

The DISCLOSE Act of 2015—Summary

The Supreme Court’s 2010 *Citizens United* decision, which opened the floodgates to unlimited corporate spending in elections, was premised in part on the assumption that there would be a regime of “effective disclosure” that would “provide shareholders and citizens with the information needed to hold corporations and elected officials accountable for their positions and supporters.”

However, following *Citizens United*, that regime of “effective disclosure” has broken down, with billionaires and corporations spending unlimited secret money in elections. The amount of total outside spending in the 2014 elections was over \$814 million, more than any previous midterm elections. The *Washington Post* has reported that at least 31 percent of all independent spending in the 2014 elections was spent by groups that are not required to disclose their donors. The DISCLOSE Act would require organizations spending money in elections – including super PACS and tax-exempt 501(c)(4) groups – to promptly disclose donors who have given \$10,000 or more during an election cycle. The bill includes robust transfer provisions to prevent political operatives from using complex webs of entities to game the system and hide donor identities.

Major Provisions:

- The Act requires any covered organization that spends \$10,000 or more on election ads to file a disclosure report with the FEC within 24 hours, and to file a new report for each additional \$10,000 or more that is spent.
 - The disclosure report must include the sources of all donations of \$10,000 or more that the organization received during that election cycle.
 - A “covered organization” includes any corporation, labor organization, section 501(c) or 527 organization, or super PAC, but not a party or candidate committee. Section 501(c)(3) charitable organizations, which are prohibited by their tax status from spending money to influence elections, are excluded.
- The Act also requires disclosure of transfers to other organizations that are made for the purposes of campaign-related expenditures. This provision prevents organizations from evading disclosure requirements by laundering money through multiple organizations.
- The bill includes two important provisions to protect non-political donations from disclosure:
 - Segregated accounts: If the organization makes campaign-related disbursements using exclusively funds in a segregated bank account, the organization does not have to disclose any donations that were not deposited into the segregated account.
 - Restricted donations: A donor may prohibit the organization from using a donation for political purposes, in which case that donation does not need to be disclosed.