Initiative Campaign

Funding Disclosure

★ States need to improve initiative donor disclosure laws before soft money dollars overwhelm the process of direct democracy with millions in undisclosed or poorly disclosed spending.

★ 2004 POLICY SUMMARY ★

Initiative Campaign Funding Disclosure

Summary

- **In the 24 states that permit ballot initiatives, wealthy individuals and organizations routinely spend millions of dollars on initiative campaigns to change public policy.**
- **Soft money, now banned from federal campaigns, may be diverted to fund state initiative campaigns.**
- **Accurate and timely disclosure of ballot initiative funding helps voters make informed decisions.**
- **Ballot initiative campaigns are usually subject to insufficient or infrequent filing deadlines.**
- **Organizations working for or against ballot initiatives too often obscure their involvement.**
- **Ballot committees often disclose little information about their donors.**
- **Most states do not require electronic filing, making information virtually inaccessible to voters.**
- **The Initiative Campaign Funding Disclosure Act would provide voters with essential information about donors to ballot initiative campaigns.**

In the 24 states that permit ballot initiatives, wealthy individuals and organizations routinely spend millions of dollars on initiative campaigns to change public policy.

In 1998 alone, $400 million was spent on ballot measures. A 2002 study of seven states found that over 57 percent of the contributions to ballot committees were raised in amounts of $50,000 or more. That same year, special interests, corporations, advocacy organizations, and individuals spent over $173 million on 117 measures on the 2002 ballot.[1]

Soft money, now banned from federal campaigns, may be diverted to fund state initiative campaigns.

Because there are no limits on contributions to ballot measures, former soft money donors may turn to funding ballot measures. Initiative campaigns not only influence public policy directly, but they can also influence candidate elections by increasing voter turnout and framing the overarching policy debate. Now more than ever, states need to improve initiative donor disclosure laws, before soft money dollars overwhelm the process of direct democracy with millions in undisclosed or poorly disclosed spending.

Accurate and timely disclosure of ballot initiative funding helps voters make informed decisions.

The initiative process lacks the deliberative qualities of legislative lawmaking. Initiative voters don't have the information that legislators receive from official reports, formal hearings, and two-sided debates. Further, titles and descriptions of initiatives on the ballot are often misleading. Therefore, voters look at which groups are supporting or opposing a measure when considering their vote. But in most states, donor disclosure requirements are woefully inadequate, and fail to provide citizens with the identities of key initiative supporters and opponents.

Ballot initiative campaigns are usually subject to insufficient or infrequent filing deadlines.

Most state filing schedules fail to provide enough time for voters and opinion leaders to evaluate the money behind ballot measures prior to Election Day. The best states require regular committee reporting (CO, FL, OR, WA), while the worst states leave voters in the dark about initiative campaign funders until late October (MI, NV, ND, OH, SD). Gaps in the filing schedule, particularly close to the election, substantially hinder full and accurate disclosure. Oregon is the only state that specifically requires finance reports during the critical signature-gathering period of an initiative campaign.

Organizations working for or against ballot initiatives too often obscure their involvement.

Ballot committees are often deceptively named, and many state disclosure forms fail to link committee names to the ballot initiatives they support or oppose. In many circumstances, organizations are not required to register as ballot committees at all, even when they are the chief political force opposing a measure.

Ballot committees often disclose little information about their donors.

Many states fail to require two essential pieces of information about campaign contributors: occupation and employer. Without this information, voters cannot assess the economic interests of contributors. Furthermore, ballot measure donors are increasingly funneling their contributions through 501(c)(3) organizations and out-of-state entities in order to conceal their involvement.

Most states do not require electronic filing, making information virtually inaccessible to voters.

Only six states (AZ, CA, IL, MA, OH, WA) require ballot campaigns to file donor disclosure information electronically. Four states (AR, MT, OK, WY) fail to provide any disclosure information online. The rest offer at least partial online access. But, because disclosure agencies consider ballot measure reports a lower priority than candidate reports, the information posted is usually incomplete and late. Mandatory electronic filing would ensure timelier reporting and require less work for understaffed disclosure agencies. Several studies also show that electronic filing generates long-term savings.

The Ballot Measure Campaign Disclosure Act would provide voters with essential information.

The Act requires:

- Every entity spending $100 or more to support or oppose a ballot measure must register as a ballot measure committee, ensuring a full reporting of campaign spending by all parties.
- Ballot measure committees to clearly identify their cause to the state enforcement agency before a ballot number or letter is assigned. After a number or letter assignment, ballot measure committees must clearly disclose that designation and whether the organization is in favor or opposed.
- Ballot measure committees to meet donor disclosure deadlines during the signature-gathering period, regularly during the campaign season, and, for large contributions, within 48 hours during the final weeks prior to the election.
- Ballot measure committees to list occupations and employers for all donations of $100 or more.
- Electronic filing of campaign funding disclosure information for ballot measure committees.
- The state disclosure agency to make all electronic data easy to access, search and sort online.

This policy summary relies in large part on information from the Ballot Initiative Strategy Center Foundation.

Endnotes

[1] Ballot Initiative Strategy Center Foundation, "The Campaign Finance Reform Blind Spot," 2002.

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For more information...

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Ballot Measure Campaign Disclosure Act

SECTION 1. SHORT TITLE

This Act shall be called the "Ballot Measure Campaign Disclosure Act."

SECTION 2. FINDINGS AND PURPOSE

(A) FINDINGS – The legislature finds that:

1. In various ways, current campaign disclosure laws are less sufficient for ballot measure campaigns than they are for political candidate campaigns.

2. Because of the absence of contribution limits, and the potential damage to state policy, it is especially important for ballot measure campaigns to provide accurate and timely disclosure of their fundraising and spending.

3. Strengthening disclosure requirements is particularly important because soft money contributions, recently banned from federal campaigns, may soon be diverted to fund ballot measure campaigns.

(B) PURPOSE – This law is enacted to improve the democratic process for the adoption or defeat of ballot measures by providing crucial information to the public in a timely, accessible manner.

SECTION 3. DEFINITIONS

After subsection XXX, the following new subsection XXX shall be inserted:

"Ballot measure" means an initiative, referendum, ballot question, or any other matter on the ballot other than the election of a candidate to public office.

SECTION 4. BALLOT MEASURE CAMPAIGN REGISTRATION REQUIREMENTS

After subsection XXX, the following new subsection XXX shall be inserted:

In addition to all other registration requirements, the following requirements shall apply to ballot measure campaigns:

1. Within 10 days after first collecting or spending $100 or more in an attempt to place a ballot measure on the ballot, or to support or oppose a ballot measure, a person, group or entity shall register with the [Board of Elections] as a ballot measure committee. However, if it is within 30 days of Election Day when the measure appears on the ballot, the person, group or entity shall register as a ballot measure committee within 24 hours after first collecting or spending $100 or more.

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2. If a ballot measure committee registers before a ballot measure number / letter is assigned by the [Board of Elections], the registration shall clearly describe the nature of the ballot measure, and whether the committee supports or opposes such measure. If a ballot measure committee registers after a ballot measure number / letter is assigned by the [Board of Elections], the registration shall list that number / letter and whether the committee supports or opposes such measure.

SECTION 5. BALLOT MEASURE CAMPAIGN REPORTING REQUIREMENTS

After subsection XXX, the following new subsection XXX shall be inserted:

In addition to all other reporting requirements, the following requirements shall apply to any ballot measure committee:

1. After registering with the [Board of Elections], a ballot measure committee shall file a campaign disclosure report, as described in [citation], within 10 days after the end of each calendar quarter.

2. If a ballot measure committee receives a contribution of $1,000 or more between the closing date of the last pre-election disclosure report and Election Day, the committee shall disclose that contribution within 48 hours of receipt in a manner designated by the [Board of Elections].

3. In each campaign disclosure report, a ballot measure committee shall list, for any donation of $100 or more, the occupation and employer of an individual, or the nature of business of a contributor that is not an individual.

4. If a ballot measure committee files a campaign disclosure report before a ballot measure number / letter is assigned by the [Board of Elections], the report shall clearly describe the nature of the ballot measure, and whether the committee supports or opposes such measure. If a ballot measure committee files a campaign disclosure report after a ballot measure number / letter is assigned by the [Board of Elections], the report shall list that number / letter and whether the committee supports or opposes such measure.

5. If a ballot measure committee collects or spends, or expects to collect or spend, over $10,000 throughout the ballot measure campaign, the committee shall file all financial disclosure reports by electronic means, in such form as the [Board of Elections] directs.

SECTION 6. BALLOT MEASURE CAMPAIGN REPORTING REQUIREMENTS

After subsection XXX, the following new subsection XXX shall be inserted:

The [Board of Elections] shall make all registration forms and campaign finance reports for ballot measure committees easily accessible, searchable and sortable through the Internet.

SECTION 7. EFFECTIVE DATE

This Act shall take effect on July 1, 2004.