

2012 -- H 7460

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LC01329  
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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2012

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A N A C T

RELATING TO ELECTIONS - RHODE ISLAND CAMPAIGN CONTRIBUTIONS AND  
EXPENDITURES REPORTING

Introduced By: Representative Donald J. Lally

Date Introduced: February 09, 2012

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

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

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

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

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

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

1 property usage;

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

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

5 (5) Tuition payments;

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

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

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

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

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

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

19 (2) Office expenses and equipment, provided the expenditures and the use of the  
20 equipment can be directly attributable to the campaign or the officeholder's duties and  
21 responsibilities;

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

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

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

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

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

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

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

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

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

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

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

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

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

29 **17-25-10. Lawful methods of contributing to support of candidates -- Reporting --**

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

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

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

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

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

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

20 **17-25-10.1. Political contributions -- Limitations.** -- (a) (1) No person, other than the  
21 candidate to his or her own campaign, nor any political action committee shall make a  
22 contribution or contributions to any candidate, as defined by section 17-25-3, or political action  
23 committee or political party committee which in the aggregate exceed ~~one thousand dollars~~  
24 ~~(\$1,000)~~ one thousand five hundred dollars (\$1,500) within a calendar year, nor shall any person  
25 make contributions to more than one state or local candidate, to more than one political action  
26 committee, or to more than one political party committee, or to a combination of state and local  
27 candidates and political action committees and political party committees which in the aggregate  
28 exceed ~~ten thousand dollars (\$10,000)~~ fifteen thousand dollars (\$15,000) within a calendar year,  
29 nor shall any political action committee make such contributions which in the aggregate exceed  
30 ~~twenty five thousand dollars (\$25,000)~~ forty thousand dollars (\$40,000) within a calendar year,  
31 nor shall any candidate or any political action committee or any political party committee accept  
32 a contribution or contributions which in the aggregate exceed ~~one thousand dollars (\$1,000)~~ one  
33 thousand five hundred dollars (\$1,500) within a calendar year from any one person or political  
34 action committee.

1 (2) Notwithstanding the provisions of subdivision (1) of this subsection, a person or  
2 political action committee or political party committee may contribute an amount which in the  
3 aggregate does not exceed ~~ten thousand dollars (\$10,000)~~ fifteen thousand dollars (\$15,000)  
4 within a calendar year to a political party committee, which funds can be utilized for  
5 organizational and party building activities, but shall not be used for contributions to candidates  
6 state and local for public office.

7 (b) Contributions to a named candidate made to any political committee authorized by  
8 that candidate to accept contributions on the candidate's behalf shall be considered to be  
9 contributions made to the candidate. Contributions to a candidate by a political committee for  
10 another person shall be considered to be contributions by that person.

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

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

18 (e) Nothing in this section shall be construed to restrict political party committees  
19 organized pursuant to this title from making contributions to the candidates of that political party;  
20 provided, that these contributions, other than allowable "in-kind" contributions, shall not exceed,  
21 in the aggregate, ~~twenty five thousand dollars (\$25,000)~~ forty thousand dollars (\$40,000) to any  
22 one candidate within a calendar year, nor shall any candidate accept a contribution or  
23 contributions, other than allowable "in-kind" contributions, which in the aggregate exceed  
24 ~~twenty five thousand dollars (\$25,000)~~ forty thousand dollars (\$40,000) within a calendar year  
25 from all committees of his or her political party. There shall be no restriction on the amount of  
26 "in-kind" contributions that a political party committee may make to a candidate of its political  
27 party; provided, that for the purposes of this subsection only, the cost of any preparation and  
28 airing of television and/or radio advertisements and the cost of any print advertisements shall not  
29 be considered an allowable "in-kind" contribution and shall be subject to the aggregate limitation  
30 of ~~twenty five thousand dollars (\$25,000)~~ forty thousand dollars (\$40,000).

31 (f) (1) A contribution from an individual's dependent children, as defined in section 36-  
32 14-2, shall be deemed a contribution from the individual for the purpose of determining whether  
33 aggregate contributions exceed either the ~~one hundred dollar (\$100)~~ two hundred dollars (\$200)  
34 threshold for reporting purposes or the ~~one thousand dollar (\$1,000)~~ one thousand five hundred

1 dollars (\$1,500) maximum for contributions to a single candidate or political action committee or  
2 the ~~ten thousand dollar (\$10,000)~~ fifteen thousand dollars (\$15,000) maximum for contributing to  
3 all candidates and political action committees within a calendar year.

4 (2) No dependent child shall contribute an amount which, when added to contributions  
5 already made by that child's parent or legal guardian and by other dependent children of that  
6 parent or legal guardian, exceed the ~~one thousand dollar (\$1,000)~~ one thousand five hundred  
7 dollars (\$1,500) maximum for contributions to a single candidate or political action committee or  
8 exceed the ~~ten thousand dollar (\$10,000)~~ fifteen thousand dollars (\$15,000) maximum for  
9 contributions to all state or local candidates and political action committees within a calendar  
10 year.

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

14 (h) (1) It shall be unlawful for any corporation, whether profit or non-profit, domestic  
15 corporation or foreign corporation, as defined in section 7-1.2-106, or other business entity to  
16 make any campaign contribution or expenditure, as defined in section 17-25-3, to or for any  
17 candidate, political action committee, or political party committee, or for any candidate, political  
18 action committee, or political party committee to accept any campaign contribution or  
19 expenditure from a corporation or other business entity. Any contribution made in the personal  
20 name of any employee of a corporation or other business entity, for which the employee received  
21 or will receive reimbursement from the corporation or other business entity, shall be considered  
22 as a contribution by the corporation or other business entity, in violation of this section.

23 (2) Any voluntary payroll deduction and/or contribution made by employees of a  
24 corporation or other business entity shall not be deemed a contribution of a corporation or other  
25 business entity, notwithstanding that the contributions were sent to the recipient by the  
26 corporation or other business entity.

27 (i) All contributions of funds shall be by check, money order, or credit card and may be  
28 made over the Internet, but in each case the source of the funds must be identified; provided, that  
29 candidates may accept contributions in cash which do not exceed ~~twenty five dollars (\$25.00)~~  
30 fifty dollars (\$50.00) in the aggregate from an individual within a calendar year. The cash  
31 contribution must be delivered directly by the donor to the candidate, his or her campaign  
32 treasurer, or deputy treasurer. The treasurer or deputy treasurer shall maintain a record of the  
33 name and address of all persons making these cash contributions.

34 (j) Except as provided in subsection (h) of this section, no entity other than an individual,

1 a political action committee which is duly registered and qualified pursuant to the terms of this  
2 chapter, political party committee authorized by this title, or an authorized committee of an  
3 elected official or candidate established pursuant to this chapter shall make any contribution to or  
4 any expenditure on behalf of or in opposition to any candidate, political action committee, or  
5 political party.

6 **17-25-11. Dates for filing of reports by treasurers of candidates or of committees. --**

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

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

20 (2) In a contested election, on the twenty-eighth (28th) and seventh (7th) days next  
21 preceding the day of the primary, general, or special election; provided, that in the case of a  
22 primary election for a special election, where the twenty-eighth (28th) day next preceding the day  
23 of the primary election occurs prior to the first day for filing declarations of candidacy pursuant to  
24 section 17-14-1, the reports shall be due on the fourteenth (14th) and seventh (7th) days next  
25 preceding the day of the primary election for the special election; and

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

28 (i) The name and address and place of employment of each person from whom  
29 contributions in excess of a total of ~~one hundred dollars (\$100)~~ two hundred dollars (\$200) within  
30 a calendar year were received;

31 (ii) The amount contributed by each person;

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

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

1 (b) Concurrent with the report filed on the twenty-eighth (28th) day following an  
2 election, or at any time thereafter, the campaign treasurer of a candidate, or political party  
3 committee or political action committee, may certify to the board of elections that the campaign  
4 fund of the candidate, political party committee, or political action committee having been  
5 instituted for the purposes of the past election, has completed its business and been dissolved or,  
6 in the event that the committee will continue its activities beyond the election, that its business  
7 regarding the past election has been completed; and the certification shall be accompanied by a  
8 final accounting of the campaign fund, or of the transactions relating to the election, including the  
9 final disposition of any balance remaining in the fund at the time of dissolution or the  
10 arrangements which have been made for the discharge of any obligations remaining unpaid at the  
11 time of dissolution.

12 (c) Once the campaign treasurer certifies that the campaign fund has completed its  
13 business and been dissolved, no contribution which is intended to defray expenditures incurred on  
14 behalf of or in opposition to a candidate during the campaign can be accepted. Until the time that  
15 the campaign treasurer certifies that the campaign fund has completed its business and been  
16 dissolved, the treasurer shall file reports containing an account of contributions received and  
17 expenditures made at ninety (90) day intervals commencing with the next quarterly report  
18 following the election; however, the time to file under this subsection shall be no later than the  
19 last day of the month following the ninety (90) day period, except when the last day of the month  
20 filing deadline following the ninety (90) day reporting period occurs less than twenty-eight (28)  
21 days before an election, in which case the report shall be filed pursuant to the provisions of  
22 subdivisions (a)(1) and (2) of this section. Provided, however, if the last day of the month falls on  
23 a weekend or a holiday, the report shall be due on the following business day.

24 (d) (1) There shall be no obligation to file the reports of expenditures required by this  
25 section on behalf of or in opposition to a candidate if the total amount to be expended in behalf of  
26 the candidacy by the candidate, by any political party committee, by any political action  
27 committee, or by any person shall not in the aggregate exceed ~~one thousand dollars (\$1,000)~~ one  
28 thousand five hundred dollars (\$1,500).

29 (2) However, even though the aggregate amount expended on behalf of the candidacy  
30 does not exceed ~~one thousand dollars (\$1,000)~~ one thousand five hundred dollars (\$1,500),  
31 reports must be made listing the source and amounts of all contributions in excess of a total of  
32 ~~one hundred dollars (\$100)~~ two hundred dollars (\$200) from any one source within a calendar  
33 year. Even though the aggregate amount expended on behalf of the candidacy does not exceed  
34 ~~one thousand dollars (\$1,000)~~ one thousand five hundred dollars (\$1,500) and no contribution



1 from any one source within a calendar year exceeds ~~one hundred dollars (\$100)~~ two hundred  
2 dollars (\$200), the report shall state the aggregate amount of all contributions received. In  
3 addition, the report shall state the amount of aggregate contributions that were from individuals,  
4 the amount from political action committees, and the amount from political party committees.

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

13 (f) A campaign treasurer must file a report containing an account of contributions  
14 received and expenditures made at the ninety (90) day intervals provided for in subsection (c) of  
15 this section for any ninety (90) day period in which the campaign received contributions in excess  
16 of a total of ~~one hundred dollars (\$100)~~ two hundred dollars (\$200) within a calendar year from  
17 any one source and/or made expenditures in excess of ~~one thousand dollars (\$1,000)~~ one  
18 thousand five hundred dollars (\$1,500) within a calendar year; however, the time to file under this  
19 subsection shall be no later than the last day of the month following the ninety (90) day period,  
20 except when the last day of the month filing deadline following the ninety (90) day reporting  
21 period occurs less than twenty-eight (28) days before an election, in which case the report shall be  
22 filed pursuant to the provisions of subdivisions (a)(1) and (2) of this section. Provided, however,  
23 if the last day of the month falls on a weekend or a holiday, the report shall be due on the  
24 following business day.

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

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

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

8           (4) Total fines and fees assessed by the board pursuant to this section shall not exceed  
9 two thousand dollars (\$2,000).

10          (5) Any candidate or officeholder required to file reports pursuant to this chapter and  
11 having failed to file four (4) or more reports, or who has outstanding fines and fees totaling two  
12 thousand dollars (\$2,000) or more, shall be prohibited from receiving any contributions or  
13 making any expenditures and may not declare as a candidate for state or local public office until  
14 all delinquent reports are filed and all fines and fees are paid in full.

15          (6) Any political action committee or political part committee required to file reports  
16 pursuant to this chapter and having failed to file four (4) or more reports, or who has outstanding  
17 fines and fees of two thousand dollars (\$2,000) or more, shall be prohibited from making any  
18 expenditures until all delinquent reports are filed and fines and fees are paid in full.

19          (7) Any candidate, officeholder, committee member or other person found in violation of  
20 subdivisions (5) and (6) shall be subject to the penalty provisions of this chapter.

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

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EXPLANATION  
BY THE LEGISLATIVE COUNCIL  
OF

A N A C T

RELATING TO ELECTIONS - RHODE ISLAND CAMPAIGN CONTRIBUTIONS AND  
EXPENDITURES REPORTING

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1           This act would amend the campaign finance statutes to update the equivalent contribution  
2 limits, address handling campaign funds upon the death or incapacity of a candidate eliminate the  
3 requirement that an independent advocate notify the candidate or political party that a  
4 contribution was made, exempt a candidate who funds his own campaign from filing, clarify time  
5 period for filing extensions, eliminate the need for certified mail, and prohibit those who fail to  
6 file, for a long time, from accepting contributions or declaring a run for office until they comply.

7           This act would take effect upon passage.

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