

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

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SENATOR MITCH MCCONNELL,)	
<i>et al.</i> ,)	Civil No. 02-0582
)	(CKK, KLH, RJL)
Plaintiffs,)	
)	
v.)	All consolidated cases.
)	
FEDERAL ELECTION COMMISSION,)	
<i>et al.</i> ,)	
)	
Defendants.)	
_____)	
REPUBLICAN NATIONAL COMMITTEE,)	
<i>et al.</i> ,)	
)	
Plaintiffs,)	
)	
v.)	Civil No. 02-874
)	(CKK, KLH, RJL)
FEDERAL ELECTION COMMISSION,)	
<i>et al.</i> ,)	
)	
Defendants.)	
_____)	

DECLARATION OF JOHN DENDAHL

HIGHLY CONFIDENTIAL

DECLARATION OF JOHN DENDAHL

1. My name is John Dendahl. I am the State Chairman of the Republican Party of New Mexico ("RPNM"). I submit this Declaration a fact witness on the role of state political parties in the American political system, particularly concerning their direct aid to candidates for federal and state office and the party building programs they conduct such as voter registration, identification, contact and turnout.

2. I have been RPNM's State Chairman since December, 1994. Earlier in 1994, I unsuccessfully sought nomination as the Republican candidate for Governor of New Mexico. During a career that began after graduation from college in 1961, I have served as chief financial officer of a liberal arts college, chief financial officer and chief executive officer of a publicly-owned manufacturing company, and chief executive officer of a national bank. My experience in government was three years' service as cabinet secretary of New Mexico's Economic Development and Tourism Department. My college education includes bachelors degrees in electrical engineering and finance from the University of Colorado.

3. Under the RPNM's rules, the duties of the State Chairman are: being responsible for the overall operation of the Party including recruiting and supporting candidates for federal, state and local office; raising funds to support the Party's operations; calling and presiding over meetings of the State Central Committee and the State Executive Committee (to which much of the responsibility of the State Central Committee is delegated); choosing an Executive Director with concurrence of the State Executive Committee; and employing other necessary staff to fulfill the needs of the Party. As State Chairman, I have also written and spoken extensively on a wide range of public policy issues, as well as assisted the Governor and legislators on policy development.

4. RPNM exists to advance the campaigns of Republican candidates for federal, state and local office, as well as the Republican Party's overall legislative agenda in both Washington, D.C. and Santa Fe, the New Mexico state capital. RPNM is an unincorporated association existing under the laws of New Mexico and 2 U.S.C. 431(15). It is qualified as a Section 527 political committee under the Internal Revenue Code. As a Republican state party, RPNM is part of the Republican National Committee ("RNC"), an unincorporated association that is a national political party committee under 2 U.S.C. 431(14). By virtue of RNC Rule 1, all state chairmen, including myself, are automatically members of the RNC.

5. Among the ways RPNM accomplishes its goals is to make direct contributions to federal candidates under federal law and state candidates under the laws passed by the New Mexico Legislature and engage in party building programs such as voter registration, voter identification, voter contact and voter turnout, which I describe more completely in paragraphs 16.a. through 16.m. The Republican Party of New Mexico 2001 mid-Year Report included as Attachment 1 (RNC NM0406353) illustrates many of these activities. The RPNM works extensively with the Republican National Committee (“RNC”), the National Republican Senatorial Committee (“NRSC”), the National Republican Congressional Committee (“NRCC”), and other Republican state committees to achieve these goals. I have observed that the Democratic Party in New Mexico appears to operate in a similar fashion.

6. Because they support both federal and New Mexico candidates, state political parties now pay for these various activities with a combination of federal (also called “hard”) dollars and State (also called “soft” or “non-federal”) dollars as prescribed by Federal and New Mexico law. The rules for Federal candidates are set by the Federal Election Campaign Act of 1976, as amended (the “Act” or “FECA”), and for New Mexico candidates by the laws passed by the elected members of our Legislature and signed by the Governor. Under current law, state parties pay for joint Federal-State programs with a combination of federal and state dollars, according to a formula established by federal regulations which are based upon either the ratio of Federal to State candidates on the ballot (ballot composition method) or on the time and space allocated to various Federal and State candidates on a printed piece or in a script (time/space method).

7. In order to comply with both the Federal and State rules, RPNM maintains a federal account and a state account. This allows RPNM to segregate the money legal under the Act from the money not legal under the Act but legal under the laws of New Mexico. Other than general federal prohibitions, such as political contributions from foreign sources and from national banks, and unusual limits on amounts and/or sources such as apply to candidates for New Mexico’s elected Public Regulation Commission, New Mexico law generally permits political contributions from all sources without dollar limit. We pay for joint activity benefiting our Federal and State candidates from an allocation account or the federal account, as permitted by the Act.

8. RPNM publicly reports all contributions we receive and all expenditures we make. We file our federal and state contributions and disbursements on schedules established by law and/or regulation with the Federal Election Commission (“FEC”) and the NM Secretary of State. In addition, as a section 527 political committee, RPNM also registered its non-federal account by filing Form 8871

with the Internal Revenue Service. RPNM also files annual tax returns on Form 1120-POL. The information disclosed on Form 990 provides a portrait of RPNM's organization and finances and requires the itemized disclosure of individuals and entities that donate more than \$5,000 to our Party.

9. At my direction, RPNM's staff examined our accounting and regulatory reports for the past three election cycles. According to the analysis I requested: in the 1995-96 election cycle, RPNM raised about \$1,300,000 in the federal account and about \$1,200,000 in the state account; in the 1997-98 cycle, RPNM raised about \$1,750,000 in the federal account and, again, about \$1,200,000 in the state account; in the 1999-2000 cycle, RPNM raised about \$2,200,000 in the federal account and about \$2,650,000 in the state account. Of those amounts in the 1999-2000 cycle, about \$750,000 came into our federal account in the form of transfers, including about \$695,000 from national party committees, about \$40,000 from federal candidates and \$15,000 from another state Republican party. Also in the 1999-2000 cycle, our state account received about \$1,600,000 in the form of transfers from national party committees. Although it is difficult to determine exactly how much was raised for RPNM by the national party committees and federal candidates and officeholders, they did participate in events such as Lincoln Day Dinners and other events from which RPNM's gross receipts were about \$1,000,000 during the 1999-2000 cycle. Without this support from the national party committee, the RPNM could not replace all of these funds on its own and would have to reduce or eliminate some of these activities. The documents included as Attachments 2 and 3 (RNC Ex. Nos. 572 and 2304) represent examples of RPNM activities supported by the Republican national party committees.

10. RNC staff members have assisted us with some of our fundraising events for both federal and non-federal dollars. They do this by, for example, providing how-to advice, tracking sources and receipts, occasionally suggesting sources, and other services. Republican Members of Congress from New Mexico have made direct requests for both federal and non-federal support of RPNM, and they regularly attend RPNM fundraising events as VIPs and speakers.

11. Numerous Special Interest Groups politically active in New Mexico also funded candidates and conducted voter registration/identification/contact/turnout programs in these election cycles. These groups have included labor unions, the Southwest Organizing Project (SWOP), the Association of Community Organizations for Reform Now (ACORN), the Conservation Voters Alliance and other so-called environmentalist organizations, the National Rifle Association and many others. According to the most-recently-published Election Handbook distributed by the New Mexico Secretary of State, the 2001 Edition, any group organized for a "political purpose" (narrowly defined in the law) that collects

or spends more than \$2,000 (subsequently amended to \$500) for a “political purpose” in a calendar year is required to register and furnish reports. However, these groups interpret much of the activity described in the first sentence in this paragraph 11 as falling outside that statutory definition of “political purpose.” Therefore, these groups do not file publicly-available reports, so their activities are outside public view and I do not know how much has been raised and spent by them or from what sources their contributions are received.

BCRA’S IMPACT ON THE POLITICAL PROCESS

12. It is my understanding that the Bipartisan Campaign Reform Act of 2002 (“BCRA”) would federalize all our state party activities that aid both the Federal and State candidates on the ticket, by stopping us from using money legal under New Mexico law to pay for our State candidates’ share of any program that also mentioned a specific Federal candidate, urged support for the generic Republican ticket or urged people to vote. For example, under the current Act, a slate mailing urging support for our Presidential candidate, gubernatorial candidate, attorney-general candidate and a state legislative candidate would be paid for 25 percent from the Federal account and 75 percent from the State account since there are one federal and three state candidates mentioned; under BCRA, that piece would have to be paid for entirely from the Federal account because it mentions a specific Federal candidate.

13. It is my understanding that, under BCRA, we will have to allocate any message that includes a generic “vote Republican” call between the Federal account and the so-called Levin account, which consists of contributions of up to \$10,000 each. It is my opinion that this token gesture (creation of the Levin account) to the importance of our party’s broad-based interests has little value, because real, live candidates with names are a far more effective part of the message in voter registration/identification/contact/turnout programs than is “generic” party identification. BCRA will hamstring RPNM’s voter registration-identification-contact-turnout programs – activities that lie at the base of our voters and elections systems – with little useful relief from the additional complication of a Levin account; the Special Interest Groups will retain their current freedom to use whatever funds they like without restriction on amount or source of contributions or any reporting requirements.

The simple fact is that Special Interest Groups, using precisely the same funds that my state party is banned from using under BCRA, will be able to conduct the very same activities. This will drastically weaken the ability of my party committee and other political party committees to participate in the political process for the simple reason that parties will have less funds. The Special Interest

Groups will fill the void caused by this reduction in political party activity since they will have no such restrictions and, in many circumstances, do not file public reports. See paragraph 11.

14. Based on my experience, I believe that BCRA will reduce over time the ability of the political parties to aid their candidates, Special Interest Groups will fill the void using unlimited and frequently unreported money in any amount from any source to perform the activities the political parties do now, and government will suffer: elected officials will be more beholden than ever to Special Interest Groups that elected them, rather than loyal to the broad-based political parties.

FUNCTIONS OF STATE POLITICAL PARTIES

15. For more than 25-years, I have observed the activities of Special Interest Groups in New Mexico and elsewhere, their remarkable influence on the political process, the rules (or lack thereof) that govern their participation, and the apparent growth of their efforts. I have worked for or with RPNM for more than ten years and am familiar with its functions and programs.

16. I am also familiar with the recently enacted BCRA and the changes it will bring to the activities and programs of RPNM and, I have no doubt, other state parties around the United States. I expect BCRA will have the following adverse impacts on the specific programs and activities undertaken by RPNM:

a. State Chairmen and Each State's National Committeeman and Committeewoman Will No Longer Be Able to Both Fully Participate in State Political Activities and Be Members of their National Committees: As noted earlier in this Declaration I am a member of the Republican National Committee on account of my chairmanship of a state Republican party. Republicans in New Mexico are also represented on the RNC by a National Committeeman and National Committeewoman who are fully engaged in RPNM's state political and fundraising activities. It is my understanding that the Democratic Party has an identical or closely similar organization. It is also my understanding that BCRA section 323(a)(1) and (2) prohibits "officers or agents" of the national political parties from soliciting, receiving or directing another person to give any contribution illegal under Federal law, which includes much of the money the RPNM's National Committeeman, National Committeewoman and I raise legally under New Mexico law for the Party's state and local candidates and programs.

b. Aiding State and Local Candidates: As a state chairman, I am frequently asked to provide advice to political supporters as to which federal, state and local candidates they should support to help most in achieving Republican Party objectives, both in New Mexico and around the nation. It is my understanding that BCRA would prohibit this. It is my observation that Special Interest Groups

operating in New Mexico raise funds for their Federal and State candidates of choice and direct their members to contribute to races around the country. While BCRA prohibits the leadership of state and national parties from directing donors to races around the country, Special Interest Groups are left unfettered to fill the void. In addition, BCRA would prohibit the national Party committees from raising funds legal under New Mexico law so that the RPNM would be unable to receive the transfers that have been a significant part of the funding that has enabled us to aid state and local candidates (see Paragraph 9).

c. Aiding State Parties: Republicans in New Mexico often ask me, their State Chairman, where the most important races are and which other state Republican parties they should support for voter registration-identification-contact-turnout programs using funds legal under the laws of those states. BCRA would restrain State Chairs from fulfilling this role since the statute and regulations are vague on the definition of “acting on behalf of” a state candidate or Party.

d. Ban on Coordinated Expenditures and Independent Expenditures to the Same Candidate: As a state chairman, I work with the national and local party committees to support our Federal candidates to the maximum extent possible under the law. Current law allows the parties to spend Federal “coordinated funds” (two cents times the voting age population as adjusted for inflation) on behalf of their Federal candidates as well as unlimited amounts of Federal dollars on independent expenditures. It is my understanding that BCRA bans this, and that the actions of any one party committee on any level binds all Republican entities from the national to the local level, even if they were not consulted about the decision. Special Interest Groups in New Mexico have both raised money for Federal candidates and done very large independent expenditures on behalf of those same Federal candidates. Accordingly, if BCRA bans state parties from doing both coordinated and independent expenditures, the role of the political parties will diminish. The influence of Special Interest Groups, which remain without any similar restriction, will be enhanced by the political parties’ weakened position to compete.

e. Paying for Generic “Vote Republican” Messages: RPNM currently pays for generic messages with a combination of Federal and State dollars under the ballot allocation formula set by FEC regulation based on the number of Federal to State candidates on the ballot in our state for that election cycle. My understanding is that BCRA federalizes all generic messages by requiring that their cost be allocated between the Federal account and the newly created Levin accounts. No funds from the party’s State account will be permitted to pay for a generic message. The Levin account’s \$10,000

maximum contribution limit disregards New Mexico law, which has no such limits. This will severely diminish RPNM's ability to communicate with its supporters, and attract new ones, while Special Interest Groups will be able to fill the void by advocating that their members vote Republican or Democrat while using their treasury funds raised outside of the Act's limitations, prohibitions and reporting requirements. Corporations will be able to continue using corporate funds to advocate party and candidate preferences to their "restricted class" employees; labor unions will be able to continue using treasury funds raised outside of the FECA to urge support for parties and candidates by their members; and trade associations will be able to use their treasury funds raised outside of the FECA for advocacy to their member companies and restricted class employees.

f. Field Operatives: Providing staff for the party building voter registration-identification-contact-turnout programs that aid all the party's candidates on the ballot, both Federal and State, is a key service provided by RPNM. State parties are currently able to pay for this staff under the party overhead allocation formula, which is set by FEC regulation according to the ratio of state and federal candidates on the ballot for that election cycle. I understand that BCRA requires that any state party political field staff spending more than 25 percent of their time aiding a federal campaign must be paid for entirely with Federal dollars, no matter what their actual duties. There is no change in the rules for volunteering in federal campaigns, which allows many Special Interest Group members to work directly in federal campaigns and with state political parties while being paid with treasury money raised outside of the Act.

g. Voter Registration Programs: We currently conduct our voter registration program by using a variety of means. We analyze reports of when people change their residences, telephone polling, mailing of forms, and appearances at gatherings where we expect significant numbers of persons eligible to vote in New Mexico but either not yet registered or who we believe will be interested in a registration change. RPNM now pays for this under the overhead allocation formula established by FEC regulations based on the ratio of federal to state candidates on the ballot in that state for that election cycle. We usually receive transfers from the RNC to both our Federal and State accounts to help pay for this. It is my understanding that BCRA eliminates that allocation, thus barring us from paying for any part of this important public service with money we have raised legally under New Mexico law. In addition, since BCRA bans the National Party committees from raising money legal under state law, we will no longer receive assistance in the form of National Party transfers or contributions to help register voters to support state and local candidates. It is my understanding that,

under BCRA, these programs will have to be paid for by an allocation between Federal and Levin account funds until 120 days before an election, after which only Federal funds could be used. These restrictions will severely limit what our state party will be able to do to register voters since well over half of the cost of the program can currently be paid for with money raised legally under New Mexico law. Voter registration is a particularly high priority of some New Mexico Special Interest Groups, who will be able to continue using any funds they can raise from any source in any amount to conduct a voter registration program. In many circumstances, these groups do not file public reports (see paragraph 11). Although Federal officeholders and candidates may not raise any State dollars for the political parties under BCRA, Federal officeholders and candidates are permitted to raise unlimited non-federal funds for Section 501(c) Special Interest Groups for general purposes and up to \$20,000 from individuals for these Special Interest Groups' voter registration programs within 120 days of an election.

h. Voter Identification Programs: RPNM now uses the ballot allocation formula to determine the combination of Federal and State dollars we may use to identify voters sympathetic to our candidates and issues. We often receive transfers from the national political party committees to both our Federal and State accounts to pay for this program. The voter identification programs are generally carried out using a combination of telephone polls, mailings and door-to-door activity often performed by volunteers. Most programs ask about a number of candidates, both Federal and State, and issues of public importance to gauge what will motivate each individual to vote. It is my understanding that BCRA prohibits the use of a state political party's State account for any inquiry mentioning a specific Federal candidate and that such inquires must be paid for entirely with Federal dollars, no matter how many State candidates and issues are included in the inquiry. This will significantly weaken the ability of the State Party to identify its supporters. Special Interest Groups in New Mexico conduct their own voter identification programs. In many circumstances, these groups do not file public reports (see paragraph 11), and they may use any funds from any source for their voter identification program. Although Federal officeholders and candidates may not raise any State dollars for the political parties, BCRA permits Federal officeholders and candidates to raise unlimited funds for Section 501(c) Special Interest Groups for general purposes and up to \$20,000 from individuals for these Special Interest Groups' voter identification programs within 120 days of an election.

i. Get-Out-the-Vote Programs: We spent approximately \$120,000 during the 2000 election on get-out-the-vote programs. For that election cycle, the FEC formula based on New Mexico's ballot

composition was 38 percent Federal, 62 percent non-Federal, so nearly \$75,000 of non-Federal money was used. The get-out-the-vote programs use a combination of telephone banks, mailings and door-to-door activity, generally with volunteers. These programs can be ticket-wide or for a combination of candidates, both Federal and State, or for a specific candidate. If that candidate is a Federal candidate, the costs are now paid for solely by that campaign or by Party coordinated dollars. It is my understanding that, under BCRA, any mention of a specific Federal candidate in any GOTV communication requires the entire communication to be paid for exclusively with Federal dollars, even if it also mentions State candidates and issues. In addition, any generic GOTV communication must be allocated between the Federal and Levin accounts, with no funds from the State accounts used unless the communication is exclusively for State and local candidates and does not include, for example, a generic "Republican" mention or an exhortation to vote in an election with federal candidates on the ballot. Under BCRA, all the funds used for these efforts will have to be raised by the state party, without assistance from the RNC or other national party committees, federal officeholders, federal officials or other state parties. I have observed that Special Interest Groups in my state conduct extensive get-out-the-vote programs and that there are no restrictions on the ability of Special Interest Groups to use non-federal funds from their treasuries to turnout their members to vote. In many circumstances, these groups do not file public reports, but the law does permit them to use any funds from any source in any amount for their voter identification program. Although Federal officeholders and candidates may not raise any State dollars for the Political Parties, Federal officeholders and candidates are permitted to raise unlimited funds not permitted under Federal law for section 501(c) Special Interest Groups for general purposes and up to \$20,000 from individuals for these Special Interest Groups' turnout programs if the program is part of a voter registration program within 120 days of an election.

j. Slate Cards, Sample Ballots, Palm Cards: As a state party, RPNM is currently permitted to allocate the costs of these written communications according to a "time-space" formula, as established by FEC regulations. Under this allocation formula, a state party can divide the cost between its Federal and State accounts according to the amount of space devoted to Federal vs. State candidates in each piece. A piece including every candidate on the ballot, or a generic message, may be allocated according to the ballot composition in that state for that cycle, as determined by FEC regulation. It is my understanding that, under BCRA, any mention of a specific Federal candidate in such a piece requires that the entire piece be paid for with Federal funds. No State funds may be used, even if the

overwhelming majority of candidates mentioned are State candidates. No allocation between the Federal account and the Levin account is permitted if one Federal candidate is specifically mentioned. Only a generic message with no specific mention of a Federal candidate may be allocated between the Federal and Levin accounts. I have observed that Special Interest Groups in my state produce and distribute slate cards, sample ballots and palm cards to assist their members in voting. In many circumstances, these groups do not file public reports (see paragraph 11), and their funds may be raised in any amount from any source. Special Interest Groups may also use these funds to produce “non-partisan voter guides” that discuss candidates’ positions on specific issues as long as they do not advocate the election or defeat of any candidate. Although Federal officeholders and candidates may not raise any State dollars for the Political Parties, Federal officeholders and candidates are permitted to raise unlimited funds not permitted under Federal law for section 501(c) Special Interest Groups for general purposes such as the production of voter guides for the public and sample ballots for members. As BCRA reduces the ability of state parties to conduct these activities, the competitive position of a wide variety of special interests will be enhanced.

k. Absentee Ballot Programs: Recent changes in New Mexico law have made absent-and-early voter ballot programs an increasingly vital part of RPNM’s work. The efforts of individual campaigns, the state parties and Special Interest Groups have contributed materially to the increase from 10.5 percent in 1992 to 31.0 percent in 2000¹ of ballots cast by mail (absentee voting) or by electors at voting locations open before Election Day (early voting). To pay for this, RPNM may currently allocate the costs based on either the ballot composition method if generic, or according to a time/space formula if material accompanying our communications with voters mentions specific candidates. It is my understanding that, under BCRA, the mention of any Federal candidate, no matter the space devoted to the mention, requires that the entire cost of the effort be paid for with Federal funds. No State funds will be permitted, even if the overwhelming majority of candidates mentioned are State candidates. No allocation between the Federal account and the Levin account is permitted if one Federal candidate is specifically mentioned. A generic message with no specific mention of a Federal candidate may be allocated between the Federal and Levin accounts, but even then funds from the State account may not be used. I believe Special Interest Groups in New Mexico conduct absent-and-early-voter programs

¹ According to the Secretary of State’s office on August 5, 2002, 62,169 votes of 590,901 cast in 1992 versus 190,699 of 614,928 in 2000.

using the very same non-federal funds RPNM will no longer be permitted to use. Depending on a Special Interest Group's message in such a communication, it may or may not be required to report expenditures to the Secretary of State (see paragraph 11). Their funds may be raised in any amount from any source. Special Interest Groups also use this "soft money" to inform their members which candidates they support as they cast their ballots as absent or early voters. Although Federal officeholders and candidates may not raise any State dollars for the RPNM, Federal officeholders and candidates are permitted to raise unlimited funds not permissible under Federal law for section 501(c) Special Interest Groups for general purposes including absentee ballot programs for their members. As BCRA reduces the ability of state parties to conduct these activities, the competitive position of a wide variety of special interests will be enhanced.

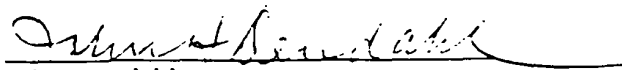
1. Telephone Banks: RPNM uses telephone banks and autodialers² to identify our supporters, maintain contact with them throughout the election cycle, and turn them out on election day. Under current law, the parties may allocate the costs of these telephone resources urging support for their Federal and State candidates according to a "time/space" formula set by FEC regulation. The precise allocation formula depends on the actual script. Often state political party telephone banks will urge the election of a combination of Federal and State candidates as part of a script advocating the party's and candidates' positions on issues of particular importance to the voters of that area. It is my understanding that under BCRA, any mention of a Federal candidate will require the entire cost of the telephone program to be paid for with Federal funds. The mention of any Federal candidate, no matter how long in the overall script, will require that all the calls be paid for only with Federal funds. No State funds may be used, even if the overwhelming majority of candidates mentioned are State candidates. No allocation between the Federal account and the Levin account is permitted if any Federal candidate is specifically mentioned. Only a generic message with no specific mention of any Federal candidate may be allocated between the Federal and Levin accounts. The result will be a reduction in joint Federal and State activities by RPNM. Special Interest Groups in New Mexico conduct telephone banks for the very same purposes as the political parties. It is my understanding that under BCRA, there will continue to be no restrictions placed on the funds used by them for the very same activities that RPNM will now be severely limited in undertaking. The Special Interest Groups

² An autodialer is computerized equipment that automatically dials preprogrammed numbers and delivers a prerecorded message. In some cases, the called party is asked to use the buttons on his or her phone to indicate choices.

will be able to use non-Federal funds to conduct telephone banks to identify and recruit supporters and members, keep in contact with them year around, and then turn them out to vote for their endorsed candidates. Depending on whether the activity fits the New Mexico statutory definition of a "political purpose," a Special Interest Group's expenses might have to be reported, but in many circumstances, these groups do not file public reports (see paragraph 11) and the funds may be raised in any amount from any source. Although Federal officeholders and candidates may not raise any State dollars for the Political Parties, Federal officeholders and candidates are permitted to raise unlimited funds not permissible under Federal law for section 501(c) Special Interest Groups for general purposes including telephone banks for their members.

m. Statewide Candidates and State Legislative Caucuses: A major priority of RPNM while I have served as State Chairman has been election of Republicans to serve in the State Legislature. RPNM has also participated heavily in candidacies for other state, district and local offices. Neither the State Parties nor candidates (except, for example, candidates for the State's Public Regulation Commission) have limits under state law on the sources and amounts of contributions they may receive. However, worthy candidates need help from the party and its "ticket" to raise the funds required to conduct a competitive campaign. Both the Republican and Democratic parties run ticket-wide programs designed to aid all their candidates on the ballot. The portion geared to Federal candidates is paid for with dollars raised pursuant to the Act and the portion geared to State, district or local candidates is paid for with funds raised pursuant to New Mexico law. Generic messages are paid for according to the ballot allocation formula. Our State candidates agree to participate in this program because RPNM can assist them with funds it has raised legally under New Mexico law or received as transfers from the National Party committees. BCRA will severely reduce RPNM's fund-raising capability because RPNM will have to spend all federal dollars to send joint solicitations for federal and state candidates to raise money legal under New Mexico law, and will no longer be able to use federal officeholders or candidates to raise State funds, and will no longer receive assistance or transfers of State funds from the National Party committees. It is my belief that, given this restraint, the statewide, state legislative and local candidates will (and should) insist on running their own programs which do not mention any Federal candidate and do not promote the "Republican ticket". This will lead to the decline of RPNM since its ability to aid all candidates on the ticket will be drastically reduced. Special Interest Groups using unlimited, unrestricted "soft" dollars from any source will be positioned to fill this void.

I declare under penalty of perjury that the foregoing is true and correct.


John Dendahl

Executed on October 2, 2002