



# How to Ensure Transparency in Political Advertising:

# **Compliance Guidance**

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# Executive Summary

BBB National Programs' Digital Advertising Accountability Program (Accountability Program) issues this Compliance Guidance to educate entities engaged in political advertising about how to provide adequate sponsorship transparency about the political advertisements they disseminate online and in mobile apps.

Specifically, this Compliance Guidance elaborates on the Digital Advertising Alliance's Application of the Self-Regulatory Principles of Transparency and Accountability to Political Advertising (Political Advertising Principles), which require clear, meaningful, and prominent notice regarding who is paying for certain digital political ads.

The Accountability Program reviews political advertisements for non-compliance with DAA's Political Advertising Principles, which may include reporting violations of the Principles to the appropriate government agency.

This Compliance Guidance seeks to assist political campaigns and their respective ad tech stakeholders with fulfilling notice and disclosure responsibilities under industry self-regulation standards, federal law, and state law.



# Guiding Considerations

**1. Be Prepared:** When Your Ad Involves Express Advocacy, Be Prepared to Comply with the DAA's Political Advertising Principles

# Scope

The DAA's Political Advertising Principles apply to political advertisements with express advocacy, a term defined as "paid-for communications that unmistakably urge the election or defeat of one or more clearly identified candidate(s) for a federal or statewide election."<sup>1</sup> These include Presidential, U.S. Congressional, state gubernatorial, and state Attorney General elections.

### Transparency

Covered ads must clearly indicate that they are political ads and link to information regarding who paid for or sponsored the ad. This is referred to as the Transparency Principle.

2. Be Thorough: Include Enhanced Political Advertisement Notice and Political Advertisement Notice

The Transparency Principle requires that covered political advertisers provide consumers with two separate types of notice:

- Enhanced Political Advertisement Notice (found on the face of the ad), and
- Political Advertisement Notice (linked from the enhanced notice).

Check these categories to see if your political ads are covered:

- Any content that is 1) placed for a fee and
  2) includes express advocacy is a political advertisement covered by the Principles.
- The DAA defines a political advertiser as a person or entity that pays for the display of a political advertisement.<sup>2</sup> This includes all stakeholders responsible for getting a political ad to consumers.
- DAA's Political Advertising Principles apply to political advertisements on browsers AND mobile applications.

# **Enhanced Political Advertisement Notice**

Covered express advocacy ads should include enhanced notice, meaning clear, meaningful, and prominent notice that the ad is a political ad. This enhanced notice is provided through an icon, symbol, or set of words in or around the advertisement.<sup>3</sup>

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<sup>1</sup> See Application of the Self-Regulatory Principles of Transparency & Accountability to Political Advertising ("Political Advertising Principles") § I.A at 3, available here (May 2018). Note: The Principles are best practice for other state and municipal elections and are optional for purely issue-based ads.

<sup>2</sup> Political Advertising Principles § I.B at 3-4.

<sup>3</sup> Political Advertising Principles § II.B at 5-6. Note: An advertiser that provides the icon/wording through a setting or mechanism provided by a platform or operating system that is consistent with this Principle satisfies this Principle.



For example, you can include words such as "paid for by" or "political advertisement" to provide enhanced notice. Additionally:

- + The <u>DAA's Political Ads Icon</u> is an ad marker that can be used to provide enhanced notice (see examples).
- + Enhanced notice is in addition to any disclaimer required by state or federal law.

*Tip:* When thinking of enhanced notice, consider the graphic elements on or around the advertisements that let consumers know they are viewing a political advertisement.

**Ask Yourself:** Does my ad easily tell consumers it is political in nature when they first look at the ad?

## Ad Graphic 1 – "Maria Lopez for Congress"

Enhanced Political Advertisement Notice (Compliant)



**Source** 



### Ad Graphic 2 - "Jessica Estancia for Congress"

Enhanced Political Advertisement Notice (Compliant)



#### <u>Source</u>

## **Political Advertisement Notice**

In addition to providing enhanced notice, Political Advertisers must provide political advertisement notice, which is certain information about who paid for the ad. This notice should be linked from the enhanced notice and should be clear, meaningful, and prominent.<sup>4</sup>

This notice is typically found on a separate, external webpage or website (or a separate overlay) and should include:<sup>5</sup>

- + The name of the Political Advertiser,
- + A telephone number, physical address, web address, or alternative and reliable contact information for the Political Advertiser,
- + Any additional information required by applicable federal or state law for a disclaimer notice,
- + If required,<sup>6</sup> a link to:
  - Relevant Government Database: A readily accessible, online, searchable government database of contributions and expenditures by the Political Advertiser; or
  - DAA-Developed website: A DAA-developed website that maintains links to one or more readily accessible, online, searchable government database of contributions and expenditures for the Political Advertiser,
- + Additional disclaimers, *if* the Political Advertisement is too small to include disclaimers required by state or federal law, and
- The name of the chief executive officer and a member of the executive committee or the board of directors or treasurer of the Political Advertiser.

5 Id.

<sup>4</sup> Political Advertising Principles § II.B at 5-6.

<sup>6</sup> Id. Note: A Government Database or DAA-approved link is required if the Political Advertiser is required by law to be registered with a federal or state agency that provides such a database. If not required by law, then the Political Advertiser should state in this notice that it is not required to register or report contributions and expenditures under applicable laws.



**Tip:** When thinking about political advertisement notice, think about what information is connected to the ad when the consumer clicks on or hovers over the ad's enhanced notice that it is a political ad.

**Ask Yourself:** Is the required information about the political advertiser provided to the consumer when they engage with the ad (click, hover, etc.)?

### Sample Overlay - "Maria Lopez for Congress"

#### Political Advertisement Notice (Compliant)

When the ad is clicked, the user is taken to an overlay with the following information on it:



<u>Source</u>

# **3. Be Aware:** When Political Advertising Involves Collection of Data for Interest-Based Advertising (IBA), Comply with both Political and IBA-Related DAA Principles

What happens if you want to run an ad that includes express advocacy and also involves collecting data for interest-based advertising?

You may be aware of the DAA's <u>YourAdChoices</u> Icon that serves as notice of IBA activity. However, the YourAdChoices icon does not provide sufficient notice for political advertising. **Therefore, the DAA has advised that when an ad is both politically oriented as well as interest-based, the Political Ad icon takes precedence as a political advertisement indicator.** This is to ensure a reliable and repeatable process for adhering to both DAA programs (Political Ads and YourAdChoices).

Additionally, although the Political Ads icon should be served to consumers instead of the YourAdChoices icon, stakeholders engaging in IBA with political advertisements still need to provide IBA-enhanced text and links as defined in the DAA's <u>Self-Regulatory Principles for</u> <u>Online Behavioral Advertising</u>.



**Tip:** If you have ads that include express advocacy and IBA, make sure to provide full political advertisement notice (including enhanced notice), in addition to providing the IBA-related information required for consumers (e.g., information about opt-out tools).

**Ask Yourself:** Does my ad let consumers know it is a political advertisement first, and then give them the opt-out tools and information required for IBA ads?

# **4. Be Informed:** Understand How Federal and State Law Fit into Your Compliance Strategy

### **Federal Law**

The self-regulatory guidelines published by the DAA and enforced by the Accountability Program are an approach to accountability for entities engaged in disseminating political advertising. In addition to these guidelines, federal law has been modernized to include digital political advertising activities.

The Federal Election Commission (FEC) revised its rules in March 2023 to include "internet public communications" within its scope, which are defined as paid political ads placed on a "website, digital device, application, or advertising platform."<sup>7</sup> The FEC's update also allows advertisers to use an adapted disclaimer in the form of "words, images, sounds, symbols, and icons,"<sup>8</sup> similar to the DAA's enhanced political advertisement notice element of its Transparency Principle.

With these latest updates, political advertisers must make sure their digital ads have all the content required of traditional political advertisements. Specifically, you should make sure consumers know who authorized the ad and who paid for the ad to meet your content requirements under 11 CFR 110.11(b).

## State Law

The number of state-level digital political advertising laws and regulations continues to grow. Additionally, some states, including California and Maryland, have specific obligations for the advertisers that pay for the ad as well as for online platforms that host the advertisements.

Many states have broad political advertising laws or updated amendments that include digital advertisements within their scope. Common trends in all these laws include transparency requirements as to who authorized and/or paid for the ad, recordkeeping requirements, and penalties for non-compliance.

Before running the ad, understand the existing and proposed political digital advertising laws in the states where you plan to run political ads.

**Tip:** When considering different legal requirements, think of the office the political candidate is running for, the political advertiser's disclosure and reporting requirements, and any additional requirements for online platforms hosting the ads.

- 7 See 11 CFR 100.26.
- 8 See 11 CFR 110.11(g).



**Ask Yourself:** Could I (or my company) face any penalties for not complying with specific state or federal laws?<sup>9</sup>

# **5. Be Forward-Thinking:** Consider Emerging Modalities of Political Advertising

Think proactively about new and emerging technology and make sure that these technologies do not hinder your ability to provide transparency to consumers about political advertising.

Let's use connected TV (CTV) as an example. As the CTV space emerges as a rising medium of choice for consumers, it is important that political advertising entities carefully provide notice and disclosure in political ads distributed through CTV and related methods. To illustrate, the Accountability Program recognizes the fast-growing popularity of CTV political advertisements, comprising an estimated 13% of political advertising spend for the 2024 election cycle compared to 2.4% in 2020.<sup>10</sup>

The Congressional Research Service, a public policy institute established by Congress, analyzed CTV in its <u>report</u> to guide the FEC with identifying political advertising sponsors in the digital age. Therefore, the federal government has acknowledged CTV's growing role in digital political advertising.

To further remind companies of the importance of ad choices transparency in the CTV space, the DAA has issued guidance focused on CTV that complements expectations of companies regarding the Ad Choices and Political Ad icons. Advertisers should thoroughly review the DAA's <u>Implementation Supplement for Connected TV</u> to coordinate notice for CTV ads. This Supplement applies to original equipment manufacturers (OEMs), content distributors, CTV applications, software development kit (SDK) developers/publishers, and other programmatic suppliers to the CTV and streaming ecosystems.

The DAA's Political Advertising Principles and this Compliance Guidance apply to paid digital political advertisements on web browsers, mobile browsers, and web applications. Therefore, the DAA's Implementation Supplement provides additional guidance to help advertisers better understand how to responsibly advertise on digital platforms.

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<sup>9</sup> Note: The Accountability Program is responsible for enforcing the DAA's Political Advertising Principles, not state or federal election laws. Please seek legal advice to ensure that you are following all the federal and state laws applicable to your political advertising activities.

<sup>10</sup> Castillo, M. (2024) Political ad dollars drive brands and candidates to CTV, The Current, *available at https://www.thecurrent.com/political-election-advertising-dollars-brands-candidates-ctv.* 

# Conclusion

Always remember that several factors are at play for compliance, including: 1) industry self-regulation practices (e.g., DAA's Political Advertising Principles), 2) federal law, and 3) state laws.

Are you helping to organize a political campaign, manage a demand-side platform's political ad portfolio, or run a local political blog (with advertising space to sell)? If you are in the digital political advertising space, you should ask yourself the following questions:

- + Does the ad have a label or statement identifying it as political advertising?
- + Does the ad tell consumers who paid for and authorized the ad? If yes, how?
- + Does the ad link to a page providing contact information for the advertiser that paid for the ad?
- + Are you collecting personal data for interest-based advertising (IBA), and, if so, are you respecting consent preferences and providing consumers with opt-out information?
- + Are you keeping records of your advertising? This includes ad spending and targeting.

These different pieces of the digital political advertising puzzle come together to keep consumers informed while keeping campaigns, PACs, and ad tech stakeholders transparent.

It is important to fully understand and incorporate these best practices and requirements as you engage in digital political advertising.

### Accountability

The Political Ads Principles' Accountability Principle requires DAA's accountability partners (including the Accountability Program) to review political advertisements, monitor compliance, and report findings to the DAA and government authorities as needed. Therefore, stakeholders should take measured steps to ensure their activities align with the Principles.

### **Monitoring & Enforcement**

As required by the Accountability Principle, the Accountability Program will monitor the political advertising space for compliance with the provisions of the DAA Political Advertising Principles requiring Enhanced Notice and Notice for express advocacy political advertisements. Advertisers engaged with political advertising activities covered by the Principles should provide appropriate notice as described in this Guidance.

The Accountability Program may report findings of noncompliance and send public reports of uncorrected violations to appropriate government agencies.



# Who We Are

The Digital Advertising Accountability Program (DAAP, or Accountability Program) is a program that enforces industry self-regulation principles for data privacy in web and mobile advertising. To build trust in the marketplace, consumers need to have transparency and choice about the collection and use of their data for interest-based ads. DAAP, developed to support the Digital Advertising Alliance (DAA), holds companies accountable to the DAA's Self-Regulatory Principles for online privacy.

# About BBB National Programs

BBB National Programs, a non-profit organization, is the home of U.S. independent industry self-regulation, currently operating more than a dozen globally recognized programs that have been helping enhance consumer trust in business for more than 50 years. These programs provide third-party accountability and dispute resolution services that address existing and emerging industry issues and create a fairer playing field for businesses and a better experience for consumers. BBB National Programs continues to evolve its work and grow its impact by providing business guidance and fostering best practices in arenas such as advertising, child-and-teen-directed marketing, data privacy, dispute resolution, automobile warranty, technology, and emerging areas.

To learn more, visit **bbbprograms.org**.