

AB 249, the *California DISCLOSE Act*

Stop political ads from misleading voters about who paid for them

AB 249 stops political ads from misleading voters about who paid for them by improving readability of their disclosures and requiring first-in-the-nation earmarking rules to stop ballot measure ads from intentionally misleading voters about who pays for them. Authored by Assemblymembers Kevin Mullin and Marc Levine and sponsored by California Clean Money Campaign. AB 249 is on Governor Brown's desk after passing the Senate and Assembly on bipartisan votes of 29-9 and 59-15.

Why California Needs the *California DISCLOSE Act*

- **The Supreme Court's 5-4 *Citizens United* decision opened the floodgates of anonymous spending** on campaigns by ruling there could be *no limits* on outside spending by corporations, unions, or individuals.
- **Over \$1 billion was spent on CA ballot measures from 2012 to 2016**, almost all by donors hiding behind misleading names like "*Stop Special Interest Money Now*" and "*Californians Against the Deceptive Rx Proposition.*"
- **Government-changing measures are passed by hidden special interests** spending millions on deceptive ads.

What the *California DISCLOSE Act* Will Do

- **Requires the three largest funders of \$50,000 or more of ballot measure ads and ads about candidates by outside groups to be shown clearly and unambiguously** so viewers see who's actually paying for them.
- **On television and video ads** the disclosures must be shown on a solid black background on the bottom 1/3 of the screen for a full five seconds. Each funder must be listed in large clear type on a separate line, without trying to make them harder to read by putting everything in all capital letters. No more fine print.
- **Applies to television ads, radio ads, print ads, online ads, mass mailers, and robocalls.** Radio ads and robocalls must say the two largest funders. Applies whether ads are paid for by corporations, unions, or millionaires.
- **Uses new earmarking rules** to identify original donors so ballot measure ads have to display the true funders instead of misleading names even if funders try to hide behind multiple layers of primarily formed committees.

How the *California DISCLOSE Act* Would Stop Hidden Special Interests

- **BEFORE:** In 2010, despite near-universal opposition from editorial boards and trailing badly in the polls, Proposition 26 passed — after \$18 million in ads by "*Stop Hidden Taxes.*" Since then, Prop 26 has had huge effects by preventing state and local governments from raising fees — even on polluters — without a 2/3 vote.
- **AFTER:** With AB 249, voters would have clearly seen that the three largest funders of Prop 26 were Chevron, Philip Morris, and Anheuser-Busch.

Prop 26 passed with 52.5% of the vote. Might 3% have voted differently if they knew who really paid?

Clear Disclosure on Bottom Third of screen for 5 seconds – Applied to No on 45 ads.

Paid for by No on 45, Californians Against Higher
Healthcare Costs. Committee major funding from

Kaiser Foundation Healthplan
Wellpoint
Blue Shield of California

Example of Popular Ballot Measures Affected by Anonymous Spending

Prop 61 (2016). The Drug Price Standards initiative was favored by voters in early polls by more than 5 to 1. It lost after \$109 million in ads by “*Californians Against the Deceptive Rx Proposition*”. Most voters never knew their largest funders were actually pharmaceutical giants Merck, Pfizer, and Johnson & Johnson.

Prop 45 (2014). The Insurance Rate Public Justification and Accountability Act was favored by voters more than 4 to 1. It lost after \$57 million in ads by “*Californians against Higher Health Care Costs*”. Most voters never knew their largest funders were actually giant insurers Kaiser, Wellpoint, and Blue Shield of California.

Prop 87 (2006). An oil severance tax to pay for alternative energy was favored by voters nearly 3 to 1. It lost after \$94 million in ads by “*Californians against Higher Taxes*”. Most voters never knew their largest funders were actually Chevron, AERA Energy, and Occidental Oil and Gas.

Prop 37 (2012). Mandatory labeling of genetically engineered foods led by more than 2 to 1. It was defeated after \$44 million in ads by “*Coalition against the Costly Food Labeling Proposition*”. Their largest funders were actually Monsanto, Dupont, and Pepsico.

The California DISCLOSE Act is Constitutional and Reasonable

8 out of 9 justices in the Supreme Court's Citizens United decision noted the problems when groups run ads “*while hiding behind dubious and misleading names*”. They said we need transparent disclosure for voters “*to make informed decisions and give proper weight to different speakers and messages.*”

The new TV ad disclosures use the same time and space as current law — yet are much more effective. The California Broadcasters Association, representing over the over 1,000 radio and TV stations in California, endorsed AB 700 because new radio ad disclosures are significantly shorter than currently — but much clearer.

The Brennan Center for Justice concluded on a previous version (SB 52): “*The California DISCLOSE Act, SB 52, stands on a firm constitutional bedrock and is worthy of support.*”

The California DISCLOSE Act has Overwhelming Support

More than 150,000 Californians have signed petitions urging the legislature to pass the *California DISCLOSE Act*, with more than 100,000 specifically signing petitions for this year's version (AB 14 or AB 249).

AB 249 passed the Senate and Assembly on overwhelming bipartisan votes of 29-9 and 59-15, respectively.

84% of California voters said they favored legislation to increase public disclosure of funding sources in initiative campaigns in an October 2013 poll by the Public Policy Institute of California. Support was across the board, including 85% of Independents, 81% of Democrats, and 80% of Republicans.

AB 14 is endorsed by *California Clean Money Campaign, California Alliance for Retired Americans, California Church IMPACT, California Common Cause, California League of Conservation Voters, California Physicians Alliance, California Public Interest Research Group (CALPIRG), Coalition for Clean Air, Consumer Watchdog, DailyKos, Democracy for America, Endangered Habitats League, Friends of the Earth, League of Women Voters of California, Maplight, Money Out Voters In, People for the American Way, People Demanding Action, Represent.Us, Voices For Progress Education Fund*, and numerous local organizations.

“The overwhelming power of money to mislead voters is a profound moral issue.”

— Reverend Dr. Rick Schlosser, *California Church IMPACT*, representing 1.5 million people of faith in California.

Ask your legislators to support the California DISCLOSE Act!