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NEWSLETTER

Amendments to D.C. Campaign Finance Law Approach the Finish Line

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Following the D.C. Council's unanimous approval, Mayor Vincent Gray on December 27, 2013, signed the District's Campaign Finance Reform and Transparency Amendment Act of 2013. Next, the act will be subject to congressional review. If approved by Congress, it will apply at the earliest in January 2015.

Among the act's most significant changes is the elimination of the so-called "LLC loophole." Currently, D.C. regulations provide that a corporation and its subsidiary corporations share a single contribution limit. Because the law does not mention LLCs, though, entities that control numerous LLCs often max out the contribution limit for each LLC individually. The D.C. Council's new amendments target this tactic by subjecting all affiliated entities to a single contribution limit and defining "affiliated entity" broadly to mean "each business entity that is related to an entity by virtue of one of the following relationships: (A) one of the entities controls the other; or (B) the entities share a controller, whether that controller is another entity or an individual." "Control"—another new term—is defined expansively to mean "the practical ability to direct or cause to be directed the financial management policies of an entity." (51% ownership gives rise to "a rebuttable presumption of control.")

If it receives congressional approval, the act will institute a variety of other changes to D.C.'s campaign finance regime as well, including (1) a requirement that lobbyists disclose all contributions they bundle and forward to campaigns, (2) a rule that business contributors must certify that they and their affiliated entities have not exceeded the contribution limits, and (3) a system by which campaign finance submissions will be filed electronically.

Authors

Caleb P. Burns
Partner
202.719.7451
cburns@wiley.law