



**LOWEST LIMITS IN THE LAND**  
THE EFFECT OF MONTANA'S CAMPAIGN-FINANCE  
REFORMS, 1990-2006

By  
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A 2007 amendment to Montana's campaign-finance laws allows donors to give up to \$160 each election to candidates running for the legislature — \$60 more than they could give in 2004 or 2006. Even with that increase, Montana legislative campaigns continue to operate under the most stringent campaign-contribution limits in the nation.

In November 1994, Montana voters passed Initiative 118 that, in addition to five other reforms, reduced Montana's already low contribution limits from \$250 for House candidates and \$400 for Senate candidates each *election cycle* to \$100 per *election* for both House and Senate candidates.<sup>1</sup>

The 1994 law also re-defined an *election* to mean either a primary election or a general election, while previously an election counted as both the primary and general elections. In other words, beginning with the 1996 election cycle, legislative candidates could only accept a maximum of \$200 from a single contributor in a cycle — and only if the candidate had a viable primary election opponent. Otherwise, they were restricted to \$100 per contributor for the entire election cycle.

The limit remained at \$100 per election until the 2003 Legislature increased it to \$130 for the 2004 and 2006 elections. Then, during the 2007 legislative session, a law passed calling for periodic increases every election cycle based on the Consumer Price Index (CPI).

To assess the effect of campaign-contribution limits on the money in Montana's legislative races, the National Institute on Money in State Politics compared the campaign-contribution data for the six election cycles since the implementation of I-118 with the three cycles prior to the reform. The analysis shows that:

- Even when adjusted for inflation, contributions to legislative candidates increased after reform despite the lowered limits.<sup>2</sup>
- Lower contribution limits did not limit the participation of contributors, rather that participation increased 51 percent — from an average of 5,500 contributors per election cycle pre-reform to 8,300 contributors post-reform.
- More people gave more money after reform. Individual contributors have consistently remained the largest contributing group of donors before and after reform, accounting for 56 percent before and 60 percent after.

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<sup>1</sup> The reform included: 1) banning the practice of carrying surplus funds into future elections — first-time candidates and incumbents would start each election cycle with zero balances; 2) forbidding personal use of surplus funds. Candidates were given several options for disposing of surplus funds, either by returning it to the contributor, giving it to charity or a political party, or, if elected, establishing a constituency account for communications related to their elected office; 3) requiring all in-kind contributions (non-monetary donations of time, services, office space, supplies, etc.) be considered the same as cash contributions and therefore included within the aggregate limits; 4) requiring contributions given to candidate-controlled committees be added together to prevent candidates from circumventing the limits by creating more than one committee and then receiving the maximum allowable amount in each committee; 5) requiring that political party contributions be added together, as well as limiting the aggregate amount candidates could accept from all political party committees. In other words, party committees cannot channel money to candidates through other party committees to avoid limit restrictions.

<sup>2</sup> To adjust for inflation, all totals and tables in this report are converted to 2006 dollars using tables prepared by Robert C. Sahr's "Consumer Price Index (CPI) Conversion Factors 1800 to estimated 2016 to Convert to Dollars of 2006," (c) 2007 Robert C. Sahr, Political Science Department, Oregon State University, Corvallis, OR, Rev. 01/18/2007.

- Lower limits did not reduce the number of contributions legislative candidates received. The total number of contributions rose two-thirds — from an average of 9,000 contributions to 14,000 contributions.
- Historically, the average contribution to Montana legislative candidates has been far below the allowable amount. Even before reform, the average contribution was \$169 — well below the individual allowable \$250 and \$400 limit to House and Senate candidates, respectively. But in the six cycles since the passage of I-118, the average contribution was \$110 — less than half the allowed \$200 to \$260.

The Institute’s analysis also found that the I-118’s proponents’ hopes of solving “the problem of too much money in Montana politics” did not materialize.<sup>3</sup> Even after adjusting for inflation, contributions to Montana legislative candidates between the pre- and post-reform period increased by 3 percent.

#### TOTAL CONTRIBUTIONS TO LEGISLATIVE CANDIDATES, 1990-2006

<b>CYCLE</b>	<b>TOTAL</b>
1990	\$1,461,448
1992	\$1,264,468
1994	\$1,864,020
<b>PRE-REFORM AVERAGE</b>	<b>\$1,529,979</b>
1996	\$1,177,448
1998	\$1,238,672
2000	\$1,527,263
2002	\$1,478,794
2004	\$1,758,694
2006	\$2,240,124
<b>POST-REFORM AVERAGE</b>	<b>1,570,166</b>

#### CONTRIBUTORS AND CONTRIBUTIONS

In the 10 years between the imposition of stricter limits and the 2006 election, more contributors participated in financing Montana legislative campaigns than ever before. The number of contributors increased 51 percent — from an average of 5,500 contributors per election cycle before reform to 8,300 contributors after.

And, the average number of contributions rose more than two-thirds, from an average of 9,000 contributions each election in the pre-reform period to more than 14,000 per election after reform.

No one had predicted the sharp rise in the number of contributors. Also unanticipated was the remarkable increase in the number of contributions that occurred. But, as expected and due to the lower limits imposed, the size of the average contribution decreased from \$169 to \$110.

<sup>3</sup> “1994 Voter Information Pamphlet,” *Montana Secretary of State*, pg. 18.

## CONTRIBUTORS AND CONTRIBUTIONS, 1990-2006

CYCLE	CONTRIBUTORS		CONTRIBUTIONS	
	NUMBER	AVERAGE \$	NUMBER	AVERAGE \$
1990	4,777	\$306	8,157	\$179
1992	4,972	\$254	7,728	\$164
1994	6,601	\$282	11,249	\$166
<b>PRE-REFORM AVERAGE</b>	<b>5,540</b>	<b>\$281</b>	<b>9,045</b>	<b>\$169</b>
1996	5,551	\$212	10,114	\$116
1998	6,253	\$198	11,034	\$112
2000	7,547	\$202	13,043	\$117
2002	8,102	\$183	13,742	\$108
2004	9,859	\$178	16,240	\$108
2006	12,832	\$175	21,662	\$103
<b>POST-REFORM AVERAGE</b>	<b>8,357</b>	<b>\$188</b>	<b>14,306</b>	<b>\$110</b>

### HOW REFORM AFFECTED DONORS

Despite claims by I-118 proponents that “money from special interests and the wealthy is drowning out the voice of regular people in Montana politics,”<sup>4</sup> more “regular” people gave more money after reform. The number of individuals giving swelled from nearly 5,000 before reform to more than 7,800 after reform.

Individual donors have consistently remained the largest contributors to Montana legislative races, both before and after reform. At no time during the nine cycles studied did the money from individual contributors drop below 55 percent of the overall total given, underscoring the extent of grassroots involvement. Pre-reform contributions from individual donors accounted for 56 percent of the money raised by legislative candidates. That figure increased to 60 percent post-reform.

<sup>4</sup> “1994 Voter Information Pamphlet,” *Montana Secretary of State*, pg. 17

## CONTRIBUTIONS FROM INDIVIDUALS, 1990-2006

<b>CYCLE</b>	<b>INDIVIDUALS #</b>	<b>TOTAL \$</b>	<b>TOTAL CONTRIBUTIONS</b>	<b>% OF TOTAL</b>
1990	4,368	\$799,235	\$1,461,448	55%
1992	4,523	\$714,343	\$1,264,468	56%
1994	6,009	\$1,045,754	\$1,864,020	56%
<b>PRE- REFORM AVERAGE</b>	<b>4,967</b>	<b>\$853,111</b>	<b>\$1,529,979</b>	<b>56%</b>
1996	5,035	\$675,972	\$1,177,448	57%
1998	5,773	\$743,094	\$1,238,672	60%
2000	7,047	\$857,132	\$1,527,263	56%
2002	7,567	\$861,943	\$1,478,794	58%
2004	9,329	\$1,055,166	\$1,758,352	60%
2006	12,219	\$1,471,087	\$2,240,074	66%
<b>POST- REFORM AVERAGE</b>	<b>7,828</b>	<b>\$944,066</b>	<b>\$1,570,101</b>	<b>60%</b>

The so-called “wealthy” donors that I-118’s authors claimed dominated the system did not have the financial influence the measures’ proponents assumed — before or after reform. In fact, the 10 largest individual donors continued to represent a small percentage of the money raised by legislative candidates. The post-reform combined totals of the 10 largest individuals represent only 1 percent of the total raised — down from 3 percent of the total before reform.

## OTHER CONTRIBUTORS

Highlighting the fact that individuals, as a group, have dominated the contributor lists of Montana legislative candidates is that the second largest contributing group — self-financed candidates — accounted for 15 percent and 19 percent of the total raised pre- and post-reform respectively.

Overall, the average post-reform contributions from candidates giving to themselves increased by 11percent — from a pre-reform average of \$222,000 to a post-reform average of \$304,000.

## CONTRIBUTIONS BY CONTRIBUTOR TYPE, 1990-2006

<b>CONTRIBUTOR TYPE</b>	<b>PRE- REFORM AVERAGE</b>	<b>POST- REFORM AVERAGE</b>
Individuals	\$853,017	\$944,066
Candidate self-finance	\$222,237	\$304,204
Businesses and special-interest groups	\$201,565	\$135,470
Party committees	\$104,628	\$72,415
Labor organizations	\$106,232	\$54,665
Candidates and candidate committees	\$42,300	\$59,288
<b>TOTAL</b>	<b>\$1,529,979</b>	<b>\$1,570,108</b>

Candidates and candidate committees — those candidates and their committees that give to other candidates — increased their contributions after reform by 40 percent — from an average \$42,300 per cycle before reform to \$59,000 after. However, the contributions from this group have never represented a significant amount of the total contributions.

Three contributing groups gave less after reform:

- Contributions from **businesses and special-interest donors** dropped from the three-cycle pre-reform average of \$201,000 per cycle to \$135,000 after reform — a 33 percent decrease.
- The group that took the biggest hit from I-118 was **organized labor**. Contributions from labor organizations had been dropping steadily since the 1990 cycle, but the pre-reform average contribution from unions collectively was \$106,000 per cycle. That dropped to the post-reform average of \$54,665, accounting for a 49 percent drop in labor donations.
- Before reform, **political party committees** gave an average of \$104,000 per cycle. After reform, that average dropped to \$72,000 — accounting for a 31 percent decrease between the pre- and post-reform periods.