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HOUSE FILE 78

STATE GOVERNMENT

BY JOCHUM and FALLON

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

**A BILL FOR**

1 An Act relating to the partial financing of campaigns for state  
 2 office from income tax revenues, providing limitations on the  
 3 amounts that candidates for state office may expend on  
 4 campaigns, providing for public matching funds for state  
 5 campaigns and a standing appropriation, providing penalties,  
 6 and providing effective dates.

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

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HF 78

1 Section 1. NEW SECTION. 56.31 LIMITATIONS ON CAMPAIGN  
2 EXPENDITURES.

3 1. For purposes of sections 56.31 through 56.39G, a  
4 candidate for governor and a candidate for lieutenant  
5 governor, running together, shall be deemed to be a single  
6 candidate. All expenditures made by and expenditures made on  
7 behalf of the candidate for lieutenant governor, that are  
8 approved by the candidate as provided under section 56.13,  
9 shall be considered to be expenditures by and approved  
10 expenditures on behalf of the candidate for governor.

11 2. Except as otherwise provided in subsection 7, in a year  
12 in which a general election is held for a state office sought  
13 by a candidate for that office, expenditures shall not be made  
14 by the candidate's committee for that candidate, and  
15 expenditures made on behalf of the candidate that are approved  
16 and imputed to a candidate under section 56.13 shall not be  
17 made, if the sum of the candidate's committee expenditures and  
18 approved expenditures exceeds the following:

- 19 a. For governor and lieutenant governor, running together,  
20 one million five hundred thousand dollars.
- 21 b. For attorney general, one hundred fifty thousand  
22 dollars.
- 23 c. For each of the offices of secretary of state, state  
24 treasurer, secretary of agriculture, and state auditor, one  
25 hundred thousand dollars.
- 26 d. For state senator, twenty-five thousand dollars.
- 27 e. For state representative, fifteen thousand dollars.

28 3. The limits prescribed in this section shall not apply  
29 to any expenditure made or approved under section 56.13, or  
30 any advance of credit incurred before January 1, 1997, unless  
31 the goods or services for which they were made or incurred are  
32 consumed or used after January 1, 1997. For purposes of this  
33 section, an expenditure shall be deemed to be made at the time  
34 that the action incurring the expense occurs, not at the time  
35 that payment for the expense is made.

1 4. The limits imposed under subsection 2 shall also apply  
2 to a contested race in a primary, but amounts expended in the  
3 primary election shall be calculated separately from and shall  
4 not count towards calculations relating to the limits and  
5 threshold amounts specified for the general election.

6 5. In any year following a year in which a general or  
7 special election is held for the state office held or sought,  
8 the candidate's committee for a person who was a candidate for  
9 or is the holder of the office shall not make, nor shall the  
10 person approve under section 56.13, expenditures on behalf of  
11 the candidate or holder of the office in excess of twenty  
12 percent of the expenditure limits set forth in subsection 2.

13 6. On or before December 31 of each nonelection year, the  
14 board shall determine and adopt rules establishing the  
15 expenditure limits for each office specified in subsection 2  
16 for the next calendar year.

17 7. a. The expenditure limits imposed under this section  
18 apply only to candidates in a contested election for a state  
19 office who agree and whose opponents agree to be bound by the  
20 limits imposed by this section and section 56.32. Candidates  
21 who agree to abide by the limits contained in this section  
22 shall, if they are otherwise eligible to receive a public  
23 subsidy, receive a public subsidy for their campaigns from the  
24 Iowa elections campaign fund as provided in section 56.39.

25 b. A candidate of a political party, as defined under  
26 section 43.2, or a candidate of a qualified nonparty political  
27 organization under chapter 44, who agrees to be bound by the  
28 limits specified under this section and who receives a public  
29 subsidy, but who has an opponent who is a member of a  
30 political party under section 43.2 and who does not agree to  
31 be bound by the limits imposed under this section and is  
32 otherwise eligible to receive a public subsidy, shall not be  
33 bound by the limits imposed under this section and shall  
34 remain eligible to receive a public subsidy.

35 c. A candidate shall clearly disclose, in the manner

1 provided in section 56.14, on all campaign material, whether  
2 the material is in a written, audio, or visual format, whether  
3 the candidate has agreed to limit the receipt of contributions  
4 and expenditure of funds in the manner provided in this  
5 chapter.

6 For purposes of this subsection, "otherwise eligible to  
7 receive a public subsidy" means that a candidate meets the  
8 requirements of this section and sections 56.32, 56.39B, and  
9 56.39D, the candidate has agreed to participate in at least  
10 one public debate that is subject to the oversight of an  
11 impartial sponsor, and the candidate has filed an affidavit of  
12 matching funds under section 56.39E.

13 Sec. 2. NEW SECTION. 56.32 CONTRIBUTIONS LIMITATIONS.

14 1. In addition to the requirements contained in section  
15 56.31, a candidate who is otherwise eligible to receive a  
16 public subsidy shall also meet the requirements contained in  
17 this section regarding receipt of contributions, as a  
18 condition of receiving those funds.

19 2. Candidates for the office of state representative or  
20 state senator shall meet the following limitations on receipt  
21 of contributions:

22 a. Contributions received from private individuals shall  
23 not exceed two hundred dollars per individual.

24 b. Seventy-five percent of the contributions received from  
25 private individuals shall be from individuals who reside  
26 within the district represented by the office sought.

27 c. Contributions received from family members of the  
28 candidate shall not exceed five hundred dollars per family  
29 member.

30 d. Contributions from the candidate's own personal funds  
31 shall not exceed one thousand dollars.

32 3. Candidates for any statewide elected office shall meet  
33 the following limitations on receipt of contributions:

34 a. Contributions received from private individuals shall  
35 not exceed five hundred dollars per individual.

1 b. Seventy-five percent of the contributions received from  
2 private individuals shall be from individuals who reside  
3 within the state.

4 c. Contributions received from family members of the  
5 candidate shall not exceed one thousand dollars per family  
6 member.

7 d. Contributions from the candidate's own personal funds  
8 shall not exceed fifteen thousand dollars.

9 4. The limitations contained in this section shall also  
10 apply to the matching funds amount required to be raised by a  
11 candidate under section 56.39E.

12 Sec. 3. NEW SECTION. 56.32A MULTICANDIDATE POLITICAL  
13 PARTY EXPENDITURES.

14 Notwithstanding any other provisions of this chapter, the  
15 following expenditures by a state statutory or county  
16 statutory political committee, a national political party, or  
17 a nonparty political organization shall not be considered  
18 contributions to or expenditures on behalf of any candidate  
19 for purposes of section 56.31 or 56.32, and shall not be  
20 allocated to any candidates pursuant to section 56.13:

21 1. Expenditures made on behalf of candidates of that party  
22 generally, that do not refer to any specific candidate in any  
23 advertisement published, posted, or broadcasted.

24 2. Expenditures made for the preparation, display,  
25 mailing, or other distribution of an official party sample  
26 ballot listing the names of three or more individuals whose  
27 names are to appear on the ballot.

28 3. Expenditures made for any telephone conversation  
29 including the names of three or more individuals whose names  
30 are to appear on the ballot.

31 4. Expenditures made for any political party fundraising  
32 effort on behalf of three or more candidates.

33 Sec. 4. NEW SECTION. 56.33 ADJUSTMENT OF LIMITATIONS BY  
34 ANNUAL INFLATION FACTOR.

35 The limitations on expenditures contained in section 56.31,

1 subsection 2, shall be adjusted for general election years, as  
2 provided in this section. By June 1 of a year in which a  
3 general election is to be held, the board shall determine the  
4 amounts by which the limits established in section 56.31,  
5 subsection 2, are to be increased. The amounts of the  
6 increases shall equal the percentage of change represented by  
7 the annual inflation factor, as defined under section 422.4,  
8 subsection 1, paragraph "a", for the year immediately  
9 preceding the year in which the election is to be held minus  
10 the annual inflation factor for the year immediately preceding  
11 the year in which the last general election was held,  
12 multiplied by each of the limits established under section  
13 56.31, subsection 2. Any amounts established under this  
14 section shall be rounded up to the next highest whole dollar  
15 figure. The board shall publish the products of the  
16 calculation of increases and the new limits represented by the  
17 addition of increases to the limits established under section  
18 56.31, subsection 2, in the administrative bulletin. The new  
19 limits as published in the administrative bulletin shall  
20 constitute the limits for the general election that is to be  
21 held that year.

22 Sec. 5. NEW SECTION. 56.34 PENALTY FOR EXCEEDING LIMITS.

23 1. If a candidate who has agreed to abide by the  
24 expenditure limits contained in section 56.31 permits the  
25 person's candidate's committee to make expenditures or  
26 approves expenditures pursuant to section 56.13, in excess of  
27 the limits imposed under section 56.31, the board shall impose  
28 a civil penalty upon the candidate in an amount not to exceed  
29 four times the amount by which the expenditures exceeded the  
30 limit.

31 2. If a candidate who has agreed to abide by the  
32 contributions limits contained in section 56.32 permits the  
33 person's candidate's committee to receive contributions, in  
34 excess of the limits imposed under section 56.32, the board  
35 shall impose a civil penalty upon the candidate in an amount

1 equal to four times the amount by which the contributions  
2 exceed the limit.

3 3. If the board finds that there is reason to believe that  
4 excess expenditures have been made or excess contributions  
5 have been accepted contrary to the provisions of this section  
6 and sections 56.31 and 56.32, the board shall make every  
7 effort, for a period of not less than fourteen days after  
8 making the finding, to resolve the matter by informal methods  
9 of dispute resolution. Any agreement reached between the  
10 board and a candidate shall be a matter of public record.  
11 Unless the terms of the agreement are violated, the agreement  
12 shall be a bar to any other civil proceeding under this  
13 section.

14 4. If the board is unable to resolve the matter  
15 informally, the board shall make a public finding of probable  
16 cause and may proceed as provided under sections 68B.32B and  
17 68B.32C or may refer the matter to the appropriate county  
18 attorney, or both. Moneys collected by the board pursuant to  
19 this section shall be deposited in the Iowa elections campaign  
20 fund.

21 Sec. 6. NEW SECTION. 56.35 FREEDOM TO ASSOCIATE AND  
22 COMMUNICATE.

23 Nothing in this chapter shall be construed to abridge the  
24 right of an association to communicate with its members.

25 Sec. 7. NEW SECTION. 56.36 CIRCUMVENTION PROHIBITED.

26 Any attempt by an individual or association to circumvent  
27 the provision of sections 56.31 through 56.34 by redirecting  
28 funds through, or contributing funds on behalf of, another  
29 person is an aggravated misdemeanor.

30 Sec. 8. NEW SECTION. 56.37 IOWA ELECTIONS CAMPAIGN FUND.

31 An Iowa elections campaign fund is established within the  
32 office of the treasurer of state. The fund shall consist of  
33 funds paid by persons as provided in section 56.38. Within  
34 the Iowa elections campaign fund the treasurer shall maintain  
35 a separate political party account for each of the central or

1 executive committees of political parties or qualified  
2 nonparty political organizations and a general account for the  
3 candidates for state office.

4 Sec. 9. NEW SECTION. 56.38 DESIGNATION OF INCOME TAX  
5 PAYMENTS.

6 1. Every individual resident of Iowa who files an income  
7 tax return with the department of revenue and finance, and  
8 whose state income tax liability for any taxable year is five  
9 dollars or more, may designate on their original return that  
10 five dollars of that liability be paid into the Iowa elections  
11 campaign fund. If a husband and wife file a joint return,  
12 each spouse may designate that five dollars be paid into the  
13 fund. An individual shall not be allowed to designate or  
14 withhold more than five dollars in any year.

15 2. The taxpayer, in making the designation, may designate  
16 that the amount designated be paid into the account of a  
17 political party or into the general account. All  
18 contributions directed to the Iowa elections campaign fund by  
19 taxpayers who do not designate a political party or who do not  
20 designate that moneys are to be paid to the general account  
21 shall be divided evenly between the general account and the  
22 party account, and evenly divided between political parties  
23 and qualified nonparty political organizations within the  
24 party account.

25 3. The director of revenue and finance shall provide, on  
26 the first page of the income tax form, a space for the  
27 individual to indicate a desire to allocate five dollars, or  
28 ten dollars in the case of a joint return, from the general  
29 fund of the state to finance the election campaigns of state  
30 candidates. The form shall also contain language prepared by  
31 the director that permits the individual to direct the state  
32 to allocate the five dollars, or ten dollars in the case of a  
33 joint return, as follows:

34 a. To a political party as defined under section 43.2 or  
35 to a political organization, which does not meet the



1 requirements of section 43.2, but which has nominated  
2 candidates or has candidates' names placed on the ballot and  
3 meets the requirements of subsection 5.

4 b. To all candidates for statewide office who receive at  
5 least five percent of the votes cast in the general election  
6 and to all candidates for legislative office who received at  
7 least ten percent of the votes cast in the general election  
8 for the specific office for which they were candidates.

9 4. Each employer or withholding agent, as defined under  
10 section 422.4, shall permit each individual to whom wages are  
11 paid the option of withholding amounts not to exceed one  
12 dollar from any one paycheck or a total of not more than five  
13 dollars from all paychecks for purposes of depositing the  
14 moneys into the Iowa elections campaign fund. In the event  
15 that an employee elects to withhold funds from the employee's  
16 paycheck, the employee shall direct the state to allocate any  
17 moneys withheld by making the appropriate designation on the  
18 employee's income tax form.

19 5. A nonparty political organization under chapter 44  
20 which does not meet the criteria established for designation  
21 as a political party under section 43.2 qualifies for  
22 inclusion on the income tax form under this section and  
23 receipt of a public subsidy under this chapter, if all of the  
24 following criteria are met:

25 a. The organization files a petition for inclusion on the  
26 form by June 1 of the taxable year or, if the organization ran  
27 a candidate for statewide office, the office shall have been  
28 the office of governor and lieutenant governor, secretary of  
29 state, auditor of state, treasurer of state, secretary of  
30 agriculture, or attorney general.

31 b. The secretary of state has certified to the director of  
32 revenue and finance and the treasurer of state that the  
33 organization is a qualified political organization.

34 6. The secretary of state shall certify that a political  
35 organization is qualified, for purposes of inclusion on the

1 income tax form as provided in this section, if the political  
2 organization nominated and ran a candidate for a statewide  
3 office as provided in chapter 44; the political organization  
4 held a convention or caucus in the last two years, adopted a  
5 state constitution, and elected state officers; and the  
6 political organization has filed the certificate required  
7 under section 44.3 relating to nomination of candidates at the  
8 convention or caucus.

9 7. The amounts designated by and collected from individual  
10 taxpayers are appropriated from the general fund. The  
11 director of revenue and finance shall remit funds in an amount  
12 equal to ninety percent of the estimated receipts, as  
13 determined under section 56.39C, on a quarterly basis to the  
14 treasurer of state who shall deposit the funds in the  
15 appropriate accounts within the Iowa elections campaign fund.  
16 By the beginning of the last calendar quarter of the calendar  
17 year, the director shall determine the difference, if any,  
18 between the estimated receipts and actual amounts necessary to  
19 make the payments required under this chapter and adjust  
20 payments to each account during the last calendar quarter to  
21 reflect the difference.

22 Sec. 10. NEW SECTION. 56.39 ALLOCATION OF FUNDS TO  
23 CANDIDATES AND PARTIES.

24 1. In each calendar year the matching funds in the general  
25 account shall be allocated to candidates who are otherwise  
26 eligible to receive a public subsidy as provided under section  
27 56.31, subsection 7, on a dollar-for-dollar basis in the  
28 following amounts:

29 a. Up to five hundred dollars for each of the following  
30 offices: governor and lieutenant governor together, attorney  
31 general, secretary of state, auditor of state, secretary of  
32 agriculture, and treasurer of state.

33 b. Up to two hundred dollars for each of the following  
34 offices: state senator and state representative.

35 2. In an election year, the money in the party account

1 shall be allocated to each political party and qualified  
2 nonparty political organization according to the designations  
3 made by taxpayers on the income tax forms.

4 3. Notwithstanding section 8.33, money contained in either  
5 the party or general account that is not distributed in any  
6 election year shall not revert to the general fund of the  
7 state. Money from the general account refused by any  
8 candidate shall be deposited in the fund for later  
9 distribution. Interest earned on moneys deposited in either  
10 account shall be credited to the respective account.

11 Sec. 11. NEW SECTION. 56.39A CERTIFICATION --  
12 DISTRIBUTION OF FUNDS.

13 1. The director of revenue and finance shall certify to  
14 the treasurer of state on September 15, the amount of  
15 available funds in each party account. In the event that, on  
16 the date of certification of available funds in the party  
17 account, less than ninety-eight percent of the tax returns  
18 have been processed, the director shall on December 7 certify  
19 to the board, which shall in turn certify to the treasurer of  
20 state within one week, the amount to be distributed under  
21 subsection 2.

22 2. Money allocated to an executive or central committee in  
23 the Iowa elections campaign fund shall be paid by the  
24 treasurer of state to each committee during the election year  
25 on a monthly basis. Before July 1 of an election year, the  
26 director of revenue and finance shall send the estimate of the  
27 amount of tax moneys that will be in the party account to the  
28 board. The board shall calculate an estimated amount to be  
29 received by each executive or central committee and forward  
30 the estimates to the treasurer of state and each executive or  
31 central committee that is eligible to receive funds under this  
32 section. Quarterly payments made by the department of revenue  
33 and finance to the treasurer of state shall be deposited into  
34 the party account no later than the fifteenth day of the  
35 calendar month following the end of the calendar quarter. The

1 treasurer of state shall make payments to each committee  
2 during the election year in monthly installments, that shall  
3 be as nearly equal as possible. The amounts paid to each  
4 state committee are subject to adjustment and settlement at  
5 the time of the last payment by the department of revenue and  
6 finance. If the total amounts paid to the executive or  
7 central committee of each political party or qualified  
8 political organization for the calendar year are different  
9 from the amount that should have been received during the same  
10 period according to actual income tax receipts, the last  
11 quarterly payment must be increased or decreased to the  
12 fullest extent possible until the amount of the overpayment is  
13 recovered or the underpayment is distributed.

14 3. Upon receipt of an affidavit of matching funds, the  
15 board shall forward the name, the office sought, and mailing  
16 address of the candidate's committee of the candidate named in  
17 the affidavit to the treasurer of state. Within two weeks  
18 after receipt of the affidavit of matching funds, the  
19 treasurer of state shall distribute the appropriate amount to  
20 the candidate named in the affidavit, according to the  
21 allocations specified under section 56.39.

22 4. The board shall not use the information contained in  
23 any supplementary report of a candidate's committee made as  
24 provided in section 56.6, subsection 1, paragraph "b", for  
25 purposes of reducing the amount due that candidate from the  
26 general account.

27 5. For purposes of this section and section 56.39, a  
28 write-in candidate is a candidate only if the candidate meets  
29 the requirements contained in section 56.38, subsection 3,  
30 paragraph "b", and signs the agreement as provided in section  
31 56.39D.

32 Sec. 12. NEW SECTION. 56.39B SPECIAL ELECTION SUBSIDY.

33 1. Each eligible candidate for a legislative office in a  
34 special election shall be eligible for a public subsidy equal  
35 to the amount available to a candidate for the same office

1 during a general election.

2 2. If the date for filing nomination papers for the  
3 special election does not coincide with the filing period for  
4 the general election, a candidate who wishes to receive the  
5 public subsidy provided for in this section shall submit a  
6 signed agreement under section 56.39D to the board not later  
7 than the day after the candidate files the nomination papers  
8 for the office. To receive a subsidy, the candidate shall  
9 meet the matching requirements contained in section 56.39E,  
10 except that the dates in that section shall not apply to a  
11 special election in which the filing period does not coincide  
12 with the filing period for the general election. To the  
13 extent feasible, the special election subsidy shall be  
14 distributed in the same manner as money is distributed to  
15 candidates in a general election.

16 3. The amount necessary to make the payment required by  
17 this section is appropriated from the general fund of the  
18 state to the treasurer of state.

19 Sec. 13. NEW SECTION. 56.39C ESTIMATES OF SIZE OF PARTY  
20 ACCOUNT -- CERTIFICATION OF NUMBER OF CANDIDATES.

21 1. The department of revenue and finance shall calculate  
22 and certify to the board before July 1 in an election year an  
23 estimate of the total amount in the state party account to the  
24 Iowa elections campaign fund and the amount of money that each  
25 executive or central committee of a party or nonparty  
26 political organization which qualifies, as provided in section  
27 56.38, subsection 3, paragraph "a", may receive from the party  
28 account in the Iowa elections campaign fund. This estimate  
29 shall be based upon the allocations provided in section 56.39.

30 2. Before the first day of filing nomination papers  
31 specified under section 43.11, the board shall publish and  
32 forward to all filing officers the revised expenditure limits  
33 and amounts specified under section 56.39 for public  
34 subsidies, along with a copy of sections 56.31 and 56.32.  
35 Within seven days after the last day specified under section

1 43.11 for the filing of nomination papers, the secretary of  
2 state shall certify to the board the name, address, office  
3 sought, and party affiliation of each candidate who has filed  
4 nomination papers. The commissioner of elections of each  
5 county shall certify to the board the same information for  
6 each candidate who has filed nomination papers in that county.

7 Sec. 14. NEW SECTION. 56.39D PUBLIC SUBSIDY AGREEMENTS.

8 1. As a condition of receiving a public subsidy from the  
9 Iowa elections campaign fund, a candidate shall sign and file  
10 a written agreement with the board in which the candidate  
11 agrees that the candidate will comply with sections 56.31,  
12 56.32, 56.39E, and 56.39F.

13 Before the first day specified under section 43.11 for the  
14 filing of nomination papers, the board shall forward agreement  
15 forms to the state and all county commissioners of elections.  
16 The board shall also provide agreement forms to candidates on  
17 request at any time. The candidate may sign an agreement and  
18 submit it along with the nomination papers to the  
19 commissioner. The commissioner shall promptly forward the  
20 agreement to the board. The candidate may also submit the  
21 agreement directly to the board at any time before September 1  
22 of the year in which the general election is to be held.  
23 Except as otherwise provided, an agreement shall not be signed  
24 or rescinded after September 1 of a year in which a general  
25 election is to be held.

26 If a vacancy occurs that will be filled by means of a  
27 special election and the filing period does not coincide with  
28 the filing period for the general election, a candidate may  
29 sign and submit a spending limit agreement at any time before  
30 the deadline for certification of candidacy under section  
31 43.88.

32 The board shall forward a copy of any agreement signed by a  
33 candidate under this section to the director of revenue and  
34 finance.

35 2. The expenditure limits agreement, as modified by any

1 adjustments in the applicable limits under section 56.33, that  
2 is executed by a candidate remains in effect for the candidate  
3 until the dissolution of the person's candidate's committee or  
4 the first day that nomination papers may be filed for the next  
5 succeeding election to the office held or sought at the time  
6 of the agreement, whichever first occurs.

7 Sec. 15. NEW SECTION. 56.39E MATCHING FUNDS  
8 CERTIFICATION.

9 In addition to the requirements of section 56.38,  
10 subsection 3, paragraph "b", and section 56.39D, to be  
11 eligible to receive a public subsidy from the Iowa elections  
12 campaign fund, a candidate shall file an affidavit with the  
13 board stating that the candidate has accumulated contributions  
14 equal to fifteen percent or more of the expenditure limit for  
15 the particular state office. The candidate or the candidate's  
16 treasurer shall submit the affidavit required by this section  
17 to the board in writing by October 1 of a general election  
18 year. Upon receipt of the affidavit of matching funds the  
19 board shall forward a copy of the affidavit to the treasurer  
20 of state.

21 Sec. 16. NEW SECTION. 56.39F RETURN OF PUBLIC SUBSIDY.

22 1. A candidate shall return all or a portion of the public  
23 subsidy received from the Iowa elections campaign fund under  
24 any of the following circumstances:

25 a. To the extent that receipt of the amount of the public  
26 subsidy received by the candidate would cause the candidate to  
27 exceed the expenditure limits for the office held or sought,  
28 as determined under section 56.31 and adjusted under section  
29 56.33, the treasurer of the candidate's committee shall return  
30 the excess to the board.

31 b. To the extent that the amount of public subsidy  
32 received exceeds the aggregate of actual expenditures made by  
33 the candidate's committee of a candidate and the expenditures  
34 made on behalf of the candidate and approved by the candidate  
35 under section 56.13, the treasurer of the candidate's

1 committee shall return an amount equal to the difference to  
2 the board.

3 Any amount required to be returned shall not exceed the  
4 amount of the public subsidy received by the candidate from  
5 the Iowa elections campaign fund.

6 2. Money in the account of a candidate's committee on  
7 January 1 of the election year for the office held or sought  
8 shall be considered to be contributions accepted by that  
9 candidate in that year for the purposes of the expenditure  
10 limits set forth in section 56.31, as adjusted as provided  
11 under section 56.33. The portion of contributions accepted by  
12 a candidate in an election year that equals the amount of  
13 noncampaign disbursements and contributions and expenditures  
14 to promote or defeat a ballot issue that are made by the  
15 candidate in that year shall not count toward the aggregate  
16 contributions and approved expenditure limit imposed under  
17 this section. For purposes of this section, a transfer from  
18 one candidate's committee to a political party shall be  
19 considered a noncampaign disbursement.

20 3. Each candidate shall determine if the candidate is  
21 required to return all or a portion of the public subsidy  
22 received from the Iowa elections campaign fund. Any amount  
23 required to be returned shall be submitted in the form of a  
24 check or money order and must accompany the report filed by  
25 the candidate on January 31 of the year immediately succeeding  
26 the year in which the election is held. The board shall  
27 forward the check or money order to the treasurer of state for  
28 deposit in the general fund of the state.

29 4. A candidate whose campaign spending is unlimited under  
30 section 56.31, subsection 7, and who certifies that the  
31 candidate made campaign expenditures equal to the full amount  
32 of the public financing received, is not required to return  
33 any portion of the money received from the Iowa elections  
34 campaign fund under subsection 1, paragraph "b".

35 Sec. 17. NEW SECTION. 56.39G REMEDIES.



1 In addition to any other remedy provided by law, a person  
2 charged with a duty under sections 56.39D through 56.39F shall  
3 be personally liable for any penalty imposed by the board for  
4 failing to discharge the duty.

5 The board may commence an action in district court in Polk  
6 county to enforce any order to pay any late filing fee imposed  
7 pursuant to this chapter. The board or a county attorney may  
8 seek an injunction in the district court to enforce the  
9 provisions of sections 56.39D through 56.39F.

10 Unless otherwise specifically provided, a violation of  
11 sections 56.39D through 56.39F is not a public offense.

12 Sec. 18. Section 56.13, subsection 1, unnumbered paragraph  
13 1, Code 1995, is amended to read as follows:

14 Action involving a contribution or expenditure which must  
15 be reported under this chapter and which is taken by any  
16 person, candidate's committee, or political committee on  
17 behalf of a candidate, if known and approved by the candidate,  
18 shall be deemed action by the candidate and reported by the  
19 candidate's committee. If a candidate has signed an agreement  
20 to limit the candidate's expenditures and receipt of  
21 contributions, the action involving an expenditure or  
22 contribution which must be reported under this chapter which  
23 is taken by any person, candidate's committee, or political  
24 committee on behalf of a candidate, if known and approved by  
25 the candidate, shall be deemed action by the candidate, shall  
26 be reported by the candidate's committee, and shall be  
27 credited against the candidate's expenditure or contribution  
28 limits pursuant to section 56.31 or 56.32. It shall be  
29 presumed that a candidate approves the action if the candidate  
30 had knowledge of it and failed to file a statement of  
31 disavowal with the commissioner or board and take corrective  
32 action within seventy-two hours of the action. A person,  
33 candidate's committee, or political committee taking such  
34 action independently of that candidate's committee shall  
35 notify that candidate's committee in writing within twenty-

1 four hours of taking the action. The notification shall  
2 provide that candidate's committee with the cost of the  
3 promotion at fair market value. Failure to file a notice  
4 required under this section, if a candidate has signed an  
5 agreement under section 56.39D, shall result in a fine of up  
6 to four times the amount of the expenditure. A copy of the  
7 notification shall be sent to the board. If a candidate files  
8 a statement of disavowal, but the board finds that the  
9 candidate benefits from the expenditure, the board shall  
10 credit the expenditure at its fair market value against the  
11 candidate's expenditure or contribution limits. The board may  
12 also authorize an increase in the candidate's opponent's  
13 expenditure or contribution limits in an amount equal to the  
14 fair market value of the disavowed expenditure.

15 Sec. 19. Section 56.14, Code 1995, is amended by adding  
16 the following new unnumbered paragraph:

17 NEW UNNUMBERED PARAGRAPH. In addition to the  
18 identification required in this section, the candidate's  
19 committee of each candidate shall include on all printed  
20 material, a statement, equal in size to the identification  
21 information, whether the candidate has agreed to abide by the  
22 limits imposed under sections 56.31 and 56.32. A similar  
23 statement shall also be included, vocally, in all radio and  
24 television commercials purchased on behalf of the candidate.  
25 Candidates who have signed an agreement to limit their  
26 campaign expenditures and contributions shall state the  
27 following: "(name of candidate) agreed to limit campaign  
28 spending and receipt of contributions." Candidates who refused  
29 to sign an agreement to limit their campaign expenditures and  
30 contributions shall state the following: "(name of candidate)  
31 refused to agree to limit campaign spending and receipt of  
32 contributions." The information required under this paragraph  
33 may be included on materials and commercials used by a  
34 candidate's opponent.

35 Sec. 20. Section 236.15A. unnumbered paragraph 5, Code

1 1995, is amended to read as follows:

2 The department of revenue and finance shall consult the  
3 crime victim assistance board concerning the adoption of rules  
4 to implement this section. However, before a checkoff  
5 pursuant to this section shall be permitted, all liabilities  
6 on the books of the department of revenue and finance and  
7 accounts identified as owing under section 421.17 and the  
8 political contribution allowed under section ~~56.18~~ 56.38 shall  
9 be satisfied.

10 Sec. 21. Section 422.12E, Code 1995, is amended to read as  
11 follows:

12 422.12E INCOME TAX RETURN CHECKOFFS LIMITED.

13 For tax years beginning on or after January 1, 1995, there  
14 shall be allowed no more than three income tax return  
15 checkoffs on each income tax return. When the same three  
16 income tax return checkoffs have been provided on the income  
17 tax return for three consecutive years, the checkoff for which  
18 the least amount has been contributed, in the aggregate for  
19 the first two tax years and through March 15 of the third tax  
20 year, shall be repealed. This section does not apply to the  
21 income tax return checkoff provided in section ~~56.18~~ 56.38.

22 Sec. 22. Section 456A.16, unnumbered paragraph 7, Code  
23 1995, is amended to read as follows:

24 The department shall adopt rules to implement this section.  
25 However, before a checkoff pursuant to this section shall be  
26 permitted, all liabilities on the books of the department of  
27 revenue and finance and accounts identified as owing under  
28 section 421.17 and the political contribution allowed under  
29 section ~~56.18~~ 56.38 shall be satisfied.

30 Sec. 23. Sections 56.18, 56.19, 56.20, 56.21, 56.22,  
31 56.23, 56.24, 56.25, and 56.26, Code 1995, are repealed.

32 Sec. 24. On the effective date of this Act, unencumbered  
33 and unexpended funds contained in the party accounts in the  
34 Iowa election campaign fund under section 56.19, shall be  
35 transferred to the respective parties' accounts in the Iowa

1 election campaign fund established under section 56.38. Any  
2 funds remitted to the treasurer of state by the director of  
3 revenue and finance pursuant to the requirements of sections  
4 56.18 and 56.19 after the effective date of this Act shall  
5 also be deposited in the appropriate parties' accounts or, if  
6 the taxpayer has not designated a political party to receive  
7 the funds, shall be evenly divided among all of the party  
8 accounts.

9 Sec. 25. Sections 1 through 7 and sections 10 through 22  
10 of this Act take effect January 1, 1997.

11 Sec. 26. Section 9 of this Act applies retroactively to  
12 January 1, 1995, for tax years beginning on or after that  
13 date.

14 EXPLANATION

15 This bill establishes expenditure and contribution limits  
16 for candidates for state office who agree, and whose opponents  
17 agree, to abide by the limits and provides for publicly  
18 subsidized matching funds for any candidate who agrees to the  
19 limits.

20 Section 1 establishes the expenditure limits for each state  
21 elective office. The limits are applicable separately to the  
22 general and primary elections, and amounts expended during a  
23 primary do not count towards the limits for the general  
24 election.

25 Section 2 establishes the contribution limits that are  
26 applicable to campaigns of candidates who agree to the limits.  
27 The limitations on contributions also apply to the threshold  
28 amount that must be raised before a candidate who agrees to  
29 restrict expenditures and contributions can receive a matching  
30 funds public subsidy.

31 Section 3 provides that expenditures made by a political  
32 party or nonparty political organization do not count towards  
33 the contribution or expenditure limits if they are made on  
34 behalf of all candidates of the party generally or are made  
35 for three or more candidates.

1 Section 4 provides for an adjustment of the expenditure  
2 limitations based upon the annual inflation factor in the tax  
3 code.

4 Section 5 provides for civil penalties in amounts equal to  
5 up to four times the amount by which any candidate exceeds the  
6 limits on expenditures or contributions. The section also  
7 provides for informal settlement of violations committed by a  
8 candidate.

9 Section 6 provides that chapter 56 is not to be construed  
10 to abridge the right of an association to communicate with its  
11 members.

12 Section 7 provides penalties for circumventing an agreement  
13 to limit campaign expenditures and contributions by  
14 redirecting funds through another person.

15 Sections 8 and 9 establish and provide the mechanism for  
16 deposit of funds into the Iowa elections campaign fund. The  
17 fund is funded through an income tax checkoff from taxpayers'  
18 tax liabilities and provides for the establishment of  
19 political party accounts within the fund to permit moneys to  
20 be given to major and certain minor political parties and for  
21 the establishment of a general account for purposes of  
22 permitting moneys to be given as matching funds to candidates  
23 for state office. Individual taxpayers have the right to  
24 select where their contributions will be deposited. If no  
25 selection is made, a mechanism for equal division of the funds  
26 between the party accounts and the general account is  
27 provided.

28 Section 10 sets out the amounts to be allocated to  
29 candidates and political parties who are eligible to receive  
30 funds. Sections 11 and 13 establish a certification process  
31 related to the distribution of funds and indicates when the  
32 funds will be paid. Section 12 indicates that the  
33 expenditure, contribution, and public subsidy provisions may  
34 also apply in a somewhat modified form to a special election.

35 Section 14 describes the agreements that are to be signed

1 by candidates who agree to expenditure and contribution limits  
2 and indicates that the agreements may be filed with the  
3 candidate's committee's statement of organization, but no  
4 later than September 1 of a general election year. Section 15  
5 provides for a certification of matching funds by a candidate,  
6 which triggers payment of matching funds to a candidate under  
7 section 11 of the bill. Section 16 provides for return of  
8 portions of the public subsidy if the receipt of the moneys  
9 causes a candidate to exceed applicable limitations.

10 Section 17 provides that persons who have a duty with  
11 respect to agreements to abide by limitations are to be  
12 personally liable for failure to discharge those duties.

13 Sections 18 and 19 relate to disclosures that must be  
14 contained on campaign materials that are made by or on behalf  
15 of a candidate and provide for attribution of independent  
16 expenditures to a candidate.

17 Sections 20 through 22 make conforming amendments needed as  
18 a result of the repeals contained in section 23.

19 Section 24 provides for the transition of funds remaining  
20 in the Iowa elections fund or remitted under the former tax  
21 checkoff mechanism to the party accounts established within  
22 the new fund.

23 Section 25 repeals current provisions establishing an Iowa  
24 elections campaign fund that currently provides money to  
25 political parties and establishing a tax checkoff mechanism to  
26 provide moneys for that fund.

27 Except for the provisions establishing the fund and the  
28 income tax checkoff, the bill takes effect in 1997. The  
29 checkoff will apply to the taxable year beginning January 1,  
30 1995. Money will accumulate in the fund for use beginning in  
31 1997.

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