



State Senator

JAY COSTA



CAMPAIGN FINANCE REFORM SB 11

Senate Bill 11 is a much-needed reform measure aiming to protect the integrity of our state government and maintain the balance of influence in the election of public officials by establishing campaign contribution limits in Pennsylvania. Pennsylvania is one of only 11 states that currently have no protections in place. This legislation is intended to bring standards to Pennsylvania's electoral process that are common in state and federal elections.

The bill will address independent expenditures by incorporated entities. The Citizens United decision by the U.S. Supreme Court in 2010 has made independent expenditures a leading campaign finance issue in many states. The so-called "uncoordinated" and "independent" political expenditures now permitted by incorporated entities under this decision should be treated in a similar manner as PAC expenditures for reporting purposes. Although corporate political contributions to candidates remain illegal, corporate expenditures can now be made to influence the outcome of election. Over \$1 billion have been expended by independent entities since the Citizens United decision. The public needs to know who is spending that amount of money to influence our elections.

These expenditures need to be disclosed and made public in an effort to expose their attempts to influence elections and public policy. While the Citizens United decision does permit incorporated entities to make independent uncoordinated expenditures on behalf of candidates, it also clearly permits governments to require disclosure of such expenditures. This legislation would provide for such disclosure. Connecticut and Maryland both have recently enacted legislation regarding this issue.

Senate Bill 11 will address corporate shareholder approval of political activity. Although corporations cannot vote, corporations make significant political contributions and expenditures that directly or indirectly influence the election of candidates and support or oppose political causes at the federal, state and local levels. Decisions to use corporate treasury funds for political contributions and expenditures are currently made by corporate boards and executives, often without the knowledge or consent of shareholders. This legislation will require approval by the majority of

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shareholders when corporations make political contributions that exceed \$10,000. Also included would be a provision requiring corporations to notify shareholders of any political/campaign activity.

The bill amends the Election Code to limit the expenditures of a candidate, political committee, political action committee, political party committee or other person, for the purpose of influencing the outcome of an election, to expenditures directly and exclusively incurred for the campaign in which the candidate is running in the contemporaneous election cycle and not for any personal purpose. The legislation also addresses acceptance of campaign contributions from out-of-state committees. The proposed limits are as follows, and are within the middle of limits imposed by other states:

- \$1,500 per election to House and Senate candidates from and individual
- \$5,000 per election to statewide candidates from and individual
- \$10,000 per election to House and Senate candidates from PAC's
- \$10,000 per election to PAC's from political parties
- \$250,000 aggregate limit on accepted donations to House and Senate candidates per election
- \$1,000,000 aggregate limit on accepted donations to statewide campaigns, except for the Governor per election
- \$5,000,000 aggregate limit on the Governor per election
- \$10,000 per calendar year limit on the contributions from an individual or PAC to a single PAC
- \$25,000 per calendar year limit on contributions from and individual or PAC to a political party

Lastly, media reports have shown examples of the use of credit cards and gift cards by campaign committees. This expenditure method is clearly used to obscure how political action committee money is being used from public view. In many cases, the expenses may be crossing the line into personal use, but because it is difficult or impossible to see what the expense are, there is no accountability. To that end, the new legislation will require credit card statements to be filed with campaign finance reports, ban the purchase of gift cards with PAC money, and define "personal purpose."

Campaign finance reform is desperately needed in Pennsylvania. Run-away campaign expenses, endless fundraising, and the potential corrupting influence of these donations require the Commonwealth to do more to prevent the insidious perception that our government is for hire by the highest bidder.