



1 April 2013

Senator Jim Peterson  
Montana Senate  
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Dear Senator Peterson:

I am writing to you today on behalf of Common Cause Montana and as the treasurer for the I-166 campaign regarding Senate Bill 375, also known as the TRACE Act. Your efforts to date to shine a bright light on dark money have been important, necessary, and noble.

We agree that elections should be about candidates, ideas, and voters. And we agree that the amount and sources of money funding elections should be visible to all, not hidden or "dark," without disclosure or identification. What has transpired in Montana elections over the last couple of cycles cannot be allowed to continue: campaigns rife with dark money, misleading ads and mailers from dark money groups, and a general sense among the electorate that the integrity of our elections has been undermined.

While we support your effort to address dark money, we have significant concerns with provisions in the bill that would increase existing contribution limits. Those provisions buck 100 years of voter intent on campaign finance and are inconsistent with the recently approved I-166. We are writing to formally request that you work with us to address those concerns now as the bill moves from the Senate to the House for consideration.

Simply put, current Montana law on direct contributions to candidates should not be altered. Our collective goals can be achieved by addressing both independent expenditures and expenditures from nonprofit groups that engage in electioneering – without changing current law that governs direct campaign contributions to candidates.

We have voiced these concerns to you privately and at the hearing before the Senate Judiciary Committee. We do not believe that dramatic change in current law governing direct campaign contributions to candidates has been given its proper review with the overwhelming attention to secret money. We strongly believe the changes proposed in SB 375 to current law will not serve the people of Montana well.

First, SB 375 would wrongly repeal Montana's aggregate PAC limit law, which limits aggregate PAC contributions to \$2,150 for Senate and \$1,300 for House campaigns. Prior to the current law's passage in 1983, some legislative candidates received as much as two-thirds of their campaign funds from PACs. Even still, for a decade after the 1983 law was passed, special interests used a loophole and made substantial in-kind contributions. Despite five attempts, Montana citizens were not able to close this loophole until the passage of I-118 in 1994. Nevertheless, for thirty years PACs have had a very limited role in Montana legislative races. Repealing the aggregate PAC limit would remove this protection and result in more special interest and wealthy contributor involvement in Montana elections.

There is no good reason to give PACs an unlimited role in financing our state legislative races. The PAC limit law has served to limit the role of special interest lobbyists because they can no longer influence candidates through unlimited PAC contributions. The connection between PACs and lobbying is well-established.

Second, SB 375 wrongly increases current contribution limits. These proposed increases are dramatic in size. For example, the amount a political party can give to a House legislative candidate would increase from \$650 under the current law to \$5,000. Such changes would undermine the will of Montanans since current limits were set by I-118, passed by voters in 1994. Despite a legal challenge by dark money groups, these existing limits have been upheld. We would be glad to discuss in length the history of the development of these limits and why they serve the people of Montana well.

As you know, most Montanans are not wealthy people. Increasing the limit for individual contributions would only increase the influence of wealthy individuals, including those from out of state. We saw this illustrated recently with the report that two billionaire Texans and their wives were the top donors giving over \$50,000 in 2012 to Montana legislative candidates. Unless fixed, SB 375 would give these Texans the possibility of tripling their current contributions in some cases and allow them to easily contribute well over \$100,000 in upcoming elections. But that scenario only considers their potential donations as out-of-state individuals. Unless the provision to repeal Montana's aggregate PAC limit law is removed, SB 375 would also allow them to create multiple PACs through which they would be able to funnel unlimited money to avoid contribution limits altogether. This has been the case in other states that are without the protections we Montanans currently enjoy.

These proposed changes to existing law are wrongheaded and are not necessary components of a bill that addresses the dark money problem. The nature of dark money groups is that they represent interests of individuals who prefer to remain in the shadows so that they can influence our elections and our government out of the public eye. Time and time again we have seen those with big money use all available methods to influence the election outcomes. We should not weaken or eliminate current Montana law on direct contributions to candidates.

Clear and meaningful contribution limits are important to fair elections and keep Montana politics free from corruption. On the other hand, wealthy individuals and special interests who take advantage of higher contribution limits as well as the loophole created by eliminating the aggregate PAC limit law would be potential sources of corruption in our state government. The purpose of low contribution limits and the prohibition on corporate campaign contributions has always been to prevent corruption.

We would be glad to meet with you and discuss our concerns.

We hope that we can support SB 375, but we cannot support it as long as those provisions remain in the bill. We ask you to please work with us to amend SB 375 and keep in place Montana's current direct contribution limits and disclosure thresholds.

Sincerely,



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