

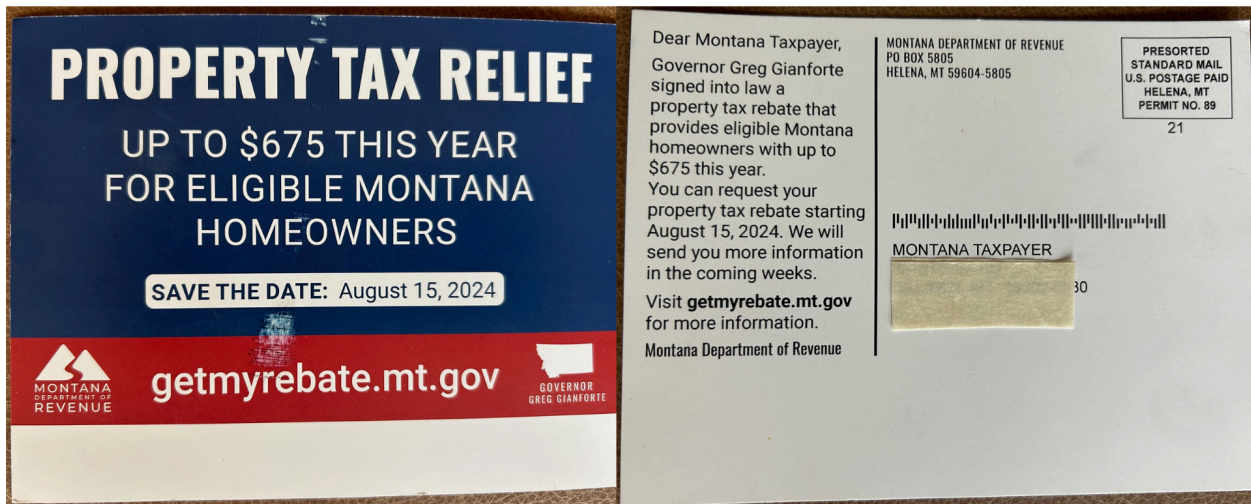
Commissioner Gallus –

Governor Greg Gianforte is sending government-funded postcards to hundreds of thousands of households across Montana, delivering political “mailpieces” that conspicuously and illegally benefit the Governor’s reelection campaign—at taxpayer expense. On information and belief, the postcards in question were sent to hundreds of thousands of voters. The postcards violate § 2-2-121(3)(a), MCA, because they are taxpayer-funded political communications to support the Governor’s campaign, and serve no public or governmental purpose whatsoever.

The manager of the Governor’s political campaign, Jake Eaton, also owns and operates a well-known printing business. The voters of Montana deserve to know if Gianforte or anyone affiliated with his administration gave Eaton’s company, Ultra Graphics LLC, a sweetheart side contract to print and mail these postcards, which would be an independent violation of Montana law—effectively funneling and additional reward payment to his private campaign aide using taxpayer funds. This would be a violation of §§ 2-2-121(2) and (3)(a), MCA.

1. Taxpayer-funded postcards used for electioneering and political advantage

Montana taxpayers who own residential properties across Montana have been receiving this postcard over the past few weeks:



According to the Montana Department of Revenue, approximately 292,000 households were eligible for opt-in, \$675 property tax rebates in 2023.¹ We can presume that Gianforte’s Administration sent these postcards to *at least* that many Montana households in recent weeks this year.

¹ Eric Dietrich, “About 3/4 of eligible homeowners apply for property tax rebates,” *Montana Free Press*, October 4, 2023, <https://montanafreepress.org/2023/10/04/about-three-quarters-of-eligible-homeowners-apply-for-property-tax-rebate/s/>

Further, it doesn't take a rocket scientist to see the obvious political nature of these postcards. Gianforte's name is prominently featured on both sides, and he is credited for signing the rebate into law. The term "Property Tax Relief" is itself a political phrase coined by the famous Republican linguist Frank Luntz, whose effective and persuasive campaign messaging has been widely adopted by political candidates, including Gianforte. In fact, here's Luntz's specific advice to politicians like Gianforte, from his 2007 book *Words That Work*:

American people have come to distrust politicians who promise "tax cuts," because they often don't happen, and when they do, they're almost always too small and don't materialize when they're expected. A better approach is to talk about "tax relief"—giving taxpayers a deserved break—and focus your sympathy toward the "hardworking, overburdened, underappreciated taxpayer." The more passion you can get into your defense of taxpayers, the more credible you will become.²

It's also no secret that despite the \$675 opt-in rebates authorized in 2023 and 2024, the historic residential property tax increases that Montana taxpayers have suffered under Gianforte's tenure as governor are overwhelmingly unpopular. There is no question this property tax increase is a source of anger, disappointment and confusion for Montanans across the political spectrum, and it presents a liability for Gianforte's endangered reelection campaign.

No wonder why the Governor would prefer to use official resources and the power of his incumbency to mitigate this liability. Overtaxed voters who receive an invitation to get "tax relief" might mistakenly believe Gianforte is wholly responsible for said "tax relief," when in fact he is the sole person in this state responsible for much higher residential property taxes in the first place. If he is to spend taxpayer dollars taking credit for tax rebates, he must also be credited with his own record tax increase.

Finally, though these postcards are attributed to the Department of Revenue (an agency Gianforte directly oversees), they contain no disclaimers indicating that *taxpayers* paid for them, and the purpose of these mailings does not meet the standards set by law to justify such a significant taxpayer-funded mailing expense. This is an independent violation of § 18-7-306, MCA, which is cognizable by this office because it is a simultaneous violation of § 2-2-121(3)(a), MCA.

These political postcards serve no official purpose; literally, there is no government-adjacent action that a recipient can take after receiving the postcard for another month—in August—when the rebate process begins. Necessarily, the postcards are designed to, and have the effect of, supporting the Governor's campaign by using taxpayer funds to persuade voters on his largest political vulnerability. Section 2-2-121(3)(a), MCA, clearly prohibits the use of taxpayer-funded mailings to drop political persuasion messages into voters' mailboxes. The Governor may claim

² Dr. Frank Luntz, *Words That Work: It's Not What You Say, It's What People Hear* (New York: Hachette Books, 2007), p. 281

that he was simply alerting taxpayers to some future government action they may take (a “save the date,” in his own words). But this does not save the postcard from its obvious political meaning. This is tax policy, not a wedding.

How much did it cost taxpayers to print these postcards? How much did it cost taxpayers to mail them to hundreds of thousands of households? Given the public expense, what was the profit margin for the contractor who spearheaded this effort? And who, exactly, got that contract?

2. Possible sweetheart side contract for Ultra Graphics LLC

Jake Eaton, the Gianforte for Governor Campaign Manager, owns Ultra Graphics LLC, a company well-known to the State of Montana. In 2018, Eaton and Ultra Graphics were awarded a controversial \$265,000 contract from Republican Secretary of State Corey Stapleton to “fix mistakes” in a taxpayer-funded voter election guide.

The Associated Press also reports that Ultra Graphics “does regular work for Republicans, including designing and printing postcards.”³

Public records show Ultra Graphics is the go-to printing company for the Gianforte for Governor campaign. Indeed, Candidate Gianforte has spent thousands of dollars on Ultra Graphics. As we pointed out in a previous complaint to your office, Gianforte has spent more than \$1 million on Eaton’s political companies.

Eaton is a well-known political operator who formerly served as executive director of the Montana Republican Party. Today, in addition to his role as campaign manager of *several* political campaigns, he is a self-described “entrepreneur.”



There’s little doubt Jake Eaton wants to make a quick buck. But a privately funded political campaign paying a private company for goods and services is one thing; a sitting governor

³ Matt Volz, “Ex-GOP leader awarded \$265k election print job,” The Associated Press, October 24, 2018, <https://apnews.com/small-business-general-news-1dd43babbbedd4bc5b87ae010f493ccdc>.

giving his campaign manager a sweetheart side contract funded by taxpayers, in an effort to benefit their own campaign, is something else.

And it is illegal.

If Ultra Graphics received the contract, it is a clear violation of § 2-2-121(2) and (3), MCA. Subsection 2 prohibits public officials from directing public funds to their private business interests or otherwise taking government action to benefit private business interests. The Governor's campaign is undoubtedly a private—not public—interest of his. By diverting funds to his campaign manager's firm, he is effectively compensating his private campaign manager using public funds. This may also be a violation of Montana's campaign finance law prohibitions on earmarking/unreported pass-through spending. Subsection 3, as detailed above, prohibits the use of public resources to support a public official's candidacy.

We respectfully request you urgently look into both of these matters and provide certainty and closure to Montana voters, and to ensure that Governor Gianforte and his Campaign Manager are in full compliance with Montana law.

Dated July 18, 2024.