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STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2024

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A N A C T

RELATING TO ELECTIONS -- RHODE ISLAND CAMPAIGN CONTRIBUTIONS AND
EXPENDITURES REPORTING

Introduced By: Representative Brian C. Newberry

Date Introduced: March 01, 2024

Referred To: House State Government & Elections

It is enacted by the General Assembly as follows:

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

4 **17-25-3. Definitions. [Effective January 1, 2024.]**

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

6 (1) "Accounts payable" means credit extended to a candidate or political committee, for
7 campaign expenditures; provided that, the credit extended is in the ordinary course of the vendor's
8 business, and the terms are substantially similar, in risk and amount, to extensions of credit to
9 nonpolitical customers.

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

1 internal revenue code of the United States, as amended from time to time, for the purposes of
2 chapter 25.3 of this title.

3 (3) "Candidate" means any individual who undertakes any action, whether preliminary or
4 final, which is necessary under the law to qualify for nomination for election or election to public
5 office, and/or any individual who receives a contribution or makes an expenditure, or gives their
6 consent for any other person to receive a contribution or make an expenditure, with a view to
7 bringing about their nomination or election to any public office, whether or not the specific public
8 office for which they will seek nomination or election is known at the time the contribution is
9 received or the expenditure is made and whether or not they have announced their candidacy or
10 filed a declaration of candidacy at that time.

11 (4) "Conduit" or "intermediary" means any person who receives and forwards an
12 earmarked contribution to a candidate or a candidate's authorized committee, except as otherwise
13 limited in this chapter.

14 (5) "Contributions" and "expenditures" include all transfers of money, credit or debit card
15 transactions, on-line or electronic payment systems such as "pay pal," paid personal services, or
16 other thing of value to or by any candidate, committee of a political party, or political action
17 committee or ballot question advocate. A loan shall be considered a contribution of money until it
18 is repaid.

19 (6) "Covered transfer" means any transfer or payment of funds by any person, business
20 entity, or political action committee to another person, business entity, or political action committee
21 if the person, business entity, or political action committee making the transfer: (i) Designates,
22 requests, or suggests that the amounts be used for independent expenditures or electioneering
23 communications or making a transfer to another person for the purpose of making or paying for
24 such independent expenditures or electioneering communications; (ii) Made such transfer or
25 payment in response to a solicitation or other request for a transfer or payment for the making of
26 or paying for independent expenditures or electioneering communications or making a transfer to
27 another person for the purpose of making or paying for such independent expenditures or
28 electioneering communications; (iii) Engaged in discussions with the recipient of the transfer or
29 payment regarding independent expenditures or electioneering communications or making a
30 transfer to another person for the purpose of making or paying for such independent expenditures
31 or electioneering communications; or (iv) Made independent expenditures or electioneering
32 communications in an aggregate amount of five thousand dollars (\$5,000) or more during the two-
33 year (2) period ending on the date of the transfer or payment, or knew or had reason to know that
34 the person receiving the transfer or payment made such independent expenditures or electioneering

1 communications in such an aggregate amount during that two-year (2) period.

2 (A) Exceptions: The term “covered transfer” does not include:

3 (I) A transfer or payment made by a person, business entity, or political action committee
4 in the ordinary course of any trade or business conducted by the person, business entity, or political
5 action committee or in the form of investments made by the person, business entity, or political
6 action committee; or

7 (II) A transfer or payment made by a person, business entity, or political action committee
8 if the person, business entity, or political action committee making the transfer prohibited, in
9 writing, the use of such transfer or payment for independent expenditures, electioneering
10 communications, or covered transfers and the recipient of the transfer or payment agreed to follow
11 the prohibition and deposited the transfer or payment in an account that is segregated from any
12 account used to make independent expenditures, electioneering communications, or covered
13 transfers.

14 (7) For the purposes of chapter 25.3 of this title, “donation” means all transfers of money,
15 credit or debit card transactions, on-line or electronic payment systems such as “pay pal,” paid
16 personal services, or other thing of value to or by any person, business entity, or political action
17 committee. A loan shall be considered a donation of money until it is repaid.

18 (8) For the purposes of chapter 25.3 of this title, “donor” means a person, business entity,
19 or political action committee that makes a donation.

20 (9) “Earmarked” means a designation, instruction, or encumbrance, whether direct or
21 indirect, express or implied, oral or written, that results in all or any part of a contribution or
22 expenditure being made to, or expended on behalf of, a clearly identified candidate or a candidate’s
23 authorized committee.

24 (10) “Election” means any primary, general, or special election or town meeting for any
25 public office of the state, municipality, or district, or for the determination of any question
26 submitted to the voters of the state, municipality, or district.

27 (11) “Election cycle” means the twenty-four month (24) period commencing on January 1
28 of odd number years and ending on December 31 of even number years; provided, with respect to
29 the public financing of election campaigns of general officers under §§ 17-25-19, 17-25-20, and
30 17-25-25, “election cycle” means the forty-eight month (48) period commencing on January 1 of
31 odd numbered years and ending December 31 of even numbered years.

32 (12) “Electioneering communication” means any print, broadcast, cable, satellite, or
33 electronic media communication not coordinated, as set forth in § 17-25-23, with any candidate,
34 authorized candidate campaign committee, or political party committee and that unambiguously

1 identifies a candidate or referendum and is made either within sixty (60) days before a general or
2 special election or town meeting for the office sought by the candidate or referendum; or thirty (30)
3 days before a primary election, for the office sought by the candidate; and is targeted to the relevant
4 electorate.

5 (i) A communication that refers to a clearly identified candidate or referendum is “targeted
6 to the relevant electorate” if the communication can be received by two thousand (2,000) or more
7 persons in the district the candidate seeks to represent or the constituency voting on the referendum.

8 (ii) Exceptions: The term “electioneering communication” does not include:

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

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

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

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

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

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

30 (14) “Fair market value” means the usual and normal charge for goods and services as
31 determined by the marketplace from which they ordinarily would have been purchased at a usual
32 and normal charge in an arms length transaction.

33 (i) For purposes of this subsection, “usual and normal charge for goods” means the price
34 of those goods in the market from which they ordinarily would have been purchased at the time of

1 the contribution. "Usual and normal charge for services", other than those provided by an unpaid
2 volunteer, means the hourly or piecework charge for the services at a commercially reasonable rate
3 prevailing at the time the services are rendered.

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

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

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

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

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

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

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

30 (16) "In-kind contributions" means the monetary value of other things of value or paid
31 personal services donated to, or benefiting, any person required to file reports with the board of
32 elections.

33 (17) "Other thing of value" means any item of tangible real or personal property of a fair-
34 market value in excess of one hundred dollars (\$100).

1 (18) “Paid personal services” means personal services of every kind and nature, the cost or
2 consideration for which is paid or provided by someone other than the committee or candidate for
3 whom the services are rendered, but shall not include personal services provided without
4 compensation by persons volunteering their time.

5 (19) “Person” means an individual, partnership, committee, association, corporation,
6 union, charity, and/or any other organization. The term “person” shall not include any exempt
7 nonprofit as defined herein or any organization described in § 501(c)(3) of the Internal Revenue
8 Code of 1986, or any subsequent corresponding internal revenue code of the United States, as
9 amended from time to time, for the purposes of chapter 25.3 of this title only.

10 (20) “Political action committee” means any group of two (2) or more persons that accepts
11 any contributions to be used for advocating the election or defeat of any candidate or candidates.
12 Only political action committees that have accepted contributions from fifteen (15) or more persons
13 in amounts of ten dollars (\$10.00) or more within an election cycle shall be permitted to make
14 contributions, and those committees must make contributions to at least five (5) candidates for state
15 or local office within an election cycle; and provided, further, political action committee shall
16 include groups registered as political action committees with the Federal Election Commission.

17 (21) “Public office” means any state, municipal, school, or district office or other position
18 that is filled by popular election, except political party offices. “Political party offices” means any
19 state, city, town, ward, or representative or senatorial district committee office of a political party
20 or delegate to a political party convention, or any similar office.

21 (22) For purposes of chapter 25.3 of this title, “referendum” means the same as the
22 definition set forth in § 17-5-1.

23 (23) “State” means state of Rhode Island.

24 (24) “Testimonial affair” means an affair of any kind or nature including, but not limited
25 to, cocktail parties, breakfasts, luncheons, dinners, dances, picnics, or similar affairs expressly and
26 directly intended to raise campaign funds in behalf of a candidate to be used for nomination or
27 election to a public office in this state, or expressly and directly intended to raise funds in behalf of
28 any state or municipal committee of a political party, or expressly and directly intended to raise
29 funds in behalf of any political action committee.

30 **17-25-10.1. Political contributions — Limitations. [Effective January 1, 2024.]**

31 (a)(1) No person, other than the candidate to his or her own campaign, nor any political
32 action committee shall make a contribution or contributions to any candidate, as defined by § 17-
33 25-3, or political action committee or political party committee that, in the aggregate, exceed two
34 thousand dollars (\$2,000) within a calendar year; nor shall any political action committee make

1 such contributions that in the aggregate, exceed ~~twenty-five thousand dollars (\$25,000)~~ fifty
2 thousand dollars (\$50,000) within a calendar year; nor shall any candidate or any political action
3 committee or any political party committee accept a contribution or contributions that, in the
4 aggregate, exceed two thousand dollars (\$2,000) within a calendar year from any one person or
5 political action committee.

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

11 (b) Contributions to a named candidate made to any political committee authorized by that
12 candidate to accept contributions on the candidate's behalf shall be considered to be contributions
13 made to the candidate. Contributions to a candidate by a political committee for another person
14 shall be considered to be contributions by that person.

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

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

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

34 (f)(1) A contribution from an individual's dependent children, as defined in § 36-14-2, shall

1 be deemed a contribution from the individual for the purpose of determining whether aggregate
2 contributions exceed either the two hundred dollar (\$200) threshold for reporting purposes or the
3 two thousand dollar (\$2,000) maximum for contributions to a single candidate or political action
4 committee within a calendar year.

5 (2) No dependent child shall contribute an amount that, when added to contributions
6 already made by that child's parent or legal guardian and by other dependent children of that parent
7 or legal guardian, exceed the two thousand dollar (\$2,000) maximum for contributions to a single
8 candidate or political action committee within a calendar year.

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

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

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

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

32 (j) Except as provided in subsection (h) of this section, no entity other than an individual,
33 a political action committee which is duly registered and qualified pursuant to the terms of this
34 chapter, political party committee authorized by this title, or an authorized committee of an elected

1 official or candidate established pursuant to this chapter shall make any contribution to or any
2 expenditure on behalf of or in opposition to any candidate, political action committee, or political
3 party.

4 (k) For purposes of the limitations imposed by this section, all contributions made by a
5 person, either directly or indirectly, on behalf of a particular candidate, including contributions that
6 are in any way earmarked or otherwise directed through an intermediary or conduit to such
7 candidate, shall be treated as contributions from such person to such candidate. The intermediary
8 or conduit shall report the original source and the intended recipient of such contribution to the
9 board of elections and to the intended recipient, in accordance with regulations and reporting
10 requirements promulgated by the board of elections.

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

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

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RELATING TO ELECTIONS -- RHODE ISLAND CAMPAIGN CONTRIBUTIONS AND
EXPENDITURES REPORTING

1 This act would include political action committees that register with the Federal Election
2 Commission within the definition of political action committees for the Rhode Island elections and
3 would increase the aggregate amount a political action committee may contribute to a candidate,
4 political action committee or political party committee from twenty five thousand dollars (\$25,000)
5 to fifty thousand dollars (50,000).

6 This act would take effect upon passage.

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