

AB 14, the California DISCLOSE Act

Stop political ads from misleading voters about who paid for them

AB 14 requires real disclosure on ballot measure and independent expenditure ads with language clarifications from 2016's AB 700, which passed the Assembly on a bipartisan vote of 60-15 but fell one vote short of passing the Senate. Authored by Assemblymembers Jimmy Gomez and Marc Levine and sponsored by California Clean Money Campaign.

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.
- **Nearly \$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, 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 ads have to display the true funders instead of misleading names even if funders try to hide behind multiple layers of organizations.

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 14, 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 Prop 26.

Paid for by Stop Hidden Taxes, No on 25/Yes on 26. This committee has major funding from

Chevron
Philip Morris USA
Anheuser-Busch Companies

Funding Details At www.fpcc.gov/topcontributors

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

AB 700 passed Assembly on bipartisan vote of 60-15, with 9 Republicans and every Democrat voting Yes.

More than 106,000 Californians signed petitions urging the legislature to pass AB 700.

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 700 was endorsed by more than 300 organizations and leaders including *Los Angeles Times* and *San Francisco Chronicle* editorials, plus the *CA Alliance of Retired Americans*, *CA Broadcasters Association*, *CA Church IMPACT*, *CA Clean Money Campaign*, *CA Common Cause*, *CA Forward Action Fund*, *CA League of Conservation Voters*, *CA Young Democrats*, *CALPIRG*, *CounterPAC*, *Courage Campaign*, *DailyKos*, *Democracy for America*, *Friends of the Earth*, *JERICO: A Voice for Justice*, *Lutheran Office of Public Policy - CA*, *MAYDAY.US*, *Maplight*, *Money Out People In*, *Money Out Voters In*, *People Demanding Action*, *Public Citizen*, *Redwood Empire Business Association*, *Represent.US*, and *99 Rise*.

“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!