

HOW PA WORKS*

Your Checkbook and the 2014 Candidates for PA Governor

Philadelphia's limits on campaign contributions may cramp John "Johnny Doc" Dougherty.

But the powerful business manager of Philly's Local 98 of the International Brotherhood of Electrical Workers (IBEW) faces no such barriers when it comes to giving to state candidates.

IBEW's PAC just put \$100,000 into Democratic gubernatorial hopeful Allyson Schwartz's campaign war chest. And more big money will follow – to incumbent Tom Corbett, seeking re-election, to Schwartz and to the (as of now) seven other candidates vying for the Democratic nomination to face Corbett in November 2014.

Many of you will be asked to open your wallet, too. Again and again. Because there are very few restrictions on the amount of money candidates for governor in Pennsylvania can raise.

This **HOW PA WORKS** explains the rules – or rather, the lack of rules – on making direct contributions to the 2014 gubernatorial candidates. And how the non-rules elevate the potential for pay-to-play.

--December 17, 2013

*No, we are not abandoning our **HOW PHILLY WORKS** series. As the governor's race heats up, we'll be talking about topics that matter to all Pennsylvanians too.

Do campaign contributions really have anything to do with pay-to-play?

Regardless of what you think about former Mayor John Street, you have to appreciate his candor in telling the *Philadelphia Inquirer* in 1999, before Philadelphia enacted limits on campaign contributions: "The people who support me in the general election have a greater chance of getting business from my administration than the people who support [opponent] Sam Katz. . . . Anybody who doesn't acknowledge that's the way it works is either a liar or thinks you're really stupid."

So he admits his supporters got special treatment.

There were some campaign-money-related scandals during the Street administration. But what he was saying here (long before those scandals) is that politicians are real people. And that, in real life, people who support them stand a better chance of getting something back for their support than the people who don't. Even if the person ultimately getting business is highly-qualified, the public perceives that big money buys access, influence and the potential for a return favor. Nearly 50 percent of the people responding to a February 2013 Huffington Post/YouGov poll believe that capping individual donations helps prevent corruption.



Obviously the Committee of Seventy is a fan of contribution limits.

We are. But they are by no means fool-proof. As we have seen in Philadelphia, there are ways to drive a truck through loopholes in the campaign finance law (several of the trucks have been driven by Johnny Doc). But, in our view, limiting donations to political candidates is the best way to diminish potential pay-to-play related abuses.

Start at the top. How much can I personally give to a candidate for governor?

As much as you want. As often as you want. But if you want to give a candidate more than \$100, it can't be in cash. (While this **HPAW** focuses on the governor's race, the state's campaign finance rules also apply to campaigns for members of the PA Senate and House.)

I work for a big corporation in PA. I'm worried the company might give to a candidate I don't like.

Not to worry. Corporations and unincorporated associations (including labor unions) cannot contribute directly to a candidate or to the candidate's authorized committee.

I'm confused. I thought some U.S. Supreme Court case opened the door to contributions from corporations and labor unions.

What you're thinking about is the 2010 ruling in *Citizens United v. Federal Election Commission*. The decision in that case was that corporations and labor unions are allowed to make "independent expenditures" from their own treasuries to support ads advocating for the election or defeat of a candidate for federal public office. It did not impact Pennsylvania's ban on *direct* contributions to candidates or to a candidate's campaign committee from corporations or labor unions.

I see. I contribute to my company's PAC. Can the PAC give money directly to a gubernatorial candidate?

For people who may not be familiar with them, PACs are political action committees created and administered by corporations, unions and other trade groups (e.g., Chambers of Commerce) that solicit voluntary personal contributions from its employees or members. (Your corporation or union can't contribute to their PAC on your behalf.) The funds are pooled and given to candidates who support the interests of the entity that created the PAC.

Does Pennsylvania limit contributions to gubernatorial candidates from PACs?

No. Just like individuals, PACs can give as much as they want, as often as they want. The biggest PAC donation in the history of PA gubernatorial races, so far, was over \$3 million given to state Senator Tony Williams in his unsuccessful 2010 Democratic primary bid for governor by a PAC called "Students First," which is affiliated with the Susquehanna International Group, L.L.P. (which favors school vouchers). Williams is now eyeing Philly's 2015 mayor's race, which limits annual PAC contributions to \$11,900.



By the way, is writing a check the only way I can contribute?

The state Election Code allows many different types of contributions to influence the governor's race, such as paying debts incurred by the candidate before or after an election, purchasing tickets for a dinner or other fundraising event or forgiving a loan.

I own a computer company. Can I contribute laptops to my favorite candidate?

Yes. You are permitted to give "things of value" (such as a laptop computer or a discount on rent for office space you own). You don't have to report these contributions, but the candidates must report it as an "in-kind" contribution or "valuable thing received."

Can I have a party for my candidate and collect donations?

You can. But don't put the envelopes in a drawer and forget about them. You have 10 days after receiving them to give the checks to the candidate or the treasurer of the candidate's campaign committee.

Can I take an income tax deduction for making a political contribution?

Sorry, no. Political contributions are not tax-deductible.

Can the whole world see what I give – or can I keep it between me and the candidate?

The whole world, assuming you gave more than \$50 in the aggregate during a designated reporting period. PA law requires both the candidate and any campaign committees formed by the candidate to report contributions according to pre-set deadlines. PACs also have to file reports. All documents are a matter of public record and are posted online. You can read them [here](#).

How much does it cost to run for Governor of PA anyhow?

The top spender was Ed Rendell, who brought in \$42 million to capture the governor's seat in 2002. According to an April 2012 report by the Institute for Money in State Politics, of the 37 states that had gubernatorial elections in 2010, only four raised more than Tom Corbett's \$28,561,987. The Democrat who lost to Corbett (Dan Onorato) raised \$25,116,397, which is also on the list of top 10 fundraising by 2010 gubernatorial candidates. The bottom line is that it ain't cheap.

Is Pennsylvania the only state without campaign contribution limits?

According to an October 2013 chart compiled by the National Conference of State Legislatures, PA is one of 12 states with no limits on direct contributions from individuals or PACs to state candidates. Candidates for President, Vice-President, U.S. Senate and U.S. House also have to live by contribution limits in the federal campaign finance law.



Will PA ever enact contribution limits?

Legislation to cap donations to state candidates is usually introduced at some point during a two-year legislative session. So far, the proposals have been pretty much dead on arrival. Even Ed Rendell, who says he favors contribution limits, said he never put a lot of effort into getting this done because he saw no support to accomplish it on either side of the aisle.

Rendell? That's surprising given how much money he raised.

Actually, Rendell said his enormous war chest was an asset in diminishing pay-to-play during his administration. In a conversation with Harrisburg's *Patriot-News*' editorial board, the former governor reportedly said: "I raised so much money it didn't matter who gave me money or didn't give me money. I didn't have to pressure anybody."

Maybe Rendell has a point there?

We don't buy that more money lessens the chance of favoritism or even corruption. Very few candidates are in Ed Rendell's fundraising league. Even a member of the National Finance Committee for one of them – President Obama – said in an October 2013 Huffington Post article (after listening to oral argument before the U.S. Supreme Court in a case challenging the federal contribution limits):

"It is not hard to resist one of hundreds of donors who are giving \$2,500. When a \$35,800 contributor is unreasonable, many fundraisers pause, and think through how to push back in a considerate, polite, and gracious manner. (That \$35,800 contributor likely has friends who can also contribute \$35,800). Pushing back on a \$2.95 million contributor, however, would be much more difficult. In short, \$2.95 million contributions would lead to a great deal of quid pro quo corruption."

The hunt for money by the gubernatorial candidates is in full swing. We'll keep you posted in our [2014 Election Watch](#). In the meantime, if you enjoy this series, please help us continue it by [donating](#) today or contributing via the United Way Choice option (#1786)! We are a non-partisan non-profit that does not accept government money – your support is truly appreciated!

As always, if you have any questions or ideas for future [HOW PA WORKS OR HOW PHLLY WORKS](#), please send your ideas to futureofthecity@seventy.org. Join the conversation - "Like" us on [facebook](#) and "Follow" us on [Twitter](#)!