

MAR 14 1997

STATE GOVERNMENT

HOUSE FILE
BY FALLON

654

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:

8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25

H- 654

1 Section 1. Sections 2 through 19 of this Act are created
2 as a new division of chapter 56.

3 Sec. 2. NEW SECTION. 56.50 LIMITATIONS ON CAMPAIGN
4 EXPENDITURES.

5 1. For purposes of sections 56.50 through 56.66, a
6 candidate for governor and a candidate for lieutenant
7 governor, running together, shall be deemed to be a single
8 candidate. All expenditures made by and expenditures made on
9 behalf of the candidate for lieutenant governor, that are
10 approved by the candidate as provided under section 56.13,
11 shall be considered to be expenditures by and approved
12 expenditures on behalf of the candidate for governor.

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

20 a. For governor and lieutenant governor, running together,
21 one million five hundred thousand dollars.

22 b. For attorney general, one hundred fifty thousand
23 dollars.

24 c. For each of the offices of secretary of state, state
25 treasurer, secretary of agriculture, and state auditor, one
26 hundred thousand dollars.

27 d. For state senator, twenty-five thousand dollars.

28 e. For state representative, fifteen thousand dollars.

29 3. The limits prescribed in this section shall not apply
30 to any expenditure made or approved under section 56.13, or
31 any advance of credit incurred before January 1, 1999, unless
32 the goods or services for which the expenditures were made or
33 credit incurred are consumed or used after January 1, 1999.
34 For purposes of this section, an expenditure shall be deemed
35 to be made at the time that the action incurring the expense

1 occurs, not at the time that payment for the expense is made.

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

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

14 6. a. The expenditure limits imposed under this section
15 apply only to candidates in a contested election for a state
16 office who agree and whose opponents agree to be bound by the
17 limits imposed by this section and section 56.51 by filing an
18 agreement pursuant to section 56.63. Candidates who agree to
19 abide by the limits contained in this section shall, if they
20 are otherwise eligible to receive a public subsidy, receive a
21 public subsidy for their campaigns from the Iowa elections
22 campaign fund as provided in section 56.59.

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

34 c. A candidate shall clearly disclose, in the manner
35 provided in section 56.14, on all campaign material, whether

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

5 7. For purposes of this division, "otherwise eligible to
6 receive a public subsidy" means that a candidate meets the
7 requirements of this section and sections 56.51, 56.61, and
8 56.63, the candidate has agreed to participate in at least one
9 public debate that is subject to the oversight of an impartial
10 sponsor, and the candidate has filed an affidavit of matching
11 funds under section 56.64.

12 Sec. 3. NEW SECTION. 56.51 CONTRIBUTIONS LIMITATIONS.

13 1. In addition to the requirements contained in section
14 56.50, a candidate who is otherwise eligible to receive a
15 public subsidy shall also meet the requirements contained in
16 this section regarding receipt of contributions, as a
17 condition of receiving those funds.

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

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

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

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

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

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

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

35 b. Seventy-five percent of the contributions received from

1 private individuals shall be from individuals who reside
2 within the state.

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

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

8 4. The limitations contained in this section shall also
9 apply to the matching funds amount required to be raised by a
10 candidate under section 56.64.

11 Sec. 4. NEW SECTION. 56.52 MULTICANDIDATE POLITICAL
12 PARTY EXPENDITURES.

13 Notwithstanding any other provisions of this chapter, the
14 following expenditures by a state statutory or county
15 statutory political committee, a national political party, or
16 a nonparty political organization shall not be considered
17 contributions to or expenditures on behalf of any candidate
18 for purposes of section 56.50 or 56.51, and shall not be
19 allocated to any candidates pursuant to section 56.13:

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

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

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

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

32 5. Expenditures made pursuant to section 56.13 which are
33 not approved by a candidate.

34 Sec. 5. NEW SECTION. 56.53 ADJUSTMENT OF LIMITATIONS BY
35 ANNUAL INFLATION FACTOR.

1 The limitations on expenditures contained in section 56.50,
2 subsection 2, shall be adjusted for general election years as
3 provided in this section. By June 1 of a year in which a
4 general election is to be held, the board shall determine the
5 amounts by which the limits established in section 56.50,
6 subsection 2, are to be increased. The amounts of the
7 increases shall equal the percentage of change represented by
8 the annual inflation factor, as defined under section 422.4,
9 for the year immediately preceding the year in which the
10 election is to be held minus the annual inflation factor for
11 the year immediately preceding the year in which the last
12 general election was held, multiplied by each of the limits
13 established under section 56.50, subsection 2. Any amounts
14 established under this section shall be rounded up to the next
15 highest whole dollar figure. The board shall publish the
16 products of the calculation of increases and the new limits
17 represented by the addition of increases to the limits
18 established under section 56.50, subsection 2, in the
19 administrative bulletin. The new limits as published in the
20 administrative bulletin shall constitute the limits for the
21 general election that is to be held that year.

22 Sec. 6. NEW SECTION. 56.54 PENALTY FOR EXCEEDING LIMITS.

23 1. If a candidate who has agreed to abide by the
24 expenditure limits contained in section 56.50 makes
25 expenditures, permits the person's candidate's committee to
26 make expenditures, or approves expenditures pursuant to
27 section 56.13, in excess of the limits imposed under section
28 56.50, the board shall impose a civil penalty upon the
29 candidate in an amount not to exceed four times the amount by
30 which the expenditures exceed the limit.

31 2. If a candidate who has agreed to abide by the
32 contributions limits contained in section 56.51 receives
33 contributions or permits the person's candidate's committee to
34 receive contributions, in excess of the limits imposed under
35 section 56.51, the board shall impose a civil penalty upon the

1 candidate in an amount equal to four times the amount by which
2 the contributions 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 sections 56.50 and 56.51, the
6 board shall make every effort, for a period of not less than
7 fourteen days after making the finding, to resolve the matter
8 by informal methods of dispute resolution. Any agreement
9 reached between the board and a candidate shall be a matter of
10 public record. Unless the terms of the agreement are
11 violated, the agreement shall be a bar to any other civil
12 proceeding under this section.

13 4. If the board is unable to resolve the matter
14 informally, the board shall make a public finding of probable
15 cause and may proceed as provided under sections 68B.32B and
16 68B.32C or may refer the matter to the appropriate county
17 attorney, or both.

18 5. Moneys collected by the board pursuant to this section
19 shall be deposited in the Iowa elections campaign fund
20 established in section 56.57.

21 Sec. 7. NEW SECTION. 56.55 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. 8. NEW SECTION. 56.56 CIRCUMVENTION PROHIBITED.

26 An attempt by an individual or association to circumvent
27 sections 56.50 through 56.54 by redirecting funds through, or
28 contributing funds on behalf of, another person is an
29 aggravated misdemeanor.

30 Sec. 9. NEW SECTION. 56.57 IOWA ELECTIONS CAMPAIGN FUND.

31 1. An Iowa elections campaign fund is established within
32 the office of the treasurer of state under the control of the
33 board. The fund shall consist of funds paid by persons as
34 provided in sections 56.54 and 56.58.

35 2. A nonparty political organization under chapter 44

1 which does not meet the criteria established for designation
2 as a political party under section 43.2 qualifies for
3 participation in the fund as provided in this division if all
4 of the following criteria are met:

5 a. The organization files a petition for inclusion on the
6 form by June 1 of the taxable year or, if the organization ran
7 a candidate for statewide office, the office was the office of
8 governor and lieutenant governor, secretary of state, auditor
9 of state, treasurer of state, secretary of agriculture, or
10 attorney general.

11 b. The secretary of state has certified to the director of
12 revenue and finance and the treasurer of state that the
13 organization is a qualified nonparty political organization.
14 The secretary of state shall certify that a nonparty political
15 organization is qualified, for purposes of inclusion on the
16 income tax form as provided in this section, if the political
17 organization meets all of the following requirements:

18 (1) Nominated and ran a candidate for a statewide office
19 as provided in chapter 44.

20 (2) Held a convention or caucus in the last two years,
21 adopted a state constitution, and elected state officers.

22 (3) Filed the certificate required under section 44.3
23 relating to nomination of candidates at the convention or
24 caucus.

25 Sec. 10. NEW SECTION. 56.58 DESIGNATION OF INCOME TAX
26 PAYMENTS.

27 1. Every individual resident of Iowa who files an income
28 tax return with the department of revenue and finance, and
29 whose state income tax liability for any taxable year is five
30 dollars or more, may designate on their original return that
31 five dollars of that liability be paid into the Iowa elections
32 campaign fund. If a husband and wife file a joint return and
33 their joint income tax liability is ten dollars or more, each
34 spouse may designate that five dollars be paid into the fund.
35 An individual shall not be allowed to designate more than five

1 dollars in any year.

2 2. The director of revenue and finance shall provide, on
3 the first page of the income tax form, a space for the
4 individual to indicate a desire to allocate five dollars, or
5 ten dollars in the case of a joint return, from the general
6 fund of the state to finance the election campaigns of
7 candidates as provided in this division.

8 3. The amounts designated by and collected from individual
9 taxpayers are appropriated from the general fund. The
10 director of revenue and finance shall remit funds in an amount
11 equal to ninety percent of the estimated receipts, as
12 determined under section 56.62, on a quarterly basis to the
13 treasurer of state who shall deposit the funds in the Iowa
14 elections campaign fund. By the beginning of the last
15 calendar quarter of the calendar year, the director shall
16 determine the difference, if any, between the estimated
17 receipts and actual amounts necessary to make the payments
18 required under this chapter and adjust payments during the
19 last calendar quarter to reflect the difference.

20 Sec. 11. NEW SECTION. 56.59 ALLOCATION OF FUNDS TO
21 CANDIDATES AND PARTIES.

22 1. In each calendar year the matching funds in the general
23 account shall be allocated to candidates who are otherwise
24 eligible to receive a public subsidy as provided under section
25 56.50, subsection 7, on a dollar-for-dollar basis pursuant to
26 a certification filed under section 56.64 in the following
27 amounts:

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

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

34 2. In an election year, the money in the party account
35 shall be allocated to each political party and qualified

1 nonparty political organization according to the designations
2 made by taxpayers on the income tax forms.

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

9 Sec. 12. NEW SECTION. 56.60 CERTIFICATION --
10 DISTRIBUTION OF FUNDS.

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

19 2. Upon receipt of an affidavit of matching funds pursuant
20 to section 56.64, the board shall forward the name, the office
21 sought, and mailing address of the candidate's committee of
22 the candidate named in the affidavit to the treasurer of
23 state. Within two weeks after receipt of the affidavit of
24 matching funds, the treasurer of state shall distribute the
25 appropriate amount to the candidate named in the affidavit,
26 according to the allocations specified under section 56.59.

27 3. The board shall not use the information contained in
28 any supplementary report of a candidate's committee made as
29 provided in section 56.6, subsection 1, paragraph "b", for
30 purposes of reducing the amount due that candidate from the
31 general account.

32 4. For purposes of this section and section 56.59, a
33 write-in candidate is a candidate only if the candidate meets
34 the requirements contained in section 56.58, subsection 3,
35 paragraph "b", and signs the agreement as provided in section

1 56.63.

2 Sec. 13. NEW SECTION. 56.61 SPECIAL ELECTION SUBSIDY.

3 1. Each eligible candidate for a legislative office in a
4 special election shall be eligible for a public subsidy equal
5 to the amount available to a candidate for the same office
6 during a general election.

7 2. If the date for filing nomination papers for the
8 special election does not coincide with the filing period for
9 the general election, a candidate who wishes to receive the
10 public subsidy provided for in this section shall submit a
11 signed agreement under section 56.63 to the board not later
12 than the day after the candidate files the nomination papers
13 for the office. To receive a subsidy, the candidate shall
14 meet the matching requirements contained in section 56.64,
15 except that the dates in that section shall not apply to a
16 special election in which the filing period does not coincide
17 with the filing period for the general election. To the
18 extent feasible, the special election subsidy shall be
19 distributed in the same manner as money is distributed to
20 candidates in a general election.

21 3. The amount necessary to make the payment required by
22 this section is appropriated from the general fund of the
23 state to the treasurer of state.

24 Sec. 14. NEW SECTION. 56.62 CERTIFICATION OF NUMBER OF
25 CANDIDATES.

26 Before the first day of filing nomination papers specified
27 under section 43.11, the board shall publish and forward to
28 all filing officers the revised expenditure limits and amounts
29 specified under section 56.59 for public subsidies, along with
30 a copy of sections 56.50 and 56.51. Within seven days after
31 the last day specified under section 43.11 for the filing of
32 nomination papers, the secretary of state shall certify to the
33 board the name, address, office sought, and party affiliation
34 of each candidate who has filed nomination papers. The
35 commissioner of elections of each county shall certify to the

1 board the same information for each candidate who has filed
2 nomination papers in that county.

3 Sec. 15. NEW SECTION. 56.63 PUBLIC SUBSIDY AGREEMENTS.

4 1. As a condition of receiving a public subsidy from the
5 Iowa elections campaign fund, a candidate shall sign and file
6 a written agreement with the board in which the candidate
7 agrees that the candidate will comply with sections 56.50,
8 56.51, 56.64, and 56.65.

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

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

28 4. The board shall forward a copy of any agreement signed
29 by a candidate under this section to the director of revenue
30 and finance.

31 5. The expenditure limits portion of the public subsidy
32 agreement, as modified by any adjustments in the applicable
33 limits under section 56.53, that is executed by a candidate
34 remains in effect for the candidate until the dissolution of
35 the person's candidate's committee or the first day that

1 nomination papers may be filed for the next succeeding
2 election to the office held or sought at the time of the
3 agreement, whichever occurs first.

4 Sec. 16. NEW SECTION. 56.64 MATCHING FUNDS
5 CERTIFICATION.

6 In addition to the requirements of section 56.58,
7 subsection 3, paragraph "b", and section 56.63, to be eligible
8 to receive a public subsidy from the Iowa elections campaign
9 fund, a candidate shall file an affidavit with the board
10 stating that the candidate has accumulated contributions equal
11 to fifteen percent or more of the expenditure limit for the
12 particular state office. The candidate or the candidate's
13 treasurer shall submit the affidavit required by this section
14 to the board in writing by October 1 of a general election
15 year. Upon receipt of the affidavit of matching funds the
16 board shall forward a copy of the affidavit to the treasurer
17 of state.

18 Sec. 17. NEW SECTION. 56.65 RETURN OF PUBLIC SUBSIDY.

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

22 a. To the extent that use of the amount of the public
23 subsidy received by the candidate for expenditures would cause
24 the candidate to exceed the expenditure limits for the office
25 held or sought, as determined under section 56.50, the
26 treasurer of the candidate's committee shall return the excess
27 to the board.

28 b. To the extent that the amount of public subsidy
29 received exceeds the aggregate of actual expenditures made by
30 the candidate's committee of a candidate and the expenditures
31 made on behalf of the candidate and approved by the candidate
32 under section 56.13, the treasurer of the candidate's
33 committee shall return an amount equal to the difference to
34 the board.

35 Any amount required to be returned shall not exceed the

1 amount of the public subsidy received by the candidate from
2 the Iowa elections campaign fund.

3 2. Money in the account of a candidate's committee on
4 January 1 of the election year for the office held or sought
5 shall be considered to be contributions accepted by that
6 candidate in that year for the purposes of the expenditure
7 limits set forth in section 56.50. The portion of
8 contributions accepted by a candidate in an election year
9 which is a noncampaign disbursement and contributions and
10 expenditures to promote or defeat a ballot issue that are made
11 by the candidate in that year shall not count toward the
12 aggregate contributions and approved expenditure limit imposed
13 under this section. For purposes of this section, a transfer
14 from one candidate's committee to a political party shall be
15 considered a noncampaign disbursement.

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

25 4. A candidate whose campaign spending is unlimited under
26 section 56.50, subsection 7, and who certifies that the
27 candidate made campaign expenditures equal to the full amount
28 of the public financing received, is not required to return
29 any portion of the money received from the Iowa elections
30 campaign fund under subsection 1, paragraph "b".

31 Sec. 18. NEW SECTION. 56.66 REMEDIES.

32 1. In addition to any other remedy provided by law, a
33 person charged with a duty under sections 56.63 through 56.65
34 shall be personally liable for any penalty imposed by the
35 board for failing to discharge the duty.

1 2. The board may commence an action in district court in
2 Polk county to enforce any order to pay any fee or penalty
3 imposed pursuant to this chapter. The board or a county
4 attorney may seek an injunction in the district court to
5 enforce the provisions of sections 56.63 through 56.65.

6 3. Unless otherwise specifically provided, a violation of
7 sections 56.63 through 56.65 is not a public offense.

8 Sec. 19. NEW SECTION. 56.67 UNRESTRICTED CAMPAIGNS --
9 NOMINATION PETITION -- DISCLOSURE REPORTS.

10 1. As used in this section, "restricted campaign" means a
11 campaign for a state office in which there are two or more
12 candidates with qualifying nominations and all of those
13 candidates have agreed to limit campaign expenditures and
14 contributions pursuant to sections 56.50 through 56.66.

15 2. Notwithstanding section 43.20, the nomination petition
16 of a candidate who does not agree to a restricted campaign
17 must contain signatures of at least twenty percent of the
18 total number of votes cast in the last general election for
19 that office. A candidate nominated pursuant to section 43.66
20 who does not agree to a restricted campaign must file a
21 nomination petition within fifteen days of nomination
22 containing signatures of at least twenty percent of the total
23 number of votes cast in the last general election for that
24 office in order to be placed on the general election ballot.
25 A candidate who agrees to a restricted campaign and whose
26 opponent does not agree to a restricted campaign is not
27 required to obtain signatures under this section and is not
28 subject to the limitations on campaign expenditures or
29 contributions imposed in this division, but shall be
30 considered as a candidate who agreed to a restricted campaign.

31 3. Notwithstanding the dates required for filing
32 disclosure reports pursuant to section 56.6, a candidate who
33 does not agree to a restricted campaign pursuant to this
34 section shall file a disclosure report each month until June
35 30 of the year of the election. Beginning July 1 of the year

1 of the election, the candidate shall file a disclosure report
2 every fourteen days until the date of the general election.
3 After the date of election, the candidate shall file a
4 disclosure report each month until the candidate files
5 nomination papers for the same or another public office, or
6 closes the candidate's campaign account.

7 Sec. 20. Section 56.13, subsection 1, unnumbered paragraph
8 1, Code 1997, is amended to read as follows:

9 Action involving a contribution or expenditure which must
10 be reported under this chapter and which is taken by any
11 person, candidate's committee, or political committee on
12 behalf of a candidate, if known and approved by the candidate,
13 shall be deemed action by the candidate and reported by the
14 candidate's committee. If a candidate has signed an agreement
15 to limit the candidate's expenditures and receipt of
16 contributions pursuant to section 56.63, the action involving
17 an expenditure or contribution which must be reported under
18 this chapter which is taken by any person, candidate's
19 committee, or political committee on behalf of a candidate, if
20 known and approved by the candidate, shall be deemed action by
21 the candidate, shall be reported by the candidate's committee,
22 and shall be credited against the candidate's expenditure or
23 contribution limits pursuant to section 56.50 or 56.51. It
24 shall be presumed that a candidate approves the action if the
25 candidate had knowledge of it and failed to file a statement
26 of disavowal with the commissioner or board and take
27 corrective action within seventy-two hours of the action. A
28 person, candidate's committee, or political committee taking
29 such action independently of that candidate's committee shall
30 notify that candidate's committee in writing within twenty-
31 four hours of taking the action. The notification shall
32 provide that candidate's committee with the cost of the
33 promotion at fair market value. Failure to file a notice
34 required under this section, if a candidate has signed an
35 agreement under section 56.63, shall result in a fine of up to

1 four times the amount of the expenditure. A copy of the
2 notification shall be sent to the board. If a candidate files
3 a statement of disavowal, but the board finds that the
4 candidate benefits from the expenditure, the board shall
5 credit the expenditure at its fair market value against the
6 candidate's expenditure or contribution limits. The board may
7 also authorize an increase in the candidate's opponent's
8 expenditure or contribution limits in an amount equal to the
9 fair market value of the disavowed expenditure.

10 Sec. 21. Section 56.14, subsection 1, paragraph a, Code
11 1995, is amended by adding the following new unnumbered
12 paragraph:

13 NEW UNNUMBERED PARAGRAPH. In addition to the
14 identification required in this section, the candidate's
15 committee of each candidate shall include on all published
16 material, a statement, equal in size to the identification
17 information, whether the candidate has agreed to abide by the
18 limits imposed under sections 56.50 and 56.51. A similar
19 statement shall also be included, vocally, in all radio and
20 television commercials purchased on behalf of the candidate.
21 Candidates who have signed an agreement to limit their
22 campaign expenditures and contributions shall state the
23 following: "(name of candidate) agreed to limit campaign
24 spending and receipt of contributions." Candidates who refused
25 to sign an agreement to limit their campaign expenditures and
26 contributions shall state the following: "(name of candidate)
27 refused to agree to limit campaign spending and receipt of
28 contributions." The information required under this paragraph
29 may be included on materials and commercials used by a
30 candidate's opponent.

31 Sec. 22. Section 236.15A, unnumbered paragraph 5, Code
32 1997, is amended to read as follows:

33 The department of revenue and finance shall consult the
34 crime victim assistance board concerning the adoption of rules
35 to implement this section. However, before a checkoff

1 pursuant to this section shall be permitted, all liabilities
2 on the books of the department of revenue and finance and
3 accounts identified as owing under section 421.17 and the
4 political contribution allowed under section ~~56.18~~ 56.58 shall
5 be satisfied.

6 Sec. 23. Section 422.5, subsection 1, paragraph j,
7 subparagraph (2), subparagraph subdivision (b), Code 1997, is
8 amended to read as follows:

9 (b) This subparagraph shall not affect the amount of the
10 taxpayer's checkoff to the Iowa election campaign fund under
11 section ~~56.18~~ 56.58, the checkoff for the fish and game fund
12 in section 456A.16, the credits from tax provided in sections
13 422.10, 422.11A, and 422.12 and the allocation of these
14 credits between spouses if the taxpayers filed separate
15 returns or separately on combined returns.

16 Sec. 24. Section 422.12D, subsection 4, Code 1997, is
17 amended to read as follows:

18 4. The department shall adopt rules to implement this
19 section. However, before a checkoff pursuant to this section
20 shall be permitted, all liabilities on the books of the
21 department of revenue and finance and accounts identified as
22 owing under section 421.17 and the political contribution
23 allowed under section ~~56.18~~ 56.58 shall be satisfied.

24 Sec. 25. Section 422.12E, Code 1997, is amended to read as
25 follows:

26 422.12E INCOME TAX RETURN CHECKOFFS LIMITED.

27 For tax years beginning on or after January 1, ~~1995~~ 1997,
28 there shall be allowed no more than three income tax return
29 checkoffs on each income tax return. When the same three
30 income tax return checkoffs have been provided on the income
31 tax return for three consecutive years, the checkoff for which
32 the least amount has been contributed, in the aggregate for
33 the first two tax years and through March 15 of the third tax
34 year, shall be repealed. This section does not apply to the
35 income tax return checkoff provided in section ~~56.18~~ 56.58.

1 restrict expenditures and contributions can receive a matching
2 funds public subsidy.

3 Code section 56.52 provides that expenditures made by a
4 political party or nonparty political organization do not
5 count towards the contribution or expenditure limits if they
6 are made on behalf of all candidates of the party generally or
7 are made as an independent expenditure under Code section
8 56.13.

9 Code section 56.54 provides for civil penalties in amounts
10 equal to up to four times the amount by which any candidate
11 exceeds the limits on expenditures or contributions. The
12 section also provides for informal settlement of violations a
13 candidate. Code section 56.56 provides penalties for
14 circumventing an agreement to limit campaign expenditures and
15 contributions by redirecting funds through another person.

16 Code section 56.55 provides that chapter 56 is not to be
17 construed to abridge the right of an association to
18 communicate with its members.

19 Code sections 56.57 and 56.58 establish and provide the
20 mechanism for deposit of funds into the Iowa elections
21 campaign fund. The fund is funded through an income tax
22 checkoff from taxpayers' tax liabilities and provides for the
23 moneys to be given to major and certain minor political
24 parties.

25 Code section 56.59 sets out the amounts to be allocated to
26 candidates and political parties who are eligible to receive
27 funds. Code sections 56.60 and 56.62 establish a
28 certification process related to the distribution of funds and
29 indicates when the funds will be paid. Code section 56.61
30 indicates that the expenditure, contribution, and public
31 subsidy provisions may also apply in a somewhat modified form
32 to a special election.

33 Code section 56.63 describes the agreements that are to be
34 signed by candidates who agree to expenditure and contribution
35 limits and indicates that the agreements may be filed with the

1 candidate's committee's statement of organization, but no
2 later than September 1 of a general election year. Code
3 section 56.64 provides for a certification of matching funds
4 by a candidate, which triggers payment of matching funds to a
5 candidate. Code section 56.65 provides for return of portions
6 of the public subsidy if the receipt of the moneys causes a
7 candidate to exceed applicable limitations.

8 Code section 56.66 provides that persons who have a duty
9 with respect to agreements to abide by limitations are to be
10 personally liable for failure to discharge those duties.

11 Code section 56.67 provides requirements for candidates who
12 do not agree to and do not abide by the contribution and
13 expenditure limitations. The bill also contains provisions
14 regarding disclosures that must be contained on campaign
15 materials that are made by or on behalf of a candidate and
16 provides for attribution of independent expenditures to a
17 candidate.

18 The bill makes conforming amendments needed as a result of
19 changes to the Iowa elections campaign fund.

20 Except for the provisions establishing the fund and the
21 income tax checkoff, the bill takes effect in 1999. The
22 checkoff will apply to the taxable year beginning January 1,
23 1997. Money will accumulate in the fund for use beginning in
24 1999.

25
26
27
28
29
30
31
32
33
34
35