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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO ELECTIONS - CAMPAIGN FUNDS

Introduced By: Representatives San Bento, and Flaherty

Date Introduced: January 10, 2012

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

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

4 **17-25-7.2. Personal use of campaign funds prohibited.** -- (a) The personal use by any
5 elected public office holder or by any candidate for public office, as defined in section 17-25-3, of
6 campaign funds contributed after April 29, 1992, is prohibited. For the purposes of this section,
7 "personal use" is defined as any use other than expenditures related to gaining or holding public
8 office and for which the candidate for public office or elected public official would be required to
9 treat the amount of the expenditure as gross income under section 61 of the Internal Revenue
10 Code of 1986, 26 U.S.C. section 61, or any subsequent corresponding Internal Revenue Code of
11 the United States, as from time to time amended.

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

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

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

- 1 (3) Funeral, cremation, or burial expenses, including any expenses related to deaths
2 within a candidate's or officeholder's family;
- 3 (4) Clothing, other than items of de minimis value that are used in the campaign;
- 4 (5) Tuition payments;
- 5 (6) Dues, fees, or gratuities at a country club, health club, recreational facility or other
6 nonpolitical organization, unless they are part of a specific fundraising event that takes place on
7 the organization's premises;
- 8 (7) Salary payments to a member of a candidate's family, unless the family member is
9 providing bona fide services to the campaign. If a family member provides bona fide services to a
10 campaign, any salary payments in excess of the fair market value of the services provided is
11 personal use;
- 12 (8) Admission to a sporting event, concert, theater, or other form of entertainment, unless
13 part of a specific campaign or officeholder activity;
- 14 (9) Payment of any fines, fees, or penalties assessed pursuant to this chapter.
- 15 (c) Any expense that results from campaign or officeholder activity is permitted use of
16 campaign funds. Such expenditures may include:
- 17 (1) The defrayal of ordinary and necessary expenses of a candidate or officeholder;
- 18 (2) Office expenses and equipment, provided the expenditures and the use of the
19 equipment can be directly attributable to the campaign or the officeholder's duties and
20 responsibilities;
- 21 (3) Donations to charitable organizations, provided the candidate or officeholder does
22 not personally benefit from the donation or receive compensation from the recipient organization;
- 23 (4) Travel expenses for an officeholder, provided that the travel is undertaken as an
24 ordinary and necessary expense of seeking, holding, or maintaining public office, or seeking,
25 holding, or maintaining a position within the legislature or other publicly elected body. If a
26 candidate or officeholder uses campaign funds to pay expenses associated with travel that
27 involves both personal activities and campaign or officeholder activities, the incremental
28 expenses that result from the personal activities are personal use, unless the person(s) benefiting
29 from this use reimburse(s) the campaign account within thirty (30) days for the amount of the
30 incremental expenses;
- 31 (5) Gifts of nominal value and donations of a nominal amount made on a special
32 occasion such as a holiday, graduation, marriage, retirement or death, unless made to a member
33 of the candidate's or officeholder's family;
- 34 (6) Meal expenses which are incurred as part of a campaign activity or as a part of a

1 function that is related to the candidate's or officeholder's responsibilities, including meals
2 between and among candidates and/or officeholders that are incurred as an ordinary and
3 necessary expense of seeking, holding, or maintaining public office, or seeking holding, or
4 maintaining a position within the legislature or other publicly elected body;

5 (7) Food and beverages which are purchased as part of a campaign or officeholder
6 activity;

7 (8) Communication access expenses which are incurred as part of a campaign activity
8 and operation to ensure that deaf and hard of hearing citizens are fully participating, are
9 volunteers, and/or are otherwise maintaining a position with the campaign committee. Examples
10 of communication access expenses include, but are not limited to, the following: captioning on
11 television advertisements; video clips; sign language interpreters; computer aided real time
12 (CART) services; and assistive listening devices.

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

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

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

18 (3) Be transferred in whole or in part into a newly established political action committee
19 or ballot question advocate;

20 (4) Be donated to a tax exempt charitable organization as that term is used in section
21 501(c)(3) of the Internal Revenue Code of 1986, 26 U.S.C. section 501, or any subsequent
22 corresponding internal revenue code of the United States as from time to time amended;

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

24 (6) Be returned to the donor; provided, however, that any remaining campaign funds of a
25 candidate or officeholder who dies or becomes permanently incapacitated shall convert to the
26 candidate's or officeholder's estate. Concurrently, the candidate's or officeholder's campaign
27 account with the board of elections ("board") shall be dissolved.

28 **17-25-10. Lawful methods of contributing to support of candidates -- Reporting --**

29 **Disposition of anonymous contributions.** -- (a) No contribution shall be made or received, and
30 no expenditures shall be directly made or incurred, to support or defeat a candidate except
31 through:

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

34 (2) The duly appointed campaign treasurer or deputy campaign treasurers of a political

1 party committee;

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

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

16 (c) Any anonymous contribution received by a campaign treasurer or deputy campaign
17 treasurer shall not be used or expended, but shall be returned to the donor, if the donor's identity
18 can be ascertained; if not, the contribution shall escheat to the state.

19 **17-25-11. Dates for filing of reports by treasurers of candidates or of committees. --**

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

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

33 (2) In a contested election, on the twenty-eighth (28th) and seventh (7th) days next
34 preceding the day of the primary, general, or special election; provided, that in the case of a

1 primary election for a special election, where the twenty-eighth (28th) day next preceding the day
2 of the primary election occurs prior to the first day for filing declarations of candidacy pursuant to
3 section 17-14-1, the reports shall be due on the fourteenth (14th) and seventh (7th) days next
4 preceding the day of the primary election for the special election; and

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

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

10 (ii) The amount contributed by each person;

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

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

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

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

1 subdivisions (a)(1) and (2) of this section. Provided, however, if the last day of the month falls on
2 a weekend or a holiday, the report shall be due on the following business day.

3 (d) (1) There shall be no obligation to file the reports of expenditures required by this
4 section on behalf of or in opposition to a candidate if the total amount to be expended in behalf of
5 the candidacy by the candidate, by any political party committee, by any political action
6 committee, or by any person shall not in the aggregate exceed one thousand dollars (\$1,000).

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

16 (e) On or before the first date for filing contribution and expenditure reports, the
17 campaign treasurer may file a sworn statement that the treasurer will accept no contributions nor
18 make aggregate expenditures in excess of the minimum amounts for which a report is required by
19 this chapter. Provided, however, that for the purpose of this section only, loans or contributions
20 by a candidate to his or her own campaign or contributions received in-kind from the political
21 party committee of the candidate may exceed the minimum amounts for which a report is
22 required by this chapter. Thereafter, the campaign treasurer shall be excused from filing all the
23 reports for that campaign, other than the final report due on the twenty-eighth (28th) day
24 following the election.

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

1 due on the following business day.

2 (g) (1) The board of elections may, for good cause shown and upon the receipt of a
3 written or electronic request, ~~grant a seven (7) day extension for filing a report; provided, that the~~
4 ~~request must be~~ received no later than the date upon which the report is due to be filed, grant up
5 to a seven (7) day extension for filing a report; provided, that no extension shall be granted for
6 filing a report due seven (7) days before an election.

7 (2) Any person or entity required to file reports with the board of elections pursuant to
8 this section and who has not filed the report by the required date, unless granted an extension
9 pursuant to subdivision (1) of this subsection, shall be fined twenty-five dollars (\$25.00).
10 Notwithstanding any of the provisions of this section, the board of elections shall have the
11 authority to waive late filing fees for good cause shown.

12 (3) The board of elections shall send a notice of non-compliance, ~~by certified mail,~~ to
13 any person or entity who fails to file the reports required by this section. A person or entity who is
14 sent a notice of non-compliance and fails to file the required report within ~~seven (7)~~ fourteen (14)
15 days of the ~~receipt mailing~~ of the notice shall be fined two dollars (\$2.00) per day from the day of
16 ~~receipt of mailing~~ the notice of non-compliance until the day the report has been received by the
17 state board but not exceeding two thousand five hundred dollars (\$2,500) for any one report or
18 twenty-five thousand dollars (\$2,500) for all reports. Notwithstanding any of the provisions of
19 this section, the board of elections shall have the authority to waive late filing fees for good cause
20 shown.

21 (4) Any person or entity required to file reports pursuant to this chapter and having failed
22 to file four (4) or more reports shall be prohibited from receiving any contributions or making any
23 expenditures and may not declare as a candidate for state or local public office until all delinquent
24 reports are filed and all fines and fees are paid.

25 SECTION 2. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
A N A C T
RELATING TO ELECTIONS - CAMPAIGN FUNDS

1 This act would convert the campaign fund of a deceased candidate or officeholder to the
2 estate. It would allow a candidate who funds their own campaign or who receives in-kind
3 contributions from a political party to qualify for the annual filings exemption. It would prohibit
4 a candidate who fails to file four (4) or more campaign reports from running for office.

5 This act would take effect upon passage.

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