



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

Agenda

Meeting of October 31, 2006

9:00 a.m., Commission Offices, 242 State Street, Augusta, Maine

NEW BUSINESS

1. Missing "Paid for" Disclosure in Automated Telephone Calls/John Eder

Rep. John Eder is running for re-election in House District #118. Rep. Eder's campaign paid for automated telephone calls urging his re-election using the voice of the president of the Maine chapter of the National Organization of Women. Under 21-A M.R.S.A. §1014(5), the automated telephone calls were required to "clearly state the name of the person who made or financed the expenditure for the [calls]." Rep. Eder has responded by e-mail that he was unaware of the requirement. *Staff recommendation: the staff recommends that the Commission find Rep. Eder in violation of Section 1015(5) and assess a civil penalty of \$100.*

2. Request for Matching Funds/Marge Medd

As a result of an independent expenditure report filed by the Oxford County Democratic Committee in support of candidate Marge Medd, the Commission paid \$1,786.78 in matching funds to Sen. David Hastings. At its October 20 meeting, the Commission found that the matching funds payment was made in error because the Oxford County Democratic Committee had not expressly advocated the election of Marge Medd. She now asks for a corresponding amount of matching funds to equalize the imbalance.

3. Complaint by Rep. Ian Emery against Harold Prescott

Rep. Ian Emery has filed a two-part complaint against his opponent, Harold Prescott. He complains that Mr. Prescott's campaign has used different committee names, and has made false statements about Rep. Emery's record as a Legislator.

4. Request for Waiver of Late Filing Penalty/Kennebec County Democratic Cmte

Because it raised more than \$1,500 this year, the Kennebec County Democratic Committee was required to file a campaign finance report on July 15 for the first half of the year. The report was filed 85 days late on October 10. The preliminary penalty amount is \$500. Treasurer Linda McKee requests a waiver of the penalty.

5. Complaint/Democratic Governors Association and Baldacci Campaign

The Merrill for Governor campaign filed a complaint inquiring whether the Democratic Governors Association (DGA) has made a contribution to the Baldacci re-election campaign by paying for services of consultant Pat Eltman that allegedly were supplied to the Baldacci campaign. It also inquires whether the DGA has made expenditures for advertising through the Maine Democratic Party that were coordinated with the Baldacci campaign through Pat Eltman. Prior to the filing of the complaint, the Commission staff requested information from the Baldacci campaign and Ms. Eltman on this issue.

6. Request for Waiver of Late Filing Penalty/Maine College Republicans PAC

The Maine State College Republican Organization registered as a political action committee (PAC) on August 1, 2006. PACs are required to file reports electronically on the Commission's website by entering information manually or by uploading the information in a specific excel format. The Commission staff mailed e-filing instructions to the PAC and offered it an opportunity for personal training on the e-filing system on September 29 at the Maine State Library. The PAC apparently got a late start attempting to upload the information and experienced technical difficulties. Its first report was filed two days late on October 12. The amount of the preliminary penalty is \$721.96 based on the statutory formula. The PAC requests a waiver of the penalty. *Staff recommendation: the staff recommends assessing the statutory penalty of \$721.96 because the PAC first asked for its e-filing password at 3:30 p.m. on the filing deadline.*

7. Request for Investigation/Maine State College Republican Organization PAC

The Maine College Democrats have filed a request for an investigation regarding the Maine State College Republican Organization PAC. It inquires whether Nate Walton, a paid organizer for the Woodcock for Governor campaign, may also serve as the chair of the PAC. The request suggests that the PAC has made expenditures to Nate Walton and others that have been coordinated with the Woodcock campaign. Nate Walton has responded that none of the reimbursements he or others received were related to events for the Woodcock campaign. *Staff recommendation: unless the College Democrats can produce more persuasive evidence that PAC expenditures that were coordinated with the campaign, the staff recommends taking no action on the complaint.*

8. Request for Investigation/Maine College Democrats

The Maine State College Republican Organization has filed a request that the Commission consider whether the Maine College Democratic organization was required to register and file reports as a political action committee.

9. Meeting Dates

The Commission staff inquires whether to hold the next meeting on November 20 or 28. It suggests a meeting during the following month on December 12.

10. Request for Investigation/Maine Heritage Policy Center

Carl Lindemann has filed a request that the Commission consider whether the Maine Heritage Policy Center is required to register as a PAC or file financial reports regarding its work related to the Taxpayer Bill of Rights (TABOR) initiative.

Other

Miscellaneous as needed.

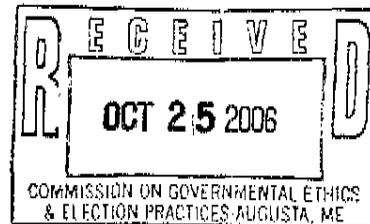
EXECUTIVE SESSION

If necessary

ADJOURNMENT



House
Democratic
Campaign
Committee



October 24, 2005

Mr. Jonathan Wayne
Maine Commission on Governmental Ethics
135 State House Sta.
Augusta, ME 04333-0135

Dear Mr. Wayne,

I am writing to request an ethics inquiry into a recent automated phone call in to House District 118 on Wednesday, October 18 paid for by the campaign of John Eder.

Our complaint is that this call did not include the appropriate paid for and authorized disclaimer. As this call utilized the voice of a third party to oppose the Democratic candidate for District 118, we feel the omission of the disclaimer violates the rules of the Maine Commission of Governmental Ethics.

I am attaching a script of the call for your reference.

Best,

Paul Brunetti
Caucus Director

P. O. Box 2021 • Augusta, Maine 04338
(207) 622-1912
house@mainedems.org

This is Annie Lunt, president of the Maine Chapter of the National Organization for Women, urging you to reelect Representative John Eder this Nov 7th.

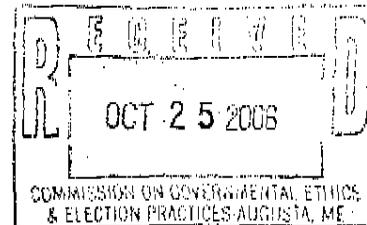
Representative Eder has been endorsed by Maine NOW because he is a proven leader and advocate for women's rights.

Abortion laws are now in the hands of state lawmakers, and we are very concerned about Rep. Eder's opponent's stance on a woman's right to choose.

The Maine Chapter of the National Organization for Women thinks it is critical that you reelect a proven leader like Representative John Eder.

If you are a pro-choice voter, reelect Representative John Eder.

Message left at 6:58 Wednesday, October 18, 2006



Wayne, Jonathan

From: Wayne, Jonathan
Sent: Wednesday, October 25, 2006 12:57 PM
To: jeder@maine.rr.com
Cc: Lavin, Paul; Gardiner, Phyllis; Demeritt, Martha
Subject: Staff Recommendation Regarding Missing Disclosure Violation

Thank you for your response. I am scheduling the matter for the Commission's meeting on Tuesday, October 31 at 9:00 a.m. at the Commission's office at 242 State Street in Augusta. I will be recommending the Commission find your campaign in violation and assess a \$100 penalty. The requirement with respect to automated telephone calls was added in 2005 and is referred to on page 64 of the 2006 Candidate Guidebook. The violation does need to be considered by the Commission at a public meeting. You are welcome to attend the meeting in person to comment, but if we do not see you there we will presume that you do not want to respond. If you change your mind and want to respond something in writing please do so no later than Friday. If the penalty is assessed, you could not use Maine Clean Election Act funds to pay the penalty. Thank you.

From: jeder@maine.rr.com [mailto:jeder@maine.rr.com]
Sent: Wednesday, October 25, 2006 12:47 PM
To: Demeritt, Martha
Subject: Re: Ethics Complaint Against You RE: NOW call

Martha,

Yes, I did pay for the robocall by N.O.W. out of campaign funds and it did not have a "tag" on it. I was unaware this was required as I have recieved calls in the past recorded on behalf of my opponents and they did not bear the "tag." I accept this should have been done and that not having it on there was not in accordance with the law. I accept there will be a penalty and I will not dispute it.

In service,
John Eder
State Representative
101 Gray St.
Portland, Maine 04102
Home:207.871.0317
Portland Office:207.772.1414
Augusta Office:207.287.6799
www.repjohneder.com

----- Original Message -----

From: "Demeritt, Martha" <Martha.Demeritt@maine.gov>
Date: Wednesday, October 25, 2006 12:01 pm
Subject: Ethics Complaint Against You RE: NOW call
To: jeder@maine.rr.com

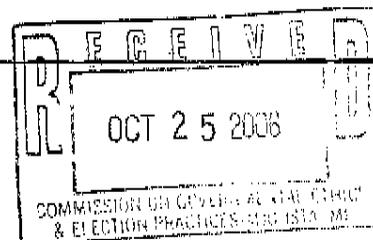
>
> <<3f7fb57.pdf>>
> Representative Eder,
>
> Pursuant to the voicemail I left at your house, please find
> attached the
> complaint the Ethics Commission received from the House Democratic
> Campaign Committee (HDCC) regarding your recent Maine NOW robo call.

10/25/2006

- > The HDCC says that the call did not include a "paid for"
- > disclosure as
- > required by law. The Maine NOW response is also attached. The
- > statutory penalty for failure to include a "paid for" disclosure is
- > \$100.
- >
- > I expect that the Commission will take this matter up at their next
- > meeting scheduled for Tuesday, October 31st at 9:00 a.m. Kindly
- > let me
- > know if you would like to submit a written response, which we
- > would need
- > to receive from you no later than NOON, October 26th.
- >
- > Thank you for your prompt attention to this matter.
- >
- > Sincerely,
- > Martha Demeritt
- >
- > Martha Demeritt
- > PAC, Party & Lobbyist Registrar
- > Maine Ethics Commission
- > 135 S.H.S.
- > Augusta, ME 04333
- > (207) 287-6221
- > www.maine.gov/ethics
- >
- >
- >

FROM : JOANNE DAUPHINEE & NOW & FAT L FAX NO. :

Oct. 25 2006 11:39AM P1



From: JoAnne Dauphinee, Treasurer
Maine NOW PAC
87 Sunset Strip
Brewer ME 04412
feministjo@adelphia.net
989-3306

To: Martha Demeritt
Maine Commission on Governmental Ethics & Election Practices
135 State Hs. Sta. 242 Stste St Augusta ME 04330-0135

Greetings,

October 22, 2006

I write regarding the inquiry in the House 118 race involving the lack of "paid for by" and "authorized by" on a robocall using NOW's voice. Rep. John Eder, a candidate endorsed by Maine NOW PAC, called us shortly before Oct. 18th, asking if NOW might be willing to do a call for his campaign. We agreed. We quickly worked on a message and the calls began Oct 18th. We were unaware they required the "paid for by" and "authorized by" lines.

That evening and the morning of the 19th we heard from Mr. Hinck and his friends complaining about the content of the message [not the disclaimer issues]. We called Mr. Hinck on the 19th. NOW's intent being to compare (not attack), Mr. Hinck was so upset, that we agreed to stop the calls. John Eder agreed with NOW and the calls were stopped immediately.

NOW continued to get communications on this matter, including one on Oct. 20th, when Democratic House Majority Leader Glenn Cummings called to say, among other things, "...we will be submitting a complaint about NOW's failure to use that 'paid for and authorized' line." This is when I called the Ethics Commission and spoke with you to find out if we had inadvertently done something wrong, and if so, was there something we could or should do to set it right.

Though we did not use the traditional tag line, the first line of the message clearly identifies the caller as Annie Lunt, President of the Maine Chapter of the National Organization for Women. As near as we can tell, there was never any confusion about our "authorizing" the calls. In case there is any confusion, it was authorized by Maine NOW/Maine NOW PAC, and paid for by the campaign of our endorsed candidate, John Eder.

On behalf of Maine NOW PAC, I sincerely apologize for any trouble we may have caused the members of the Ethics Commission.

Thank You!
JoAnne Dauphinee, MNP Treasurer

Title 21-A, §1014, Publication or distribution of political statements

The State of Maine claims a copyright in its codified statutes. If you intend to republish this material, we do require that you include the following disclaimer in your publication:

All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication is current to the end of the Second Special Session of the 122nd Legislature, which adjourned July 30, 2005, but is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office CAN NOT perform research for or provide legal advice or interpretation of Maine law. If you need legal assistance, please contact a qualified attorney.

§1014. Publication or distribution of political statements

1. Authorized by candidate. Whenever a person makes an expenditure to finance a communication expressly advocating the election or defeat of a clearly identified candidate through broadcasting stations, newspapers, magazines, outdoor advertising facilities, publicly accessible sites on the Internet, direct mails or other similar types of general public political advertising or through flyers, handbills, bumper stickers and other nonperiodical publications, the communication, if authorized by a candidate, a candidate's authorized political committee or their agents, must clearly and conspicuously state that the communication has been so authorized and must clearly state the name and address of the person who made or financed the expenditure for the communication. The following forms of political communication do not require the name and address of the person who made or authorized the expenditure for the communication because the name or address would be so small as to be illegible or infeasible: ashtrays, badges and badge holders, balloons, campaign buttons, clothing, coasters, combs, emery boards, envelopes, erasers, glasses, key rings, letter openers, matchbooks, nail files, noisemakers, paper and plastic cups, pencils, pens, plastic tableware, 12-inch or shorter rulers, swizzle sticks, tickets to fund-raisers and similar items determined by the commission to be too small and unnecessary for the disclosures required by this section. [2005, c. 301, §10 (amd).]

2. Not authorized by candidate. If the communication described in subsection 1 is not authorized by a candidate, a candidate's authorized political committee or their agents, the communication must clearly and conspicuously state that the communication is not authorized by any candidate and state the name and address of the person who made or financed the expenditure for the communication. If the communication is in written form, the communication must contain at the bottom of the communication in print that is no smaller in size than 10-point bold print, Times New Roman font, the words "NOT PAID FOR OR AUTHORIZED BY ANY CANDIDATE." [2003, c. 510, Pt. F, §1 (amd); c. 599, §15 (aff).]

2-A. Communication. If a communication that names or depicts a clearly identified candidate is disseminated during the 21 days before an election through the media described in subsection 1, the communication must state the name and address of the person who made or financed the communication and a statement that the communication was or was not authorized by the candidate. [2005, c. 301, §11 (new).]

3. Broadcasting prohibited without disclosure. No person operating a broadcasting station within this State may broadcast any communication, as described in subsections 1 and 2, without an oral or written visual announcement of the name of the person who made or financed the expenditure for the communication. [1985, c. 161, §6 (new).]

3-A. In-kind contributions of printed materials. A candidate, political committee or political action committee shall report on the campaign finance report as a contribution to the candidate, political committee or political action committee any contributions of in-kind printed materials to be used in the support of a candidate or in the support or defeat of a cause to be voted upon at referendum. Any in-kind contributions of printed materials used or distributed by a candidate, political committee or political action committee must include the name or title of that candidate, political committee or political action committee as the authorizing agent for the printing and distribution of the in-kind contribution. [1991, c. 839, §9 (new).]

The use or distribution of in-kind printed materials contributed to a candidate, political committee or political action committee must be reported as an expenditure on the campaign finance report of that candidate, political committee or political action committee. [1991, c. 839, §9 (new).]

3-B. Newspapers. A newspaper may not publish a communication described in subsection 1 or 2 without including the disclosure required by this section. For purposes of this subsection, "newspaper" includes any printed material intended for general circulation or to be read by the general public. When necessary, a newspaper may seek the advice of the commission regarding whether or not the communication requires the disclosure. [2005, c. 308, §1 (new).]

Title 21-A, §1014, Publication or distribution of political statements

4. Enforcement. An expenditure, communication or broadcast made within 10 days before the election to which it relates that results in a violation of this section may result in a civil forfeiture of no more than \$200. An expenditure, communication or broadcast made more than 10 days before the election that results in a violation of this section may result in a civil forfeiture of no more than \$100 if the violation is not corrected within 10 days after the candidate or other person who committed the violation receives notification of the violation from the commission. Enforcement and collection procedures must be in accordance with section 1020-A. [1995, c. 483, §6 (amd).]

5. Automated telephone calls. Automated telephone calls that name a clearly identified candidate must clearly state the name of the person who made or financed the expenditure for the communication, except for automated telephone calls paid for by the candidate that use the candidate's voice in the telephone call. [2005, c. 301, §12 (new).]

PL 1985, Ch. 161, §6 (NEW).
PL 1987, Ch. 188, §17 (AMD).
PL 1989, Ch. 504, §5, 6, 31 (AMD).
PL 1991, Ch. 466, §37 (AMD).
PL 1991, Ch. 839, §8-10 (AMD).
PL 1995, Ch. 483, §6 (AMD).
PL 2003, Ch. 302, §1 (AMD).
PL 2003, Ch. 510, §F1 (AMD).
PL 2003, Ch. 510, §F2 (AFF).
PL 2003, Ch. 599, §15 (AFF).
PL 2005, Ch. 301, §10-12 (AMD).
PL 2005, Ch. 308, §1 (AMD).

Communications Exempt from Disclosure

Certain items are exempt from the disclosure requirement because of their small size: ashtrays, badges and badge holders, balloons, campaign buttons, clothing, coasters, combs, emery boards, envelopes, erasers, glasses, key rings,

Yard signs are not exempt from the attribution requirements.

letter openers, matchbooks, nail files, noisemakers, paper and plastic cups, pencils, pens, plastic tableware, 12-inch or shorter rulers, swizzle sticks, and tickets to fund-raisers. The Commission may exempt similar items if it determines those items are too small and, therefore, it would be unnecessary to include the required disclosure.

Automated Telephone Calls

* Automated telephone calls that name a clearly identified candidate must include the name of the person who made or financed the communication, except that the disclosure is not required for calls paid for by the candidate using the candidate's voice.

Communications Not Authorized by the Candidate

Similar requirements apply to communications that are paid for by third-parties such as political action committees and party committees and that are not authorized by the candidates. Those communications must disclose the person who made or financed the communication and that the communication was not authorized by the candidate or campaign.

Requirements on Broadcasters and Newspapers

Broadcasting stations and newspapers in Maine may not broadcast or print communications without the required disclosure.

Enforcement

If the Commission receives a complaint about communications that do not contain the required disclosure, the Commission will request that the disclosure be added to the communication. A communication or expenditure that results in a violation of the requirements may result in a penalty of up to \$200.

LEGAL REFERENCES	
Required Disclosure on Candidate Communications	21-A M.R.S.A. § 1014(1)
Exempted Communications	21-A M.R.S.A. § 1014(1)
Automated Telephone Calls	21-A M.R.S.A. § 1014(5)
Required Disclosure on Third-Party Communications	21-A M.R.S.A. § 1014(2)
Broadcasters and Newspapers	21-A M.R.S.A. § 1014(3), (3-B)
Enforcement	21-A M.R.S.A. § 1014(4)

Agenda Item #2

AUGUR & ASSOCIATES, P.A.
Law and Lobbying Firm
61 Winthrop Street
Augusta, Maine 04330
Electronic Mail: raugur@mainelobby.com

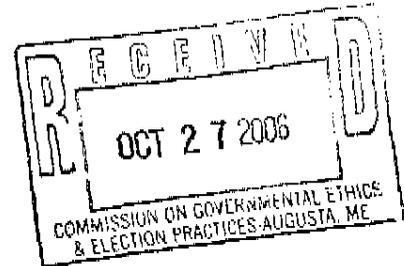
Telephone
(207) 622-2990

Fax
(207) 622-4417

BY HAND DELIVERY AND FACSIMILE (287-6775)

October 27, 2006

Jonathan Wayne, Executive Director
Maine Ethics Commission
135 State House Station
Augusta, ME 04333



Re: \$1,786.78 Independent Expenditure Credit for Marge Medd

Dear Mr. Wayne:

On behalf of State Senate candidate, Marge Medd, I am requesting that the Commission modify its decision of October 20, 2006, which addressed an incorrect advancement of matching funds to Ms. Medd's opponent.

At its last meeting, the Commission reviewed the content of a voter information guide published by the Oxford County Democrats as well as the circumstances under which an independent expenditure report was filed relative to that voter guide. The Commission subsequently determined that the voter guide did not constitute express advocacy and the independent expenditure report resulting in matching funds was filed in error. The Commission directed that matching funds previously authorized to nine candidates be withdrawn.

The Commission staff was successful in withdrawing the matching funds from all but one of the nine candidates in question. The \$1,786.78 authorized to Ms. Medd's opponent was obligated before notice of the possible error was given. In view of this, the Commission decided that the incorrect payout would be deducted against any future matching funds authorized for Ms. Medd's opponent.

Although this proposed solution would appear to resolve the matter, it is inconsistent with the letter and spirit of the Maine Clean Elections Act. First, a direct contribution of matching funds to a candidate is more advantageous to that candidate than a credit for independent expenditures made in support of that candidate. The law recognizes this distinction in order to prevent coordination between the candidate and the organization making the independent expenditure,

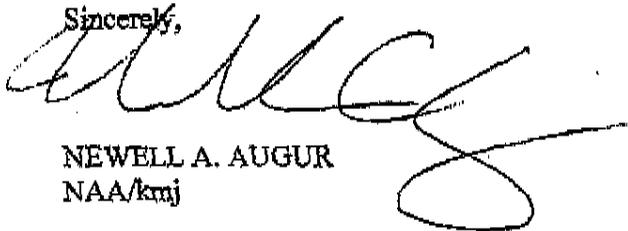
because any coordination benefits the candidate. While the arrangement in this case does allow additional independent expenditures on Ms. Medd's behalf that would not trigger matching funds to her opponent, Ms. Medd would not be able to coordinate any of those expenditures. By contrast, her opponent received a direct contribution and will control and coordinate how those funds are used.

Second, a credit for future independent expenditures made on Ms. Medd's behalf is speculative. The \$1,786.78 credit cannot be applied unless or until some organization or individual makes an independent expenditure in support of her candidacy. If no further independent expenditures are made, the imbalance cannot be addressed.

Ms. Medd's opponent has received \$1,786.78 as a result of an incorrect filing. Likewise, Ms. Medd should receive the same amount. Accordingly, I respectfully request that the Commission authorize matching funds to Ms. Medd of \$1,786.78, as was authorized and obligated by her opponent on October 16, 2006.

I appreciate the opportunity to bring this matter before the Commission and look forward to a discussion on the merits of this issue at your October 31st meeting. Please feel free to contact me if you would like any additional information.

Sincerely,



NEWELL A. AUGUR
NAA/kmj

**Comparison of General Election Funds
Senate District #13
October 27, 2006**

	Marjorie Medd	David Hastings
Unspent Funds from the Primary Election	\$1,639.73	\$62.20
Maine Clean Election Act Initial Distribution	\$20,082	\$20,082
Matching Funds Paid In Error to Hastings	N/A	\$1,786.78
Other Matching Funds Paid	\$0.00	\$0.00
Independent Expenditures	\$0.00	\$1,071.00
Total	\$21,721.73	\$23,001.98
Difference	\$1,280.25	N/A



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

October 23, 2006

Hon. David R. Hastings
955 Main Street
Fryeburg, ME 04037

Dear Senator Hastings:

Thank you for providing information concerning your campaign's use of \$1,786.78 in matching funds authorized to you on October 17. At its October 20 meeting, the Commission decided that the independent expenditure report resulting in the matching funds was filed in error, because the Oxford Democratic Party Committee newsletter did not expressly advocate for your opponent. The Commission directed that the staff withdraw the authorization except for any amount that you spent or obligated prior to being notified of the problem.

Based on the information you provided by telephone and the documents that were e-mailed to me, I have determined that you obligated the entire \$1,786.78 prior to being notified a possible problem with the authorization. Pursuant to the Commission's instructions, you are authorized to spend this amount. If you receive future authorizations, this amount will be deducted from those authorizations.

If you have any questions, please do not hesitate to contact the Commission staff at 287-4179. Thank you.

Sincerely,

Jonathan Wayne
Executive Director

cc: Marjorie Medd
Newell Augur, Esq.
Dan Billings, Esq.
Greg Olson, Maine Democratic Party

Title 21-A, §1125, Terms of participation

follows. [2003, c. 688, Pt. A, §21 (amd).]

A. For contested legislative primary elections, the amount of revenues to be distributed is the average amount of campaign expenditures made by each candidate during all contested primary election races for the immediately preceding 2 primary elections, as reported in the initial filing period subsequent to the primary election, for the respective offices of State Senate and State House of Representatives.

[2003, c. 453, §1 (amd).]

B. For uncontested legislative primary elections, the amount of revenues distributed is the average amount of campaign expenditures made by each candidate during all uncontested primary election races for the immediately preceding 2 primary elections, as reported in the initial filing period subsequent to the primary election, for the respective offices of State Senate and State House of Representatives.

[2003, c. 453, §1 (amd).]

C. For contested legislative general elections, the amount of revenues distributed is the average amount of campaign expenditures made by each candidate during all contested general election races for the immediately preceding 2 general elections, as reported in the initial filing period subsequent to the general election, for the respective offices of State Senate and State House of Representatives.

[2003, c. 688, Pt. A, §21 (amd).]

D. For uncontested legislative general elections, the amount of revenues to be distributed from the fund is 40% of the amount distributed to a participating candidate in a contested general election.

[2003, c. 453, §1 (amd).]

E. For gubernatorial primary elections, the amount of revenues distributed is \$200,000 per candidate in the primary election.

[2003, c. 453, §1 (new).]

F. For gubernatorial general elections, the amount of revenues distributed is \$400,000 per candidate in the general election.

[2003, c. 453, §1 (new).]

If the immediately preceding election cycles do not contain sufficient electoral data, the commission shall use information from the most recent applicable elections. [2003, c. 688, Pt. A, §21 (amd).]

9. Matching funds. When any campaign, finance or election report shows that the sum of a candidate's expenditures or obligations, or funds raised or borrowed, whichever is greater, alone or in conjunction with independent expenditures reported under section 1019-B, exceeds the distribution amount under subsection 8, the commission shall issue immediately to any opposing Maine Clean Election Act candidate an additional amount equivalent to the reported excess. Matching funds are limited to 2 times the amount originally distributed under subsection 8, paragraph A, C, E or F, whichever is applicable. [2003, c. 688, Pt. A, §22 (RPR).]

10. Candidate not enrolled in a party. An unenrolled candidate certified by April 15th preceding the primary election is eligible for revenues from the fund in the same amounts and at the same time as an uncontested primary election candidate and a general election candidate as specified in subsections 7 and 8. For an unenrolled candidate not certified by April 15th at 5:00 p.m. the deadline for filing qualifying contributions is 5:00 p.m. on June 2nd preceding the general election. An unenrolled candidate certified after April 15th at 5:00 p.m. is eligible for revenues from the fund in the same amounts as a general election candidate, as specified in subsections 7 and 8. [2001, c. 465, §6 (amd).]

11. Other procedures. The commission shall establish by rule procedures for qualification, certification, disbursement of fund revenues and return of unspent fund revenues for races involving special elections, recounts, vacancies, withdrawals or replacement candidates. [IB 1995, c. 1, §17 (new).]

12. Reporting; unspent revenue. Notwithstanding any other provision of law, participating and certified candidates shall report any money collected, all campaign expenditures, obligations and related activities to the commission according to procedures developed by the commission. Upon the filing of a final report for any primary election in which the candidate was defeated and for all general elections that candidate shall return all unspent fund revenues to the commission. In developing these procedures, the commission shall utilize existing campaign reporting procedures whenever practicable. The commission shall ensure timely public access to campaign finance data and may utilize electronic means of reporting and storing information. [IB 1995, c. 1, §17 (new).]

13. Distributions not to exceed amount in fund. The commission may not distribute revenues to certified candidates in excess of the total amount of money deposited in the fund as set forth in section 1124. Notwithstanding any other provisions of this chapter, if the commission determines that the revenues in the fund are insufficient to meet distributions under subsections 8 or 9, the commission may permit certified candidates to accept and spend contributions, reduced by any seed money contributions, aggregating no more than \$500

2. Timing of Fund Distributions.

- A. Distribution of Applicable Amounts. The Commission will authorize the initial distribution of applicable amounts from the Fund to certified candidates in accordance with the time schedule specified in the Act [§ 1125(7)] and this Chapter [sec. 3.4].

INFORMATIONAL NOTE: An initial distribution from the Fund will not be made to a candidate until the Commission has certified that candidate in accordance with the provisions of the Act and this chapter. The initial distribution may be delayed if a candidate submits a list of qualifying contributors to the Registrar for verification during the last 10 business days of the qualifying period.

- B. Matching Fund Allocations. At any time after certification, revenues from the Fund may be distributed to certified candidates in accordance with subsection 3, below.

C. Advances.

- (1) To facilitate administration of the Matching Fund Provision of this chapter, and to encourage participation in the Act, the Commission may authorize the advance distribution of revenues from the Fund to certified candidates. In determining whether to authorize such advances and the amounts of any such advances, the Commission will consider the amount of revenue in the Fund, the number of certified candidates, the number of nonparticipating candidates, and information contained in campaign finance and independent expenditure reports.
- (2) A certified candidate may only draw upon, spend or otherwise use, such advance Fund distributions after receiving written notification from the Commission authorizing a Matching Fund allocation in a specified amount. Written notification by the Commission may be by letter, facsimile or electronic means.

3. Matching Fund Provision.

- A. General. The Commission will authorize immediately an allocation of matching funds to certified candidates in accordance with the Act when the Commission determines that the eligibility for receipt of matching funds has been triggered [§ 1125(9)].

- B. Computation and Distribution. The Commission will determine a certified candidate's allocation of matching funds, if any, in the following manner:

- (1) The Commission first will add --

- (a) the sum of an opposing candidate's expenditures and obligations, or funds raised and borrowed, whichever is greater, including surplus or unspent funds carried forward from a previous primary, general, or special election to the current election; and



- (b) the sum of the independent expenditures made expressly advocating the defeat of the certified candidate or the election of the same opposing candidate.
- (2) The Commission then will subtract --
- (a) the sum of the independent expenditures made expressly advocating the defeat of the same opposing candidate; and
 - (b) the sum of the independent expenditures made expressly advocating the election of the certified candidate; and
 - (c) the sum of any matching funds already provided to the certified candidate; and
 - (d) the sum of any seed money raised in computing matching fund eligibility for a primary, general, or special election, as applicable; or any surplus or unspent funds carried forward from a previous primary election to the subsequent general election in computing matching fund eligibility for a general election.
- (3) If the final computed amount is greater than the applicable distribution amount for the certified candidate, then the Commission will immediately authorize the distribution of a Matching Fund allocation to the certified candidate equal to that excess.
- (4) The Commission will make computations promptly upon the filing of campaign finance reports and independent expenditure reports.
- (5) To prevent the abuse of the Matching Fund Provision, the Commission will not base any calculation on independent expenditures that, although containing words of express advocacy, also contain other words or phrases that have no other reasonable meaning than to contradict the express advocacy. For example, expenses related to a communication saying, "Vote for John Doe -- he's incompetent and inexperienced," will not be considered a communication in support of John Doe in the calculation of matching funds.
- C. Matching Fund Cap. Matching funds are limited to 2 times the amount originally distributed to a certified candidate from the Fund for that election. Certified candidates are not entitled to cumulative matching funds for multiple opponents.
- D. Other. Any distribution based on reports and accurate calculations at the time of distribution is final, notwithstanding information contained in subsequent reports.
- E. Coordination with Other State Agencies. The Commission will coordinate with the Bureau of Accounts and Control and other relevant State agencies to implement a mechanism for the distribution of Fund revenues to certified candidates that is expeditious, ensures public accountability, and safeguards the integrity of the Fund.

Agenda Item #3

Wayne, Jonathan

From: O'Brien, Gavin
Sent: Friday, October 27, 2006 1:45 PM
To: Wayne, Jonathan
Subject: FW: Ethics complaint against Harold Prescott

From: ianemery [mailto:ianemery@ptc-me.net]
Sent: Wednesday, October 25, 2006 5:11 PM
To: O'Brien, Gavin
Cc: Christie McNally
Subject: Ethics complaint against Harold Prescott

Gavin,

As we have discussed on the phone, I am registering two complaints against the Democrat Candidate Howard Prescott who is running against me in the election for State Representative for District 32.

Complaint #1)

Mr. Prescott has an unregistered campaign committee he is using to support his campaign. I have forward the copy of the latest mailer that is claiming to be paid for by this group "Citizens for Prescott".

Complaint #2) The second complaint deals with a statement about me being out of state on LNG business during important meeting with the Appropriations to discuss funding for the boat school. That is not true. I was not out of state on business and furthermore provided testimony before appropriations to support the funding for the boat school.

Please look into the complaints and get back to me ASAP.

Regards,

Rep. Ian Emery
District 32

10/27/2006 15:23 2072876775

ETHICS COMMISSION

PAGE 22/38

Wayne, Jonathan

From: O'Brien, Gavin
Sent: Friday, October 27, 2006 1:43 PM
To: Wayne, Jonathan
Subject: FW: Response from Harold Prescott

-----Original Message-----

From: O'Brien, Gavin
Sent: Thursday, October 26, 2006 3:06 PM
To: Wayne, Jonathan
Subject: Response from Harold Prescott

In response to Rep. Emery's complaint about Harold Prescott's campaign committee name, Mr. Prescott said that all the ads were paid for with Clean Election funds from his campaign account. Mr. Prescott said that he did not have much involvement in the design of the ads. I recommended that he use a consistent committee name and he replied that he was not going to run any additional ads for his campaign.

Election Year _____

Is this an amendment? Yes No

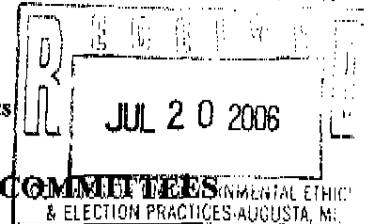
STATE OF MAINE

Commission on Governmental Ethics and Election Practices

Mail: 135 State House Station, Augusta, Maine 04333

Office: 242 State Street, Augusta, Maine 04333

Tel: (207) 287-4179 Fax: (207) 287-6775 Web: www.maine.gov/ethics



REGISTRATION: MCEA CANDIDATES, TREASURERS, POLITICAL COMMITTEES

Notice: Any change of information on this registration form must be filed within 10 days of the change.
Changes may be submitted using this form or by e-mail.

1. CANDIDATE INFORMATION		
Name of candidate Harold A. Prescott Sr.	Party affiliation Democrat	Office sought (include Dist. #) Legislature Dist 32
Mailing address P.O. Box 177	Phone (home) 255-0125	Phone (work) Same
City, zip code East Machias 04630	E-mail mauneland@surglobal.net	Fax

2. TREASURER INFORMATION		
Name of treasurer Barbara Prescott	Phone (home) 255-0125	
Mailing address P.O. Box 177	Phone (work) Same	
City, zip code East Machias 04630	E-mail mauneland@surglobal.net	Fax

DESIGNATION OF TREASURER: A candidate for state or county office must appoint a treasurer no later than 10 days after becoming a candidate, and before accepting contributions, making expenditures or incurring obligations. THE CANDIDATE MAY SERVE AS TREASURER. No later than 10 days after appointing the treasurer, the candidate must register with the Commission the name and address of the candidate and treasurer. The treasurer is responsible for maintaining campaign records and filing reports. (21-A MRSA Section 1013-A)

3. DEPUTY TREASURER INFORMATION	
Name of deputy treasurer	Phone (home)
Mailing address	Phone (work)
City, zip code	E-mail

DESIGNATION OF DEPUTY TREASURER (optional): The candidate may appoint a deputy treasurer, who must be reported to the Commission no later than 10 days after the appointment. The deputy, when acting in the absence of the treasurer, has the same powers and responsibilities as the treasurer. (21-A MRSA Section 1013-A (1) (A) (1))

4. POLITICAL COMMITTEE INFORMATION	
Name of committee Prescott for Legislature	Phone 255-0125
Address of campaign headquarters P.O. Box 177	City, zip code East Machias 04630

DESIGNATION OF POLITICAL COMMITTEE (optional): A candidate may authorize one political committee to promote the candidate's election. The candidate must appoint a committee treasurer no later than 10 days after appointing the committee, and before accepting contributions, making expenditures or incurring obligations. No later than 10 days after appointing a political committee, the candidate must register the name of the committee, the committee treasurer and officers. (21-A MRSA Section 1013-A (1) (B))

Committee Treasurer:

Name of committee treasurer <i>Barbara Prescott</i>		Phone <i>255-0125</i>
Mailing address <i>P.O. Box 199</i>	City, zip code <i>East Machus 04630</i>	E-mail <i>maineland@surfglobal.com</i>

Committee Officers (use additional pages, if necessary):

Name	Title	Phone
Mailing address	City, zip code	E-mail

5. CERTIFICATION
(Must be signed even if exemption below is claimed)

I, *Harold A. Prescott Sr.*, certify that the information in this registration is true, correct and complete.
(Print Candidate's Full Name)

Signature of Candidate *Harold A. Prescott Sr.* Date *7/19/06*

6. EXEMPTION FROM REPORTING REQUIREMENTS

A reporting exemption relieves the candidate of the obligation to appoint a treasurer and file campaign finance reports. To obtain an exemption, the candidate must notify the Commission in a sworn and notarized statement that he/she will not accept contributions (including in-kind), make expenditures or incur financial obligations associated with the candidate's candidacy. **PLEASE NOTE:** personal funds of the candidate used for campaign purposes are considered campaign contributions/expenditures under Maine law. Hence, a candidate who uses such funds to support his/her candidacy is not eligible for a reporting exemption.

NOTICE OF ELIGIBILITY FOR A REPORTING EXEMPTION: I, the undersigned, swear or affirm that I will not accept contributions, make expenditures or incur obligations associated with my candidacy for the office of _____

Signature of candidate _____ Date _____

Subscribed and sworn (affirmed) to before me this _____ day of _____, 20____.

Signature of Maine notary public _____
Notary Public, State of Maine

Seal (optional)

My commission expires (date) _____

REVOCATION NOTICE: The foregoing statement may be revoked. Prior to revocation, the candidate must appoint a treasurer. A revocation notice must be in the form of an amended registration which must be filed with the Commission no later than 10 days after the date the treasurer is appointed. The notice must be filed before contributions are accepted or expenditures made. A late revocation notice is subject to the same penalties applicable to late campaign finance reports.

Title 21-A, §1013-A, Registration

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All copyrights and other rights to statutory text are reserved by the State of Maine. The text included in this publication is current to the end of the Second Special Session of the 122nd Legislature, which adjourned July 30, 2005, but is subject to change without notice. It is a version that has not been officially certified by the Secretary of State. Refer to the Maine Revised Statutes Annotated and supplements for certified text.

The Office of the Revisor of Statutes also requests that you send us one copy of any statutory publication you may produce. Our goal is not to restrict publishing activity, but to keep track of who is publishing what, to identify any needless duplication and to preserve the State's copyright rights.

PLEASE NOTE: The Revisor's Office CAN NOT perform research for or provide legal advice or interpretation of Maine law. If you need legal assistance, please contact a qualified attorney.

§1013-A. Registration

1. Candidates, their treasurers and political committees. A candidate shall register the candidate's name and the name of a treasurer with the commission at least once in each legislative biennium, as provided in this section. A candidate may have only one treasurer, who must be appointed pursuant to paragraph A or B. For purposes of this section, "legislative biennium" means the term of office a person is elected to serve in the Legislature. [1999, c. 729, §1 (amd).]

A. No later than 10 days after becoming a candidate and before accepting contributions, making expenditures or incurring obligations, a candidate for state or county office or a candidate for municipal office who has not filed a written notice in accordance with section 1011, subsection 2, paragraph A shall appoint a treasurer. The candidate may serve as treasurer. The candidate may have only one treasurer, who is responsible for the filing of campaign finance reports under this chapter. A candidate shall register the candidate's name and address and the name and address of the treasurer appointed under this section no later than 10 days after the appointment of the treasurer. A candidate may accept contributions personally or make or authorize expenditures personally, as long as the candidate reports all contributions and expenditures to the treasurer. The treasurer shall make a consolidated report of all income and expenditures and provide this report to the commission.

(1) A candidate may appoint a deputy treasurer to act in the absence of the treasurer. The deputy treasurer, when acting in the absence of the treasurer, has the same powers and responsibilities as the treasurer. When a treasurer dies or resigns, the deputy treasurer may not assume the position of treasurer unless the candidate appoints the deputy treasurer to the position of treasurer. The candidate shall report the name and address of the deputy treasurer to the commission no later than 10 days after the deputy treasurer has been appointed.

[RR 1995, c. 2, §35 (cor).]

* B. A candidate may authorize one political committee to promote the candidate's election. No later than 10 days after appointing a political committee and before accepting contributions, making expenditures or incurring obligations, a candidate for state, county or municipal office shall appoint a treasurer of the political committee. The treasurer of the political committee is responsible for filing campaign finance reports under this chapter. No later than 10 days after appointing a political committee, the candidate shall register with the commission the following information regarding the political committee:

- (1) The name of the committee;
- (2) The name and address of the committee's treasurer;
- (3) The name of the candidate who authorized the committee; and
- (4) The names and addresses of the committee's officers.

[1995, c. 483, §4 (amd).]

C. No later than 10 days after becoming a candidate, as defined in section 1, subsection 5, a candidate for the office of State House of Representatives or Senate shall file in writing a statement declaring that the candidate agrees to accept voluntary limits on political expenditures or that the candidate does not agree to accept voluntary limits on political expenditures, as specified in section 1015, subsections 7 to 9, or that the candidate has filed a declaration of intent to become certified as a candidate under the Maine Clean Election Act.

The statement filed by a candidate who voluntarily agrees to limit spending must state that the candidate knows the voluntary expenditure limitations as set out in section 1015, subsection 8 and that the candidate is voluntarily agreeing to limit the candidate's political expenditures and those made on behalf of the candidate by the candidate's political committee or committees, the candidate's party and the candidate's immediate family to the amount set by law. The statement must further state that the candidate does not

Title 21-A, §1013-A, Registration

condone and will not solicit any independent expenditures made on behalf of the candidate.

The statement filed by a candidate who does not agree to voluntarily limit political expenditures must state that the candidate does not accept the voluntary expenditure limits as set out in section 1015, subsection 8.

The statement filed by a candidate who has filed a declaration of intent under the Maine Clean Election Act must state that the candidate will be bound by the expenditure limitations imposed by that Act.

[1999, c. 729, §1 (amd).]

2. Authorized political committees. [1991, c. 839, §5 (rp); §34 (aff).]

3. Party committees. The state, district and county committees of parties shall submit to the commission the names and addresses of all their officers and of their treasurers and the name and address of the principal paid employee, if any, within 30 days after the appointment, election or hiring of these persons. Municipal committees must file copies of the same information with the commission and the municipal clerk. District, county and municipal committees that provide their state party committees with the information required by this subsection to be submitted to the commission have met that requirement. No later than the 2nd Monday in April of each year in which a general election is scheduled, the state committee of a party shall submit a consolidated report, including the information required under this subsection, for the district, county and municipal committees of that party. [1995, c. 483, §5 (amd).]

4. Reporting by registered treasurers. Any contribution accepted and any expenditure made or authorized by or on behalf of a candidate registered under this section or qualified under sections 335 and 336 or sections 354 and 355 must be recorded and reported as provided in sections 1016 and 1017. [1991, c. 839, §6 (amd); §34 (aff).]

5. Changes in registration information. Every change in information required by this section to be reported to the commission shall be reported within 10 days of the date of the change. [1989, c. 504, §§4, 21 (new).]

PL 1989, Ch. 504, §4, 21 (NEW).

PL 1989, Ch. 833, §1 (AMD).

PL 1991, Ch. 839, §34 (AFF).

PL 1991, Ch. 839, §4-6 (AMD).

PL 1995, Ch. 384, §1 (AMD).

PL 1995, Ch. 483, §4, 5 (AMD).

RR 1995, Ch. 2, §35 (COR).

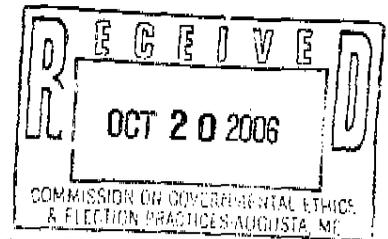
PL 1999, Ch. 729, §1 (AMD).

Agenda Item #4

201 Walton Rd.
Wayne, ME 04284

October 19, 2006

Commission on Governmental Ethics and Election Practices
135 State House Station
Augusta, Maine 04333-0135



Dear Commission members:

I am writing to you to request a waiver for a recent imposed penalty for a late filing for a county committee report due July 25. Although it is not clear if the following situations constitute "mitigating circumstances" in terms of the law, I would like to offer the following information.

First, as a four-term legislator who never missed a filing deadline, I am indeed somewhat embarrassed and take full responsibility for the late filing. As a newcomer to county politics and my role of treasurer of the Kennebec County Democratic Committee, I am only gradually becoming aware of my duties. I did meet my first filing commitment in January and should have been poised to meet the next one. But several circumstances seemed to thwart my best intentions.

I was shocked in mid-August when I realized the oversight of the filing. But as I reviewed the previous weeks, I knew why I had "spaced it" during that period. Along with the Augusta Democratic Committee, the KCDC had been in charge of a large reception for the Democratic Convention in June to welcome state visitors. It had been a big job—fund-raising and endless details, which continued for weeks after the convention. By late July, I was finally beginning to relax from the stress, but I began to have personal health problems. These issues then separated me from thinking about anything except feeling better, as well as my own sister's hospitalization. With September came the preoccupation with a new part-time school job as well as my ongoing health problems. I kept putting the filing off. Finally, I completed it and humbly presented it on October 10.

I am requesting that the maximum penalty be reduced. Obviously, as a retiree, you can understand the financial strain such a penalty would impose. Also, as you can see from the report, there is no "political activity" regarding support of any candidate for the period, nor was there any intention to withhold information. My mistake was not paying close enough attention to my filing responsibilities to the Commission, but I can assure you that it will not happen again—that is, if I decide to continue as treasurer next year.

City, county, and state political committees are a vital part of a democracy. Involving as many people in deliberative dialogue about our society's problems is one of the roles of these committees. They need our support in the fulfillment of duties, and I commend you on the very helpful guide which I recently acquired. I have learned a lot.

I humbly request your consideration of this reduction in penalty.

Sincerely yours,

Linda Rogers McKee, Treasurer
Kennebec County Democratic Committee

Linda J. McNeff, Notary Public
State of Maine

My Commission Expires 10/10/2011



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

October 16, 2006

Linda R. McKee, Treasurer
Kennebec County Democratic Committee
201 Walton Road
Wayne, ME 04284

Dear Mrs. McKee:

Our records show that your committee's July Semi Annual Report, due on 7/17/06 was filed on 10/10/06. State law [21-A M.R.S.A. §1020-A] requires that a penalty be assessed for late reports based on the amount of financial activity conducted during the filing period, the number of calendar days a report is filed late, and the party committee's filing record. Based on the prescribed statutory formula, the preliminary determination of the penalty for the late filing of your campaign finance report would be \$500.00. Please refer to the enclosed penalty matrix for more details on how the penalty is computed. If you agree with this preliminary determination of the amount of the penalty, you may use the enclosed billing statement to pay that penalty.

If you have a reason for filing late, you may request a final determination by the Commission on Governmental Ethics and Election Practices. Any request for a Commission determination must be made within 10 calendar days of receipt of this certified U.S. mail notice, beginning on the day you sign for receipt of this notice of the proposed penalty. If this certified letter has been refused or left unclaimed at the post office, the 10-day period begins on the day the post office indicates it has given first notice of a certified letter.

Upon receipt of your request for a Commission determination, we will schedule you to appear at the next scheduled Commission meeting and notify you of the date and time of that meeting. You or a person you designate may then appear personally before the Commission; or, you may send a written statement for the Commission's consideration. If you elect to send a statement, it must be notarized and must contain a full explanation of the reason you filed late. Statements should be sent to the address shown on this letterhead. The Commission will notify you of the disposition of your case within 10 days after its determination.

The Commission may waive penalties for late reports only in cases where tardiness is due to mitigating circumstances. The law defines "mitigating circumstances" as: 1) a valid personal emergency of the committee treasurer, such as a personal illness or death in the immediate family; 2) an error by the Commission staff; 3) failure to receive notice of the filing deadline; or 4) other circumstances determined by the Commission that warrant mitigation of the penalty, based upon relevant evidence presented that a bona fide effort was made to file the report in accordance with the statutory requirements, including, but not limited to, unexplained delays in postal service.

Sincerely,

Martha Demeritt
Party Registrar

Encl: Penalty Matrix & Billing Statement

OFFICE LOCATED AT: 242 STATE STREET, AUGUSTA, MAINE
WEBSITE: WWW.MAINE.GOV/ETHICS



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

October 16, 2006

Linda R. McKee, Treasurer
Kennebec County Democratic Committee
201 Walton Road
Wayne, ME 04284

The Commission on Governmental Ethics and Election Practices has made a preliminary determination that a penalty of \$500.00 applies for the late filing of your July Semi-Annual campaign finance report. If you agree with this determination, please make your check or money order payable to "Treasurer, State of Maine," and send it, along with the bottom half of this letter, to the **Commission on Governmental Ethics and Election Practices, 135 State House Station, Augusta, Maine 04333** within 30 days of the date noted above. Please see the instructions included in the attached letter if you would like to request a formal Commission determination of any penalty to be assessed in this case.

FAILURE TO PAY THE FULL AMOUNT OF THIS PENALTY IS A CIVIL VIOLATION. Pursuant to 21-A M.R.S.A. § 1020-A(10), the Commission is required to report to the Attorney General the name of any political committee that fails to pay the full amount of any penalty.

Please direct any questions you may have about this matter to the Commission at 287-6221.

Cut Along Dotted Line

To: Commission on Governmental Ethics and Election Practices
135 State House Station
Augusta, Maine 04333

For Office Use Only
Account: CGEEP
Fund: 014
Appr: 02

From: Linda R. McKee, Treasurer
Kennebec County Democratic Committee

Re: Penalty for late filing of a July Semi-Annual finance report (\$500.00)

Amount Enclosed: \$ _____

Check/M.O. No.: # _____

Please Make Check/M.O. Payable to Treasurer, State of Maine

OFFICE LOCATED AT: 242 STATE STREET, AUGUSTA, MAINE
WEBSITE: WWW.MAINE.GOV/ETHICS

FILED: 10/10/06

DUE: 7/17/06

COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES

CONTRIBUTION/EXPENDITURE PENALTY MATRIX
 LATE PARTY COMMITTEE REPORTS
 21-A M.R.S.A. Section 1020-A

A campaign finance report is timely filed when a properly signed copy of the report, substantially conforming to the disclosure requirements, is received by the Commission before 5 p.m. on the date it is due. A penalty begins to accrue after 5:00 p.m. on the day the report is due. Penalties are based on a percentage of the total contributions or expenditures for the filing period, whichever is greater, multiplied by the number of calendar days the report is filed late, as follows:

For the first violation, 1%

For the second violation, 3%

For the third and each subsequent violation, 5%

Example: The treasurer files the committee's report two days late. The committee has not been charged with any previous violations. The treasurer reports a total of \$2,500 in contributions and \$1,500 in expenditures for the filing period. The penalty is calculated as follows:

\$2,500 Greater amount of the total contributions received or expenditures made during the filing period

X .01 Percent prescribed for first violation

\$25.00 One percent of total contributions

X 2 Number of calendar days late

\$50.00 Total penalty accrued

PARTY COMMITTEE NAME

Your penalty is calculated as follows:

Contributions/Expenditures: \$ 3,746.09

Percent prescribed: x 1%

\$ 37.46

Number of days late: x 85

Total penalty accrued: \$ 3,184.10

Maximum penalty: \$ 500

Any penalty of less than \$5 is waived.

Violations accumulate on reports with filing deadlines in a 2-year period that begins on January 1st of each even-numbered year. Waiver of a penalty does not nullify the finding of a violation.

A required report that is sent by certified or registered United States mail and postmarked at least 2 days before the deadline is not subject to penalty.

Maximum penalties:

State Party Committee: \$5,000 for election year reports and 48-hour reports
 \$1,000 for non-election year semiannual reports

Municipal, District
 and County Committees: \$500 for all reports

STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES

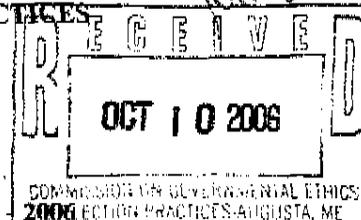
Mail: 135 State House Station, Augusta, ME 04333

Office: 242 State Street, Augusta, Maine

Tel: (207) 287-4179 Fax: (207) 287-6775

Website: www.maine.gov/ethics

Electronic Filing: http://www.maine.campaignfinance.com



MUNICIPAL, DISTRICT & COUNTY PARTY COMMITTEE REPORT

COMMITTEE IDENTIFICATION (Include full name of committee.)

Name Kennebec County Democratic Committee

Street address P.O. Box 238
(official headquarters of committee)

City, zip code Manchester, ME 04351 Telephone _____

Check if address is different than previously reported

TREASURER IDENTIFICATION

Name of treasurer Linda R. McKee

Street address 201 Wilton Rd.

City, zip code Wayne, ME 04284 Telephone 685-4385

E-mail address plumgoodfarm@aol.com

Check if address is different than previously reported

MUNICIPAL/COUNTY/DISTRICT COMMITTEE FILING PERIODS (Check applicable period below):

Due Date	Reporting Period
<input type="checkbox"/> January 17, 2006	July 1, 2005 – December 31, 2005
<input checked="" type="checkbox"/> July 15, 2006	January 1, 2006 – June 30, 2006
<input type="checkbox"/> October 27, 2006	July 1, 2006 – October 22, 2006
<input type="checkbox"/> January 16, 2007	October 23, 2006 – December 31, 2006

I CERTIFY THAT I HAVE EXAMINED THIS REPORT AND TO THE BEST OF MY KNOWLEDGE IT IS TRUE, CORRECT AND COMPLETE.

Linda R. McKee
Treasurer's Signature

10/10/06
Date

REPORTING EXEMPTION: Any party committee receiving and expending less than \$1,500 in one calendar year is exempt from the reporting requirements for that year.

Democrat
Name of Party

Page ____ of ____
(Schedule B-1 only)

SCHEDULE B-1

OPERATING EXPENSES

Do not include loan repayments on this schedule.

Expenditure Types Requiring NO Remark		Expenditure Types REQUIRING Remark	
CON	contribution	CNS	campaign consultants
EQP	equipment	OTH	other
FND	fundraising events	PRO	professional services
FOD	food for campaign events, volunteers		
LIT	campaign literature (printing and graphics)		
MHS	mail house (all services purchased)		
OFF	office rent and utilities		
POL	polling and survey research		
PHO	phone banks, automated telephone calls		
POS	Postage for U.S. Mail		
PRT	print media ads		
RAD	radio ads, production costs		
SAL	campaign workers' salaries		
TRV	travel (fuel, mileage, lodging, etc.)		
TVN	TV or cable ads, production costs		
WEB	Internet and e-mail		

For every expenditure, list the appropriate code.

If a remark is required, list additional information such as type of consulting (media, messaging, campaign, etc.) or professional service provided.

Date of payment	Payee/organization name, address, zip code	Code	Remarks, Purpose of Expenditure	Amount
4-6-06	Town Line, Inc. S. China, ME	OTH	Display Ad for Announcement of Feb. Dem. Caucuses	100. ⁰⁰
4-6-06	Rita Moran Main St., Winthrop, ME	OTH	Reimbursement for caucus announcements and mass office supplies	400.93
5-18-06	John Hennessy	OTH	Table fee for Dem. Convention, Augusta	83.33
6-2-06	Luke Godine Portland, ME	OTH	Jazz Trio for County Reception at Dem. Convention	300.00
6-10-06	Donnelly/Celt Publishers P.O. Box 188 Hampton, N.H. 06247	LIT	Books + Buttons for Reception Table	135.00
6-9-06	Apple Valley Books Main St., Winthrop, ME	OTH	Books for Summer Fair Tables	385.75
6-9-06	Ken's Catering P.O. Box 465 Augusta, ME	FOD	Food for County Reception at Dem. Convention	1177.00
6-9-06	Arthur Lerman	OTH	Reimbursements for County Reception Supplies	784.45

1. Total operating expenses this page

3366.46

2. Total from attached Schedule B-1 pages

3. Total operating expenses this reporting period
(Add lines 1 & 2)

DETAILED SUMMARY PAGE OF CONTRIBUTIONS AND EXPENDITURES

RECEIPTS

1. Cash contributions (other than loans) this reporting period (from Schedule A)
2. In-kind contributions received this period (from Schedule A-1)
3. Receipts other than cash contributions reported on Schedule A
4. Total receipts this period (add lines 1-3)
5. Pledges received but not yet paid (from Schedule D)
(Do not add to total contributions.)

Totals

\$ 300. ⁵⁰
- 0 -
3446.09
3746.09

- 0 -

EXPENDITURES

6. In-kind expenditures this reporting period (from Schedule A-1)
7. Contributions to candidates, committees (from Schedule B)
8. Other expenditures made on behalf of candidates/committees (from Schedule B-1)
9. Operating expenditures (from Schedule B-2)
10. Total expenditures this period (add lines 6, 7, 8, 9)

- 0 -
- 0 -
- 0 -
3366.46
3366.46

LOANS

11. Loans received this reporting period (from Schedule C)
12. Loan repayments this reporting period (from Schedule C-1)

- 0 -
- 0 -

TOTAL OUTSTANDING BILLS

13. From Schedule D-1, line 3

- 0 -

Title 21-A, §1020-A, Failure to file on time

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§1020-A. Failure to file on time

1. Registration. A candidate that fails to register the name of a candidate, treasurer or political committee with the commission within the time allowed by section 1013-A, subsection 1 may be assessed a forfeiture of \$10. The commission shall determine whether a registration satisfies the requirements for timely filing under section 1013-A, subsection 1. [1995, c. 483, §15 (new).]

2. Campaign finance reports. A campaign finance report is not timely filed unless a properly signed copy of the report, substantially conforming to the disclosure requirements of this subchapter, is received by the commission before 5 p.m. on the date it is due. Except as provided in subsection 7, the commission shall determine whether a report satisfies the requirements for timely filing. The commission may waive a penalty if the commission determines that the penalty is disproportionate to the size of the candidate's campaign, the level of experience of the candidate, treasurer or campaign staff or the harm suffered by the public from the late disclosure. The commission may waive the penalty in whole or in part if the commission determines the failure to file a timely report was due to mitigating circumstances. For purposes of this section, "mitigating circumstances" means: [2003, c. 628, Pt. A, §3 (amd).]

A. A valid emergency determined by the commission, in the interest of the sound administration of justice, to warrant the waiver of the penalty in whole or in part;

[1999, c. 729, §5 (amd).]

B. An error by the commission staff;

[1999, c. 729, §5 (amd).]

C. Failure to receive notice of the filing deadline; or

[1999, c. 729, §5 (amd).]

D. Other circumstances determined by the commission that warrant mitigation of the penalty, based upon relevant evidence presented that a bona fide effort was made to file the report in accordance with the statutory requirements, including, but not limited to, unexplained delays in postal service.

[1999, c. 729, §5 (new).]

3. Municipal campaign finance reports. Municipal campaign finance reports must be filed, subject to all the provisions of this subchapter, with the municipal clerk on forms prescribed by the Commission on Governmental Ethics and Election Practices. The municipal clerk shall send any notice of lateness required by subsection 6 and shall notify the commission of any late reports subject to a penalty. [1995, c. 625, Pt. B, §5 (amd).]

4. Basis for penalties. [2001, c. 470, §7 (amd); T. 21-A, §1020-A, sub-§4 (rp).]

4-A. Basis for penalties. The penalty for late filing of a report required under this subchapter, except for accelerated campaign finance reports required pursuant to section 1017, subsection 3-B, is a percentage of the total contributions or expenditures for the filing period, whichever is greater, multiplied by the number of calendar days late, as follows: [2001, c. 714, Pt. PP, §1 (new); §2 (aff).]

A. For the first violation, 1%;

[2001, c. 714, Pt. PP, §1 (new); §2 (aff).]

B. For the 2nd violation, 3%; and

[2001, c. 714, Pt. PP, §1 (new); §2 (aff).]

Title 21-A, §1020-A, Failure to file on time

C. For the 3rd and subsequent violations, 5%.

[2001, c. 714, Pt. PP, §1 (new); §2 (aff).]

Any penalty of less than \$5 is waived. [2001, c. 714, Pt. PP, §1 (new); §2 (aff).]

Violations accumulate on reports with filing deadlines in a 2-year period that begins on January 1st of each even-numbered year. Waiver of a penalty does not nullify the finding of a violation. [2001, c. 714, Pt. PP, §1 (new); §2 (aff).]

A report required to be filed under this subchapter that is sent by certified or registered United States mail and postmarked at least 2 days before the deadline is not subject to penalty. [2001, c. 714, Pt. PP, §1 (new); §2 (aff).]

A registration or report may be provisionally filed by transmission of a facsimile copy of the duly executed report to the commission, as long as an original of the same report is received by the commission within 5 calendar days thereafter. [2001, c. 714, Pt. PP, §1 (new); §2 (aff).]

The penalty for late filing of an accelerated campaign finance report as required in section 1017, subsection 3-B may be up to but no more than 3 times the amount by which the contributions received or expenditures obligated or made by the candidate exceed the applicable Maine Clean Election Fund disbursement amount, per day of violation. The commission shall make a finding of fact establishing when the report was due prior to imposing a penalty under this subsection. A penalty for failure to file an accelerated campaign finance report must be made payable to the Maine Clean Election Fund. In assessing a penalty for failure to file an accelerated campaign finance report, the commission shall consider the existence of mitigating circumstances. For the purposes of this subsection, "mitigating circumstances" has the same meaning as in subsection 2. [2001, c. 714, Pt. PP, §1 (new); §2 (aff).]

5. Maximum penalties. [2001, c. 470, §8 (amd); T. 21-A, §1020-A, sub-§5 (rp).]

5-A. Maximum penalties. Penalties assessed under this subchapter may not exceed: [2003, c. 628, Pt. A, §4 (amd).]

A. Five thousand dollars for reports required under section 1017, subsection 2, paragraph B, C, D, E or H; section 1017, subsection 3-A, paragraph B, C, D or F; section 1017, subsection 4; and section 1019-B, subsection 3;

[2003, c. 448, §4 (amd).]

B. Five thousand dollars for state party committee reports required under section 1017-A, subsection 4-A, paragraphs A, B, C and E;

[2003, c. 628, Pt. A, §4 (amd).]

C. One thousand dollars for reports required under section 1017, subsection 2, paragraphs A and F and section 1017, subsection 3-A, paragraphs A and E;

[2003, c. 628, Pt. A, §4 (amd).]

D. Five hundred dollars for municipal, district and county committees for reports required under section 1017-A, subsection 4-B; or

[2003, c. 628, Pt. A, §4 (amd).]

E. Three times the unreported amount for reports required under section 1017, subsection 3-B, if the unreported amount is less than \$5,000 and the commission finds that the candidate in violation has established, by a preponderance of the evidence, that a bona fide effort was made to file an accurate and timely report.

[2001, c. 714, Pt. PP, §1 (new); §2 (aff).]

6. Request for a commission determination. Within 3 days following the filing deadline, a notice must be forwarded to a candidate and treasurer whose registration or campaign finance report is not received by 5 p.m. on the deadline date, informing them of the basis for calculating penalties under subsection 4 and providing them with an opportunity to request a commission determination. The notice must be sent by certified United States mail. Any request for a determination must be made within 10 calendar days of receipt of the commission's notice. The 10-day period during which a determination may be requested begins on the day a recipient signs for the certified mail notice of the proposed penalty. If the certified letter is refused or left unclaimed at the post office, the 10-day period begins on the day the post office indicates it has given first notice of a certified letter. A candidate or treasurer requesting a determination may either appear in person or designate a representative to appear on the candidate's or treasurer's behalf or submit a notarized written explanation of the mitigating circumstances for consideration by the commission. [RR 1995, c. 2, §38 (cor).]

7. Final notice of penalty. After a commission meeting, notice of the commission's final determination and the penalty, if any, imposed pursuant to this subchapter must be sent to the candidate and the treasurer. [RR 2003, c. 1, §14 (cor).]

If no determination is requested, the commission staff shall calculate the penalty as prescribed in subsection 4-A and shall mail final

Title 21-A, §1020-A, Failure to file on time

notice of the penalty to the candidate and treasurer. A detailed summary of all notices must be provided to the commission. [RR 2003, c. 1, §14 (cor).]

8. Failure to file report. The commission shall notify a candidate who has failed to file a report required by this subchapter, in writing, informing the candidate of the requirement to file a report. If a candidate fails to file a report after 3 written communications from the commission, the commission shall send up to 2 more written communications by certified mail informing the candidate of the requirement to file and that the matter may be referred to the Attorney General for criminal prosecution. A candidate who fails to file a report as required by this subchapter after the commission has sent the communications required by this subsection is guilty of a Class E crime. [2003, c. 628, Pt. A, §5 (rpr).]

8-A. Penalties for failure to file report. The penalty for failure to file a report required under this subchapter may not exceed the maximum penalties as provided in subsection 5-A. [2003, c. 628, Pt. A, §6 (new).]

9. List of late-filing candidates. The commission shall prepare a list of the names of candidates who are late in filing a report required under section 1017, subsection 2, paragraph C or D or section 1017, subsection 3-A, paragraph B or C within 30 days of the date of the election and shall make that list available for public inspection. [1995, c. 483, §15 (new).]

10. Enforcement. The commission staff has the responsibility for collecting the full amount of any penalty and has all necessary powers to carry out this responsibility. Failure to pay the full amount of any penalty levied under this subchapter is a civil violation by the candidate, treasurer, political party or other person whose campaign finance activities are required by this subchapter to be reported. Thirty days after issuing the notice of penalty, the commission shall report to the Attorney General the name of any person who has failed to pay the full amount of any penalty. The Attorney General shall enforce the violation in a civil action to collect the full outstanding amount of the penalty. This action must be brought in the Superior Court for Kennebec County or the District Court, 7th District, Division of Southern Kennebec. [1999, c. 426, §33 (amd).]

MRSA , §T.21A, SEC.1020A/4,5 (AMD).

IB 1995, Ch. 1, §15 (AMD).

PL 1995, Ch. 483, §15 (NEW).

PL 1995, Ch. 625, §B5 (AMD).

RR 1995, Ch. 1, §10 (COR).

RR 1995, Ch. 2, §38 (COR).

PL 1999, Ch. 426, §32,33 (AMD).

PL 1999, Ch. 729, §5 (AMD).

PL 2001, Ch. 470, §11 (AFF).

PL 2001, Ch. 470, §7,8 (AMD).

PL 2001, Ch. 714, §PP1 (AMD).

PL 2001, Ch. 714, §PP2 (AFF).

PL 2003, Ch. 302, §4 (AMD).

PL 2003, Ch. 448, §4 (AMD).

PL 2003, Ch. 628, §A3-6 (AMD).

RR 2003, Ch. 1, §14 (COR).

Agenda Item #5



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

October 27, 2006

Jesse Connolly, Campaign Manager
Committee to Re-Elect Governor
Baldacci
225 Commercial St, Suite 401
Portland, ME 04101

Patricia Eltman
Public Affairs Group
185 State Street
Augusta, ME 04330

James Lamb, Esq.
Counsel for Democratic Governors Assn.
Harmon, Curran, Spielberg & Eisenberg
1726 M Street, NW, Suite 600
Washington, DC 20009

Michael K. Mahoney, Esq.
Counsel for Maine Democratic Party
Preti Flaherty
45 Memorial Circle
Augusta, ME 04330

Dear Sirs/Madam:

Today, the Maine Commission on Governmental Ethics and Election Practices received the attached complaint from the Merrill for Governor committee. This matter has been scheduled for consideration by the Ethics Commission on Tuesday, October 31st at 9:00 a.m. By considering the complaint, the Commission does not mean to imply any wrongdoing by any campaign or third party.

The role of the Commission in this matter is to verify that no campaign has accepted a contribution that exceeds the \$500 limit, that all contributions are publicly disclosed in campaign finance reports, and that matching funds are properly paid under the Maine Clean Election Act to any eligible candidates. In order to perform this mandate, the Commission may need to ask for information that might not otherwise be disclosed publicly in campaign finance reports. The Commission does not wish to pry into private campaign matters, but does have a duty to ensure that all parties have complied with the requirements of the Election Law.

Request for Information

This is to request that the Committee to Re-Elect Governor Baldacci, the Democratic Governors Association (DGA), the Maine Democratic Party, and Pat Eltman participate in the October 31 meeting in order to provide information relevant to the complaint. Please be prepared to discuss the following questions:

- For what services has the DGA made payments to the Public Affairs Group (PAG)?

OFFICE LOCATED AT: 242 STATE STREET, AUGUSTA, MAINE
WEBSITE: WWW.MAINE.GOV/ETHICS

Jesse Connolly, James Lamb
Patricia Eltman, Michael K. Mahoney

- 2 -

October 27, 2006

- Did the DGA pay Pat Eltman or the PAG to supply services to the Baldacci campaign?
- What role (if any) has Ms. Eltman performed in the Baldacci campaign?
- Has Pat Elman raised money for the Baldacci campaign?
- In considering whether the DGA or the Maine Democratic Party made expenditures in consultation or coordination with John Baldacci, his committee, and their agents, should Ms. Eltman be considered an agent of the candidate or the committee?
- Did Pat Eltman consult with the Maine Democratic Party regarding any independent expenditures it made in support of the Baldacci campaign?

Relevant Law

I have attached a number of provisions in Chapter 13 of the Maine Election Law (Title 21-A). Please note that:

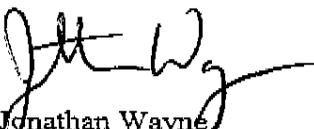
- The term 'contribution' is defined in 21-A M.R.S.A. §1012(2)(A).
- Under §1012(2)(A)(4), the payment of compensation for personal services that are provided to a candidate's committee without charge is a contribution.
- If individuals volunteer their time to a campaign, the volunteered services are excluded from the definition of a contribution under §1012(2)(B)(1).
- Any expenditure made in cooperation, consultation or concert with a candidate, his committee, or their agents is considered to be a contribution to that candidate, under §1015(5).

Previous Correspondence

I have attached copies of previous correspondence regarding this issue so that you are aware of information already submitted to the Commission.

Thank you. Please telephone me at 287-4179 if you have any questions.

Sincerely,


Jonathan Wayne
Executive Director

cc: Gubernatorial campaigns

BARBARA MERRILL

INDEPENDENT FOR GOVERNOR

P.O. Box 1010, Union, ME 04862 Tel. (866) 464-9099

Mr. Jonathan Wayne
Executive Director
Commission on Governmental Ethics and
Election Practices
135 State House Station
Augusta, ME 04333

October 27, 2006

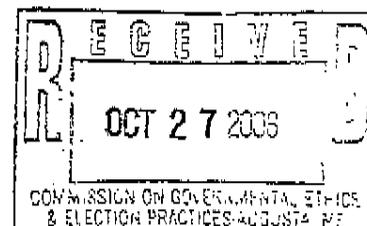
Dear Mr. Wayne:

Enclosed please find a copy of the article, "Under Maine's campaign finance system, Clean Election candidates get screwed," published on October 25, 2006 by *The Phoenix*. It raises two issues I feel that the Ethics Commission must investigate:

- Issue 1. The consulting services of Ms. Patricia Eltman to Governor John Baldacci are expressly to advise, support and further John Baldacci's reelection campaign, a role acknowledged by campaign staffers and Ms. Eltman's colleague in the above-referenced article. These services, in our view, constitute an in kind contribution that should be matched. Furthermore, because this contribution has not been reported, a clear violation of the reporting rules has occurred.
- Issue 2. The acknowledged services and role of Ms. Eltman, as she and others describe in the article, demonstrate such a proximity and informed knowledge of the Baldacci reelection campaign that it constitutes sharing of information between the Baldacci campaign and the Democratic Governors Association, via the consultant, that violates the rules governing independent expenditures on advertising.

Issue 1. Unreported consulting services constituting in kind contributions

It seems very clear from the article that Ms. Patricia Eltman is being paid by the Democratic Governors Association (DGA) and that, according to a quote in the article attributed to Eltman, her job is to provide "consulting services to gubernatorial candidates," some portion of which is in connection with the Baldacci campaign. Jesse Connolly, John Baldacci's campaign manager, "mentions Eltman as one of the two lobbyists who are key political advisors to the governor." This supports Eltman's own contention reported in the article, "I'm very close to the governor, we're buddies." According to the article, "Is Eltman giving him political advice, Baldacci campaign manager Connolly is asked in a second conversation, 'Yeah,' he responds. He adds: 'She's the best political operative in the state. I've lost a lot of her time because she has been working also in other states. I'd like to have her sitting beside me.'" A close colleague supports the view that Ms. Eltman is helping the campaign, according to the



Page 2, Ethics Complaint

article, "I'm sure she does," says her Public Affairs Group partner, Joseph Mackey, when asked if she helps the Baldacci campaign."

A check of the records at the Ethics Commission website shows no recorded contribution from the Democratic Governors Association to the Baldacci campaign. The Ethics Commission rules make clear that, if an individual (Eltman) provides services to a campaign (Baldacci for Governor), then the service constitutes a contribution from the employer (Democratic Governors Association). There is an exception for political party committees, but not political action committees, such as the Democratic Governor's Association. The article states that Ms. Eltman receives about \$10,000 per month for this work, which according to the article, pays for services to several campaigns, including Baldacci's.

Actions requested of the Ethics Commission. (1) We respectfully ask the commission to take the necessary actions to discover what portion of her time is represented in work performed for the Baldacci campaign, in the form of advice provided to the governor and/or his campaign staff or advice or activities carried out in the state of Maine that aid the Baldacci reelection campaign. The payment to her for that time should then be counted by the commission as an in kind contribution to the Baldacci campaign.

(2) Furthermore, in finding that Ms. Eltman has been providing services of value that should have been reported as an in kind contribution, we respectfully ask the commission to take whatever action is appropriate for the failure of the Baldacci campaign to report this contribution. Such action would then be consistent with the actions the commission took to fine Rep. Barbara Merrill personally for what they determined to be an inappropriate payment to two individuals, and that fee has been paid. In the decision concerning the Merrill campaign's reporting, there was no issue of failure to report or of keeping anything from the commission. We would hope the commission's response to this failure to report would be proportional.

Issue 2. Compromise in the exchange of information between a campaign and the source of an independent expenditure advertisement

I realize that the matter of these massive independent expenditures made by both the Democratic and Republican Parties was raised in a complaint filed by Ms. Pat LaMarche, Green Independent Party candidate for governor. I understand the commission, in a vote that pitted the staff and the Independent commission member against the party commissioners, voted that these expenditures were "independent." The Maine Superior Court upheld the commission's decision and the matter is now headed for the Maine Supreme Court.

However, this article reveals new information about the relationships between the Baldacci for Governor campaign and the Democratic Governors Association, showing that they are not acting independently. The Democratic Governors Association has contributed almost \$250,000 in advertising to reelect John Baldacci. Now its clear that

Page 3, Ethics Complaint

the same organization has an agent in this state getting paid to work with Baldacci. The parties interviewed in the article go out of their way to say they never discussed the Democratic Governors Association ads. Maybe that is true and maybe it is not, but it is not dispositive. The Baldacci people need not have dictated ad content to Eltman in order to disqualify these expenditures as independent expenditures. Ms. Eltman's relationship as a key advisor to Governor Baldacci's campaign put her in a position to know exactly what points the Baldacci campaign wanted emphasized in Democratic ads and when and what Baldacci was running in ads so that the timing could be coordinated. Her job with the Democratic Governors Association has put her in the position to do just that.

The new facts exposed in *The Phoenix* article absolutely requires the issue be reopened. Let's review what is at stake. The people of Maine enacted a law which not only provided for clean election funding, but also limited contribution size to traditional candidates and provided for matching funds to clean election candidates to level the playing field.

When the so called independent expenditures made by organizations with no purpose but to elect their party's gubernatorial candidate exceed by many times the money spent on ads by the candidates themselves, that is *prima facie* evidence that the law is being abused. Right now spending by the Democrats to support John Baldacci in the last week of the campaign is almost three times what his own campaign is spending. This money is raised without limits on the size of contributions. According to the commission's last decision, these expenditures are not matched.

Now, new evidence has been presented that a key advisor to Baldacci is a paid operative of the principal financier of the "independent" Democratic ads. If such blatant abuse of the law is allowed to stand, then the only conclusion the people of Maine can make is that the political parties are going to be permitted to make a mockery of the law passed by the people.

I am sure the first response of the Democrats will be to say that reconsideration of the issue is prevented by *res judicata* or collateral estoppel. But these doctrines can only be applied to facts or questions actually litigated. These new facts have not been litigated and create good cause for the whole matter to be revisited.

Action requested of the Ethics Commission. We respectfully request the commission investigate the reported statements in *The Phoenix* and reopen their deliberations on whether the Democratic Governors Association advertisements are truly independent or not.

Sincerely,



James Bowers, Treasurer
Barbara Merrill for Governor Campaign
Enclosure

Roll your own**THE PHOENIX****Under Maine's campaign-finance system, Clean Election candidates get screwed**

By: LANCE TAPLEY
10/25/2006 5:09:53 PM

The state's Clean Election system is even grubbier than you thought.

The Maine Commission on Ethics and Governmental Practices recently, controversially, decided that hundreds of thousands of dollars of TV ads urging the re-election of Governor John Baldacci, financed by national Democratic groups, did not cross the legal line requiring that matching public funds be given to his Clean Election opponents. The ads were deemed to be independent of the Baldacci campaign. But the commissioners were missing an important piece of the puzzle: federal tax forms show the Baldacci campaign was getting more intimate help than was reported from its biggest national supporter, the Democratic Governors Association (DGA).

The Republicans aren't much different. When the chairman of the Republican Governors Association (RGA), Massachusetts Governor Mitt Romney, came to Maine recently, he promised the RGA would spend "hundreds of thousands of dollars" on behalf of GOP gubernatorial nominee Chandler Woodcock, according to the Bangor Daily News. He also said the RGA would provide out-of-state GOP activists to campaign for Woodcock.

But the RGA, which has already spent a fortune on TV ads promoting Woodcock, is, like the DGA, barred by Maine's Clean Election Act from directly advocating for a candidate's election in its advertising.

The Democrats at first appeared troubled by Romney's words and went so far as to file a complaint about them with the commission, but almost immediately withdrew it, without explanation to the commission. The state party didn't comment when asked by the *Phoenix*.

The backstory

First, let's look at the background. At center stage are these national groups, the RGA and the DGA, who spend money in governors' races around the nation, seeking to get their party's candidate elected. In the DGA's efforts to support Baldacci, the group has contributed at least \$233,000 to the Maine Democratic Party, according to state campaign finance reports.

In turn, the Maine party's major activity, using the funds from the DGA and other national party groups, has been to campaign for Baldacci, largely through huge numbers of television spots. In its last report to the ethics commission, the Maine Democratic Party said it had spent close to \$500,000 on these ads in just the brief period from August 29 to September 12.

This substantial sum, however, has not been counted as a Baldacci campaign expense because the political appointees on the ethics commission — overruling its staff — looked at the letter and not the spirit of the Clean Election law, approving also the RGA's \$400,000 in TV ads on behalf of Woodcock. (The commission has two Democrats, two Republicans, and an independent.) The law states that any independent advertising connected to the election cannot be "express advocacy." The TV ads do not literally say "vote for" Baldacci, although they do everything short of that — for example, they praise his accomplishments, use his picture, and display his name.

(After October 18, though, the rules changed: any mention of the candidate in the advertising triggered matching funds, meaning more money to all three Clean Election gubernatorial candidates, Woodcock, Green Independent Pat LaMarche, and independent Barbara Merrill. So far, spending by Baldacci and the Maine Democratic Party has sent about \$250,000 in matching funds to each candidate.)

The commission's September 22 decision was widely criticized in newspaper columns and editorials. The independent member of the commission who voted against the decision, Michael Friedman, became *something of a hero in the newspapers*.

Because the decision denied hundreds of thousands of dollars in additional funds to the Clean Election candidates, LaMarche *appealed the commission's ruling to superior court. She lost, and now her campaign says she will take her case to the state's Supreme Judicial Court.*

Farther in the background on this political stage — but important to the drama — Baldacci's campaign itself had spent very little on TV ads through much of the electoral season, and his Clean Election opponents accused him of "starving them" from getting matching funds by his reliance on the national Democratic groups for his big TV-ad buys (see "Playing to Win," by Lance Tapley, October 6). This alleged strategy prevented them from getting name recognition through much of the campaign.

Another piece of language besides "express advocacy" is crucial to understand this mess: the Clean Election Act says that the so-called independent spending cannot be "in cooperation, consultation or concert with" a candidate's campaign. Because acting in concert is forbidden between an independent group and a campaign, state Democrats had howled at Romney's overt pledge to help Woodcock with more RGA funds and workers.

But, covertly, what goes on? Just how independent or uncoordinated are the national groups and the gubernatorial candidates? Let's look beneath the surface.

The DGA made other payments

Besides being the major contributor to the state party's pro-Baldacci advertising, the Washington-based DGA has paid, over roughly the past year, at least \$123,000 to Public Affairs Group, the Augusta lobbying firm of one of Baldacci's closest re-election campaign advisers, longtime Democratic organizer Patricia *Eltman*.

The DGA payments to her firm, for "consulting services," are listed on the DGA's quarterly Internal Revenue Service Form 8872, *required of political groups*. The payments began on August 30 of last year with the sum of \$14,183. They have averaged about \$10,000 a month.

Eltman tells the Phoenix her DGA work is "consulting services to gubernatorial candidates." Only a portion of the money Public Affairs Group receives is used in connection with Baldacci's campaign, she says. Along with another lobbyist from her firm, Ann Mitchell, she assists the campaigns of six other Democratic gubernatorial candidates in the Northeast, including Massachusetts and Rhode Island.

But she is proud of her special relationship with Baldacci.

"I'm very close to the governor," she says. "We're buddies."

Eltman, in her fifties, is a fixture in Maine Democratic politics. She was chief of staff for years to several House speakers. In 1986, she ran James Tierney's unsuccessful gubernatorial campaign. She has worked on Democratic presidential campaigns and for the Democratic National Committee.

Jesse Connolly, Baldacci's campaign manager, mentions Eltman as one of two lobbyists who are key political advisers to the governor. Connolly mentions both her and Jim Mitchell again in connection with fundraising for Baldacci: "They definitely help here and there." Eltman, though, says she is not helping raise money for Baldacci's campaign this year.

Asked if her assistance to Baldacci constitutes a contribution to his campaign, Eltman says, "I'm not working for the Baldacci campaign. I'm working for all these candidates."

Penny Lee, the DGA's executive director, says, "I'm paying her to work as a consultant on the campaign" that the DGA is running throughout the Northeast, providing intelligence to the national group. "I'm not paying her to work on the Baldacci campaign."

One of Eltman's close associates, though, sees assisting Baldacci as part of her work.

"I'm sure she does," says her Public Affairs Group partner, Joseph Mackey, when asked if she helps the Baldacci campaign. Mackey says he is not involved in the firm's DGA work.

Is Eltman giving him political advice, Baldacci campaign manager Connolly is asked, in a second conversation.

"Yeah," he responds. He adds: "She's the best political operative in the state. I've lost a lot of her time" because she's working also in other states. "I'd like to have her sitting beside me."

Connolly says, however, that he doesn't discuss the DGA-financed advertising with Eltman. Lee, the DGA director, also says there is no coordination on the ads with the Baldacci campaign.

Lee, Connolly, and Eltman appear to put a lot of weight on the technical argument that they don't coordinate about advertising, as evidence that they are abiding by the ethics law.

If this becomes a larger issue than it is at the moment, the ethics commission could intervene. If that happens, they would be guided by the law, which says "anything of value made for the purpose of influencing the nomination or election of any person" is a contribution. This includes the payment "of compensation for the personal services of other persons that are provided to the candidate or political committee."

The Cianchette story

In addition to watching over whether there is unreported work being done for a campaign by an independent group — so that matching money is properly sent to the other candidates — the ethics commission can penalize candidates for not reporting all contributions. Earlier this year, it fined Peter Cianchette, the 2002 Republican candidate for governor, \$12,000 for not reporting \$68,609 of in-kind contributions from Cianbro, the giant construction company owned by his family.

Eltman's business partner Mackey, who is known in the State House for his candor, volunteers that the so-called independent ads that have flooded the state — these would include the ads of his firm's client, the DGA — "should count" as gubernatorial campaign contributions.

That the ads don't technically meet the test of "express advocacy," he says, is "silly."

A national expert doesn't find the situation silly; he says it is a real problem.

When informed of what went on between Eltman and the Baldacci campaign, Colby College professor Anthony Corrado, a national expert on campaign finance law and a Democrat, says that, while he doesn't know enough about the situation to make specific comments, it "is certainly a cause to question what is going on."

The bigger question, he suggests, is "the inadequacy of the scope of Maine's campaign law."

As well as, perhaps, its enforcement.

Email the author

Lance Tapley: ltapley@adelphia.net

Title 21-A, §1012, Definitions

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§1012. Definitions

As used in this subchapter, unless the context otherwise indicates, the following terms have the following meanings. [1985, c. 161, §6 (new).]

1. Clearly identified. "Clearly identified," with respect to a candidate, means that: [1985, c. 161, §6 (new).]

A. The name of the candidate appears:

[1985, c. 161, §6 (new).]

B. A photograph or drawing of the candidate appears; or

[1985, c. 161, §6 (new).]

C. The identity of the candidate is apparent by unambiguous reference.

[1985, c. 161, §6 (new).]

2. Contribution. The term "contribution:" [2005, c. 301, §7 (amd).]

A. Includes:

(1) A gift, subscription, loan, advance or deposit of money or anything of value made for the purpose of influencing the nomination or election of any person to state, county or municipal office or for the purpose of liquidating any campaign deficit of a candidate, except that a loan of money to a candidate by a financial institution in this State made in accordance with applicable banking laws and regulations and in the ordinary course of business is not included;

(2) A contract, promise or agreement, express or implied, whether or not legally enforceable, to make a contribution for such purposes;

(3) Funds received by a candidate or a political committee that are transferred to the candidate or committee from another political committee or other source; and

(4) The payment, by any person other than a candidate or a political committee, of compensation for the personal services of other persons that are provided to the candidate or political committee without charge for any such purpose; and

[1995, c. 483, §3 (amd).]

B. Does not include:

(1) The value of services provided without compensation by individuals who volunteer a portion or all of their time on behalf of a candidate or political committee;

(2) The use of real or personal property and the cost of invitations, food and beverages, voluntarily provided by an individual to a candidate in rendering voluntary personal services for candidate-related activities, if the cumulative value of these activities by the individual on behalf of any candidate does not exceed \$100 with respect to any election;

(3) The sale of any food or beverage by a vendor for use in a candidate's campaign at a charge less than the normal comparable charge, if the charge to the candidate is at least equal to the cost of the food or beverages to the vendor and if the cumulative value of the food or beverages does not exceed \$100 with respect to any election;

Title 21-A, §1012, Definitions

(4) Any unreimbursed travel expenses incurred and paid for by an individual who volunteers personal services to a candidate, if the cumulative amount of these expenses does not exceed \$100 with respect to any election;

(4-A) Any unreimbursed travel expenses incurred and paid for by the candidate or the candidate's spouse;

(5) The payment by a party's state, district, county or municipal committee of the costs of preparation, display or mailing or other distribution of a party candidate listing;

(6) Documents, in printed or electronic form, including party platforms, single copies of issue papers, information pertaining to the requirements of this Title, lists of registered voters and voter identification information, created or maintained by a political party for the general purpose of party building and provided to a candidate who is a member of that party;

(7) Compensation paid by a political party to an employee of that party for the following purposes:

(a) Providing advice to any one candidate for a period of no more than 20 hours in any election;

(b) Recruiting and overseeing volunteers for campaign activities involving 3 or more candidates; or

(c) Coordinating campaign events involving 3 or more candidates;

(8) Campaign training sessions provided to 3 or more candidates;

(8-A) Costs paid for by a party committee in connection with a campaign event at which 3 or more candidates are present;

(8-B) Wood or other materials used for political signs that are found or contributed if not originally obtained by the candidate or contributor for campaign purposes;

(8-C) The use or distribution of any communication, as described in section 1014, obtained by the candidate for a previous election and fully paid for during that election;

(9) The use of offices, telephones, computers and similar equipment when that use does not result in additional cost to the provider; or

(10) Activity or communication designed to encourage individuals to register to vote or to vote if that activity or communication does not mention a clearly identified candidate.

[2005, c. 301, §7 (amd).]

3. Expenditure. The term "expenditure:" [2005, c. 301, §8 (amd).]

A. Includes:

(1) A purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value made for the purpose of influencing the nomination or election of any person to political office, except that a loan of money to a candidate by a financial institution in this State made in accordance with applicable banking laws and regulations and in the ordinary course of business is not included;

(2) A contract, promise or agreement, expressed or implied, whether or not legally enforceable, to make any expenditure;

(3) The transfer of funds by a candidate or a political committee to another candidate or political committee; and

(4) A payment or promise of payment to a person contracted with for the purpose of supporting or opposing any candidate, campaign, political committee, political action committee, political party, referendum or initiated petition; and

[2003, c. 615, §1 (amd).]

B. Does not include:

(1) Any news story, commentary or editorial distributed through the facilities of any broadcasting station, newspaper, magazine or other periodical publication, unless the facilities are owned or controlled by any political party, political committee or candidate;

(1-A) Any communication distributed through a public access television station if the communication complies with the laws and rules governing the station and all candidates in the race have an equal opportunity to promote their candidacies through the

Title 21-A, §1015, Limitations on contributions and expenditures

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§1015. Limitations on contributions and expenditures

1. Individuals. An individual may not make contributions to a candidate in support of the candidacy of one person aggregating more than \$500 in any election for a gubernatorial candidate or more than \$250 in any election for any other candidate. This limitation does not apply to contributions in support of a candidate by that candidate or that candidate's spouse. [1999, c. 729, §2 (amd).]

2. Committees; corporations; associations. A political committee, other committee, corporation or association may not make contributions to a candidate in support of the candidacy of one person aggregating more than \$500 in any election for a gubernatorial candidate or more than \$250 in any election for any other candidate. [1999, c. 729, §2 (amd).]

3. Aggregate contributions. No individual may make contributions to candidates aggregating more than \$25,000 in any calendar year. This limitation does not apply to contributions in support of a candidate by that candidate or his spouse. [1985, c. 161, §6 (new).]

4. Political committees; intermediaries. For the purpose of the limitations imposed by this section, contributions made to any political committee authorized by a candidate to accept contributions on the candidate's behalf are considered to be contributions made to that candidate. [1985, c. 161, §6 (new).]

For the purposes of the limitations imposed by this section, all contributions made by a person, either directly or indirectly, on behalf of a particular candidate, including contributions which are in any way earmarked or otherwise directed through an intermediary or conduit to the candidate, are considered to be contributions from that person to the candidate. The intermediary or conduit shall report the original source and the intended recipient of the contribution to the commission and to the intended recipient. [1985, c. 161, §6 (new).]

5. Other contributions and expenditures. Any expenditure made by any person in cooperation, consultation or concert with, or at the request or suggestion of, a candidate, a candidate's political committee or their agents is considered to be a contribution to that candidate. [1989, c. 504, §§7, 31 (amd).]

The financing by any person of the dissemination, distribution or republication, in whole or in part, of any broadcast or any written or other campaign materials prepared by the candidate, the candidate's political committee or committees or their authorized agents is considered to be a contribution to that candidate. [1989, c. 504, §§7, 31 (amd).]

6. Prohibited expenditures. A candidate, a treasurer, a political committee, a party or party committee, a person required to file a report under this subchapter or their authorized agents may not make any expenditures for liquor to be distributed to or consumed by voters while the polls are open on election day. [1991, c. 839, §11 (amd); §34 (aff).]

7. Voluntary limitations on political expenditures. A candidate may voluntarily agree to limit the total expenditures made on behalf of that candidate's campaign as specified in section 1013-A, subsection 1, paragraph C and subsections 8 and 9. [1995, c. 384, §2 (new).]

8. Political expenditure limitation amounts. Total expenditures in any election for legislative office by a candidate who voluntarily agrees to limit campaign expenditures as provided in subsection 7 are as follows: [1999, c. 729, §3 (amd).]

A. For State Senator, \$25,000;

[1999, c. 729, §3 (amd).]

Title 21-A, §1015, Limitations on contributions and expenditures

B. For State Representative, \$5,000; and

[1999, c. 729, §3 (amd).]

C. For State Senator or State Representative as a candidate certified under the Maine Clean Election Act, to the extent authorized by that Act.

[1999, c. 729, §3 (new).]

Expenditure limits are per election and may not be carried forward from one election to another. For calculation and reporting purposes, the reporting periods established in section 1017 apply. [1999, c. 729, §3 (amd).]

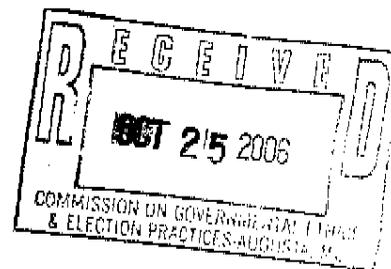
9. Publication of list. The commission shall publish a list of the candidates for State Representative and State Senator who have agreed to voluntarily limit total expenditures for their campaigns as provided in section 1013-A, subsection 1, paragraph C. [1995, c. 384, §2 (new).]

For the purposes of subsections 7 and 8 and this subsection, "total expenditures" means the sum of all expenditures made to influence a single election that are made by a candidate or made on the candidate's behalf by the candidate's political committee or committees, the candidate's party or the candidate's immediate family. [1995, c. 384, §2 (new).]

PL 1985, Ch. 161, §6 (NEW).
 PL 1989, Ch. 504, §7,31 (AMD).
 PL 1991, Ch. 839, §11 (AMD).
 PL 1991, Ch. 839, §34 (AFF).
 IB 1995, Ch. 1, §11 (AMD).
 PL 1995, Ch. 384, §2 (AMD).
 PL 1999, Ch. 729, §2,3 (AMD).

PUBLIC AFFAIRS GROUP

Government Relations Public Relations Crisis Communications



By email and USPS

October 24, 2006

Jonathan Wayne
Executive Director
Commission on Ethics and Election Practices
State of Maine
135 State House Station
Augusta, ME 04333-0135

Dear Mr. Wayne:

As President of Public Affairs Group I am responding to your inquiry to Pat Eltman dated October 20, 2006 regarding our relationship to the Baldacci for Governor campaign. Pat is an employee of Public Affairs Group. Public Affairs Group has a contract with the Democratic Governors Association and has provided services to them since July of 2005. You have stated that an unidentified reporter has alleged that Pat has been paid to work on the governor's campaign by the DGA possibly in violation of campaign spending and reporting laws. How the reporter obtained this erroneous information is unknown.

You have asked Pat several questions. I am answering them on her behalf.

1. Have you performed services for the 2006 re-election campaign of Governor Baldacci?

1. Pat has been a friend and supporter of the Baldacci campaign. PAG did not pay its employees to provide services to the Baldacci campaign without charge. Nor has PAG received payments from any person for the purpose of providing personal services to a candidate without charge.

2. If so, please describe in detail the services that you performed.

Pat has been asked for advice by various staff members regarding many aspects of the campaign. With her deep knowledge of Maine politics and her vast experience in Maine and national elections, Pat is asked for advice by almost all Democratic candidates for office. She willingly gives it, but Pat has never done a campaign plan for the Baldacci campaign; she has never advised them on how to spend money or place advertising; she does not work on campaign advertising; she does not work with volunteers; nor has she participated in the hiring of staff or consultants. She is a member of a group of friends of the governor whose membership is asked for advice.

3. *Have you been paid for the services you performed for the Baldacci Campaign?*

No.

4. *If so, please state the source of those payments and the total.*

See answer to question 3

5. *Have you performed services for the Democratic Governors Association in connection with the 2006 election in Maine or in other states?*

Public Affairs Group has a contract with the Democratic Governors Association to advise the DGA concerning Democratic Governor's races in 8 states, including Maine.

6. *If so, please describe in detail the services you have performed for the Democratic Governors Association.*

Public Affairs Group has reviewed campaign plans in the several states in which we are contracted to advise DGA. We have sent in written assessments on candidates, political situations and climate; reports on electoral data, filing deadlines, primary and convention dates; reports on nominating processes and voting methods.

We have provided assessments on the chances of electing Democratic Governors and analyzed the DGA's ability to help Democratic Gubernatorial candidates in certain states.

We monitor media and track and analyze public polling data.

We have made recommendations on the use of DGA resources in the various states.

We have traveled to the various states to develop relationships with state party officials, candidates and local organizations.

We have developed an electoral database of candidates, elected officials, opinion leaders and allied organizations in the various states.

We provide standardized advice from DGA on best campaign practices but no particularized advice on gubernatorial campaigns in the various states.

We have developed electoral calendars in the various states.

We have participated in DGA fundraising activities.

We have maintained close communications with and provided regular updates to DGA's political Director.

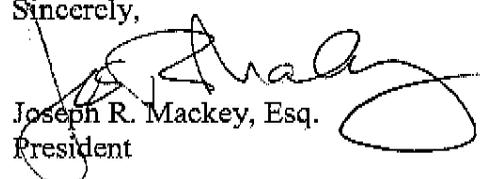
Public Affairs Group role is to be the eyes and ears of the DGA in states that are assigned to us and to provide the best possible information to the DGA.

7. Please state approximately what portion of the services relates to the Governor's race in Maine.

Due to traveling to the various states it is very difficult to estimate precisely the amount of time spent conducting the activities described in Question 6 in the 8 states we cover. We have probably spent less time in Maine than in Rhode Island and Maryland.

If you have any further questions regarding this response, please do not hesitate to contact me.

Sincerely,


Joseph R. Mackey, Esq.
President

October 24, 2006

Jonathan Wayne
Executive Director
Commission on Governmental Ethics and Election Practices
State of Maine
135 State House Station
Augusta, ME 04333-0135

Dear Mr. Wayne:

I write in response to your letter dated October 20, 2006, which was prompted by certain allegations from a news reporter concerning Pat Eltman's relationship to the Committee to Re-elect Governor Baldacci. To the best of my knowledge, the Democratic Governors Association has not paid Ms. Eltman to work on our campaign.

I would like to provide you with any information you need to resolve this matter. My answers to the specific questions enumerated in your letter are as follows:

1. Has Ms. Eltman performed services for the 2006 re-election campaign of Governor Baldacci?

Pat Eltman has not performed any paid services for the campaign. Ms. Eltman is a personal friend of mine, and she has had numerous conversations with myself and campaign staff to provide friendship, support, and general advice based on her many years of experience with political campaigns. I would not characterize these conversations as performing a service for the campaign. Her advice has been much more casual and in the realm of friendly support.

2. If so, please describe *in detail* the services she has performed.

See answer to Question 1.

3. To the best of your knowledge, has she been paid for services she performed for the Baldacci campaign?

No.

4. To the best of your knowledge, please state the source of those payments and the total.

N/A

Thank you for offering the campaign the opportunity to respond to these false allegations, and please do not hesitate to contact me if you desire any further information.

Best,

Jesse Connolly
Campaign Manager
Committee To Re-Elect Governor John Baldacci



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

October 20, 2006

Patricia A. Eltman
41 Cottage Road
South Portland, Maine 04106-3653

Dear Ms. Eltman:

Yesterday, a news reporter telephoned the Ethics Commission staff alleging that you have been paid by the Democratic Governors Association to perform work on the 2006 re-election campaign of Governor John Baldacci. If true, these facts might indicate that the Baldacci campaign has accepted a contribution which has not been publicly disclosed in campaign finance reports and which exceeds the \$500 contribution limit.

In order to assist the Commission staff in determining whether or not a violation of the Election Law has occurred, this is to request that you respond to the questions below by letter no later than Tuesday, October 24:

1. Have you performed services for the 2006 re-election campaign of Governor Baldacci?
2. If so, please describe *in detail* the services you have performed.
3. Have you been paid for the services you performed for the Baldacci campaign?
4. If so, please state the source of those payments and the total.
5. Have you performed services for the Democratic Governors Association in connection with the 2006 elections in Maine or in other states?
6. If so, please describe *in detail* the services you have performed for the Democratic Governors Association.
7. Please state approximately what portion of the services relates to the governor's race in Maine.

Please make every effort to be both complete and accurate in your responses, particularly with respect to question #2. Depending on your response, the Commission staff may

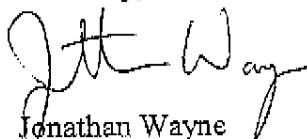
Patricia A. Eltman

- 2 -

October 20, 2006

have additional questions for you. Thank you very much for your cooperation.

Sincerely,

A handwritten signature in black ink, appearing to read "Jonathan Wayne". The signature is fluid and cursive, with the first name "Jonathan" and the last name "Wayne" clearly distinguishable.

Jonathan Wayne
Executive Director

cc: Michael V. Saxl



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

October 20, 2006

Jesse Connolly, Campaign Manager
Committee to Re-elect Governor Baldacci
PO Box 786
Augusta, ME 04332

Dear Mr. Connolly:

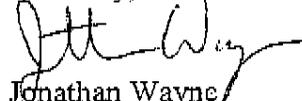
Yesterday, a news reporter telephoned the Ethics Commission staff alleging that Patricia Eltman has been paid by the Democratic Governors Association to perform work on the 2006 re-election campaign of Governor John Baldacci. If true, these facts might indicate that the Baldacci campaign has accepted a contribution which has not been publicly disclosed in campaign finance reports and which exceeds the \$500 contribution limit.

In order to assist the Commission in determining whether or not a violation of the Election Law has occurred, this is to request that you respond to the questions below by letter no later than Tuesday, October 24:

1. Has Ms. Eltman performed services for the 2006 re-election campaign of Governor Baldacci?
2. If so, please describe *in detail* the services she has performed.
3. To the best of your knowledge, has she been paid for services she performed for the Baldacci campaign?
4. To the best of your knowledge, please state the source of those payments and the total.

Please make every effort to be both complete and accurate in your responses, particularly with respect to question #2. Depending on your response, the Commission staff may have additional questions for you. Thank you very much for your cooperation.

Sincerely,


Jonathan Wayne
Executive Director

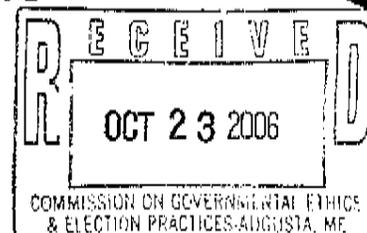
cc: Michael V. Saxl

OFFICE LOCATED AT: 242 STATE STREET, AUGUSTA, MAINE
WEBSITE: WWW.MAINE.GOV/ETHICS

Agenda Item #6



MAINE COLLEGE REPUBLICANS



October 23, 2006

Jonathan Wayne
Executive Director, Maine Ethics Commission
135 State House Station
Augusta, ME 04333

Dear Mr. Wayne,

I am writing to request that the Maine Ethics Commission ("Commission") make a final penalty determination for the 2006 October Quarterly Report submitted by the Maine State College Republican Organization ("MECR") PAC on Wednesday, October 12, 2006.

Prior to the filing of its PAC registration on Tuesday, August 1, Commission PAC Registrar Martha Demeritt requested that MECR PAC principals send the Commission certain information regarding contributions that had been received on or before August 1. I sent Mrs. Demeritt a Microsoft Excel document via e-mail detailing that information in a certain format, which she informed me, was an acceptable format in which to send that information to the Commission. PAC principals were subsequently under the incorrect impression that the information PACs are required to report by the various reporting deadlines could be compiled and then submitted to the Commission in this same format. Accordingly, the information required to be reported for the October Quarterly Report was compiled in the same format the information was in the document sent to Mrs. Demeritt on August 1.

On Monday, October 10, several hours before the 5:00 PM October Quarterly Report filing deadline, I visited the Commission website to determine the process by which the Microsoft Excel documents I had created compiling the information required to be reported should be submitted to the Commission. Upon doing so, I learned that the information required to be reported for that report was more extensive than the information that had been compiled, which Mrs. Demeritt confirmed in a telephone conversation. I also learned that any files would have to be uploaded onto the Commission server, and was provided a user name and password for doing so by Commission staff via telephone. All the information required to be reported for the October Quarterly Report was compiled by the 5:00 PM deadline. However, repeated attempts to access the Commission server were not successful, and therefore that report was not submitted by the statutory deadline.

On Tuesday, October 11, I visited the Commission office to determine why I had had difficulty accessing the Commission server. Upon consultation with Commission staff, it was determined that I had been using an Internet browser incompatible with the Commission server. Upon downloading a compatible browser, I was able to access the server, but was unable to download the template of a file whose file format I was informed is the only type able to be uploaded to the server. After extended troubleshooting, it was determined that a specific security setting in the compatible browser was the reason this file could not be downloaded.

Upon downloading that file template, I learned that its format type required transfer of all of the information required to be reported for the October Quarterly Report from the Microsoft Excel documents in which the information had previously been compiled into that downloaded file, so that it could be uploaded to the Commission server. The time consuming nature of completing this task made it so the MECR PAC was not able to file the October Quarterly Report by 5:00 PM that day.

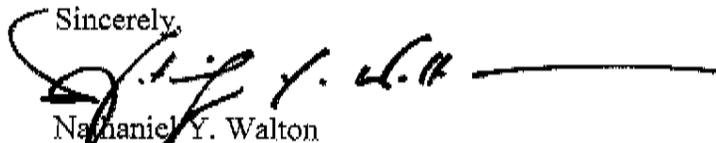
Upon completing the information transfer, I encountered yet more complications with the server uploading process. On Wednesday, October 12, I visited the Commission office for the second time to troubleshoot technology issues with Commission staff. Upon eventual resolution of these issues, the MECR PAC October Quarterly Report was electronically submitted to the Commission at 4:07 PM that day.

Formed as a PAC just under three months ago, the Maine State College Republican Organization is not a sophisticated political organization of remunerated leaders well acquainted with the report filing processes of the Commission. Rather, it is a volunteer group led by college students, which aims to energize other students about the ideals of the state and national Republican parties, by recruiting new members, organizing trips to conservative conventions/conferences, and hosting prominent speakers on various campuses.

Following the initial PAC registration, incorrect conclusions were made about the PAC report filing process by PAC principals. I will concede that research to determine the details surrounding this process should have been done by them well before the day the October Quarterly Report was due. However, the compilation of the information required to be reported for the October Quarterly Report was completed before the filing deadline, and technological complications were the main reason that that report was filed late, which PAC principals made a concerted effort - including two visits to the Commission office - to solve. Based on these facts, and given the aims and constituency of the Maine State College Republican Organization as described above, I respectfully request that the Maine Ethics Commission make a final penalty determination either waiving or reducing the penalty as it currently stands.

I appreciate your consideration of my request.

Sincerely,



Nathaniel Y. Walton
Chairman, Maine College Republicans

Enclosures: E-mail exchange between Nathaniel Walton and Martha Demeritt; MECR PAC Donation Itemization

Michelle Dale

From: Nathaniel Y. Walton [nwalton@bates.edu]
Sent: Tuesday, August 01, 2006 7:07 PM
To: martha.demerit@maine.gov
Subject: MECR PAC Donation Itemization

Attachments: MEC Report 08-01-06.xls



MEC Report
8-01-06.xls (18 KB)

Martha,

It was good to meet you today. I appreciate your help with everything. Please find attached the itemized breakdown of all donations MECR PAC has received to date. I included a breakdown of expenditures to date for your reference as well.

Best,

Nate Walton
Chairman, Maine College Republicans

A	B	C	D	E	F	G	H	I	J	K
Date	Salutation	First Name	Middle Name	Last Name	Suffix	Address 1	Address 2	City	State	Zip
1	Organization	Donations >\$50								
2	7/26/06			Maine State College Republican Organization		743 Bates College		Lewiston	ME	04240
3	Individual Donations >\$50									
4	7/26/06	Mr.	John			P.O. Box 553		Ellsworth	ME	04605
5	7/26/06	Mr.	James	V.		P.O. Box 610		Rockport	ME	04856
6	7/26/06	Mr.	Michael			2532 Milton Mills Road		Acton	ME	04001
7	7/26/06	Mr.	John			P.O. Box 561		York	ME	03903
8	7/26/06	Hon.	Thomas			375 Maple Hill Road		Auburn	ME	04210
9	7/26/06	Aggregate Donations <\$50								
10	8/1/06									
11	Expenditures									
12	7/31/06	Bank of America								
13										
14										
15										
16										
17										
18	TOTAL:									



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

October 12, 2006

Nate Walton
Maine State College Republican Organization
743 Bates College
Lewiston, ME 04240-6068

Dear Mr. Walton:

You filed the October Quarterly campaign finance report on 10/12/06 that was due on 10/10/06. A penalty must be assessed for late reports based on the amount of financial activity conducted during the filing period, the number of calendar days a report is filed late, and the PAC's filing record. Based on the prescribed statutory formula, the preliminary determination of the penalty for the late filing of your report is \$721.96. Please refer to the enclosed penalty matrix for more details on how the penalty is computed.

If you have a reason for filing late, you may request the Commission to make a final penalty determination. Any request for a Commission determination must be made within 10 calendar days of receipt of this notice, beginning on the day you sign for receipt. If this notice has been refused or left unclaimed at the post office, the 10-day period begins on the day the post office indicates it has given first notice of a certified letter. Upon receipt of your request for a Commission determination, we will schedule you to appear and will notify you of the date and time of the next Commission meeting. You or a person you designate may then appear personally before the Commission or you may send a written statement for the Commission's consideration. A statement must be notarized and contain a full explanation of the reason you filed late. Statements should be sent to the address shown on this letterhead. The Commission will notify you of the disposition of your case within 10 days after its determination.

Please note that the Commission may waive the penalty in whole or in part if it determines the failure to file a timely report was due to mitigating circumstances. "Mitigating circumstances" means 1) a valid emergency of the committee treasurer determined by the Commission, in the interest of the sound administration of justice, to warrant the waiver of the penalty in whole or in part; 2) an error by the Commission staff; or 3) other circumstances determined by the Commission that warrant mitigation of the penalty, based upon relevant evidence presented that a bona fide effort made to file the report in accordance with the statutory requirements, including, but not limited to, unexplained delays in postal service.

Sincerely,

A handwritten signature in black ink, appearing to read "Martha Demeritt".

Martha Demeritt
PAC Registrar

Enc.: PAC Penalty Matrix & Billing Statement

OFFICE LOCATED AT: 242 STATE STREET, AUGUSTA, MAINE
WEBSITE: WWW.MAINE.GOV/ETHICS

PHONE: (207) 287-4179

FAX: (207) 287-6775



STATE OF MAINE
 COMMISSION ON GOVERNMENTAL ETHICS
 AND ELECTION PRACTICES
 135 STATE HOUSE STATION
 AUGUSTA, MAINE
 04333-0135

October 12, 2006

Nate Walton
 Maine State College Republican Organization
 743 Bates College
 Lewiston, ME 04240-6068

The Commission staff has made a preliminary determination, based upon the application of the statutory formula that a penalty of \$721.96 applies for the late filing of your October Quarterly report. If you agree with this preliminary determination, please make your check or money order in that amount payable to "Treasurer, State of Maine," and send it, along with the bottom half of this letter, to the **Commission on Governmental Ethics and Election Practices, 135 State House Station, Augusta, Maine 04333**, within 30 days of the date noted above. Please see the instructions included in the attached letter if you would like the Commission to make a final determination of any penalty to be assessed in this case.

Failure to pay the full amount of an assessed penalty is a civil violation. The Commission is required to report to the Attorney General the name of any person who fails to pay the full amount of any penalty.

Please direct any questions you may have about this matter to the Commission at 287-4179.

Cut Along Dotted Line

To: Commission on Governmental Ethics and Election Practices
 135 State House Station
 Augusta, Maine 04333

For Office Use Only Account: CGEEP Fund: 010 Appr: 01
--

From: Nate Walton
 Maine State College Republican Organization

RE: Penalty for late filing of October Quarterly 2006 Report (\$721.96)

Amount Enclosed: \$ _____

Check/M.O. No.: # _____

PLEASE MAKE CHECK PAYABLE TO TREASURER, STATE OF MAINE.

OFFICE LOCATED AT: 242 STATE STREET, AUGUSTA, MAINE
 WEBSITE: WWW.MAINE.GOV/ETHICS

October Quarterly

COMMISSION ON GOVERNMENTAL ETHICS AND ELECTION PRACTICES

PENALTY MATRIX FOR LATE POLITICAL ACTION COMMITTEE REPORT FILINGS

BASIS FOR PENALTIES
21-A M.R.S.A. Section 1062-A

The penalty for filing a required report late is a percentage of the total contributions or expenditures for the filing period, whichever is greater, multiplied by the number of calendar days the report is filed late, as follows:

- For the first violation, 1%
- For the second violation, 3%
- For the third and each subsequent violation, 5%

Example: The treasurer files the PACs report two (2) calendar days late. The PAC has not had any previous late filings in the past 2 years. The PAC reports a total of \$2,500 in contributions and \$1,500 in expenditures for the filing period. The penalty is calculated as follows:

\$2,500 Greater of the amount of total contributions received or expenditures made during the filing period.

X .01 Percent prescribed for first violation

\$25.00 One percent of total contributions

x 2 Number of calendar days late

\$50.00 Total penalty Commission may assess

Your penalty is calculated as follows:

Contributions/Expenditures \$36,098.03

Percent prescribed: x 1%

\$360.98

Number of days late: x 2

Total penalty accrued: \$721.96

A penalty begins to accrue at 5:00 p.m. on the day the report is due.

Any penalty of less than \$5 is waived.

Violations accumulate on reports with filing deadlines in a 2-year period that begins on January 1st of each even-numbered year. Waiver of a penalty does not nullify the finding of a violation.

Title 21-A M.R.S.A. Section 1004-A(1) states the Commission may assess a penalty of no more than \$100 when a person files a late campaign finance report containing no contributions or expenditures.

MAXIMUM PENALTIES
21-A M.R.S.A. Section 1062-A (4)

\$10,000 for 6-day pre-election reports, 42-day post-election reports, and 24-Hour reports;
\$5,000 for quarterly reports.



Welcome to the Campaign Finance Electronic Filing System Site

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[Change Password](#)
[Admin Page](#)

10/12/2006

Please create a profile for **Home Page for Maine State College Republican Organization**

CAMPAIGN YEAR 2006

REPORT TYPE	REPORTING PERIOD	DUE DATE	DATE FILED	STATUS	LAST MODIFIED
PAC Registration	1/1/2006 to 12/31/2006		10/11/2006	Filed	5:03 p.m. EST
April Quarterly	1/6/2006 to 3/31/2006	4/10/2006			
6-Day Pre-Primary	4/1/2006 to 6/1/2006	6/7/2006			
42-Day Post-Primary	6/2/2006 to 7/18/2006	7/25/2006			
October Quarterly	7/19/2006 to 9/30/2006	10/10/2006	10/12/2006	Filed	8/2/2006 4:07 p.m. EST
6-Day Pre-General	10/1/2006 to 10/26/2006	11/1/2006			
42-Day Post-General	10/27/2006 to 12/12/2006	12/19/2006		In-Progress	8/2/2006
January Quarterly	12/13/2006 to 1/5/2007	1/16/2007			
PAC Termination	1/1/2006 to 12/31/2006				
<hr/>					
Candidate PACS - 24-Hr Report of Late Contributions and Expenditures		N/A		MULTIPLE	
Ballot PACS - 24-Hr Report of Late Contributions and Expenditures		N/A		MULTIPLE	

Please click on the following buttons to Download schedule informations in excel format.

MAINE STATE COLLEGE REPUBLICAN ORGANIZATION

10/12/2006

Name of PAC

Date Submitted

**SCHEDULE F
SUMMARY SECTION**

RECEIPTS

THIS PERIOD ONLY

- 1. Contributions Received (Schedule A, Line 4)
- 2. Other Receipts (interest income, etc.)
- 3. Loans Received (Schedule D)
- 4. TOTAL RECEIPTS THIS PERIOD (Lines 1 + 2 + 3)

	33,495.00
	103.03
	2,500.00
	36,098.03

EXPENDITURES

THIS PERIOD ONLY

- 5. Contributions to or on behalf of others (Schedule B, Line 3)
- 6. Operating Expenses (Schedule B-1, Line 3)
- 7. Loan Repayments Made (Schedule D)
- 8. TOTAL EXPENDITURES THIS PERIOD (Lines 5 + 6 + 7)

	0.00
	35,018.85
	0.00
	35,018.85

CASH BALANCE

- 9. Account Balance from last reporting period (Line 12 of previous report)
- 10. Plus total receipts this period (Line 4 above)
- 11. Less total expenditures this period (Line 8 above)
- 12. TOTAL funds on hand at close of reporting period
(This should equal your bank account balance(s) plus your petty cash balance)

	0.00
	36,098.03
	35,018.85
	1,079.18

IN-KIND SUMMARY

Fair Market Value Totals

- Total In-Kind Contributions this period (Schedule C)
- Total In-Kind Expenditures this period (Schedule C)

	0.00
	0.00

Agenda Item #7

Demeritt, Martha

From: Oliver Radwan [oradwan@mainecollegedems.com]
Sent: Thursday, October 19, 2006 8:47 AM
To: Wayne, Jonathan; Demeritt, Martha
Subject: Nate Walton/MECR and the Woodcock for Governor Campaign

Attachments: MCD Request for Investigation.doc



MCD Request for
Investigation....

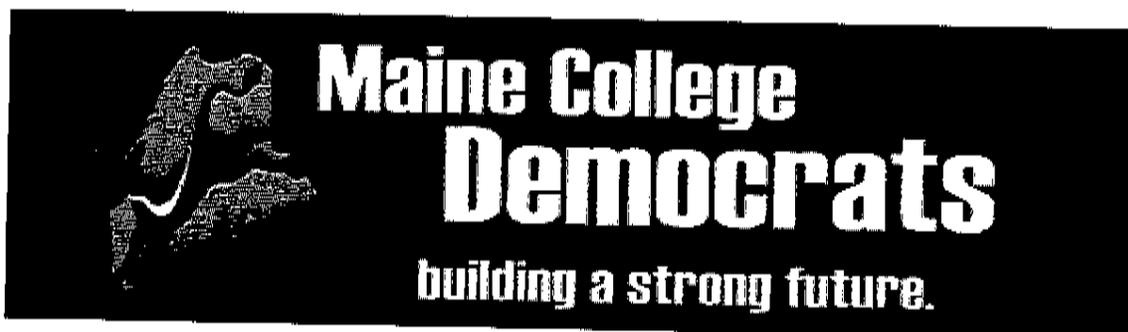
Hello Mr. Wayne -

Attached is a memo to request investigation of the activities of Nate Walton and the Maine College Republicans with regards to the Woodcock for Governor Campaign. After reviewing public documents, we felt that several questions need to be addressed in the spirit of the Maine Clean Elections Act.

I can be contacted at (919) 593-5985 should this information raise further questions or our request require clarification.

Thank you for your time.

Oliver Radwan
Co-President, Maine College Democrats
oradwan@mainecollegedems.com
(919) 593-5985



Memo

To: Jonathan Wayne, Executive Director
Maine Ethics Commission

From: Oliver Radwan, Co-President
Maine College Democrats

Date: October 9, 2006

Re: Nate Walton/MECR and the Woodcock for Governor Campaign

Please accept this memo on behalf of the Maine College Democrats, as I am co-president of the organization. After a careful review of public documents, many questions are raised that we believe need to be addressed in the spirit of the Maine Clean Elections Act. The following memo is meant to communicate a request for an investigation

Please reference the PAC registration and October Quarterly report filed by the Maine State College Republican Organization [MECR] as well as the 42-Day Pre-General Election expenditure report filed by the Chandler Woodcock for Governor campaign. Based on the bullet points below, we officially request an investigation into the propriety of the Maine State College Republican Organization's expenditures as related to the clean elections candidacy of Chandler Woodcock for Governor

I can be contacted at 919-593-5985 should this information raise further questions or our request require clarification.

Sincerely,
Oliver Radwan
Co-President, Maine College Democrats

Maine College Democrats
P.O. Box 13
Portland, ME 04001

Public Record:

On the MECR PAC registration, filed on August 1, 2006 and last amended on October 11, 2006, the mailing address is listed as "c/o Nate Walton, 743 Bate College, Lewiston, ME 04240" and the phone number listed—"207-240-4549"—is Nate Walton's personal cell phone. The MECR website lists Nathaniel Walton as the chairman of the organization. www.maineecr.org/about.htm

The Chandler Woodcock for Governor 42-Day Pre-General Election expenditure report shows payroll expenditures made to Nate Walton on July 25, August 8, August 22, September 5, and September 19.

The Woodcock for Governor Website identifies Nate Walton as the campaign's "Field Director." www.woodcockforgovernor.com/html/contact_us.php

The MECR PAC lists a travel expenditure to Nate Walton in the amount of \$2,299.01 on August 7 and another on August 25 for \$2,863.00.

Also, the MECR PAC reports two \$12,500 expenditures to the College Republican National Committee. Press releases, posted on the MECR website, indicate the undertaking and milestones of a fundraising campaign to fund the hire of paid CRNC field staff. <http://www.maineecr.org/fieldplan.htm>

These facts raise two questions:

First, is it legal for a person to oversee a PAC who is in the employ of a Clean Elections candidate?

Second, if Walton is the principal of a PAC that is paying for field staff aimed at influencing the outcome of the election and is employed by the Woodcock campaign as its field director, does it pass the straight face test to say that he is not coordinating expenditures?

Demeritt, Martha

From: Demeritt, Martha
Sent: Thursday, October 19, 2006 12:41 PM
To: Nathaniel Y. Walton
Subject: Complaint against you and MECR

Importance: High

Attachments: MCD Request for Investigation.doc



MCD Request for
Investigation....

Nate,

I'd like to resolve this today, so please call me once you've had a chance to review the attached. The only questions I have for you are:

- (1) In your capacity as field director for the Woodcock campaign do you coordinate the volunteers of the MeCR?
- (2) As president of the MeCR do you coordinate volunteers for the Woodcock campaign? For other campaigns? If not, who coordinates the volunteers for the MeCR?
- (3) Are the travel and food reimbursements in your most recent PAC report for volunteer activities for the campaigns (including Woodcock)?

Please call me at your convenience, or respond to this e-mail.

Thanks,
Martha
287-6221

-----Original Message-----

From: Oliver Radwan [mailto:oradwan@mainecollegedems.com]
Sent: Thursday, October 19, 2006 8:47 AM
To: Wayne, Jonathan; Demeritt, Martha
Subject: Nate Walton/MECR and the Woodcock for Governor Campaign

Hello Mr. Wayne -

Attached is a memo to request investigation of the activities of Nate Walton and the Maine College Republicans with regards to the Woodcock for Governor Campaign. After reviewing public documents, we felt that several questions need to be addressed in the spirit of the Maine Clean Elections Act.

I can be contacted at (919) 593-5985 should this information raise further questions or our request require clarification.

Thank you for your time.

Oliver Radwan
Co-President, Maine College Democrats
oradwan@mainecollegedems.com
(919) 593-5985

October 23, 2006

Martha Demeritt
PAC Registrar, Maine Ethics Commission
135 State House Station
Augusta, ME 04333

Dear Mrs. Demeritt,

I am writing to respond to your e-mail of October 19, 2006 citing concerns raised by Oliver Radwan, on behalf of the Maine College Democrats, regarding my role as a principal officer for the Maine State College Republican Organization ("MECR") PAC and as field director for Woodcock for Governor. As you requested in that email, I have provided the following responses to the questions you raised and stand ready to provide any further information you may require in the future.

As you may recall, you and I met with Maine Ethics Commission Executive Director Jonathan Wayne prior to my officially forming the MECR PAC on August 1 to discuss compliance questions I had about serving as both a principal PAC officer and as a member of the campaign staff of a candidate running under the Maine Clean Election Act ("MCEA"). During that meeting, I informed you that the main goal of the Maine College Republicans (and thus the MECR PAC), is to energize college students about the ideals of the state and national Republican parties, by recruiting new members, organizing trips to conservative conventions/conferences, and hosting prominent speakers on various campuses.

I was informed by you that my dual roles would not violate the spirit of the MCEA as long as the MECR PAC did not pay for any expenditure directly advocating the election of Chandler Woodcock and/or the defeat of any of his gubernatorial opponents. Following your advice from that meeting, I have not been reimbursed for travel or any other expenses related to work on behalf of Woodcock for Governor by the MECR PAC.

Please find answers to the questions you e-mailed me on Thursday below:

1. In my capacity as field director for Woodcock for Governor, I execute the following tasks:
 - a) coordinate volunteers of all varieties for various campaign events; and,
 - b) coordinate network of non-College Republican volunteer leaders in each Maine county; and,
 - c) manage volunteer contact information database.

2. In my capacity as State Chairman of the Maine College Republicans, I execute the following tasks:

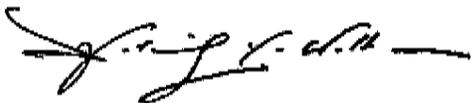
- a) advise College Republican National Committee (CRNC) staff whose only paid responsibility is to build individual College Republican chapters by recruiting new members; and,
- b) organize trips to conservative conventions/conferences; and,
- c) facilitate hosting of prominent speakers on various campuses; and,
- d) raise money to facilitate essential maintenance of the PAC.

*NOTE - Individual campaigns independently coordinate individual College Republicans as volunteers as needed.

3. The travel and food reimbursements in the most recent MECR PAC report are for travel/meals relating to essential maintenance of the PAC, including fundraising and NOT for expenses incurred in my role as a member of the Woodcock for Governor staff.

I hope this e-mail answers any and all questions on this matter. Please do not hesitate to contact me if you have any further questions.

Sincerely,



Nathaniel Y. Walton

Demeritt, Martha

From: Demeritt, Martha
Sent: Tuesday, October 24, 2006 12:17 PM
To: 'Nathaniel Y. Walton'
Cc: Dan Billings; Dan Riley (driley@bernsteinshur.com)
Subject: Complaint Response Follow-Up

Importance: High

Nate,

Thank you for your response. We have one additional question. Of the print

Agenda Item #8



MAINE COLLEGE REPUBLICANS

October 27, 2006

Jonathan Wayne
Executive Director, Maine Ethics Commission
135 State House Station
Augusta, ME 04333

Dear Mr. Wayne,

On behalf of the Maine College Republicans, I am writing to request that the Maine Ethics Commission ("Commission") open an investigation into the finances of the Maine College Democrats ("MCD").

The reasons for our request for investigation are as follows:

1. The main objective of the MCD is to influence elections in Maine (see Enclosures A, B, J).
 - a) Organizations that raise or spend in excess of \$1,500 during a single calendar year whose main objective is to influence elections in Maine are required to register and file campaign finance reports with the Commission, within 7 days of accepting those contributions (Title 21-A, Chapter 13, Subchapter 4, §1053).
 - b) Either the MCD has never raised and/or spent in excess of the statutory threshold, or it has been in violation of Title 21-A, Chapter 13, Subchapter 4, §1053.
2. The MCD has raised and spent in excess of the statutory threshold to influence elections in Maine, yet has failed to register and file campaign finance reports with the Commission, in violation of Title 21-A, Chapter 13, Subchapter 4, §1053.
 - a) The primary objective of the MCD during the fall of 2005 was to organize opposition to Question 1 on the November 8, 2005 Maine ballot (see Enclosures D, G, I, J).
 - b) On October 1, 2005, the MCD hosted satirist Al Franken at Bates College in Lewiston and at Bowdoin College in Brunswick for its state convention (see Enclosures C, D, E).
 - c) Franken charges an honorarium of \$50,000-\$75,000 per appearance (see Enclosure K).
 - d) In his remarks at both locations, Franken advocated the defeat of Question 1 (see Enclosures F, G).
 - e) The MCD charged the general public an admissions fee of \$10 at each event, which served as contributions to the organization (see Enclosures C, E).

f) The MCD claimed event attendance was 900 people in Lewiston and 1,700 people in Brunswick (see Enclosures F, G, H).

g) The MCD claimed contributions in excess of \$23,000 from the two events (see Enclosure H).

h) The MCD did not register and file campaign finance reports with the Commission within 7 days of accepting these contributions, in violation of Title 21-A, Chapter 13, Subchapter 4, §1053 (Public Record).

It is clear that the main objective of the MCD is to influence elections in Maine, and that during a past single calendar year it has raised in excess of the statutory threshold, yet did not register and file campaign finance reports with the Commission, in violation of Title 21-A, Chapter 13, Subchapter 4, §1053.

These facts raise the following questions:

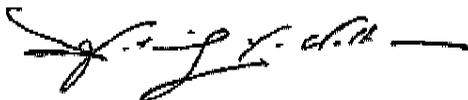
1. Has the MCD spent any of the \$23,000 raised on October 1, 2005 since October 28, 2005?

a) If any has been, what were the amounts spent - and for what purposes?

2. Has the MCD accepted contributions in excess of \$1,500 since October 28, 2005?

I appreciate your consideration and attention to this request for investigation. Please do not hesitate to contact me if you have any questions.

Sincerely,



Nathaniel Y. Walton
Chairman, Maine College Republicans

Enclosures: A, B, C, D, E, F, G, H, I, J, K



Maine College Democrats

building a strong future.

Support the College Democrats!



College Democrats work hard all over the country to elect Democrats and mobilize young people for the Democratic Party. You can support us today by making a contribution to the Maine College Democrats - the official student outreach arm of the Democratic Party.

For safe and secure on-line donations, please click here:

[Make a Donation](#)

Contributions can also be sent to:

Maine College Democrats
PO Box 13
Portland, ME 04112

Thank you for your support!

Please note the following federal regulations:

- You must be a United States citizen or a permanent resident alien.
- This contribution is not made from the general treasury funds of a corporation, labor organization or national bank.
- This contribution is not made from the treasury of an entity or person who is a federal contractor.
- The funds you are donating are not being provided to you by another person or entity for the purpose of making this contribution.

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Contact Us

MAINE DEMS

- Maine Democratic Party
- Governor Baldacci
- Tom Allen
- Mike Michaud
- John Richardson
- Beth Edmonds

NATIONAL DEMS

- DNC
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NEWS

Top Maine Dems will lead convention

September 17, 2004

By [Bobby Guerette](#)
ORIENT STAFF

College Democrats are preparing for their first-ever state college convention to be held at Bowdoin next Friday and Saturday.

Maine's highest-ranking Democrats will headline the event, dubbed the Maine College Democrats of America College Convention. Governor John Baldacci will be the keynote speaker during Saturday's activities. Congressmen Tom Allen and Mike Michaud will speak on Friday evening.

About 100 Democrats are expected to attend the full convention, which will include a variety of lectures and training sessions. Participants will learn processes for registering voters, hear from Kerry campaign officials, and participate in other classes. They will also elect members to vacant positions in the state leadership structure.

"The overall goal is to unite the state," Bowdoin College Democrats co-President Alex Cornell du Houx '06 said. Cornell du Houx and Bree Dallinga '06 are the presidents of the Maine College Democrats.

The convention will be the first convention for the state organization, which formed two years ago.

"We thought it would be an excellent way to get the state organized and mobilized for the elections," Cornell du Houx said.

Planning for an inaugural weekend takes extensive efforts, organizers said.

"I've been doing practically nothing but organizing for the convention," said Cornell du Houx. "The other [Bowdoin] officers... have been extremely dedicated."

Delegates from other Maine institutions, including the Bates and Colby Colleges, and the University of Maine system, will be board in the dorm rooms of Bowdoin Democrats. Roughly 50 students from other schools will stay overnight.

Bowdoin students and community members are invited to attend the events.

"We would love it if other people attended," Cornell du Houx said.

Interested individuals should contact Cornell du Houx by email at acornell@bowdoin.edu to obtain free credentials, which are required for entrance to any of the convention events.

Maine College Republicans held their convention in April at Colby College.

[Schedule](#)

In the current Orient

EDITORIAL

Respect Super Snack staff

Supposedly, as a student body, we appreciate the members of the support staff who work so hard to make Bowdoin a safe and enjoyable... [Read](#)

FEATURES

Seeing Double

Becca Lewis '08 had a feeling that she would attend the same college as her twin sister, Lottie. I think I kind of know we would... [Read](#)

OPINION

The price of freedom: \$46,300

Freedom. It is a mighty concept, appealing to the most optimistic regions of the human... [Read](#)

ARTS & ENTERTAINMENT

College launches iTunes U for students

With the launch of Bowdoin's iTunes U, students can unearth episodes of the now defunct Bowdoin Cable Network (BCN) soap opera... [Read](#)

SPORTS

Volleyball beats Endicott in 5

The volleyball team continues to have one of its best seasons in school history, winning its last home game and senior night... [Read](#)

Friday, September 24

4:00 - 5:30 p.m.: Sign-in and meet and greet (Lancaster Lounge, Moulton Union).

5:45: Sponsors welcome participants to first Maine Chapter Convention for College Democrats. Highlights include opening address and overview of convention (Lancaster Lounge, Moulton Union).

6:00: Keynote Speaker: Congressman Mike Michaud (D-ME) (Lancaster Lounge, Moulton Union).

7:00: Keynote Speaker: Congressman Tom Allen (D-ME) (Lancaster Lounge, Moulton Union).

7:45: Break

8:00: State election plan overview (Lancaster Lounge, Moulton Union).

9:00: E-chapters training (Computer Lab, Hawthorne & Longfellow Library).

9:45: Party to welcome Maine College Democrats to Bowdoin (Macmillan House).

Saturday, September 25

10:00 a.m.: Brunch (Thorne and Moulton dining halls).

11:00: Forum: Cory Hascal: "How to Run a Local Election" (Lancaster Lounge, Moulton Union)

12:30 p.m.: Break

1:00: Forum: DNC Committee Member Sam Spencer: "Getting Connected With Your Local Party" (Lancaster Lounge, Moulton Union).

1:30: Forum: Lee Umphrey: "Mastering The Media" (Lancaster Lounge, Moulton Union).

2:00: Snack (Lancaster Lounge, Moulton Union).

2:30: Meet with your local Representatives: "Planning for Your Local Elections" (Lancaster Lounge, Moulton Union).

3:00: Keynote Speaker: Governor John Baldacci (Morrell Lounge, Smith Union).

3:45: Break & visibility opportunities (convention pictures, etc.).

4:00: Meet with Maine representatives from the Kerry-Edwards Campaign (Lancaster Lounge, Moulton Union).

5:00 - 6:30: Dinner and checkout (Dinner: Thorne & Moulton dining halls, Checkout: Moulton Union).

ARTICLE OPTIONS

- Email this article
- Printer-friendly version
- Send a letter to the editor

In News this week...

- Security: Party checks a success
- Weekend to feature reunions
- OUTweek celebrates queer student pride
- Blog ruminates on Bowdoin food
- Maine College Dems file ethics complaint

- Super Snack woes continue
- McGee gives lecture on science of food
- Ranking based on 'super-enthusiastic' comments
- Health agency gives Bowdoin dining halls highest marks
- Alumni relations office to rely on temporary staff
- BSG reps, Mills discuss Darfur activism
- Judd wants office to be more visible
- EPA recognizes clean energy use

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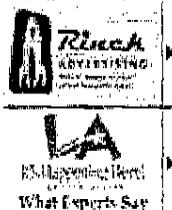


Today is October 26, 2006

39° in Lewiston, Maine

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The last book he wrote, "Lies and the Lying Liars Who Tell Them: A Fair and Balanced Look at the Right," was an even larger success, Franken said. The research he did on that encouraged him to continue speaking out against the Bush administration and right-wing activists.

Before Air America started in January 2004, there were no progressive voices on talk radio. It was dominated by the right, Franken said. "There needed to be push-back. No one else was doing it."

In his second year pushing back, Franken said he's enjoying offering comedy, commentary and interviews on the radio. "It's a gas," he said. "It's nutritional candy."

Franken and his wife, Franni, will be in Portland the next day celebrating their wedding anniversary. When asked to appear at Bates the night before, Franken "was kind enough to lend himself to us," said Anya Trundy, co-chair of the Maine College Democrat Convention and a Bowdoin student.

The Bates Chapel holds 600 people. William McElhinny, president of the Bates College Democrats, expects it to be full, but there will be overflow rooms available. "I'm a huge fan of Al Franken," he said. "Our club has tried many times to get him here."

To reserve tickets, people may go to www.mainecollegedems.com/alfranken; call Anya Trundy at 207-522-4068, or send e-mail to convention@mainecollegedems.com.

McElhinny and Trundy said they expect the show to last an hour; Franken will speak first, then take questions from the audience, they said.

"Good idea," Franken said.

Who: Al Franken

What: Benefit show for Maine College Democrats

Where: Bates College Chapel, Lewiston

When: Saturday, Oct. 1, 6 p.m.

Not Actual Vehicle



Limited Model Shown

Emerson Toyota

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NEWS

Democrats anticipate convention

Maine college Dems anxiously await the arrivals of Governor Baldacci and political-satirist Al Franken

September 30, 2005

By Chris Marotta
CONTRIBUTOR

The Bowdoin College Democrats are working to bring together the second Maine College Democrats Convention to be held at Bowdoin College this Friday and Saturday. One hundred and fifty delegates will be attending the convention, coming from 19 different colleges. Even more are expected to attend the main attraction, Al Franken.

"I mean, it's Al Franken," said Bowdoin Democrats Co-President Frank Chi '07.

Though perhaps the most widely known, Al Franken is not the only notable speaker scheduled this weekend. On Friday, Pat Colwell, Chair of the Maine Democratic Party, as well as Glen Cummings and other local legislators, are scheduled to speak about the "Maine Won't Discriminate" campaign.

"I think it's really important for people to realize what is at stake," said Chi.

Maine College Democrats President Alex Cornell du Houx '06 agreed. "We have 74,000 possible voters throughout the Maine College Democrats' influence. If we had some of those people get out and vote on this discrimination issue, we could make a real difference," he said.

Mike Michaud, congressman for the second congressional district in Maine, is talking on Saturday at 1:00 p.m. about youth labor rights activism. Following Michaud's speech, Congressman Tom Allen '67 will talk about youth participation in politics. At 8:00 p.m., Governor Baldacci and Al Franken are giving their keynote addresses. They plan to talk about youth involvement in politics, as well as the discrimination issue in Maine.

The democratic convention is also having workshops for delegates, both in media training and technological training. All delegates receive credentials, an official packet, the democratic campus plan, and the opportunity to attend every event and the training sessions.

"Conventions can't always be about speakers—people have to also get something out of it," Chi said. "Some schools don't even have any technical programs. We are giving them a chance to learn some of these skills," he said.

After holding the inaugural Maine College Democrats Convention last fall, the Bowdoin Democrats are determined to make the second convention even better.

"Last year, we were a scrappy bunch," said Chi. "We were not a force, now we are starting to organize ourselves, delegate responsibilities."

In the current Orient

EDITORIAL

Respect Super Snack staff

Supposedly, as a student body, we appreciate the members of the support staff who work so hard to make Bowdoin a safe and enjoyable... [Read](#)

FEATURES

Seeing Double

Becca Lewis '08 had a feeling that she would attend the same college as her twin sister, Lottie. I think I kind of knew we would... [Read](#)

OPINION

The price of freedom: \$46,300

Freedom. It is a mighty concept, appealing to the most optimistic regions of the human... [Read](#)

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College launches iTunes U for students

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SPORTS

Volleyball beats Endicott in 5

The volleyball team continues to have one of its best seasons in school history, winning its last home game and senior night... [Read](#)

Although the delegate sign-up is over, all are welcome to attend Governor Baldacci and Al Franken's speeches on Saturday.

Cornell du Houx hopes for a large turnout despite there not being an election this fall. "This is an off year, with no elections. It's important that we go out there and engage," he said.

On the convention, the Bowdoin Republicans President Alex Linhart '06 said, "We have never protested the convention in the past, and don't plan on doing so."

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BowdoinLocation: [Bowdoin](#)

Featured Events

Al Franken to Perform at Bowdoin October 1

Story posted September 26, 2005



Al Franken. Photo: Bill Hayward.

Comedian, political satirist, radio host and best-selling author Al Franken will perform at Bowdoin at 8 p.m., Saturday, October 1, in Morrell Gym.

Tickets are \$10 for the public and \$5 with Bowdoin student/faculty/staff ID, and are available at the David Saul Smith Union information desk on campus. Call 725-3375.

Known for his unapologetic verbal attacks of the political Right, Franken is currently the host of "The Al Franken Show" on Air America Radio.

The Emmy and Grammy award-winning comedian first garnered attention on NBC's "Saturday Night Live." Tapped (with partner Tom Davis) to be one of the show's original writers, he remained associated with "SNL" for 15 years, and created the character of Stuart Smalley. Smalley's catchphrase -- "I'm Good Enough, I'm Smart Enough, and Doggone It, People Like Me!" -- became the title of Franken's first book in 1992.

Franken's other books have included *Lies and the Lying Liars Who Tell Them: A Fair and Balanced Look at the Right* (2003); *Rush Limbaugh is a Big Fat Idiot and Other Observations* (1996); *Why Not Me?* (1999); and *Oh, the Things I Know* (2003).

His next book, titled *The Truth (with Jokes)*, will be released this October.

Franken's appearance is in conjunction with the Maine College Democrats Convention taking place on the Bowdoin campus September 30-October 2.

Welcome Nathanfel

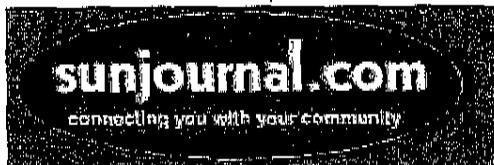
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Live, from Bates

Sunday, October 2, 2005

By Bonnie Washuk, Staff Writer
Al Franken tosses barbs at Republicans during campus appearance.

LEWISTON - Al Franken, the host of Air America Radio and author of "Rush Limbaugh is a Big Fat Idiot," told a Bates College capacity audience Saturday night he's sometimes referred to someone who does the same thing Rush Limbaugh, except from the left.

He disagrees.

"I'm not the mirror image of Rush," said Franken, wearing a jacket and tie, jeans and sneakers. The former Saturday Night Live star took to radio last year, saying he would tell the truth he doesn't believe the public gets from Republicans.

Franken offered examples, including that Republicans say terrible things will happen if the minimum wage is increased.

Going into a voice imitating Rush Limbaugh, Franken said Limbaugh said on the air that 75 percent of all Americans earning minimum wage are teenagers in their first job.

Franken wanted to find out if that were true. He asked one of his researchers to look it up. "My researcher went to something called, 'the Bureau of Labor Statistics,' and found out that 60.1 percent of Americans on minimum wage are 20 and above."

Franken asked: Where did Limbaugh get the statistic that 75 percent of all Americans on minimum wage are teenagers?

"He clearly got it directly from his butt," he said as the audience laughed and applauded. "He pulled it out of his butt. It went out of his mouth into the microphone, over the airwaves, into the brains of ditto heads who believe him."

The difference between Rush Limbaugh and the Al Franken Show is, "We get our labor statistics from the Bureau of Labor statistics. He gets his labor statistics from the Bureau of Rush's butt. They do this. They just lie! And they lie repeatedly."

Iraq is another way Republicans are mishandling the country, he said.

Advertisement




STURGEON GENERAL



LABORATORY TECHNOLOGY GRADUATES

CMC's medical imaging schools graduation
 The Clark F. Miller School of Radiologic Technology and the School of Nuclear Medicine Technology graduated eleven radiologic technology students and five nuclear medicine technologists.
[read more >>](#)

CMC Health and Wellness Services
 announce programs being offered beginning on October 30.
[read more >>](#)

Asthma Education Program
 Central Maine Medical Center has developed a new Asthma Education Program that offers practical assistance to patients and clinical support to healthcare providers.
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Endobronchial Ultrasound
 CMMC is first hospital in northern New England to offer endobronchial ultrasound (EBUS) imaging for improved lung cancer diagnosis.
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CARS

Featured Listing
2000 Oldsmobile Bravada





LA
 Happening Here!
 What Experts Say

Franken has done two USO tours in Iraq. He's doing a third in December. "My wife says, 'How come Bill O'Reilly never does that?' I said, 'Honey, that's not fair. He has no talent.'"

When performing for soldiers, Franken said he sticks to Army jokes like: "I've had five MREs (meals ready to eat). None of them have an exit strategy."

Performing for the troops is a great, fun, moving experience. But seeing the soldiers there "makes me furious. We have these great men over there. They've been failed by our leadership."

Since Hurricane Katrina, more people are looking back on the Bush administration and Iraq, "and they're seeing that Iraq has been run just like Katrina. There are Michael Browns all over Iraq. And this Congress won't do anything about." Maine Sen. Susan Collins chairs a committee "that should be looking into this, and she ain't doing it," Franken said.

There's \$8.8 billion unaccounted for that was to reconstruct Iraq, he said. Every cent that didn't get spend rebuilding Iraq, restoring water and electricity, alienated the people of Iraq and fueled insurgency, he said.

Investigations are needed to how Katrina and Iraq were handled. They need to be independent, "because you don't get the truth from these Republicans."

More applause.

Franken also spoke against Maine's Nov. 8 referendum that seeks to overturn a law making housing, credit, employment and education discrimination because of sexual orientation illegal. He spoke of his father, who believed that people "should be just, and good." Sharing a story from his Harvard College days, Franken encouraged Bates students to read.

Franken also poked fun at right-wing politicians who say liberals hurt family values.

"I'd like to say to Newt Gingrich: 'Don't you want for gay couples what you've had with your first wife, and your second wife, and your third wife. That bond?'"

After performing at Bates, he left to appear later in the evening at Bowdoin College. Today he and his wife, Maine native Franni Franken, are celebrating their 30th wedding anniversary in Portland.



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NEWS

Dems draw crowd with Franken

October 14, 2005

By [Anne Riley](#)
ORIENT STAFF

After playing host to the first two conventions of the Maine Chapter of the College Democrats of America, the Bowdoin College Democrats have decided not to hold the annual convention on campus next year.

"Having the convention at Bowdoin the first two years helped solidify our presence around the state," Bowdoin Democrats Co-President Frank Chi '07 said.

"Next year, we hope to pass the torch to another chapter—and there are many up-and-coming strong chapters to choose from," he said.

The second Maine College Democrats Convention, which took place the weekend of September 30, drew 116 delegates from seven Maine colleges, according to Bowdoin Democrats Programs Co-Chair Anya Trundy '06.

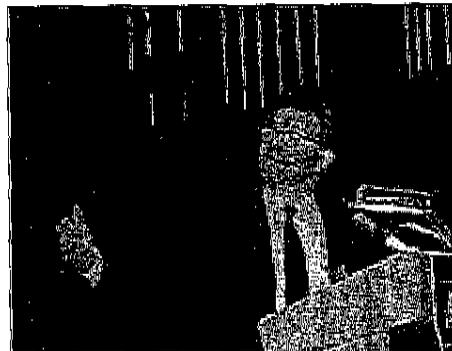
The most widely attended convention event was political satirist Al Franken's keynote address on Saturday night, which drew an estimated 1,700 people.

Franken, introduced by Maine Governor John Baldacci, spoke to a full Morrell Gymnasium about U.S. Congressman Tom DeLay's indictment, the "intellectual sloth" of the current administration, and his court case with Fox over his book, *Lies and the Lying Liars Who Tell Them: A Fair and Balanced Look at the Right*.

"This president was handed, probably through his own incompetence, an opportunity to lead not only this country, but the world, into a new century," Franken said, regarding President George W. Bush's response to the attacks on September 11. "Instead of using that moment to go after Osama Bin Laden, he let Bin Laden go and used it to attack Iraq so his cronies could get billions of dollars."

In an interview with the Orient, Franken was asked whether he fears being characterized as the Rush Limbaugh of the Left.

"Yeah, I worry about that. These are people who don't listen to what I



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COURTESY OF BOWDOIN COLLEGE DEMOCRATS

Al Franken attested to the "crooks" in the Republican Party during his keynote address at the second Maine College Democrats Convention.

In the current Orient

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The volleyball team continues to have one of its best seasons in school history, winning its last home game and senior night... [Read](#)

say and mis-characterize it," he said. After giving an example of an issue involving minimum wage labor statistics, he continued, "The difference is that we get our labor statistics from the Bureau of Labor Statistics and he gets them from the Bureau of Rush's Butt."

Other speakers sponsored by the convention included campaign manager for Maine Won't Discriminate Jesse Connolly, candidate for U.S. Senate Jean Hay Bright, and Congressman Tom Allen. State Representative Emily Cain spoke about the importance of youth involvement in the political process and Congressman Mike Michaud led a discussion on labor in Maine.

The convention also included a number of optional workshops, including media, web, and chapter-building training.

"One of the most valuable things many convention-goers may have gained is simply the networking and knowledge of who is at the other colleges working," Bowdoin College Democrats IT Director Oliver Radwan '08 said. According to Radwan, the Bowdoin College Democrats swapped ideas on web site design with democrats from Colby College and discussed individual schools's strategies for Maine Won't Discriminate with delegates from the University of Maine at Farmington and at Orono.

"While the big highlight of the weekend in terms of turnout was Al Franken, some of the training sessions where everyone could get in a circle and exchange ideas and discuss techniques were, in my opinion, the best part of the weekend," Radwan said.

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October 11, 2005

CDA News Alert 10/11/2005

Click below for the October 11th Alert

- I. CDA Efforts to Help Victims of Katrina
- II. State Federation and Chapter Updates (Mass Dems Conference, Ohio State Fed Board)
- III. Campaign Invasion: Corzine for Governor for NYC Students!
- IV. Anti-Defamation Trip to Israel
- V. Yes We Can: Training and Job Placement Program organized by Sen. Obama
- VI. American Majority Partnership Training
- VII. Leslie Byrne for Lt. Governor of Virginia Internship Opportunities
- VIII. Model US House of Representatives Conference

I. CDA Efforts to Help Victims of Katrina

Over the past two months, our nation has stood strong in the face of the the worst natural disaster in the history of the United States. CDA continues to urge our members to do whatever you can on your campus to help out the relief efforts. Here is a list of charities you can work with to help Katrina victims.

- The American Red Cross - www.RedCross.org
- AmeriCares - www.americares.org
- America's Second Harvest - www.secondharvest.org
- ASPCA - www.aspca.org
- Catholic Charities USA - www.catholiccharitiesusa.org
- Direct Relief International - www.directrelief.org
- Feed The Children - www.feedthechildren.org
- Habitat for Humanity - www.habitat.org
- Humane Society of the United States - www.hsus.org
- Noah's Wish - www.noahswish.org
- North Shore Animal League America - www.nsalamerica.org
- The Salvation Army - www.salvationarmyusa.org
- United Jewish Communities - www.ujc.org
- United Methodist Committee on Relief - www.methodistrelief.org
- United Way - national.unitedway.org

And please utilize campus sites like <http://www.nicholls.edu/katrina/donations.html> to help victims in specific communities.

II. State Federation and Local Updates

Massachusetts: UMass Amherst Democrats is holding a Public Policy Conference at UMass on November 12-13. Congressman Barney Frank will be giving the keynote address.

The *Public Policy Conference* will include expert panelists discussing the issues of the state economy, options for improving healthcare, public education, contentious environmental issues in Massachusetts, options for better and more accountable state government, and the policy and politics of social issues like comprehensive sexual education and gay marriage.

All conference programming is geared toward getting college activists the information they need to be more

effective activists. Democrats living in other states, as well as out-of-state Massachusetts students are encouraged to attend and take in the conference as an interesting and important case study of politics at the state and local level.

More information, such as a full list of panelists and conference agenda, and Online Conference Registration is available at our website, www.UMassDems.org.

Ohio: Congratulations to the new State Fed Board of Ohio! On Sunday Oct 2nd, the Ohio College Democrats elected its first permanent c-board (last years' officers were on an interim basis). I was elected Chairman by unanimous consent and our new set of officers are:

Chair: Chad McVeigh (Ohio State University)
 Vice Chair: Mark Gaffney (Ohio University)
 Treasurer: Melanic Stickle (OSU Newark)
 Membership Director: Amanda Mathews (Ohio Wesleyan University)
 Secretary: Gary M. Charvat (Miami University)
 Communications Director: Simcon Talley (Bluffton College)

Maine: Congratulations to Main State Fed for a successful convention at Bates, where over 900 people attended to hear Governor Baldacci and AL Franken. Then at Bowdoin the convention swelled 1700 people. The two fundraisers netted over \$23,000.

The Governor of Maine even Proclaimed Maine College Democrats Day!

University of Hawaii Hilo: University of Hawaii in Hilo is starting up a brand new College Dems chapter. The chapter will be led by John Riser, incoming community college freshman and a U.S. Army vet from Iraq on the GI bill. Their Web site is: <http://hawaii.collegedems.blogspot.com>.

Carnegie Mellon University (Pennsylvania): On September 24, the CMU College Democrats, in conjunction with voice majors from CMU's College of Fine Arts, held a "Cabaret for Katrina." Over 100 people donated \$5 each to hear 16 different Broadway, jazz, and spiritual selections, and \$867.25 was raised to help with Katrina relief efforts.

Cornell University (New York): On September 30, the Cornell Democrats held a Katrina Relief Charity Date Auction. Profits were \$1,698. There was a line outside the place; hundreds of people came.

III. Campaign Invasion: Corzine for Governot for NYC Students!

Jon Corzine needs our help in his race for the New Jersey Governor's Mansion. On Saturday, October 22nd, we'll be able to answer his call and spend the day canvassing in North Jersey. Transportation from Port Authority in New York City will be provided by the Corzine Campaign. The campaign will return us to Port Authority later that afternoon.

WHAT: Spend a Saturday Campaigning for Jon Corzine in North Jersey
 WHEN: Saturday, October 22nd. Vans will meet at Port Authority at 9 AM and return later that afternoon. The campaign will provide lunch.
 RSVP: By emailing your name and phone number to njinvasion@collegedemsny.com. RSVP as soon as possible, because right now the campaign has only offered a limited number of vans.

IV. Anti-Defamation League Trip to Israel

The Anti-Defamation League (ADL) invites you to apply for participation in our all-expense paid Current and Future Leaders Study Mission to Israel, January 3- January 10, 2006. The mission is open to campus student political leaders and politically active students at colleges and universities throughout the United States. Two Members of Congress or senior members of their staff, one Democrat and one Republican, are expected to join with the 12-15 Mission participants.

With the successful Israeli disengagement from Gaza and with new opportunities in play, this winter promises to be a particularly important time to be in Israel. The current events of the Middle East, coupled with Israel's ancient and modern history, has made the Jewish State a focal point of interest throughout the world. Study Mission participants will meet with decision-makers on all sides of the Israeli political spectrum, government and military officials, Palestinian representatives, Israeli and American journalists, politically active students, and Israelis. You will also have the opportunity to tour the country, visit its historic and religious sites, meet its people, and learn about its history, contemporary achievements and current issues.

To apply for this unique opportunity, complete the Application Form and include two letters of reference, which can come from faculty, college administrators, local politicians, or another party you deem appropriate. To receive an application, please contact me, Gary Levin, Director, Campus Initiatives, at 714-979-4733 or glevin@adl.org.

V. Yes We Can

Yes We Can is a training and job placement program, organized by Senator Barack Obama's Hopefund PAC, with a goal of expanding opportunities for African Americans and Latinos in political campaigns around the country. This program is designed to recruit and train young people who have the desire to work on campaigns but have limited political experience. Senator Obama's priority is to identify and create a class of talented campaign staffers who gradually build experience in all areas of a campaign, and who will continue to work in politics over an extended period of time.

For more information, please visit the website, www.hopecfundamerica.com/yeswecan/ or you may contact Tori L. Scarborough at 202-543-4673 or tscarborough@hopecfundamerica.com.

VI. American Majority Partnership Training

American Majority Partnership is holding a weekend training session at the DNC the weekend of Oct 15 & 16. The cost is \$15 per student. Please register online by Thursday October 13, 2005 at <http://www.democrats.org/trainings/aapicampaign>

VII. Leslie Byrne for Lt. Governor of Virginia Internship

Leslie Byrne is a progressive Democrat, who was the first woman elected to the U.S. Congress from Virginia. She also served as a state delegate, state senator and as the nation's Consumer Advocate under President Clinton. She is currently running for Lt. Governor of Virginia against Bill Bolling, a conservative state senator. We are an active, statewide campaign with plenty of opportunities for interns to take on substantive roles. Our office is located near Tyson's Corner Mall and the Beltway in McLean, Virginia.

If you are interested please call our office at 703-573-0790 or email at LBforLG@hotmail.com

VIII. Model US House of Representatives Conference

The United States Model House of Representatives will bring one Student Representative from each of the 435 Congressional Districts to Washington, DC for a five-day simulation of the House of Representatives. These Student Representatives will write the bills that will be introduced during the simulation in Washington, DC. This prestigious event will be held at the Capitol Complex, in the actual Committee Rooms, and numerous other events will be hosted throughout Washington, DC. The United States Model House of Representatives Program is scheduled for April 17-21, 2006. The deadline for completed applications is November 18, 2005. A rigorous competition is expected and applying as early as possible is encouraged.

Apply at <http://www.aysf.org/ModelHouseofRepresentatives/portal.html>

Posted by Seth Tanner at October 11, 2005 10:52 AM | [TrackBack](#)

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THE BOWDOIN ORIENT

Bowdoin College, Brunswick, Maine

The Oldest Continuously Published College Weekly in the U.S.

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NEWS

Voters turn down Question 1

November 11, 2005

By [Chris Marotta](#)
ORIENT STAFF

Bowdoin students flocked to the polls earlier this week to vote on Question 1—an issue that has dominated Maine politics for the past month. The referendum, which would have repealed a law passed earlier in the year by the Maine Legislature prohibiting discrimination on the basis of sexual orientation or gender identity, failed in Tuesday's election.

Throughout the day, hundreds of students were transported in student-operated College vans to and from polling places. Many registered that day just to vote on what they deemed an important issue.

"This is my first time voting," said Jackie Li '09. "But it's a very important issue. It's really close. Every vote does count."

The Bowdoin College Democrats have been campaigning for a "No" vote on Question 1 since the beginning of the academic year. College Democrats Co-President Frank Chi '07 said, "It's a moral issue, not letting discrimination be put back on the books."

In an effort to flush out all students willing to vote on the subject, the Bowdoin Democrats launched an extensive last minute campaign lasting until polls closed on Tuesday evening.

"We called the dorm rooms...we knocked on dorm rooms. Once we got them here, we vanned them out," said College Democrats Programs Co-Chair Anya Trundy '06, one of the many volunteers at Moulton Union on Election Day.

While some students were inspired to vote because of the Democrats' efforts, others were put off by the aggressiveness of the campaign.

"They've called the room four times since I've gotten back from class," Carlos West '09 said. "That still doesn't change the fact that I'm not voting."

West was not the only student who decided to abstain from voting in the recent election. Some students simply did not feel the need to get involved in Maine state legislation.

"I feel it's an important issue," Nick Peddle '09 said, "but I'm not going



click to enlarge

MIKE ARDOLINO, BOWDOIN ORIENT

Margaret Munford '07 volunteered on Election Day by picking up students in front of Moulton Union and driving them to their polling places.

In the current Orient

EDITORIAL

Respect Super Snack staff

Supposedly, as a student body, we appreciate the members of the support staff who work so hard to make Bowdoin a safe and enjoyable... [Read](#)

FEATURES

Seeing Double

Becca Lewis '08 had a feeling that she would attend the same collage as her twin sister, Lottie. I think I kind of knew we would... [Read](#)

OPINION

The price of freedom: \$46,300

Freedom. It is a mighty concept, appealing to the most optimistic regions of the human... [Read](#)

ARTS & ENTERTAINMENT

College launches iTunes U for students

With the launch of Bowdoin's iTunes U, students can unearth episodes of the now defunct Bowdoin Cable Network (BCN) soap opera... [Read](#)

SPORTS

Volleyball beats Endicott in 3

The volleyball team continues to have one of its best seasons in school history, winning its last home game and senior night... [Read](#)

to change my registration just to vote on one issue. I wouldn't have voted on anything else."

Questions 2 through 6 asked voters whether Maine should borrow money in the form of bonds to fund a variety of projects including bridge and highway improvements, agricultural assistance, economic stimulus, land conservation, and support for the public university system. Question 7 was a constitutional amendment that would allow the Legislature to assess working waterfront property based on its current usage.

Voters approved Questions 2, 3, 4, 5, and 7. A final call of Question 6—which would borrow money for university improvements—was unavailable at press time. Without including Question 6, the bond improvements from all other questions amounted to \$74 million.

Even though most student groups focused their campaign efforts on Question 1, the Bowdoin College Democrats still urged students to vote on the other issues at hand.

"We're encouraging all students to vote 'No' on 1 and 'Yes' on everything else," volunteer Brandon Mazer '08 said. While many students admitted that Question 1 was most important to them, many still felt prepared to make an informed vote on the other issues.

"I voted on all of them," Margaret Munford '07 said. "I was here this summer, so I feel slightly informed."

Other students, however, were more hesitant about voting on the other issues.

"If I know enough about the issue, I vote," Kari Twaite '06 said. "I feel bad getting involved in something that doesn't directly affect my life."

After the results came in, Chi stated, "We've achieved a great amount of success...the Bowdoin students and the citizens of Maine were convinced that this was an issue we needed to tackle."

President of the Bowdoin College Republicans Alex Linhart '06 felt differently about the matter.

"We're very disappointed; we think Maine is making a mistake...regulation depresses economic growth, and that's not what we want."

The Coalition for Marriage, backed by other Question 1 supporters, said it will now focus their efforts on the passage of a state constitutional amendment to prohibit gay marriage in Maine, according to the Associated Press.

ARTICLE OPTIONS

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In News this week...

- Security: Party checks a success
- Weekend to feature reunions
- OUTweek celebrates queer student pride
- Blog ruminates on Bowdoin food
- Maine College Dems file ethics complaint
- Super Snack woes continue
- McGee gives lecture on science of food

- Ranking based on 'super-enthusiastic' comments
- Health agency gives Bowdoin dining halls highest marks
- Alumni relations office to rely on temporary staff
- BSG reps, Mills discuss Darfur activism
- Judd wants office to be more visible
- EPA recognizes clean energy use



Maine College Democrats

building a strong future.

Questions arise about campaign finance activities of College Republicans, Woodcock Campaign

AUGUSTA (10/19/2006)- The Maine College Democrats filed an ethics complaint against the Maine College Republicans' PAC on Thursday. The complaint centers on Nate Walton, who holds many different titles. Alternately he can be Field Director for Chandler Woodcock's campaign, Chairman of the Maine College Republicans and the principal officer of the Maine College Republicans PAC. Suspicion was raised by the College Republicans' PAC reporting that that Walton was reimbursed for mileage on multiple occasions and that \$25,000 was made in combined contributions to the College Republican National Committee. Press releases posted on the Maine College Republicans' Blog announce the undertaking and completion of a \$25,000 fundraising campaign to fund the hire of paid CRNC field organizers. All the while, Walton was being paid by the tax-payer financed Woodcock Campaign to direct field operations.

Maine's campaign finance laws do not allow coordination between any PAC and a Candidate or Candidate's Committee. Walton clearly is a paid staffer of the Woodcock campaign and director of a PAC who is expending resources on behalf of Woodcock.

"Unless Nate Walton is able to firewall his own mind, keeping the knowledge of the College Republican's activities separate from his duties as a Woodcock staffer; there is a serious problem here. This just doesn't pass the straight face test. The College Republican's field staff is working to elect Chandler Woodcock and Nate Walton is aware of the College Republican's expenditures to support Woodcock," said Oliver Radwan, president of the Maine College Democrats.

Radwan continued, "The Woodcock Campaign is depending on

out of state volunteers and the Maine College Republican's PAC for support. It's clear that Woodcock's base lies with the far right of his party and out of state Republicans."

**An Interview with Candidate CJ Bernard: MCD Officer
Runs for House Seat in Caribou**

1) What motivated you to make this decision to run for the state legislature?

I have always believed in the progressive values of the Democratic Party. Since 2000, I have been an advocate and a grassroots supporter of progressive issues. In March 2005, I was asked by Speaker of the House John Richardson, Majority Leader Glenn Cummings and Representative Jeremy Fischer to run for District 4 -Caribou. At first I said "No", I wanted to finish my education at the University of Maine Presque Isle, but after I introduced Governor Baldacci at an event this past January, I decided that this was the right time to make a push to run for a political office. I feel that we need to build on our majority in the Maine State House. I also believe we need to focus on Maine becoming a leader for all its citizens young and old on a wide array of social and economic issues.

2) Alongside your involvement with the Maine College Democrats, what other political campaigns have you been involved in?

Since I was very young, I've been a dedicated volunteer in numerous campaigns. I volunteered for Bill Clinton and Al Gore, and was much more involved with Howard Dean and John Kerry's presidential campaigns. I've also been involved in Governor John Baldacci and Congressman Michael Michaud's campaigns this year, as well as helping out with NO on 1 last year.

3) How have your experiences in politics and in general shaped your political philosophy? In other words, why are you a College Democrat and why run for office so young?

Well first I am not that young, I am thirty years old and I have a very demanding schedule. I am a non-traditional student attending the University of Maine Presque Isle. I am majoring in International Studies with a concentration in political science and a minor in history. In addition, I work full time at the Loring Job Corps Center in Limestone, Maine and I am a future husband and

a father of three children. Furthermore I am a student representative of the University Of Maine System Board Of Trustees. I joined the College Democrats because I support the Democratic Party. I am a College Democrat because I want to help students younger and older than me know about the potential of our political involvement.

I feel that the Democratic Party is here to help all of us, especially students, achieve more in life. That has been the focus since the great leaders of Franklin D. Roosevelt and John F. Kennedy. In my opinion, a "College Republican" is an oxymoron because Republicans have constantly gone against student interests these past years. Being a college student is very tough these days. We have to struggle against the reduced funding in higher education by Republican leadership. Now, it's becoming more expensive for students to attend college and even if they do so they will be overwhelmed in debt.

In addition to the election this year, I will continue to fight against the falsely-named Republican "Academic Bill of Rights" that attacks professors and instills Academic McCarthyism in our classrooms.

4) What will be your most prominent issue during this campaign?

My top three issues for this upcoming election are:

Building Our Economy
Strengthen Our Education System
Uphold Fiscal Responsibility

We wish CJ the best of luck in his campaign, and we'll definitely be helping him out as well as other Maine races this November.

WELCOME TO THE NEWS ROOM

- **Complete News Article Index**

E-Board Election Results

We'd like to welcome the newly elected executive board, and also thank all of the candidates and voters.

Position	Name	Term Length
President	Oliver Radwan	1 year
President	Bree Dallina	6 months

Vice-president	Brandon Mazer	1 year
Vice-president	Anya Trundy	6 months
Director of Campaigns	David Colson	1 year
Director of Campaigns	Derek Mitchell	6 months
Director for Communications	Frank Chi	1 year
Director of Political Affairs	Jason Buxbaum	1 year
Director of Political Affairs	Clark Gascoigne	6 months
Director of Programs	Miranda Yaver	1 year
Director of Programs	Julie Otton	6 months
Director of Chapter and Community Outreach	Elizabeth Trask	1 year
Director of Chapter and Community Outreach	Paul Suttter	6 months
Treasurer	Dave Thomson	1 year
IT Director	Max Palmer	1 year

Please feel free to contact any of the new officers - we'll get their information up on the officer site soon!

2005 Elections



No on 1 was a GREAT success, and the Maine College Democrats would like to thank everyone who volunteered.

With 100% of the precincts reporting:

- Question 1: Yes:45% **No:55%**
- Question 2: **Yes:68%** No:32%
- Question 3: **Yes:58%** No:42%
- Question 4: **Yes:58%** No:42%
- Question 5: **Yes:65%** No:35%
- Question 6: Yes:50% **No:50%**
- Question 7: **Yes:72%** No:28%

Vote NO on 1 (Yes on the Rest)

VOTE NO ON 1 (YES ON THE REST)

Remember, this coming Tuesday (November 8) is Election Day!

Please vote NO on 1, and YES on the rest.

Equal Justice Under Law.

Shouldn't That Be For All of Us?

NO on 1
Maine Won't Discriminate

Maine College Democrats
Building a Stronger Future. © 2006

In March 2005, the Maine legislature passed a bill that banned employers from discriminating against employees based on sexual orientation.

Now, radical groups are trying to send Maine backwards. The Maine College Democrats are proud to endorse Maine Won't Discriminate so that our anti-discrimination law stays in the books.

On November 8, vote NO on Question 1.

Question 1:

Governor Baldacci's civil rights law passed last March with an overwhelming majority in the Legislature. The Governor courageously stood up for what he knew was right and passed this law against fierce opposition. The Governor urged, "Discrimination against anyone is discrimination against everyone".

The Anti-Discrimination law protects all Maine citizens from discrimination based on sexual orientation in housing, employment, credit, accommodations, and education. The law was an amendment to the Maine Human Rights Act that was originally passed by the Legislature in 1971.

Those on the far right, who oppose this law, are counting on low Democratic voter turnout. We cannot let that happen.

Please **VOTE NO on Question 1** on November 8th to make a strong statement that Maine won't discriminate.

Bonds are responsible investments in the future of our state. From education to research and development, bonds upkeep our quality of life and demonstrate our commitment to progress.

For two years, Republicans in the State Legislature blocked a bond issue from coming to the voters. Democrats understand the importance of investing in our future and in our community. That's why they fought tirelessly for investment in our infrastructure, our environment and our education. This bond issue is broken down into 4 questions, 2-6.

Question 2:

Our highways, bridges and public transit require investment in order for Maine to remain competitive for business. This bond asks the following question:

"Do you favor a \$33,100,000 bond issue for improvements to highways and bridges; airports; public transit improvements; state-owned ferry vessels and ferry and port facilities including port and harbor structures; and statewide bicycle trail and pedestrian improvements that makes the State eligible for over \$158,000,000 in matching funds?"

Please **VOTE YES** for investment in our infrastructure.

Question 3:

Question 3 invests in Maine agricultural sector. It asks the following question:

"Do you favor an \$8,900,000 bond issue for purposes related to agriculture and the environment in anticipation of approximately \$31,000,000 in federal funds to be used for sustainable water sources and irrigation system development, loans from a wastewater state revolving fund, grants from a small community grants program, support of public water system improvements and repairs and improvements to a veterinary technician facility at the University of Maine?"

Please **Vote YES** to investment in Maine agricultural sector.

Question 4:

Job creation remains at the heart of the Democratic Party. Governor Baldacci promised to put people first. Putting people first means providing good job opportunities and this bond fits into that strategy. The question on a ballot reads:

"Do you favor a \$20,000,000 bond issue to stimulate economic growth and job creation, through investments in the Maine economy in anticipation of approximately \$44,000,000 in federal and private funds for medical research and development; marine research and development; equity investments in small Maine companies with potential for high growth; the New Century Community Program for capital improvements to cultural resources; the renovation of Camden Hall on the University of Maine Bangor campus for a graduate school for biomedical science; the development of the Laboratory for Surface Science Technology; capital costs and equipment for the career center facility at the University of Southern Maine's Lewiston-Auburn College; and the development of the Sunrise Business and Career Center in the Town of Jonesboro?"

Please **Vote YES**, for investment in job creation.

Question 5:

Maine is blessed with a beautiful landscape. From the waves crashing at Thunder Hole on Mount Desert Island to the Allagash waterway, Maine's natural beauty inspires us all and attracts numerous tourists to our state. It is our responsibility to preserve Maine's natural beauty for future generations. Governor Baldacci and Democratic legislators understand this, that is why they continue to fight so hard for land conservation.

Question 5 is the land conservation bond. It reads:

"Do you favor a \$12,000,000 bond issue to purchase land and conservation easements statewide from willing sellers for conservation, water access, wildlife and fish habitat, outdoor recreation, including hunting and fishing, farmland preservation and working waterfront preservation to be matched by at least \$7,000,000 in private and public contributions?"

Vote YES on Question 5 to protect Maine's beautiful natural resources.

Question 6:

Education is critical to ensuring that Maine remains competitive in this global economy. Putting Maine first means providing Mainers with high quality affordable education. Question 6

invests in Maine Higher Education. It reads:

"Do you favor a \$9,000,000 bond issue to make building renovations at campuses of the University of Maine System , improve and expand the facilities of the Osher Lifelong Learning Institute at the University of Southern Maine and make building renovations at campuses of the Maine Community College System?"

Please **Vote YES** for responsible investment in Maine's Higher Education system.

Question 7:

Governor Baldacci is committed to Tax fairness. Fishermen represent the backbone of Maine's coastal economy. Question 7 is a constitutional amendment, which extends the policies currently available for farms, open space and forestland to waterfront land used for commercial fishing. It is part of an essential effort to preserve and support Maine's economic, historical, and cultural interests in the commercial fishing industry along the coast. Essentially, if passed this constitutional amendment would allow commercial fishing property to be assessed for taxes based on the lands current use, not the potential price the property might receive on the free market. The Question asks:

"Do you favor amending the Constitution of Maine to permit the Legislature to authorize waterfront land used for commercial fishing activities to be assessed based on the land's current use in a manner similar to treatment now available for farms, open space and forestland?"

This would save commercial fisherman money and would preserve Maine's coastal character. **Please vote YES** for fair taxation.

Involvement in the upcoming election is critical. All Mainers can and must vote on November 8th. If you are unregistered, you may register at the polls. If you are a College student in Maine, you may declare Maine your legal residence and vote here. Governor Baldacci, Congressmen Allen and Michaud, and legislative Democrats are fighting to put Maine people first, but they cannot do so without your help. Please vote on November 8th.

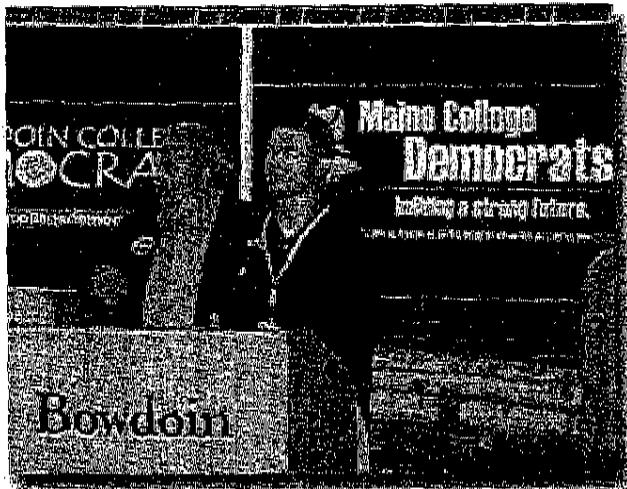
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SECOND ANNUAL MAINE COLLEGE DEMOCRATS CONVENTION A GREAT SUCCESS

by Alexander Reed

Oct. 7, 2005

The Maine College Democrats held their second annual convention this year at Bowdoin College in Brunswick, Maine. As the only college Democrats convention of its kind, the political



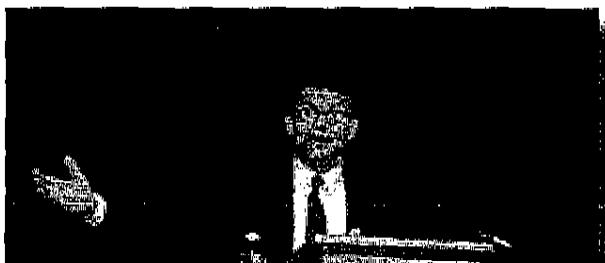
event drew upon the support of every College Democrats chapter in the state, as well as loyal Democrats from all over New England.

Maine Governor John Baldacci, Representatives Tom Allen and

Mike Michaud, and political satirist Al Franken gave keynote speeches praising the work Democrats have done throughout the many years of the party's history from its roots in the Jeffersonian era all the way through the present-day struggle to promote civil liberties, equal rights, and social justice.

Yet their message was clear: young, politicized students such as the Maine College Democrats are the future leaders of the American liberal movement. "We wanted to promote dialogue on campus about the impact of young people on politics, and at the end of this weekend I think we really did achieve that," says Bowdoin College Democrats co-President Frank Chi.

Nowhere was this more evident than after the much-anticipated performance by comedian Al Franken, whose speech drew a crowd of over a thousand people at Bowdoin's Morrell Gymnasium. He urged the audience to "celebrate Democratic family



Agenda Item #10

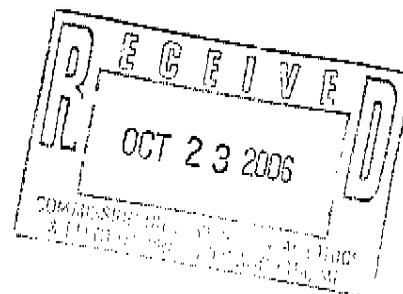
Carl Lindemann

P.O. Box 2228
Cedar Park, Texas 78630

Phone 207-318-7093

Email Carl@cyberscene.com

Jonathan Wayne
Executive Director
Maine Ethics Commission
135 State House Station
Augusta, Maine 04333
BY FAX & CERTIFIED MAIL



October 19, 2006

Dear Mr. Wayne,

Pursuant to the Ethics Commission Rules, I officially request a Commission investigation into the conduct and actions of the Maine Heritage Policy Center (MHPC) for its conduct in the TABOR campaign.

MHPC apparently operates outside the scope of Maine disclosure requirements. It carries out significant, yet undocumented efforts to pass TABOR through unknown numbers of its staff funded by unknown contributors. Despite operating alongside and, often, in the place of the measure's proponent PAC, MHPC is not registered as a Political Action Committee, has not disclosed making in-kind contributions to the proponent PAC, or has filed a form 1056-B.

MHPC's efforts on behalf of the passage of TABOR include many of the functions that otherwise would be conducted by the measure's proponent PAC. Most visible are how MHPC representatives serve in the place of spokespersons for the proponent PAC and provide numerous public relation services. MHPC has secured a large amount of earned media through these public relations activities. The scope and scale here is apparent from a daily survey of the Maine media.

MHPC's conduct stands in sharp contrast to other groups engaged in the TABOR initiative. For example, a Maine Center for Economic Policy official has made numerous public appearances speaking on the measure and has filed the appropriate 1056-B report detailing these. By MHPC's conduct, it would seem that their compliance to reporting requirements is optional.



STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

October 24, 2006

By Express Mail

Daniel I. Billings, Esq.
Marden, Dubord, Bernier & Stevens
PO Box 708
Waterville, ME 04901-0708

Dear Mr. Billings:

I have enclosed a complaint filed with the Ethics Commission received by Carl Lindemann suggesting that the Maine Heritage Policy Center (the "Center"):

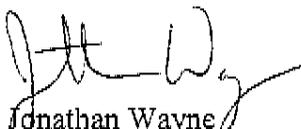
- qualifies as a political action committee under 21-A M.R.S.A. §1052 and is required to register and file reports under §1053 and 1058, or
- is required to file financial reports under §1056-B of expenditures made for the purpose of initiating, promoting, or influencing in any way the Taxpayer Bill of Rights (TABOR) citizen initiative.

The Ethics Commission also received comments from Jonathan Crasnick of Democracy Maine in support of Mr. Lindemann's request.

Please provide whatever response the Center believes is appropriate no later than Thursday, October 26. I apologize for the very short response time.

In the response, please describe generally any expenditures made by the Center for the purposes of initiating, promoting, or influencing in any way the TABOR initiative, and whether expenditures on staff time were made for these purposes. Also, I believe you testified on October 20 that the Center had not *solicited* any contributions relating to TABOR. Given that testimony, if the Center is comfortable addressing this issue: please clarify whether the Center has *received* any funds from any source specifically in connection with the TABOR initiative. Thank you for your and the Center's cooperation.

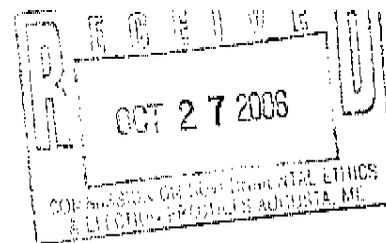
Sincerely,


Jonathan Wayne
Executive Director

cc: Carl Lindemann (by e-mail)

**MARDEN, DUBORD,
BERNIER & STEVENS**

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(1891-1964)
RICHARD J. DUBORD
(1921-1970)
HAROLD C. MARDEN
(1900-1994)
ROBERT A. MARDEN
(RETIRED)

October 26, 2006

Jonathan Wayne, Executive Director
Maine Commission on Governmental Ethics & Election Practices
135 State House Station
Augusta, ME 04333-0135

RE: Maine Heritage Policy Center

Dear Jonathan:

I am responding on behalf of the Maine Heritage Policy Center ("MHPC") to your letter of October 24th concerning the complaint by Carl Lindemann. The complaint raises significant and complicated issues and we are happy to cooperate with the Commission's inquiry. Before responding to the specific issues raised by the complaint, I would like to provide an overview of MHPC and its activities to provide some context to their activities related to the Maine Taxpayer Bill of Rights.

Maine Heritage Policy Center's Activities

The Maine Heritage Policy Center is a nonprofit, nonpartisan research and educational organization whose purpose is to analyze and promote conservative and free market public policy solutions that will benefit the people of Maine. MHPC's work is primarily focused on fiscal, health care, and education issues – as well as data collection and publications.

In 2003, MHPC authored its first-ever policy report on tax-and-expenditure limits (TELS). MHPC identified TELS as a potential solution to Maine's high tax ranking, researching the make-up of the 25+ states that had some form of TELS. MHPC has continued to promote TELS as a policy solution since that first report.

In 2004, MHPC hosted the "Emergency Tax Summit" in Portland, bringing together respected economists and policy experts from Maine and around the nation to address Maine's continued high tax burden. Two respected economists from Colorado spoke about the Colorado TEL, instituted in 1992, that served to lower taxes and strengthen the economy.

Jonathan Wayne, Executive Director
October 26, 2006
Page 2

Following that conference, MHPC set about the task of drafting model legislation for a TEL in Maine. In consultation with Maine legislators, national economists and policy experts, MHPC worked to design a TEL that would work within Maine's unique dynamics and laws. That work was completed in the summer of 2004.

Following the completion of the model TEL, it was advanced in two separate directions. Mary Adams became interested in using the model TEL as a citizen's initiative, and took the necessary steps to begin that process, including the creation of a political action committee "TaxpayerBillOfRights.com". Additionally, Senator Mary Andrews took the model TEL and submitted it in the Legislature as a legislative bill. That bill eventually was voted down in the Legislature.

In October of 2004, Mary Adams received approval to circulate petitions for what was to be known as the Maine Taxpayer Bill of Rights. Signatures were gathered through October of 2005, when the petitions were submitted to the Secretary of State. In February of 2006, the Secretary of State certified the petitions. Soon thereafter, Kathleen McGee filed a suit in Superior Court challenging the Secretary of State's decision. The Superior Court found in McGee's favor, and Mary Adams appealed to the Law Court.

In the Law Court case, Democracy Maine filed an amicus brief, siding with Ms. McGee's defense of the Superior Court decision. Michael Duddy, Esquire was retained by Mary Adams for the appeal, and Assistant Attorney General Phyllis Gardner also argued against the Superior Court decision on behalf of the Secretary of State. In May of 2006, the Law Court unanimously found in Adams' favor, ordered that the petitions be ruled valid, and thus placed the citizen's initiative on the November 2006 ballot.

Over the past two years, MHPC has conducted additional research and analysis on Maine's proposed TEL. MHPC researchers have studied the impact of TELs on other states, notably Colorado, as well as the other states that now have a TEL and the positive correlation between lower taxes and economic vitality. MHPC has used comprehensive computer equilibrium modeling to estimate the job creation and increase of personal income that would result from Maine's proposal. MHPC has further delved into Maine's struggling economy and continued to encourage restrained government growth as a way to reduce Maine's tax burden.

The staff at MHPC has been invited numerous times to speak about the Maine Taxpayer Bill of Rights. Most often, MHPC has been asked to educate audiences about what the bill says, why it was designed the way it was and in what context it was seen as a solution. MHPC is the author of the model legislation that since became a citizen's initiative. The staff of MHPC is seen as experts on the initiative, and as such, has been asked to testify at the Legislature and at the municipal level, and also to speak at debates and service organizations regarding the research and analysis MHPC has conducted. Often, MHPC is contacted by the media to answer technical questions about the bill or to answer charges from those opposed to the Taxpayer Bill of Rights initiative.

Jonathan Wayne, Executive Director
October 26, 2006
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As the drafters who developed the initial model legislation, MHPC is in the best position to provide information on what the initiative says and what the analysis shows will be the initiative's impact. That is the nature of MHPC's work as a public policy research and educational organization – to research and analyze public policies and educate people regarding the findings.

The Maine Heritage Policy Center has not distributed or produced political literature that specifically advocates a "Yes on 1" or "Vote Yes on TABOR" position. In their remarks, MHPC's staff does not tell people to vote one way or the other. The materials submitted by Mr. Lindemann and Democracy Maine show this to be the case. MHPC has not purchased television, radio, or newspaper advertisements to influence the outcome of the referendum. MHPC has not purchased nor distributed lawn signs, bumper stickers, or other types of campaign material. The Maine Heritage Policy Center does not solicit or receive funds that are predicated on the Center's taking a position on any issue. All donations received are used to support the overall operations and general mission of the Center.

In short, the Maine Heritage Policy Center is engaged in policy research and analysis, and not political campaigning. The Center's staff serves as policy experts in key areas, including Tax and Expenditure Limits. As such, MHPC is called to provide analysis in those areas.

With this letter, copies of recent publications produced by MHPC are being provided to give the Commission a clear picture of the Center's activities.

Responses to Questions in October 24th letter

It is important to begin this discussion by noting that the United States Supreme Court has held that advocacy concerning referendum-type elections involves "core political speech," and state regulation of election advocacy accordingly requires "exacting scrutiny" to ensure that the regulation is "narrowly tailored" to an "overriding state interest." McIntyre v. Ohio Elections Comm'n, 514 U.S. 334, 347, 115 S.Ct. 1511, 131 L.Ed.2d 426 (1995). The Court has reminded us that the premise of the First Amendment is that voters are presumed to be able to assess the persuasiveness of a message and vote a ballot issue up or down on its merits. See Id. at 348-49, 115 S.Ct. 1511. Though the wording of the Maine statutes in this area are quite broad, the Commission should keep in mind that core political speech is at issue and the statutes should, as a result, be read and applied narrowly.

In applying the statutes to MHPC's activities, it is my conclusion that neither registration with nor financial reporting to the Commission is required.

MHPC is not a political action committee ("PAC") as defined by 21-A M.R.S.A. §1052. MHPC is not a segregated fund established with the purpose of influencing an election. MHPC is not a funding or transfer mechanism for a campaign. Its major purpose is not advocating the passage of a ballot question. It has not solicited or received any contributions to influence the outcome of a referendum campaign. It should be noted that other similar organizations, such as the Maine Center for Economic Policy, have not

Jonathan Wayne, Executive Director
October 26, 2006
Page 4

registered as a PAC, though they are involved in the campaign to defeat the Maine Taxpayer Bill of Rights.

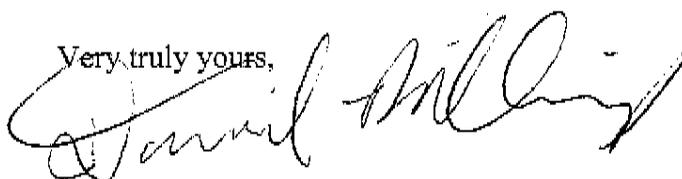
, MHPC should also not be required to file financial reports under 21-A M.R.S.A. §1056-B. While MHPC's activities may influence the referendum on the Maine Taxpayer Bill of Rights, MHPC's has not solicited or accepted contributions or made expenditures for the purpose of initiating, promoting, defeating, or influencing in any way the outcome of the referendum. MHPC's purpose in speaking about the Maine Taxpayer Bill of Rights is to further the Center's mission to analyze and promote conservative and free market public policy solutions that will benefit the people of Maine. MHPC is engaging in the same types of activities today as it did before the referendum was placed on the ballot and it will be engaging in the same types of activities after November 7th. The purpose of MHPC's activities is not to influence the outcome of the referendum, therefore, its activities do not trigger reporting under 21-A M.R.S.A. §1056-B.

As I noted in my brief presentation to the Commission last week, if the Commission decides that the time spent by MHPC staff speaking about the Maine Taxpayer Bill of Rights triggers reporting, there are dozens of other organizations that should also report. Many municipalities have spent considerable staff time on the referendum and some have spent money getting information about the municipality's view on the initiative to citizens. Other organizations such, as the Maine Chamber of Commerce, several local chambers of commerce, and even the Roman Catholic Diocese of Portland, have spent considerable time and effort studying the Maine Taxpayer Bill of Rights and communicating their views to the public. I do not believe that the Legislature intended reporting to be triggered simply by the study of an issue and public statements concerning an issue. Even if that was intended, I do not believe that such a broad regulation of core political speech would withstand constitutional scrutiny.

I will be in attendance at the Commission's meeting on October 31st, along with Bill Becker, President & Chief Executive Officer of MHPC. Bill has a pre-existing commitment on the morning of October 31st and will not likely be able to get to the meeting before 10:30 a.m. I request that this matter be scheduled after other matters on the agenda so Bill can participate in the discussion. Though I will certainly be prepared to discuss the issue, Bill is in the best position to answer any questions that Commission members may have about MHPC and its activities.

If you believe any further information would be of assistance to the Commission, please let me know.

Very truly yours,



Daniel I. Billings
e-mail: dbillings@gwi.net



Maine Voices Against Extremism

Monday, October 23, 2006

Maine State Ethics Commission
135 State House Station, Augusta, ME 04333

Dear Commissioners,

This letter is meant to submit in writing, my testimony to the State Ethics Commission on Friday, October 20, 2006, in Augusta, ME.

Democracy Maine is non profit organization based in Portland. We support Mr. Carl Lindermann's filing of a complaint against the Maine Heritage Policy Center (MHPC), and agree that MHPC's role in advocating the enactment of the Tax Payers Bill or Rights, or TABOR, is an important issue that should be looked into much more closely.

MHPC has played an integral role in the campaign to enact TABOR. Its staff has participated in debates in favor of TABOR, written reports in favor of TABOR, brought speakers from out of state to advocate in favor of TABOR, placed material on MHPC's website promoting TABOR, organized news conferences promoting the enactment of Question One, supplied op-cds and other opinion pieces to newspapers and other publications in favor of Question One, and has been involved in other election activities. Because the MHPC is a tax-exempt non-profit organization, its list of contributors who support the organization is not public. But this fact should not shield the MHPC from disclosing its contributors when its activities cross the line from mere analysis and education to advocating for the passage of a referendum question.

Before November 7th, Maine voters deserve to know what funds and resources MHPC has spent promoting TABOR and where said funds have come from. Who is paying for MHPC's election activities? MHPC could resolve these questions by simply filing a 1056-B form with the State Ethics Commission listing what funds it has raised, what funds it has spent or what, if any, in-kind contributions it has made to PACs supporting TABOR. Additionally, the pro-TABOR PACs that have received in-kind support and contributions from the MHPC should list their contribution of their campaign finance reports.

Attached with this letter are:

- A sampling of newspaper articles that show how involved MHPC staffers have been with the campaign to enact TABOR,
- A list of occasions when MHPC staffers have spoken or debated in favor of TABOR. (Partial list)
- Material from MHPC's website in support of TABOR

Given its level of involvement in the Question One campaign, MHPC's claims that it is only educating the public about TABOR but not advocating its passage are not credible. Democracy Maine strongly urges the commission to require MHPC to disclose what funds it has spent promoting TABOR and where those funds came from.

Thank you for your time.

Sincerely,

Jonathan Crasnick

Executive Director
Democracy Maine



The following are a list of past and upcoming debates and forums where Maine Heritage Policy Center staff have spoken, and will speak in favor of TABOR.

Past engagements

- Sept 15, 2005, 7 am: Bangor Rotary Club - Bill Becker
- Sept 11, 2006, 6:30 pm: Portland Water District Board of trustees meeting; 6:30pm; Geoff Hermann vs Tarren Bragdon
- Sept 8th: Skowhegan Chamber of Commerce; Tarren Bragdon
- Sept 13th: Auburn-Lewiston Rotary, Bill Becker
- Sept 14th: Androscoggin Chamber of Commerce, Bill Becker vs Kit St John
- Sept 20th: Bangor Chamber of Commerce; Tarren Bragdon
- Sept 20th: Maine Tourism Board, Taryn Bragdon vs Kit St. John
- Sept 21st, 7 pm: Kittery Tabor Forum, Tarren Bragdon vs Ed Cervone
- Sept 27th, 5 pm: Penobscott Valley Council of Gov't; 5pm. Mark Gray vs Tarren Bragdon
- Sept 27th: Harpswell Community TV, Scott Moody and Bill Becker
- Sept 29th: Western Maine Legislative Caucus. Ed Cervone vs Scott Moddy
- Oct 3rd: Bath Library Forum Kit St. John vs Scott Moddy
- Oct 4th, 4 pm: Piper Shores, Bill Becker
- Oct 5th, 7:15 am: Winthrop Chamber of Commerce; Kit St John vs Scott Moddy
- Oct 9th, 6 pm: Yarmouth Unitarian Church; Church Men's Club, Kit St. John vs Bill Becker
- Oct 11th, 7:30 am: USM, Larry Benoit vs Bill Becker
- Oct 12th, 6 pm: UMO TABOR Debate, Kit St John Vs Scott Moody
- Thurs, Oct 12th, 7 pm: Harpswell TABOR Forum. Bill Becker and Roy Lenardson.
- Thurs, Oct 12th, 1 pm: Augusta Kiwanis meeting with Bill Becker
- Oct 17th, 7:30 pm: Alfred TABOR Forum; Mary Ann Gleason vs Scott Moody
- Oct 19th: Gardiner Rotary Club, Tarren Bragdon
- Oct 20th, 7 pm: Elliot Tabor Forum; Mary Ann Gleason vs Tarren Bragdon
- Sunday, Oct 22nd, 1 pm: Cape Elizabeth Tabor Forum; Nancy Kelleher vs Bill Becker
- Mon, Oct 23rd, 7 pm: Cumberland Congregational Church, Lions Club, Nancy Kelleher vs Bill Becker
- Mon, Oct 23rd, 6:30 pm: Rockland TABOR Forum; Ed Cervone vs Scott Moddy

Upcoming engagements

- Tues, Oct 24th, 7 pm: Topsham TABOR Forum; Ed Cervone vs Tarren Bragdon
- Wed, October 25th, 5 pm: United Way TABOR Forum, York Community College, Mary Ann Gleason vs Bill Becker
- Wed Oct 25th, 6:30 pm: Camden TABOR Forum; Lisa Pohlman vs Scott Moddy
- Mon, Oct 30th, 7 am: WGAN radio debate. Dennis Bailey vs Bill Becker
- Tues, Oct 31st, 7:30 am: Portland Chamber of Commerce, Jeanne Hult vs Bill Becker

Budget and Tax News
Jan. 12, 2006

Maine Has Momentum

Momentum for TABOR also continues in Maine, which joins Oklahoma, Pennsylvania, and more than 20 other states where advocates are pursuing enactment of a TABOR. Bill Becker, executive director of the Maine Heritage Policy Center, was unfazed by Colorado's vote. Becker is helping lead the charge for the statutory Taxpayer's Bill of Rights that will likely be on the ballot in Maine in November 2006.

"The Colorado vote is proof that TABOR works," Becker said. "TABOR allows the people paying the bills, not politicians, to have the final say in exceeding tax and spending limits."

Maine citizens shoulder the highest combined state and local tax burden in the nation, with an average rate of 13 percent of income, according to the Tax Foundation. Colorado has one of the nation's lightest tax burdens, ranking 44th in the nation at a rate of 9.2 percent of income.

The Small Business Survival Index 2005, published by the Small Business & Entrepreneurship Council, shows Colorado as having one of the nation's best business environments--and Maine nearly the worst. Colorado ranks 10th and Maine 49th. Only California and the District of Columbia have worse business environments, according to the Survival Index.

From the Lewiston Sun Journal
Sunday, Aug. 20, 2006

TABOR backed by funds out-of-state funds
Big benefactors boost national effort to enact spending caps

LEWISTON - Mary Adams and the **Maine Heritage Policy Institute** are the public faces on the drive to enact a Taxpayer Bill of Rights in Maine, but much of the financial support so far has come from the same people who are supporting similar efforts around the country.

In Maine, much of the intellectual muscle for TABOR has been provided by the **Maine Heritage Policy institute.**

Founded in 2002, one of the first topics that the Portland-based conservative think tank tackled was the notion of limiting taxation and government spending.

"This has been an issue we've been passionate about from the very beginning," said **Bill Becker**, the president and CEO of Maine Heritage.

MHPC wrote the Maine version of TABOR two years ago as model legislation, Becker said. It was introduced in the Legislature but was not enacted.

"We put it out there for anybody who was interested," Becker said.

Maine's law is based on Colorado's, with improvements, Becker said.

"The Maine TABOR was written specifically for Maine," Becker said. "Did we consult with people? Absolutely. ... This idea is sweeping the nation because taxpayers are fed up."

And, Becker said, it should be a national idea.

"We're tired of being at the bottom of the economic barrel," Becker said. "Is it any wonder that other states don't want to join us?"

The Maine Heritage Policy Center has remained involved in the pursuit of TABOR since crafting the legislation two years ago.

Roy Lenardson, a former senior policy analyst for the center, is running the pro-TABOR campaign and remains an adviser to Maine Heritage.

Becker, of Maine Heritage, is a frequent companion of TABOR activist Mary Adams, who has become the public face of the ballot initiative. He is a strong advocate for TABOR, a close adviser to Adams and a charismatic spokesman for conservative policies.

The Maine Heritage Policy Center has received financial support from a number of prominent conservative-to-libertarian funding groups. As reported by Victoria Wallack in the Lincoln

County News in March, those groups include the Atlas Economic Research Foundation and the J.M Foundation. Becker would not disclose MHPC's donor list, saying that its confidential, and state and federal law does not require nonprofit organizations to reveal where they get their money.

"We have received financial support from people both inside the state of Maine and outside," Becker said.

On its Web site, Americans for Limited Government lists TaxpayerBillOfRights.com as one of its state partners and also links to the Maine Heritage Policy Center and the Maine Public Policy Institute.

New York developer Howard Rich is the chairman of Americans for Limited Government. His wife, Andrea, is on the board of directors for Atlas. Rich, also, is heavily involved in the Club for Growth, another national organization which supports TABOR and reducing the size of government at all levels and was founded by Grover Norquist, a national anti-tax activist.

Norquist has visited Maine as a guest of the Maine Heritage Policy Center.

Sunday, September 3, 2006

Ready, set, campaign: Battle over TABOR heats up

By TREVOR MAXWELL, Staff Writer

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Mainers have a reputation for enjoying an old-fashioned debate about taxes.

This fall, they've got one.

The Taxpayer Bill of Rights will appear as referendum Question One on the Nov. 7 ballot. Voters will be asked if they want to limit government spending by tying increases to specific growth rates like inflation and population change.

Some campaigning has gone on this summer, but the real battle begins now. The opposing camps will spend thousands on

advertisements and shift fundraising into high gear. They are also arranging speaking engagements at Rotary clubs, chambers of commerce and special town meetings from Kittery to Fort Kent.

The proposal is championed by citizen activist Mary Adams of Garland and the conservative Maine Heritage Policy Center. The opponents are led by Citizens United, a political action committee that gets its clout from the Maine Municipal Association and a list of other groups.

"It is likely to stand out this year," said Ron Schmidt, associate professor of political science at the University of Southern Maine. More families are struggling with higher costs for things like heating oil and health care, which could generate support for a question that puts limits on government spending, he said.

"When push comes to shove, this needs to be an issue that is front and center," Schmidt said.

Both sides in this campaign say they want to strengthen Maine's economy and reduce tax burdens on families and businesses. But that's where the similarities end.

"It's a power shift from government to people, I think that's why you're seeing government entities squawk," said Adams, who led the fight against school funding mandates in the 1970s. "I haven't understood the argument that it curtails democracy."

Christopher St. John, director of the Maine Center for Economic Policy, opposes the idea.

"The challenge for proponents is to tell the truth," St. John said. "Their message to date is that this is simple, and it won't lead to cuts. It is a simple message and an attractive one, but it isn't true."

The proposal is essentially a spending cap on state and local governments, with a provision that allows voters to override the imposed limits. About 30 states have some kind of cap laws.

The Taxpayer Bill of Rights in Colorado stands out as the most stringent and was the model for the Maine proposal.

"Theirs is a revenue limit; ours is an expenditure limit," said Bill Becker, president of the Maine Heritage Policy Center. Staffers there wrote the initial proposal two years ago. "We took the parts that have been successful in Colorado, and we

made changes to make it work for Maine."

Under the proposal, towns and counties would have to base spending increases on inflation plus population change, or on the change in overall property values, whichever is lower. Spending at the state level would be tied to inflation and population increases. School budgets would be tied to inflation and enrollment.

If a town wanted to override the limit, any spending increase would have to be approved by a two-thirds majority of the governing body, like a city council or town meeting. The increase would then have to gain approval from a majority of all voters.

At the end of each fiscal year, any state revenue surplus would be split up, with 80 percent for tax relief and 20 percent for a state rainy day fund.

Larry Benoit, a strategist affiliated with Portland-based Bernstein Shur, says the plan is a bad idea.

"It will ultimately rob communities of local control," said Benoit, campaign director for Citizens United. "Only the Legislature will be able to change it. If a community does not vote for TABOR, it will still have to live with it.

The two-thirds requirement for the override is a problem, Benoit said, because it allows a minority to block spending increases that have the support of the majority.

"It's a one-size-fits-all formula that ignores local conditions and regional conditions with respect to cost," Benoit said.

The proposal is the latest in a string of citizen-initiated referendums and legislative moves responding to unease over taxes.

Voters in 2003 approved a plan to boost state aid to schools to 55 percent of the operating budgets. Another referendum in June 2004 reaffirmed that plan, but legislators later moved to spread the increase out over four years. In November 2004, a referendum brought forward by Carol Palesky was shot down at the polls. It would have capped property taxes at 1 percent of the appraised value.

Two months later, the Legislature adopted the bill known as LD 1. It boosts school aid, puts a cap on how much towns and cities can collect in property taxes and expands two tax breaks. LD 1 placed Maine among the 30 states with similar cap laws. But Adams said the caps

are too lenient and people need immediate relief.

The central question at this point is unavoidable: Will the proposal bring budget cuts"

"When you apply the formulas, roughly 35 percent, or 172 of Maine municipalities, would actually have outright budget cuts to comply," Benoit said. "Thirty-one percent of schools would face budget cuts."

Benoit was quoting an analysis released in June by the Maine Municipal Association, which opposes the bill. The town of Guilford in Piscataquis County, for example, saw a 28 percent decline in valuation last year. That would mean municipal budget cuts of 28 percent, according to Benoit and St. John.

"Change can be a positive or negative percentage," Benoit said. "We're very confident in our interpretation of this."

Those who wrote and support the bill, though, say it never requires cuts. The worst that can happen, they say, is flat funding year to year. Using the Guilford example, voters in town would have several options, said Becker of the Heritage Policy Center.

They could keep the same budget levels from the previous year, or they could use the override process to increase spending. Voters also could cut the budget, Becker said.

"This law is meant to restrain excessive government growth," he said. "That is the fundamental issue."

Two other major disagreements will continue to play prominently in the campaign. The sides disagree on how cumbersome the override process would be, and whether it would be feasible in most communities. The other question is about how the law has worked in Colorado, which adopted its Taxpayer Bill of Rights in 1992.

Last fall, voters in Colorado suspended a key provision in the law. They allowed the state Legislature to spend nearly \$4 billion over the next five years, money that otherwise would have been returned to taxpayers.

Both sides in Maine have signed up a long list of speakers from Colorado, ranging from ranchers to Republican Gov. Bill Owens. Some will try to convince Mainers that the bill has failed, leading to an erosion in schools and economic development. Others, like Owens, will

say the bill has succeeded, bringing new jobs and people into the state, and cutting unnecessary spending.

The long list of ambiguities could make it tough for voters to decide. But everyone can expect a spirited debate: Taxes are one issue about which residents are generally not shy.

"I hope that it gets the attention of the politicians and shows them the citizens are fed up and they should change the way we are taxed," said George Fogg of North Yarmouth, a retiree whose annual property taxes have risen from \$600 to \$2,300 in the past two decades.

Kimberly Whipkey, a college student who grew up in Portland, is on the other side. She has a younger sister in public school and does not want to see a drop in the quality of programs.

"I'm worried that the implications of this formula will mean severe spending cutbacks for the things Mainers care about, like education, health care and public safety."

Staff writer Trevor Maxwell can be contacted at 791-6451 or at:

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Mainers to vote on referendum to limit government spending

Saturday October 14, 2006

By CLARKE CANFIELD

Associated Press Writer

PORTLAND, Maine (AP) For the second time in two years, Mainers will vote on an initiative that aims to rein in government spending and cut taxes, but which opponents say will slash government services and do nothing to help the state's lagging economy.

If approved in the Nov. 7 election, the Taxpayer Bill of Rights would limit spending at all levels of government to the rate of inflation plus population growth, while requiring voter approval for all tax and fee increases.

Mary Adams, a 68-year-old grandmother from Garland, pop. 1,200,

spearheaded the signature drive to get the question on the ballot. She led a similar referendum initiative 30 years ago that overturned the statewide property tax.

Government, Adams maintains, has been spending at an unsustainable rate, causing high taxes and hurting the economy.

“We are the poster child for overspending. We are No. 1 in the local and state tax burden,” Adams said. “So it’s very obvious to Maine people that they’ve got to do something.”

Opponents are making the same arguments they used when arguing against a 2004 tax cap referendum, which failed at the polls by a nearly 2-to-1 margin.

If voters approve the Taxpayer Bill of Rights, or TABOR, schools will suffer, roads will fall into disrepair, police and fire departments will be underfunded, opponents say. The measure takes away local control and will hurt not help the economy, they say.

While there’s little disagreement that tax reform and property tax relief are overdue, TABOR is not the right solution, said Larry Benoit, campaign manager for an anti-TABOR group called Citizens United To Protect Our Public Safety, Schools and Communities.

“This is a fatally flawed proposal and will not properly address these issues,” Benoit said.

The Maine referendum is one of many nationwide that attempt to limit taxes or government spending, according to the Washington-based National Taxpayers Union.

Proposals to limit state government spending are on the ballot in Nebraska and Oregon. Initiatives in South Dakota, Washington, South Carolina, New Jersey and Arizona deal with property, inheritance and sales taxes, and even taxes on cell phones, said Pete Sepp, spokesman for the group, which

supports lower taxes.

Conversely, ballot initiatives in California, Alaska and elsewhere call for additional taxes on oil production, tobacco, corporations, natural gas and land parcels, he said.

"The level of ballot measure activity is the strongest we've seen in probably a decade," Sepp said.

In Maine, groups opposed to TABOR raised more than \$1 million by the end of September more than four times as much as supporters had raised.

Polls, however, show more support than opposition for the referendum, although the gap is thought to be shrinking.

Two years ago voters soundly rejected the so-called Palesky tax cap referendum, a California-style tax cap named for tax activist Carol Palesky that would have limited property taxes to 1 percent of a property's assessed value. TABOR, by comparison, would place limits on government spending.

Both proposals represent a revolt against Maine's high tax burden. This year, Mainers paid 13.5 percent of their incomes toward state and local taxes, far above the national average of 10.6 percent, according to the Tax Foundation in Washington, D.C.

The Maine Heritage Policy Center, a conservative think tank, crafted the language for TABOR using as its model Colorado, which adopted a version of a *Taxpayers' Bill of Rights* in 1992.

Maine's TABOR would allow government to grow at a "reasonable" rate of around 3 percent a year, with any revenues above that limit going to reduce taxes, said Bill Becker, CEO and president of the policy center. The state budget, he said, has doubled in the past decade.

The goal of TABOR, he said, is to invigorate the state's economy.

Maine has suffered from slow job and personal income growth, and a Federal Reserve Bank analysis last spring said that Maine was one of only two states the other being hurricane-ravaged Louisiana that experienced an economic decline last year.

“We’ve been promised for 30 or 40 years that we could borrow and spend our way to prosperity, but look where we are,” Becker said.

TABOR has been endorsed by a number of business groups, including the Maine Oil Dealers Association, the Portland Regional Chamber, the Maine chapter of Associated Builders and Contractors, and the Maine Restaurant Association.

At least six town councils also have endorsed TABOR, which has surprised *some people since the councils are the ones that hand out the money.*

Steve Ross, chairman of the Scarborough council, opposed the Palesky tax cap proposal in 2004 but said he voted to endorse TABOR because “state government is totally out of control.”

“If taxes are a little lower and there are fewer public employees and people need to do a little more on their own, I think that would be healthy,” Ross said.

Opposition groups include government agencies, unions, the Maine chapter of AARP, some business groups and the head of Maine’s Roman Catholic diocese. They say TABOR won’t do what it promises and will take away local control of budgets. They say the devil is in the details of proposal.

For instance, if TABOR were now in effect, its formula on municipal and school budgets would have forced 41 percent of school districts and 36 percent of municipalities to cut their budgets this year, opponents say.

Christopher Lockwood, executive director of the Maine Municipal Association, said the initiative contains too many ambiguities and unanswered questions.

Why, he asks, does TABOR require two-thirds of a governing body instead of a simple majority to initiate a citizen referendum to override the measure and increase spending beyond the limits? How will it apply to quasi-governmental agencies, such as water districts? And how will it affect municipalities that hold town meetings to vote on their annual budgets?

“It's one of those situations where the more information people are given about the proposal, the more they'll understand some of the problems,” he said.

Critics say Colorado's version of a Taxpayers' Bill of Rights has hurt schools, roads, health care, libraries and public services in that state, and will do the same in Maine.

Ironically, TABOR supporters hold up Colorado as an example of how TABOR will succeed; they say Colorado's taxes fell and economy boomed after voters approved TABOR there.

Mainers will decide for themselves in a little more than three weeks.

In Scarborough, Ross says he hears little talk about the measure a stark contrast to two years ago before the Palesky tax cap referendum.

“Maybe TABOR is a much more reasonable proposition so it doesn't make people as upset,” he said.

On the Net:

Taxpayer Bill of Rights: www.taxpayerbillofrights.com

Citizens United to Protect Our Public Safety, Schools and Communities:
www.notabor.org

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Policy Soundings- TaBor: Taxpayer Bill of Rights

Sponsored By: Wright Express, Pierce Atwood and Aetna

Description:

TaBor: Taxpayer Bill of Rights

Join us for a debate on the Taxpayer Bill of Rights, moderated by Ralph Lancaster, Esq., a partner with Pierce Atwood LLP.

Presenting in favor of the measure is Bill Becker, President & CEO of The Maine Heritage Policy Center.

The opposing point of view will be presented by Jeanne Hult on behalf of No on 1, Citizens United Against TaBor.

Breakfast begins at 7:30 and the program begins at 7:45am.

Please register by October 25th.

Payment is expected at the time of registration. Cancellations must be received in writing at least 48 hours prior to the event for a refund.

10-19-2006

Impact of TABOR up for debate

By Deborah McDermott

dmcdermott@seacoastonline.com

[Complete Maine News Index](#)

The Taxpayer Bill of Rights debate continues to simmer, with the release this week of an analysis of its impact on schools. And local superintendents say the results have serious implications for the future of public education.

The Maine Municipal Association this week released the data, which has already drawn fire from the bill's author, the Maine Heritage Policy Center.

TABOR, as it is commonly called, will be on the ballot in Maine this November. It governs spending at the state, municipal, county and school levels.

The MMA analysis is based on the impact TABOR would have if it was in effect during the current fiscal year. Under TABOR, the formula for determining each year's school budget would be based on the Consumer Price Index plus the school's enrollment.

According to the analysis, Kittery would have seen a reduction in spending of .38 percent; York, an increase of .58 percent; and SAD 35, which includes Eliot and South Berwick, an increase of .48 percent.

By contrast, voters this spring approved FY 07 budgets with a 4.7 percent increase in Kittery, a 4.5 percent increase in York and a 5 percent increase in SAD 35.

"The change, if this were to pass, would be dramatic, drastic and take place immediately," said Kittery superintendent Larry Littlefield, who is also president of the Maine State Superintendents Association executive committee.

Maine Heritage Policy Center's Jason Fortin said the MMA analysis is flawed. TABOR's school requirements are intended only for School Administrative Units, such as SAD 35, and Consolidated School Districts - not those school departments that are wholly in a single town like York and Kittery. Those would fall under a different, municipal formula.

Any other interpretation, he said, is "categorically not being honest."

Not so, says MMA legislative advocate Kate Dufour. "That may have been their intent," she said, but according to state law, municipal school districts are included in the definition of a school as defined by TABOR.

This lack of clarity "ought to raise a lot of red flags," said Littlefield. "How can you know what you're voting on?"

Henry Scipione, superintendent of the York schools, said a one-half of 1 percent increase, if in fact the MMA analysis is true, would be devastating.

"If you look at fuel costs alone, that's going to take care of one-half of 1 percent hands down. Services are going to need to be cut back, in some cases significantly."

There is an override provision, but it would require a two-thirds majority vote of town meeting or town council, followed by a majority vote at the next municipal election.

"What's a democracy?" asked Scipione. "Is it a simple majority? It used to be - not a two-thirds vote."

Sunday, October 08, 2006

COLUMN: By JASON A. FORTIN

Passing it means lower taxes, more economic opportunity

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This November, Maine voters will have the Taxpayer Bill of Rights proposal before them. The proposal provides Mainers with the opportunity to lower their taxes, an action that will promote an environment for greater economic growth and job creation.

Having grown-up in Oakland, I have seen firsthand the economic struggles Central Maine has faced over last decade. Whether it was the Scott Paper Mill Closing in Winslow, or the Dexter Shoe Company closing its Dexter plant, Mainers know the sting of losing good-paying jobs.

While the Central Maine region, just like other areas of the state, has made some progress in rebounding from specific job losses, the state economy continues to fall below its potential.

Consider these facts:

n According to the latest U.S. Census Bureau data, Maine's level of taxation is almost 25 percent higher than the national average; making it the third highest in the nation.

n More Mainers are on Medicaid than the total number of students in the K-12 education system.

n The Federal Reserve Bank of Boston said recently that in 2005, only two states in the nation saw a decline in economic activity: Maine and hurricane-ravaged Louisiana.

While sobering, these statistics are by no means carved in stone. Mainers can and will overcome these challenges, and in doing so, unleash Maine's economic potential. The key catalyst for overcoming these challenges is the Maine Taxpayer Bill of Rights.

The first step in addressing the high level of taxation is to control the growth in government spending because that determines the level of taxation. The Taxpayer Bill of Rights provides the spending restraint necessary to lower taxes while allowing for a reasonable growth allowance for state and local governmental spending based on inflation plus population growth.

In fact, the Maine Taxpayer Bill of Rights would provide significant state and local growth allowances worth an estimated \$191 million per fiscal year. Such a growth allowance ensures your roads are plowed; firefighters, policemen, and teachers are provided pay raises; and programs to protect the needy are appropriately funded.

If lawmakers want to exceed the growth allowance, all they have to do, as they already do with bonds, is ask for the voters to approve the additional spending.

In addition to providing for annual growth allowances, the Taxpayer Bill of Rights gives voters the final say over what new, or increased, taxes and fees are imposed by politicians. This provision provides taxpayers with the added security of knowing what tax is being raised or created. It is reasonable for voters, not politicians, to have the final say over what new taxes or fees are imposed on them.

A portion of tax dollars collected that exceed the growth allowance are put into a budget stabilization fund. Even more excess revenue is returned to the taxpayer in the form of rebates or tax rate reductions. That budget stabilization fund establishes a significant cash reserve in the event of a budget crisis.

Leveling Maine's tax burden is vitally important to allowing Maine employers to be economically competitive with the rest of the nation, or the world for that matter.

A multitude of academic studies have shown that high levels of taxation are a serious impediment to economic growth, and such an impediment is especially great in Maine, where taxes are nearly 25 percent higher than the national average.

The Taxpayer Bill of Rights is a reasonable and effective tool to begin lowering Maine's tax burden. Lowering taxes will allow for the emergence of strong and vibrant local economies that provide good paying jobs for Mainers.

Jason A. Fortin, a graduate of Waterville High School and Bowdoin College, is the director of communications for The Maine Heritage Policy Center.

The Maine View

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A Taxpayer Bill of Rights: Improving Mainer's Incomes

by J. Scott Moody, M.A.

This report concludes that at the end of the day, the Maine Taxpayer Bill of Rights will mean more money in Mainer's pockets. The analysis updates and expands on a previous study that examined the positive impact of the Maine Taxpayer Bill of Rights (see *The Maine View*, Vol. 4, Issue No. 5, "A Taxpayer Bill of Rights: The Cure for Maine's High Taxes"). The update includes new state and local tax data and economic forecasts from the U.S. Census Bureau, along with new dynamic modeling of the positive effects that the Maine Taxpayer Bill of Rights will have on the Maine economy. The dynamic economic modeling was performed by the Beacon Hill Institute's State Tax Analysis Modeling Program (STAMP).

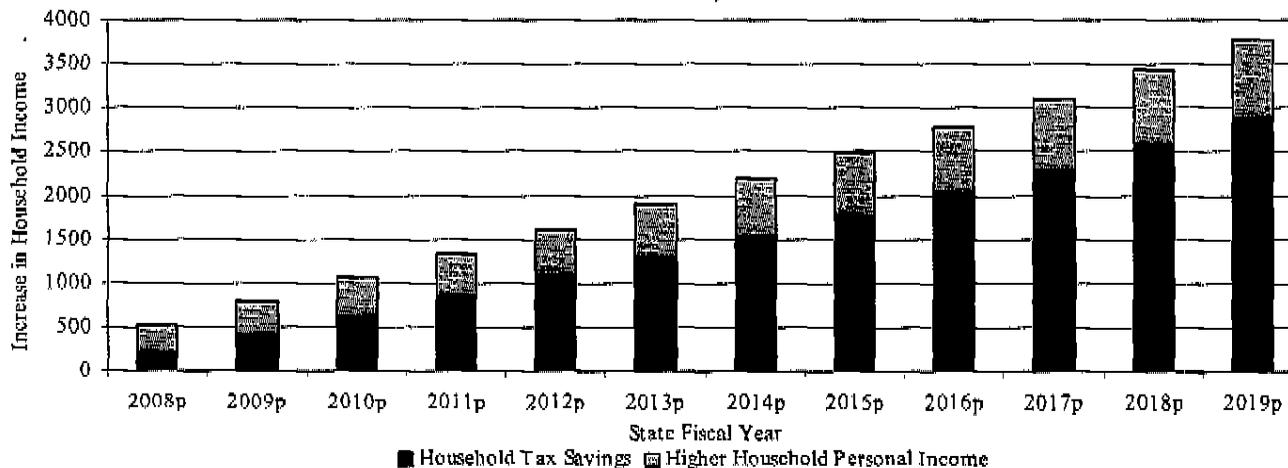
The Maine STAMP model is a comprehensive model of the Maine economy. It is designed to capture the principal effects of tax and spending changes on the economy. It is a five-year "dynamic" computable general equilibrium model. As such, it provides a mathematical description of the economic relationships among producers, households, government and the rest of the world. The Maine STAMP model demonstrates how a lower level of state taxes under the Taxpayer Bill of Rights will result in higher incomes for all Mainers (local taxes are excluded in the STAMP model analysis. See Methodology and Appendix sections for more detail on the model).

Key findings include:

- When accounting for both lower taxes and increased economic activity due to the Maine Taxpayer Bill of Rights, Maine's level of state and local taxation as a percent of personal income will return to the national average by fiscal year (FY) 2019—after a 43 year hiatus.
- In FY 2019 alone, Mainer's will save \$2.3 billion in taxes (\$1.8 billion in 2006 dollars) and will have \$560 million (\$441 million in 2006 dollars) in more income due to economic growth spurred by the Maine Taxpayer Bill of Rights.
- In FY 2019 alone, the Maine Taxpayer Bill of Rights will provide Mainer's with an additional \$3,782 dollars (\$2,980 in 2006 dollars) per households to spend—\$2,893 due to lower taxes and \$888 due to higher incomes.

Chart 1

Mainer's Household Income Improves Under the Taxpayer Bill of Rights
State Fiscal Years 2008 to 2019



Source: U.S. Census Bureau, Bureau of Economic Analysis, MHPC Calculations based on STAMP Model and Maine State Government Data.

What is the STAMP Model?

The Maine STAMP model is a comprehensive model of the Maine economy, designed to capture the principal effects of tax and spending changes on the economy. It is a five-year "dynamic" computable general equilibrium tax model. As such, it provides a mathematical description of the economic relationships among producers, households, government and the rest of the world. It is general in the sense that it takes all the important markets and cash flows into account. It is an equilibrium model because it assumes that demand equals supply in every market (goods and services, labor and capital); this is achieved by allowing prices to adjust within the model (i.e., prices are endogenous). The model is computable because it can be used to generate numeric solutions to concrete policy and tax and spending changes, with the help of a computer. And, it is a tax model because it pays particular attention to identifying the role played by different taxes and spending. (see Appendix for details on the construction of the STAMP model)

In essence, the STAMP model quantifies how government tax and spending policies affect the rate of economic development. *If taxes go up, then there are fewer resources in the private sector for consumption and investment, lowering the growth potential of the economy. Some of this is compensated for by higher government spending, but there are "deadweight losses" associated with taxation that can not be compensated for with higher government spending.*

Deadweight loss is a term used by economists to describe the economic inefficiencies created by taxation, such as when taxpayers reduce work and/or consumption or shift income to avoid taxation. In other words, the very process of transferring resources from the private to the government sector results in a permanent loss of potential economic output. Overall, the private sector not only has fewer resources due to taxation, but must also bear these "deadweight losses."

For example, Dr. Martin Feldstein, president and CEO of the National Bureau of Economic Research, estimated that the 1993 Federal income tax increase resulted a deadweight loss of \$2 for every \$1 raised in taxes.[1]

On the other hand, lower taxes due to the Maine Taxpayer Bill of Rights will increase resources within the private sector and reduce deadweight losses on the economy. As a result, Maine's economy will generate more jobs, increase investment and boost personal income. Table 1 shows the results of the STAMP model's simulation of the economic benefits associated with the Taxpayer Bill of Rights. In FYs 2008 (the first year under the Taxpayer Bill of Rights), 2009 and 2010, personal income will grow by \$178 million, \$214 million and \$248 million, respectively; employment will grow by 4,441 jobs, 4,282 jobs and 4,124 jobs, respectively; and investment

will grow by \$10 million, \$16 million and \$21 million, respectively.

Keep in mind, however, that the STAMP model only incorporates the effects of lower state level taxes. Unfortunately, due to data constraints, the STAMP model is unable to forecast changes to the economy due to lower property taxes at the local level. Lower property taxes are approximately half of the total tax savings created by the Taxpayer Bill of Rights. As a result of the Maine STAMP model limitations, the shown economic benefits of a lower property tax burden resulting from the Maine Taxpayer Bill of Rights is greatly understated.

The Taxpayer Bill of Rights Equals Higher Economic Growth and Lower Taxes

When looking at the level of state and local taxation as a percent of personal income, there are two ways to reduce taxes. The first is direct, through a reduction in tax burdens through legislative action. The second is indirect, by boosting the growth in personal income. Fortunately for Mainers, the Maine Taxpayer Bill of Rights will do both by lowering tax burdens via spending restraint. In the long run, lower tax burdens will make Maine more economically competitive, leading to greater job and income growth. Chart 2 and Table 3 show that when both factors are taken into account, Maine's level of state and local taxation as a percent of personal income will return to the national average by FY 2019, two years faster than previously estimated.[2]

By FY 2019, Maine's ranking of state and local tax collections as a percent of income will fall to the 19th highest in the nation. For more information on Maine's historical state and local tax burden see Maine Issue Brief "An Update of Maine's State and Local Tax Collections." [3] Maine's ranking has not been that low since FY 1977—a 43 year hiatus!

	2008p	2009p	2010p
Personal Income (Dollars in Billions)			
Baseline Economic Growth	\$41.740	\$41.740	\$41.740
Dynamic Economic Growth	\$41.919	\$41.954	\$41.988
Difference	\$0.178	\$0.214	\$0.248
Employment			
Baseline Economic Growth	\$621,900	\$626,200	\$630,149
Dynamic Economic Growth	\$626,341	\$630,482	\$634,273
Difference	\$4,441	\$4,282	\$4,124
Investment (Dollars in Billions)			
Baseline Economic Growth	\$5.207	\$5.275	\$5.344
Dynamic Economic Growth	\$5.217	\$5.291	\$5.365
Difference	\$0.010	\$0.016	\$0.021

Source: Maine STAMP Model.

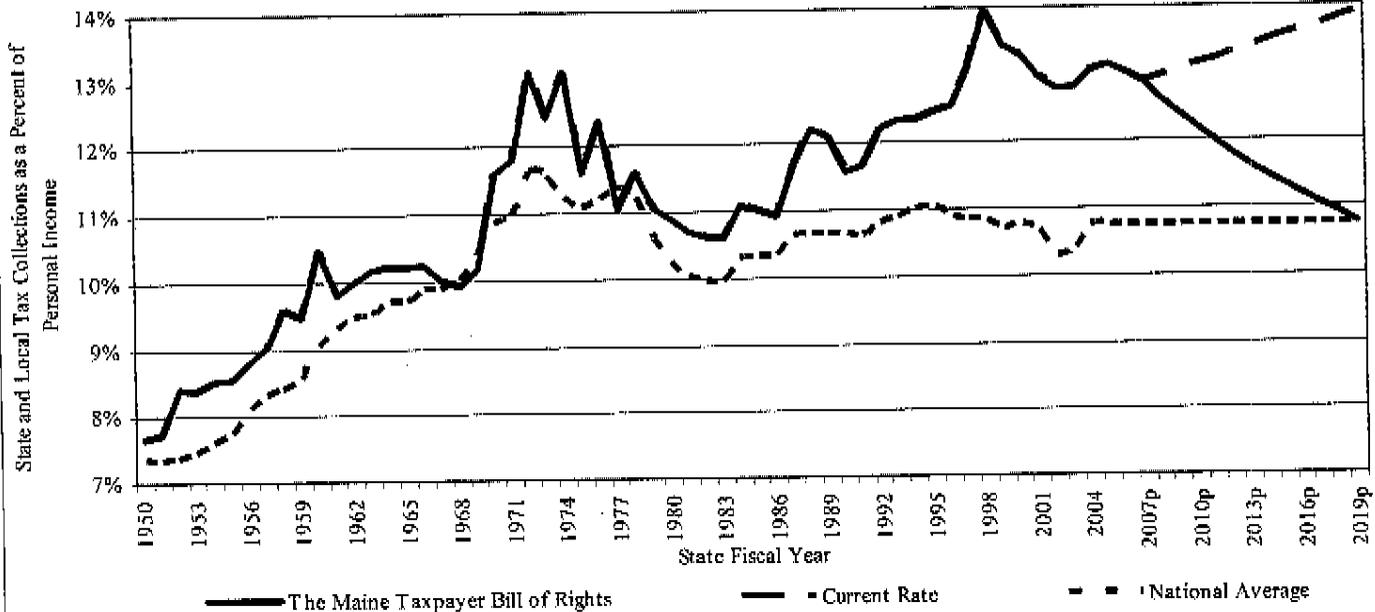
Table 2
Maine's Historical State and Local Tax Collections
State Fiscal Years 1950 to 2004
Dollars in Thousands

State Fiscal Year	National State and Local Tax Collections as a Percent of Personal Income	State and Local			Rank
		Total	Year-over-Year Percent Growth	Percent of Personal Income	
1950*	7.36%	\$82,173	—	7.64%	22
1951	7.33%	\$88,319	7.5%	7.71%	22
1952*	7.36%	\$105,573	19.5%	8.40%	14
1953*	7.44%	\$109,953	4.1%	8.37%	15
1954	7.60%	\$112,917	2.7%	8.52%	18
1955	7.74%	\$119,723	6.0%	8.53%	20
1956	8.12%	\$133,551	11.5%	8.81%	23
1957	8.29%	\$143,655	7.6%	9.05%	23
1958*	8.38%	\$157,662	9.8%	9.57%	13
1959	8.57%	\$162,265	2.9%	9.47%	19
1960*	9.03%	\$188,429	16.1%	10.46%	9
1961*	9.32%	\$182,173	-3.3%	9.78%	20
1962	9.45%	\$191,337	5.0%	10.01%	18
1963	9.53%	\$201,574	5.4%	10.17%	16
1964	9.69%	\$213,867	6.1%	10.20%	19
1965	9.71%	\$231,535	8.3%	10.21%	19
1966	9.87%	\$248,788	7.5%	10.22%	23
1967	9.87%	\$257,424	3.5%	9.99%	25
1968	10.03%	\$270,545	5.1%	9.90%	25
1969*	10.39%	\$301,321	11.4%	10.16%	26
1970*	10.86%	\$377,715	25.4%	11.61%	14
1971*	10.97%	\$415,650	10.0%	11.80%	12
1972	11.63%	\$501,194	20.6%	13.12%	7
1973	11.57%	\$528,745	5.5%	12.44%	7
1974*	11.25%	\$625,547	18.3%	13.11%	4
1975*	11.10%	\$605,115	-3.3%	11.60%	9
1976	11.20%	\$718,465	18.7%	12.37%	8
1977	11.36%	\$716,522	-0.3%	11.04%	19
1978	11.20%	\$826,676	15.4%	11.60%	13
1979*	10.63%	\$875,057	5.9%	11.05%	17
1980*	10.27%	\$965,543	10.3%	10.88%	12
1981*	10.02%	\$1,062,612	10.1%	10.72%	13
1982*	9.97%	\$1,152,869	8.5%	10.63%	13
1983*	9.95%	\$1,240,012	7.6%	10.60%	12
1984	10.29%	\$1,420,538	14.6%	11.09%	12
1985	10.31%	\$1,545,328	8.8%	11.00%	12
1986	10.36%	\$1,659,782	7.4%	10.92%	12
1987	10.61%	\$1,931,357	16.4%	11.70%	7
1988	10.66%	\$2,207,217	14.3%	12.21%	6
1989	10.64%	\$2,385,169	8.1%	12.10%	5
1990	10.64%	\$2,423,966	1.6%	11.57%	9
1991*	10.62%	\$2,510,360	3.6%	11.65%	9
1992	10.79%	\$2,707,735	7.9%	12.23%	6
1993	10.89%	\$2,824,806	4.3%	12.35%	7
1994	11.00%	\$2,914,862	3.2%	12.34%	8
1995	11.03%	\$3,060,691	5.0%	12.46%	5
1996	10.89%	\$3,231,393	5.6%	12.54%	5
1997	10.85%	\$3,554,711	10.0%	13.09%	3
1998	10.83%	\$4,012,318	12.9%	13.95%	1
1999	10.72%	\$4,082,369	1.7%	13.45%	2
2000*	10.76%	\$4,262,142	4.4%	13.28%	2
2001*	10.67%	\$4,420,465	3.7%	12.95%	2
2002	10.29%	\$4,541,146	2.7%	12.77%	2
2003	10.42%	\$4,697,067	3.4%	12.82%	2
2004	10.74%	\$5,009,192	6.6%	13.05%	3
Average Annual Increase	0.46%	\$89,582	7.76%	0.98%	—

Note: "*" on year denotes a recessionary quarter(s).

Source: U.S. Census Bureau, Bureau of Economic Analysis, MHPC Calculations.

Chart 2
Maine's State and Local Tax Collections as a Percent of Personal Income
State Fiscal Years 1950 to 2019



Source: U.S. Census Bureau, Bureau of Economic Analysis, MHPC Calculations.

Table 3
Maine's Projected State and Local Tax Collections under the Taxpayer Bill of Rights (Effective FY 2008)
State Fiscal Years 2005 to 2019
Dollars in Thousands

State Fiscal Year	Goal: National State and Local Tax Collections as a Percent of Personal Income (a)	State and Local			
		Total	Year-over-Year Percent Growth	Percent of Personal Income	Rank
2005p	10.74%	\$5,307,048	--	13.13%	3
2006p	10.74%	\$5,524,056	4.1%	13.02%	3
2007p	10.74%	\$5,709,741	3.4%	12.88%	3
2008 (TABOR)	10.74%	\$5,863,642	2.7%	12.61%	3
2009 (TABOR)	10.74%	\$6,024,761	2.7%	12.39%	3
2010 (TABOR)	10.74%	\$6,193,350	2.8%	12.18%	3
2011 (TABOR)	10.74%	\$6,370,890	2.9%	11.99%	4
2012 (TABOR)	10.74%	\$6,560,636	3.0%	11.81%	5
2013 (TABOR)	10.74%	\$6,760,748	3.1%	11.64%	7
2014 (TABOR)	10.74%	\$6,969,761	3.1%	11.48%	8
2015 (TABOR)	10.74%	\$7,189,924	3.2%	11.33%	8
2016 (TABOR)	10.74%	\$7,421,492	3.2%	11.19%	12
2017 (TABOR)	10.74%	\$7,660,956	3.2%	11.05%	14
2018 (TABOR)	10.74%	\$7,905,071	3.2%	10.91%	16
2019 (TABOR)	10.74%	\$8,156,284	3.2%	10.77%	19
Average Annual Increase (TABOR Years Only, 2008 to 2019)	--	\$191,054	2.79%	-1.31%	--

(a) Held constant.

(b) State Tax Collections for FY 2005 are actual not projected.

Source: U.S. Census Bureau, Bureau of Economic Analysis, MHPC Calculations based on STAMP Model and Maine State Government data--see Methodology section for more details.

Mainer's Reap Financial Benefits from the Maine Taxpayer Bill of Rights

At the end of the day, the Maine Taxpayer Bill of Rights means more money in Mainer's pockets. Mainers will enjoy higher disposable, i.e., after-tax, personal income because of lower overall taxes and greater economic growth.

As shown in Table 4, under the Maine Taxpayer Bill of Rights in FY 2008, Mainers will have a net increase in disposable personal income of \$320 million (\$307 million in 2006 dollars). This amounts to an increase in disposable personal income of \$520 per household (\$499 in 2006 dollars). Mainers will save \$142 million in taxes (\$136 million in 2006 dollars) and will have \$178 million (\$171 million in 2006 dollars) more in income from increased economic activity due to the Taxpayer Bill of Rights.

More impressively, by FY 2019, the increase in disposable personal income is significantly greater. In FY 2019 alone, Mainer's will save \$2.3 billion in taxes (\$1.8 billion in 2006 dollars) and will have \$560 million (\$441 million in 2006 dollars) more in income—a net benefit to disposable personal income of \$2.8 billion (\$2.2 billion in 2006 dollars). This amounts to an increase in disposable personal income of \$3,782 per household (\$2,980 in 2006 dollars). See Chart 1(b)

in the appendix for the dollar increase in household income adjusted for 2006 dollars.

Methodology

STAMP Model

The "dynamic" analysis provided by the STAMP model pertains to FY 2008 (the first year the Taxpayer Bill of Rights will be in effect) to FY 2010. Since the model does not project beyond FY 2010, this study assumes that increase in personal income continues to grow at a linear rate based on the STAMP model's FY 2008 to FY 2010 projections. This assumption was deemed to be an acceptable extrapolation of the STAMP model's results by the Beacon Hill Institute.

The STAMP analysis is an understatement of the positive economic benefits of the Taxpayer Bill of Rights because the STAMP model only estimates the effects of lower state level taxes—which represent about half of the total tax reduction due to the Taxpayer Bill of Rights. The estimated tax reduction was simulating by using a proportional reduction in the individual income tax, corporate income tax and the sales tax.

The attached Appendix is the official STAMP documentation written by the Beacon Hill Institute.

Table 4
Mainer's Finances Improve Under the Taxpayer Bill of Rights
State Fiscal Years 2008 to 2019

State Fiscal Year	Nominal Dollars						FY 2006 Dollars					
	Higher Personal Income (Dollars in Thousands)	Tax Savings (Dollars in Thousands)	Total Change in Disposable Personal Income (Dollars in Thousands)	Higher Household Personal Income	Household Tax Savings	Total Change in Household Disposable Personal Income	Higher Personal Income (Dollars in Thousands)	Tax Savings (Dollars in Thousands)	Total Change in Disposable Personal Income (Dollars in Thousands)	Higher Household Personal Income	Household Tax Savings	Total Change in Household Disposable Personal Income
2008 (TABOR)	\$178,435	\$141,730	\$320,165	\$318	\$202	\$520	\$171,188	\$135,974	\$307,162	\$305	\$194	\$499
2009 (TABOR)	\$214,170	\$291,286	\$505,455	\$378	\$411	\$789	\$201,783	\$274,439	\$476,221	\$356	\$387	\$743
2010 (TABOR)	\$247,840	\$449,172	\$697,012	\$433	\$627	\$1,060	\$229,349	\$415,661	\$645,010	\$400	\$580	\$981
2011 (TABOR)	\$282,542	\$614,699	\$897,241	\$488	\$849	\$1,337	\$256,817	\$558,732	\$815,549	\$443	\$772	\$1,215
2012 (TABOR)	\$317,244	\$785,446	\$1,102,691	\$542	\$1,074	\$1,616	\$283,313	\$701,437	\$984,750	\$484	\$959	\$1,443
2013 (TABOR)	\$351,947	\$964,125	\$1,316,072	\$595	\$1,304	\$1,899	\$308,777	\$845,867	\$1,154,644	\$522	\$1,144	\$1,666
2014 (TABOR)	\$386,649	\$1,153,119	\$1,539,768	\$647	\$1,543	\$2,190	\$333,222	\$993,783	\$1,327,005	\$557	\$1,330	\$1,887
2015 (TABOR)	\$421,351	\$1,351,140	\$1,772,491	\$697	\$1,789	\$2,486	\$356,792	\$1,144,117	\$1,500,909	\$590	\$1,515	\$2,105
2016 (TABOR)	\$456,054	\$1,558,944	\$2,014,998	\$747	\$2,042	\$2,789	\$379,373	\$1,296,823	\$1,676,195	\$621	\$1,699	\$2,320
2017 (TABOR)	\$490,756	\$1,781,100	\$2,271,856	\$795	\$2,309	\$3,104	\$400,957	\$1,455,193	\$1,856,150	\$650	\$1,886	\$2,536
2018 (TABOR)	\$525,458	\$2,021,965	\$2,547,423	\$842	\$2,593	\$3,435	\$421,650	\$1,622,512	\$2,044,162	\$676	\$2,081	\$2,757
2019 (TABOR)	\$560,160	\$2,280,261	\$2,840,421	\$888	\$2,893	\$3,782	\$441,478	\$1,797,135	\$2,238,613	\$700	\$2,280	\$2,980

Source: U.S. Census Bureau, Bureau of Economic Analysis, Congressional Budget Office, MHPC Calculations based on STAMP Model and Maine State Government data—see Methodology section for more details.

The Taxpayer Bill of Rights

While this study focuses on the effects that the Taxpayer Bill of Rights will have on the level of taxation in Maine; technically, the Taxpayer Bill of Rights is a check on spending, not taxes per se. Three key assumptions in this analysis are:

1. State and local budgets are always in balance (revenue equals expenditures)
 2. The current ratio of state and local taxes to expenditures remains constant.
 3. Growth allowances are zero or positive. *Negative growth allowances are not mandated by the referendum language.*
- [4]

With these assumptions, the same growth allowances applied to expenditures can also be applied to taxes. Each of the formulas is presented along with their data sources and methodology:

The growth allowance for the state government is based on the change in population plus the inflation rate. The projection of state-wide population is from the Census Bureau's population estimate to 2030 and can be found at:

<http://www.census.gov/population/www/projections/projectionsagesex.html>

The projection for the inflation rate is from the February 2006 Report of the Consensus Economic Forecasting Commission. The projection goes out to CY 2009 after which this study holds constant the CY 2009 inflation rate (2.8 percent) to CY 2020. The report can be found at:

<http://www.state.me.us/legis/ofpr/CEFC%20Feb%202006.pdf>

The growth allowance for local governments is broken down into two components:

Education Spending—The growth allowance for education is based on the change in school enrollment plus the inflation rate. The projection for school enrollment is from the State Planning Office's "Forecast of Residents Educated at Public Expense by Town to 2017" and can be found at:

<http://www.state.me.us/spo/economics/economics/spreadsheets/files/publicexpense2017c.xls>

The projection for the inflation rate is same as the state growth allowance.

All Other Spending—The growth allowance for all other spending is based on the lesser of the change in property tax assessment versus the change in population plus the inflation rate. The projection in local property

assessments is based on a linear extrapolation of property assessments from 1999 to 2004 as found in "Municipal Valuation Return Statistical Summary" published by the Maine Revenue Services Property Tax Division and can be found at:

<http://www.state.me.us/revenue/propertytax/Municipal%20Services%20Files/data.htm>

The change in population is based on the State Planning Office's "Town-Level Population Projection to 2020 (with age cohorts)" and can be found at:

<http://www.maine.gov/spo/landuse/docs/Population/TownAgeForecastSummary.xls>

The projection for the inflation rate is the same as the state growth allowance.

The split between "education" and "all other" spending was calculated by subtracting education spending from total tax commitments—leaving "all other" as a residual. The data for local tax commitments comes from the same source as local property assessments mentioned above. The data for education spending is from the Department of Education's "Mills Raised for Education" and can be found at:

<http://www.maine.gov/education/data/budget/budget.htm>

Finally, the projected growth allowances calculated for the state and local governments to 2019 are applied to the state and local tax collection data published by the Census Bureau and can be found at:

<http://www.census.gov/govs/www/index.html>

Notes and Sources

[1] For an in-depth analysis on the causes and economic consequences of "deadweight losses" see: Daniel Feenberg and Martin Feldstein, "The Effect of Increased Tax Rates on Taxable Income and Economic Efficiency: A Preliminary Analysis of the 1993 Tax Rate Increases," NBER Working Paper 5370, November 1995.

[2] Half of the decline was due to the new updated U.S. Census Bureau data which showed that the national average level of state and local taxation as a percent of personal income increased at a faster rate than Maine's. The other half of the decline was due to the faster economic growth and increased personal income created by the Taxpayer Bill of Rights. In addition, this is a conservative estimate because the STAMP model is unable to estimate the positive growth effects of reduced taxation at the local level.

[3] Moody, J. Scott. Maine Issue Brief No. 1, *An Update of Maine's State and Local Tax Collections*, The Maine Heritage

Policy Center, 2006. [http://www.maineconomy.org/Portals/0/Issue%20Brief%20No.%201%20\(final\).pdf](http://www.maineconomy.org/Portals/0/Issue%20Brief%20No.%201%20(final).pdf)

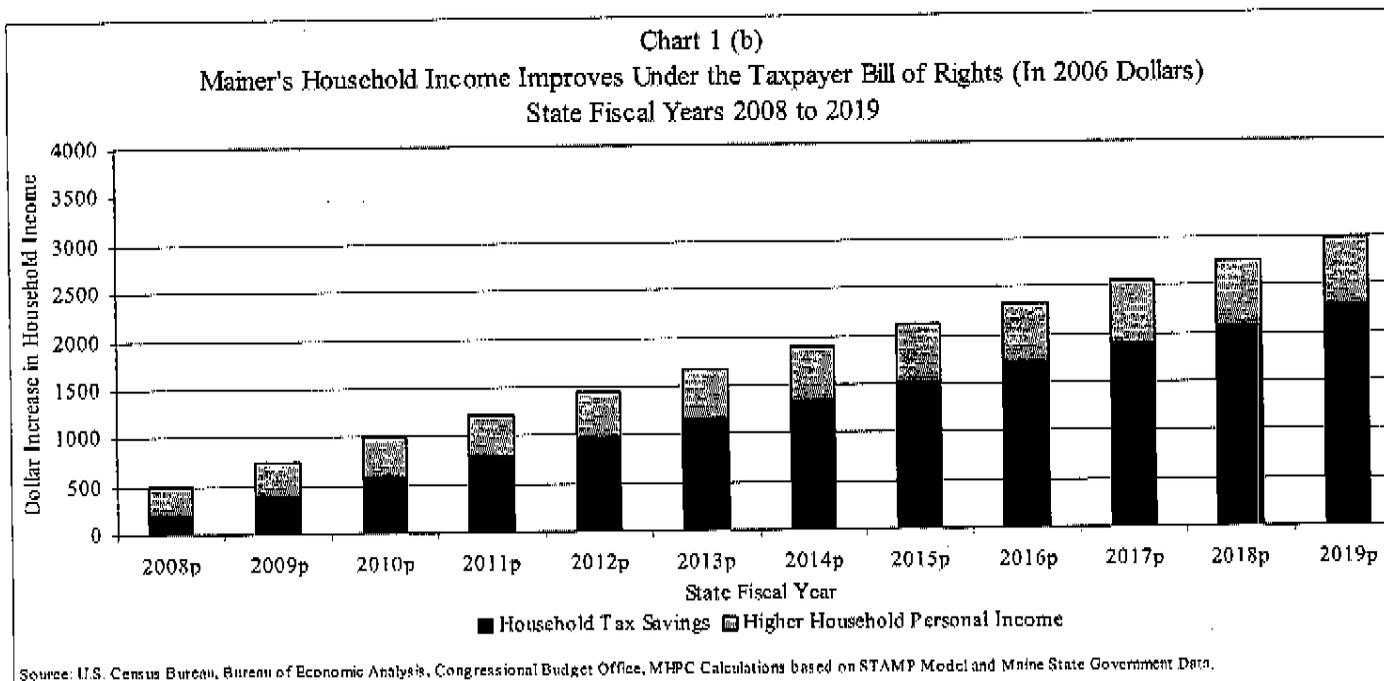
[4] Duddy, Michael A., *Legal Analysis: the Maine Taxpayer Bill of Rights Will Not Require a Local District to Reduce its Budget from the Previous Year*, 2006.

<http://www.maineconomy.org/Portals/0/Taxpayer%20Bill%20of%20Rights%20-%20no%20budget%20cuts%209-6-06.pdf>

Appendix

An in depth Maine STAMP explanation is available at:

<http://www.maineconomy.org/Portals/0/Maine%20STAMP%202006%20Beacon%20Hill%20Institute.pdf>



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The Maine View is a publication of The Maine Heritage Policy Center that provides research, historical perspective, updates and commentary on current public policy issues. All information is from sources considered reliable, but may be subject to inaccuracies, omissions, and modifications.

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The Maine View

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A Taxpayer Bill of Rights: The Cure for Maine's High Taxes

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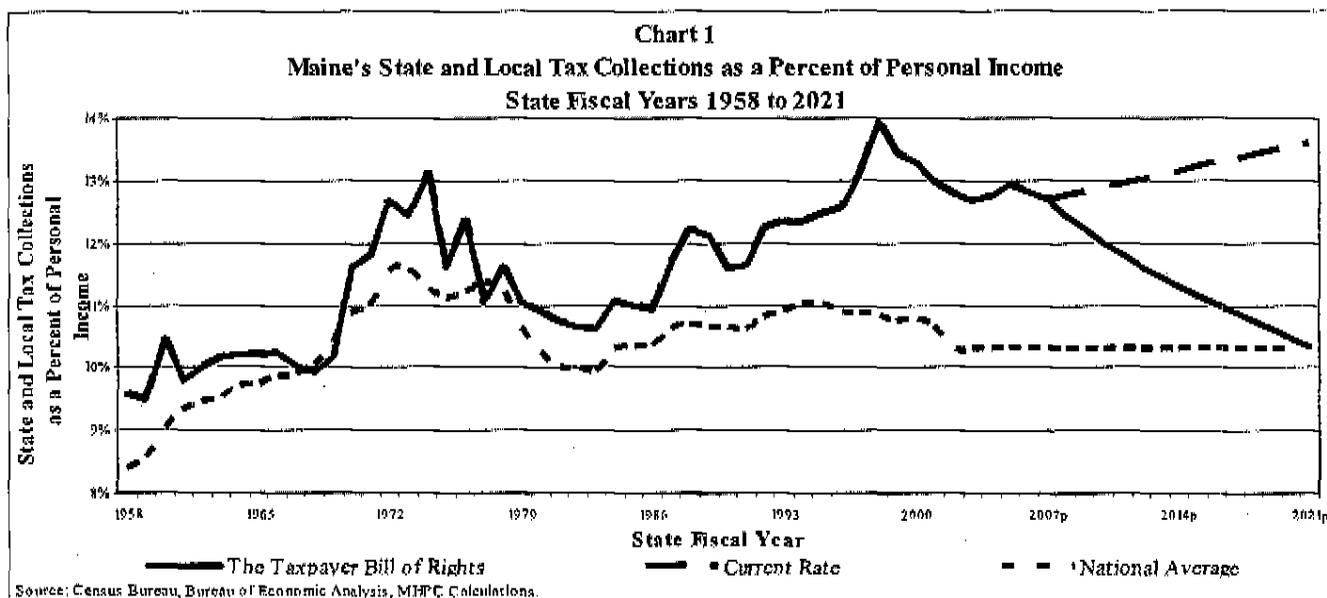
by J. Scott Moody, M.A.

An Act to Create a Taxpayer Bill of Rights will be on the November 2006 Maine ballot. Voters will decide whether or not to reign in state and local governmental spending by enacting a predetermined growth allowance. From a tax perspective, this restraint is important because spending is the locomotive for the tax train. In other words, spending determines taxes.

Analyses show that Maine's level of taxation has reached unsustainable heights. As a percent of income, not only were Maine's state and local government tax collections a whopping 24.2 percent higher than the national average in FY 2002, but the trend-line shows a widening disparity between Maine and the national average.

This study examines how the Maine Taxpayer Bill of Rights will arrest, and then reverse, the climb of taxes in Maine over the next 15 years up to 2021. The study assumes that the Maine Taxpayer Bill of Rights goes into effect in FY 2008; is enacted per the exact wording of the ballot initiative; that the growth allowances are not changed; and that other major factors, such as social, economic and government, remain constant. Key findings include:

- Maine's state and local taxes as a percent of personal income are at such a high level that, even under the Maine Taxpayer Bill of Rights, Maine's taxes will not fall to the national average (10.3 percent of personal income) until FY 2021.
- Maine's ranking of state and local taxes as a percent of personal income will fall under the Maine Taxpayer Bill of Rights to number 19 by FY 2021 from number 2 in FY 2006.
- Maine's state and local tax collections grow from approximately \$5.6 billion in FY 2006 to \$8.7 billion in FY 2021—an average annual increase of nearly \$207 million (3.5 percent).
- High tax states, such as Maine, are at a great competitive economic disadvantage vis-à-vis their peer states. [1]
- Maine's municipalities collectively grow almost \$63 million per year (2.7 percent) between FY 2008 and FY 2021—almost \$39 million (2.8 percent) for education and over \$24 million (2.5 percent) for all other local spending.
- This study questions LD 1's ability to meet the statutory provision to lower Maine's tax burden rank to the middle 1/3 of all states by 2015.



What is the Maine Taxpayer Bill of Rights?

The Maine Taxpayer Bill of Rights includes both spending and tax growth allowances based on a well defined formula.[2] A portion of surplus tax collections above the growth allowance are diverted to a budget stabilization fund (20 percent) and the remainder (80 percent) is returned to the taxpayers as either a tax rebate, or a reduction in tax rates.

The state government growth allowance is based on the change in state population plus the inflation rate, determined by the Consumer Price Index (CPI). The growth allowances for local governments are calculated under two separate formulas. First, the school budget growth allowance is determined by taking the percent change in school enrollment and adding that number to the inflation rate. The second half of the municipal spending growth equation is determined by taking the lesser of either the percent change in property valuations, or the percent change in population, and adding that amount to the inflation rate.

Basically, the growth allowance ensures that government grows as the same rate as the population it is serving, at a state, local or school level, plus the rate of inflation.

Exceeding the growth allowance requires a two-thirds majority vote of the governing body and a majority vote of the citizens. Additionally, the Maine Taxpayer Bill of Rights requires any tax increase to meet the same voting requirements. This distinction is important. For example, suppose the state is facing a growth allowance of 3 percent and tax revenue growth of 5 percent. If lawmakers wanted to spend all 5 percent, they would be required to vote a single time, according to the 2/3 supermajority voting provision, and then the increase must gain a majority vote of the citizens. However, suppose the growth allowance and tax revenue growth were both at 3 percent, but lawmakers want to spend 5 percent, requiring a tax increase to raise the additional revenue. In this case, the governing body would have to meet two 2/3 supermajority votes and two majority votes of the citizens—once to exceed the growth allowance, and another in order to raise taxes. Both votes could occur on the same ballot.

The budget stabilization fund was designed to meet the rare circumstances when tax revenue falls below the growth allowance. Funds can be transferred from the budget stabilization fund to offset a shortfall in tax revenue. For example, suppose the state is facing a shortfall of \$100 million brought on by the growth allowance amounting to 3 percent and tax revenue growth of -1 percent. The \$100 million could be transferred from the budget stabilization fund to meet the shortfall. The budget stabilization fund provides policymakers with another policy alternative to raising taxes in order to meet revenue shortfalls. This mechanism is an improvement over previous versions of the Taxpayer Bill of Rights such as the one in Colorado.

Maine's State and Local Tax Collections under the Maine Taxpayer Bill of Rights

Assuming current trends in tax collections hold, the level of taxation will continue to rise as a percent of Mainer's personal income, as shown in Chart 1. The enactment of the Maine Taxpayer Bill of Rights will reverse this ominous trend.

In order to forecast the tax impact of the Maine Taxpayer Bill of Rights, a number of assumptions are necessary: the Maine Taxpayer Bill of Rights will be in effect in FY 2008; be enacted per the exact wording of the ballot initiative; that the growth allowances will not be changed; and that main factors, such as social, economic and government, remain constant.

Table 1 shows the historical growth in S&L tax collections as a percent of income from FY 1958 to FY 2002. The average annual growth rate of S&L tax collections as a percent of income was 0.6 percent. Resulting from this growth, S&L tax collections as a percent of income grew 33 percent—to 12.8 percent in FY 2002 from 9.6 percent in FY 1958.

Table 2 shows the forecasted growth in S&L tax collections as a percent of income from FY 2003 to FY 2021 under the Maine Taxpayer Bill of Rights. As a result of reasonable growth allowances, the average annual growth rate of S&L tax collections as a percent of income will be -1.1 percent. S&L tax collections as a percent of income will shrink 18.9 percent—to 10.3 percent in FY 2021 from 12.7 percent in FY 2003—causing Maine to reach the current national average for the first time since FY 1977, a hiatus of 44 years.

Chart 2 shows the annual change of nominal S&L tax collections. Between FY 1958 and FY 2002, the average annual growth rate of S&L nominal tax collections was 8.1 percent. However, with the Maine Taxpayer Bill of Rights, the average annual growth rate of S&L nominal tax collections between FY 2003 and FY 2021 is a much reduced 3.5 percent. Even with the lower growth rate, this growth translates into an average of **nearly \$207 million in additional state and local spending per year.**

Maine's State and Local Tax Rank under the Taxpayer Bill of Rights

Using data from the U.S. Census Bureau and Bureau of Economic Analysis, Chart 3 plots Maine's S&L tax collections as a percent of income ranked against the other 49 states. In FY 1998, Maine took the dubious distinction of having the highest level of taxation in the nation. Since FY 1998, Maine has not fared any better, settling into the number 2 spot year after year.

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The Maine View

May 5, 2006

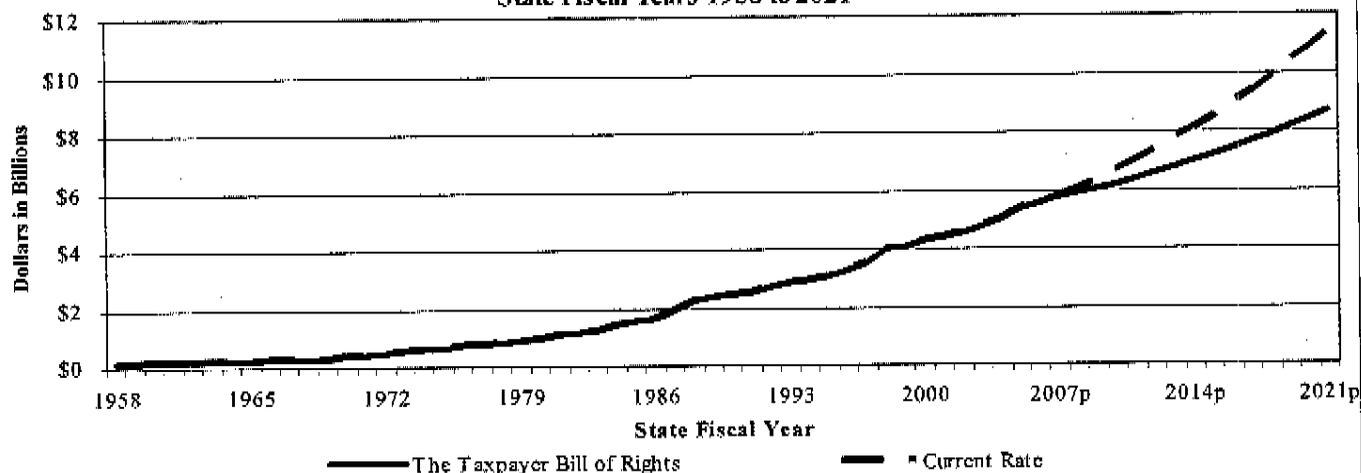
Table 1
Maine's Historical State and Local Tax Collections
State Fiscal Years 1958 - 2002
Dollars in Thousands

State Fiscal Year	National State and Local Tax Collections as a Percent of Personal Income	State and Local				State			Local		
		Total	Year-over-Year Percent Growth	Percent of Personal Income	Rank	Total	Year-over-Year Percent Growth	Percent of Personal Income	Total	Year-over-Year Percent Growth	Percent of Personal Income
1958*	8.4%	\$157,662		9.6%	13	\$78,762		4.8%	\$78,900		4.8%
1959	8.6%	\$162,265	2.9%	9.5%	19	\$81,165	3.1%	4.7%	\$81,100	2.8%	4.7%
1960*	9.0%	\$188,429	16.1%	10.5%	9	\$86,929	7.1%	4.8%	\$101,500	25.2%	5.6%
1961	9.3%	\$182,173	-3.3%	9.8%	20	\$90,073	3.6%	4.8%	\$92,100	-9.3%	4.9%
1962	9.5%	\$191,337	5.0%	10.0%	18	\$93,387	3.7%	4.9%	\$97,950	6.4%	5.1%
1963	9.5%	\$201,574	5.4%	10.2%	15	\$97,774	4.7%	4.9%	\$103,800	6.0%	5.2%
1964	9.7%	\$213,867	6.1%	10.2%	19	\$109,667	12.2%	5.2%	\$104,200	0.4%	5.0%
1965	9.7%	\$231,535	8.3%	10.2%	19	\$117,735	7.4%	5.2%	\$113,800	9.2%	5.0%
1966	9.9%	\$248,788	7.5%	10.2%	23	\$127,988	8.7%	5.3%	\$120,800	6.2%	5.0%
1967	9.9%	\$257,424	3.5%	10.0%	25	\$132,524	3.5%	5.1%	\$124,900	3.4%	4.8%
1968	10.0%	\$270,545	5.1%	9.9%	25	\$146,145	10.3%	5.3%	\$124,400	-0.4%	4.6%
1969*	10.4%	\$301,321	11.4%	10.2%	26	\$158,221	8.3%	5.3%	\$143,100	15.0%	4.8%
1970*	10.9%	\$377,715	25.4%	11.6%	14	\$207,615	31.2%	6.4%	\$170,100	18.9%	5.2%
1971	11.0%	\$415,650	10.0%	11.8%	12	\$232,150	11.8%	6.6%	\$183,500	7.9%	5.2%
1972	11.5%	\$483,959	16.4%	12.7%	7	\$276,459	19.1%	7.2%	\$207,500	13.1%	5.4%
1973*	11.6%	\$528,745	9.3%	12.4%	7	\$303,645	9.8%	7.1%	\$225,100	8.5%	5.3%
1974*	11.3%	\$625,547	18.3%	13.1%	4	\$336,347	10.8%	7.0%	\$289,200	28.5%	6.1%
1975*	11.1%	\$605,115	-3.3%	11.6%	9	\$369,015	9.7%	7.1%	\$236,100	-18.4%	4.5%
1976	11.2%	\$718,465	18.7%	12.4%	8	\$530,565	43.8%	9.1%	\$187,900	-20.4%	3.2%
1977	11.4%	\$716,522	-0.3%	11.0%	19	\$468,462	-11.7%	7.2%	\$248,060	32.0%	3.8%
1978	11.2%	\$826,676	15.4%	11.6%	13	\$527,396	12.6%	7.4%	\$299,280	20.6%	4.2%
1979	10.6%	\$875,057	5.9%	11.1%	17	\$553,769	5.0%	7.0%	\$321,288	7.4%	4.1%
1980*	10.3%	\$965,543	10.3%	10.9%	12	\$619,160	11.8%	7.0%	\$346,383	7.8%	3.9%
1981*	10.0%	\$1,062,612	10.1%	10.7%	13	\$674,316	8.9%	6.8%	\$388,296	12.1%	3.9%
1982*	10.0%	\$1,152,869	8.5%	10.6%	13	\$727,979	8.0%	6.7%	\$424,890	9.4%	3.9%
1983	10.0%	\$1,240,012	7.6%	10.6%	12	\$780,052	7.2%	6.7%	\$459,960	8.3%	3.9%
1984	10.3%	\$1,420,538	14.6%	11.1%	12	\$920,273	18.0%	7.2%	\$500,265	8.8%	3.9%
1985	10.3%	\$1,545,328	8.8%	11.0%	12	\$1,005,216	9.2%	7.2%	\$540,112	8.0%	3.8%
1986	10.4%	\$1,659,782	7.4%	10.9%	12	\$1,101,381	9.6%	7.2%	\$558,401	3.4%	3.7%
1987	10.6%	\$1,931,357	16.4%	11.7%	7	\$1,288,480	17.0%	7.8%	\$642,877	15.1%	3.9%
1988	10.7%	\$2,207,217	14.3%	12.2%	6	\$1,505,523	16.8%	8.3%	\$701,694	9.1%	3.9%
1989	10.6%	\$2,385,169	8.1%	12.1%	5	\$1,590,423	5.6%	8.1%	\$794,746	13.3%	4.0%
1990*	10.6%	\$2,423,966	1.6%	11.6%	9	\$1,560,869	-1.9%	7.5%	\$863,097	8.6%	4.1%
1991*	10.6%	\$2,510,360	3.6%	11.7%	9	\$1,558,231	-0.2%	7.2%	\$952,129	10.3%	4.4%
1992	10.8%	\$2,707,735	7.9%	12.2%	6	\$1,670,488	7.2%	7.5%	\$1,037,247	8.9%	4.7%
1993	10.9%	\$2,824,806	4.3%	12.3%	7	\$1,763,941	5.6%	7.7%	\$1,060,865	2.3%	4.6%
1994	11.0%	\$2,914,862	3.2%	12.3%	8	\$1,764,588	0.0%	7.5%	\$1,150,274	8.4%	4.9%
1995	11.0%	\$3,060,691	5.0%	12.5%	5	\$1,812,574	2.7%	7.4%	\$1,248,117	8.5%	5.1%
1996	10.9%	\$3,231,393	5.6%	12.5%	5	\$1,896,564	4.6%	7.4%	\$1,334,829	6.9%	5.2%
1997	10.8%	\$3,554,711	10.0%	13.1%	3	\$2,019,491	6.5%	7.4%	\$1,535,220	15.0%	5.7%
1998	10.8%	\$4,012,318	12.9%	13.9%	1	\$2,369,820	17.3%	8.2%	\$1,642,498	7.0%	5.7%
1999	10.7%	\$4,082,369	1.7%	13.4%	2	\$2,540,581	7.2%	8.4%	\$1,541,788	-6.1%	5.1%
2000	10.8%	\$4,262,142	4.4%	13.3%	2	\$2,661,080	4.7%	8.3%	\$1,601,062	3.8%	5.0%
2001*	10.7%	\$4,420,465	3.7%	12.9%	2	\$2,668,938	0.3%	7.8%	\$1,751,527	9.4%	5.1%
2002	10.3%	\$4,541,146	2.7%	12.8%	2	\$2,626,830	-1.6%	7.4%	\$1,914,316	9.3%	5.4%
Average Annual Increase	0.5%	\$97,411	7.8%	0.6%	--	\$56,624	8.1%	1.0%	\$40,787	7.3%	0.3%

Note: "*" on year denotes recessionary quarter(s).

Source: Census Bureau, Bureau of Economic Analysis, MHPC Calculations.

Chart 2
State and Local Tax Collections Under the Maine Taxpayer Bill of Rights
State Fiscal Years 1958 to 2021



Source: Census Bureau, Bureau of Economic Analysis, MHPC

Table 2
Maine's Projected State and Local Tax Collections Under the Maine Taxpayer Bill of Rights (Effective FY 2008)
State Fiscal Years 2002 - 2021
Dollars in Thousands

State Fiscal Year	Goal: National State and Local Tax Collections as a Percent of Personal Income (a)	State and Local				State (b)			Local		
		Total	Year-over-Year Percent Growth	Percent of Personal Income	Rank	Total	Year-over-Year Percent Growth	Percent of Personal Income	Total	Year-over-Year Percent Growth	Percent of Personal Income
2003p	10.3%	\$4,733,224	4.2%	12.7%	2	\$2,697,275	2.7%	7.2%	\$2,035,949	6.4%	5.5%
2004p	10.3%	\$5,035,982	6.4%	12.7%	2	\$2,896,759	7.4%	7.3%	\$2,139,223	5.1%	5.4%
2005p	10.3%	\$5,335,404	5.9%	12.9%	2	\$3,071,161	6.0%	7.4%	\$2,264,243	5.8%	5.5%
2006p	10.3%	\$5,552,959	4.1%	12.8%	2	\$3,245,056	5.7%	7.5%	\$2,307,903	1.9%	5.3%
2007p	10.3%	\$5,739,537	3.4%	12.7%	2	\$3,360,282	3.6%	7.4%	\$2,379,256	3.1%	5.3%
2008 (TABOR)	10.3%	\$5,884,431	2.5%	12.4%	2	\$3,473,838	3.4%	7.3%	\$2,410,593	1.3%	5.1%
2009 (TABOR)	10.3%	\$6,038,690	2.6%	12.2%	2	\$3,590,515	3.4%	7.3%	\$2,448,174	1.6%	4.9%
2010 (TABOR)	10.3%	\$6,201,968	2.7%	12.0%	2	\$3,710,596	3.3%	7.2%	\$2,491,372	1.8%	4.8%
2011 (TABOR)	10.3%	\$6,375,873	2.8%	11.8%	4	\$3,833,837	3.3%	7.1%	\$2,542,036	2.0%	4.7%
2012 (TABOR)	10.3%	\$6,562,992	2.9%	11.6%	4	\$3,960,218	3.3%	7.0%	\$2,602,774	2.4%	4.6%
2013 (TABOR)	10.3%	\$6,760,998	3.0%	11.5%	5	\$4,089,609	3.3%	6.9%	\$2,671,389	2.6%	4.5%
2014 (TABOR)	10.3%	\$6,967,271	3.1%	11.3%	5	\$4,221,870	3.2%	6.8%	\$2,745,401	2.8%	4.5%
2015 (TABOR)	10.3%	\$7,185,527	3.1%	11.1%	6	\$4,356,901	3.2%	6.8%	\$2,828,626	3.0%	4.4%
2016 (TABOR)	10.3%	\$7,415,497	3.2%	11.0%	6	\$4,494,802	3.2%	6.7%	\$2,920,694	3.3%	4.3%
2017 (TABOR)	10.3%	\$7,653,133	3.2%	10.9%	12	\$4,635,299	3.1%	6.6%	\$3,017,834	3.3%	4.3%
2018 (TABOR)	10.3%	\$7,896,745	3.2%	10.7%	12	\$4,778,263	3.1%	6.5%	\$3,118,482	3.3%	4.2%
2019 (TABOR)	10.3%	\$8,146,167	3.2%	10.6%	13	\$4,923,550	3.0%	6.4%	\$3,222,618	3.3%	4.2%
2020 (TABOR)	10.3%	\$8,401,659	3.1%	10.5%	16	\$5,071,306	3.0%	6.3%	\$3,330,353	3.3%	4.1%
2021 (TABOR)	10.3%	\$8,663,787	3.1%	10.3%	19	\$5,221,486	3.0%	6.2%	\$3,442,301	3.4%	4.1%
Average Annual Increase	--	\$206,872	3.5%	-1.1%	--	\$132,853	3.7%	-0.8%	\$74,019	3.1%	-1.5%

(a) Held constant.

(b) State Tax Collections for FY 2003, 2004 and 2005 are actual not projected.

Source: Census Bureau, Bureau of Economic Analysis, MHPC Calculations.

For the people of Maine...

THE MAINE HERITAGE POLICY CENTER

Maine's S&L tax collections as a percent of personal income are so far above the national average that Maine's rankings do not appreciably change under the Taxpayer Bill of Rights until after 2017. In fact, in FY 2002 there is an 8 percent gap between number 2 ranked Maine and the number 3 and 4 ranked states Wyoming and Hawaii. The percentage gap widens to a 17 percent gap from number 10 ranked state New Mexico, and a 26 percent gap from number 25 ranked Arizona.

As a result, Maine does not start significantly falling in the rankings until the tenth year under the Maine Taxpayer Bill of Rights. In FY 2017 Maine's ranking will fall modestly to number 12 from number 6. As Maine starts to close in on the national average, movement in the rankings become more significant. By FY 2021, Maine sheds another 7 places to rank at number 19.

The Maine Taxpayer Bill of Rights is Economic Development

In his extensive review of the academic literature on taxation and economic development, Professor Michael Wasylenko, Professor of Economics, Senior Associate Dean for Academic Administration for the Maxwell School, CPR Senior Research

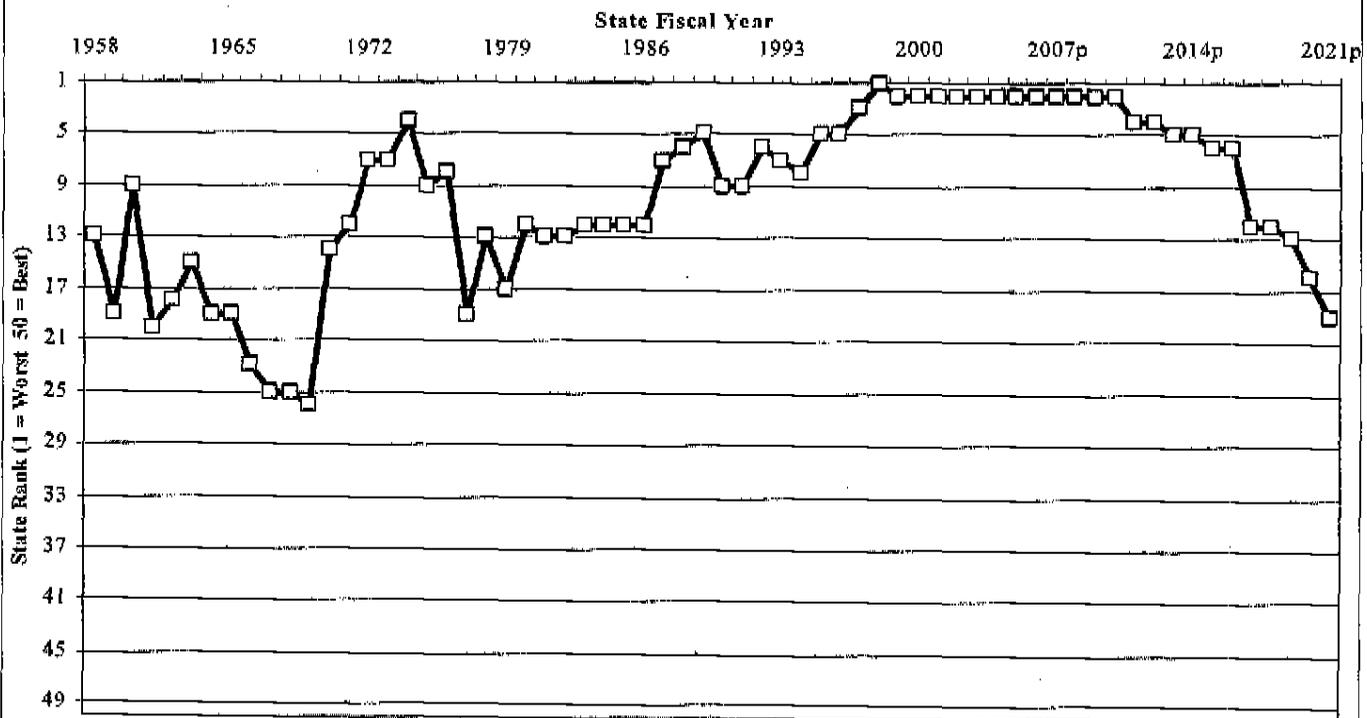
Associate at Syracuse University concluded that:

"This review of the literature suggests that taxes have a small, statistically significant effect on interregional location behavior. The suggested estimate of the interregional elasticity is -0.2. However, all elasticity estimates must be viewed in context of the state and its fiscal position vis-à-vis other states. The effect of a specific state's taxes depends not only on elasticity, but also on the extent to which the state's overall (state and local) tax levels are significantly different from the average of the states it competes against. *A large deviation from the average tax level, multiplied by the tax elasticity, will yield a large, location, employment and investment effect.*" [1] (emphasis added)

Maine's business and economic climate is seriously handicapped with S&L tax collections as a percent of personal income 24.2 percent above the national average in FY 2002—second only to New York's 27.2 percent above the national average. Following Wasylenko's conclusion, Maine is leaving a lot of economic development money on the table. The Maine Taxpayer Bill of Rights will put Maine on a path of sustained reduction in tax levels. *The Maine Taxpayer Bill of Rights is an important, and effective, economic development tool.* **For**

Chart 3

Maine's State and Local Tax Rank Under the Maine Taxpayer Bill of Rights
State Fiscal Years 1958 to 2021



Source: Census Bureau, Bureau of Economic Analysis, MHPC Calculations.

Maine taxpayers this not only means lower tax bills, but also higher incomes and more jobs.

To put Maine's high level of taxation in perspective, Chart 4 and Chart 5 plot the deviation of the 50 states from the national average. Chart 4 shows the distribution of states in FY 2002 with the national average at 10.3 percent—states to the right are above the national average while states to the left are below the national average. New York has the largest deviation at 2.8 percentage points above the national average (27.2 percent) while Maine is close behind at 2.5 percentage points above the national average (24.2 percent). On the flip side, Tennessee has the largest deviation at 2 percentage points below the national average (-19.4 percent) with Maine's neighbor, New Hampshire, close behind at 1.9 percentage points below the national average (-18.4 percent).

However, as shown in Chart 5, the national average of S&L tax collections as a percent of income is a moving target. Chart 5 compares the distribution of states around the national average in FY 1958 and FY 2002. Since FY 1958, the national average increased by 22.6 percent to 10.3 percent from 8.4 percent. Although many today would view a state like New Hampshire's level of taxation as extremely low at 8.4 percent, in FY 1958, New Hampshire would have merely been at the national average. In FY 1958, the state with the lowest level of taxation was Delaware at 6.1 percent—New Hampshire was at 7.9 percent. On the other hand, in FY 1958, Vermont had the highest level of taxation at 11.7 percent. In FY 1958, Maine was much closer, though still higher than the national average, at 9.6 percent.

Finally, Chart 5 may provide an answer for why the academic literature, as reviewed by Dr. Wasylenko, has such a tough time finding large tax effects on the economy—state tax competition. In FY 1958, there were 26 states within a 1 percentage point deviation (plus or minus) from the national average. In FY 2002, there were 38 states within a 1 percentage point deviation (plus or minus) from the national average—an increase of 46 percent. Such a large clustering of states is evidence that policymakers are aware that taxes matter to economic development. And that being a high tax outlier state, such as Maine, is a serious concern.

Counties and Municipalities under the Maine Taxpayer Bill of Rights

Table 4 shows the growth allowances by county under the Maine Taxpayer Bill of Rights. Since counties are primarily funded by municipalities, the county summaries shown are the summation of municipal growth allowances. Due to space constraints, municipal summaries are not included in the printed report. However, they are posted on the Maine Heritage Policy Center's website: www.mainepolicy.org.

Table 4 shows that Maine's local governments will cumula-

tively have a nominal growth allowance of nearly \$63 million per year (2.7 percent average growth rate) between FY 2008 and FY 2021. This growth allowance breaks down to nearly \$39 million per year (2.8 percent average growth rate) for education and over \$24 million (2.5 percent average growth rate) for all other local spending.

However, at the municipal level there is a much greater variance of growth allowances ranging from the 195 municipalities that will see an average annual growth allowance greater than 3 percent, to the 14 municipalities that will have an average annual growth allowance less than -3 percent. Overall, 440 municipalities will have a positive average annual growth allowance (representing 96.3 percent of the population in 2006), and 48 municipalities will have a negative average annual growth allowance (representing 3.7 percent of the population in 2006).

The municipal average annual growth allowances are shown geographically in Map 1. Those municipalities with the highest positive annual growth allowances (greater than 3 percent) are predominantly located in the southwestern part of the state (south and west of Augusta). On the other hand, those municipalities with most negative annual growth allowance (below -3 percent) are predominantly located in the northeastern part of the state (north and east of Augusta).

Naturally, many of the differences in growth allowances result from Maine's extreme demographic challenges—especially the internal population migration away from the economically struggling north to the more economically vibrant south, and the state-wide drop in school enrollments. The demographic shifts highlight the need for the Maine Taxpayer Bill of Rights as it will force local governments to reexamine and reduce their current level of spending and taxation. In the long run, the lower level of taxation will bring businesses and people back. In contrast, the status quo will only lead to the creation of ghost towns—for example, Centerville reorganized in 2004.

LD 1 versus the Maine Taxpayer Bill of Rights

From LD 1:

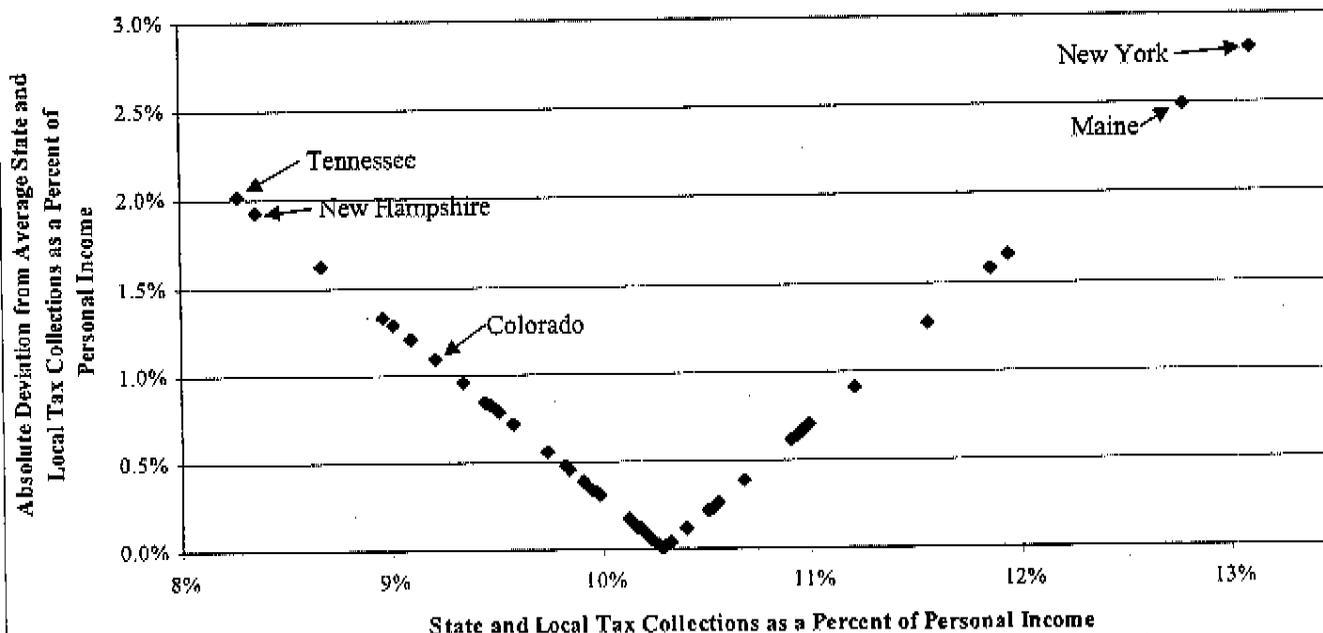
"It is the goal and policy of the State that by 2015 the State's total state and local tax burden be ranked in the middle 1/3 of all states, as determined by the United States Census Bureau's most recent tax burden analysis, adjusted by the assessor to reflect the State's unique expenditure tax relief programs." [3]

This analysis casts doubt that LD 1 will be able to fulfill its statutory duty of lowering Maine's state and local tax burden to the "middle 1/3 of all states" by 2015 for several reasons:

1. The level of taxation to be considered "in the middle 1/3 of all states" in FY 2002 began at 10.3 percent—

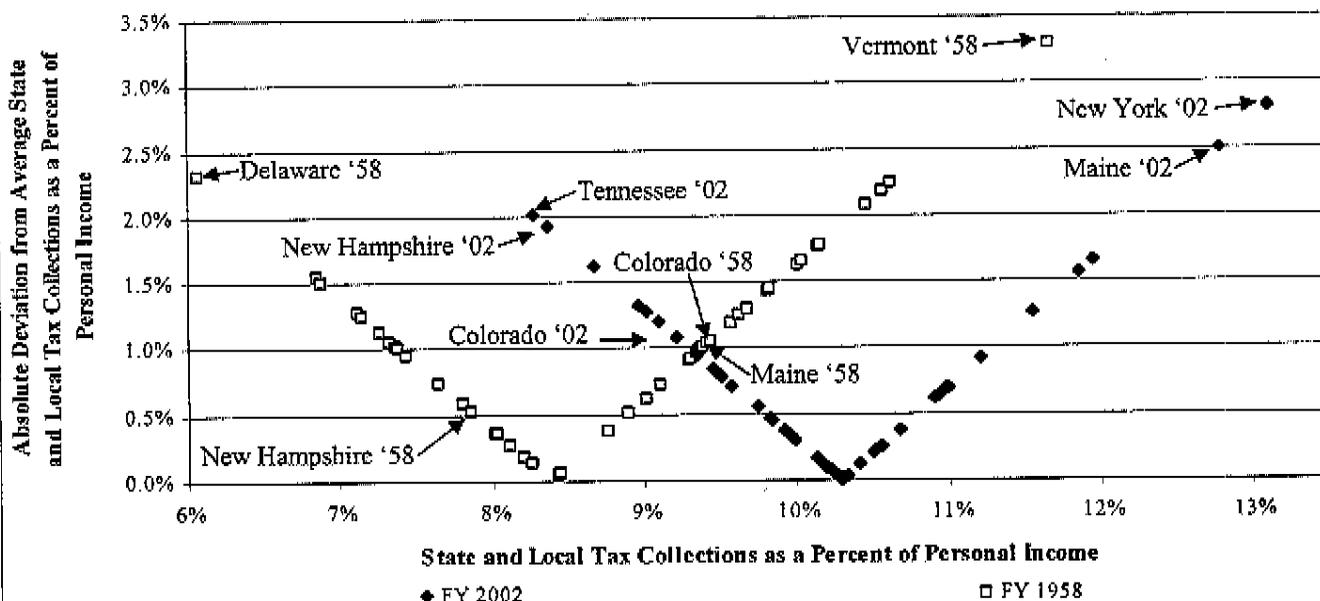
Continued on page 13.

Chart 4
Absolute Deviation from Average and Total State and Local Tax Collections as Percent of Personal Income
State Fiscal Year 2002



Source: Census Bureau, Bureau of Economic Analysis, MHPC

Chart 5
Absolute Deviation from Average and Total State and Local Tax Collections as Percent of Personal Income
State Fiscal Years 1958 and 2002



Source: Census Bureau, Bureau of Economic Analysis, MHPC

Map 1
The Maine Taxpayer Bill of Rights Projected
Average Growth Allowances by Municipality
State Fiscal Years 2008 to 2021

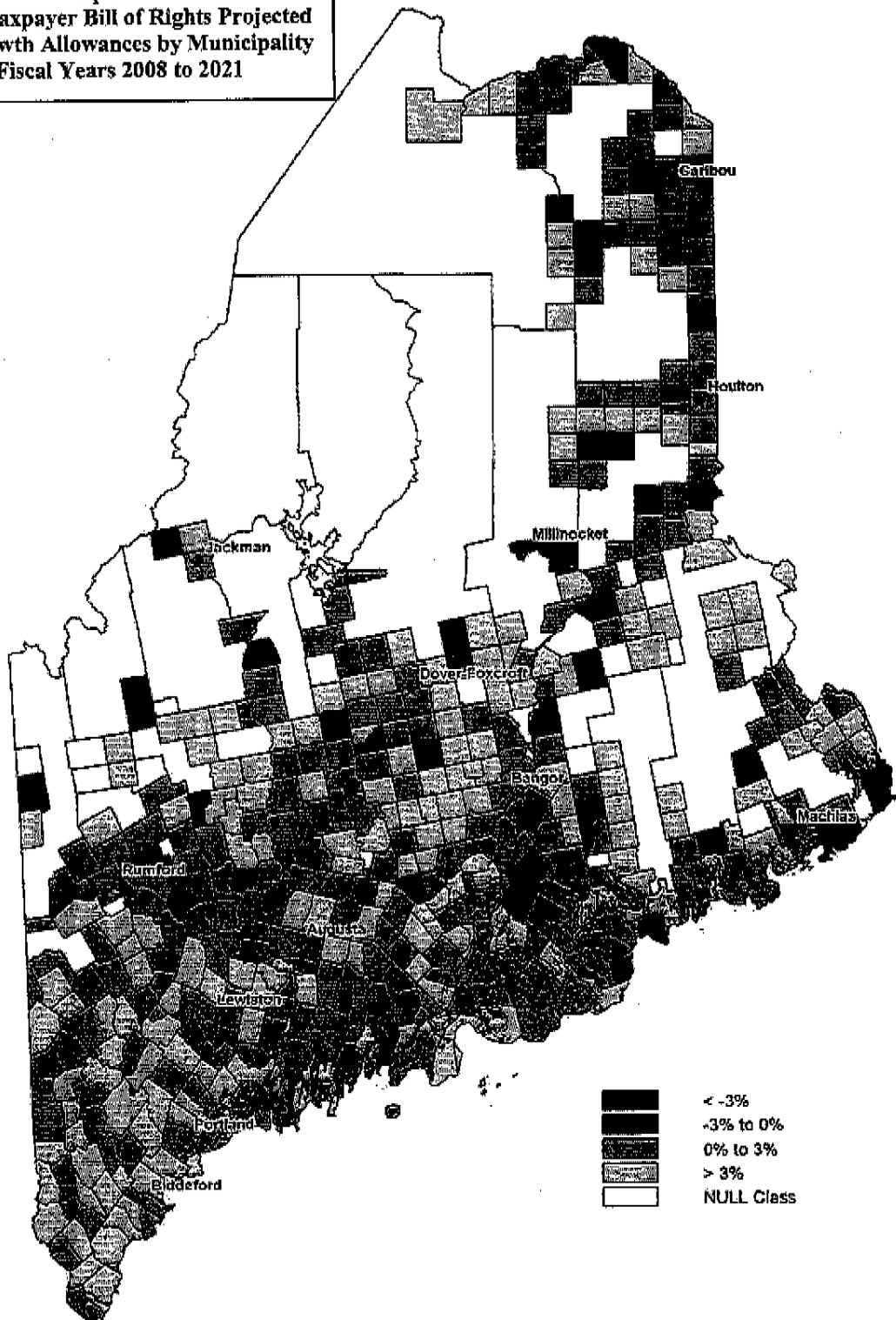


Table 4
The Taxpayer Bill of Rights Growth Allowances by County
State Fiscal Years 2008 to 2021
Dollars in Millions

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average Increase	
ANDROSCOGGIN	Change in Total Taxes Paid:	\$2,245	\$2,516	\$2,757	\$3,125	\$3,594	\$3,982	\$4,297	\$4,704	\$5,096	\$5,325	\$5,483	\$5,648	\$5,822	\$6,023	\$4,330
	Change in Taxes Paid for "Education":	\$478	\$735	\$963	\$1,320	\$1,780	\$2,160	\$2,470	\$2,878	\$3,271	\$3,504	\$3,668	\$3,840	\$4,021	\$4,210	\$2,521
	Change in Taxes Paid for "Other":	\$1,767	\$1,780	\$1,794	\$1,804	\$1,814	\$1,822	\$1,826	\$1,825	\$1,824	\$1,821	\$1,815	\$1,808	\$1,801	\$1,813	\$1,808
	Percent Change in Total Taxes Paid:	1.6%	1.8%	1.9%	2.2%	2.4%	2.6%	2.8%	2.9%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	2.6%
	Percent Change in Taxes Paid for "Education":	0.7%	1.1%	1.4%	1.9%	2.5%	3.0%	3.3%	3.8%	4.1%	4.2%	4.2%	4.3%	4.3%	4.3%	3.1%
Percent Change in Taxes Paid for "Other":	2.5%	2.5%	2.4%	2.4%	2.3%	2.3%	2.2%	2.2%	2.1%	2.1%	2.0%	2.0%	1.9%	1.9%	2.2%	
ANDROSTOCK	Change in Total Taxes Paid:	-\$236	-\$150	\$35	\$337	\$701	\$966	\$1,035	\$1,291	\$1,538	\$1,603	\$1,641	\$1,748	\$1,819	\$1,909	\$1,017
	Change in Taxes Paid for "Education":	-\$387	-\$297	-\$109	\$197	\$565	\$835	\$899	\$1,095	\$1,347	\$1,419	\$1,495	\$1,575	\$1,659	\$1,747	\$860
	Change in Taxes Paid for "Other":	\$150	\$147	\$144	\$140	\$136	\$130	\$136	\$196	\$192	\$184	\$175	\$165	\$155	\$158	\$158
	Percent Change in Total Taxes Paid:	-0.4%	-0.2%	0.1%	0.5%	1.1%	1.5%	1.6%	1.9%	2.2%	2.3%	2.3%	2.4%	2.4%	2.5%	1.4%
	Percent Change in Taxes Paid for "Education":	-1.0%	-0.8%	-0.3%	0.5%	1.5%	2.2%	2.4%	2.8%	3.4%	3.4%	3.5%	3.6%	3.6%	3.7%	2.0%
Percent Change in Taxes Paid for "Other":	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.5%	0.7%	0.7%	0.6%	0.6%	0.6%	0.5%	0.5%	0.6%	
CUMBERLAND	Change in Total Taxes Paid:	\$10,213	\$11,985	\$12,925	\$14,762	\$17,138	\$18,803	\$20,656	\$22,751	\$24,678	\$26,326	\$27,246	\$28,164	\$29,129	\$30,231	\$21,072
	Change in Taxes Paid for "Education":	\$3,087	\$4,699	\$5,465	\$7,141	\$9,360	\$10,876	\$12,600	\$14,597	\$16,432	\$18,006	\$18,874	\$19,788	\$20,748	\$21,758	\$13,102
	Change in Taxes Paid for "Other":	\$7,126	\$7,286	\$7,461	\$7,621	\$7,778	\$7,927	\$8,056	\$8,155	\$8,246	\$8,320	\$8,371	\$8,376	\$8,381	\$8,473	\$7,970
	Percent Change in Total Taxes Paid:	1.9%	2.1%	2.3%	2.5%	2.9%	3.0%	3.2%	3.5%	3.6%	3.7%	3.7%	3.7%	3.7%	3.7%	3.1%
	Percent Change in Taxes Paid for "Education":	0.9%	1.4%	1.6%	2.1%	2.7%	3.0%	3.4%	3.8%	4.2%	4.4%	4.4%	4.4%	4.4%	4.4%	3.2%
Percent Change in Taxes Paid for "Other":	3.2%	3.2%	3.2%	3.1%	3.1%	3.1%	3.0%	3.0%	2.9%	2.9%	2.8%	2.7%	2.6%	2.6%	2.9%	
FRANKLIN	Change in Total Taxes Paid:	\$334	\$522	\$500	\$665	\$820	\$938	\$1,018	\$1,061	\$1,238	\$1,258	\$1,298	\$1,337	\$1,379	\$1,429	\$985
	Change in Taxes Paid for "Education":	-\$286	-\$110	-\$143	\$15	\$163	\$275	\$350	\$389	\$561	\$577	\$614	\$653	\$692	\$733	\$320
	Change in Taxes Paid for "Other":	\$620	\$632	\$642	\$650	\$657	\$663	\$668	\$673	\$677	\$681	\$683	\$685	\$687	\$696	\$665
	Percent Change in Total Taxes Paid:	0.7%	1.1%	1.0%	1.3%	1.6%	1.8%	2.0%	2.0%	2.3%	2.3%	2.3%	2.3%	2.3%	2.4%	1.8%
	Percent Change in Taxes Paid for "Education":	-1.1%	-0.4%	-0.5%	0.1%	0.6%	1.0%	1.3%	1.4%	2.0%	2.1%	2.1%	2.2%	2.3%	2.4%	1.1%
Percent Change in Taxes Paid for "Other":	2.9%	2.9%	2.8%	2.8%	2.7%	2.7%	2.6%	2.6%	2.5%	2.5%	2.4%	2.4%	2.3%	2.3%	2.6%	

Table 4 Continued

Table 4 Continued

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average Increase	
HANCOCK	Change in Total Taxes Paid:	\$765	\$660	\$1,715	\$1,827	\$2,378	\$2,772	\$2,149	\$3,136	\$3,433	\$3,573	\$3,687	\$3,805	\$3,929	\$4,085	\$2,708
	Change in Taxes Paid for "Education":	-\$355	-\$471	\$571	\$675	\$1,217	\$1,609	\$983	\$1,971	\$2,268	\$2,410	\$2,527	\$2,650	\$2,780	\$2,916	\$1,554
	Change in Taxes Paid for "Other":	\$1,120	\$1,132	\$1,143	\$1,153	\$1,161	\$1,164	\$1,166	\$1,165	\$1,165	\$1,163	\$1,160	\$1,155	\$1,150	\$1,169	\$1,155
	Percent Change in Total Taxes Paid:	0.7%	0.6%	1.6%	1.6%	2.1%	2.4%	1.8%	2.6%	2.8%	2.8%	2.8%	2.8%	2.9%	2.9%	2.2%
	Percent Change in Taxes Paid for "Education":	-0.5%	-0.7%	0.9%	1.0%	1.8%	2.4%	1.4%	2.8%	3.2%	3.2%	3.3%	3.4%	3.4%	3.5%	2.1%
	Percent Change in Taxes Paid for "Other":	2.7%	2.6%	2.6%	2.5%	2.5%	2.4%	2.4%	2.3%	2.3%	2.2%	2.2%	2.1%	2.1%	2.1%	2.4%
KENNEBEC	Change in Total Taxes Paid:	\$781	\$1,057	\$1,329	\$1,710	\$2,292	\$2,684	\$3,017	\$3,496	\$3,971	\$4,184	\$4,306	\$4,427	\$4,553	\$4,710	\$3,037
	Change in Taxes Paid for "Education":	-\$169	\$103	\$372	\$750	\$1,329	\$1,719	\$2,051	\$2,529	\$3,008	\$3,227	\$3,359	\$3,496	\$3,640	\$3,791	\$2,086
	Change in Taxes Paid for "Other":	\$950	\$954	\$958	\$960	\$963	\$965	\$967	\$967	\$963	\$957	\$948	\$930	\$913	\$919	\$951
	Percent Change in Total Taxes Paid:	0.6%	0.8%	1.0%	1.3%	1.7%	1.9%	2.1%	2.4%	2.7%	2.7%	2.7%	2.7%	2.7%	2.8%	2.0%
	Percent Change in Taxes Paid for "Education":	-0.2%	0.1%	0.5%	0.9%	1.6%	2.0%	2.4%	2.9%	3.3%	3.4%	3.5%	3.5%	3.5%	3.5%	2.2%
	Percent Change in Taxes Paid for "Other":	1.9%	1.8%	1.8%	1.8%	1.8%	1.7%	1.7%	1.7%	1.6%	1.6%	1.6%	1.5%	1.5%	1.5%	1.7%
KNOX	Change in Total Taxes Paid:	\$1,096	\$1,386	\$1,582	\$1,753	\$2,116	\$2,463	\$2,702	\$3,015	\$3,395	\$3,534	\$3,671	\$3,814	\$3,966	\$4,142	\$2,760
	Change in Taxes Paid for "Education":	\$158	\$430	\$606	\$759	\$1,105	\$1,436	\$1,660	\$1,960	\$2,327	\$2,455	\$2,584	\$2,719	\$2,862	\$3,013	\$1,720
	Change in Taxes Paid for "Other":	\$938	\$956	\$976	\$994	\$1,011	\$1,027	\$1,042	\$1,055	\$1,068	\$1,078	\$1,087	\$1,095	\$1,104	\$1,129	\$1,040
	Percent Change in Total Taxes Paid:	1.4%	1.8%	2.0%	2.1%	2.5%	2.9%	3.1%	3.3%	3.6%	3.6%	3.6%	3.6%	3.7%	3.7%	2.9%
	Percent Change in Taxes Paid for "Education":	0.3%	0.9%	1.2%	1.5%	2.2%	2.8%	3.2%	3.6%	4.2%	4.2%	4.2%	4.3%	4.3%	4.4%	3.0%
	Percent Change in Taxes Paid for "Other":	3.1%	3.1%	3.1%	3.0%	3.0%	2.9%	2.9%	2.9%	2.8%	2.8%	2.7%	2.7%	2.6%	2.6%	2.9%
LINCOLN	Change in Total Taxes Paid:	\$464	\$595	\$731	\$949	\$1,196	\$1,517	\$1,524	\$1,717	\$2,041	\$2,119	\$2,186	\$2,255	\$2,324	\$2,399	\$1,573
	Change in Taxes Paid for "Education":	-\$167	-\$47	\$75	\$283	\$519	\$830	\$828	\$1,012	\$1,327	\$1,398	\$1,459	\$1,522	\$1,589	\$1,659	\$878
	Change in Taxes Paid for "Other":	\$630	\$642	\$655	\$667	\$677	\$687	\$696	\$705	\$714	\$721	\$727	\$732	\$735	\$739	\$695
	Percent Change in Total Taxes Paid:	0.7%	0.9%	1.1%	1.5%	1.8%	2.2%	2.2%	2.4%	2.8%	2.8%	2.9%	2.9%	2.9%	2.9%	2.1%
	Percent Change in Taxes Paid for "Education":	-0.4%	-0.1%	0.2%	0.7%	1.2%	1.9%	1.9%	2.3%	2.9%	3.0%	3.0%	3.1%	3.1%	3.1%	1.9%
	Percent Change in Taxes Paid for "Other":	2.9%	2.9%	2.9%	2.8%	2.8%	2.8%	2.7%	2.7%	2.7%	2.6%	2.6%	2.5%	2.5%	2.4%	2.7%

Table 4 Continued

Table 4 Continued

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average Increase	
OXFORD	Change in Total Taxes Paid:	\$698	\$905	\$1,007	\$1,247	\$1,473	\$1,783	\$1,901	\$1,945	\$2,343	\$2,441	\$2,510	\$2,580	\$2,655	\$2,758	\$1,875
	Change in Taxes Paid for "Education":	\$118	\$327	\$429	\$672	\$901	\$1,217	\$1,340	\$1,393	\$1,801	\$1,911	\$1,992	\$2,077	\$2,165	\$2,258	\$1,329
	Change in Taxes Paid for "Other":	\$579	\$578	\$577	\$575	\$571	\$567	\$561	\$552	\$542	\$530	\$518	\$504	\$490	\$500	\$546
	Percent Change in Total Taxes Paid:	0.9%	1.2%	1.3%	1.6%	1.9%	2.2%	2.3%	2.3%	2.7%	2.8%	2.8%	2.8%	2.8%	2.8%	2.2%
	Percent Change in Taxes Paid for "Education":	0.3%	0.7%	0.9%	1.5%	1.9%	2.5%	2.7%	2.8%	3.5%	3.6%	3.6%	3.6%	3.6%	3.7%	2.5%
	Percent Change in Taxes Paid for "Other":	1.9%	1.9%	1.9%	1.8%	1.8%	1.7%	1.7%	1.6%	1.6%	1.5%	1.5%	1.4%	1.3%	1.3%	1.6%
PENOBSCOT	Change in Total Taxes Paid:	\$1,363	\$1,755	\$2,065	\$2,537	\$3,136	\$3,603	\$3,994	\$4,561	\$5,080	\$5,447	\$5,774	\$5,985	\$6,206	\$6,462	\$4,141
	Change in Taxes Paid for "Education":	-\$51	\$323	\$611	\$1,068	\$1,655	\$2,113	\$2,498	\$3,061	\$3,576	\$3,942	\$4,151	\$4,367	\$4,591	\$4,824	\$2,623
	Change in Taxes Paid for "Other":	\$1,414	\$1,433	\$1,454	\$1,469	\$1,481	\$1,490	\$1,496	\$1,500	\$1,504	\$1,504	\$1,623	\$1,619	\$1,615	\$1,638	\$1,517
	Percent Change in Total Taxes Paid:	0.8%	1.1%	1.2%	1.5%	1.8%	2.1%	2.3%	2.5%	2.7%	2.9%	2.9%	3.0%	3.0%	3.0%	2.2%
	Percent Change in Taxes Paid for "Education":	-0.1%	0.3%	0.6%	1.1%	1.7%	2.1%	2.5%	3.0%	3.4%	3.6%	3.6%	3.7%	3.8%	3.8%	2.4%
	Percent Change in Taxes Paid for "Other":	2.1%	2.1%	2.1%	2.0%	2.0%	2.0%	2.0%	1.9%	1.9%	1.9%	2.0%	1.9%	1.9%	1.9%	2.0%
MISCATAQUIS	Change in Total Taxes Paid:	\$39	\$80	\$180	\$214	\$297	\$362	\$417	\$440	\$508	\$534	\$559	\$586	\$615	\$650	\$391
	Change in Taxes Paid for "Education":	-\$145	-\$106	-\$9	\$24	\$106	\$171	\$225	\$248	\$316	\$342	\$368	\$395	\$425	\$457	\$201
	Change in Taxes Paid for "Other":	\$184	\$186	\$188	\$190	\$191	\$192	\$192	\$192	\$192	\$192	\$192	\$191	\$190	\$193	\$190
	Percent Change in Total Taxes Paid:	0.2%	0.4%	1.0%	1.2%	1.6%	1.9%	2.2%	2.2%	2.5%	2.6%	2.7%	2.7%	2.8%	2.8%	1.9%
	Percent Change in Taxes Paid for "Education":	-1.5%	-1.1%	-0.1%	0.3%	1.1%	1.7%	2.3%	2.4%	3.0%	3.2%	3.3%	3.5%	3.6%	3.7%	1.8%
	Percent Change in Taxes Paid for "Other":	2.3%	2.2%	2.2%	2.2%	2.2%	2.1%	2.1%	2.0%	2.0%	2.0%	1.9%	1.9%	1.8%	1.8%	2.0%
SAGADAHOIC	Change in Total Taxes Paid:	\$680	\$839	\$938	\$1,094	\$1,324	\$1,462	\$1,591	\$1,727	\$1,914	\$1,970	\$2,009	\$2,049	\$2,091	\$2,159	\$1,560
	Change in Taxes Paid for "Education":	-\$69	\$88	\$189	\$352	\$587	\$735	\$874	\$1,024	\$1,225	\$1,298	\$1,354	\$1,414	\$1,476	\$1,542	\$864
	Change in Taxes Paid for "Other":	\$749	\$751	\$748	\$743	\$736	\$727	\$716	\$703	\$689	\$672	\$654	\$635	\$615	\$618	\$697
	Percent Change in Total Taxes Paid:	1.1%	1.3%	1.5%	1.7%	2.0%	2.2%	2.3%	2.5%	2.7%	2.7%	2.7%	2.6%	2.6%	2.6%	2.2%
	Percent Change in Taxes Paid for "Education":	-0.2%	0.3%	0.6%	1.0%	1.7%	2.1%	2.4%	2.8%	3.3%	3.3%	3.4%	3.4%	3.4%	3.5%	2.2%
	Percent Change in Taxes Paid for "Other":	2.7%	2.6%	2.5%	2.5%	2.4%	2.3%	2.2%	2.1%	2.0%	1.9%	1.9%	1.8%	1.7%	1.7%	2.2%

Table 4 Continued

Table 4 Continued																
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average Increase	
SOMERSET	Change in Total Taxes Paid:	\$576	\$780	\$889	\$1,113	\$1,452	\$1,647	\$1,807	\$2,148	\$2,448	\$2,539	\$2,640	\$2,745	\$2,855	\$2,986	\$1,902
	Change in Taxes Paid for "Education":	\$171	\$372	\$481	\$703	\$1,042	\$1,236	\$1,397	\$1,739	\$2,039	\$2,131	\$2,233	\$2,340	\$2,453	\$2,571	\$1,493
	Change in Taxes Paid for "Other":	\$406	\$407	\$409	\$410	\$410	\$410	\$410	\$409	\$409	\$408	\$407	\$405	\$402	\$415	\$408
	Percent Change in Total Taxes Paid:	0.9%	1.2%	1.4%	1.7%	2.2%	2.5%	2.6%	3.1%	3.4%	3.4%	3.4%	3.4%	3.5%	3.5%	2.6%
	Percent Change in Taxes Paid for "Education":	0.4%	0.9%	1.2%	1.7%	2.5%	2.9%	3.2%	3.9%	4.4%	4.4%	4.4%	4.4%	4.4%	4.4%	3.1%
Percent Change in Taxes Paid for "Other":	1.8%	1.8%	1.8%	1.7%	1.7%	1.7%	1.7%	1.6%	1.6%	1.6%	1.5%	1.5%	1.5%	1.5%	1.6%	
WAJDO	Change in Total Taxes Paid:	\$475	\$702	\$847	\$1,034	\$1,278	\$1,439	\$1,559	\$1,741	\$1,934	\$2,027	\$2,092	\$2,155	\$2,221	\$2,298	\$1,557
	Change in Taxes Paid for "Education":	-\$205	\$6	\$134	\$304	\$533	\$679	\$785	\$956	\$1,138	\$1,224	\$1,284	\$1,347	\$1,413	\$1,484	\$791
	Change in Taxes Paid for "Other":	\$680	\$696	\$714	\$730	\$746	\$760	\$773	\$785	\$796	\$804	\$808	\$809	\$807	\$814	\$766
	Percent Change in Total Taxes Paid:	0.9%	1.4%	1.6%	1.9%	2.4%	2.6%	2.7%	3.0%	3.2%	3.3%	3.3%	3.2%	3.2%	3.2%	2.6%
	Percent Change in Taxes Paid for "Education":	-0.6%	0.0%	0.4%	1.0%	1.7%	2.1%	2.4%	2.8%	3.3%	3.4%	3.5%	3.5%	3.6%	3.6%	2.2%
Percent Change in Taxes Paid for "Other":	3.5%	3.4%	3.4%	3.4%	3.3%	3.3%	3.2%	3.2%	3.1%	3.1%	3.0%	2.9%	2.8%	2.8%	3.2%	
WASHINGTON	Change in Total Taxes Paid:	-\$260	-\$166	-\$50	\$159	\$306	\$539	\$652	\$772	\$912	\$1,047	\$1,136	\$1,222	\$1,308	\$1,400	\$641
	Change in Taxes Paid for "Education":	-\$424	-\$332	-\$218	-\$11	\$135	\$367	\$480	\$600	\$739	\$875	\$964	\$1,052	\$1,140	\$1,228	\$471
	Change in Taxes Paid for "Other":	\$164	\$166	\$168	\$170	\$171	\$172	\$173	\$173	\$173	\$172	\$171	\$170	\$169	\$172	\$170
	Percent Change in Total Taxes Paid:	-0.7%	-0.5%	-0.1%	0.4%	0.8%	1.5%	1.7%	2.0%	2.4%	2.6%	2.8%	2.9%	3.0%	3.2%	1.6%
	Percent Change in Taxes Paid for "Education":	-1.8%	-1.4%	-1.0%	0.0%	0.6%	1.6%	2.1%	2.6%	3.1%	3.5%	3.8%	4.0%	4.1%	4.3%	1.8%
Percent Change in Taxes Paid for "Other":	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.2%	1.1%	1.1%	1.1%	1.1%	1.1%	1.2%	
YORK	Change in Total Taxes Paid:	\$6,735	\$7,673	\$8,345	\$9,454	\$10,828	\$11,896	\$13,009	\$14,455	\$15,759	\$16,564	\$17,161	\$17,767	\$18,398	\$19,121	\$13,369
	Change in Taxes Paid for "Education":	\$2,117	\$2,921	\$3,453	\$4,433	\$5,685	\$6,639	\$7,644	\$8,989	\$10,191	\$10,906	\$11,427	\$11,973	\$12,549	\$13,153	\$8,006
	Change in Taxes Paid for "Other":	\$4,618	\$4,752	\$4,892	\$5,021	\$5,143	\$5,256	\$5,365	\$5,465	\$5,569	\$5,658	\$5,735	\$5,794	\$5,850	\$5,968	\$5,363
	Percent Change in Total Taxes Paid:	2.1%	2.3%	2.5%	2.7%	3.1%	3.3%	3.5%	3.7%	3.9%	3.9%	3.9%	3.9%	3.9%	3.9%	3.3%
	Percent Change in Taxes Paid for "Education":	1.1%	1.5%	1.7%	2.2%	2.7%	3.1%	3.5%	3.9%	4.3%	4.4%	4.4%	4.4%	4.4%	4.5%	3.3%
Percent Change in Taxes Paid for "Other":	3.7%	3.7%	3.6%	3.6%	3.6%	3.5%	3.5%	3.4%	3.4%	3.3%	3.2%	3.2%	3.1%	3.1%	3.4%	

Table 4 Continued

Vol. 4, Issue No. 5

The Maine View

May 5, 2006

Table 4 Continued

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	Average Increase
STATE TOTALS															
Change in Total Taxes Paid:	\$25,967	\$31,140	\$35,795	\$41,981	\$50,328	\$56,856	\$61,327	\$68,961	\$76,289	\$80,491	\$83,398	\$86,288	\$89,271	\$92,762	\$62,918
Change in Taxes Paid for "Education":	\$3,872	\$8,643	\$12,871	\$18,686	\$26,682	\$32,896	\$37,084	\$44,441	\$51,566	\$55,626	\$58,352	\$61,208	\$64,202	\$67,346	\$38,820
Change in Taxes Paid for "Other":	\$22,095	\$22,497	\$22,924	\$23,295	\$23,646	\$23,960	\$24,243	\$24,521	\$24,723	\$24,866	\$25,075	\$25,073	\$25,064	\$25,412	\$24,099
Percent Change in Total Taxes Paid:	1.3%	1.6%	1.8%	2.0%	2.4%	2.6%	2.8%	3.0%	3.3%	3.3%	3.3%	3.3%	3.3%	3.4%	2.7%
Percent Change in Taxes Paid for "Education":	0.3%	0.7%	1.1%	1.6%	2.2%	2.6%	2.9%	3.4%	3.8%	4.0%	4.0%	4.0%	4.1%	4.1%	2.8%
Percent Change in Taxes Paid for "Other":	2.8%	2.7%	2.7%	2.7%	2.7%	2.6%	2.6%	2.5%	2.5%	2.5%	2.4%	2.4%	2.3%	2.3%	2.5%

Source: State Planning Office, Revenue Forecasting Committee, Maine Revenue Service; Property Tax Division, Department of Education, MHPC calculations.

closely corresponding to the national average. Even under the Maine Taxpayer Bill of Rights it would take until FY 2021 to reach that level of taxation.

2. According to a Maine Municipal Association survey, in FY 2005 the growth factor in LD 1 was estimated to be more than twice that of the Maine Taxpayer Bill of Rights—see Table 5 [4]. As a result, it could take LD 1 twice as long, at the local level, to achieve the same results as the Maine Taxpayer Bill of Rights.

3. The growth limits in LD 1 can be overridden with a simple majority vote of lawmakers as opposed to the two-thirds legislative requirement and majority of voters under the Maine Taxpayer Bill of Rights.

Under LD 1, it looks likely that the State of Maine will end up breaking its own law. The enactment of the Maine Taxpayer Bill of Rights is the only means that the state can come reasonably close to achieving the statutory goal of reducing Maine's tax burden close to the national average by FY 2015.

Table 5
Comparison of Growth Factors under LD 1 and The Maine Taxpayer Bill of Rights
State Fiscal Year 2005

Municipality	LD 1 Growth Factor	Taxpayer Bill of Rights Growth Factor	Municipality	LD 1 Growth Factor	Taxpayer Bill of Rights Growth Factor	Municipality	LD 1 Growth Factor	Taxpayer Bill of Rights Growth Factor
Acton	3.37	0.79	Hodgdon	5.22	0.72	Richmond	5.58	1.87
Appleton	6.88	3.49	Holden	5.94	3.36	Rockland	5.6	3.02
Arrowsic	4.3	1.72	Hollis	6.02	3.44	Rumford	2.98	0.4
Augusta	5.63	0.54	Hope	7.36	4.78	Sanford	4.92	2.34
Aurora	2.58	0	Islesboro	3.96	1.38	Scarborough	5.31	2.73
Bangor	5.3	2.72	Jay	4.83	1.73	Sebago	6.18	1.84
Bar Harbor	5.8	3.22	Kennebunk	4.43	1.85	Sebec	4.71	-0.23
Bath	3.91	1.33	Kennebunkport	4.97	2.39	Shirley	2.58	0
Beaver Cove	4.22	0.6	Kittery	4.24	1.66	South Berwick	4.21	1.63
Biddeford	5.13	2.55	Lamoine	3.68	1.1	South Portland	5.49	2.53
Bowdoinham	6.88	1.25	Lebanon	4.58	2	Southwest Harbor	3.35	0.77
Bowerbank	4.86	2.28	Leeds	5.28	2.7	Standish	3.96	1.38
Bradley	7.3	3.42	Levant	16.28	6.13	Stockton Springs	16.51	3.19
Brewer	7.73	4.57	Lewiston	5.58	2.77	Sullivan	4.67	-1.23
Brunswick	5.15	2.57	Limestone	6.83	-0.23	Summer	8.04	2.09
Buckfield	6.22	-2.17	Lincolnville	4.48	1.9	Surry	3.86	1.28
Bucksport	3.63	1.05	Linneus	6.12	0.03	Thomaston	19.24	3.96
Buxton	4.8	0.36	Lisbon	5.31	2.41	Topsfield	4.02	1.44
Calais	4.4	1.82	Litchfield	9.63	4.95	Topsham	12	2.97
Camden	4.67	2.09	Livermore	3.28	0.7	Tremont	5.99	3.17
Capo Elizabeth	4.37	1.79	Livermore Falls	5.28	2.7	Trenton	6.65	3.24
Chelsea	8.58	1.1	Long Island	3.98	0.24	Turner	6.23	3.65
China	4.29	1.71	Machias	3.38	0.8	Union	5.48	2.9
Clinton	4.24	-0.05	Madawaska	5.14	2.56	Veazie	3.55	0.97
Cumberland	6.22	3.64	Madison	2.97	0.39	Vinalhaven	3.39	-1.23
Damariscotta	4.6	-2.23	Manchester	5.44	1.74	Waterville	8.22	3.14
Danforth	4.23	-0.95	Mariaville	5.95	2.2	Wayne	2.58	0
Dexter	4.61	2.03	Mechanic Falls	4.71	1.44	West Bath	7.41	3.97
Dover-Foxcroft	4.54	1.96	Mexico	4.1	1.52	Weston	2.58	-0.3
Dresden	7.74	-4.31	Milbridge	3.89	1.31	Willimantic	6.11	3.53
Eastport	2.6	0.02	Millinocket	2.64	-0.79	Wilton	2.59	0.01
Edgecomb	4.1	1.52	Monmouth	5.82	2.95	Winslow	5.13	2.55
Ellsworth	5.79	1.31	Mount Vernon	4.49	1.88	Winterport	5.83	3.25
Enfield	2.98	0.4	Naples	6.05	1.73	Winthrop	4.92	2.34
Fairfield	3.68	1.1	Nashville Pl	2.58	-0.98	Woolwich	4.27	1.69
Falmouth	5.32	2.74	New Gloucester	6.62	2.3	Yarmouth	3.76	1.18
Fayettee	5.36	2.01	New Sweden	4.56	1.39	York	5.58	3
Fort Fairfield	3.58	1	North Berwick	6.2	3.62			
Freeport	5.92	1.81	Norway	5.27	2.69			
Gardiner	8.9	1.88	Oakland	5.86	2.99			
Georgetown	3.5	0.92	Old Orchard	8.07	5.49			
Glenburn	7.49	2.88	Old Town	2.58	0			
Gorham	6.01	2.32	Orono	8.68	5.15			
Grand Isle	3.37	0.79	Ottis	4.92	2.34			
Gray	5.13	2.18	Parsonsfeld	2.81	0.06			
Greenbush	4.19	0.32	Pembroke	2.58	0			
Hancock	6.02	-0.04	Phippsburg	5.43	2.85			
Harrison	6.16	3.58	Portland	3.56	0.98			
Hermon	7.95	3.5	Randolph	3.58	1			
Hersey	5.6	2.66	Readfield	5.46	2.88			
						<i>Average</i>	3.55	1.75

Note: Based on a Maine Municipal Association survey of municipalities subject to LD 1 growth limits in 2005. Sample may not be representative of all municipalities.

Source: "Comparison of Local Government Limitations in LD1, Colorado TABOR and proposed Maine TABOR," Maine Townsman, Maine Municipal Association, December 2005; "Average" calculation performed by MHPC.

Sources

[1] Wasylenko, Michael, "Taxation and Economic Development: The State of the Economic Literature," *New England Economic Review*, March/April 1997.

[2] For more information see: Poulson, Barry, "A Taxpayer Bill of Rights for Maine," Americans for Prosperity Foundation, October 2005.

http://www.americansforprosperity.org/includes/filemanager/files/pdf/me_tabor_study1.pdf

[3] PART 11, STATE TAX POLICY GOALS, CHAPTER 931, TAX BURDEN REDUCTION GOAL, §7301. Tax reduction goal.

<http://janus.state.me.us/legis/lawmakerweb/externalsiteframe.asp?id=280014321&ld=1&type=1&sessionid=6>

[4] "LD 1 and TABOR Growth Factor Comparisons," *Maine Townsman*, Maine Municipal Association, December 2005.

<http://www.memum.org/public/publications/townsman/2005/TABOR.pdf>

Methodology

While this study has focused on the effects that the Maine Taxpayer Bill of Rights will have on the level of taxation in Maine; technically, the Maine Taxpayer Bill of Rights is a check on spending, not taxes per se. Two key assumptions in this analysis are that state and local budgets are always in balance (revenue equals expenditures) and that the current ratio of state and local taxes to expenditures remains constant.

With these assumptions, the same growth allowances applied to expenditures can also be applied to taxes. Each of the formulas is presented along with their data sources and methodology:

The growth allowance for the state government is based on the change in population plus the inflation rate. The projection of state-wide population is from the U.S. Census Bureau's population estimate to 2030 and can be found at:

<http://www.census.gov/population/www/projections/projectionsagesex.html>

The projection for the inflation rate is from the February 2006 Report of the Consensus Economic Forecasting Commission. The projection goes out to CY 2009 after which this study holds constant the CY 2009 inflation rate (2.8 percent) to CY 2021. The report can be found at:

<http://www.state.me.us/legis/ofpr/CEFC%20Feb%202006.pdf>

The growth allowance for local governments is broken down into two components:

Education Spending—The growth allowance for education is based on the change in school enrollment plus the inflation rate. The projection for school enrollment is from the Maine State Planning Office's "Forecast of Residents Educated at Public Expense by Town to 2017" and can be found at:

<http://www.state.me.us/spo/economics/economics/spreadsheetfiles/publicexpense2017c.xls>

The growth rate for 2017 was held constant to 2021. The projection for the inflation rate is same as the state growth allowance.

All Other Spending—The growth allowance for all other spending is based on the lesser of the change in property tax assessment versus the change in population plus the inflation rate. The projection in local property assessments is based on a linear extrapolation to 2021 of property assessments from 1999 to 2004 as found in "Municipal Valuation Return Statistical Summary" published by the Maine Revenue Services Property Tax Division and can be found at:

<http://www.state.me.us/revenue/propertytax/Municipal%20Services%20Files/data.htm>

The change in population is based on the State Planning Office's "Town-Level Population Projection to 2020 (with age cohorts)" and can be found at:

<http://www.maine.gov/spo/landuse/docs/Population/TownAgeForecastSummary.xls>

The growth rate for 2020 was held constant to 2021. The projection for the inflation rate is the same as the state growth allowance.

The split between "education" and "all other" spending was calculated by subtracting education spending from total tax commitments—leaving "all other" as a residual. The data for local tax commitments comes from the same source as local property assessments mentioned above. The data for education spending is from the Department of Education's "Mills Raised for Education" and can be found at:

<http://www.maine.gov/education/data/budget/budget.htm>

The projected growth allowances calculated for the state and local governments between 2008 to 2021 are applied to the state and local tax collection data published by the U.S. Census Bureau and can be found at:

<http://www.census.gov/govs/www/index.html>

Finally, the last year of complete state and local tax collections published by the Census Bureau is for FY 2002 (up to FY 2005 for state level data). The estimate of Maine's tax collections between FY 2002 and FY 2008 is based on actual and projected tax collections published by the Maine Office of Fiscal and Program Review (OFPR) and can be found at:

<http://www.maine.gov/legis/ofpr/Tax%20Info/Tax%20Burden%20Report%20-%20March%202006.pdf>

Due to differences in methodology, this report applied the year-over-year rate of change in state and local tax collections as estimated by OFPR and then applied the rate of change to the Census data.

J. Scott Moody is Vice President of Policy and Chief Economist at The Maine Heritage Policy Center. The author can be reached at jsmoody@mainepolicy.org.

The Maine View is a publication of The Maine Heritage Policy Center that provides research, historical perspective, updates and commentary on current public policy issues. All information is from sources considered reliable, but may be subject to inaccuracies, omissions, and modifications.

The Maine Heritage Policy Center is a 501 (c) 3 nonprofit, nonpartisan research and educational organization based in Portland, Maine. The Center formulates and promotes free market, conservative public policies in the areas of economic growth, fiscal matters, health care, and education – providing solutions that will benefit all the people of Maine. Contributions to MHPC are tax deductible to the extent allowed by law.

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ADDITIONAL MATERIALS

Commission on Governmental Ethics & Election Practices
Commission Meeting
October 31, 2006

ADDITIONAL MATERIALS

RE: Item #3

October 31, 2006

ACTIVITY SHEET

COMMITTEE: Appropriations & Financial Affairs

L.D.#: 1948

TITLE: An Act To Save the Marine Technology Center and Strengthen Maine's Boatbuilding Workforce

HEARING DATE: March 28, 2006

WORK SESSION DATES: April 4, 2006
April 27, 2006

REPORTED OUT DATE: April 27, 2006

COMMITTEE REPORT: Ought Not to Pass – Majority
Ought to Pass as Amended -
Minority

ADDITIONAL MATERIALS**RE: Item #3**

October 31, 2006

TESTIMONY SIGN IN SHEET**Joint Standing Committee on Appropriations & Financial Affairs****Date: 3-28-06****LD: 1948**

Name	Town/Affiliation	Proponent	Opponent	Neither
Sen. Kevin Raye	Washington County	X		
Rep. Ian Emery	Cutler	X		
Rep. Howard McFadden	Washington & Hancock Counties	X		
Dr. William Cassidy	President Washington County Community College	X		
Susan Swanton	Maine Marine Trade Association	X		
Jon Johansen	Publisher – “Maine Coastal News”	X		
George “Bud” Finch	Eastport City Manager	X		
Jock Williams	Mount Desert	X		
Christopher Gardner	Washington County Commissioner	X		
Jean Flahive	Eastport	X		
Frederick Muehl	Maine Marine Trades Association	X		
Ralph Stanley	Southwest Harbor	X		
Meg McGarvey	Eastport	X		
John Grady	Eastport	X		
Steve Hassett	Custom Composite Technologies – Bath	X		
Dan Lacasse	Calais	X		

HARMON, CURRAN, SPIELBERG & EISENBERG, LLP

1726 M Street, NW, Suite 600, Washington, DC 20036

(202) 328-3500 phone (202) 328-6918 fax

ADDITIONAL MATERIALS**RE: Item #5**

October 31, 2006

October 30, 2006

Mr. Jonathan Wayne
Executive Director
Commission on Governmental Ethics and
Election Practices
135 State House Station
Augusta, Maine 04333

Re: Democratic Governors Association

Dear Mr. Wayne

I am writing on behalf of the Democratic Governors Association in response to your October 27, 2006 request for information concerning issues raised by the Merrill for Governor committee. A detailed response to the questions raised in your letter follows:

1. For what services has the DGA made payments to the Public Affairs Group?

The Democratic Governors Association (DGA) makes payments to the Public Affairs Group (PAG) for independent political consulting services provided by PAG to DGA. It is essential for DGA to have independent information that it can trust and rely upon. PAG and Patricia Eltman have a strong reputation for their political knowledge and DGA relies upon their independent analysis to help make decisions about where it will use its limited resources.

Specifically, Patricia Eltman and others at PAG are responsible for providing information to DGA concerning the political races in seven (7) states, including Connecticut, Maine, Maryland, Massachusetts, New Hampshire, Rhode Island, and Vermont. Pat Eltman and PAG, in essence, serve as the "eyes and ears" on the ground in these states. They provide the DGA with an independent analysis of the candidates, the races and the local political climate.

For example, PAG developed an electoral database of candidates, elected officials, opinion leaders, and allied organizations in the various states. Pat Eltman travels to these states and develops relationships with candidates, campaigns, political leaders and organizations in order to gather additional information and intelligence about the races. Pat Eltman and PAG use this information to provide independent reports to DGA's political director two to three times per week for each of the seven states they are monitoring. These reports include information about the public polling, what different interest groups and campaigns are doing in the state, what issues does the local press cover, and, most importantly, an independent analysis of the campaign and political climate in each state.

HARMON, CURRAN, SPIELBERG & EISENBERG, LLP

DATE

Page 2

In Maine, PAG and Pat Eltman consistently provide valuable information to DGA about the gubernatorial race. Based on this independent information, DGA determined that it could be most effective in the state by providing contributions directly to the Maine Democratic Party. DGA did not earmark its contributions to the state party for any particular purpose.

2. Did the DGA pay Pat Eltman or the PAG to supply services to the Baldacci campaign?

No. DGA has not paid Pat Eltman or PAG to supply services to the Baldacci campaign.

3. In considering whether the DGA or the Maine Democratic Party made expenditures in consultation or coordination with John Baldacci, his committee, and their agents, should Ms. Eltman be considered an agent of the candidate or the committee?

No. DGA hired PAG in order for Pat Eltman and others to provide consulting services described in detail above to DGA. DGA does not view Pat Eltman as an agent of the Baldacci campaign.

4. Did Pat Eltman consult with the Maine Democratic Party regarding any independent expenditures it made in support of the Baldacci campaign?

DGA does not believe nor does it have any information to suggest that Pat Eltman consulted with the Maine Democratic Party regarding any independent expenditures it made in support of the Baldacci campaign. In addition, DGA has not consulted with the Maine Democratic Party concerning the independent expenditures that it made in support of the Baldacci campaign. DGA is only a contributor to the Maine Democratic Party.

Thank you for the opportunity to provide this information to the Commission. If you need any additional information regarding this matter, please contact me at your earliest convenience.

Sincerely,

James Lamb/ sp

ADDITIONAL MATERIALS**RE: Item #10****October 31, 2006**

STATE OF MAINE
COMMISSION ON GOVERNMENTAL ETHICS
AND ELECTION PRACTICES
135 STATE HOUSE STATION
AUGUSTA, MAINE
04333-0135

To: Commission Members

From: Staff

Date: October 30, 2006

Re: Request to Investigate the Maine Heritage Policy Center

Request for Investigation

The Ethics Commission has received a request by Carl Lindemann for an investigation regarding the activities of the Maine Heritage Policy Center (MHPC) with respect to the *Taxpayer Bill of Rights (TABOR)* citizen initiative. The request argues that the MHPC:

carries out significant, yet undocumented efforts to pass TABOR through unknown numbers of its staff funded by unknown contributors. Despite operating alongside and, often, in the place of the measure's proponent, MHPC is not registered as a *Political Action Committee*, has not disclosed making in-kind contributions to the proponent PAC, or has filed a form 1056-B.

MHPC's efforts on behalf of the passage of TABOR include many of the functions that otherwise would be conducted by the measure's proponent PAC. Most visible are how MHPC representatives serve in the place of spokespersons for the proponent PAC and provide numerous public relation services. ...

The larger, fundamental question raised by MHPC's conduct is, if allowed to continue unquestioned, how it invalidates the public's interest in transparency in the political process.

Mr. Lindemann suggests that the MHPC's activities in support of TABOR require it to register with the Commission as a political action committee and to file regular campaign finance reports. Alternatively, it suggests that the MHPC must report some of its

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WEBSITE: WWW.MAINE.GOV/ETHICS

TABOR-related expenditures by filing with the Commission more limited disclosure reports under another provision in the Election Law, 21-A M.R.S.A. §1056-B.

Democracy Maine has filed a letter in support of Mr. Lindemann's request, along with examples of publications and press statements that are generally supportive of TABOR although they do not expressly advocate a "Yes" vote on the initiative.

Timing of Request

Mr. Lindemann filed his request for an investigation on October 19, and requested that you consider it on Friday, October 20. While complainants are free to choose when they file requests, earlier filing of this request would have afforded the Commission with more time to consider it. The Commission received additional materials from Jonathan Crasnick on Monday, October 23, and a response from Mr. Billings on Friday, October 27. The staff has had only 1 ½ business days to consider the constitutional issues raised by Mr. Billings, which has impacted our recommendation.

MHPC's Description of its Activities

Attorney Dan Billings has responded on behalf of MHPC by letter dated October 26. He states that the MHPC is a "nonprofit, nonpartisan research and educational organization whose purpose is to analyze and promote conservative and free market public policy solutions that will benefit the people of Maine." He states that the MHPC wrote the TABOR legislation following a 2004 conference on Maine's high tax burden, and that the legislation was provided to a State Senator for introduction in the Maine

Legislature and to anti-tax activist Mary Andrews. In October 2004, Ms. Andrews received approval to circulate petitions for TABOR.

Billings explains that in the two years since then, the MHPC has conducted additional research on the tax and spending limitations in TABOR and has been invited to speak about TABOR numerous times:

Most often, the MHPC has been asked to educate audiences about what the bill says, why it was designed the way it was and in what context it was seen as a solution. ... The staff of MHPC is seen as experts on the initiative, and as such, has been asked to testify at the Legislature and at the municipal level, and also to speak at debates and service organizations regarding the research and analysis MHPC has conducted. Often, MHPC is contacted by the media to answer technical questions about the bill or to answer charges from those opposed to the [TABOR] initiative.

Billings adds that the MHPC does not specifically advocate a yes vote on TABOR and does not engage in advertising relating to TABOR:

The Maine Heritage Policy Center has not distributed or produced political literature that specifically advocates a "Yes on 1" or "Vote Yes on TABOR" position. In their remarks, MHPC's staff does not tell people to vote one way or the other. ... MHPC has not purchased television, radio, or newspaper advertisements to influence the outcome of the referendum. MHPC has not purchased nor distributed lawn signs, bumper stickers, or other types of campaign material.

The MHPC has provided a three-ring binder of press releases, newsletters, and reports on a variety of taxation and spending issues which include TABOR and other topics.

Funding of MHPC's Activities on TABOR

The MHPC denies receiving any contributions to influence TABOR. In his October 26 letter, Mr. Billings writes:

The Maine Heritage Policy Center does not solicit or receive funds that are predicated on the Center's taking a position on any issue. All donations received are used to support the overall operations and general mission of the Center. ... It has not solicited or received any contributions to influence the outcome of a referendum campaign.

If the organization has not received contributions to influence TABOR, the rationale for requiring it to file §1056(B) reports may be diminished.

Is the MHPC a PAC?

The request poses that the MHPC may qualify as a PAC under Maine law. The term political action committee is defined as:

5. Political action committee. The term "political action committee:"

A. Includes:

- (1) Any separate or segregated fund established by any corporation, membership organization, cooperative or labor organization whose purpose is to influence the outcome of an election, including a candidate or question;
- (2) Any person who serves as a funding and transfer mechanism and spends money to initiate, advance, promote, defeat or influence in any way a candidate, campaign, political party, referendum or initiated petition in this State;
- (3) Any organization, including any corporation or association, that has as its major purpose advocating the passage or defeat of a ballot question and that makes expenditures other than by contribution to a political action committee, for the purpose of the initiation, promotion or defeat of any question; and
- (4) Any organization, including any corporation or association, that has as its major purpose advocating the passage or defeat of a ballot question and that solicits funds from members or nonmembers and

spends more than \$1,500 in a calendar year to initiate, advance, promote, defeat or influence in any way a candidate, campaign, political party, referendum or initiated petition, including the collection of signatures for a direct initiative, in this State

21-A M.R.S.A. §1052(5). The staff concludes that the MHPC is not a PAC. Applying the four parts of the definition in reverse order, it does not appear that the MHPC has as its major purpose advocating for TABOR, which disqualifies it from being a PAC under 5(A)(3) and (4). It does not appear to be a "funding and transfer mechanism" under 5(A)(2) because it has received no contributions to influence TABOR. There is no evidence that the MHPC is – or has – a separate or segregated fund to influence TABOR referred to in 5(A)(1), and its counsel has specifically denied this. It therefore appears that the MHPC is not a PAC.

More Limited Disclosure Under §1056(B)

In 2000, the Legislature created a new reporting requirement for persons and organizations other than PACs that are raising and spending money for a ballot question. The requirement was intended to be less burdensome than registration and reporting as a PAC, and was in response to a U.S. District Court case in Maine, Volle v. Webster, 69 F.Supp.2d 171 (D. Me. 1999). Under this requirement:

Any person not defined as a political committee who solicits and receives contributions or makes expenditures, other than by contribution to a political action committee, aggregating in excess of \$1,500 for the purpose of initiating, promoting, defeating or influencing in any way a ballot question must file a report with the Commission. In the case of a municipal election, a copy of the same information must be filed with the clerk of that municipality.

The phrase “influencing in any way” is very broad and could be interpreted to encompass the types of activities that MHPC admittedly has been engaged in with respect to TABOR. This language in §1056-B has not yet been interpreted by any court.

Argument in Favor of §1056-B Reporting

The underlying purpose of this type of campaign finance reporting is to provide the voting public with information concerning which individuals, groups or organizations are influencing Maine’s ballot question elections, and what expenditures have been made to influence voters. Disclosure informs voters about the allegiances and interests of groups supporting or opposing any given ballot question. On its face, the scope of expenditure reporting in §1056-B appears to be quite broad: “any person ... who ... makes expenditures ... aggregating in excess of \$1,500 for the purpose of initiating, promoting, defeating or *influencing in any way* a ballot question must file a report with the Commission.” (italics added) The language, on its face, goes beyond the reporting of expenditures that expressly advocate the election or defeat of a candidate.

The staff takes the MHPC at its word that it does not make expenditures to expressly advocate the election of TABOR. Nevertheless, it seems likely that some of the organization’s expenditures on staff time were made to promote TABOR or to influence the vote on TABOR. There are certainly ways to influence voters on a ballot question without using express advocacy, including by making positive comments about TABOR in mass media and group presentations.

The Commission may believe its duty under the statute is to require the MHPC to file a §1056-B report disclosing its expenditures for staff time that have the purpose of initiating, promoting, or influencing TABOR.

Arguments Against §1056-B Reporting

(1) *Inadequate Notice to Interested Persons.* Many organizations may be in an analogous position to the MHPC in that they have devoted staff time to analyzing TABOR and may have made positive or negative statements about the effects of TABOR. As Dan Billings has noted, a number of public entities have been outspoken in their opposition to TABOR. The Commission may want to hear from these groups before making a decision that employee time analyzing and commenting on TABOR must be included in §1056-B reports.

(2) *Value of Public Disclosure.* Since the MHPC has claimed that it “has not solicited or received any contributions to influence the outcome of a referendum campaign,” it would presumably report no contributions if required to file a §1056-B report. The only reporting by the MHPC in a §1056-B report would then relate to expenditures, presumably mostly for staff time. Many people who are concerned with the campaign finances of the TABOR initiative are likely already aware that the MHPC is spending a significant amount of staff time on TABOR. The Commission may conclude that there is little additional public benefit to be gained by requiring disclosure of the monetary value of that staff time.

(3) *Constitutional Concerns.* Dan Billings urges the Commission to interpret the 21-A M.R.S.A. §1056-B narrowly because expenditures on communications relating to initiatives and referenda constitute political speech that may only be regulated when there is a compelling governmental interest, and, even then, the scope of regulation must be narrowly tailored to serve that interest. In the limited time available, the Commission’s counsel has found very few court decisions discussing the acceptable scope of state

regulation of expenditures on ballot questions. The decisions are clear that a state government may require financial reporting about communications that *expressly advocate* the election or defeat of a ballot measure. They are not as clear, however, on whether states may constitutionally require disclosure of expenditures on initiatives and referenda that fall short of express advocacy. It is possible that the courts would conclude that 21-A M.R.S.A. §1056-B, as written, is unconstitutionally “overbroad” and must be construed more narrowly.

Staff Conclusion

The staff believes that the MHPC is not a political action committee, as defined in the Election Law. We conclude that the Commission *could* require the MHPC to file financial reports under 21-A M.R.S.A. §1056-B, but there are some significant reasons why it might decline to do so. On the whole, we believe the better approach at this time is not to require §1056-B reporting by the MHPC. The staff and counsel would like the opportunity to conduct additional research on this issue, to receive input from other organizations that could be affected by any Commission ruling interpreting § 1056-B, and to propose a formal interpretation through rulemaking or other means after the election.