



## NO CLEAN SWEEP

### Proposition 89

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DECISION 2006

**Proposition 89**, the California Clean Money and Fair Elections Act of 2006, provides for public funding of political campaigns. Though the participation is not mandatory, the measure limits the contribution amounts for privately funded candidates. Proposition 89 also imposes new contribution limits on ballot measures. The public funding is paid for by raising corporate taxes from 8.84 percent to 9.04 percent—a hike of .2 percent. The measure also raises the double-digit tax rate of financial institutions from 10.84 to 11.04, a similar .2-percent increase.

### Top 10 Reasons Why Proposition 89 is Wrong for California

- **There is no campaign funding “crisis” in California**

There are scandals and corruption in California government, as in all governments. But it is not true that, as the measure contends, the very constitutional system of popular governance in California stands in “serious jeopardy.” There is no “crisis” that calls for extending government funding to political candidates, a process likely to lead to additional scandal and corruption, at taxpayers’ expense.

- **Proposition 89 does not level the playing field**

Largesse for one side but restrictions for the other is not a level playing field. Proposition 89 not only aims to apportion government money for

glittering “public” candidates, it also restricts funding for suspect “private” candidates, assumed to be dirty and already playing rhetorical catch-up. When those candidates spend more than the amount of public funds Prop. 89 makes available, the public candidate gets more on a dollar-for-dollar basis. It also restricts contributions by corporations while allowing larger contributions by unions.

- **Proposition 89 will not increase electoral competitiveness and participation**

Prop. 89 supporters contend that similar measures in Maine and Arizona have increased competitiveness. Since Arizona’s Clean Elections Act was passed in 1998, the Green Party no longer fields candidates and is no longer officially recognized. A 2006 study of six years under Arizona’s law reveals little evidence that the statute has helped

minor or third-party candidates, in fact the actual number of candidates has fallen. Ten years after Maine voters passed the Maine Clean Election Act in 1996, the results imply that electoral competition has declined.

- **Proposition 89 will not clean up political discourse**

Under Prop. 89, negative ads, political junk mail, and so forth will still abound. The difference will be that these will now be funded by taxpayers, who in many cases will be subsidizing material they do not only find offensive in style but which they disagree.

- **Proposition 89 is constitutionally flawed**

Vermont imposed limits on election contributions and expenditures in 1997. Last June, the United States Supreme Court struck down those limits as restricting free-speech rights.

- **Proposition 89 raises already high taxes, punishes consumers and small businesses**

The text of Prop. 89 leads the reader to believe that it will tax only large corporations. The measure actually applies to corporations large and small, including mom-and-pop small businesses that are incorporated. It aims at Goliath but strikes David.

- **Proposition 89 creates perverse incentives**

Existing “clean money” election systems confirm that taxpayer funds designated for election campaigns often wind up spent on rather exotic purposes.

- **Proposition 89 is unwieldy on its own terms**

Prop. 89 tasks California’s Franchise Tax Board with collecting the “clean money” fees. This agency, though increasingly zealous at pursuing tax delinquents, sometimes takes weeks to cash checks it already has in hand. This trips delinquency notices, automatically sent out at further and often needless expense. It would be impossible to fairly and fully administer Prop. 89’s “clean money” law.

- **Proposition 89 will divert money from more pressing needs**

Taxpayer dollars diverted to bumper stickers, balloons, and buttons will not be spent on important safety and infrastructure priorities statewide. For example, California leads the nation in natural disasters and the capital, Sacramento, is the major city most vulnerable to flooding on the scale of New Orleans.

- **Proposition 89 is welfare for politicians**

Prop. 89, in effect, does the fund-raising job for politicians. Elected officials will get the same pay, but work less. It reduces initiative, encourages laxity, expands government, and favors incumbents, all realities at odds with its slated goals of a cleaner and a more accessible system. It is welfare for politicians in the purest sense and a bad idea in every sense.

**Past efforts at public funding** have failed to provide adequate answers and produced outcomes sometimes at odds with goals, particularly the goal of making elections more competitive. State funding is every bit as problematic as private funding, and there is evidence that government funding actually increases the momentum behind the search for more private donations.