

SUMMARY OF CITIZENS UNITED LEGISLATION

Introduced by Senator Charles E. Schumer & Congressman Chris Van Hollen

1. PREVENT FOREIGN INFLUENCE IN U.S. ELECTIONS

- The legislation prevents foreign governments, foreign companies and foreign nationals from influencing U.S. elections by banning corporations from spending money on U.S. elections if:
 - They have a foreign ownership of 20% or more;
 - A majority of their board of directors is foreign principals; or
 - Their U.S. operations, or their decision-making with respect to political activities, falls under the direction or control of a foreign entity, including a foreign government.

2. BAN PAY-TO-PLAY

- **Prevent Government Contractors from Spending Money on Elections.**
Government contractors would be barred from making political expenditures.
- **Prevent Corporate Beneficiaries of TARP from Spending Money on Elections.**
Corporations that received bailout funding from the federal government should not be permitted to use taxpayer money for political expenditures.

3. ENHANCE DISCLAIMERS TO IDENTIFY SPONSORS OF ADS

- **Require Corporate CEO's To Identify that they are Behind Political Ads.** If a corporation spends on a political ad, the CEO will be required to appear on camera to say that he or she “approves this message,” just like candidates have to do now.
- **For Shadow Groups, Require Top Corporate Donors To Appear in Political Ads They Funded.** In order to prevent individuals and corporations from funneling money through shell groups in order to mask their activities, the legislation will include the following requirements:
 - The top funder of the advertisement must also record a stand-by-your-ad disclaimer.
 - The top five contributors to an organization for political purposes that purchases advertising will be listed on the screen at the end of advertisement.

4. ENHANCE REQUIREMENTS FOR DISCLOSURE OF POLITICAL EXPENDITURES

- The legislation ensures that the public will have full and timely disclosure of campaign-related expenditures made by corporations and labor organizations. The legislation imposes disclosure requirements that will mitigate the ability of corporate spenders to mask their electioneering activities through the use of intermediaries.

i. SETTING UP ‘PAPER TRAILS’ WITH THE FEC

- The legislation would require corporations, labor unions, and organizations organized under 501(c) 4, 5, or 6 laws—as well as 527 organizations—to, for the first time, establish separate “political broadcast spending” accounts to receive and disperse political expenditures.
- All funds received into these “political activities” accounts must be publicly reported to the FEC. The following information must also be disclosed:
 - Name of the individual who controls the account
 - Name of donors and transferors
 - Date of each donation and transfer in excess of \$10,000,
 - Election or name of the candidate if the donation or transfer was so designated.
- All funds disbursed from the “political activities” accounts must be publicly reported to the FEC with the following information:
 - Name of the person making the disbursement
 - Amount of each disbursement of more than \$ 200 during the required period, the election to which the disbursement is made
 - Independent Expenditure-related candidate and whether the expenditure is directed in support of or opposition to the candidate
 - Electioneering Communication-related candidate who is the subject of the communication and whether the candidate is being supported or opposed through the expenditure.
 - Certification by the CEO or the head of the entity responsible, that the independent expenditure or electioneering communication is not made in coordination with a candidate, candidate committee or party committee.

- All funds transferred from the “political activities” account for the purpose of a political expenditure, or that is not restricted for use for a political expenditure, must be publicly reported to the FEC with the following information:
 - Name of the transferor
 - Name of the recipient
 - Date and amount of the funds transferred
 - Whether the transferred funds are intended for use in a particular election or directed to a particular candidate and, if so, disclose the election and/or candidate.

ii. PROVIDING NOTICE TO SHAREHOLDERS DIRECTLY AND THROUGH SEC FILINGS

- All political expenditures made by a corporation should be disclosed within 24 hours on the corporation’s website with a clear link on the homepage; disclosed to shareholders directly on a quarterly basis; and comprehensively disclosed within the corporation’s annual report.

iii. REQUIRING LOBBYISTS TO DISCLOSE THEIR ACTIVITIES

- All registrants under the Lobbying Disclosure Act must disclose the following information:
 - Every campaign expenditure in excess of \$1000
 - Date it was received
 - Recipient
 - Name of each “covered candidate” or political party expressly identified in any electioneering communication
 - Running total of the political expenditures.

5. PROVIDE LOWEST UNIT RATE FOR CANDIDATES AND PARTIES

- If a corporation buys airtime to run ads on broadcast, cable, or satellite television that support or oppose a candidate, then that candidate and political party or political party committee is allowed to receive the lowest unit rate for that media market.
- The broadcaster must also ensure that the candidate or political entity has reasonable access to airtime. This ensures that candidates and parties are not forced to run their

advertisements at, say, 2:00 am when no one is watching, or be blocked from purchasing any advertising time at all.

6. PREVENT CORPORATIONS FROM COORDINATING THEIR ACTIVITIES WITH CANDIDATES AND PARTIES

- The legislation ensures that corporations and others are not allowed to coordinate campaign-related expenditures with candidates and parties in violation of rules that require these expenditures to be independent.
 - Current FEC rules bar corporations and unions from coordinate with candidates and parties about most ads distributed within 90 days of a House or Senate primary election or within 90 days of the general election. For Presidential contests, current FEC rules allow coordination on ads referencing a presidential candidate 120 days before a state's Presidential primary election and continuing in that state through the general election.
 - This legislation would do the following:
 - For House and Senate races, the legislation would ban coordination between a corporation or union and the candidate on ads referencing a Congressional candidate within 90 days of the *primary* through the *general* election.
 - For all federal elections, at any time before the 90- or 120-day window opens, it would ban coordination of ads between a corporation or union and the candidate when they promote, support, attack or oppose a candidate.