

## Americans want dark money out of politics. We don't have to wait for Supreme Court. | Opinion

The states' authority to define and limit corporate powers has been hiding in plain sight, gathering dust for more than a century, simply because no one thought to look its way. Until now.

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Sept. 17, 2025, 5:06 a.m. ET

Ever since the <u>Supreme Court ruling on Citizens United v. Federal Election</u>

<u>Commission</u> shattered campaign finance law 15 years ago, Americans have lived unhappily with the belief that only two things can stop corporate and dark money in politics: a constitutional amendment or a sudden change of heart from the majority on the nation's highest court.

That belief has been paralyzing. It tells Americans they're powerless. And it's wrong.

There is another path. The <u>Center for American Progress</u> has crafted a legal strategy that can make Citizens United irrelevant – a method of ending corporate and dark money, state by state, using <u>a power every state already holds</u>. The approach is moving in Montana today, and it can be taken up tomorrow by any other state.

The key is simple: States have authority to define the corporations they create.

In Citizens United, the Supreme Court treated Virginia as having granted its corporations, including the nonprofit corporation at the center of the case, the power to spend money in politics with "the same powers as an individual." That assumption is debatable, but once the court assumed the plaintiff corporation had the power to spend in politics, it reasoned that the U.S. Constitution guaranteed the right to use it.

However, the court has never required states to grant their corporations political powers in the first place. Corporations are not born; they are built. They are creatures of statute,

not of nature. And the court has always held that the power to build them – to define their form, limits and powers – belongs to states alone.

## States have had the power all along

Our strategy draws on this forgotten authority. Its design is straightforward: Amend state law so that corporations are no longer granted the power to spend in politics.

The effects would be sweeping. A state that takes this step instantly drains corporate and dark money from its local, state and federal politics alike, because every corporate power flows from state law.

The ability to spend in federal politics is not bestowed by Washington, it comes from the chartering state. What the state gives, the state can take away.

The reach of the reform could be broad. It could be applied to for-profit companies and nonprofits alike.

It also could cut both ways, touching the Fortune 500 and America's unions alike. It could cover the dark money groups that thrive under section 501(c)(4) of the tax code. They, too, are state-chartered corporations.

The move binds both in-state and out-of-state corporations. The authority of states to regulate all corporate activity within their borders is as old as the republic. In 1869, the Supreme Court held in <u>Paul v. Virginia</u> that a state may decline to grant out-of-state corporations powers "prejudicial to their interests or repugnant to their policy."

This means the success of the approach doesn't depend on its being adopted by <u>Delaware</u>, home to most major corporate registrations. Delaware may keep its charters broad if it likes. Yet every state that adopts this approach can bar Delaware corporations from that state's politics.

That a state law move could pack such power sounds outlandish to those beaten down by the well-established limits of campaign finance law. But dating to the 1880s, the Supreme Court has held time and again that <u>the power of states to define</u>, <u>limit and revoke corporate powers is absolute</u>.

Our approach hinges neither on Delaware nor a suddenly principled Supreme Court. Even this court might think twice before overturning a state law granting a shorter list of corporate powers.

To block it, the justices would have to conjure a natural law of corporations and discard their own 1987 ruling that a state's authority over its corporations is <u>the most firmly</u> established principle in corporate law.

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## Montana is already putting theory into action

"The Montana Plan," as local organizers have dubbed it, is moving toward the state's 2026 ballot as a constitutional initiative. Its language leaves no doubt: Montanans want corporations out of their politics, and they intend to make that decision stick.

Montana is the first mover, but it need not be the only one. The same authority belongs equally to all 50 states, and the path is open everywhere.

For years, Citizens United has been read as leaving Americans powerless to act. But the unquestioned and absolute authority of states to rewrite their corporations' DNA offers a way forward.

Americans across the political spectrum overwhelmingly oppose Citizens United and want to rid our political system of corporate and dark money. Through their states, they have the power to end it – not someday, not via federal constitutional amendment or some miracle at the Supreme Court – but now.

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