

Thursday, January 29, 2004

Baton Rouge, Louisiana

### **UNFAIR FUNDRAISING RULES IN U. S. SENATE RACE**

This year's U. S. Senate race could well be the most expensive election in Louisiana history. Four well-funded candidates are seriously considering the race. And there could be more. Look for the winner to possibly spend over \$7 million. A \$20 million total for all of the candidates is not unrealistic. Yet the rules are unfairly tilted in favor of sitting congressmen. And that's not right.

Congressman David Vitter presently leads the pack in fundraising with some \$1.8 million on hand in his congressional account. He touted in recent news articles that his fundraising abilities are "a sign of strong support I have had from the people of Louisiana." Yet a significant portion of his contributions come from out-of-state PACs and contributors.

Congressman Chris John also has significant out-of-state contributions with over \$1 million in his campaign account. As with Vitter, all of the money raised for a congressional race can be re-directed towards a U. S. Senate race. It matters not that the contributions are received to support a congressman holding his present office. No fault on the part of the congressmen running. That's just how the system works.

Treasurer John Kennedy starts off as the solid leader in the race with more statewide name recognition. A short run for governor last year helped him build his identity, and also have on-hand, at the present time, over \$1 million most of which comes from within the state. But the rules work against Kennedy. The two congressmen can take money raised for another federal office, and apply it to the U. S. Senate race. Not so in the case of Kennedy. His \$1 million can only be used to run for a state but not a federal office. So he basically has to begin from scratch

Jim Bernhard, CEO of The Shaw Group, doesn't have the Kennedy problem. He can just write his own check. That seems to be the new trend around the country. The Republican candidate for U. S. Senator from Illinois says he is going to spend \$40 million of his own money. That's about on par with what New Jersey's Democratic Senator Joe Corzine spent for his senate seat two years ago.

The bottom line? The whole financing system is out of wack, unfair, and needs reforming. Massive out-of-state money should not be poured into Louisiana. Who is the winner going to be beholden to? And if the two congressmen can pour their congressional money into a senate race, John Kennedy, and potential candidate Foster Campbell (PSC member) should be allowed to use their campaign funds in the same way.

All this is academic for now. Just get ready for what could be most expensive election in Louisiana history.

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### MORE DOLLARS IN THE LOUISIANA ECONOMY

The new administration found out quickly there is no new money available in the state treasury, and significant cuts are going to be a necessity. For the new governor to make economic headway, she is going to have to rely on efficiencies that can be achieved on the administrative level by a number of state departments.

Take the problem of sewer construction. The Louisiana Municipal Association estimates that there is a backlogged need for immediate construction of over \$1 billion. Baton Rouge alone needs some \$600 million, and cities throughout the state are under federal EPA non-compliance orders that are costing millions of dollars a year in penalties.

The Department of Environmental Quality does operate a federal grant program that would seem to be unintentionally inefficient in its ability to raise the required state matching funds. Fifty million dollars a year in federal money is available but has to be matched on a 20% local basis. There are some creative financing options that should be considered, including a one-time line-of-credit loan for perhaps 20 years through the LCDA (Louisiana Community Development Authority), a state-related agency. Such a line of credit could also be used to obtain more needed money in the federal-state drinking water loan program. (Something I wrote about last week)

In fact, former DEQ Assistant Secretary Mike Strong, who currently heads the Department of Operational Systems in Shreveport, has suggested that the public bond market could be used to finance a current local government bond portfolio of over \$350 million. What he is saying is that if we choose to make sewer and clean water a priority, the proceeds from the sale of bonds in the existing portfolio could be leveraged to create some \$700 million, which then would create hundreds of construction and permanent jobs. The new construction would clear out a huge backlog in sewer needs and put an end to the yearly fines that many of these municipalities are facing.

There is also more coordination that needs to take place. The state revolving water and sewer programs need to be linked and coordinated with federal programs overseen by the USDA.

In summary, there are number of ways of keeping the economic engine moving forward. And there are people like Mike Strong willing and anxious to help out. There may not be any “new money”, but there are certainly ways to get a better bang for the buck.

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Martha Stewart's trial is getting off to a disturbing start. The jury was picked behind closed doors. Family and friends of Stewart, as well as the press, were ordered out of the courtroom, and the jury was picked in secret. Sound familiar? That's what happened in my trial. The jury was picked in secret. And that's wrong.

Former Supreme Court Justice William O. Douglass said it well:

*"A trial is a public event. What transpires in the courtroom in public property."*

But Senator Daniel Patrick Moynihan said it ever better:

*"Secrecy is for losers...it is time to dismantle government's secrecy."*

Peace and Justice to you and your family,

Jim Brown