

**REPORT OF THE
JOINT SUBCOMMITTEE STUDYING**

Campaign Finance Reform

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



HOUSE DOCUMENT NO. 52

**COMMONWEALTH OF VIRGINIA
RICHMOND
2001**



COMMONWEALTH OF VIRGINIA
HOUSE OF DELEGATES
RICHMOND

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SCIENCE AND TECHNOLOGY

February 20, 2001

TO: The Honorable James S. Gilmore, III, Governor of Virginia
and
Members of the Virginia General Assembly

The 2000 General Assembly, through House Joint Resolution 213 and Senate Joint Resolution 80, directed a joint subcommittee to study campaign finance reform.

Enclosed for your review and consideration is the report of the joint subcommittee, which has been prepared in response to this request. The joint subcommittee gratefully acknowledges the assistance received from participating agencies and persons.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Chris Jones".

S. Chris Jones
Chairman

MEMBERS

Delegate S. Chris Jones, *Chairman*

Senator Charles J. Colgan, *Vice-Chairman*

Mr. Louis R. Brooks, Jr.

Ms. Carol Ann Coryell

Senator J. Randy Forbes

Delegate Robert G. Marshall

Senator Stephen D. Newman

Mr. David M. Poole

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**REPORT
OF THE JOINT SUBCOMMITTEE
STUDYING CAMPAIGN FINANCE REFORM**

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REPORT
OF THE JOINT SUBCOMMITTEE
STUDYING CAMPAIGN FINANCE REFORM
Pursuant to House Joint Resolution No. 213 of 2000
and Senate Joint Resolution No. 80 of 2000

January 2001

To: The Honorable James S. Gilmore III, Governor of Virginia
and
The General Assembly of Virginia

Study Origin

The 2000 General Assembly authorized this study by almost unanimous votes in both houses. House Joint Resolution 213 and Senate Joint Resolution 80 (Appendix A) reflect a continuing concern with campaign finance reform issues. These Resolutions point to the spiraling costs of campaigns and the need to examine Virginia's present campaign disclosure laws. The Resolutions call for an evaluation of several options: improved disclosure and enforcement, contribution limits, and expenditure limits coupled with public financing incentives.

The 2000 General Assembly, as have most recent legislatures, considered a variety of campaign finance reform measures that ranged from bills limiting campaign contributions and expenditures to measures making adjustments in the campaign finance disclosure process. These bills are summarized in Appendix D where the list of measures passed and failed indicates that the 2000 General Assembly modified current law disclosure requirements but declined to adopt more far-reaching changes such as campaign contribution limits or proposals to have campaign finance reports audited. The legislature saw a need for further study in advance of acting on more comprehensive reform measures.

The origins of this study predate the 2000 Session and find precedent in the early 1990s with the December 1992 Report of the Governor's Commission on Campaign Finance Reform, Government Accountability, and Ethics, *Public*

Service, Public Trust (Appendix E). Recommendations of that Commission included contribution limits and audits of disclosure reports.

Present Law -- The Campaign Finance Disclosure Act

Virginia relies on disclosure to govern campaign finance activities. The basic statute, the Campaign Finance Disclosure Act (Act), spells out the requirements for candidates and political committees (PACs and political party committees) to disclose information on contributions and expenditures so that the public can judge the fund-raising activities of candidates and know who supports the candidates.

With a few narrow exceptions, Virginia does not limit or prohibit contributions to candidates. One exception, enacted in 1997, prohibits campaign fund-raising activities by the Governor, Lieutenant Governor, Attorney General, and General Assembly members during the regular legislative sessions. The Act and the 1997 prohibition are set out in Appendix B. Other prohibitions pertain to specific regulated activities or entities such as the Virginia Racing Commission.

The subcommittee focused much of its attention on the present disclosure law. Some of the strong features in the present Act include:

- ◆ a comprehensive schedule for filing reports;
- ◆ broad definitions of the terms "contribution" and "expenditure";
- ◆ requirements for electronic filings of disclosure reports; and
- ◆ provisions for the establishment of an on-line database of campaign finance reports of statewide and General Assembly campaigns that is accessible to candidates, the press, and public.

Weak points in the present Act include:

- ◆ errors and omissions in disclosure reports;
- ◆ illegible disclosure reports;
- ◆ lack of specific information on contributions and expenditures;
- ◆ lack of any content review of disclosure reports; and
- ◆ uneven and minimal enforcement of sanctions for violations.

Work of the Joint Subcommittee

Appointments to the subcommittee were completed in late July 2000, and the subcommittee organized and received a staff background report in September. The subcommittee convened a roundtable discussion of the issues raised in the study directive on October 26, conducted a public hearing on

November 8, and held two work sessions on November 29 and December 11. Minutes of these meetings are set out in Appendix F.

The subcommittee particularly wishes to express its appreciation to the roundtable participants: Daniel LeBlanc, Virginia AFL/CIO; Frosty Landon, Virginia Coalition for Open Government; Stephen Medvic, Old Dominion University; Steve Calos, Common Cause of Virginia; K. Clayton Roberts, Jr., Virginia FREE; Craig Bieber, Virginia Democratic Party; Margaret Edds, The Virginian-Pilot; Walter J. Kucharski, Auditor of Public Accounts; William Hurd, Attorney General's Office; and Frank Buck, Virginia Democracy Coalition.

The roundtable discussion covered a wide variety of possible reforms. Professor Medvic presented the results of an ODU survey of 647 persons. The survey showed, in part, the following opinions:

Too much is spent in Virginia election campaigns	78.5%
Too little is spent in Virginia election campaigns	1.4%
The right amount is spent	11.7%
I favor contribution limits	74.8%
Do not limit contributions	22.1%
I think my Delegate has promised to vote a certain way on legislation in exchange for a contribution	46.5%
I don't think so	29.3%
I don't know	23.6%

Roundtable participants expressed considerable support for contribution limits and some support for public financing coupled with expenditure limits. However, there was more consensus that there is not enough time before the 2001 Session to develop a proposal for contribution limits and that the joint subcommittee should pursue reforms in the disclosure laws.

Proposals for reforms in the disclosure area included:

- ◆ independent audits of campaign reports;
- ◆ more publicity on disclosure violations;
- ◆ better use of electronic filings to reduce errors and bring about more complete and informative filings; and
- ◆ strengthened requirements for prompt filings.

As part of its efforts to evaluate the effectiveness of present disclosure laws and enforcement policies, the subcommittee surveyed all attorneys for the Commonwealth and electoral boards. The results of the surveys indicate that enforcement is uneven and inadequate. Full information on the survey results is

attached to the minutes for the subcommittee's November 29, 2000, meeting in Appendix F and are summarized here.

The survey of attorneys for the Commonwealth elicited a response from 75 of 135 localities and showed for the three years 1997, 1998, and 1999:

- ◆ five actions for failure to file disclosure reports;
- ◆ 76 actions for late filings;
- ◆ 18 actions for incomplete reports;
- ◆ 58 civil penalties collected; and
- ◆ no misdemeanor prosecutions.

The survey of electoral boards elicited a response from the board or general registrar for 60 of 135 localities and showed for the three years 1997, 1998, and 1999:

- ◆ 6,424 report filings received;
- ◆ 56 failures to file;
- ◆ 249 late filings; and
- ◆ 143 incomplete reports.

While the subcommittee did not reach agreement on the issues of contribution and expenditure limits, it does submit information on these issues in Appendices G, H, and I. Appendix G is a 50-state survey of contribution limits showing that 36 states limit individual contributions to candidates; Appendix H contains information on public finance laws of other states; and Appendix I shows the campaign spending trends in Virginia during the 1990s.

Discussions at subcommittee meetings brought out the pros and cons of enacting contribution limits and are summarized in the following table. Senator Colgan circulated a bill he will introduce to propose contribution limits at the 2001 Session.

Contribution Limits	
Pros	Cons
There is a public perception and perhaps a reality that large contributions corrupt the political process.	No real evidence has been brought forward to show that contributions are made in exchange for votes or specific quid pro quo actions by elected officials.
Limits are constitutional under the Supreme Court case law as recently held in <i>Nixon v. Shrink</i> , No. 98-963, 1/24/00, 68 U.S.LW. 4102.	Limits curtail free speech and the rights of contributors to express support for a candidate through contributions to the candidate's campaign.
Limits promote competition among candidates and give grass roots candidates a better chance against incumbents.	Limits curtail competition by preventing a newcomer with a few generous donors from taking on an incumbent.
Limits promote public trust as evidenced by the fact that 36 states limit the amount an individual can contribute to a candidate and an additional eight states limit corporate, union or PAC contributions.	Limits are illusory because the large contributor can donate soft money to political parties or can make independent expenditures.
Disclosure by itself informs the public of large contributions but does not ameliorate public distrust of large contributions.	Limits undermine the effectiveness of disclosure by driving money to other committees or independent expenditures less likely to be disclosed.

Recommendations

The subcommittee is proposing four measures. The resolution and three bills are set out in Appendix C. The following text summarizes each proposal and provides reasons for the specifics of each measure.

1. A resolution (LD 01-8642796) [House Joint Resolution 649 and Senate Joint Resolution 393 (2001)] to continue the study.

The subcommittee and a number of roundtable participants and speakers at the November public hearing concluded that the subcommittee could not provide sufficient opportunities for public comment and working sessions to address the complex issues of contribution limits and voluntary expenditure limits during the 2000 interim. Moreover, the subcommittee's efforts to review and modify the disclosure laws required considerable discussion and time before agreement was reached in December on the following three bills.

2. A bill (LD 01-8622796) [House Bill 2325 and Senate Bill 1277 (2001)] to tighten a number of provisions in the disclosure requirements of the Act. The bill:

- requires reports to be typed or computer-printed and eliminates handwritten reports except for campaign committees receiving less than \$2,500 during a campaign and in certain emergencies;

Illegible reports continue to present problems in the disclosure process. The State Board of Elections is mandated under present law (§ 24.2-914.1) to enter all General Assembly candidate campaign finance disclosure reports into a publicly available database, and it must be able to read the information to do so. Others inspecting reports should have legible information. Exceptions are provided for campaigns raising less than \$2,500 and emergency situations.

- clarifies the information required on occupation and place of business for individuals and other contributors;

This clarification takes into account that an individual should report the name of his employer or business and where he is employed while a corporate or other non-individual contributor should report its place of business and principle business activity.

- requires specific information on expenditures made by credit card payments;

The subcommittee was cited instances of expenditure reports showing only a check to the credit card issuer, effectively obscuring the purpose of the expenditure. The proposed amendment makes it

clear that credit card expenditures should be itemized on the report.

- requires on and after January 1, 2003, that General Assembly candidates file electronically if they have received more than \$10,000 in contributions; and

Under present law, General Assembly candidates have the option to file reports electronically but may continue to file paper reports. The subcommittee believes that electronic filings should be mandatory for campaigns receiving more than \$10,000 in contributions. The burden is not great and it is offset by the efficiency of electronic filing and the savings in time and money for the State Board that must enter the information into the campaign finance database. The change will not be effective for campaigns in 2001, but will apply to elections after January 1, 2003.

- requires General Assembly reports to be received by the State Board by the filing deadline and allows the mailing of reports postmarked by the filing deadline only if the candidate has received less than \$2,500 in contributions during a campaign.

Under present law (§ 24.2-915) General Assembly candidates must file campaign reports by the filing deadline at the local level but may mail reports to the State Board. The law requires mailed reports to be postmarked by the deadline. Reports mailed to the State Board by regular mail may take several days to arrive there and, if the report is sent by certified mail, they may take several additional days. The subcommittee proposes that reports must be "received" by the filing deadline unless the candidate has received less than \$2,500 in contributions in his campaign.

3. A bill (LD 01-8623796) [House Bill 2324 and Senate Bill 1276 (2001)] to amend the Act by providing for a compliance review of statewide campaign reports and a percentage of General Assembly campaign reports. The bill:

- adds the requirement that the State Board of Elections review the campaign finance reports of candidates for Governor, Lieutenant Governor, Attorney General and 10 percent of the candidates for the General Assembly selected at random;

The testimony heard by the subcommittee highlighted the need for review of campaign disclosure reports for accuracy and completeness. The policy of the State Board has been to receive and catalogue reports simply to have a record that reports are filed on time. The Board then conducts a surface review for completeness -- a review that blanks are filled in. Mistakes in reports are not flagged. Mistakes cited to the subcommittee included errors in addition, numbers carried forward from one report to another that do not match, and general information such as "citizen" when specific information on occupation or business is required.

This situation is well known to candidates and leads to sloppy reporting. The subcommittee recommends a new section (§ 24.2-928.1) to provide for a review of all candidate campaign reports for statewide offices and of candidate committee reports filed by ten percent of the candidate committees for General Assembly candidates.

The provision of a review process will encourage candidate committees to file more accurate and complete reports.

- provides that the review shall be for the purposes of (a) reconciling the balance in the campaign depository with the amounts reported in the candidate's reports of receipts and expenditures and (b) reviewing the reports for mathematical accuracy and facial completeness including the reporting of specific information required by law;

The review recommended is limited in nature to the specific items listed and does not contemplate an in-depth formal audit or burdensome record keeping requirements. The purpose of the review is to encourage complete and accurate reporting.

- requires that the Board meet publicly to select on a random basis by a drawing the General Assembly candidate campaigns to review;

The bill provides for a random drawing held in public to select the ten percent to assure all parties that the committees selected will be chosen without any partisan bias.

- exempts any campaign committee from review if it has received less than \$25,000 in contributions; and

The review process has an exemption for small campaigns for statewide office or the General Assembly where the potential for misleading statements may be less likely and the need for complete disclosure is less pressing.

- requires the campaign treasurer to retain, and provide on request by the Board, the bank statements and copies of checks issued on campaign depositories and receipts for campaign fund expenditures greater than \$500.

This provision complements the basic provisions for the review process and spells out the limited nature of any additional record-keeping requirements.

4. A bill (LD 01-8640796) [House Bill 2323 and Senate Bill 1275 (2001)] to clarify several violation and penalty provisions in the Act. The bill:

- authorizes the State Board and the appropriate local election official to review disclosure reports for completeness and request additional information;

The bill clarifies that the State Board and the appropriate local election official who receive reports have the authority to review reports and are not prohibited from asking a filer to correct an obvious error in math or inadvertent omission.

- provides for the jurisdiction of the appropriate attorney for the Commonwealth for statewide and other campaigns;

This revision is a clarifying change requested by the State Board. In addition, the bill refers to the State Board's authority to call on the Attorney General when it believes the public interest will be served in cases when an attorney for the Commonwealth fails to enforce the Act's penalty provisions.

- authorizes the State Board or appropriate local election official to assess and collect the civil penalty for a violation of the reporting requirements before referring the violation to the attorney for the Commonwealth;

This is a clarifying change requested by the State Board because of confusion whether the local

electoral boards could assess and collect the civil penalties provided by the Act.

- provides for payment of civil penalties collected at the local level to the locality; and

The subcommittee recommends this change to pay civil penalties collected by the locality to the locality as opposed to paying the penalties to the Commonwealth.

- provides for public notice on the Internet of violations by candidates for statewide office or the General Assembly involving the failure to file a required report by the required deadline.

Testimony before the subcommittee supported notice of violations on the Internet as an effective means to encourage timely and accurate filings. Timely public notice of violations and the "shame" factor will be a more effective prod for timely and accurate filings than any post-election civil penalty.

Conclusion

The subcommittee submits these recommendations for consideration by the General Assembly as a first step toward improving the Commonwealth's campaign finance laws.

Respectfully submitted,

Delegate S. Chris Jones, *Chairman*
Senator Charles J. Colgan, *Vice-Chairman*
Mr. Louis R. Brooks, Jr.
Ms. Carol Ann Coryell
*Senator J. Randy Forbes
Delegate Robert G. Marshall
Senator Stephen D. Newman
Mr. David M. Poole
Delegate Lionell Spruill, Sr.
Delegate John Harvey Tate, Jr.
Delegate Frank W. Wagner

*Senator Forbes declined to sign the report.

APPENDIX A

STUDY DIRECTIVES

**House Joint Resolution 213 (2000) Attached
[Senate Joint Resolution 80 (2000) Duplicate]**

GENERAL ASSEMBLY OF VIRGINIA -- 2000 SESSION

HOUSE JOINT RESOLUTION NO. 213

Establishing a joint subcommittee to study campaign finance reform issues.

Agreed to by the House of Delegates, March 10, 2000

Agreed to by the Senate, March 10, 2000

WHEREAS, House and Senate candidates in the 1999 contests for the General Assembly spent more than \$22 million in total even though 67 of the 140 seats were uncontested, and candidates spent more than \$500,000 in each of 11 House of Delegates and six Senate races; and

WHEREAS, total expenditures in the 84th House District and 21st and 34th Senate Districts neared or exceeded \$1 million; and

WHEREAS, the total spent by the two candidates in the 1997 race for Governor climbed past the \$20 million mark; and

WHEREAS, spiraling campaign costs force officeholders and candidates to focus time and efforts on fund raising rather than governing; and

WHEREAS, pressures exerted by expensive campaigns make larger contributions, and their donors, more important; and

WHEREAS, these pressures test the integrity of the candidates who ask for money and the donors who respond; and

WHEREAS, Virginia has relied on voluntary disclosure by candidates and political committees to keep the process free from corruption; and

WHEREAS, the Commonwealth has declined to impose limits on campaign contributions or to audit or examine campaign disclosure reports for compliance; and

WHEREAS, significant developments in campaign finance law are underway with the enactment since 1996 of "clean elections acts" in Maine, Vermont, Arizona, and Massachusetts, as are court challenges testing these new efforts to limit expenditures and contributions; and

WHEREAS, on January 24, 2000, in Nixon v. Shrink Missouri Government PAC, the U. S. Supreme Court upheld Missouri's law limiting contributions to statewide candidates to \$1,075; and

WHEREAS, the Nixon decision clears the way for states and localities to enact reasonable contribution limits; and

WHEREAS, the increasing costs of political campaigns and anticipated campaign finance experiments in other states in reaction to Nixon all combine to justify a study of the campaign finance laws in Virginia; now, therefore, be it

RESOLVED by the House of Delegates, the Senate concurring, That a joint subcommittee be established to study Virginia's campaign finance laws. The joint subcommittee shall be composed of 11 members, which shall include 8 legislative members and 3 nonlegislative citizen members as follows: five members of the House of Delegates to be appointed by the Speaker of the House, in accordance with the principles of Rule 16 of the Rules of the House of Delegates; three members of the Senate to be appointed by the Senate Committee on Privileges and Elections; one member of a local electoral board and one citizen to be appointed by the Speaker of the House and one citizen to be appointed by the Senate Committee on Privileges and Elections.

In conducting its study, the joint subcommittee shall examine the costs of campaigning in Virginia, the effectiveness of the Commonwealth's present disclosure laws and their enforcement, the constitutional options available to regulate campaign finances, and possible revisions in Virginia's laws to promote the integrity of, and public confidence in, Virginia's campaign system.

The direct costs of this study shall not exceed \$11,500.

The Division of Legislative Services shall provide staff support for the study. Technical assistance shall be provided by the State Board of Elections. All agencies of the Commonwealth shall provide assistance to the joint subcommittee, upon request.

The joint subcommittee shall complete its work in time to submit its findings and recommendations to the Governor and the 2001 Session of the General Assembly as provided in the procedures of the Division of Legislative Automated Systems for the processing of legislative documents.

Implementation of this resolution is subject to subsequent approval and certification by the Joint Rules Committee. The Committee may withhold expenditures or delay the period for the conduct of the study.

APPENDIX B

**CURRENT CAMPAIGN FINANCE DISCLOSURE AND LIMITS
LAWS**

Chapters 9 and 9.1 of Title 24.2 of the Code of Virginia

Chapter 9. Campaign Finance Disclosure Act.

Article 1.

General Provisions.

- 24.2-900. Elections to which chapter applicable; chapter exclusive.
- 24.2-901. Definitions.
- 24.2-902. Services and things of value.
- 24.2-903. Summary of election laws; forms.
- 24.2-903.1. [Expired.]

Article 2.

Candidates and Campaign Committees.

- 24.2-904. Appointment of campaign treasurer; designation of campaign committee and depository.
- 24.2-905. Campaign depositories; petty cash fund.
- 24.2-906. Books and records of candidate or his treasurer.
- 24.2-907. Contributions and expenditures to be paid or reported to treasurer.

Article 3.

Persons and Committees Other Than Campaign Committees.

- 24.2-908. Statement of organization.
- 24.2-908.1. Use of candidate's name in name of political committee.
- 24.2-909. Establishment of political action committees by certain entities.
- 24.2-910. Persons and political committees required to file disclosure reports.
- 24.2-911. Certain political party committees exempt.
- 24.2-912. Political party committees required to report designated contributions.
- 24.2-913. Inaugural fund committees.

Article 4.

Disclosure Reports.

- 24.2-914. Information to be included on report of contributions and expenditures.
- 24.2-914.1. Standards and requirements for electronic preparation and transmittal of campaign finance disclosure reports; database.
- 24.2-915. With whom candidates to file reports; responsibility for

reporting.	
24.2-916.	Filing schedule for candidates for office generally.
24.2-917.	Filing schedule for candidates for offices filled at May general elections.
24.2-918.	Filing requirements for special elections.
24.2-919.	Special report required of certain large pre-election contributions.
24.2-920.	Final report requirement; transfer of surplus.
24.2-920.1.	Dormant campaigns.
24.2-921.	Use of excess contributed funds.
24.2-922.	Reports as condition to qualification for office.
24.2-923.	Filing schedule for persons and political committees.
24.2-923.1.	Dormant committees.
24.2-924.	Filing schedule for inaugural fund committees.
24.2-925.	Use of excess inaugural committee funds.
24.2-926.	Custody of reports; inspection and copying.
24.2-927.	Failure to report or filing of late report a violation; certain extensions.
24.2-928.	Reporting of certain violations.

Article 5.

Penalties.

24.2-929.	Penalties for violations of chapter.
24.2-930.	Civil penalties for late and incomplete filings for statewide campaigns.

Article 1.

General Provisions.

§ 24.2-900. Elections to which chapter applicable; chapter exclusive.

The provisions of this chapter shall apply to all elections, including referenda, and to nominating conventions, mass meetings, and other methods to nominate a political party candidate for public office, except elections for (i) members of the United States Congress, (ii) town office in a town with a population of less than 25,000, (iii) directors of soil and water conservation districts, or (iv) political party committees. Every candidate for the United States Congress shall file with the State Board certified copies of all reports of campaign contributions and expenditures required by the laws of the United States. Except as provided in § 24.2-903.1, this chapter shall constitute the exclusive and entire campaign finance disclosure law of the Commonwealth, and elections to which the chapter applies shall not be subject to further regulation by local law.

(1970, c. 462, § 24.1-251; 1972, c. 620; 1973, c. 30; 1980, c. 639; 1982, c. 650; 1993, cc. 641, 715.)

Editor's note. - Acts 1993, c. 715 amended former § 24.1-251, from which this section is derived.

Pursuant to § 9-77.11 and Acts 1993, c. 641, cl. 6, effect has been given in this section, as set out above. In accordance with c. 715, "Except as provided in § 24.2-903.1" was inserted in the third sentence.

Law review. - For survey of election law reform in Virginia, see 12 Wm. & Mary L. Rev. 333 (1970).

For a symposium, "The Law and Economics of Elections," see 85 Va. L. Rev. 1533 (1999).

For an article, "Governing Through Intermediaries," see 85 Va. L. Rev. 1627 (1999).

For a commentary, "Pluralism With a Corporate Face: A Comment On Issacharoff and Ortiz," see 85 Va. L. Rev. 1671 (1999).

For a commentary, "Political Parties as Donative Intermediaries," see 85 Va. L. Rev. 1683 (1999).

For an article, "Politics By Other Means," see 85 Va. L. Rev. 1697 (1999).

For a commentary, "It's Not Just Talk," see 85 Va. L. Rev. 1725 (1999).

For a commentary, "Market Failures and Failures of Markets," see 85 Va. L. Rev. 1745 (1999).

For an article, "The Issue of Issue Advocacy: An Economic, Political, and Constitutional Analysis," see 85 Va. L. Rev. 1761 (1999).

For a commentary, "Taking Issue With Issue Advocacy," see 85 Va. L. Rev. 1793 (1999).

For a commentary, "On the Issue of Issue Advocacy," see 85 Va. L. Rev. 1803 (1999).

§ 24.2-901. Definitions.

A. As used in this chapter, unless the context requires a different meaning:

"Campaign committee" means the committee designated by a candidate to receive all contributions and make all expenditures for him or on his behalf in connection with his nomination or election.

"Contribution" means money and services of any amount, and any other thing of value over \$100, given, advanced, promised, loaned, or in any other way provided to a candidate, campaign committee, political committee, inaugural committee, or person for the purpose of influencing the outcome of an election or defraying the costs of the inauguration of a Governor, Lieutenant Governor, or Attorney General. "Contribution" includes money, services, or things of value in any way provided by a candidate to his own campaign and the payment by the candidate of any primary filing fee.

"Expenditure" means money and services of any amount, and any other thing of value over \$100, paid, promised, loaned, provided, or in any other way disbursed by any candidate, campaign committee, political committee, inaugural committee, or person for the purpose of influencing the outcome of an election or defraying the costs of the inauguration of a Governor, Lieutenant Governor, or Attorney General.

"Inaugural committee" means any committee which anticipates receiving contributions or making expenditures, from other than publicly appropriated funds, for the inauguration of the Governor, Lieutenant Governor, or Attorney General and related activities.

"Independent expenditure" means an expenditure made by any person or political committee which is not made to, controlled by, coordinated with, or made upon consultation with a candidate, his campaign committee, or an agent of the candidate or his campaign committee.

"Person" means any individual or corporation, partnership, business, labor organization, membership organization, association, cooperative, or other like entity.

"Political action committee" means any organization, other than a campaign committee or political party committee, established or maintained in whole or in part to receive and expend contributions for political purposes.

"Political committee" means any state political party committee, congressional district political party committee, county or city political party committee for a county or city with a population of more than 100,000, organized political party group of elected officials, political action committee, other committee, person or group of persons which receives contributions or makes expenditures for the purpose of influencing the outcome of any election. The term shall not include: (i) a campaign committee; (ii) a political party committee exempted pursuant to § 24.2-911; or (iii) a person who receives no contributions from any source and whose only expenditures are made solely from his own funds and are either contributions made by him which are reportable by the recipient pursuant to Article 4 (§ 24.2-914 et seq.) of this chapter or independent expenditures which are reportable by him to the extent required by subsection B of § 24.2-910, or a combination of such reportable contributions and independent expenditures.

B. For the purpose of applying the filing and reporting requirements of Article 3 (§ 24.2-908 et seq.) and Article 4 of this chapter, the terms "person," "political action committee," and "political committee" shall not include an organization holding tax-exempt status under § 501 (c) (3) of the United States Internal Revenue Code which, in providing information to voters, does not advocate or endorse the election or defeat of a particular candidate, group of candidates, or the candidates of a particular political party.

(1970, c. 462, § 24.1-255; 1975, c. 515, § 24.1-254.1; 1981, c. 425, § 24.1-254.2; 1983, c. 119; 1988, c. 616; 1991, cc. 9, 474, 709, § 24.1-254.3; 1993, cc. 641, 776, 921; 1994, c. 510; 1996, cc. 405, 1042.)

Editor's note. - Acts 1993, cc. 776 and 921 amended former § 24.1-254.1, from which this section is derived. Pursuant to § 9-77.11 and Acts 1993, c. 641, cl. 6, effect has been given in this section, as set out above. In accordance with cc. 776 and 921, which were identical, the language beginning "congressional district political committee" and ending "elected officials" was inserted in, "district, county, or city" preceding "political party committee" was deleted from, and "exempted pursuant to § 24.2-911" was added to the paragraph defining "Political committee."

"For the purpose of influencing the outcome of an election" as used in this section, §§ 24.2-910 and 24.2-914, as well as its implication for terms used in § 24.2-908, may be narrowly construed to limit the application of those statutes to groups that expressly advocate the election or defeat of a clearly identified candidate. *Virginia Soc'y for Human Life, Inc. v. Caldwell*, 256 Va. 151, 500 S.E.2d 814 (1998).

Narrowing construction to definition of "political committee." - A group that engages solely in issue advocacy and doesn't receive "contributions" or make "expenditures" to expressly advocate the election or defeat of a clearly identified candidate is not a "political committee" as defined in this section. *Virginia Soc'y for Human Life, Inc. v. Caldwell*, 256 Va. 151, 500 S.E.2d 814 (1998).

Even if organizations which lack 26 U.S.C. § 501(c)(3) status under the Internal Revenue Code, but which nonetheless provide information to voters that "does not advocate or endorse the election or defeat of a particular candidate," are subsumed within the definition of "political committee," under the narrowing construction, such groups would be subject to its application elsewhere in the act only if their activities were to exceed the bounds of issue advocacy. *Virginia Soc'y for Human Life, Inc. v. Caldwell*, 256 Va. 151, 500 S.E.2d 814 (1998).

Applied in Virginia Soc'y for Human Life, Inc. v. Caldwell, 906 F. Supp. 1071 (W.D. Va. 1995); Virginia Soc'y for Human Life, Inc. v. Caldwell, 152 F.3d 268 (4th Cir. 1998).

§ 24.2-902. Services and things of value.

In determining the value of services or things of value for the reporting purposes of this chapter, a reasonable value shall be designated therefor and the basis for arriving at such designated value shall be stated in all reports. Services shall not be deemed to include personal services voluntarily rendered for which no compensation is asked or given.

(1970, c. 462, § 24.1-255; 1975, c. 515; 1981, c. 425; 1983, c. 119; 1988, c. 616; 1991, c. 9; 1993, c. 641.)

§ 24.2-903. Summary of election laws; forms.

The State Board shall summarize the provisions of the election laws relating to campaign contributions and expenditures and provide for distribution of this summary and prescribed forms to each candidate, person, or committee on request or upon their first filing with the State Board pursuant to this chapter, whichever occurs first. The Board shall designate the form of the report of contributions and expenditures which shall be the only such form used in complying with the provisions of this chapter. The Board shall also prescribe a separate form for the required reporting of certain large contributions and expenditures pursuant to § 24.2-919.

The State Board shall provide, with the summary required by this section, instructions for persons filing reports pursuant to this chapter to assist them in completing the reports. The instructions shall include directions for the reporting of candidate primary filing fees.

(1970, c. 462, § 24.1-252; 1975, c. 515; 1983, c. 119; 1992, c. 447; 1993, c. 641; 1996, c. 405.)

§ 24.2-903.1.

Expired.

Editor's note. - This section was enacted by Acts 1993, c. 715, and expired by its own terms January 1, 1996.

Article 2.
Candidates and Campaign Committees.

§ 24.2-904. Appointment of campaign treasurer; designation of campaign committee and depository.

A. Upon accepting any contribution for his candidacy, each candidate for nomination or election shall appoint a single campaign treasurer and may designate not more than one campaign committee to receive all contributions and make all expenditures for him or on his behalf in connection with his nomination or election and to file the reports required by this

chapter. The payment of a primary filing fee by the candidate constitutes the acceptance of a contribution for the purposes of this section. At the same time he shall designate a campaign depository in a financial institution within the Commonwealth. He shall provide, on a form prescribed by the State Board, the name and address of the campaign treasurer, the name of the financial institution and account number for his campaign depository, and, if one, the name of the campaign committee.

He shall file the form with the (i) electoral board of the county or city in which he resides if he is a candidate for local office, (ii) electoral board of the county or city in which he resides and the State Board if he is a candidate for the General Assembly, or (iii) State Board if he is a candidate for statewide office. Every treasurer so appointed shall accept the appointment, in writing on the form, prior to the filing thereof. No individual shall act as treasurer unless the required statement of appointment shall have been filed. No individual shall be appointed or act as treasurer in any election who is not a qualified voter of the Commonwealth. The same person may serve as campaign treasurer for more than one candidate.

B. In the event of the death, resignation, removal, or change of the treasurer, the candidate shall designate a successor and file the name and address of the successor within ten days of the change with the State Board, local electoral board, or both, as provided in subsection A.

C. Any candidate who fails to appoint and report the appointment of a treasurer or successor treasurer shall be deemed to have appointed himself treasurer and shall comply as such with the provisions of this chapter.

(1970, c. 462, §§ 24.1-253, 24.1-254; 1971, Ex. Sess., c. 222; 1972, cc. 620, 622; 1975, c. 515; 1978, c. 778; 1983, c. 119; 1984, c. 480; 1993, c. 641; 1996, c. 405.)

Law review. - For survey of Virginia administrative law for the year 1974-1975, see 61 Va. L. Rev. 1632 (1975).

§ 24.2-905. Campaign depositories; petty cash fund.

All funds and monetary contributions received by the candidate or his campaign committee, as soon as practicable after receipt thereof, shall be deposited by the treasurer in the designated campaign depository in an account properly identifying the name of and the existence of the political candidacy. No candidate, campaign treasurer, or other individual shall pay any expense on behalf of a candidate, directly or indirectly, except by check from such designated depository. However, a treasurer (i) may establish a petty cash fund to be utilized for the purpose of making expenditures or reimbursing verified credit card expenditures of less than one hundred dollars if complete records of such expenditures are maintained as required by this chapter and (ii) may transfer funds from the designated campaign depository to an account or instrument to earn interest on the funds so long as the transferred funds and earned interest are returned to the designated depository account, complete records are maintained, and all expenditures are made through the designated depository account.

(1970, c. 462, § 24.1-254; 1975, c. 515; 1983, c. 119; 1993, c. 641; 1996, c. 217; 2000, c. 326.)

The 2000 amendments. - The 2000 amendment by c. 325 divided the former second sentence into the present second and third sentences; and in the present third sentence, inserted the (i) designation and "and (ii) may transfer funds from the designated campaign depository to an account or instrument to earn interest on the funds so long as the transferred funds and earned interest are returned to the designated

depository account, complete records are maintained, and all expenditures are made through the designated depository account."

Law review. - For survey of Virginia administrative law for the year 1974-1975, see 61 Va. L. Rev. 1632 (1975).

§ 24.2-906. Books and records of candidate or his treasurer.

Every candidate or his treasurer shall keep detailed and accurate accounts of all contributions turned over to and expenditures made by the candidate or his treasurer on behalf of the candidate or his campaign committee, or reported to any candidate or his treasurer pursuant to § 24.2-907. Such account shall set forth the date of the contribution or expenditure, its amount or value, the name and address of the person or committee making the contribution or to whom the expenditure was made, and the object or purpose of the contribution or expenditure. Such books and records may be destroyed or discarded at any time after (i) one year from the date of filing the final report required by § 24.2-920 or (ii) three years after the December 31 immediately following the election, whichever last occurs, unless a court of competent jurisdiction shall order their retention for a longer period.

(1970, c. 462, § 24.1-256; 1975, c. 515; 1990, c. 976; 1993, c. 641.)

§ 24.2-907. Contributions and expenditures to be paid or reported to treasurer.

A. All contributions and expenditures received or made by any candidate, or received or made on his behalf or in relation to his candidacy by any individual or entity, except independent expenditures, shall be paid over or delivered to the candidate's treasurer or shall be reported to the treasurer in such detail and form as to allow him to comply fully with this chapter. An independent expenditure shall be reported pursuant to § 24.2-910 in lieu of being reported to the candidate's treasurer.

B. It shall be unlawful for any candidate, or any individual or entity receiving contributions or making expenditures on a candidate's behalf or in relation to his candidacy, to fail to report every contribution and expenditure as required in subsection A and in this chapter.

(1970, c. 462, § 24.1-255; 1975, c. 515; 1981, c. 425; 1983, c. 119; 1988, c. 616; 1991, c. 9; 1993, cc. 641, 776, 921.)

Editor's note. - Acts 1993, cc. 776 and 921 amended former § 24.1-255, from which this section is derived. Pursuant to § 9-77.11 and Acts 1993, c. 641, cl. 6, effect has been given in this section, as set out above. In accordance with cc. 776 and 921, which are identical, the former second paragraph of subsection B which provided: "Except as provided in the preceding paragraph and in § 24.1-257.3, any district, county or city political party committee shall be exempt from the requirements of this chapter, but contributions made by any such political party committee to any candidate, his campaign committee, or committee as defined in § 24.1-254.1, shall be reported in accordance with the provisions of this chapter by the recipient of the contribution" was deleted.

Law review. - For survey of Virginia administrative law for the year 1974-1975, see 61 Va. L. Rev. 1632 (1975).

Article 3.

Persons and Committees Other Than Campaign Committees.

§ 24.2-908. Statement of organization.

A. Except as provided in subsection B, each political committee which anticipates receiving contributions or making expenditures in excess of \$200 in a calendar year shall file with the State Board a statement of organization (i) within ten days after its organization or, if later, within ten days after the date on which it has information which causes the committee to anticipate it will receive contributions or make expenditures in excess of \$200 or on which it otherwise becomes subject to the provisions of this chapter, and (ii) annually thereafter by January 15.

The statement of organization shall include:

1. The name of the committee and its address in the Commonwealth;
2. The names, addresses, and relationships of affiliated or connected organizations;
3. The area, scope, or jurisdiction of the committee;
4. The name, business address, and position of the custodian, if any, of books and accounts and his residence address in the Commonwealth;
5. The name, residence address, and position of other principal officers, including officers and members of the finance committee, if any, and including at least one principal officer who is a resident of the Commonwealth, who serves as treasurer or chief executive officer of the committee, and who shall be deemed the agent of the committee for the purpose of service of process on the committee;
6. The name, address, office sought, and party affiliation of each individual whom the committee is supporting or opposing for nomination or for election to any public office whatever or, if supporting the entire ticket of any party, the name of the party;
7. In the event the committee is promoting or opposing a referendum, the subject of the referendum, the date and location of the election, and a statement whether the committee is promoting or opposing the referendum question;
8. In the case of an inaugural fund committee, the name, address, and office to which elected of the person on whose behalf the committee is organized;
9. A statement whether the committee is a continuing one;
10. The disposition of residual funds which will be made in the event of dissolution;
11. The designated sole depository to be used for the receipt and holding of funds and contributions received by the committee, in an account in a financial institution within the Commonwealth; and
12. Such other information as shall be required by the State Board.

Any change in information previously submitted in a statement of organization shall be reported to the State Board within ten days following the change.

Any committee which, after having filed one or more statements of organization, disbands or determines it will no longer receive contributions or make expenditures during the calendar year in an aggregate amount exceeding \$200 shall so notify the State Board.

B. Notwithstanding the provisions of subsection A, a political committee that is established or controlled by a corporation doing business in Virginia or a national political party committee shall provide the following information in its statement of organization in lieu of the information required in subdivisions 1, 4, 5, and 11 of subsection A:

1. The name and address of the committee;
2. The name, residence and business addresses, and position of the custodian, if any, of books and accounts;
3. The name, residence address, and position of other principal officers, including officers and members of the finance committee, if any; and
4. A listing of all banks, safe-deposit boxes, or other repositories used.

(1975, c. 515, § 24.1-254.1; 1983, c. 119; 1991, cc. 9, 709; 1993, c. 641; 1996 c. 1042; 2000, cc. 852, 872.)

The 2000 amendments. - The 2000 amendments by cc. 852 and 872 are identical, and in subsection A, inserted "Except as provided in subsection B," at the beginning of the subsection; in subdivision A 1, deleted "and address" and added "and its address in the Commonwealth"; in subdivision A 4, deleted "residence and", substituted "address" for "addresses", and added "and his residence address in the Commonwealth" at the end of the subdivision; added the language following "if any," through the end of the subdivision in subdivision A 5; substituted the present subdivision A 11 for the former, which read: "A listing of all banks, safe-deposit boxes, or other repositories used; and"; and added subsection B.

Count relating to Virginia Fair Elections Practices Act dismissed. - Where count alleged that various provisions of the Virginia Fair Elections Practices Act, former § 24.1-251 et seq., constituted a system of prior restraint in violation of the First and Fourteenth Amendments to the Constitution, the district court properly dismissed the count. The statutes had been amended and the statutes which plaintiffs challenged were no longer the statutes in effect in Virginia. In addition, no evidence existed that the plaintiffs were currently under actual or threatened application of the new Virginia Campaign Finance Disclosure Act, § 24.2-900 et seq. *Jordahl v. Democratic Party*, 122 F.3d 192 (4th Cir. 1997).

Where plaintiffs would be irreparably harmed were preliminary injunction not to issue, defendants would not be irreparably harmed by the issuance of a preliminary injunction, and plaintiffs showed a likelihood of success on the merits, the public interest would be served by the court's injunction. *Virginia Soc'y for Human Life, Inc. v. Caldwell*, 906 F. Supp. 1071 (W.D. Va. 1995).

Where plaintiffs filed 42 U.S.C. § 1983 claims for injunction injuries, claims dismissed. - Where defendant filed complaints against plaintiffs alleging that plaintiffs were violating the Virginia Fair Elections Practices Act, former § 24.1-251 et seq., and state courts entered orders enjoining plaintiffs from distributing political literature, and where plaintiffs filed 42 U.S.C. § 1983 claims for injuries caused by these injunctions, plaintiffs' claims were properly dismissed under the Rooker-Feldman Doctrine. *Jordahl v. Democratic Party*, 122 F.3d 192 (4th Cir. 1997).

Group that engages solely in issue advocacy and doesn't receive "contributions" or make "expenditures" to expressly advocate the election or defeat of a clearly identified candidate is not a "political committee" as defined in § 24.2-901, and, consequently, is not included in the mandate of this section. *Virginia Soc'y for Human Life, Inc. v. Caldwell*, 256 Va. 151, 500 S.E.2d 814 (1998).

Applied in *Virginia Soc'y for Human Life, Inc. v. Caldwell*, 152 F.3d 268 (4th Cir. 1998).

§ 24.2-908.1. Use of candidate's name in name of political committee.

A. No political committee required to file a statement of organization pursuant to § 24.2-908 shall include in any part of its name the name of a candidate unless the political committee either (i) has obtained, prior to filing, the written authorization of the candidate to use the candidate's name as part of the name of the political committee or (ii) has mailed by certified mail, twenty-one or more days prior to filing, written notice to the candidate of its intent to use his name as part of the name of the political committee.

B. Any political committee which intends to use the name of a candidate as part of the name of the political committee shall file with the statement of organization required by § 24.2-908 either (i) a copy of the written authorization of the candidate consenting to the use of his name or (ii) a copy of its notice to the candidate and evidence of its timely mailing. If two candidates seeking the same office have the same surname, the political committee shall include the first name, or other initial or nickname, and the last name of the candidate, in the name of the political committee so as to identify which candidate is associated with the political committee; and either the written authorization of the identified candidate or written notice to the identified candidate shall be required by this section.

C. Any violation of this section shall be subject to the civil penalty stated in subsection A of § 24.2-929.

(1996, cc. 586, 601.)

§ 24.2-909. Establishment of political action committees by certain entities.

Any stock or nonstock corporation, labor organization, membership organization, cooperative, or other group of persons may establish and administer for political purposes, and solicit and expend contributions for, a political action committee, provided that:

1. No political action committee shall make a contribution or expenditure by utilizing money or anything of value secured by physical force, job discrimination, financial reprisal, threat of force, or as a condition of employment.

2. Any person soliciting a contribution to a political action committee shall, at the time of solicitation, inform the person being solicited of (i) his right to refuse to contribute without any reprisal and (ii) the political purposes of the committee.

(1981, c. 425, § 24.1-254.2; 1993, c. 641.)

Law review. - For an article, "Governing Through Intermediaries," see 85 Va. L. Rev. 1627 (1999).

For a commentary, "Pluralism With a Corporate Face: A Comment On Issacharoff and Ortiz," see 85 Va. L. Rev. 1671 (1999).

For a commentary, "Political Parties as Donative Intermediaries," see 85 Va. L. Rev. 1683 (1999).

For an article, "Politics By Other Means," see 85 Va. L. Rev. 1697 (1999).

For a commentary, "It's Not Just Talk," see 85 Va. L. Rev. 1725 (1999).

For a commentary, "Market Failures and Failures of Markets," see 85 Va. L. Rev. 1745 (1999).

For an article, "The Issue of Issue Advocacy: An Economic, Political, and Constitutional Analysis," see 85 Va. L. Rev. 1761 (1999).

For a commentary, "Taking Issue With Issue Advocacy," see 85 Va. L. Rev. 1793 (1999).

For a commentary, "On the Issue of Issue Advocacy," see 85 Va. L. Rev. 1803 (1999).

§ 24.2-910. Persons and political committees required to file disclosure reports.

A. Any political committee required to file a statement of organization by § 24.2-908 shall be required to maintain records and file disclosure reports as provided in Article 4 (§ 24.2-914 et seq.) of this chapter.

B. Any person who is not a political committee and who makes independent expenditures, in the aggregate, in excess of \$500 for a statewide election or \$200 for any other election shall maintain records and report pursuant to Article 4 of this chapter all such independent expenditures including:

1. Any funds expended for the purpose of influencing the outcome of any election for public office; and

2. Any funds expended to publish or broadcast to the public any material referring to a candidate by name, description, or other reference and (i) advocating his election or defeat, (ii) setting forth his position on any public issue, voting record, or other official acts, or (iii) otherwise designed to influence individuals to cast their votes for or against him or to withhold their votes from him.

(1970, c. 462, § 24.1-255; 1975, c. 515; 1981, c. 425; 1983, c. 119; 1988, c. 616; 1991, c. 9; 1993, c. 641; 1996 c. 1042.)

Count relating to Virginia Fair Elections Practices Act dismissed. - Where count alleged that various provisions of the Virginia Fair Elections Practices Act, former § 24.1-251 et seq., constituted a system of prior restraint in violation of the First and Fourteenth Amendments to the Constitution, the district court properly dismissed the count. The statutes had been amended and the statutes which plaintiffs challenged were no longer the statutes in effect in Virginia. In addition, no evidence existed that the plaintiffs were currently under actual or threatened application of the new Virginia Campaign Finance Disclosure Act, § 24.2-900 et seq. *Jordahl v. Democratic Party*, 122 F.3d 192 (4th Cir. 1997).

Where plaintiffs would be irreparably harmed were preliminary injunction not to issue, defendants would not be irreparably harmed by the issuance of a preliminary injunction, and plaintiffs showed a likelihood of success on the merits, and the public interest would be served by the court's injunction. *Virginia Soc'y for Human Life, Inc. v. Caldwell*, 906 F. Supp. 1071 (W.D. Va. 1995).

Where plaintiffs filed 42 U.S.C. § 1983 claims for injunction injuries, claims dismissed. - Where defendant filed complaints against plaintiffs alleging that plaintiffs were violating the Virginia Fair Elections Practices Act, former § 24.1-251 et seq., and state courts entered orders enjoining plaintiffs from distributing political literature, and where plaintiffs filed 42 U.S.C. § 1983 claims for injuries caused by these injunctions, plaintiffs' claims were properly dismissed under the Rooker-Feldman Doctrine. *Jordahl v. Democratic Party*, 122 F.3d 192 (4th Cir. 1997).

"Independent expenditure" contemplated by this section and as defined in § 24.2-901 excludes expenditures made solely for issue advocacy. *Virginia Soc'y for Human Life, Inc. v. Caldwell*, 256 Va. 151, 500 S.E.2d 814 (1998).

Applied in *Virginia Soc'y for Human Life, Inc. v. Caldwell*, 152 F.3d 268 (4th Cir. 1998).

§ 24.2-911. Certain political party committees exempt.

A. Except as provided in §§ 24.2-907 and 24.2-912, any district, county, or city party committee and any organized political party group of elected officials shall be exempt from the reporting requirements of this chapter. Contributions made by such committee or group to any candidate, his campaign committee, or a political committee shall be reported by the recipient of the contribution in accordance with the provisions of this chapter.

B. The exemption provided in this section shall not be applicable to state political party committees, congressional district political party committees, or county or city political party committees for any county or city with a population of more than 100,000, or organized political party groups of elected officials. Any other political party committee shall be exempt from the reporting and notification requirements of this chapter, except as provided in §§ 24.2-907 and 24.2-912, in each calendar year in which it does not accept contributions totaling more than \$10,000, or make contributions and expenditures totaling more than \$10,000. Any such committee shall be subject to such reporting requirements as soon as it accepts aggregated contributions, or makes aggregated contributions and expenditures, in excess of \$10,000 in a calendar year. The first report filed pursuant to § 24.2-923 shall account for all receipts and disbursements during the calendar year and shall be complete through the completion date for the report period. The State Board of Elections, by regulation, shall adjust the \$10,000 threshold annually for inflation, but not decrease the threshold below \$10,000.

(1970, c. 462, §§ 24.1-254.1, 24.1-255; 1975, c. 515; 1981, c. 425; 1983, c. 119; 1988, c. 616; 1991, cc. 9, 709; 1993, cc. 641, 776, 921.)

Editor's note. - Acts 1993, cc. 776 and 921 amended former § 24.1-254.1, from which this section is derived. Pursuant to § 9-77.11 and Acts 1993, c. 641, cl. 6, effect has been given in this section, as set out above. In accordance with cc. 776 and 921, the amendments added subsection B.

§ 24.2-912. Political party committees required to report designated contributions.

A. Every state, district, county, and city party committee and every organized political party group of elected officials shall file a report of contributions received by it and designated in writing, orally, or otherwise by the contributor for the election of a specified candidate or candidates. The report shall (i) be on a form prescribed by the State Board and may be incorporated in the report of contributions and expenditures prescribed in § 24.2-914, (ii) provide for the reporting of the receipt and disbursement of designated contributions, including information to identify the contributor, as provided in § 24.2-914, (iii) include the name of the candidate for whose election the contributor has designated the contribution, and (iv) be filed with the State Board in accordance with § 24.2-923.

B. Either the failure to file any report or the late filing of any report required by this section shall constitute a violation of this chapter subject to the penalties provided in § 24.2-929.

(1988, c. 616, § 24.1-257.3; 1991, c. 9; 1993, c. 641.)

§ 24.2-913. Inaugural fund committees.

Any inaugural fund committee shall maintain all inaugural funds in a separate account and in such detail and form as to allow full compliance with this chapter. A candidate's campaign committee shall not serve as an inaugural fund committee. All filing and reporting requirements imposed by this chapter shall apply to inaugural fund committees except as specifically provided otherwise.

(1991, cc. 474, 709, § 24.1-254.3; 1993, c. 641.)

**Article 4.
Disclosure Reports.****§ 24.2-914. Information to be included on report of contributions and expenditures.**

A. The report required by this chapter shall be filed on a form prescribed by the State Board and shall include all contributions and expenditures. All completed forms shall be submitted in typed, printed, or legibly hand printed format or as provided in § 24.2-914.1. Reports required by this chapter shall be received by the State Board, local electoral board, or both, by the deadline for filing the report. The State Board shall provide instructions to filers for delivery of reports within the time periods prescribed by law. Persons submitting the forms shall do so subject to felony penalties for making false statements pursuant to § 24.2-1016.

B. The report of receipts shall include:

1. The total number of contributors, each of whom has contributed an aggregate of \$100 or less, including cash and in-kind contributions, as of the date of the report, and the total amount of contributions from all such contributors;

2. For each contributor who has contributed an aggregate of more than \$100, including cash and in-kind contributions, as of the date of the report, the name of the contributor, listed alphabetically, the address of the contributor, the occupation, including name of employer or principal business, and the principal place of business of the contributor, the amount of the contribution included in the schedule of receipts, the aggregate amount of contributions from the contributor to date, and the date of the last contribution. For each such contributor that is a corporation or other entity, it shall be sufficient to list the address of the contributor one time on the report of receipts.

C. The report of disbursements shall include all expenditures and give:

1. The name and address of the person paid;
2. A brief description of the purpose of the expenditure;
3. The name of the person contracting for or arranging the expenditure;
4. The amount of the expenditure; and
5. The date of the expenditure.

D. Each report for a candidate shall list separately those receipts and expenditures reported to the candidate or his treasurer by any person, political committee, or political party committee pursuant to § 24.2-907 and shall set forth in each instance the source of the information reported.

E. The report shall list separately all loans and, for each loan, shall give:

1. The date the loan was made;
2. The name and address of the person making the loan and any person who is a co-borrower, guarantor, or endorser of the loan;
3. The amount of the loan;
4. The date and amount of any repayment of the loan; and
5. For any loan or part of a loan which is forgiven by the lender, the amount forgiven listed as both a contribution and loan repayment.

(1970, c. 462, § 24.1-258; 1971, Ex. Sess., c. 247; 1972, c. 620; 1975, c. 515; 1976, c. 616; 1978, c. 381; 1983, c. 119; 1990, c. 156; 1993, cc. 341, 641; 1997, cc. 364, 392; 1999, c. 864; 2000, c. 304.)

Editor's note. - Acts 1993, c. 341 amended former § 24.1-258, from which this section is derived. Pursuant to § 9-77.11 and Acts 1993, c. 641, cl. 6, effect has been given in this section, as set out above. In accordance with c. 341, the amendment, in subsection A, inserted "legibly," and in subsection B, inserted "the occupation, including name of employer or principal business, and the principal place of business of the contributor" in subdivision 2, and deleted former subdivision 3 which contained a reference to the reporting requirements of one who has contributed more than \$250.

The 1999 amendment added the second sentence in subdivision B 2.

The 2000 amendments. - The 2000 amendment by c. 304 inserted the present second and third sentences of subsection A; and inserted "including cash and in-kind contributions" in subdivisions B 1 and B 2.

Law review. - For a review of 1999 technology legislation in Virginia, see 33 U. Rich. L. Rev. 1037 (1999).

Candidate not required to disclose expenses associated with recount. - Candidate for office was not required under Fair Elections Practices Act, former § 24.1-251 et seq., in effect at time of his candidacy to disclose contributions made after the election to defray legal expenses associated with recount, because the statute was unclear and ambiguous with respect to whether recount contributions had to be reported. *Waldrop v. Commonwealth*, 255 Va. 210, 495 S.E.2d 822 (1998)(decided under prior law).

§ 24.2-914.1. Standards and requirements for electronic preparation and transmittal of campaign finance disclosure reports; database.

A. The State Board of Elections shall review or cause to be developed and shall approve standards for the preparation, production, and transmittal by computer or electronic means of the reports of contributions and expenditures required by this article (§ 24.2-914 et seq.). The State Board may prescribe the method of execution and certification of electronically filed statements and the procedures for receiving statements in the office of the State Board or by the local electoral boards.

B. 1. The State Board shall accept any report of contributions and expenditures filed by candidates for the General Assembly, Governor, Lieutenant Governor, and Attorney General by computer or electronic means in accordance with the standards approved by the State Board and using software meeting standards approved by it.

2. A local electoral board may accept reports of contributions and expenditures filed by computer or electronic means from any candidate or political committee that is required to file reports with that board. Such reports shall be filed in accordance with, and using software that meets, standards approved by the State Board. The electoral board shall promptly make the information that it accepts in this manner available to the public through the global information system known as the Internet.

3. The State Board may provide software to filers without charge or at a reasonable cost.

C. On and after January 1, 2001, the State Board shall enter or cause to be entered into a campaign finance database, available to the public through the global information system known as the Internet, the information from required reports of contributions and expenditures filed by computer, electronic, or other means by candidates for the General Assembly, Governor, Lieutenant Governor, and Attorney General.

D. Candidates for Governor, Lieutenant Governor, and Attorney General shall file by computer or electronic means in accordance with the standards approved by the State Board the reports required by this article. Candidates for the General Assembly may file the reports required by this article with the State Board by computer or electronic means in accordance with the standards approved by the State Board. This information shall be made available to the public promptly by the State Board through the global information system known as the Internet.

E. Other committee reports required by this chapter to be filed with the State Board or a local electoral board, or both, may be filed electronically on terms agreed to by the committee and Board.

(1996, c. 687; 1997, cc. 364, 392; 1998, c. 416; 1999, c. 864; 2000, cc. 511, 555.)

The 1999 amendment, in subsection D, deleted "On and after January 1, 1999" at the beginning of the first and second sentences, and in the second sentence, inserted "the reports required by this article with the State Board and local electoral boards" and substituted "and subject to the ability of the local electoral board to receive such computer or electronic filings" for "the reports required by this article."

The 2000 amendments. - The 2000 amendments by cc. 511 and 555 are identical, and in subsection A, deleted "By January 1, 1998," from the beginning of the first sentence, and added "or by the local electoral boards" at the end of the subsection; in subsection B, deleted the language preceding "The State Board shall," referring to the pre January 1, 1999 rule, from the beginning of the subsection, designated the first sentence of the former introductory paragraph as subdivision B 1, added subdivision B 2, and designated the second sentence of the former introductory paragraph as subdivision B 3; deleted the first sentence of subsection C referring to the State Board's authority, prior to January 1, 2001, to only enter into the database information that was filed by computer or electronic means; in the second sentence in subsection D, deleted "and local electoral boards" preceding "by computer," and deleted "and subject to the ability of the local electoral board to receive such computer or electronic filings" at the end of the sentence; and in subsection E, substituted "the State Board or a local electoral board, or both," for "the Board."

§ 24.2-915. With whom candidates to file reports; responsibility for reporting.

Electronic reports shall be filed by candidates for nomination or election for statewide office and the General Assembly with the State Board. Nonelectronic reports for the General Assembly shall be filed with the State Board and with the electoral board of the locality where the candidate resides, except as otherwise provided in § 24.2-919. For any other office, candidates shall file with the electoral board of the locality in which the candidate resides.

It is the joint responsibility of the candidate and his treasurer that the report of a candidate be filed, that the report be in full and accurate detail, and that the report be received by the State Board, local electoral board, or both, by the deadline for filing the report. Any report to be filed with the State Board may be mailed. If mailed, the report must be postmarked not later than the deadline for filing, except as provided in § 24.2-919 for certain large pre-election contributions.

(1986, c. 558, § 24.1-257.2; 1988, c. 734; 1991, c. 709; 1993, c. 641; 2000, cc. 304, 511, 555.)

The 2000 amendments. - The 2000 amendments by cc. 511 and 555 are identical, and rewrote the first paragraph, which formerly read: "Reports shall be filed by candidates for nomination or election (i) for statewide office, with the State Board, (ii) for the General Assembly, with the State Board and with the electoral board of the locality where the candidate resides, except as otherwise provided in § 24.2-919, and (iii) for any other office, with the electoral board of the locality in which the candidate resides."

The 2000 amendment by c. 304, in the second paragraph, added "and that the report be received by the State Board, local electoral board, or both, by the deadline for filing the report" at the end of the first sentence, and deleted "received within seventy-two hours of election day" at the end of the third sentence.

§ 24.2-916. Filing schedule for candidates for office generally.

A candidate for any office, other than as provided in § 24.2-917 for a local office to be filled at a May general election or in § 24.2-918 for certain special elections, shall file the prescribed reports of contributions and expenditures as follows:

1. Not later than July 15 in a nonelection year for the period January 1 through June 30;
2. Not later than January 15 following a nonelection year for the period July 1 through December 31;
3. In an election year, not later than April 15 for the period January 1 through March 31 and pursuant to subdivisions 4 through 9 of this section;
4. Not later than the eighth day before the June primary date complete through the thirteenth day before the primary date;
5. Not later than July 15 complete through June 30;
6. Not later than September 15 complete through August 31;
7. Not later than October 15 complete through September 30;
8. Not later than the eighth day before the November election date complete through the thirteenth day before the election date;
9. Not later than the thirtieth day after the November election date complete through the twenty-third day after the election date; and

10. Not later than January 15 following an election year complete through December 31, and then in accordance with subdivisions 1 and 2 or subdivisions 3 through 9, as appropriate, of this section until a final report is filed.

Any candidate shall also file the report of certain large pre-election contributions required by § 24.2-919, if applicable. The report required by subdivision 9 of this section shall not be applicable to political party committees.

(1986, c. 558, § 24.1-257.2; 1988, c. 734; 1991, c. 709; 1993, cc. 639, 641; 1995, c. 785.)

Editor's note. - Acts 1993, c. 639 amended former § 24.1-257.2, from which this section is derived. Pursuant to § 9-77.11 and Acts 1993, c. 641, cl. 6, effect has been given in this section, as set out above. In accordance with c. 639, former subdivisions 1 through 11 were rewritten as present subdivisions 1 through 9, and the second sentence in the last paragraph was added.

Candidate not required to disclose expenses associated with recount. - Candidate for office was not required under Fair Elections Practices Act, former § 24.1-251 et seq., in effect at time of his candidacy to disclose contributions made after the election to defray legal expenses associated with recount, because the statute was unclear and ambiguous with respect to whether recount contributions had to be reported. *Waldrop v. Commonwealth*, 255 Va. 210, 495 S.E.2d 822 (1998)(decided under prior law).

§ 24.2-917. Filing schedule for candidates for offices filled at May general elections.

Any candidate for election to a local office to be filled at a May general election shall file the prescribed reports of contributions and expenditures as follows:

1. For municipal primary candidates only, not later than the eighth day before the primary date complete through the eleventh day before the primary;
2. Not later than the eighth day before the election date complete through the eleventh day before the election date;
3. Not later than June 15 of the election year complete through June 10;
4. Not later than July 15 of the election year complete through June 30; and
5. Not later than the following January 15 complete through December 31 and annually thereafter until a final report is filed as provided in § 24.2-920.

Any candidate shall also file the report of certain large pre-election contributions required by § 24.2-919, if applicable.

(1986, c. 558, § 24.1-257.2; 1988, c. 734; 1991, c. 709; 1993, c. 641; 1995, c. 785.)

§ 24.2-918. Filing requirements for special elections.

A. Candidates for nomination or election to an office to be filled by a special election held on a regular election date shall file the prescribed reports of contributions and expenditures which apply to regularly scheduled elections for that office.

B. In the case of a special election held on a date other than a regularly scheduled general

election, the candidate shall file as follows:

1. A report not later than the eighth day before the special election date complete through the eleventh day before that date;
2. The reports required by § 24.2-919;
3. A post-election report no later than the thirtieth day after the election and prior to taking office; and
4. A post-election report not later than January 15 and July 15 each year until a final report is filed as provided in § 24.2-920.

(1986, c. 558, § 24.1-257.2; 1988, c. 734; 1991, c. 709; 1993, cc. 639, 641.)

Editor's note. - Acts 1993, c. 639 amended former § 24.1-257.2, from which this section is derived. Pursuant to § 9-77.11 and Acts 1993, c. 641, cl. 6, effect has been given in this section, as set out above. In accordance with c. 639, in subdivision B 4, "annual" was deleted preceding "reports" and "and July 15" was inserted.

§ 24.2-919. Special report required of certain large pre-election contributions.

A. Except as provided in subsection B, any single contribution of more than \$1,000 for a statewide office or more than \$500 for any other office, knowingly received or reported by the candidate or his treasurer on behalf of his candidacy (i) between the thirteenth day preceding a June primary and the primary date, (ii) between the thirteenth day preceding a November election and the election date, or (iii) between the eleventh day preceding any other election in which the individual is a candidate and the election day, shall be reported in writing as provided in § 24.2-914 or electronically pursuant to § 24.2-914.1, and the report received by the State Board or local electoral board, as appropriate, by the end of the next business day; however, any such contribution received within the twenty-four hours prior to the election day shall be reported and a report thereof received on the day prior to the election. Statewide and General Assembly candidates shall file all reports required by this section with the State Board and with the electoral board of the locality where the candidate resides. Any candidate for a constitutional or local office shall file such reports with the electoral board of the locality where the candidate resides. Any contribution reported pursuant to this section shall also be reported on the first report required by this article after any election.

B. The reports required by subsection A of this section shall also be required of any candidate for nomination by a political party to serve as the party's nominee in a general or special election if (i) the party nominates by convention or any method other than a primary and (ii) there are at least two candidates for nomination pursuant to the rules and procedures of the party. In such case, candidates for nomination shall be required to file the reports required by subsection A for the thirteen-day or eleven-day period, as specified by subsection A, immediately preceding:

1. The caucus, mass meeting, convention, or other nominating event at which the party's nomination shall be finally determined pursuant to the rules and procedures of the party; and
2. Any caucus, mass meeting, convention, or other nominating event, other than that at which the party's nomination shall be finally determined, at which delegates are chosen who are pledged to support a specified candidate on at least one ballot at a subsequent district or state

convention required as part of the nominating process.

No report shall be required pursuant to this subsection if the candidate is or has become, by virtue of the withdrawal of any opponent or the operation of the rules and procedures of the party, unopposed for nomination at the time such report otherwise would be required to be made.

(1986, c. 558, § 24.1-257.2; 1988, c. 734; 1991, c. 709; 1993, cc. 639, 641; 1995, c. 785; 1998, c. 382; 2000, c. 304.)

Editor's note. - Acts 1993, c. 639 amended former § 24.1-257.2, from which this section is derived. Pursuant to § 9-77.11 and Acts 1993, c. 641, cl. 6, effect has been given in this section, as set out above. In accordance with c. 639, the subsection A designation was added, and in the first sentence, "Except as provided in subsection B" was added, "the thirteenth day preceding a June primary, a November election date or the" was inserted, and "and with the electoral board of the locality where the candidate resides" was added; and subsection B was added.

The 2000 amendments. - The 2000 amendment by c. 304, in subsection A, in clause (iii), substituted "writing as provided in § 24.2-914 or electronically pursuant to § 24.2-914.1, and the report received by the State Board or local electoral board, as appropriate, by the end of the next business day; however, any such contribution received within the twenty-four hours prior to the election day shall be reported and a report thereof received on the day" for "writing within seventy-two hours; however, any such contribution received within the seventy-two hours prior to the election day shall be reported and a report thereof received no later than the day."

§ 24.2-920. Final report requirement; transfer of surplus.

A. A final report shall be filed by every candidate which sets forth (i) all receipts and disbursements not previously reported, (ii) an accounting of the retirement of all debts, and (iii) the disposition of all surplus funds. The final report shall include a termination statement, signed by the candidate, that all reporting for the nomination or election is complete and final. Once a candidate's final report has been filed, no further report relating to that election shall be required.

B. For the purpose of filing the reports required by this article, each general election shall be treated separately. After the filing of a final report, surplus funds may be transferred for use in a succeeding election.

C. If the candidate is deceased, the final report shall be filed and signed by the treasurer. If the candidate was serving as his own treasurer, his executor shall file and sign the final report. Any excess contributed funds shall be disposed of pursuant to § 24.2-921.

(1986, c. 558, § 24.1-257.2; 1988, c. 734; 1991, c. 709; 1993, c. 641; 2000, c. 233.)

The 2000 amendments. - The 2000 amendment by c. 233 added subsection C.

§ 24.2-920.1. Dormant campaigns.

The State Board or the electoral board of any county or city may close the file of any candidate required to file with it provided (i) the candidate has not filed a final report; (ii) the candidate has not filed a report with it for any campaign for any office within the prior five years; and (iii) the Board or board cannot locate either the candidate or his campaign treasurer. Once the file has been closed, no more reports will be due and no additional fines for failure to file will accrue. However, if the whereabouts of the candidate later becomes known to the Board or board,

it may reopen the file and send notice to the candidate requesting that he file the appropriate reports and pay any fines that were levied before the file was closed by it.

(2000, c. 233.)

§ 24.2-921. Use of excess contributed funds.

Amounts received by a candidate or his campaign committee as contributions that are in excess of the amount necessary to defray his campaign expenditures may be disposed of only by one or any combination of the following: (i) transferring the excess for use in a succeeding election or to retire the deficit in a preceding election; (ii) returning the excess to a contributor in an amount not to exceed the contributor's original contribution; (iii) donating the excess to any organization described in § 170 (c) of the Internal Revenue Code; (iv) contributing the excess to one or more candidates or to any political committee which has filed a statement of organization pursuant to § 24.2-908; (v) contributing the excess to any political party committee; and (vi) defraying any ordinary, nonreimbursed expense related to his elective office. It shall be unlawful for any person to convert any contributed moneys, securities, or like intangible personal property to his personal use.

(1990, c. 931, § 24.1-258.1; 1993, c. 641.)

§ 24.2-922. Reports as condition to qualification for office.

A. No person shall be permitted to qualify for any office, enter upon the duties thereof, or receive any salary or emoluments therefrom until he has filed the reports required in subdivisions 3 through 9 of § 24.2-916; subdivisions 1, 2 and 3 of § 24.2-917; and subdivisions B 1 and B 3 of § 24.2-918, as applicable. No officer authorized by the laws of this Commonwealth to issue certificates of election shall issue one to any person determined to be elected to any such office, until copies of the reports cited above have been filed as required in this article.

B. Notwithstanding the requirements of subsection A, a person who is elected to fill a vacancy at a special election held on a general election day may qualify for the office and be issued a certificate of election in advance of filing the postelection report required to be filed under subdivision 9 of § 24.2-916 in the case of a November election, or under subdivision 3 of § 24.2-917 in the case of a May election, upon the filing of a postelection report complete through the election day.

(1970, c. 462, § 24.1-260; 1972, c. 620; 1982, c. 650; 1986, c. 558; 1988, c. 734; 1993, c. 641; 1995, c. 785; 1999, c. 120.)

The 1999 amendment added the subsection A designator and added subsection B.

§ 24.2-923. Filing schedule for persons and political committees.

A. Persons and political committees shall file the prescribed reports of contributions and expenditures with the State Board in accordance with the applicable schedule set out in §§ 24.2-916 through 24.2-919. The first filed report shall be complete for the entire period from the time the committee was organized or contributions were received. A committee shall comply

with the election year schedule for each year in which it seeks to influence the outcome of the election. Each political party committee for a county, city, or local district which is required to file the prescribed reports shall also file the report with the local electoral board for its jurisdiction.

B. The reporting requirements shall continue in effect for each committee until a final report is filed which sets forth (i) all receipts and disbursements not previously reported, (ii) an accounting of the retirement of all debts, and (iii) the disposition of all residual funds. The final report shall include a termination statement, signed by an officer of the committee, that all reporting is complete and final.

(1984, c. 480, § 24.1-923; 1991, cc. 9, 709; 1993, cc. 639, 641; 1995, c. 785.)

Editor's note. - Acts 1993, c. 639 amended former § 24.1-257.1, from which this section is derived. Pursuant to § 9-77.11 and Acts 1993, c. 641, cl. 6, effect has been given in this section, as set out above. In accordance with c. 639, the amendment, in subsection A, inserted the language beginning "applicable schedule" in the first sentence, in the second sentence, added "The," substituted "filed report" for "such report filed," and inserted "shall," and added the last sentence.

§ 24.2-923.1. Dormant committees.

The State Board may close the file of any committee provided (i) the committee has not filed a final report pursuant to § 24.2-923 or notified the Board pursuant to § 24.2-908 that it has disbanded or determined it will no longer receive contributions or make expenditures during the calendar year in an aggregate amount exceeding \$200; (ii) the committee has not filed any reports within the prior five years; and (iii) the Board cannot locate any of the officers listed on the committee's most recent statement of organization. Once the file has been closed, no more reports will be due and no additional fines for failure to file will accrue. However, if the whereabouts of any officer listed on the most recent statement of organization later becomes known to the Board, it may reopen the file and send notice to such officer requesting that he file the appropriate reports or notice and pay any fines which were levied before the file was closed by it.

(2000, c. 233.)

§ 24.2-924. Filing schedule for inaugural fund committees.

An inaugural fund committee shall file the prescribed reports of contributions and expenditures as follows:

1. Not later than March 15 immediately following the inauguration for all contributions and expenditures made prior to the preceding March 1;
2. Not later than July 15 of the inauguration year complete through June 30;
3. Not later than the following January 15 complete through December 31; and
4. Annually thereafter until a final report is filed.

The final report shall set forth (i) all receipts and disbursements not previously reported, (ii) an accounting of the retirement of all debts, and (iii) the disposition of all surplus funds. The

**Article 5.
Penalties.**

§ 24.2-929. Penalties for violations of chapter.

A. Any person who violates, or aids, abets, or participates in the violation of, this chapter shall be subject to a civil penalty not to exceed fifty dollars, except in the case of violation of Article 4 (§ 24.2-914 et seq.) of this chapter which relates to the filing of, or the failure to file, a report due within the 120 days before or the 35 days after a November general election date, in which case he shall be subject to a civil penalty not to exceed \$300. In the case of a willful violation, he shall be guilty of a Class 1 misdemeanor. Upon notice of a violation of this chapter by the State Board or the local electoral board, as appropriate, the attorney for the Commonwealth shall initiate civil proceedings to enforce the civil penalty provided herein. Any civil penalties collected shall be payable to the State Treasurer for deposit to the general fund. The statute of limitations applicable to a violation of this chapter is stated in § 19.2-8. There shall be a rebuttable presumption that the violation of this chapter was willful if the violation is based on a person's failure to file a report required by this chapter and his failure to file continues for more than 60 days following his actual receipt of written notice of his failure to file sent to him by certified mail, return receipt requested, by the State Board or an electoral board.

B. Prior to assessing a penalty pursuant to this section for the filing of an incomplete report, the Secretary of the State Board or the secretary of the local electoral board shall notify, in writing, the candidate and treasurer, or person or political committee required to file a report with that board, that a filed report has not been completed, citing the omissions from the report. No penalty shall be assessed if the information required to complete the report is filed within ten days of the date of mailing the written notice.

C. If the information required to complete the report is not filed within the ten-day period, the Secretary of the State Board or the secretary of the local electoral board shall then assess against the candidate and treasurer, who shall be jointly and severally liable, or person or political committee required to file a report, a civil penalty not to exceed \$300. The Secretary of the State Board or the secretary of the local electoral board may grant an additional period for compliance, not to exceed two weeks, to permit the completion of a filed report for good cause shown and in response to a request filed within the ten-day period. However, no additional period shall be granted thereafter for compliance.

D. The additional periods for filing specified in subsections B and C shall apply only to the completion of a timely filed report and not to any case of a failure to file a required report by the deadline specified in this chapter.

E. In the case of a failure to file the report of any large preelection contribution required by § 24.2-919, or the late or incomplete filing of such a report, there shall be a rebuttable presumption that the violation was willful. The provisions of subsections B and C of this section shall not apply to reports required by § 24.2-919.

(1975, c. 515, § 24.1-262; 1990, c. 976; 1991, c. 709; 1993, c. 641; 1994, c. 752; 1995, c. 785; 2000, cc. 511, 555.)

Cross references. - As to punishment for Class 1 misdemeanors, see § 18.2-11.

The 2000 amendments. - The 2000 amendments by cc. 511 and 555 are identical, and inserted "Upon notice of a violation of this chapter by the State Board or the local electoral board, as appropriate," at the beginning of the third sentence in subsection A; in the first sentence of subsection B, inserted "for the filing of an incomplete report," "or the secretary of the local electoral board," and "with that board"; inserted "of the State Board or the secretary of the local electoral board" in the first and second sentences of subsection C; substituted the present subsection D for the former subsection D, which referred to reports filed between July 1, 1994 and the effective date of the act; and substituted "B and C" for "B, C, and D" in the second sentence of subsection E.

§ 24.2-930. Civil penalties for late and incomplete filings for statewide campaigns.

A. In addition to the penalties provided in § 24.2-929, any candidate for Governor, Lieutenant Governor, or Attorney General, and his campaign treasurer, who fail to file any report required in § 24.2-916 in a timely manner or file an incomplete report may be assessed a civil penalty by the Secretary of the State Board pursuant to this section.

B. Prior to assessing a penalty pursuant to this section, the Secretary shall notify the candidate and treasurer in writing that a report has not been filed or that a filed report has not been completed, citing the omissions from the report. No penalty shall be assessed if the report or information required to complete the report is filed within seven days of the date of mailing the written notice.

C. If the report or information required to complete the report is not filed within the seven-day period, the Secretary shall assess against the candidate and treasurer, who shall be jointly and severally liable, a civil penalty of \$100 for each day that the violation continues on and after the eighth day following the date of mailing the written notice. The Secretary may grant an additional period for compliance, not to exceed two weeks, for good cause shown and in response to a request filed within the seven-day period. However, no additional period shall be granted for compliance with the requirement under subdivision 7 of § 24.2-916 to file a report not later than the eighth day before the election. The Secretary shall then also make available to the public at his office a list of candidates who have failed to file or have filed incomplete reports.

D. If requested by the Secretary, the attorney for the Commonwealth of the City of Richmond shall assist the Secretary in collecting the civil penalty.

E. Any candidate or treasurer aggrieved by the assessment shall have a right to the direct review of the assessment by a court of competent jurisdiction as provided in the Administrative Process Act (§ 9-6.14:1 et seq.). The provisions of the Act shall not apply, however, to the assessment of civil penalties by the Secretary pursuant to this section.

F. Civil penalties collected pursuant to this section shall be payable to the State Treasurer for deposit to the general fund.

(1991, c. 548, § 24.1-263.1; 1993, c. 641.)

Chapter 9.1.
Campaign Fundraising; Legislative Sessions.

Sec.

24.2-940. Campaign fundraising; legislative sessions; penalties.

§ 24.2-940. Campaign fundraising; legislative sessions; penalties.

A. No member of the General Assembly or statewide official and no campaign committee of a member of the General Assembly or statewide official shall solicit or accept a contribution for the campaign committee of any member of the General Assembly or statewide official, or for any political committee, from any person or political committee on and after the first day of a regular session of the General Assembly through adjournment sine die of that session.

B. No person or political committee shall make or promise to make a contribution to a member of the General Assembly or statewide official or his campaign committee on and after the first day of a regular session of the General Assembly through adjournment sine die of that session.

C. The restrictions of this section shall not apply to a contribution (i) made by a member of the General Assembly or statewide official from his personal funds or (ii) made to the campaign committee of a candidate in a special election.

D. As used in this section:

"Adjournment sine die" means adjournment on the last legislative day of the regular session, and such session does not include the ensuing reconvened session;

"Campaign committee," "contribution," "person," and *"political committee"* shall be defined as provided in § 24.2-901 except that "contribution" shall not include money, services, or things of value in any way provided by a candidate to his own campaign and the payment by the candidate of any primary filing fee;

"Solicit" means request a contribution, orally or in writing, but shall not include a request for support of a candidate or his position on an issue; and

"Statewide official" means the Governor, Lieutenant Governor, and Attorney General.

E. Any person who violates, or aids, abets, or participates in the violation of, this section shall be subject to a civil penalty equal to the amount of the prohibited contribution or promised contribution or \$500, whichever amount is greater. The attorney for the Commonwealth shall initiate civil proceedings to enforce the civil penalty provided herein. Any civil penalties collected shall be payable to the State Treasurer for deposit to the general fund.

(1997, c. 876.)

SUMMARY

2 **Campaign Finance Disclosure Act; reports of contributions and expenditures; and filing**
3 **methods and requirements.** Incorporates recommendations by the joint subcommittee studying
4 campaign finance reform pursuant to HJR 213 and SJR 80 (2000). The changes include: (i)
5 requiring reports to be typed or computer-printed and eliminating handwritten reports except for
6 campaign committees receiving less than \$2,500 during a campaign and in certain emergencies; (ii)
7 clarifying the information required on occupation and place of business for individual and other
8 contributors; (iii) requiring specific information on expenditures made by credit card payments; (iv)
9 requiring on and after January 1, 2003, that General Assembly candidates file electronically if they
0 have received more than \$10,000 during a campaign; and (vi) requiring General Assembly reports to
1 be received by the State Board by the filing deadline and allowing the mailing of reports postmarked
2 by the filing deadline only if the candidate has received less than \$2,500 in contributions during a
3 campaign.

- 1 3. The amount of the loan;
- 2 4. The date and amount of any repayment of the loan; and
- 3 5. For any loan or part of a loan which is forgiven by the lender, the amount forgiven
- 4 listed as both a contribution and loan repayment.

5 § 24.2-914.1. Standards and requirements for electronic preparation and transmittal of
6 campaign finance disclosure reports; database.

7 A. The State Board of Elections shall review or cause to be developed and shall
8 approve standards for the preparation, production, and transmittal by computer or electronic
9 means of the reports of contributions and expenditures required by this article (§ 24.2-914 et
10 seq.). The State Board may prescribe the method of execution and certification of
11 electronically filed statements and the procedures for receiving statements in the office of the
12 State Board or by the local electoral boards.

13 B. 1. The State Board shall accept any report of contributions and expenditures filed by
14 candidates for the General Assembly, Governor, Lieutenant Governor, and Attorney General
15 by computer or electronic means in accordance with the standards approved by the State
16 Board and using software meeting standards approved by it.

17 2. A local electoral board may accept reports of contributions and expenditures filed by
18 computer or electronic means from any candidate or political committee that is required to file
19 reports with that board. Such reports shall be filed in accordance with, and using software that
20 meets, standards approved by the State Board. The electoral board shall promptly make the
21 information that it accepts in this manner available to the public through the global information
22 system known as the Internet.

23 3. The State Board may provide software to filers without charge or at a reasonable
24 cost.

25 C. On and after January 1, 2001, the State Board shall enter or cause to be entered into
26 a campaign finance database, available to the public through the global information system
27 known as the Internet, the information from required reports of contributions and expenditures

1 filed by computer, electronic, or other means by candidates for the General Assembly,
2 Governor, Lieutenant Governor, and Attorney General.

3 D. Candidates for Governor, Lieutenant Governor, and Attorney General shall file by
4 computer or electronic means in accordance with the standards approved by the State Board
5 the reports required by this article. Candidates for the General Assembly may file the reports
6 required by this article with the State Board by computer or electronic means in accordance
7 with the standards approved by the State Board. On and after January 1, 2003, any candidate
8 for the General Assembly who receives contributions of more than \$10,000 during the
9 campaign, including the transfer of surplus funds from a prior campaign, shall file thereafter by
10 computer or electronic means, in accordance with the standards approved by the State Board,
11 the reports required by this article. This information shall be made available to the public
12 promptly by the State Board through the global information system known as the Internet.

13 E. Other committee reports required by this chapter to be filed with the State Board or a
14 local electoral board, or both, may be filed electronically on terms agreed to by the committee
15 and Board.

16 § 24.2-915. With whom candidates to file reports; responsibility for reporting.

17 Electronic reports shall be filed by candidates for nomination or election for statewide
18 office and the General Assembly with the State Board. Nonelectronic reports for the General
19 Assembly shall be filed with the State Board and with the electoral board of the locality where
20 the candidate resides, except as otherwise provided in § 24.2-919. For any other office,
21 candidates shall file with the electoral board of the locality in which the candidate resides.

22 It is the joint responsibility of the candidate and his treasurer that the report of a
23 candidate be filed, that the report be in full and accurate detail, and that the report be received
24 by the State Board, local electoral board, or both, by the deadline for filing the report. ~~Any~~
25 ~~report to be filed with the State Board may be mailed.~~ A candidate who has received less than
26 \$2,500 in contributions during the campaign, including the transfer of surplus funds from a prior
27 campaign, may mail the report to the State Board. If mailed, the report must be postmarked

1 not later than the deadline for filing, except as provided in § 24.2-919 for certain large pre
2 election contributions.

3 #

SUMMARY

Campaign Finance Disclosure Act, record retention requirements and reviews of campaign finance disclosure reports. Incorporates recommendations by the joint subcommittee studying campaign finance reform pursuant to HJR 213 and SJR 80 (2000). The changes include: (i) the requirement that the State Board of Elections review the campaign finance reports of candidates for Governor, Lieutenant Governor, Attorney General and 10 percent of the candidates for the General Assembly selected at random; (ii) provision that the review shall be for the purposes of (a) reconciling the balance in the campaign depository with the amounts reported in the candidate's reports of receipts and expenditures and (b) reviewing the reports for mathematical accuracy and facial completeness including the reporting of specific information required by law; (iii) the requirement that the Board meet publicly to select on a random basis by a drawing the General Assembly candidate campaigns to review; (iv) provision to exempt any campaign committee from review if it has received less than \$25,000 in contributions; and (v) the requirement that the campaign treasurer retain, and provide on request by the Board, the bank statements and copies of checks issued on campaign depositories and receipts for campaign fund expenditures greater than \$500.

SENATE BILL NO. _____ HOUSE BILL NO. _____

1 A BILL to amend and reenact §§ 24.2-903 and 24.2-904 of the Code of Virginia and to amend
2 the Code of Virginia by adding in Article 4 of Chapter 9 of Title 24.2 a section numbered
3 24.2-928.1, relating to the Campaign Finance Disclosure Act, record retention
4 requirements, and reviews of campaign finance disclosure reports.

5 **Be it enacted by the General Assembly of Virginia:**

6 **1. That §§ 24.2-903 and 24.2-904 of the Code of Virginia are amended and reenacted**
7 **and that the Code of Virginia is amended by adding in Article 4 of Chapter 9 of Title**
8 **24.2 a section numbered 24.2-928.1 as follows:**

9 § 24.2-903. Summary of election laws; forms.

10 The State Board shall summarize the provisions of the election laws relating to
11 campaign contributions and expenditures and provide for distribution of this summary and
12 prescribed forms to each candidate, person, or committee on request or upon their first filing
13 with the State Board pursuant to this chapter, whichever occurs first. The Board shall
14 designate the form of the report of contributions and expenditures which shall be the only such
15 form used in complying with the provisions of this chapter. The Board shall also prescribe a
16 separate form for the required reporting of certain large contributions and expenditures
17 pursuant to § 24.2-919.

18 The State Board shall provide, with the summary required by this section, instructions
19 for persons filing reports pursuant to this chapter to assist them in completing the reports. The
20 instructions shall include directions for the reporting of candidate primary filing fees. The
21 instructions shall set out the requirements for retaining records and materials for implementing
22 the review provisions of § 24.2-928.1.

23 § 24.2-904. Appointment of campaign treasurer; designation of campaign committee
24 and depository; retention of records.

1 A. Upon accepting any contribution for his candidacy, each candidate for nomination or
2 election shall appoint a single campaign treasurer and may designate not more than one
3 campaign committee to receive all contributions and make all expenditures for him or on his
4 behalf in connection with his nomination or election and to file the reports required by this
5 chapter. The payment of a primary filing fee by the candidate constitutes the acceptance of a
6 contribution for the purposes of this section. At the same time he shall designate a campaign
7 depository in a financial institution within the Commonwealth. He shall provide, on a form
8 prescribed by the State Board, the name and address of the campaign treasurer, the name of
9 the financial institution and account number for his campaign depository, and, if one, the name
10 of the campaign committee.

11 He shall file the form with the (i) electoral board of the county or city in which he resides
12 if he is a candidate for local office, (ii) electoral board of the county or city in which he resides
13 and the State Board if he is a candidate for the General Assembly, or (iii) State Board if he is a
14 candidate for statewide office. Every treasurer so appointed shall accept the appointment, in
15 writing on the form, prior to the filing thereof. No individual shall act as treasurer unless the
16 required statement of appointment shall have been filed. No individual shall be appointed or
17 act as treasurer in any election who is not a qualified voter of the Commonwealth. The same
18 person may serve as campaign treasurer for more than one candidate.

19 B. In the event of the death, resignation, removal, or change of the treasurer, the
20 candidate shall designate a successor and file the name and address of the successor within
21 ten days of the change with the State Board, local electoral board, or both, as provided in
22 subsection A.

23 C. Any candidate who fails to appoint and report the appointment of a treasurer or
24 successor treasurer shall be deemed to have appointed himself treasurer and shall comply as
25 such with the provisions of this chapter.

26 D. In addition to the requirements of § 24.2-906, the treasurer of the campaign
27 committee for a candidate for Governor, Lieutenant Governor, Attorney General or the General

1 Assembly shall be responsible for retaining all bank statements for, and copies of checks
2 issued on, the campaign depository and bills, invoices and receipts for any expenditure greater
3 than \$500. The treasurer for a candidate for Governor, Lieutenant Governor, Attorney General,
4 or a non-incumbent candidate for the General Assembly, shall retain these records and
5 materials for a period starting from the date of the designation of the campaign depository for
6 the campaign through ninety days after the general election. The treasurer for incumbent
7 candidates for the General Assembly shall retain these records and materials for a period
8 starting from the date that the incumbent was sworn into office for the term being served at the
9 time of the election through ninety days after the general election. The treasurer of a campaign
10 committee for a candidate for Governor, Lieutenant Governor, Attorney General or the General
11 Assembly shall make such records and materials available to the State Board of Elections or
12 its designee upon request pursuant to the provisions of 24.2-928.1.

13 § 24.2-928.1. Reviews of campaign finance reports and records in campaigns for
14 Governor, Lieutenant Governor, Attorney General, and the General Assembly.

15 A. In addition to its duties under § 24.2-928, the State Board of Elections shall have the
16 authority to review the reports and records of the campaign committees for candidates for
17 Governor, Lieutenant Governor, Attorney General and the General Assembly. The purposes
18 of the review shall be (i) to reconcile the balance in the campaign depository with the amounts
19 reported in the candidate's reports of receipts and expenditures and (ii) to review the reports
20 for mathematical accuracy and facial completeness including the reporting of specific
21 information required by law. In the performance of its review, the State Board is authorized to
22 request the production of monthly bank statements for, and copies of checks issued on,
23 campaign depositories and itemized bills, invoices, and receipts for any expenditure of
24 campaign funds in an amount greater than \$500.

25 B. The Board shall review the reports and records of the campaign committees of
26 candidates for Governor, Lieutenant Governor, and Attorney General within sixty days
27 following the general election and, in the case of a losing primary candidate, within sixty days

1 following the primary. The Board shall review the reports and records of a percentage of the
2 campaign committees of candidates for the Senate or House of Delegates, within sixty days
3 following the general election for the Senate or House of Delegates, respectively. The Board
4 shall review ten percent of the campaign committees for candidates, including losing primary
5 candidates, for the Senate and House of Delegates, respectively. The Board shall meet
6 publicly to select the campaign committees to be reviewed by a drawing that ensures selection
7 on a random basis.

8 No review shall be conducted of a campaign committee for any office that has received
9 less than \$25,000 in contributions during the campaign, including the transfer of surplus funds
10 from a prior campaign. Campaign committees for General Assembly candidates that are
11 exempt from review pursuant to this paragraph shall not be included in the drawing provided
12 for in this subsection or counted in determining the number that equals ten percent of the
13 committees to be reviewed.

14 C. In the performance of its duties under this section, the State Board may employ the
15 services of additional personnel to the extent that appropriated funds are available to the State
16 Board for such purpose.

17 D. The Board shall report the results of its reviews to the Governor and the General
18 Assembly by January 31 of each year following the election year for the office to which the
19 review pertains.

20 #

SUMMARY

Violations of the reporting requirements of the Campaign Finance Disclosure Act and penalties. Revises the provisions on reporting violations of the Act in accordance with recommendations of the joint subcommittee studying campaign finance reform pursuant to HJR 213 and SJR 80 (2000). The bill (i) authorizes the State Board and the appropriate local election official to review disclosure reports for completeness and request additional information; (ii) provides for the jurisdiction of the appropriate attorney for the Commonwealth for statewide and other campaigns; (iii) authorizes the State Board or appropriate local election official to assess and collect the civil penalty for violations of the reporting requirements before referring the violation to the attorney for the Commonwealth; (iv) provides for payment of civil penalties collected at the local level to the locality; and (v) provides for public notice on the Internet of violations by candidates for statewide office or the General Assembly involving the failure to file a required report by the required deadline.

SENATE BILL NO. _____ HOUSE BILL NO. _____

1 A BILL to amend and reenact §§ 24.2-928 and 24.2-929 of the Code of Virginia, relating to
2 violations of the reporting requirements of the Campaign Finance Disclosure Act and
3 penalties.

4 **Be it enacted by the General Assembly of Virginia:**

5 **1. That §§ 24.2-928 and 24.2-929 of the Code of Virginia are amended and reenacted as**
6 **follows:**

7 § 24.2-928. Reporting of certain violations.

8 A. It shall be the duty of the State Board to report any violation of ~~§§ 24.2-912, 24.2-~~
9 ~~915, 24.2-916, 24.2-917, 24.2-918, 24.2-919, 24.2-920, 24.2-923, and 24.2-924~~ the provisions
10 of Article 4 (§ 24.2-914 et seq.) of Chapter 9 of Title 24.2 to the appropriate attorney for the
11 Commonwealth. The State Board shall report to the attorney for the Commonwealth of the
12 City of Richmond in the case of reporting requirements for statewide campaigns and for
13 political committees and to the attorney for the Commonwealth of the county or city of the
14 residence of a candidate for the General Assembly. In accordance with its authority to request
15 the assistance of the Attorney General under § 24.2-104 when the State Board is of the
16 opinion that the public interest will be served, the State Board may request such assistance if
17 an attorney for the Commonwealth fails to enforce the penalties provided for violations of this
18 chapter.

19 B. It shall be the duty of the electoral board of a county or city to report any violation of
20 ~~§§ 24.2-915, 24.2-916, 24.2-917, 24.2-918, 24.2-919, and 24.2-920~~ the provisions of Article 4
21 (§ 24.2-914 et seq.) of Chapter 9 of Title 24.2 relating to an election for the General Assembly
22 or for any constitutional or local office or to a local referendum the filing of reports with the
23 electoral board to the attorney for the Commonwealth for the county or city in which the
24 electoral board has jurisdiction.

1 C. In order to fulfill ~~its~~ the duty to report violations pursuant to subsections A and B, the
2 Board shall establish and implement a system for receiving, ~~and~~ cataloging, and reviewing
3 reports filed pursuant to ~~§§ 24.2-915 through 24.2-920 and 24.2-923~~ the provisions of Article 4
4 (§ 24.2-914 et seq.) of Chapter 9 of Title 24.2 and for verifying that reports are complete and
5 submitted on time. As part of the system referred to in this subsection, the general registrar for
6 each county and city, or the secretary of the electoral board in any county or city in which the
7 electoral board chooses to perform the duties stated in this subsection, shall be required, in
8 accordance with instructions provided by the Board, to receive, catalog, and review the reports
9 filed with the local electoral board and to verify that the reports are complete and submitted on
10 time. ~~The Board's instructions shall provide that~~ State Board, or the general registrar, or
11 secretary of the electoral board ~~if the electoral board has so determined~~ in accordance with the
12 instructions of the State Board, shall notify, no later than seven days after the report due date,
13 any person submitting an incomplete report of the need for additional information. The State
14 Board, or the general registrar or secretary of the electoral board in accordance with the
15 instructions of the State Board, may request additional information to correct obvious
16 mathematical errors and to fulfill the requirements for specific information on the reports.

17 D. The State Board, and the general registrar or secretary of the electoral board in
18 accordance with the instructions of the State Board, (i) shall assess and collect the civil
19 penalties provided in § 24.2-929 and (ii) if unable to collect the penalty, shall report the
20 violation to the appropriate attorney for the Commonwealth for enforcement. Each locality
21 shall advise the State Board of penalties assessed, collected and reported to the attorney for
22 the Commonwealth.

23 E. No local electoral board shall be required to retain any reports longer than one year
24 from the date of filing the final report required by §§ 24.2-915 through 24.2-920 and 24.2-923,
25 or any successor provision thereto, or the next general election for the office to which the
26 report relates, whichever is later, unless a court of competent jurisdiction shall order their
27 retention for a longer period.

§ 24.2-929. Penalties for violations of chapter.

2 A. Any person who violates, or aids, abets, or participates in the violation of, this chapter
3 shall be subject to a civil penalty not to exceed fifty dollars, except in the case of violation of
4 Article 4 (§ 24.2-914 et seq.) of this chapter which relates to the filing of, or the failure to file, a
5 report due within the 120 days before or the 35 days after a November general election date,
6 in which case he shall be subject to a civil penalty not to exceed \$300. In the case of a willful
7 violation, he shall be guilty of a Class 1 misdemeanor. Upon notice of a violation of this chapter
8 by the State Board or the general registrar or local electoral board, as appropriate, the attorney
9 for the Commonwealth shall initiate civil proceedings to enforce the civil penalty provided
10 herein. Any civil penalties collected pursuant to action by the State Board shall be payable to
11 the State Treasurer for deposit to the general fund; and any civil penalties collected pursuant
12 to action by a general registrar or local electoral board shall be payable to the treasurer of the
13 locality for deposit to its general fund. The statute of limitations applicable to a violation of this
14 chapter is stated in § 19.2-8. There shall be a rebuttable presumption that the violation of this
15 chapter was willful if the violation is based on a person's failure to file a report required by this
16 chapter and his failure to file continues for more than 60 days following his actual receipt of
17 written notice of his failure to file sent to him by certified mail, return receipt requested, by the
18 State Board or an electoral board.

19 B. Prior to assessing a penalty pursuant to this section for the filing of an incomplete
20 report, the Secretary of the State Board or the general registrar or secretary of the local
21 electoral board, as appropriate, shall notify, in writing, the candidate and treasurer, or person
22 or political committee required to file a report with that board, that a filed report has not been
23 completed, citing the omissions from the report. No penalty shall be assessed if the information
24 required to complete the report is filed within ten days of the date of mailing the written notice.

25 C. If the information required to complete the report is not filed within the ten-day period,
26 the Secretary of the State Board or the general registrar or secretary of the local electoral
27 board, as appropriate, shall then assess against the candidate and treasurer, who shall be

1 jointly and severally liable, or person or political committee required to file a report, a civil
2 penalty not to exceed \$300. The Secretary of the State Board or the general registrar or
3 secretary of the local electoral board may grant an additional period for compliance, not to
4 exceed two weeks, to permit the completion of a filed report for good cause shown and in
5 response to a request filed within the ten-day period. However, no additional period shall be
6 granted thereafter for compliance.

7 D. The additional periods for filing specified in subsections B and C shall apply only to
8 the completion of a timely filed report and not to any case of a failure to file a required report by
9 the deadline specified in this chapter. In the case of a failure to file a required report by the
10 specified deadline, the length of the delinquency shall be a factor in determining the amount of
11 the civil penalty assessed. The State Board shall notify the public through the global
12 information system known as the Internet of any violation based on the failure to file a required
13 report by a candidate for statewide office or the General Assembly and the identity of the
14 violation within five days of the pertinent deadline.

15 E. In the case of a failure to file the report of any large preelection contribution required
16 by § 24.2-919, or the late or incomplete filing of such a report, there shall be a rebuttable
17 presumption that the violation was willful. The provisions of subsections B and C of this section
18 shall not apply to reports required by § 24.2-919.

19 #

APPENDIX C

RECOMMENDED LEGISLATION

Resolution to continue study (LD 01-8642796)

[House Joint Resolution 649 and Senate Joint Resolution 393 (2001)]

**Bill to amend Campaign Finance Disclosure Act's provisions
on filing methods and requirements (LD 01-8622796)**

[House Bill 2325 and Senate Bill 1277 (2001)]

**Bill to amend Campaign Finance Disclosure Act's provisions
on record retention requirements and reviews
of campaign finance disclosure reports (LD 01-8623796)**

[House Bill 2324 and Senate Bill 1276 (2001)]

**Bill to amend Campaign Finance Disclosure Act's provisions
on violations and penalties provisions (LD 01-8640796)**

[House Bill 2323 and Senate Bill 1275 (2001)]

SUMMARY

Study; campaign finance. Continues the joint subcommittee studying campaign finance reform issues. During its second year, the subcommittee intends to examine reforms, including contribution and voluntary spending limits, to control the spiraling cost of campaigns and promote public confidence in the campaign finance system.

HOUSE JOINT RESOLUTION NO. _____

1 Continuing the Joint Subcommittee Studying Campaign Finance Reform Issues.

2 WHEREAS, House Joint Resolution No. 213 (2000) and Senate Joint Resolution No. 80
3 (2000) established a joint subcommittee to study campaign finance; and

4 WHEREAS, the joint subcommittee held four meetings and recommended legislation to
5 the 2001 Session to ensure fuller and more accurate campaign disclosure, provide review of
6 statewide and General Assembly candidate campaign reports, and strengthen enforcement of
7 violations of the Campaign Finance Disclosure Act; and

8 WHEREAS, due to the continuing complexity of the issues and time constraints, the
9 joint subcommittee was not able to conduct statewide public hearings and complete its
examination of all issues it was charged to study; and

11 WHEREAS, since 1996, significant reforms in campaign finance law have been
12 underway, including the passage of "clean elections" acts in Maine, Vermont, Arizona, and
13 Massachusetts; and

14 WHEREAS, the Commonwealth needs further investigation and discussion of these
15 reforms and other ways to control the spiraling costs of campaigns and increase public
16 confidence in the campaign finance system; now, therefore, be it

17 RESOLVED by the House of Delegates, the Senate concurring, That the Joint
18 Subcommittee Studying Campaign Finance Reform Issues be continued. The joint
19 subcommittee shall consist of 10 legislative members and three nonlegislative citizen members
20 as follows: six members of the House of Delegates to be appointed by the Speaker of the
21 House, in accordance with the principles of proportional representation contained in the Rules
22 of the House of Delegates; four members of the Senate to be appointed by the Senate
Committee on Privileges and Elections; one member of a local electoral board and one citizen

1 to be appointed by the Speaker of the House; and one citizen to be appointed by the Senate
2 Committee on Privileges and Elections.

3 In its continuing examination of Virginia's campaign finance laws, the joint subcommittee
4 shall hold public hearings across the state to solicit comments on ways to control the spiraling
5 cost of campaigns and promote public confidence in Virginia's campaign financing, including
6 campaign contribution and voluntary spending limits.

7 Staffing shall continue to be provided by the Division of Legislative Services.

8 All agencies of the Commonwealth shall provide assistance as requested by the joint
9 subcommittee.

10 The direct costs of this study shall not exceed \$15,500.

11 The joint subcommittee shall complete its work in time to submit its written findings and
12 recommendations by December 20, 2001, to the Governor and the 2002 Session of the
13 General Assembly as provided in the procedures of the Division of Legislative Automatec
14 Systems for the processing of legislative documents.

15 Implementation of this resolution is subject to subsequent approval and certification by
16 the Joint Rules Committee. The Committee may withhold expenditures or delay the period for
17 the conduct of the study.

18 #

APPENDIX D

SUMMARY OF BILLS CARRIED OVER TO 2001 AND FAILED AND PASSED IN 2000

Note: All bills listed on the summary as carried over died on December 20, 2000, except HB 656 (Rhodes) which was reported with a substitute by the House Committee on Privileges and Elections on December 11, 2000. A copy of the Committee Substitute for HB 656 follows the summary.

CAMPAIGN FINANCE BILLS CARRIED OVER TO 2001

BILL, PATRON AND COMMITTEE	SUBJECT MATTER AND MAIN FEATURES
SB 378 – Rerras S P & E Item 1 attached	Audits of campaign reports. Requires audits of statewide campaign committees and of at least 5 % of General Assembly candidate committees, selected randomly. Exempts committees expending less than \$10,000.
HB 657 – Rhodes H P & E Item 2 attached	Audits of campaign reports. Requires audits of statewide campaign committees and of at least 10 % of General Assembly candidate committees, selected randomly. Exempts committees expending less than \$10,000.
HB 1137 – Jones, S.C. H P & E Item 3 attached	Audits of campaign reports. Requires audits of reports of at least 50% of statewide campaign committees and of at least 10 % of General Assembly candidate committees, selected randomly. Exempts committees expending less than \$10,000.
HB 392 – Hamilton H P & E Item 4 attached	Contribution and expenditure limits. Limits contributions, per election cycle, to General Assembly candidates to \$2,500, or \$5,000 to candidates who agree voluntarily to limit expenditures. Expenditure limits in the election year are \$125,000 for House candidates and \$250,000 for Senate candidates. Non-election year expenditure limits are 50 % of the election year limit.
HB 928 – Deeds H P & E Item 5 attached	Contribution limits. Limits contributions, per election cycle, to statewide and General Assembly candidates to \$2,000 from a person, \$10,000 from a PAC, and \$20,000 from a political party committee.
HB 1073 – Melvin H P & E Item 6 attached	Contribution limits. Limits contributions, per election cycle, to statewide candidates to \$10,000 from a person and \$20,000 from a PAC. Limits contributions, per election cycle, to General Assembly candidates to \$2,000 from a person and \$4,000 from a PAC. There are no limits on political party committee contributions.

**CAMPAIGN FINANCE BILLS CARRIED OVER TO 2001
continued**

<p>HB 1138 – Jones, S. C. H P & E Item 7 attached</p>	<p>Electronic filings. Requires General Assembly candidates with contributions or expenditures in excess of \$5,000 to file campaign finance reports by computer or electronically with the SBE. Provides that candidates who file electronically do not have to file locally.</p>
<p>HB 656 – Rhodes H P & E Item 8 attached H P & E Sub. Item 9 attached</p>	<p>Penalties. Increases from a maximum of \$300 to a flat \$500 the penalty for failure to file, or late filing of, a campaign report. Requires assessment of penalties within 5 days of missed deadline and listing of candidate and violation on the SBE internet site.</p>
<p>HB 1449 – Jones, D. C. H P & E Item 10 attached</p>	<p>Contributions by foreign nationals. Prohibits the making or acceptance of campaign contributions by foreign nationals in connection with elections or nominations to any public office in the Commonwealth.</p>

CAMPAIGN FINANCE BILLS FAILED IN 2000

BILL, PATRON AND COMMITTEE	SUBJECT MATTER AND MAIN FEATURES
<p>SB 516 – Puckett Died in S P & E</p>	<p>Contribution limits. Limits contributions, per election cycle, to statewide and General Assembly candidates to \$2,000 from a person, \$4,000 from a PAC, and \$10,000 from a political party committee.</p>
<p>SB 570 – Rerras PBI'd in S P & E</p>	<p>Investigations of violations. Authorizes the State Board of Elections to conduct its own investigation or audit when there is a possible violation of the Act or the provisions banning campaign fund raising during legislative sessions.</p>

CAMPAIGN FINANCE BILLS PASSED IN 2000

BILL, PATRON AND CODE SECTION	SUBJECT MATTER AND MAIN FEATURES
HB 1069 – Marshall § 24.-905	Campaign depositories. Allows the campaign committee treasurer to transfer funds from the designated depository for the committee to another account or instrument to earn interest.
SB 243 – Bolling HB 1092 – Purkey § 24.2-908	Political committees. Requires, with certain exceptions, that political committees provide in the statement of organization in-state addresses and depositories to demonstrate connections to the Commonwealth. Present law requirements, that allow the listing of out-of-state addresses and depositories, remain in effect for any national political party committee and any political committee established or controlled by a corporation doing business in Virginia.
HB 1136 – Jones, S. C. §§ 24.2-914, 24.2-915, & 24.2-929.	Reports and filing deadlines. Changes the time period for filing pre-election, large contribution reports from 72 hours after receipt to the end of the next business day after receipt. The State Board will issue instructions to provide for timely delivery of disclosure reports. The bill further provides for more complete reporting of in-kind contributions and expenditures as well as cash contributions.
SB 417 – Miller, K. G. HB 720 – Cox §§ 24.2-914, 24.2-915, & 24.2-929.	Methods of filing reports. Provides that a candidate for the General Assembly who files campaign finance disclosure reports with the State Board of Elections by computer or electronic means will be relieved of the requirement to file copies of the reports with the local electoral board of the county or city where he resides. Candidates filing paper reports with the State Board will continue to file locally. The bill authorizes local electoral boards to accept computer or electronic reports from candidates for local office and requires the posting of those reports on the Internet. The secretaries of local electoral boards are given authority to assess fines against local candidates for late or incomplete filings.

CAMPAIGN FINANCE BILLS PASSED IN 2000
continued

<p>HB 695 – Sherwood</p> <p>§§ 24.2-920, 24.2-920.1 & 24.2-923.1</p>	<p>Final reports. Provides for the closing of a campaign after the death of a candidate and for the administrative closing of dormant campaign and committee accounts.</p>
<p>HB 899 – Barlow</p> <p>§ 24.2-927</p>	<p>Reporting requirements and deadlines. Grants a 72-hour extension of the reporting deadline in case of the death of a filer's close relative within the 72 hours prior to the deadline. This bill also authorizes the State Board of Elections or local electoral board to grant an extension up to five days in emergency situations.</p>

DLS/mrs

HOUSE BILL NO. 656

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Privileges and Elections

on December 11, 2000)

(Patron Prior to Substitute--Delegate Rhodes)

A BILL to amend and reenact §§ 24.2-929 and 24.2-930 of the Code of Virginia, relating to penalties for violations of the Campaign Finance Disclosure Act.

Be it enacted by the General Assembly of Virginia:

1. That §§ 24.2-929 and 24.2-930 of the Code of Virginia are amended and reenacted as follows:

§ 24.2-929. Penalties for violations of chapter.

A. Any person who violates, or aids, abets, or participates in the violation of, this chapter shall be subject to a civil penalty not to exceed fifty dollars, ~~except in~~ unless a greater penalty is imposed as follows:

1. In the case of a violation of Article 4 (§ 24.2-914 et seq.) of this chapter Chapter 9 of Title 24.2 which that relates to the filing of, or the failure to file, a an incomplete report due within the ~~one hundred twenty~~ 120 days before or the thirty-five days after a November general election date, in which case he shall be subject to a civil penalty not to exceed \$300.

2. In the case of a violation of Article 4 (§ 24.2-914 et seq.) of Chapter 9 of Title 24.2, that relates to the failure to file a required report by the deadline specified in Article 4, he shall be assessed a civil penalty not to exceed \$500. In the case of a second or any subsequent such violation pertaining to one election cycle, he shall be assessed a civil penalty of \$500 for each such failure to file. Within five days of the pertinent deadline, the State Board shall assess the civil penalty imposed by this subdivision and shall notify the public through the global information system known as the Internet of the violation and identity of the violator.

1 3. In the case of a willful violation, he shall be guilty of a Class 1 misdemeanor.

2 Upon notice of a violation of this chapter by the State Board or the local electoral board,
3 as appropriate, the attorney for the Commonwealth shall initiate civil proceedings to enforce
4 the civil ~~penalty~~ penalties provided herein. Any civil penalties collected shall be payable to the
5 State Treasurer for deposit to the general fund. The statute of limitations applicable to a
6 violation of this chapter is stated in § 19.2-8. There shall be a rebuttable presumption that the
7 violation of this chapter was willful if the violation is based on a person's failure to file a report
8 required by this chapter and his failure to file continues for more than 60 days following his
9 actual receipt of written notice of his failure to file sent to him by certified mail, return receipt
10 requested, by the State Board or an electoral board.

11 B. Prior to assessing a penalty pursuant to this section for the filing of an incomplete
12 report, the Secretary of the State Board or the secretary of the local electoral board shall notify,
13 in writing, the candidate and treasurer, or person or political committee required to file a report,
14 that a filed report has not been completed, citing the omissions from the report. No penalty
15 shall be assessed if the information required to complete the report is filed within ten days of
16 the date of mailing the written notice.

17 C. If the information required to complete the report is not filed within the ten-day period,
18 the Secretary of the State Board or the secretary of the local electoral board shall then assess
19 against the candidate and treasurer, who shall be jointly and severally liable, or person or
20 political committee required to file a report, a civil penalty not to exceed \$300. The Secretary of
21 the State Board or the secretary of the local electoral board may grant an additional period for
22 compliance, not to exceed two weeks, to permit the completion of a filed report for good cause
23 shown and in response to a request filed within the ten-day period. However, no additional
24 period shall be granted thereafter for compliance.

25 D. The additional periods for filing specified in subsections B and C shall apply only to
26 the completion of a timely filed report and not to any case of a failure to file a required report by
27 the deadline specified in this chapter.

1 E. In the case of a failure to file the report of any large preelection contribution required
2 by § 24.2-919, or the late or incomplete filing of such a report, there shall be a rebuttable
3 presumption that the violation was willful. The provisions of subsections B and C of this section
4 shall not apply to reports required by § 24.2-919.

5 § 24.2-930. Civil penalties for late and incomplete filings for statewide campaigns.

6 A. In addition to the penalties provided in § 24.2-929, any candidate for Governor,
7 Lieutenant Governor, or Attorney General, and his campaign treasurer, who fail to file any
8 report required in § 24.2-916 in a timely manner or file an incomplete report may be assessed
9 a civil penalty by the Secretary of the State Board pursuant to this section.

10 B. Prior to assessing a penalty pursuant to this section, the Secretary shall notify the
11 candidate and treasurer in writing that a report has not been filed or that a filed report has not
12 been completed, citing the omissions from the report. No penalty shall be assessed pursuant
13 to this section if the report or information required to complete the report is filed within seven
14 days of the date of mailing the written notice.

15 C. If the report or information required to complete the report is not filed within the
16 seven-day period, the Secretary shall assess against the candidate and treasurer, who shall
17 be jointly and severally liable, a civil penalty of ~~\$400~~ \$300 for each day that the violation
18 continues on and after the eighth day following the date of mailing the written notice. The
19 Secretary may grant an additional period for compliance, not to exceed two weeks, for good
20 cause shown and in response to a request filed within the seven-day period. However, no
21 additional period shall be granted for compliance with the requirement under subdivision ~~7~~ 8 of
22 § 24.2-916 to file a report not later than the eighth day before the election. The Secretary shall
23 ~~then also make available to the public at his office a list of candidates who have failed to file or~~
24 ~~have filed incomplete reports~~ notify the public through the global information system known as
25 the Internet of the violation and identity of the violator.

26 D. If requested by the Secretary, the attorney for the Commonwealth of the City of
27 Richmond shall assist the Secretary in collecting the civil penalty.

1 E. Any candidate or treasurer aggrieved by the assessment shall have a right to the
2 direct review of the assessment by a court of competent jurisdiction as provided in the
3 Administrative Process Act (§ 9-6.14:1 et seq.). The provisions of the Act shall not apply,
4 however, to the assessment of civil penalties by the Secretary pursuant to this section.

5 F. Civil penalties collected pursuant to this section shall be payable to the State
6 Treasurer for deposit to the general fund.

7 #

APPENDIX E

**EXECUTIVE SUMMARY
AND SUMMARY OF RECOMMENDATIONS
FROM THE REPORT OF THE GOVERNOR'S COMMISSION
ON CAMPAIGN FINANCE REFORM, GOVERNMENT
ACCOUNTABILITY, AND ETHICS,
PUBLIC SERVICE, PUBLIC TRUST (December 1992)**

[Including only portions related to campaign finance issues.]

Commonwealth of Virginia

PUBLIC SERVICE,
PUBLIC TRUST

Governor's Commission
on Campaign Finance Reform,
Government Accountability, and Ethics

★

December 1992

EXECUTIVE SUMMARY

THE CHALLENGE

Today extraordinary world events, like the fall of communism, vindicate and renew democracy and the rule of law. Similarly, our task is to support a vibrant, open democracy and to ensure that public officials serve the people. Our Commission has one goal—restoring public confidence in the integrity of our government and our officeholders.

The Constitutional Founders gave us a particular type of democracy—a republic based on representative government and open participation. We invest our elected representatives with significant powers to exercise their best judgment and make decisions on our behalf. This is true whether the officeholder is president, governor, state lawmaker, or the local city council member. In turn, elected officials delegate authority to appointed officials and career civil servants.

In exchange, we demand that public office be a public trust, as President Grover Cleveland once said, and that every officeholder be held accountable for their actions and meet higher expectations than we place on ordinary citizens. The open nature of democracy means that these public officials will be constantly surrounded by diverse factions demanding to be heard. Occasionally this will lead to temptations to put one's self and other private interests ahead of the public interest.

Public opinion about government integrity is shaped by events beyond our state's borders. The memory of Watergate, with a sitting president and vice president driven from office, and the succeeding scandals in every administration and in Congress have made people more cynical. People complain of Washington insider gridlock, brought about by too effective lobbying by special interest groups and escalating campaign costs. Surveys by the U.S. Advisory Commission on Intergovernmental Relations show a marked decline in the public trust and confidence in all three levels of government in the last five years.

In the 1980s a record number of state and local legislators and executive officials were indicted and convicted for violating state and federal ethics statutes. Scandals have erupted in many states, including South Carolina, Kentucky, Arizona, Florida, Texas, Alabama, Missouri, New Jersey, New York, and Pennsylvania. A former governor of West Virginia is serving prison time for extortion, mail fraud, tax fraud, and obstruction of justice while in office. A 1991 Rhode Island Governor's Task Force condemned a thoroughly corrupt state subculture dependent on the "largesse bestowed" by state government through the "currency of favors, jobs, state contracts, campaign contributions, or in more subtle ways—the relaxing of regulatory oversight of a person, a project or a business."

NURTURING VIRGINIA'S HONOR SYSTEM

The members of our Commission take pride in Virginia's heritage of clean government. But we cannot be certain about the future, given the increasing complexity of governance

and public programs. One question that repeatedly arose in our deliberations was “What evil are we correcting?” The evil is not lax standards or common abuses. The evil is complacency in thinking that it cannot happen to us.

Like physicians who advocate the benefits of preventive medicine and healthy habits, our Commission urges our lawmakers to take early, realistic, positive action to safeguard the integrity of our government. We support the advances made by our legislators in twice addressing the difficult question of conflict of interest in the last 10 years.

Barbara Jordan, an author of the new Texas ethics law, concedes that it is a difficult time for lawmakers “because your judges—the people—have raised the bar of approval to a higher level of acceptability.” In Virginia, over 65 people testified at our four public hearings across the state, and we received over 1,600 pages of written testimony. We listened and searched their words for the next steps that citizens feel should be taken.

GOALS OF OUR RECOMMENDATIONS

One way to view our recommendations is to look first at the electoral process of campaigning, followed by the governance process of officeholding.

We concur with the favorite phrase of one of our members—“politics is a good thing.” But Virginia politics needs campaign finance reform before most citizens will agree with that statement. Our electoral recommendations favor more open and fair disclosure so that the voting public can make better-informed choices. We argue for measures like ceilings on candidate contributions from individuals and organized givers, and random audits of campaigns to avoid even the suspicion of impropriety and undue influence. We want to increase participation by encouraging more candidates to run, freeing up grassroots volunteers, and making it easier for citizens to contribute to the political party of their choice.

For the governance process, we looked at the ethical standards concerning personal conflicts of interest by which over 370,000 Virginia state and local government officials and employees are expected to abide.

Our first focus is on education. Questionable situations can be prevented, and people spared pain, if public officials know ahead of time exactly what is expected of them, and they can get guidance whenever they feel uncertain about what they should do.

Our second focus is on meaningful, full public disclosure, so that if someone does have a substantial personal conflict of interest, the information will be in the public domain. Somewhere between 15,000 and 20,000 public officials in “positions of trust” file financial disclosure statements every year. We suggest ways to make both filing by officials and information access by interested citizens easier.

Our third focus is on prohibiting certain behavior. For example, we seek to limit honoraria and gift acceptance when an appearance of impropriety is raised. We also propose new limits on situations where executive and legislative officials are paid to represent some interest other than their official duties before state government. We also think that post-employment limits—“switching sides provisions” and “no contact provisions”—should guard against “revolving door” high-level executive officials who could benefit from inside connections immediately after leaving government service.

Our fourth focus concerning governance is the inevitable and necessary lobbying relationship between public officials and organized groups and constituencies seeking to influence public policy and administration. Our approach is to have public disclosure mirror the important aspects of modern-day, sophisticated lobbying. Our

recommendations place the burden on lobbyists for year-round and more complete disclosure of their activities. We believe it is critical to require disclosure of lobbying directed at both the executive branch and independent regulatory agencies. We suggest that many volunteer lobbyists be excused from reporting, while public agencies and localities be required to disclose their advocacy of policy issues in which they have an interest.

Finally, throughout our deliberations, our Commission was concerned not just with law and policy on matters of ethics and accountability, but also with the day-to-day practice. For instance, can a citizen get information without spending a day or travelling to Richmond? Is there any "bite" to enforcement and monitoring to ensure compliance? Is campaign information available before election day? We concluded that one of the major barriers to effective practice is the fragmentation in agencies responsible for implementing ethics provisions. Therefore, we recommend that an independent, nonpartisan State Ethics Commission be established with a small permanent staff to centralize responsibility for education, guidance, and a computerized disclosure system.

Our recommendations are divided into five principal areas:

1. Campaign Finance Reform
2. Lobbying Reform
3. Government Accountability
4. Establishment of a State Ethics Commission
5. Ethics Law and Education

This report, with its 37 recommendations, represents a consensus reached after long and spirited debate. Any particular Commission member acting on his or her own might have recommended different changes to existing law and practice. When considered as a whole, this report represents the Commission's best diagnosis for preventive medicine and healthy habits in the ethical practice of Virginia's government.■

SUMMARY OF RECOMMENDATIONS

Recommendation 1

■ BROADENING CAMPAIGN DISCLOSURE

State election disclosure laws should be fully applied to all district and local parties as well as to legislative caucuses, except that district and local parties collecting or expending less than \$10,000 per year should be exempt from disclosure requirements. (The \$10,000 figure should be adjusted for inflation annually, to the nearest \$100.) Local party committees should report to their local board of elections, who should report to the State Board.

Recommendation 2

■ PUBLIC DISCLOSURE

Candidates for public office and political committees should either use the state disclosure forms or, if they generate their own reporting form, be required to supply a data tape, floppy disk, or the like to the State Board of Elections. Just as with the regular disclosure forms, these tapes and disks would be made available for press and public inspection. The State Board of Elections should be given the additional resources necessary to accommodate this service.

Recommendation 3

■ PAC DISCLOSURE

Non-party political committees should file disclosure reports to the State Board of Elections on the same schedule as candidates.

Recommendation 4

■ DISCLOSURE ADJUSTMENTS

The state disclosure deadlines for parties and candidates should be rearranged to coincide with the federal deadlines, where feasible, so that unnecessary work for the candidates and parties will be eliminated. [See schedule of reporting date changes in the Appendix.]

Party committees should *not* have to file a December 2 report (but all non-party committees should do so).

A local party committee should *not* have to file for any reporting period in which it has not collected or expended any additional money over the \$10,000 reporting threshold *and* has not contributed to any candidate.

The reporting threshold for state contributions should be raised from \$100 to \$200 to align state law with federal law. A \$200 contribution carries no threat of undue influence. At the same time, this change enables us to recommend *lowering* the threshold from \$250 to \$200 for full reporting of the occupation and principal place of business of contributors.

Recommendation 5

■ RANDOM AUDITS

Every four years the state should conduct audits of all three statewide races and random audits of 10 percent of the races for the legislative bodies: four state Senate races and ten House of Delegates races. (Ten additional House races should be audited after the off-year midterm election.) The audits should include an examination of the candidates' books and receipts, in such detail as required either by statute or by regulations established by a body designated by the General Assembly.

The state should contract with an independent, certified public accounting (CPA) firm to conduct the audits. The targeted races will be selected by lot shortly after the November general election. The lottery should be conducted in public by the independent CPA firm. All candidates on the general election ballot in each targeted race will be audited. Irregularities discovered by the audits will be reported to the appropriate commonwealth's attorney, and a schedule of civil penalties should apply.

Recommendation 6

■ CONTRIBUTION CAPS

Contributions to candidates for statewide and legislative offices should be subject to maximum limits, applied equally to contributions received by candidates from individuals, PACs, and other non-party sources. There should be no limitation on a party's contribution to its candidates, nor any limitation on an individual's contribution to a party committee (except for a contribution designated for a particular candidate, which must be fully reported under current law, and which would come under the caps proposed here). There would be no limits on an individual's contribution to his or her own campaign.

The maximum contributions would be \$5,000 per election for a statewide campaign, \$2,000 per election for a state Senate campaign, and \$1,000 per election for a state House of Delegates candidate, with these amounts indexed for inflation (to the nearest \$100) every two years for House candidates and every four years for statewide and state Senate candidates. A primary or convention and the general election count as two *separate* elections under this proposal. In practice then, the effective maximum limit for an election cycle would be \$10,000 for a statewide campaign, \$4,000 for a state Senate campaign, and \$2,000 for a state delegate campaign.

Recommendation 7

■ INCOME TAX REFUNDS

The state individual income tax Form 760 should be revised to permit a taxpayer to contribute an unlimited sum from his or her refund to a political party (not only to the Democratic or Republican party, but to any party as defined under the provisions of the Code of Virginia).

Recommendation 8

■ TAX CREDITS

A state tax credit for small contributions to the *state* political parties (and their *local* and *district* affiliates) should be established. The credit would be at the 50 percent level for contributions up to \$50 for an individual and \$100 for a joint return. This tax credit is narrowly focused on political parties both to strengthen the parties and to minimize the revenue drain from the state's coffers.

APPENDIX F

MINUTES FOR JOINT SUBCOMMITTEE MEETINGS

Tuesday, September 19, 2000, Organizational Meeting
Thursday, October 26, 2000, Roundtable Discussion
Wednesday, November 8, 2000, Public Hearing
Wednesday, November 29, 2000, Work Session
Monday, December 11, Work Session

MINUTES

JOINT SUBCOMMITTEE ON CAMPAIGN FINANCE REFORM

**Tuesday, September 19, 2000 – 10:00 a.m.
House Room 4, State Capitol**

The subcommittee convened and elected Delegate Chris Jones chairman and Senator Charles Colgan vice-chairman. All members were present except Delegates Marshall and Spruill, Senator Newman, and Mr. Poole. The Subcommittee received reports from the State Board of Elections (SBE) and staff on several topics. The discussion developed a variety of issues and questions summarized below.

The subcommittee agreed to bring together a roundtable of knowledgeable and interested parties for its second meeting to pinpoint problems that should and can be addressed by reform. For example, do unlimited contributions cause corruption or the perception of corruption and what are the positive and negative consequences of limits. The subcommittee agreed to schedule two additional meetings: a public hearing in Richmond and a work session. The House Clerk's Office will poll for dates.

Electronic filing of disclosure reports; audits.

All statewide candidates are required to file campaign finance disclosure reports by computer or electronically. General Assembly candidates may file their reports electronically. If they file electronically, they are not required to file locally.

Beginning January 1, 2001, the SBE will enter all General Assembly candidate reports into a database accessible on the Internet.

Presently 41 or 29% of General Assembly members file their contribution and expenditure reports electronically; 41 or 29% file hand-written reports; 23 or 17% file typed reports; 21 or 15% file computer generated paper reports; and 13 or 9% file paper reports produced on VAFiling Software.

The SBE now reviews reports for timeliness and completeness but not for accuracy or content.

Questions: Should electronic filings be made mandatory for all candidates? Certain candidates? Are the current incentives for electronic filings sufficient? What additional incentives would encourage greater use of electronic filings? Are additional review and audit procedures necessary? How should audits be defined, what are the costs, and are random audits feasible? What are the deficiencies in the filed reports?

Compliance and enforcement.

The SBE reported that fines were assessed against candidate/political committees but in many instances not collected in the past four years.

Year	Number assessed	Number collected	% collected
1997	137	36	26.3%
1998	124	38	30.6%
1999	77	17	22.1%
2000 to date	101	15	14.9%

Questions: Is the present \$50/\$300 penalty structure working? Are willful violations being prosecuted? Do Commonwealth's attorneys have time and resources to prosecute willful violations?

Contribution limits, expenditure limits, and public financing of elections.

Campaign spending has increased.

Virginia General Assembly Campaign Spending

Year	All Legislative Candidates Total (\$ millions)	Senate Candidates Total (\$ millions)	House Candidates Total (\$ millions)	Senate Candidates Average	House Candidates Average
1991	\$11.5	\$5.8	\$5.7	\$79,000	\$36,000
1993			\$8.1		\$42,500
1995	\$21.3	\$8.9	\$12.4	\$141,000	\$69,300
1997			\$9.1		\$56,100
1999	\$29.0	\$11.9	\$17.1	\$186,000	\$103,600

Source: Campaign financial disclosure forms filed with the Virginia State Board of Elections and compiled by Virginia FREE.

36 states limit the amount that an individual can contribute to a candidate.

Virginia is one of 14 states that do not limit individual contributions to candidates: Alabama, California, Illinois, Indiana, Iowa, Mississippi, Nebraska,

New Mexico, North Dakota, Oregon, Pennsylvania, Texas, Utah, and Virginia. Eight of these states either prohibit or limit contributions by corporations, unions, or committees or one or more of these categories. Nebraska limits contributions by all entities other than individuals.

Staff provided information on the public funding statutes of other states, and the subcommittee noted the need to examine the issues of campaign spending limits and possible public funding options.

Questions: Do unlimited contributions lead to corruption or the perception of corruption? Do contribution limits work? Is too much being spent on campaigns? What are the benefits and drawbacks of public funding programs?

DLS/mrs
9/22/00

MINUTES

JOINT SUBCOMMITTEE ON CAMPAIGN FINANCE REFORM

Thursday, October 26, 2000 – 10:00 a.m.
House Room 4, State Capitol
Roundtable Discussion

Wednesday, November 8, 2000 – 10:00 a.m.
House Room 4, State Capitol
Public Hearing

October 26, 2000. Members present: Delegate Jones, chairman; Senators Forbes and Newman; Delegates Spruill, Tate, and Wagner; citizens Louis R. Brooks and David M. Poole; Cameron P. Quinn, Secretary, State Board of Elections. Members absent: Senator Colgan, Delegate Marshall, and Ms Coryell.

The subcommittee reviewed the prospects for campaign finance reform with representatives of interested groups including: Daniel LeBlanc, Virginia AFL/CIO; Frosty Landon, Virginia Coalition for Open Government; Stephen Medic, Old Dominion University; Steve Calos, Common Cause of Virginia; K. Clayton Roberts, Jr., Virginia FREE; Craig Bieber, Virginia Democratic Party; Margaret Edds, The Virginian-Pilot; Walter J. Kucharski, Auditor of Public Accounts; William Hurd, Attorney General's Office; and Frank Buck, Virginia Democracy Coalition.

The discussion covered a wide variety of possible reforms. Professor Medic presented the results of an ODU survey of 647 persons. The survey showed, in part, the following opinions:

Too much is spent in Virginia election campaigns	78.5%
Too little is spent in Virginia election campaigns	1.4%
The right amount is spent	11.7%
I favor contribution limits	74.8%
Do not limit contributions	22.1%
I think my Delegate has promised to vote a certain way on legislation in exchange for a contribution	46.5%
I don't think so	29.3%
I don't know	23.6%

Roundtable participants expressed considerable support for contribution limits and some support for public financing coupled with expenditure limits. However, there was more consensus that there is not enough time before the 2001 Session to develop a proposal for contribution limits and that the joint subcommittee should pursue reforms in the disclosure laws.

Proposals for reforms in the disclosure area included:

- independent audits of campaign reports;
- more publicity on disclosure violations;
- better use of electronic filings to reduce errors and bring about more complete and informative filings; and
- strengthened requirements for prompt filings.

November 8, 2000. Members present: Delegate Jones, chairman; Senator Cogan;; Delegate Tate; citizens Louis R. Brooks and David M. Poole; Cameron P. Quinn, Secretary, State Board of Elections. Members absent: Senators Forbes and Newman; Delegates Marshall, Spruill, and Wagner; and Ms Coryell.

The joint subcommittee received comments from nine speakers advocating:

- full and prompt disclosure;
- independent audits;
- improved review and enforcement efforts regarding disclosure reports;
- limits on contributions to offset the perception of corruption in campaigns;
- public funding and expenditure limits;
- limits on foreign contributions and solicitations;
- local option authority to regulate campaign finances; and
- further study and hearings concerning proposals to limit campaign contributions.

The joint subcommittee will meet in a working session Wednesday, November 29, 2000, at 10 a.m. in House Room 4.

DLS/mrs
11/22/00

MINUTES

JOINT SUBCOMMITTEE ON CAMPAIGN FINANCE REFORM

**Wednesday, November 29, 2000 – 10:00 a.m.
House Room 4, State Capitol**

Work Session

Members present: Delegate Jones, chair; Senator Charles J. Colgan, vice chair; Senators Forbes and Newman; Delegates Marshall and Tate; citizens Louis R. Brooks, Carol Ann Coryell, and David M. Poole; Cameron P. Quinn, Secretary, State Board of Elections. Members absent: Delegates Spruill and Wagner. Staff present: Mary Spain and Virginia Edwards, Division of Legislative Services; Scott Maddrea, House Clerk's Office.

The subcommittee reviewed draft legislation (LD8612) incorporating a number of changes to the disclosure provisions of the Campaign Finance Disclosure Act:

- requiring reports to be typed or computer-printed and eliminating handwritten reports;
- clarifying the information required on occupation and place of business for individuals and other contributors;
- prohibiting the use of certain broad terms such as "self-employed" to indicate the contributor's occupation;
- requiring specific information on expenditures and itemization of expenditures of more than \$500;
- requiring on and after January 1, 2003, that General Assembly candidates file electronically if they have received more than \$10,000 in contributions or had a balance of more than \$10,000 in their campaign depository;
- requiring General Assembly reports to be received by the State Board by the filing deadline and allowing the mailing of reports postmarked by the filing deadline only if the candidate has received less than \$2,500 in contributions and maintained a balance of less than \$2,500; and
- authorizing the State Board of Elections to request additional information to correct obvious mathematical and omission errors in reports.

Following discussion, the subcommittee adopted a number of revisions to the draft:

- continuing the hand-printed-report option for campaigns raising less than \$2,500 and in certain emergency situations;
- eliminating the draft's provision prohibiting use of certain terms such as "self-employed";
- requiring itemization of all expenditures made by credit card payment; and
- making other editorial changes.

The subcommittee discussed, but took no action on, draft legislation (LD8613) providing for a review of statewide campaign reports and a percentage of General Assembly campaign reports. Criticisms of the draft focused on several issues:

- felony penalty provisions for destruction of campaign finance records;
- requiring reviews of only a percentage of General Assembly reports; and
- the limits placed on the review process as precluding a full audit of both receipts and disbursements.

Other materials presented included the summary by the Division of Legislative Services of responses by Commonwealth's attorneys on enforcement activities, the summary by the State Board of Elections of responses by registrars on enforcement activities, and a list of suggested changes in the Campaign Finance Disclosure Act from the State Board. (Copies attached.) The subcommittee noted that items 4 and 7 were addressed in draft legislation reviewed by the subcommittee and requested drafts be prepared to address items 5 and 13.

The joint subcommittee will meet in a working session Monday, December 11, 2000, at 10 a.m. in House Room 2 to review revised draft legislation.

DLS/mrs
12/8/00

Responses to Questions for Attorneys for the Commonwealth

Number of Responses	Calendar Year	Failure to File Campaign Finance Report	Late Filing of Campaign Finance Report	Incomplete Report	Number of Civil Penalties Collected	Number of Misdemeanors Prosecuted	Penalties Collected for Full Amount or Reduced Amount
Responses received for 75 out of 135 localities.	Responses covered 1997, 1998 and 1999 calendar years.	5	76	18	58	0	Amounts varied. More reported collecting a reduced amount.

DLS/mrs
11/28/00

NAME OF LOCALITY

QUESTIONS FOR ATTORNEYS FOR THE COMMONWEALTH

1. How many campaign finance law violations were reported by the Electoral Board or General Registrar to your office in each of the three listed years?

Calendar Year	Failure to file campaign finance report	Late filing of campaign finance report	Incomplete report
1997			
1998			
1999			

2. (a) How many civil penalties have been collected and misdemeanors prosecuted for campaign finance violations by your office in each of the listed years?

Calendar Year	Number of Civil Penalties Collected	Number of Misdemeanors Prosecuted
1997		
1998		
1999		

- (b) Are the penalties collected for campaign finance violations by your office for the full amount anticipated by the statute for the violation or for a reduced amount?
-
-

**SUMMARY OF RESPONSES TO DATE FROM LOCALITIES ABOUT
LOCAL CAMPAIGN FINANCE FILINGS**

11/29/00

Below is a summarization of the responses to Delegate Chris Jones' request for information mailed to all 135 localities on October 12, 2000, regarding the present enforcement procedures of the Campaign Finance Disclosure Act. To date only 60 localities have responded. (A list of respondents is attached.)

1. How many of each type of contributions and expenditures report filings did you receive in the listed years?

Calendar Year	Total Filings Expected	Total Filings Received	Non Filed Reports	Late Reports	Incomplete Reports
1997	1463	1517	15	72	33
1998	863	829	8	66	23
1999	4108	4078	33	111	87

2. (a.) During the three listed calendar years, how many initial notices were sent by the Electoral Board or the General Registrar on behalf of the Electoral Board, in the following categories?

Calendar Year	Non Filed Reports	Late Reports	Incomplete Reports
1997	9	71	32
1998	8	66	23
1999	31	111	83

- (b.) Did you send any follow-up notices?

<u>Response</u>	<u>Localities</u>
Yes	6
No, placed telephone calls:	2
No follow-up notice sent	24
Did not send notices at all	28

3. (a.) How many of those campaign finance violations listed in question #2a, were reported to the attorney for the Commonwealth?

Calendar Year	Non Filed Reports	Late Reports	Incomplete Reports
1997	9	65	3
1998	8	63	1
1999	31	91	10

¹ The Number of "Total Filings Received" added to the number of "Total Non Filed Reports", should be equal to the "Total Expected Filings".

(b.) Describe how these violations were reported (e.g. by copy of the initial notice to the committee, by letter to the Commonwealth's Attorney listing those not in compliance, etc.)

<u>Response</u>	<u>Number Reported</u>
Letter to Candidate & copy to CA	5
Letter to CA only	16
No letter to CA at all	42

4. (a.) To the best of your knowledge, how many civil penalties have been collected and misdemeanors prosecuted for campaign finance violations by the attorney for the Commonwealth in each of the listed years?

Calendar Year	Number of Civil Penalties Collected	Number of Misdemeanors Prosecuted
1997	17	0
1998	7	0
1999	21	0

(b.) To the best of your knowledge, are the penalties collected for campaign finance violations by the attorney for the Commonwealth for the full amount anticipated by the statute for the violation or for a reduced amount?

<u>Response</u>	<u>Localities</u>
Full Amount	8
Reduced Amount	6
Not collected	4
No knowledge	28

5. The numbers above should cover both General Assembly candidates and local candidates reports. Of the numbers reported above, how many are the result of failures to file, late filings, or incomplete filings by **General Assembly** candidates?

Non Filed Reports	Late Reports	Incomplete Reports
3	20	55

Loc Code	Loc Code	Loc Code
001 Accomack 757-787-2935	097 ✓ King and Queen 804-785-5980	510 Alexandria 703-838-4050
003 Albemarle 804-951-6798	099 ✓ King George 540-775-9186	515 Bedford 540-586-
005 Alleghany 540-965-1690	101 King William 804-769-4952	520 Bristol 540-645-
007 Amelia 804-561-3460	103 Lancaster 804-462-5277	530 Buena Vista 540-261-8605
009 ✓ Amherst 804-946-9315	105 Lee 540-346-7780	540 Charlottesville 804-970-3250
011 ✓ Appomattox 804-352-5302	107 Loudoun 703-777-0380	550 Chesapeake 757-382-6128
013 Arlington 804-228-3456	109 Louisa 540-967-3427	560 ✓ Clifton Forge 540-863-2524
015 ✓ Augusta 540-245-5656	111 ✓ Lunenburg 804-696-3071	570 ✓ Colonial Heights 804-520-9277
017 Bath 540-839-7266	113 ✓ Madison 540-948-6533	580 Covington 540-965-6380
019 ✓ Bedford 540-586-7649	115 Mathews 804-725-3200	590 Danville 804-799-6560
021 Bland 540-688-4441	117 Mecklenburg 804-738-6191 x299	595 Emporia 804-634-9533
023 Botetourt 540-473-8235	119 Middlesex 804-758-4420	600 Fairfax 703-385-7890
025 Brunswick 804-848-4414	121 ✓ Montgomery 540-382-5741	610 ✓ Falls Church 703-248-5085
027 Buchanan 540-935-6534	125 Nelson 804-263-4068	620 Franklin 757-562-8545
029 ✓ Buckingham 804-969-4304	127 ✓ New Kent 804-966-9699	630 Fredericksburg 540-372-1030
031 Campbell 804-332-9579	131 ✓ Northampton 757-678-0480	640 ✓ Galax 540-236-7509
033 ✓ Caroline 804-633-9083	133 Northumberland 804-580-4655	650 Hampton 757-727-6218
035 ✓ Carroll 540-728-2332	135 Nottoway 804-645-8148	660 Harrisonburg 540-433-2150
036 ✓ Charles City 804-829-9210	137 ✓ Orange 540-672-5262	670 ✓ Hopewell 804-541-2232
037 Charlotte 804-542-5856	139 Page 540-743-3986	678 Lexington 540-462-3706
041 Chesterfield 804-748-1471	141 Patrick 540-694-7206	680 Lynchburg 804-847-1609
043 ✓ Clarke 540-955-5168	143 ✓ Pittsylvania 804-432-7971	685 Manassas 703-257-8230
045 Craig 540-864-6190	145 Powhatan 804-598-5604	683 ✓ Manassas Park 703-335-8806
047 Culpeper 540-825-8441	147 Prince Edward 804-392-4767	690 ✓ Martinsville 540-656-5111
049 Cumberland 804-492-4504	149 ✓ Prince George 804-733-2794	700 Newport News 757-926-1
051 ✓ Dickenson 540-926-1620	153 ✓ Prince William 703-792-6470	710 ✓ Norfolk 757-664-4355
053 Dinwiddie 804-469-4512	155 ✓ Pulaski 540-980-2111	720 ✓ Norton 540-679-1162
057 ✓ Essex 804-443-4611	157 ✓ Rappahannock 540-675-3739	730 Petersburg 804-733-2380
059 ✓ Fairfax 703-222-0776	159 Richmond 804-333-4772	735 ✓ Poquoson 757-868-3070
061 Fauquier 540-347-6972	161 Roanoke 540-772-7500	740 Portsmouth 757-393-8644
063 ✓ Floyd 540-745-9350	163 Rockbridge 540-463-7203	750 ✓ Radford 540-731-3639
065 Fluvanna 804-598-3593	165 ✓ Rockingham 540-564-3055	760 ✓ Richmond 804-646-5950
067 Franklin 540-483-3025	167 ✓ Russell 540-889-8006	770 Roanoke 540-853-2281
069 Frederick 540-662-8723	169 ✓ Scott 540-386-6691	775 ✓ Salem 540-375-3034
071 ✓ Giles 540-921-2802	171 ✓ Shenandoah 540-459-6195	790 Staunton 540-332-3840
073 Gloucester 804-693-3659	173 Smyth 540-783-4511	800 Suffolk 757-923-3690
075 Goochland 804-556-5303	175 Southampton 757-653-9280	810 ✓ Virginia Beach 757-427-8683
077 ✓ Grayson 540-773-2842	177 Spotsylvania 540-582-7124	820 ✓ Waynesboro 540-942-6620
079 ✓ Greene 804-985-5213	179 ✓ Stafford 540-658-4000	830 ✓ Williamsburg 757-220-6157
081 ✓ Greensville 804-348-4228	181 Surry 757-294-5213	840 ✓ Winchester 540-667-5857
083 Halifax 804-476-3322	183 ✓ Sussex 804-246-5511 x3270	
085 Hanover 804-730-6080	185 Tazewell 540-988-7541 x341/320	
087 ✓ Henrico 804-501-4347	187 ✓ Warren 540-635-4327	* 60 Total Responses
099 Henry 540-638-5108	191 Washington 540-676-6227	
091 ✓ Highland 540-468-2013	193 Westmoreland 804-493-8898	
093 Isle of Wight 757-365-6230	195 ✓ Wise 540-328-8331	
095 ✓ James City 757-253-6868	197 Wythe 540-223-6038	
	199 York 757-890-3440	

2 localities responded but failed to identify themselves

SUGGESTIONS OF ISSUES THAT COULD USE CLARIFICATION OR ADMINISTRATIVE IMPROVEMENT IN VIRGINIA'S CAMPAIGN FINANCE LAWS

1. Need clarity on §24.2-904 as it pertains to organizing as a candidate's campaign committee and/or filing contributions and expenditures reports. For example, must a candidate file when they start spending their own money, or does it only become a requirement when they (A) receive a contribution or (B) file a primary filing fee. Perhaps it could read that before accepting any contribution for candidacy, each candidate for nomination or election shall file a Statement of Organization that shall include:
 - a. The name and address of the designated campaign committee
 - b. The name and residence address of a single campaign treasurer
 - c. The name of the financial institution and account numbers for the candidate's depository.

2. Need clarity in §24.2-908 – as it pertains to organizing as a political committee and/or filing contributions and expenditures reports. For example, any political committee should be required to file within 10 days of receiving contributions or making expenditures (the 10 day anticipation of contribution language should be removed). Perhaps it could read that before accepting any contribution or making any expenditure that would influence the outcome of an election, each committee must file a Statement of Organization . . .

In both cases (1 and 2) the sections should specify a deadline of when someone is failing to comply.

3. Need clarity on the definition of Political Party Auxiliary.
Frequent questions asked of the SBE include:
Is the Richmond City Young Republicans an auxiliary?
Is the Henrico County Democratic Women's Club an auxiliary?
What determines a political party auxiliary?
There is no Code guidance and some people challenge our answers.

- ✓ 4. Need clarity in §24.2-928 if the General Assembly wants the State Board of Elections (SBE) and local Electoral Boards (EBs) to review candidate & PAC filings for math and/or data entry errors or if they want them to question any entry for any other reason. Currently, SBE & EBs understanding and practice of the term "complete and submitted on time" means that they check (A) if it was filed, (B) on time, and (C) if all the blanks are filled in.

- ⑤ 5. Need clarity on §24.2-928-930 as to exactly how the State Board and local Electoral Boards are to handle late filings, failures to file, incomplete filings. The language is difficult to interpret for each separate situation. For example,

(A) Should local Electoral Boards notify candidates of a failure to file or late filing, or assess the fines, before referring local candidates to the local commonwealth's attorney? (B) Who should receive the payment of fines in the case of local candidates? (Some people currently think the SBE should receive these payments in order to deposit the money to the Treasurer of Virginia, but SBE does not receive the filings for local candidates.) (C) Who is the appropriate attorney for the commonwealth when there is a candidate for an office which crosses jurisdictional lines? (D) Who is the appropriate attorney for the commonwealth when a political committee has violated the law?

6. Need clarity on §24.2-900 and 908 as it pertains to referenda: While case law makes clear that those involved solely in "issue advocacy" can remain anonymous and are not required to file campaign finance reports so long as they do not advocate for or against an individual candidate, Virginia law states to the contrary. (E.g., *Virginia Society for Human Life v. Caldwell*.)
7. Consider mandatory electronic filing for all candidates & campaign committees that receive over some predetermined dollar amount. (This can not apply to local candidates, however, without creating changes to the current campaign finance manager application.)
8. Consider one filing schedule for political committees. Under §24.2-923 PACs currently file based on the schedule of the person to whom they donate money. A number of committees fail to file timely because they cannot keep straight the annual changes to when they must file based on election & non-election years.
9. Consider stronger penalties for "affiliated" PACs that fail to disclose the affiliation(s) as required in §24.2-908. For example, Governor Pataki of New York had a PAC (21st Century Freedom PAC) in Virginia with a name that did not make it obvious with whom the PAC was affiliated. The Statement of Organization filed by that PAC did not list any "affiliations" on the form. SBE only knew it was his PAC when the press called to inquire about it and were able to inform the SBE of the name of the PAC.
10. Consider adding a definition of Exploratory Committees. Many potential candidates want to set up an exploratory committee and do not understand when we suggest that the only option is to open a political committee until such time as they declare as a candidate. Currently, the Code recognizes no distinction between Leadership PACs, Exploratory Committees, Issue oriented PACs, Corporate or Non-profit affiliate PACs or an individual, unaffiliated PAC.
11. Consider the provisions regarding when town candidates have to file campaign finance reports? (e.g., Leesburg & Vienna are not required to file

under current law, yet they have local candidates who spend significant amounts of money.)

12. Need clarity on collections procedure. Does §2.1-133.4 require either the SBE or local electoral boards or the Commonwealth's Attorney, to incorporate the Division of Debt Collection of the Attorney General's office into collection of delinquent fines?

13. Consider making the local Commonwealth's Attorney more accountable for enforcing provisions of the Act, or an alternative provision for enforcement of the Act. At this time (A) some never enforce the Act, (B) some (allegedly) selectively enforce the Act, (C) many use prosecutorial discretion to reduce the penalties (which may be perceived as political bias), (D) some send fines collected to SBE while others send the money directly to the Treasurer of Virginia and SBE isn't notified that a payment was made in response to a particular violation, (E) almost no Commonwealth's Attorney prosecutes a willful failure to file, and (F) sometimes the Commonwealth's Attorney is the person violating the law.

14. Clarify the provisions related to in-kind provisions. §24.2-902. For example, if a person hosts a reception for a candidate, but does not claim an amount for the donation, must the candidate disclose the contribution; what if the reception clearly cost several thousand dollars? How does the candidate determine the amount of an in-kind donation if the donor does not tell the candidate? What if they give a candidate office space for what appears to be less than a fair market rent? How does one determine if fair market rent is being charged? Is gas mileage considered an in-kind contribution?

MINUTES

JOINT SUBCOMMITTEE ON CAMPAIGN FINANCE REFORM

**Monday, December 11, 2000 – 10:00 a.m.
House Room 2, State Capitol**

Work Session

Members present: Delegate Jones, chair; Senator Colgan, vice chair; Delegates Spruill and Tate; citizens Louis R. Brooks, Carol Ann Coryell, and David M. Poole; Monica Cousins, State Board of Elections. Members absent: Senators Forbes and Newman; Delegates Marshall and Wagner. Staff present: Mary Spain and Virginia Edwards, Division of Legislative Services; Scott Maddrea, House Clerk's Office.

The subcommittee reviewed and modified draft legislation (LD8622) incorporating a number of changes to the disclosure provisions of the Campaign Finance Disclosure Act and revisions made by the subcommittee November 29. The revised draft:

- requires reports to be typed or computer-printed and eliminating handwritten reports except for campaign committees receiving less than \$2,500 during a campaign and in certain emergencies;
- clarifies the information required on occupation and place of business for individuals and other contributors;
- requires specific information on expenditures made by credit card payments;
- requires on and after January 1, 2003, that General Assembly candidates file electronically if they have received more than \$10,000 in contributions; and
- requires General Assembly reports to be received by the State Board by the filing deadline and allowing the mailing of reports postmarked by the filing deadline only if the candidate has received less than \$2,500 in contributions during a campaign.

The subcommittee reviewed and modified draft legislation (LD8623) providing for a review of statewide campaign reports and a percentage of General Assembly campaign reports. The revised draft:

- adds the requirement that the State Board of Elections review the campaign finance reports of candidates for Governor, Lieutenant Governor, Attorney General and 10 percent of the candidates for the General Assembly selected at random;
- provides that the review shall be for the purposes of (a) reconciling the balance in the campaign depository with the amounts reported in the candidate's reports of receipts and expenditures and (b) reviewing the reports for mathematical accuracy and facial completeness including the reporting of specific information required by law;
- requires that the Board meet publicly to select on a random basis by a drawing the General Assembly candidate campaigns to review;
- exempts any campaign committee from review if it has received less than \$25,000 in contributions; and
- requires the campaign treasurer to retain, and provide on request by the Board, the bank statements and copies of checks issued on campaign depositories and receipts for campaign fund expenditures greater than \$500.

The subcommittee reviewed and modified draft legislation (LD8629) prepared in response to the request of the State Board of Elections for changes in the violation and penalty provisions of the Campaign Finance Disclosure Act. The revised draft (LD8640):

- authorizes the State Board and the appropriate local election official to review disclosure reports for completeness and request additional information;
- provides for the jurisdiction of the appropriate attorney for the Commonwealth for statewide and other campaigns;
- authorizes the State Board or appropriate local election official to assess and collect the civil penalty for violations of the reporting requirements before referring the violation to the attorney for the Commonwealth;
- provides for payment of civil penalties collected at the local level to the locality; and
- provides for public notice on the Internet of violations by candidates for statewide office or the General Assembly involving the failure to file a required report by the required deadline.

Senator Colgan circulated a draft bill (LD8618) to impose limits on contributions to candidates for the General Assembly made on and after January 1, 2002. The limit on contributions by individuals and other persons to a General

Assembly candidate is \$2,000 per election cycle; on contributions by political action committees, \$5,000; and on contributions by political party committees, \$10,000. There are no limits on contributions by a candidate to his own campaign. Civil penalties for violations of the limits by the contributor and the recipient may equal twice the amount of the excess contribution.

The subcommittee voted 7 to 0 to recommend enactment of the three drafts concerning the disclosure process with revisions as noted at the meeting and to recommend continuation of the study to examine the broader issues of contribution limits, expenditure limits, and public financing of campaigns. It directed staff to prepare the legislation and circulate a draft report summarizing the subcommittee's work and recommendations.

The subcommittee then adjourned.

DLS/mrs
12/12/00

APPENDIX G

LIMITS ON CONTRIBUTIONS TO CANDIDATES FIFTY STATE SUMMARY

- 36 states limit the amount that an individual can contribute to a candidate.
- The limits vary widely as shown on the attached chart.
- Virginia is one of 14 states that do not limit individual contributions to candidates: Alabama, California, Illinois, Indiana, Iowa, Mississippi, Nebraska, New Mexico, North Dakota, Oregon, Pennsylvania, Texas, Utah, and Virginia. Eight of these states either prohibit or limit contributions by corporations, unions, or committees or one or more of these categories. Nebraska limits contributions by all entities other than individuals.

Source: National Conference on State Legislatures, 6/30/00.

LIMITS ON CONTRIBUTIONS TO CANDIDATES

	Individual → Candidate Contributions	State Party → Candidate Contributions	PAC → Candidate Contributions	Corporate → Candidate Contributions	Union → Candidate Contributions
Alabama § 17-22A-1 et seq.	Unlimited	Unlimited	Unlimited	\$500/candidate/election ^{b,g}	Unlimited
Alaska § 15.13.065 to .080	\$500/candidate/year	\$100,000/yr/gub candidate \$15,000/yr/senate candidate \$10,000/yr/house candidate	\$1,000/office/year	Prohibited	Prohibited
Arizona^c § 16-901 et seq.	\$760/statewide candidates \$300/other candidates \$2,820 aggregate contributions per election ^b	Aggregate contributions accepted from all political parties and organizations cannot exceed: \$75,610 - statewide candidates \$7,560 - other candidates	"Super" PACs ^d : \$3,790/statewide candidate \$1,510/other candidate Regular PACs: \$760/statewide candidate \$300/other candidate Amounts are per election ^b Aggregate contributions accepted from PACs cannot exceed: \$75,610 - statewide candidates \$7,560 - other candidates	Prohibited ^e	Prohibited ^e
Arkansas § 7-6-201 et seq.	\$1,000/candidate/election ^b	\$2,500/election ^b	Small donor PACs ^e : \$2,500/candidate/election ^b Regular PACs: \$1,000/candidate/election ^b	Same as individual limits	Same as individual limits
California Gov. Code § 85100 et seq.	Unlimited ^a	Unlimited ^a	Unlimited ^a	Unlimited ^a	Unlimited ^a
Colorado § 1-45-104	\$5,000/gub candidate \$2,500/other statewide cand \$1,500/senate candidate \$1,000/house candidate Amounts per election cycle	\$400,000/gub candidate \$15,000/senate candidate \$10,000/house candidate Amounts per election cycle	Same as individual limits	Same as individual limits	Same as individual limits
Connecticut § 9-333m to v	\$2,500/gub candidate \$500/senate candidate \$250/house candidate \$15,000 aggregate All amounts are per election ^b	Unlimited	Same as individual limits	Equal to twice the individual amounts per candidate \$100,000 aggregate limit All amounts are per election ^{b,g}	Same as individual limits ^e

	Individual → Candidate Contributions	State Party → Candidate Contributions	PAC → Candidate Contributions	Corporate → Candidate Contributions	Union → Candidate Contributions
Delaware § 15-8010 to 8013	\$1,200/statewide candidate \$600/other candidate Both amounts are per election cycle	\$75,000/gub candidate \$5,000/senate candidate \$3,000/house candidate All amounts per election cycle	Same as individual limits	Same as individual limits	Same as individual limits
Florida § 106.011 et seq.	\$500/candidate/election ^b	No candidate may accept more than \$50,000 in the aggregate from national, state and county political party committees	Same as individual limits	Same as individual limits	Same as individual limits
Georgia § 21-5-41 to 44	Election year limits: \$5,000/gub candidate \$2,000/legis candidate Non-election year limits: \$1,000/any candidate All amounts are per year	Same as individual limits	Same as individual limits	Same as individual limits	Same as individual limits
Hawaii § 11-200 to 207	\$6,000/statewide offices \$4,000/senate candidate \$2,000/house candidate All amounts are per election cycle	\$50,000/governor \$40,000/l. governor 20,000/state senator \$15,000/state representative All amounts are per calendar year	Same as individual limits	Same as individual limits	Same as individual limits
Idaho § 67-6610A	\$5,000/statewide candidate \$1,000/leg candidate Both amounts are per election ^b	\$10,000/statewide candidate \$2,000/legislative candidate	Same as individual limits	Same as individual limits	Same as individual limits
Illinois 10 ILCS 5/9-1 et seq.	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Indiana § 3-9-1-1 et seq.	Unlimited	Unlimited	Unlimited	\$5,000 in the aggregate to statewide candidates \$2,000 in the aggregate to senate candidates \$2,000 in the aggregate to house candidates All amounts are per year	Same as corporate limits
Iowa § 56.2 et seq.	Unlimited	Unlimited	Unlimited	Prohibited	Unlimited

	Individual → Candidate Contributions	State Party → Candidate Contributions	PAC → Candidate Contributions	Corporate → Candidate Contributions	Union → Candidate Contributions
Kansas § 25-4153	\$2,000/statewide candidate \$1,000/senate candidate \$500/house candidate All amounts are per election ^b	\$2,000/gub slate/primary \$1,000/senate cand./primary \$500/house cand./primary Unlimited in general election	Same as individual limits	Same as individual limits	Same as individual limits
Kentucky § 121A.150	\$1,000/candidate/election ^b	Same as individual limits	Same as individual limits Except for gubernatorial slates, no candidate can accept PAC contributions which in the aggregate exceed 50% of the candidate's total contributions or \$10,000/election, whichever is greater	Prohibited	Same as individual limits
Louisiana § 18:1481 to 1532	\$5,000/statewide candidate \$2,500/legislative candidate Both amounts are per election ^b	Unlimited	Regular PACs: Same as individual limits "Big" PACs: Double the amount of individual limits Candidates subject to following aggregate limits on PAC contributions accepted: \$50,000/statewide candidate \$48,195/legislative candidate Both amounts per election cycle	Same as individual limits	Same as individual limits
Maine^c Tit. 21-A, § 1001 to 1128	\$500/gub candidate/election ^b \$250/other candidate/election ^b \$25,000 aggregate limit on contributions to all candidates per calendar year	Unlimited	Same as individual limits	Same as individual limits	Same as individual limits
Maryland § 33-14-101 et seq.	\$4,000/candidate \$10,000 aggregate to all candidates Both amounts are per 4-year election cycle	Same as individual limits	\$6,000/candidate/election cycle	Same as individual limits	Same as individual limits

	Individual → Candidate Contributions	State Party → Candidate Contributions	PAC → Candidate Contributions	Corporate → Candidate Contributions	Union → Candidate Contributions
Massachusetts^f Ch. 55A, § 1 et seq.	Non-"Clean Elections" candidates: \$500/candidate \$12,500 aggregate limit on contributions to all candidates Both limits are per calendar year "Clean Elections" candidates: \$100/candidate Aggregate allowable contribution limit: \$18,000/senate candidate \$6,000/house candidate	Non-"Clean Elections" candidates: \$3,000/candidate/year "Clean Elections" candidates: Same as individual limits	Aggregate limits for non-"Clean Elections" candidates: \$150,000/gub candidate \$18,750/senate candidate \$7,500/house candidate Above amounts are per calendar year "Clean Elections" candidates: Same as individual limits	Prohibited	Same as PAC limits
Michigan § 169.252	\$3,400/statewide candidate \$1,000/senate candidate \$500/house candidate All amounts are per election cycle	State party central committee may contribute up to 20 times the individual limit Other party committees may contribute up to 10 times the individual limit	Same as individual limits	Prohibited ^g	Prohibited ^g
Minnesota § 10A.27	Election year limits: \$2,000/gub candidate \$500/legislative candidate Non-election year limits: \$500/gub candidate \$100/legislative candidate	Party committees may contribute up to 10 times the limits imposed on individuals	Same as individual limits, but aggregate contributions from PACs & certain other entities cannot exceed 20% of spending limits	Prohibited	Same as individual limits
Mississippi § 23-15-801 et seq.	Unlimited	Unlimited	Unlimited	\$1,000/candidate/election campaign	Unlimited
Missouri § 130.011 et seq.	\$1,125/statewide candidate \$550/senate candidate \$275/house candidate All amounts are per election ^b	Unlimited ^a	Same as individual	Unlimited ^a	Unlimited ^a
Montana § 13-37-201 et seq.	\$400/gubernatorial slate \$100/legislative candidate Amounts are per election ^b	\$15,000/gubernatorial slate \$800/senate candidate \$500/house candidate All amounts are per election ^b	Same as individual limits Candidates limited to total contributions from all PACs: \$1,000 senate candidates \$600 house candidates Amounts are per election ^b	Prohibited	Same as individual limits ^g

	Individual → Candidate Contributions	State Party → Candidate Contributions	PAC → Candidate Contributions	Corporate → Candidate Contributions	Union → Candidate Contributions
Nebraska § 32-1601 et seq.	Unlimited	Candidates limited to maximum amount of aggregate contributions that can be accepted in an election period from independent committees, corporations, labor unions, associations, and political parties: Gub \$750,000; Legis \$36,500	Same as party contribution limits	Same as party contribution limits ^g	Same as party contribution limits ^g
Nevada § 294A.100	\$5,000/candidate/election ^b	Unlimited	Same as individual limits	Same as individual limits	Same as individual limits
New Hampshire § 664:4	\$1,000/candidate/election ^b (increases to \$5,000 for candidates agreeing to spending limits)	\$1,000/candidate/election ^b if candidate does not agree to expenditure limits Unlimited to candidates who agree to expenditure limits	Same as party limits	Prohibited	Prohibited
New Jersey § 19:44A-1 et seq.	\$2,100/gub candidate \$1,800/legislative candidate Both amounts are per election ^b	\$30,000/candidate/election ^b	\$2,100/gub candidate \$5,900/other candidate Both amounts are per election ^b	Same as individual limits	Same as individual limits
New Mexico § 1-19-25 to 36	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
New York Election Law, § 14-114	Gubernatorial Candidates: Primary - product of number of enrolled voters in candidate's party in state x \$.005, but not less than \$4,900 or more than \$14,700 General - \$30,700 Legislative Candidates: Primary - \$4,900 senate cand, \$3,100 house cand. General - \$7,700 senate cand, \$3,100 house All amounts per calendar year Maximum contributions by individual cannot exceed \$150,000 in any one year	Prohibited in primary election Unlimited in general election	Same as individual limits	Same as individual limits, but limited to an aggregate of \$5,000 per year in political contributions and expenditures	Same as individual limits

	Individual → Candidate Contributions	State Party → Candidate Contributions	PAC → Candidate Contributions	Corporate → Candidate Contributions	Union → Candidate Contributions
North Carolina § 163-278.6 et seq.	\$4,000/candidate/election ^b	Unlimited	Same as individual limits	Prohibited	Prohibited
North Dakota § 16.1-08.1	Unlimited	Unlimited	Unlimited	Prohibited ^e	Prohibited ^g
Ohio § 3517.1 et seq.	\$2,500/candidate/election ^b	Unlimited	Same as individual limits	Prohibited	Prohibited
Oklahoma 74 OS § 4200 et seq.	\$5,000/statewide candidate \$1,000/legislative candidate Both amounts are per election campaign	\$5,000/statewide candidate \$1,000/legislative candidate Both amounts are per calendar year	Same as individual limits	\$5,000/statewide candidate ^g \$1,000/legislative candidate ^g Both amounts are per election campaign	Same as individual limits
Oregon § 260.160 to 174	Unlimited ^a	Unlimited ^a	Unlimited ^a	Unlimited ^a	Unlimited ^a
Pennsylvania 25 Pa Stat § 3241 to 3260a	Unlimited	Unlimited	Unlimited	Prohibited	Prohibited
Rhode Island § 17-25-10.1	\$1,000/candidate/calendar year Doubles to \$2,000 if candidate qualifies for public funding \$10,000 aggregate limit/year	\$25,000/candidate/year In-kind contributions unlimited	\$1,000/candidate/calendar year Annual aggregate limit of \$25,000 to all recipients	Prohibited	Prohibited
South Carolina § 8-1314 to 1316	\$3,500/statewide candidate \$1,000/legislative candidate Both amounts are per election cycle	Aggregate limits on contributions from parties and legislative caucuses: \$50,000/statewide candidate \$5,000/other candidate Both amounts are per election cycle	Same as individual limits	Same as individual limits	Same as individual limits
South Dakota § 12-25	\$1,000/gub candidate \$250/legislative candidate Both amounts are per calendar year	Unlimited	Unlimited	Prohibited	Unlimited ^g

	Individual → Candidate Contributions	State Party → Candidate Contributions	PAC → Candidate Contributions	Corporate → Candidate Contributions	Union → Candidate Contributions
Tennessee § 2-10-302	\$2,500/statewide candidate \$1,000/legislative candidate Both amounts are per election ^b	Candidates limited to aggregate amount from all political party committees: \$250,000/statewide candidate \$40,000/senate candidate \$20,000/house candidate All amounts are per election ^b	\$7,500/statewide candidate \$7,500/senate candidate \$5,000/other candidates No more than 50% of a statewide candidate's total contributions may come from PACs Legislative candidates may not accept more than \$75,000 in the aggregate from PACs All amounts are per election ^b	Prohibited	Same as individual limits
Texas Election Code, § 253	Unlimited	Unlimited	Unlimited	Prohibited ^B	Prohibited ^B
Utah § 20A-11-101	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Vermont ^b 17 VSA ch. 59	\$400/gub candidate \$300/senate candidate \$200/house candidate No more than 25% of funds may come from non-residents and out-of-state PACs and political parties All amounts are per 2-year election cycle	Same as individual limits	Same as individual limits	Same as individual limits	Same as individual limits
Virginia § 24.2-900 et seq.	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Washington RCW § 42.17.610 et seq. WAC § 390-05-400	\$1,200/gub candidate \$600/legislative candidate Both amounts are per election ^b Aggregate contribs within 21 days of a gen. elec. may not exceed \$50,000 for a statewide candidate, \$5,000 for any other candidate or committee	Aggregate contributions to a candidate may not exceed \$.60 x number of registered voters in candidate's district	Same as individual limits	Same as individual limits	Same as individual limits
West Virginia § 3-8-8 to 12	\$1,000/candidate/election ^b	Same as individual limits	Same as individual limits	Prohibited ^B	Same as individual limits

	Individual → Candidate Contributions	State Party → Candidate Contributions	PAC → Candidate Contributions	Corporate → Candidate Contributions	Union → Candidate Contributions
Wisconsin § 11.01 et seq.	\$10,000/statewide candidate \$1,000/senate candidate \$500/house candidate Above amounts are per election campaign \$10,000 aggregate limit per calendar year	Unlimited	\$43,128/gub candidate \$1,000/senate candidate \$500/house candidate All amounts are per election cycle	Prohibited	Prohibited
Wyoming § 22-25-102	\$1,000/candidate/election ^b \$25,000 aggregate limit per year	Unlimited	Unlimited	Prohibited	Prohibited

- (a) Low contribution limits set by citizen initiative have been invalidated by courts or are currently under an injunction staying enforcement.
- (b) Primary and general are considered separate elections; individual may contribute stated amount in each election.
- (c) Candidates participating in "Clean Elections" public financing may not accept contributions after qualifying for public funds.
- (d) In Arizona, a PAC that has received contributions from 500 or more individuals in amounts of \$10 or more in a one-year period may qualify as a "Super PAC." Qualification is valid for two years.
- (e) In Arkansas, a "small donor PAC" is a person who receives contributions from one or more individuals in order to make contributions to candidates, does not accept any contributions aggregating more than \$25 from any individual in a calendar year, and properly registers under the law.
- (f) In Massachusetts, candidates who agree to participate in "Clean Elections" public financing may accept contributions up to an aggregate total not exceeding \$450,000 for gubernatorial candidates, \$18,000 for senate candidates, and \$6,000 for house candidates.
- (g) May only make political contributions through a PAC, using funds from a separate, segregated account. Use of treasury funds, dues prohibited.
- (h) Full public financing is available to qualifying candidates for governor and lieutenant governor. A candidate who wishes to receive public funding may not solicit or accept any private contributions except qualifying contributions.
- (i) In Louisiana, a "Big PAC" is a PAC with over 250 members who contributed over \$50 to the PAC during the preceding calendar year and has been certified as meeting that membership requirement.

APPENDIX H

PUBLIC FINANCING OF STATE ELECTION CAMPAIGNS

TABLE 1A: PARTY-ONLY PUBLIC FINANCING PROGRAMS

STATES PROVIDING PUBLIC FUNDS ONLY TO POLITICAL PARTIES							
State	Type	Distribution of funds	Individual → Cand. Contributions	Corp. → Candidate Contributions	Union → Candidate Contributions	PAC → Candidate Contributions	Party → Candidate Contributions
Alabama	\$1 add-on ^a	To political party specified by taxpayer	Unlimited	\$500 per candidate	Unlimited	Unlimited	Unlimited
Idaho	\$1 check-off	To political party specified by taxpayer	\$1,000/legislative \$5,000/statewide	\$1,000/legislative \$5,000/statewide	\$1,000/legislative \$5,000/statewide	\$1,000/legislative \$5,000/statewide	\$2,000/legislative \$10,000/statewide
Iowa	\$1.50 check-off ^a	To political party specified by taxpayer	Unlimited	Unlimited ^b	\$500/year aggregate, but unlimited if through a union PAC	Unlimited	Unlimited
New Mexico	\$2 add-on ^{a, d}	To political party specified by taxpayer	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Ohio	\$1 check-off ^a	Divided equally among qualified parties	\$2,500/candidate \$15,000/state party \$5,000/county party	Prohibited ^c	Prohibited ^c	\$2,500/candidate \$15,000/state party \$5,000/county party	Unlimited
Utah	\$1 check-off	To political party specified by taxpayer	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited
Virginia	\$25 add-on ^d	To political party specified by taxpayer	Unlimited	Unlimited	Unlimited	Unlimited	Unlimited

(a) Amount may be doubled on joint returns

(b) Iowa's ban on corporate contributions was declared unconstitutional in February, 1999, by a U.S. District Court judge. An appeal to the 8th Circuit is pending.

(c) Exception: "Any person, including a corporation engaged in business in this state but not including a public utility, may make a gift to a state or county political party only if the gift is specifically designated and used to defray any cost...for the construction, renovation or purchase of any office facility that is not used solely for the purpose of directly influencing the election of any individual candidate." The gift must not exceed 10% of the total cost of the building construction, renovation or purchase. (Ohio Revised Code § 3517.101)

(d) From income tax refund

TABLE 1B: PARTY-ONLY PUBLIC FINANCING PROGRAMS

State	Type	Distribution of funds	Individual → Cand. Contributions	Corp. → Candidate Contributions	Union → Candidate Contributions	PAC → Candidate Contributions	Party → Candidate Contributions
Kentucky	\$2 check-off ^a	To political party specified by taxpayer	\$1,000/candidate	Prohibited	Prohibited	\$1,000/candidate	\$1,000/candidate
Minnesota	\$5 check-off ^a	To political party specified by taxpayer	\$500/legislative \$2,000/statewide	Prohibited	Prohibited	\$500/legislative \$2,000/statewide	\$5,000/legislative \$20,000/statewide
N. Carolina	\$1 check-off ^a	Divided among political parties according to registration	\$4,000/candidate	Prohibited	Prohibited	\$4,000/candidate	\$4,000/candidate
Rhode Island	\$5 check-off ^a	First \$2 to political party specified by taxpayer	\$1,000/candidate ^b	Prohibited	Prohibited	\$1,000/candidate	\$25,000/candidate

(a) Amount may be doubled on joint returns

(b) Limit is doubled for candidates who agree to abide by spending limits

TABLE 2: CANDIDATE-BASED, FULL PUBLIC FINANCING PROGRAMS

	To qualify for public funds, candidate must raise (or spend):		Public funds are disbursed according to:		Spending Limits
	Private Money	In contributions satisfying the following criteria:	Distribution method or matching ratio	Up to a maximum amount of:	
Vermont^a	Gov: \$35,000 Lt. Gov: \$17,500 Other statewide: n/a State Sen: n/a State Rep: n/a	Gov: contributions of no more than \$50 each from no fewer than 1,500 registered voters Lt. Gov: contributions of no more than \$50 from no fewer than 750 registered voters No more than 25% of total qualified contributors may be residents of the same county	Flat grant for full amount	Primary / general Gov: \$75,000 / \$225,000 Lt gov: \$25,000 / \$75,000 Other statewide: \$0 / \$0 State sen: \$0 / \$0 State rep: \$0 / \$0 For both, grant for primary election is reduced by an amount equal to the candidate's qualifying contributions Incumbents receive 85% of above-listed amounts	Per two-year election cycle: Gov: \$300,000 Lt gov: \$100,000 Other statewide: \$45,000 State sen: \$4,000 + \$2,500 for each additional seat in the senate district State rep: \$2,000 in single-member districts; \$3,000 in two-member districts Incumbents of statewide offices: 85% of the amounts above Incumbents in the legislature: 90% of the amounts above
Arizona^{a, b}	Gov: \$20,000 AG, Sec St: \$12,500 Other SW: \$7,500 Legis: \$1,000	\$5 contributions from registered voters within the candidate's district	Flat grant for full amount; paid at beginning of primary election period and beginning of general election period	Party candidate: amount equal to spending limit Independent candidate: amount equal to 70% of spending limit Unopposed candidate: amount equal to \$5 x number of qualified contributions for that candidate	Primary / general ^c Gov: \$380,000 / \$570,000 AG & Sec St: \$80,000 / \$120,000 Other SW: \$40,000 / \$60,000 Legis: \$10,000 / \$15,000
Maine^{a, b}	Gov: \$12,500 State Sen: \$750 State Rep: \$250	\$5 contributions from registered voters within the candidate's district	Flat grant for full amount; paid at beginning of primary and general election periods	Amount equal to spending limit	75% of average expenditure for office sought in 2 previous general elections ^c ; 2000 amounts: Gov: unknown State Sen: \$12,909.68 State Rep: \$3,252.47
Massachusetts^{a, b}	Gov: 6000 contributions Lt Gov, AG, Treas: 3000 Sec St, Auditor: 2000 Exec Councillor: 400 State Sen: 450 State Rep: 200	Individual contributions between \$5 and \$100 from registered voters in the relevant district	Flat grant for full amount; unopposed candidates receive half the listed amount	Primary / general Gov: \$1.5 million / \$1,050,000 Lt Gov: \$383,000 / \$255,000 AG, Treas: \$360,000 / \$240,000 Sec St, Aud: \$120,000 / \$80,000 Councillor: \$19,000 / \$13,000 State Sen: \$43,000 / \$29,000 State Rep: \$15,000 / \$9,000	Primary / general Gov: \$1.8 million / \$1.2 million Lt Gov: \$450,000 / \$300,000 AG, Treas: \$450,000 / \$300,000 Sec St, Aud: \$150,000 / \$100,000 Councillor: \$24,000 / \$16,000 State Sen: \$54,000 / \$36,000 State Rep: \$18,000 / \$12,000

(a) The public financing provisions in these states were recently enacted and have not yet been used in an election.

(b) If a non-participating candidate's spending (added together with independent expenditures) exceeds the established limits, matching funds are provided to any opposing participating candidate, and spending limits are re-adjusted

TABLE 3: CANDIDATE-BASED, PARTIAL PUBLIC FINANCING PROGRAMS

	To qualify for public funds, candidate must raise (or spend):		Public funds are disbursed according to:		Spending Limits
	Private Money	In contributions satisfying the following criteria:	Distribution method or matching ratio	Up to a maximum amount of:	
STATES WITH PUBLIC FUNDING FOR GOVERNATORIAL CANDIDATES ONLY					
Kentucky ^{a, b}	Between \$300,000 and \$600,000	Contributions of up to \$1,000 from individuals, PACs and parties; no more than 1/2 from the same congressional district	2-to-1 match	\$1.2 million primary \$1.2 million general	\$1.8 million primary \$1.8 million general \$300,000 runoff
Maryland	10% of spending limit for primary	Individual contributions of up to \$250	1-to-1 match in primary; remaining funds split equally among all candidates in general	Depends on amount in fund	\$.30 x population of the state In 1994: \$997,800
Michigan	\$75,000	Individual contributions of up to \$100, from MI residents only	2-to-1 match in primary Flat grant in general	\$990,000 primary \$1,125,000 general	\$2 million each for primary and general
New Jersey	Raise \$59,000 Spend \$177,000	Individual contributions of up to \$1,500	2-to-1 match; no payment for first \$50,000 raised	\$1,350,000 primary \$3,300,000 general	\$2.2 million primary \$5 million general \$6.9 million for total election cycle
North Carolina ^{a, d}	5% of spending limit	Contributions of up to \$4,000 from individuals and PACs	1-to-1 match	1/2 of spending limit	\$1 x number of votes cast for governor in last election (1996: \$2.6 million)
STATES WITH PUBLIC FUNDING FOR LEGISLATIVE CANDIDATES ONLY					
Florida ^b	Gov: \$150,000 Others: \$100,000	Individual contributions of up to \$250	2-to-1 to threshold, then 1-to-1 match	Will match up to spending limit	Gov: \$5 million Cabinet: \$2 million Limit for candidate with primary election opposition is 60% of these amounts
Rhode Island ^{a, d}	None for major party candidates Independents: amount equal to 20% of amount eligible to be matched	Individual contributions Gov: only first \$2,000/contrib. is eligible for matching Others: only first \$1,000 eligible Independents: minimum 250 private contributions of at least \$25	2-to-1 match for contributions up to \$500; 1-to-1 for all contributions exceeding \$500	Gov: \$750,000 Others: \$187,500	Gov: \$1.5 million per cycle Others: \$375,000 per cycle All: add 1 one-third if challenged in primary

TABLE 3, p. 2

	To qualify for public funds, candidate must raise (or spend):		Public funds are disbursed according to:		Spending Limits
	Private Money	In contributions satisfying the following criteria:	Distribution method or matching ratio	Up to a maximum amount of:	
STATES WITH PUBLIC FUNDING FOR GOVERNATORIAL, OTHER STATEWIDE AND LEGISLATIVE ELECTIONS					
Hawaii	Gov: \$100,000 Lt. Gov: \$50,000 State Sen: \$2,500 State Rep: \$1,500	Individual contributions of up to \$100	1-to-1 match	Gov, Lt. Gov: 20% of spending limit Others: 30% of spending limits	\$ amount x number of voters registered to vote in last general election in respective district: Gov: \$2.50 Lt. Gov & others: \$1.40
Minnesota ^{a, c}	Gov: \$35,000 AG: \$15,000 Other SW: \$6,000 State Sen: \$3,000 State Rep: \$1,500	Individual contributions of up to \$50	Payments are the same for each candidate for a particular office	Up to 50% of the expenditure limit	New limits to be determined by 3/00 1994 amounts: Gov: \$1,725,000 AG: \$287,000 State Sen: \$40,000 State Rep: \$21,576 Limits in crease 10% for first-time candidates Limits increase 20% for candidates who win their primary by less than a 2-to-1 margin
Nebraska	Raise & spend 25% of spending limit: Gov: \$375,000 Other SW: \$37,500 Legislature: \$12,500	65% must be from individuals	Candidate adhering to voluntary spending limits receives equivalent of opponent's estimated spending above limit	Not specified	Gov: \$1.5 million Other SW: \$150,000 Legislature: \$73,000
New Hampshire	n/a	n/a	Filing fee waived for candidates who agree to abide by spending limits	Gov: \$5,000 Exec Council: \$500 State Sen: \$100 State Rep: \$25	Gov: \$625,000/election Exec Council: \$50,000/election State Sen: \$20,000/election State Rep: \$.50/registered voter in the district/election
Wisconsin	Gov & other SW: 5% of disbursement limitation Legislature: 10% of disbursement limitation	Individual contributions of up to \$50	Flat grant Grant reduced dollar-for-dollar by any amount of PAC funding accepted	Up to 45% of spending limit, depending on amount of money in fund	Gov: \$1,078,000 State Sen: \$34,500 State Rep: \$17,250

- (a) These states also provide funds to political parties.
- (b) If a non-participating candidate's contributions or expenditures exceed the spending limit, the limit is increased for all candidates, but additional public funds are not provided to participating candidates.
- (c) Contributors to political parties and to participating candidates can receive refunds from the state for up to \$50 per year (paid from state general fund, not from public subsidy fund).
- (d) A tax deduction of not more than \$25 is allowed for any political contribution or newsletter fund contribution.

TABLE 4: CONTRIBUTION LIMITS IN STATES WITH PARTIAL PUBLIC FINANCING

	Individual → Candidate Contributions	Corp. → Candidate Contributions	Union → Candidate Contributions	PAC → Candidate Contributions	Party → Candidate Contributions
Florida	\$500/candidate/election	Same as individual limits	Same as individual limits	Same as individual limits	A candidate may not accept contributions totaling more than \$50,000 from all party committees combined.
Hawaii	\$6,000/statewide candidate \$4,000/4-year offices \$2,000/2-year offices all amounts per 2-year election period	\$1,000/candidate/election cycle	\$1,000/candidate/election period	Same as individual limits	\$50,000/governor \$40,000/lt. governor \$20,000/state senator \$15,000/state representative aggregate limits for contribs to all candidates for respective office
Kentucky	\$1,000/candidate/election	Prohibited	Same as individual limits	Same as individual limits	Candidate may not accept party contribs which in the aggregate exceed \$10,000 or 50% of total contribs, whichever is greater
Maryland	\$4,000/candidate/4-year election cycle \$10,000 aggregate limit	Same as individual limits	Same as individual limits	Same as individual limits	Same as individual limits
Michigan	\$3,400/statewide candidate \$1,000/senate candidate \$500/house candidate all amounts are per election cycle	Prohibited	Prohibited	Same as individual limits	State party central committee may contribute up to 20 times individual limit Other party committees may contribute up to 10 times individual limit
Minnesota	Statewide: \$2,000/election year; \$500/non-election year Legis: \$500/election year; \$100/non-election year	Prohibited	Same as individual limits	Same as individual limits	Party committees may contribute up to 10 times the limits imposed on individuals
Nebraska	Unlimited	Candidates limited to max amount of aggregate contribs in an election period from independent committees, corporations, labor unions, associations, and political parties: Governor: \$750,000 Legislative: \$36,500	See comments under Corporate Contributions	See comments under Corporate Contributions	See comments under Corporate Contributions

TABLE 4, p. 2

	Individual → Candidate Contributions	Corp. → Candidate Contributions	Union → Candidate Contributions	PAC → Candidate Contributions	Party → Candidate Contributions
New Hampshire	\$1,000/candidate/election ^c	Unlimited ^a	Prohibited	\$1,000/candidate/election ^c	Unlimited for candidates who agree to spending limits
New Jersey	\$2,100/statewide candidate/election \$1,500/legislative candidate/election	\$1,800/gubernatorial candidate/election \$1,500/any other candidate/election	Same as corporate limits	\$1,500/candidate/election	\$30,000/election from any party committee
North Carolina	\$4,000/candidate/election	Prohibited ^b	Prohibited	Same as individual limits	Unlimited
Rhode Island	\$1,000/candidate/calendar year ^d \$10,000 aggregate limit	Prohibited	Prohibited	\$1,000/candidate/calendar year \$25,000 aggregate limit	\$25,000/candidate In-kind contributions unlimited
Wisconsin	\$10,000/statewide candidate \$1,000/senate candidate \$500/house candidate all amounts are per election campaign \$10,000 aggregate limit	Prohibited	Prohibited	\$43,128/governor \$12,939/lt. governor \$1,000/senate candidate \$500/house candidate all amounts are per election cycle	Unlimited

- (a) A ban on corporate contributions was overturned October 6, 1999, by a U.S. District Court. An appeal is planned, but has not yet been filed.
- (b) North Carolina's ban on corporate contributions was declared unconstitutional by a U.S. District Court. The decision is being appealed to the 4th Circuit Court, which has issued a temporary stay on the lower court's ruling pending the results of the appeal.
- (c) New Hampshire's limit is raised to \$5,000 for candidates who agree to abide by spending limits.
- (d) Rhode Island's limit is doubled to \$2,000 for candidates who accept public funds and agree to spending limits.
- (e) In New Hampshire, candidates who agree to abide by spending limits may accept unlimited contributions from PACs.

TABLE 5: CANDIDATE-BASED PUBLIC-FINANCING PROGRAMS**METHODS OF FUNDING**

State	Sources of Funding
Arizona ^b	<ul style="list-style-type: none"> • \$5 qualifying contributions • \$100 annual fee charged to registered lobbyists • any early contributions not spent during exploratory or qualifying period • \$2, \$5 or \$10 income tax check-off • voluntary donations, matched by dollar-for-dollar tax credit not to exceed 20% of tax amount on return or \$500, whichever is higher • 10% surcharge on all civil and criminal penalties
Florida	<ul style="list-style-type: none"> • direct appropriations • candidate filing fees (3% of the annual salary for the office) • late filing fees for PAC, candidate and political party campaign finance reports
Hawaii	<ul style="list-style-type: none"> • \$2 income tax check-off^c • appropriations from general fund • fees and penalties collected for campaign finance violations
Kentucky ^a	<ul style="list-style-type: none"> • \$2 income tax check-off^c
Maine ^b	<ul style="list-style-type: none"> • legislative appropriations (\$2 million annually) • \$5 qualifying contributions • \$3 income tax check-off^c • seed money contributions remaining unspent after a candidate is certified as a Maine Clean Election candidate • voluntary donations to the fund • civil penalties collected for violations of the Clean Elections Act • penalties collected for late filing of campaign finance reports
Maryland	<ul style="list-style-type: none"> • income tax add-on, not to exceed \$500 per year • direct appropriations • fines collected for violations of the act
Massachusetts ^b	<ul style="list-style-type: none"> • \$1 income tax check-off^c • legislative appropriations • any money in existing state election campaign fund
Michigan	<ul style="list-style-type: none"> • \$3 income tax check-off^c
Minnesota ^a	<ul style="list-style-type: none"> • \$5 income tax or property tax check-off^c, designated either for a political party account or the general account • direct appropriations (\$1.5 million each election year)
Nebraska	<ul style="list-style-type: none"> • taxpayers may contribute \$2 of income tax refund • direct appropriations • civil penalties for violation of act • late filing fees

State	Sources of Funding
New Jersey	<ul style="list-style-type: none"> • \$1 income tax check-off^c • direct appropriations as necessary
North Carolina ^a	<ul style="list-style-type: none"> • \$1 income tax check-off^c ; goes to political parties fund, divided on a pro rata basis according to party voter registrations • taxpayer entitled to a refund may elect to contribute all or part of the refund to candidate fund
Rhode Island ^a	<ul style="list-style-type: none"> • \$5 income tax check-off^c; first \$2 goes to party designated by taxpayer; remainder goes to candidate fund
Vermont ^b	<ul style="list-style-type: none"> • unused grant funds remaining in a candidate's account 40 days after election • all penalties and fines levied for violations of campaign finance law • 40% of all corporate annual report fees (fee = \$150/foreign corporation; \$25 domestic corporation) • 5% tax on lobbying expenditures in excess of \$2,500 • income tax add-on (no pre-specified amount) • gifts to the fund • legislative appropriations
Wisconsin	<ul style="list-style-type: none"> • \$1 income tax check-off^c

(a) These states also provide funds to political parties.

(b) The public financing provisions in these states were recently enacted and have not yet been used in an election.

(c) Amount may be doubled on joint returns

TABLE 6: REFUNDS, TAX CREDITS AND TAX DEDUCTIONS

State	Description
Arizona	Income tax credit of up to \$500 or 20% of tax amount, whichever is higher, for voluntary donations to the Clean Elections Fund
Arkansas	\$50 ^a credit against state income taxes allowed for contributions to candidates, PACs and parties
Hawaii	\$500 income tax deduction for contributions of \$100 or less to candidates who agree to adhere to spending limits or to a party central or county committee
Minnesota	\$50 per year refund for contributions to political parties and candidates who agree to spending limits
Montana	\$100 ^a per year income tax deduction for political contributions
North Carolina	\$25 per year income tax deduction for contributions to candidates and newsletter funds
Ohio	\$50 ^a credit against state income taxes owed for contributions to candidates
Oklahoma	\$100 per year income tax deduction for contributions to a candidate or political party
Oregon	Income tax credit equal to the lesser of \$50 ^a or the tax liability of the taxpayer for contributions to major or minor parties, party committees, candidates who agree to spending limits, political committees organized and operated exclusively to support or oppose ballot measures or questions to be voted upon within the state
Virginia	Income tax credit equal to 50% of the amount contributed to a local or state candidate. Maximum credit \$25 ^a

(a) amount may be doubled for joint returns

APPENDIX I

CAMPAIGN CONSTS IN VIRGINIA 1991 -- 1999

The charts which follow show a substantial increase in campaign spending in General Assembly races in the 1990s. Comparisons with spending in other states are difficult because of the following variables:

- The size of the districts and length of terms vary
- The media markets for the districts vary
- The number of contested elections vary
- Other factors such as partisan control of the legislature.

Source: Virginia Free



Special Reports

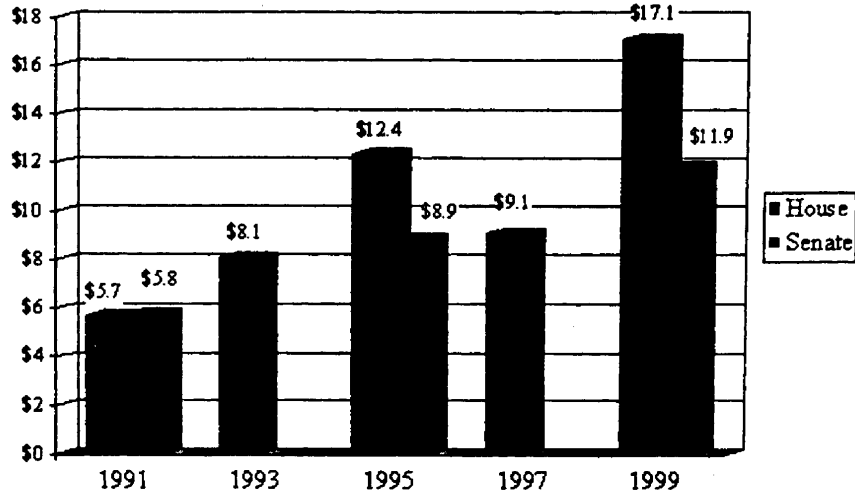
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Virginia General Assembly Campaign Spending

	All Legislative Candidates Total (\$ millions)	Senate Candidates Total (\$ millions)	House Candidates Total (\$ millions)	Senate Candidates Average	House Candidates Average
1991	\$11.5	\$5.8	\$5.7	\$79,000	\$36,000
1993			\$8.1		\$42,500
1995	\$21.3	\$8.9	\$12.4	\$141,000	\$69,300
1997			\$9.1		\$56,100
1999	\$29.0	\$11.9	\$17.1	\$186,000	\$103,600

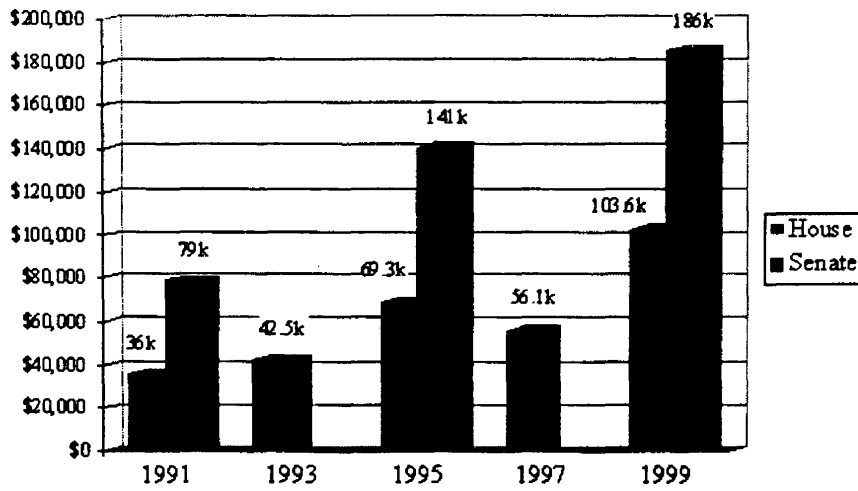
Source: Campaign financial disclosure forms filed with the Virginia State Board of Elections and compiled by Virginia FREE.

Total Expenditures by House & Senate Candidates



Figures show totals spent in millions of dollars by all House and Senate candidates.

Average Expenditures by House & Senate Candidates



Figures show the average amounts spent by candidates for the House and Senate.

Source: Campaign financial disclosure forms filed with the Virginia State Board of Elections and compiled by Virginia FREE

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