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From the Los Angeles Times

## Disclosure of ballot campaign donors sought

**Two groups cite a legal loophole, but others say the law protects them.**

By Patrick McGreevy

Los Angeles Times Staff Writer

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SACRAMENTO — Backers of two campaigns to change California law are crying foul over donations to their opponents made through nonprofit groups that can hide the origin of the money.

In their separate protests, organizers of ballot measures to change term limits and restrict governments' use of eminent domain have highlighted a growing trend: the use of tax-exempt entities to finance political campaigns in a way that withholds from voters the identities of financial backers.

In response, a coalition that includes the Howard Jarvis Taxpayers Assn. has proposed an initiative to prohibit some nonprofits from contributing. And the watchdog group California Common Cause has asked the state Fair Political Practices Commission to consider new regulations.

"It's a huge loophole in the campaign finance rules," said Jon Coupal, president of the Jarvis association, referring to contributions by groups such as the League of California Cities.

On Wednesday, the California League of Conservation Voters called on Insurance Commissioner Steve Poizner, the leading opponent of Proposition 93, a term limits measure, to disclose the original source of a \$1.5-million contribution to his cause by a Virginia-based nonprofit.

The initiative, on the February ballot, would shorten the overall number of years a lawmaker could serve in the Legislature from 14 to 12 but would allow politicians to serve all of those years in either the Assembly or Senate.

The measure's foes received \$1.5 million this month from a nonprofit called U.S. Term Limits, headed by New York real estate mogul Howard Rich. The group has not disclosed where the money came from and the law does not require it.

Rich defended the non-disclosure. "If any organization's supporters deserved protection from coercion and intimidation by powerful and corrupt politicians, it is U.S. Term Limits, which seeks to impose term limits on politicians."

The group's money represents nearly half of the roughly \$3.2 million raised against Proposition 93. Another \$1.5 million came from Poizner.

Susan Smartt, executive director of the California League of Conservation Voters, said in Wednesday's letter to Poizner, which called on him to disclose all donors from the Virginia group: "Voters need this information to make the best, most informed decision when they vote in February."

At a Wednesday news conference sponsored by supporters of Proposition 93, campaign spokesman Richard Stapler said the lack of disclosure on the \$1.5 million leaves open the possibility that multiple special interests are writing checks.

Poizner referred inquiries to Kevin Spillane, a No on Proposition 93 spokesman. Spillane said the public knows about the work of U.S. Term Limits in seeking stricter limits on politicians, so the source of the money is no mystery.

"It's an effort by the 'yes' side to distract from their floundering campaign," Spillane said.

The issue has also arisen in the campaign to restrict use of eminent domain.

The group Californians for Property Rights Protection has submitted more than 1 million signatures to put a measure on next June's ballot that would block local government agencies from taking homes and small businesses for use by private developers. Opponents have gathered signatures for a competing measure.

Coupal, a supporter of the ballot measure, said the League of California Cities, California State Assn. of Counties and California Redevelopment Assn. have put a combined \$7 million into campaigns against eminent domain ballot measures in the last two years, without disclosing the source of the money.

The nonprofit trade groups, which represent government agencies that use eminent domain, have reported in campaign filings that the money comes from "nonpublic accounts," not from funds raised through dues from cities and counties.

Such accounts include advertising revenue from the association's publications, fees charged to exhibitors at conferences, rent on property and interest income, according to Paul McIntosh, executive director of the counties association.

McIntosh's organization is not required to disclose the source of its revenue. The proposal that would limit its political giving is "sour grapes," McIntosh said, on the part of groups that failed to win passage of an eminent domain measure last year.

"It's unconstitutional," he said of the effort to restrict political giving. "We have free speech rights like any other group."

Lew Uhler, president of the National Tax Limitations Committee, said the cities association's political contributions could allow developers and others who benefit from eminent domain to secretly fund the campaign against restrictions.

"The lack of transparency is a serious problem," Uhler said.

[patrick.mcgreedy@latimes.com](mailto:patrick.mcgreedy@latimes.com)

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