



ADVISORY NEIGHBORHOOD COMMISSION 3E

**TENLEYTOWN AMERICAN UNIVERSITY PARK FRIENDSHIP HEIGHTS
CHEVY CHASE WAKEFIELD FORT GAINES**

c/o Lisner-Louise-Dickson-Hurt Home 5425 Western Avenue, NW Washington, DC 20015
www.anc3e.org

RESOLUTION REGARDING "CLEAN ELECTIONS AMENDMENT ACT 2015"

WHEREAS:

1. Since 1907, the federal government has prohibited direct corporate contributions to candidates for federal office to promote fairness in the electoral process by preventing individuals from evading limits on individual contributions by funneling additional contributions through a corporation.¹

2. We support a bill pending in the District of Columbia Council entitled the "Clean Elections Amendment Act 2015 which would align DC law with federal law.

Corporate Contributions

3. Roughly half of the states follow the federal approach and ban direct corporate contributions to political candidates.

4. Owners or managers of LLCs in DC have until recently been able to contribute up to the individual maximum amount for *each* LLC they controlled, as well as individually. For instance, in at-large Council campaign, in which the maximum permissible contribution is \$1,000, an owner of 10 LLCs could have contributed \$1,000 through each of his or her LLCs, as well as \$1,000 individually, for a total of \$11,000.

5. Recently, the Council enacted a law closing the so-called "LLC Loophole," and making it unlawful for LLCs controlled by the same person to contribute more than the individual campaign maximum in the aggregate.

6. Enforcing this new rule is an administrative burden, however, and opportunities for evasion remain available.

7. Moreover, DC law continues to permit the owner of one or more LLCs to contribute up to the individual maximum (once) through the corporate form *as well as* contributing up to the individual maximum (a second time) as an individual. This creates the perverse result that an individual who controls one or more LLCs or corporations can legally contribute twice as much in a given campaign as an individual who does control any LLCs or corporations.

¹ As the US Supreme Court noted in 2003:

To the degree that a corporation could contribute to political candidates, the individuals "who created it, who own it, or whom it employs," could exceed the bounds imposed on their own contributions by diverting money through the corporation. As we said on the subject of limiting coordinated expenditures by political parties, experience "demonstrates how candidates, donors, and parties test the limits of the current law, and it shows beyond serious doubt how contribution limits would be eroded if inducement to circumvent them were enhanced."

FEC v. Beaumont, 539 US 146, 155 (2003) (citations omitted).

8. The “Clean Elections Amendment Act 2015,” pending in the Council, would outlaw direct corporate contributions, aligning DC law with federal law in this regard.

9. The bill would reduce campaign finance enforcement costs to taxpayers and the potential for evasion of rules, and end the undue advantage in campaign finance available to those who control LLCs or corporations.

NOW THEREFORE BE IT RESOLVED:

1. ANC 3E supports the “Clean Elections Amendment Act 2015’s” end to direct corporate contributions

The resolution passed by a vote of 5-0-0 at a properly noticed meeting held on February 11, 2016, at which a quorum was present, with Commissioners Bender, Hall, McHugh, Quinn, and Wallace in attendance.

ANC 3E

by Jonathan Bender
Chairperson