

HOUSE STATE ADMINISTRATION COMMITTEE MINUTES
February 8, 1983

The House State Administration Committee convened at 8 a.m. on February 8, 1983, in Room 129 of the State Capitol, with Chairman Joe Brand presiding and all members present. Chairman Brand opened the meeting to a hearing on House Bill 386.

HOUSE BILL 386

REPRESENTATIVE JOHN VINCENT, District 78, chief sponsor, said this was one of a package of bills that addressed the subject of PACs and ways of regulating their role in the election process. He said the bills are not designed to stop PAC (political action committee) participation but to regulate their influence. HB 386 requires the correct naming and labeling of PACs. Names that will indicate what interests the PAC represents. He said some are now named expressly to avoid an accurate representation. Rep. Vincent passed to the members copies of a suggested amendment (Exhibit 1 of the minutes.) which he said would clarify that a PAC is a "shared" interest. He referred to an information packet which had been given to all the members. The part of the packet that has to do with HB 386 is Exhibit 2 of the minutes. He cited groups called "Responsible Parents" and the "Montana Resources PAC," but said he would defer identifying the interests behind these groups until his closing statement. He drew the members attention to the last page of the handout (Exhibit 2) which lists 24 PACs. He said some of these have names that would be in total compliance with the bill; some would need to make only slight modifications; and some would have to rename to comply. "Suds and Bubbles PAC" could stand for a lot of things and more accurately should be called the "Beer and Wine Wholesalers PAC." Number 7 on the list "Concerned Citizens for Gambling" gives no real indication of what interest is behind it and a better name is "Montana Bar and Tavern Owners PAC." He said the truth in labeling would make PAC participation in our political process clearer to the voters.

MARGARET S. DAVIS, President, League of Women Voters, spoke next in support and a copy of her testimony is Exhibit 3.

C. B. PEARSON, Executive Director, Montana Public Interest Research Group, spoke next in support and a copy of his testimony is Exhibit 4.

JOE LAMSON, Montana Democratic Party, spoke next and said this is a good bill and they support it with the amendments suggested.

JOHN BOARD, Montana Education Association, said they support the bill primarily for all the reasons given. He felt it would be good to have an accurate naming of PACs.

DON JUDGE, Montana State AFL-CIO, said they like the idea and urged the committee to support the bill. A copy of his testimony is Exhibit 5.

FRANCIS CLINCH, Montana Senior Citizens, said they support the bill in the interest of truth and accuracy. He said they urge the passage of this legislation.

JON MOTL, Common Cause, urged the committee to pass the bill.

There were no opponents.

REPRESENTATIVE JOHN VINCENT in closing said the testimony has been to the point and addressed the subject well. "Responsible, Sensible Voting Parents PAC" should be called the "Bar and Tavern Owners PAC," and "Montana Resources PAC" should be called the "Montana Oil and Land Interests PAC."

Questions were asked by the committee.

Rep. Bliss asked Rep. Vincent if he would have any objection of adding "or union" after "employer" on page 1, lines 16 and 17. Rep. Vincent said he had no objection but questioned the necessity. He said the bill is intended to apply to one and all.

Rep. Sales asked if it should be expanded to include the lobbyist group. Mr. Motl responded that the place to do that is with the Lobbyist Disclosure Act.

Chairman Brand closed the hearing on this bill and opened the hearing on House Bill 283.

HOUSE BILL 283

REPRESENTATIVE CAL WINSLOW, District 65, chief sponsor, said he had sponsored this bill due to the many concerns expressed about political campaigns. He said the majority of the people of Montana felt that the amount of money spent on political campaigns not only on the federal level but on the state and even county levels is altogether too large. He said \$20,000 was recently spent for a local judge race. He questioned if there is a point where too many dollars are spent and will that be a deterrent of good government. He passed copies of suggested amendments to the members and a copy of these is Exhibit 6 of the minutes. He said the bill and amendments set limits on all campaigns in the state from the race for governor to local races. It will set a limit on moneys that can be accepted from political action committees - 20 percent of the total. It will set a \$250,000 expenditure limit on ballot issues. He said there is more opportunity in a ballot issue for outside interests to come in and push an issue that they may want to see in the state, or fight an issue that may be good for Montana. He said the bill defines in-kind contributions and tries to get a handle on

that. He said Mrs. Eck has some amendments which might help to further define the in-kind area. He went through his amendments with the committee. He said this bill will put the limits in the law and although it will be voluntary, he felt if someone over spent it would become a campaign issue. He said the only way to make it mandatory was through public financing and he said he definitely did not support that. He said the in-kind and cash contributions would be kept in separate columns when totalling up the candidate's contributions. He said a candidate does not have control of what another group might do in the campaign as far as in-kind contributions are concerned. He might be endorsed by a PAC that could spend all his permitted money on in-kind services if the two areas were lumped together.

SENATOR DOROTHY ECK, District 39, said she was delighted to be before the committee to support the bill. She said they were sponsoring this kind of legislation because of the need of good government and the need for a perception by the people of the state that we have good government. She said any person regardless of his wealth should have the opportunity to run for office - money should not be the deciding factor. She said it is a concern in Montana that greater and greater amounts of money are being spent on campaigns and this erodes the confidence of the people in their government. She said she didn't have any specific amendments to offer but that Common Cause had worked on the in-kind support issue for her bill. She said the wording they had put together would also work in Rep. Winslow's bill. She said she was especially appreciative to get some good bipartisan support for the idea of limitation because if a bill is to work it can't be just one party. She said it was the perception of the Republicans that the Democrats benefit most from in-kind contributions and that this is probably true. She said there are a lot of groups that have their own staff and volunteers who provide in-kind contributions and this needs to be addressed. She said there may be room for compromise on the matter of public financing. She said the limitations cannot be enforced unless there is public financing. She questioned compliance if there wasn't this promise or some other carrot whereby they would agree to abide by the limitations. She said she hoped the committee would give the bill full consideration and get it out in the best form possible. She said her bill (SB 372) was coming up for a hearing a week from Thursday and it would be good if both bills could be heard at once. She said she had no pride of authorship but would like to see this important issue addressed this year. She passed copies of her bill to the committee (Exhibit 7).

JON MOTL, Common Cause, said they have 750 members in their organization in Montana, and they support the bill but with a wish to amend. He said they would like to see it have a broader base and cover more than just the house and senate races. He said campaign expenditure limits cannot be mandatory as a candidate has a right to spend as much as he wants. He said they urge the committee to add public financing as you don't provide an incentive without this. He said a small amount of public money would be going for a large public good. He said Senator Eck's bill has the public financing in it. He said they do support the in-kind work and again Senator Eck's bill has an approach dealing with in-kind. He said they don't take a position on the expenditure limit as they don't know how that fits with the 1979 law dealing with expenditure limits.

GENE FENDERSON, President, Montana Committee for an Effective Legislature, said they rise in support and a copy of his testimony is Exhibit 8.

JOE LAMSON, Montana Democratic Party, spoke in support with a wish to amend. He said he supports the idea of public financing. He had some amendments on defining in-kind contributions. He said if we are going to have public financing we should strike the limitation on local races. He said many of the local races cover more territory than the house or senate races. His suggested amendments is Exhibit 9.

DON JUDGE, Montana State AFL-CIO, spoke as an amender. A copy of his testimony is Exhibit 10.

MARGARET DAVIS, President, League of Women Voters, spoke in support and a copy of her testimony is Exhibit 11.

C. B. PEARSON, Montana PIRG, spoke in support. He said the students are very concerned about increasing campaign expenses.

Chairman Brand asked for opponents.

JANELLE K. FALLAN, Public Affairs Manager, Montana Chamber of Commerce, spoke in opposition to the bill and a copy of her testimony is Exhibit 12 of the minutes.

GENE PHILLIPS, Pacific Power and Light, signed as an amender. He said they are opposed to the ballot issue. He felt it would be unconstitutional and said the committee should look at that portion carefully.

HELENNE BROGAN, Realtors, spoke in opposition and a copy of her testimony is Exhibit 13 of the minutes.

JOHN LAHR, Montana Power Company, spoke as an amender. He also said the ballot issue should be checked into.

REPRESENTATIVE CAL WINSLOW in closing said he would get copies of the in-kind area amendments for the committee. He said it was not his intention to get into the voluntary efforts. He said the amendments would define what a contribution is and what it isn't. He said this would get at the in-kind contributions such as mailings done for a candidate. He said if paid employees do the work that should be considered an in-kind contribution and an accounting would be added. The two contribution accountings cannot be lumped together as that could open it up to all kinds of games - some group could spend his whole limitation and then the candidate couldn't do anything in his own favor. He said the amendment would take care of the concerns about the 20 percent. He said there was a question of what is going to happen with inflation and maybe a cost of living increase should be added. He said he would rather not since one doesn't know what the inflationary rate will be but let it be brought before the legislature and raised or lowered accordingly. He said he didn't feel public financing was the way to go. He said public financing costs money to get started. He felt there is real value in a person taking \$5 and giving it directly to the candidate of his choice. He felt this added a certain pride in being involved. He said they would look at the ballot issue closely and if it is unconstitutional so be it. He said he was concerned with the influence outside interests can play on the ballot issues. He said his final comment was to the one that by putting a limitation on PAC donations you are limiting the public from being involved. He said viewing the expenditures of some of the PACs during the last campaign you can see they are having an impact on our state's legislation. He said he is not limiting the individual from being involved. He said he would be glad to work with a subcommittee on the bill to work out any problems.

Questions were asked by the committee.

Rep. Driscoll asked if a candidate wanted some people to go door-to-door or do a mailing and has a lobbyist group, who has a full time person hired in their office, call the members and arrange this. Would the full time person be considered an in-kind contribution but not the members? Rep. Winslow responded that he would like to protect the one that goes knocking on doors and he said there is no way or intention of restricting mailings, but the political action committee will need to list the total dollars they spend on campaigns.

Rep. Hand asked Mr. Fenderson why PACs have increased in number and contributions received while the economic times are not too good. Mr. Fenderson said the corporate PACs originally got started in '73 and '74 on the national level. Then people on the state level learned how it was done and now it has gone down to the state level all across the United States. Corporate PACs have used this as a useful tool - as a learning process to get around some of the campaign laws.

Rep. Phillips asked how much it would cost to monitor this. Rep. Winslow said they don't expect to monitor or patrol. Responsibility is placed on the PACs to list their cost.

Chairman Brand closed the hearing on this bill and opened the hearing on House Bill 356.

HOUSE BILL 356

REPRESENTATIVE JOHN VINCENT, District 78, chief sponsor, said the yellow sheets (Exhibit 14) in the folders are a run down of questions and a summary of the bill. He said HB 356 proposes a limit of \$600 in total PAC campaign contributions for a candidate for the Montana House and \$1,000 for a candidate for the Senate. This would allow them a financial role but not permit them to become the major financiers in a campaign. He indicated on charts the total PAC money received by 1982 Montana Legislative candidates. Small copies of these charts are also part of Exhibit 14.

FRANCIS CLINCH, Montana Senior Citizens, spoke next in support and a copy of his testimony is Exhibit 15.

GENE FENDERSON, President of MontCEL, spoke next in support and a copy of his testimony is Exhibit 16.

DON JUDGE, Montana State AFL-CIO, spoke in support and a copy of his testimony is Exhibit 17.

STEVE HARPER, representing self, from Helena, spoke in support. He expressed a feeling that government should be left in the hands of the people and our representatives should have to raise more money to get elected. He said let's head off a big problem before it happens. You don't have to walk as far if you close the barn door before the horse gets out.

JOE LAMSON, Montana Democratic Party, spoke in support of the bill. He suggested some amendments (Exhibit 18) to exempt the

in-kind for this kind of thing. He said he didn't think it was fair to a candidate to hold him responsible for the cost of these kinds of services.

JON MOTL, Common Cause, said they support the bill. He said they don't believe a political system should be regarded as a purchaseable commodity. The PACs have stepped into the political system with money and many people think they are purchasing the political system. The government needs to be headed back to where it was planned to be. The intention is not to limit people but to limit cash.

C. B. PEARSON, MontPIRG, spoke next in support. He said two-thirds of their people think PACs have increased too greatly and are alarmed at the increase. He said ninety-two percent believe the PACs influence the political scene. They believe the reform is needed.

Chairman Brand asked for opponents.

JANELLE FALLAN, Chamber of Commerce, speaking as an opponent, said she would like to point out that PACs are people and that PAC money comes from private individual contributions that are voluntary. She said there is a limitation on how much PACs can give - \$300 to a house candidate and \$600 to a senate candidate. She said a PAC is a method for people with a common interest to get involved in the political process. How they raise their money and how they spend it is public information. She said individuals don't report what they give but PACs report that I give the money and how much is received. She said there are already reporting requirements and the bill is not needed.

REPRESENTATIVE VINCENT in closing said he disagreed with the definition of a PAC. He said let's cut the pretenses and get to the nuts and bolts. He said it is an organization specifically and intentionally designed to influence the legislative process. What this bill is trying to do, he said, is to reasonably limit that role. He said political action committees are the fastest growing institution in America. He said it is big business. He said most PACs represent business interests or labor. He said at one time labor PACs predominated but now there are more corporate ones and they are exploding exponentially. He said PAC contributions are an investment and if they didn't result in a return on the investment they would cease. They have not ceased but are growing dramatically. He mentioned incidences where large donations influenced members of Congress and where PAC money had played a definite role in how the Congressman voted.

A few quotes he made was "I lobby the lobbyist that lobbies the senator," "Talking to politicians is fine but use a little money, they hear you better." Rep. Vincent said it is human nature for anyone to want to help those who help you. How can you expect to take thousands of dollars and not be affected by it. He said let's start in this committee to do something about this potential problem before it is too late.

Questions were asked by the committee.

Rep. Hand asked why there is such a large amount of PAC money now. Rep. Vincent said he wasn't sure of the legal history but ten years ago they created the legislation that PACs could exist. It was a simple notion that this was an effective way to raise money from many individuals and put it all together in an effective lobbying effort. He said the proof is in the pudding that the PACs proliferate because they get the job done. He said he wasn't suggesting they be banned or prohibited but there was a need to strike a reasonable balance. He hoped legislation like this would promote and encourage more individuals to give directly to specific candidates.

Rep. Bliss asked if someone in the political field felt this was an investment would he in good conscience have to turn down all PAC money. Rep. Vincent said it was not correct to think of PAC money as necessarily to buy votes, but it results in influences and can disproportionately influence. Rep. Bliss asked Rep. Vincent if he would accept money from a PAC. Rep. Vincent said he had accepted such money but he would prefer not to receive any money from political action committees. He said whatever forces are driving up the expenses of campaigns make it tougher to turn the money down. Rep. Bliss asked about the MEA PAC. Rep. Vincent said he didn't know how many members give to this PAC as you need to join a separate entity to contribute to the PAC. He said their 1979 track record was not too good as the MEA had eight pieces of legislation and were able to win one.

Rep. Driscoll mentioned that sometimes PACs give to candidates on both sides. Rep. Vincent said that shows the investment characteristic of PACs as, if you don't know which one will win, you invest in both.

Rep. Sales asked why this applied only to the senate and the house races. Rep. Vincent said he felt they were the premier decision policy making body of the state and that is why.

Chairman Brand asked of Ms. Fallan how or if she felt the PACs should be restricted. She said she felt the present situation is good. She said the reason business has become so active in the PAC area is because they learned that it was effective for labor. Chairman Brand asked if you needed to be an employee of the organization to contribute to their PAC. Ms. Fallan said she thought anyone could contribute.

Dennis Rehberg was asked to comment on this. He said the U.S. Supreme Court has ruled that PACs can't accept any contributions from nonmembers and you can't join just to give a contribution.

Chairman Brand closed the hearing on this bill and opened the hearing on HB 387.

HOUSE BILL 387

REPRESENTATIVE JOHN VINCENT, District 78, chief sponsor, drew the attention of the committee to the fact sheet on this bill, a copy of which is Exhibit 19 of the minutes. He said this bill would not take as much time despite its importance. This bill would limit to \$500 what each individual could contribute to a PAC. They could contribute to other PACs. The purpose of this bill is to counteract a trend of having just a few contribute substantial amounts of money and create a PAC. Ideally many, many individuals with a certain common economic interest donate \$10, \$25, or \$30 to the PAC and so join together to further their common interest. No one contributes much money but by pooling their resources they utilize that PAC to represent their best interest. He said more and more exceptions to that is occurring. He mentioned the PAL (Political Action League) PAC which is funded by the nightclub, tavern and restaurant owners from Great Falls who have 11 contributors who gave over \$1000 each. He said PACs like this have a fund for a very specific reason and with the large contributions from a few people it is not necessarily a healthy situation. With this bill you can still do this but you have to have a broader base as contributions will be limited to \$500 per individual.

JOE LAMSON, Montana Democratic Party, spoke in support.

GENE FENDERSON, MontCEL, spoke in support and a copy of his testimony is Exhibit 20.

FRANCIS CLINCH, Montana Senior Citizens, said they support the legislation as it seems to be a good attempt to encourage more small contributions so more people can have a growing voice in the election process.

JON MOTL, Common Cause, spoke in support. He said individuals are limited as to what they can give a political candidate but are not limited to what they can give to a political action committee. He said it is a classic loophole and hoped the committee will close it. He had a suggested amendment which was on page 2, line 1, following "committee," to insert "other than a committee provided for in subsection 1". He said those limits do not apply to the limits where this will go as they stand independent of this bill.

C. B. PEARSON, MontPIRG, spoke in support. He said this is very appropriate legislation. He had a suggested amendment.

There were no speaking opponents.

REPRESENTATIVE JOHN VINCENT in closing said this bill would block a loophole. He said this does not apply to the candidates as they are handled in other areas.

Questions were asked by the committee.

Rep. Sales asked if this applied to PACs that are put together to support a ballot issue. Mr. Motl responded that it would apply to a PAC for a ballot issue. Since this issue still seemed a little cloudy to the members, Chairman Brand requested the researcher to check into it.

Chairman Brand closed the hearing on this bill and opened it to a hearing on House Bill 650.

HOUSE BILL 650

REPRESENTATIVE JOHN VINCENT, District 78, chief sponsor, referred the members to their fact sheet and the attached exhibit on this bill (Exhibit 21). He said there is one amendment he would like added and that is on page 1, line 20 to insert the word "monetary" following "no". He said the title would also need to be changed to reflect this. He asked the members to look at the second sheet of their handout (Exhibit 21), which was a letter from the Montana Power Company PAC offering him \$150 for his campaign and he could have it whenever he wished them to send it. His point was that if it was not received in a reasonable time before the election, there would be no opportunity for the people to be aware that he had received money from that PAC. He said the bill simply says that a PAC contribution has to be received no later than six days preceeding the date of election. He said before people go to the polls they should be able to have the opportunity to look at a complete list of all those special interests who have contributed to the candidate's campaign. He said this would give no increased burden on any office. He felt this would help keep candidates entirely up front about their campaign contributions.

JOE LAMSON, Montana Democratic Party, said they support the bill. He said they would like to submit a slightly different amendment to the bill. This amendment is to insert on page 1, following line 22, "In-kind contributions shall be exempted from this prohibition." He said they don't have any problem in reporting in-kind contributions in the last six days but didn't think that was quite fair.

House State Administration Committee Minutes
February 8, 1983
Page 11

JON MOTL, Common Cause, said this is directly related to the other legislation on PACs. This would ensure the name of the PAC is reported so people will know about it before they vote.

There were no opponents.

Questions were asked by the committee.

Rep. Phillips asked if this would preclude PACs from giving any makeup money, and would this mean one more report to file. Rep. Vincent said he went back to the Legislative Council for five redrafts to be sure the timing and sequence were entirely accurate. He said it was possible they would need to be reported on two different forms. Rep. Phillips asked if perhaps this could be worked out so only one form was needed.

Rep. Driscoll said it takes money to pay off your debts and could you open a new report for the next election shortly after the close of an election. Rep. Vincent said he couldn't think of anything that would preclude a new report.

Chairman Brand appointed the following subcommittee to these bills: Representatives Driscoll, McBride and Bliss. He said on Friday there would not be a regularly scheduled meeting to give the subcommittees time to meet.

Rep. Mueller moved the meeting adjourn. It was seconded by Rep. Hammond. Meeting adjourned at 11 a.m.

Respectfully submitted,


JOE BRAND, CHAIRMAN

Emelia A. Satre, Relief Secretary

VISITOR'S REGISTER

HOUSE

COMMITTEE

BILL

DATE _____

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Vincent

EXHIBIT 1

Amendments
House Bill 386

- 1) Page 1, line 14
Following; "the"
Insert ; "shared"
2. Page 1, line 15
Following: "of"
Strike : "a majority of"

HOUSE BILL NO. 386 HOUSE BILL NO. 386 HOUSE BILL NO. 386

FACT SHEET

The Problem

PACs play major roles in individual and ballot issue campaigns and often appear on contribution lists printed by the news media. Yet, PACs such as a tavern owners' PAC called Responsible, Sensible Voting Parents use names that do not give useful information about the PACs special interest to the public.

The Solution

House Bill 386 would require that PACs accurately name themselves in a manner that reflects the special economic interests or place of employment of the PACs contributors and affix that name as a label to any public advertisements made by the PAC.

Questions?

1. Are there PACs whose name does not reflect its special interests

Yes. Attached to this memo is a copy of a news ad placed by a PAC (Responsible Sensible Voting Parents) whose name does not in any way reveal the special interest of the PAC. RSVP was active in a 1978 initiative effort. Also attached is a copy of news report of a candidate's campaign receipts which lists a PAC whose name does not reflect its special interest.

2. How many PACs would be affected by this bill?

Of the 100-plus PACs which were active in legislative and initiative efforts during the 1976-82 campaigns, it is our estimate that at least ten would have been required to change their names if House Bill 386 had been law. Attached to this memo is a list of selected PACs and the probable effect of House Bill 386 on those PACs.

3. How will this bill be enforced?

House Bill 386 specifies that the naming and labeling requirements would be enforced through Section 13-37-128, M.C.A.; the general enforcement provisions regarding election laws. This system makes use of the courts and the self-enforcement incentive due to the adversarial nature of election races and initiative efforts.

4. Why are accurate PAC names necessary?

H.G. 386 insures that the public would be able to identify the special interest of a PAC so that information can be used to judge the merits of any message promoted by the PAC. In addition, the public would be able to identify the interests of those PACs who contribute to candidates.

1982

Initiative

EEC-3

In the pendant

Record

VOTE YES FOR

9

THE HISTORY OF THE

[illegible]

Wanted: 100% Men to Monitor and Control

◎◎◎

1984

Business

**DO YOU WANT TO
IMPROVE YOUR
TECHNICAL SKILLS
AND KNOWLEDGE
IN THE FIELD OF
ELECTRONICS?**

Teenage alcoholism up 500%

Shocking isn't it? Alcoholism among teenagers. Not Saturday night fun with the gang. Alcoholism. The disease. The sickness that ruins so many homes and so many lives.

In the last five years, alcoholism among Montana teenagers has increased 500%. What can we do about it? We can start by making it harder for teenagers to buy alcohol. Start by voting no on Initiative 81.

Initiative 81 would legalize the sale of wine in grocery stores. It's bad enough that kids can sometimes buy beer in grocery stores. Let's not compound the crime by tempting children with wine.

The combination is deadly. Or, to paraphrase the opposition, "the convenience" is deadly.

Vote to keep wine under the strict control of state-owned liquor stores. Vote against 81.

**Children Should Not Be Tempted
By Wine In Grocery Stores**

VOTE AGAINST 81

PAID FOR BY RSVP • RESPONSIBLE, SENSIBLE VOTING PARENTS

BILLY MCMANNUS, BOULDER, CHAIRMAN

MARIE DURKEE, 2020 LOCKEY, HELENA, TREASURER

1978

Initiative

Effort

In the parent board

'82 campaigns were costly

(This is the first of a series of reports detailing the amounts of money spent in this year's campaigns for Helena-area county and legislative offices.)

By BILL SKIDMORE
IR Staff Writer

It was Lewis and Clark County's first race for a district court judgeship since the early 1950s, and it was big business. Helena lawyers Henry Loble and Marc Racicot, who vied for the position being vacated by Peter G. Meloy, filed post-election campaign reports showing they spent a total of \$27,410.02 in the contest.

Loble, the victor in the November election, spent \$14,523.45 on his race, while Racicot spent \$12,886.57.

Both candidates spent heavily throughout the political year, including their efforts to make the general-election ballot in June's four-candidate primary election.

Not surprisingly, most support came from practicing attorneys throughout the state.

Following is a listing of contributors of \$100 or more to each candidate's campaign:

HENRY LOBLE

Contributors giving \$200 or more were: Paul Keller, Alma French, Mrs. A. T. Hibbard, R. E. Moffitt, Frank and Geraldine Murray, Peter Pauly, Wally Waddell, and Chadwick Smith.

Those giving \$100 or more but less than \$200 were: J. J. Burke, Jack E. Galt, Harold Harrison, Don Merritt, R. H. Robinson, A. A. Stenger, Ralph T. Anderson, John Baucus, Gary Davis, Phil Gunn.

Fred Johnson, P. Keith Keller, John R. Kline, Lester Lohle II, Jim Moore, Michael Multroney, C. Eugene Phillips, S. Clark Pyler, Quinn Raucei, D. Gordon Rognlien, Urban L. Roth, John Strickler, Hubert White.

Calvin S. Robinson, Harold Mill, Mary Kay Bennett, Paul Caruso, Wade Dahood, Amelia Demaree, Louise Ruckin Galt, Judith A. Kline.

Milan Kovich, Dan Lumpkin, W. Dawson List, Sharon Nickel, Gene Picotte, Joseph Rizza, Art Seiner, W. C. Shryock, and Dick Timmerman.

MARC RACICOT

Contributors giving \$200 or more were: Ada J. Harlen, Dennis Kind, James A. McCann, Greg Jackson, William A. Douglas, A. Clifford Edwards, William Spola, Karen Clausen, Robert Johnson, David M. McLean, Bernard Everett, Diane Jordan, and Dean L. Montezan.

Those contributing \$100 or more but less than \$200 were: John Dubek, John Pratt, George C. Anderson, C. Ed Laws, Denzil Young, Dan Sturdevant, Keith Haker, P. A. Williams.

Allen J. Ahmann, Roland J. Ahmann, John F. Sullivan, John R. McInnis, Karen Townsend, Joseph Maierle, Tom L. Lewis, James M. Regnier, Bob Bentzen, Rose McEwan, Edward G. Beaudette.

L. Noyd, Bertie Lou Camberlain, John W. McMahon, Douglas Boutlier, Don Rantstrom, Dick Drinn, and Francis McCavel.

IN ANOTHER heavily contested Helena area race, Democrat Jan Brown and incumbent Republican Bobby Spilker fought it out for House District 32.

Brown, the winner, spent \$12,279.28 on the race. Spilker spent \$7,517.67.

Here are lists of \$100-or-better contributors in that contest:

JAN BROWN

In addition to fund-raising events, Brown listed four individual contributions of \$200 or more: Gary Davis, Rick O'Hooze, the Painters and Allied Trades, and the AFL-CIO Special Legislative Fund.

Contributors of \$100 or more were: the Lewis and Clark Democratic Women's Club, Elizabeth J. Eden, George Kokoruda, the Lewis and Clark Democratic Central Committee, the Montana Education Association PAC, Mark O. Keefe.

Larry Dayton, Penelope Egan, Ellen Feaver, Wayne Hadley, Nancy Murphy, Alan Nicholson, Thomas Schneider, and Norma Vestre.

BOBBY SPILKER

Contributors of \$200 or more were: Montana Resources PAC, Motor Transportation PAC, Mountain Bell Employees PAC, and Big Bear PAC, RPAC.

Those giving at least \$100 were: Citizens for Responsible Government, CompAC, Mary Larson, W. A. Shanahan, the Beer-Wine Wholesale PAC, Roy Hudson, E. W. Johnson.

Lewis and Clark County Republican Women's Club, Don Erickson, MoDePAC, Nursing Home PAC, Helen Bownes, and J. A. Johnson.

Affected by H.B.
386 ----

Montana Resources
and Citizens for Re-
sponsible Government

MEMO

TO: House State Administration Committee
RE: Effect of House Bill 386

The following chart shows the effect the sponsor expects that H.B. 386 would have had on 25 of the 100-plus PACs that have been active in Montana Legislative and initiative efforts since 1976. It is the bill sponsor's estimate that 10-15 PACs of the 100-plus PACs would have had to rename themselves had H.B. 386 been in effect.

PRESENT NAME	SPECIAL ECONOMIC INTEREST	COMMON EMPLOYER	EFFECT OF H.B. 386
Banco PAC	banking	Northwest Banks	Northwest Bank PAC
BankPAC	banking	n/a	n/a
Billings Area Citizens PAC	n/a	n/a	n/a
Butte Teachers Union	Butte Teachers/Schools	n/a	n/a
Citizens for Responsible Government	Utilities	Montana Power Co.	Montana Power Co. PAC
Concerned Citizens Fund	Petroleum	ARCO	ARCO PAC
Concerned Citizens for Gambling	Bar and Tavern Owners for Gambling	n/a	Mt. Bar and Tavern Owners for Gambling
Contractors of Mt. PAC	Contracting/Building	n/a	n/a
Credit Union PAC	Loans/Investments	n/a	n/a
Farmers Union PAC	Loans/Farming	n/a	n/a
Legislative Campaign Committee	n/a	n/a	n/a
MontPAC	Life Insurance	n/a	Life Insurers of Mt. PAC
Montana Agricultural PAC	Farming and Ranching	n/a	Farmers and Ranchers PAC
Montana Committee for an Effective Legislature	n/a	n/a	n/a
Montana Committee of Automobile Retailers	Car Dealers	n/a	n/a
Montana Dental PAC	Medicine/Dentistry	n/a	n/a
Montana Education Accos.	Teachers/Schools	n/a	n/a
Montana Resources	Oil and Land	n/a	Montana Oil and Land Interests PAC
Motor Transportation PAC	Trucking	n/a	Trucking Companies of Montana PAC
Mountain Bell Employees	Phone Utilities	Mountain Bell	n/a
Political Action League	Bar, Restaurant and Tavern Owners	n/a	Bar Restaurant and Tavern Owners PAC
Professionals PAC	Engineers	n/a	Engineers PAC
Responsible, Sensible Voting Parents	Bar & Tavern Owners	n/a	Bar & Tavern Owners PAC
Suds n' Bubbles	Beer and Wine Wholesalers	n/a	Beer & Wine Wholesalers PAC



SUPPORT

League of Women Voters of Montana
917 Harrison, Helena, Montana 59601

HB 386

An act requiring the naming and
labeling of political committees.

Truth in advertising.
Truth in lending.
Truth in packaging.
Truth in political giving and spending.

The public is the consumer of political committee products, particularly advertising in every media. It is only logical and fair that people know who is behind the salesmanship or the money-raising title.

Others will cite examples of artful deception and vagueness in baptizing political committees. Suffice to say that when the League of Women Voters of Montana, a non-partisan organization which does not participate in candidate elections, works on a ballot issue our political committee carries our full name.

HB 386 is a needed clarification of Montana's campaign disclosure laws and we urge that it receive a "Do Pass" committee report.

Margaret S. Davis 8 Feb 83
Margaret S. Davis, president

MONTANA PUBLIC INTEREST RESEARCH GROUP

729 KEITH AVENUE
MISSOULA, MT. 59801
(406) 721-6040

TESTIMONY BEFORE THE STATE ADMINISTRATION COMMITTEE OF THE MONTANAHOUSE OF REPRESENTATIVES -- TUESDAY, FEBRUARY 8, 1983

Good morning, Mr. Chairman and members of the House Committee on State Administration. I wish to thank you for this opportunity to address the committee.

My name is C.B. Pearson. I am the executive director of the Montana Public Interest Research Group (MontPIRG). MontPIRG is a non-profit, non-partisan corporation that is funded and directed by the students of the University of Montana. MontPIRG performs research, educational and advocacy work on issues that are important to students as citizens. Consumer protection, the environment and governmental responsibility are the major areas of focus for the group.

I am here today as a representative of MontPIRG to speak in favor of several pieces of legislation that the committee is hearing. MontPIRG supports reform of laws that govern political committees (PACs) and campaign expenditures. Our support of these reforms comes from a growing concern about the manner in which Montana will be governed.

The basis for MontPIRG's support on reform is a recent opinion poll conducted by the organization. The survey tested student opinion on campaign expenditures in state elections and the funding of state legislative campaigns by political committees (PACs). I have enclosed a copy of the survey with my testimony for the committee's consideration.

Montana is only now beginning to feel the effects of a national phenomenon, that is, out-of-sight campaign spending and bottomless PAC contributions. Enormous sums of money were spent during this off-year election around the country. This was also the case for Montana. If we look at the experience of other states and the recent history of Montana then we can only expect this situation to get worse.

Increased campaign spending and PAC contributions are new occurrences on the campaign scene, but already many social scientists have documented their impact on the political process. There is almost unanimous opinion that unlimited campaign expenditures and uncontrolled PAC contributions erode our political processes. Further, general public opinion perceives the ability of PACs to influence the voting habits of candidates and elected officials. An alarming 92% of the students polled believe that PAC money influences the voting habits of candidates and elected officials. Other polls support these findings.

If we acknowledge that unlimited campaign expenditures and uncontrolled PAC contributions are a problem then it is now our responsibility to address these problems. The bills that are before this committee go a long way toward resolving these problems and restoring public confidence in the political process. Action by this committee for reform is not without support. Approximately 75% of those polled support efforts to limit campaign expenditures as well as attempts to limit contributions from PACs to candidates.

In addition, MontPIRG supports House Bill 386, this bill would provide for "truth in labeling" for PACs and was supported by 95% of those polled when asked if they thought PACs should be labeled by their special interest.

In conclusion MontPIRG supports reform in this area. Reform is favored by a four to one margin in our poll. As other bills are presented I would like the opportunity to briefly address each one. Thank you for your time and consideration.



Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARY

ZIP CODE 59624
406/442-1708

TESTIMONY OF DON JUDGE
HOUSE BILL 386

February 8, 1983
House State Administration Committee

I am Don Judge, representing the Montana State AFL-CIO.

We support HB386 to require that political action committees be named in a way which allows the public to identify their special economic interest.

We realize that there may be some political action committees which represent more than one interest group, and this may create some problems for them. But for most PACs, from the Montana State AFL-CIO to Montana Power employees (currently called Citizens for Responsible Government) a name is available which clearly identifies the economic interest of the PAC.

We see a value in having all of us declare what our special interest really is, in the name we use. We support HB386.

St. Admin

COMMITTEE

HB 283

DATE _____

8 Feb 83

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

By : Representative Winslow

Amendments
House Bill 283

- 1) Page 3, line 5
Following : "candidate"
Strike : "or ballot issue"

- 2) page 3, line 5
Following : "20%"
Strike : "of the total amount of contributions
received from all sources for that
candidate or ballot issue."
Insert : "of the voluntary campaign expenditure
limit set by subsection 4."

- 3) Page 3, line 8 through line 13
Strike : Line 8 through line 13
Insert : "In the year in which an election is
held for an office sought by a can-
didate, the following are hereby es-
tablished as limits beyond which a
candidate is encouraged to voluntarily
agree that no expenditures may be made
by the candidate or the principal
campaign committee of that candidate
which result in an aggregate amount of
expenditures in excess of the following
amounts:"

- 4) page 6, line 9

I do not have a specific amendment for this section which deals with in-kind contributions. However, I understand that the committee will be presented with examples of "in-kind" language and I support amendments which would further define this type of contribution. However, I urge the Committee to be careful to exclude in-kind contributions (which often take the form of work performed by the political parties) from the PAC limitations envisioned in this bill and in HB 356 or these bills may have the undesirable effect of limiting the involvement of people rather than the involvement of money.

1
2
3
4
5
6
7
8
9
10
11

INTRODUCED BY *Notary* Senate BILL NO. 372
Sen. Vincent Bonarville

A BILL FOR AN ACT ENTITLED: "AN ACT TO PROVIDE FOR CAMPAIGN
EXPENDITURE LIMITS AND TO PROVIDE FOR THE AVAILABILITY OF
PUBLIC FINANCING TO STATE, JUDICIAL, AND LEGISLATIVE
CANDIDATES WHO ARE SUBJECT TO CAMPAIGN EXPENDITURE
LIMITATIONS; TO PROVIDE A PENALTY FOR VIOLATING A CAMPAIGN
FINANCE AGREEMENT; AMENDING SECTIONS 13-1-101, 13-37-302
THROUGH 13-37-305, AND 13-37-307, MCA."

12 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

13 Section 1. Section 13-1-101, MCA, is amended to read:

14 "13-1-101. Definitions. As used in this title, unless
15 the context clearly indicates otherwise, the following
16 definitions apply:

17 (1) "Anything of value" means any goods that have a
18 certain utility to the recipient that is real and that is
19 ordinarily not given away free but is purchased.

20 (2) "Candidate" means:

21 (a) an individual who has filed a declaration or
22 petition for nomination, acceptance of nomination or
23 appointment as a candidate for public office as required by
24 law;

25 (b) for the purposes of chapters 35, 36, or 37, an

1 individual who has publicly announced his intention to seek
2 nomination or election to public office by write-in vote and
3 who has received a contribution or made an expenditure or
4 has given an authorization to another person to receive a
5 contribution or make an expenditure for the purpose of
6 supporting his nomination or election.

7 (3) (a) "Contribution" means:

8 (i) an advance, gift, loan, conveyance, deposit,
9 payment, or distribution of money or anything of value to
10 influence an election, some of which terms are further
11 defined as follows:

12 (A) "loan" includes a guarantee, endorsement, and any
13 other form of security in which the risk of nonpayment rests
14 with the surety, guarantor, or endorser, as well as with a
15 political committee, candidate, or other primary obligor. A
16 loan is a contribution to the extent that the obligation
17 remains outstanding.

18 (a) "money" includes currency of the United States or
19 of any foreign nation, checks, money orders, and any other
20 negotiable instrument payable on demand;

21 (C) "anything of value" includes securities, goods,
22 facilities, equipment, supplies, personnel, advertising
23 services, or other in-kind contributions provided without
24 charge (other than volunteer services) or at a charge that
25 is below the normal charge for the items. "Normal charge"

1 for goods means the price of those goods in the market from
 2 which they ordinarily would have been purchased at the time
 3 of their contribution; and "normal charge" for any services,
 4 other than those provided by an unpaid volunteer, means a
 5 charge based on the weekly, hourly, or piecework rate
 6 charge, whichever is best applicable, ordinarily paid to the
 7 person providing the services.

8 (ii) a transfer of funds between political committees;
 9 (iii) the payment by a person other than a candidate or
 10 political committee of compensation for the personal
 11 services of another person that are rendered to a candidate
 12 or political committee;

13 (iv) a written contract, promise, or agreement, such as
 14 a signed pledge card, whether or not legally enforceable, to
 15 make a contribution, and is a reportable debt owed to the
 16 candidate or committee until it is honored.

17 (b) "Contribution" does not mean:

18 (i) services provided without compensation by
 19 individuals volunteering a portion or all of their time on
 20 behalf of a candidate or political committee or meals and
 21 lodging provided by individuals in their private residence
 22 for a candidate or other individual;

23 (ii) the cost of any bona fide news story, commentary,
 24 or editorial distributed through the facilities of any
 25 broadcasting station, newspaper, magazine, or other

1 periodical publication of general circulation;
 2 (iii) the cost of any communication by any membership
 3 organization or corporation to its members or stockholders
 4 or employees, so long as such organization is not a primary
 5 political committee; or
 6 (iv) filing fees paid by the candidate;

7 (v) payments made for the purpose of determining
 8 whether an individual should become a candidate, such as
 9 those incurred in conducting a poll;

10 (vi) unreimbursed payments for transportation expenses
 11 made by an individual in volunteering services to a
 12 candidate, to the extent that the cumulative value of the
 13 payments does not exceed \$100 for an election;

14 (vii) unreimbursed payment from a volunteer's personal
 15 funds for usual and normal living expenses incident to
 16 volunteer activity.

17 (4) "Election" means a general, special, or primary
 18 election held pursuant to the requirements of state law,
 19 regardless of the time and/or purpose.

20 (5) "Election administrator" means the county clerk
 21 and recorder or the individual designated by a county
 22 governing body to be responsible for all election
 23 administration duties, except that with regard to school
 24 elections, the term means the school district clerk.

25 (6) "Elector" means an individual qualified and

1 registered to vote under state law.

2 (7) (a) "Expenditure" means a purchase, payment,
3 distribution, loan, advance, promise, pledge, or gift of
4 money or anything of value made for the purpose of
5 influencing the results of an election.

6 (b) "Expenditure" does not mean:

7 (i) services, food, or lodging provided in a manner
8 that they are not contributions under subsection (3);

9 (ii) payments by a candidate for his filing fee or for
10 personal travel expenses, food, clothing, lodging, or
11 personal necessities for himself and his family;

12 (iii) the cost of any bona fide news story, commentary,
13 or editorial distributed through the facilities of any
14 broadcasting station, newspaper, magazine, or other
15 periodical publication of general circulation; or

16 (iv) the cost of any communication by any membership
17 organization or corporation to its members or stockholders
18 or employees, so long as such organization is not a primary
19 political committee.

20 (8) "General election" means an election held for the
21 election of public officers throughout the state at times
22 specified by law, including elections for officers of
23 political subdivisions when the time of the election is set
24 on the same date for all similar political subdivisions in
25 the state.

1 (9) "Individual" means a human being.

2 (10) "Issue" or "ballot issue" means a proposal
3 submitted to the people at an election for their approval or
4 rejection, including but not limited to initiatives,
5 referenda, proposed constitutional amendments, recall
6 questions, school levy questions, bond issue questions, or a
7 ballot question. For the purposes of chapters 35, 36, and
8 37, an issue becomes a "ballot issue" upon certification by
9 the proper official that the legal procedure necessary for
10 its qualification and placement upon the ballot has been
11 completed, except that a statewide issue becomes an "issue"
12 upon approval by the secretary of state of the form of the
13 petition or referral.

14 (11) "Person" means an individual, corporation,
15 association, firm, partnership, cooperative, committee,
16 club, union, or other organization or group of individuals
17 or a candidate as defined in subsection (2) of this section.
18 (12) "Political committee" means a combination of two
19 or more individuals or a person other than an individual who
20 makes a contribution or expenditure:

21 (a) to support or oppose a candidate or a committee
22 organized to support or oppose a candidate or a petition for
23 nomination; or

24 (b) to support or oppose a ballot issue or a committee
25 organized to support or oppose a ballot issue; or

(c) as an earmarked contribution.

(13) "Political subdivision" means a county, consolidated municipal-county government, municipality, special district, or any other unit of government, except school districts, having authority to hold an election for officers or on a ballot issue.

(14) "Primary" or "primary election" means an election held throughout the state to nominate candidates for public office at times specified by law, including nominations of candidates for offices of political subdivisions when the time for such nominations is set on the same date for all similar subdivisions in the state.

(15) "Public office" means a state, county, municipal, school, or other district office that is filled by the people at an election.

(16) "Registrar" means the county election administrator and any regularly appointed deputy or assistant election administrator.

(17) "Special election" means an election other than a statutorily scheduled primary or general election held at any time for any purpose provided by law. It may be held in conjunction with a statutorily scheduled election.

(18) "Voting machine or device" means any equipment used to record, tabulate, or in any manner process the vote of an elector."

Section 2. Section 13-37-302, MCA, is amended to read: "13-37-302. Definitions. As used in this part, unless the context requires otherwise, the following definitions apply:

(1) "Fund" means the election campaign fund established in 13-37-304.

(2) "~~petit~~ Major political party" is a party whose candidate for governor in the ~~last~~ next preceding general election received 5% or more of the total votes cast for that office as verified by the secretary of state.

(3) "Department" means the department of revenue provided for in Title 2, chapter 15, part 13.

(4) "Candidate" means:

(a) for purposes of a general election, an individual who has been nominated by a major political party for election to the a state office of ~~governor~~ governor; or

(b) for purposes of a primary election, any person who has filed for elective office.

(5) "Minor party candidate" means a candidate nominated by a political party that received not more than 5% of the total votes cast for governor at the next preceding general election.

1 (6) "Independent candidate" means a candidate who is
 2 not a minor party candidate and who is not affiliated with a
 3 major political party.

4 (5)(1) "Individual" means a natural person.

5 (8) "Race" means an election contest involving one or
 6 more candidates for a particular office and includes primary
 7 and general elections.

8 (9) "District" means the electoral district of an
 9 office and includes the entire state if the office is a
 10 statewide office.

11 (10) "Qualified donor" means an individual who is a
 12 resident of the state.

13 NEW SECTION. Section 3. Limits on campaign
 14 expenditures. (1) In the year in which an election is held
 15 for an office sought by a candidate, no expenditures may be
 16 made by a candidate who has signed an agreement under
 17 13-37-307 or by the principal campaign committee of that
 18 candidate or otherwise on behalf of that candidate which
 19 result in an aggregate amount in excess of the following
 20 amounts:

21 (a) for governor and lieutenant governor, running
 22 together, \$150,000 primary and \$450,000 general;

23 (b) for chief justice or justice of the supreme court,
 24 \$7,500 primary and \$22,500 general;

25 (c) for attorney general, \$15,000 primary and \$45,000

1 general;

2 (d) for secretary of state, \$15,000 primary and
 3 \$45,000 general;

4 (e) for state auditor, \$15,000 primary and \$45,000
 5 general;

6 (f) for state superintendent of public instruction,
 7 \$15,000 primary and \$45,000 general;

8 (g) for public service commissioner, \$3,750 primary
 9 and \$11,250 general;

10 (h) for district court judge, \$2,500 primary and
 11 \$11,250 general;

12 (i) for state senator, \$2,500 primary and \$7,500
 13 general; and

14 (j) for state representative, \$2,000 primary and
 15 \$6,000 general.

16 (2) Each of the limits listed in subsection (1) for
 17 primary and general races is a separate limit. Expenditures
 18 not made in a primary may not be carried forward to increase
 19 expenditures by the candidate in the general election.

20 Section 4. Section 13-37-305, MCA, is amended to read:

21 "13-37-305. Records to be kept -- availability. (1)

22 The treasurer of each major political party or independent
 23 campaign or minor party candidate campaign shall maintain a
 24 complete record of all disbursements of funds received by
 25 him under 13-37-304 and used for the candidate's campaign

1 expenses plus receipts or other evidence of each expense.

2 (2) The record shall be available for inspection by
3 anyone at any reasonable time. A copy shall be deposited in
4 the office of the secretary of state by December 31 of each
5 general election year."

6 Section 5. Section 13-37-307, MCA, is amended to read:
7 "13-37-307. Application to receive money -- agreement

8 -- cancellation -- reallocation of money. (1) (a) All
9 candidates who wish to receive money from the fund must
10 notify the department on a form prescribed and supplied by
11 the department. As a condition of receiving money,
12 candidates must also present to the department:

13 (i) a copy of the agreement specified in subsection
14 (2)(a) signed by the commissioner provided for in 13-37-102;

15 and

16 (ii) a list of all donors for whom the candidate is
17 requesting matching money, including the amount or amounts
18 they have donated to the candidate's campaign and the
19 information necessary to ascertain that the donors are
20 qualified donors.

21 (b) Acceptance of money from the fund is voluntary.

22 (2) As a condition of receipt of any money from the
23 public campaign fund, a candidate shall agree by stating in
24 writing to the commissioner that:

25 (a) all expenditures on behalf of the candidate

1 whether made on his own, by his campaign, or with his
2 approval, will not exceed the expenditure limits set forth
3 in [section 3], and

4 (b) he will not accept contributions which in the
5 aggregate exceed the difference between the amount that the
6 candidate may legally expend under [section 3] and the
7 amount he receives from the public campaign funds.

8 (3) For purposes of subsection (2), the period of
9 agreement begins on the date the candidate files for office
10 or first expends money for his campaign and ends with the
11 dissolution of the candidate's campaign committee.

12 (4) Any agreement entered into with the commissioner
13 under subsection (2) shall be available for inspection by
14 anyone at any reasonable time.

15 (5) A candidate whose opponent has not signed an
16 agreement may cancel his agreement at any time until 5 days
17 after the primary election. A candidate canceling his
18 agreement shall so designate in a written statement to the
19 commissioner. The cancellation statement shall be available
20 for public inspection.

21 (6) If a candidate chooses not to sign the agreement,
22 the share of public funds available for that race shall be
23 made available to the other candidates in that race.

24 (7) Any candidate who violates a provision of the
25 agreement on campaign expenditure limits is subject to the

1 penalty and enforcement provisions of 13-37-128 and
2 13-37-129."

3 Section 6. Section 13-37-303, MCA, is amended to read:

4 "13-37-303. ~~Donation Contribution to fund by taxpayer.~~

5 (1) An individual whose withheld income tax or payment of
6 estimated tax exceeds by more than \$1 his income tax
7 liability for the taxable year may ~~donate--\$1--to--be--paid~~
8 ~~designate whether he wishes to have \$1 from tax withheld or~~
9 ~~paid transferred to the fund.~~ In the case of a joint return,
10 as provided in 15-30-142, of a husband and wife ~~having an~~
11 ~~whose income tax overpayment as defined in 15-30-149 of or~~
12 ~~payment of estimated tax exceeds by more than \$2 or more the~~
13 ~~income tax liability, each spouse may donate--\$1--be--paid~~
14 ~~designate individually whether he or she wishes to have \$1~~
15 ~~transferred to the fund.~~

16 (2) An individual with an unpaid tax liability may at
17 the time of payment ~~donate~~ designate an extra \$1 to be paid
18 transferred to the fund.

19 (3) The department shall provide a place box or, in
20 the case of a joint return, two boxes on the face of the
21 blank form of return, provided for in 15-30-144, where an
22 individual or individuals may make designate the donations
23 transfer provided for in subsections (1) and (2). The form
24 shall adequately explain the individual's option to donate
25 transfer \$1 to the fund, and in an appropriate space

1 corresponding to the box or boxes, the department shall
2 provide an explanatory statement that the money designated
3 to be transferred by the taxpayer will be issued to
4 candidates who request funds from the public campaign fund
5 and who agree to abide by campaign expenditure limitations."

6 Section 7. Section 13-37-304, MCA, is amended to read:

7 "13-37-304. Public campaign fund. (1) There is a
8 public campaign fund within the earmarked revenue fund
9 provided for in 17-2-102.

10 (2) All money designated under 13-37-303 shall be
11 deposited in the fund. All private contributions to the
12 fund, unspent or unused allocated money, and appropriations
13 to the fund shall be deposited in the fund.

14 (3) (a) Five two months before the general a primary
15 election in the an election year, money in the fund shall be
16 paid--over--in--equal--amounts allocated by the department to
17 ~~att--eligible--candidates--for--the a fund for each designated~~
18 political office according to the percentages in ~~13-37-304~~
19 subsection (4), to be accrued until an election is held for
20 such office or distributed according to the provisions of
21 this part upon proper application.

22 (b) The amounts allocated to each political office
23 shall be paid to a candidate for such office, subject to the
24 provisions of this part, on a matching basis. The candidate
25 shall be paid, from the funds allocated to that office, an

1 amount equal to each contribution of:

2 (i) \$50 or less from a qualified donor if the district
3 is less than statewide; or
4 (ii) \$100 or less from a qualified donor if the race is
5 for a statewide office.

6 (c) The money shall be spent only for the legitimate
7 campaign expenses expenditures of the candidates, and any
8 unspent money as of dissolution of a candidate's campaign
9 committee must be remitted to the department and transferred
10 to the fund.

11 (b)(4) The money shall be distributed allocated in the
12 following percentages:

13 (i) campaign for office offices of
14 governor-lieutenant governor, 50% 40%:

15 (i)(i) campaigns for offices each office of chief
16 justice and or justice of the supreme court, 50% 2.5%
17 equally-allocated-to-each-eligible-campaign-fund:

18 (i) campaign for clerk of the supreme court, 1%:

19 (i) campaign for office of attorney general, 6%:

20 (i) campaign for office of secretary of state, 6%:

21 (i) campaign for office of state auditor, 6%:

22 (i) campaign for office of state superintendent of
23 public instruction, 6%:

24 (i) campaign for each district office of public
25 service commission, 2.5%:

1 (i) campaign for each office of district court judge,
2 2.5%:

3 (i) campaign for each office of state senator, 4%:
4 and

5 (k) campaign for each office of state representative,
6 1%:

7 (i) three months before the general election in a
8 general election year the remainder of any money in the fund
9 shall be remitted to the treasurer of each candidate in the
10 same proportion as provided in subsection (3)(b):

11 (i) Minor party and independent candidates shall
12 receive the same amounts as major party candidates if they
13 present a petition bearing signatures of registered electors
14 equal to 1% of the total votes cast for the office in the
15 next preceding general election.

16 NEW SECTION. Section 8. Distribution of funds. (1)
17 Money allocated for a race shall be divided to provide that
18 one-fourth of the money will be available in equal shares to
19 each candidate for a race for the primary election. The
20 remaining three-fourths of the money for each race must be
21 split and made available in equal shares to each candidate
22 signing an agreement in a general election race as provided
23 in subsections (2) through (6) of 13-37-307.

24 (2) The first payment of funds to primary election
25 candidates must be made no later than 30 days preceding the

1 date of the primary election. The first payment of funds to
2 qualifying general election candidates shall be made not
3 earlier than 15 days or later than 30 days after the primary
4 election date.

5 NEW SECTION. Section 9. Codification instruction.
6 Sections 3 and 8 are intended to be codified as an integral
7 part of Title 13, chapter 37, part 3, and the provisions of
8 Title 13, chapter 37, part 3, apply to sections 3 and 8.

-End-

Montana Committee for an Effective Legislature

443-2035

Located in the Power Block Building

Box 468 Helena MT 59624

Mont. CEL

TESTIMONY BEFORE STATE ADMINISTRATION COMMITTEE,
 Feb. 8, 1983
 H.B. #283
 Gene Fenderson

Mr. Chairman, members of the Committtee. My name is Gene Fenderson. I come before this committee today as President of the Montana Committee for an Effective Legislature -- MontCEL. And I rise in support of House Bill #283.

It is the belief of MontCEL that individuals form the bedrock of our political society, and that this country's and Montana's electoral process can only function capably if the access of each and every individual to it is equal. When the system is defined so as to give advantage to any single entity, then the role of the individual is compromised. And as a result, democracy is undermined.

House bill # 283 seeks to correct imbalances in the system so as to make the contribution of each and every individual more equal within the framework of the political process.

Board of Directors

Education	Labor	Women	Agriculture	Conservation	Election Advisor
John Board Helena	Gene Fenderson President Helena	Kathy van Hook Secretary/Treasurer Helena	Bruce Myllymaki Stanford	Don Snow Vice-President Stevensville	Margie McDonald Billings

In our neighboring state of Idaho this year a candidate for the state Senate in the town of Coeur d'Alene spent \$22,000. In California a state legislative effort reached the astronomical figure of \$1/2 million. In Montana our problems are presently not so large. But recent trends in campaign spending within our own borders point to a growing concern that the days of purchasing elections may not be far away. For this reason, MontCEL supports the concept of campaign spending limitations. Because MontCEL does not involve itself in statewide or local area races, I cannot reasonably comment on the limit levels set forth for races other than legislative. Those at the legislative level seem reasonable. I suggest that the committee look closely at the levels for other offices to insure that they provide opportunity for all candidates to participate thoroughly.

HB # 283 speaks to two other critical areas. The first is the subject of political action committee monetary contributions. The rise in campaign spending in recent years has been paralleled by an equally steep rise in the amount of money disbursed by P.A.C.s. In fact, over the past four elections, Montana's legislative races have witnessed a 500% increase in total P.A.C contributions from \$22,600 in 1976 to \$122,700 in 1982. Again, Montanans are seeing a greater and greater control being exerted by

fewer and fewer people. Because of the adverse effects of P.A.C. monetary contributions on the rights and power of the individual within Montana's political process, MontCEL favors the concept of limiting P.A.C. monetary contributions at the legislative level.

Finally, HB #283 addresses the subject of 'In-Kind' contributions. As a coalition political action committee composed of a broad base of citizens from around Montana and one which offers primarily in-kind services to its endorsed candidates, MontCEL welcomes the opportunity that HB #283 affords in further defining the concept of 'In-Kind'. Montana law has previously stipulated that in-kind services are not reportable. HB 283 changes that stipulation to make such services reportable. MontCEL applauds this effort to further clarify this section of the law and supports the concept brought forward.

In closing, it has been and remains the position of MontCEL that good government -- that is government that is based on the equal spread of access and power to every individual, must be open government. The concepts put forth in HB #283 assist such a process.

Thank you Mr. Chairman and members of the Committee for this opportunity to testify.

WITNESS STATEMENTNAME JOE LAMSON BILL No. 283ADDRESS Box 802, HELENA DATE FEB. 8, 1983WHOM DO YOU REPRESENT MT. DEMOCRATIC PARTYSUPPORT X OPPOSE AMEND X

PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Comments:

PLEASE AMEND:

① STRIKE: SECTION 1(3), P. 3, LINES 3-7.

ADD: LIMITATIONS ON RECEIPTS FROM POLITICAL ACTION COMMITTEES. A CANDIDATE FOR STATE SENATE MAY RECEIVE NO MORE THAN \$1000 IN TOTAL COMBINED MONETARY CONTRIBUTIONS FROM ALL POLITICAL COMMITTEES TO HIS CAMPAIGN AND A CANDIDATE FOR THE STATE HOUSE OF REPRESENTATIVES MAY RECEIVE NO MORE THAN \$600 IN TOTAL COMBINED MONETARY CONTRIBUTIONS FROM ALL POLITICAL COMMITTEES CONTRIBUTING TO HIS CAMPAIGN. IN-KIND CONTRIBUTIONS SHALL NOT BE CONSIDERED IN COMPUTING THESE LIMITATION TOTALS.

② STRIKE: SECTION §1 (4) K-V, P. 4, LINES 2-13



 Box 1176, Helena, Montana

 JAMES W. MURRY
 EXECUTIVE SECRETARY

 ZIP CODE 59624
 406/442-1708

 TESTIMONY OF DON JUDGE
 HOUSE BILL 283

 February 8, 1983
 House State Administration Committee

I am Don Judge, representing the Montana State AFL-CIO.

We support the concept behind HB283, which is to limit the role of money in campaigns. However, we do see some difficulty with certain of the provisions.

On page 3, line 5, we see a real problem in limiting PAC contributions to 20% of the campaign total. When is that 20% to be computed? When the PAC contribution comes in, or at the end of the campaign?

If it is when the contribution arrives, what if the PAC contribution comes early and represents 100% of the campaign funds received at that point? Must it be sent back until four times that amount has been raised from other sources? Or what if the amount is computed at the end of the campaign. A candidate might well receive early PAC contributions totalling 20% of the planned budget, but then not raise the rest of the budget. Must the candidate pay the money back? Or go to jail? Won't this section encourage PACs to wait in their giving, which is exactly the opposite thrust of HB650, which wants to make PAC contributions more public by requiring them to be early enough to appear on the last report.

It seems to us that HB356 provides a much more sensible approach to PAC funding by setting a dollar amount. We suggest flat rates as the PAC limit for each particular office.

The spending limitation also seems like a good idea in the light of the increasing influence of money of politics. We have no suggestions as to the adequacy of the amounts for the particular races. But we do see troubles in some races which are county wide or city wide. In urban areas the county clerk and recorder, for instance, would be limited to \$3,000, compared to \$8,000 for a state senator. But a county covers far more area than a state senator, in urban counties. The same is true for city-wide races, in cities which have more than

of equity in races which may involve large areas and large numbers of people. The fact that the race is perceived to be of less importance, as a city or county race, makes press even more difficult to get, and puts a premium on name recognition.

One concern we have about the limits is that no allowance is made for inflation. The overall inflation rate is not the concern, but inflation in specific items. Newspaper advertisements were much higher in some areas of Montana this election over two years ago. And such expenses have been rising far faster than inflation.

When a limit is either set too low, or is made too low by inflation, the effect is to protect incumbents. We are not prepared to suggest any alternate dollar figures, however, nor do we know how to set an equitable inflation factor which will keep the limits from being too low to allow a chance to a challenger, or too high to provide for a meaningful limitation.

We do believe that if such limits are to be adopted, they should be combined with partial or complete public funding of elections. That would not only provide a carrot as well as the stick for compliance, but it would lessen or remove the influence of special interest money. The national AFL-CIO supports public funding of elections in national campaigns. And we support it in Montana. It is a good investment of our tax dollars to buy politicians for the public, instead of for special interests.

On page 6, line 9, the provision for in-kind services presents a severe problem. What is an in-kind service? If a volunteer goes door to door, is that an in-kind service? What if the volunteer is recruited by phone calls from a PAC? We suggest you look at the federal standards for what constitute in-kind contributions, if this section is to remain.

Determining a dollar amount on a daily basis would be a real nightmare for many PACs. The same problem of provision of in-kind services exists as in limiting PAC contributions to 20% of the total. When is it computed? By whom? How can that be provided in time for a candidate to comply with the PAC limitations?

As another example of the problem of in-kind contributions, what about a Get Out the Vote Effort, which obviously would occur later than 6 days before the election. If HR650 passes no in-kind

contributions can be accepted after the 6th day. The Republican and Democratic Parties obviously provide large amounts of in-kind contributions as part of the Get Out the Vote effort, as do labor unions and many other groups. To deny that contribution would be to weaken voter turnout, which is not in the public interest, nor is it the intent of campaign reform.

We strongly suggest that in-kind services be accounted for, but that they do not come under any PAC contribution limit.

On page 8, line 7, a copy of any mailing is required. We do not see the value of that.

If this section is to stand, we would like to see an amendment to exclude mailings to the membership of an organization, when the mailing is not sent to the general public. Whether it is the Montana State AFL-CIO or Montana Power, what business is it of the public what mailings are sent to people inside the organization? Such reports are not required under federal law.

The issue is not one of secrecy. As you know, the labor movement has never been reticent about supplying the press with our positions for or against candidates. When we mail to over 40,000 union members, it is not possible to keep much of a secret, even if we wanted to. The issue is that rules about providing a copy of a mailing are a foot in the door for interfering with the right of an organization to communicate with its own members.

But even in the case of mailings to the general public, what is to be gained by requiring a copy, since there are no additional rules concerning the content of those mailings. If a mailing is important enough to have impact, it will be brought to the attention of the press as surely as by providing copies through the campaign commissioner's office.

We support the intent of HB283, and we urge you to pass it, but only after very careful attention to needed amendments.



SUPPORT

League of Women Voters of Montana
917 Harrison, Helena, Montana 59601

8 February 83

HB 283

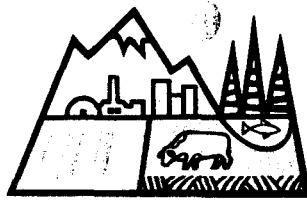
Limiting political committee campaign
contributions, limiting campaign ex-
penditures.

The League of Women Voters of Montana is concerned about candidates being able to compete equitably for office. As political races become more costly with each election year, qualified candidates become more and more reluctant to run if their financial resources are limited. If a candidate wishes to challenge an incumbent, the fund raising considerations are even a bigger factor.

The League believes that limiting expenditures consistent with allowing a full discussion of the issues and adequate exposure of the candidates can serve the best interests of the electorate and assure maximum citizen participation in the political process.

We also support public campaign financing as a means for assuring that expenditure limits are adhered to. A system that provides for a combination of public and private funds while limiting campaign spending could put a needed lid on the escalating price of running for public office.

Margaret S. Davis, president



MONTANA CHAMBER OF COMMERCE

P. O. BOX 1730

• HELENA, MONTANA 59624

• PHONE 442-2405

Testimony
before the
House State Administration Committee
Joe Brand, Chairman
in opposition to
HB 283
by
Janelle K. Fallan
Public Affairs Manager
Montana Chamber of Commerce

February 8, 1983

The Montana Chamber of Commerce DOES NOT have a political action committee, so it might appear that we do not have a personal interest in the outcome of the bills you consider today. However, we are concerned in general with the openness and accessibility of the political process in Montana to all segments of the population -- business people, students, different political philosophies, various action groups.

There are three sections of this bill we find objectionable; I will address them one by one.

The first is limiting PAC contributions to 20 percent of the total contributions in a race. Candidates are already limited as to how much they can receive from any one PAC. This requirement would simply confuse the bookkeeping, and good candidates and campaign treasurers are hard enough to find as is.

(more)

The second concern is the limit on total spending in a campaign. The amounts sound quite generous -- more, in most cases, than is actually spent in Montana. Even with slowed-down rates of inflation, those amounts may one day be not-so-generous and require further legislative action. That is not our prime concern, however. The two most important assets in a political campaign are time and money. Candidates not only seek to raise money, they seek to raise time, in the form of volunteers who will go door-to-door, stuff envelopes, hold coffees and all the other thousands of tasks involved in a political campaign -- all involving time. By limiting how much money can be spent, you would be saying what kind of campaigns we will have in Montana -- those in which the candidate gets his or her message out through volunteers and rallies, rather than more expensive mass media. Now that might sound like a pleasant idea, but I don't think it is a good idea to put that kind of limit on the political process.

Our third concern with this bill is limiting how much can be spent on ballot issues. Constitutional problems may exist with such a limit. In December of 1981, the U.S. Supreme Court ruled unconstitutional a City of Berkeley ordinance that set a limit of \$250 on contributions to referendum committees. The Court held the law violated the right of association and in turn, individual and collective rights of expression. The Court said the ordinance could not be justified as a safeguard against corruption because it referred to issues rather than candidates. (Presumably the Court was building upon its 1978 decision in First National Bank of Boston vs. Bellotti. This was the decision that said corporations had a

first amendment right to contribute to ballot issue campaigns. Writing for the majority, Justice Powell said, "Referenda are held on issues, not candidates for public office. The risk of corruption perceived in cases involving candidate elections...simply is not present in a popular vote in a public issue.")

Montana's campaign laws are among the most restrictive in the nation. Our limits on what can be contributed to candidates are among the lowest. Our reporting requirements are as stringent as any state's. We do not see a need for placing further limits on the political process in Montana and therefore oppose this bill.

/ssg

TESTIMONY OF
HELENNE BROGAN

GOOD MORNING, MR. CHAIRMAN AND MEMBERS OF THE HOUSE STATE ADMINISTRATION COMMITTEE.

MY NAME IS HELENNE BROGAN. I AM A REALTOR® FROM BRIDGER, MONTANA. I AM A MEMBER OF THE MONTANA AND NATIONAL ASSOCIATION OF REALTORS®. I AM A CONTRIBUTOR TO THE REALTORS® POLITICAL ACTION COMMITTEE. I AM ALSO HEAVILY INVOLVED IN THE PARTY OF MY CHOICE, AND PARTICIPATE IN LOCAL, STATE AND FEDERAL POLITICAL CAMPAIGNS ON BEHALF OF POLITICAL CANDIDATES THAT REPRESENT THE PHILOSOPHIC AS WELL AS PRAGMATIC SOLUTIONS TO PUBLIC PROBLEMS THAT I FEEL MOST CLOSELY REPRESENT MY OWN.

I AM CURRENTLY SERVING AS CHAIRMAN OF THE MONTANA ASSOCIATION OF REALTORS® POLITICAL ACTION COMMITTEE. I HAVE BEEN PRIVILEGED TO SERVE IN SEVERAL LEADERSHIP ROLES IN THE STATE ASSOCIATION OF REALTORS® AND IN MY OWN LOCAL BOARD OF REALTORS®, WHERE I REPRESENT ALL INDIVIDUAL MEMBERS OF THE MONTANA ASSOCIATION.

BECAUSE OF THIS INVOLVEMENT, I FEEL QUALIFIED TO SPEAK TODAY ON BEHALF OF MEMBERS OF THE MONTANA ASSOCIATION OF REALTORS® WHO CONTRIBUTE VOLUNTARILY TO THE REALTORS® POLITICAL ACTION COMMITTEE.

THE REAL ESTATE INDUSTRY, AS YOU KNOW, HAS BORNE THE BRUNT OF THE ECONOMIC RECESSION THAT HAS CRIPPLED THE ECONOMY OF OUR COUNTRY FOR THE LAST 28 MONTHS. OVER THE LAST FOUR YEARS, HIGH INTEREST RATES HAVE TAKEN FROM 6 MILLION AMERICAN FAMILIES, THE OPPORTUNITY TO OWN THEIR OWN HOME AND , THEREBY, BEGIN THE PROCESS OF SATISFYING THEIR HOUSING NEEDS AND BUILDING FINANCIAL EQUITY FOR THE FUTURE. AS A RESULT, THE PRIMARY LEGISLATIVE CONCERN OF OUR MEMBERS HAS BEEN RESPONSIBLE ECONOMIC POLICY THAT WOULD, AS AN END-PRODUCT, REDUCE HIGH INTEREST RATES AND PROVIDE AMERICANS WITH AN OPPORTUNITY TO ONCE AGAIN MAKE A REAL INVESTMENT IN THEIR FINANCIAL FUTURE.

IN EFFORTS TO MAKE OUR VIEWS AND CONCERNS KNOWN TO MEMBERS OF THE UNITED STATES CONGRESS, REALTORS® FROM ACROSS THIS COUNTRY ORGANIZED SEVERAL PROGRAMS TO PROVIDE US WITH THE OPPORTUNITY TO PETITION OUR GOVERNMENT AS GUARANTEED BY THE U.S. CONSTITUTION.

INCLUDED IN THIS EFFORT WERE PROGRAMS THAT RESULTED IN OVER 2 MILLION INDIVIDUAL LETTERS, TELEGRAMS, PETITION SIGNATURES AND PHONE MESSAGES TO INDIVIDUAL MEMBERS OF CONGRESS FROM CONSTITUENT REALTORS® EXPRESSING OUR CONCERNS ABOUT THE FEDERAL BUDGET AND INTEREST RATES. MANY REALTORS® TRAVELLED TO WASHINGTON TO MEET PERSONALLY WITH THEIR REPRESENTATIVES AND SENATORS TO DISCUSS SPECIFIC LEGISLATIVE PROPOSALS. AND OUR POLITICAL ACTION COMMITTEE, RPAC, WAS INVOLVED IN SUPPORTING THOSE INCUMBENTS AND CHALLENGERS WHO WERE SUPPORTIVE OF PROGRAMS THAT WE VIEWED AS BEING IN THE BEST INTERESTS OF THE AMERICAN HOUSING CONSUMER.

MY REASON FOR DESCRIBING THIS SCENARIO IS TO INDICATE TO THE MEMBERS OF THIS COMMITTEE THAT N.A.R. IS A BROAD-BASED ORGANIZATION THAT HAS AN INTEREST IN ISSUES--BOTH SPECIFIC AND BROAD--THAT IMPACT TO VARYING DEGREES ON THE REAL ESTATE INDUSTRY. WE ARE VERY GRASSROOTS ORIENTED WITH A VERY POLITICALLY ACTIVE MEMBERSHIP. OUR MEMBERS WANT TO BE HEARD AND THEY DEMAND FROM THE LEADERSHIP OF M.A.R. TOOLS AND PROGRAMS THAT WILL ENABLE THEM TO BE HEARD. OUR POLITICAL ACTION COMMITTEE IS JUST ONE OF THOSE TOOLS.

WHAT IS RPAC? ORIGINALLY ORGANIZED IN 1969, THE COMMITTEE HAS GROWN IN CONFORMITY WITH CHANGES IN ELECTIONS LAWS TO WHERE WE ARE CURRENTLY THE LARGEST POLITICAL ACTION COMMITTEE IN TERMS OF CONTRIBUTIONS TO CANDIDATES.

IN 1981-1982, OVER 93,000 REALTORS® VOLUNTARILY CONTRIBUTED AN AVERAGE OF \$12.33 TO RPAC. THAT TRANSLATES TO AN ANNUAL CONTRIBUTION OF \$1.71 FOR OUR ENTIRE 600,000 MEMBERSHIP. MONTANA'S MEMBERSHIP AT 1857 AVERAGED \$6.79. ALL RPAC FUND-RAISING IS DONE AT THE LOCAL BOARD OF REALTORS® LEVEL; NO RPAC FUNDRAISING MECHANISMS, SUCH AS DIRECT MAIL, ARE UTILIZED AT THE NATIONAL LEVEL. RPAC HAS COOPERATIVE AGREEMENTS WITH EACH STATE ASSOCIATION OF REALTORS® THAT ARE ON FILE WITH THE FEDERAL ELECTION COMMISSION. THESE ARGEEMENTS SPELL OUT THE RELATIONSHIP BETWEEN NATIONAL RPAC AND EACH STATE PAC. SPECIFICALLY, NATIONAL RPAC RECEIVED 40 PERCENT OF ALL PERSONAL CONTRIBUTIONS RECEIVED AT THE LOCAL LEVEL. SIXTY PERCENT REMAINS WITH THE STATE

ASSOCIATION AND LOCAL BOARDS WHO RAISED THE MONEY, AND IS USED TO SUPPORT CANDIDATES IN LOCAL, LEGISLATIVE AND STATE-WIDE NON-FEDERAL CAMPAIGNS.

MONTANA RPAC IS GOVERNED BY A 13 MEMBER BOARD OF TRUSTEES. THESE 13 TRUSTEES ARE VOLUNTEERS AND ARE MEMBERS OF THE MONTANA ASSOCIATION OF REALTORS®.

THE PRIMARY RESPONSIBILITY OF THESE TRUSTEES IS TO MAKE THE FINAL DECISION AS TO WHOM RPAC CONTRIBUTIONS ARE GIVEN. THESE DECISIONS ARE BASED UPON A SPECIFIC SET OF CRITERIA AND RECOMMENDATIONS WHICH INCLUDE;

1. FORMAL, WRITTEN REQUESTS FOR CONTRIBUTIONS TO SPECIFIC CANDIDATES FROM LOCAL BOARDS OF REALTORS® WITHIN EACH LEGISLATIVE DISTRICT AND FROM THE STATE ASSOCIATION.
2. A REVIEW OF PAST VOTING RECORDS ON LEGISLATION RESPONSIVE TO OUR INTEREST AND THE TOTAL NEED FOR HOUSING, COMMERCIAL AND ARGICULTURAL REAL ESTATE.
3. AN ANALYSIS OF THE VIABILITY OF THE CAMPAIGN AS DETERMINED BY SUCH ELEMENTS AS POLLING DATA, LOCAL MEDIA RESPONSE, CAMPAIGN PLAN, ET CETERA.

BY FAR, THE MOST IMPORTANT OF THESE CRITERIA IS THE RECOMMENDATION FROM LOCAL REALTORS®.

MR. CHAIRMAN, REALTORS® ALL ACROSS THIS STATE ARE PROUD OF OUR POLITICAL ACTION COMMITTEE.

--WE TAKE GREAT PRIDE IN THE FACT THAT REALTORS®, NOT PROFESSIONAL FUNDRAISERS, RAISE OUR MONEY FROM VOLUNTARY CONTRIBUTIONS AT THE LOCAL LEVEL.

--WE TAKE GREAT PRIDE IN KNOWING THAT ALL CONTRIBUTION DECISIONS ARE MADE BY REALTORS® SERVING AS VOLUNTEER TRUSTEES OF RPAC.

--WE TAKE GREAT PRIDE IN THE KNOWLEDGE THAT RPAC REPRESENTS NOT ONLY THE INTERESTS OF REALTORS®, BUT TO A LARGE EXTENT, THE INTERESTS OF THE CONSUMERS THEY SERVE: HOME BUYERS AND SELLERS.

WE HAVE HEARD A CONSIDERABLE AMOUNT OF CRITICISM ABOUT THE SUPPOSED "EVILS" OF PACs. I WOULD LIKE TO, IF I MAY, RESPOND TO SOME OF THESE CRITICISMS.

THE CRITICISM THAT PACs ARE ATTEMPTING TO "BUY" LEGISLATION WITH CONTRIBUTIONS RATHER THAN SUPPORTING PRINCIPLES IS A VERY HARSH INDICTMENT OF THE INTEGRITY OF INCUMBENT MEMBERS OF THE LEGISLATURE AS WELL AS OF RPAC CONTRIBUTORS.

FROM OUR POINT OF VIEW, THE CONTRIBUTIONS WE MAKE TO INCUMBENTS AND CHALLENGERS ARE MADE TO SUPPORT CANDIDATES WHOSE BASIC PHILOSOPHY OF GOVERNMENT, OF ECONOMIC POLICY AND OF HOUSING POLICY IS IN CONCERT WITH THAT OF REAL ESTATE PROFESSIONALS. WE FEEL THAT CONTRIBUTORS CAN BEST BE HEARD AS SMALL BUSINESSPEOPLE THROUGH THEIR SUPPORT OF CANDIDATES WHO REPRESENT THEIR PHILOSOPHY. IT MAKES LITTLE SENSE TO SUPPORT CANDIDATES WHO DO NOT REPRESENT YOUR PHILOSOPHY.

SECONDLY, CRITICS HAVE FOCUSED ON THE ALLEGATION THAT PACs ARE DROWNING OUT THE "VOICE" OF THE PUBLIC INTEREST. RPAC DIRECTLY REPRESENTS THE INTERESTS OF OVER 1800 REALTORS FROM EVERY PART OF THIS STATE. IT IS IN OUR BEST INTERESTS TO SEE THAT AN ECONOMIC CLIMATE CONDUCIVE TO THE BUYING OR SELLING OF HOMES EXISTS. OUR ACTIONS DIRECTLY BENEFIT THE THOUSANDS OF MONTANA FAMILIES WHO OWN HOMES AND THE THOUSANDS OF FAMILIES WHO RENT, SOME OF WHO MAY DESIRE HOME OWNERSHIP BUT AT LEAST REQUIRE DECENT HOUSING. I RESENT THE IMPLICATION THAT WE HAVE NO CONCERN ABOUT THE "PUBLIC INTEREST." IF PEOPLE, BECAUSE OF ECONOMIC CONDITIONS, CANNOT BUY OR SELL THEIR HOME, I AND A LOT OF MY COLLEAGUES ARE OUT OF BUSINESS BECAUSE WHEN THEY HURT, WE HURT.

THE CRITICISM THAT PACs ARE NOT ACCOUNTABLE TO ANYONE POINTS OUT TWO MAJOR MISCONCEPTIONS ON THE PART OF PAC CRITICS.

FIRST, NO ONE HAS REALLY POINTED OUT THAT "ALL THIS MONEY" OF RPAC IN FACT COMES FROM INDIVIDUAL VOLUNTARY CONTRIBUTIONS, NOT FROM FIRMS OR CORPORATIONS, BUT FROM THOUSANDS OF CITIZENS WHO COMPRISE OUR MEMBERSHIP. THEY ARE EXERCISING THEIR RIGHT TO PARTICIPATE IN OUR POLITICAL SYSTEM TO, IN FACT, MAKE DEMOCRACY WORK BETTER THAN

OTHERWISE. TO MANY REALTORS WHO CANNOT WALK PRECINCTS OR WHO ARE UNABLE TO MAN PHONE BANKS BECAUSE OF THEIR JOB OR PHYSICAL CONDITION, MAKING A \$12.33 CONTRIBUTION, WHICH IS THE PRAC AVERAGE, IS THEIR WAY OF PARTICIPATING. AND THIS LEADS TO MY POINT ON ACCOUNTABILITY.

IF PAC CONTRIBUTIONS DECISIONS DO NOT REPRESENT THE INTERESTS OF THOSE WHO CONTRIBUTE TO THE PAC, THEN THESE CONTRIBUTORS VERY SIMPLY WILL NOT CONTRIBUTE IN THE FUTURE. THIS IS THE BEST FORM OF ACCOUNTABILITY!

AND FINALLY, THE CRITICISM THAT PACs, SUCH AS RPAC, ARE RESPONSIBLE FOR THE INCREASING COSTS OF CAMPAIGNS IS LUDICROUS, RPAC DOES NOT ESTABLISH POSTAL RATES: RPAC DOES NOT FIX THE RATES FOR RADIO AND TELEVISION TIME OR FOR ADVERTISING SPACE IN NEWSPAPERS: RPAC DOES NOT SET THE FEES FOR CONSULTANTS AND POLLSTERS. RPAC DOES, HOWEVER, SUPPORT CANDIDATES WHO REPRESENT THE PHILOSOPHICAL OUTLOOK OF ITS CONTRIBUTORS. WHEN TWO CANDIDATES OF DIFFERENT PHILOSOPHICAL BELIEFS COME TOGETHER IN THAT FORM OF COMPETITION KNOWN AS A POLITICAL CAMPAIGN, THE DECISIONS AS TO HOW MUCH TO SPEND AND ON WHAT ARE DICTATED BY THE DESIRE ON THE PART OF THE POLITICIANS TO GET ELECTED, NOT BY RPAC.

MR. CHAIRMAN, WE HAVE OPERATED UNDER THE CONSTITUTION AND THE STATUTES REGULATING CONTRIBUTIONS TO CANDIDATES AND WE FEEL THAT THIS SYSTEM HAS MANY STRENGTHS.

--RPAC ENCOURAGES GREATER GRASSROOTS PARTICIPATION BY PROVIDING ITS VOTING MEMBERSHIP WITH AN ADDITIONAL OPPORTUNITY TO HAVE THEIR VIEWS AND CONCERNS HEARD IN AN ORGANIZED FASHION IN ISSUE AREAS THAT ARE OF FUNDAMENTAL CONCERN TO THEM.

--RPAC DEVELOPS GREATER ACCOUNTABILITY TO THE REAL ESTATE INDUSTRY ON THE ACTIONS OF MEMBERS OF THIS LEGISLATURE BECAUSE ATTENTION IS FOCUSED IN THE MIND OF OUR CONTRIBUTORS NOT ONLY ON WHAT THE POLITICIAN SAYS BUT WHAT HE OR SHE DOES.

--THE CURRENT SYSTEM OF CAMPAIGN FINANCING PROVIDES FOR A SYSTEM OF REPORTING CONTRIBUTIONS AND THE DISCLOSURE OF EXPENDITURES WHICH IS OPEN TO PUBLIC SCRUTINY. AND THAT IS A FAR CRY FROM WHAT EXISTED PRIOR TO 1974.

THE DEBATE OVER CAMPAIGN FINANCING HAS BEEN JOINED, AND TO ME, THE SHAPE OF THE DEBATE REVOLVES AROUND TWO ISSUES:

--THE COST OF CAMPAIGNS, AND

--HOW TO FUND CAMPAIGNS.

REGARDING THE EVER-INCREASING COSTS OF POLITICAL CAMPAIGNS, IT IS EVIDENT TO REAL ESTATE PROFESSIONALS THAT POLITICAL CAMPAIGNS WILL GET MORE COSTLY IN THE FUTURE--NOT LESS SO.

IN A FREE, PLURALISTIC SOCIETY, FREE ELECTIONS ARE COMPETITIVE BY NATURE. IT IS A COMPETITION OF IDEAS, COMMUNICATED BY SEVERAL MEDIA, TO VOTERS. THE VOTERS ON ELECTION DAY GO TO THE POLLS AND VOTE FOR THE CANDIDATE WHOSE IDEAS ARE THE MOST PALATABLE TO THEM.

TO ME, IT WOULD BE A GREAT ERROR TO ARTIFICIALLY INTERFERE, BY GOVERNMENT ACTION, WITH THIS COMPETITION. TO PLACE RESTRICTIONS ON ACCESS TO MEDIA, ON THE ABILITY TO COMMUNICATE WITH CONCERNED VOTERS SUCH AS THE POLITICALLY ACTIVE VOTERS WHO COMPRISE OUR MEMBERSHIP, IS TO STIFLE COMMUNICATIONS AND FURTHER ADD TO THE SENSE OF FRUSTRATION THE AMERICAN VOTER CURRENTLY FEELS. IT WOULD ALSO RUN AGAINST THE GRAIN OF THE GUARANTEES OF THE FIRST AMENDMENT.

SO IF WE ARE TO HAVE OPEN, FREE AND COMPETITIVE ELECTIONS, THE COST OF CAMPAIGNS WILL INDEED INCREASE. IF THAT IS THE CASE THEN THE FUNDS NEEDED TO FINANCE POLITICAL CAMPAIGNS SHOULD EXPAND, NOT CONTRACT.

THIS LEADS TO THE SECOND ISSUE AT HAND --HOW TO FUND CAMPAIGNS.

THE ALTERNATIVE MOST OFTEN MENTIONED FOR THE CURRENT SYSTEM IS THE PUBLIC FINANCING OF CAMPAIGNS. AND THIS QUESTION GOES TO THE HEART OF WHAT RPAC IS AND WHAT IT DOES.

RPAC, AS AN AGGREGATE VOICE FOR OUR MEMBERSHIP'S POLITICAL, SOCIAL AND ECONOMIC CONCERNS, NOT ONLY INFORMS AMERICAN POLICY MAKERS OF THOSE CONCERNS BUT RPAC ALSO PROVIDES AN AVENUE FOR SOLIDIFIED POLITICAL ACTION FOR THE THOUSANDS OF REAL ESTATE PROFESSIONALS WHOM WE REPRESENT. BUT WHAT ENDANGERS OUR SYSTEM IS THE SENSE OF INDIVIDUAL FRUSTRATION, NOT PACs. WHY DO WE HAVE TROUBLE GETTING PEOPLE TO VOTE? WHY DO AMERICANS SENSE THAT THEIR INDIVIDUAL VOICES ARE LOST? WHY DON'T PACs, ACCORDINGLY, SERVE AS A COLLECTIVE VOICE ANTIDOTE FOR INDIVIDUAL FRUSTRATION? I SUBMIT THAT RPAC DOES SERVE AS ONE ANTIDOTE FOR THIS NATIONAL AND STATE FRUSTRATION.

THE PUBLIC TREASURY HAS NEVER BEEN THE ANSWER TO AWAKENING PEOPLE. INDEED, REAL ESTATE PROFESSIONALS WHOM WE REPRESENT BELIEVE THAT SOLUTIONS DIPPED IN THE PUBLIC TROUGH CONTAIN THE VERY POLITICAL NARCOTIC WHICH LULLS PEOPLE TO SLEEP.

A WOULD BE VOTER WHO BELIEVES THAT HIS OR HER POLITICAL CONTRIBUTIONS AND PARTICIPATION IN THE POLITICAL PROCESS ARE AT END WITH THE EXTRACTION OF THE TAX DOLLAR FROM HIS OR HER POCKET MAY NOT VOTE AFTER ALL. IF YOU BELIEVE THAT RPAC IS WORTHWHILE BECAUSE IT REPRESENTS ANOTHER WAY TO DIRECTLY STIMULATE OVER 1800 VOTERS' PARTICIPATION IN THE POLITICAL PROCESS, THEN YOU MAY AGREE WITH US THAT RPAC IS MORE LIKELY TO ASSIST IN OVERCOMING INDIVIDUAL APATHY THAN ANY CAMPAIGN FINANCED BY THE STATE TREASURY.

IF OUR GOAL SHOULD BE TO EXPAND THE AMOUNT OF FUNDS AVAILABLE FOR CAMPAIGNS, THEN HOW DO WE ACCOMPLISH THAT?

CLAMPING DOWN ON PACs--BUSINESS, PROFESSIONAL OR LABOR--WON'T ADD TO PRIVATE SECTOR FINANCING.

WE BELIEVE THAT INCREASING INDIVIDUAL GIFTS ON THE NATIONAL LEVEL FROM THE CURRENT \$1,000 TO \$5,000 IS A SOLID RESPONSE TO THE NEED FOR GREATER GIVING, MORE SOLID THAN THE SPECTER OF PUBLIC FINANCING. WITH THE VARIABLE RATES, IN STATE,

AND COMPATIBLE TO OUR NATIONAL CONCEPT, WE FEEL THESE SHOULD NOT BE REDUCED.

IN THE MEANTIME, MR. CHAIRMAN AND MEMBERS OF THIS COMMITTEE, I WOULD ASK YOU IN YOUR DELIBERATIONS TO KEEP ONE THOUGHT IN MIND.

RPAC IS NOT A MONOLITH AS SOME WOULD HAVE US BELIEVE. RPAC REPRESENTS PEOPLE WHO HAVE VOLUNTARILY SELECTED FINANCIAL CONTRIBUTIONS BECAUSE RPAC, IN THEIR VIEW, BEST REPRESENTS THEIR CONCEPT OF WHAT GOOD GOVERNMENT SHOULD BE. I KNOW, BECAUSE I AM ONE OF THOSE PEOPLE.

END.

HOUSE BILL NO. 356 HOUSE BILL NO. 356 HOUSE BILL NO. 356

FACT SHEET

The Problem

Money from Political Committees (Pacs) to legislative candidates in Montana has increased to \$123,000 in 1982 elections or 19.3% of all receipts by candidates for the Montana legislature. In Montana PACs are funded by and represent a wide variety of such special interests as utilities, banks, labor unions, oil interests, businessmen and professionals. The following chart shows the extent of PAC growth

Figure 1. Contributions to Legislative Races, 1976-1982

	1976	1978	1980	1982
Special Interest PAC Dollars	22,648	48,777	111,330	122,767
Total Contributions	278,609	382,140	582,708	635,596
% PAC Contributions	8.1	12.8	19.1	19.3

The Solution

H.B. 356 proposes a limit of \$600 in total PAC campaign contributions for a candidate for the Montana House and a \$1000 limit for a Senate candidate. This would allow PACs a definite financial role in Montana legislative campaigns but it prevents

a situation where PACs become the majority financiers of campaigns, now common in U.S. Congressional races.

Questions?

1. Why are PAC contributions a problem?

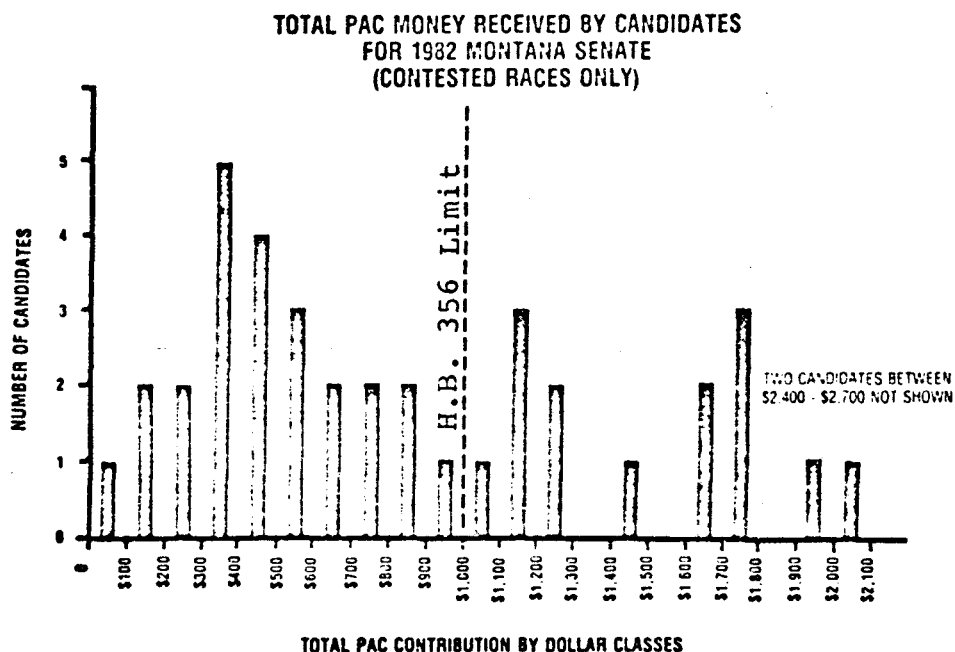
Too much money from any one source has compromised our democracy in the past. A poll conducted by the University of Montana polling service for Common Cause of Montana showed that 78% of Montanans surveyed believed a campaign contribution was synonymous with power over the candidate.

2. Why not instead limit the amount one PAC can give to a lower amount - say \$50 a candidate?

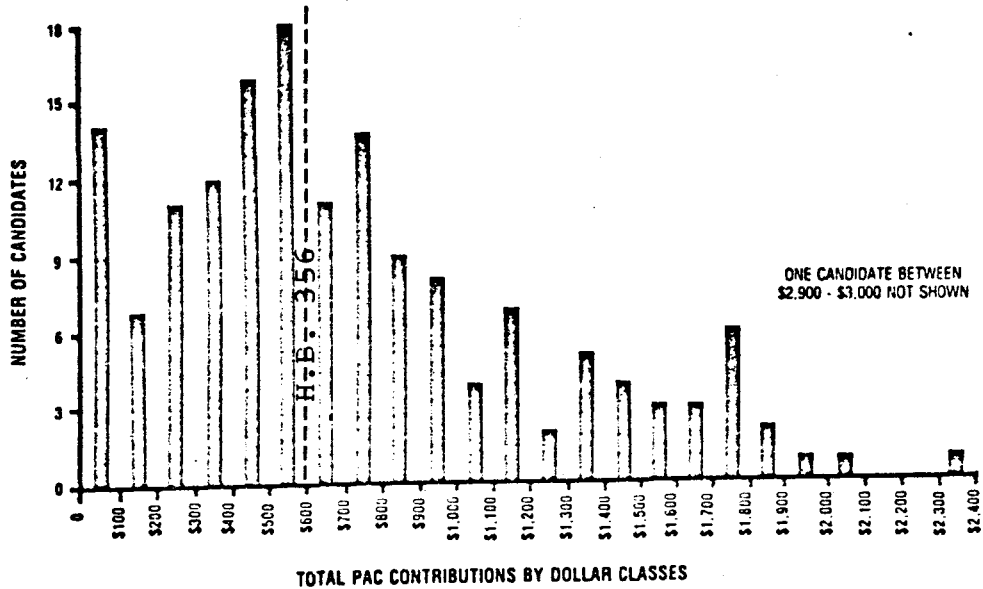
PACs are very easy to form and lowering the allowed amount would probably just encourage a special interest to form many smaller PACs. H.B. 356 guarantees that a candidate will not receive more than \$600 (House) or \$1000 (Senate) from PACs and therefore is a better reform.

3. What type of effect would this reform have?

The following charts show the amount of PAC money received by legislative candidates in 1982:



**TOTAL PAC MONEY RECEIVED BY CANDIDATES
FOR 1982 MONTANA HOUSE OF REPRESENTATIVES
(CONTESTED RACES ONLY)**



As the chart demonstrates, H.B. 356 would accomplish significant reform.

4. Why not use a % limit rather than a fixed dollar amount?

A % limit would create reporting problems for candidates. The fixed dollar is easier to understand and simpler to deal with.

5. Aren't PAC contributions leveling off by themselves?

No, PAC contributions have risen steadily during the last four elections. The data we have shows that PAC contributions increase most rapidly in presidential years and we can expect an even more rapid increase in the 1984 elections if we do not pass H.B. 356 or a similar reform.

6. Where did the PAC contribution limits in H.B. 356 come from?

Those numbers represent about 20-25% of the cost of an average legislative race at this time.

7. Will there be any enforcement costs?

No. Enforcement occurs through the court system as described in 13-37-128, M.C.A. As is the case with present campaign financing laws, the system will be largely self-enforcing due to the adversarial nature of elections that makes it politically costly for a candidate to violate the law.

8. Won't limiting PAC contributions skew the system toward incumbents?

No. An average incumbent candidate now receives over double the amount of PAC contributions as an average challenger.

Many political scholars believe the overall political system favors the incumbent over the challenger so PAC reform should help open up the political process.

9. Does H.B. 356 infringe on corporate free speech?

No. H.B. 356 limits a candidate's receipts of PAC money and the state has a legitimate interest in acting to prevent the possibility of the type of corruption that has often followed the flow of money to candidates for elected office. In addition, a PAC wishing to contribute to a candidate will be able to find a candidate who has not reached his/her PAC receipt limit even if the PACs first choice has reached his/her PAC receipt limit.

10. Would contributions by political party PACs and "in kind" services by PACs be included?

Yes and maybe. Political party PACs will be included and "in kind" services by PACs will be included if the legislature passes the suggested "in kind" reform set out in Representative Vincent's (H.B. 283) or Senator Eck's (S.B.____) bills.

VISITOR'S REGISTER

HOUSE

COMMITTEE

BILL

DATE _____

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

Montana Senior Citizens Assn., Inc.

WITH AFFILIATED CHAPTERS THROUGHOUT THE STATE

P.O. BOX 423 - HELENA, MONTANA 59624



8 February 1983

TESTIMONY OF FRANCIS CLINCH, OF THE MONTANA SENIOR CITIZENS ASSOCIATION ON HOUSE BILL 356

Mr. Chairman and Members of the Committee,

My name is Francis Clinch and I work for The Montana Senior Citizens Association, which I represent this morning. Our organization strongly supports the intent of House Bill 356 because we believe it is an important piece of legislation, ensuring the right of each of Montana's citizens to have a more equal voice in the selection of the state's legislators.

Members of our association work together to see that the rights of senior citizens are addressed. In this, they often use the motto: "In our numbers is our strength". I think that this is a succinct analysis of the political process of people coming together to speak, and from that the will of the people being done. However, underlying that powerful collective voice, we believe our political process is also based on the fact that the voice and vote of each and every citizen should be of equal worth.

Another factor, however, enters into our political process, and its impact has been felt increasingly during the last two decades. That force is the cost of running a political campaign. Having the voters understand the positions of a candidate costs money, and lately those costs have been inflating rapidly. Too often they have been confused with the campaign process itself, which has degenerated into a search for funding rather than an exposition of ideals. Granted, this problem is not as serious on the state level as on the national, but it is still serious.

During the 1970's, American experienced the ways in which campaign costs can distort the political process when, in the face of rising expenses, candidates resorted to asking a few, wealthy individuals to foot the bills, which many did gladly. America and Montana rejected that practice because

it left some candidates beholden to their benefactors, while some wealthy individuals felt near-extortionistic pressure to contribute large sums. Examples of both situations were experienced during the presidential election of 1972. To restore the balance, limits were placed on the amounts individuals could contribute to the campaigns of those seeking election. The result was to move away from granting excessive influence to a few merely because they had money, and to restore proportionality by having more individuals give smaller amounts.

Another result, however, was the birth of the political action committee, commonly known as PAC, which was placed under fewer restrictions, and has become a major source of funding for election efforts on both the national and state levels. Montana Seniors believes that two effects have sprung from the relatively un-restricted activities of the political committees.

First, they have fed the inflation of election costs. There is usually no shortage of committees willing to contribute substantial amounts to a particular candidate. That candidate's subsequent ability to afford more expensive campaign costs spurs his or her opponent to seek funding from other political committees, which are equally willing to contribute in the hopes that their candidate will win and help represent their views. Thus, the cost spirals.

Even worse, the very nature and reason of the political campaign process has been distorted. When candidates can fund the majority of their campaigns from political committee contributions, they may focus more on the narrow interests of those committees rather than the broad interests of the entire voting population. Citizens, meanwhile, feel that their votes and their views are of little relative importance when the PACs can give so much and have such influence. As was the case with the wealthy individual, limits should be placed on the extent of political committee contributions in the electoral process in Montana. HB 356 does just that.

HB 356 limits political committee contributions in State Senate races to \$1,000 and in State House races to \$600. This will allow the collective membership of particular political constituencies to enjoy their freedom of speech in the election process, but would not let that freedom be inordinately magnified by such a powerful force as money. Those campaigning

under the provisions of HB 356 must depend more on the small contributions of the individual, which are already appropriately limited.

The effects of HB 356 should be the opposite of the unlimited PAC funding we now have. Campaign cost inflation should slow as campaigners no longer find in the political committees bottom-less wells of funding. Increased confidence by the individual voter in the value of his or her vote would also increase as proportionality of funding is more greatly ensured.

Because of these advantages, which would contribute so much to putting election campaigns in their proper perspective, The Montana Senior Citizens Association urges this committee to recommend that this legislation be passed.

Montana Committee for an Effective Legislature

443-2035

Located in the Power Block Building

Box 468 Helena MT 59624

Mont CEL

TESTIMONY BEFORE THE HOUSE STATE ADMINISTRATION COMMITTEE
 FEBRUARY 8, 1983
 Gene Fenderson, President, MontCEL
 HB #356

Mr. Chairman, members of the Committee. I am Gene Fenderson and I come before this Committee today as President of MontCEL. MontCEL appears today to voice our support of HB#356.

The influence of monetary donations by P.A.C.s in Montana has increased dramatically over a short period of the past few years. The availability to candidates of large sums of money pooled by special interests diminishes the role of the average voter in the political process. As I have already stated in previous testimony today, it is MontCEL's fundamental principle that for Democracy to work the voice of each and every individual must not be diminished, but rather placed on an equal footing with all other people.

It is already a fact of life on the national political scenery that major financial contributions by special interests have resulted in the election of officials who begin to feel more strongly their

Board of Directors

Education	Labor	Women	Agriculture	Conservation	Election Advisor
John Board Helena	Gene Fenderson President Helena	Kathy van Hook Secretary/Treasurer Helena	Bruce Myllymaki Stanford	Don Snow Vice-President Stevensville	Margie McDonald Billings

obligations to those special interests who funded them than to the average voter at home. And in Montana, recent trends indicate a similiar growing problem here.

It makes sense that for Montana to maintain its special heritage of grassroots political enthusiasm, then the power of narrowly accrued dollars must be limited.

HB #356 begins this positive process, and for this reason MontCEL appears here today in support of Rep. Vincent's bill. We urge its passage.

Thanks you Mr. Chairman and members of the committee for the opportunity to testify before you today.



Box 1176, Helena, Montana

JAMES W. MURRY
EXECUTIVE SECRETARYZIP CODE 59624
406/442-1708TESTIMONY OF DON JUDGE
HOUSE BILL 356

February 8, 1983

House State Administration Committee

I am Don Judge, representing the Montana State AFL-CIO. Our organization supports House Bill 356, which limits total PAC contributions to \$1,000 for a Senate campaign and \$600 for a House campaign.

This seems to be a reasonable limit or being on the low side of reasonable. It is high enough to allow contributions from several PACs. But it is quite low compared to campaigns which are contested, at least in urban areas. Such limits will provide less than 20% of a contested campaign. For that reason we wouldn't mind seeing the limit raised \$200, especially since there is no provision for inflation.

The Montana State AFL-CIO, as you well know, is involved in the political action field. We have one of the largest PACs in the state. We raise our money from voluntary contributions from members and local unions around Montana. But we favor this contribution limitation because money is taking an ever more important role in campaigns, and that is not healthy.

According to the Common Cause study conducted by Dr. James Lopach, PAC spending has increased in Montana elections from \$22,648 in 1976 to \$111,330 in 1980. PAC spending was 5 times larger in only 4 years.

Obviously the PAC problem is much worse at the national level, because money is essential in any race which relies heavily on media. The National AFL-CIO is on record as favoring aggregate PAC limitations to candidates for national office. Montana's single member state House districts and sparsely populated Senate districts, by other state's standards, still allow for direct voter contact, so the influence of money is not as great.

But PAC influence is increasing so rapidly that we must beware of falling into the quagmire which characterizes national politics, in which the winning candidate is very rarely the one which spent less, excepting a few cases of entrenched incumbents.

TESTIMONY OF DON JUDGE

- 2 -

FEBRUARY 8, 1983

HB 356

BEFORE THE HOUSE STATE ADMINISTRATION COMMITTEE

Montana does not need the best politicians money can buy. It needs to limit the influence of large chunks of money from PACS. This bill is one part of needed campaign reform, although we should not expect it to be a cure-all.

We ask you to support HB 356.

Thank you.

WITNESS STATEMENT

Name JOE LAMSON Date FEB. 8, 1983
 Address Box 802, HELENA Support ? X
 Representing MT. DEMOCRATIC PARTY Oppose ?
 Which Bill ? HB 356 Amend ? X

Comments:

- ① AMEND: SEC. 1, LINE 12. —
 INSERT "MONETARY" AFTER WORD "COMBINED".
- ② AMEND: SEC. 1, LINE 15.
 INSERT "MONETARY" AFTER WORD "COMBINED".
- ③ AMEND: SEC. 1, LINE 16
 ADD: AFTER SENTENCE (.) ADD IN-KIND CONTRIBUTIONS
 SHALL NOT BE CONSIDERED IN COMPUTING THESE
 LIMITATIONS TOTALS.

Please leave prepared statement with the committee secretary.

HOUSE

St Admin

COMMITTEE

BILL

HB 387

DATE _____

8 Feb 83

SPONSOR

FORM CS-33

HOUSE BILL NO. 387 HOUSE BILL NO. 387 HOUSE BILL NO. 387

FACT SHEET

The Problem

There is no limit to the amount of money one individual can give one PAC. Montana is beginning to see the formation of PACS funded by large amounts of money from a few people.

The Solution

House Bill 387 proposes that an individual be limited to \$500 or less in contributions to a single PAC each year.

Questions?

1. Why single contributions to PACs out?

The bill does not do that. At the present time individuals are limited in the amount of money they can give to a Senate candidate (\$400), House candidate (\$250) and to most other campaigns. H.B. 387 plugs the present "loophole" that allows unlimited contributions to PACs.

2. Are there PAC donors who would be affected by H.B. 387?

Yes, at least five PACs have donors who give \$500 or more per year. One of these PACs is the Political Action League which is funded by nightclub, tavern and restaurant owners from Great Falls. In 1982 PAL received the following contributions over \$500: Tom Heisler (\$1100); Tom O'Brien (\$1100);

Ernie Grasseschi (\$1100); Jack Murphy (\$1000); R.C. Murphy (\$1000); Jack Jermelle (\$1000); Martin Javich (\$1000); Jan Tovson (\$1100), Lee Robertson (\$1000); Larry Schott (\$1000); and Jim Jiles (\$1000).

3. Would this limit individual donations to national PACs?

No. It would apply only to Montana Political Committees; that is those who receive their PAC status through recognition by Montana office of the Commissioner of Political Practice.

4. Would this limit PAC donations to other PACs?

No. The bill uses the word "individual" which is defined by the Definition section of the overall laws to mean "a human being." [13-1-101(9)] The use of this word is deliberate as the bill is designed solely to plug the loophole in the limits on what individuals can give to candidates, either directly in their own name or indirectly through a PAC.

Montana Committee for an Effective Legislature

443-2035

Located in the Power Block Building

Box 468 Helena MT 59624


 Mont CEL

TESTIMONY BEFORE THE HOUSE STATE ADMINISTRATION COMMITTEE
 HB #387
 February 8, 1983
 Gene Fenderson, President, MontCEL

Mr. Chairman, members of the Committee. I am Gene Fenderson and I come before this committee today as President of the Montana Committee for an Effective Legislature, MontCEL. MontCEL rises in support of HB #387.

As a political action committee composed of grassroots Montanans from average to low-incomes, MontCEL knows the value of raising money from a broad range of individuals. In 1982 99% of MontCEL's some 800 individual contributors fell below the \$500 limit which would be imposed through passage of HB #387.

In fact, the average donation of those MontCEL contributors was around \$30. Our donations came from a broad range of Montanans from the communities of agriculture, education, labor, conservation, women, professionals, seniors, and others across the fabric of Montana's society.

It is the belief of the Montana Committee for an

Board of Directors

Education	Labor	Women	Agriculture	Conservation	Election Advisor
John Board Helena	Gene Fenderson President Helena	Kathy van Hook Secretary/Treasurer Helena	Bruce Myllymaki Stanford	Don Snow Vice-President Stevensville	Margie McDonald Billings

Effective Legislature that the political process must be openly accessible in an equal way to all people. By not having any limit on individual monetary contributions to P.A.C.s, the balance of equal access is disturbed to favor those who gain privilege through wealth.

For that reason, MontCEL supports Rep. Vincent's effort through HB #387 to disperse the influence of individual contributions to P.A.C.s by setting a limit. Such a limit would assist in allowing for more democratic participation.

Thank you Mr. Chairman and members of the committee for this opportunity to appear before you today.

HOUSE BILL NO. 650 HOUSE BILL NO. 650 HOUSE BILL NO. 650

FACT SHEET

The Problem

A PAC contribution can be timed so that a candidate receives it too late in the campaign to be reported to the public through the media.

The Solution

House Bill 650 proposes that a PAC contribution be received no later than 6 days preceeding the date of election.

Questions?

1. Are there examples of this type of practice?

Yes. Attached to this memo is a copy of an offer by a Montana PAC to contribute \$150 to the campaign of Representative John Vincent (D-Bozeman). Please note that Vincent could have chosen any date (November 1, presumably) on which to receive the contribution.

2. Won't this cause reporting problems for a candidate?

No. A candidate needs to file a closing report and the candidate's report must not show any PAC receipts after the 6th day preceding the elections. It is a straightforward law that should be easy for candidates to understand. In a nutshell, a candidate cannot take PAC money after the 6th day preceding the election.

CITIZENS FOR
RESPONSIBLE
GOVERNMENT
Employees of
Montana Power



P.O. BOX 624
BUTTE, MT. 59703
PHONE 406 723-5421

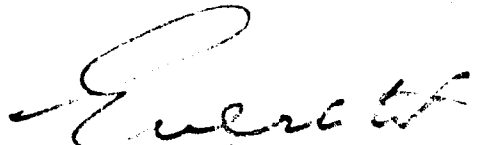
September 13, 1982

Representative John Vincent
1317 South Grand
Bozeman, MT 50715

Dear John:

I'm pleased to inform you that The Montana Power Company oyees' PAC (Citizens for Responsible Government) has authorized a contribution of \$150 for your legislative campaign. All that is necessary for you to do is fill out the form on the bottom of this letter, return it to me before October 1, 1982 and the check will be mailed to you whenever you wish.

Good Luck on your Campaign!


Everett Shuey, Manager
Governmental Affairs

Name of Campaign Committee _____

Treasurer of Committee _____

Address of Committee _____

Return this form to:

Everett E Shuey, Manager
Governmental Affairs
The Montana Power Company
40 East Broadway, Butte, MT 59701

ES/jd/2:1

motl

PROPOSED AMENDMENT TO HOUSE BILL 387

(1) Page 2, line 1

Following: "committee"

Insert: "other than a committee provided for in subsection
1"

HOUSE

St Admin

COMMITTEE

BILL

HB 650

DATE _____

8 Feb 83

SPONSOR

[illegible]

IF YOU CARE TO WRITE COMMENTS, ASK SECRETARY FOR LONGER FORM.

WHEN TESTIFYING PLEASE LEAVE PREPARED STATEMENT WITH SECRETARY.

WITNESS STATEMENT

Name JOE LAMSON Date FEB. 8, 1983
Address BOX 802, HELENA Support ? X
Representing MT. DEMOCRATIC PARTY Oppose ?
Which Bill ? HB 650 Amend ? X

Comments:

AMEND: INSERT AFTER LINE 22, PAGE 1, "IN-KIND CONTRIBUTIONS
SHALL BE EXEMPTED FROM THIS PROHIBITION."

Please leave prepared statement with the committee secretary.

Amendment
House Bill 650

1. Page 1, line 20
Following : "no"
Insert ; "monetary"