Before the Maryland House Ways and Means Committee:

Hearing on campaign finance legislation
HB 1251

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Written testimony of:

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Thank you for the opportunity to testify on the proposed campaign finance regulations. My name is Laura Renz, and I am the Government Relations and Research Director for the Center for Competitive Politics, headquartered in Alexandria, Virginia. The Center's mission is to educate the public on the role of money in politics and to protect the First Amendment political rights of speech, assembly, and petition.

I am here today to testify on the serious concerns my organization has with House Bill 1251, which would create a taxpayer financing ~~sche~~program~~me~~ for candidates for the state legislature.

These types of programs are often introduced with grand promises for freeing candidates from the pressures of fundraising, alleviating them of ties to special interests, and generally improving the electoral process.

But little attention is paid to the fact that taxpayer financing has continually failed to meet these goals, wasting an extraordinary amount of constituent tax dollars in the meantime.

Fortunately, Maryland doesn't have to make that mistake. A handful of states have had taxpayer financing in place for a significant amount of time—Maine and Arizona both enacted them in 2000—that we can analyze the experience of those states' programs and whether taxpayer financing has notably improved elections.

Decreases Confidence in Government

In 2003, the United States Government Accountability Office published a study of taxpayer financed campaigns in Maine and Arizona, and found that neither state's program led to greater public confidence in government.[1]

Research by other noted political scientists have led to similar conclusions. Professors Jeffery Milyo and David Primo examined taxpayer financing programs and found that these laws in fact have a "negative effect on public views about whether 'people have a say' in their government or whether 'officials care.'"[2]

Proponents of these programs often cite increased public opinion of government and elected officials as a valid reason to continue to operate and fund candidate campaigns at taxpayer expense. While that assertion itself is questionable, it is clear that public skepticism of government remains the same regardless of how campaigns are funded.

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[1] United States General Accountability Office, "Campaign Finance Reform: Early Experiences of Two States That Offer Full Public Funding for Political Candidates," May 2003, http://www.gao.gov/new.items/d03453.pdf
[2] David M. Primo and Jeffrey Milyo. "Campaign Finance Laws and Political Efficacy: Evidence from the States," 2006, http://www.rochester.edu/college/psc/primo/primomilyoelj.pdf

Special Interests

Another of the many claimed benefits of taxpayer financing is that it reduces power and influence of lobbyists and so-called special interests. Maine Senate President Beth Edmonds has stated "when I'm walking down the halls of the legislature and I see lobbyists from major corporations… I know that I get to make decisions [for] all the people in my district and not just specific interest groups."[3]

If these assertions are correct, organized interests would have less of an incentive to spend money or time meeting with lawmakers, and a subsequent drop in their reporting and registration would be expected.

Not surprisingly, this isn't true. In 2002 in Maine, the second election cycle in which candidates ran under their taxpayer financing program, there were only 92 active state registered lobbyists. By 2007, that number had grown to 192 lobbyists, an increase of 208 percent.[4]

Even more importantly, it has been shown that interest group influence increases under taxpayer financing programs. Organized interest groups are well-suited to aid candidates with membership lists and organized events in which group members can contribute the small donations candidates must obtain to qualify for taxpayer funding.

This was illustrated by former Arizona governor Janet Napolitano, who relied upon labor unions to collect nearly one quarter of the required signatures and $5 contributions needed for her to qualify for millions of dollars in public funding.[5]

In New Jersey, where they experimented with a taxpayer financing pilot program before wisely deciding to end the program, candidates had a similar experience interacting with interest groups in order to raise the necessary qualifying funds.

Candidates in that state were clear in their testimony to the state election board that interest group organization and support was one of the only ways they had success in raising the necessary funds.[6]

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[3] Public Campaign, "Quotes from elected officials," http://www.publiccampaign.org/node/39242

[4] The yearly totals for registered lobbyists in Maine can be obtained through public registration records which can be found at : http://www.mainecampaignfinance.com/public/entity_list.asp?TYPE=LC

[5] Chip Mellow, *Three Lessons from Arizona*, Welfare for Politicians 31, 37-8 (John Samples, ed., Cato Institute, 2005).

[6] Center for Competitive Politics, "Fairly Flawed: An Analysis of the Fair Elections Now Act" July 2009, http://www.campaignfreedom.org/doclib/20090916_CCPFENABrief2009.pdf, p. 20

It is difficult to imagine that neither former Governor Napolitano nor the candidates in New Jersey were any less grateful to the interest groups for this type of support than if they had just written a check.

Does Not Lead to "Better" Representation

Another mistaken belief about taxpayer financing schemes is that they will lead to different legislative outcomes, presumably more representative of the interests of citizens and constituents. This is based on the premise that, without contributions from individuals and groups with interests contrary to the broader public good, it would be relatively easy to pass popular legislation.

Noted political scientists Stephen Bronars and John Lott explored this issue in a 1997 study which revealed that campaign contributions are driven by ideology and that legislators vote according to their own beliefs, their party loyalty, and the views of their constituents. They found no evidence that contributions influence legislative votes.[7]

In another study, the Goldwater Institute in Arizona analyzed the voting records of legislators elected with taxpayer dollars compared to legislators who relied on private contributions. The study concluded that legislators funded with taxpayer dollars "voted no differently from legislators who accepted private contributions."[8]

Preliminary results from a study conducted by the Center for Competitive Politics on Connecticut's taxpayer financing program, enacted in 2008, revealed similar results. There was no evidence that providing taxpayer dollars to legislative candidates reduced the likelihood that a legislator will vote with an interest group. In four of the six vote sets observed, the number of times that legislators voted in favor of the interest groups studied actually rose.[9]

In conclusion, I hope this testimony has illuminated many of the problems with taxpayer financed campaigns, and I will be happy to provide any additional commentary or research as you continue to consider this legislation.

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[7] Stephen Bronars and John Lott, *Do Campaign Donations Alter How a Politician Votes? Or, Do Donors Support Candidates Who Value the Same Things That They Do?",* 40 J. LAW & ECON. 317, 346-47 (1997).
[8] Robert J. Francosi, "Is Cleanliness Political Godliness," Goldwater Institute, November 2001,
[9] Center for Competitive Politics, "Meet the New Legislature, Same as the Old Legislature," March 2010, http://www.campaignfreedom.org/doclib/20100303_ConnecticutCEPReport.pdf