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SENATE FILE 2274  
BY McKEAN

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

A BILL FOR

1 An Act setting campaign expenditure limits and providing for  
2 grants of income tax checkoff funds to certain candidates for  
3 the general assembly, making changes in the Iowa election  
4 campaign fund, and providing an effective date.

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

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S.F. 2274

1 Section 1. Section 56.2, Code Supplement 1995, is amended  
2 by adding the following new subsections:

3 NEW SUBSECTION. 2A. "Calendar year" means the time period  
4 from January 1 through December 31 each year.

5 NEW SUBSECTION. 12A. a. "Election campaign cycle" means  
6 the time period between elections for a particular office,  
7 commencing on January 1 immediately subsequent to the election  
8 for that office, and continuing through December 31 following  
9 the next election for that office.

10 b. Notwithstanding the time period described in paragraph  
11 "a", for a special election, the election campaign cycle  
12 commences when the organization statement required by section  
13 56.5 is filed by the candidate's committee, or when the first  
14 disclosure statement is required to be filed under section  
15 56.6, whichever filing is earlier.

16 c. Notwithstanding the time period described in paragraph  
17 "a", for a runoff election, the election campaign cycle  
18 continues until the date of the next filing of a disclosure  
19 statement, required under section 56.6, after the runoff  
20 election.

21 Sec. 2. Section 56.18, Code 1995, is amended to read as  
22 follows:

23 56.18 CHECKOFF -- INCOME TAX.

24 1. A person whose state income tax liability for any  
25 taxable year is ~~one-dollar~~ two dollars and fifty cents or more  
26 may direct that ~~one-dollar~~ two dollars and fifty cents of that  
27 liability be paid over to the Iowa election campaign fund when  
28 submitting the person's state income tax return to the  
29 department of revenue and finance. In the case of a joint  
30 return of husband and wife having a state income tax liability  
31 of ~~three~~ five dollars or more, each spouse may direct that ~~one~~  
32 ~~dollar~~ two dollars and fifty cents be paid to the fund.

33 2. The director of revenue and finance shall draft the  
34 income tax ~~form~~ forms to provide spaces ~~on-the-tax-return~~  
35 which the taxpayer may use to designate that contributions

1 made under this section be credited to ~~a specified political~~  
2 ~~party as defined by section 43.27 or to~~ the Iowa election  
3 campaign fund ~~as a contribution to be shared by all such~~  
4 ~~political parties~~ given as a grant to certain candidates in  
5 the manner prescribed by section 56.19. The form shall inform  
6 the taxpayer ~~of the consequences of the choices provided under~~  
7 ~~this section, but this information may be contained in a~~  
8 ~~footnote or other suitable form if the director of revenue and~~  
9 ~~finance finds it is not feasible to place the information~~  
10 immediately above the signature line that the checkoff will  
11 not increase the taxpayer's liability or decrease the  
12 taxpayer's refund, if any, and that funds directed to the Iowa  
13 election campaign fund will be used to give grants for certain  
14 election campaigns specified by statute, and that candidates  
15 accepting such grants must agree to limit their campaign  
16 expenditures to a certain dollar amount, according to the  
17 statutory maximums established for each office.

18 3. The action taken by a person for the checkoff is  
19 irrevocable.

20 Sec. 3. Section 56.19, Code Supplement 1995, is amended to  
21 read as follows:

22 56.19 IOWA ELECTION CAMPAIGN FUND CREATED.

23 1. The "Iowa election campaign fund" is created within the  
24 office of the treasurer of state. The fund shall consist of  
25 funds paid by persons as provided in section 56.18. The  
26 ~~treasurer of state shall maintain within the fund a separate~~  
27 ~~account for each political party as defined in section 43.27~~  
28 The director of revenue and finance shall remit funds  
29 collected as provided in section 56.18 to the treasurer of  
30 state who shall deposit such funds in the ~~appropriate account~~  
31 ~~within the~~ Iowa election campaign fund. ~~All contributions~~  
32 ~~directed to the Iowa election campaign fund by taxpayers who~~  
33 ~~do not designate any one political party to receive their~~  
34 ~~contributions shall be divided by the director of revenue and~~  
35 ~~finance equally among each account currently maintained in the~~

1 fund. -- However, at any time when more than two accounts are  
2 being maintained within the fund contributions to the fund by  
3 taxpayers who do not designate any one political party to  
4 receive their contributions shall be divided among the  
5 accounts in the same proportion as the number of registered  
6 voters declaring affiliation with each political party for  
7 which an account is maintained bears to the total number of  
8 registered voters who have declared an affiliation with a  
9 political party. Any interest income received by the  
10 treasurer of state from investment of moneys deposited in the  
11 fund shall be deposited in the Iowa election campaign fund.

12 2. Such funds shall be subject to payment to the  
13 chairperson of the specified political party by the director  
14 of revenue and finance in the manner provided by section  
15 56.22.

16 Sec. 4. Section 56.21, Code 1995, is amended to read as  
17 follows:

18 56.21 FUNDS GRANTS -- EXPENDITURE AGREEMENT.

19 1. Any candidate Certain candidates for a partisan public  
20 office, ~~except as otherwise provided by section 56.17,~~  
21 subsection 2, in a general election as specified in section  
22 56.22 may receive campaign funds a grant from the Iowa  
23 election campaign fund ~~through the state central committee of~~  
24 ~~the candidate's political party. -- However, the state central~~  
25 ~~committee of each political party shall have discretion which~~  
26 ~~of the party's candidates for public office shall be allocated~~  
27 ~~campaign funds out of money received by that party from the~~  
28 Iowa election campaign fund for the campaign for the general  
29 election in the amount specified by statute, provided that the  
30 following conditions are met:

31 a. The candidate signs and abides by a formal statement  
32 agreeing not to exceed the statutory limitations on campaign  
33 expenditures set forth in section 56.25.

34 b. The candidate has either won the primary election of  
35 that candidate's political party, or has been nominated to be

1 on the ballot for the general election by a political party,  
2 as that term is defined within section 43.2.

3     2. The candidate must sign the statement under oath, and  
4 comply with all terms and conditions set forth in the  
5 statement. Any candidate, whether or not competing in a  
6 contested primary, who fails to file the statement in  
7 conjunction with the first disclosure statement due from the  
8 candidate's committee following the primary election shall be  
9 ineligible for a grant from the Iowa election campaign fund.

10     3. Upon filing the statement, the candidate shall be bound  
11 by the terms and conditions of the agreement, and shall not  
12 withdraw from the obligations imposed by the agreement.

13     4. If a candidate who has accepted a grant from the Iowa  
14 election campaign fund makes expenditures in excess of the  
15 limits in section 56.25, the candidate shall be liable for a  
16 civil penalty payable to the Iowa election campaign fund in an  
17 amount equal to three times the amount of the excess  
18 expenditure.

19     5. A candidate accepting a grant from the Iowa election  
20 campaign fund shall not contribute or loan to that candidate's  
21 committee a sum or sums that in the aggregate exceed five  
22 percent of the total amount that candidate is permitted to  
23 expend during the election campaign cycle, according to the  
24 limits set forth in section 56.25.

25     6. Notwithstanding the provisions of this section and any  
26 agreement signed under oath by a candidate prior to accepting  
27 a grant from the Iowa election campaign fund, a candidate  
28 whose opponent in the general election has not signed a  
29 statement under oath agreeing to abide by the expenditure  
30 limitations in section 56.25 is not bound to the expenditure  
31 limits set forth in section 56.25.

32     Sec. 5. Section 56.22, Code 1995, is amended to read as  
33 follows:

34     56.22 DISTRIBUTION OF CAMPAIGN FUND MONEYS -- RESTRICTIONS  
35 ON USE.

1 1. The money accumulated in the Iowa election campaign  
2 ~~fund to the account of each political party in the state~~ shall  
3 be remitted to ~~the party on the first business day of each~~  
4 month candidates, as specified in section 56.21, by warrant of  
5 the director of revenue and finance drawn upon the fund in  
6 ~~favor of the state chairperson of that party.~~ The money  
7 received by each ~~political party under this section~~ candidate  
8 shall be used as directed by ~~the party's state statutory~~  
9 political committee section 56.23, and according to rules  
10 adopted by the board.

11 2. Funds shall be distributed to statutory political  
12 committees pursuant to this chapter shall not be used to  
13 support or oppose the nomination of any candidate. -- Nothing in  
14 this subsection shall be construed to prohibit a statutory  
15 political committee from using such funds to pay expenses  
16 incurred in arranging and holding a nominating convention.  
17 candidates for the general election according to the following  
18 schedule:

19 a. Candidates for the Iowa senate: two thousand dollars.

20 b. Candidates for the Iowa house of representatives: one  
21 thousand dollars.

22 3. At the beginning of each calendar year, the executive  
23 director of the board shall adjust the grant amounts in  
24 subsection 2 according to the most recent data for the  
25 consumer price index for all urban consumers, published by the  
26 United States department of labor, bureau of labor statistics.  
27 The adjusted amount shall be published in the Iowa  
28 administrative bulletin.

29 4. In the event the Iowa election campaign fund does not  
30 have sufficient funds to pay all qualifying candidates the  
31 full grant amount listed in subsection 2, the amounts shall be  
32 paid to qualifying candidates on a pro rata basis.

33 Sec. 6. Section 56.23, Code 1995, is amended to read as  
34 follows:

35 56.23 FUNDS -- CAMPAIGN EXPENSES ONLY.

1 ~~1. The chairperson of the state statutory political~~  
2 ~~committee~~ Each candidate receiving funds from the Iowa  
3 election campaign fund shall produce evidence to the director  
4 of revenue and finance and the ethics and campaign disclosure  
5 board not later than the twenty-fifth day of January each  
6 year, that all income tax checkoff funds, received in the form  
7 of a grant from the Iowa election campaign fund, have been  
8 ~~expended for campaign expenses have been utilized~~ exclusively  
9 for campaign expenses in accordance with section 56.41.

10 2. The ethics and campaign disclosure board shall issue,  
11 prior to the payment of any money funds in the form of grants,  
12 guidelines which explain which expenses and evidence thereof  
13 qualify as acceptable campaign expenses.

14 3. Should If the ethics and campaign disclosure board and  
15 the director of revenue and finance determine that any part of  
16 the funds have been used for noncampaign or improper expenses,  
17 they may order ~~the political party or~~ the candidate to return  
18 all or any part of the total funds paid to that ~~political~~  
19 party candidate for that election. When such funds are  
20 returned, they shall be deposited in the ~~general~~ Iowa election  
21 campaign fund of the state.

22 Sec. 7. Section 56.24, Code 1995, is amended to read as  
23 follows:

24 56.24 REVERSION OF FUNDS.

25 ~~All funds on account for the campaign expenses of any~~  
26 designated political party in the Iowa election campaign fund  
27 which are not utilized by that political party distributed by  
28 January 1 of the year following a general election, shall  
29 remain in the Iowa election campaign fund and shall not revert  
30 to the general fund of the state at the end of any fiscal  
31 year.

32 Sec. 8. Section 56.25, Code 1995, is amended by striking  
33 the section and inserting in lieu thereof the following:

34 56.25 CAMPAIGN EXPENDITURE LIMITATIONS.

35 1. For each candidate accepting a grant from the Iowa

1 election campaign fund under sections 56.21 and 56.22,  
2 combined expenditures of campaign funds for the election  
3 campaign cycle shall not exceed the following:

4 a. Candidates for the Iowa senate: twenty thousand  
5 dollars.

6 b. Candidates for the Iowa house of representatives: ten  
7 thousand dollars.

8 2. Expenditures of campaign funds shall be made in  
9 accordance with section 56.41. The board shall adopt rules  
10 regarding expenditures that are included within the limits  
11 contained in this section.

12 3. Prior to the beginning of each calendar year, the  
13 executive director of the board shall adjust the limits in  
14 this section according to the most recent consumer price index  
15 for all urban consumers, published by the United States  
16 department of labor, bureau of labor statistics. The adjusted  
17 amount shall be published in the Iowa administrative bulletin.

18 Sec. 9. Section 236.15A, unnumbered paragraph 5, Code  
19 1995, is amended to read as follows:

20 The department of revenue and finance shall consult the  
21 crime victim assistance board concerning the adoption of rules  
22 to implement this section. However, before a checkoff  
23 pursuant to this section shall be permitted, all liabilities  
24 on the books of the department of revenue and finance and  
25 accounts identified as owing under section 421.17 and the  
26 political contribution allowed under section 56.18 shall be  
27 satisfied.

28 Sec. 10. Section 422.12D, subsection 4, Code 1995, is  
29 amended to read as follows:

30 4. The department shall adopt rules to implement this  
31 section. However, before a checkoff pursuant to this section  
32 shall be permitted, all liabilities on the books of the  
33 department of revenue and finance and accounts identified as  
34 owing under section 421.17 and the political contribution  
35 allowed under section 56.18 shall be satisfied.

1 Sec. 11. Section 456A.16, unnumbered paragraph 7, Code  
2 1995, is amended to read as follows:

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

9 Sec. 12. EFFECTIVE DATE. This Act takes effect on January  
10 1, 1997.

11 EXPLANATION

12 Section 8 of this bill establishes campaign expenditure  
13 limits for each election campaign cycle for candidates for the  
14 Iowa general assembly. Section 1 adds a definition for  
15 election campaign cycle.

16 In order to provide that expenditure limitations are  
17 voluntary and only imposed on a candidate who accepts a public  
18 benefit, section 3 changes the current system of public  
19 campaign financing through the income tax checkoff and the  
20 state political parties. Direct funding from checkoff moneys  
21 is provided to candidates specified in the statute. The  
22 expenditure limits and the grants are to be adjusted each  
23 calendar year, according to the consumer price index. Section  
24 1 adds a definition for calendar year.

25 Section 4 permits grants to be given to candidates who  
26 agree to abide, in a signed statement made under oath, by such  
27 expenditure limitations, and who are candidates of a political  
28 party (as that term is defined in section 43.2) on the ballot  
29 for the general election. A candidate accepting public funds  
30 is prohibited from contributing more than 5 percent of the  
31 maximum expenditure amount to that candidate's committee. If  
32 a candidate's opponent does not agree to abide by the  
33 expenditure limitations, the candidate is not bound to those  
34 limits. A candidate who exceeds the expenditure limitation  
35 after agreeing to be bound by them is liable for a civil

1 penalty equal to three times the amount of the excess  
2 expenditure.

3 Sections 5 and 6 limit use of such grants to campaign  
4 expenses, as defined by statute and rule.

5 Section 2 increases the current individual income tax  
6 checkoff of \$1.50 to \$2.50. Under the bill, the income tax  
7 checkoff remains the primary source of funding for the Iowa  
8 election campaign fund. Section 7 provides that excess  
9 amounts in the fund after distribution to all qualifying  
10 candidates shall remain in the fund and shall not revert to  
11 the state general fund.

12 Sections 9 through 11 make changes in other Code sections  
13 to reflect the changed nature of the income tax contribution.

14 Section 12 of the bill provides for an effective date of  
15 January 1, 1997, to allow for completion of the current  
16 election cycle.

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