

**STATE OF RHODE ISLAND**

**IN GENERAL ASSEMBLY**

**JANUARY SESSION, A.D. 2006**

**A N A C T**

**RELATING TO ELECTIONS - CAMPAIGN EXPENDITURES**

Introduced By: Senator Michael J. McCaffrey

Date Introduced: February 14, 2006

Referred To: Senate Judiciary

It is enacted by the General Assembly as follows:

1           SECTION 1. Sections 17-25-3, 17-25-5, 17-25-7.2, 17-25-7.5, 17-25-8.1, 17-25-10, 17-  
2   25-10.1, 17-25-11, 17-25-12 and 17-25-15 of the General Laws in Chapter 17-25 entitled "Rhode  
3   Island Campaign Contributions and Expenditures Reporting" are hereby amended to read as  
4   follows:

5           **17-25-3. Definitions.** -- As used in this chapter, unless a different meaning clearly  
6   appears from the context:

7           (1) "Business entity" means any corporation, whether for profit or not for profit, domestic  
8   corporation or foreign corporation, as defined in section 7-1.2-106, financial institution,  
9   cooperative, association, receivership, trust, holding company, firm, joint stock company, public  
10   utility, sole proprietorship, partnership, limited partnership, or any other entity recognized by the  
11   laws of the United States and/or the state of Rhode Island for the purpose of doing business. The  
12   term "business entity" shall not include a political action committee organized pursuant to this  
13   chapter or a political party committee or an authorized campaign committee of a candidate or  
14   office holder.

15           (2) "Candidate" means any individual who undertakes any action, whether preliminary or  
16   final, which is necessary under the law to qualify for nomination for election or election to public  
17   office, and/or any individual who receives a contribution or makes an expenditure, or gives his or  
18   her consent for any other person to receive a contribution or make an expenditure, with a view to  
19   bringing about his or her nomination or election to any public office, whether or not the specific

1 public office for which he or she will seek nomination or election is known at the time the  
2 contribution is received or the expenditure is made and whether or not he or she has announced  
3 his or her candidacy or filed a declaration of candidacy at that time.

4 (3) "Contributions" and "expenditures" include all transfers of money, paid personal  
5 services, or other thing of value to or by any candidate, committee of a political party, or political  
6 action committee or ballot-question advocate. A loan shall be considered a contribution of money  
7 until it is repaid.

8 (4) "Election" means any primary, general, or special election or town meeting for any  
9 public office of the state, municipality, or district or for the determination of any question  
10 submitted to the voters of the state, municipality, or district.

11 (5) "Election cycle" means the twenty-four (24) month period commencing on January 1  
12 of odd number years and ending on December 31 of even number years; provided, with respect to  
13 the public financing of election campaigns of general officers under sections 17-25-19, 17-25-20,  
14 and 17-25-25, "election cycle" means the forty-eight (48) month period commencing on January  
15 1 of odd numbered years and ending December 31 of even numbered years.

16 (6) "In-Kind Contributions" means the monetary value of other things of value or paid  
17 personal services donated to, or benefiting, any person required to file reports with the board of  
18 elections.

19 ~~(6)~~(7) "Other thing of value" means any item of tangible real or personal property of a  
20 fair market value in excess of one hundred dollars (\$100).

21 ~~(7)~~(8) "Paid personal services" means personal services of every kind and nature, the  
22 cost or consideration for which is paid or provided by someone other than the committee or  
23 candidate for whom the services are rendered, but shall not include personal services provided  
24 without compensation by persons volunteering their time.

25 ~~(8)~~(9) "Person" means an individual, partnership, committee, association, corporation,  
26 and any other organization.

27 ~~(9)~~(10) "Political action committee" means any group of two (2) or more persons that  
28 accepts any contributions to be used for advocating the election or defeat of any candidate or  
29 candidates ~~or to be used for advocating the approval or rejection of any question or questions~~  
30 ~~submitted to the voters~~. Only political action committees that have accepted contributions from  
31 fifteen (15) or more persons in amounts of ten dollars (\$10.00) or more within an election cycle  
32 shall be permitted to make contributions, and those committees must make contributions to at  
33 least five (5) candidates for state or local office within an election cycle.

34 ~~(10)~~(11) "Public office" means any state, municipal, school, or district office or other

1 position that is filled by popular election, except political party offices. "Political party offices"  
2 means any state, city, town, ward, or representative or senatorial district committee office of a  
3 political party or delegate to a political party convention, or any similar office.

4 ~~(11)~~(12) "State" means state of Rhode Island.

5 ~~(12)~~(13) "Testimonial affair" means an affair of any kind or nature including, but not  
6 limited to, cocktail parties, breakfasts, luncheons, dinners, dances, picnics, or similar affairs  
7 expressly and directly intended to raise campaign funds in behalf of a candidate to be used for  
8 nomination or election to a public office in this state, or expressly and directly intended to raise  
9 funds in behalf of any state or municipal committee of a political party, or expressly and directly  
10 intended to raise funds in behalf of any political action committee.

11 **17-25-5. Duties and powers of the board of elections.** -- (a) The board of elections is  
12 authorized to perform any duties that are necessary to implement the provisions of this chapter.  
13 Without limiting the generality of this provision, the board is authorized and empowered to:

14 (1) Develop forms for the making of the required reports to be filed with the board of  
15 elections, which form shall contain a notice setting forth the times and dates when reports are  
16 required to be filed;

17 (2) Prepare and publish a manual for all candidates, political party committees, ~~and~~  
18 political action committees and ballot-questions advocates prescribing the requirements of the  
19 law, including uniform methods of bookkeeping and reporting and requirements as to the length  
20 of time that any person required to keep any records pursuant to the provisions of this chapter  
21 shall retain these records, or any class or category of records, or any other documents;

22 (3) Adopt rules and regulations to carry out the purposes of this chapter;

23 (4) Prepare and make available for public inspection, through the office of the board of  
24 elections, summaries of all reports grouped according to candidates and political parties;

25 (5) Prepare and publish, prior to May 1 or as soon as practicable thereafter of each year,  
26 an annual report to the general assembly;

27 (6) Ascertain whether candidates or political party committees, ~~or~~ political action  
28 committees or ballot-questions advocates, have failed to file reports or have filed defective  
29 reports; and may for good cause shown extend the dates upon which reports are required to be  
30 filed;

31 (7) (i) Conduct confidential investigations and/or closed hearings in accordance with this  
32 title relative to alleged violations of this chapter either on its own initiative or upon receipt of a  
33 verified written complaint, which complaint shall, under pain and penalty of perjury, be based  
34 upon actual knowledge and not merely on information and belief. Upon completion of its

1 investigation and/or hearings, if the board has reason to believe that a violation of this chapter has  
2 occurred or that a complainant has willfully sworn or affirmed falsely, the chairperson of the  
3 board of elections is authorized to and shall issue to the person found to be in violation of this  
4 chapter a summons pursuant to section 12-7-11 to appear before the division of the district court  
5 where the person resides and shall be prosecuted by the attorney general. Any action taken by the  
6 board as a result of a written verified complaint shall, whenever possible, be completed no later  
7 than five (5) business days after its receipt, and if no violation is found to exist, all records and  
8 papers shall be kept confidential unless further legal proceedings are instituted.

9 (ii) The confidentiality of an audit, investigation, hearing, and/or findings may be waived  
10 in writing only by the person or persons complained of or audited. However, once an audit is  
11 complete and presented to the board, the audit will be a matter of public record.

12 (8) Conduct compliance reviews and audits of campaign accounts as necessary, and in a  
13 manner consistent with the provisions of this chapter.

14 (b) The board of elections shall take any steps that may be necessary or appropriate to  
15 furnish timely and adequate information, in appropriate printed summaries and in any other form  
16 that it may see fit, to every candidate or prospective candidate for public office who becomes or is  
17 likely to become subject to the provisions of this chapter, and to every treasurer duly designated  
18 under the provisions of this chapter, informing them of their actual or prospective obligations and  
19 responsibilities under this chapter.

20 (c) (1) The board of elections is authorized, upon written request, to render written  
21 advisory opinions as to whether a given set of facts and circumstances set forth in the request  
22 would constitute a violation of any of the provisions of this chapter, or whether a given set of  
23 facts and circumstances set forth in the request would render any person subject to any of the  
24 reporting requirements of this chapter; provided, that the requirement for a written opinion may  
25 be voluntarily waived by the candidate or committee.

26 (2) Unless an extension of time is consented to by any person who submits a written  
27 request for an advisory opinion, the board of elections shall, whenever possible, render its written  
28 advisory opinion within five (5) business days of receipt of the request.

29 (d) (1) For each quarterly report required to be filed, the board shall send a postcard by  
30 regular mail to each person and entity required to file a report, which will notify the person or  
31 entity that a report required to be filed is due within fourteen (14) days.

32 (2) The failure to receive this notice shall not absolve the person or entity of the  
33 reporting requirements contained in this chapter.

34 **17-25-7.2. Personal use of campaign funds prohibited.** -- (a) The personal use by any

1 elected public office holder or by any candidate for public office, as defined in section 17-25-3, of  
2 campaign funds contributed after April 29, 1992, is prohibited. For the purposes of this section,  
3 "personal use" is defined as any use other than expenditures related to gaining or holding public  
4 office and for which the candidate for public office or elected public official would be required to  
5 treat the amount of the expenditure as gross income under section 61 of the Internal Revenue  
6 Code of 1986, 26 U.S.C. section 61, or any subsequent corresponding Internal Revenue Code of  
7 the United States, as from time to time amended.

8 (b) Expenditures that are specifically prohibited under this chapter include:

9 (1) Any residential or household items, supplies or expenditures, including mortgage,  
10 rent or utility payments for any part of any personal residence of a candidate or officeholder or a  
11 member of the candidate's or officeholder's family;

12 (2) Mortgage, rent, or utility payments for any part of any non-residential property that is  
13 owned by a candidate or officeholder or a member of a candidate's or officeholder's family and  
14 used for campaign purposes, to the extent the payments exceed the fair market value of the  
15 property usage;

16 (3) Funeral, cremation, or burial expenses, including any expenses related to deaths  
17 within a candidate's or officeholder's family;

18 (4) Clothing, other than items of de minimis value that are used in the campaign;

19 (5) Tuition payments;

20 (6) Dues, fees, or gratuities at a country club, health club, recreational facility or other  
21 nonpolitical organization, unless they are part of a specific fundraising event that takes place on  
22 the organization's premises;

23 (7) Salary payments to a member of a candidate's family, unless the family member is  
24 providing bona fide services to the campaign. If a family member provides bona fide services to a  
25 campaign, any salary payments in excess of the fair market value of the services provided is  
26 personal use;

27 (8) Admission to a sporting event, concert, theater, or other form of entertainment, unless  
28 part of a specific campaign or officeholder activity;

29 (9) Payment of any fines, fees, or penalties assessed pursuant to this chapter.

30 (c) Any expense that results from campaign or officeholder activity is permitted use of  
31 campaign funds. Such expenditures may include:

32 (1) The defrayal of ordinary and necessary expenses of a candidate or officeholder;

33 (2) Office expenses and equipment, provided the expenditures and the use of the  
34 equipment can be directly attributable to the campaign or the officeholder's duties and

1 responsibilities;

2 (3) Donations to charitable organizations, provided the candidate or officeholder does  
3 not personally benefit from the donation or receive compensation from the recipient organization;

4 (4) Travel expenses for an officeholder, provided that the travel is undertaken as an  
5 ordinary and necessary expense of seeking, holding, or maintaining public office, or seeking,  
6 holding, or maintaining a position within the legislature or other publicly elected body. If a  
7 candidate or officeholder uses campaign funds to pay expenses associated with travel that  
8 involves both personal activities and campaign or officeholder activities, the incremental  
9 expenses that result from the personal activities are personal use, unless the person(s) benefiting  
10 from this use reimburse(s) the campaign account within thirty (30) days for the amount of the  
11 incremental expenses;

12 (5) Gifts of nominal value and donations of a nominal amount made on a special  
13 occasion such as a holiday, graduation, marriage, retirement or death, unless made to a member  
14 of the candidate's or officeholder's family;

15 (6) Meal expenses which are incurred as part of a campaign activity or as part of a  
16 function that is related to the candidate's or officeholder's responsibilities, including meals  
17 between and among candidates and/or officeholders that are incurred as an ordinary and  
18 necessary expense of seeking, holding, or maintaining public office, or seeking holding, or  
19 maintaining a position within the legislature or other publicly elected body;

20 (7) Food and beverages which are purchased as part of a campaign or officeholder  
21 activity.

22 (d) Any campaign funds not used to pay for the expenses of gaining or holding public  
23 office may:

24 (1) Be maintained in a campaign account(s);

25 (2) Be donated to a candidate for public office, to a political organization, or to a  
26 political action committee, subject to the limitation on contributions in section 17-25-10.1;

27 (3) Be transferred in whole or in part into a newly established political action committee  
28 [or ballot-question advocate](#);

29 (4) Be donated to a tax exempt charitable organization as that term is used in section  
30 501(c)(3) of the Internal Revenue Code of 1986, 26 U.S.C. section 501, or any subsequent  
31 corresponding internal revenue code of the United States as from time to time amended;

32 (5) Be donated to the state of Rhode Island; or

33 (6) Be returned to the donor.

34 **17-25-8.1. Appointment of treasurer by political action committee -- Filings. -- (a)**

1 Each political action committee shall appoint one campaign treasurer before receiving any  
2 contribution or expending any money for the purpose of advocating the election or defeat of any  
3 candidate ~~or the approval or rejection of any question.~~

4 (b) A campaign treasurer of a political action committee may appoint deputy campaign  
5 treasurers as may be required. The committees shall file the names and addresses of the deputy  
6 campaign treasurers with the board of elections.

7 (c) Any political action committee may remove at any time its campaign treasurer. In the  
8 case of the death, resignation, or removal of its campaign treasurer, any committee shall appoint a  
9 successor as soon as practicable and shall file his or her name and address with the board of  
10 elections within ten (10) days.

11 **17-25-10. Lawful methods of contributing to support of candidates -- Reporting --**

12 **Disposition of anonymous contributions.** -- (a) No contribution shall be made or received, and  
13 no expenditures shall be directly made or incurred, to support or defeat a candidate ~~or to advocate~~  
14 ~~the approval or rejection of any question in any election~~ except through:

15 (1) The duly appointed campaign treasurer, or deputy campaign treasurers, of the  
16 candidates;

17 (2) The duly appointed campaign treasurer or deputy campaign treasurers of a political  
18 party committee;

19 (3) The duly appointed campaign treasurer or deputy campaign treasurer of a political  
20 action committee.

21 (b) It shall be lawful for any person, not otherwise prohibited by law and not acting in  
22 concert with any other person or group, to expend personally from that person's own funds a sum  
23 which is not to be repaid to him or her for any purpose not prohibited by law to support or defeat  
24 a candidate ~~or to advocate the approval or rejection of any question;~~ provided, that any person  
25 making the expenditure shall be required to report all of his or her expenditures and expenses, if  
26 the total of the money so expended exceeds one hundred dollars (\$100) within a calendar year, to  
27 the board of elections within seven (7) days of making the expenditure and to the campaign  
28 treasurer of the candidate or political party committee on whose behalf the expenditure or  
29 contribution was made, or to his or her deputy, within seven (7) days of making the expenditure,  
30 who shall cause the expenditures and expenses to be included in his or her reports to the board of  
31 elections. Whether a person is "acting in concert with any other person or group" for the purposes  
32 of this subsection shall be determined by application of the standards set forth in section 17-25-  
33 23.

34 (c) Any anonymous contribution received by a campaign treasurer or deputy campaign

1 treasurer shall not be used or expended, but shall be returned to the donor, if the donor's identity  
2 can be ascertained; if not, the contribution shall bescheat to the state.

3 **17-25-10.1. Political contributions -- Limitations.** -- (a) (1) No person, other than the  
4 candidate to his or her own campaign, nor any political action committee shall make a  
5 contribution or contributions to any candidate, as defined by section 17-25-3, or political action  
6 committee or political party committee which in the aggregate exceed one thousand dollars  
7 (\$1,000) within a calendar year, nor shall any person make contributions to more than one state or  
8 local candidate, to more than one political action committee, or to more than one political party  
9 committee, or to a combination of state and local candidates and political action committees and  
10 political party committees which in the aggregate exceed ten thousand dollars (\$10,000) within a  
11 calendar year, nor shall any political action committee make such contributions which in the  
12 aggregate exceed twenty-five thousand dollars (\$25,000) within a calendar year, nor shall any  
13 candidate or any political action committee or any political party committee accept a contribution  
14 or contributions which in the aggregate exceed one thousand dollars (\$1,000) within a calendar  
15 year from any one person or political action committee.

16 (2) Notwithstanding the provisions of subdivision (1) of this subsection, a person or  
17 political action committee or political party committee may contribute an amount which in the  
18 aggregate does not exceed ten thousand dollars (\$10,000) within a calendar year to a political  
19 party committee, which funds can be utilized for organizational and party building activities, but  
20 shall not be used for contributions to candidates state and local for public office.

21 (b) Contributions to a named candidate made to any political committee authorized by  
22 that candidate to accept contributions on the candidate's behalf shall be considered to be  
23 contributions made to the candidate. Contributions to a candidate by a political committee for  
24 another person shall be considered to be contributions by that person.

25 (c) Expenditures made by any person in cooperation, consultation or concert with, or at  
26 the request or suggestion of, a candidate, the candidate's authorized political committees, or their  
27 agents shall be considered to be a contribution to the candidate.

28 (d) The financing by any person of the dissemination, distribution, or republication, in  
29 whole or in part, of any broadcast or any written, graphic, or other form of campaign materials  
30 prepared by the candidate, the candidate's campaign committees, or their authorized agents shall  
31 be considered to be a contribution to a candidate.

32 (e) Nothing in this section shall be construed to restrict political party committees  
33 organized pursuant to this title from making contributions to the candidates of that political party;  
34 provided, that these contributions, other than allowable "in-kind" contributions, shall not exceed,



1 in the aggregate, twenty-five thousand dollars (\$25,000) to any one candidate within a calendar  
2 year, nor shall any candidate accept a contribution or contributions, other than allowable "in-  
3 kind" contributions, which in the aggregate exceed twenty-five thousand dollars (\$25,000) within  
4 a calendar year from all committees of his or her political party. There shall be no restriction on  
5 the amount of "in-kind" contributions that a political party committee may make to a candidate of  
6 its political party; provided, that for the purposes of this subsection only, the cost of any  
7 preparation and airing of television and/or radio advertisements and the cost of any print  
8 advertisements shall not be considered an allowable "in-kind" contribution and shall be subject to  
9 the aggregate limitation of twenty-five thousand dollars (\$25,000).

10 (f) (1) A contribution from an individual's dependent children, as defined in section 36-  
11 14-2, shall be deemed a contribution from the individual for the purpose of determining whether  
12 aggregate contributions exceed either the one hundred dollar (\$100) threshold for reporting  
13 purposes or the one thousand dollar (\$1,000) maximum for contributions to a single candidate or  
14 political action committee or the ten thousand dollar (\$10,000) maximum for contributing to all  
15 candidates and political action committees within a calendar year.

16 (2) No dependent child shall contribute an amount which, when added to contributions  
17 already made by that child's parent or legal guardian and by other dependent children of that  
18 parent or legal guardian, exceed the one thousand dollar (\$1,000) maximum for contributions to a  
19 single candidate or political action committee or exceed the ten thousand dollar (\$10,000)  
20 maximum for contributions to all state or local candidates and political action committees within  
21 a calendar year.

22 (g) Nothing in this section shall be construed to restrict the amount of money that a  
23 candidate can borrow in his or her own name, and subsequently contribute or loan to his or her  
24 own campaign.

25 (h) (1) It shall be unlawful for any corporation, whether profit or non-profit, domestic  
26 corporation or foreign corporation, as defined in section 71.2-106, or other business entity to  
27 make any campaign contribution or expenditure, as defined in section 17-25-3, to or for any  
28 candidate, political action committee, or political party committee, or for any candidate, political  
29 action committee, or political party committee to accept any campaign contribution or  
30 expenditure from a corporation or other business entity. Any contribution made in the personal  
31 name of any employee of a corporation or other business entity, for which the employee received  
32 or will receive reimbursement from the corporation or other business entity, shall be considered  
33 as a contribution by the corporation or other business entity, in violation of this section.

34 (2) Any voluntary payroll deduction and/or contribution made by employees of a

1 corporation or other business entity shall not be deemed a contribution of a corporation or other  
2 business entity, notwithstanding that the contributions were sent to the recipient by the  
3 corporation or other business entity.

4 (i) All contributions of funds shall be by check, money order, or credit card and may be  
5 made over the Internet, but in each case the source of the funds must be identified; provided, that  
6 candidates may accept contributions in cash which do not exceed twenty-five dollars (\$25.00) in  
7 the aggregate from an individual within a calendar year. The cash contribution must be delivered  
8 directly by the donor to the candidate, his or her campaign treasurer, or deputy treasurer. The  
9 treasurer or deputy treasurer shall maintain a record of the name and address of all persons  
10 making these cash contributions.

11 (j) Except as provided in subsection (h) of this section, no entity other than an individual,  
12 a political action committee which is duly registered and qualified pursuant to the terms of this  
13 chapter, political party committee authorized by this title, or an authorized committee of an  
14 elected official or candidate established pursuant to this chapter shall make any contribution to or  
15 any expenditure on behalf of or in opposition to any candidate, ~~ballet-question~~, political action  
16 committee, or political party.

17 **17-25-11. Dates for filing of reports by treasurers of candidates or of committees. --**

18 (a) During the period between the appointment of the campaign treasurer for state and municipal  
19 committees and political action committees, or in the case of an individual, the date on which the  
20 individual becomes a "declared or undeclared candidate", as defined in section 17-25-3(2), except  
21 when the ninety (90) day reporting period ends less than forty (40) days prior to an election, in  
22 which case the ninety (90) day report shall be included as part of the report required to be filed on  
23 the twenty-eighth (28th) day next preceding the day of the primary, general, or special election  
24 pursuant to subdivision (2) of this subsection, and the election, with respect to which  
25 contributions are received or expenditures made by him or her in behalf of or in opposition to a  
26 candidate ~~or-question~~, the campaign treasurer of a candidate, a political party committee, or a  
27 political action committee shall file a report containing an account of contributions received and  
28 expenditures made on behalf of or in opposition to a candidate ~~or-question~~:

29 (1) At ninety (90) day intervals commencing on the date on which the individual first  
30 becomes a candidate, as defined in section 17-25-3(2);

31 (2) In a contested election, on the twenty-eighth (28th) and seventh (7th) days next  
32 preceding the day of the primary, general, or special election; provided, that in the case of a  
33 primary election for a special election, where the twenty-eighth (28th) day next preceding the day  
34 of the primary election occurs prior to the first day for filing declarations of candidacy pursuant to

1 section 17-14-1, the reports shall be due on the fourteenth (14th) and seventh (7th) days next  
2 preceding the day of the primary election for the special election; and

3 (3) A final report on the twenty-eighth (28th) day following the election. The report shall  
4 contain:

5 (i) The name and address and place of employment of each person from whom  
6 contributions in excess of a total of one hundred dollars (\$100) within a calendar year were  
7 received;

8 (ii) The amount contributed by each person;

9 (iii) The name and address of each person to whom expenditures in excess of one  
10 hundred dollars (\$100) were made; and

11 (iv) The amount and purpose of each expenditure.

12 (b) Concurrent with the report filed on the twenty-eighth (28th) day following an  
13 election, or at any time thereafter, the campaign treasurer of a candidate, or political party  
14 committee or political action committee, may certify to the board of elections that the campaign  
15 fund of the candidate, political party committee, or political action committee having been  
16 instituted for the purposes of the past election, has completed its business and been dissolved or,  
17 in the event that the committee will continue its activities beyond the election, that its business  
18 regarding the past election has been completed; and the certification shall be accompanied by a  
19 final accounting of the campaign fund, or of the transactions relating to the election, including the  
20 final disposition of any balance remaining in the fund at the time of dissolution or the  
21 arrangements which have been made for the discharge of any obligations remaining unpaid at the  
22 time of dissolution.

23 (c) Once the campaign treasurer certifies that the campaign fund has completed its  
24 business and been dissolved, no contribution which is intended to defray expenditures incurred on  
25 behalf of or in opposition to a candidate ~~or to advocate the approval or rejection of any question~~  
26 during the campaign can be accepted. Until the time that the campaign treasurer certifies that the  
27 campaign fund has completed its business and been dissolved, the treasurer shall file reports  
28 containing an account of contributions received and expenditures made at ninety (90) day  
29 intervals commencing with the next quarterly report following the election; however, the time to  
30 file under this subsection shall be no later than thirty (30) days following the ninety (90) day  
31 period, except when the thirty (30) days filing deadline following the ninety (90) day reporting  
32 period occurs less than twenty-eight (28) days before an election, in which case the report shall be  
33 filed pursuant to the provisions of subdivisions (a)(1) and (2) of this section.

34 (d) (1) There shall be no obligation to file the reports of expenditures required by this

1 section on behalf of or in opposition to a candidate ~~or question~~ if the total amount to be expended  
2 in behalf of the candidacy ~~or question~~ by the candidate, by any political party committee, by any  
3 political action committee, or by any person shall not in the aggregate exceed one thousand  
4 dollars (\$1,000).

5 (2) However, even though the aggregate amount expended on behalf of the candidacy  
6 does not exceed one thousand dollars (\$1,000), reports must be made listing the source and  
7 amounts of all contributions in excess of a total of one hundred dollars (\$100) from any one  
8 source within a calendar year. Even though the aggregate amount expended on behalf of the  
9 candidacy does not exceed one thousand dollars (\$1,000) and no contribution from any one  
10 source within a calendar year exceeds one hundred dollars (\$100), the report shall state the  
11 aggregate amount of all contributions received. In addition, the report shall state the amount of  
12 aggregate contributions that were from individuals, the amount from political action committees,  
13 and the amount from political party committees.

14 (e) On or before the first date for filing contribution and expenditure reports, the  
15 campaign treasurer may file a sworn statement that the treasurer will accept no contributions nor  
16 make aggregate expenditures in excess of the minimum amounts for which a report is required by  
17 this chapter. Thereafter, the campaign treasurer shall be excused from filing all the reports for that  
18 campaign, other than the final report due on the twenty-eighth (28th) day following the election.

19 (f) A campaign treasurer must file a report containing an account of contributions  
20 received and expenditures made at the ninety (90) day intervals provided for in subsection (c) of  
21 this section for any ninety (90) day period in which the campaign received contributions in excess  
22 of a total of one hundred dollars (\$100) within a calendar year from any one source and/or made  
23 expenditures in excess of one thousand dollars (\$1,000) within a calendar year; however, the time  
24 to file under this subsection shall be no later than thirty (30) days following the ninety (90) day  
25 period, except when the thirty (30) days filing deadline following the ninety (90) day reporting  
26 period occurs less than twenty-eight (28) days before an election, in which case the report shall be  
27 filed pursuant to the provisions of subdivisions (a)(1) and (2) of this section.

28 (g) (1) The board of elections may, for good cause shown and upon the receipt of a  
29 written or electronic request, grant a seven (7) day extension for filing a report; provided, that the  
30 request must be received no later than the date upon which the report is due to be filed.

31 (2) Any person or entity required to file reports with the board of elections pursuant to  
32 this section and who has not filed the report by the required date, unless granted an extension  
33 pursuant to subdivision (1) of this subsection, shall be fined twenty-five dollars (\$25.00).  
34 Notwithstanding any of the provisions of this section, the board of elections shall have the

1 authority to waive late filing fees for good cause shown.

2 (3) The board of elections shall send a notice of non-compliance, by certified mail, to  
3 any person or entity who fails to file the reports required by this section. A person or entity who is  
4 sent a notice of non-compliance and fails to file the required report within seven (7) days of the  
5 receipt of the notice shall be fined two dollars (\$2.00) per day from the day of receipt of the  
6 notice of non-compliance until the day the report has been received by the state board.  
7 Notwithstanding any of the provisions of this section, the board of elections shall have the  
8 authority to waive late filing fees for good cause shown.

9 **17-25-12. Prohibited contributions.** -- No contributions shall be made, and no  
10 expenditure shall be made or incurred, whether anonymously, in a fictitious name, or by one  
11 person or group in the name of another, to support or defeat a candidate in a primary, general, or  
12 special election ~~or to advocate the approval or rejection of any question.~~ No treasurer or candidate  
13 shall solicit or knowingly accept any contribution contrary to the provisions of this section.

14 **17-25-15. Political action committee -- Notice of formation.** -- (a) No political action  
15 committee shall accept any contributions or make any expenditures prior to filing notice of its  
16 organization with the board of elections. The notice shall contain:

17 (1) The name or names of any candidates whose election or defeat the committee intends  
18 to advocate ~~and/or the question or questions whose approval or rejection the committee intends to~~  
19 ~~advocate;~~

20 (2) The names and addresses of all officers of the committee;

21 (3) The mailing address or addresses of the committee;

22 (4) The goals and purposes of the political action committee; and

23 (5) A statement indicating whether the membership and/or contributor base of the  
24 political action committee is derived primarily from the employees of one corporation or business  
25 entity or from one business or professional group or association or labor union and, if so, the  
26 identity of that employer or group or association or union.

27 (b) No committee shall advocate the election or defeat of any candidate ~~or question~~ other  
28 than that set forth in its notice of organization or amendment to the notice. A political action  
29 committee may amend its notice of organization at any time. The board of elections shall  
30 prescribe forms in compliance with this section.

31 (c) In addition to all other reporting requirements, each political action committee shall  
32 include in each report required to be filed by this chapter:

33 (1) The source and amount of all funds received by the committee in excess of one  
34 hundred dollars (\$100) in the aggregate from a single source in a calendar year; provided, that

1 funds received through a regular payroll check-off plan in which the aggregate contribution from  
2 each individual does not exceed one hundred dollars (\$100) per calendar year shall report the  
3 name and address of each entity transferring the funds to the committee, the aggregate amount  
4 received from the payroll check-off, and the total number of contributors; and provided also, that  
5 funds received by the political action committee of a labor organization from the members of the  
6 labor organization in amounts not exceeding twenty-five dollars (\$25.00) per calendar year from  
7 a single source shall be reported by the aggregate amount received and the total number of  
8 members of the labor organization contributing;

9 (2) The name and address of each person to whom expenditures were made, and the  
10 amount and purpose of each expenditure; and

11 (3) The name and address of each elected official and candidate for elected office to  
12 whom a contribution was made, and the amount of the contribution.

13 (d) The board of elections may reject the use by a political action committee of a name  
14 which is misleading and/or does not accurately identify the membership or contributor base of the  
15 committee.

16 (e) If a political action committee derives more than fifty percent (50%) of its funds from  
17 the employees, officers, directors, investors, and/or stockholders of a corporation or other  
18 business entity, the name of the political action committee must incorporate the name of that  
19 corporation or business entity. If a political action committee derives more than fifty percent  
20 (50%) of its funds from persons affiliated with one industry, profession, trade organization, or  
21 association or labor union, the name of the political action committee must identify that industry,  
22 profession, trade organization or association, or labor union.

23 ~~(f) Notwithstanding any provision to the contrary, a political action committee organized~~  
24 ~~exclusively for the purpose of promoting or opposing a ballot question may expend in excess of~~  
25 ~~twenty-five thousand dollars (\$25,000) to promote or oppose that referendum, and shall not be~~  
26 ~~subject to the requirement of making contributions to at least five (5) candidates; and the political~~  
27 ~~action committee shall terminate all activity within thirty (30) days following that election.~~

28 SECTION 2. Title 17 of the General Laws entitled "Elections" is hereby amended by  
29 adding thereto the following chapter:

30 CHAPTER 25.2

31 BALLOT QUESTION ADVOCACY AND REPORTING

32 17-25.2-1. Short title. -- This chapter shall be known and may be cited as the "Rhode  
33 Island Ballot Question Advocacy and Reporting Act".

34 17-25.2-2. Declaration of policy -- It is declared to be in the public interest and to be the

1 policy of the state to foster greater participation in ballot-question advocacy in a transparent and  
2 open manner and to provide the public with sufficient information regarding the source of  
3 contributions received and expenditures made for ballot-question advocacy.

4 **17-25.2-3. Definitions.** -- As used in this chapter, unless a different meaning clearly  
5 appears from the context:

6 (1) "Ballot-question" means any question, charter change, constitutional amendment,  
7 referendum or voter initiated petition placed on any state, district, city, town or municipal ballot  
8 for a general or special election.

9 (2) "Ballot-question advocacy" means advocating the passage or defeat of a ballot  
10 question.

11 (3) "Ballot question advocate" means any person making an expenditure with a  
12 cumulative total that exceeds one thousand dollars (\$1,000) in a calendar year for ballot-question  
13 advocacy on a particular ballot question.

14 (4) "Contributions" means donations to a ballot-question advocate in the form of money,  
15 gifts, loans, paid personal services, or in-kind contributions as defined herein.

16 (5) "In-Kind Contributions" means the monetary value of other things of value or paid  
17 personal service donated to a person required to file reports with the board of elections, except for  
18 newsletters and other communications to an organization's members.

19 (6) "Paid personal services" means personal services of every kind and nature, the cost or  
20 consideration for which is paid or provided by someone other than the ballot-question advocate  
21 for whom the services are rendered, but shall not include personal services provided without  
22 compensation by persons volunteering their time.

23 (7) "Expenditures" means the payment for any goods and services for the purpose of  
24 ballot-question advocacy as set forth in this paragraph:

25 (i) any media advertising services or products, including, but not limited to, newspapers,  
26 radio stations or television stations;

27 (ii) general advertising in letters, brochures, flyers, handbills, lawn signs, posters, bumper  
28 stickers, buttons or other materials except for newsletters and other communications to an  
29 organization's members; or

30 (iii) paid personal services donated to any ballot-question advocate including advertising  
31 agency services or other professional services including accounting services, printing, secretarial  
32 services, public opinion polls, research and professional campaign consultation or management,  
33 media production or computer services. A written contract, agreement or promise to make an  
34 expenditure, is an expenditure as of the date such contract expenditure or obligation is made.

1 (8) "Person" means any individual, partnership, committee, association, corporation, city,  
2 town, or other governmental unit and any other organization.

3 (9) "Election cycle" means the twenty-four (24) month period commencing on January 1  
4 of odd number years and ending on December 31 of even number years.

5 **17-25.2-4. No limitations on contributions or expenditures.** – Nothing contained in  
6 this chapter shall be construed to limit the amount of monies contributed to or expended by a  
7 ballot-question advocate for the purpose of ballot-question advocacy.

8 **17-25.2-5. Reporting by ballot question advocates.** – (a) Every ballot-question  
9 advocate shall file periodic reports signed by an individual responsible for its contents on a form  
10 prescribed by the board of elections setting forth the name and address of the ballot-question  
11 advocate, including any other name under which the ballot-question advocate conducts ballot-  
12 question advocacy, the name and address of the person filing the report; and

13 (1) the name, address and, if applicable, the place of employment of each person making  
14 a contribution or contributions that in the aggregate exceed one thousand eight hundred dollars  
15 (\$1,800) per election cycle to a ballot-question advocate for purposes of ballot-question advocacy  
16 and the amount contributed by each person or source; provided, however, this information shall  
17 be reported only if:

18 (i) the contributions received by a ballot-question advocate are solicited in any way,  
19 including by written, electronic, or verbal means, by the ballot-question advocate specifically for  
20 ballot-question advocacy; or

21 (ii) the contributions were specifically designated by the contributor for ballot-question  
22 advocacy; or

23 (iii) the ballot-question advocate knew or had reason to know that the contributor  
24 intended or expected that the majority of contributions be used for ballot-question advocacy; and

25 (2) the name and address of every person or entity receiving an expenditure for ballot-  
26 question advocacy, which in the aggregate exceeds one hundred dollars (\$100), the amount of  
27 each expenditure for ballot-question advocacy, and the total amount of expenditures for ballot-  
28 question advocacy made by the ballot-question advocate as of the last report date; and

29 (3) a statement of the position of the ballot-question advocate in support of or opposition  
30 to the ballot-question; and

31 (4) the names and addresses of all identified member or endorsing organizations,  
32 corporations, and/or associations that authorize the ballot-question advocate to represent to the  
33 public that they support the positions of the ballot-question advocate; and

34 (5) the name and address of at least one of the officers of the ballot question advocate, if



1 any, or one individual that is responsible for the ballot question advocate's compliance with the  
2 provisions of this act.

3 (b) The first report must be filed by a ballot-question advocate for the period beginning  
4 when the ballot-question advocate expends a cumulative total that exceeds one thousand dollars  
5 (\$1,000) for ballot-question advocacy and ending the last day of the first full month following  
6 such date, to be filed with the board of elections due no later than seven (7) days after the end of  
7 the month. A ballot-question advocate must thereafter file calendar month reports with the board  
8 of elections due no later than seven (7) days after the end of the month; provided, that in lieu of  
9 filing for the last full calendar month preceding the ballot question election, a report must be filed  
10 due no later than seven (7) days before the election.

11 (c) A ballot-question advocate must file a final report of contributions received and  
12 expenditures made for ballot-question advocacy no later than thirty (30) days after the election for  
13 the ballot question is held subject to the provisions of section 17-25.2-6. All reports filed with the  
14 board of elections must be received no later than 4:00 p.m. on the due date.

15 (d)(1) The board of elections may, for good cause shown and upon receipt of a written or  
16 electronic request, grant a seven (7) day extension for filing a report; provided, however, that the  
17 request must be received no later than the date and time upon which the report is due to be filed,  
18 and further if the election for the ballot question is to be held less than seven (7) days from the  
19 report due date and time, the report must be filed prior to the election date.

20 (2) Any ballot-question advocate required to file reports with the board of elections  
21 pursuant to this section and who has not filed the report by the required date and time, unless  
22 granted an extension by the board, shall be fined twenty-five dollars (\$25.00).

23 (3) The board of elections shall send a notice of noncompliance, by certified mail, to the  
24 ballot-question advocate who fails to file the reports required by this section. A ballot-question  
25 advocate that has been sent a notice of noncompliance and fails to file the required report within  
26 seven (7) days of the receipt of the notice shall be fined two dollars (\$2.00) per day from the date  
27 of the receipt of the notice of noncompliance until the day the report is received by the board of  
28 elections. Notwithstanding any of the provisions of this section, the board of election shall have  
29 the authority to waive late filing fees for good cause shown.

30 **17-25.2-6. Monies not expended on ballot measure.** – (a) At the time of the filing of the  
31 final report required by subsection 17-25.2-5(c), any contribution received for ballot-question  
32 advocacy and remaining with a ballot-question advocate that exceed one thousand dollars  
33 (\$1,000) and have not been expended shall be disbursed in one or more of the following four (4)  
34 manners:

1           (1) Transferal in whole or in part into another ballot-question advocate account which has  
2 a purpose related to or consistent with that of the donating ballot-question advocate;

3           (2) Donations to or retention by a nonprofit organization recognized under section 501(c)  
4 of the Internal Revenue Code of 1986, 26 U.S.C. section 501, or any subsequent corresponding  
5 internal revenue code of the United States as from time to time amended;

6           (3) Donations to the state of Rhode Island; or

7           (4) Refund to the donor.

8           (b) The ballot-question advocate must annually report to the board of elections by June  
9 30 of the calendar year any such remaining contributions and shall report distributions of any  
10 such remaining contributions within thirty (30) days of such distributions.

11           **17-25.2-7. Disclosure of true origin of contributions required.** – (a) No person shall  
12 make a contribution to a ballot-question advocate for the purpose of ballot-question advocacy in  
13 any name except its own or in any manner for the purpose of disguising the true origin of the  
14 contribution.

15           (b) No person shall form or use a corporation or other legal entity to advocate for the  
16 approval or defeat of a ballot question with the intent to:

17           (1) disguise the true origin of the funds; or

18           (2) evade the reporting requirements of this act.

19           **17-25.2-8. Duties and powers of the board of elections.** – The board of elections is  
20 authorized to perform any duties that are necessary to implement the provisions of this chapter.  
21 Without limiting the generality of this provision, the board of elections is authorized and  
22 empowered to undertake all actions set forth in section 17-25-5.

23           **17-25.2-9. Penalties for violation.** – (a) Whenever the board of elections has reason to  
24 believe that a ballot-question advocate willfully and knowingly made a false statement in any  
25 report required under this chapter or failed to file any report, or has otherwise violated this  
26 chapter, the board of elections may, in addition to all other actions authorized by law, request the  
27 attorney general to bring an action in the name of the state of Rhode Island in the superior court  
28 against the person signing any such report and/or organization to enjoin them from continuing the  
29 violation, or doing any acts in furtherance of the violation, and for any other relief the court  
30 deems appropriate. In addition, the court may order the forfeiture of any and all contributions not  
31 reported in violation of this chapter.

32           (b) The court may also impose a civil penalty for any violation of this act up to but not  
33 exceeding three (3) times the amount of:

34           (1) Contributions and/or expenditures made or accepted in violation of this chapter;

1 and/or

2 (2) Contributions or expenditures not reported as required by this chapter.

3 (c) All funds collected pursuant to this section shall be deposited in the fund established  
4 by the state for public information and education regarding the election process.

5 **17-25.2-12. Severability. -- If any provision of this chapter or the application thereof**  
6 **shall for any reason be judged invalid, that judgment shall not affect, impair or invalidate the**  
7 **remainder of the law, but shall be confined in its effect to the provisions or application directly**  
8 **involved in the controversy giving rise to the judgment.**

9 SECTION 3. This act shall take effect upon passage.

=====  
LC01752/SUB A/2  
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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF  
A N A C T  
RELATING TO ELECTIONS - CAMPAIGN EXPENDITURES

\*\*\*

- 1           This act would separate reporting requirements for expenditures on ballot-questions from
- 2 political campaigns.
- 3           This act would take effect upon passage.

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LC01752/SUB A/  
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