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SENATE FILE 2354

BY NEUHAUSER

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

A BILL FOR

1 An Act relating to contribution and expenditure limits for  
 2 political campaigns, to disclosure requirements for political  
 3 advertisements and contributions, to time limits for political  
 4 contributions, and to officeholder expense accounts, and  
 5 providing penalties.

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

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S.F. 2354

1 Section 1. TITLE. This Act shall be known as the  
2 Political Reform Act of 1998.

3 Sec. 2. LEGISLATIVE INTENT.

4 1. The general assembly finds and declares each of the  
5 following:

6 a. Monetary contributions to political campaigns are a  
7 legitimate form of participation in the American political  
8 process, but the financial strength of individuals or  
9 organizations should not permit them to exercise a controlling  
10 influence on the election of candidates.

11 b. The rapidly increasing costs of political campaigns  
12 have forced many candidates to raise larger and larger  
13 percentages of money from interest groups with a specific  
14 financial stake in matters before state and local government.

15 2. This Act is intended to accomplish the following  
16 separate but related purposes:

17 a. To ensure that individuals and interest groups in our  
18 society have a fair and equitable opportunity to participate  
19 in the elective and governmental processes.

20 b. To minimize the potentially corrupting influence and  
21 appearance of corruption caused by excessive contributions and  
22 expenditures in campaigns by providing for reasonable  
23 contribution and spending limits for candidates.

24 c. To reduce the influence of large contributors with a  
25 specific financial stake in matters before government by  
26 severing the link between lobbying and campaign fundraising.

27 d. To lessen the potentially corrupting pressures on  
28 candidates and officeholders for fundraising by establishing  
29 sensible time periods for soliciting and accepting campaign  
30 contributions.

31 e. To limit overall expenditures in campaigns, thereby  
32 allowing candidates and officeholders to spend a lesser  
33 proportion of their time on fundraising and a greater  
34 proportion of their time communicating issues of importance to  
35 voters and constituents.

1 f. To provide impartial and noncoercive incentives that  
2 encourage candidates to voluntarily limit campaign  
3 expenditures.

4 g. To meet the citizens' right to know the sources of  
5 campaign contributions, expenditures, and political  
6 advertising.

7 h. To enact tough penalties that will deter persons from  
8 violating this Act and chapter 56.

9 Sec. 3. Section 56.2, Code 1997, is amended by adding the  
10 following new subsections:

11 NEW SUBSECTION. 2A. "Calendar year" means the period of  
12 time from January 1 through December 31 of a single year.

13 NEW SUBSECTION. 12A. "Election campaign cycle" means the  
14 period of time between a general or special election for a  
15 public office and continuing through the next general election  
16 for that office, commencing on the day following the previous  
17 general or special election for that office and continuing  
18 through election day.

19 NEW SUBSECTION. 18A. "Small contributor political  
20 committee" means any political committee that meets all of the  
21 following criteria:

- 22 1. Membership of at least one hundred individuals.
- 23 2. Contributions received from any one individual in a  
24 calendar year, in the aggregate, total fifty dollars or less.
- 25 3. The political committee has been in existence for at  
26 least six months prior to making any expenditures.

27 NEW SUBSECTION. 21. "Statewide office" means those  
28 offices listed in section 39.9.

29 NEW SUBSECTION. 22. "Two-year period" means the period  
30 commencing with January 1 of an odd-numbered year and ending  
31 with December 31 of the next even-numbered year.

32 Sec. 4. Section 56.2, subsection 9, Code 1997, is amended  
33 by adding the following new unnumbered paragraph:

34 NEW UNNUMBERED PARAGRAPH. Contributions by a husband and  
35 wife shall not be aggregated. Contributions by children under

1 eighteen shall be attributed equally to each parent or  
2 guardian.

3 Sec. 5. Section 56.3, Code 1997, is amended by adding the  
4 following new subsection:

5 NEW SUBSECTION. 2A. The treasurer of a committee shall  
6 not deposit contributions in excess of ten dollars without  
7 having information required by subsection 3, paragraph "b", on  
8 file.

9 Sec. 6. Section 56.3, subsection 3, paragraph b, Code  
10 1997, is amended to read as follows:

11 b. The name and mailing address of every person making  
12 contributions in excess of ten dollars, and the date and  
13 amount of the contribution; and the name, address, occupation,  
14 and employer of each person making a contribution exceeding  
15 one hundred dollars or more.

16 Sec. 7. Section 56.3A, Code 1997, is amended to read as  
17 follows:

18 56.3A FUNDS FROM UNKNOWN SOURCE -- ESCHEAT.

19 1. The expenditure of funds from an unknown or  
20 unidentifiable source received by a candidate or committee is  
21 prohibited. Such funds received by a candidate or committee  
22 shall escheat to the state. Any candidate or committee  
23 receiving such contributions shall remit such contributions to  
24 the director of revenue and finance for deposit in the general  
25 fund of the state.

26 2. Persons requested to make a contribution at a  
27 fundraising event shall be advised that it is illegal to make  
28 a contribution in excess of ten dollars unless the person  
29 making the contribution also provides the person's name and  
30 address, and that it is illegal to make a contribution of one  
31 hundred dollars or more unless the name, address, occupation,  
32 and employer of the contributor are provided.

33 Sec. 8. Section 56.6, subsection 3, paragraph e, Code  
34 1997, is amended to read as follows:

35 e. (1) Each loan to any person or committee within the

1 calendar year in an aggregate amount in excess of those  
2 amounts enumerated in the schedule in paragraph "b" of this  
3 subsection, together with the name and mailing address of the  
4 lender and endorsers, the date and amount of each loan  
5 received, and the date and amount of each loan repayment.  
6 Loans received and loan repayments shall be reported on a  
7 separate schedule.

8 (2) Extensions of credit for a period of more than thirty  
9 days, other than loans from financial institutions given in  
10 the normal course of business, are subject to all contribution  
11 limitations.

12 (3) The guarantor of any loan shall be subject to all  
13 contribution limitations.

14 Sec. 9. Section 56.12, Code 1997, is amended to read as  
15 follows:

16 56.12 CONTRIBUTION IN NAME OF ANOTHER -- PROHIBITED --  
17 OTHER RESTRICTIONS ON CONTRIBUTIONS.

18 1. A person shall not make a contribution or expenditure  
19 in the name of another person, and a person shall not  
20 knowingly accept a contribution or expenditure made by one  
21 person in the name of another. For the purpose of this  
22 section, a contribution or expenditure made by one person  
23 which is ultimately reimbursed by another person who has not  
24 been identified as the ultimate source or recipient of the  
25 funds is considered to be an illegal contribution or  
26 expenditure in the name of another.

27 2. Any person who accepts a contribution which is not from  
28 the person listed on the check or the subsequent campaign  
29 disclosure report shall be liable to pay the state the entire  
30 amount of the contribution. The statute of limitations shall  
31 not apply to this subsection, and repayments to the state  
32 shall be made as long as the person or any committee  
33 controlled by such a person has any funds sufficient to pay  
34 the state.

35 3. Contributions made directly or indirectly to or on

1 behalf of a particular candidate through an intermediary or  
2 conduit shall be treated as contributions from the contributor  
3 and the intermediary or conduit to the candidate for the  
4 purposes of this limitation unless the intermediary or conduit  
5 is one of the following:

6 a. The candidate or a representative of the candidate  
7 receiving contributions on behalf of the candidate. However,  
8 the representative shall not include the following persons:

9 (1) A committee other than the candidate's committee.

10 (2) An officer, employee, or agent of a committee other  
11 than the candidate's committee.

12 (3) A person registered as a lobbyist with the  
13 governmental agency for which the candidate is running or is  
14 an officeholder.

15 (4) An officer, employee, or agent of a corporation or  
16 labor organization acting on behalf of the corporation or  
17 organization.

18 b. A volunteer, who otherwise does not fall under  
19 paragraph "a", hosting a fundraising event outside the  
20 volunteer's place of business.

21 4. A person shall not make and a person, other than a  
22 candidate or the candidate's committee, shall not accept any  
23 contribution on the condition or with the agreement that it  
24 will be contributed to any particular candidate. The  
25 expenditure of funds received by a person shall be made at the  
26 sole discretion of the person.

27 5. Any candidate or committee receiving funds, the  
28 original source of which was a loan, shall be required to list  
29 the lender as a contributor. No candidate or committee shall  
30 knowingly receive funds from a contributor who has borrowed  
31 the money without listing the original source of said money.

32 Sec. 10. Section 56.13, subsection 1, Code 1997, is  
33 amended to read as follows:

34 1. a. Action involving a contribution or expenditure  
35 which must be reported under this chapter and which is taken

1 by any person, candidate's committee, or political committee  
2 on behalf of a candidate, if known and approved by the  
3 candidate, shall be deemed action by the candidate and  
4 reported by the candidate's committee. It shall be presumed  
5 that a candidate approves the action if the candidate had  
6 knowledge of it and failed to file a statement of disavowal  
7 with the commissioner or board and take corrective action  
8 within seventy-two hours of the action.

9 b. A person that makes contributions to a candidate or to  
10 the candidate's committee aggregating one hundred dollars or  
11 more in any election cycle shall be considered to be acting in  
12 concert with that candidate and shall not make independent  
13 expenditures or contributions that exceed the applicable  
14 limitations in this chapter.

15 c. An expenditure shall not be considered independent, and  
16 shall be treated as a contribution from the person making the  
17 expenditure to the candidate on whose behalf, or for whose  
18 benefit, the expenditure is made if the expenditure is made  
19 either:

20 (1) With the cooperation of, or in consultation with, any  
21 candidate or candidate's committee or an agent of the  
22 candidate.

23 (2) In concert with, or at the request or suggestion of,  
24 any candidate or candidate's committee or an agent of the  
25 candidate.

26 (3) Under any arrangement, coordination, or direction with  
27 respect to the candidate or the candidate's agent and the  
28 person making the expenditure.

29 (4) By a candidate or officeholder supporting another  
30 candidate or officeholder of the same political party.

31 For purposes of this paragraph, the person making the  
32 expenditure shall include any officer, director, employee, or  
33 agent of that person.

34 d. A person, candidate's committee, or political committee  
35 taking such action independently in support of or in

1 opposition to a candidate involving a contribution or  
2 expenditure of one thousand dollars or more that is action  
3 independent of that any candidate's committee shall notify  
4 that the favorably affected candidate's committee, all  
5 candidates running for the same office, and the board in  
6 writing by facsimile transmission or overnight delivery within  
7 twenty-four hours of-taking-the-action each time that the  
8 threshold is met. The notification shall provide the cost of  
9 the promotion at fair market value.

10 ~~The notification shall provide that candidate's committee~~  
11 ~~with the cost of the promotion at fair market value.--A copy~~  
12 ~~of the notification shall be sent to the board.~~

13 e. Notwithstanding any provision to the contrary, any  
14 committee that makes independent expenditures of one thousand  
15 dollars or more in support of or in opposition to any  
16 candidate shall not accept a contribution from any person that  
17 exceeds two hundred fifty dollars per elections cycle.

18 f. Any Notwithstanding the other provisions of this  
19 subsection, any person who makes expenditures or incurs  
20 indebtedness, other than incidental expenses incurred in  
21 performing volunteer work, in support or opposition of a  
22 candidate for public office shall notify the appropriate  
23 committee and provide necessary information for disclosure  
24 reports.

25 Sec. 11. NEW SECTION. 56.14A DISCLOSURES IN  
26 ADVERTISEMENTS.

27 1. For purposes of this section:

28 a. "Advertisement" means any general or public  
29 advertisement which is authorized and paid for by a person or  
30 committee for the purpose of supporting or opposing a  
31 candidate for public office or a ballot issue or issues.  
32 "Advertisement" does not include a communication from an  
33 organization other than a national political party to its  
34 members, a campaign button smaller than ten inches in  
35 diameter, a bumper sticker smaller than sixty square inches,

1 or other advertisement as determined by rules of the board.

2 b. "Cumulative contributions" means the cumulative  
3 contributions to a committee beginning the first day the  
4 statement of organization is filed under section 56.5 and  
5 ending within seven days of the time the advertisement is sent  
6 to the printer or broadcast station.

7 2. Any advertisement for or against any ballot issue shall  
8 include a disclosure statement identifying any person whose  
9 cumulative contributions are ten thousand dollars or more.

10 3. Any committee that supports or opposes one or more  
11 ballot issues shall name and identify itself using a name or  
12 phrase that clearly identifies the economic or other special  
13 interest of its major donors of ten thousand dollars or more.

14 a. If the major donors of ten thousand dollars or more  
15 share a common employer, the identity of the employer shall  
16 also be disclosed.

17 b. Any committee which supports or opposes a ballot issue  
18 shall print or broadcast its name as provided in this section  
19 as part of any advertisement or other paid public statement.

20 c. If a candidate or the candidate's committee, as a group  
21 or individually, meets the contribution thresholds for a  
22 person, they shall be identified by the candidate's name.

23 4. The committee placing an advertisement or persons  
24 acting in concert with that committee shall be prohibited from  
25 creating or using a political committee or statutory political  
26 committee to avoid, or that results in the avoidance of, the  
27 disclosure of any individual, industry, business entity, or  
28 committee as a major funding source.

29 5. If the expenditure for a broadcast or mass mailing  
30 advertisement that expressly advocates the election or defeat  
31 of any candidate or any ballot issue is an independent  
32 expenditure, the committee shall include on the advertisement  
33 the names of the two persons making the largest contributions  
34 to the committee making the independent expenditure. If an  
35 acronym is used to specify any committee names required by

1 this section, the names of any sponsoring organization of the  
2 committee shall be printed on print advertisements or spoken  
3 in broadcast advertisements. For the purposes of determining  
4 the two contributors to be disclosed, the contributions of  
5 each person to the committee making the independent  
6 expenditure during the one-year period before the election  
7 shall be aggregated.

8 6. Any disclosure statement required by this section shall  
9 be printed clearly and legibly in no less than ten point type  
10 and in a conspicuous manner as defined by rule by the board  
11 or, if the communication is broadcast, the information shall  
12 be spoken so as to be clearly audible and understood by the  
13 intended public and otherwise appropriately conveyed for the  
14 hearing-impaired.

15 7. The committee shall be required to disclose, in  
16 addition to the committee name, only its highest major  
17 contributor in any advertisement which is either of the  
18 following:

19 a. An electronic broadcast of fifteen seconds or less.

20 b. A newspaper, magazine, or other public print media  
21 advertisement which is twenty square inches or less.

22 8. When a committee files an amended campaign statement,  
23 the committee shall change its advertisements to reflect the  
24 changed disclosure information.

25 9. Any person who violates this section is liable for a  
26 fine of up to three times the cost of the advertisement,  
27 including placement costs.

28 Sec. 12. NEW SECTION. 56.15B LIMITATIONS ON CONTRIBUTION  
29 AMOUNTS.

30 1. a. An individual or political committee other than a  
31 small contributor political committee shall not make  
32 contributions to a candidate or the candidate's committee  
33 that, during any election campaign cycle, in the aggregate,  
34 exceed two hundred fifty dollars.

35 b. A candidate or the candidate's committee shall not

1 accept contributions from any individual or political  
2 committee other than a small contributor political committee  
3 that, during any election campaign cycle, in the aggregate,  
4 exceed two hundred fifty dollars.

5 2. a. A person shall not make contributions to a  
6 political committee that, during any calendar year, in the  
7 aggregate, exceed five hundred dollars.

8 b. A political committee shall not accept contributions  
9 from any person that, during any calendar year, in the  
10 aggregate, exceed five hundred dollars.

11 3. a. A small contributor political committee shall not  
12 make contributions to a candidate or the candidate's committee  
13 that, during any election campaign cycle, in the aggregate,  
14 exceed five hundred dollars.

15 b. A candidate or candidate's committee shall not accept  
16 contributions from any small contributor political committee  
17 that, during any election campaign cycle, in the aggregate,  
18 exceed five hundred dollars.

19 4. a. A person shall not make contributions to a  
20 statutory political committee that, during any calendar year,  
21 in the aggregate, exceed five thousand dollars.

22 b. A statutory political committee shall not accept  
23 contributions from any person that, during any calendar year,  
24 in the aggregate, exceed five thousand dollars.

25 c. This subsection does not apply to transfers of funds  
26 from a candidate's account pursuant to section 56.42.

27 5. A person other than a statutory political committee  
28 shall not make contributions that, during any two-year period,  
29 in the aggregate, exceed twenty-five thousand dollars to all  
30 candidates, candidate's committees, and statutory political  
31 committees.

32 Sec. 13. NEW SECTION. 56.15C TIME RESTRICTIONS FOR  
33 CONTRIBUTIONS.

34 1. Except as provided in subsection 2, a candidate or the  
35 candidate's committee shall not accept contributions except

1 during the six months before any primary, general, or special  
2 election in which the candidate is listed on the ballot or is  
3 campaigning as a write-in candidate. Notwithstanding this  
4 limitation, if a candidate is not required to participate in a  
5 primary election, then the candidate or the candidate's  
6 committee shall not accept contributions except during the six  
7 months before the general or special election.

8 2. If a candidate or the candidate's committee has  
9 outstanding bills or debts after an election that exceed the  
10 funds available for paying such bills or debts, the candidate  
11 or candidate's committee may accept contributions for up to  
12 ninety days following the election, provided that such  
13 contributions are used only to pay outstanding bills or debts.

14 Sec. 14. Sections 56.31 through 56.34 are enacted as a new  
15 subchapter of chapter 56, entitled "Voluntary Expenditure  
16 Limits".

17 Sec. 15. NEW SECTION. 56.31 LIMITS AND REGISTRATION.

18 1. A candidate for legislative or statewide office,  
19 including the candidate's committee, who voluntarily accepts  
20 expenditure ceilings pursuant to this subchapter shall not  
21 make campaign expenditures above the following amounts:

22 a. For a candidate for state representative, fifty  
23 thousand dollars in any election campaign cycle.

24 b. For a candidate for state senator, one hundred thousand  
25 dollars in any election campaign cycle.

26 c. For a candidate for statewide office, other than  
27 candidates for governor and lieutenant governor, five hundred  
28 thousand dollars in any election campaign cycle.

29 d. For candidates for governor and lieutenant governor,  
30 two million dollars combined in any election campaign cycle.

31 2. a. Each candidate for office shall file a statement of  
32 acceptance or rejection of the voluntary expenditure ceilings  
33 in subsection 1 before accepting any contributions.

34 b. If the candidate agrees to accept the expenditure  
35 ceilings, the candidate shall not be subject to the

1 contribution limitations in section 56.15B, but shall be  
2 subject to the contribution limitations in section 56.32.

3 If a candidate declines to accept the voluntary expenditure  
4 ceilings in subsection 1, the candidate shall be subject to  
5 the contribution limitations in section 56.15B.

6 c. Any candidate who declined to accept the voluntary  
7 expenditure ceilings but who nevertheless did not exceed the  
8 recommended spending limits prior to the official notice for  
9 the general election may file a statement of acceptance of the  
10 spending limits for the election campaign cycle, according to  
11 time requirements set by rule, and receive all the benefits  
12 accompanying such an agreement specified in this subchapter.

13 Sec. 16. NEW SECTION. 56.32 CONTRIBUTION LIMITS FOR  
14 QUALIFIED CANDIDATES.

15 1. a. If a candidate for the general assembly accepts the  
16 expenditure ceilings in section 56.31, a person, other than a  
17 small contributor political committee or a statutory political  
18 committee, shall not make to any such candidate or the  
19 candidate's committee contributions that, in any election  
20 campaign cycle, in the aggregate, exceed five hundred dollars.

21 b. If a candidate for statewide office accepts the  
22 expenditure ceilings in section 56.31, a person, other than a  
23 small contributor political committee or a statutory political  
24 committee, shall not make to any such candidate or the  
25 candidate's committee contributions that, in any election  
26 campaign cycle, in the aggregate, exceed one thousand dollars.

27 2. a. A candidate for the general assembly who has  
28 accepted the expenditure limitations in section 56.31, or the  
29 candidate's committee, shall not accept contributions from any  
30 person other than a small contributor political committee  
31 that, during any election campaign cycle, in the aggregate,  
32 exceed five hundred dollars.

33 b. A candidate for statewide office who has accepted the  
34 expenditure limitations in section 56.31, or the candidate's  
35 committee, shall not accept contributions from any person

1 other than a small contributor political committee that,  
2 during any election campaign cycle, in the aggregate, exceed  
3 one thousand dollars.

4 3. For purposes of the expenditure ceilings, qualified  
5 campaign expenditures made at any time up to the date of the  
6 general election shall be considered expenditures for that  
7 election. However, in the event that payments are made but  
8 the goods or services are not used during the period  
9 purchased, the payments shall be considered qualified campaign  
10 expenditures for the time period in which the goods or  
11 services are used. Payments for goods and services used in  
12 both periods shall be prorated.

13 4. If a candidate declines to accept voluntary expenditure  
14 ceilings and receives contributions, has cash on hand, or  
15 makes qualified expenditures equal to seventy-five percent or  
16 more of the recommended expenditure ceiling for that office,  
17 the voluntary expenditure ceiling shall be three times the  
18 limit specified in section 56.31 for any candidate running for  
19 the same legislative office, and two times the limit specified  
20 in section 56.31 for any candidate running for the same  
21 statewide office. Any candidate running for that office who  
22 originally accepted voluntary expenditure ceilings shall be  
23 exempt from the limits that statutory political committees may  
24 contribute to a candidate, and such candidates shall be  
25 permitted to continue receiving contributions at the amounts  
26 set forth in this section.

27 5. If a committee or committees in the aggregate spend in  
28 support or opposition to a candidate more than fifty percent  
29 of the applicable voluntary expenditure ceiling, the voluntary  
30 expenditure ceiling shall be three times the limit specified  
31 in section 56.31 for any candidate running for the same  
32 office. Any candidate running for that office who originally  
33 accepted voluntary expenditure ceilings shall be exempt from  
34 the limits that statutory political committees may contribute  
35 to a candidate, and such candidates shall be permitted to

1 continue receiving contributions at the amounts set forth in  
2 this section. Statutory political committees may contribute  
3 to a candidate, and such candidates shall be permitted to  
4 continue receiving contributions at the amounts set forth in  
5 this section.

6 6. The board shall require, by rule, candidates and  
7 committees to provide sufficient notice to the board and to  
8 all candidates for the same office that they are approaching  
9 and exceeding the thresholds set forth in this section.

10 Sec. 17. NEW SECTION. 56.33 ELECTION NOTICE.

11 1. a. All candidates for statewide office who voluntarily  
12 choose to limit their campaign expenditures in accordance with  
13 this subchapter may make, free of charge, a campaign statement  
14 in the notice of election under section 49.53 of one hundred  
15 words in primary and special elections, and two hundred words  
16 in general elections. Candidates for statewide office not  
17 choosing to limit their campaign expenditures in accordance  
18 with this subchapter may also publish a campaign statement of  
19 similar length and format in the notice of election, but shall  
20 be charged the pro rata cost of printing, handling,  
21 translating, and mailing the campaign statement. Such  
22 candidate statements shall not include any references to a  
23 candidate's opponent or opponents and may include a photograph  
24 of the candidate.

25 b. All candidates for the general assembly who voluntarily  
26 choose to limit their campaign expenditures may make, free of  
27 charge, a campaign statement in the notice of election under  
28 section 49.53 of one hundred words in primary and special  
29 elections, and two hundred words in general elections.  
30 Candidates for the general assembly not choosing to limit  
31 their campaign expenditures in accordance with this subchapter  
32 may also publish a campaign statement of similar length and  
33 format but shall be charged the pro rata cost of printing,  
34 handling, translating, and mailing the campaign statement.  
35 Such candidate statements shall not include any references to

1 a candidate's opponent or opponents and may include a  
2 photograph of the candidate.

3 2. The commissioner shall prominently designate on the  
4 ballot and in the notice of election those candidates who have  
5 voluntarily agreed to expenditure ceilings. The board shall  
6 prescribe by rule the method or methods for such designation.

7 Sec. 18. NEW SECTION. 56.34 ENFORCEMENT AND PENALTIES.

8 1. The board may conduct investigations and hold hearings  
9 on alleged violations of this subchapter pursuant to the  
10 board's powers under chapter 68B.

11 2. Any person who knowingly or willfully violates any  
12 provision of this subchapter is guilty of a serious  
13 misdemeanor.

14 3. In addition to other penalties provided by law, a civil  
15 fine of up to the greater of ten thousand dollars or three  
16 times the amount the person failed to report properly or  
17 unlawfully contributed, expended, given, or received shall be  
18 imposed upon conviction for each violation of this subchapter,  
19 during the sentencing for the criminal violation.

20 Sec. 19. Section 56.46, Code 1997, is amended by striking  
21 the section and inserting in lieu thereof the following;

22 56.46 OFFICEHOLDER EXPENSE ACCOUNT.

23 1. For the purpose of meeting expenses associated with the  
24 duties of office, including constituency services, an elected  
25 officeholder may establish one segregated account for  
26 officeholder expenses.

27 2. a. Aggregate contributions to an officeholder expense  
28 account shall not exceed ten thousand dollars within any  
29 calendar year.

30 b. A person shall not make contributions to an  
31 officeholder expense account that, during any calendar year,  
32 in the aggregate, exceed two hundred fifty dollars.

33 c. An elected officeholder or officeholder expense account  
34 shall not accept contributions that, during any calendar year,  
35 in the aggregate, exceed two hundred fifty dollars.

1 d. A registered lobbyist shall not make or facilitate the  
2 making of a contribution to an officeholder expense account.

3 e. Contributions to officeholder expense accounts shall  
4 not be considered campaign contributions.

5 3. All contributions and expenditures related to an  
6 officeholder expense account are subject to the disclosure  
7 requirements of this chapter.

8 4. Any funds remaining in an officeholder account after  
9 the elected officeholder has left office shall be distributed  
10 pursuant to the provisions of section 56.42.

11 Sec. 20. SEVERABILITY. If any provision of this Act is  
12 held invalid, the remainder of the Act shall continue to be  
13 applicable to the extent to which it can be given effect.

14 Sec. 21. EFFECTIVE DATE. This Act shall become effective  
15 January 1, 1999.

16 EXPLANATION

17 This bill amends Code chapter 56, regarding campaign  
18 finance.

19 Several new definitions are added to Code section 56.2, as  
20 well as new limitations on the definition of "contribution".

21 Code sections 56.3 and 56.3A are amended to require the  
22 disclosure of the name, address, occupation, and employer of  
23 each contributor of \$100 or more prior to depositing such  
24 funds in a candidate's committee's account.

25 Code section 56.6 is amended to provided that extensions of  
26 credit for more than 30 days, except for loans from a  
27 financial institution, are subject to contribution limitations  
28 contained elsewhere in the bill. A guarantor of a loan is  
29 also subject to such limitations.

30 Code section 56.12 is amended to provide that a  
31 contribution by a person other than the person listed on the  
32 check or disclosure statement must be turned over to the  
33 state. It also provides certain guidelines for the  
34 attribution of contributions to particular individuals.  
35 Contributions cannot be "earmarked" for the use of a

1 particular candidate.

2 Code section 56.13 is amended to provide that a contributor  
3 of \$100 or more during a campaign is deemed to act in concert  
4 with the candidate for the purposes of "independent"  
5 expenditures. Other guidelines are also added for judging if  
6 an expenditure is truly independent. A \$1,000 threshold is  
7 added for independent expenditures, which requires written  
8 notification to the candidate, the candidate's opponents, and  
9 the Iowa ethics and campaign disclosure board within 24 hours  
10 of each crossing of the threshold.

11 New Code section 56.14A is added, regarding certain  
12 disclosures that must be made in political advertisements.  
13 The name of a committee supporting any ballot issue must  
14 clearly identify the special interests of its major donors,  
15 and donors of \$10,000 or more must be listed, except in  
16 certain instances when only the highest donor must be  
17 indicated. The two largest donors must be disclosed in  
18 independent expenditures related to candidates.

19 New Code section 56.15B adds one set of contribution limits  
20 which apply to candidates who do not agree to the voluntary  
21 expenditure limits contained elsewhere in the bill.  
22 Individuals and most political committees are limited to  
23 contributions of \$250 to a candidate during an election  
24 campaign cycle. Small contributor political committees,  
25 composed of at least 100 members who have donated \$50 or less,  
26 are limited to a \$500 contribution to a candidate during an  
27 election campaign cycle. Contributions to political  
28 committees are limited to \$500, and contributions to political  
29 parties (statutory political committees) are limited to \$5,000  
30 in a calendar year. Aggregate contributions to all candidates  
31 and committees cannot exceed \$25,000 in any two-year period.

32 New Code section 56.15C places restrictions on the time  
33 period when contributions may be accepted. A candidate may  
34 accept contributions only during the six-month period prior to  
35 an election, unless the candidate has outstanding bills after

1 an election, in which case the candidate can continue to  
2 accept contributions for up to 90 days after an election, to  
3 the extent necessary to pay the outstanding debt.

4 A new subchapter is added to Code chapter 56 regarding  
5 voluntary expenditure limits. Candidates for state  
6 representative are limited to \$50,000, and candidates for  
7 state senator are limited to \$100,000 in any election campaign  
8 cycle. Candidates for statewide office other than governor  
9 are limited to \$500,000, and candidates for governor and  
10 lieutenant governor together are limited to \$2 million in any  
11 election campaign cycle. Candidates must file an acceptance  
12 or rejection of the limits prior to accepting any  
13 contributions. A candidate may initially decline the  
14 limitation, but may opt in prior to the general election,  
15 according to rule, if the candidate has not exceeded the  
16 spending limits for the election campaign cycle.

17 Candidates who accept these expenditure limitations are  
18 entitled to higher contribution limits from donors: \$500 for  
19 general assembly candidates, and \$1,000 for statewide office  
20 candidates. If a candidate declines the voluntary expenditure  
21 limits, and spends a certain amount during the campaign, the  
22 candidate's opponents are not bound by the limitations.  
23 Independent expenditures of a certain level may also result in  
24 certain candidates being released from expenditure  
25 limitations.

26 Candidates who accept the expenditure limitations are  
27 entitled to publish a free, limited campaign statement in the  
28 official notice of election. Candidates who do not agree to  
29 the limits may publish such a statement at pro rata cost.

30 Enforcement of the expenditure limit provisions is handled  
31 pursuant to the board's investigation and hearing powers under  
32 Code chapter 68B. Violations of the new subchapter are  
33 serious misdemeanors. Additionally, civil penalties can range  
34 up to \$10,000 or three times the amount of an unreported  
35 contribution or expenditure.

1 Code section 56.46 is replaced to permit each elected  
2 officeholder to establish a segregated officeholder expense  
3 account that may accept contributions of up to \$10,000 per  
4 year, in increments of \$250 per contributor. Contributions  
5 are not considered campaign contributions, and may not be made  
6 by lobbyists. Contributions and expenditures to the account  
7 must be disclosed under Code chapter 56. Funds remaining in  
8 an account when an official leaves office may be transferred  
9 according to the provisions of Code section 56.42.

10 The Act contains an effective date of January 1, 1999, and  
11 also contains a severability clause.

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