

## Get the Facts

# Special Exemptions Act

*“...dripping with cynicism”* – Sacramento Bee

*“...a phony veneer of fairness...one-sided and biased”* – Long Beach Press Telegram

*“...would harm their union opponents more than it would harm business interests”* – OC Register

*“...would just expand unaccountable independent expenditure committees, the super-PACs”* – LA Times

A ballot measure that claims to be about stopping special interest money in politics will appear on the November 2012 ballot. It's not what it seems.

### What the initiative claims to do:

The so-called “Stop Special Interest Money Now Act” purports to be a “simple, fair and balanced solution...limiting both corporate and union political giving.” The initiative's supporters claim that the measure bans both corporate and union contributions to candidates, prohibits campaign contributions from government contractors, prohibits corporations and unions from collecting political funds from employees and members via voluntary payroll deduction, and makes all employee political contributions by any other means strictly voluntary, requiring annual written consent. Sounds fair and balanced, right?

### Take a closer look -- it's not what it seems.

**FACT: It was intentionally written to create special exemptions for billionaire businessmen, giving them even more political power to write their own set of rules.**

“The latest initiative to qualify for the 2012 ballot is thick with the earnest rhetoric of white-hat-wearing good government reformers. It's also dripping with cynicism. **This may come as a shock, but the ‘Stop Special Interest Money Now Act’ won't do anything of the kind – at least not in any way that is balanced.**” – Sacramento Bee, Dan Morain, December 22, 2011

**FACT: It exempts secretive Super PACs, which can raise unlimited amounts of money from corporate special interests and billionaire businessmen to support their candidates or defeat their enemies and does nothing to prevent anonymous donors from spending unlimited amounts to influence elections.**

*Paid for by Alliance for a Better California 2012, No on Paycheck Deception, sponsored by educators, firefighters, school employees, health care givers and labor organizations. Major funding by California Professional Firefighters Ballot Issues Committee and Independent Expenditure PAC and California Teachers Association/Issues PAC (committee).*

The Special Exemptions Act was placed on the ballot by the right-wing Lincoln Club of Orange County, which *California Watch* reports was “instrumental” in the *Citizens United* Supreme Court decision that led to the recent explosion of secretive Super PACs onto the national political scene.

Since these secretive Super PACs don’t contribute directly to candidates, they are exempted by the measure and can continue to receive and spend unlimited amounts of money from corporate special interests and billionaire businessmen, and often from anonymous donors, to support their friends or defeat their enemies.

Corporations have spent hundreds of millions of dollars over the last decade on ballot measures and independent expenditure campaigns in our state. The Special Exemptions Act does nothing to change that – and instead, secretive Super PACs will become the law of the land in California, with no accountability, checks or balances.

*“You could ban corporate and labor contributions. But that would just expand unaccountable independent expenditure committees, the super-PACs.” – Los Angeles Times, George Skelton, April 26, 2012*

**FACT: It’s not going to solve Sacramento’s problems, because it was intentionally written to exempt many companies like Wall Street investment firms, hedge funds, real estate developers, and others from the ban on contributions, and specifically exempts insurance companies from the ban on payroll deductions. In addition, these groups can still create separate front groups and make unlimited expenditures supporting candidates. It’s not a balanced approach.**

Only some companies, those that are organized as “corporations” as narrowly defined by the initiative, are restricted from making contributions. Limited liability companies (LLC), limited liability partnerships (LLP), limited partnerships (LP), business trusts, real estate investment trusts (REIT) and sole proprietorships are all intentionally exempted under the initiative. These alternative business structures are used by some of the largest companies in the state, including developers and real estate investors, hedge funds, Wall Street investment firms, venture capitalists and lawyers.

Other entities exempted under the measure include insurance companies, business trusts, Indian tribes, sole proprietorships, lobbyists and lobbyists for government contractors, CEOs and officers of government contractors, staff of government contractors, and PACs sponsored by government contractor trade associations.

According to the California Secretary of State, more than 1,000 of these exempted companies are registered as “Major Donors” – meaning they contribute \$10,000 or more annually to candidates and/or ballot measures – and these exempted Major Donors have contributed more than \$10,000,000 since 2009.

Many top contributors to the Special Exemptions Act, including its single largest funder to date (Jerry Perenchio, president of Chartwell Partners LLC), are intentionally exempted since they could still contribute under their alternate business entities.

*“While restrictions such as this initiative have no practical effect on stemming the flow of money into politics, **they give cover to what should be transparent.**” – Orange County Register, Mark Landsbaum, March 26, 2012*

**FACT: Employee contributions to political campaigns are already voluntary under existing law today. The Constitution guarantees everyone that right.**

This measure actually restricts that right. It adds a *new* requirement that even voluntary contributions from teachers, nurses, firefighters and other union members must be accompanied by annual, written permission to use the funds. And payroll deductions are made illegal, even if written permission is given by the employee. It is also important to remember that no one can be forced to join a union and contribute to politics. Nearly all unions allow members to opt out of contributions to political candidates. This measure makes it illegal to use payroll deductions to collect funding for any political contributions, even if union members specifically authorize those deductions in writing.

*“Interestingly, the initiative is backed by business and Republican groups. If this seems counter-intuitive, it's probably because corporate interests have concluded such a restriction **would harm their union opponents more than it would harm business interests.**” – Orange County Register Editorial, August 11, 2011*

**FACT: The Special Exemptions Act unfairly singles out and limits the voices of teachers, our local nurses and the firefighters who keep us safe. It takes away the ability of these everyday heroes to speak out on issues that matter to us all—like cuts to our schools and colleges, police and fire response times, workplace safety, consumer protections, homeowner rights and unfair corporate tax giveaways.**

The Special Exemptions Act says it will stop corporations and unions from collecting political funds through payroll deductions – but corporations *almost never* use payroll deductions to collect funds to support or oppose candidates or ballot measures; they use their corporate profits. That’s why corporations spend 15-times as much as unions spend on political contributions, according to the [Center for Responsive Politics](#). Unions, on the other hand, use payroll deductions to collect a portion of dues money for political purposes. This is an accepted and practical way for unions to collect the funding needed to compete with the better-funded corporate special interests.

*“...while most corporate spending comes from the firms themselves, and not their employees, the only money unions ever have comes from their members. Which makes this version of ‘payroll protection’ as **one-sided and biased** as its two predecessor initiatives, which failed in 1998 and 2005.” – Long Beach Press Telegram, Tom Elias, August 10, 2011*

**Stop the Special Exemptions Act. It’s not what it seems.**

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