

Response to SEIU and other Labor Opposition to SB 52, the *California DISCLOSE Act*

As the San Francisco Chronicle said in its editorial calling for the Assembly to pass SB 52 – **one of 17 editorials calling for its passage** – SB 52 “should not pose a tough call for lawmakers. It simply would require advertisements for ballot measures to be more forthright about their sources of funding.”

SB 52 is endorsed by more than 400 organizations and leaders. More than 75,000 Californians have signed petitions urging the legislature to pass SB 52. Good government groups in California that work on campaign finance issues support SB 52, including the League of Women Voters of CA, California Clean Money Campaign, CA Common Cause, CA Forward, and CALPIRG.

The California Broadcasters Association also endorses it, saying *“It is the first disclosure bill we have been able to support in the past two decades because it simplifies and streamlines the current regulatory mandates on ballot proposition advertisements.”*

In contrast to the 400+ endorsers, there are fewer than ten organizations currently in opposition: One is the Howard Jarvis Taxpayers Association. The rest are labor organizations.

Why is the original funder follow-the-money language in SB 52 so important?

The infamous \$11 million spent through Koch Brothers' Arizona non-profits against Prop 30 and for Prop 32 perfectly illustrates the importance of SB 52's language requiring ads to show their original sources of their funds. After a long investigation, the Fair Political Practices Commission (FPPC) determined that the original money – whose largest funders were Charles Schwab and the Fisher family (who owns the Gap stores) – was funneled through three non-profits before it was spent.

Under current law, pro-Prop 32 ads by the *“Small Business Action Committee”* would have shown the misleading *“Americans for Responsible Leadership”* as a top funder. If SB 52 unpeeled just one layer of the funding onion, the same ads would have shown the equally deceptive *“Center to Protect Patient Rights”* — which gave to *“Americans for Responsible Leadership”*.

This is why SB 52 must truly follow the money as it is transferred through any number of layers to get to the original funders. That is the only way for ballot measure ads to display the original corporations, unions, or millionaires that funded them, rather than misleading names of front-groups.

Why do labor organizations say they oppose?

Labor organizations oppose the part of the bill that says that the “identifiable contributors” disclosed on ads must be the actual, original source of the funds, not the names of committees or non-profits often invented purely to mislead the voting public about the true source of the funds.

SEIU California, whom the author's office worked with for over a year to try to come up with an agreeable solution, says: *“...leaving the definition of “identifiable contributor” to FPPC to further define grants the Commission unprecedented authority.”*

However, SEIU rejected the sponsor's three different alternative offerings of definitions, all of which were supported by experts like Bob Stern, the principal co-author of the original Political Reform Act of 1974. The author has been requesting for over a year that SEIU provide language that would work for them, but they have not provided language that stops funders from hiding behind multiple layers of misleading front groups – as SB 52's reasonable direction to the FPPC would.

What regulations is the FPPC required to come up with to follow-the-money?

SB 52 defines an "identifiable contributor" as *"a person that is the original source of funds for contributions received by a committee that cumulatively total fifty thousand dollars (\$50,000) or more, notwithstanding the fact that the contributions were transferred, in whole or in part, through one or more other committees or persons."*

The Prop 32 example shows how important that is, since millions contributed by Charles Schwab and the Fisher family were transferred through three separate deceptively-named non-profits. SB 52 requires the FPPC to promulgate regulations related to the reporting and tracking of such funds by January 1, 2016 and says that it is a complete defense of any action brought by the Commission against recipients if information provided to them by their contributors was incorrect.

Have the authors worked with the opposition?

We believe that the authors have shown an incredible reasonableness and responsiveness to SEIU and other stakeholder concerns. The authors have in fact accepted all of SEIU's requested amendments except for those that either (i) weakened current disclosure laws or (ii) would have permitted ads to mislead voters about who paid for them.

The authors have made 18 amendments at SEIU's behest, dramatically narrowing the scope of the bill and addressing SEIU's concerns about the format and coverage of its disclosures.

Will the FPPC regulations be a costly burden?

SB 52 requires the FPPC to promulgate regulations *"related to the reporting and tracking of funds transferred by an identifiable contributor to committees and other persons"*. This will require some small additional tracking and reporting by committees.

However, identifiable contributors by definition can only be those whose cumulative contributions are \$50,000 or more. Under current law, campaign committees are required to report every single contributor who gave \$100 or more – a far, far greater universe to keep track of than the relatively small number of identifiable contributors who gave \$50,000 or more.

SB 27 requires non-profits to become campaign committees when they spend significant amounts on California campaigns (e.g. over \$50,000 in a year) to report every donor giving \$1,000 or more whose funds were used for the contributions or expenditures – also a far greater universe of donors than the relatively small number of possible identifiable contributors who gave \$50,000 or more.

So as attested to by Bob Stern, principal co-author of the Political Reform Act of 1974 who helped draft SB 52, the additional costs to committees for SB 52's tracking should be relatively minimal.

Bottom Line to Assemblymembers and State Senators

If you support allowing wealthy interests like the Koch Brothers and others to continue to deceive voters about who pays for ballot measure ads by hiding in fine print behind misleading front groups, then vote No or Abstain from voting on SB 52.

But if you believe that voters deserve to know who pays for ballot measure ads, and you agree with the 400 organizations and leaders that endorse SB 52, the 70,000 Californians who have signed petitions urging you to pass it, and the 84% of Californian voters who no longer want to be deceived as to who is really behind the ballot measure ads, then vote Yes.

The integrity of our elections is in your hands.