

**REPORT OF THE
JOINT SUBCOMMITTEE STUDYING**

Campaign Finance Reform

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



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REPORT
OF THE JOINT SUBCOMMITTEE
STUDYING CAMPAIGN FINANCE REFORM
Pursuant to Senate Joint Resolution No. 393 of 2001

To: The Governor of Virginia
and
The General Assembly of Virginia

Study Directives

The 2001 General Assembly pursuant to Senate Joint Resolution 393 (Appendix A) continued this study for another year to provide sufficient opportunities for public comment and work sessions to address the complex issues of contribution limits and voluntary expenditure limits. The resolution called for the joint subcommittee to hold public hearings across the Commonwealth to solicit comments on ways to control the spiraling cost of campaigns and promote public confidence in Virginia's campaign financing.

Legislative Action on Prior Recommendations

The 2001 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. Several of these measures were recommendations of the joint subcommittee. In sum, the General Assembly passed legislation to implement the joint subcommittee's recommendations to continue the study, increase penalties for disclosure violations, authorize the State Board of Elections and local boards to review disclosure forms for obvious errors, require Internet posting of filing violations, and tighten the disclosure provisions on credit card expenditures and filing deadlines. The legislature turned down the joint subcommittee's recommendations to reduce the number of handwritten reports, mandate electronic filings in most General Assembly contests, and initiate a compliance

review process for disclosure reports. A brief summary of each recommendation and the legislative action taken during the 2001 Session is presented in Appendix B.

2001 Work of the Joint Subcommittee

Organizational Meeting June 27, 2001

The joint subcommittee agreed to conduct four public hearings throughout the Commonwealth in the Roanoke, Tidewater, Northern Virginia and Richmond areas. Two of the hearings (Tidewater and Richmond) were combined with joint subcommittee work sessions.

During the organizational meeting, the State Board of Elections presented a list of requested revisions and clarifications in the Campaign Finance Disclosure Act, which the joint subcommittee took under advisement. This list was later expanded and presented in its final form during the Norfolk public hearing (Appendix C).

Roanoke Public Hearing July 25, 2001

Representatives of the League of Women Voters, American Association of University Women, Common Cause, the Virginia Network for Campaign Reform and several citizens spoke at the joint subcommittee's public hearing in support of campaign contribution and spending limits. Each participant cited studies, polls, or his personal belief that the present lack of limits undermines voter confidence. Voters are convinced that large contributions buy access or even legislative votes. One speaker also criticized the volume and complexity of the disclosure reporting requirements, especially for small campaigns staffed by volunteers. However, one speaker praised Virginia in taking steps to regulate push-polls, eliminate out-of-state operations to launder campaign funds in Virginia, and improve the campaign finance disclosure process.

Other suggestions from individual speakers included:

- ◆ Adding a representative of the donor community (i.e., campaign contributors) as a member of the joint subcommittee to discuss concerns regarding the pressure to make frequent, large contributions;
- ◆ Revising and clarifying the Campaign Finance Disclosure Act and allocating adequate resources for the State Board of Elections to administer present campaign finance laws and any additional responsibilities associated with further needed reforms; and

- ◆ Reducing the paperwork for local candidates.

***Norfolk Public Hearing and Work Session
August 30, 2001***

The Secretary of the State Board of Elections explained that the Campaign Finance Disclosure Act has proven confusing, needs clarification, and could be improved. The Board's staff receives questions on the interpretation of the Act that are difficult or impossible to answer because of ambiguities and inconsistencies in the Act. Members of the joint subcommittee supported the development of a more detailed instruction book for persons who are required to file reports under the Act.

The joint subcommittee reviewed a number of items brought forward at its June 27 meeting:

- **Mandatory electronic filing for General Assembly candidates.** The Campaign Finance Disclosure Act (CFDA) requires electronic filing of campaign finance disclosure reports by all candidates for statewide office (Governor, Lieutenant Governor and Attorney General). All General Assembly candidates have the opportunity and the option to file their campaign finance disclosure reports electronically with the State Board of Elections.

The State Board is required to make available to the public all the information from reports of contributions and expenditures filed by candidates for statewide as well as General Assembly offices whether filed electronically or by paper. Thus, disclosure reports filed in nonelectronic format (paper) by General Assembly candidates are converted to electronic format by staff and published on the State Board's Web site:
http://www.sbe.state.va.us/cfda/scripts/cfda_adhoc_submit.asp.

The State Board has three full-time employees assigned to campaign finance work. In addition, it has an outside contract for \$22,000 this year to meet its obligation, effective January 1, 2001, to key in data filed in paper format. The State Board reported that its staff cannot keep up with the work involved in filing, reviewing, and copying disclosure forms and needs an additional full-time employee in this area. It has not had time to track the staff time required for the keying in and copying of paper-copy General Assembly disclosure forms. The joint subcommittee noted that electronic filing creates cost savings for the State Board and that the delay in entering data from paper disclosure forms may be a disadvantage to candidates who file electronically. It also discussed the suggestion that the filing forms could be simplified.

- **Applicability of CFDA to towns.** Prior to the 2000 Census, only town elections in Blacksburg were subject to the Act. Under the 2000 Census, Blacksburg and Leesburg fall within the 25,000 and more population class. The joint subcommittee requested for its Richmond work session a breakdown showing the population of all towns under the 2000 Census (Appendix D).
- **Filings by PACs under CFDA.** The joint subcommittee requested a draft to simplify the PAC filing schedule and for information on active versus inactive PACs to evaluate possible electronic filing requirements with a certain threshold of activity.

Representatives of the American Association of University Women and League of Women Voters appeared at the public hearing and spoke in support of:

- ◆ campaign contribution limits;
- ◆ random audits of a percentage of candidate campaign reports;
- ◆ prompt reporting of campaign contributions and expenditures; and
- ◆ an election day holiday.

***Fairfax Public Hearing
December 3, 2001***

Representatives of the League of Women Voters, Common Cause of Virginia, the Center for Open, Ethical, and Accountable Government, and the American Association of University Women joined one citizen speaker in echoing the same suggestions offered at the Norfolk public hearing in supporting:

- ◆ campaign contribution limits;
- ◆ random audits of a percentage of candidate campaign reports;
- ◆ prompt reporting of campaign contributions and expenditures; and
- ◆ an election day holiday.

***Richmond Public Hearing
December 12, 2001***

The joint subcommittee heard views from one citizen speaker and representatives of the Interfaith Council, Virginia Citizens Consumer Council, and League of Women Voters. The speakers advocated for:

- ◆ adoption of some form of contribution limits to curtail special interest influence (perceived and actual);
- ◆ stand-by-your-ad legislation;
- ◆ an improved process for restoration of civil rights for convicted felons;

- ◆ audits of campaign finance reports; and
- ◆ actions to increase voter turnout.

General Observations and Acknowledgements

The joint subcommittee would like to recognize and thank those persons who appeared to testify during the round of public hearings across the Commonwealth. However, the joint subcommittee notes for the record that attendance at the public hearings was sparse, and speakers representing the same organizations often repeated their testimony at each location.

While many speakers advocated for contribution limits as their reform of choice, many acknowledged the unintended consequences of setting contributions limits, including favoring independently wealthy candidates who finance their own campaigns. Without hearing further evidence of specific campaign abuses or louder outcries for contribution limits, the joint subcommittee decided to stand behind its decision of 2000 and not make any recommendations concerning contribution limits. The joint subcommittee notes the complex and competing public and private interests at stake in setting contributions limits. The following table lists some of the major pros and cons for contributions limits reviewed by the joint subcommittee.

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	Limits undermine the effectiveness of

large contributions but does not ameliorate public distrust of large contributions.

disclosure by driving money to other committees or independent expenditures less likely to be disclosed.

Recommendations

The joint subcommittee discussed a number of items that it had reviewed at its August work session and reached agreement that it would recommend five bills to the 2002 Session to amend the Campaign Finance Disclosure Act. The full text of these bills is set out in Appendix E. The following summaries and rationales provide the joint subcommittee's justification for each proposal:

1. Mandatory electronic filing of reports. (LD 02-0672796 and LD 02-0673552)

- General Assembly candidates who receive more than \$10,000 in contributions must file campaign finance reports electronically in accordance with State Board of Elections standards.
- Political committees (including PACs and political party committees subject to the Act's reporting requirements) that receive more than \$25,000 in contributions must file campaign finance reports electronically in accordance with State Board of Elections standards.

Rationale

- Under present law, General Assembly candidates have the option to file reports electronically but may continue to file paper reports. Electronic submissions have increased steadily ever since they were first accepted in 1999. The Board reported that more than 100 General Assembly candidates filed electronically for the 2001 elections.
- Electronic filing has been made easier with the development and distribution by the State Board of Elections of a filer software -- known as "VaFiling" -- that promotes and assists filers with electronic filing of their campaign finance disclosure reports.
- A threshold trigger of more than \$10,000 in contributions for candidates and \$25,000 in contributions for political committees removes certain concerns that electronic filing may be an undue burden for small grassroots campaigns.
- The burden is minimal and 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.

- According to an August 2001 survey conducted by the Center for Responsive Politics, two-thirds of the states currently accept electronic filings. Approximately half of these states require mandatory filing for certain candidates and committees, i.e., statewide candidates or candidates or committees that have raised or spent dollar-threshold limits, typically ranging from \$5,000 to \$50,000.
- Adequate notice to future candidates is provided by delaying the bill's application to elections after January 1, 2003.

**2. Compliance review of campaign finance disclosure reports.
(LD 02-0653796 and LD 02-0654552)**

- The State Board of Elections is required to 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 review's scope is limited to (i) reconciling the balance in the campaign depository with the amounts reported in the candidate's reports of receipts and expenditures and (ii) checking for mathematical accuracy and facial completeness including the reporting of specific information required by law.
- Selection for review is by random drawing from the pool of the General Assembly candidate campaigns. The State Board conducts the public drawing.
- Campaign committees that receive less than \$25,000 in contributions are exempt from review.
- The campaign treasurer is required to retain, and provide on request by the State Board, the bank statements and copies of checks issued on campaign depositories and receipts for campaign fund expenditures greater than \$500.
- The bill takes effect January 1, 2004.

Rationale

- The testimony heard by the joint subcommittee highlighted the need for a formal and systematic review of campaign disclosure reports for accuracy and completeness. Currently, the State Board is required by § 24.2-928 to establish and implement a system for receiving, cataloging, and reviewing

reports filed and for verifying that reports are complete and submitted on time. However, this review is cursory and may not detect significant inconsistencies, mistakes, and errors.

- The provision of a formal review process will encourage candidate committees to file more accurate and complete reports.
- The review recommended is limited in nature to the specific items listed and does not contemplate an in-depth formal audit or burdensome recordkeeping requirements. The purpose of the review is to encourage complete and accurate reporting.

3. Town elections to which the Act applies. (LD 02-0655796 and LD 02-0656552)

- The bill expands coverage of the Act to town elections in towns of 10,000 or more population. The present law applies only to towns of 25,000 or more population. Under the 2000 Census, Blacksburg and Leesburg have populations of 25,000 or more. Towns of 10,000 or more include the additional Towns of Vienna, Christiansburg, and Front Royal.

Rationale

- The joint subcommittee found that some town elections have been heavily financed, but are not subject to the filing requirements of the Campaign Finance Disclosure Act. For instance, testimony was provided that in a recent Vienna town election, campaign expenses exceeded \$100,000.
- All county and city elections are subject to the Act's disclosure requirements including 22 localities with populations of less than 10,000 and 52 additional localities with populations between 25,000 and 10,000.

4. Schedule for political committee disclosure reports. (LD 02-0668796 and LD 02-0669552)

- A single annual schedule for filing reports by PACs and political committees is established and set for six reports a year.

Rationale

- Present law requires committees to comply with different candidate filing schedules for May and November elections depending on whether the committee is involved in a May or November election, or possibly both. A

universal schedule should eliminate confusion regarding when a committee must file.

- Many committees have low levels of activity, i.e., receiving contributions and making expenditures. However, one contribution triggers the whole filing requirements and penalties for late filings and failure to file can accumulate quickly. A shorter set schedule should eliminate some of the confusion regarding whether a committee needs to report.

**5. Depositories and checks; reimbursements of expenses.
(LD 02-0670796 and LD 02-0671552)**

- The bill permits the reimbursement, by a check drawn on the campaign depository, of expenses paid by the candidate, treasurer, or other authorized member of the campaign staff when the amount of the reimbursement does not exceed \$1,000 and the expenses being reimbursed are fully documented in compliance with the reporting requirements of the Campaign Finance Disclosure Act.

Rationale

- Under current law, reimbursement for an out-of-pocket expenditure made on behalf of the campaign is limited to \$100 drawn on the petty cash fund.

- Normal business practice allows for legitimate and verifiable expenses to be reimbursed at a later time.
- Information pertaining to the original expenditure would continue to be disclosed in the accounting of the reimbursement.

Conclusion

The joint subcommittee submits these recommendations for consideration by the General Assembly as additional steps toward improving the Commonwealth's campaign finance laws. In concluding its two-year comprehensive study, the joint subcommittee believes that the best course in promoting clean campaigns is through detailed, accurate, and timely disclosure of contributions and expenditures. Future efforts by the State Board of Elections, General Assembly members, and interested parties to clarify the campaign finance laws to further this objective should be highly regarded and given respectful consideration.

*Respectfully submitted,

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

* Member Declining to Sign the Report
Senator Yvonne B. Miller

** Statement of Senator Colgan

I am signing the report of the Joint Subcommittee Studying Campaign Finance Reform; however, I feel compelled to express my concern that the joint subcommittee did not fully address the issue of campaign finance reform. Several bills, including one that I had introduced and that was subsequently referred to the joint subcommittee for study, would have placed (i) a cap on the amount of money that an individual, corporation, labor union, or other entity could contribute to a candidate and (ii) caps on contributions from PACS, political parties, etc. The joint subcommittee did not take up these bills, and the issue of setting contribution limits was not properly addressed during the study. I believe that this issue is of great concern to the citizens of the Commonwealth.

APPENDIX A

STUDY DIRECTIVE

Senate Joint Resolution 393 (2001)

2001 SESSION

SENATE JOINT RESOLUTION NO. 393

Continuing the Joint Subcommittee Studying Campaign Finance Reform Issues.

Agreed to by the Senate, February 22, 2001
Agreed to by the House of Delegates, February 21, 2001

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

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

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

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

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

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

In its continuing examination of Virginia's campaign finance laws, the joint subcommittee shall hold public hearings across the state to solicit comments on ways to control the spiraling cost of campaigns and promote public confidence in

APPENDIX A

Virginia's campaign financing, including campaign contribution and voluntary spending limits.

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

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

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

The joint subcommittee shall complete its work in time to submit its written findings and recommendations by November 30, 2001, to the Governor and the 2002 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

**ACTION TAKEN BY THE 2001 SESSION ON JOINT
SUBCOMMITTEE RECOMMENDATIONS**

**JOINT SUBCOMMITTEE
ON CAMPAIGN FINANCE REFORM**

Actions Taken by 2001 Session on Joint Subcommittee Recommendations

Subcommittee Recommendations from House Doc. 52 (2001), pp. 5-10.	Actions by 2001 General Assembly
<p>1. A resolution (LD 01-8642796) [House Joint Resolution 649 and Senate Joint Resolution 393 (2001)] to continue the study.</p>	<p>HJR 649 tabled in Rules. SJR 393 passed with a minor amendment.</p>
<p>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:</p> <ul style="list-style-type: none"> • 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; • 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 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. 	<p>HB 2325 and SB 1277 passed with amendments in identical form as Ch. 810 and Ch. 618, respectively, of the 2001 Acts. Effective 7/1/01.</p> <ul style="list-style-type: none"> • defeated; • passed; • passed; • defeated; and • modified to provide that reports must be received by the State Board by the filing deadline. The report may be faxed to the State Board by the filing deadline with the mailed copy postmarked by the filing deadline.

<p>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:</p> <ul style="list-style-type: none"> • 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 (i) reconciling the balance in the campaign depository with the amounts reported in the candidate's reports of receipts and expenditures and (ii) 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. 	<p>HB 2324 and SB 1276 were defeated and stricken, respectively, in the Senate Committee on Privileges and Elections.</p>
<p>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:</p> <ul style="list-style-type: none"> • authorizes the State Board and the appropriate local election official to review disclosure reports for completeness and request additional information; 	<p>HB 2323 and SB 1275 passed with amendments and some differences as Ch. 635 and Ch. 648, respectively, of the 2001 Acts.</p> <ul style="list-style-type: none"> • passed;

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<ul style="list-style-type: none">• 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 a violation 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.	<ul style="list-style-type: none">• passed with specific provision on local political committees in Ch. 648 of the 2001 Acts;• passed;• passed; and• passed with deletion of requirement to post public notice within five days of relevant deadline. <p>Note: Ch. 635 carries a July 1, 2002, effective date. Ch. 648 of the 2001 Acts increases the penalties for failure to file reports by the due date to \$500 and also requires posting of violations on the Internet.</p> <p>Note: Ch. 620 of the 2001 Acts (HB 656 -- Rhodes) increases penalties for failure to file to \$500 and requires posting of violations on the Internet.</p>
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APPENDIX C

**STATE BOARD OF ELECTIONS SUGGESTIONS OF ISSUES
NEEDING CLARIFICATION OR ADMINISTRATIVE
IMPROVEMENT IN VIRGINIA'S CAMPAIGN FINANCE LAWS**

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 expenditure reports. For example, must a candidate file when he starts spending his own money, or does it only become a requirement when he (A) receives a contribution or (B) files 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, and
 - c. The name of the financial institution and account numbers for the candidate's depository.
2. Need clarity on § 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 any 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 the answers given by our staff.
4. Need clarity on §§ 24.2-900 and 24.2-908 as they pertain 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*, 256 Va. 151, 500 S.E.2d 814, 1998).
5. Consider mandatory electronic filing for all candidates and campaign committees that receive more than a predetermined dollar amount. (This

cannot apply to local candidates, however, without changes to the current campaign finance manager application, which would require additional funds.)

6. 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 and nonelection years.
7. 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 Nonprofit affiliated PACs or an individual unaffiliated PAC.
8. Consider the provisions regarding when town candidates have to file campaign finance reports (e.g., Leesburg and Vienna are not required to file under current law, yet they have local candidates who spend significant amounts of money).

[Note: According to the 2000 Census data, Leesburg has grown in population to 28,311 and is therefore subject to the provisions of the Act.]

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9. Consider an alternative provision for enforcement of the Act. At this time (i) some attorneys for the Commonwealth never enforce the Act, (ii) some (allegedly) selectively enforce the Act, (iii) many use prosecutorial discretion to reduce the penalties (which may be perceived as political bias), (iv) 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, (v) almost no attorney for the Commonwealth prosecutes a willful failure to file, and (vi) sometimes the attorney for the Commonwealth is the person violating the law.
 10. Would like a breakdown of the contribution definition - separating cash contributions from in-kind contributions. Along with this breakdown, include a statement saying that corporate or union contributions that are made from the corporation or union's direct operating fund are allowed without disclosure requirements on behalf of the corporation or union.
 11. Would like clarification of the provision related to in-kind contributions versus campaign expenditures. Can anyone purchase or pay for anything for the campaign as an in-kind contribution? Should certain expenses be drawn on the campaign account only?

12. Would like language that sets a time frame for filing a report (i.e., when a campaign no longer has outstanding debts and moneys remain, a final report must be filed).

Reason: This section of Chapter 9 of Title 24.2 causes confusion as candidates, registrars and the public all are unclear as to when a final report must be filed.

APPENDIX D

2000 CENSUS POPULATION OF VIRGINIA TOWNS

2000 Census Population of Virginia Towns

RANK	NAME	Total
1	Blacksburg town	39,573
2	Leesburg town	28,311
3	Herndon town	21,655
4	Christiansburg town	16,947
5	Vienna town	14,453
6	Front Royal town	13,589
7	Culpeper town	9,664
8	Pulaski town	9,473
9	South Boston town	8,491
10	Wytheville town	7,804
11	Vinton town	7,782
12	Abingdon town	7,780
13	Farmville town	6,845
14	Warrenton town	6,670
15	Ashland town	6,619
16	Marion town	6,349
17	Smithfield town	6,324
18	Bridgewater town	5,203
19	Bluefield town	5,078
20	Dumfries town	4,937
21	Luray town	4,871
22	Big Stone Gap town	4,856
23	South Hill town	4,403
24	Chincoteague town	4,317
25	Tazewell town	4,206
26	Richlands town	4,144
27	Orange town	4,123
28	Rocky Mount town	4,066
29	Strasburg town	4,017
30	Woodstock town	3,952
31	Blackstone town	3,675
32	Purcellville town	3,584
33	Altavista town	3,425
34	Lebanon town	3,273
35	Wise town	3,255
36	Colonial Beach town	3,228
37	Berryville town	2,963
38	West Point town	2,866
39	Pearisburg town	2,729
40	Hillsville town	2,607
41	Chase City town	2,457
42	Crewe town	2,378
43	Waverly town	2,309
44	Dublin town	2,288
45	Amherst town	2,251

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46	Saltville town	2,204
47	Broadway town	2,192
48	Gate City town	2,159
49	Grottoes town	2,114
50	Narrows town	2,111
51	Tappahannock town	2,068
52	Elkton town	2,042
53	Coeburn town	1,996
54	Shenandoah town	1,878
55	Appalachia town	1,839
56	Chilhowie town	1,827
57	Victoria town	1,821
58	Pennington Gap town	1,781
59	Appomattox town	1,761
60	Timberville town	1,739
61	Mount Jackson town	1,664
62	New Market town	1,637
63	Clintwood town	1,549
64	Onancock town	1,525
65	Gordonsville town	1,498
66	Louisa town	1,401
67	Halifax town	1,389
68	Warsaw town	1,375
69	Glade Spring town	1,374
70	Rural Retreat town	1,350
71	Dayton town	1,344
72	Chatham town	1,338
73	Weber City town	1,333
74	Clarksville town	1,329
75	Stanley town	1,326
76	Hurt town	1,276
77	Lawrenceville town	1,275
78	Courtland town	1,270
79	Brookneal town	1,259
80	Gretna town	1,257
81	Kenbridge town	1,253
82	Kilmarnock town	1,244
83	Buchanan town	1,233
84	Troutdale town	1,230
85	Stephens City town	1,146
86	Exmore town	1,136
87	Cape Charles town	1,134
88	Pembroke town	1,134
89	Grundy town	1,105
90	Pound town	1,089
91	Cedar Bluff town	1,085
92	Glasgow town	1,046
93	Wakefield town	1,038
94	Middletown town	1,015
95	St. Paul town	1,000
96	Jonesville town	995

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97	Damascus town	981
98	Craigsville town	979
99	Independence town	971
100	Stuart town	961
101	Honaker town	945
102	Bowling Green town	936
103	Windsor town	916
104	Haymarket town	879
105	Lovettsville town	853
106	Parksley town	837
107	Keysville town	817
108	Edinburg town	813
109	Ridgeway town	775
110	Occoquan town	759
111	Irvington town	673
112	Rich Creek town	665
113	Middleburg town	632
114	Remington town	624
115	Boykins town	620
116	La Crosse town	618
117	Fries town	614
118	Tangier town	604
119	Jarratt town	589
120	Nassawadox town	572
121	Hamilton town	562
122	Quantico town	561
123	Scottsville town	555
124	Accomac town	547
125	Urbanna town	543
126	Drakes Branch town	504
127	Round Hill town	500
128	Cheriton town	499
129	Onley town	496
130	Burkeville town	489
131	Belle Haven town	480
132	Stanardsville town	476
133	Boydton town	454
134	Melfa town	450
135	Nickelsville town	448
136	Dillwyn town	447
137	McKenney town	441
138	Pocahontas town	441
139	Floyd town	432
140	Troutville town	432
141	Boyce town	426
142	Clinchco town	424
143	Mineral town	424
144	Goshen town	406
145	Charlotte Court House town	404
146	Iron Gate town	404
147	Bloxom town	395

APPENDIX D

148	Fincastle town	359
149	White Stone town	358
150	Claremont town	343
151	Saxis town	337
152	Ivor town	320
153	Brodnax town	317
154	Dungannon town	317
155	Montross town	315
156	Alberta town	306
157	Dendron town	297
158	Hallwood town	290
159	Boones Mill town	285
160	Newsoms town	282
161	The Plains town	266
162	Surry town	262
163	Toms Brook town	255
164	Mount Crawford town	254
165	Painter town	246
166	Wachapreague town	236
167	Madison town	210
168	Eastville town	203
169	Stony Creek town	202
170	Phenix town	200
171	Pamplin City town	199
172	Haysi town	186
173	Clifton town	185
174	Washington town	183
175	New Castle town	179
176	Keller town	173
177	Port Royal town	170
178	Capron town	167
179	St. Charles town	159
180	Virgilina town	159
181	Monterey town	158
182	Glen Lyn town	151
183	Cleveland town	148
184	Scottsburg town	145
185	Branchville town	123
186	Hillsboro town	96
187	Clinchport town	77
188	Duffield town	62
189	Columbia town	49

APPENDIX E

DRAFT LEGISLATION

**Bill to amend Campaign Finance Disclosure Act's provisions
to require mandatory electronic filing**

(LD 02-0672796)
HB 555 (Jones, S.C.)

**Bill to amend Campaign Finance Disclosure Act's provisions
to provide for random compliance review of
campaign finance reports**

(LD 02-0653796)
HB 557 (Jones, S.C.)

**Bill to amend Campaign Finance Disclosure Act's provisions
to expand coverage of the Act to town elections
in towns of 10,000 or more population**

(LD 02-0656552)
SB 329 (Wagner)

**Bill to amend Campaign Finance Disclosure Act's provisions
to revise the schedule for political committee
disclosure reports**

(LD 02-0668796 and *LD 02-0669552)
HB 556 (Jones, S.C.) and SB 330 (Wagner)
Chapter 237 and Chapter 156

**Bill to amend Campaign Finance Disclosure Act's provisions
to provide for reimbursements of expenses of \$1,000 or less
by check drawn on the campaign depository**

(LD 02-0670796 and *LD 02-0671552)
HB 554 (Jones, S.C.) and SB 328 (Wagner)
Chapter 213 and Chapter 232

* Duplicate LD not set out in the Appendix.

Summary

Campaign Finance Disclosure Act; mandatory electronic filing of reports. Requires General Assembly candidates, who receive more than \$10,000 in contributions, to file campaign finance reports electronically in accordance with State Board of Elections standards; and requires political committees (including PACs and political party committees subject to the Act's reporting requirements) that receive more than \$25,000 in contributions to file campaign finance reports electronically in accordance with State Board of Elections standards. This proposal incorporates recommendations of the Joint Subcommittee Studying Campaign Finance Reform pursuant to SJR 393 (2001).

1 A BILL to amend and reenact § 24.2-914.1 of the Code of Virginia, relating to
2 electronic preparation and transmittal of campaign finance disclosure
3 reports; mandatory electronic filings.

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

5 **1. That § 24.2-914.1 of the Code of Virginia is amended and reenacted as**
6 **follows:**

7 § 24.2-914.1. Standards and requirements for electronic preparation and
8 transmittal of campaign finance disclosure reports; database.

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

16 B. 1. The State Board shall accept any report of contributions and
17 expenditures filed by candidates for the General Assembly, Governor, Lieutenant
18 Governor, and Attorney General by computer or electronic means in accordance

1 with the standards approved by the State Board and using software meeting
2 standards approved by it.

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

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

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

18 D. Candidates for Governor, Lieutenant Governor, and Attorney General
19 shall file the reports required by this article by computer or electronic means in
20 accordance with the standards approved by the State Board ~~the reports required~~
21 ~~by this article~~. Candidates for the General Assembly may file the reports required
22 by this article with the State Board by computer or electronic means in
23 accordance with the standards approved by the State Board. For elections to the
24 General Assembly in 2003 and thereafter, candidates for the General Assembly
25 who receive accumulated contributions of more than \$10,000, including the
26 transfer of surplus funds from a prior campaign, shall file the reports required by
27 this article by computer or electronic means in accordance with the standards

1 | approved by the State Board. This information shall be made available to the
2 | public promptly by the State Board through the global information system known
3 | as the Internet.

4 | E. Other committee reports required by this chapter to be filed with the
5 | State Board or a local electoral board, or both, may be filed electronically on
6 | terms agreed to by the committee and Board. On and after January 1, 2003,
7 | political committees that have received accumulated contributions of more than
8 | \$25,000 shall file the reports required by this article by computer or electronic
9 | means in accordance with the standards approved by the State Board.

Summary

Campaign Finance Disclosure Act, record retention requirements and reviews of campaign finance disclosure reports. Provides that (i) the State Board of Elections shall 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) 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 Board shall meet publicly to select on a random basis by a drawing the General Assembly candidate campaigns to review; (iv) a campaign committee shall be exempt from review if it has received less than \$25,000 in contributions; and (v) the campaign treasurer shall 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 bill will take effect January 1, 2004. This proposal is a recommendation of the Joint Subcommittee Studying Campaign Finance Reform pursuant to SJR 393 (2001).

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

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

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

11 § 24.2-903. Summary of election laws; forms.

12 The State Board shall summarize the provisions of the election laws
 13 relating to campaign contributions and expenditures and provide for distribution
 14 of this summary and prescribed forms to each candidate, person, or committee
 15 on request or upon their first filing with the State Board pursuant to this chapter,

1 whichever occurs first. The Board shall designate the form of the report of
2 contributions and expenditures which shall be the only such form used in
3 complying with the provisions of this chapter. The Board shall also prescribe a
4 separate form for the required reporting of certain large contributions and
5 expenditures pursuant to § 24.2-919.

6 The State Board shall provide, with the summary required by this section,
7 instructions for persons filing reports pursuant to this chapter to assist them in
8 completing the reports. The instructions shall include directions for the reporting
9 of candidate primary filing fees. The instructions shall set out the requirements
10 for retaining records and materials for implementing the review provisions of §
11 24.2-928.1.

12 § 24.2-904. Appointment of campaign treasurer; designation of campaign
13 committee and depository; retention of records.

14 A. Upon accepting any contribution for his candidacy, each candidate for
15 nomination or election shall appoint a single campaign treasurer and may
16 designate not more than one campaign committee to receive all contributions
17 and make all expenditures for him or on his behalf in connection with his
18 nomination or election and to file the reports required by this chapter. The
19 payment of a primary filing fee by the candidate constitutes the acceptance of a
20 contribution for the purposes of this section. At the same time he shall designate
21 a campaign depository in a financial institution within the Commonwealth. He
22 shall provide, on a form prescribed by the State Board, the name and address of
23 the campaign treasurer, the name of the financial institution and account number
24 for his campaign depository, and, if one, the name of the campaign committee.

25 He shall file the form with the (i) electoral board of the county or city in
26 which he resides if he is a candidate for local office, (ii) electoral board of the
27 county or city in which he resides and the State Board if he is a candidate for the

1 General Assembly, or (iii) State Board if he is a candidate for statewide office.
2 Every treasurer so appointed shall accept the appointment, in writing on the form,
3 prior to the filing thereof. No individual shall act as treasurer unless the required
4 statement of appointment shall have been filed. No individual shall be appointed
5 or act as treasurer in any election who is not a qualified voter of the
6 Commonwealth. The same person may serve as campaign treasurer for more
7 than one candidate.

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

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

15 D. In addition to the requirements of § 24.2-906, the treasurer of the
16 campaign committee for a candidate for Governor, Lieutenant Governor, Attorney
17 General or the General Assembly shall be responsible for retaining all bank
18 statements for, and copies of checks issued on, the campaign depository and
19 bills, invoices and receipts for any expenditure greater than \$500. The treasurer
20 for a candidate for Governor, Lieutenant Governor, Attorney General, or a non-
21 incumbent candidate for the General Assembly, shall retain these records and
22 materials for a period starting from the date of the designation of the campaign
23 depository for the campaign through ninety days after the general election. The
24 treasurer for incumbent candidates for the General Assembly shall retain these
25 records and materials for a period starting from the date that the incumbent was
26 sworn into office for the term being served at the time of the election through
27 ninety days after the general election. The treasurer of a campaign committee for

1 a candidate for Governor, Lieutenant Governor, Attorney General or the General
2 Assembly shall make such records and materials available to the State Board of
3 Elections or its designee upon request pursuant to the provisions of 24.2-928.1.

4 § 24.2-928.1. Reviews of campaign finance reports and records in
5 campaigns for Governor, Lieutenant Governor, Attorney General, and the
6 General Assembly.

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

19 B. The Board shall review the reports and records of the campaign
20 committees of candidates for Governor, Lieutenant Governor, and Attorney
21 General within sixty days following the general election and, in the case of a
22 losing primary candidate, within sixty days following the primary. The Board shall
23 review the reports and records of a percentage of the campaign committees of
24 candidates for the Senate or House of Delegates, within sixty days following the
25 general election for the Senate or House of Delegates, respectively. The Board
26 shall review ten percent of the campaign committees for candidates, including
27 losing primary candidates, for the Senate and House of Delegates, respectively.

1 The Board shall meet publicly to select the campaign committees to be reviewed
2 by a drawing that ensures selection on a random basis.

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

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

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

16 **2. That the provisions of this act shall become effective on January 1, 2004.**

Summary

Campaign Finance Disclosure Act; elections to which the Act applies.

Expands coverage of the Act to town elections in towns of 10,000 or more population. The present law applies only to towns of 25,000 or more population. Under the 2000 census, Blacksburg and Leesburg have populations of 25,000 or more. Towns of 10,000 or more include the additional towns of Herndon, Christiansburg, Vienna, and Front Royal. This proposal is a recommendation of the Joint Subcommittee Studying Campaign Finance Reform pursuant to SJR 393 (2001).

1 A BILL to amend and reenact § 24.2-900 of the Code of Virginia, relating to
2 application of Campaign Finance Disclosure Act.

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

4 **1. That § 24.2-900 of the Code of Virginia is amended and reenacted as**
5 **follows:**

6 § 24.2-900. Elections to which chapter applicable; chapter exclusive.

7 The provisions of this chapter shall apply to all elections, including
8 referenda, and to nominating conventions, mass meetings, and other methods to
9 nominate a political party candidate for public office, except elections for (i)
10 members of the United States Congress, (ii) town office in a town with a
11 population of less than ~~25,000~~10,000, (iii) directors of soil and water conservation
12 districts, or (iv) political party committees. Every candidate for the United States
13 Congress shall file with the State Board certified copies of all reports of campaign
14 contributions and expenditures required by the laws of the United States. ~~Except~~
15 ~~as provided in § 24.2-903.1, this~~ This chapter shall constitute the exclusive and
16 entire campaign finance disclosure law of the Commonwealth, and elections to
17 which the chapter applies shall not be subject to further regulation by local law.

Summary

Campaign Finance Disclosure Act; schedule for political committee disclosure reports. Sets out a single annual schedule for filing reports by PACs and political committees of six reports a year. Present law requires committees to comply with different candidate filing schedules for May and November elections depending on whether the committee is involved in a May or November election, or possibly both. This proposal is a recommendation of the Joint Subcommittee Studying Campaign Finance Reform pursuant to SJR 393 (2001).

1 A BILL to amend and reenact § 24.2-923 of the Code of Virginia, relating to the
2 Campaign Finance Disclosure Act; schedule for political committee
3 disclosure reports.

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

5 **1. That § 24.2-923 of the Code of Virginia is amended and reenacted as**
6 **follows:**

7 § 24.2-923. Filing schedule for persons and political committees.

8 A. Persons and political committees shall file the prescribed reports of
9 contributions and expenditures with the State Board in accordance with the
10 applicable schedule set out in subsection C and in §§ 24.2-916 through 24.2-918
11 and 24.2-919. The first filed report shall be complete for the entire period from
12 the time the committee was organized or contributions were received. A
13 ~~committee shall comply with the election year schedule for each year in which it~~
14 ~~seeks to influence the outcome of the election.~~ Each political party committee for
15 a county, city, or local district which is required to file the prescribed reports shall
16 also file the report with the local electoral board for its jurisdiction.

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

1 statement, signed by an officer of the committee, that all reporting is complete
2 and final.

3 C. Persons and political committees shall file the prescribed reports of
4 contributions and expenditures as follows:

5 1. Eight days before the first Tuesday in March complete through the
6 eleventh day before that Tuesday;

7 2. Eight days before the first Tuesday in May complete through the
8 eleventh day before that Tuesday;

9 3. Eight days before the first Tuesday in June complete through the
10 thirteenth day before that Tuesday;

11 4. Eight days before the Tuesday after the first Monday in November
12 complete through the thirteenth day before that Tuesday;

13 5. Not later than the thirtieth day after the November election date
14 complete through the twenty-third day after the election date; and

15 6. Not later than January 15 complete through December 31, and then
16 continuing in accordance with this subsection until a final report is filed.

Summary

Campaign Finance Disclosure Act; depositories and checks; reimbursements of expenses. Permits the reimbursement, by a check drawn on the campaign depository, of expenses paid by the candidate, treasurer, or other authorized member of the campaign staff when the amount of the reimbursement does not exceed \$1,000 and the expenses being reimbursed are fully documented in compliance with the reporting requirements of the Campaign Finance Disclosure Act. This proposal is a recommendation of the Joint Subcommittee Studying Campaign Finance Reform pursuant to SJR 393 (2001).

1 A BILL to amend and reenact § 24.2-905 of the Code of Virginia, relating to
2 campaign depositories and checks; reimbursements of expenses; petty
3 cash fund.

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

5 **1. That § 24.2-905 of the Code of Virginia is amended and reenacted as**
6 **follows:**

7 § 24.2-905. Campaign depositories; reimbursements of expenses; petty
8 cash fund.

9 All funds and monetary contributions received by the candidate or his
10 campaign committee, as soon as practicable after receipt thereof, shall be
11 deposited by the treasurer in the designated campaign depository in an account
12 properly identifying the name of and the existence of the political candidacy. No
13 candidate, campaign treasurer, or other individual shall pay any expense on
14 behalf of a candidate, directly or indirectly, except by a check drawn on such
15 designated depository identifying the name of the campaign committee and
16 candidate. However, a candidate, treasurer, or other authorized member of the
17 candidate's campaign staff may be reimbursed, by a check drawn on the
18 designated depository, for the payment of expenses (i) made on behalf of the
19 campaign in an amount not to exceed \$1,000 and (ii) fully documented by
20 complete records of the expenditure, maintained as required by this chapter, and

1 including receipts identifying the nature of the expenses and the names and
2 addresses of each person paid by the recipient of the reimbursement. In addition,
3 a treasurer (i_a) may establish a petty cash fund to be utilized for the purpose of
4 making expenditures or reimbursing verified credit card expenditures of less than
5 one hundred dollars if complete records of such expenditures are maintained as
6 required by this chapter and (i_b) may transfer funds from the designated
7 campaign depository to an account or instrument to earn interest on the funds so
8 long as the transferred funds and earned interest are returned to the designated
9 depository account, complete records are maintained, and all expenditures are
10 made through the designated depository account.

APPENDIX F

EPILOGUE

Final Action on Draft Legislation

HB 555 (Mandatory Electronic Filing) -- *Passed by indefinitely by the House Committee on Privileges and Elections (15-Y 7-N).*

HB 557 (Random Compliance Review) -- *Referred to the House Committee on Appropriations with a substitute (LD 0713796) by the House Committee on Privileges and Elections. The House Committee on Appropriations voted to continue the bill on its agenda to the 2003 Regular Session (23-Y 2-N).*

The substitute addresses a concern raised during a committee meeting regarding the fairness of a random selection process. The substitute eliminates the problem by requiring compliance review for all reports submitted by any candidate running for the General Assembly.

SB 329 (Coverage of Campaign Finance Disclosure Act to town elections in towns with a population of 10,000 or more) -- *Defeated by the House of Delegates (33-Y 59-N).*

Several members representing the new towns to be covered by the Act objected to their inclusion. They asserted that encouraging candidates to run in town elections was difficult enough without placing an additional burden on the candidates to file disclosure reports. Furthermore, the members stated that campaign expenditures in the towns were modest and did warrant disclosure.

HB 556/SB 330 (Revised schedule for political committee disclosure reports) -- *HB 556 passed the House (100-Y 0-N) and passed the Senate (40-Y 0-N) and SB 330 passed the Senate (39-Y 0-N) and passed the House (95-Y 3-N). The Governor signed HB 556 (Chapter 237) on March 27, 2002, and SB 330 (Chapter 156) on March 26, 2002. Both bills become effective on July 1, 2002.*

The bills were amended in committee to allow political committees to file a no activity report during any reporting period when they have no contributions and expenditures.

HB 554/SB 328 (Reimbursement of campaign expenses of less than \$1,000 by check drawn on the campaign depository) -- *HB 554 passed the House (97-Y 0-N) and the Senate (40-Y 0-N) and SB 328 passed the Senate (40-Y 0-N) and the House (99-Y 0-N). The Governor signed HB 554 (Chapter 213) on March 27, 2002, and SB 328 (Chapter 232) on March 28, 2002. Both bills become effective on July 1, 2002.*

The bills were amended in committee to allow for the reimbursement of any amount paid by check, cash, or credit or debit card and made on behalf of the campaign for any amount.

