



NEW MONEY IN POLITICS PROJECT

REPORT #6

Tracking the Money:

Private Money Surges
in Maine's 2012
Legislative Races



MONEY IN POLITICS PROJECT

The *Money in 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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Executive Summary

Money in Politics Project Report #5 analyzed rates of participation in the Clean Elections public funding program in the aftermath of harmful changes to the program since 2010. While the report did show a decrease in participation, those candidates who did use Clean Elections continued to succeed at the polls.

Now that candidates, political action committees (PACs), and the political parties have completed their financial reporting for 2012, a comprehensive analysis of the sources of

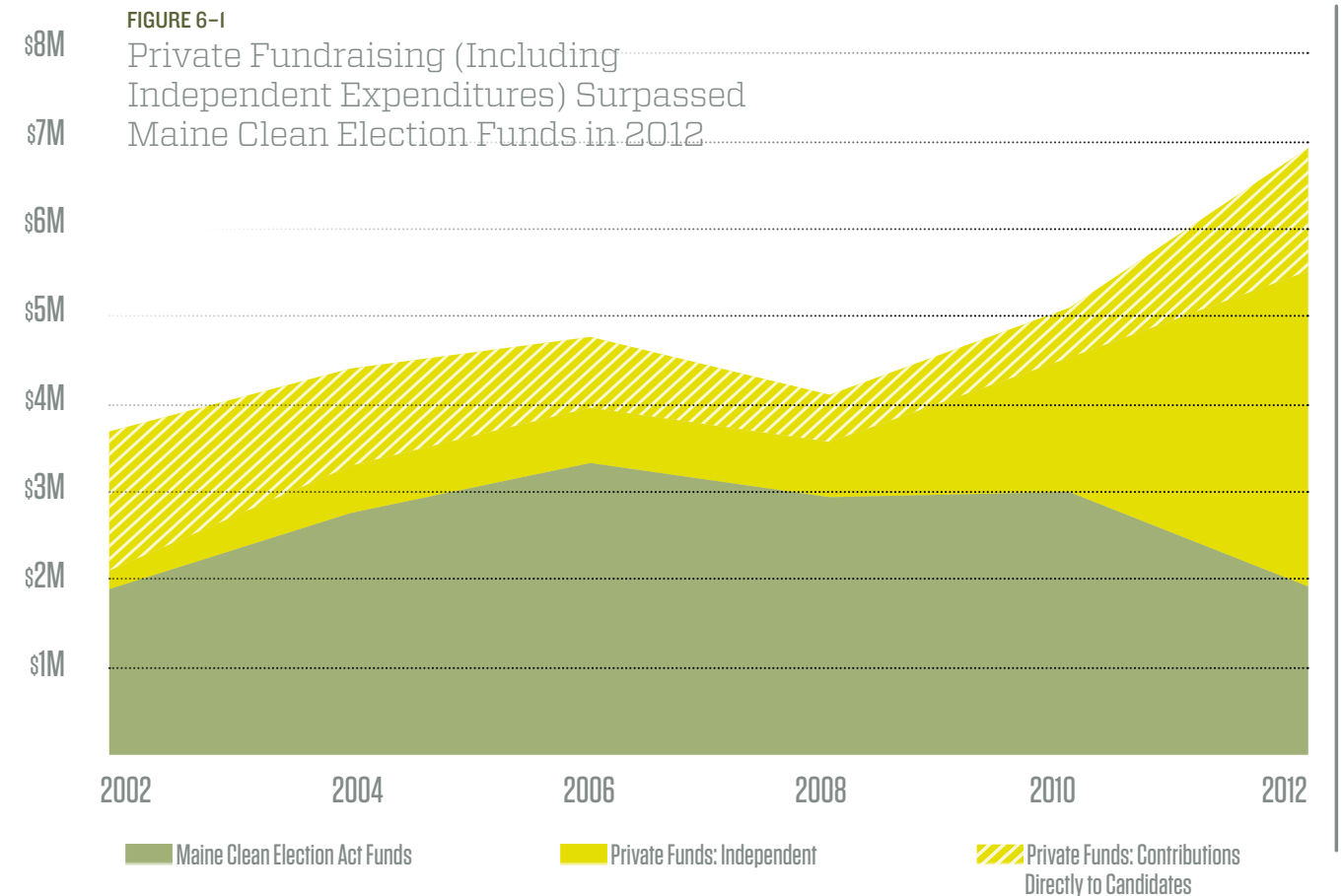
funding for this election cycle — the most expensive legislative election in Maine history — is possible. For the first time since the early days of the Clean Elections program, private money exceeded Clean Elections funds in 2012. See **FIGURE 6-I**.

The analysis in this report shows that a significant amount of funding flows into Maine's legislative races from contributors with particular motivations that do not necessarily correspond with the public interest.

Our democracy thrives when candidates from all backgrounds have an opportunity to run and win without relying on special interest money. Since 1996, the Maine Clean Election Act has preserved and promoted that opportunity, but the rising tide of private funds threatens to reverse the successes achieved through this hard-won reform.

In this cycle \$14,798,653 flowed through candidate committees, party committees, and PACs from a wide variety of sources including individuals, businesses, associations, labor organizations, PACs, and the Maine Clean Election Fund. A substantial sum — \$4,138,157 — consists of transfers from one Maine-based political committee to another. Discounting these transfers, the amount actually raised and spent to influence candidate campaigns was approximately \$10,660,496.

That level of funding would not have been possible without substantial contributions from many entities with a vested interest in the decisions to be made by the 126th Legislature now in session.



Highlights

- For the first time since 2002, private funds (including candidate funds and independent expenditures) surpassed Maine Clean Election Act funds in legislative races.
- PACs played a dominant role. The top five PACs distributed a total of \$3 million to other PACs, party committees, and candidates. Each of the five was aligned with one of the political party legislative campaigns.
- Organizations that employ lobbying firms and lobbyists gave generously to support the candidates who would soon become lawmakers in the 126th Legislature. Entities with hired lobbyists contributed a total of \$1,421,208 or 12.2% of the total.
- Financial, real estate, and insurance interests were the largest contributors within the business sector, giving \$377,507 or almost 20% of the total of \$1,931,350 received from businesses.
- Total contributions associated with the labor sector were \$1,103,809 — 43% less than business contributions. The largest amount of labor-related funding came from the public education sector, followed by other public employees, and then by unions representing the crafts and trades.
- A majority of the funding for Republican candidates for the House of Representatives came from private sources. For all other caucuses a majority of funding came from the Maine Clean Election Fund.

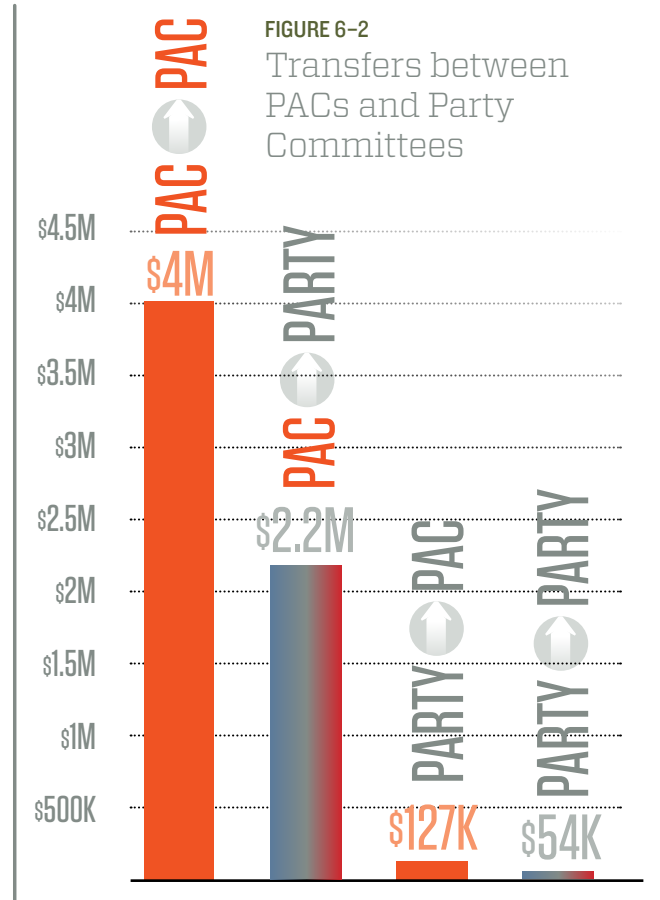
Tracking the Money:

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Part I — Funding Sources Overview

PACs were the largest players in Maine political fundraising during the 2012 legislative elections. Large PACs under the control of Democratic and Republican legislators and their leadership dominated this sector. For the most part, these PACs did not spend their funds directly on campaign expenditures, but instead transferred money to other PACs and party committees who in turn purchased campaign communications or other goods and services.

The phenomenon of committee-to-committee transfers is ingrained, making up \$6,391,280 in 2012 or 43% of all reported contributions in the 2012 cycle. Much of the funding making up these transfers originated from large out-of-state PACs. Another category of funding is transfers from individual leadership PACs to larger, caucus campaign PACs. A third category is contributions from leadership and partisan PACs to the political parties themselves. Relatively little is contributed from the parties to PACs or from state party committees to local party committees. **FIGURE 6-2** shows the scope of these large transfers.

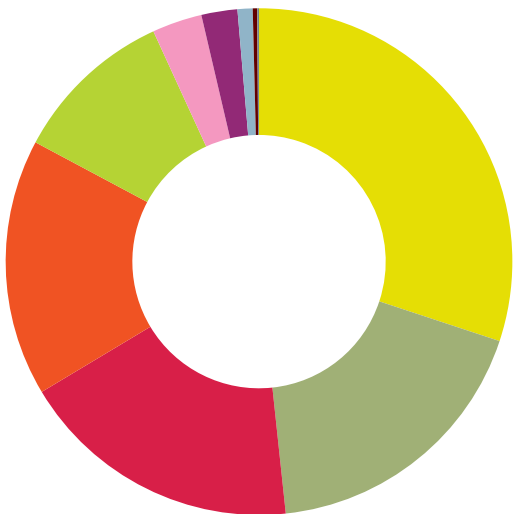


ABOUT THIS SERIES

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.

When assessing total campaign spending in 2012 it would not be accurate to include transfers between one Maine-based PAC or party committee and another, since those transfers do not represent actual expenditures on end use campaign purchases such as mailings, advertisements, or staffing. Excluding this type of transfer, we can focus on the funding actually used to pay for this campaign and its original sources. **FIGURE 6-3** shows that the largest source of funding (excluding transfers) is individual contributors, followed by funds from the Maine Clean Election Fund and general business.

FIGURE 6-3
Sources of 2012 Campaign Funding Excluding Transfers



	\$3,206,515	Individuals
	\$1,944,088	Maine Clean Election Funds
	\$1,928,300	Business (general)
	\$1,748,166	Political Action Committees
	\$1,103,809	Labor Organizations
	\$339,832	Ideology / Single Issue
	\$244,785	Candidate and/or Spouse
	\$102,926	Other Candidates and Candidate Committees
	\$30,052	Republican Party Organizations
	\$8,773	Other
	\$3,250	Democratic Party Organizations

The largest share of funding received by candidate PACs (those that are not focused on ballot questions) was contributions from other PACs, followed by the business sector, individuals, labor organizations, and interests aligned with an ideological position or single issue, as set forth in **FIGURE 6-4**.

FIGURE 6-4
Sources of Contributions to PACs



	\$1,456,500	Political Action Committees
	\$1,434,240	Business (general)
	\$1,088,422	Individuals
	\$1,032,484	Labor Organizations
	\$329,357	Ideology / Single Issue
	\$16,792	Other Candidates and Candidate Committees

It is sometimes difficult to differentiate the fundraising of the political parties from that of the PACs controlled by prominent elected officials with strong ties to one of the parties. Neither type of committee is bound by contribution limits on the amounts it may receive. The Democratic and Republican parties can raise and spend money through committees organized at the state, county, and municipal level. Technically, these committees are subject to the control of the party membership, usually through a board of party activists entrusted with this authority at the respective state, county, or municipal tier.

In practice, elected officials holding prominent positions within their parties coordinate

the activities of these party committees with the activities of PACs controlled by individual legislators or other leaders. At the height of the campaign season money may move back and forth between these entities to serve the immediate campaign needs of the party and its various players.

FIGURE 6-5 shows that more than half of the money received by Democratic and Republican political party committees came from PACs. Individual contributors made up approximately one-third of the total raised by the political parties themselves.

FIGURE 6-7
Business Contributions
by Sector

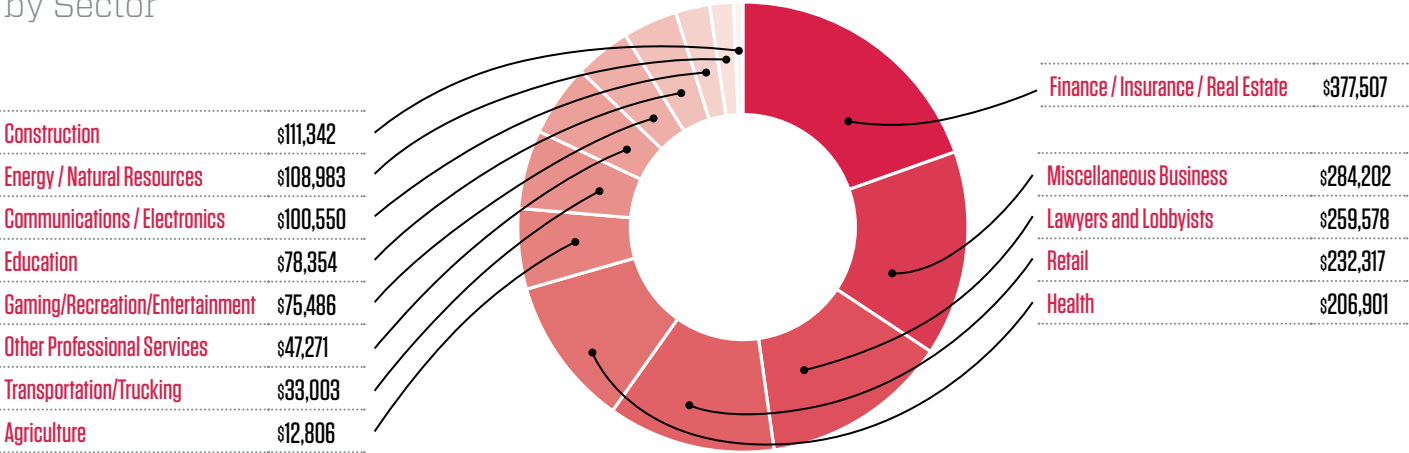


FIGURE 6-5
Sources of Contributions to
Political Party Committees

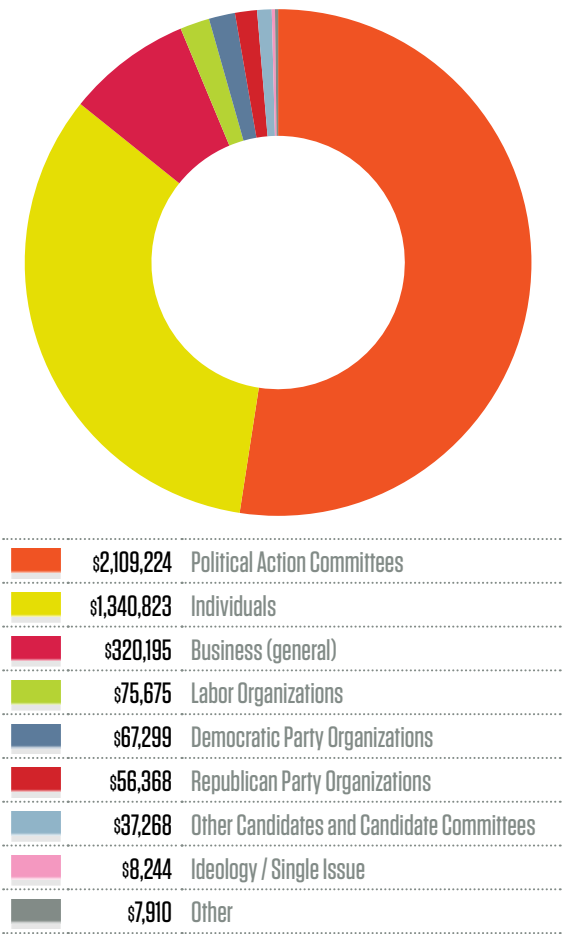
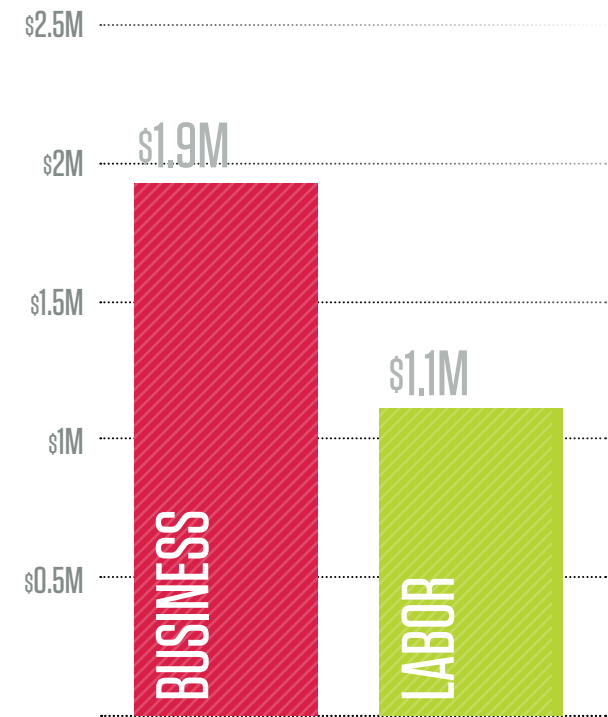


FIGURE 6-6
Business and Labor
Total Contributions
2012



Where was that money spent? In the 2012 cycle the majority of political party funding was spent on independent expenditures supporting House and Senate candidates of the respective parties. A small amount went directly to candidates, while some was spent on overhead and on transfers to other party committees around the state.

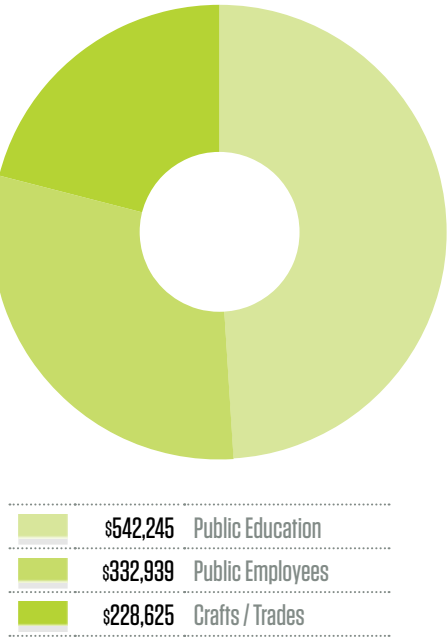
Part II — Funding From Labor, Business And Lobbying Interests

Contributions to candidates, PACs, and political party committees from the business sector amounted to \$1,928,300 while the labor sector contributions totaled \$1,103,809 as shown in FIGURE 6-6. These figures do not include transfers between Maine PACs and party committees.

FIGURES 6-7 and 6-8 provide additional detail on business and labor contributions. Focusing on contributions from business entities, finance/insurance/real estate concerns gave more than any other business sector. These contributors include banks, credit unions, health insurance companies, and a wide variety of financial institutions, organizations and their industry associations — many with significant legislative issues before the 126th Legislature.

Organized labor contributed \$1,103,809 in the 2012 election cycle, excluding transfers. The largest total funding source within organized labor is the public education unions, consisting mostly of the National Education Association and the Maine Education Association. The second largest labor-related source is public employees, led by the Maine State Employees Association. Miscellaneous smaller but active contributors in the crafts and trades, including the International Brotherhood of Electrical Workers and the AFL-CIO, round out the funding streams identified with organized labor.

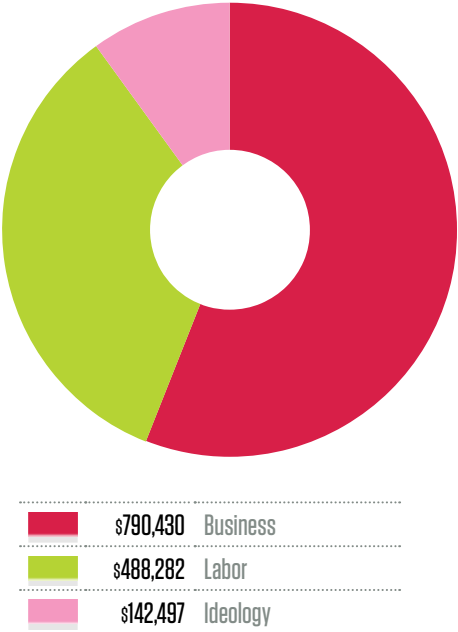
FIGURE 6-8
Labor Contributions by Sector



Lobbyists and the clients or employers that they represent have very special interests in legislation and the makeup of the legislature, giving their contributions special significance. **FIGURE 6-9** details the total of \$1,421,208 in contributions given by entities with one or more registered lobbyists. Most (56%) of the

contributions from those entities came from the business sector. Approximately 34% of the contributions from entities with one or more hired lobbyists came from labor, and 10% came from ideological/single issue organizations.

FIGURE 6-9
Contributions from Entities with Hired Lobbyists by Sector



In addition to the contributions from businesses and others who have hired lobbyists, lobbyists themselves (and their firms) actively supported candidates, party committees, and PACs with financial contributions totaling \$200,869. (The lobbyist employer figures exclude transfers.)

Part III — Focus On Legislative Candidate Funding

Part I and Part II above analyzed all funding received by PACs, candidates, and the political parties.

Money given directly to candidates is a subset of that total pool of campaign money.

Those special contributions — money given directly to legislative candidates — raise unique concerns. Where money is given directly to candidates, an immediate and significant connection is made between the contributor and the recipient. Notwithstanding the contribution limit of \$350 per contributor, this category of campaign fundraising raises important questions of whether the pattern of contributions result in the appearance of undue influence, and whether the flow of money from vested interests is so substantial as to distort the democratic process.

For that reason, Part III of this report will look more closely at how candidates raised their campaign funds.

Legislative candidates raised \$3,371,946 for their campaigns in 2012. The Maine Clean Election Act continues to be the largest source of funding used directly by candidates —

57.6% of the total (\$1,944,088), although it was a smaller portion of the funding picture in 2012 than in 2010.

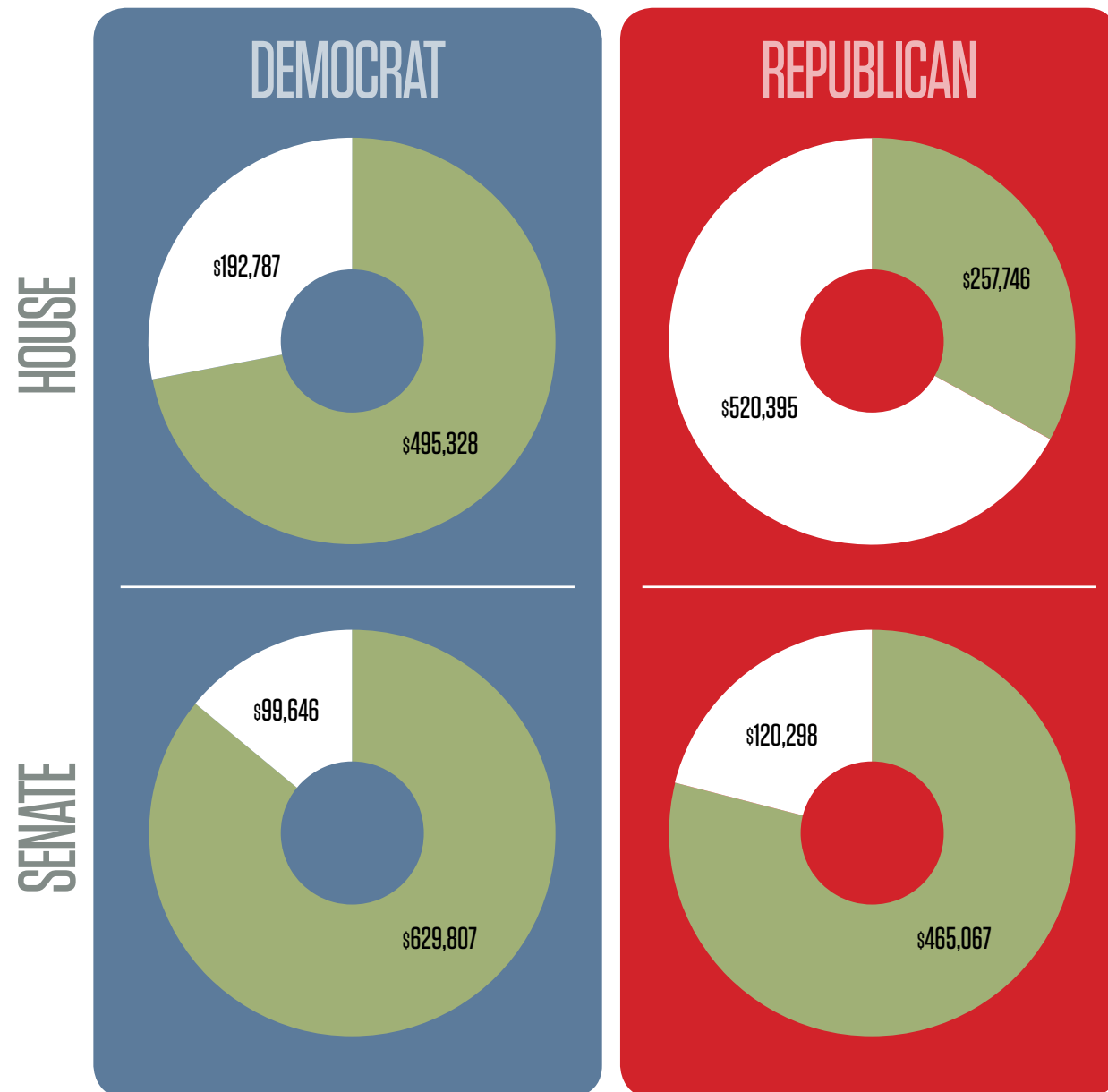
Private sources of funding constituted a larger share than any election cycle since 2000. This is partly because 156 of the 426 legislative candidates used private funding instead of Clean Elections — an increase over the 2010 cycle, especially among Republican candidates for the House of Representatives. (See Money & Politics Project Report #5.)

Accordingly, the total amount of private funds raised by candidates in the 2012 cycle also increased. **FIGURE 6-10** shows the average funds raised by candidates in each party and for each chamber. Notably, candidates funded through the Clean Elections program had campaign budgets within a narrow range regardless of their political party. This level playing field forces candidates to compete for votes on the basis of attributes other than their ability to raise private funds.

FIGURE 6-10
2012 Legislative Candidates' Average Funding Summary

HOUSE	Privately Funded			Clean Elections Funded		
	PARTY	SEATS	\$ RAISED	PARTY	SEATS	\$ RAISED
	Unenrolled	7	\$2,466	Unenrolled	6	\$4,321
	Republican	97	\$6,541	Republican	65	\$4,321
	Green Independent	1	\$35	Green Independent	3	\$4,737
SENATE	Democratic	28	\$4,940	Democratic	134	\$4,103
	Privately Funded			Clean Elections Funded		
	PARTY	SEATS	\$ RAISED	PARTY	SEATS	\$ RAISED
	Unenrolled	3	\$2,282	Unenrolled	2	\$20,222
	Republican	15	\$19,927	Republican	25	\$19,745
SENATE	Green Independent	0	N/A	Green Independent	1	\$21,251
	Democratic	5	\$30,417	Democratic	34	\$19,514

FIGURE 6-II
Campaign Funding
Sources by Caucus



Among privately funded candidates, Republicans raised more on average than Democrats in races for the House of Representative, while privately funded Democrats outraised their Republican counterparts in Senate campaigns.

FIGURE 6-II shows how each of the major legislative caucuses used private and public funding in the 2012 cycle. The Clean Elections public funding program continues to serve as the source of most funding for Senate candidates in both parties. In the House of Representatives, the increase in private funding among Republican candidates marked that caucus as the only one where Clean Elections funding was not the major source. House Democratic candidates received nearly three-quarters of their funding through the Clean Elections program.

Contribution data shows that many contributors gave \$700 — the maximum allowed for legislative candidates in both primary and general elections within one election cycle. Republican candidates received 89 contributions of \$700 while Democratic candidates received 34. A total of 1,276 contributors gave at least \$350 — the maximum allowed for any single election. The funds raised from these large donors constitute nearly half (48.3%) of all private money raised by legislative candidates.

With more Republican candidates using private funding, their total private funds raised easily surpassed those of their Democratic counterparts. **FIGURE 6-I2** shows that for privately funded candidates of both parties, business contributions provided a far greater share of their financial support than contributions from labor. In comparison, contributions from individuals totaled \$470,429 for Republican candidates and \$195,218 for Democratic candidates.

FIGURE 6-I2
Business and
Labor Direct
Contributions
to Candidates

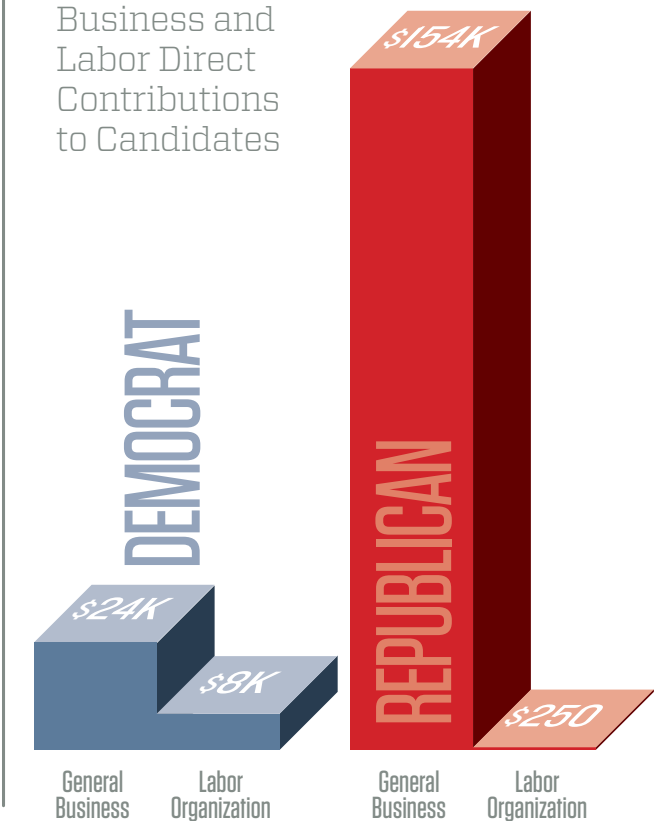
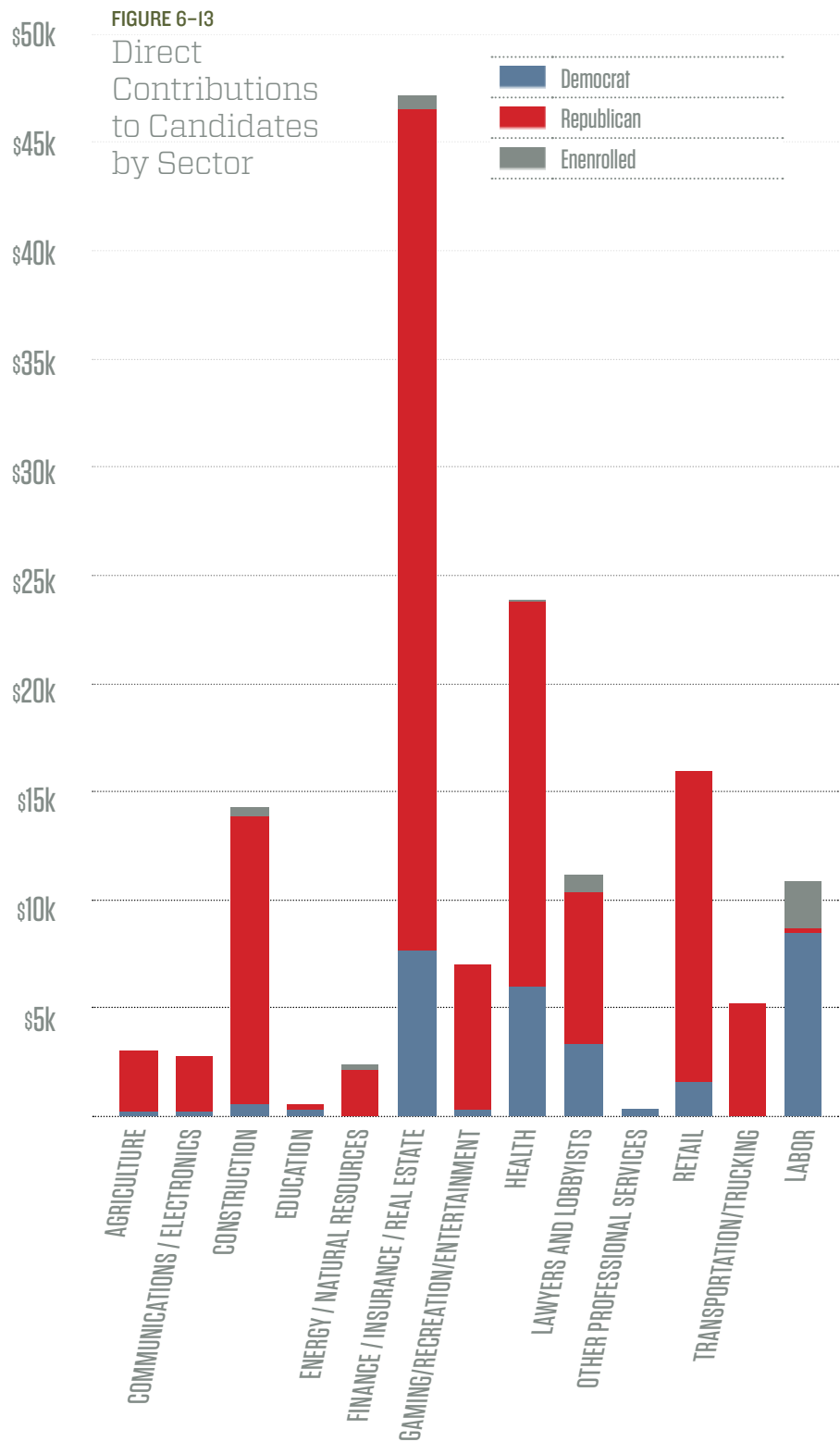


FIGURE 6-I3 shows the business sectors most active in making contributions directly to candidate campaigns. Organized labor contributions made directly to candidate campaigns are also included, although labor organizations generally did not choose to spend their campaign funds by making contributions to candidates. (The data was insufficient to assign an industry sector to approximately \$47,000 in business contributions.)



Conclusion

The continued success of our democracy requires that candidates seek and win election on the basis of their ideas and personal attributes — not the money they can muster to support their campaigns.

That concept was tested more severely in Maine during the 2012 campaign than in any legislative election over the last decade. The combination of increased private fundraising by candidates and exploding independent expenditures resulted in a record-breaking 2012 legislative fundraising cycle.

Businesses, labor organizations, and lobbying interests account for a large portion of the private funds raised by candidates and the PACs engaged in this election.

Maine Clean Election Act candidates continued to win at the polls and the system remains successful. But the flood of private money threatens to overwhelm Maine campaigns in the future.

In order to stem the tide of unfair influence and public skepticism caused by large amounts of private money in our democratic process, Maine needs a strong Clean Election system, effective contribution limits for privately funded candidates, increased transparency, and a renewed commitment to real democracy for the citizens of our state.

Appendix A: Top Business Contributors 2012

	CONTRIBUTOR	AMOUNT	DESCRIPTION	CONTRIBUTING PATTERN
1	Oppenheimer & Co. Inc	\$110,000	Oppenheimer & Co. Inc. is "a leading investment bank and full-service investment firm that provides financial services and advice to high net worth investors, individuals, businesses and institutions" based in New York City.	REPUBLICAN
2	Time Warner Cable PAC	\$67,100	Maine's largest provider of cable television services, Time Warner Cable is based in New York City. The company provides high speed cable television, internet and telephone services.	BOTH
3	Clean Power PAC	\$57,065	The PAC of the Maine Renewable Energy Association — "a not-for-profit association of renewable power producers, suppliers, and supporters of the renewable power industry in Maine. MREA represents the renewable power industry at the State Legislature and Maine Public Utilities Commission."	BOTH
4	Ocean Properties Inc / Macino LLC	\$54,400	Ocean Properties, Inc. / Macino is a developer based in Portsmouth, NH. Ocean Properties has been a leading proponent of construction of a racino in Biddeford. The company says it has 6,000 employees across the United States and owns more than 100 hotels in the United States and Canada, including nine hotels in Maine and more than 35 in Florida.	BOTH
5	Isaacson & Raymond P.A.	\$53,470	Isaacson & Raymond is a general practice law firm handling matters in Corporate Law, Civil Litigation, Business Law, Probate, Trust and Estate Planning, Wills, Real Estate and Commercial Transactions, Divorce and Family Law and Employment Law. The firm is based in Lewiston.	DEMOCRATIC
6	Maine Association of Realtors	\$52,950	Maine Association of Realtors' by-laws indicate that its purpose is "to unite [the real estate profession] in the State of Maine for the purpose of exerting effectively a combined influence upon matters affecting real estate, to elevate the standards of the real estate business throughout the state and the professional conduct of persons engaged therein."	BOTH
7	GRSC Consulting	\$46,921	Extensive internet searches uncovered almost no information about any entity by the name of GRSC Consulting in Minneapolis. It shares an address, however, with "the Blue Green Alliance," which describes itself as an organization uniting "14 of the country's largest unions and environmental organizations. Acting together, through more than 15 million members and supporters, we are a powerful voice for building a cleaner, fairer and more competitive American economy."	DEMOCRATIC
8	AstraZeneca Pharmaceuticals	\$39,500	AstraZeneca is a British-Swedish multinational pharmaceutical and biologics company headquartered in London, United Kingdom. It is the world's fifth-largest pharmaceutical company with operations in over 100 countries. AZ manufactures Nexium, Prilosec and Seroquel, among many other products.	BOTH
9	Bernstein Shur Sawyer and Nelson	\$38,880	Bernstein Shur is one of Maine's largest law firms. Its practice includes "lobbying the Maine Legislature and the U.S. Congress ... serving as legislative counsel for many Maine businesses, trade associations, municipalities and individuals, as well as Fortune 500 companies, multinational corporations, and national trade associations."	BOTH
10	Maine Truck PAC	\$34,150	The Maine Truck PAC's mission is "to foster and promote the motor transportation industry in the State of Maine and elsewhere ... To assist in and provide for education of those engaged in the motor transportation industry and their suppliers on matters affecting the operation of motor vehicles, including safety procedures, safety devices, and laws governing such operations ..."	BOTH

Appendix B: Top Labor Contributors 2012

CONTRIBUTOR		AMOUNT	DESCRIPTION	DONATION PATTERN
1	National Education Association	\$373,996	The NEA represents teachers across the country.	GAVE TO DEMOCRATIC-ORIENTED PACS
2	Maine State Employees Association / SEIU	\$255,518	MSEA represents Maine state employees. It is affiliated with the Service Employees International Union. It is the largest union in Maine.	MINOR REPUBLICAN CONTRIBUTIONS BUT MOSTLY TO DEMOCRATIC CANDIDATES AND DEMOCRATIC-ALIGNED PACS.
3	Maine Education Association	\$185,999	The MEA represents Maine public school teachers.	GAVE PREDOMINANTLY TO DEMOCRATS, DEMOCRATIC- ORIENTED PACS, AND DEMOCRATIC PARTY ENTITIES.
4	AFL CIO	\$75,106	The AFL-CIO is "a democratic, voluntary federation of 57 national and international labor unions that represents 12.2 million working people." Some other labor contributors are also members of the AFL-CIO.	GAVE TO DEMOCRATIC-ORIENTED PACS
5	Teamsters	\$62,147	The Teamsters is a large labor union with 440 local affiliated in the United States and 35 in Canada. Often associated with trucking and transportation, its mission is, in part, "to organize and educate workers so that they will attain a higher standard of living."	GAVE TO DEMOCRATIC-ORIENTED PACS
6	AFSCME	\$56,322	This public employee union, the American Federation of State, County and Municipal Employees, sometimes competes with the SEIU for public employee membership.	GAVE TO DEMOCRATIC-ORIENTED PACS
7	International Association of Fire Fighters	\$50,000	The local branch of the IAFF is the Professional Fire Fighters of Maine.	GAVE TO DEMOCRATIC-ORIENTED PACS
8	IBEW	\$25,384	The International Brotherhood of Electrical Workers has been organized in Maine since 1915. It is affiliated with the AFL-CIO.	GAVE TO DEMOCRATIC-ORIENTED PACS
9	United Food and Commercial Workers	\$25,100	The UFCW represents workers at grocery stores and other retail establishments.	GAVE TO DEMOCRATIC-ORIENTED PACS
10	National Nurses United	\$24,075	NNU is "the largest union and professional association of registered nurses in U.S. history." The union was organized in 2009.	DID NOT CONTRIBUTE TO CANDIDATES OR PARTY COMMITTEES

Appendix C: Top Individual Contributors 2012

CONTRIBUTOR		Amount	CONTRIBUTOR		Amount
1	Sussman, Donald	\$613,500	6	Hagge, Cyrus	\$50,000
2	Bosarge, Ed	\$150,000	7	Bean, Linda	\$25,575
3	Tishman, Daniel R.	\$75,000	8	Bahre, Robert	\$21,500
4	Malone, John	\$70,000	9	Beeuwkes, Reinier	\$20,000
5	Coulombe, Paul	\$70,000	10	Liberty, Michael A.	\$20,000

AppendixD: Top Political Action Committee Contributors 2012

TOP PACS (INCLUDING TRANSFERS TO OTHER PACS AND PARTY COMMITTEES)			TOP PACS (INCLUDING ONLY CONTRIBUTIONS TO CANDIDATES)		
1	Republican State Leadership Committee	\$895,000	1	House Republican Majority Fund	\$19,800
2	House Democratic Campaign Committee	\$646,000	2	Republican Speakers Fund	\$19,450
3	Democratic Legislative Campaign Committee	\$585,000	3	Respect Maine	\$8,350
4	Senate Democratic Campaign Committee	\$549,000	4	Dirigo PAC (Sen. Susan Collins)	\$8,300
5	Republican Speakers Fund	\$377,450	5	Maine PAC	\$8,150
6	Maine Senate Republican Majority	\$235,975	6	Republican Majority Fund	\$7,250
7	Maine Peoples Alliance	\$170,361	7	Move Maine Ahead PAC	\$6,300
8	Alfond Business, Community and Democracy PAC	\$143,000	8	Defense of Liberty PAC	\$5,850
9	House Republican Majority Fund	\$132,950	9	Still Fed Up With Taxes	\$5,100
10	Capital Leadership PAC	\$84,000	10	New Leadership for Maine's Future	\$4,200
11	Democratic Governors Association	\$54,700	11	Leadership for Maine's Future	\$3,700
12	Paving The Way To A Prosperous Maine	\$36,950	12	Common Sense Solutions for Maine's Future	\$2,800
13	Liberty for All Super PAC	\$30,000	13	The Right Direction	\$2,425
14	Empowering Maine	\$28,700	14	Maine Senate Republican Majority	\$2,250
15	Imagine Maine PAC	\$27,550	15	Paving The Way To A Prosperous Maine	\$2,200
16	Leading to a Balanced Maine	\$27,400	16	Solid Maine Leadership PAC	\$2,150
17	Emily's List	\$21,200	17	Charting Maine's Future	\$2,000
18	Carey for Maine	\$20,572	18	Capital Leadership PAC	\$2,000
19	Northeastern Political Action Committee	\$20,000	19	Prosperity for Maine PAC	\$1,750
20	Strengthening Maine	\$18,200	20	GOPAC	\$1,400
21	Eves Leadership PAC	\$17,050	21	Leading to a Balanced Maine	\$1,400
22	Respect Maine	\$15,700	22	Imagine Maine PAC	\$1,050
23	Move Maine Ahead PAC	\$14,400	23	Working People for Hope & Change PAC	\$906
24	Dirigo PAC (Sen. Susan Collins)	\$14,300	24	Strengthening Maine	\$700
25	Action PAC	\$10,999	25	Emily's List	\$700



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