



Big Money Bulletin

Inside

Page 2

2 million voters get no choice
Legislative fundraising up 55%

Page 3

Fat cats give big to 527s
Gard gets little love from home

Page 4

"Issue ad" loosely defined
New addition to WDC family

Get Big Money



Out of Politics!

August 2004

Edition No. 39

On the Web:
www.wisdc.org



Truth in campaigning faces critical test Sept. 1

After losing its nerve at its May meeting and delaying final action on a truth-in-campaigning rule written by the Wisconsin Democracy Campaign, the state Elections Board now plans to act on the proposed disclosure measure on September 1.

The proposed rule requires full disclosure of special interest campaign ads and the unlimited and anonymous "soft money" donations that pay for them. WDC research shows that at least \$4 million in corporate contributions and other soft money donations escaped detection by the state's campaign finance disclosure system in 2002.

On three different procedural votes, the Elections Board supported moving forward with the proposed rulemaking. But when faced with a vote on final approval, two Democratic appointees to the Board withdrew their support. Both asked for more time to consider the rule.

Contact the Elections Board Today

The Elections Board has the power to adopt what would be the biggest accomplishment in the area of campaign finance reform at the state level in over 25 years. **The Board needs to hear from you before September 1.**

Call 608-266-8005 and urge the Board to adopt the proposed rule requiring full disclosure of soft money and phony issue ads at its September meeting.

Or, you can write to:

**Wisconsin State Elections Board
P.O. Box 2973
Madison, WI 53701-2973**

If you prefer e-mail, send your message to seb@seb.state.wi.us.

More information about issue ads and the proposed disclosure rule is available at www.wisdc.org/issue_ad_action_alert.html

Over 2 million voters face no-choice election this November

Nearly 2.2 million Wisconsin voters will have no choice in who represents them in the state Assembly or Senate because only one candidate so far is seeking a place on the November ballot in 44 of 115 legislative races, a Wisconsin Democracy Campaign analysis of state legislative contests shows.

WDC found that only one candidate is on the November ballot in 38 of 99 Assembly seats and only one candidate is on the ballot in six of 16 Senate races. In an additional seven races – five for the Assembly and two for the Senate – a lone major party candidate faces only a third-party challenger.

In the September primary, voters have no choice in 34 legislative races because there is only one candidate on the ballot.

The high number of uncontested races in 2004, which continues a 15-year trend, is due in large part to the campaign war chests built up by incumbents to scare off challengers going into the election year. At

Wisconsin had no uncontested state legislative races in 1970. In the mid-1980s, only one in seven races was uncontested. Now nearly 40% are.

the beginning of 2004, legislators had a collective cash balance of \$3.16 million in their campaign accounts.

Other findings in WDC's review include:

- Thirty-three incumbents are unopposed for reelection, including ten freshmen elected just two years ago. Until recently, freshmen legislators typically drew challengers because they were viewed as more vulnerable than veteran legislators.
- Residents of nine Assembly Districts will not be able to choose who represents them in either house of the Legislature because only one candidate is on the ballot so far for both the Assembly and Senate seats that represent them.

In 1970, there were no uncontested state legislative races in Wisconsin. As recently as the mid-1980s, only about one in seven races was uncontested.

Legislative fundraising up 55% Incumbents hold 8-1 cash advantage

Current members of the state Legislature already have amassed more than \$2.8 million in campaign funds and enjoy an 8-1 cash advantage over those challenging them for their offices this November.

Campaign finance reports covering the first six months of 2004 filed by the candidates with the state Elections Board show incumbents had \$2.84 million on hand as of June 30 compared to \$358,925 held by their challengers.



Candidates for 20 open seats – legislative races where incumbents are not seeking reelection – had \$457,826 in their campaign accounts.

In addition to legislative candidates, campaign finance reports filed by Governor Jim Doyle show he raised \$907,870 and had a staggering \$1,630,607 in his campaign account – more than twice as much as former Governor Tommy Thompson amassed at comparable stages during his tenure as governor.

Legislative candidates raised a record \$2.27 million and had \$3.66 million in their campaign accounts as of June 30. Their fundraising is 55 percent higher than the \$1.46 million they raised in the same period in 2002 and 13 percent higher than the \$2 million they raised in the first six months of the 2000 presidential election year.

“The overwhelming fundraising advantage enjoyed by incumbents is the single biggest reason we have an epidemic of uncontested state legislative races in Wisconsin and more than 2 million people will have no choice this fall in who represents them in the state Assembly or Senate,” WDC executive director Mike McCabe said. “Anyone thinking of challenging a sitting member of the Legislature is forced to compete on a playing field that is nowhere near level.”

Wisconsin's big donors open checkbooks to 'shadow parties'

An elite corps of 142 wealthy individuals, businesses, unions and political committees from Wisconsin have contributed more than \$565,000 to groups that accept and spend unlimited and unregulated contributions to influence federal elections, according to a report compiled by the Wisconsin Democracy Campaign.

The groups known as 527s are tax-exempt political nonprofit groups that get their name from the U.S. Internal Revenue Service code under which they are organized. Nationally, 527s raised \$179 million between January 2003 and March 2004 to spend on direct mail campaigns, negative broadcast advertising and voter registration drives.

The groups are designed to get around the new Bipartisan Campaign Reform Act, also known as the McCain-Feingold campaign finance law, which prohibits national party committees from accepting and spending hundreds of millions of dollars in anonymous contributions known as "soft money." The Federal Elections Commission has so far refused to apply the law's ban on soft money fundraising to 527 groups.

WDC's report on 527s, entitled "*Tax Code Two-Step*," found that 107 individuals, 29 corporations and trade groups, three labor unions and three political committees from Wisconsin gave \$565,397 to 22 of these unregulated groups between January 2003 and March 2004. WDC reviewed thousands of pages of IRS reports filed by 132 of the tax-exempt political groups during the 15-month period.

The donations averaged \$3,982 per contributor – nearly double the \$2,000 limit on contributions an individual can make to a federal candidate. The corporate and union donations also skirt the federal law prohibiting them from making contributions from their treasuries to influence federal elections.

Leading the list of Wisconsin donors are Terry and Mary Kohler, who contributed \$30,500 and \$25,000 respectively to 527 organizations that support GOP candidates. Johnson Controls, Credit Union National Association, Miller Brewing and Kohl's Corp. gave the most among the 29 corporations that fund 527s.

The full report on 527 fundraising is available on WDC's web site at www.wisdc.org/pr070604.html

97.9% of Gard donations from people who can't vote for him

In his first year as Assembly Speaker, John Gard raised more large individual contributions from powerful special interests outside of his Assembly District than any previous candidate for the Legislature.

Gard raised \$248,925 from individual contributors in 2003. Of that, \$232,663 came in large individual donations – contributions totaling \$100 or more in a year from the same contributor. Most of these large contributions – \$227,708 or 97.9 percent – came from outside his district. Only \$4,955 in large contributions came from people who could vote for him. The speaker's remaining individual donations – \$16,262 – were contributions under \$100. However, a review of those donations found that at least \$10,104 came from outside his district.

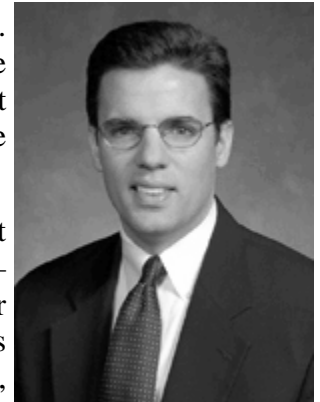
Gard also received the most out-of-state contributions – \$15,025 – of any legislator in 2003. In addition to his own campaign committee, Gard raised \$173,110 in 2003 for the Republican Assembly Campaign Committee he controls.

While the speaker represents portions of Marinette, Oconto and Brown counties, his principal residence is in Sun Prairie and his financial support comes from special interests throughout the state and as far away as California, Texas, Maryland and Washington D.C.

Gard received \$30,350 in 2003 – more than any other legislator – from road builders and transportation interests who benefited handsomely from the speaker's leadership role.

The Assembly increased the governor's proposed transportation budget by adding over 100 road construction projects amounting to nearly \$1 billion in additional road spending.

The Assembly's action came a month after a mid-May fundraiser by Gard at the home of a Janesville road builder. He also held fundraisers at country clubs in Racine and Fond du Lac while the budget was under consideration.



'Issue' group peddles deceit

A previously unknown group, the Committee for Milwaukee's Future, entered the 4th Congressional District race in August when it began broadcasting radio ads hyping Milwaukee attorney Matt Flynn's background and qualifications for office.

As a so-called "527" group, referring to the section of the federal tax code under which it is organized, CMF is not subject to federal campaign finance disclosure requirements or campaign contribution limits.

On its web site, CMF says it will "speak out on a broad range of issues" but "will not endorse any candidates."

The organization's spokesman, Madison attorney Mike Wittenwyler, denied the ads amounted to an endorsement and told the *Milwaukee Journal*

Sentinel the group is "not involved in campaigns, only in issues." When asked by one of the newspaper's reporters what the Flynn ads had to do with issues, Wittenwyler said "*leadership is an important issue.*"

Comings and goings at WDC

Cindy Fesemyer started in June as the Democracy Campaign's new financial manager. Cindy replaces Diane Anderson, who worked for WDC for two years before accepting a position with the accounting firm Grant Thornton.

Cindy previously worked as financial administrator, office manager and grant administrator for the Wisconsin Community Fund. She also served on the board of directors of the Social Justice Center and formerly was development director for community radio station WORT-FM in Madison.



210 N. Bassett St. Suite 215
Madison, WI 53703

608 255-4260
www.wisdc.org