



STOP THE SPECIAL EXEMPTIONS ACT

GET THE FACTS ABOUT PROP 32—THE 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

“Its primary goal is to hogtie labor unions...but that objective is obscured by presenting the initiative as a political reform measure.” – Ventura County Star

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

Proposition 32, a ballot measure that claims to be about stopping special interest money in politics, will appear on the November 2012 ballot. But Prop 32 is not what it seems.

What Prop 32 claims to do:

Proposition 32 – 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.” Prop 32’s backers 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 – Prop 32 is not what it seems.

FACT: Prop 32 is more appropriately called **the Special Exemptions Act**, because 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: Prop 32 will not take money out of politics. Prop 32 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.

Prop 32 was placed on the ballot by the Lincoln Club of Orange County, the ultra-conservative group that was the driving force behind the *Citizens United* Supreme Court decision that led to the recent explosion of secretive Super PACs onto the national political scene.

Prop 32 does absolutely nothing to stop Super PACs, which are organizations that elect or defeat candidates but without many of the spending restrictions or transparency requirements that limit the campaigns themselves. The *Citizens United* Supreme Court decision said these groups can spend unlimited amounts of money, and Prop 32 would do nothing to change that. And Prop 32 does nothing to stop anonymous donors from influencing elections.

If Prop 32 passes, these Super PACs and committees backed only by corporate special interests will become the major way campaigns are funded. These groups have already spent more than \$95,000,000 in California elections since 2004. Prop 32 does nothing to change that. Our televisions will be flooded with even more negative advertisements. 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: Prop 32 is 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 it 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 by Prop 32. 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 Prop 32.

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 Prop 32 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”, and these exempted Major Donors have contributed more than \$10,000,000 since 2009.

Many top contributors to Proposition 32 are former insurance company executives, Wall Street executives, developers, and big money donors to causes which benefit from Prop 32's special exemptions.

*“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.

Prop 32 does nothing to change that. It does add 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. Prop 32 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

*“Its primary goal is to hogtie labor unions by forcing them to get written permission from members before spending any money on political campaigns, **but that objective is obscured by presenting the initiative as a political reform measure.**”* – Ventura County Star, Timm Herdt, June 26, 2012

FACT: Prop 32 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.

Prop 32 says it will stop corporations and unions from collecting political funds through payroll deductions – but 99% of California corporations don’t use payroll deductions for political giving; they would still be allowed to use their profits to influence elections. That’s not fair or balanced.

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

Vote NO on Prop 32.

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

No on 32, sponsored by educators, firefighters, school employees, health care providers, police officers and labor organizations opposed to special exemptions from campaign finance rules for corporate special interests. Major funding by California Teachers Association/Issues PAC (committee) and California Professional Firefighters Ballot Issues Committee and IE PAC (committee)