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**CGA Government Administration and Elections Committee**

Public Hearing March 27, 2015

**Senate Bill 1126 : AAC Revisions to Campaign Finance Laws**

Testimony by Alison Rivard, Vice President for Public Issues, LWVCT

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The League of Women Voters of Connecticut is a nonpartisan, statewide organization committed to effective public policy and the active involvement of citizens in their government. The League believes that the right to vote with confidence in the election process, *with adequate information with which to make informed decisions*, must be guaranteed to all.

The League of Women Voters of Connecticut appreciates the opportunity to submit comments with respect to SB 1126. We urge your support for this bill, which addresses the "dark money" that flowed into our state in the 2014 election and provides a clear regulatory framework for compliance by individuals and groups that want to participate in the political process by making independent expenditures.

LWVCT has strongly supported campaign finance reform efforts in Connecticut, with the goals of ensuring the public's right to know, combating corruption and undue influence, encouraging candidates to run for public office and re-connecting with citizens. We actively worked for passage of the historic 2005 Campaign Finance Reform law and subsequent amendments in response to court rulings. We also were strong proponents of the 2010 law *AAC Independent Expenditures* that included "stand by your ad" provisions and expanded language on what constitutes "coordination." In 2013, the League opposed legislative changes to the extent that they weakened prior reforms.

In the five years since the *Citizens United* Supreme Court decision, a vast array of organizations has sprung up to influence election outcomes through campaign ads and other types of spending. Outside groups have sheltered under the mantle of providing "Independent Expenditures" in order to pump unlimited amounts into state level election campaigns. As a recent Brennan Center for Justice report documents, spending by outside groups has skyrocketed, and these spenders often work closely with candidates who then are strongly motivated to favor their donor's interests if elected.<sup>1</sup> Yet these outside groups and their spending

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<sup>1</sup> Chisun Lee, Brent Ferguson and David Earley, "After *Citizens United*: The Story in the States," Brennan Center for Justice. 2014, at <https://www.brennancenter.org/publication/after-citizens-united-story-states>

often escape disclosure requirements and limits on campaign spending by posing as groups that make independent expenditures.

Connecticut saw this kind of outside spending in the 2014 election, which prompted outrage and media calls for reform. The bill before you represents a genuine effort to address the problems that have surfaced, subject to the reservations noted below.

States are empowered to limit the tactics that outside groups use to make candidates secretly beholden to undisclosed sources with vast money available, and this bill helps shine the light on hidden coordination.

**Clarifying Independent Expenditures.** The bill makes clear that political advertising and campaign communications of any kind, used to support a candidate or to oppose any candidate, will be subject to reporting, disclosure and limits on contributions, unless they qualify as independent expenditures. Collaborative messaging between a campaign and outside groups has become common. This can include candidates providing photos or video footage developed by their campaign staff for use in the outside groups' advertising. The bill provides that this kind of campaign spending is not an independent expenditure when prepared by any candidate, a candidate committee, or a political or party committee, or by a campaign consultant acting on behalf of any candidate, his campaign committee, or a political committee or party committee.

**Independent Expenditure Political Committees.** The bill creates a path for outside groups that want to support individual campaigns or to advocate on the basis of campaign issues in ways that are wholly independent from the candidate's campaign operation. Such groups can establish an "independent expenditure political committee" (IEPC) that *cannot* make campaign contributions and will make *only* independent expenditures. The spending by an IEPC will be exempt from the limits on spending imposed generally on political committees.

**Shining a Light on Mega-Contributors.** This bill requires large money sums coming in to support or oppose Connecticut candidates to be subject to disclosure if money flows through an outside group acting as an intermediary. Big campaign donors have been able to shield their involvement in campaign funding by passing money through intermediaries who then channel the funds to independent expenditure groups. Under this bill, large dark money sums coming in to support or oppose Connecticut candidates will be subject to disclosure if money flows through an outside group acting as an intermediary, to an IEPC. The IEPC's reporting will include disclosure of the names of any person who made aggregate donations to the outside group intermediary of \$25,000 or more during the 12 months prior to the primary or election.

- ✦ **Coordinated Spender.** The bill adopts the term coordinated spender to distinguish what are not true independent expenditures. LWVCT suggests that coordinated spender status should extend to both the current and previous election cycle, as in the national model. For the outside groups that coordinate with a campaign, in the common sense understanding of the term, the bill adopts restrictions on coordinated spenders and addresses frequently used under-the-radar methods to coordinate political spending with a candidate.

- ✦ Common staffing between the outside group and a candidate's campaign has been used to direct spending by outside groups to the candidate's campaign. The bill provides that an outside group established, directed or managed by a firm or individual which has been retained or employed as a political, media or fundraising advisor during the current election cycle by the candidate or candidate's committee will be treated as a coordinated spender. We suggest that coordinated spender status should extend to both the current and previous election cycle, as in the national model.
- ✦ The bill recognizes Indirect communication through family as coordination. A person who has more than an incidental discussion with any member of the candidate's immediate family on campaign topics such as strategy, policy, polling, advertising or fundraising is deemed a coordinated spender. A political committee that has received more than \$2,000 in total from the candidate's family in any election cycle will be included as a coordinated spender.
- ✦ Common fundraising. The bill addresses this source of dark money by deeming the outside group for whom the candidate raises funds, including by providing potential donor lists, a coordinated spender subject to contribution limits, reporting and disclosure rule. Recent elections have seen candidates or incumbents raise large amounts for an outside group, only to have the group turn around and spend large sums to support the candidate's election campaign, including through intermediary organizations that conceal the source of funds. LWVCT suggests that the definition of candidate should include an incumbent who is widely expected to run for re-election but has not yet formed a candidate committee.

**Who Is Behind the Political Advertising.** The bill restores provisions requiring disclosure of the five persons who made the top five largest aggregate funds transfers, directly or indirectly through an intermediary, during the prior 12 months, to support the political communication.

**Restore the Limit on Organizational Expenditures.** Backdoor funneling of unlimited money from party committees for the benefit of candidates who at the same time receive public funding under the Citizens' Election Program became an issue in the 2014 election. It is time to restore the reasonable limit of \$10,000 in organizational expenditures made by a party committee to benefit a General Assembly candidate who is participating in the Citizens' Election Program.

**Restore the Ban on Ad Book Donations.** The bill should be amended to restore ban on ad books. The League supported campaign finance reform that eliminated the use of "ad books" where lobbyists solicit their clients to purchase advertising space in a party committee or political committee's program. The ban was eliminated in the 2013 Act, and we believe it should be restored.

**But Let's Not Open the Back Door Secret Spending.** The League urges that proposed Sections 25 and 26 of the bill be dropped. Section 25 would change post-election audit procedures so as to block audit of the candidate committee of any state Senate or House candidate whose committee was audited at the preceding election. Section 26 would reverse an existing requirement for state legislators participating in the Citizens Election Program

prohibiting them from spending funds in their deposit account for contributions, loans or other expenditures for another candidate, political committee or party committee. Neither change is consistent with the goal of this bill to minimize secret coordination through effective regulation.

**Drawing a bright line distinction between true independent expenditures and spending that is in reality coordinated has become a *critical step* in curbing secret influences on our state elections** Connecticut can minimize the corrosive influence of secret money, which augments the importance of wealthy contributors at the expense of more numerous but smaller donors, and diminishes the citizens' trust in government. We have here the opportunity to increase disclosure of the source of large election-related spending released into our state campaigns, and to define what activity is coordinated with a political campaign as opposed to truly an independent expenditure.

The League of Women Voters believes that Connecticut citizens have the right to know the sources of funding being spent to influence their votes and to have the candidates for state office operate by fair and equal rules. This bill is consistent with the history of Connecticut campaign finance reform measures designed to increase transparency.

Thank you again for the opportunity to comment on this important campaign finance bill.