

## **The DISCLOSE Act of 2018**

Since the *Citizens United* decision our elections have been flooded by special interest dark money. Worse yet, our lack of disclosure laws creates a huge loophole for Russia and other foreign governments to launder money into our elections in secret. The DISCLOSE Act of 2018 offers a common sense solution to restore transparency and accountability in our political system. It is similar to the DISCLOSE Act of 2017, with two additions.

### **New Stand by Your Ad Provision:**

- The bill includes an updated “stand by your ad” provision requiring leaders of corporations, unions, and other organizations to identify that they are behind political ads. The provision is similar to the stand by your ad provision in the DISCLOSE Act of 2010, which received 59 votes in the Senate.

### **New Repeal of Partisan Campaign Finance Reform Riders:**

- The DISCLOSE Act of 2018 also includes repeals of controversial partisan riders designed to thwart necessary campaign finance regulations.
  - Specifically, the bill repeals riders that prevent: (i) the SEC from requiring public companies to disclose their political spending to shareholders; (ii) the IRS from issuing needed regulations on 501(c)(4) social welfare organizations; and (iii) the government from requiring federal contractors to disclose their political donations as part of the bidding process.

### **Foreign Money Provisions:**

- As in the 2017 version, DISCLOSE prohibits domestic corporations with significant foreign control, ownership, or direction from spending money in elections. The Act allows US subsidiaries of foreign corporations to continue to have employee PACs as long as no foreign nationals have decision-making authority or control of the PAC.
- It also cracks down on shell companies, which can be used to launder foreign money into elections, by requiring companies spending money in elections to disclose the true owners of the company to election officials and the public.

### **Disclosure Provisions:**

- As in previous versions, the DISCLOSE Act of 2018 would require organizations spending money in elections – including super PACS and tax-exempt 501(c)(4) groups – to promptly disclose donors who have given \$10,000 or more during an election cycle. The bill includes robust transfer provisions to prevent political operatives from using complex webs of entities to game the system and hide donor identities.
- The Act requires any covered organization that spends \$10,000 or more on election ads to file a disclosure report with the FEC within 24 hours, and to file a new report for each additional \$10,000 that is spent.
  - The disclosure report must include the sources of all donations of \$10,000 or more that the organization received during that election cycle.
  - A “covered organization” includes any corporation, labor organization, section 501(c) or 527 organization, or super PAC, but not a party or candidate committee. Section 501(c)(3) charitable organizations, which are prohibited from spending money to influence elections, are excluded.
- The bill includes two important provisions to protect non-political donations from disclosure:
  - Segregated accounts: If the organization makes campaign-related disbursements exclusively using funds in a segregated bank account, the organization does not have to disclose any donations that were not deposited into the segregated account.
  - Restricted donations: A donor may prohibit the organization from using a donation for political purposes, in which case that donation does not need to be disclosed.