

OUTSIDE SPENDING, OUTSIZED INFLUENCE

BIG AND SECRET MONEY IN NORTH CAROLINA IN THE 2012 ELECTIONS

The 2012 elections were by far the most expensive in history thanks primarily to the tidal wave of outside, special interest money triggered by the Supreme Court's *Citizens United* decision. The federal House races in North Carolina, where outside groups spent nearly \$5.4 million, were no exception.

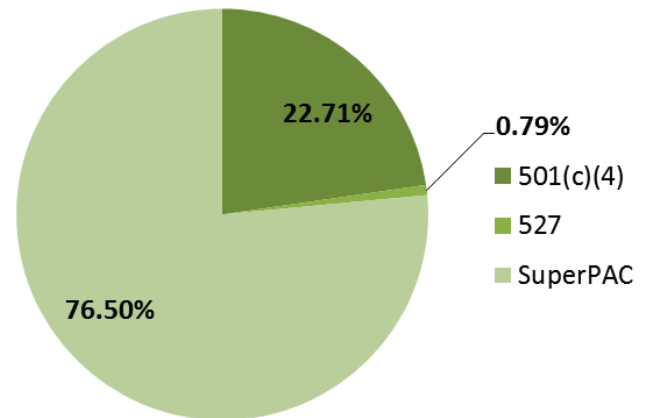
SUPER PACs

Super PACs, the newly created groups that can raise and spend unlimited funds in elections, spent roughly \$4.1 million on North Carolina federal elections. Nationwide, Super PACs raised 86% of funds from an elite set of ultra-wealthy donors and businesses giving \$100,000 or more.

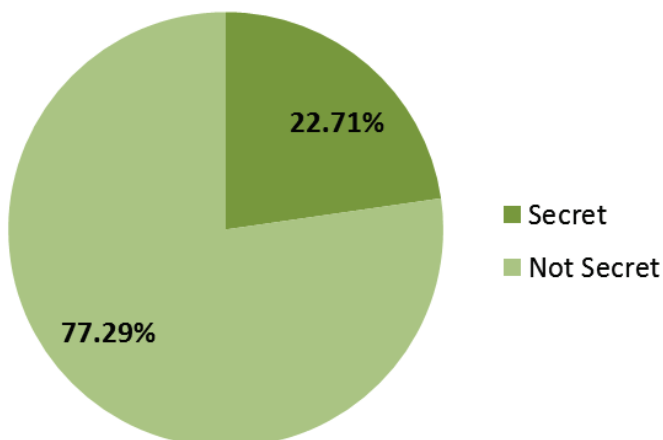
Super PACs also received \$101,749,662 from business corporations last year. Allowing special interests to fund attack ads on candidates distorts our democracy in an attempt to ensure that our elected officials put industry and out-of-state interests above the common good.

[Outside Spending: 501(c)(4) \$1,224,860.24, 22.71%; 527 \$42,532.62, 0.79%; SuperPAC \$4,126,600.62, 76.50%; Total \$5,393,993.48]

Outside Spending



Secret Spending



SECRET SPENDERS

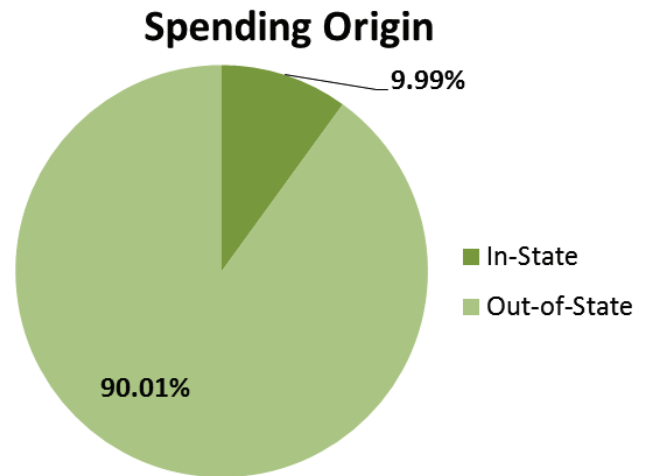
Dark money groups accounted for 22.71% of all outside spending in North Carolina House races. These groups do not disclose the source of their funds, hiding critical information from voters about who is behind the advertising and what interests are backing which candidates.

[Secret Spending: Secret \$1,224,860.24, 22.71%; Not Secret \$4,169,133.24, 77.29%]

OUT-OF-STATE SPENDERS

Groups federally registered outside of North Carolina accounted for 90.01% of all outside spending in North Carolina House races. Out-of-state spenders are likely to put their own priorities ahead of the needs and interests of North Carolinians, thus skewing the relationships that Representatives have with their constituencies.

[Spending Origin: In-State \$539,068.29, 9.99%; Out-of-State \$4,854,925.19, 90.01%]



TOP 5 OUTSIDE SPENDERS IN NORTH CAROLINA HOUSE AND SENATE RACES

1) YG ACTION FUND:

\$2,143,515.00 – Super PAC

2) YG NETWORK INC.:

\$846,940.00 – Dark Money Group

3) CLUB FOR GROWTH ACTION:

\$661,095.84 – Super PAC

4) THE AMERICAN FOUNDATIONS COMMITTEE INC:

\$535,083.00 – Super PAC

5) CONGRESSIONAL LEADERSHIP FUND:

\$520,030.80 – Super PAC

TOP 5 OUTSIDE SPENDERS NATIONWIDE IN HOUSE AND SENATE RACES

1) CROSSROADS GRASSROOTS POLICY STRATEGIES:

\$48,440,338.67 – Dark Money Group

2) MAJORITY PAC:

\$37,865,453.41 – Super PAC

3) US CHAMBER OF COMMERCE:

\$32,676,075.00 – Dark Money Group

4) HOUSE MAJORITY PAC:

\$30,686,449.27 – Super PAC

5) FREEDOMWORKS FOR AMERICA:

\$19,045,274.64 – Super PAC

METHODOLOGY:

The authors thank Demos and the Sunlight Foundation, who graciously provided data for this analysis.

The Sunlight Foundation provided Demos/US PIRG with Federal Election Commission (FEC) data regarding Independent Expenditures and Electioneering Communications. Demos/US PIRG then identified the IRS designation for each spending committee. PFAW Foundation/US PIRG took that data and identified the state in which each spending committee was federally registered. PFAW Foundation/US PIRG then removed all presidential expenditures and all party committee expenditures, and analyzed the data to identify the conclusions made above.

We consider 501(c)(4) and 501(c)(6) expenditures secret because, due to legal loopholes, these organizations are not required in practice to disclose their donors to the public.

Electorally driven issue advocacy that fell outside of the FEC reporting window – 60 days prior to a general election or 30 days prior to a primary election for federal office – was not tracked by any public agency in the 2012 elections. This reporting gap prevents the public from knowing the full extent of outside spending on elections. We can assume, from what little information we have acquired from private entities that do track this information, that outside spending, particularly outside spending from secret sources, is substantially underestimated in this and in any other election spending analysis. For more information on this subject, please read Demos/US PIRG report, *“Million Dollar Megaphones.”*

DEFINITIONS:

501(c)(4) – Non-profit social welfare organizations (not required to disclose most donors)

501(c)(5) Union – Labor, agricultural, or horticultural organizations (required to disclose most donors)

501(c)(6) – Trade associations (not required to disclose most donors)

527 – An entity that exists primarily for the purpose influencing or attempting to influence the selection, nomination, election or appointment of any person to federal, state or local public office (required to disclose donors)

Super PAC – An independent expenditure-only organization that is not subject to contribution limits (required to disclose donors)

Other – All other entities

Outside spending refers to spending by groups independent of campaigns or political parties. These outside groups are legally prohibited from coordinating with campaigns. *Citizens United v. FEC* and subsequent cases that relied on its holdings led to increases in outside spending in elections by removing a number of restrictions and/or prohibitions on corporate and union political activity.