

March 2, 2017

**Oregon Progressive Party
Position on Bill at 2017
Session of Oregon Legislature:**



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HB 2702: Support, with Reluctance

Dear Committee:

The Oregon Progressive Party (OPP) supports this bill, reluctantly, because it only a minimal improvement over the present system and not nearly enough.

As I recall, I was the only person who testified against the 2001 bill repealing the Oregon law requiring that political ads identify their sources. HB 2702 sort of restores that requirement but only for ads that support or oppose candidates (under the -1 amendment, which makes HB 2702 worse).

Under HB 2702, campaigns will be able to easily avoid placing meaningful taglines on their ads. There are no restrictions on the name of political committees, so all ads can be placed by the "Committee for Good Things" or similar euphonious names which do not inform voters about the true sources of the ads.

The Oregon Legislature should instead adopt the tagline legislation I have attached to this testimony, along with a short explanation of it.

Oregon Progressive Party

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OREGON NEEDS “TAGLINES” ON CAMPAIGN ADS TO DISCLOSE THE TRUE SOURCES OF BIG MONEY IN OREGON ELECTIONS

Voters should know who are paying for political ads in order to judge credibility of the messages and so stop electing politicians beholden to corporate polluters.

46 states have laws requiring that political advertisements identify their sources. The Oregon Legislature in 2001 repealed the Oregon law requiring that. **Here it is legal to do political ads and never identify their source or who paid for them.**

The Corporate Reform Coalition (75 prominent organizations) in 2012 concluded that only 6 states have worse systems than Oregon for disclosing "independent expenditures" that pay for political ads. Oregon earned an F, while Washington got an A. Oregon has not improved since 2012.

In Oregon it is easy to run political ads without disclosing the names or businesses of the donors who are paying for them. Independent expenditures can be run through a **501(c)(4) “dark money”** nonprofit corporation with a nice name. The corporation never has to identify where its money came from, making it impossible to identify the true sources.

Even if the ads are purchased by the candidate's PAC, Oregon does not require that the ad identify the PAC or any of its sources of money. Yes, you can look up the contributions to the candidate's PAC on Oregon's campaign reporting system, ORESTAR. But those contributions often come from other PACs, which in turn are funded by yet other PACs. Unlike most states, **Oregon allows unlimited PAC-to-PAC transfers**, which can be used to hide the true sources of the money.

And many PACs in Oregon have very misleading names. For example, “Oregonians for Food and Shelter PAC” is actually funded by chemical and

agribusiness corporations. “Responsible Citizens for Healthy Hospitals, Schools, Forests and Farms” is funded by timber companies.

Further, these PACs are often funded by nonprofit corporations with misleading names. Requiring the voter to spend hours on internet research to find out the funding sources is not at all the same as revealing them directly in the political ad itself.

Multnomah County Measure 26-184, adopted in November 2016 by a vote of 89-11%, requires that every political ad in a Multnomah County candidate race state, **in the ad itself, the 5 largest true, original sources of money** used to fund it.

Several states have adopted tagline requirements that mandate that political advertisements identify their true, original major sources of funding, including California, Washington, Connecticut and Maine.

TAGLINE REQUIREMENTS IMPACT ELECTION OUTCOMES

Mandatory taglines on candidate ads foiled the massive attempt by Chevron, Inc. In 2014 to take over the government of Richmond, California, a city of about 120,000 people.

Accidents (including huge explosions) at the Chevron refinery in Richmond released toxic gases. The Richmond City Council pushed for toxic controls and sued Chevron for damages resulting from a major fire in 2012 that sent thousands of Richmond residents to hospitals. Chevron decided to take over the city government by running candidates for mayor and city council in 2014. Chevron spent over \$3 million promoting its 4 candidates (\$281 per voter), outspending the environmentalist candidates by a factor of 50.

But California law required that the ads identify their major funder: **Chevron, Inc.**

All of Chevron's candidates lost overwhelmingly.

See http://pdxcleanair.org/richmond_article

For more information:

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POLITICAL SPENDING DISCLOSURE BILL FOR 2017 OREGON LEGISLATURE

(1) Timely Disclosure of Large Contributions and Expenditures.

- (a) Each Communication to voters shall prominently disclose:
 - (A) The names of all Political Committees and other Entities that have paid to provide or present it; and
 - (B) For each of the largest five Dominant Contributors to each such Political Committee or Entity in the current Election Cycle:
 - (i) The contributor's name as an individual or Entity; and
 - (ii) The types of businesses, under the NAICS system, from which the contributor has obtained a majority of income over the previous 5 years.
 - (C) For each of the largest five Dominant Independent Spenders paying to provide or present it:
 - (i) The Independent Spender's name as an individual or Entity; and
 - (ii) The types of businesses, under the NAICS system, from which the contributor has obtained a majority of income over the previous 5 years.
- (b) If any of the five largest Dominant Contributors or Dominant Independent Spenders is a Political Committee or nonprofit organization, the prominent disclosure shall include its top three funders during the current Election Cycle which are not Political Committees or nonprofit organizations.
- (c) The prominent disclosure shall identify the individuals and corporations that are the true original sources of the Contributions and/or Independent Expenditures.

(2) Determining the Five Largest True Original Sources of Funding for a Communication.

The five largest true original sources of the Contributions used to fund a Communication shall be determined as follows.

- (a) The contributions to be evaluated are those made during the current Election Cycle for the public office in question by members of the Pool of Contributors.
- (b) The Pool of Contributors shall include:
 - (A) contributors to the Entity that disseminated the Communication ("Disseminating Entity"); and

- (B) contributors to any Candidate Committee, Political Committee, association, or nonprofit Entity that contributed to such Entity that disseminated the Communication ("Second Level Contributors").
- (c) The aggregate contribution of each member of the Pool of Contributors shall be calculated as the total amount it has contributed to the Disseminating Entity and to all Second Level Contributors during the current Election Cycle for the public office in question.
- (d) If a Second Level Contributor refuses to disclose its donors:
 - (A) The Communication shall be in violation and subject to penalties; and
 - (B) The Communication shall state: "At least one of the top donors to this advertisement refused to disclose its sources of funds, which could come from anywhere, including foreign corporations, foreign governments, and criminal enterprises."

(3) Definitions.

Unless otherwise indicated by the text or context of this section, all terms shall have the definitions at Chapter 260 of Oregon Revised Statutes.

- (a) "Communication" means any written, printed, digital, electronic or broadcast communications but does not include communication by means of small items worn or carried by individuals, bumper stickers, signs smaller than 6 square feet, or the personal distribution by an individual author of pieces of printed literature on paper.
- (b) "Dominant Contributor" means any individual or Entity which contributes more than one thousand dollars (\$1,000) during an Election Cycle to a Candidate Committee or Political Committee.
- (c) "Dominant Independent Spender" means any Individual or Entity which expends more than one thousand dollars (\$1,000) during an Election Cycle to support or oppose a particular Candidate.
- (d) "Election cycle" means:
 - (A) Generally, the period between an election at which a candidate is elected and the next election for that same office, disregarding any intervening primary or nominating election, any recall election, or any special election called to fill a vacancy.
 - (B) For any recall election: the period beginning the day that the recall election is called or declared and ending at midnight of the day of the recall election.
 - (C) For any special election called to fill a vacancy: the period beginning the day that the special election is called or declared and ending at midnight of the day of the election.
- (e) "Entity" means any corporation, partnership, limited liability company, proprietorship, or other form of organization which creates an entity which is legally separate from an Individual.
- (f) "Independent Spender" means any Individual or Entity that makes an Independent Expenditure.