

# **“We the People” Democracy Reform Act of 2017**

## **Sponsored by Senator Udall and Representative Price**

The We the People Democracy Reform Act of 2017 (Act) is sponsored by Senator Tom Udall (D-NM) and Representative David Price (D-NC) and brings together a number of democracy reform proposals into one comprehensive reform package. The Act builds on and expands The We the People Act introduced in 2016 by Senator Udall and Representative Price.

The Act incorporates proposals that have been developed and introduced by Senator Udall, Representative Price and other members of Congress to address core problems facing our democracy.

The Act creates a small donor, public matching funds system for presidential and congressional races; closes disclosure loopholes for outside spending groups, requires 48 hour disclosure for large contributions to candidates and parties; provides accountability for campaign ads run by outside groups; shuts down individual-candidate Super PACs and strengthens rules prohibiting coordination; establishes a new approach for enforcing campaign finance laws; and strengthens lobbying and revolving door laws.

The Act also establishes nonpartisan redistricting commissions to draw House congressional districts; establishes a system of automatic voter registration for citizens eligible to vote but not registered; provides for same day voter registration; requires Presidents to divest assets that create potential conflicts of interest into a blind trust and to disclose their tax returns; requires disclosure of visitors to the White House and other places where President does regular business; and strengthens Executive Branch conflict of interest and revolving door rules.

The Act is endorsed by The Brennan Center for Justice, Common Cause, Democracy 21, the League of Women Voters, People For the American Way, Public Citizen, Norman Eisen, chief White House ethics lawyer for Barack Obama (2009-2011), and Richard Painter, chief White House ethics lawyer for President George W. Bush (2005-2007).

### **Empower Small Donors**

#### **Provide for Ordinary Americans to Play Central Role in Financing Elections**

The Act contains proposals introduced by Senators Tom Udall and Richard Durbin that establish a system of matching small contributions to presidential and congressional candidates with multiple public funds, in return for candidates agreeing to greatly reduced contribution limits. There are no overall expenditure limits for participating candidates. The system is modeled after the successful New York City small donor, matching funds system and provides important incentives for individuals to give and candidates to seek small donations.

Contributions from individuals bundled by PACs and directed to federal candidates would not be eligible to be matched with public funds in order to prevent corporations, trade associations,

labor unions and other interest groups from using public funds through their PACS to buy influence in Congress.

The public matching funds system will provide millions of ordinary Americans with the opportunity to help counter big money in American politics by flooding campaigns with small contributions and public funds.

## **Disclosure Requirements**

### **Provide for a More Transparent and Accountable Government**

The Act contains a proposal introduced by Senator Sheldon Whitehouse and Senator Chris Van Hollen (earlier in the House) that closes the disclosure loopholes that have allowed outside groups to spend hundreds of millions of dollars in secret contributions to influence federal elections.

An outside group that spends a total of \$10,000 or more on campaign-related expenditures would be required to file an FEC disclosure report within 24 hours and to file a new report each time the group spends an additional \$10,000 or more. The outside group could either disclose the names and donors of \$10,000 or more, who gave the money to a special account used by the group to pay for campaign-related expenditures, or the outside group could disclose all of its donors of \$10,000 or more.

In order to prevent evasion, the requirements would include the disclosure of contributions made to a group that transfers funds to another group that makes campaign-related expenditures.

The Act prohibits domestic corporations with significant foreign control, ownership, or direction from spending money in elections; allows US subsidiaries of foreign corporations to continue to have employee PACs as long as no foreign nationals have decision making authority or control of the PAC; cracks down on shell companies which can be used to launder foreign money into elections; and directs the FEC and the Financial Crimes Enforcement Network of the Department of the Treasury to share information to identify and prevent foreign election spending.

### **Accountability for Campaign Ads**

The Act contains a proposal introduced by Senator Udall that requires candidates and outside groups running campaign ads to take responsibility for financing the ads as part of the ads themselves and expands this requirement to include robocalls and paid internet and email communications. Corporations, labor unions and other groups would be required to have their top official appear in and take responsibility for the ads and the top five donors to a group would have to be listed in the ads.

### **Real Time Reporting Requirements for Contributions of \$1,000 or More**

The Act contains a proposal introduced by Senator Angus King that requires all candidates, parties and PACs to report each individual contribution they receive of \$1,000 or more to the

Federal Election Commission within 48 hours of receiving the donation and would require the FEC to promptly disclose the contributions.

## **Super PACs**

### **End Single-Candidate Super PACs, Strengthen Coordination Restrictions**

The Act contains a proposal introduced by Senator Pat Leahy that shut down single-candidate Super PACs by including in the definition of coordination the factors that reflect the close working relationships and ties that generally exist between a candidate and a super PAC supporting only that candidate. Once coordination is established, all future expenditures by the individual-candidate Super PAC are treated by existing law as contributions to the candidate, which are limited to no more than \$5,000 per year. This means that spending by the Super PAC to support the candidate is limited to \$5,000 per year.

The Act also strengthens the general prohibition on coordination between a candidate and an outside spending group by defining coordination to include any campaign ad made by an outside spender pursuant to any general or particular understanding with the candidate, or based on any discussion by the outsider spender with the candidate about the campaign ad.

## **Enforcement**

### **A New Campaign Finance Enforcement Agency**

The Act contains a proposal introduced by Senator Udall that creates a new enforcement and oversight agency to replace the dysfunctional and failed Federal Election Commission. The new agency would consist of a chairman and four other members, appointed by the president, and subject to confirmation by the Senate. The agency chairman would serve a term of ten years and, unlike the current FEC chairman, would have broad powers to manage and administer the agency. The four other members would serve staggered six year terms, with no more than two affiliated with the same political party.

The new agency would employ impartial administrative law justices to hear and decide campaign finance enforcement proceedings. Unlike the current FEC, the agency would have its own enforcement powers, including the power to find that violations of the campaign finance laws have occurred and to directly impose civil penalties.

A Blue Ribbon Advisory Panel chosen by the president would assist the president in finding qualified nominees to serve on the agency. The Panel would make recommendations of nominees and would include individuals representing each major political party and individuals independent of a major political party. Panel members would consist of individuals selected from retired judges, former law enforcement officials and lawyers with experience in election law.

## **Partisan Gerrymandering**

### **Establish Citizen Redistricting Commissions**

The Act contains proposal introduced by Senator Udall that requires states to establish independent, citizen redistricting commissions to draw statewide district maps for congressional

districts after each decennial census. Redistricting would be conducted through a plan developed by the state commission, or if such plan is not enacted into law, the redistricting plan selected by the state's highest court or developed by a U.S. district court. The Act sets forth requirements for establishing a state commission, developing a redistricting plan, and having state or federal courts select a plan if the commission's plan is not adopted by the legislature.

## **Increase Eligible Voters**

### **Streamline the Voter Registration Process**

The Act contains a proposal introduced by Senator Leahy that establishes automatic voter registration (AVR) procedures for eligible voters and provides that every time a voter interacts with any one of numerous designated government agencies, they would be registered or would have their information updated. This would include agencies that provide driver licenses, public services and naturalization services, among others.

The individuals would be "automatically" registered to vote unless the person opts out of or affirmatively declines to register. The agency involved would electronically transfer the voter information for automatically registered individuals to election officials. These provisions would improve accuracy, reduce costs and greatly increase the number of eligible voters in the country who are registered to vote.

The provisions also include online voter registration (OVR) for all eligible voters. This would make voter registration lists more accurate and up-to-date and facilitate voter registration drives by groups like the League of Women Voters.

### **Same Day Registration Act**

The Act contains a proposal introduced by Senators Amy Klobuchar and John Tester that requires states to allow eligible individuals to register to vote on the day of a federal election and on any day when early voting is permitted.

## **Lobbying Disclosure**

### **Tighten Lobbying Disclosure Laws**

The Act contains proposals introduced by Senator Michael Bennet that would close a major loophole that is being used by former Members of Congress and other individuals to avoid registering as lobbyists, even though they provide strategic lobbying advice to others on how to influence members of Congress. The Act would tighten the lobbying laws by requiring individuals to register as lobbyists if they make two or more lobbying contacts for a client over a two-year period. The registration requirements would no longer exempt an individual who spends less than 20 percent of his or her time serving as a lobbyist for a particular client.

## **Revolving Door**

### **Close Revolving Door Loopholes**

The Act contains a proposal introduced by Senator Tammy Baldwin that prohibits financial services companies from paying huge “golden parachute” bonuses to employees who leave their companies to take positions in the federal government. The bonuses create conflicts of interest and increase the obligation of the government employees to treat their former employers favorably. The Act also would slow down revolving door activities by increasing the cooling off period in which individuals leaving government are prohibited from lobbying and by expanding the requirements for individuals entering government service to recuse themselves from participating on official matters involving their former clients.

## **Executive Branch Integrity and Transparency**

### **Require Presidents to divest conflict of interest assets and disclose tax returns**

The Act contains proposals introduced by Senator Elizabeth Warren that would require the President and Vice President to submit to Congress and the Office of Government Ethics a disclosure of financial interests. The President, the Vice President, the spouse of the President or Vice President, and any minor child of the President or Vice President would be required to divest any financial interest posing a potential conflict of interest by transferring such interest to a qualified blind trust as defined in the Ethics in Government Act.

The Act requires the trustee to sell the financial interests within a reasonable period of time after such financial interests are transferred to a qualified blind trust, and use the proceeds to purchase conflict-free holdings. The Act also amends the Ethics in Government Act to require the current incumbent President and future presidential nominees of a major political party to file their tax returns for the three most recent taxable years.

### **Restore Public Disclosure of Visitors to the White House**

The Act contains a proposal introduced by Senator Udall that requires the Executive Branch to keep and make available to the public logs of visitors to the White House and to any other location where a President regularly conducts official business. The requirement for the White House to publish its visitor logs was established by President Obama and repealed by President Trump when he took office.

### **Disclosure of Political Fundraising by Executive Branch Officials**

The Act contains a proposal introduced by Senator Whitehouse that requires presidentially appointed executive branch officials to disclose whether they have solicited donations for or contributed funds to political action committees (PACs), political non-profits, and industry trade associations. This would prevent conflicts of interest for cabinet secretaries and other top executive branch officials who may be charged with regulating the very donors who propelled their political careers.