

FEB 23 2000

STATE GOVERNMENT

HOUSE FILE
BY FALLON

2405

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 2405

1 Section 1. NEW SECTION. 56.50 LIMITATIONS ON CAMPAIGN
2 EXPENDITURES.

3 1. For purposes of this section and sections 56.51 through
4 56.66, a 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 by the
14 candidate's committee for that candidate and expenditures made
15 on behalf of the candidate that are approved and imputed to a
16 candidate under section 56.13 shall not be made in excess of
17 the following limits:

18 a. For governor and lieutenant governor, running together,
19 one million five hundred thousand dollars.

20 b. For attorney general, one hundred fifty thousand
21 dollars.

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

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

26 e. For state representative, fifteen thousand dollars.

27 3. The limits prescribed in this section shall not apply
28 to any expenditure made or approved under section 56.13, or
29 any advance of credit incurred before January 1, 2001, unless
30 the goods or services for which the expenditures were made or
31 credit incurred are consumed or used after January 1, 2001.

32 For purposes of this section, an expenditure shall be deemed
33 to be made at the time that the action incurring the expense
34 occurs, not at the time that payment for the expense is made.

35 4. The limits imposed under subsection 2 shall also apply

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

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

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

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

32 c. A candidate shall clearly disclose, in the manner
33 provided in section 56.14, on all campaign material, whether
34 the material is in a written, audio, or visual format, whether
35 the candidate has agreed to limit the receipt of contributions

1 and expenditure of funds in the manner provided in this
2 chapter.

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

10 Sec. 2. NEW SECTION. 56.51 CONTRIBUTIONS LIMITATIONS.

11 1. In addition to the requirements contained in section
12 56.50, a candidate who is otherwise eligible to receive a
13 public subsidy shall also meet the requirements contained in
14 this section regarding receipt of contributions, as a
15 condition of receiving those funds.

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

19 a. Contributions received from private individuals shall
20 not exceed two hundred dollars per individual.

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

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

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

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

31 a. Contributions received from private individuals shall
32 not exceed five hundred dollars per individual.

33 b. Seventy-five percent of the contributions received from
34 private individuals shall be from individuals who reside
35 within the state.

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

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

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

9 Sec. 3. NEW SECTION. 56.52 MULTICANDIDATE POLITICAL
10 PARTY EXPENDITURES.

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

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

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

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

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

30 5. Expenditures made pursuant to section 56.13 which are
31 disavowed by a candidate.

32 Sec. 4. NEW SECTION. 56.53 ADJUSTMENT OF LIMITATIONS BY
33 ANNUAL INFLATION FACTOR.

34 The limitations on expenditures contained in section 56.50,
35 subsection 2, shall be adjusted for general election years as

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

20 Sec. 5. NEW SECTION. 56.54 PENALTY FOR EXCEEDING LIMITS.

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

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

1 3. If the board finds that there is reason to believe that
2 excess expenditures have been made or excess contributions
3 have been accepted contrary to sections 56.50 and 56.51, the
4 board shall make every effort, for a period of not less than
5 fourteen days after making the finding, to resolve the matter
6 by informal methods of dispute resolution. Any agreement
7 reached between the board and a candidate shall be a matter of
8 public record. Unless the terms of the agreement are
9 violated, the agreement shall be a bar to any other civil
10 proceeding under this section.

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

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

19 Sec. 6. NEW SECTION. 56.55 FREEDOM TO ASSOCIATE AND
20 COMMUNICATE.

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

23 Sec. 7. NEW SECTION. 56.56 CIRCUMVENTION PROHIBITED.

24 Notwithstanding section 56.12, an attempt by an individual
25 or association to circumvent sections 56.50 through 56.54 by
26 redirecting funds through, or contributing funds on behalf of,
27 another person is an aggravated misdemeanor.

28 Sec. 8. NEW SECTION. 56.57 IOWA ELECTIONS CAMPAIGN FUND.

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

33 2. A nonparty political organization under chapter 44 that
34 does not meet the criteria established for designation as a
35 political party under section 43.2 qualifies for participation

1 in the fund as provided in sections 56.50 through 56.56, this
2 section, and sections 56.58 through 56.60 if all of the
3 following criteria are met:

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

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

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

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

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

24 Sec. 9. NEW SECTION. 56.58 DESIGNATION OF INCOME TAX
25 PAYMENTS.

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

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

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

19 Sec. 10. NEW SECTION. 56.59 ALLOCATION OF FUNDS TO
20 CANDIDATES AND PARTIES.

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

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

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

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

1 made by taxpayers on the income tax forms.

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

8 Sec. 11. NEW SECTION. 56.60 CERTIFICATION --
9 DISTRIBUTION OF FUNDS.

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

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

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

31 4. For purposes of this section and section 56.59, a
32 write-in candidate is a candidate only if the candidate meets
33 the requirements contained in section 56.58, subsection 3,
34 paragraph "b", and signs the agreement as provided in section
35 56.63.

1 Sec. 12. NEW SECTION. 56.61 SPECIAL ELECTION SUBSIDY.

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

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

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

23 Sec. 13. NEW SECTION. 56.62 CERTIFICATION OF NUMBER OF
24 CANDIDATES.

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

1 nomination papers in that county.

2 Sec. 14. NEW SECTION. 56.63 PUBLIC SUBSIDY AGREEMENTS.

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

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

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

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

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

1 election to the office held or sought at the time of the
2 agreement, whichever occurs first.

3 Sec. 15. NEW SECTION. 56.64 MATCHING FUNDS
4 CERTIFICATION.

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

17 Sec. 16. NEW SECTION. 56.65 RETURN OF PUBLIC SUBSIDY.

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

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

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

34 Any amount required to be returned shall not exceed the
35 amount of the public subsidy received by the candidate from

1 the Iowa elections campaign fund.

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

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

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

30 Sec. 17. NEW SECTION. 56.66 REMEDIES.

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

35 2. The board may commence an action in district court in

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

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

7 Sec. 18. NEW SECTION. 56.67 UNRESTRICTED CAMPAIGNS --
8 NOMINATION PETITION -- DISCLOSURE REPORTS.

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

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

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

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

6 Sec. 19. Section 56.13, subsection 1, unnumbered paragraph
7 1, Code Supplement 1999, is amended to read as follows:

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

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

9 Sec. 20. Section 56.14, subsection 1, paragraph a, Code
10 Supplement 1999, is amended by adding the following new
11 unnumbered paragraph:

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

30 Sec. 21. Section 236.15B, unnumbered paragraph 5, Code
31 1999, is amended to read as follows:

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

1 on the books of the department of revenue and finance and
2 accounts identified as owing under section 421.17 and the
3 political contribution allowed under section ~~56.18~~ 56.58 shall
4 be satisfied.

5 Sec. 22. Section 422.5, subsection 1, paragraph j,
6 subparagraph (2), unnumbered paragraph 2, Code Supplement
7 1999, is amended to read as follows:

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

15 Sec. 23. Section 422.12D, subsection 4, Code 1999, is
16 amended to read as follows:

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

23 Sec. 24. Section 422.12E, Code 1999, is amended to read as
24 follows:

25 422.12E INCOME TAX RETURN CHECKOFFS LIMITED.

26 For tax years beginning on or after January 1, ~~1995~~ 2001,
27 there shall be allowed no more than three income tax return
28 checkoffs on each income tax return. When the same three
29 income tax return checkoffs have been provided on the income
30 tax return for three consecutive years, the checkoff for which
31 the least amount has been contributed, in the aggregate for
32 the first two tax years and through March 15 of the third tax
33 year, shall be repealed. This section does not apply to the
34 income tax return checkoff provided in section ~~56.18~~ 56.58.

35 Sec. 25. Section 456A.16, unnumbered paragraph 7, Code

1 1999, is amended to read as follows:

2 The department shall adopt rules to implement this section.
3 However, before a checkoff pursuant to this section shall be
4 permitted, all liabilities on the books of the department of
5 revenue and finance and accounts identified as owing under
6 section 421.17 and the political contribution allowed under
7 section ~~56.18~~ 56.58 shall be satisfied.

8 Sec. 26. Sections 56.18, 56.19, 56.20, 56.21, 56.23,
9 56.24, 56.25, and 56.26, Code 1999, and section 56.22, Code
10 Supplement 1999, are repealed.

11 Sec. 27. On the effective date of this Act, unencumbered
12 and unexpended funds contained in the party accounts in the
13 Iowa election campaign fund under section 56.19 shall be
14 transferred to the Iowa elections campaign fund established
15 under section 56.57.

16 Sec. 28. Sections 1 through 8 and sections 10 through 26
17 of this Act take effect January 1, 2001.

18 Sec. 29. Section 9 of this Act applies retroactively to
19 January 1, 2000, for tax years beginning on or after that
20 date.

21

EXPLANATION

22 This bill establishes expenditure and contribution limits
23 for candidates for state office who agree to abide by the
24 limits, provides for publicly subsidized matching funds for
25 any candidate who agrees to the limits, and provides certain
26 requirements for any candidate who does not agree to the
27 limits.

28 Code section 56.50 establishes expenditure limits for each
29 state elective office. The limits are applicable separately
30 to the general and primary elections, and amounts expended
31 during a primary do not count towards the limits for the
32 general election.

33 Code section 56.51 establishes contribution limits. The
34 limitations on contributions also apply to the threshold
35 amount that must be raised before a candidate who agrees to

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 2001. The
 22 checkoff will apply to the taxable year beginning January 1,
 23 2000. Money will accumulate in the fund for use beginning in
 24 2001.

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