



FACTSHEET

WHY CAMPAIGN DONATIONS FROM REGULATED UTILITY MONOPOLIES SHOULD BE PROHIBITED

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IT'S PERFECTLY LEGAL AND CONSTITUTIONAL TO BAR REGULATED UTILITY MONOPOLIES FROM MAKING CAMPAIGN CONTRIBUTIONS TO CANDIDATES. HERE'S WHY VIRGINIA'S LAWMAKERS SHOULD PASS SUCH A LAW.

The Need for New Rules on Campaign Contributions from Regulated Utility Monopolies

- Like other corporations, Dominion Energy and Appalachian Power (APCO) use excess revenue to contribute to political campaigns; the primary source of this revenue is from ratepayer's electricity bills.
- Unlike other corporations, Virginian ratepayers can't "walk away" from their utility if they object to this practice. That makes it very different from banks, insurance companies, and other companies regulated by the State Corporation Commission.
- This creates a system in which a captive consumer base's money is being used to curry political favor with lawmakers in return for a better regulatory environment that leads to increased shareholder profits.
- By taking away any appearance of a conflict of interest, Dominion and lawmakers can share information without money potentially undermining the public interest in properly regulating monopolies and public trust in our legislature.

Legislation in Other States:

- This isn't a new idea: 22 states ban all corporate donations to candidates, including utility monopolies.
- Since 1911, New Jersey has **banned donations from regulated utilities**.
- Alabama **prohibits utilities from donating to candidates** running for their Public Service Commission.
- New York prohibits their regulated utility monopolies from making contributions from "revenues received from the rendition of public service within the state."
- Louisiana bans campaign contributions from the gaming industry, citing their unique potential to corrupt and enrich lawmakers.

Why Banning Corporate Contributions to Candidates is Constitutional:

- Banning regulated utility monopoly money from the political system doesn't violate *Citizens United* because that ruling applies generally to *independent expenditures* and not to direct campaign contributions. Campaign contributions to candidates can still be regulated quite strictly.
- The Supreme Court has **upheld Montana's ban on corporate campaign contributions** under *Citizens United*, citing its history of political corruption. 22 states still maintain corporate campaign contribution bans to candidates.
- The Fourth Circuit Court of Appeals (which oversees Virginia) has ruled that North Carolina's **ban on campaign contributions from lobbyists is constitutional**.
- Placing additional restrictions on utilities makes legal and policy sense: Virginians have no choice but to pay their utilities. That money shouldn't be used to buy influence from lawmakers.

How Virginia Can Act:

- Pass legislation like Del. Danica Roem's and Sen. Chap Petersen's (SB 10 and HB 562 in 2018) ban on campaign contributions by public service corporations (i.e. state-sponsored monopolies) and their affiliates.
- Specify that the ban also applies to political parties, their caucuses, and PACs associated with a specific legislator.
- Public service corporations could still make independent expenditures in line with *Citizens United*.
- Encourage lawmakers to refuse campaign contributions from Dominion, ApCo, and other regulated energy monopolies.