

2017 -- H 5189

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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

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A N A C T

RELATING TO ELECTIONS - CAMPAIGN CONTRIBUTIONS AND EXPENDITURES
REPORTING

Introduced By: Representatives Phillips, Shanley, Hull, Morin, and Marshall

Date Introduced: January 25, 2017

Referred To: House Judiciary

It is enacted by the General Assembly as follows:

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

4 **17-25-3. Definitions.**

5 As used in this chapter, unless a different meaning clearly appears from the context:

6 (1) "Business entity" means any corporation, whether for profit or not for profit,
7 domestic corporation or foreign corporation, as defined in § 7-1.2-106, financial institution,
8 cooperative, association, receivership, trust, holding company, firm, joint stock company, public
9 utility, sole proprietorship, partnership, limited partnership, or any other entity recognized by the
10 laws of the United States and/or the state of Rhode Island for the purpose of doing business. The
11 term "business entity" shall not include a political action committee organized pursuant to this
12 chapter or a political party committee or an authorized campaign committee of a candidate or
13 office holder. The term "business entity" shall not include any exempt nonprofit as defined herein
14 or any organization described in § 501(c)(3) of the Internal Revenue Code of 1986, or any
15 subsequent corresponding internal revenue code of the United States, as amended from time to
16 time, for the purposes of chapter 17-25.3 of the general laws only.

17 (2) "Candidate" means any individual who undertakes any action, whether preliminary or
18 final, which is necessary under the law to qualify for nomination for election or election to public

1 office, and/or any individual who receives a contribution or makes an expenditure, or gives his or
2 her consent for any other person to receive a contribution or make an expenditure, with a view to
3 bringing about his or her nomination or election to any public office, whether or not the specific
4 public office for which he or she will seek nomination or election is known at the time the
5 contribution is received or the expenditure is made and whether or not he or she has announced
6 his or her candidacy or filed a declaration of candidacy at that time.

7 (3) "Contributions" and "expenditures" include all transfers of money, credit or debit
8 card transactions on-line or electronic payment systems such as "pay pal," paid personal services,
9 or other thing of value to or by any candidate, committee of a political party, or political action
10 committee or ballot question advocate. A loan shall be considered a contribution of money until it
11 is repaid. Credit card transactions may be conducted by a personal credit card issued to a
12 candidate and/or elected official provided that the credit card's use shall be restricted to lawful
13 expenditures relating to the candidate's campaign or election to public office, or travel and/or
14 accommodations while on business for said office.

15 (4) "Election" means any primary, general, or special election or town meeting for any
16 public office of the state, municipality, or district or for the determination of any question
17 submitted to the voters of the state, municipality, or district.

18 (5) "Election cycle" means the twenty-four (24) month period commencing on January 1
19 of odd number years and ending on December 31 of even number years; provided, with respect to
20 the public financing of election campaigns of general officers under §§ 17-25-19, 17-25-20, and
21 17-25-25, "election cycle" means the forty-eight (48) month period commencing on January 1 of
22 odd numbered years and ending December 31 of even numbered years.

23 (6) "In-Kind Contributions" means the monetary value of other things of value or paid
24 personal services donated to, or benefiting, any person required to file reports with the board of
25 elections.

26 (7) "Other thing of value" means any item of tangible real or personal property of a fair
27 market value in excess of one hundred dollars (\$100).

28 (8) "Paid personal services" means personal services of every kind and nature, the cost or
29 consideration for which is paid or provided by someone other than the committee or candidate for
30 whom the services are rendered, but shall not include personal services provided without
31 compensation by persons volunteering their time.

32 (9) "Person" means an individual, partnership, committee, association, corporation,
33 union, charity and/or any other organization. The term "person" shall not include any exempt
34 nonprofit as defined herein or any organization described in § 501(c)(3) of the Internal Revenue

1 Code of 1986, or any subsequent corresponding internal revenue code of the United States, as
2 amended from time to time, for the purposes of chapter 17-25.3 of the general laws only.

3 (10) "Political action committee" means any group of two (2) or more persons that
4 accepts any contributions to be used for advocating the election or defeat of any candidate or
5 candidates. Only political action committees that have accepted contributions from fifteen (15) or
6 more persons in amounts of ten dollars (\$10.00) or more within an election cycle shall be
7 permitted to make contributions, and those committees must make contributions to at least five
8 (5) candidates for state or local office within an election cycle.

9 (11) "Public office" means any state, municipal, school, or district office or other
10 position that is filled by popular election, except political party offices. "Political party offices"
11 means any state, city, town, ward, or representative or senatorial district committee office of a
12 political party or delegate to a political party convention, or any similar office.

13 (12) "State" means state of Rhode Island.

14 (13) "Testimonial affair" means an affair of any kind or nature including, but not limited
15 to, cocktail parties, breakfasts, luncheons, dinners, dances, picnics, or similar affairs expressly
16 and directly intended to raise campaign funds in behalf of a candidate to be used for nomination
17 or election to a public office in this state, or expressly and directly intended to raise funds in
18 behalf of any state or municipal committee of a political party, or expressly and directly intended
19 to raise funds in behalf of any political action committee.

20 (14) "Electioneering communication" means any print, broadcast, cable, satellite, or
21 electronic media communication not coordinated, as set forth in § 17-25-23, with any candidate,
22 authorized candidate campaign committee, or political party committee and which
23 unambiguously identifies a candidate or referendum and is made either within sixty (60) days
24 before a general or special election or town meeting for the office sought by the candidate or
25 referendum; or thirty (30) days before a primary election, for the office sought by the candidate;
26 and is targeted to the relevant electorate.

27 (i) A communication which refers to a clearly identified candidate or referendum is
28 "targeted to the relevant electorate" if the communication can be received by two thousand
29 (2,000) or more persons in the district the candidate seeks to represent or the constituency voting
30 on the referendum.

31 (ii) Exceptions: The term "electioneering communication" does not include:

32 (A) A communication appearing in a news story, commentary, or editorial distributed
33 through the facilities of any broadcasting station, unless such facilities are owned or controlled by
34 any political party, political committee, or candidate;

1 (B) A communication which constitutes a candidate debate or forum conducted pursuant
2 to regulations adopted by the board of elections or which solely promotes such a debate or forum
3 and is made by or on behalf of the person sponsoring the debate or forum; or

4 (C) A communication made by any business entity to its members, owners, stockholders,
5 or employees;

6 (D) A communication over the Internet, except for (I) Communications placed for a fee
7 on the website of another person, business entity, or political action committee; and (II) Websites
8 formed primarily for the purpose, or whose primary purpose is, to expressly advocate the election
9 or defeat of a clearly identified candidate or the passage or defeat of a referendum; or

10 (E) Any other communication exempted under such regulations as the board of elections
11 may promulgate (consistent with the requirements of this paragraph) to ensure the appropriate
12 implementation of this paragraph.

13 (15) "Independent expenditure" means an expenditure which, when taken as a whole,
14 expressly advocates the election or defeat of a clearly identified candidate, or the passage or
15 defeat of a referendum, or amounts to the functional equivalent of such express advocacy, and is
16 in no way coordinated, as set forth in § 17-25-23, with any candidate's campaign, authorized
17 candidate committee, or political party committee. An expenditure amounts to the functional
18 equivalent of express advocacy if it can only be interpreted by a reasonable person as advocating
19 the election, passage, or defeat of a candidate or referendum, taking into account whether the
20 communication mentions a candidate or referendum and takes a position on a candidate's
21 character, qualifications, or fitness for office. An independent expenditure is not a contribution to
22 that candidate or committee.

23 (i) Exceptions: The term "independent expenditure" does not include:

24 (A) A communication appearing in a news story, commentary, or editorial distributed
25 through the facilities of any broadcasting station, unless such facilities are owned or controlled by
26 any political party, political committee, or candidate;

27 (B) A communication which constitutes a candidate debate or forum conducted pursuant
28 to regulations adopted by the board of elections or which solely promotes such a debate or forum
29 and is made by or on behalf of the person sponsoring the debate or forum;

30 (C) A communication made by any business entity to its members, owners, stockholders,
31 or employees;

32 (D) A communication over the Internet, except for (I) Communications placed for a fee
33 on the website of another person, business entity, or political action committee; and (II) Websites
34 formed primarily for the purpose, or whose primary purpose is, to expressly advocate the election

1 or defeat of a clearly identified candidate or the passage or defeat of a referendum; or

2 (E) Any other communication exempted under such regulations as the board of elections
3 may promulgate (consistent with the requirements of this paragraph) to ensure the appropriate
4 implementation of this paragraph.

5 (16) "Covered transfer" means any transfer or payment of funds by any person, business
6 entity or political action committee to another person, business entity, or political action
7 committee if the person, business entity, or political action committee making the transfer: (i)
8 Designates, requests, or suggests that the amounts be used for independent expenditures or
9 electioneering communications or making a transfer to another person for the purpose of making
10 or paying for such independent expenditures or electioneering communications; (ii) Made such
11 transfer or payment in response to a solicitation or other request for a transfer or payment for the
12 making of or paying for independent expenditures or electioneering communications or making a
13 transfer to another person for the purpose of marking or paying for such independent expenditures
14 or electioneering communications; (iii) Engaged in discussions with the recipient of the transfer
15 or payment regarding independent expenditures or electioneering communications or making a
16 transfer to another person for the purpose of marking or paying for such independent expenditures
17 or electioneering communications; or (iv) Made independent expenditures or electioneering
18 communications in an aggregate amount of five thousand dollars (\$5,000) or more during the two
19 (2) year period ending on the date of the transfer or payment, or knew or had reason to know that
20 the person receiving the transfer or payment made such independent expenditures or
21 electioneering communications in such an aggregate amount during that two (2) year period.

22 (A) Exceptions: The term "covered transfer" does not include:

23 (I) A transfer or payment made by a person, business entity or political action committee
24 in the ordinary course of any trade or business conducted by the person, business entity or
25 political action committee or in the form of investments made by the person, business entity or
26 political action committee; or

27 (II) A transfer or payment made by a person, business entity or political action
28 committee if the person, business entity or political action committee making the transfer
29 prohibited, in writing, the use of such transfer or payment for independent expenditures,
30 electioneering communications, or covered transfers and the recipient of the transfer or payment
31 agreed to follow the prohibition and deposited the transfer or payment in an account which is
32 segregated from any account used to make independent expenditures, electioneering
33 communications, or covered transfers.

34 (17) For the purposes of chapter 17-25.3 of the general laws, "donation" means all

1 transfers of money, credit or debit card transactions on-line or electronic payment systems such as
2 "pay pal," paid personal services, or other thing of value to or by any person, business entity, or
3 political action committee. A loan shall be considered a donation of money until it is repaid.

4 (18) For the purposes of chapter 17-25.3 of the general laws, "donor" means a person,
5 business entity, or political action committee that makes a donation.

6 (19) "Exempt nonprofit" means any organization described in § 501(c)(4) of the Internal
7 Revenue Code that spends an aggregate annual amount of no more than ten percent (10%) of its
8 annual expenses or no more than fifteen thousand dollars (\$15,000), whichever is less, on
9 independent expenditures, electioneering communications, and covered transfers as defined
10 herein and certifies the same to the board of elections seven (7) days before and after a primary
11 election and seven (7) days before and after a general or special election.

12 (20) For purposes of chapter 17-25.3 of the general laws, "referendum" means the same
13 as the definition set forth in § 17-5-1 of the general laws.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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1 This act would permit candidates and/or elected officials to possess and use a personal
2 credit card for use only for lawful expenditures relating to the candidate's campaign or election,
3 or for travel and/or accommodations while on business for the elected official's public office.

4 This act would take effect upon passage.

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