



MONEY IN POLITICS PROJECT

REPORT #1

PACs Unlimited:

How Legislator PACs
Distort Maine Politics



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The *Money and Politics Project* is a program of **Maine Citizens for Clean Elections**, a nonpartisan organization that has been working in the public interest to advocate for, increase public support for, defend and improve the Maine Clean Election Act and related campaign finance law since 1995. MCCE is a 501(c)(3) organization. www.MaineCleanElections.org

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MCCE welcomes your comments, questions, and suggestions. Please contact us at:

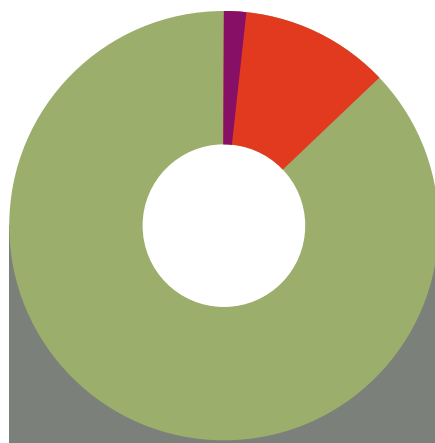
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MONEY IN POLITICS PROJECT REPORT #1

PACs Unlimited: How Legislator PACs Distort Maine Politics



Small Contributions
Constitute a Tiny Fraction of
The Fundraising By Caucus
and Leadership PACs

Contributions of \$50 or less
Contributions between \$50 and \$350
Contributions of more than \$350

Executive Summary

In the era of the Maine Clean Election Act, a majority of legislators and legislative leaders rely on public financing to conduct their own campaigns. Even those candidates who run privately financed campaigns do so with strict contribution limits. This has greatly reduced the direct role of money in determining who wins and loses individual races and has helped ensure that our lawmakers are not beholden to wealthy special interest contributors.

But there is a shadowy system of campaign finance activity operating in parallel to the funding system for candidate campaigns, and legislative “leadership” and “caucus” PACs are at the heart of this system. While fundraising for candidate campaigns operates under strict limits that keep big money from buying influence or access to rank-and-file members, fundraising by legislative leaders through political action committees is subject to virtually no restrictions. There is no limit on the amount of money one contributor may give to a PAC, and corporate and union contributions are permitted.

Using publicly available data, this report finds that vast sums of big money flow through PACs controlled by legislators. These PACs exist for the purpose of advancing personal interests and party agendas, and big donors contribute to these PACs for the purpose of shaping the legislative agenda and assuring access to legislative leadership. The legislative process whereby policy initiatives succeed or fail cannot be fully explained without understanding the continuing role of money in Maine legislative elections.

Over the ten years of this study (2002 – 2012), more than \$12 million flowed through PACs controlled by candidates and legislators. That’s a lot of money in Maine politics. During that period, legislators raised over \$5 million from a handful of major players with commercial, vested interests, each of whom gave over \$60,000. Tobacco giant Altria (Philip Morris) was the largest corporate contributor at \$122,576. Contributions from these major donors far exceed contributions of any size from individuals, and they dwarf contributions from Maine people of ordinary means. Only 13% of all funds given to these PACs came in amounts of \$350 or less.

The specter of legislative leaders disavowing private money for their own campaigns while raising tens of thousands of dollars through PAC fundraising has led to

charges of hypocrisy. But this is not just a problem for Clean Elections. Privately financed candidates who abide by low, \$350 contribution limits in their own campaigns are allowed to raise funds without limit for their leadership and caucus PACs. Contributors who reach the \$350 contribution limit to candidate campaigns are only too happy to seek further influence by making separate, unlimited contributions to PACs controlled by those same privately funded candidates. Proposals to close these loopholes have been put forward in each of the last three legislatures, but none has ever come close to passing.

Conclusions

PAC reporting rules provide a degree of transparency to legitimate political activity, but the information contained in this report raises serious concerns about the ability of moneyed special interests to have an outside influence in Maine elections and government.

- Leadership and caucus PACs are viewed as crucial for each party's ability to keep or seize the majority in their legislative chamber.
- An elite group of leadership and caucus PACs raise millions of dollars in large contributions from people and businesses that often have a vested interest in legislative outcomes.

- Legislators rise to leadership after raising substantial amounts of private funds from those with an interest in legislation.
- Leadership and caucus PAC contributions from industry groups far exceed contributions from typical Maine individuals.
- Industry groups make systematic and targeted contributions to ensure access and influence in the legislative process.
- Legal PAC activity undermines the limits applicable to candidate campaigns and distorts the legislative process in favor of corporate and other special interests.
- PAC reform is necessary to reduce the impact of special interest money on the Maine legislature.

As Maine people work toward a campaign system that reduces special interest influence and puts people first, reform of the state's PAC laws is essential. The wide-open nature of these laws is out of sync with the rest of Maine's campaign finance system. Until the problem of unlimited money flowing through legislator-controlled PACs is addressed, Maine people will be rightly concerned that legislative leaders might be beholden to large donors..

Key Data from Report #1

32 political action committees controlled by legislators raised over **\$12 million** between 2002 and 2012.

The lack of contribution limits for PACs allowed one contributor, the Republican State Leadership Committee, to give a **single contribution of \$100,000**.

The largest overall contributor was the **Republican State Leadership Committee**, whose contributions totaled **\$796,386**.

The **largest** individual contributor was financier **Donald Sussman**, whose contributions totaled **\$379,000**.

Tobacco giant **Altria (Philip Morris)** was the largest corporate contributor at **\$122,576**.

The **pharmaceutical industry** made 596 contributions totaling \$442,980 as the legislature considered new regulations to protect pharmaceutical consumers and reduce costs.

Wealthy contributors had far more impact than small donors, with **eighty-seven percent of all funds given in amounts larger than \$350**.

Legislators raised \$5,356,553 from just 152 major players in the commercial/labor sector. These contributors – “the Heavy Hitters” – gave on average **\$60,000** each between 2002 and 2012.

The players in health insurance, tax, and regulatory reform efforts gave hundreds of thousands of dollars to legislator PACs prior to legislative battles on these issues.

PACs Unlimited: How Legislator PACs Distort Maine Politics

ABOUT THIS SERIES

The Money in Politics Project is a series of twelve reports about the role and effect of money on Maine politics. The reports combine a review of publicly available campaign finance data with on-the-ground analysis of how money influences Maine's elections, government, and public policy. **Maine Citizens for Clean Elections** launched this project because money in politics is an issue of vital concern to the people of Maine, one that goes to the heart of our democratic system.

Background

In recent years control of the Maine Legislature has been hotly contested. After many election cycles in which the Democratic Party could count on a majority in the Senate or House (or both), the 2010 election brought Republican control of both chambers. As the 2012 election season begins, Democrats appear determined to regain their majorities, hoping to place Democrats in the state's constitutional offices and counteract Governor LePage's agenda for the 126th Legislature, which convenes in January 2013. Republicans seem equally determined to hold on to their majorities. With legislative redistricting on tap for 2013, there is much at stake for both parties.

This intense battle for legislative control creates powerful incentives for legislative leaders of both parties to pull out all the stops to identify and support their candidates in order to maximize their chances for success on Election Day. Political action committees ("PACs") are among their most powerful tools for marshaling the resources required for campaign battles.

In the era of the Maine Clean Election Act, a majority of legislators and legislative leaders rely on public financing to conduct their own cam-

paigns. This has greatly reduced the direct role of money in determining who wins and loses individual races and has helped ensure that our lawmakers are not beholden to wealthy special interest contributors.

But there is a shadowy system of campaign finance activity operating in parallel to the public funding system. Political action committees – some with vague names like "ABC PAC" and "Maine PAC" – raise and spend millions to influence the outcome of elections and secure political power for those who operate the PACs. Unlike individual candidate campaigns, these PACs may accept donations of any amount. These entities are poorly understood outside a relatively small circle of Augusta insiders including career lobbyists, veteran legislators, and people who have played both roles.

This report will shine a light on the legislative "leadership" and "caucus" PACs that are at the heart of this system. The ongoing power struggle over control of the legislature cannot be fully understood without analyzing the pivotal role these entities play in our elections. And the legislative process whereby policy initiatives succeed or fail cannot be fully explained without examining the continuing role of money in Maine legislative elections.

Regulation of Leadership and Caucus PACs in Maine

Legislative fundraising through political action committees is subject to less regulation than candidate fundraising. There is no limit on the amount of money one contributor may give to a PAC, and corporate and union contributions are permitted.¹ There are no expenditure limits on political action committees in Maine, except that a PAC may not give money to a candidate in amounts larger than the legal contribution limit.²

State law requires PACs to register and report on their activities, but those activities are not restricted. Quarterly reports are required, plus pre-election and post-election reports for primary, general and special elections. State law requires PACs to report “the names and offices sought by all candidates whom the committee supports, intends to support or seeks to defeat” (21-A M.R.S.A. § 1060), but in practice this information usually is not reported in advance of the time expenditures are made.

Leadership PACs and caucus PACs are informal categories; both are “political committees” under Maine law and are subject to identical reporting requirements.³

Leadership PACs

Almost as soon as they take the oath of office, some legislators begin working to climb the legislative leadership ladder. The privileges of leadership include an office, staff, and access to

a caucus budget. Equally important, leadership’s control over the agenda and caucus activities ensures their power and influence – they are the people to see when the need arises to exert control over legislative outcomes. A leadership post may also be a springboard to higher office.

Since legislative leaders are elected by votes within their respective caucuses, those who aspire to leadership find that building support among fellow legislators is imperative.

During a legislative session, legislators may support each other by co-sponsoring legislation or speaking in favor of another’s bill. Outside of the legislature there are two important ways for leadership candidates to build support among their peers – recruiting candidates to run in future elections, and supporting the campaigns of those recruits and others in tight races.

There are many low-cost ways a legislator can help a candidate, such as writing a letter to the editor, going door-to-door, and providing strategic advice. But some of the things legislators do to help other candidates require money. Many legislators aspiring to leadership will offer cash contributions to help fund the campaigns of privately funded legislative candidates. Other expenses might include state-wide travel to all 151 House or 35 Senate districts, public opinion polls, and administrative and logistical support. Before long the leadership aspirant needs a substantial budget and faces a significant fundraising challenge.

In addition, those seeking leadership usually have a tacit agreement with their caucuses requiring them to raise money through their own PAC and transfer large sums to one of the four “caucus PACs” controlled jointly by the party leaders in each chamber. Discussed below, these caucus PACs are powerful fundraising machines in their own right.⁴

¹ At least 28 states impose some regulation on the amounts or sources of contributions that may be accepted by a political action committee, according to the National Conference of State Legislatures. http://www.ncsl.org/print/legismgt/limits_PACs.pdf Application of such restrictions to PACs that make no contributions to candidate campaigns are likely to be challenged post Citizens United.

² For privately funded legislative candidates, the limit is \$350 per election. For privately funded gubernatorial candidates, the limit is \$1,500 per election. Clean Election candidates may not collect their seed money or qualifying contributions from PACs.

³ For more information about PACs, including proposals for reform, see the study published by the League of Women Voters in 2006, http://www.lwvme.org/pac_study.html

⁴ In each chamber there are typically three leadership positions for the majority party and two for the minority. In the Senate, the President, Majority Leader, and Assistant Majority Leader represent the majority party. The House majority party controls the positions of Speaker, Majority Leader, and Assistant Majority Leader. For the minority party in either chamber, the positions are usually the Minority Leader and Assistant Minority Leader.

The sheer number of PACs controlled in whole or in part by legislators makes clear that this is a common – and successful – strategy. In recent history few legislative leaders have secured their posts without playing a controlling role in their own leadership PAC, a caucus PAC, or both.

Caucus PACS

In addition to the leadership PACs controlled by individual legislators, each of the four legislative caucuses operates its own PAC. The purpose of the caucus PAC is to help ensure the electoral success of the members of that caucus and to recruit new members for upcoming elections. The ultimate goal is to either hold the majority in that chamber or seize it from the opposing party. The caucus PAC is controlled jointly by the leaders of the caucus.

Unlike leadership PACs, caucus PACs frequently make independent expenditures in targeted elections, paying for mailings and engaging in other direct campaign activities on behalf of candidates. They train candidates, hire staff, design literature, and provide logistical support for the overall campaign effort. The ability of individual legislators to raise money for their caucus PAC – or transfer funds from their individual leadership PAC to the caucus PAC – is an important means of solidifying their leadership within the caucus.⁵

Data Overview

This report analyzes the fundraising by 32 of the largest legislator PACs active between January 2002 and May 2012. Each PAC has been controlled in whole or part by one or more legislators. Some legislators were in positions of formal leadership, and others were rank-and-file.⁶ These PACs raised a total of \$12,568,396⁷ during that period.⁸

⁵ The lines between leadership, caucus and issue PACs are sometimes unclear. For example, individual leaders in the legislature occasionally form PACs to promote legislation or to participate in a people's veto campaign. Such temporary PACs are not included here and may be addressed in a future report.

⁶ Key committee chairs may also be considered quasi-leadership positions, and it is not uncommon for these legislators to be deeply involved in political action committee fundraising even though they are not in an official leadership position.

⁷ Transfers between the PACs included in this study could be considered "double counting" since they do not increase the overall pool of funding available to these entities. Such transfers are included in the total cited here.

⁸ Current legislative leadership includes Senators Raye (R), Plowman (R), Courtney (R), Alfond (D) and Hobbins (D); and Representatives Nutting (R), Curtis (R), Cushing (R), Cain (D) and Hayes (D). Each is connected with one or more leadership or caucus PACs. Some of the PACs referenced in this chart continue to exist, while others have been terminated.

This chart lists the 32 legislator PACs analyzed for this study:⁹

Leadership/Caucus PAC

Senate Democratic Campaign Committee
House Democratic Campaign Committee
House Republican Fund
Maine Senate Republican Committee
Maine Senate Republican Majority
Maine Unlimited
Leadership for Maine's Future
Majority 2004
Majority 101
Committee for a Responsible Senate
Alfond Business, Community & Democracy PAC
Senate Republican Leadership for the 21st Century
House Republican Majority Fund
Diamond PAC
Responsible Action Yields Excellence for Maine
High Hopes PAC
Pingree Leadership Fund
Berry for Maine
Cain for Maine
Mitchell Leadership Fund
Edmonds For Leadership
Time for Change
Cummings Leadership Fund
Business Minded Democrats
Republican Speakers Fund
Maine Senate PAC
Empowering Maine Leadership PAC
Clean House Political Action Committee
Democratic Majority
Aroostook PAC
Strengthening Maine
Respect Maine

⁹ Names of legislators associated with some of these PACS change frequently. Reports filed with the Commission on Governmental Ethics and Election Practices record who has been formally involved with each PAC over the years.

Legislator	Amount
Phil Bartlett; Barry Hobbins	\$2,626,009
Emily Cain; Seth Berry	\$2,308,145
Josh Tardy	\$1,503,062
Richard Rosen; Carol Weston	\$1,130,832
Jonathan Courtney; Kevin Raye	\$726,093
Rick Bennett	\$445,341
Andre Cushing; Josh Tardy	\$425,281
John Richardson	\$409,440
John Richardson	\$247,870
Karl Turner; Ed Youngblood	\$198,678
Justin Alford	\$192,471
Paul Davis	\$182,348
Phil Curtis	\$162,391
Bill Diamond	\$162,292
Kevin Raye	\$161,148
Phil Bartlett	\$144,845
Hannah Pingree	\$139,922
Seth Berry	\$123,780
Emily Cain	\$122,891
Libby Mitchell	\$108,637
Beth Edmonds	\$103,183
John Robinson; Richard Cebra	\$102,346
Glenn Cummings	\$95,091
Jeremy Fischer	\$93,656
Robert Nutting	\$91,182
Richard Rosen	\$84,752
Barry Hobbins	\$83,728
Richard Rosen	\$81,022
Beth Edmonds	\$79,519
John Martin	\$78,625
Seth Goodall	\$77,719
Andre Cushing	\$76,095

TOTAL
\$12,568,396

Legislative PACs Raised More Money Than Privately Funded Legislative Candidates (2002 - 2012)

Fundraising by
Caucus and
Leadership PACs

\$12.6M

Fundraising
by Legislative
Candidates

\$4.6M

These leadership and caucus PACs are huge players in Maine campaign finance funding. Between 2002 and 2012 they raised more than twice as much as all the funds raised by privately funded legislative candidates combined.

Who Is Funding Leadership and Caucus PACs?

The Commission on Governmental Ethics and Election Practices maintains a searchable database of all contributions made to all political action committees. Using that database, it is possible to analyze the fundraising activities of both leadership and caucus PACs from 2002 to the present, providing a comprehensive picture showing who is contributing to these PACs.

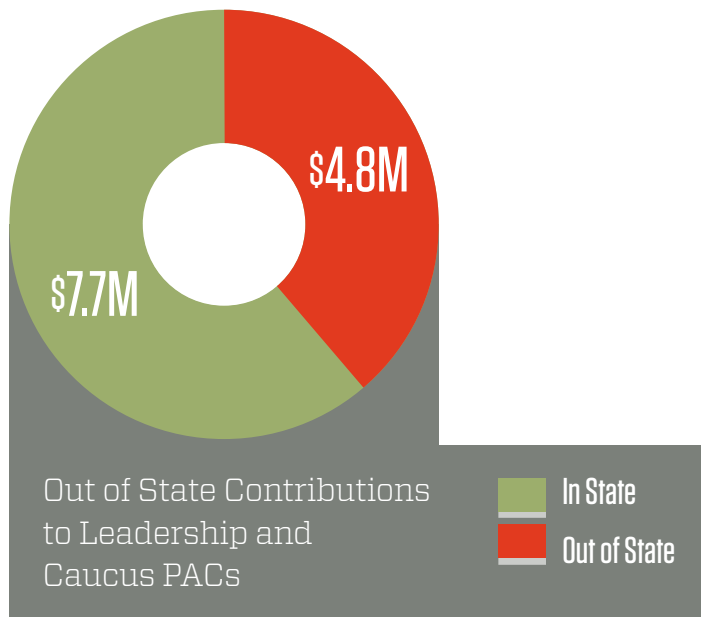
The average single gift to these 32 PACs was \$793 – more than twice the \$350 maximum contribution that may be accepted by privately funded legislative candidates in their own campaigns.

Legislator PAC Contribution Facts 2002-2012

Largest national PAC contributor: Republican State Leadership Comm.	\$746,385
Largest individual contributor: Donald Sussman	\$379,000
Largest Maine PAC contributor: Maine Truck PAC	\$197,220
Largest corporate contributor: Altria/Phillip Morris	\$122,576
Largest single contribution: Republican State Leadership Committee	\$100,000
Most contributions: Maine Truck PAC	138

The contribution list reveals a wide assortment of lobbyists, corporate leaders, issue PACs, national corporations, and professional and business associations. It is difficult to generalize about what issues motivate these contributors. The most contentious issues usually have contributors on both sides, although they are not always evenly matched. For example, the NRA and firearms manufacturers are well represented, but the Stop Handgun Violence Fund also contributes.

The single zip code sending the most money to leadership and caucus PACs is 04330 in Augusta, where contributions totaling \$1,339,816 originated. The zip code with the second greatest total contributions is 20005 – not far behind at \$1,028,850. Zip code 20005 includes the well-known “K Street Corridor” in Washington D.C. Approximately 38.6% of the money came from outside Maine.



Some contributors are perennial donors, reflecting a long-term involvement with the policy arena and a desire to exert as much sustained influence as possible. Typical of these long-term players is the pharmaceutical industry. In response to a crisis in the affordability of medicines, Maine has aggressively sought price con-

cessions and enacted (or at least considered) many other regulations opposed by pharmaceutical manufacturers, retail pharmacies, and pharmaceutical benefit managers. Few issues have generated as much industry opposition in Maine, and few industry sectors could rival the concentrated political giving generated by these companies. The pharmaceutical industry’s contributions to leadership and caucus PACs totaled \$442,980 spread out over 596 separate gifts.

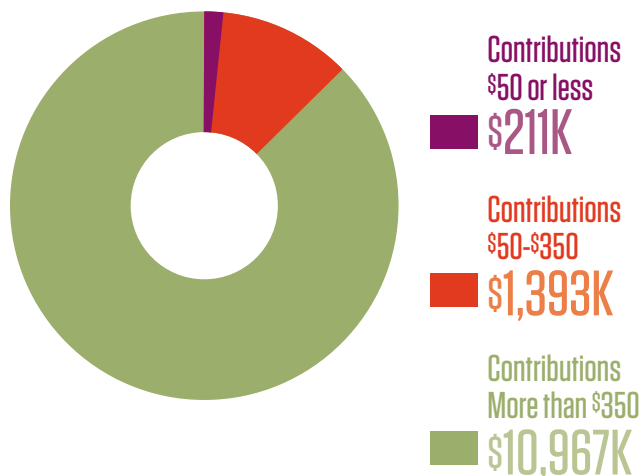
The Top Pharmaceutical Contributors to These PACs Constitute a “Who’s Who” of the Worldwide Pharmaceutical Industry

Contributor	Total	#
PhRMA	\$96,250	84
Medco	\$68,750	68
AstraZeneca	\$50,600	71
Pfizer	\$45,850	40
Rite Aid	\$38,835	80
Eli Lilly and Company	\$24,700	56
Caremark RX	\$23,750	35
Merck	\$20,100	39
Abbot Laboratories	\$15,250	19
Johnson & Johnson	\$15,000	18
Community Pharmacies	\$9,810	12
Glaxo Pharmaceutical	\$7,500	11
Wyeth Good Government Fund	\$7,000	12
Pharmacy Group of New England	\$6,165	22
Bristol-Myers Squibb Co	\$6,050	16
Other Pharmaceuticals	\$7,370	13
TOTAL	\$442,980	596

Over 94% of pharmaceutical industry contributions to leadership and caucus PACs came from out-of-state. Only \$24,495 came from within Maine.

Even the pharmaceutical industry, however, cannot keep pace with law firms in the overall competition for the most active contributors.

Small Contributions Constitute a Tiny Fraction of the Fundraising by Caucus and Leadership PACs



Leadership and caucus PACs pulled in at least \$731,292 from 1,343 contributions from lawyers and law firms. Every law firm that is a major contributor includes lobbyists active in legislative matters.¹⁰

Another active sector is banking, which includes the Maine Credit Union League, the Maine Association of Community Banks, and the Maine Bank PAC. Banking interests gave 389 contributions totaling \$360,256.

Notably, average Maine households that are not able to afford large contributions do not appear to be a major source of funds for leadership and caucus PACs. Only \$211,625 is reported as contributions of \$50 or less. An additional \$1,392,740 was contributed in amounts from \$50 to \$350. The remaining \$10,966,634 was gifts of more than \$350. The vast majority of the funding comes from either very large (five-figure) contributions from single donors; transfers from other political action committees or organizations; or gifts from corporations or their executives.

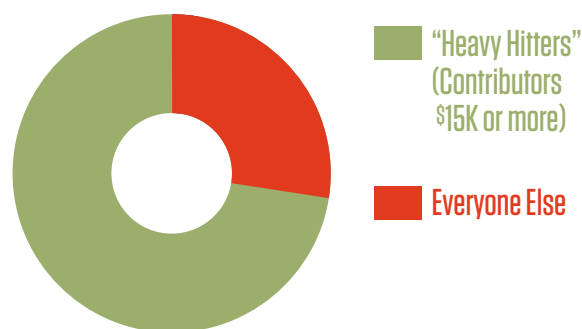
“The Heavy Hitters”

Contributors Giving Over \$15,000 Since 2002

A complete analysis of all of the industries represented by each of the 15,843 contributions is difficult because PACs are not required to report the industry sector associated with any individual contributor. It is possible, however, to review a sample of the top contributors to assess which industry sectors are playing a major role.

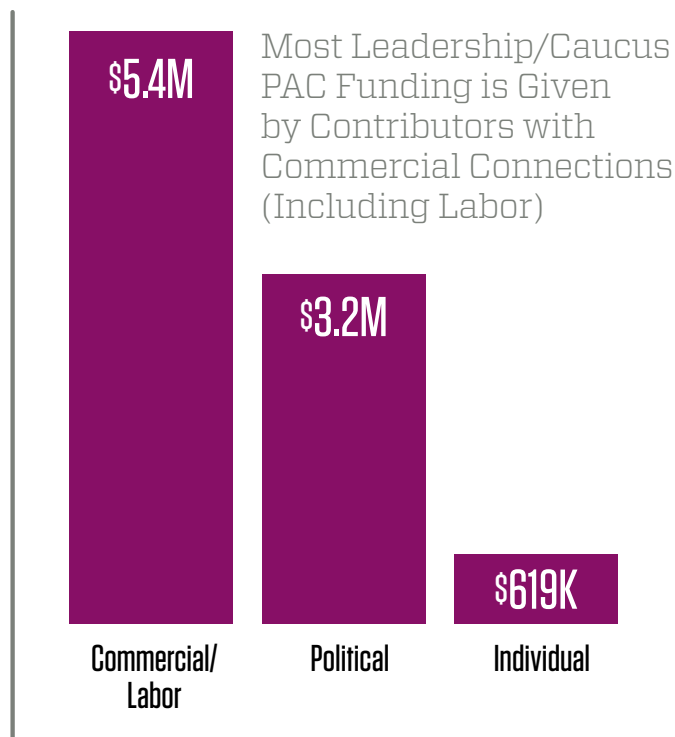
The following analysis focuses on every contribution by any contributor who gave \$15,000 or more to these 32 legislator PACs between 2002 and 2012. The 152 contributors who made this list gave a total of \$9,133,093 to these PACs, amounting to almost three-quarters of the total of \$12 million raised. On average, “The Heavy Hitters” gave \$60,086 apiece over the ten-year period. Without question, these major contributors dominate the arena of legislator PAC fundraising.

Contributors Giving \$15K or More Dominate Legislator PAC Fundraising



¹⁰ The reporting laws applicable to lobbyists and lobbying activities appear to allow some lobbyists to shield their contributions from full disclosure by attributing them to the firm where they are a partner or employee. This may also allow them to circumvent the “session ban,” which prohibits lobbyists from making a contribution to any committee or campaign associated with a legislator during the legislative session. This issue may be analyzed in a future report.

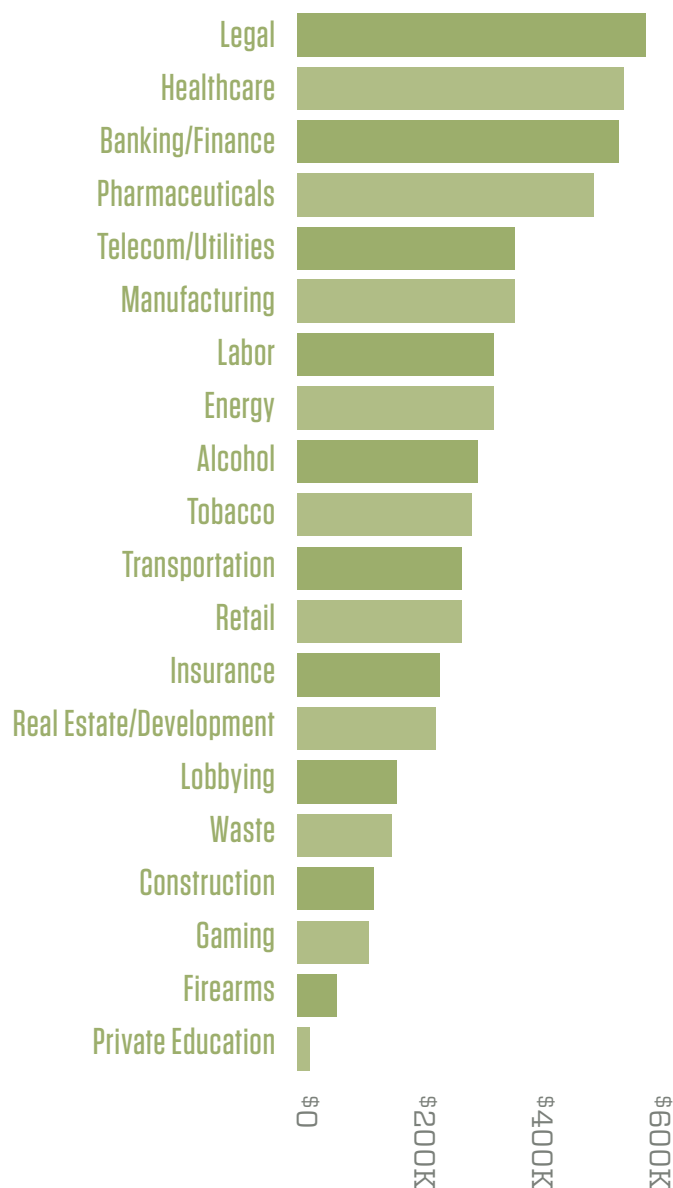
Most of the funding came from sources associated with a commercial interest, including labor. The second largest group of contributions came from general purpose or ideological political action committees, such as party PACs or other leadership or caucus PACs. There were relatively few individual contributors giving over \$15,000 in aggregate to these PACs. The three general categories of contributions appear in the following chart:



The contributors giving at least \$15,000 in aggregate to these leadership and caucus PACs include major players in some of the businesses most affected by the public policy issues of concern to Mainers, such as health insurance reform, predatory lending, environmental regulations, taxes, and consumer protections. The combatants in nearly every major legislative battle of the last decade are prominent in one or more of these industry groups. With average contributions exceeding \$60,000 since 2002, these 152 contributors are clearly The Heavy Hitters in Maine campaign finance. A list of these contributors appears in Attachment A.

Additional analysis reveals the industries represented by these major players. The following chart breaks down the commercial and labor contributors by industry sector:

Large Commercial/Labor Contributors to Legislator PACs 2000-2012 (Grouped by Sector)



Only eight individual contributors made it onto the list of The Heavy Hitters. Their total contributions to these legislator PACs added up to \$619,078. The single largest individual contributor was Donald Sussman. Sussman's contributions of \$379,000 exceeded all the other individual contributions among The Heavy Hitters combined.

Who is not well represented among the commercial contributors to leadership and caucus PACs? Interestingly, a few mega-corporations such as Bank of America (\$17,650) and Microsoft (\$16,000) made a handful of contributions but failed to reach the top 50 on this list. In addition, although labor unions were once formidable political fundraisers, organized labor has a relatively small role in proportion to the other entries on this list. Their contributions of \$302,950 constitute just 3.3% of the overall total of \$9,133,093 given by these large players.

This is not to say that any particular entity is not playing the game of campaign finance. There are many other avenues for expressing their preferences and winning access and influence, including contributions to the political parties, contributions to individual candidates, and direct expenditures. These are important areas for further analysis in subsequent reports.

Evidence of "Pay to Play"

Some fundraisers and contributors claim that the widespread practice of making large, systematic contributions does not buy influence or special treatment. Instead, the argument goes, these contributors are just showing their support for someone who shares the same views.

That contention cannot be reconciled with the data for the simple reason that most of the big contributors give to both sides of the aisle. They therefore could not possibly be showing their support in the zero-sum game of election politics. For example, Hollywood Slots (a.k.a. Bangor Historic Track) handed out \$62,475 between the House and Senate, and within each chamber contributed to both Democratic and Republican leadership and caucus PACs.

ISSUE IN FOCUS |

Regulatory Reform (2011)

Legislation: LD 1 (125th Legislature)

Summary of Legislation: Eliminating state regulations was the top legislative initiative of Governor LePage and many of the leaders of the 125th Legislature. LD 1 had more than 25 hours of testimony over seven public hearings, and it drew the attention of 161 lobbyists and clients. In its original form the bill was highly controversial, pitting business and developers against environmentalists. As passed, LD 1 streamlined permitting and made changes to the Board of Environmental Protection to expedite regulatory review. It also redefined rules for certain hazardous materials and placed increased emphasis on the cost-benefit analyses of proposed regulations.

Number of Paid Lobbyists and Clients: 161

Contributions from these lobbyists, their firms, and clients to Leadership and Caucus PACS in the years leading up to consideration of the bill:

2 years (2010-2011)	\$490,698
4 years (2008-2011)	\$1,001,161
10 years (2002-2011)	\$2,292,808

Major Proponents:	Major Opponents:	Outcome:
Maine State Chamber of Commerce; Manufacturers	Environmental Groups	Greatly modified bill was enacted and signed into law.

Likewise, Maine's largest health insurer Anthem/Wellpoint gave \$87,665 to leadership and caucus PACs, but showed no particular favoritism between the Democrats and Republicans. Anheuser Busch spread \$80,900 relatively equally between the Democrats and Republicans, as did chemical giant Monsanto with its relatively modest sum of \$38,000.

There are exceptions - contributors who give out of ideological alignment with one candidate, PAC or caucus. For example, James F. Mitchell Company gave \$44,900 predominantly to Democratic PACs, while Robert Bahre gave \$49,000

ISSUE IN FOCUS |

Tax Reform (2009)

Legislation: LD 1088 (124th Legislature)

Summary of Legislation: This bill would have reduced the income tax rate to a flat rate of 6.5% and created a household tax credit to benefit lower income taxpayers. It would have maintained revenue neutrality by imposing a sales tax on certain exempt services and by increasing the sales tax on prepared food and lodging.

Number of Paid Lobbyists and Clients: 124

Contributions from these lobbyists, their firms, and clients to Leadership and Caucus PACS in the years leading up to consideration of the bill:

2 years (2008-2009).....\$385,575

4 years (2006-2009).....\$734,290

8 years (2002-2009).....\$1,564,612

Major Proponents:

Maine Center for Economic Policy

Major Opponents:

Merchants, Hospitality, Realtors, Automotive, Miscellaneous Services

Outcome:

Bill was passed but repealed by a people's veto.

almost exclusively to Republican entities. His son Gary Bahre gave \$17,000 in a similar pattern. Tobacco Giant R.J. Reynolds heavily favored Republican-leaning PACs, but also gave a small amount to Democrat Bill Diamond's leadership PAC. These examples, however, don't diminish the fact that many of the largest contributors are "paying to play" – that they are buying access with both sides. Their money cannot be construed as a show of support for two opposing political organizations.

Legislator PACs and Clean Elections

Leadership and caucus PACs existed well before the Maine Clean Election Act public funding system was approved by voters in 1996. The interplay between the public funding system and these powerful PACs has prompted questions about the continuing role of private money for some legislators.

Legislators who qualify for and accept public funding are prohibited from raising and spending private funds for their own election campaigns. Many people find it inconsistent to allow those same candidates to raise private funds for other purposes such as a leadership or caucus PAC. Yet that is permitted under current law.

In a recent analysis by the Ethics Commission, of the 58 legislators listed as "principal officers,

fundraisers and decision makers" for leadership or caucus PACs, 46 used public funding in one or more campaigns.

The specter of legislative leaders disavowing private money for their own campaigns while raising tens of thousands of dollars through PAC fundraising has led to charges of hypocrisy. At the same time, privately financed candidates who abide by low, \$350 contribution limits in their own campaigns are allowed to raise funds without limit for their leadership and caucus PACs. Contributors who reach the statutory contribution limit to candidate campaigns have the opportunity to "double dip" or "triple dip" – or more – by making separate, unlimited contributions to a PAC controlled by that same privately funded candidate. Proposals to close these loopholes have been put forward in each of the last three Legislatures but never passed.

Conclusion: The Reforms Ahead

Over the past year action by the courts and the legislature resulted in significant changes to the Clean Election system. Most importantly, the matching funds that candidates received to respond to a high spending opponent have been eliminated. In addition, the initial funding amounts have been lowered. Consequently, Clean Election candidates have access to far less money now than in prior cycles. Therefore

the role of leadership and caucus PACs is likely to increase substantially as private funding seeks to replace the public funds previously available. It has never been more important to scrutinize leadership and caucus PACs in Maine.

The data presented here provides a glimpse of a small sliver of state campaign financing. It addresses only the phenomenon of political action committees controlled by legislators. Those PACs are viewed as important tools in the battle for control of the legislature. They fund the career aspirations of the next generation of leaders while also greasing the skids for industry access at the highest levels of policymaking.

This report does not attempt to address the substantial amounts of money that flow directly to privately funded candidates or independent expenditures made to assist those candidates. Nor does it analyze the prodigious fundraising by the political parties themselves, at the federal, state, and even local level. Those subjects will be addressed in subsequent reports.

Although the scope of this data review is narrow, the records show a tremendous amount of money in the hands of a very select group of Augusta insiders. In Maine, savvy businesses and individuals are opening their checkbooks to increase the odds of winning key policy battles. The records also show out-of-state corporations spending large amounts to drive their policy agenda in the state.

Maine's Clean Election system has been a remarkable success in breaking the ties between rank-and-file legislators and the powerful special interests. Future reforms, however, must address the use of PACs as a conduit for unlimited private contributions to those who aspire to lead the Maine legislature - whether those legislators are publicly or privately funded in their own campaigns.

UPCOMING REPORTS

This is the first in a series of monthly reports on the role of money in Maine politics. Future reports will be released on the following topics:

Top legislative fundraisers

Gubernatorial fundraising

Top contributors to privately funded campaigns

Independent spending in recent Maine elections

And many more...

Commercial/Labor Entity Contributors Giving at Least \$15,000 to Selected Leadership and Caucus PACs

DONOR	AMOUNT	#
Maine Truck PAC	\$253,120	155
Maine Assn. of Community Banks	\$148,200	120
McTeague, Higbee	\$140,750	54
Altria	\$136,468	61
Friends of Maine Hospitals	\$132,300	114
Plum Creek	\$125,135	98
MSEA	\$121,050	13
Maine Bankers Assn.	\$115,870	122
Anthem/Wellpoint	\$108,115	109
PhRMA	\$106,400	92
Maine Credit Union League	\$104,600	110
Bernstein, Shur, Sawyer and Nelson	\$102,715	142
Casella Waste Systems	\$93,890	40
R. J. Reynolds	\$90,850	40
Time Warner	\$90,250	38
Anheuser Busch	\$89,900	77
MARPAC	\$88,350	56
Maine Health Care Assn.	\$85,960	132
Build Maine PAC	\$82,100	66
Pierce Atwood	\$77,600	125
Verizon	\$75,050	84
Medco	\$74,000	73
Verrill & Dana LLP	\$73,863	107
AFL CIO	\$71,400	28
Eaton & Peabody	\$69,168	126
Maine Chiropractic Assn.	\$67,650	43
Pfizer	\$67,500	49
Bangor Track (Hollywood Slots)	\$62,475	58
Wal Mart	\$60,250	22
Bushmaster Firearms	\$60,000	7
Maine Education Assn.	\$59,900	55
Federal Express PAC	\$57,250	33
AT&T	\$56,550	93
FPL	\$56,250	45
Maine Oil Dealers Assn.	\$53,785	77
Maine Medical Assn.	\$52,856	102
IP PAC	\$52,500	21
Maine Automobile Dealers	\$52,250	68
Duke Energy	\$52,050	78
AstraZeneca	\$51,850	73
Drummond Woodsum	\$51,700	107
Waste Management	\$51,140	65
Diageo North America	\$50,907	55
Grocery Manufacturers	\$48,650	24
James F. Mitchell Company LLC	\$48,150	78
MBNA	\$47,450	20
Maine Beer and Wine Wholesalers	\$45,550	46
Rite Aid	\$45,185	89
Maine Dental Assn.	\$44,695	105
UNUM	\$43,215	117
Monsanto Company	\$41,750	53
Spectrum Medical Group	\$41,500	54
New England Cable & Telecom.	\$41,200	41

DONOR	AMOUNT	#
Penobscot Energy Recovery	\$40,500	60
Central Maine Power	\$40,470	100
Fairpoint	\$39,350	43
Maine Optometric Assn. PAC	\$37,950	80
Distilled Spirits Council	\$37,700	53
Miller Brewing Co	\$37,250	34
Nestle Waters	\$37,000	45
I.B.E.W.	\$35,100	37
Telephone Assn. of Maine	\$33,500	41
Public Affairs Group	\$33,450	80
Penn National Gaming	\$30,050	32
Howe & Company	\$29,693	95
Mead Westvaco	\$28,000	6
MIA PAC	\$26,675	57
Aetna	\$26,050	16
Caremark RX	\$26,000	38
Eli Lilly and Company	\$25,700	58
Signature Capitol	\$25,000	1
STRATEGIC ADVOCACY LLC	\$25,000	2
iGPS Company LLC	\$25,000	14
Bath Iron Works	\$24,900	36
Maine Beverage Assn.	\$24,200	32
Clean Power PAC	\$24,125	63
Pine State Trading Company	\$24,110	41
Maine Forest Legacy	\$23,725	47
Johnson & Johnson	\$22,250	23
Retail Lumber Dealers	\$21,750	45
Berman & Simmons PA	\$21,250	21
Cianbro	\$20,200	45
Merck	\$20,100	39
Maine Assn. Nurse Anesthetists	\$20,000	46
National Semiconductor Corp	\$20,000	18
Maine Soft Drink Assn.	\$19,600	25
First Atlantic Healthcare	\$19,050	40
Elan	\$18,950	26
VISA USA	\$18,250	29
First Wind	\$17,850	32
Bank of America	\$17,650	27
Maine Distributors	\$17,559	37
NextEra Energy Maine, LLC	\$17,500	18
Georgia Pacific	\$17,500	6
Enterprise	\$17,350	28
Advance America	\$17,250	19
Abbot Laboratories	\$17,250	21
UST Public Affairs	\$17,250	19
Doyle & Nelson	\$16,300	59
Microsoft	\$16,000	4
Associated Builders and Contractors	\$15,980	37
UFCW	\$15,500	15
NAIFA Maine PAC	\$15,405	47

| TOTAL

| \$5,339,553 | 5697 |

Political Entity Contributors

Giving at Least \$15,000 to Selected Leadership and Caucus PACs

DONOR	AMOUNT	#
Republican State Leadership Comm.	\$796,386	25
Democratic Legislative Campaign Comm.	\$421,500	16
High Hopes PAC	\$116,500	16
R.A.Y.E. for Maine	\$110,639	15
Pingree Leadership Fund	\$100,995	12
Maine Republican Party	\$96,650	7
Citizens for Justice	\$88,800	98
Edmonds For Leadership	\$87,000	11
Berry for Maine	\$84,100	14
ABCD PAC	\$81,000	6
Empowering Maine PAC	\$74,545	10
Cain for Maine	\$73,150	9
Mitchell Leadership Fund	\$70,280	8
Majority 101	\$70,005	13
Comm. for a Responsible Senate	\$66,412	4
House Republican Fund	\$62,146	8
Senate Republican Leadership	\$61,684	5
Diamond PAC	\$58,350	8
Strengthening Maine	\$50,750	6
Republican National Committee	\$50,000	1
Robust Economy Maine PAC	\$50,000	6
Cummings 2006	\$38,150	5
Clean House PAC	\$35,606	10
Democratic Attorneys General Assn.	\$35,000	2
Leadership For Maine's Future PAC	\$31,900	9
Equality Maine	\$30,350	12
Gill Action Fund	\$30,000	2
NRA	\$29,650	31
Common Sense Solutions for ME's Future	\$29,000	5
Dirigo PAC	\$29,000	9
Snowe for Senate	\$26,866	22
Maine Victory 2006	\$25,000	1
Business Minded Democrats	\$21,150	9
Damon 06	\$20,100	5
GOPAC	\$20,000	8
Mitchell 2006	\$18,000	5
Maine Women's Leadership PAC	\$17,500	5
Treat Leadership Fund	\$17,300	7
Maine Democratic Majority	\$17,000	2
Victory 2004	\$15,000	1

TOTAL | \$3,157,462 | 448 |

Individual Contributors

Giving at Least \$15,000 to Selected Leadership and Caucus PACs

DONOR	AMOUNT	#
Sussman, Donald	\$379,000	15
Bahre, Robert	\$54,000	12
Wasileski, John	\$35,500	12
Monks, Robert C.	\$35,000	13
Alfond, Justin L.	\$32,978	42
Dyke, Richard	\$30,000	2
Hagge, Cyrus Y.	\$26,850	13
Orestis, John	\$25,750	33
Bahre, Gary	\$17,000	7

TOTAL | \$636,078 | 149 |

PACs – 2007-2010¹¹

Pac Type: Leadership [L], Issue [I], Caucus [C]

PAC TYPE	PAC NAME	CANDIDATES INVOLVED as Principal Officers, Fundraisers & Decision-makers (* = no longer in Legislature after 2010 election)	YEAR FOUNDED	2007	2008	2009	2010	TOTAL
L	Alfond Business, Community & Democracy PAC	Justin Alfond (MCEA)	2009			\$35,759	\$42,100	\$77,859
L	Aroostook PAC	John Martin (MCEA)	2002	\$1,000	\$22,000	\$1,750	\$7,025	\$31,775
L	Berry for Maine	Seth Berry (MCEA)	2008		\$24,291	\$20,243	\$60,625	\$105,159
L	Bliss for Maine	Lawrence Bliss (MCEA)(* as of 4/15/2011)	2010				\$10,735	\$10,735
L	Blue Ribbon PAC	David Hastings (MCEA)	2010				\$6,900	\$6,900
L	Bromley Leadership Maine	Lynn Bromley (MCEA)*	2003	\$1,500				\$1,500
L	Cain for Maine	Emily Cain (MCEA)	2008		\$7,825	\$21,360	\$62,091	\$91,276
L	Carey for Maine	Michael Carey (TF)	2008		\$3,000	\$1,250	\$8,475	\$12,725
L	Clark O8	Herbert Clark (MCEA)	2008		\$2,250			\$2,250
L	Clean House PAC	Richard Rosen (MCEA)	2002	\$250	\$27,900	\$18,527	\$4,750	\$51,427
L	Cleary Business and Leadership PAC	Richard Cleary (MCEA)*	2008		\$1,500	\$500	\$10,601	\$12,601
L	Common Sense Solutions for Maine's Future	Jonathan Courtney (MCEA)	2009			\$10,475	\$27,375	\$37,850
L	Connor Leadership PAC	Chris Babbidge (MCEA)* Gary Connor (MCEA)*	2009			\$2,500	\$19,905	\$22,405
L	Cummings Leadership Fund	Glenn Cummings (MCEA)*	2005	\$9,400	\$11,750			\$21,150
L	Damon O8	Dennis Damon (TF)*	2006	\$500	\$500			\$1,000
L	Diamond PAC	Bill Diamond (TF)	2007	\$43,150	\$15,400	\$82,275	\$40,608	\$181,433
L	Dill Leadership PAC	Cynthia Dill (MCEA)	2008		\$3,526	\$700	\$2,878	\$7,104
L	Dirigo PAC	Alexander Cornell du Houx (MCEA)	2010				\$6,694	\$6,694
L	Edmonds For Leadership	Betheda Edmonds (MCEA)*	2003	\$21,085	\$9,450			\$30,535
L	Empowering Maine Leadership PAC	Barry Hobbins (MCEA)	2009			\$20,000	\$37,650	\$57,650
L	Equilibrium Maine	Nancy Smith (MCEA)*	2004	\$6,475	\$2,402	\$4,325	\$250	\$13,452
L	Eves Leadership PAC	Mark Eves (MCEA)	2010				\$6,195	\$6,195
L	GreenME PAC	Jon Hinck (MCEA)	2008		\$7,920	\$200	\$1,398	\$9,518
L	Harmon for Maine: Small Business, Farming, and Family PAC	Ryan Harmon (MCEA)	2010				\$1,115	\$1,115
L	High Hopes PAC	Philip Bartlett, II (MCEA)	2006	\$21,895	\$21,545	\$23,025	\$52,140	\$118,605
L	John Tuttle For Leadership	John Tuttle (MCEA)	2006	\$2,475	\$3,325	\$3,000	\$1,800	\$10,600
L	Leadership for Maine's Future	Andre Cushing (TF) Joshua Tardy (TF)*	2000	\$20,125	\$118,730	\$21,300	\$24,970	\$185,125
L	Leila for Maine!	Leila Percy (MCEA)*	2006	\$12,000	\$123			\$12,123
L	Maine Senate PAC	Richard Rosen (MCEA)	2010				\$169,505	\$169,505
L	McCabe for Leadership	Jeff McCabe (MCEA)	2010				\$800	\$800
L	Move Maine Forward	Donald Pilon (MCEA)	2008		\$7,000		\$3,850	\$10,850
L	New Leadership for Maine's Future	Jarrod Crockett (MCEA) Paul Davis (MCEA)	2009			\$2,125	\$5,688	\$7,813
L	Pingree Leadership Fund	Hannah Pingree (MCEA)*	2005	\$9,500	\$52,810	\$1,288	\$14,165	\$77,763

¹¹ Maine Commission on Governmental Ethics and Election Practices

PACs - 2007-2010

Pac Type: Leadership [L], Issue [I], Caucus [C]

PAC TYPE	PAC NAME	CANDIDATES INVOLVED as Principal Officers, Fundraisers & Decision-makers (* = no longer in Legislature after 2010 election)	YEAR FOUNDED	2007	2008	2009	2010	TOTAL	
L	Prosperity for Maine	Stacey Fitts (TF)	2008		\$2,250	\$2,750	\$17,925	\$22,925	
L	Republican Speakers Fund	Robert Nutting (MCEA)	2010				\$21,132	\$21,132	
L	Respect Maine	Andre Cushing (TF)	2010				\$25,225	\$25,225	
L	Responsible Action Yields Excellence for Maine	Kevin Raye (TF)	2004		\$950	\$15,450	\$60,200	\$76,600	
L	Robust Economy	Lisa Marrache (MCEA)*	2007	\$15,150	\$13,950	\$20,725	\$3,750	\$53,575	
L	Strengthening Maine	Seth Goodall (MCEA)	2009			\$21,700	\$37,400	\$59,100	
L	Sutherland Leadership PAC	Pat Sutherland (MCEA)*	2008		\$1,500			\$1,500	
L	The Right Direction	Debra Plowman (TF)	2010				\$13,750	\$13,750	
L	Treat Leadership Fund	Sharon Treat (MCEA)	2008		\$5,088	\$3,825	\$11,708	\$20,621	
L	Working People For Hope and Change	Dale Crafts (MCEA)	2010				\$7,236	\$7,236	
L	Working People's PAC	Margaret Craven (MCEA)	2010				\$10,935	\$10,935	
				TOTAL FOR THE YEAR					TOTAL L
				\$164,505	\$366,985	\$335,052	\$839,548	\$1,706,090	\$3,412,180
I	Health Coverage for Maine	Elizabeth Mitchell (MCEA)* Hannah Pingree (MCEA)*	2008		\$412,955			\$412,955	
I	Maine Republican Liberty Caucus PAC	Ryan Harmon (MCEA)	2010				\$1,800	\$1,800	
I	Maine Women's Leadership PAC	Cynthia Dill (MCEA) Elspeth Flemings (MCEA) Teresa Hayes (MCEA)	2002	\$10,875	\$13,300	\$500	\$5,995	\$30,670	
I	No Higher Taxes for Maine PAC	Seth Berry (MCEA) John Piotti (MCEA)*	2009			\$13,950	\$612,330	\$626,280	
I	Sportsman's Alliance of Maine PAC	Paul Davis (MCEA)	1999		\$2,976		\$2,457	\$5,433	
				TOTAL FOR THE YEAR					TOTAL I
				\$10,875	\$429,231	\$14,450	\$622,582	\$1,077,138	\$2,154,276
C	House Democratic Campaign Committee	Seth Berry (MCEA) Hannah Pingree (MCEA)* John Piotti (MCEA)*	1983	\$153,065	\$384,600	\$91,240	\$420,889	\$1,049,794	
C	House Republican Fund	Joshua Tardy (TF)*	1996	\$90,990	\$114,083	\$65,953	\$112,335	\$383,361	
C	House Republican Majority Fund	Philip Curtis (TF)	2010				\$25,000	\$25,000	
C	Maine Senate Republican Committee	Richard Rosen (MCEA) Carol Weston (MCEA)*	2005	\$153,058	\$403,521	\$5,206		\$561,786	
C	Maine Senate Republican Majority	Jonathan Courtney (MCEA) Kevin Raye (TF)	2005		\$16,990	\$142,515	\$351,067	\$510,572	
C	Senate Democratic Campaign Committee	Philip Bartlett (MCEA)	PRE-2002	\$169,674	\$525,623	\$181,688	\$545,937	\$1,422,922	
				TOTAL FOR THE YEAR					TOTAL C
				\$566,787	\$1,444,817	\$486,602	\$1,455,228	\$3,953,435	\$7,906,869

GRAND TOTAL \$13,473,325



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