

2015 Issue Nominations

Potential Carryover Issues from 2014:

1. Enhanced Protection of Incapacitated Adults
2. Income Tax Subtraction for Retiree Health Insurance Premiums
3. Required Geriatrics Training for Professional License Renewal
4. Senior Absentee Voting

New Issues (ATTACHED)

5. Income Tax Revision – add 6.25% rate for taxable income >\$50K
6. Ethics – Independent Commission
7. Redistricting – Non Partisan Commission
8. Campaign Financing – small donor/multiple match public funding for state-wide elections

DRAFT

VFC 2015 State Legislation Plan

Issue Nomination Paper

Income Tax Revision

I. Intent/Goal

To provide a growing source of tax revenue for Virginia.

II. Summary of the Problem

Virginia's schools, highways, and Medicaid needs have surpassed existing state income sources periodically thus necessitating budget "fixes."

III. Legislative History

In 2004, the age deduction for those 62-64 was eliminated and for age 65+ was means tested for those not "grandfathered;" food tax was reduced from 4% to 2.5%; car tax relief was frozen; sales tax for non-food items was increased from 3.5% to 4.5%; revision of individual income tax rates not adopted. In 2010, the sales tax for non-food items was increased to 5.8% for northern Virginia and Tidewater areas.

IV, V, VI Unknown

VII. Legislative Options and Recommendation:

Present individual income tax schedule that has remained unchanged in about 75 years results in a virtually flat tax.

2004 proposal would add 6.25% rate for taxable income above \$50,000.

VIII. Was same or similar Legislation Passed in Other States

Wisconsin rate is 6.27% for taxable income at least \$100,000; other states to be supplied.

Prepared by: Robert H. Miller, Leg. Chair, Area IX, Chapter 232, Alexandria

Date: June 8, 2014

VFC 2015 State Legislation Plan Issue Nomination Paper

Ethics/A Return to “The Virginia Way” (“Good Government” Issue)

I. Intent/Goal:

To implement Governor McAuliffe’s promise made in his Inaugural Address: “To endorse the strongest possible new ethics rules to hold all Virginia elected officials to the highest of standards.”

II. Summary of the Problem:

Career Politicians in Richmond like to wax sentimental about the “Virginia Way,” by which they mean a brand of politics glossed by high-minded civility, rhetorical restraint and bipartisan civility. “The Virginia Way”, in fact, has been eroding for too many years now and urgently needs to be restored. Governor Bob McDonald was recently indicted for allegedly violating ethical standards. His defense is that he violated no State Ethical Laws and has acted like any other Virginia Governor. The State Integrity Investigation [a collaborative project of the Center for Public Integrity, Global Integrity, and Public Radio International] ranks Virginia ethics 47th out of 50 states, with a grade of F and a numerical score of 55%. Former Virginia Governor Tim Kaine, in a 2014 Washington Post column, identified “... a superb opportunity to fix a major Virginia weakness: our lax ethical laws.” Complacency about public ethics and the laws necessary to enforce them has become widespread in Virginia. Unlimited campaign contributions [except when the General Assembly is in session] are allowed – they just have to be reported. Over the past two election cycles, more than half of the races for the House of Delegates have been uncontested by the major parties. Independent candidates cannot match the financial “war chests” of their opponents – not a single independent was elected in 2014. And while reform proposals might sometimes get discussed, they’re rarely followed through with meaningful legislation. This founding myth has been so devastated recently that serious ethical reforms are overdue. The caricature of the fat cat handing out donations to candidates in expectation of favorable treatment is still alive and well in Virginia

III. Legislative History:

A comprehensive, 6 part program as outlined herein has never been proposed as a package. Some of the parts have been addressed in isolation, but have fallen short of serious ethical reform.

For example, the Virginia ethics legislation that passed in 2014 imposes a \$250 cap on gifts to Virginia legislators only made by registered lobbyists. It does not apply to gifts made directly by any individual or business that is not a registered lobbyist. In fact, an early analysis of this legislation by ProgressVA showed that if it had been in effect in 2012, it would have prohibited

none of the 756 gifts made to Virginia’s legislators in that year. This legislation also establishes an ‘advisory’ state ethics panel — with no staff or budget — instead of a commission with the resources and authority to investigate alleged violations. Gov. Terry McAuliffe promulgated an ethics reform package for himself, his staff, and state agencies. This executive branch reform package establishes a \$100 gift cap without the loopholes in the bill passed by the legislature. The bottom line is that Virginia ethics rules are not the strongest nor do they represent the highest of standards.

IV. Previous Legislative Patrons/Supporters: Isolated parts, but never a comprehensive package.

HJ-6 TERM LIMITS BILL: Introduced by Joseph D. Morrissey
Constitutional amendment (first resolution); General Assembly; term limits. Limits members of the Senate to three full terms (12 years) and members of the House of Delegates to six full terms (12 years).

11/25/13 House: Prefiled and ordered printed; offered 01/08/14 14100969D

11/25/13 House: Referred to Committee on Privileges and Elections

02/12/14 House: Left in Privileges and Elections

SB 410 GIFT BAN: Introduced by: Jeffrey L. McWaters

Establishes a ban on gifts in excess of \$100 in value from any single source except a relative or personal friend. The gift ban also applies to the immediate family members.

01/07/14 Senate: Prefiled and ordered printed; offered 01/08/14 14103345D

01/07/14 Senate: Referred to Committee on Rules

01/24/14 Senate: Incorporated by Rules into SB649-Norment (16-Y 0-N)

V. Will Previous Patron(s) Re-Sponsor Legislation in 2015? *Unknown*

VI. Likely Legislative Patron(s) / Supporter(s) (if no previous history): *Unknown*

VII. Legislative Options & Recommendations:

a.) PROPOSED LEGISLATIVE RECOMMENDATION:

NARFE supports a 6 part program to raise the ethical standards of Virginia politics to one of the highest in the nation and restore “The Virginia Way”:

1. Extend **Term Limits** to all legislators in the Virginia House of Delegates and Virginia Senate.
2. An **outright ban on all gifts**, meals, loans, vacations & anything of value for legislators & their families.
3. **Limit Virginia campaign spending to what the job pays.** No more!
4. Upon application for office, each candidate will make an **Oath of Office disclosure** that identifies any constitutional provision or law they deem unconstitutional & will refuse to support & defend if elected.

5. End the practice of companies and influence seekers donating millions in **Celebration Contributions for Inauguration Parties**. This starts the General Assembly with a clear conflict of interest. Each partygoer must buy their own ticket and pay for themselves.
6. An **Independent Statewide Ethics Commission with “teeth”** will be formed from Virginia citizens, empowered to oversee the above, conduct independent investigations with subpoena powers, and replace the General Assembly ethics committees & “advisory” state ethics panel.

b.) LEGISLATIVE OPTIONS

1. Expend resources and seek a legislative patron in the General Assembly who will propose our 6 part program as a comprehensive bill in the General Assembly to achieve the stated objectives.
2. Press Governor McAuliffe to keep his promise made in his Inaugural Address: “I will ask the entire General Assembly to enact the strongest possible new ethics rules to hold all Virginia elected officials to the highest of standards.” Propose our NARFE 6 part program as the vehicle to keep his promise.
3. Formally propose our 6 part program & endorse same without expending resources to lobby for passage.
4. Remain silent & continue to observe isolated ethics reform attempts, while politicians claim to have solved the problem.

VIII. Was Same or Similar Legislation Passed in Other States? Yes.

TERM LIMITS: 15 states currently have term limits for legislators. Career politicians generally oppose this.

GIFT BANS: Many states place the greatest restrictions on gifts from lobbyists to legislators. In some states, these restrictions take the form of a general prohibition or gift ban. Generally, non-lobbyists are not completely prohibited from giving gifts, but are limited to certain monetary values. Most states also specifically state that no one shall offer and no legislator shall accept any gift or anything of value in return for being influenced in the performance of the legislator's duties. Differences exist between what a lobbyist can give a legislator and what a legislator can receive from a lobbyist, the general public, or other outside interests.

STATE CAMPAIGN SPENDING LIMITS: States commonly place limits on contributions to candidates from various sources, political action committees (PACs), and political parties. Just four states - Missouri, Oregon, Utah and Virginia - place no limits on contributions at all. Another seven states - Alabama, Indiana, Iowa, Mississippi, North Dakota, Pennsylvania, and Texas - have minimal contribution limits. These states limit or prohibit contributions by corporations and unions to candidates, but leave contributions from all other sources unlimited. In the remaining 39 states, contributions to candidates from individuals, political parties, PACs, corporations & unions are typically limited or, in the case of corporations & unions, prohibited outright.

OATH OF OFFICE DISCLOSURE: This is a new issue with no known specific legislation.

INAUGURAL GALA CONTRIBUTIONS: Inaugural balls & galas are neither a campaign nor public event; it's a private benefit with the potential for a huge payoff and is commonly paid for by large donors with business before the states. Unspent monies are used for a variety of

purposes.

INDEPENDENT STATEWIDE ETHICS COMMISSION: Forty-two states have an ethics commission established in statute or in the constitution to externally oversee their ethics laws. Nine states—Alaska, Illinois, Indiana, Kentucky, New Hampshire, New Jersey, New York, Utah and Washington—have more than one commission that oversees different branches of government. Alaska and New Hampshire, along with Ohio, have ethics committees that operate in the same ways as a commission. In the eight states that do not have ethics commissions—Arizona, Idaho, New Mexico, North Dakota, South Dakota, Vermont, Virginia and Wyoming—oversight can be provided through other state agencies such as the Secretary of State, Attorney General, or legislative ethics committee. Virginia created a state “advisory” panel in 2014 with no staff, power or budget, instead of a commission with the resources and authority to investigate alleged violations.

IX. Political or Legal Arguments against the Issue:

Virginia does not have an ethical problem because the “Virginia Way” is our unique brand of politics glossed by high-minded civility, rhetorical restraint and bipartisan civility. The Commonwealth of Virginia has for centuries been a haven of good government led by public-spirited citizens dating to Patrick Henry, George Mason and Thomas Jefferson. Strict ethics laws simply were not needed, because overt bribery does not happen within the chiseled walls of “Mr. Jefferson’s Capitol” in Richmond. The legislature is a genteel chamber where lawmakers conduct themselves above board and, hence, there is little reason to spend much time hashing out new ethics rules.

X. Attachments (as needed): Attachment (1) provides background on recommendation.

Prepared by: Paul McIlvaine, State Legislative Committee Chair, Chapter 893, VFC Area IX, 8 May 2014

ATTACHMENT 1 BACKGROUND ON RECOMMENDATIONS

A recent Washington Post editorial described the 2014 Virginia ethics legislation as utterly flaccid ethics legislation. The bill is so slack it would be disingenuous to refer to it as “reform,” as its advocates are fond of doing. In fact, it would do practically nothing to stanch the cascade of freebies to which Richmond’s high and mighty evidently feel entitled.

In his 2014 Inaugural Address, Gov. Terry McAuliffe stated “I will ask the entire General Assembly to enact the strongest possible new ethics rules to hold all Virginia elected officials to the highest of standards.”

The NARFE Virginia Federation of Chapters agrees with Governor McAuliffe, endorses strong ethics rules and supports the following 6 point program to achieve the highest of ethical standards in Virginia politics:

- a. **Term Limits:** Politics corrupts – there’s no other way to put it succinctly. The rise of career politicians and a permanent political class comes with a rise of a larger and larger government apparatus with unprecedented amounts of money and power to control and corrupt individuals, institutions and the fabric of the whole society. Turnover in the 2014 Virginia House of Delegates was only 15% and the amount of money spent for the re-election of incumbents is both staggering and shameful. These campaign contributions must be paid back to their contributors – usually at taxpayer expense. One method to control this inherent institutional temptation is to limit the time anyone can hold office. NARFE endorses a Maximum of Three terms for the Virginia House of Delegates and Two terms for the Virginia Senate. The Governor is already [constitutionally] limited to one four year term.
- b. **Outright Gift Ban:** Former Governor Tim Kaine, in a 2014 Washington Post column, stated that “Gifts to elected officials can create a subconscious sense of gratitude in even the most upright public servants. And the public probably will perceive such gifts as creating improper influence, whether or not that happens.” He observes that “If a bipartisan group of Virginia’s leaders were to propose a gift ban, it would have huge popular support. This would fix a problem that has become embarrassing for the commonwealth.” He also states in his column: “I regret that I didn’t propose adopting it when I was governor of Virginia.” NARFE agrees with former Governor (and now US Senator) Kaine and favors an outright ban on elected officials or their families accepting gifts, meals, loans, tickets, special discounts, entertainment, vacations, and anything of value from anyone who currently does business or seeks to do business with the Commonwealth of Virginia [including those who seek legislation or seek to influence legislation].
- c. **Campaign Spending Limits:** In the 2013 election cycle for Virginia’s House of Delegates, one campaign spent over \$1 Million, nine spent between \$500,000 & \$1 Million, and eighteen spent between \$250,000 & \$500,000 - each of these

for a Part-Time job that pays \$17,000 per year! Any voter with common sense realizes that this is just plain wrong! Virginia is one of only four states that allow unlimited campaign contributions from individuals, PACs and corporations to candidates for any office and to any political committee, party, or ballot measure. The only real limitation is that office-holders cannot solicit or accept contributions during the few months when the General Assembly is in session. “The essence of Government is power,” James Madison said, “and power, lodged as it must be in human hands, will ever be liable to abuse.” Rather than attempting to limit campaign contributions, NARFE supports the common sense of strictly limiting campaign spending [both direct VIA the candidate & indirect VIA political action committees [PAC’s]] to what the job pays. No more!

- d. **Oath of Office disclosure:** Our founding fathers established a separation of powers, which provided that only the Judicial Branch of Government may determine the constitutionality of laws and provisions. But more than one Virginia Attorney General claims they have a duty not to defend or enforce laws they have concluded are unconstitutional, despite taking a sworn oath to support and defend the Constitutions of both the United States and Commonwealth of Virginia. The Voting Public deserves to know & needs to know this information before an election. Hence, as part of a the Commonwealth of Virginia Declaration of Candidacy for office, a candidate will be required to identify any & all constitutional provisions an office seeker deems unconstitutional & any and all laws the office seeker will refuse to support & defend to the best of his/her ability. If none are identified, then no exceptions are permitted during the candidate’s term of office.
- e. **End to “Donations” for Inauguration Parties & Celebrations:** This is a conflict of interest and must stop. Costs for the swearing-in ceremony are covered by state taxpayer funds, but Virginia inaugural parties & celebrations are traditionally funded by “donations” from companies that have a vested interest in continuing to do business in Virginia in order to benefit from the current system. For example, former Governor Kaine collected \$1,045,600 from 42 big money donors through Jan 3, 2006. Governor McAuliffe collected \$1,007,000 from 50 big money donors through Jan 10, 2014. Inaugural Balls should be run by an inaugural committee who plans any parties or celebrations, divides the cost, and sells tickets to each individual attendee. Winning an election does not earn the right to “freebies” from larger companies & special interests. This is NOT the way to start a legislative session!
- f. **Independent Statewide Ethics Commission:** Each house of the Virginia General Assembly has its own ethics committee of lawmakers. In 2014, Virginia created an “advisory” state ethics panel with no staff, power or budget, instead of a commission with the resources and authority to investigate alleged violations. NARFE favors the creation of an Independent Statewide Ethics Commission composed of Virginia citizens, empowered to oversee the ethical compliance of both public officials and state employees, regulate the registration of lobbyists, oversee any conflicts of interest, and ensure proper financial and other disclosures. This commission would be empowered to conduct independent

investigations with subpoena powers, and replace the General Assembly ethics committees and the “advisory” state ethics panel.

DRAFT

VFC 2015 State Legislation Plan Issue Nomination Paper

Creation of a Bipartisan Virginia Redistricting Commission ("Good Government" Issue)

I. Intent/Goal: To amend the Virginia Constitution, such that the function of redistricting for Congressional and General Assembly seats following the Federal decennial census would no longer be carried out by the General Assembly, but instead by a newly-created, bipartisan commission.

II. Summary of the Problem: Currently, *Article II, Section 6* of the Virginia Constitution mandates the General Assembly to effect the decennial redistricting for electoral districts, with little guidance beyond a general statement that every electoral district, "...shall be composed of contiguous and compact territory and shall be constituted as to give, as nearly as is practicable, representation in proportion to the population of the district." As is widely recognized, however, when left to their own devices, both bodies of the General Assembly create districts that are often only tangentially "contiguous," and violate any commonsense notion of territorial compactness. In short, our legislators are able to use the current process for partisan and/or incumbent advantage. The ensuing result has been, and continues to be, political gridlock, since this "safe-seat" process removes the need for legislative compromise.

III. Legislative History: Numerous bills calling for a bipartisan redistricting commission have been introduced in both the House and the Senate over the past several years. None of these bills has passed committee in the House, although companion bills (*SJ 321*) and *SJ 303*) passed the Senate handily in the 2011 and 2013 Sessions, respectively. For its part, VFC included a "redistricting" plank in its 2010 State Legislative Plan. In that year's Session, a House bill sponsored by then- Del William Barlow (a reintroduction of similar bills submitted in 2008 and 2009) failed in House Privileges and Elections.

In the 2014 Session, Sen. Deeds (D-25) made yet another run at a redistricting-commission bill (*SJ 37*), with only limited success—it was continued to the 2015 Session in Privileges and Elections by a 14-0 vote. As such, this continuation might augur a victory in 2015, in that Deeds's *SJ 70* from the 2012 Session was continued to the following year (*SJ 303*), wherein it passed the full Senate by a 34-6 vote. Unfortunately, the 2014 companion House bill (*HJ 66*) introduced by Del. Plum (D-36) failed in House Privileges and Elections.

IV. Previous Legislative Patrons:

Senate:

Sen. Creigh Deeds (D-25) Privileges & Elections; four others

House of Delegates:

Del. Kenneth Plum (D-36) Privileges & Elections; six others

V. Legislative Options: Among various possible options for rendering Virginia’s redistricting process more rational, the following would seem to hold the most immediate promise:

- Support the re-introduction of Sen. Deeds’s *SJ 37* in the 2015 Session; or
- Support legislation that embodies the concept of a redistricting commission, but is less prescriptive than *SJ 37*; or
- Support the “Iowa Model,” whereby a non-partisan Iowa legislative agency draws electoral districts solely on the basis of population considerations

VI. Political Arguments Against this Proposal:

Argument #1: “It will *never* happen.” Granted, this type of legislation has failed repeatedly in House Privileges & Elections. But it is also the case that at least 20 states have established redistricting commissions over the past decade. Perhaps the best way to sell this issue to reluctant legislators is to make the “business” case for it...*i.e.* that growing, innovative companies prefer to locate in states where government is focused on developing the local economy, rather than on perpetuating safe seats for incumbent politicians.

Argument #2: “It’s not a NARFE issue!” Given that “redistricting” has nothing directly to do with protecting our benefits, it clearly is *not* a NARFE issue in the strictest sense. That said, it could be beneficial for us to embrace “good government” issues such as this, if for no other reason than the PR value that comes from showing others that we are about more than a narrow set of pecuniary interests. Relatedly, by embracing “good government” issues such as this one, we could broaden our set of legislative partners for help in the future on causes more central to NARFE’s core mission.

Prepared by: Ed Weiler, Legislative Chair, Area X, Chapter 7
Date: 5/31/14

VFC 2015 State Legislation Plan Issue Nomination Paper

Campaign Financing (“Good Government” Issue)

I. Intent/Goal:

Help restore American democracy through a “small donor/multiple match” system of public financing for statewide elections. Such a system depends on a reliable funding stream and reasonable spending limits.

II. Summary of the Problem:

Nonpartisan citizen-advocate and public policy organizations have been warning that new forms of big money are undermining U.S. democracy. *Citizens United*, *McCutcheon v. FEC*, and other cases have decimated our decades old campaign finance laws. The landmark rulings essentially equated political spending with free speech, allowing wealthy individuals, businesses and other organizations to pump hundreds of millions of dollars into state and federal campaigns, often using non-profit groups to hide the identities of the real donors.

Supreme Court Justice Stevens, in his dissents in *Citizens United and in other media*, wrote: “Elections are contests between rival candidates for public office. Like rules that govern athletic contests or adversary litigation, those rules should create a level playing field.... Unlimited campaign expenditures impair the process of democratic self-government. They create a risk that successful candidates will pay more attention to the interests of non-voters who provided them with money than to the interests of the voters who elected them.”

According to the American Legislative & Issue Campaign Exchange (ALICE), candidates in most gubernatorial and state legislative races receive the bulk of their campaign donations from a few individuals that give more than \$1000 each or from non-party entities like Political Action Committees (PACs). Thus, the growing cost associated with running for office makes campaigns prohibitively expensive for most Americans and restricts elected officials to a small minority of the population. Rising costs of running for office also mean that candidates need to spend more time fundraising, which in turn restricts their ability to meet with and listen to their constituents.

Further, our two-party system operates like a true duopoly with common funding of candidates by the same heavily-moneyed interests. This situation has tended to exclude third-party candidates or independents from competition due to expensive barriers to ballot access and has prevented their participation in public debates. This limits the richness and variety of our political debates. Neither are voters given the option of a no-confidence vote (i.e., “none of the above”). In addition, the practice of *gerrymandering* legislative districts into one-party districts has virtually eliminated real political competition in many states, like Virginia.

III. Legislative History:

Virginia has not made any changes to its laws since *Citizens United*. Virginia is only one of four states (besides Missouri, Oregon, and Utah) that place no limits on contributions to candidates from various sources or on contributions to political action committees (PACs) and political parties.

According to the Virginia Public Access Project (VPAP), the prevailing wisdom in the Virginia General Assembly is that disclosure is more effective than regulation. In this view, contribution limits drive money to unregulated channels and make it more difficult for the public to understand who is underwriting elections. Advocates say the Virginia way is a more straightforward approach that, when combined with full public disclosure, gives citizens the information they need to determine if a politician is being more responsive to donors than to its voting constituents.

Candidates for state and local offices can accept donations in any amount. All independent expenditures of \$1,000 or more for statewide and \$200 or more for other candidates must be reported within 24 hours. Virginia has no electioneering communications provisions. It requires corporations or any other person that spends \$1,000 or more (\$200 for non-statewide candidates) on advertising to identify themselves in the ads and to say that the ads were not authorized by the candidate.

IV. Legislative Options & Recommendations:

Options:

To regulate state campaign financing, three main avenues have generally been used by states: public financing, strong disclosure, and limits to contributions/expenditures. Other options have also been recommended by citizen support and nonpartisan public policy groups.

Recommendations:

1. Enact a small donor/multiple match system. While the Supreme Court ruled that restrictions on campaign spending are restrictions on free speech, it also said that it is legitimate to make public funding conditional on the acceptance of spending limits. Therefore, the political playing field can be leveled through a small donor/multiple match system of public financing for state elections. Under this system, public money is provided to candidates who accept expenditure limits and enhanced disclosure. But the core feature of the system is the multiple match feature which boosts the impact of small donations by matching contributions at a specific ratio. The small donor/multiple match system has the potential to transform Virginia's politics by incentivizing grassroots fundraising, and candidates will have a much greater incentive to reach out to ordinary voters.

The New York City example could be employed: Unlike other approaches that provide candidates with a lump sum grant, the New York City program started with a one-to-one match on \$1,000 donations. Later, the match changed to a four-to-one match on \$250 donations. Then, it implemented a six-to-one match on \$175 donations.

The program will need an adequate and reliable funding stream to make sure it remains solvent. Ways to publicly finance elections include fully-promoted, voluntary checkoffs on tax forms and free TV and radio time for qualified candidates. Virginia could also employ other means, such as that used by Connecticut where public financing is funded through the sale of unclaimed property that reverted to the state Treasurer's office.

2. Effect corporate shareholder involvement. Major corporate political expenditures at the state level, including expenditures for campaign ads and issue advocacy, should require majority approval of all shareholders to prevent corporate executives from using shareholder money to further their own political agendas.

3. End so-called corporate "personhood." The Virginia General Assembly should be urged to join forces with its sister legislatures in sixteen other states by adopting a resolution to support a US Constitutional amendment asserting that First Amendment rights belong to natural persons and the press, and do not apply to for-profit corporations. Although such a resolution would not be binding, it would demonstrate mobilized grassroots support for the position that corporations are not people, they do not vote, and they should not be able to dominate election outcomes.

V. Was Same or Similar Legislation Passed in Other States?

Resolutions to Overturn *Citizens United*. In response to the 2012 Supreme Court ruling that *Citizens United* supersedes state laws restricting independent political expenditures in campaigns, sixteen states have passed some kind of resolution in support of an amendment to overturn *Citizen United* -- including California, Colorado, Delaware, Hawaii, Maine, Massachusetts, Montana, West Virginia, and others. Resolutions are pending in a further 21 states, most of them urging Congress and the President to work to amend the Constitution to prohibit corporations (and some states add unions and other organizations) from making unlimited independent expenditures supporting or opposing candidates for public office.

Contribution Limits. According to the National Conference of State Legislatures (NCSL), states commonly place limits on contributions to candidates from various sources, and also on contributions to political action committees (PACs) and political parties. **The only exceptions are Missouri, Oregon, Utah and Virginia.** Another seven states (Alabama, Indiana, Iowa, Mississippi, North Dakota, Pennsylvania, and Texas) have minimal contribution limits. These states limit or prohibit contributions by corporations and unions to candidates, but leave contributions from all other sources unlimited. In the remaining 39 states, contributions to candidates from individuals, political parties, PACs, corporations and unions are typically limited or, in the case of corporations and unions, prohibited outright.

Public Financing/Matching Funding. Some form of publicly-funded legislation has been adopted by ballot initiative in Maine, Arizona, North Carolina, New Mexico, Vermont, Wisconsin, and Massachusetts. In addition, public funding of elections has been incorporated into law in Connecticut and at the municipal level in Albuquerque, New Mexico, and Portland, Oregon. However, the systems in Massachusetts and Portland were later repealed, while Vermont's was struck down by the U.S. Supreme

Court on First Amendment grounds. Wisconsin's program was later defunded by the state legislature. In addition, voters have defeated publicly-funded elections in some recent referendums.

Connecticut's reform program resulted in a 2005 law providing public funds for all statewide and legislative campaigns in 2008. It not only established spending limits for candidates accepting public funding, but it also banned campaign contributions from lobbyists and contractors.

New York City's law requires participating candidates to limit campaign spending. In exchange, a public fund matches each dollar a city resident contributes to the candidate up to \$175 with \$6 in public funds for a maximum of \$1,050 in public funds per donor. In this way, multiple match systems increase the value of small donations, encouraging more individuals at varying income levels to participate in the electoral process. In addition, government contractors are forbidden from giving campaign contributions.

Clean Election Law. In 1996, Maine passed the first Clean Election law in the U.S. It provided public funds for any state candidate who could raise a set number of small-dollar donations. For example, if a candidate raised 65 one-dollar donations, he/she would qualify for \$1,559 of public funding for an uncontested race and \$4,724 for a contested race. That law gave candidates what appeared to be an effective alternative to special-interest money. In 2000 when the law was enacted, 50% of Maine's senators and 30% of its house members were elected without any special interest money. Soon, more than 80% of the legislature was elected using Clean Elections.

However, in 2011, the Supreme Court endangered all Clean Election laws by banning the triggered matching funds that publically-funded candidates receive when they are being outspent by well-moneyed opponents. In *Arizona Free Enterprise Club's Freedom PAC v. Bennett*, the Court ruled that the triggered matching funds violated the First Amendment. Following precedence set in *Buckley v. Valeo*, the Court ruled that matching funds placed an undue burden on privately-funded candidates who opted not to receive public funding and restricted their right to free speech. That is, because the Court defines campaign-spending as protected "speech," any attempt to even the playing field is a violation of free speech. Without matching funds, Clean Election candidates cannot compete against privately-funded candidates or outside groups. The new rulings make it too easy for private money to come in and dominate the race of an underfunded Clean Election candidate.

VI. Political or Legal Arguments against the Issue & Counter-arguments:

The following are based on abstracts from compiled internet sources.

1. Democracy requires free speech for everyone. Corporations are made up of people so they deserve the same rights.

Counter-argument: Corporations are not like people. Corporations have only one goal and that is to maximize profits. Corporations have the ability to amass vast wealth that they can use to exert tremendous pressure on our political system with the sole goal of increasing profitability. This goal may, and often does, run counter to what is in the best interest of the general public. For this reason, it's important to limit corporate power in the political and public policy sphere.

2. Tax dollars should not be used to fund politicians.

Counter-argument: State funds used on elections could come from a voluntary check-off item on tax returns. Consider also that in the balance of government spending, why should elections -- the process through which our democracy operates -- be excluded? The amount spent on state campaign subsidies would represent a relatively small portion of the budget.

Secondly, there is so much corruption in our current political system, the amount of money saved would vastly dwarf the money spent on public financing. Many politicians spend more than half their time fundraising for the next election. Money has become such a major distraction that politicians no longer have time to do their jobs and when they do, they are likely to spend less time on issues affecting the average voter. Shouldn't our political system be driven by the voters and by ideas, not by money?

3. Candidates accepting public financing are still likely to be outspent by privately-financed opponents and incumbents will still have the advantage.

Counter-argument: Public financing will likely only work if candidates receive enough money to run competitive races. This requires meaningful financial support for the system as well as spending limits that permit candidates to campaign effectively. Whether publicly funded elections protect incumbents depends on the level at which spending levels are set. Incumbents are only protected when spending limits are set too low. Spending limits need to be set high enough to allow contenders to launch a campaign able to overcome the advantages that incumbents usually have.

4. The General Assembly has limited time to handle all of the state's complex issues so why should it spend time on a resolution calling for a Constitutional amendment that will not lead to immediate policy changes.

Counter-argument: This issue is so critical and central to resolving the increasing level of government corruption and mismanagement across the nation, it is imperative that we do everything we can at the state and local level to bring about this change. It's a crucial step.

Prepared by: Patricia Downs, VFC State Legislation Chair

Date: 6/3/14