos, the fourth highest total ever for an American gubernatorial candidate and the most ever by a Republican. The campaign also featured \$18.1 million in candidate-focused issue advertising that was not reported in any campaign finance report. The Michigan Democratic Party sponsored \$12.8 million of that total, while DeVos supporters spent \$5.3 million. The Michigan Campaign Finance Network collected issue ad spending data from the public files of state broadcasters and cable systems.

General election candidates for the Michigan Senate raised \$16.1 million in the 2006 cycle, up by 39 percent compared to 2002, and four races cost more than \$1.95 million each. General election candidates for the Michigan

House raised \$15.1 million, up by 52 percent compared to 2002, and four races topped \$1 million each. Of the 148 winning candidates for the Legislature, 139 had greater financial support than their opponent, or no major-party opponent.

The top 150 state political action committees raised \$51.9 million in the 2006 cycle, up by 55 percent compared to the 2002 or 2004 cycles. The ten largest PACs, including the legislative caucuses' PACs, raised \$26.5 million, more than the next 140 combined. Elected officials had 92 leadership PACs that collectively raised \$8.3 million. The Coalition for Progress became the biggest PAC in Michigan history by raising \$5,460,000. Jon Stryker of Kalamazoo and Pat Stryker of Colorado Springs gave Coalition for Progress 98 percent of its funds.

For the first time this century, the Michigan Democratic Party had more money in its state account than the Michigan Republican Party: \$6.8 million to \$5 million. Thirty-eight individuals and one PAC gave the Republicans a total of \$3.5 million. Three PACs and one individual gave the Democrats a total of \$3.5 million.

Two ballot initiative campaigns each ran to a cost of \$6.5 million: Proposal 2, the successful anti-affirmative action Michigan Civil Rights Initiative, in which opponents outspent proponents three-to-one;

and Proposal 5, the unsuccessful education funding carve-out, where proponents spent more than twice what opponents spent. The National Education Association spent \$3.4 million supporting Proposal 5.

The *2006 Citizen's Guide to Michigan Campaign Finance* contains summaries of candidates' campaign finances, lists of top contributors to all electoral winners, and lists of top contributors to the legislative caucuses' PACs, politicians' leadership PACs and state party committees. The *Citizen's Guide* is available online in pdf format, or you can request a complimentary printed copy from MCFN.



## Roberts' New Rules

The U.S. Supreme Court's decision in *Federal Election Commission v. Wisconsin Right to Life, Inc.* effectively eviscerates one of the two major provisions of the Bipartisan Campaign Reform Act of 2002. Writing for the 5-4 majority, Chief Justice John Roberts' opinion gives corporations and unions exemptions to BCRA unless their ads are the "functional equivalent of express advocacy." That test is satisfied only if the ads are "susceptible of no reasonable interpretation other than as an appeal to vote for against a specific candidate."

Roberts' opinion did not overturn the law outright, as Justices Scalia, Thomas and Kennedy had argued for, but Justice Scalia said in a footnote: "This faux judicial restraint

is judicial obfuscation." The opinion "effectively overrules" the 2003 *McConnell v. Federal Election Commission* decision "without saying so," in Scalia's words.

The decision returns us to our past in federal campaigns. If a political ad sponsor mentions any plausible issue and avoids reference to voting, the sponsor is free to use unlimited corporate or union funds.

Things won't change in state campaigns in Michigan because we did not adopt a state ban against corporate or union treasury funds in broadcast political advertising.

What is next? We should expect much more money in politics. The big interest groups will be heard like never before.

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200 Museum Drive, Lansing, Michigan 48933  
(517) 482-7198 • E-mail: [mcfn@mcfn.org](mailto:mcfn@mcfn.org)  
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## Campaign Finance Talk

All articles were written by Rich Robinson, executive director of the Michigan Campaign Finance Network.

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