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Admitted in: ME

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Jonathan Wayne
Executive Director
Maine Commission on Governmental Ethics and Election Practices
135 State House Station
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## BY ELECTRONIC MAIL

## Re: Proposed Reduction of \$190,000 in the Statutory Penalty on the Maine Automotive Right to Repair

To the Members of the Commission on Governmental Ethics and Election Practices:

As legal counsel and treasurer for Automakers and Repairers for Vehicle Repair Choice, a ballot question committee (BQC) that filed with the Ethics Commission on August 24 and was opposed to Question 4 on the recent statewide ballot, I appreciate the opportunity to provide additional information with respect to Item #7 on the agenda of your November 29 meeting.

As set forth in the Commission Staff's memorandum, the timely filing of major contributor information is meant to provide Maine people with a clear and upto-date understanding of the entities spending money on direct initiatives of legislation. 21 MRS §1060-A (1-6). The requirement that a BQC immediately inform a contributor that donates more than \$100,000 of the contributor's obligation to file a major donor report and the contributor's obligation to timely file that report with the Ethics Commission derives from our Legislature's bipartisan conviction to put improved guardrails on the citizen's initiative process. (Testimony of Sen. Louis Luchini on LD 1865, before the Joint Standing Committee on Veterans and Legal Affairs, March 20, 2018).

Because both the signature threshold to qualify a citizen initiative for the ballot (67,682) and the cost to run a successful political campaign are relatively low

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compared to other states, Maine has been the unwelcome recipient of citizens initiatives where most of the impetus and organizational support – and unquestionably most of the money – comes from corporate interests that are not native to Maine. (Maine Law and Legislative Reference Library, <u>Citizen Initiated Legislation, 1911-present</u>). Increasingly, over the past twenty years organizations outside of Maine have sought to co-opt that process by advancing proposals that could be more accurately described as "business" initiatives, rather than "citizen" initiatives.

The Maine Automotive Right to Repair (MARTR) - the organization that gathered signatures to put Question 4 on the November ballot and then spent more than \$4 million persuading Maine people to support it - fits squarely into this description. Among MARTR's top five contributors were out of state business interests including: Advance Auto Parts (\$675,000); Autozone (\$675,000); Genuine Parts Company (\$675,000) and O'Reilly Auto Parts (\$675,000). MARTR is an offshoot of a similar entity that organized a nearly identical citizen's initiative in Massachusetts three years ago. The founding organization is based in Maryland. One of the lead decision makers of the BQC, and the only one listed as a "fundraiser," is a contract lobbyist from Massachusetts. The BQC's treasurer lists an address in Massachusetts and a (617) area code as a contact number. <sup>1</sup>

The law regarding the timely disclosure of major contributor information has its most direct application and greatest importance as regards highlighting the entities funding Question 4. MARTR demonstrated an unusual lack of understanding about the time sensitivity of the disclosures required by Maine's major contributor law. This should not be surprising given that most of the organization and all the funding came from outside of Maine.<sup>2</sup> In response, MARTR's appeal request seems to suggest, incongruously, that the Commission Staff has an affirmative obligation to inform BQCs about the major contributor law and a BQC's specific obligations thereunder.

The Commission Staff has proposed forgiving \$190,000 of MARTR's statutory penalty. If approved, this would be one of the largest acts of leniency by the Ethics

<sup>&</sup>lt;sup>1</sup> While it is not the Ethics Commission's purview to weigh in on the merit of ballot initiatives, it is worth noting that the supporters of Question 4 pushed this initiative even though the information needed to diagnose and repair a vehicle today is already made available to all vehicle repair shops pursuant to a memorandum of understanding signed by the nation's automakers and national repair organizations and in effect since 2014.

<sup>&</sup>lt;sup>2</sup> This lack of appreciation for the time sensitivity of the major donor filing might explain why two major contributors to MARTR, addressed in Items #5 and #6 on the Commission's agenda, were delinquent in filing the required documentation. As the Commission Staff fittingly noted, "[I]ate notices lead to late Major Contributor Reports."

Commission – if not the largest – in the past twenty years. Given the extent of MARTR's misunderstanding of Maine election laws, we do not believe any further leniency beyond the substantial reduction proposed by Commission Staff is warranted. Indeed, the Commission would be well-justified to increase the penalty proposed by Commission Staff based upon the extent to which MARTR, unwittingly or otherwise, was out of compliance with the major contributor law and the multiple delays in the reporting of required financial information that were a direct result of this noncompliance.

Thank you for your consideration.

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Sincerely,

Newell A. Augur