Senator Ted W. Lieu
28th Senate District

Senate Bill 2
Sunshine in Campaigns Act
Fact Sheet

Purpose:
Senate Bill 2, along with SB 3 (Yee/Lieu) – together known as the Sunshine in Campaigns Act – seeks to provide the strongest, most expansive campaign-disclosure bill in California since the passage of the Political Reform Act of 1974. SB 2 would expand source-identification information on slate mailers, increase penalties for violations within the Political Reform Act, and require candidates to stand by their advertisements.

Existing Law:
Existing provisions of the Political Reform Act regulate the disclosure filings and advertising requirements of California political committees that campaign in support or in opposition to a ballot measure or candidates, or use independent expenditures. The Act also establishes certain investigative and enforcement tools for the Fair Political Practices Commission (FPPC) to use when investigating alleged violations. In addition to statutes, the FPPC has adopted regulations to further promote transparency and disclosure in state elections. The Act outlines fines and penalties to be collected by the FPPC and deposited into the state General Fund. Case law has established certain precedents as it relates to political disclosure.

Why 'Sunshine' Is Needed:
Since the split decision by the Supreme Court of the United States in the case of *Citizens United v. Federal Elections Commission*, many important campaign finance regulations adopted by Congress were repealed. *Citizens* allowed corporations and unions to spend directly from their treasuries, dramatically increasing the amount of money spent to influence elections. In addition to *Citizens*, lax enforcement and oversight by the Federal Election Commission and the Internal Revenue Service has allowed non-profits that claim to be social welfare organizations (501(c)(4)'s) to spend on state and federal elections without disclosing the identity of their donors.

The opportunity for post-*Citizens* era 'dark money' reared its head in California in 2012 when an Arizona 501(c)(4) named Americans for Responsible Leadership contributed $11 million to the Small Business Action Committee to defeat Proposition 30 and in support of Proposition 32. Prior to its $11 million contribution, Americans for Responsible Leadership showed no interest in California issues and had spent barely $500,000 in its home state.

Only after a unanimous decision by the California Supreme Court compelled the disclosure of Americans for Responsible Leadership's contributors was the public able to see that the money came from two more layers of ad hoc nonprofits: the Center to Protect Patient Rights, and Americans for Job Security.

While SB 2 does not directly address non-profit disclosures, Americans for Responsible Leadership's contribution and subsequent refusal to disclose its true source of funds demonstrated to what extent so-called dark money proponents would go to hide essential information voters need to make an informed decision. Fact is, in a post-*Citizens* world, more disclosure of campaign contributions is necessary for a truly informed public, and the improved disclosures under SB 2 are strong and wide ranging.

This Bill:
The Sunshine in Campaigns Act, in particular, stands out from other campaign finance disclosure proposals because of its reach and scope of the reforms being proposed. It's the most comprehensive and expansive bill to overhaul California disclosure laws since the Political Reform Act itself. The Sunshine in Campaigns Act is taking a 'Big Picture' approach to disclosure reform.

The Sunshine in Campaign Act aims to increase transparency and give more tools to enforcement agencies by closing gaps and loopholes. It would also

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strengthen penalties to deter bad actors from simply shrugging off current fines as the cost of doing business.

Specifically, SB 2 gives the enforcement agencies more tools to conduct discretionary audits for investigative purposes. It strengthens penalties for failing to disclose campaign contributions – the first increase in fines and penalties in nearly 15 years.

Furthermore, candidates would be required to "Stand by your Ad," as required of candidates for federal office.

Finally, SB 2 would reform slate mailers by requiring disclosures of which candidates or ballot measures are put on the mailer by an independent expenditure, and ensure that the notice to voters is in the same languages as the mailer.

Co-Sponsors:
California Common Cause
League of Women Voters of California

Support:
American Association of University Women
California Clean Money Campaign
Friends Committee on Legislation of California
Los Angeles County Democratic Party

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