

237

FILED FEB 24 1987

SENATE FILE
BY MURPHY

Passed Senate, Date _____ Passed House, Date _____
Vote: Ayes _____ Nays _____ Vote: Ayes _____ Nays _____
Approved _____

A BILL FOR

1 An Act relating to public financing of political campaigns,
2 imposing a tax, and providing penalties.
3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25

SF-237

1 Section 1. NEW SECTION. 56.33 POLITICAL CANDIDATES FUND.

2 1. As used in this section unless the context requires
3 otherwise:

4 a. "Eligible office" means the offices of state senator,
5 state representative, secretary of agriculture, secretary of
6 state, treasurer of state, auditor of state, attorney general,
7 lieutenant governor, and governor.

8 b. "Political action committee" means any political
9 committee except a county statutory political committee, a
10 state statutory political committee, or a national political
11 party.

12 c. "Qualifying nomination" means a nomination by a
13 political party as defined by section 43.2, or a nomination
14 under chapter 44 or 45 if a petition is filed with the
15 commission signed by qualified electors for that office in an
16 amount exceeding fifteen percent of the number of qualified
17 electors at the time of the last election for that office and
18 filed with a statement registering for a restricted campaign
19 under subsection 5.

20 2. A candidate for an eligible office who has a qualifying
21 nomination may register with the commission for a restricted
22 campaign and become eligible for a grant from the political
23 candidates fund. A restricted campaign exists if all the
24 candidates for that eligible office with qualifying
25 nominations have registered for a restricted campaign and
26 there are at least two such candidates.

27 3. Except as provided in subsection 6, if a restricted
28 campaign exists, the candidate's committee of those candidates
29 with qualifying nominations to that eligible office are
30 eligible for the following maximum grant from the political
31 candidates fund and are subject to the following limits on
32 total contributions and expenditures, total contributions
33 which may be received from a political action committee, the
34 largest contribution which may be accepted from any political
35 action committee, and largest contribution from any

1 individual, other than the candidate, for the following
2 respective eligible offices:

3 a. Governor.

4 (1) Total expenditure and contribution limit, one million
5 dollars.

6 (2) Total political action committee contribution limit,
7 two hundred fifty thousand dollars.

8 (3) Largest political action committee contribution limit,
9 two thousand dollars.

10 (4) Largest contribution from any individual limit, two
11 thousand dollars.

12 (5) Grant, two hundred fifty thousand dollars.

13 b. Lieutenant governor, attorney general, secretary of
14 agriculture, secretary of state, treasurer of state, and
15 auditor of state.

16 (1) Total expenditure and contribution limit, one hundred
17 thousand dollars.

18 (2) Total political action committee contribution limit,
19 twenty-five thousand dollars.

20 (3) Largest political action committee contribution limit,
21 one thousand dollars.

22 (4) Largest contribution from any individual limit, one
23 thousand dollars.

24 (5) Grant, twenty-five thousand dollars.

25 c. State senator.

26 (1) Total expenditure and contribution limit, eighteen
27 thousand dollars.

28 (2) Total political action committee contribution limit,
29 six thousand dollars.

30 (3) Largest political action committee contribution limit,
31 five hundred dollars.

32 (4) Largest contribution from any individual limit, five
33 hundred dollars.

34 (5) Grant, six thousand dollars.

35 d. State representative.

- 1 (1) Total expenditure and contribution limit, nine
2 thousand dollars.
- 3 (2) Total political action committee contribution limit,
4 three thousand dollars.
- 5 (3) Largest political action committee contribution limit,
6 five hundred dollars.
- 7 (4) Largest contribution from any individual limit, five
8 hundred dollars.
- 9 (5) Grant, three thousand dollars.
- 10 4. If a restricted campaign comes into being, the
11 limitations of subsection 3 apply to contributions received
12 and expenses incurred during the following periods:
- 13 a. For a candidate nominated by a convention or party
14 state central committee, from the date of the convention until
15 December 31 following the general election.
- 16 b. For a candidate nominated by a primary election, except
17 as provided in paragraph "c", from the date of filing
18 nomination papers until December 31 following the general
19 election.
- 20 c. For a candidate nominated at a primary election who had
21 an opponent on the primary election ballot or an opponent who
22 received write-in votes of five percent or more of the votes
23 cast, from the date after the primary election until December
24 31 following the general election; however, the financial
25 balance of the candidate's committee shall be credited against
26 the contribution limit and the cost of campaign supplies still
27 available to the candidate's committee shall be credited
28 against the expenditure limit.
- 29 d. For a candidate nominated under chapter 44 or 45, from
30 the date after the primary election for political parties
31 until December 31 following the general election.
- 32 e. For a candidate nominated under chapter 43, 44, or 45
33 for a special election, from the date of nomination until
34 sixty days after the election.
- 35 5. A candidate nominated to an eligible office by a

1 political party by the primary election shall file a statement
2 with the commission within fourteen days after the primary
3 election stating whether the candidate is registering for a
4 restricted campaign. A candidate nominated at a convention or
5 by a state central committee shall file the statement within
6 seven days after that meeting. A candidate cannot register
7 for a restricted campaign if that candidate's political party
8 previously nominated a person for that eligible office at that
9 general election and that person declined to register for a
10 restricted campaign.

11 A candidate for an eligible office at the general election
12 who has been nominated or intends to be nominated under
13 chapter 44 or 45 and who desires to register for a restricted
14 campaign must file the registration statement and the petition
15 as a qualifying nomination within fourteen days after the
16 primary election under chapter 43. If the candidate desires
17 to register for a restricted campaign at a special election,
18 the filings must be made within seven days of the last day a
19 nomination could be made for that office under chapter 43.

20 6. If a candidate for an eligible office with a qualifying
21 nomination declines to register for a restricted campaign, the
22 commission shall transmit the grant amount to which the
23 declining candidate would have been eligible to the other
24 candidate with a qualifying nomination for that eligible
25 office who has registered for a restricted campaign in
26 addition to the grant amount for the registered candidate.
27 The grant amount of the declining candidate transmitted to the
28 other candidate is not subject to the matching funds
29 requirement of subsection 7. If there is more than one other
30 registered candidate with a qualifying nomination for that
31 eligible office the grant amount of the declining candidate
32 shall be divided equally among them. If there is no such
33 opposing candidate at the time, the commission shall hold the
34 funds until a candidate can no longer be placed on the ballot
35 and if there is no opposing candidate who has registered for a

1 restricted campaign at that time, the funds shall be deposited
2 in the political candidates fund.

3 A candidate may register for a restricted campaign and
4 decline to accept the grant amount provided under this
5 section.

6 7. If a candidate receives a grant under this section or
7 if a restricted campaign exists, the candidate's committee
8 shall expend funds only for proper campaign expenses as
9 defined by the rules of the commission. Such proper campaign
10 expenses include, but are not limited to billboards,
11 pamphlets, bumper stickers, purchase of advertising time and
12 space, employment of staff, the lease or purchase of equipment
13 used predominantly for campaign purposes, the purchase of
14 professional and technical services, rental of office space,
15 payment of personal expenses directly incurred as a result of
16 campaigning, and other similar expenses.

17 8. A registered candidate who is eligible for a grant is
18 entitled to twice as much grant as the candidate receives in
19 contributions from individuals up to the maximum grant amount.
20 However, only the first two hundred fifty dollars of a
21 contribution to a candidate for a statewide office and the
22 first one hundred dollars of a contribution to a candidate for
23 a legislative office qualify for the matching of grant funds.
24 If a candidate's committee has a balance under subsection 4,
25 paragraph c, that balance qualifies for matching of grant
26 funds to the same extent as the percentage of total
27 contributions which are qualifying contributions by
28 individuals.

29 9. The commission shall establish by rule the requirements
30 and forms for applications for and its determination of a
31 candidate's eligibility and entitlement to a grant amount from
32 the political candidates fund. The commission shall cause the
33 payment of grant amounts to be made to those candidates who
34 are entitled to payment under this section. The first payment
35 shall be made by sixty days before the general election. The

1 first payment shall be made seven days before the election at
2 a special election. The commission shall provide procedures
3 for supplemental filings and payments of grant amounts.

4 10. If a candidate's committee has a positive balance at
5 the conclusion of the period covered by the restricted
6 campaign and has received a grant under this section, the
7 candidate's committee shall remit to the commission for
8 deposit in the political candidate's fund that proportional
9 amount of the positive balance which the grant amount was to
10 the total amount of contributions. The funds shall be
11 remitted with the January disclosure report for a candidate at
12 the general election and by thirty days after the conclusion
13 of the restricted campaign for a candidate at the special
14 election.

15 11. The political candidates fund is created in the office
16 of the treasurer of state. The money in the fund is
17 appropriated to candidate's committees qualifying under this
18 section and is payable by the state comptroller upon the
19 direction of the commission.

20 12. For the purposes of this section an expense occurs
21 during a period of restricted campaign if either the payment
22 is made or the performance is made during the period.

23 Sec. 2. NEW SECTION. 56.34 PENALTY.

24 1. If a candidate's committee exceeds either of the con-
25 tribution limits provided in section 56.33 when a restricted
26 campaign exists, the candidate's committee shall deposit into
27 the political candidates fund a civil penalty of an amount
28 equal to twice the amount by which the limit was exceeded.

29 2. The criminal penalty of section 56.16 applies to
30 violations of section 56.33 and may be imposed in addition to
31 the civil penalty in subsection 1.

32 Sec. 3. NEW SECTION. 56.35 CONTRIBUTION TAX.

33 1. This section applies to candidates and their
34 candidate's committees for the offices of United States
35 senator, United States representative, governor, lieutenant

1 governor, treasurer of state, secretary of state, auditor of
2 state, secretary of agriculture, attorney general, state
3 senator, and state representative which receive contributions,
4 make expenditures or incur indebtedness in excess of two
5 hundred fifty dollars in a calendar year.

6 2. There is imposed a four percent tax on all
7 contributions to a candidate's committee subject to this
8 section with the following exceptions:

9 a. No tax is imposed on the first twenty-five dollars
10 contributed by an individual or a political action committee.

11 b. No tax is imposed on a grant from the political
12 candidates fund made under section 56.33.

13 c. If the contributions result from a fund-raising event,
14 the four percent tax shall be imposed on the net proceeds of
15 the event and the twenty-five dollar exclusion of paragraph
16 "a" shall not apply to the individual contributions.

17 3. The tax imposed by this section shall be paid with the
18 disclosure reports required under this chapter for the
19 contributions received by the candidate's committee during the
20 period covered by the report. The tax shall be paid to the
21 commission which shall remit it to the treasurer of state for
22 deposit in the political candidates fund established under
23 section 56.33.

24 4. If a candidate's committee fails to fully pay the
25 amount of tax when due, a penalty of five percent is assessed
26 on the amount of tax with interest at the rate in effect under
27 section 421.7 from the date the tax was due until paid.

28 EXPLANATION

29 This bill provides for partial public financing of
30 political campaigns for state offices. The candidate must
31 register for a restricted campaign to receive the grant. If
32 at least two and all candidates with qualifying nominations
33 register for a restricted campaign, limits are imposed for
34 total contributions, total expenditures, total contributions
35 from political action committees, and largest political action

1 committee contribution. Qualifying nominations are those made
2 by political parties under chapter 43 and, if a supporting
3 petition with adequate signatures is filed, those made by
4 nonparty political organizations or by petitions under
5 chapters 44 and 45. If a candidate registers and the opponent
6 does not, the registering candidate receives both grants and
7 is not subject to the limitations. The grant is a matching
8 grant, up to a maximum amount, based upon contributions from
9 individuals.

10 The bill limits the nature of permissible campaign
11 expenditures if a grant is received.

12 The bill imposes a tax on certain campaign contributions.
13 The receipts of the tax are dedicated to making grants under
14 the bill.

15 Civil and criminal penalties are provided for violation of
16 the limits on campaign financing.

17
18
19
20
21
22
23
24
25
26
27
28
29
30
31
32
33
34
35