CENTER FOR POLITICAL ACCOUNTABILITY

Under the Radar: The Unrecognized Importance of 527 Committees

Major public companies quietly spend millions to influence state elections, and incur serious risks

Skirting the limits

NEARLY HALF of US states prohibit companies from contributing directly to political candidates in state and local races. Many other states permit direct corporate donations yet place strict limits on how much companies can give to candidates.

DESPITE THESE LIMITS, companies contribute millions of dollars each election cycle to influence key races for governor, attorney general, state legislatures, state courts, and other important state and local offices.

COMPANIES SKIRT the limits by donating to 527 committees, which in turn support candidates for state and local offices. In this way, companies not only influence – and help shape -- the outcome of important political races but also gain entrée to exclusive meetings and lines of communication with state legislators and regulators.

BIG MONEY: Since 2010, these 527 committees have collectively raised more than $2.25 billion, with more than 40% coming from public companies and their trade associations (see graphs below). During the 2022 cycle alone, public companies and their trade associations gave more than $168 million to these 527 organizations, accounting for nearly a third of more than $500 million raised. Public companies and their trade associations were the dominant contributors to both parties' attorneys general associations and to the RSLC. They were significant donors to both parties' governors associations.

What are 527 committees?

Known as "527" committees because of their regulation under Section 527 of the Internal Revenue Code, these groups allow companies to legally funnel unlimited amounts of company money to support candidates running for state or local offices. This explainer focuses on 527 party committees that intervene in state elections.

- Republican Governors Association (RGA)
- Democratic Governors Association (DGA)
- Republican Attorneys General Association (RAGA)
- Democratic Attorneys General Association (DAGA)
- Republican State Leadership Committee (RSLC)
- Democratic Legislative Campaign Committee (DLCC)

IMPACT: It's a little known fact that through 527 giving over the past 15 years, public company contributions have underwritten the reshaping of state and national politics and policy. Since 2010, 527 committees have used the $925 million raised from public companies and their trade associations to enable the following:

- ◊ **Gerrymandering of state legislatures and the US Congress**
- ◊ **Legislation impacting voting rights and reproductive rights**
- ◊ **Lawsuits challenging the results of the 2020 presidential election**
- ◊ **Legal efforts to undermine the fight against climate change**

"For corporations pursuing agendas they do not want scrutinized, this type of spending has three big advantages over traditional political spending: it is less likely to attract attention than PAC contributions that go directly from firms to candidates; it is effectively laundered by running through the 527 organization so the donor can duck accountability for specific uses of the money; and it allows the resources of many companies to be pooled to achieve maximum impact,"

Political Scientists Jacob Hacker and Paul Pierson

$2.9 million	Spent by RGA to reelect Florida Gov. Ron DeSantis, who has used his office to intimidate companies, including Disney, over their political positions
$1.7 million	Spent by RAGA between 2018 and 2022 to elect and reelect Texas AG Ken Paxton, who sued to overturn the 2020 presidential election
$226,400	Spent by RAGA to elect Mississippi AG Lynn Fitch, who led the fight to overturn *Roe v. Wade*
$146,000	Spent by RSLC to elect 46 state legislators in Georgia who voted to restrict voting rights

Courting controversy, not avoiding it

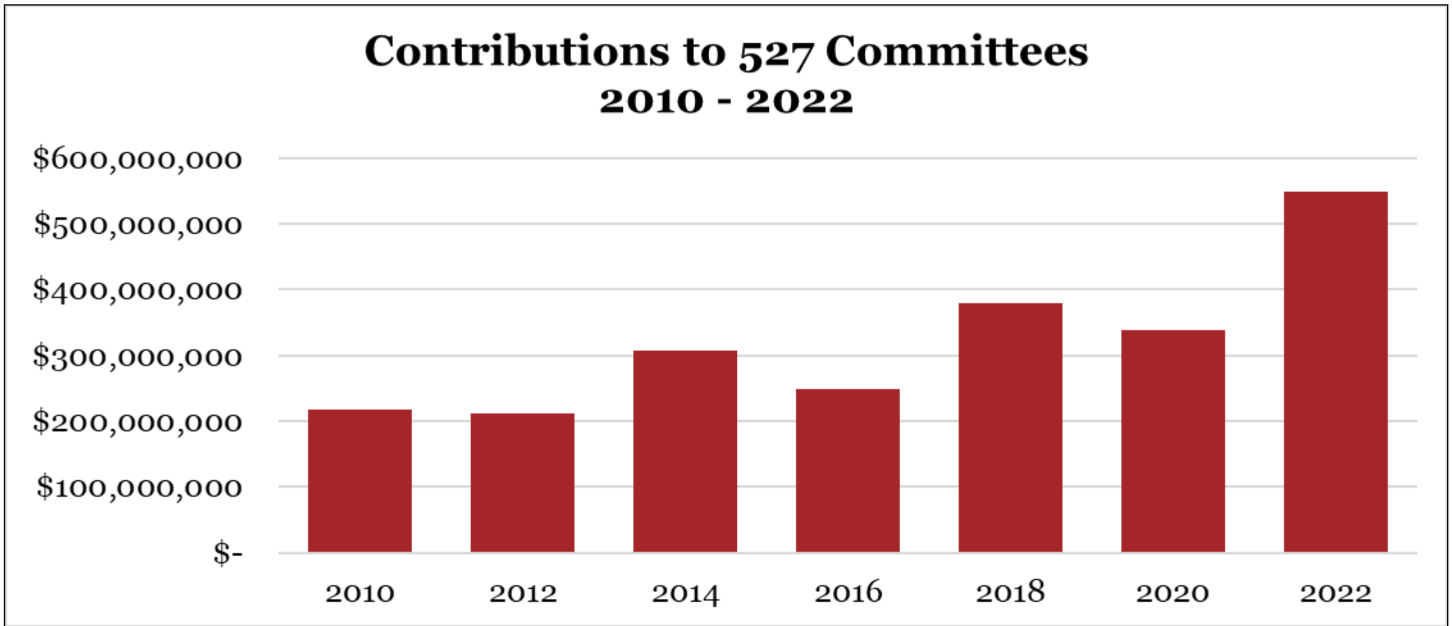
This spending is not without important risks that company leaders must acknowledge.

- **Control**. When companies give money to 527 organizations, they lose control over how their money is spent and what types of issues and candidates they and their brand becomes associated with.
- **Negative publicity.** These contributions affiliate companies with assaults on democracy, flipping of state legislatures and subsequent redrawing of state legislative and Congressional maps, restrictions on reproductive rights, attempts to undermine the fight against climate change, and attacks on LGBTQ rights.
- **Boycotts, strikes, and shareholder pushback.** Negative publicity endangers the companies' relationship with their customers, employees, and other stakeholders who rely on these companies' commitments to social values.

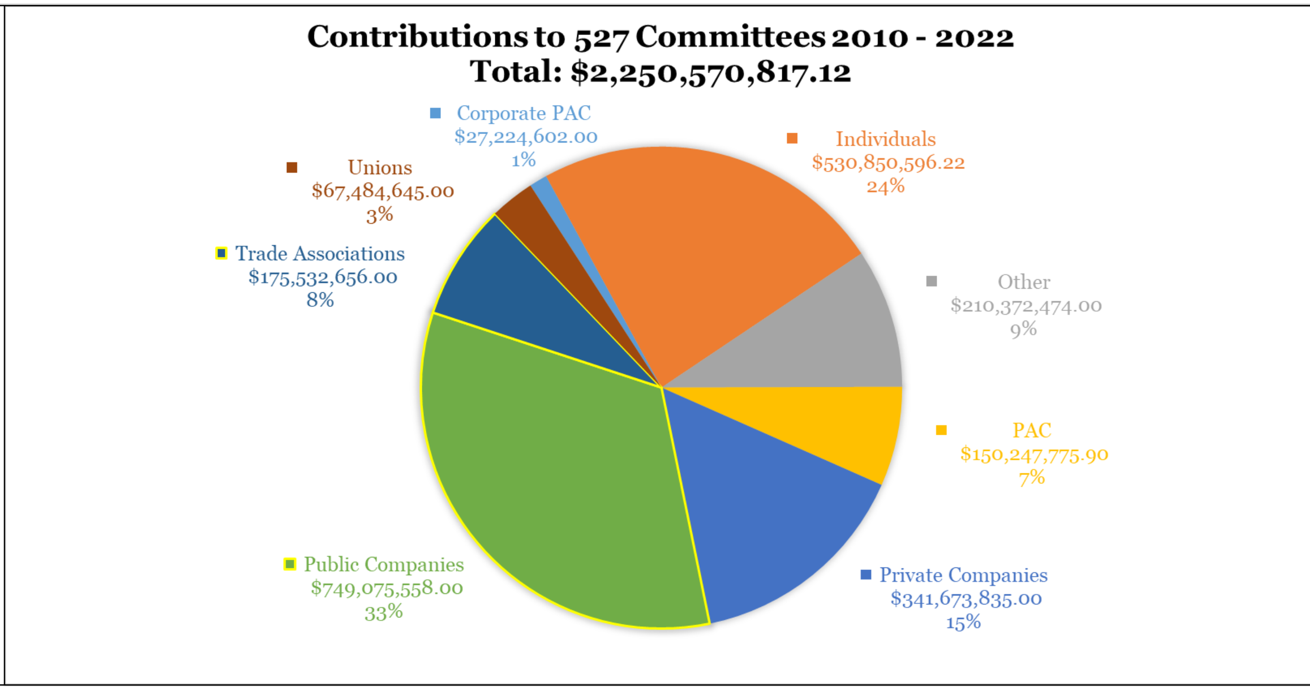
With gridlock in Washington, state politicians are playing an ever-larger role in legislating and litigating the major issues of the day. As a result, voters are now paying more attention to state elections and how they are funded.

The Bottom Line

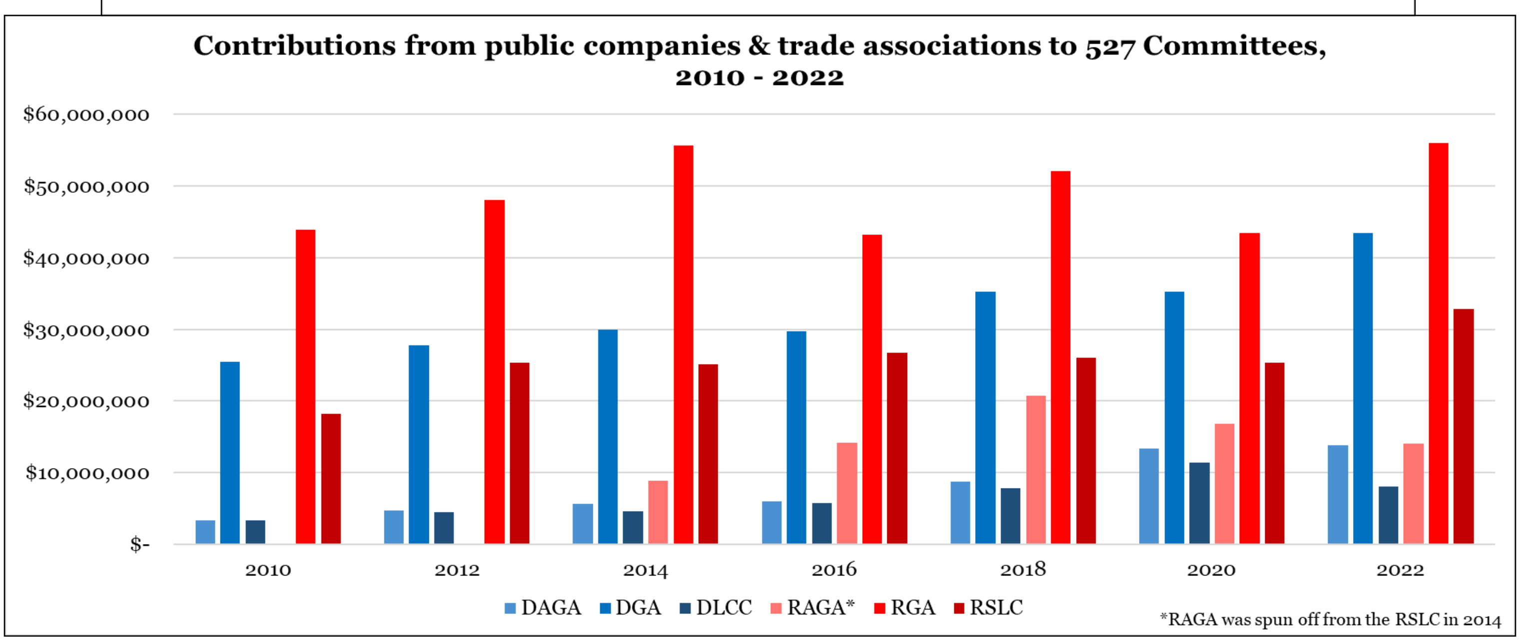
Companies have circumvented many states' robust limits on campaign spending by giving millions to 527s. Until now, this type of corporate political spending was under-examined. However, as state politics become more polarized and prominent in setting policy, companies' role in funding these candidates – and the risks they face — must no longer continue to fly under the radar. To learn more see *Conflicted Consequences from the Center for Political Accountability.*



Contributions to 527 Committees
2010 - 2022
$600,000,000
$500,000,000
$400,000,000
$300,000,000
$200,000,000
$100,000,000
$-
2010
2012
2014
2016
2018
2020
2022



Contributions to 527 Committees 2010 - 2022
Total: $2,250,570,817.12
Corporate PAC $27,224,602.00 1%
Individuals $530,850,596.22 24%
Unions $67,484,645.00 3%
Trade Associations $175,532,656.00 8%
Other $210,372,474.00 9%
PAC $150,247,775.90 7%
Public Companies $749,075,558.00 33%
Private Companies $341,673,835.00 15%



Contributions from public companies & trade associations to 527 Committees, 2010 - 2022
$60,000,000
$50,000,000
$40,000,000
$30,000,000
$20,000,000
$10,000,000
$-
2010
2012
2014
2016
2018
2020
2022
DAGA
DGA
DLCC
RAGA*
RGA
RSLC
*RAGA was spun off from the RSLC in 2014