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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO ELECTIONS -- CAMPAIGN FINANCE

Introduced By: Senator Erin P. Lynch Prata

Date Introduced: April 25, 2017

Referred To: Senate Judiciary

(Board of Elections)

It is enacted by the General Assembly as follows:

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

4 **17-25-7.2. Personal use of campaign funds prohibited.**

5 (a) The personal use by any elected public office holder or by any candidate for public
6 office, as defined in § 17-25-3, of campaign funds contributed after April 29, 1992, is prohibited.
7 For the purposes of this section, "personal use" is defined as any use other than expenditures
8 related to gaining or holding public office and for which the candidate for public office or elected
9 public official would be required to treat the amount of the expenditure as gross income under §
10 61 of the Internal Revenue Code of 1986, 26 U.S.C. § 61, or any subsequent corresponding
11 Internal Revenue Code of 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, rent
14 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 not
22 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 occasion
32 such as a holiday, graduation, marriage, retirement or death, unless made to a member of the
33 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 political
17 action committee, subject to the limitation on contributions in § 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 § 501(c)(3)
21 of the Internal Revenue Code of 1986, 26 U.S.C. § 501, or any subsequent corresponding internal
22 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.

25 (e) Any funds remaining in a campaign account(s) of a candidate or officeholder, or
26 former candidate or former officeholder who dies, after repayment of loans and accounts payable,
27 shall escheat to the state of Rhode Island, unless the disposition of the remaining funds is
28 designated in writing on a form prescribed by the board of elections, which funds may:

29 (1) Be donated to a candidate for public office, to a political organization, or to a political
30 action committee, subject to the limitation on contributions in §17-25-10.1;

31 (2) Be transferred in whole or in part into a newly established political action committee
32 or ballot question advocate;

33 (3) Be donated to a tax exempt charitable organization as that term is used in §501(c)(3)
34 of the Internal Revenue Code of 1986, 26 U.S.C. §501, or any subsequent corresponding internal

1 revenue code of the United States as from time to time amended; or

2 (4) Be returned to the donor.

3 (5) The candidate's or officeholder's, or former candidate's or former officeholder's
4 campaign account(s) shall be dissolved by the board of elections;

5 (6) Any penalties assessed to the candidate or officeholder, or former candidate or former
6 officeholder that are outstanding at the time of their death shall be waived by the board of
7 elections.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF
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1 This act would provide additional guidance concerning the proposed disposition of
2 remaining campaign funds of a deceased candidate or officeholder, former candidate or former
3 officeholder.

4 This act would take effect upon passage.

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