



TO: The Honorable Craig Hickman
The Honorable Laura Supica, Co-Chairs
Members of the Joint Standing Committee on Veterans and Legal Affairs

DATE: Wednesday, April 26, 2023

RE: LD 1590—An Act to Require Disclosure of Campaign Funding Sources

Good morning Senator Hickman and Representative Supica and honorable members of the Committee on Legal and Veterans Affairs.

My name is Anna Kellar. I'm a resident of Portland. I am here today as the Executive Director of Maine Citizens for Clean Elections. I am testifying in support of LD 1590.

Maine Citizens for Clean Elections has been the leading campaign finance organization in Maine for over twenty years and one of the nation's most respected state-based organizations advocating for democratically funded elections. We are proud of our national reputation. But we are all Mainers, and our nonpartisan mission has always been with and for the people of this state.

LD 1590 would require the disclosure of the true source of money being used in political campaigns. This bill is crucial for the integrity of our democracy and the trust of the public in our political system. We routinely hear from all corners of the state, and their message is simple. Mainers want to know who is spending money to influence our democracy.¹ This bill is our effort to address that demand.

As Senator Bennett pointed out, disclosure is not only constitutionally permissible, it is essential for political accountability in a democracy.

This bill would require political action committees that spend more than \$50,000 in one election cycle to disclose the true sources of their funds if the nominal contributor is not the true source. It has no effect on committees that only accept small contributions or on committees that don't participate in the shell game.

¹ Center for Responsive Politics (February 12, 2021); *Poll: 90% of Americans support disclosure of political donations.*

<https://www.opensecrets.org/news/2021/02/poll-90-of-americans-support-disclosure-of-political-donations/>.

The bill works within the current disclosure system, but it adds a definition of “original source.” An “original source” of funds is money earned through business dealings, salaries, or similar compensation. It also includes small recurring payments such as membership dues, union dues, or similar periodic contributions. When someone receives money from an “original source,” the bill does not require them to do anything. The bill only comes into play when a contributor is not an “original source.”

What kind of contributor is not an “original source”? Over the years, political players have developed a network of nonprofits, shell corporations, and other entities that exist entirely to gather together political funds and pass them through to other recipients. These entities do not make profits, do not earn salaries, and do not have investment income or inheritances. Their money comes from other entities that sometimes extend back in a chain of intermediaries leading to a single individual or corporation which was the “original source.” Sometimes, this complex system exists for the sole purpose of concealing information from the public.

This manipulation of the campaign finance ecosystem has exploded since the *Citizens United* decision, resulting in large amounts of “dark money” flowing unaccountably through our democracy. We cannot have meaningful disclosure until the entire chain is disclosed back to the original source.

This definition of “original source” is central to the new disclosure requirement. We believe it is no longer sufficient to report the name of a direct “contributor” to a party committee, political committee, or ballot question committee unless that contributor is the true “original” source of the funds.

If an entity that currently reports to the Ethics Commission only receives original source funds or contributions under \$10,000, it does not have to do anything differently. The new disclosure is targeted specifically at the big players who operate in the shadows.

Each of you filed campaign finance reports with the Ethics Commission. Whether it was a seed money report for a Clean Elections candidate or a regular report for a privately funded candidate, you had to report the name of any individual contributor, the date, and the amount they contributed. But for individuals, you had to report more than that. You also had to report the person’s occupation and place of employment. This is to reveal any possible financial interest that the contributor might represent.

The disclosure in LD 1590 is based on the same idea, except applied to contributors that are nonprofits or other types of entities. Just as we require reporting of an individual person’s source

of funding — their employer — the source of funding for a political entity is equally relevant and must be reported under this proposal.

The public is deeply concerned about the influence of money in politics and wants transparency in the political process. Improved disclosure is supported by folks from all parts of the political spectrum. There are groups on the left, right, and center that take advantage of the cloak of anonymity to spend huge amounts to achieve objectives that, without such spending, they have not been able to secure.

Disclosure is not a partisan issue. The “right to know” where this money is truly coming from is a powerful force across the political spectrum.

The need for transparency in the political process is more important now than ever before. Who is trying to spend money to influence our democracy? The public has the right to know.

Thank you for the opportunity to testify. I would be happy to answer any questions from the Committee.