



To: House Committee on Government Operations
Fr: VPIRG Executive Director Paul Burns
Dt: February 5, 2020
Re: S.47 – Limits on Corporate Contributions

Madam Chair and Members of the Committee, on behalf of the Vermont Public Interest Research Group, I offer the following comments on S.47, related to limits on campaign contributions from corporate entities.

Since VPIRG was founded in 1972, we have advocated for the public interest in policy debates concerning the environment, health care, consumer protection, and government reform, so I appreciate the opportunity to share our thoughts on S.47.

As I've noted in prior testimony before this Committee, VPIRG has long-supported a ban on direct corporate contributions to candidates and political parties. Our strong preference is for political contributions to come ultimately from real human beings. It is for this reason that VPIRG supports S.47.

The most significant practical effect of this legislation would be to prevent corporations from making direct contributions to candidates and political parties in Vermont. According to data from the National Conference of State Legislatures, 22 states completely prohibit corporations from contributing to political campaigns. The federal government has also banned direct corporate contributions to federal candidates for more than 100 years.

At the other end of the spectrum, six states – Alabama, Missouri, Nebraska, Oregon, Utah, and Virginia – allow corporations to contribute an unlimited amount of money to state campaigns. Of the remaining 22 states, 19 impose the same limits on corporation contributions as they do on contributions from people. The other three set different limits for individuals and corporations.

As you know, Vermont currently treats corporations and human beings in the same manner, in terms of the political contributions each is allowed to make. But, and this is important, corporations are not human beings and should not be afforded the same opportunities to influence elections.

Consider the words of President Teddy Roosevelt on the topic of corporate contributions (from his 1905 annual address to Congress):

All contributions by corporations to any political committee or for any political purpose should be forbidden by law; directors should not be permitted to use stockholders' money for such purposes; and, moreover, a prohibition of this kind

would be, as far as it went, an effective method of stopping the evils aimed at in corrupt practices acts. Not only should both the National and the several State Legislatures forbid any officer of a corporation from using the money of the corporation in or about any election, but they should also forbid such use of money in connection with any legislation save by the employment of counsel in public manner for distinctly legal services.

President Roosevelt's remarks, repeated again in his 1906 address to Congress, led to the passage of the Tillman Act in 1907, which prohibited corporations from making monetary contributions to national political campaigns for the first time.

It is well known that corporations have certain advantages over human beings – such as limited liability and unlimited life – as a matter of public policy. But these advantages were intended to encourage the marketplace to flourish. They were not intended to be used by corporations in order to exercise undue influence over the political process.

Admittedly, it's not just corporate money that corrupts our political process. Big money from individuals is certainly problematic as well. But while the Supreme Court has limited our options in terms of curtailing contributions from individuals, the Court has repeatedly found that bans on direct corporate contributions to candidates and political parties stand on firm constitutional ground.

Most recently, the Supreme Court declined to hear the case of *1A Auto, Inc. vs Sullivan* in May of last year. That case involved a challenge to the constitutionality of the state law in Massachusetts banning corporate contributions to state and local campaigns. The ban there had been previously upheld in 2018 by the Supreme Judicial Court in Massachusetts. The court ruled, "Experience confirms that, if corporate contributions were allowed, there would be a serious threat of quid pro quo corruption. . . . [As] the Supreme Court noted that, . . . 'the deeply disturbing' political scandals of the 1970s 'demonstrate[d] that the problem is not an illusory one.'"¹

The decision by the Supreme Court not to hear the case out of Massachusetts leaves intact, at least for now, the ability of state and the federal government to regulate direct political contributions from corporations.

Does money actually have a corrupting effect on the political process? Consider the words of former Gov. Howard Dean, who said in his 1997 inaugural address, "**Money does buy access, and we're kidding ourselves and Vermonters if we deny it.**"

Some states, such as Connecticut, have endured terrible corruption scandals. One scandal there led to their governor, John Rowland, serving two prison terms on various corruption charges. It also led to the state's adoption of a public financing program for elections and a ban on corporate contributions.

¹ https://www.supremecourt.gov/DocketPDF/18/18-733/74162/20181205100404265_Appendix.pdf

Connecticut also limits the number of PACs that a corporation can establish, something that you might consider adding to this legislation.

We do support the requirement that PACs carry the name of their corporate sponsor, if they have one. This is a step toward transparency that would help to address the problem of money flowing to PACs rather than direct contributions to candidates.

In conclusion, S.47 is not be the only solution we need to fix the problem of money in politics, but it is undoubtedly an essential ingredient. VPIRG also supports public financing and creating incentives for small dollar contributions. But passing S.47 is a reasonable, if not groundbreaking, step that you can take right now to address the problem of money in politics.

VPIRG encourages you to pass this bill, and thank you for your consideration of this testimony.