VERMONT'S VOICE

To: Senate Government Operations Committee
Fr: VPIRG Executive Director Paul Burns
Dt: February 7, 2019
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 in anticipation of your consideration of 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.

In general testimony before the Committee earlier this session, I noted that VPIRG has supported a ban on corporate contributions in the past and planned to do so again this session. So I'm sure that it's not a surprise that we strongly support S. 47, which would ensure that contributions to a candidate or political party would come only from an individual (meaning a human being), a political party, or a political committee (a.k.a. PAC).

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 2017 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 individual contributions. The other three set different limits for individuals and corporations.

As you know, Vermont currently treats corporations in the same manner that it does human beings in terms of the contributions each is allowed to make. But 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.*

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 result in 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. 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 footing.

Does money actually have a corrupting effect on the political process? Consider the recent study done by the Roosevelt Institute, which identified a series of high-profile cases in which political contributions influenced members of Congress on key floor votes involving financial reform.

It was described this way in the September 2017 publication, *In These Times:*

> To examine the influence of big money, the authors of the study focused on five votes in the U.S. House of Representatives relating to the Dodd-Frank financial-reform bill. They isolated specific representatives who initially voted in favor of the bill and subsequently voted to dismantle some of its key provisions. What they found was a direct link between voting behavior and campaign contributions from the financial sector.
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> According to the paper, "for every $100,000 that Democratic representatives received from finance, the odds they would break with their party's majority support for the Dodd-Frank legislation increased by 13.9 percent. Democratic representatives who voted in favor of finance often received $200,000–$300,000 from that sector, which raised the odds of switching by 25–40 percent."

This was not about direct corporate contributions to candidates, because of course those are prohibited at the federal level. Yet, bundled dollars from specific economic sectors (like Wall Street) at the federal level might reasonably be considered a proxy for direct corporate contributions at the state level in Vermont.

S.47 is not the only solution we need to 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.