

Inside

Page 2

Budget writers rake in cash
State gets 'C' for lobby laws
FCC pushes media monopolies

Page 3

McCain-Feingold lives on

Page 4

New spending record set

Get Big Money



Out of Politics!

May 2003

WDC files 43 complaints against fat cat donors *Action prompted by six-fold jump in illegal contributions*

After discovering a slew of illegal campaign contributions on reports filed with the State Elections Board, the Wisconsin Democracy Campaign filed 43 complaints May 13 against 42 wealthy donors and ex-governor Scott McCallum.

The donors exceeded a contribution limit in state law by as much as 85%, and the number of contributors exceeding the limit has increased *six fold* in the last two years.

When WDC brought evidence of illegal campaign donations to the attention of the State Elections Board in the past, the Board took no action. This track record of inaction prompted WDC to file formal complaints this time in an effort to force the Board's hand on enforcement of the law.

"The Elections Board's permissiveness has bred disrespect for the law," said WDC executive director Mike McCabe.

The Board's lenience toward wealthy donors also is an illustration of the need for reform of the structure of the enforcement agency. WDC has endorsed **Senate Bill 11**, which merges the Elections Board and Ethics Board into a single agency under the direction of a politically independent board with expanded enforcement powers.



Elections & ethics reform bill clears first hurdle

A day after the Democracy Campaign filed 43 complaints over violations of state limits on campaign contributions, a Senate committee approved a bill to reform the State Elections Board.

The Senate Education, Ethics and Elections Committee voted to advance Senate Bill 11, replacing the current Elections Board and Ethics Board with a single, politically independent board.

The committee also approved legislation already passed by the Assembly making it illegal to trade legislative favors for campaign donations. Before approving the "pay to play" ban, the committee adopted a WDC-initiated amendment to expand the prohibition to cover all public officials and candidates for state and local office, not just state legislators.

Budget writers rake in special interest protection money

Members of the legislature's budget-writing Joint Finance Committee have received \$3 million in campaign contributions from the most powerful economic and political interests in the state, a Democracy Campaign analysis released in April shows.



Donations to current members of the finance committee are up 308% over the \$733,000 in contributions committee members received from special interests four years ago before they considered the 1999-2001 state budget.

As the committee puts the finishing touches on its version of a budget designed to close a \$3 billion deficit, it has left untouched all but \$1 million of \$5 billion worth of special

interest perks identified in the Democracy Campaign's "Graft Tax" reports.

State gets 'C' for lobbying laws

Once known for squeaky clean politics and an airtight ethics code, Wisconsin has fallen from grace, earning only a "C" from a national research organization for its laws regulating lobbyists.

The survey by the Center for Public Integrity paints a bleak picture of lobbying disclosure and ethics enforcement across the nation. Despite finding substantial holes in Wisconsin's law, the group ranked the state sixth best nationally.

Wisconsin was credited for its system allowing citizens to track lobbying activity on the Internet and for a gift ban prohibiting lobbyists from giving public officials lodging, transportation, meals, drinks or money.

But the state was downgraded for a loophole exempting campaign contributions from the gift ban and for the lack of a "revolving door" law requiring a waiting period before former legislators and other public officials can become lobbyists.

FCC moves to further relax media ownership rules; June 2 vote set

The Federal Communications Commission is moving to ease media ownership rules for television stations. A vote on the proposed new rules is set for June 2.

The 1996 Telecommunications Act relaxed ownership rules for radio stations, resulting in Texas media giant Clear Channel Communications growing from a group of 40 stations before the act to more than 1,200 stations today.

The FCC's deregulation plans for television could turn station owners like the Baltimore-based Sinclair Broadcast Group into the Clear Channels of the TV industry. It also could mean the end of local TV news.

Sinclair started as a single UHF station in Baltimore in 1971, but began a frenzied expansion in 1991 by using "local marketing agreements" to circumvent FCC rules barring a company from controlling two stations in a single market.

With 62 stations now under its control, Sinclair is introducing centralized news programming produced in Baltimore to replace locally produced newscasts. Calling its NewsCentral service a "revolutionary news model," Sinclair is foreshadowing the future of TV news under relaxed media ownership rules.

"Media ownership needs to be democratized, not consolidated and homogenized," WDC director Mike McCabe said. "If the FCC has its way, we will hear fewer voices and fewer perspectives, and get more generic news and commentary."

ACTION ALERT — Contact the FCC

Contact the Federal Communications Commission **before June 2** to oppose media ownership deregulation and centralized news programming.

Phone: **1-888-CALL FCC** (1-888-225-5322)
toll-free

E-mail: **fccinfo@fcc.gov**

Mail: **Federal Communications Commission**
445 12th Street, SW
Washington, DC 20554

Early reports of reform law's demise prove inaccurate

Federal court ruling on McCain-Feingold not nearly as bad as first thought

When a three-judge federal court ruled several weeks ago on the constitutionality of the McCain-Feingold campaign finance reform law, a national wire service reported the court “struck down most” of the law, “casting into doubt” its future.

Newspapers across the country ran headlines announcing the law had been “overturned” or “killed” or “tossed.”

Contrary to initial reports that the law's soft-money ban was gutted, the ruling actually upheld key aspects of the prohibition and even expanded it in some respects.

Opponents of the law trumpeted the ruling as a major victory. The law's supporters appeared to acknowledge a setback.

Democratic Congressman Ron Kind of La Crosse called the May 2 ruling “a win for the few who believe there is not enough money in our political system.”

A closer look at the decision, however, made clear that the court's complex 1,600-page ruling was at least a partial victory for reformers. Wisconsin Senator Russ Feingold said the court preserved 75% of the law.

The national Center for Responsive Politics called the ruling a “split decision” that “leaves the campaign finance law stronger than it was prior to the passage of McCain-Feingold, but not as strong as Congress intended.” Another national group, Democracy 21, also saw both good and bad in the ruling.

Contrary to the initial reports that the law's soft-money ban was entirely gutted, the ruling actually upheld critical components of the prohibition and even expanded it beyond the intent of the authors in some respects.

New York University Law School's Brennan Center for Justice says what's most notable about the ruling is that the court rejected the so-called “magic words” test created by the U.S. Supreme Court in 1976 that has allowed special interest groups to sidestep campaign finance disclosure requirements and conceal their donors merely by avoiding the use of words like “vote for” or “vote against” in their ads.

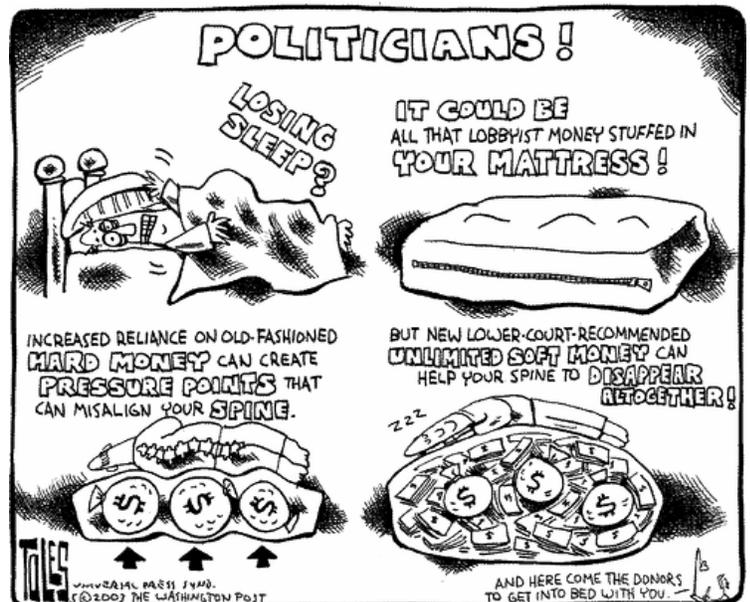
The court upheld disclosure of sham issue ads, stating: “Plaintiffs never satisfactorily answer the question how ‘uninhibited, robust and wide-open’ speech can occur when organizations hide themselves from the scrutiny of the voting public.”

The judges wrote in their ruling that issue ad regulation is necessary to help voters “identify the source of the funding behind broadcast advertisements” and said resistance to full disclosure on the part of the law's opponents is “nothing short of surprising.”

The court ruled that political parties can raise soft money, but cannot use it to pay for campaign ads. And the court also ruled that federal candidates cannot solicit soft money.

The federal court's ruling is not the final word on McCain-Feingold's constitutionality. The U.S. Supreme Court will review the lower court's decision and will likely change some of the rulings.

Recognizing that fact, the federal court ruled May 19 that the law as enacted by Congress would remain in effect until the Supreme Court rules.



New campaign cash record set

Wisconsin Rapids attorney Alex Paul spent a record \$421,382 — *in the primary alone* — on his bid for the vacant 24th District seat in the State Senate, including \$405,00 of his own money.

Paul didn't even make it to the general election, losing the Democratic primary by a 2-to-1 margin to State Representative Julie Lassa.

Paul's spending spree in the special spring primary election broke the previous record for a Senate campaign set in 2000 by Republican Senator Sheila Harsdorf, who spent \$409,279 to capture the 10th Senate District seat in western Wisconsin.

In addition to the record amount Paul spent on his own failed campaign, he acknowledged after the April 1 primary election that his personal fortune was one of the sources of money political hit man

Todd Rongstad tapped to run a smear campaign against Lassa last fall when she was running for reelection to the Assembly. Paul is now caught up in a defamation lawsuit Lassa filed against Rongstad.

Rongstad has drawn the Democracy Campaign's attention over the years. He was named in the formal complaint WDC filed in June 2001 stemming from the legislative caucus investigation.

WDC also filed a complaint against Rongstad in 1999 for failing to disclose sources of nearly \$150,000 he raised for attack ads that called one Assembly candidate a wife beater and suggested another candidate was responsible for the drug-related death of a teenage girl. The state Elections Board ruled in favor of WDC and fined Rongstad \$5,500 — at that time the second largest fine in Elections Board history.



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