

Campaign Finance Talk

The Voice of the Michigan Campaign Finance Network

October 2001

Update on federal & state campaign finance reform

Since September 11th, priorities on the public agenda have been refocused, and rightly so. However, campaign finance reform remains a keystone issue that affects all other issues. The following update summarizes legislative activity on campaign finance reform at the federal and state levels.

Congress shifts focus

It has been a breakthrough year in Congress for campaign finance reform. For the first time in recent history, a package of serious reforms has passed the Senate. The McCain-Feingold bill would close the issue ad loophole so that any broadcast ads that have the name or image of a candidate in the last 30 days before a federal primary election or 60 days before a general election would be treated as election ads, subject to the rules thereof. This change would end undisclosed stealth campaigning by civic-sounding but anonymous interest groups, and it would close the loophole that allows corporate and union treasury money (as opposed to PAC money) to be used for advertising that affects the outcome of elections. McCain-Feingold originally set out to ban soft money, the unlimited contributions to the parties that may be used for non-election activity (voter registration, getting out the vote and issue ads) but it was amended to allow limited soft money contributions for activities other than issue ads.

After passing the House on two previous occasions, the House counterpart to McCain-Feingold sponsored by Christopher Shays (R-CT) and Marty Meehan (D-MA) has had a much more

difficult time this session. Undoubtedly this is because the vote is 'real' this time, whereas in prior years it was a vote that was made 'under cover' since it was recognized that the Senate would not vote on the bill. Before the House went on its summer recess, there was a rules maneuver in the House to consider the Shays-Meehan bill as a series of amendments rather than a single bill as its sponsors intended. This tactic was designed by opponents to try to defeat some fundamental provision of the bill so there would be a substantive difference from the Senate-passed version that would require a House-Senate conference committee to resolve the differences. Under this scenario, the House leadership could appoint conferees hostile to the bill and gut it in conference. Fortunately, this rules maneuver was defeated, but House Speaker Hastert said that the bill was dead as far as he was concerned.

In response to the Speaker's decision to bury the bill, its supporters began a discharge petition to force a single 'up or down' vote on the House floor of the entire Shays-Meehan bill. Although the outcome of a floor vote would not be a sure thing, at least the bill would get the fair vote it deserved. In just two days before summer recess, 205 signatures were collected on the discharge petition, leaving 13 to go to force the floor vote. By September 10th, the count was up to 209 signatures.

Aides to Congressmen Shays and Meehan have informed *Campaign Finance Talk* that the discharge petition and the Shays-Meehan bill have been put on hold, perhaps for the balance of

the session. Congress has reset its priorities to consider national security and emergency economic bills and it is avoiding divisive issues like campaign finance reform. Unless there is a return to 'business as usual,' the Shays-Meehan bill probably will not be considered again until 2002.

Possible legislative action in Lansing

Since the July release of MCFN's report *More Money, Less Disclosure – An Overview of Michigan's 2000 State Elections*, MCFN staff, board and volunteers have been visiting newspaper editorial boards and legislators to build support for campaign finance reform legislation in Michigan. In particular, we have been emphasizing three issues: the need for limits on contributions to all political committees, including PACs and political parties; the need for issue ad disclosure, similar to the McCain-Feingold bill; and voluntary full public funding for Michigan Supreme Court campaigns. The argument for public funding for Supreme Court campaigns has been bolstered by the recommendation of the American Bar Association's Standing Committee on Judicial Independence. That committee has recommended that all competitive judicial elections should be publicly funded, to protect against the potential conflict of interest when contributors to judicial campaigns appear before the bench as litigants.

Momentum is building

Several newspapers, including the *Detroit Free Press*, *Lansing State*

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Campaign Finance Talk with... Gary Peters

State Sen. Peters discusses his campaign for governor & campaign finance reform

Over the course of the coming year, Campaign Finance Talk will request interviews with all the gubernatorial candidates.

The series begins with a conversation with state Senator Gary Peters of Bloomfield Township, candidate for the Democratic Party nomination.

Why are you running for governor?

I'm concerned about Michigan's preparedness for the future, particularly on the economic front. I come from an investment background, having been in the investment business for twenty years, and I'm concerned that government doesn't give enough attention to the long-term picture. Too often, we're just reacting to the crisis of the day. I came to the state Senate with a vision that we should be making investments and thinking about the impact of policies over the long term, but it's been frustrating over the past seven years, being in the minority. The best way to make that vision come true is in the governor's office, providing leadership in the executive branch.

We have to be prepared for the new economy — the challenges of the global economy and rapidly changing technology. There are big changes in lifestyle and how we prepare for the workplace and changes are coming at an incredibly fast pace. We know that it is very easy to fall behind, and if you do fall behind it is difficult to catch up again. We need to be at the competitive edge in education, urban policy and environment, so we can thrive as a state in the new economy.

State revenues are running well below earlier projections. As Governor, how would you approach the state's budget and the fiscal health of the state?

That is going to be a primary issue in this race. The economy was in a slow-down and then we've had the shock of

the terrorist attack. That affects consumer confidence and our buying behavior. For example, there has been a pretty dramatic impact in the airline industry and that ripples through the hospitality industry and the entertainment industry. We're already seeing many layoffs. I have full faith in the underlying strength of our



economy and we are going to come out of this, but we're in for some difficult times. It will definitely be a challenge to the next governor and I think that's where my qualifications give me an edge. These are times when there would be an advantage to having a governor with an MBA in finance. I have business experience with the heart and the conscience of a Democrat.

Everything will have to be on the table. We need to look at our budget priorities from top to bottom in a hard-nosed way. We'll look for management efficiencies in the way we run our operations but that, alone, will not be enough. We are going to be facing tough decisions.

We need to go back and look again at the fact that we're rolling back the state

income tax and phasing-out the Single Business Tax. When we passed those rollbacks, I argued on the Senate floor that there should be a circuit breaker. If the budget stabilization fund gets below \$750 million, we should put the brakes on the rollbacks. That doesn't mean the Legislature couldn't reinstate the cuts, but it should be looking at current economic realities to make that decision. It's just not sound fiscal policy to have phased-in tax cuts like these when you don't know what the state of the economy will be in the future. These tax cuts are having an impact of several hundred million dollars on top of the declining revenue from the economic slow-down. Nobody wants to pay more taxes, but we have to make sure we provide for essential operations. And when we think about tax cuts, we should target them to small businesses and low to middle-income families. That would result in immediate expansion in the economy. The Engler administration's tax cuts have disproportionately benefited high-income individuals and the largest corporations.

Our readers have a deep concern about money in politics. What are your concerns about money in politics?

This has always been an important issue with me. I've introduced a number of campaign finance reform bills in the Senate but, unfortunately, those bills have never seen the light of day. Campaign finances touch all issues and have a major impact on the way we set priorities.

I don't necessarily believe that big contributors are buying votes, but they skew our legislative agenda and the agenda of the executive branch. The issues of big contributors are addressed but if you don't have lobbying power or the ability to make a big contribution,

you end up taking a second seat. Campaign finance reform is not just a federal issue. It is very much a state issue. There's too much money in politics at all levels.

In many cases the folks who make big contributions are state contractors, and they're not giving these big contributions just because they like the way you think. They make contributions because they want access, it's pretty clear. And it makes the situation difficult for a candidate like me. I don't have a big political machine behind me. I don't have special interest groups or big contractors behind me. I have to rely on grass roots fundraising and it's difficult to be competitive against folks who have the backing of big contractors or a political machine.

I have a profile that appeals to many people because I'm not beholden to any big contributors. But it's hard to get that message out. In reporting the campaign, the media tends to focus a great deal of attention on who has raised how much money. If you have the big money contributors you are seen to be a top-tier candidate.

At the federal level, the McCain-Feingold bill seeks to ban unlimited contributions to the political parties. In Michigan, we have no limits on contributions to the parties or PACs. Should there be limits on contributions to all political committees in the state?

Yes, and I have introduced a bill to establish limits on contributions. This is a huge loophole. I've studied this situation and this is how many of the big state contractors make their contributions of fifty thousand dollars or hundreds of thousands of dollars. Huge contributions are given to the party and spent as independent expenditures to benefit various candidates. This is how big contributors really circumvent the intent of the campaign finance law. We do need limits on contributions to all committees.

In the 2000 state Supreme Court races, more was spent by the parties and interest groups on off-the-books "issue ads" than was reported spent by the candidates' campaigns. Is this

robust free speech or is this electioneering through a loophole?

This is electioneering through a loophole. If you ask a voter to distinguish between an issue ad and a regular candidate ad, I guarantee you they're not going to know the difference. Even though issue ads don't use the "magic words" of "vote for" or "vote against," it's clear enough they are for or against a candidate. I agree with the standard

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that says that any ad that has a candidate's name or likeness within the window of an election, and we can determine what that is, should be subject to the same regulations as regular candidate ads — full disclosure and everything else. These so-called issue ads only come out at election time. You don't see them during the year when we're working on budgets or a piece of legislation.

Supreme Court campaigns are getting more expensive and grittier every election cycle. Many observers say this compromises the appearance, if not the reality, of fair and independent justice. Does this concern you, and what should be done about it?

It does concern me. It's not realistic to call them non-partisan elections when the candidates are selected at party conventions. I think we should be treating these elections like other elections. We should eliminate the incumbent designation — no other incumbent gets that identification on the ballot. And I wouldn't be opposed to showing the candidates' party identification. Then voters would have a better idea about the value system of the candidates. Candidates still couldn't talk about how they'd rule on issues, but voters would have something more to base their vote on.

The American Bar Association's Standing Committee on Judicial Independence has recommended that states that elect judges should provide public funding for those campaigns so candidates won't have to raise money from individuals or concerns who might end up as litigants before the

bench. What about public funding for the Supreme Court?

Well, I support public funding generally. And I think public funding certainly would be appropriate for judicial elections. But you'd still have to contend with issue ads. If interest groups can just pour money into issue ad campaigns, it defeats the purpose of the public funding. So you would need a mechanism to compensate for that spending.

I like the public funding we have for the gubernatorial campaigns in Michigan, where you can get matching funds if you agree to spending limits. But it looks like the money just isn't going to be there to provide the match because we don't have adequate funding. That is very much a concern for me, because as a grass roots kind of candidate, I'll be looking for those matching funds.

At this point, at least one gubernatorial candidate claims to have raised a million dollars already. Have we come to a time when gubernatorial candidates should be reporting more often in the year before the election?

I don't know if it needs to be reported this far out. The reason I'm concerned is that the media is so fixed on who is raising money as a measure of the candidates, and that fixation could be exaggerated by earlier reporting. The story about the money overwhelms the story about what the candidates stand for, and what the candidates bring in the way of experience. If we have earlier reporting, it all becomes a matter of who can raise the most money the fastest. Certainly I'm in favor of everyone being able to learn who has given what to whom, and later in the election cycle it becomes very important. But there needs to be a time when the focus is on issues, experience and the quality of the candidates — not fundraising. As you draw closer to the election it would be appropriate to develop a system for real-time reporting, but this far out we should elevate ideas over fundraising.

You can learn more about the Peters' campaign at www.peters2002.com

Campaign Finance Talk

The voice of the



1310 Turner Street, Suite. B, Lansing, Michigan 48906
(517) 482-7198 • Email: mcfn@mcfn.org
www.mcfn.org

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Grass roots legislative day

The plan for a campaign finance and election reform rally in Lansing on October 18th has been reorganized as a grass roots legislative day on the same date. Lynn Hartung, coordinator of the event, said the decision was made in deference to the tragic events of September 11th. “We’re all seeing things a bit differently after September 11th,” Ms. Hartung said, “so we’re going to take a more low-key approach with our legislators. We’re making appointments to meet with our representatives and senators individually to let them know we feel that our democracy is at stake and we need serious campaign finance reform and electoral reform that insures every vote is counted.”

Activists in several communities around the state are circulating petitions that call for full public funding for Michigan Supreme Court campaigns, real-time electronic filing of campaign contributions, assurances that all legally cast votes are accurately counted and support for Maine-style ‘clean money’ elections. The petitions will be presented to legislators during the activists’ meetings with legislators.

If you are interested in participating in the legislative day, contact Lynn Hartung at (248) 693-4302 or Lynngail87@cs.com. If you are not able to meet your legislators in Lansing on October 18th, make appointments to meet with them when they are at home in your district, or write to them with your concerns.

Educational program available for community groups

Michigan Campaign Finance Network is prepared to make a presentation to any community organization of which you are a member. We regularly provide programs to service clubs, League of Women Voters meetings, faith-based groups or other voluntary associations. The presentations, based on the MCFN report *More Money, Less Disclosure – An Overview of Michigan’s 2000 State Elections*, focus on the ways political campaigns circumvent Michigan’s campaign finance laws, and the ways in which big-money political contributions skew priorities in the Legislature and state government.

If your organization would like to know more about the problems of money in Michigan politics, call the MCFN office at (517) 482-7198, or email mcfn@mcfn.org. *More Money, Less Disclosure* is available on the web as a pdf file at www.mcfn.org, or we would be pleased to mail you a printed copy.

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Journal, Ann Arbor News and Holland Sentinel, have endorsed issue ad disclosure and/or public funding for Supreme Court campaigns. We have also had discussions with legislators who are prepared to sponsor elements of the reform package, with greatest interest centered on reclassifying issue ads as election communications. We also have had indications from leadership in the Legislature that campaign finance reform will be considered this fall.

Keep up-to-date

If you do not currently receive email updates from MCFN, we encourage you to do so. Whatever form legislative action takes, it may unfold quickly. We would like to keep you informed in real time so you can let your representative and senator know where you stand. Simply send email to mcfn@mcfn.org to subscribe to email updates and we’ll keep you abreast of campaign finance reform legislation as events unfold.