RESOLUTION NO. 2012-97

A RESOLUTION SUPPORTING A UNITED STATES CONSTITUTIONAL AMENDMENT TO REGULATE CORPORATE POLITICAL SPENDING AND CAMPAIGN FINANCING

WHEREAS, the City of Walla Walla passed Municipal Ordinance A-2405 on May 13, 1970 which classified the City of Walla Walla as a nonchartered code city under Title 35A of the Revised Code Washington (RCW); and

WHEREAS, section 35A.11.020 of the Revised Code of Washington provides in pertinent part that "[t]he legislative body of each code city shall have all powers possible for a city or town to have under the Constitution of this state, and not specifically denied to code cities by law[;]” and

WHEREAS, Walla Walla has a history of proven commitment to clean elections and transparency in election financing and lobbying; and

WHEREAS, in Citizens United v. the Federal Election Commission, 130 S.Ct. 876 (2010), the United States Supreme Court overturned some provisions of the federal Campaign Reform Act enacted in 2002, and ruled that corporate entities have the same rights as persons to unrestricted spending on political speech; and

WHEREAS, in reaching its decision, a majority of the United States Supreme Court interpreted the First Amendment of the Constitution to afford corporations the same free speech protections as natural persons; and

WHEREAS, the Court's decision in effect allows unlimited corporate spending to influence campaigns, elections, lawmaking and public policy decisions; and

WHEREAS, in the two years since the ruling, there has been tremendous growth in contributions and spending by super political action committees for media ads and related independent electioneering activities; and

WHEREAS, the United States Supreme Court's decision in the case of Citizens United v. the Federal Election Commission severely restricts the ability of federal, state and local governments like Walla Walla to enact reasonable campaign finance reforms and regulations regarding corporate political activity; and;

WHEREAS, several proposed amendments to the Constitution have recently been introduced in Congress that would allow governments to regulate the raising and spending of money by corporations to influence elections; and;

WHEREAS, the people of the United States have previously used the constitutional amendment process to correct decisions of the United States Supreme Court that are widely deemed to be egregious or wrongly decided or significantly out-of-step with the prevailing values of the populace

WHEREAS, the Walla Walla City Council has reviewed this matter during a regularly called public meeting of said Council, has given said matter careful review and consideration, and finds that passage of this resolution is an appropriate function for the
city and that the best interests of the City of Walla Walla will be served by passage of this resolution,

NOW THEREFORE, the City Council of the City of Walla Walla do resolve as follows:

Section 1: The City of Walla Walla calls on the United States Congress to initiate steps to amend the United States Constitution with provisions that clearly state that:

(1) Corporations are not human beings, and only human beings are endowed with Constitutional rights.

(2) Contributions and expenditures for political purposes are not Constitutionally-protected speech, and that, therefore regulating political contributions and spending is not equivalent to limiting political speech.

(3) Congress and the States shall have the power to regulate contributions and expenditures for campaigns and ballot measures, and to require public disclosure of the sources of such contributions and expenditures.

PASSED by the City Council of the City of Walla Walla, Washington, this 19th day of December, 2012.

Mayor

Attest:
City Clerk

Approved as to form
City Attorney
ITEM TITLE:
Citizens United Resolution.

HISTORY/POLICY ISSUES:
Ms. Mary Lou Yocum has requested to address the City Council on the Citizen United Supreme Court decision. The attached draft resolution opposes corporations and wealthy individuals ability to use their great wealth to effectively overpower the democratic election process to gain their ends and markedly diminish the will of real people, the citizens of the United States of America.

FINANCIAL IMPACTS:

ALTERNATIVES:

STAFF RECOMMENDATION:
The request is a broad national policy issue with political overtones, therefore staff is not making a recommendation.

CITY MANAGER'S COMMENTS:
Approved for City Council consideration.

Attachments
Res 2012-97 - Citizens United
Citizens United backup
Presentation to Walla Walla City Council, August 13, 2012  Norm Osterman
Important recent cases and laws before and after *Citizens United.* (also see p. 3)

**Buckley v Valeo** (1976) (7-1)  Money=speech. However contribution limits were kept in place

**McCain-Feingold (Bipartisan Campaign Reform Act--BCRA)** (2002)

addressed two issues:

- The increased role of soft money in campaign financing, by prohibiting national political party committees from raising or spending any funds not subject to federal limits, even for state and local races or issue discussion;
- The proliferation of issue advocacy ads, by defining as "electioneering communications" broadcast ads that name a federal candidate within 30 days of a primary or caucus or 60 days of a general election, and prohibiting any such ad paid for by a corporation (including non-profit issue organizations such as Right to Life or the Environmental Defense Fund) or paid for by an unincorporated entity using any corporate or union general treasury funds. The decision in *Citizens United v. Federal Election Commission* overturns this provision, but not the ban on foreign corporations or foreign nationals in decisions regarding political spending. [2]

**Citizens United v FEC** (Jan. 2010) (5-4)

The Supreme Court reversed, striking down those provisions of BCRA that prohibited corporations (including nonprofit corporations) and unions from spending on "electioneering communications".

The majority argued that the First Amendment protects associations of individuals in addition to individual speakers, and further that the First Amendment does not allow prohibitions of speech based on the identity of the speaker. Corporations, as associations of individuals, therefore have speech rights under the First Amendment.

The majority stated "independent expenditures, including those made by corporations, do not give rise to corruption or the appearance of corruption" The majority's opinion allowed unlimited contributions.

In addition to indirectly providing support for the creation of super PACs, *Citizens United* allowed incorporated 501(c)(4) public advocacy groups (such as the National Rifle Association or Sierra Club, or the group Citizens United itself) and trade associations to make expenditures in political races.

(WIKI)

The majority opinion found several earlier Supreme Court cases and the BCRA unconstitutional

**Dissent:**

Justice Stevens wrote a 90 page dissenting opinion joined by 3 other justices. Steven held that earlier opinions about harming the system had never required a *quid pro quo* buying of votes. Next, the majority did not give enough credence to the "appearance of corruption." If voters believe the system is rigged, they will stop participating. Further, Stevens said "they (corporations) have perpetual life, the ability to amass large sums of money, limited liability, no ability to vote, no morality, no purpose outside of profit-making, and no loyalty." Therefore, he argued, the courts should permit legislatures to regulate corporate participation in the political process. Justice Stevens attacked the "never too much speech argument noting "the Court recognizes numerous exceptions to free speech, such as fighting words, obscenity restrictions, time, place and manner restrictions, etc. Throughout the dissent, Stevens argued that the majority's 'slogan' ignored the possibility that too much speech from one source could "drown out" other points of view." WIKI. He also noted the unfairness to shareholders. He finally stated:
At bottom, the Court's opinion is thus a rejection of the common sense of the American people, who have recognized a need to prevent corporations from undermining self government since the founding, and who have fought against the distinctive corrupting potential of corporate electioneering since the days of Theodore Roosevelt. It is a strange time to repudiate that common sense. While American democracy is imperfect, few outside the majority of this Court would have thought its flaws included a dearth of corporate money in politics.

_Speechnow.org v FEC_ (March-May 2010) (9-0)

Speech Now wanted to take money from various sources and pool it. The DC Federal Circuit court of Appeals and DC Federal District Court found for Speech Now, thereby giving rise to Super PACs. They did keep the disclosure requirements. Shortly after a 3 Federal Judge panel stated that Super PACs could not give give money directly to political parties (so-called “soft money”)


*****************************************************************************

**Considerations after Citizens and Speechnow – how are things working in actual practice.**

_Lawrence Tribe_ (Harvard Law professor) stated: “Expenditures to support or oppose political candidates, however nominally independent—and lately the purported independence of super PACs has become a national joke-- have in practice afforded wealthy people and corporations grossly disproportionate access to holders of public office.”

_Negative Ads_ are not new (Goldwater-mushroom cloud/Dukakis- tank and WillyHorton/Kerry-swift boat ads) but a huge increase in contributions is leading to a huge increase in negative ads because that is where most of the money must go. These ads alienate voters to the election process. Candidates have no control over them. The ads do not have to be factual.

_The side spending the most usually wins_. Few doubt that recent court decisions have favored one side over the other.

_Answer to “spending has been by individuals, not corporations”_—This is a “what's the problem?” argument. The answer is that corporations do not usually want their name attached to ads, so they use 527's (in the US tax code) where they don't have to file their names with the FEC as is the case with Super PACs. Corporate money is also going to “social welfare” groups like the Chamber of Commerce which also doesn't have to file lists of donors.

_Final note_ - The majority in _Citizens United_ leaned heavily on _Buckley v Valeo_. However, the majority in that case said contribution limits are necessary to prevent the “corruption inherent in a system permitting unlimited financial contributions.”
Corporate political spending

A central point of debate in recent years is what role corporate money plays and should play in democratic politics. This is part of the larger debate on campaign finance reform and the role that money may play in politics.

In the United States, legal milestones in this debate include:

- **Tillman Act of 1907**, banned corporate political contributions to national campaigns.
- **Federal Election Campaign Act** of 1971, campaign financing legislation.
- **Buckley v. Valeo** (1976) upheld limits on campaign contributions, but held that spending money to influence elections is protected speech as in the first amendment.
- **First National Bank of Boston v. Bellotti** (1978) upheld the rights of corporations to spend money in non-candidate elections (i.e. ballot initiatives and referendums).
- **Austin v. Michigan Chamber of Commerce** (1990) upheld the right of the state of Michigan to prohibit corporations from using money from their corporate treasuries to support or oppose candidates in elections, noting that "[c]orporate wealth can unfairly influence elections."
- **Bipartisan Campaign Reform Act of 2002** (McCain–Feingold), banned corporate funding of issue advocacy ads that mentioned candidates close to an election.
- **Citizens United v. Federal Election Commission** (2010) the Supreme Court of the United States held that corporate funding of independent political broadcasts in candidate elections cannot be limited under the First Amendment, overruling Austin (1990) and partly overruling McConnell (2003).
- **Western Tradition Partnership, Inc. v. Attorney General of Montana** (2011) The Montana Supreme Court held that the US Supreme Court's ruling in Citizens United does not preclude a Montana state law prohibiting corporate spending in elections. The Supreme Court later summarily reversed this decision the following year.

(From a WIKI article on Corporate Personhood)
Proposed Resolution:

The Citizens of Walla Walla request the elected members of the Walla Walla City Council to pass a non-binding resolution supporting efforts to overturn the Supreme Court ruling, Citizens United v. F.E.C. — by an amendment to the U.S. Constitution. Corporations and wealthy individuals must not be able to use their great wealth to effectively overpower the democratic election process to gain their ends and markedly diminish the will of real people, the citizens of the United States of America.
WHY IS IT YOUR ISSUE?

Local issues should be decided by local people. Outside special interest money is detrimental to that process

- State election regulations have been overturned (26 states have laws that were overturned)
- Federal Disclosure laws have not been passed
- Special interest money has increased at state level (See Washington State Liquor Store and Costco spending)
- State judicial elections have been politized
  - 2000-09 state supreme court candidates raised +206 million nationally.
  - Double from same 10 year period in the 90's.

WHAT'S AT STAKE

- The perception that elections are not fair
- Corruption of local, state and federal elected officials (or the perception)
- Judiciary at all levels tainted by the perception of "buying influence" in court decisions.
- Local issues not decided by locals but outside interests. (Coal Plant decision)
- Federal and State tax dollars are at risk from wealthy individuals who want less taxes. How do you fund local services entirely within the community?
7 States Passed Resolutions

- California
- Hawaii
- Maryland
- New Mexico
- Rhode Island
- Vermont
- Massachusetts

Cities Council Resolutions

- Fayetteville, Arkansas
- Boulder City and Pueblo City, Colorado
- Bloomington Indiana
- Duluth Minnesota
- Evanston, Illinois
- Hartford and New London, Connecticut
- Jackson Mississippi
- Missoula, Montana
- Portland Oregon
- Port Townsend, Seattle, and Bellingham Washington
- Tampa Bay City Florida
Total Political Spending
State of Washington

By Year
- 2008 - $131,178,192
- 2010 - $117,529,682 (off year election)
- 2012 - $69,927,362 (to date)

Snap Shot of Political Spending
State of Washington

<table>
<thead>
<tr>
<th>TOTAL RAISED – 2008</th>
<th>TOTAL TO DATE – 2012</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Governor's Race</td>
</tr>
<tr>
<td>Judicial Races</td>
<td>$3,655,051</td>
</tr>
<tr>
<td>Local Races</td>
<td>$27,063</td>
</tr>
<tr>
<td>Local Leg. Races</td>
<td>$586,830</td>
</tr>
<tr>
<td>State Wide Leg. Races</td>
<td>$22,833,543</td>
</tr>
</tbody>
</table>

www.pdc.wa.gov
Special Interest Money
Nationally

2004 - 2008  164% increase
2008 - 2012  135% increase

- The real impact is at the state level.
- Last minute Special Interest money can influence an election.
- The uncheck, secret money increases potential for corruption
- The Appearance of Corruption can be damaging

Single donor issues
Special Interest Initiatives

- I-1100  - $4.8 Million
- I-1183  - $22.7 Million -- Opposition  $11.7
- Retailers (Costco) vs Wine and Liquor Distributors
  - Was about corporate bottom line.
  - Initiative - because they could not get what they wanted from the legislature
- Previous record spending was American Beverage Assoc. initiative to repeal legislative tax increase on candy etc.

   Money is Key

   To win...must outspend opponent 2 to 1.
Costco Wholesale has dumped $8.9 million more into its liquor-privatization initiative, bringing its total contributions to more than $22 million, according to the state Public Disclosure Commission. That shatters a state record for the most money spent by a single donor on a voter initiative. Other donors have given less than $250,000 altogether to I-1183, which would put the state out of the liquor business and allow grocery stores to sell spirits.

A similar initiative from Costco was defeated last year, partly because the beer industry outspent it to fight the measure.

I-1183 spokeswoman Kathryn Stenger said the money is needed to combat lies being told by the opposition, which has raised $11.7 million, mostly from wine and liquor distributors. Altogether, the Yes and No campaign donations make I-1183 the most expensive initiative fight in state history. "It takes resources to combat that level of deceptiveness," Stenger said.

Opposition spokesman Alex Fryer called the I-1183 campaign's $22.7 million in donations "an astronomically high number." "They're spending that amount of money to get across that there's suddenly no consequence to selling liquor in the state," he said. Both sides are flooding the airwaves with ads, and more are sure to come.

These types of campaigns are hard for the public to decide, said Bill Allison, editorial director for the Sunlight Foundation, a nonprofit that works for transparency in government. "If there were really truth in advertising, Costco would say, 'If we change the law, we'll make this much money,' and the distributors would say, 'If we keep the status quo, we'll keep making this much money,'" Allison said. With corporate heavyweights battling on the airwaves, the public-policy debate is thwarted, he said. "While [public-policy questions] are probably referenced in some of the advertising, the main players are looking at their bottom lines," Allison said. "The shame is that, as a result, the public is coming down to trusting the distributors more or trusting Costco more."

The latest spending by Costco and distributors comes after a long string of corporate fights on Washington ballots. The previous single-donor record holder was the American Beverage Association, which last year gave $16.1 million to support I-1107, a measure voters approved that repealed legislative tax increases on candy, gum, bottled water and soda pop. The money wasn't all spent, and the association got about $755,000 back this year.

Last year, Costco spent $4.8 million on I-1100, an unsuccessful measure that also sought to privatize the state's liquor business. From a shareholder perspective, Costco's recent spending makes sense, said Nell Minow, a board member at GovernanceMetrics International, a corporate-governance research firm. "I'm assuming the return on investment is going to be considerable if they're successful," she said.

The two other initiatives on the November ballot also are funded largely by single donors. Kemper Freeman has given more than $1 million of the nearly $1.4 million raised in support of Tim Eyman's tolling initiative, I-1125. And the Service Employees International Union has contributed virtually all of
the $1.7 million supporting I-1163, a measure that would require more training for long-term-care workers. Only 17 individuals have donated money to either side of the liquor-privatization fight — eight people for a total of $742 on the Yes side, and nine people for a total of $23,777 (counting in-kind donations) on the No side.

Secretary of State Sam Reed said the trend toward special interests pushing initiatives is troubling. Washington's initiative system began a century ago as a reaction to the railroad lobby's influence over the legislative process, he said. Now special interests finance initiatives if they cannot get what they want in the Legislature, he said.

"That is a reversal that is really unhealthy for the body politic in the state of Washington," Reed said. "[The Legislature] needs to deal with these controversial issues, and should not have special interests going over their heads to the people."

With its new $8.9 million contribution, Costco has raised twice as much money as its opposition, based on Public Disclosure Commission reports as of Wednesday. Donations sometimes are not posted on the site until days after they are made. No more major contributions are allowed before Nov. 8, the deadline for mailing or dropping off ballots. Campaigns can go in debt and ask donors to help pay it off after the election. A rule of thumb in initiative politics is that you must outspend your opponent 2-to-1 to win, said Paul Berendt, senior vice president at the Seattle communications firm Strategies 360, which supported last year's failed liquor-privatization initiative from distributors. "If Costco is serious about winning this, they have done the right thing," he said.

Berendt is not worried about the current campaign. "If there were some true public interest being crushed, that would disturb me, but these are special interests slugging it out. I find it more interesting to watch than anything," he said.

Sheila Krumholz, executive director of the Center for Responsive Politics, a Washington, D.C.-based nonprofit research group that tracks money and politics, said companies might have information and expertise to share with the public.

But sometimes voters can pay a price for deciding arcane, insider disputes. "It's a problem when big, private industries spend big money to duke it out, because too often the public is not at the negotiating table," she said. "And if they're not at the table, they're probably on the menu."
Buying Justice: The Impact of Citizens United on Judicial Elections

By Adam Skagger

The Impact of Citizens United on Judicial Elections

In Citizens United v. FEC,[i] the United States Supreme Court struck down the long-standing federal ban on corporate independent expenditures in elections.[ii] The transformational effect that unrestricted corporate and union spending will have on elections for legislative and executive offices has been widely denounced.[iii] But the most severe impact of Citizens United may be felt in state judicial elections.

Just last year, the Supreme Court ordered a West Virginia judge disqualified from hearing the case of a campaign supporter who had spent extravagantly to elect the judge. It did so after concluding that, by refusing to step aside from hearing his benefactor’s case, the judge had violated the opposing party’s constitutional right to a fair hearing before an impartial court.[iv] Yet, by opening the door to expanded corporate spending in judicial races, Citizens United is likely to make this type of conflict of interest more common, and to increase pressures on judges who seek to remain independent and impartial.

Equally important, heightened spending in judicial races will almost certainly exacerbate existing public concerns that justice is for sale to the highest bidder. As Justice John Paul Stevens noted in dissent, the Citizens United decision came at a time “when concerns about the conduct of judicial elections have reached a fever pitch.”[v] And after Citizens United, if retired Justice Sandra Day O’Connor’s predictions are correct, “the problem of campaign contributions in judicial elections might get considerably worse and quite soon.”[vi]

This paper examines the damage that runaway spending in judicial elections is having on our state judicaries, and offers several policy recommendations that states should consider in responding to the threat that outsized campaign spending poses to fair and independent courts. It first summarizes recent trends in judicial election spending and documents the impact that escalating spending is having on public confidence in the courts. Next, the paper highlights seven states in which Citizens United’s impact on judicial campaigns is likely to be significant, and explains why the decision is likely to spur increased special interest spending in judicial elections. The paper concludes with proposals for responding to our increasingly expensive judicial elections: public financing for judicial campaigns; enhanced disclosure and disqualification rules; and replacing judicial elections with merit selection systems in which bipartisan committees nominate the most qualified applicants, governors appoint judges from the nominees, and voters choose whether to retain the judges at the ballot box.

Introduction

Retired Justice Sandra Day O’Connor recently explained the risks that unlimited campaign spending poses to fair and independent courts — and the likelihood that Citizens United will intensify these risks:
If you're a litigant appearing before a judge, it makes sense to invest in that judge's campaign. No states can possibly benefit from having that much money injected into a political judicial campaign. The appearance of bias is high, and it destroys any credibility in the courts.

[After Citizens United], we can anticipate labor unions' trial lawyers might have the means to win one kind of an election, and that a tobacco company or other corporation might win in another election. If both sides open up their spending, mutually assured destruction is probably the most likely outcome. It would end both judicial impartiality and public perception of impartiality.[vii]

The threat to our state courts is real — and serious. Thirty-nine states use elections to select some or all of their judges.[viii] According to the National Center on State Courts, nearly 9 in 10 — fully 87% — of all state judges run in elections, either to gain a seat on the bench in the first place, or to keep the seat once there.[ix] In a 2001 poll of state and local judges, more than 90% of all elected judges nationwide said they are under pressure to raise money in election years, and almost every elected judge on a state high court — 97% — said they were under a "great deal" or at least some pressure to raise money in the years they faced election.[x]

Corporations and special interests are already major spenders in judicial campaigns. As repeat players in high-stakes litigation, these groups have strong incentives to support judges they believe are likely to favor their interests. This is particularly true on state high courts, where electing a majority or a crucial swing vote can make the difference in litigation involving multi-million dollar claims. As a result, business interests and lawyers account for nearly two-thirds of all contributions to state supreme court candidates. Pro-business groups have a distinct advantage: in 2005-2006, for example, they were responsible for 44% of all contributions to supreme court candidates, compared with 21% for lawyers.[xi] In 2006, pro-business groups were responsible for more than 90% of all spending by interest groups on television advertising in supreme court campaigns.[xii]

This special interest spending has occurred in judicial elections despite the fact that approximately half the states previously banned or sharply restricted corporations from using treasury funds for campaign advocacy. None of these restrictions is permissible after Citizens United. The inevitable result will be increased corporate spending in judicial elections — and increased threats to independent and impartial courts.

[ii] Citizens United allows corporations and unions to make unlimited independent expenditures and electioneering communications in federal and state elections, including state judicial elections. The federal ban on direct contributions from corporations and unions to candidates' campaigns remains in effect after Citizens United. Also, disclosure of independent expenditures and electioneering communications was upheld by Citizens United.


[v] Citizens United, 130 S.Ct. at 968 (Stevens, J., dissenting).


[xii] Id. at 7.

Tags: Democracy, Campaign Finance Reform, Other Reforms, Fair Courts, Independence & Accountability, Judicial Advertising, State Judicial Elections
Poll: Large majority opposes Supreme Court's decision on campaign financing

By Dan Eggen
Washington Post Staff Writer

Wednesday, February 17, 2010, 4:38 PM

Americans of both parties overwhelmingly oppose a Supreme Court ruling that allows corporations and unions to spend as much as they want on political campaigns, and most favor new limits on such spending, according to a new Washington Post-ABC News poll.

The poll reveals relatively little difference of opinion on the issue among Democrats (85 percent opposed to the ruling), Republicans (76 percent) and independents (81 percent).

---

2012

At present over 350 cities town and counties have voted for resolutions opposed to Citizens United.

Public support for an amendment is also resoundingly bipartisan. The 2010 Peter Hart poll revealed that 68 percent of Republicans, 82 percent of independents, and 87 percent of Democrats support an amendment. The 2012 AP poll showed that 81 percent of Republicans, 78 percent of independents, and 85 percent of Democrats want to limit corporate, union, and other outside spending. The anti-Citizens United votes in Montana (75%) and Colorado (74%) also underscore this: Montana is a red state; Colorado is a swing state.

---

<table>
<thead>
<tr>
<th></th>
<th>Republicans</th>
<th></th>
<th>Independents</th>
<th></th>
<th>Democrats</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>2010-2012</td>
<td>68%</td>
<td>82%</td>
<td>2010-2012</td>
<td>81%</td>
<td>87%</td>
<td>85%</td>
</tr>
</tbody>
</table>

---

PEW Research Center Poll, January 2012--For those who had heard a lot about Citizens United:

What effect of the Campaign?  
Negative effect: 78%  
Positive effect: 11%  
No effect: 5%  
Mixed/DK: 5%

---

* Mr. Hart and his company have provided NBC News and The Wall Street Journal with polls since 1989. More than 40 U.S. senators and 30 governors, NGOs and institutions like Smithsonian Institution, the United States Holocaust Memorial Museum, Habitat for Humanity, the ACLU, the Bill and Melinda Gates Foundation and the Kennedy Center are clients of Peter D. Hart Research Associates, as well as corporations such as Boeing, Time-Warner, American Airlines, Coca-Cola, IBM, Fannie Mae, AT&T, and Tiffany & Co.
Outside Spending by Cycle thru December 17th of election year, Excluding Party Committees

See entire cycle | Cycle-to-date

[Bar chart showing spending by year from 1990 to 2012, with categories for Independent Expenditures, Communication Costs, and Electioneering Communications.]