



June 16, 2008

Assemblyman Louis Greenwald
State House, Box 098
Trenton, NJ 08625-0098

Dear Assemblyman Greenwald:

I am writing you regarding concerns my organization, the Center for Competitive Politics (CCP), have regarding A100, "The 2009 New Jersey Fair and Clean Elections Pilot Project Act," which I understand will be considered by your committee this week. CCP is a nonprofit, nonpartisan organization focused on protecting the First Amendment political rights of speech, assembly, and petition.

Budget Issues Related to A100

Many of the concerns CCP has regarding this legislation fall outside the jurisdiction of the Budget Committee and have been addressed elsewhere, including my testimony to the State Government Committee of the General Assembly last week and CCP's publication of *Appendix 5: Conclusions & Recommendations on New Jersey's "Clean Election" Experiment*, so I will not recount them here. It is also not the job of my organization to suggest budgeting priorities that you, as an elected representative, should pursue.

There is however one aspect of so-called "clean elections" that I think the members of the General Assembly's Budget Committee should be aware of and that I would like to bring to your attention.

It is often claimed that taxpayer funding of political campaigns will actually save taxpayer dollars, once the alleged influence of so-called "special interest" contributors is removed (or at least diminished) from legislators. For example, the Web site of U.S. Public Interest Research Group (USPIRG) notes in one report that taxpayer funding of political campaigns would "...accrue enormous savings by reducing wasteful expenditures, such as earmarks..."¹ while

¹ <http://www.uspirg.org/home/reports/report-archives/campaign-finance-reform/campaign-finance-reform/breaking-free-with-fair-elections>

Common Cause states that such programs “[Save] taxpayer dollars by reducing inappropriate giveaways to campaign contributors.”²

These claims are speculative at best, as neither provide any evidence to support their claims and my organization is unaware of a single academic study supporting the conclusion that taxpayers save money when “clean elections” programs are adopted.

Actual Experience of Arizona and Maine

A review of the budgets and tax burdens in Arizona and Maine demonstrate that the claims of USPIRG and Common Cause are inaccurate.

According to budget numbers available on the State of Arizona’s Web site, the final general fund budget passed prior to implementation of taxpayer funded political campaigns was \$6,279,478,000 (fiscal year 2001).³ For the most recent fiscal year, 2008, the State of Arizona had a total general fund budget of \$10,618,946,400, an increase of nearly 70%.⁴

At the same time, the total tax burden on Arizona residents has increased since implementation of taxpayer funded political campaigns, rising from an average of 10.4% of income in the years 1997 – 2001 to approximately 10.7% since 2002.⁵

This increased spending and tax burden came at a time when Arizona’s economy grew approximately 31.5% and per-capita economic output production by 9%.⁶

In Maine, budget growth has been more modest, rising from \$2,571,368,893 in fiscal year 2001 to \$3,188,889,338 projected in fiscal year 2009,⁷ an increase of approximately 24%. Between 2002 and 2007 Maine’s tax burden averaged 13.4% of citizen’s income, compared to 13.2% in the six years before taxpayer funding of political campaigns began.⁸

More significantly, Maine’s tax burden continues to be extremely high compared to other states, and was second highest in the nation in 2007.⁹ In the period since taxpayer-funded political

² <http://www.commoncause.org/site/pp.asp?c=dkLNK1MQIwG&b=4104619>

³ <http://www.azleg.gov/jlbc/fiscal.htm>

⁴ *ibid*

⁵ CCP calculations based on information available at: <http://www.taxfoundation.org/taxdata/show/441.html>

⁶ <http://www.bea.gov/regional/gsp/>

⁷ <http://www.maine.gov/legis/ofpr/gf/Rev-ExpHist.pdf>

⁸ CCP calculations based on information available at: <http://www.taxfoundation.org/taxdata/show/458.html>

⁹ <http://www.taxfoundation.org/taxdata/show/458.html>

campaigns were implemented, the economy in Maine has grown by only 10.3% and per-capita output increased by only 7.6%.¹⁰

Conclusion

As the evidence above demonstrates, the adoption of taxpayer funded political campaigns has not had a noticeable effect on the budgeting practices of either Arizona or Maine, nor has it saved taxpayers any money, contrary to the wishful thinking of USPIRG, Common Cause, and other advocates of such programs.

As you consider A100 in your committee, I hope you will keep this fact in mind, and should this claim be made to you I hope you will ask any making it what evidence they have that taxpayer funding of political campaigns result in savings to taxpayers. While “good intentions” have their place in public policy discussions, they are a poor substitute for actual experience.

Please let me know if you would like additional information on this specific topic, or any other connected to so-called “clean elections” or other policy matters affecting campaign finance and the First Amendment political rights of speech, assembly, and petition. I can be reached at (703) 894-6800 or sparnell@campaignfreedom.org. I look forward to working with you, your fellow members of the New Jersey Legislature, and other interested citizens in the Garden State on this important issue.

Sincerely,



Sean Parnell

President

cc: Speaker of the NJ General Assembly
President of the NJ Senate
Majority and Minority Leaders of the NJ General Assembly and Senate
Assemblyman Jay Webber

¹⁰ See *ibid* at note 6