



# The Bell Policy Center

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December 14, 2011

The Honorable Scott Gessler  
Colorado Secretary of State  
1700 Broadway, Suite 200  
Denver, Colorado 80290

Dear Secretary Gessler:

I am writing to comment on proposed Campaign Finance Regulation 1.12, which would establish a 30% spending threshold to determine whether a group qualifies as an “issue committee.” This change would make financing of ballot measures in Colorado much less transparent and would treat groups differently based solely on the size of their total budgets, not the level of involvement on any specific issue.

The Bell Policy Center is committed to making Colorado a state of opportunity for all. We conduct nonpartisan research and make recommendations based on the analysis of our expert staff. Given Colorado’s heavy reliance on ballot measures (particularly on fiscal issues), our work often involves analysis of and advocacy on initiatives before Colorado voters. Thorough research and analysis of proposed ballot measures often requires understanding the origin and intent of the initiatives, including the identity of major proponents. Such research is made possible by the State’s current campaign finance laws and rules, and would be greatly hindered by proposed regulation 1.12.

We are unaware of any legal basis for this rule. The Constitution is silent on the matter, as are the statutes dealing with campaign finance. We believe there needs to be some foundation in the law to create such a dividing line.

The Bell is a strong supporter of an open, transparent and accountable system of campaign finance. This new rule, however, could easily mean that a large majority of expenditures on certain ballot measures will go unreported. An entity that would otherwise qualify as a multipurpose issue committee would be exempt from registering and then reporting its activity unless it hit the 30% threshold. Trade associations and corporations that would qualify as multipurpose issue committees under current rules would instead be able to spend up to 30% of their total expenditures without ever identifying that they were the source of that spending to any public authority. And as long as they conduct their efforts independently from the authorized, reporting issue committees, the details of this spending will all stay outside of public view.

Finally, we are deeply troubled by the differential impact of the proposed rule, which will treat large organizations more favorably than small ones. Imagine two groups, one with annual expenditures of \$50,000 and the other with annual expenditures of \$1,000,000. Under the proposed rules, the first group would have to register and report its expenditures in support of or opposition to a ballot measure once those expenditures exceed \$15,000 while the second group would not have to report the exact same type of expenditures until they exceed \$300,000. There is no rational basis for such inequitable treatment of otherwise identical activities.

For these reasons, we strongly urge you not to enact proposed Campaign Finance Regulation 1.12 with any spending threshold – especially not one based on the overall size of a group’s annual expenditures.

Sincerely,

Wade Buchanan  
President