

# CORPORATE CONTRIBUTION BAN

## LD 1417

### **Work Session:**

Wednesday, May 5, 2021 at 1:00 p.m.

### **Committee:**

Veterans and Legal Affairs

### **Lead Sponsor:**

Sen Louis Luchini (Hancock)

### **Supported by:**

Campaign Legal Center, Defend Our Health, League of Women Voters of Maine, Maine Citizens for Clean Elections, Maine Unitarian Universalist Advocacy Network

### **Why do we need a corporate contribution ban?**

- **Corporate contributions can distort the legislative process – and the economy.** Large corporations use political contributions to tip the playing field in their favor in ways that small businesses and individuals cannot. The status quo incentivizes corporations to seek advantage through public policy rather than innovative products or quality service.
- **Corporations already have special advantages.** Corporations and other business arrangements are legal entities that receive favorable tax treatment and other protections that allow them to accumulate capital, reinvest in their business, and generate profits for their owners and shareholders. Our bill does not prevent owners, employees, and shareholders from participating politically, but the corporate entities themselves should not be able to use the capital they have generated under special protections to influence the political process in a self-reinforcing feedback loop of influence.
- **The ban will increase transparency.** Currently, non-profit corporations can raise money from undisclosed donors – indeed may be established for the purpose of raising “dark money.” By banning those contributions this bill will have the effect of improving transparency and donor disclosure in leadership PACs and candidate campaigns.

### **What does the ban do?**

The proposal would ban corporations from contributing to candidates for state office and to legislator-controlled PACs. This includes contributions to leadership PACs and directly to legislative or gubernatorial candidates. The legislation formally defines leadership PACs for these purposes. The definition of “corporation” includes for-profit companies, partnerships, business, non-profit organizations, and professional associations.

The proposal makes several other changes related to this purpose, including:

- Corporations may establish a “Separate Segregated Fund” (SSF), which they can support with in-kind staff and office space, but not with cash from the corporate treasury. Employees, officers, and individuals may contribute to the SSF, but no one may give more than \$2,000 to a SSF committee. Because all the money is sourced from individual donors, an SSF Committee is allowed to make contributions to candidates and leadership PACs subject to contribution limits.
- All non-corporate contributions to leadership PACs are subject to the same contribution limits that would apply to the candidate or legislator who controls that PAC if they were running a privately financed campaign.

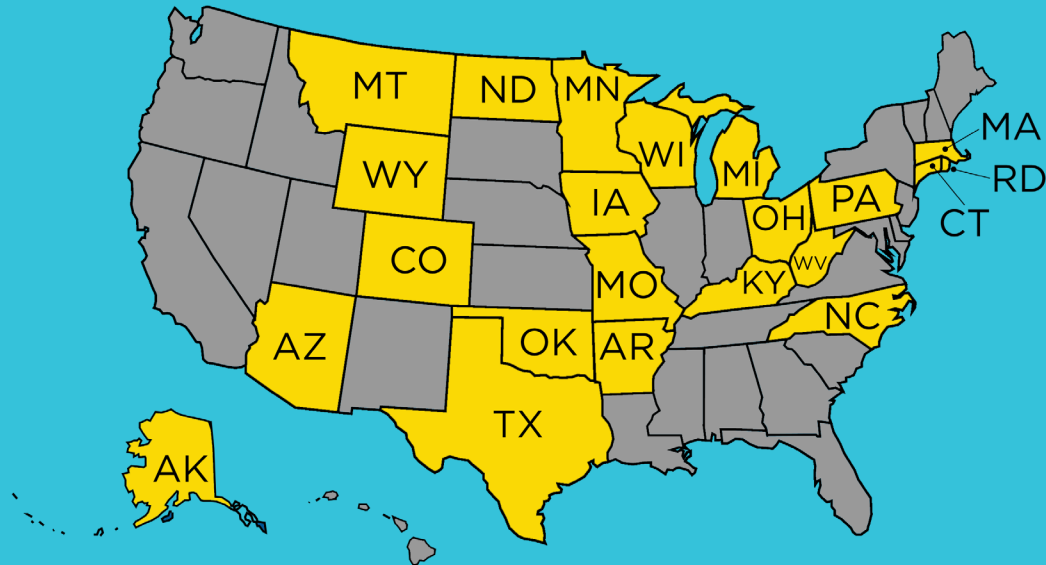


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## Which other states have corporate contribution bans?

According to the National Conference of State Legislators (NCSL), 22 states completely prohibit corporate contributions to political campaigns. Corporate political contributions are also prohibited in federal election campaigns. These bans have been upheld in federal court.

### STATES WITH CORPORATE CONTRIBUTION BANS:



## WHO CAN GIVE UNDER THE NEW CORPORATE CONTRIBUTION BAN?



DONORS	RECIPIENTS				
	Parties	Caucus PACs	Leadership PACs	Privately Funded Candidates	Clean Election Candidates
Corporations	✓	✓	✗	✗	✗
State and Fed SSFs	✓	✓	L	L	✗
Unions	✓	✓	L	L	✗
Parties	✓	✓	L	L	✗
Caucus PACS	✓	✓	L	L	✗
Leadership PACs	✓	✓	L	L	✗
Individuals	✓	✓	L	L	L

**KEY**

= What will change with LD 1417

✓ = Unlimited Contributions

L = Limited Contributions

✗ = Banned Contributions



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