



TO: The Honorable Senator Nancy B. Sullivan, Senate Chair
The Honorable Representative Pamela Jabar Trinward, House Chair
The Joint Standing Committee on Legal and Veterans Affairs

DATE: March 23, 2009

RE: LD 583, "An Act Relating To Political Action Committees,"
Representative Trinward, sponsor

Maine Citizens for Clean Elections (MCCE) testifies in support of LD 583.

Thanks to the passage of citizen-initiated campaign finance reforms in 1996, large contributions are no longer a factor in candidate campaigns. Between the Maine Clean Election Act and lower contribution limits for privately funded candidates, we have successfully eliminated "big money" from state races.

There remains, however, an easy conduit for "big money" to reach candidate campaigns, and that is political action committees (PACs). Today, no contribution is too big for a PAC to accept. In 2006, one wealthy donor made a contribution of \$250,000 to a PAC – a quarter of a million dollar donation that was perfectly legal. If it had been ten times more, it would still have been perfectly legal.

MCCE believes that the state can and should limit the amount of money that any individual entity may give to PACs that aim to influence the outcome of candidate races. LD 583 imposes, for the first time, limits on what may be given to PACs and an outright ban on corporate donations to PACs. The bill defines such PACs as "candidate political action committees" to differentiate them from PACs that only raise and spend money to influence ballot initiatives.¹

¹ We believe that regulating issue PACs raises more and different constitutional questions, and this bill does not change their status.

Member Organizations

AARP Maine, Common Cause Maine, EqualityMaine, League of Women Voters of Maine, League of Young Voters, Maine AFL-CIO, Maine Council of Churches, Maine People's Alliance/Maine People's Resource Center, Maine Women's Lobby, NAACP-Portland, Natural Resources Council of Maine, Peace Action Maine

Courts have allowed contribution limits to PACs in states where there are limits on what individuals may give to a candidate. They have rightly seen that failure to impose a parallel limitation simply creates an opportunity for donors to skirt contribution limits and make unlimited contributions to an affiliated PAC. This is the case here in Maine, where donors may only give \$250 or \$500 to a privately funded candidate for state office and only \$100 in Seed Money to a publicly funded candidate, but may make unlimited contributions to PACs that help those same candidates. Maine also has an aggregate limit of what a donor may give to all candidates (\$25,000 per calendar year). Maine is currently the only New England state and is one of only 12 or 13 states in the country that does not have any contribution limits to PACs.

INDIVIDUAL LIMIT OF \$1,000 AND \$10,000. LD 583 imposes a limit on what an individual may give to candidate PACs. It combines a contribution limit of \$1,000 to one PAC with an aggregate limit of \$10,000 from that same individual to all PACs in a given 2-year election cycle. These limits are paired because an individual contribution limit alone could result simply in a proliferation of PACs, which would render the limit moot. An analysis in 2007 showed that under such limits, 92% of donors to PACs would be able to give what they currently give, but the largest contributions would be dramatically decreased. MCCE has not done a similar analysis of the 2008 cycle.

PAC-TO-PAC LIMIT OF \$25,000. The bill imposes an aggregate limit on what other PACs may give to candidate PACs. Such PACs could give to one or several PACs in a given 2-year election cycle, but would be limited to \$25,000 in total. PAC-to-PAC transfers are legitimate, but can become something of a shell game, muddying disclosure in the process. We believe that this limit is important as part of the overall anti-evasion rationale for these reforms.

BAN ON CORPORATE CONTRIBUTIONS. Finally, LD 583 bars for-profit corporations from making contributions to candidate PACs. Many states and the federal government ban corporations from donating to political candidates. The rationale for such bans, which have consistently been upheld, is that wealth built up with the help of government regulation favoring capital accumulation for business reinvestment should not be used to

distort the legislative process. As the Supreme Court put it in the 1982 decision in FEC v Right to Work Comm., the state has a compelling interest in seeing that “substantial aggregations of wealth amassed by the special advantages which go with the corporate form of organization... not be converted into political ‘war chests’ which could be used to incur political debts from legislators.” Corporate officers and others could still exercise their rights to speech and assembly by creating PACs as many do today, but they would not be able to use corporate treasury funds. Individual donors to those PACs would be subject to limits, and their donations would be disclosed.

We note that any PAC making contributions to candidate PACs effectively becomes a candidate PAC thus would not be able to accept donations from for-profit corporations.

MCCE is grateful to the sponsors of LD 583 for proposing a comprehensive package of PAC reforms, and we look forward to spirited discussion about its provisions. We believe the bill is well worth supporting, and urge the Committee to vote “Ought to Pass.”

Thank you.

Alison Smith, Co-Chair
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