

Andrea Gyger

From: Paul Hsieh [REDACTED]
Sent: Thursday, December 15, 2011 3:10 PM
To: Andrea Gyger
Subject: Public comment on "8 CCR 1505-6" (additional material requested by CO SOS)

Dear Ms. Gyger:

[I would like to submit the following additional public comment on "8 CCR 1505-6" and "Proposed Revisions and Amendments to the Secretary of State's 'Rules Concerning Campaign and Political Finance'". This is the information requested by Secretary Gessler following my spoken remarks earlier today. You are welcome to include my e-mail address in the published version of this comment. You do not need to redact any of the contact information in my comment. -- Paul Hsieh]

Thank you and the rest of the Committee for allowing me to submit my earlier written and spoken comments on this issue. As per Secretary Gessler's request, here is the information about the study I cited on how campaign finance laws impose a burden on ordinary citizens.

Article URL:

http://www.ij.org/images/pdf_folder/other_pubs/CampaignFinanceRedTape.pdf

"Campaign Finance Red Tape: Strangling Free Speech & Political Debate"

By Jeffrey Milyo, Ph.D.

October 2007

Executive Summary

Twenty-four states permit citizens to make laws directly through ballot measures. These states also regulate how citizens—if they band together—may speak out about them. In the name of “disclosure,” these regulations impose complicated registration and reporting requirements, administered by state bureaucrats, on political speech and activity by any citizen group that joins the public debate over ballot issues.

This report examines the effects of the bureaucratic red tape created by disclosure regulations on ordinary citizens through a large-scale experiment with 255 participants. They were asked to complete the actual disclosure forms for California, Colorado or Missouri based on a simple scenario typical of grassroots political activity—one modeled after a real group sued for violating campaign finance disclosure laws.

Key findings include:

- On average, participants could not correctly complete even half the tasks, managing just 41%.
- No one completed the forms correctly. In the real world, all 255 participants could be subject to legal penalties including fines and litigation.
- Before the experiment, 93% had no idea they needed to register and file various forms to speak about a ballot issue—a legal trap that can catch innocent citizens.

- Several tasks common to grassroots campaigns proved especially challenging, such as reporting non-monetary contributions for items like discounted t-shirts and supplies for signs, with scores ranging from 0% to 46% correct.
- Clerical errors were rampant, which could lead to huge compounded fines.
- Participants' troubles with nearly all tasks and their feedback after the experiment make clear that disclosure forms and instructions are unclear and ambiguous. Responses include: "Worse than the IRS!" and "Seriously, a person needs a lawyer to do this correctly."
- Nearly 90% of participants agreed that this red tape and the specter of legal penalties would deter citizens from engaging in political activity.

Most advocates and detractors of campaign finance reform assume that disclosure laws for ballot issue campaigns impose few burdens. But these results indicate the opposite: Ordinary citizens get a failing grade on navigating the red tape required to speak about ballot issues—and that makes them less likely to do so.

About the author:

Jeffrey Milyo, PhD, is the Hanna Family Scholar in the Center for Applied Economics at the University of Kansas School of Business; a professor in the department of economics and the Truman School of Public Affairs at the University of Missouri; a senior fellow at the Cato Institute and an academic advisor to the Center for Competitive Politics. Milyo previously was on the faculty at the University of Chicago and at Tufts University; he has also been a visiting scholar at the Massachusetts Institute of Technology, Stanford University, Washington University in St. Louis and Yale University.

Dr. Milyo's research expertise is in American political economics and public policy; he has been studying the field of political campaign finance for 15 years.