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Corporate spending disclosure rules OK'd

At its May 10 meeting, the state Government Accountability Board put in place an emergency rule backed by the Democracy Campaign requiring disclosure of corporate election spending and set the process in motion to make the rule permanent.

The rule – adopted in response to the U.S. Supreme Court decision in *Citizens United v. Federal Election Commission* giving corporations a free rein to spend on elections – creates registration, reporting and advertising disclaimer requirements for corporate election spending.

The Democracy Campaign characterized the board's action as a small step in the right direction.

“This rule does not create as much disclosure as the people of Wisconsin deserve, but it does represent an improvement over past elections where the public was kept totally in the dark about the spending done by corporate interests. The board went as far as current state law allows,” WDC director Mike McCabe said. “It's up to state legislators and the governor to enact a law that drills down more deeply to fully expose the origins of the money used to pay for election advertising.”

The GAB's latest action follows the board's approval in March of new rules long sought by the Democracy Campaign closing the “issue ad” loophole special interest groups have exploited to avoid disclosure of election-related activity and operate outside Wisconsin's campaign finance laws. The board sent those rules to the Legislature in May for review. They will take effect after the legislative review period unless both houses take action to block their implementation.



U.S. Supreme Court obstructs Arizona election funding system

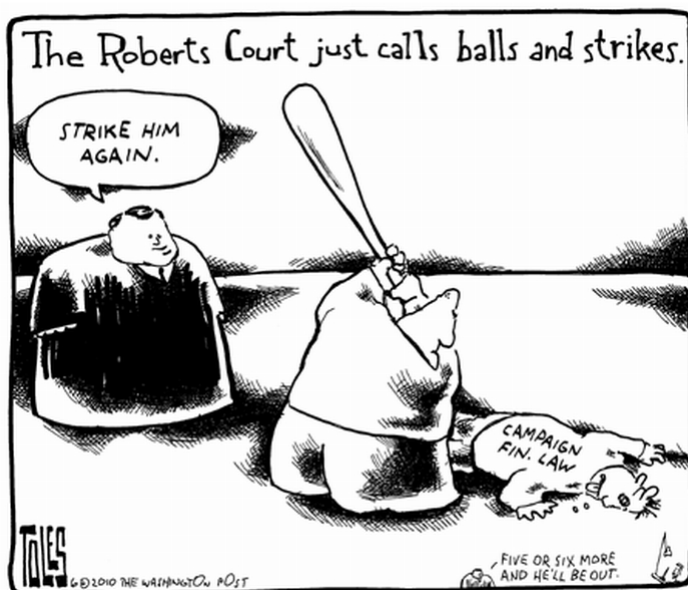
The U.S. Supreme Court on June 8 temporarily blocked the state of Arizona from releasing funds to publicly financed candidates for state offices, pending a high court review of a legal challenge to Arizona's 12-year-old system.

On May 21 the Ninth Circuit U.S. Court of Appeals issued a ruling unanimously affirming the constitutionality of Arizona's public financing system for state elections.

"By brazenly interfering in a state election while it is going on, the radically reactionary majority on the nation's highest court has once again exposed the deceit in all the high-minded talk from self-proclaimed 'judicial conservatives' over the years about the perils of 'activist judges' who 'legislate from the bench,'" WDC director Mike McCabe said in a blog posted June 10.

The Arizona case has significant implications for Wisconsin because its new law creating publicly financed state Supreme Court elections contains the same feature that is being challenged in Arizona. The U.S. Supreme Court's decision to review the Arizona law most likely puts implementation of Wisconsin's new law on hold, putting in doubt whether it will be in effect for the 2011 state Supreme Court election.

The Democracy Campaign joined with two other reform groups to intervene in defense of Wisconsin's Impartial Justice Act. In March, a federal district judge granted the three groups' request to participate in the cases as *amicus curiae* or "friend of the court."



Legislators rely on outside cash

Wisconsin legislators get roughly two-thirds of their campaign money from people who cannot vote for them because the donors live outside their districts, a Democracy Campaign report issued in mid-June shows.

Of the \$1.29 million in contributions of \$100 or more that legislators received in 2009, \$823,915 or 64% came from people living outside their districts and \$461,907 or 36% came from people who can vote for them.



The analysis focused on donations from individuals of \$100 or more because WDC has an extensive storehouse of information about donations of this size in its searchable computer database. Donations of this size make up over three-quarters of the money raised by lawmakers from individuals. Not counted in the analysis were donations from political action committees run by interest groups which are not located in the districts of nearly all state legislators.

Nineteen of the Legislature's 132 members took \$10,000 or more in large individual contributions from outside their districts in 2009. Forty-five legislators, which is one-third of the members, got 75% or more of their money from outsiders. This includes 15 who got 100% of their large contributions from outside their districts.

Assembly Republicans took the most outside money – \$335,930 or 66% of the \$509,155 they raised. Senate Democrats had the highest percentage of contributions from outside their districts – 74% or \$199,879 of the \$269,520 they raise. Assembly Democrats raised \$189,405 or 69% of their \$274,210 from outside their districts.

Senate Republicans raised more from inside their districts than from outside – \$134,236 or 58% of the \$232,937 they raised came from constituents.

Drunk driving legislation watered down as booze money flows

The alcohol industry certainly knows how to quench the thirst of Wisconsin politicians. A report issued by the Democracy Campaign in early May showed that liquor, beer and wine makers, distributors, and taverns and others who sell alcoholic beverages gave more than \$2.5 million to legislative candidates and partisan leadership committees over the last 10 years, including nearly \$294,000 in 2008 and another \$115,000 in 2009 while a number of proposals to stiffen penalties for drunken driving were under consideration.

Compromise legislation passed by the Legislature still left Wisconsin with some of the most lenient drunken driving laws in the country. Proposals to create sobriety checkpoints and criminalize first offenses were defeated, as were proposals to increase beer and liquor taxes to pay for increased incarceration, probation and treatment costs. Wisconsin's beer tax hasn't been increased in more than 40 years and is the third lowest in the country. The liquor tax ranks 10th lowest in the nation.

70 fat cats gave 13% of donations

Seventy individuals and couples gave \$874,161 or 13 percent of the total large individual contributions in 2009 and much of it went to the governor and statewide candidates in the upcoming 2010 general election, a Democracy Campaign analysis showed.

Republican candidate for governor Scott Walker accepted \$284,485 from these contributors, followed by Democratic Governor Jim Doyle who got \$242,286 and Democratic candidate for governor Tom Barrett who took \$117,600.

Among these elite donors were 11 individuals identified by the Democracy Campaign in April who exceeded the annual \$10,000 limit on total donations to state and local campaign. Topping that list was William B. Johnson of Hayward, owner of Johnson Timber Corporation, who contributed \$14,000 in 2009, including \$10,000 to conservative Wisconsin Supreme Court candidate Randy Koschnick and \$4,000 to Doyle. Another was Wisconsin & Southern Railroad president William Gardner of Hartford, who told state regulators in May that he used corporate money to reimburse employees for making political donations. That practice is illegal in Wisconsin.

WDC flags donors for excessive campaign contributions in 2009

Eleven contributors to candidates for statewide office and the legislature exceeded the annual \$10,000 limit on individual contributions in 2009, according to a Democracy Campaign review of state campaign finance reports filed by legislative, judicial and statewide candidates and political parties that show the sources of their campaign contributions and spending.

The report listing the 11 donors is available on WDC's website at www.wisdc.org/pr042810.php. Most are business executives or prominent attorneys with top Wisconsin law firms. Among them is Hartford railroad company president William Gardner, who personally gave \$10,000 to Republican candidate for governor Scott Walker and \$3,500 to the Assembly Democratic Campaign Committee.

In addition to those donations, the *Milwaukee Journal Sentinel* uncovered the railroad executive's scheme to funnel his company's money to the Walker campaign, laundering the money through other company employees. Corporate contributions to candidates for public office in Wisconsin have been illegal for more than 100 years and remain so.

Both Walker and the Assembly Democrats' committee said they would return the donations when informed they were corporate funds passed through company employees.

State law allows the Government Accountability Board to fine those who violate the \$10,000 annual contribution limit \$500 plus triple the amount by which the limit was exceeded.

In late March, the GAB announced it had collected more than \$23,000 in fines from seven people flagged by the Democracy Campaign for exceeding the contribution limit in 2008.

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**Member survey inside
this edition of
*Big Money Bulletin***

Wisconsin Supreme Court gives Jensen a home-court advantage

The state Supreme Court ruled May 20 that former Assembly Speaker Scott Jensen should be re-tried for criminal misconduct in public office in his home county of Waukesha, not in Dane County where the offenses are alleged to have occurred.

Disagreeing with a circuit court and a state appeals court that both denied Jensen's request for a change of venue for his retrial, the high court retroactively applied a state law creating a home court advantage for Wisconsin politicians that was not on the books when Jensen was criminally charged in 2002 or when he was convicted in 2006 and sentenced to 15 months in prison and banned from the Capitol for five years.

After his conviction, Jensen's lawyers challenged an

instruction the trial judge gave the jury and were able to get his conviction overturned on a technicality. Then Jensen's former colleagues in the Legislature wrote a new law in 2007 allowing state politicians to be prosecuted in their home counties for alleged crimes related to ethics and elections.

"The circuit court and the appeals court both saw through all of this. The Supreme Court fell for it," WDC director Mike McCabe said. "In ruling as they did, the members of the high court have rewarded the former speaker for gaming the criminal justice system for over seven and a half years."

Jensen now is in a strong position to negotiate a favorable plea deal. The Waukesha County district attorney said publicly that the case will overwhelm his office and even comically remarked that he's not even sure his office has the space to house all the boxes of documents contained in the court file.



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