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*ways & means*

SENATE FILE 493  
BY COMMITTEE ON  
STATE GOVERNMENT

(SUCCESSOR TO SSB 360)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to political campaigns, providing that the  
2 lieutenant governor is not considered a separate candidate for  
3 campaign finance purposes, providing incentives for  
4 limitations on campaign contributions and expenditures,  
5 appropriating funds, providing penalties, providing other  
6 properly related matters, and providing effective and  
7 retroactive applicability dates.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Sections 2 through 16 of this Act are created  
2 as a new division of chapter 56.

3 Sec. 2. NEW SECTION. 56.33 DEFINITIONS.

4 As used in this division, unless the context requires  
5 otherwise:

6 1. "Advocacy information" is material published or  
7 broadcast which discusses public issues, candidates, or voting  
8 records from which a reasonable person could draw a fair  
9 inference that the material recommends the defeat or election  
10 of an identifiable candidate in a restricted campaign.

11 2. "Benefited candidate" means a candidate in a restricted  
12 campaign whose election is recommended or whose opponent's  
13 defeat is recommended by advocacy information or by the fair  
14 inferences drawn from the advocacy information by a reasonable  
15 person as determined by the commission.

16 3. "Eligible office" means the offices of state  
17 representative, state senator, secretary of agriculture,  
18 secretary of state, treasurer of state, auditor of state,  
19 attorney general, and governor. The office of lieutenant  
20 governor shall not be considered a separate eligible office  
21 but shall be considered with the office of governor for  
22 purposes of this division.

23 4. "Political action committee" means any political  
24 committee except a county statutory political committee, a  
25 state statutory political committee, a national political  
26 party, or a nonparty political organization under chapter 44.

27 5. "Political candidates fund" or "fund" means the fund  
28 established in section 56.44.

29 6. "Qualifying nomination" means a nomination by a  
30 political party as defined by section 43.2, or a nomination  
31 under chapter 44 or 45.

32 7. "Restricted campaign" means a campaign for an eligible  
33 office in which there are two or more candidates with  
34 qualifying nominations and all of those candidates have regis-  
35 tered with the commission to become eligible for grants from

1 the political candidates fund.

2 Sec. 3. NEW SECTION. 56.34 REGISTRATION FOR A RESTRICTED  
3 CAMPAIGN.

4 A candidate for an eligible office who has a qualifying  
5 nomination may register with the commission for a restricted  
6 campaign and become eligible for a grant from the political  
7 candidates fund.

8 Sec. 4. NEW SECTION. 56.35 RESTRICTED CAMPAIGNS --  
9 LIMITS ON CONTRIBUTIONS AND EXPENDITURES -- MAXIMUM GRANTS.

10 Except as otherwise provided in sections 56.38 and 56.46,  
11 if a restricted campaign exists, the candidate's committees of  
12 those candidates with qualifying nominations to that eligible  
13 office are eligible for the following maximum grant from the  
14 political candidates fund and are subject to the following  
15 limits on total contributions and expenditures, total  
16 contributions which may be received from a political action  
17 committee, the largest contribution which may be accepted from  
18 a political action committee, and the largest contribution  
19 which may be accepted from an individual, other than the  
20 candidate, for the following offices:

21 1. Governor.

22 a. Total expenditure and contribution limit, an amount  
23 equal to one dollar times the total number of electors  
24 registered to vote in the state on the date of the last  
25 preceding general election.

26 b. Total political action committee contribution limit,  
27 two hundred fifty thousand dollars.

28 c. Largest political action committee contribution limit,  
29 two thousand dollars.

30 d. Largest contribution from an individual limit, two  
31 thousand dollars.

32 e. Grant, two hundred fifty thousand dollars.

33 2. Attorney general, secretary of agriculture, secretary  
34 of state, treasurer of state, and auditor of state.

35 a. Total expenditure and contribution limit, an amount

1 equal to ten cents times the total number of electors  
2 registered to vote in the state on the date of the last  
3 preceding general election.

4 b. Total political action committee contribution limit,  
5 twenty-five thousand dollars.

6 c. Largest political action committee contribution limit,  
7 one thousand dollars.

8 d. Largest contribution from an individual limit, one  
9 thousand dollars.

10 e. Grant, twenty-five thousand dollars.

11 3. State senator.

12 a. Total expenditure and contribution limit, an amount  
13 equal to one and one-half cents times the total number of  
14 electors registered to vote in the state on the date of the  
15 last preceding general election.

16 b. Total political action committee contribution limit,  
17 six thousand dollars.

18 c. Largest political action committee contribution limit,  
19 five hundred dollars.

20 d. Largest contribution from an individual limit, five  
21 hundred dollars.

22 e. Grant, six thousand dollars.

23 4. State representative.

24 a. Total expenditure and contribution limit, an amount  
25 equal to three quarters of one cent times the total number of  
26 electors registered to vote in the state on the date of the  
27 last preceding general election.

28 b. Total political action committee contribution limit,  
29 three thousand dollars.

30 c. Largest political action committee contribution limit,  
31 five hundred dollars.

32 d. Largest contribution from an individual limit, five  
33 hundred dollars.

34 e. Grant, three thousand dollars.

35 Sec. 5. NEW SECTION. 56.36 PERIODS THE LIMITS ARE IN

1 EFFECT.

2 If a restricted campaign exists, the limitations of section  
3 56.35 apply to contributions received and expenses incurred  
4 during the following periods:

5 1. For a candidate nominated by a convention or party  
6 state central committee, from the date of the convention until  
7 December 31 following the general election.

8 2. For a candidate nominated by a primary election, except  
9 as provided in subsection 3, from the date of filing  
10 nomination papers until December 31 following the general  
11 election.

12 3. For a candidate nominated at a primary election who had  
13 an opponent on the primary election ballot or an opponent who  
14 received write-in votes of five percent or more of the votes  
15 cast, from the date after the primary election until December  
16 31 following the general election.

17 4. For a candidate nominated under chapter 44 or 45, from  
18 the date after the primary election for political parties  
19 until December 31 following the general election.

20 5. For a candidate nominated under chapter 43, 44, or 45  
21 for a special election, from the date of nomination until  
22 sixty days after the election.

23 Sec. 6. NEW SECTION. 56.37 FILING REGISTRATION

24 STATEMENT.

25 A candidate nominated to an eligible office by a political  
26 party by the primary election shall file a statement with the  
27 commission within fourteen days after the primary election  
28 stating whether the candidate is registering for a restricted  
29 campaign. The statement of an unopposed candidate nominated  
30 at the primary election is not required to be filed until an  
31 opponent is nominated and shall then be filed by the time  
32 required for the opponent's statement. A candidate nominated  
33 at a convention or by a state central committee shall file the  
34 statement within seven days after the meeting at which the  
35 candidate was nominated. A candidate cannot register for a

1 restricted campaign if that candidate's political party  
2 previously nominated a person for that eligible office at that  
3 general election and that person declined to register for a  
4 restricted campaign.

5 A candidate for an eligible office at the general election  
6 who has been nominated or intends to be nominated under  
7 chapter 44 or 45 and who desires to register for a restricted  
8 campaign shall file the registration statement, and the  
9 petition or other evidence that the nomination is a qualifying  
10 nomination, within fourteen days after the primary election  
11 under chapter 43. If the candidate desires to register for a  
12 restricted campaign at a special election, the filings must be  
13 made within seven days of the last day a nomination could be  
14 made for that office under chapter 43.

15 Sec. 7. NEW SECTION. 56.38 DECLINING CANDIDATE -- DIS-  
16 TRIBUTION OF GRANT AMOUNT TO REGISTERED CANDIDATES.

17 If a candidate for an eligible office with a qualifying  
18 nomination declines to register for a restricted campaign, the  
19 commission shall transmit the grant amount to which the  
20 declining candidate would have been eligible to the other  
21 candidate with a qualifying nomination for that eligible  
22 office who has registered for a restricted campaign in  
23 addition to the grant amount for the registered candidate.  
24 The grant amount of the declining candidate transmitted to the  
25 other candidate is not subject to the matching funds  
26 requirement of section 56.41. If there is more than one other  
27 registered candidate with a qualifying nomination for that  
28 eligible office, the grant amount of the declining candidate  
29 shall be divided proportionately among the candidates based  
30 upon the amount of contributions each candidate has raised  
31 which qualify for the matching of grant funds under section  
32 56.41 as shown by the first disclosure report filed after the  
33 restricted campaign would begin. If there is no such opposing  
34 candidate at the time, the commission shall hold the funds  
35 until a candidate can no longer be placed on the ballot and if

1 there is no opposing candidate who has registered for a  
2 restricted campaign at that time, the funds shall be deposited  
3 in the political candidates fund.

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

7 Sec. 8. NEW SECTION. 56.39 PROPER CAMPAIGN EXPENSES.

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

19 Notwithstanding section 56.35, a candidate for the general  
20 assembly in a restricted campaign may be reimbursed by the  
21 candidate's committee for actual travel within the district at  
22 the rate established by section 18.117 and the amounts  
23 expended for the reimbursement shall not be credited against  
24 the total expenditure or total contribution limits of section  
25 56.35.

26 Sec. 9. NEW SECTION. 56.40 IN-KIND CONTRIBUTIONS.

27 1. This section and section 56.13 govern receipt of in-  
28 kind contributions during a restricted campaign and the  
29 applicability of the limitations of section 56.35 to those  
30 contributions.

31 2. The following activities by political parties and  
32 nonparty political organizations shall not be considered in-  
33 kind contributions to a candidate for the purposes of this  
34 chapter:

35 a. Voter registration efforts and voter turnout efforts.

1 b. Fundraising activities by the political party or  
2 nonparty political organization for itself.

3 c. Activities incidental to a political party or nonparty  
4 political organization convention.

5 3. The following in-kind contributions provided by state  
6 and county statutory political committees are subject to the  
7 limitations of section 56.35 to the extent the in-kind  
8 contribution to a candidate in a restricted campaign exceeds  
9 the following amounts:

10 a. For assistance to a gubernatorial candidate by a state  
11 statutory political committee, five thousand dollars.

12 b. For assistance to a statewide office other than  
13 governor by a state statutory political committee, one  
14 thousand dollars.

15 c. For assistance to a legislative candidate by a state  
16 statutory political committee, one thousand dollars.

17 d. For assistance to any candidate by a county statutory  
18 political committee, one hundred dollars.

19 4. The commission shall adopt rules defining which  
20 services and assistances shall be considered in-kind  
21 contributions consistent with this chapter. If a political  
22 committee engages in a fundraising activity for a candidate in  
23 a restricted campaign soliciting contributors to make a  
24 contribution to the candidate, the expenses of that  
25 solicitation are an in-kind contribution to that candidate.  
26 The commission shall adopt rules governing the attribution of  
27 contributions to candidates of advertising which promotes the  
28 election or defeat of more than one candidate.

29 Sec. 10. NEW SECTION. 56.41 MATCHING REQUIREMENT FOR  
30 GRANTS -- LIMITS -- THRESHOLD AMOUNTS.

31 A registered candidate who is eligible for a grant is  
32 entitled to a grant equal to twice the amount the candidate  
33 receives in noncash contributions from individuals, up to the  
34 maximum grant amount. However, only the first two hundred  
35 fifty dollars in value of a noncash contribution to a

1 candidate for a statewide office and the first fifty dollars  
2 in value of a noncash contribution to a candidate for a  
3 legislative office qualify for the matching of grant funds.

4 To be eligible for a grant under section 56.38 or this  
5 section, a candidate must have raised at least the following  
6 amounts in contributions which qualify for the matching of  
7 grant funds during the restricted campaign: for governor,  
8 forty thousand dollars; for other statewide offices, five  
9 thousand five hundred dollars; for state senator, one thousand  
10 five hundred dollars; and for state representative, one  
11 thousand dollars.

12 Sec. 11. NEW SECTION. 56.42 RULES -- PAYMENTS.

13 The commission shall establish by rule the requirements and  
14 forms for applications for and its determination of a  
15 candidate's eligibility and entitlement to a grant amount from  
16 the political candidates fund. The commission shall cause the  
17 payment of grant amounts to be made to those candidates who  
18 are entitled to payment under this division. The first  
19 payments shall be made by sixty days before the general  
20 election. The first payments shall be made by seven days  
21 before a special election. The commission shall provide  
22 procedures for supplemental filings and payments of grant  
23 amounts.

24 Sec. 12. NEW SECTION. 56.43 CHARACTERIZATION OF BALANCES  
25 -- RESTRICTED CAMPAIGN ACCOUNT -- RETURN OF UNUSED GRANT FUNDS  
26 -- USE OF MATERIALS AND EQUIPMENT FROM PRIOR CAMPAIGN.

27 1. A candidate's committee that has registered for a  
28 restricted campaign and has a positive balance as of the day  
29 the restricted campaign would begin shall characterize that  
30 balance into three categories; political action committee  
31 contributions, individual contributions eligible for matching  
32 of grant funds, and other contributions, in proportion to the  
33 funds received in each of those categories from the carryover  
34 balance, if any, from the last preceding campaign and  
35 contributions received since that time or since the

1 candidate's committee's creation. The characterized balance  
2 of individual contributions eligible for matching of grant  
3 funds is eligible for that matching as though it were received  
4 during the restricted campaign. If the characterized balance  
5 exceeds any of the limits of this division for a restricted  
6 campaign or an individual contribution exceeds the limit for a  
7 restricted campaign, and if a restricted campaign exists, the  
8 committee shall establish a separate account through which to  
9 conduct the restricted campaign and shall transfer all the  
10 funds except the amounts of excess to that separate account.  
11 The characterized balance amounts shall be credited against  
12 the respective contribution limits of the restricted campaign.

13 2. A candidate's committee for an eligible office which  
14 has a positive balance on December 31 following a general  
15 election for that office shall characterize that balance into  
16 four categories; grants, political action committee  
17 contributions, individual contributions eligible for matching  
18 of grant funds, and other contributions, in proportion to the  
19 funds received in each of those categories from the carryover  
20 balance, if any, from the last preceding campaign and  
21 contributions received by the committee until December 31  
22 following the election. The candidate's committee shall remit  
23 the balance characterized as grants to the commission for  
24 deposit in the political candidates fund. The funds shall be  
25 remitted with the January disclosure report for a candidate at  
26 the general election and by ninety days after the election for  
27 a candidate at a special election.

28 3. If a restricted campaign exists the candidate's  
29 committee shall credit against the expenditure limitation the  
30 fair market value of campaign materials and equipment  
31 available to the candidate from a prior campaign and intended  
32 to be used during the restricted campaign.

33 Sec. 13. NEW SECTION. 56.44 POLITICAL CANDIDATES FUND.

34 The political candidates fund is created in the office of  
35 the treasurer of state. The moneys in the fund are

1 appropriated to the commission for payments to candidate's  
2 committees qualifying under this division and are payable by  
3 the director of revenue and finance upon the direction of the  
4 commission. If there are not sufficient moneys in the  
5 political candidates fund to pay all the grants in full at the  
6 time payments are due, the director of revenue and finance  
7 shall prorate the payments.

8 Sec. 14. NEW SECTION. 56.45 EXPENSES OCCURRING DURING  
9 RESTRICTED CAMPAIGN.

10 For the purposes of this division an expense occurs during  
11 a period of restricted campaign if either the payment is made  
12 or the performance is made during the period.

13 Sec. 15. NEW SECTION. 56.46 ADJUSTMENTS FOR BENEFITED  
14 CANDIDATES AND OPPONENTS.

15 1. A person or political committee which causes the  
16 publication, mass mailing, or broadcast of advocacy  
17 information in a restricted campaign shall give notice to the  
18 commission and to the benefited candidate. The notice shall  
19 be given by certified restricted mail within twenty-four hours  
20 after the publication, mailing, or broadcast of the advocacy  
21 information and be accompanied by the text of the advocacy  
22 information and the amount of the publication, mailing, or  
23 broadcasting expenditures.

24 2. The benefited candidate shall notify the commission  
25 within seventy-two hours whether the candidate accepts the  
26 contribution or disavows the contribution. If the candidate  
27 accepts the contribution, the anticipated expenditure shall be  
28 credited against the candidate's contribution and expenditure  
29 limit.

30 3. For the purposes of this section, the commission shall  
31 disregard the first five hundred dollars of aggregate  
32 disavowed expenditures regarding a benefited candidate for the  
33 general assembly, the first one thousand dollars of aggregate  
34 disavowed expenditures regarding a benefited candidate for a  
35 statewide office other than governor, and the first five

1 thousand dollars of aggregate disavowed expenditures regarding  
2 a benefited candidate for governor. If the aggregate  
3 disavowed expenditures regarding a benefited candidate exceed  
4 the amounts provided in this section, the commission shall  
5 determine if a reasonable person would or would not draw a  
6 fair inference that the material assists the election of the  
7 benefited candidate or the defeat of an opposing candidate.  
8 If the commission determines that a candidate is benefited,  
9 the commission shall attribute the disavowed expenditure to  
10 the contribution and expenditure limits of the benefited  
11 candidate and shall increase the benefited candidate's  
12 opponent's contribution and expenditure limits by the amount  
13 of the disavowed expenditures attributed to the benefited  
14 candidate.

15 4. In addition to increasing the limits for the benefited  
16 candidate's opponent, the commission shall, up to the maximum  
17 grant amount provided by section 56.35, award the opponent the  
18 same amount from the political candidates fund and reduce the  
19 benefited candidate's grant, if any, by the same amount. If  
20 the contribution and expenditure limits of the opponent are  
21 raised by more than the maximum grant amount, the limitations  
22 on the largest individual contribution, largest political  
23 action committee contribution, and total political action  
24 committee contributions no longer apply.

25 5. The commission by rule may delegate decisions under  
26 subsections 3 and 4 to the executive secretary or a panel of  
27 three members of the commission. If delegated, the decisions  
28 of the executive secretary or panel constitute final agency  
29 action for the purposes of chapter 17A. Notwithstanding  
30 section 17A.19, a petition for judicial review of a decision  
31 under this section shall be filed only in Polk county, the  
32 court shall not stay the awarding of funds from the political  
33 candidates fund or the raising of the limits for the  
34 candidates opposing the benefited candidate pending the  
35 outcome of the judicial review proceeding, the petitioner has

1 only two days after filing to provide notice or copies to the  
2 other parties, and the proceeding shall receive the highest  
3 priority among the cases before the district court.

4 The decisions under subsections 3 and 4 shall be made  
5 within two days of the commission's receipt of the benefited  
6 candidate's disavowal and the benefited candidate and  
7 opponents shall be promptly notified. An expenditure or  
8 contribution attributed to the benefited candidate under  
9 subsection 3 or 4 shall not cause the imposition of a civil or  
10 criminal penalty on the candidate or candidate's committee  
11 under section 56.16 or 56.47.

12 Sec. 16. NEW SECTION. 56.47 PENALTIES.

13 1. If a candidate's committee exceeds an applicable con-  
14 tribution limit provided in section 56.35 when a restricted  
15 campaign exists, other than by attribution under section  
16 56.46, the candidate's committee shall deposit into the  
17 political candidates fund a civil penalty of an amount equal  
18 to twice the amount by which the limit was exceeded.

19 2. The criminal penalty of section 56.16 applies to  
20 violations of this division, and may be imposed in addition to  
21 the civil penalty in subsection 1.

22 Sec. 17. Section 44.4, unnumbered paragraph 1, Code 1989,  
23 is amended to read as follows:

24 Nominations made pursuant to this chapter and chapter 45  
25 which are required to be filed in the office of the state  
26 commissioner shall be filed in that office not more-than  
27 ~~eighty-five-days-not~~ later than five o'clock p.m. on the  
28 ~~sixty-seventh-day-prior-to-the-date-of-the-general-election-to~~  
29 ~~be-held-in-November~~ third Tuesday after the first Monday in  
30 June of even-numbered years and not earlier than eighteen days  
31 before then; and those nominations made for a special election  
32 called pursuant to section 69.14 shall be filed not less than  
33 twenty days ~~prior-to~~ before the date of an election called  
34 upon at least forty days' notice and not less than seven days  
35 ~~prior-to~~ before the date of an election called upon at least

1 ten days' notice. Nominations made pursuant to this chapter  
2 and chapter 45 which are required to be filed in the office of  
3 the commissioner shall be filed in that office not more than  
4 seventy-eight days nor later than five o'clock p.m. on the  
5 fifty-fifth day ~~prior-to~~ before the date of the general  
6 election. Nominations made pursuant to this chapter or  
7 chapter 45 for a city office shall be filed not more than  
8 seventy-two days, nor later than five o'clock p.m. on the  
9 forty-seventh day, ~~prior-to~~ before the city election with the  
10 city clerk, who shall process them as provided by law.

11 Sec. 18. Section 56.2, subsection 4, paragraph b, Code  
12 1989, is amended by adding the following new unnumbered  
13 paragraph:

14 NEW UNNUMBERED PARAGRAPH. "Contribution" does not include  
15 articles, interviews, or editorials in broadcasts or in  
16 newspapers, regularly scheduled newsletters, or other  
17 publications which are regularly distributed to subscribers or  
18 membership lists and which are not advertisements.

19 Sec. 19. Section 56.2, subsection 6, Code 1989, is amended  
20 to read as follows:

21 6. "Political committee" means a committee, but not a  
22 candidate's committee, which accepts contributions, makes  
23 expenditures, or incurs indebtedness in the aggregate of more  
24 than two hundred fifty dollars in any one calendar year for  
25 the purpose of supporting or opposing a candidate for public  
26 office or ballot issue, or an association, lodge, society,  
27 cooperative, union, fraternity, sorority, educational  
28 institution, civic organization, labor organization, religious  
29 organization, or professional organization which makes  
30 contributions in the aggregate of more than two hundred fifty  
31 dollars in any one calendar year for the purpose of supporting  
32 or opposing a candidate for public office or a ballot issue.  
33 "Political committee" also includes a committee which accepts  
34 contributions, makes expenditures, or incurs indebtedness in  
35 the aggregate of more than two hundred fifty dollars in a

1 calendar year to cause the publication or broadcasting of  
2 ~~material in which the public policy positions or voting record~~  
3 ~~of an identifiable candidate is discussed and in which a~~  
4 ~~reasonable person could find commentary favorable or~~  
5 ~~unfavorable to those public policy positions or voting record~~  
6 paid advertisements which mention one or more candidates by  
7 name.

8 Sec. 20. Section 56.13, unnumbered paragraph 1, Code 1989,  
9 is amended to read as follows:

10 Action involving a contribution or expenditure which must  
11 be reported under this chapter and which is taken by any a  
12 person, candidate's committee, or political committee on  
13 behalf of a candidate, if known and approved by the candidate,  
14 shall be deemed action by the candidate and reported by the  
15 candidate's committee. It shall be presumed that a candidate  
16 approves the action if the candidate had knowledge of it and  
17 failed to file a statement of disavowal with the commissioner  
18 or commission and take corrective action within seventy-two  
19 hours of the action. A person, candidate's committee, or  
20 political committee taking such action independently of that  
21 candidate's committee shall notify that candidate's committee  
22 in writing within twenty-four hours of taking the action. The  
23 notification shall provide that candidate's committee with the  
24 cost of the promotion at fair market value. A copy of the  
25 notification shall be sent to the commission. If the  
26 candidates are in a restricted campaign, the notification  
27 schedule and requirements of sections 56.33 through 56.47  
28 prevail over this paragraph.

29 Sec. 21. Section 56.18, Code 1989, is amended to read as  
30 follows:

31 56.18 ~~CHECKOFF~~----INCOME-TAX CAMPAIGN FINANCE INCOME TAX  
32 NEGATIVE CHECKOFF.

33 A Unless a person designates otherwise when submitting the  
34 person's state income tax return to the department of revenue  
35 and finance, a person whose state income tax liability for any

1 taxable a tax year is one dollar and fifty cents or more may  
2 ~~direct-that~~ shall have one dollar and fifty cents of that  
3 liability be paid over to the Iowa election campaign fund when  
4 ~~submitting-the-person's-state-income-tax-return-to-the~~  
5 ~~department-of-revenue-and-finance~~ and political candidates  
6 fund as provided in section 56.19. In the case of a joint  
7 return of husband and wife having a state income tax liability  
8 of three dollars or more, unless designated otherwise each  
9 spouse ~~may-direct~~ shall have that one dollar and fifty cents  
10 be paid over to the fund funds. The director of revenue and  
11 finance shall draft the income tax form to provide spaces on  
12 the tax return which the taxpayer may use to designate that  
13 contributions not be made under this section. The amounts  
14 paid over under this section shall be credited to a-specified  
15 ~~political-party-as-defined-by-section-43-27-or-to~~ the Iowa  
16 election campaign fund as a contribution to be shared by all  
17 ~~such~~ political parties and to the political candidates fund in  
18 the manner prescribed by section 56.19. The form shall inform  
19 the taxpayer ~~of-the-consequences-of-the-choices-provided-under~~  
20 ~~this-section~~ that making the designation not to participate  
21 does not reduce the person's tax liability and does reduce  
22 public financing of political parties and candidates, but this  
23 information may be contained in a footnote or other suitable  
24 form if the director of revenue and finance finds it is not  
25 feasible to place the information immediately above the  
26 signature line. The action taken by a person for the checkoff  
27 is irrevocable.

28 Sec. 22. Section 56.19, Code 1989, is amended to read as  
29 follows:

30 56.19 ELECTION CAMPAIGN FUND CREATED.

31 The "Iowa election campaign fund" is created within the  
32 office of the treasurer of state. The fund shall consist of  
33 funds moneys paid by persons as provided in section 56.18.  
34 The treasurer of state shall maintain within the fund a  
35 separate account for each political party as defined in

1 section 43.2. The director of revenue and finance shall remit  
2 ~~funds~~ the first two hundred sixty thousand dollars received  
3 for a tax year and any dollars received beyond nine hundred  
4 thirty thousand dollars for a tax year collected as provided  
5 in section 56.18 to the treasurer of state who shall deposit  
6 ~~such-funds~~ the moneys in the appropriate account within the  
7 Iowa election campaign fund. ~~All~~ If only two accounts are  
8 being maintained within the fund, the contributions directed  
9 paid over to the ~~Iowa-election-campaign~~ fund by taxpayers who  
10 ~~do-not-designate-any-one-political-party-to-receive-their~~  
11 ~~contributions~~ shall be divided by the director of revenue and  
12 finance equally ~~among-each-account-currently-maintained-in-the~~  
13 ~~fund~~ between the accounts. However, at any time when more  
14 than two accounts are being maintained within the fund,  
15 contributions to the fund by taxpayers ~~who-do-not-designate~~  
16 ~~any-one-political-party-to-receive-their-contributions~~ shall  
17 be divided among the accounts in the same proportion as the  
18 number of qualified electors declaring affiliation with each  
19 political party for which an account is maintained bears to  
20 the total number of qualified electors who have declared an  
21 affiliation with a political party. ~~Any-interest~~ Interest  
22 income received by the treasurer of state from investment of  
23 moneys deposited in the fund shall be deposited in the ~~Iowa~~  
24 ~~election-campaign~~ fund. ~~Such-funds-shall-be~~ Moneys in the  
25 fund are subject to payment to the chairperson of the  
26 specified political party by the director of revenue and  
27 finance in the manner provided by section 56.22.

28 The director of revenue and finance shall remit the dollars  
29 between two hundred sixty thousand and nine hundred thirty  
30 thousand received for a tax year under section 56.18 to the  
31 political candidates fund created in section 56.44 for  
32 disbursement as provided in that section.

33 Sec. 23. Section 56.25, Code 1989, is amended to read as  
34 follows:

35 56.25 INCOME TAX FORM -- NEGATIVE CHECKOFF SPACE.

1 The director of revenue and finance shall provide space for  
2 ~~this~~ the campaign finance income tax negative checkoff on the  
3 most frequently used Iowa income tax form. An explanation  
4 shall be included which clearly states that this checkoff does  
5 not ~~constitute-an-additional~~ reduce tax liability and does  
6 reduce public financing of political parties and candidates.  
7 The form shall ~~provide-for-the-taxpayer-to-designate~~ explain  
8 that the checkoff shall ~~go-either-to-the-political-party-of~~  
9 ~~the-taxpayer's-choice-or-be~~ is divided among ~~all~~ political  
10 parties and candidates as prescribed by section 56.19.

11 A person preparing the tax return of another for  
12 compensation shall not designate nonparticipation in the  
13 income tax checkoff without the express authorization of the  
14 taxpayer.

15 Sec. 24. NEW SECTION. 56.51 CANDIDATE FOR LIEUTENANT  
16 GOVERNOR NOT CONSIDERED A SEPARATE CANDIDATE.

17 For purposes of this chapter, a candidate for lieutenant  
18 governor shall not be considered a separate candidate, but  
19 shall be considered part of a team of candidates for governor  
20 and lieutenant governor. The commission shall adopt rules for  
21 the application of this section with respect to accounting,  
22 reporting, public financing, and other requirements and  
23 provisions of this chapter.

24 Sec. 25. This Act takes effect January 1, 1990. Sections  
25 21 through 23 apply retroactively to tax returns filed for tax  
26 years beginning on or after January 1, 1989. However,  
27 notwithstanding section 56.19, in determining the allocation  
28 between the political candidates fund and the Iowa election  
29 campaign fund of moneys from the returns for the three tax  
30 years beginning on or after January 1, 1989, 1990, and 1991,  
31 only the first two hundred sixty thousand dollars received for  
32 the tax returns of each of those years shall be deposited in  
33 the Iowa election campaign fund and the remainder shall be  
34 deposited in the political candidates fund. In order to  
35 register for a restricted campaign in 1990, a candidate's

1 committee existing in 1989 must characterize its December 31,  
2 1989, balance as provided in section 56.43, and provide that  
3 information to the commission with the report filed in January  
4 1990.

5 EXPLANATION

6 This bill establishes partial public funding of candidates  
7 for state offices on a voluntary basis and provides  
8 limitations on the contributions and expenditures of the par-  
9 ticipating candidates.

10 The bill provides that candidates nominated for a state  
11 office who agree to a restricted campaign which limits total  
12 contributions and expenditures, total political action  
13 committee contributions, largest political action committee  
14 contribution, and largest individual contribution, become  
15 eligible to earn a matching grant from the political  
16 candidates fund of up to approximately one-fourth of the total  
17 contribution limit. It provides a threshold amount in match-  
18 qualifying contributions and provides that only the first two  
19 hundred fifty dollars for statewide offices and fifty dollars  
20 for legislative offices in noncash contributions qualify for  
21 matching. Matching is at a ratio of two grant dollars for  
22 each match-qualifying contribution dollar up to the maximum  
23 amount. It provides that if one candidate files for a  
24 restricted campaign and an opponent does not, the grant which  
25 the nonfiling candidate could have earned will be distributed  
26 to the filing candidates.

27 The bill imposes limitations on contributions and  
28 expenditures only if all candidates file for a restricted  
29 campaign. It provides the period of coverage of a restricted  
30 campaign and limits the nature of the expenditures. It  
31 exempts certain political party activities from recognition as  
32 an in-kind contribution. It provides for recognition of in-  
33 kind contributions resulting from activities of independent  
34 political committees.

35 The bill converts the Iowa income tax checkoff into a

1 negative checkoff for tax years beginning January 1, 1989, and  
2 diverts six hundred seventy thousand dollars to the political  
3 candidates fund annually. It prohibits tax preparers from  
4 designating nonparticipation without express taxpayer  
5 authorization.

6 The definition of "political committee" is revised to  
7 include a committee that mentions the names of candidates in  
8 paid advertising.

9 The bill also provides that the lieutenant governor would  
10 not be considered a separate candidate for campaign accounting  
11 and reporting, public financing, or other campaign finance  
12 purposes.

13 The bill takes effect January 1, 1990. Transitional  
14 provisions are included.

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SENATE FILE 493  
FISCAL NOTE

A fiscal note for **SENATE FILE 493** is hereby submitted pursuant to Joint Rule 17. Data used in developing this fiscal note is available from the Legislative Fiscal Bureau to members of the Legislature upon request.

Senate File 493 provides that candidates nominated for a state office who agree to a restricted campaign which limits total contributions and expenditures, total political action committee contributions, largest political action committee contribution, and largest individual contribution, become eligible to earn a matching grant from the Political Candidates Fund of up to approximately one-fourth of the total contribution limit. It provides a threshold amount in match-qualifying contributions and provides that only the first \$250 for statewide offices and \$50 for legislative offices in noncash contributions qualify for matching. Matching is at a ratio of two grant dollars for each match-qualifying contribution dollar up to the maximum amount. It provides that if one candidate files for a restricted campaign and an opponent does not, the grant which the nonfiling candidate could have earned will be distributed to the filing candidates.

The Bill imposes limitations on contributions and expenditures only if all candidates file for a restricted campaign. It provides the period of coverage of a restricted campaign and limits the nature of expenditures. It exempts certain political party activities from recognition as an in-kind contribution. It provides for recognition of in-kind contributions resulting from activities of independent political committees.

The Bill also converts the Iowa income tax checkoff into a negative checkoff for tax years beginning January 1, 1989, and diverts \$670,000 to the political candidates fund annually. It prohibits tax preparers from designating nonparticipation without express taxpayer authorization.

The definition of "political committee" is revised to include a committee that mentions the names of candidates in paid advertising.

Finally, the Bill provides that the Lieutenant Governor would not be considered a separate candidate for campaign accounting and reporting, public financing, or other campaign finance purposes.

The Bill takes effect January 1, 1990. Transitional provisions are included.

**ASSUMPTIONS:** In tax year 1987, there were 1,461,227 individuals who were eligible to contribute to the Iowa Election Campaign Fund. Of this total, 143,920 utilized this checkoff, for a participation rate of 9.8%. The dollar amount of contributions totaled approximately \$216,000.

As the Bill would change the contribution procedure from an affirmative response for contributing to an affirmative response to not contribute, it is possible that a substantially higher number of individuals would allow moneys

-2-

to go to the Campaign Fund, rather than elect to not contribute.

If 50% of the individuals allowed the \$1.50 to go to the Campaign Fund, a total of \$1,095,920 would be generated. This would provide \$670,000 to the Political Candidates Fund and \$425,920 for the Iowa Election Campaign Fund. The actual amounts received by both funds would be entirely dependent upon the number of taxpayers choosing to not checkoff the option to not contribute to the fund. If all taxpayers allowed the contribution, the Iowa Election Campaign Fund would accrue an additional \$1,095,920.

**FISCAL EFFECT:** The increased loss in revenue to the General Fund would be the difference between the \$216,000 currently paid into the Iowa Election Campaign Fund and the amount generated under a negative checkoff. The potential loss to the General Fund would be \$1,975,840 per year, given the current number of individual taxpayers.

Additionally, the Campaign Finance Disclosure Commission estimates a need for six additional full-time and 4 intermittent employees and support at an estimated cost of \$190,000 annually. An additional one time expenditure for computerization (hardware and software) of \$50,000 is anticipated.

(Source: Department of Revenue and Finance  
Campaign Finance Disclosure Commission)

(LSB 2025sv, DPW)

FILED MARCH 28, 1989

BY DENNIS PROUTY, FISCAL DIRECTOR

CARR, CH.  
DRAKE  
BRONSTAL

SSB 128  
STATE GOVERNMENT  
-M.H.W.

SENATE FILE 443  
BY (PROPOSED COMMITTEE ON  
STATE GOVERNMENT BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

**A BILL FOR**

1 An Act relating to political campaigns, providing partial public  
2 financing of political campaigns, appropriating funds,  
3 providing penalties, and providing effective dates.

4 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Sections 1 through 15 of this Act are created  
2 as a new division of chapter 56.

3 Sec. 2. NEW SECTION. 56.33 DEFINITIONS.

4 As used in this division, unless the context requires  
5 otherwise:

6 1. "Advocacy information" is material published or  
7 broadcast which discusses public issues, candidates, or voting  
8 records from which a reasonable person could draw a fair  
9 inference that the material recommends the defeat or election  
10 of an identifiable candidate in a restricted campaign.

11 2. "Benefited candidate" means a candidate in a restricted  
12 campaign whose election is recommended or whose opponent's  
13 defeat is recommended by advocacy information or by the fair  
14 inferences drawn from the advocacy information by a reasonable  
15 person as determined by the commission.

16 3. "Eligible office" means the offices of state  
17 representative, state senator, secretary of agriculture,  
18 secretary of state, treasurer of state, auditor of state,  
19 attorney general, lieutenant governor, and governor.

20 4. "Political action committee" means any political  
21 committee except a county statutory political committee, a  
22 state statutory political committee, a national political  
23 party, or a nonparty political organization under chapter 44.

24 5. "Political candidates fund" or "fund" means the fund  
25 established in section 56.44.

26 6. "Qualifying nomination" means a nomination by a  
27 political party as defined by section 43.2, or a nomination  
28 under chapter 44 or 45.

29 7. "Restricted campaign" means a campaign for an eligible  
30 office in which there are two or more candidates with  
31 qualifying nominations and all of those candidates have regis-  
32 tered with the commission to become eligible for grants from  
33 the political candidates fund.

34 Sec. 3. NEW SECTION. 56.34 REGISTRATION FOR A RESTRICTED  
35 CAMPAIGN.

1 A candidate for an eligible office who has a qualifying  
2 nomination may register with the commission for a restricted  
3 campaign and become eligible for a grant from the political  
4 candidates fund.

5 Sec. 4. NEW SECTION. 56.35 RESTRICTED CAMPAIGNS --  
6 LIMITS ON CONTRIBUTIONS AND EXPENDITURES -- MAXIMUM GRANTS.

7 Except as otherwise provided in sections 56.38 and 56.46,  
8 if a restricted campaign exists, the candidate's committees of  
9 those candidates with qualifying nominations to that eligible  
10 office are eligible for the following maximum grant from the  
11 political candidates fund and are subject to the following  
12 limits on total contributions and expenditures, total  
13 contributions which may be received from a political action  
14 committee, the largest contribution which may be accepted from  
15 a political action committee, and the largest contribution  
16 which may be accepted from an individual, other than the  
17 candidate, for the following offices:

18 1. Governor.

19 a. Total expenditure and contribution limit, one million  
20 dollars.

21 b. Total political action committee contribution limit,  
22 two hundred fifty thousand dollars.

23 c. Largest political action committee contribution limit,  
24 two thousand dollars.

25 d. Largest contribution from an individual limit, two  
26 thousand dollars.

27 e. Grant, two hundred fifty thousand dollars.

28 2. Lieutenant governor, attorney general, secretary of  
29 agriculture, secretary of state, treasurer of state, and  
30 auditor of state.

31 a. Total expenditure and contribution limit, one hundred  
32 thousand dollars.

33 b. Total political action committee contribution limit,  
34 twenty-five thousand dollars.

35 c. Largest political action committee contribution limit,

- 1 one thousand dollars.  
2 d. Largest contribution from an individual limit, one  
3 thousand dollars.  
4 e. Grant, twenty-five thousand dollars.  
5 3. State senator.  
6 a. Total expenditure and contribution limit, eighteen  
7 thousand dollars.  
8 b. Total political action committee contribution limit,  
9 six thousand dollars.  
10 c. Largest political action committee contribution limit,  
11 five hundred dollars.  
12 d. Largest contribution from an individual limit, five  
13 hundred dollars.  
14 e. Grant, six thousand dollars.  
15 4. State representative.  
16 a. Total expenditure and contribution limit, nine thousand  
17 dollars.  
18 b. Total political action committee contribution limit,  
19 three thousand dollars.  
20 c. Largest political action committee contribution limit,  
21 five hundred dollars.  
22 d. Largest contribution from an individual limit, five  
23 hundred dollars.  
24 e. Grant, three thousand dollars.

25 Sec. 5. NEW SECTION. 56.36 PERIODS THE LIMITS ARE IN  
26 EFFECT.

27 If a restricted campaign exists, the limitations of section  
28 56.35 apply to contributions received and expenses incurred  
29 during the following periods:

30 1. For a candidate nominated by a convention or party  
31 state central committee, from the date of the convention until  
32 December 31 following the general election.

33 2. For a candidate nominated by a primary election, except  
34 as provided in subsection 3, from the date of filing  
35 nomination papers until December 31 following the general

1 election.

2 3. For a candidate nominated at a primary election who had  
3 an opponent on the primary election ballot or an opponent who  
4 received write-in votes of five percent or more of the votes  
5 cast, from the date after the primary election until December  
6 31 following the general election.

7 4. For a candidate nominated under chapter 44 or 45, from  
8 the date after the primary election for political parties  
9 until December 31 following the general election.

10 5. For a candidate nominated under chapter 43, 44, or 45  
11 for a special election, from the date of nomination until  
12 sixty days after the election.

13 Sec. 6. NEW SECTION. 56.37 FILING REGISTRATION  
14 STATEMENT.

15 A candidate nominated to an eligible office by a political  
16 party by the primary election shall file a statement with the  
17 commission within fourteen days after the primary election  
18 stating whether the candidate is registering for a restricted  
19 campaign. The statement of an unopposed candidate nominated  
20 at the primary election is not required to be filed until an  
21 opponent is nominated and shall then be filed by the time  
22 required for the opponent's statement. A candidate nominated  
23 at a convention or by a state central committee shall file the  
24 statement within seven days after the meeting at which the  
25 candidate was nominated. A candidate cannot register for a  
26 restricted campaign if that candidate's political party  
27 previously nominated a person for that eligible office at that  
28 general election and that person declined to register for a  
29 restricted campaign.

30 A candidate for an eligible office at the general election  
31 who has been nominated or intends to be nominated under  
32 chapter 44 or 45 and who desires to register for a restricted  
33 campaign shall file the registration statement, and the  
34 petition or other evidence that the nomination is a qualifying  
35 nomination, within fourteen days after the primary election

1 under chapter 43. If the candidate desires to register for a  
2 restricted campaign at a special election, the filings must be  
3 made within seven days of the last day a nomination could be  
4 made for that office under chapter 43.

5 Sec. 7. NEW SECTION. 56.38 DECLINING CANDIDATE -- DIS-  
6 TRIBUTION OF GRANT AMOUNT TO REGISTERED CANDIDATES.

7 If a candidate for an eligible office with a qualifying  
8 nomination declines to register for a restricted campaign, the  
9 commission shall transmit the grant amount to which the  
10 declining candidate would have been eligible to the other  
11 candidate with a qualifying nomination for that eligible  
12 office who has registered for a restricted campaign in  
13 addition to the grant amount for the registered candidate.  
14 The grant amount of the declining candidate transmitted to the  
15 other candidate is not subject to the matching funds  
16 requirement of section 56.41. If there is more than one other  
17 registered candidate with a qualifying nomination for that  
18 eligible office, the grant amount of the declining candidate  
19 shall be divided proportionately among the candidates based  
20 upon the amount of contributions each candidate has raised  
21 which qualify for the matching of grant funds under section  
22 56.41 as shown by the first disclosure report filed after the  
23 restricted campaign would begin. If there is no such opposing  
24 candidate at the time, the commission shall hold the funds  
25 until a candidate can no longer be placed on the ballot and if  
26 there is no opposing candidate who has registered for a  
27 restricted campaign at that time, the funds shall be deposited  
28 in the political candidates fund.

29 A candidate may register for a restricted campaign and  
30 decline to accept the grant amount provided under this  
31 section.

32 Sec. 8. NEW SECTION. 56.39 PROPER CAMPAIGN EXPENSES.

33 If a candidate receives a grant under this division or if a  
34 restricted campaign exists, the candidate's committee shall  
35 expend funds only for proper campaign expenses as defined by

1 the rules of the commission. Proper campaign expenses  
2 include, but are not limited to billboards, pamphlets, bumper  
3 stickers, purchase of advertising time and space, employment  
4 of staff, the lease or purchase of equipment used  
5 predominantly for campaign purposes, the purchase of  
6 professional and technical services, rental of office space,  
7 payment of personal expenses directly incurred as a result of  
8 campaigning, and other similar expenses.

9 Notwithstanding section 56.35, a candidate for the general  
10 assembly in a restricted campaign may be reimbursed by the  
11 candidate's committee for actual travel within the district at  
12 the rate established by section 18.117 and the amounts  
13 expended for the reimbursement shall not be credited against  
14 the total expenditure or total contribution limits of section  
15 56.35.

16 Sec. 9. NEW SECTION. 56.40 IN-KIND CONTRIBUTIONS.

17 1. This section and section 56.13 govern receipt of in-  
18 kind contributions during a restricted campaign and the  
19 applicability of the limitations of section 56.35 to those  
20 contributions.

21 2. The following activities by political parties and  
22 nonparty political organizations shall not be considered in-  
23 kind contributions to a candidate for the purposes of this  
24 chapter:

25 a. Voter registration efforts and voter turnout efforts.

26 b. Fundraising activities by the political party or  
27 nonparty political organization for itself.

28 c. Activities incidental to a political party or nonparty  
29 political organization convention.

30 3. The following in-kind contributions provided by state  
31 and county statutory political committees are subject to the  
32 limitations of section 56.35 to the extent the in-kind  
33 contribution to a candidate in a restricted campaign exceeds  
34 the following amounts:

35 a. For assistance to a gubernatorial candidate by a state

1 statutory political committee, five thousand dollars.

2 b. For assistance to a statewide office other than  
3 governor by a state statutory political committee, one  
4 thousand dollars.

5 c. For assistance to a legislative candidate by a state  
6 statutory political committee, one thousand dollars.

7 d. For assistance to any candidate by a county statutory  
8 political committee, one hundred dollars.

9 4. The commission shall adopt rules defining which  
10 services and assistances shall be considered in-kind  
11 contributions consistent with this chapter. If a political  
12 committee engages in a fundraising activity for a candidate in  
13 a restricted campaign soliciting contributors to make a  
14 contribution to the candidate, the expenses of that  
15 solicitation are an in-kind contribution to that candidate.  
16 The commission shall adopt rules governing the attribution of  
17 contributions to candidates of advertising which promotes the  
18 election or defeat of more than one candidate.

19 Sec. 10. NEW SECTION. 56.41 MATCHING REQUIREMENT FOR  
20 GRANTS -- LIMITS -- THRESHOLD AMOUNTS.

21 A registered candidate who is eligible for a grant is  
22 entitled to a grant equal to twice the amount the candidate  
23 receives in noncash contributions from individuals, up to the  
24 maximum grant amount. However, only the first two hundred  
25 fifty dollars in value of a noncash contribution to a  
26 candidate for a statewide office and the first fifty dollars  
27 in value of a noncash contribution to a candidate for a  
28 legislative office qualify for the matching of grant funds.

29 To be eligible for a grant under section 56.38 or this  
30 section, a candidate must have raised at least the following  
31 amounts in contributions which qualify for the matching of  
32 grant funds during the restricted campaign: for governor,  
33 forty thousand dollars; for other statewide offices, five  
34 thousand five hundred dollars; for state senator, one thousand  
35 five hundred dollars; and for state representative, one

1 thousand dollars.

2 Sec. 11. NEW SECTION. 56.42 RULES -- PAYMENTS.

3 The commission shall establish by rule the requirements and  
4 forms for applications for and its determination of a  
5 candidate's eligibility and entitlement to a grant amount from  
6 the political candidates fund. The commission shall cause the  
7 payment of grant amounts to be made to those candidates who  
8 are entitled to payment under this division. The first  
9 payments shall be made by sixty days before the general  
10 election. The first payments shall be made by seven days  
11 before a special election. The commission shall provide  
12 procedures for supplemental filings and payments of grant  
13 amounts.

14 Sec. 12. NEW SECTION. 56.43 CHARACTERIZATION OF BALANCES  
15 -- RESTRICTED CAMPAIGN ACCOUNT -- RETURN OF UNUSED GRANT FUNDS  
16 -- USE OF MATERIALS AND EQUIPMENT FROM PRIOR CAMPAIGN.

17 1. A candidate's committee that has registered for a  
18 restricted campaign and has a positive balance as of the day  
19 the restricted campaign would begin shall characterize that  
20 balance into three categories; political action committee  
21 contributions, individual contributions eligible for matching  
22 of grant funds, and other contributions, in proportion to the  
23 funds received in each of those categories from the carryover  
24 balance, if any, from the last preceding campaign and  
25 contributions received since that time or since the  
26 candidate's committee's creation. The characterized balance  
27 of individual contributions eligible for matching of grant  
28 funds is eligible for that matching as though it were received  
29 during the restricted campaign. If the characterized balance  
30 exceeds any of the limits of this division for a restricted  
31 campaign or an individual contribution exceeds the limit for a  
32 restricted campaign, and if a restricted campaign exists, the  
33 committee shall establish a separate account through which to  
34 conduct the restricted campaign and shall transfer all the  
35 funds except the amounts of excess to that separate account.

1 The characterized balance amounts shall be credited against  
2 the respective contribution limits of the restricted campaign.

3 2. A candidate's committee for an eligible office which  
4 has a positive balance on December 31 following a general  
5 election for that office shall characterize that balance into  
6 four categories; grants, political action committee  
7 contributions, individual contributions eligible for matching  
8 of grant funds, and other contributions, in proportion to the  
9 funds received in each of those categories from the carryover  
10 balance, if any, from the last preceding campaign and  
11 contributions received by the committee until December 31  
12 following the election. The candidate's committee shall remit  
13 the balance characterized as grants to the commission for  
14 deposit in the political candidates fund. The funds shall be  
15 remitted with the January disclosure report for a candidate at  
16 the general election and by ninety days after the election for  
17 a candidate at a special election.

18 3. If a restricted campaign exists the candidate's  
19 committee shall credit against the expenditure limitation the  
20 fair market value of campaign materials and equipment  
21 available to the candidate from a prior campaign and intended  
22 to be used during the restricted campaign.

23 Sec. 13. NEW SECTION. 56.44 POLITICAL CANDIDATES FUND.

24 The political candidates fund is created in the office of  
25 the treasurer of state. The money in the fund is appropriated  
26 to the commission for payments to candidate's committees  
27 qualifying under this division and is payable by the director  
28 of the department of revenue and finance upon the direction of  
29 the commission. If there are not sufficient moneys in the  
30 political candidates fund to pay all the grants in full at the  
31 time payments are due, the director of the department of  
32 revenue and finance shall prorate the payments.

33 Sec. 14. NEW SECTION. 56.45 EXPENSES OCCURRING DURING  
34 RESTRICTED CAMPAIGN.

35 For the purposes of this section an expense occurs during a

1 period of restricted campaign if either the payment is made or  
2 the performance is made during the period.

3 Sec. 15. NEW SECTION. 56.46 ADJUSTMENTS FOR BENEFITED  
4 CANDIDATES AND OPPONENTS.

5 1. A person or political committee which causes the  
6 publication, mass mailing, or broadcast of advocacy  
7 information in a restricted campaign shall give notice to the  
8 commission and to the benefited candidate. The notice shall  
9 be given by certified restricted mail within twenty-four hours  
10 after the publication, mailing, or broadcast of the advocacy  
11 information and be accompanied by the text of the advocacy  
12 information and the amount of the publication, mailing, or  
13 broadcasting expenditures.

14 2. The benefited candidate shall notify the commission  
15 within seventy-two hours whether the candidate accepts the  
16 contribution or disavows the contribution. If the candidate  
17 accepts the contribution, the anticipated expenditure shall be  
18 credited against the candidate's contribution and expenditure  
19 limit.

20 3. For the purposes of this section, the commission shall  
21 disregard the first five hundred dollars of aggregate  
22 disavowed expenditures regarding a benefited candidate for the  
23 general assembly, the first one thousand dollars of aggregate  
24 disavowed expenditures regarding a benefited candidate for a  
25 statewide office other than governor, and the first five  
26 thousand dollars of aggregate disavowed expenditures regarding  
27 a benefited candidate for governor. If the aggregate  
28 disavowed expenditures regarding a benefited candidate exceed  
29 the amounts provided in this section, the commission shall  
30 determine if a reasonable person would or would not draw a  
31 fair inference that the material assists the election of the  
32 benefited candidate or the defeat of an opposing candidate.  
33 If the commission determines that a candidate is benefited,  
34 the commission shall attribute the disavowed expenditure to  
35 the contribution and expenditure limits of the benefited

1 candidate and shall increase the benefited candidate's  
2 opponent's contribution and expenditure limits by the amount  
3 of the disavowed expenditures attributed to the benefited  
4 candidate.

5 4. In addition to increasing the limits for the benefited  
6 candidate's opponent, the commission shall, up to the maximum  
7 grant amount provided by section 56.35, award the opponent the  
8 same amount from the political candidates fund and reduce the  
9 benefited candidate's grant, if any, by the same amount. If  
10 the contribution and expenditure limits of the opponent are  
11 raised by more than the maximum grant amount, the limitations  
12 on the largest individual contribution, largest political  
13 action committee contribution, and total political action  
14 committee contributions no longer apply.

15 5. The commission by rule may delegate decisions under  
16 subsections 3 and 4 to the executive secretary or a panel of  
17 three members of the commission. If delegated, the decisions  
18 of the executive secretary or panel constitute final agency  
19 action for the purposes of chapter 17A. Notwithstanding  
20 section 17A.19, a petition for judicial review of a decision  
21 under this section shall be filed only in Polk county, the  
22 court shall not stay the awarding of funds from the political  
23 candidates fund or the raising of the limits for the  
24 candidates opposing the benefited candidate pending the  
25 outcome of the judicial review proceeding, the petitioner has  
26 only two days after filing to provide notice or copies to the  
27 other parties, and the proceeding shall receive the highest  
28 priority among the cases before the district court.

29 The decisions under subsections 3 and 4 shall be made  
30 within two days of the commission's receipt of the benefited  
31 candidate's disavowal and the benefited candidate and  
32 opponents shall be promptly notified. An expenditure or  
33 contribution attributed to the benefited candidate under  
34 subsection 3 or 4 shall not cause the imposition of a civil or  
35 criminal penalty on the candidate or candidate's committee

1 under section 56.16 or 56.47.

2 Sec. 16. NEW SECTION. 56.47 PENALTIES.

3 1. If a candidate's committee exceeds an applicable con-  
4 tribution limit provided in section 56.35 when a restricted  
5 campaign exists, other than by attribution under section  
6 56.46, the candidate's committee shall deposit into the  
7 political candidates fund a civil penalty of an amount equal  
8 to twice the amount by which the limit was exceeded.

9 2. The criminal penalty of section 56.16 applies to  
10 violations of this division, and may be imposed in addition to  
11 the civil penalty in subsection 1.

12 Sec. 17. Section 44.4, unnumbered paragraph 1, Code 1989,  
13 is amended to read as follows:

14 Nominations made pursuant to this chapter and chapter 45  
15 which are required to be filed in the office of the state  
16 commissioner shall be filed in that office not ~~more than~~  
17 ~~eighty-five days nor~~ later than five o'clock p.m. on the  
18 ~~sixty-seventh day prior to the date of the general election to~~  
19 ~~be held in November~~ third Tuesday after the first Monday in  
20 June of even-numbered years and not earlier than eighteen days  
21 before then; and those nominations made for a special election  
22 called pursuant to section 69.14 shall be filed not less than  
23 twenty days ~~prior to~~ before the date of an election called  
24 upon at least forty days' notice and not less than seven days  
25 ~~prior to~~ before the date of an election called upon at least  
26 ten days' notice. Nominations made pursuant to this chapter  
27 and chapter 45 which are required to be filed in the office of  
28 the commissioner shall be filed in that office not more than  
29 seventy-eight days nor later than five o'clock p.m. on the  
30 fifty-fifth day ~~prior to~~ before the date of the general  
31 election. Nominations made pursuant to this chapter or  
32 chapter 45 for a city office shall be filed not more than  
33 seventy-two days, nor later than five o'clock p.m. on the  
34 forty-seventh day, ~~prior to~~ before the city election with the  
35 city clerk, who shall process them as provided by law.

1 Sec. 18. Section 56.2, subsection 4, paragraph b, Code  
2 1989, is amended by adding the following new unnumbered  
3 paragraph:

4 NEW UNNUMBERED PARAGRAPH. "Contribution" does not include  
5 articles, interviews, or editorials in broadcasts or in  
6 newspapers, regularly scheduled newsletters, or other  
7 publications which are regularly distributed to subscribers or  
8 membership lists and which are not advertisements.

9 Sec. 19. Section 56.13, unnumbered paragraph 1, Code 1989,  
10 is amended to read as follows:

11 Action involving a contribution or expenditure which must  
12 be reported under this chapter and which is taken by any a  
13 person, candidate's committee, or political committee on  
14 behalf of a candidate, if known and approved by the candidate,  
15 shall be deemed action by the candidate and reported by the  
16 candidate's committee. It shall be presumed that a candidate  
17 approves the action if the candidate had knowledge of it and  
18 failed to file a statement of disavowal with the commissioner  
19 or commission and take corrective action within seventy-two  
20 hours of the action. A person, candidate's committee, or  
21 political committee taking such action independently of that  
22 candidate's committee shall notify that candidate's committee  
23 in writing within twenty-four hours of taking the action. The  
24 notification shall provide that candidate's committee with the  
25 cost of the promotion at fair market value. A copy of the  
26 notification shall be sent to the commission. If the  
27 candidates are in a restricted campaign, the notification  
28 schedule and requirements of sections 56.33 through 56.47  
29 prevail over this paragraph.

30 Sec. 20. Section 56.18, Code 1989, is amended to read as  
31 follows:

32 56.18 ~~CHECKOFF~~----~~INCOME-TAX~~ CAMPAIGN FINANCE INCOME TAX  
33 NEGATIVE CHECKOFF.

34 A Unless a person designates otherwise when submitting the  
35 person's state income tax return to the department of revenue

1 and finance, a person whose state income tax liability for any  
2 taxable a tax year is one dollar and fifty cents or more may  
3 direct-that shall have one dollar and fifty cents of that  
4 liability be paid over to the Iowa election campaign fund when  
5 submitting-the-person's-state-income-tax-return-to-the  
6 department-of-revenue-and-finance and political candidates  
7 fund as provided in section 56.19. In the case of a joint  
8 return of husband and wife having a state income tax liability  
9 of three dollars or more, unless designated otherwise each  
10 spouse may-direct shall have that one dollar and fifty cents  
11 be paid over to the fund funds. The director of revenue and  
12 finance shall draft the income tax form to provide spaces on  
13 the tax return which the taxpayer may use to designate that  
14 contributions not be made under this section. The amounts  
15 paid over under this section shall be credited to a-specified  
16 political-party-as-defined-by-section-43-27-or-to the Iowa  
17 election campaign fund as a contribution to be shared by all  
18 such political parties and to the political candidates fund in  
19 the manner prescribed by section 56.19. The form shall inform  
20 the taxpayer of-the-consequences-of-the-choices-provided-under  
21 this-section that making the designation not to participate  
22 does not reduce the person's tax liability and does reduce  
23 public financing of political parties and candidates, but this  
24 information may be contained in a footnote or other suitable  
25 form if the director of revenue and finance finds it is not  
26 feasible to place the information immediately above the  
27 signature line. The action taken by a person for the checkoff  
28 is irrevocable.

29 Sec. 21. Section 56.19, Code 1989, is amended to read as  
30 follows:

31 56.19 ELECTION CAMPAIGN FUND CREATED.

32 The "Iowa election campaign fund" is created within the  
33 office of the treasurer of state. The fund shall consist of  
34 funds moneys paid by persons as provided in section 56.18.  
35 The treasurer of state shall maintain within the fund a

1 separate account for each political party as defined in  
2 section 43.2. The director of revenue and finance shall remit  
3 funds the first two hundred sixty thousand dollars received  
4 for a tax year and any dollars received beyond nine hundred  
5 thirty thousand dollars for a tax year collected as provided  
6 in section 56.18 to the treasurer of state who shall deposit  
7 such-funds the moneys in the appropriate account within the  
8 Iowa election campaign fund. ~~At~~ If only two accounts are  
9 being maintained within the fund, the contributions directed  
10 paid over to the ~~Iowa-election-campaign~~ fund by taxpayers who  
11 ~~do-not-designate-any-one-political-party-to-receive-their~~  
12 ~~contributions~~ shall be divided by the director of revenue and  
13 finance equally ~~among-each-account-currently-maintained-in-the~~  
14 fund between the accounts. However, at any time when more  
15 than two accounts are being maintained within the fund,  
16 contributions to the fund by taxpayers ~~who-do-not-designate~~  
17 ~~any-one-political-party-to-receive-their-contributions~~ shall  
18 be divided among the accounts in the same proportion as the  
19 number of qualified electors declaring affiliation with each  
20 political party for which an account is maintained bears to  
21 the total number of qualified electors who have declared an  
22 affiliation with a political party. ~~Any-interest~~ Interest  
23 income received by the treasurer of state from investment of  
24 moneys deposited in the fund shall be deposited in the ~~Iowa~~  
25 ~~election-campaign~~ fund. ~~Such-funds-shall-be~~ Moneys in the  
26 fund are subject to payment to the chairperson of the  
27 specified political party by the director of revenue and  
28 finance in the manner provided by section 56.22.

29 The director of revenue and finance shall remit the dollars  
30 between two hundred sixty thousand and nine hundred thirty  
31 thousand received for a tax year under section 56.18 to the  
32 political candidates fund created in section 56.44 for  
33 disbursement as provided in that section.

34 Sec. 22. Section 56.25, Code 1989, is amended to read as  
35 follows:

1 56.25 INCOME TAX FORM -- NEGATIVE CHECKOFF SPACE.

2 The director of revenue and finance shall provide space for  
3 ~~this~~ the campaign finance income tax negative checkoff on the  
4 most frequently used Iowa income tax form. An explanation  
5 shall be included which clearly states that this checkoff does  
6 not ~~constitute-an-additional~~ reduce tax liability and does  
7 reduce public financing of political parties and candidates.  
8 The form shall ~~provide-for-the-taxpayer-to-designate~~ explain  
9 that the checkoff ~~shall-go-either-to-the-political-party-of~~  
10 ~~the-taxpayer's-choice-or-be~~ is divided among ~~all~~ political  
11 parties and candidates as prescribed by section 56.19.

12 A person preparing the tax return of another for  
13 compensation shall not designate nonparticipation in the  
14 income tax checkoff without the express authorization of the  
15 taxpayer.

16 Sec. 23. This Act takes effect January 1, 1990. Sections  
17 20 through 22 apply to tax returns filed for tax years  
18 beginning on or after January 1, 1989. However,  
19 notwithstanding section 56.19, in determining the allocation  
20 between the political candidates fund and the Iowa election  
21 campaign fund of moneys from the returns for the three tax  
22 years beginning on or after January 1, 1989, 1990, and 1991,  
23 only the first two hundred sixty thousand dollars received for  
24 the tax returns of each of those years shall be deposited in  
25 the Iowa election campaign fund and the remainder shall be  
26 deposited in the political candidates fund. In order to  
27 register for a restricted campaign in 1990, a candidate's  
28 committee existing in 1989 must characterize its December 31,  
29 1989, balance as provided in section 56.43, and provide that  
30 information to the commission with the report filed in January  
31 1990.

32

#### EXPLANATION

33 This bill establishes partial public funding of candidates  
34 for state offices on a voluntary basis and provides  
35 limitations on the contributions and expenditures of the par-

1 ticipating candidates.

2 The bill provides that candidates nominated for a state  
3 office who agree to a restricted campaign which limits total  
4 contributions and expenditures, total political action  
5 committee contributions, largest political action committee  
6 contribution, and largest individual contribution, become  
7 eligible to earn a matching grant from the political  
8 candidates fund of up to 25 or 30 percent of the total  
9 contribution limit. It provides a threshold amount in match-  
10 qualifying contributions and provides that only the first two  
11 hundred fifty dollars for statewide offices and fifty dollars  
12 for legislative offices in noncash contributions qualify for  
13 matching. Matching is at a ratio of two grant dollars for  
14 each match-qualifying contribution dollar up to the maximum  
15 amount. It provides that if one candidate files for a  
16 restricted campaign and an opponent does not, the grant which  
17 the nonfiling candidate could have earned will be distributed  
18 to the filing candidates.

19 The bill imposes limitations on contributions and  
20 expenditures only if all candidates file for a restricted  
21 campaign. It provides the period of coverage of a restricted  
22 campaign and limits the nature of the expenditures. It  
23 exempts certain political party activities from recognition as  
24 an in-kind contribution. It provides for recognition of in-  
25 kind contributions resulting from activities of independent  
26 political committees.

27 The bill converts the Iowa income tax checkoff into a  
28 negative checkoff and diverts six hundred seventy thousand  
29 dollars to the political candidates fund annually. It  
30 prohibits tax preparers from designating nonparticipation  
31 without express taxpayer authorization.

32 The bill takes effect January 1, 1990. Transitional  
33 provisions are included.

34

35

CARR, CH.  
CROWSTON  
LLOYD. JONES  
DRAKE  
NYSROM

SSB 360  
STATE GOVERNMENT  
SENATE FILE 493  
BY (PROPOSED COMMITTEE ON  
STATE GOVERNMENT BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved \_\_\_\_\_

### A BILL FOR

1 An Act relating to political campaigns, providing that the  
2 lieutenant governor is not considered a separate candidate for  
3 campaign finance purposes, providing incentives for  
4 limitations on campaign contributions and expenditures,  
5 appropriating funds, providing penalties, providing other  
6 properly related matters, and providing effective and  
7 retroactive applicability dates.

8 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

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1 Section 1. Sections 2 through 16 of this Act are created  
2 as a new division of chapter 56.

3 Sec. 2. NEW SECTION. 56.33 DEFINITIONS.

4 As used in this division, unless the context requires  
5 otherwise:

6 1. "Advocacy information" is material published or  
7 broadcast which discusses public issues, candidates, or voting  
8 records from which a reasonable person could draw a fair  
9 inference that the material recommends the defeat or election  
10 of an identifiable candidate in a restricted campaign.

11 2. "Benefited candidate" means a candidate in a restricted  
12 campaign whose election is recommended or whose opponent's  
13 defeat is recommended by advocacy information or by the fair  
14 inferences drawn from the advocacy information by a reasonable  
15 person as determined by the commission.

16 3. "Eligible office" means the offices of state  
17 representative, state senator, secretary of agriculture,  
18 secretary of state, treasurer of state, auditor of state,  
19 attorney general, and governor. The office of lieutenant  
20 governor shall not be considered a separate eligible office  
21 but shall be considered with the office of governor for  
22 purposes of this division.

23 4. "Political action committee" means any political  
24 committee except a county statutory political committee, a  
25 state statutory political committee, a national political  
26 party, or a nonparty political organization under chapter 44.

27 5. "Political candidates fund" or "fund" means the fund  
28 established in section 56.44.

29 6. "Qualifying nomination" means a nomination by a  
30 political party as defined by section 43.2, or a nomination  
31 under chapter 44 or 45.

32 7. "Restricted campaign" means a campaign for an eligible  
33 office in which there are two or more candidates with  
34 qualifying nominations and all of those candidates have regis-  
35 tered with the commission to become eligible for grants from

1 the political candidates fund.

2 Sec. 3. NEW SECTION. 56.34 REGISTRATION FOR A RESTRICTED  
3 CAMPAIGN.

4 A candidate for an eligible office who has a qualifying  
5 nomination may register with the commission for a restricted  
6 campaign and become eligible for a grant from the political  
7 candidates fund.

8 Sec. 4. NEW SECTION. 56.35 RESTRICTED CAMPAIGNS --  
9 LIMITS ON CONTRIBUTIONS AND EXPENDITURES -- MAXIMUM GRANTS.

10 Except as otherwise provided in sections 56.38 and 56.46,  
11 if a restricted campaign exists, the candidate's committees of  
12 those candidates with qualifying nominations to that eligible  
13 office are eligible for the following maximum grant from the  
14 political candidates fund and are subject to the following  
15 limits on total contributions and expenditures, total  
16 contributions which may be received from a political action  
17 committee, the largest contribution which may be accepted from  
18 a political action committee, and the largest contribution  
19 which may be accepted from an individual, other than the  
20 candidate, for the following offices:

21 1. Governor.

22 a. Total expenditure and contribution limit, an amount  
23 equal to one dollar times the total number of electors  
24 registered to vote in the state on the date of the last  
25 preceding general election.

26 b. Total political action committee contribution limit,  
27 two hundred fifty thousand dollars.

28 c. Largest political action committee contribution limit,  
29 two thousand dollars.

30 d. Largest contribution from an individual limit, two  
31 thousand dollars.

32 e. Grant, two hundred fifty thousand dollars.

33 2. Attorney general, secretary of agriculture, secretary  
34 of state, treasurer of state, and auditor of state.

35 a. Total expenditure and contribution limit, an amount

1 equal to ten cents times the total number of electors  
2 registered to vote in the state on the date of the last  
3 preceding general election.

4 b. Total political action committee contribution limit,  
5 twenty-five thousand dollars.

6 c. Largest political action committee contribution limit,  
7 one thousand dollars.

8 d. Largest contribution from an individual limit, one  
9 thousand dollars.

10 e. Grant, twenty-five thousand dollars.

11 3. State senator.

12 a. Total expenditure and contribution limit, an amount  
13 equal to one and one-half cents times the total number of  
14 electors registered to vote in the state on the date of the  
15 last preceding general election.

16 b. Total political action committee contribution limit,  
17 six thousand dollars.

18 c. Largest political action committee contribution limit,  
19 five hundred dollars.

20 d. Largest contribution from an individual limit, five  
21 hundred dollars.

22 e. Grant, six thousand dollars.

23 4. State representative.

24 a. Total expenditure and contribution limit, an amount  
25 equal to three quarters of one cent times the total number of  
26 electors registered to vote in the state on the date of the  
27 last preceding general election.

28 b. Total political action committee contribution limit,  
29 three thousand dollars.

30 c. Largest political action committee contribution limit,  
31 five hundred dollars.

32 d. Largest contribution from an individual limit, five  
33 hundred dollars.

34 e. Grant, three thousand dollars.

35 Sec. 5. NEW SECTION. 56.36 PERIODS THE LIMITS ARE IN

1 EFFECT.

2 If a restricted campaign exists, the limitations of section  
3 56.35 apply to contributions received and expenses incurred  
4 during the following periods:

5 1. For a candidate nominated by a convention or party  
6 state central committee, from the date of the convention until  
7 December 31 following the general election.

8 2. For a candidate nominated by a primary election, except  
9 as provided in subsection 3, from the date of filing  
10 nomination papers until December 31 following the general  
11 election.

12 3. For a candidate nominated at a primary election who had  
13 an opponent on the primary election ballot or an opponent who  
14 received write-in votes of five percent or more of the votes  
15 cast, from the date after the primary election until December  
16 31 following the general election.

17 4. For a candidate nominated under chapter 44 or 45, from  
18 the date after the primary election for political parties  
19 until December 31 following the general election.

20 5. For a candidate nominated under chapter 43, 44, or 45  
21 for a special election, from the date of nomination until  
22 sixty days after the election.

23 Sec. 6. NEW SECTION. 56.37 FILING REGISTRATION

24 STATEMENT.

25 A candidate nominated to an eligible office by a political  
26 party by the primary election shall file a statement with the  
27 commission within fourteen days after the primary election  
28 stating whether the candidate is registering for a restricted  
29 campaign. The statement of an unopposed candidate nominated  
30 at the primary election is not required to be filed until an  
31 opponent is nominated and shall then be filed by the time  
32 required for the opponent's statement. A candidate nominated  
33 at a convention or by a state central committee shall file the  
34 statement within seven days after the meeting at which the  
35 candidate was nominated. A candidate cannot register for a

1 restricted campaign if that candidate's political party  
2 previously nominated a person for that eligible office at that  
3 general election and that person declined to register for a  
4 restricted campaign.

5 A candidate for an eligible office at the general election  
6 who has been nominated or intends to be nominated under  
7 chapter 44 or 45 and who desires to register for a restricted  
8 campaign shall file the registration statement, and the  
9 petition or other evidence that the nomination is a qualifying  
10 nomination, within fourteen days after the primary election  
11 under chapter 43. If the candidate desires to register for a  
12 restricted campaign at a special election, the filings must be  
13 made within seven days of the last day a nomination could be  
14 made for that office under chapter 43.

15 Sec. 7. NEW SECTION. 56.38 DECLINING CANDIDATE -- DIS-  
16 TRIBUTION OF GRANT AMOUNT TO REGISTERED CANDIDATES.

17 If a candidate for an eligible office with a qualifying  
18 nomination declines to register for a restricted campaign, the  
19 commission shall transmit the grant amount to which the  
20 declining candidate would have been eligible to the other  
21 candidate with a qualifying nomination for that eligible  
22 office who has registered for a restricted campaign in  
23 addition to the grant amount for the registered candidate.  
24 The grant amount of the declining candidate transmitted to the  
25 other candidate is not subject to the matching funds  
26 requirement of section 56.41. If there is more than one other  
27 registered candidate with a qualifying nomination for that  
28 eligible office, the grant amount of the declining candidate  
29 shall be divided proportionately among the candidates based  
30 upon the amount of contributions each candidate has raised  
31 which qualify for the matching of grant funds under section  
32 56.41 as shown by the first disclosure report filed after the  
33 restricted campaign would begin. If there is no such opposing  
34 candidate at the time, the commission shall hold the funds  
35 until a candidate can no longer be placed on the ballot and if

1 there is no opposing candidate who has registered for a  
2 restricted campaign at that time, the funds shall be deposited  
3 in the political candidates fund.

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

7 Sec. 8. NEW SECTION. 56.39 PROPER CAMPAIGN EXPENSES.

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

19 Notwithstanding section 56.35, a candidate for the general  
20 assembly in a restricted campaign may be reimbursed by the  
21 candidate's committee for actual travel within the district at  
22 the rate established by section 18.117 and the amounts  
23 expended for the reimbursement shall not be credited against  
24 the total expenditure or total contribution limits of section  
25 56.35.

26 Sec. 9. NEW SECTION. 56.40 IN-KIND CONTRIBUTIONS.

27 1. This section and section 56.13 govern receipt of in-  
28 kind contributions during a restricted campaign and the  
29 applicability of the limitations of section 56.35 to those  
30 contributions.

31 2. The following activities by political parties and  
32 nonparty political organizations shall not be considered in-  
33 kind contributions to a candidate for the purposes of this  
34 chapter:

35 a. Voter registration efforts and voter turnout efforts.

1 b. Fundraising activities by the political party or  
2 nonparty political organization for itself.

3 c. Activities incidental to a political party or nonparty  
4 political organization convention.

5 3. The following in-kind contributions provided by state  
6 and county statutory political committees are subject to the  
7 limitations of section 56.35 to the extent the in-kind  
8 contribution to a candidate in a restricted campaign exceeds  
9 the following amounts:

10 a. For assistance to a gubernatorial candidate by a state  
11 statutory political committee, five thousand dollars.

12 b. For assistance to a statewide office other than  
13 governor by a state statutory political committee, one  
14 thousand dollars.

15 c. For assistance to a legislative candidate by a state  
16 statutory political committee, one thousand dollars.

17 d. For assistance to any candidate by a county statutory  
18 political committee, one hundred dollars.

19 4. The commission shall adopt rules defining which  
20 services and assistances shall be considered in-kind  
21 contributions consistent with this chapter. If a political  
22 committee engages in a fundraising activity for a candidate in  
23 a restricted campaign soliciting contributors to make a  
24 contribution to the candidate, the expenses of that  
25 solicitation are an in-kind contribution to that candidate.  
26 The commission shall adopt rules governing the attribution of  
27 contributions to candidates of advertising which promotes the  
28 election or defeat of more than one candidate.

29 Sec. 10. NEW SECTION. 56.41 MATCHING REQUIREMENT FOR  
30 GRANTS -- LIMITS -- THRESHOLD AMOUNTS.

31 A registered candidate who is eligible for a grant is  
32 entitled to a grant equal to twice the amount the candidate  
33 receives in noncash contributions from individuals, up to the  
34 maximum grant amount. However, only the first two hundred  
35 fifty dollars in value of a noncash contribution to a

1 candidate for a statewide office and the first fifty dollars  
2 in value of a noncash contribution to a candidate for a  
3 legislative office qualify for the matching of grant funds.

4 To be eligible for a grant under section 56.38 or this  
5 section, a candidate must have raised at least the following  
6 amounts in contributions which qualify for the matching of  
7 grant funds during the restricted campaign: for governor,  
8 forty thousand dollars; for other statewide offices, five  
9 thousand five hundred dollars; for state senator, one thousand  
10 five hundred dollars; and for state representative, one  
11 thousand dollars.

12 Sec. 11. NEW SECTION. 56.42 RULES -- PAYMENTS.

13 The commission shall establish by rule the requirements and  
14 forms for applications for and its determination of a  
15 candidate's eligibility and entitlement to a grant amount from  
16 the political candidates fund. The commission shall cause the  
17 payment of grant amounts to be made to those candidates who  
18 are entitled to payment under this division. The first  
19 payments shall be made by sixty days before the general  
20 election. The first payments shall be made by seven days  
21 before a special election. The commission shall provide  
22 procedures for supplemental filings and payments of grant  
23 amounts.

24 Sec. 12. NEW SECTION. 56.43 CHARACTERIZATION OF BALANCES  
25 -- RESTRICTED CAMPAIGN ACCOUNT -- RETURN OF UNUSED GRANT FUNDS  
26 -- USE OF MATERIALS AND EQUIPMENT FROM PRIOR CAMPAIGN.

27 1. A candidate's committee that has registered for a  
28 restricted campaign and has a positive balance as of the day  
29 the restricted campaign would begin shall characterize that  
30 balance into three categories; political action committee  
31 contributions, individual contributions eligible for matching  
32 of grant funds, and other contributions, in proportion to the  
33 funds received in each of those categories from the carryover  
34 balance, if any, from the last preceding campaign and  
35 contributions received since that time or since the

1 candidate's committee's creation. The characterized balance  
2 of individual contributions eligible for matching of grant  
3 funds is eligible for that matching as though it were received  
4 during the restricted campaign. If the characterized balance  
5 exceeds any of the limits of this division for a restricted  
6 campaign or an individual contribution exceeds the limit for a  
7 restricted campaign, and if a restricted campaign exists, the  
8 committee shall establish a separate account through which to  
9 conduct the restricted campaign and shall transfer all the  
10 funds except the amounts of excess to that separate account.  
11 The characterized balance amounts shall be credited against  
12 the respective contribution limits of the restricted campaign.

13 2. A candidate's committee for an eligible office which  
14 has a positive balance on December 31 following a general  
15 election for that office shall characterize that balance into  
16 four categories; grants, political action committee  
17 contributions, individual contributions eligible for matching  
18 of grant funds, and other contributions, in proportion to the  
19 funds received in each of those categories from the carryover  
20 balance, if any, from the last preceding campaign and  
21 contributions received by the committee until December 31  
22 following the election. The candidate's committee shall remit  
23 the balance characterized as grants to the commission for  
24 deposit in the political candidates fund. The funds shall be  
25 remitted with the January disclosure report for a candidate at  
26 the general election and by ninety days after the election for  
27 a candidate at a special election.

28 3. If a restricted campaign exists the candidate's  
29 committee shall credit against the expenditure limitation the  
30 fair market value of campaign materials and equipment  
31 available to the candidate from a prior campaign and intended  
32 to be used during the restricted campaign.

33 Sec. 13. NEW SECTION. 56.44 POLITICAL CANDIDATES FUND.

34 The political candidates fund is created in the office of  
35 the treasurer of state. The moneys in the fund are

1 appropriated to the commission for payments to candidate's  
2 committees qualifying under this division and are payable by  
3 the director of revenue and finance upon the direction of the  
4 commission. If there are not sufficient moneys in the  
5 political candidates fund to pay all the grants in full at the  
6 time payments are due, the director of revenue and finance  
7 shall prorate the payments.

8 Sec. 14. NEW SECTION. 56.45 EXPENSES OCCURRING DURING  
9 RESTRICTED CAMPAIGN.

10 For the purposes of this division an expense occurs during  
11 a period of restricted campaign if either the payment is made  
12 or the performance is made during the period.

13 Sec. 15. NEW SECTION. 56.46 ADJUSTMENTS FOR BENEFITED  
14 CANDIDATES AND OPPONENTS.

15 1. A person or political committee which causes the  
16 publication, mass mailing, or broadcast of advocacy  
17 information in a restricted campaign shall give notice to the  
18 commission and to the benefited candidate. The notice shall  
19 be given by certified restricted mail within twenty-four hours  
20 after the publication, mailing, or broadcast of the advocacy  
21 information and be accompanied by the text of the advocacy  
22 information and the amount of the publication, mailing, or  
23 broadcasting expenditures.

24 2. The benefited candidate shall notify the commission  
25 within seventy-two hours whether the candidate accepts the  
26 contribution or disavows the contribution. If the candidate  
27 accepts the contribution, the anticipated expenditure shall be  
28 credited against the candidate's contribution and expenditure  
29 limit.

30 3. For the purposes of this section, the commission shall  
31 disregard the first five hundred dollars of aggregate  
32 disavowed expenditures regarding a benefited candidate for the  
33 general assembly, the first one thousand dollars of aggregate  
34 disavowed expenditures regarding a benefited candidate for a  
35 statewide office other than governor, and the first five

1 thousand dollars of aggregate disavowed expenditures regarding  
2 a benefited candidate for governor. If the aggregate  
3 disavowed expenditures regarding a benefited candidate exceed  
4 the amounts provided in this section, the commission shall  
5 determine if a reasonable person would or would not draw a  
6 fair inference that the material assists the election of the  
7 benefited candidate or the defeat of an opposing candidate.  
8 If the commission determines that a candidate is benefited,  
9 the commission shall attribute the disavowed expenditure to  
10 the contribution and expenditure limits of the benefited  
11 candidate and shall increase the benefited candidate's  
12 opponent's contribution and expenditure limits by the amount  
13 of the disavowed expenditures attributed to the benefited  
14 candidate.

15 4. In addition to increasing the limits for the benefited  
16 candidate's opponent, the commission shall, up to the maximum  
17 grant amount provided by section 56.35, award the opponent the  
18 same amount from the political candidates fund and reduce the  
19 benefited candidate's grant, if any, by the same amount. If  
20 the contribution and expenditure limits of the opponent are  
21 raised by more than the maximum grant amount, the limitations  
22 on the largest individual contribution, largest political  
23 action committee contribution, and total political action  
24 committee contributions no longer apply.

25 5. The commission by rule may delegate decisions under  
26 subsections 3 and 4 to the executive secretary or a panel of  
27 three members of the commission. If delegated, the decisions  
28 of the executive secretary or panel constitute final agency  
29 action for the purposes of chapter 17A. Notwithstanding  
30 section 17A.19, a petition for judicial review of a decision  
31 under this section shall be filed only in Polk county, the  
32 court shall not stay the awarding of funds from the political  
33 candidates fund or the raising of the limits for the  
34 candidates opposing the benefited candidate pending the  
35 outcome of the judicial review proceeding, the petitioner has

1 only two days after filing to provide notice or copies to the  
2 other parties, and the proceeding shall receive the highest  
3 priority among the cases before the district court.

4 The decisions under subsections 3 and 4 shall be made  
5 within two days of the commission's receipt of the benefited  
6 candidate's disavowal and the benefited candidate and  
7 opponents shall be promptly notified. An expenditure or  
8 contribution attributed to the benefited candidate under  
9 subsection 3 or 4 shall not cause the imposition of a civil or  
10 criminal penalty on the candidate or candidate's committee  
11 under section 56.16 or 56.47.

12 Sec. 16. NEW SECTION. 56.47 PENALTIES.

13 1. If a candidate's committee exceeds an applicable con-  
14 tribution limit provided in section 56.35 when a restricted  
15 campaign exists, other than by attribution under section  
16 56.46, the candidate's committee shall deposit into the  
17 political candidates fund a civil penalty of an amount equal  
18 to twice the amount by which the limit was exceeded.

19 2. The criminal penalty of section 56.16 applies to  
20 violations of this division, and may be imposed in addition to  
21 the civil penalty in subsection 1.

22 Sec. 17. Section 44.4, unnumbered paragraph 1, Code 1989,  
23 is amended to read as follows:

24 Nominations made pursuant to this chapter and chapter 45  
25 which are required to be filed in the office of the state  
26 commissioner shall be filed in that office not more-than  
27 eighty-five-days-nor later than five o'clock p.m. on the  
28 sixty-seventh-day-prior-to-the-date-of-the-general-election-to  
29 be-held-in-November third Tuesday after the first Monday in  
30 June of even-numbered years and not earlier than eighteen days  
31 before then; and those nominations made for a special election  
32 called pursuant to section 69.14 shall be filed not less than  
33 twenty days prior-to before the date of an election called  
34 upon at least forty days' notice and not less than seven days  
35 prior-to before the date of an election called upon at least

1 ten days' notice. Nominations made pursuant to this chapter  
2 and chapter 45 which are required to be filed in the office of  
3 the commissioner shall be filed in that office not more than  
4 seventy-eight days nor later than five o'clock p.m. on the  
5 fifty-fifth day ~~prior-to~~ before the date of the general  
6 election. Nominations made pursuant to this chapter or  
7 chapter 45 for a city office shall be filed not more than  
8 seventy-two days, nor later than five o'clock p.m. on the  
9 forty-seventh day, ~~prior-to~~ before the city election with the  
10 city clerk, who shall process them as provided by law.

11 Sec. 18. Section 56.2, subsection 4, paragraph b, Code  
12 1989, is amended by adding the following new unnumbered  
13 paragraph:

14 NEW UNNUMBERED PARAGRAPH. "Contribution" does not include  
15 articles, interviews, or editorials in broadcasts or in  
16 newspapers, regularly scheduled newsletters, or other  
17 publications which are regularly distributed to subscribers or  
18 membership lists and which are not advertisements.

19 Sec. 19. Section 56.2, subsection 6, Code 1989, is amended  
20 to read as follows:

21 6. "Political committee" means a committee, but not a  
22 candidate's committee, which accepts contributions, makes  
23 expenditures, or incurs indebtedness in the aggregate of more  
24 than two hundred fifty dollars in any one calendar year for  
25 the purpose of supporting or opposing a candidate for public  
26 office or ballot issue, or an association, lodge, society,  
27 cooperative, union, fraternity, sorority, educational  
28 institution, civic organization, labor organization, religious  
29 organization, or professional organization which makes  
30 contributions in the aggregate of more than two hundred fifty  
31 dollars in any one calendar year for the purpose of supporting  
32 or opposing a candidate for public office or a ballot issue.  
33 "Political committee" also includes a committee which accepts  
34 contributions, makes expenditures, or incurs indebtedness in  
35 the aggregate of more than two hundred fifty dollars in a

1 calendar year to cause the publication or broadcasting of  
2 ~~material-in-which-the-public-policy-positions-or-voting-record~~  
3 ~~of-an-identifiable-candidate-is-discussed-and-in-which-a~~  
4 ~~reasonable-person-could-find-commentary-favorable-or~~  
5 ~~unfavorable-to-those-public-policy-positions-or-voting-record~~  
6 paid advertisements which mention one or more candidates by  
7 name.

8 Sec. 20. Section 56.13, unnumbered paragraph 1, Code 1989,  
9 is amended to read as follows:

10 Action involving a contribution or expenditure which must  
11 be reported under this chapter and which is taken by any a  
12 person, candidate's committee, or political committee on  
13 behalf of a candidate, if known and approved by the candidate,  
14 shall be deemed action by the candidate and reported by the  
15 candidate's committee. It shall be presumed that a candidate  
16 approves the action if the candidate had knowledge of it and  
17 failed to file a statement of disavowal with the commissioner  
18 or commission and take corrective action within seventy-two  
19 hours of the action. A person, candidate's committee, or  
20 political committee taking such action independently of that  
21 candidate's committee shall notify that candidate's committee  
22 in writing within twenty-four hours of taking the action. The  
23 notification shall provide that candidate's committee with the  
24 cost of the promotion at fair market value. A copy of the  
25 notification shall be sent to the commission. If the  
26 candidates are in a restricted campaign, the notification  
27 schedule and requirements of sections 56.33 through 56.47  
28 prevail over this paragraph.

29 Sec. 21. Section 56.18, Code 1989, is amended to read as  
30 follows:

31 56.18 ~~CHECKOFF~~----~~INCOME-TAX~~ CAMPAIGN FINANCE INCOME TAX  
32 NEGATIVE CHECKOFF.

33 A Unless a person designates otherwise when submitting the  
34 person's state income tax return to the department of revenue  
35 and finance, a person whose state income tax liability for any

1 taxable a tax year is one dollar and fifty cents or more may  
2 ~~direct-that shall have~~ one dollar and fifty cents of that  
3 liability be paid over to the Iowa election campaign fund when  
4 ~~submitting-the-person's-state-income-tax-return-to-the~~  
5 ~~department-of-revenue-and-finance~~ and political candidates  
6 fund as provided in section 56.19. In the case of a joint  
7 return of husband and wife having a state income tax liability  
8 of three dollars or more, unless designated otherwise each  
9 spouse ~~may-direct~~ shall have that one dollar and fifty cents  
10 be paid over to the fund funds. The director of revenue and  
11 finance shall draft the income tax form to provide spaces on  
12 the tax return which the taxpayer may use to designate that  
13 contributions not be made under this section. The amounts  
14 paid over under this section shall be credited to a-specified  
15 ~~political-party-as-defined-by-section-43-27--or-to~~ the Iowa  
16 election campaign fund as a contribution to be shared by all  
17 ~~such~~ political parties and to the political candidates fund in  
18 the manner prescribed by section 56.19. The form shall inform  
19 the taxpayer ~~of-the-consequences-of-the-choices-provided-under~~  
20 ~~this-section~~ that making the designation not to participate  
21 does not reduce the person's tax liability and does reduce  
22 public financing of political parties and candidates, but this  
23 information may be contained in a footnote or other suitable  
24 form if the director of revenue and finance finds it is not  
25 feasible to place the information immediately above the  
26 signature line. The action taken by a person for the checkoff  
27 is irrevocable.

28 Sec. 22. Section 56.19, Code 1989, is amended to read as  
29 follows:

30 56.19 ELECTION CAMPAIGN FUND CREATED.

31 The "Iowa election campaign fund" is created within the  
32 office of the treasurer of state. The fund shall consist of  
33 funds moneys paid by persons as provided in section 56.18.  
34 The treasurer of state shall maintain within the fund a  
35 separate account for each political party as defined in

1 section 43.2. The director of revenue and finance shall remit  
2 funds the first two hundred sixty thousand dollars received  
3 for a tax year and any dollars received beyond nine hundred  
4 thirty thousand dollars for a tax year collected as provided  
5 in section 56.18 to the treasurer of state who shall deposit  
6 such-funds the moneys in the appropriate account within the  
7 Iowa election campaign fund. ~~All~~ If only two accounts are  
8 being maintained within the fund, the contributions directed  
9 paid over to the Iowa-election-campaign fund by taxpayers who  
10 ~~do-not-designate-any-one-political-party-to-receive-their~~  
11 ~~contributions~~ shall be divided by the director of revenue and  
12 finance equally ~~among-each-account-currently-maintained-in-the~~  
13 fund between the accounts. However, at any time when more  
14 than two accounts are being maintained within the fund,  
15 contributions to the fund by taxpayers ~~who-do-not-designate~~  
16 ~~any-one-political-party-to-receive-their-contributions~~ shall  
17 be divided among the accounts in the same proportion as the  
18 number of qualified electors declaring affiliation with each  
19 political party for which an account is maintained bears to  
20 the total number of qualified electors who have declared an  
21 affiliation with a political party. ~~Any-interest~~ Interest  
22 income received by the treasurer of state from investment of  
23 moneys deposited in the fund shall be deposited in the Iowa  
24 ~~election-campaign fund. Such-funds-shall-be~~ Moneys in the  
25 fund are subject to payment to the chairperson of the  
26 specified political party by the director of revenue and  
27 finance in the manner provided by section 56.22.

28 The director of revenue and finance shall remit the dollars  
29 between two hundred sixty thousand and nine hundred thirty  
30 thousand received for a tax year under section 56.18 to the  
31 political candidates fund created in section 56.44 for  
32 disbursement as provided in that section.

33 Sec. 23. Section 56.25, Code 1989, is amended to read as  
34 follows:

35 56.25 INCOME TAX FORM -- NEGATIVE CHECKOFF SPACE.

1 The director of revenue and finance shall provide space for  
2 this the campaign finance income tax negative checkoff on the  
3 most frequently used Iowa income tax form. An explanation  
4 shall be included which clearly states that this checkoff does  
5 not constitute-an-additional reduce tax liability and does  
6 reduce public financing of political parties and candidates.  
7 The form shall ~~provide-for-the-taxpayer-to-designate~~ explain  
8 that the checkoff ~~shall-go-either-to-the-political-party-of~~  
9 ~~the-taxpayer's-choice-or-be~~ is divided among ~~all~~ political  
10 parties and candidates as prescribed by section 56.19.

11 A person preparing the tax return of another for  
12 compensation shall not designate nonparticipation in the  
13 income tax checkoff without the express authorization of the  
14 taxpayer.

15 Sec. 24. NEW SECTION. 56.51 CANDIDATE FOR LIEUTENANT  
16 GOVERNOR NOT CONSIDERED A SEPARATE CANDIDATE.

17 For purposes of this chapter, a candidate for lieutenant  
18 governor shall not be considered a separate candidate, but  
19 shall be considered part of a team of candidates for governor  
20 and lieutenant governor. The commission shall adopt rules for  
21 the application of this section with respect to accounting,  
22 reporting, public financing, and other requirements and  
23 provisions of this chapter.

24 Sec. 25. This Act takes effect January 1, 1990. Sections  
25 21 through 23 apply retroactively to tax returns filed for tax  
26 years beginning on or after January 1, 1989. However,  
27 notwithstanding section 56.19, in determining the allocation  
28 between the political candidates fund and the Iowa election  
29 campaign fund of moneys from the returns for the three tax  
30 years beginning on or after January 1, 1989, 1990, and 1991,  
31 only the first two hundred sixty thousand dollars received for  
32 the tax returns of each of those years shall be deposited in  
33 the Iowa election campaign fund and the remainder shall be  
34 deposited in the political candidates fund. In order to  
35 register for a restricted campaign in 1990, a candidate's

1 committee existing in 1989 must characterize its December 31,  
2 1989, balance as provided in section 56.43, and provide that  
3 information to the commission with the report filed in January  
4 1990.

5

## EXPLANATION

6 This bill establishes partial public funding of candidates  
7 for state offices on a voluntary basis and provides  
8 limitations on the contributions and expenditures of the par-  
9 ticipating candidates.

10 The bill provides that candidates nominated for a state  
11 office who agree to a restricted campaign which limits total  
12 contributions and expenditures, total political action  
13 committee contributions, largest political action committee  
14 contribution, and largest individual contribution, become  
15 eligible to earn a matching grant from the political  
16 candidates fund of up to approximately one-fourth of the total  
17 contribution limit. It provides a threshold amount in match-  
18 qualifying contributions and provides that only the first two  
19 hundred fifty dollars for statewide offices and fifty dollars  
20 for legislative offices in noncash contributions qualify for  
21 matching. Matching is at a ratio of two grant dollars for  
22 each match-qualifying contribution dollar up to the maximum  
23 amount. It provides that if one candidate files for a  
24 restricted campaign and an opponent does not, the grant which  
25 the nonfiling candidate could have earned will be distributed  
26 to the filing candidates.

27 The bill imposes limitations on contributions and  
28 expenditures only if all candidates file for a restricted  
29 campaign. It provides the period of coverage of a restricted  
30 campaign and limits the nature of the expenditures. It  
31 exempts certain political party activities from recognition as  
32 an in-kind contribution. It provides for recognition of in-  
33 kind contributions resulting from activities of independent  
34 political committees.

35 The bill converts the Iowa income tax checkoff into a

1 negative checkoff for tax years beginning January 1, 1989, and  
2 diverts six hundred seventy thousand dollars to the political  
3 candidates fund annually. It prohibits tax preparers from  
4 designating nonparticipation without express taxpayer  
5 authorization.

6 The definition of "political committee" is revised to  
7 include a committee that mentions the names of candidates in  
8 paid advertising.

9 The bill also provides that the lieutenant governor would  
10 not be considered a separate candidate for campaign accounting  
11 and reporting, public financing, or other campaign finance  
12 purposes.

13 The bill takes effect January 1, 1990. Transitional  
14 provisions are included.

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