

MAR 17 2003  
Place On Calendar

HOUSE FILE 601  
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HSB 247)

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

**A BILL FOR**

1 An Act relating to campaign finance, including political party  
2 committees, campaign disclosure reports, independent  
3 expenditures, and income tax checkoff provisions.

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

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HF 601

1 Section 1. Section 56.3, subsection 1, Code 2003, is  
2 amended to read as follows:

3 1. a. Every candidate's committee shall appoint a  
4 treasurer who shall be an Iowa resident who has reached the  
5 age of majority. Every political committee, state statutory  
6 political committee, and county statutory political committee  
7 shall appoint both a treasurer and a chairperson, each of whom  
8 shall have reached the age of majority.

9 b. Every candidate's committee shall maintain all of the  
10 committee's funds in bank accounts in a financial institution  
11 located in Iowa. Every political committee, state statutory  
12 political committee, and county statutory political committee  
13 shall either have an Iowa resident as treasurer or maintain  
14 all of the committee's funds in bank accounts in a financial  
15 institution located in Iowa.

16 c. An expenditure shall not be made by the treasurer or  
17 treasurer's designee for or on behalf of a committee without  
18 the approval of the chairperson of the committee, or the  
19 candidate. Expenditures shall be remitted to the designated  
20 recipient within fifteen days of the date of the issuance of  
21 the payment.

22 Sec. 2. Section 56.5, subsection 2, paragraph d, Code  
23 2003, is amended by striking the subsection.

24 Sec. 3. Section 56.6, subsections 2 and 5, Code 2003, are  
25 amended to read as follows:

26 2. If any committee, after having filed a statement of  
27 organization or one or more disclosure reports, dissolves or  
28 determines that it shall no longer receive contributions or  
29 make disbursements, ~~the-treasurer-of~~ the committee shall  
30 notify the board within thirty days following such dissolution  
31 by filing a dissolution report on forms prescribed by the  
32 board. Moneys refunded in accordance with ~~a-dissolution~~  
33 ~~statement~~ sections 56.41 and 56.42 shall be considered a  
34 disbursement or expense but the names of persons receiving  
35 refunds need not be released or reported unless the

1 contributors' names were required to be reported when the  
2 contribution was received.

3 5. a. A committee shall not dissolve until all loans,  
4 debts and obligations are paid, forgiven, or transferred and  
5 the remaining money in the account is distributed according to  
6 ~~the-organization-statement~~ sections 56.41 and 56.42. If a  
7 loan is transferred or forgiven, the amount of the transferred  
8 or forgiven loan must be reported as an in-kind contribution  
9 and deducted from the loans payable balance on the disclosure  
10 form. If, upon review of a committee's statement of  
11 dissolution and final report, the board determines that the  
12 requirements for dissolution have been satisfied, the  
13 dissolution shall be certified and the committee relieved of  
14 further filing requirements.

15 b. A statutory political committee is prohibited from  
16 dissolving, but may be placed in an inactive status upon the  
17 approval of the board. Inactive status may be requested for a  
18 statutory political committee when no officers exist and the  
19 statutory political committee has ceased to function. The  
20 request shall be made by the previous treasurer or chairperson  
21 of the committee and by the appropriate state statutory  
22 political committee. A statutory political committee granted  
23 inactive status shall not solicit or expend funds in its name  
24 until the committee reorganizes and fulfills the requirements  
25 of a political committee under this chapter.

26 Sec. 4. Section 56.20, Code 2003, is amended to read as  
27 follows:

28 56.20 RULES PROMULGATED.

29 ~~The director-of-revenue-and-finance, in co-operation with~~  
30 ~~the-director-of-the-department-of-management-and-the~~ ethics  
31 and campaign disclosure board, shall administer the provisions  
32 of sections 56.18 to 56.26 and they shall promulgate all  
33 necessary rules in accordance with chapter 17A.

34 Sec. 5. Section 56.22, subsection 2, Code 2003, is amended  
35 to read as follows:

1     2. Funds distributed to statutory political committees  
2 pursuant to this chapter shall not be used to expressly  
3 advocate the nomination, election, or defeat of any candidate  
4 during the primary election. Nothing in this subsection shall  
5 be construed to prohibit a statutory political committee from  
6 using such funds to pay expenses incurred in arranging and  
7 holding a nominating convention.

8     Sec. 6. Section 56.23, Code 2003, is amended to read as  
9 follows:

10     56.23 FUNDS -- CAMPAIGN EXPENSES ONLY.

11     1. The chairperson of the state statutory political  
12 committee shall produce evidence to ~~the director of revenue~~  
13 ~~and finance~~ and the ethics and campaign disclosure board not  
14 later than the twenty-fifth day of January each year, that all  
15 income tax checkoff funds expended for campaign expenses have  
16 been utilized exclusively for campaign expenses.

17     2. The ethics and campaign disclosure board shall issue,  
18 prior to the payment of any money, guidelines which that  
19 explain which expenses and evidence thereof qualify as  
20 acceptable campaign expenses.

21     3. Should the ethics and campaign disclosure board ~~and the~~  
22 ~~director of revenue and finance~~ determine that any part of the  
23 funds have been used for noncampaign or improper expenses,  
24 they the board may order the political party or the candidate  
25 to return all or any part of the total funds paid to that  
26 political party for that election. When such funds are  
27 returned, they shall be deposited in the general fund of the  
28 state.

29     Sec. 7. Section 56.43, subsection 1, Code 2003, is amended  
30 to read as follows:

31     1. a. Equipment, supplies, or other materials purchased  
32 with campaign funds or received in-kind are campaign property.

33     b. Campaign property belongs to the candidate's committee  
34 and not to the candidate.

35     c. Campaign property which that has a value of five

1 hundred dollars or more at the time it is acquired by the  
2 committee shall be separately disclosed as committee inventory  
3 on reports filed pursuant to section 56.6, including a  
4 declaration of the approximate current value of the property.  
5 ~~Such~~ The campaign property shall continue to be reported as  
6 committee inventory until it is disposed of by the committee  
7 or until the property has been reported once as having a  
8 residual value of less than one hundred dollars. ~~However,~~  
9 ~~consumable~~

10 d. Consumable campaign property is not required to be  
11 reported as committee inventory, regardless of the initial  
12 value of the consumable campaign property. "Consumable  
13 campaign property", for purposes of this section, means  
14 stationery, yard signs, and other campaign materials ~~which~~  
15 that have been permanently imprinted to be specific to a  
16 candidate or election.

17 Sec. 8. CODE EDITOR DIRECTIVE. The Code editor shall move  
18 and renumber chapter 56 as chapter 68A, and shall change all  
19 references to chapter 56 appropriately throughout the Code.

20 EXPLANATION

21 This bill makes changes to various provisions in Code  
22 chapter 56, relating to campaign finance.

23 The statutory political committees, more commonly known as  
24 party committees, are expressly directed to appoint a chair  
25 and treasurer, and maintain campaign funds in a financial  
26 institution via changes to Code section 56.3.

27 Elimination of a paragraph in Code section 56.5 removes the  
28 requirement for committees to declare on an initial statement  
29 of organization how residual campaign funds will be disbursed.  
30 A related change is made to Code section 56.6 to remove a  
31 reference to the organization statement, and to refer to the  
32 Code sections that provide specific options for disbursing  
33 residual funds.

34 The bill makes several changes to Code sections pertaining  
35 to the Iowa election campaign fund income tax checkoff,

1 including placing all administrative responsibility for rules  
2 and enforcement for the checkoff with the board.

3 The bill amends Code section 56.43 expressly to provide  
4 that campaign property having a value of less than \$100 need  
5 only be reported once.

6 The bill also contains a directive to the Code editor to  
7 designate Code chapter 56 as 68A, placing it numerically next  
8 to the government ethics and lobbying chapter.

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HOUSE FILE 601

H-1093

1 Amend House File 601 as follows:

2 1. Page 2, by inserting after line 25 the  
3 following:

4 "Sec. \_\_\_\_\_. Section 56.13, Code 2003, is amended by  
5 striking the section and inserting in lieu thereof the  
6 following:

7 56.13 INDEPENDENT EXPENDITURES.

8 1. As used in this section, "independent  
9 expenditure" means an expenditure for a communication  
10 that expressly advocates the election or defeat of a  
11 clearly identified candidate or the passage or defeat  
12 of a ballot issue that is made without the prior  
13 approval or coordination with a candidate, candidate's  
14 committee, or a ballot issue committee.

15 2. An individual who meets all of the following  
16 criteria shall file an independent expenditure  
17 statement:

18 a. The individual is not a candidate.

19 b. The individual is acting independently and not  
20 in coordination with another individual, organization,  
21 or committee.

22 c. The individual makes one or more independent  
23 expenditures in excess of seven hundred fifty dollars  
24 in the aggregate to advocate the election or defeat of  
25 one or more candidates or the passage or defeat of one  
26 or more ballot issues.

27 3. a. Any combination of two or more individuals,  
28 or a person other than an individual, that makes one  
29 or more independent expenditures in excess of seven  
30 hundred fifty dollars in the aggregate to advocate the  
31 election or defeat of one or more candidates or the  
32 passage or defeat of one or more ballot issues shall  
33 file an independent expenditure statement.

34 b. Sections 56.5, 56.5A, 56.6, and 56.7 shall not  
35 apply to persons meeting the requirements of paragraph  
36 "a".

37 c. This subsection shall not apply to a candidate,  
38 candidate's committee, state statutory political  
39 committee, county statutory political committee, or a  
40 political committee.

41 4. a. An independent expenditure statement shall  
42 be filed within forty-eight hours of the making of an  
43 independent expenditure in excess of seven hundred  
44 fifty dollars in the aggregate.

45 b. An independent expenditure statement shall be  
46 filed with the board and the board shall immediately  
47 make the independent expenditure statement available  
48 for public viewing.

49 c. For purposes of this section, an independent  
50 expenditure is made at the time that the cost is

H-1093

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Page 2

1 incurred.

2 5. The independent expenditure statement shall  
3 contain all of the following information:

4 a. Identification of the individuals or persons  
5 filing the statement.

6 b. Description of the position advocated by the  
7 individuals or persons with regard to the clearly  
8 identified candidate or ballot issue.

9 c. Identification of the candidate or ballot issue  
10 benefited by the independent expenditure.

11 d. The dates on which the expenditure or  
12 expenditures took place or will take place.

13 e. Description of the nature of the action taken  
14 that resulted in the expenditure or expenditures.

15 f. The fair market value of the expenditure or  
16 expenditures.

17 6. Any person making an independent expenditure  
18 shall comply with the attribution requirements of  
19 section 56.14.

20 7. a. The board shall develop, prescribe,  
21 furnish, and distribute forms for the independent  
22 expenditure statements required by this section.

23 b. The board shall adopt rules pursuant to chapter  
24 17A for the implementation of this section."

25 2. By renumbering as necessary.

**By** JOCHUM of Dubuque  
RAECKER of Polk

**H-1093** FILED MARCH 19, 2003

*Adopted 3/20/03*

HOUSE FILE 601  
BY COMMITTEE ON STATE GOVERNMENT

(SUCCESSOR TO HSB 247)

(As Amended and Passed by the House March 20, 2003)

Passed House, Date Passed 3/20/03 Passed Senate, Date Passed 4/7/03  
Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_  
Approved 4/17/03

**A BILL FOR**

1 An Act relating to campaign finance, including political party  
2 committees, campaign disclosure reports, independent  
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House Amendments \_\_\_\_\_

HF 601

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2 amended to read as follows:

3 1. a. Every candidate's committee shall appoint a  
4 treasurer who shall be an Iowa resident who has reached the  
5 age of majority. Every political committee, state statutory  
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8 shall have reached the age of majority.

9 b. Every candidate's committee shall maintain all of the  
10 committee's funds in bank accounts in a financial institution  
11 located in Iowa. Every political committee, state statutory  
12 political committee, and county statutory political committee  
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14 all of the committee's funds in bank accounts in a financial  
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16 c. An expenditure shall not be made by the treasurer or  
17 treasurer's designee for or on behalf of a committee without  
18 the approval of the chairperson of the committee, or the  
19 candidate. Expenditures shall be remitted to the designated  
20 recipient within fifteen days of the date of the issuance of  
21 the payment.

22 Sec. 2. Section 56.5, subsection 2, paragraph d, Code  
23 2003, is amended by striking the subsection.

24 Sec. 3. Section 56.6, subsections 2 and 5, Code 2003, are  
25 amended to read as follows:

26 2. If any committee, after having filed a statement of  
27 organization or one or more disclosure reports, dissolves or  
28 determines that it shall no longer receive contributions or  
29 make disbursements, ~~the-treasurer-of~~ the committee shall  
30 notify the board within thirty days following such dissolution  
31 by filing a dissolution report on forms prescribed by the  
32 board. Moneys refunded in accordance with ~~a-dissolution~~  
33 ~~statement~~ sections 56.41 and 56.42 shall be considered a  
34 disbursement or expense but the names of persons receiving  
35 refunds need not be released or reported unless the

1 contributors' names were required to be reported when the  
2 contribution was received.

3 5. a. A committee shall not dissolve until all loans,  
4 debts and obligations are paid, forgiven, or transferred and  
5 the remaining money in the account is distributed according to  
6 ~~the-organization-statement~~ sections 56.41 and 56.42. If a  
7 loan is transferred or forgiven, the amount of the transferred  
8 or forgiven loan must be reported as an in-kind contribution  
9 and deducted from the loans payable balance on the disclosure  
10 form. If, upon review of a committee's statement of  
11 dissolution and final report, the board determines that the  
12 requirements for dissolution have been satisfied, the  
13 dissolution shall be certified and the committee relieved of  
14 further filing requirements.

15 b. A statutory political committee is prohibited from  
16 dissolving, but may be placed in an inactive status upon the  
17 approval of the board. Inactive status may be requested for a  
18 statutory political committee when no officers exist and the  
19 statutory political committee has ceased to function. The  
20 request shall be made by the previous treasurer or chairperson  
21 of the committee and by the appropriate state statutory  
22 political committee. A statutory political committee granted  
23 inactive status shall not solicit or expend funds in its name  
24 until the committee reorganizes and fulfills the requirements  
25 of a political committee under this chapter.

26 Sec. 4. Section 56.13, Code 2003, is amended by striking  
27 the section and inserting in lieu thereof the following:

28 56.13 INDEPENDENT EXPENDITURES.

29 1. As used in this section, "independent expenditure"  
30 means an expenditure for a communication that expressly  
31 advocates the election or defeat of a clearly identified  
32 candidate or the passage or defeat of a ballot issue that is  
33 made without the prior approval or coordination with a  
34 candidate, candidate's committee, or a ballot issue committee.

35 2. An individual who meets all of the following criteria

- 1 shall file an independent expenditure statement:
- 2 a. The individual is not a candidate.
- 3 b. The individual is acting independently and not in
- 4 coordination with another individual, organization, or
- 5 committee.
- 6 c. The individual makes one or more independent
- 7 expenditures in excess of seven hundred fifty dollars in the
- 8 aggregate to advocate the election or defeat of one or more
- 9 candidates or the passage or defeat of one or more ballot
- 10 issues.
- 11 3. a. Any combination of two or more individuals, or a
- 12 person other than an individual, that makes one or more
- 13 independent expenditures in excess of seven hundred fifty
- 14 dollars in the aggregate to advocate the election or defeat of
- 15 one or more candidates or the passage or defeat of one or more
- 16 ballot issues shall file an independent expenditure statement.
- 17 b. Sections 56.5, 56.5A, 56.6, and 56.7 shall not apply to
- 18 persons meeting the requirements of paragraph "a".
- 19 c. This subsection shall not apply to a candidate,
- 20 candidate's committee, state statutory political committee,
- 21 county statutory political committee, or a political
- 22 committee.
- 23 4. a. An independent expenditure statement shall be filed
- 24 within forty-eight hours of the making of an independent
- 25 expenditure in excess of seven hundred fifty dollars in the
- 26 aggregate.
- 27 b. An independent expenditure statement shall be filed
- 28 with the board and the board shall immediately make the
- 29 independent expenditure statement available for public
- 30 viewing.
- 31 c. For purposes of this section, an independent
- 32 expenditure is made at the time that the cost is incurred.
- 33 5. The independent expenditure statement shall contain all
- 34 of the following information:
- 35 a. Identification of the individuals or persons filing the

1 statement.

2 b. Description of the position advocated by the  
3 individuals or persons with regard to the clearly identified  
4 candidate or ballot issue.

5 c. Identification of the candidate or ballot issue  
6 benefited by the independent expenditure.

7 d. The dates on which the expenditure or expenditures took  
8 place or will take place.

9 e. Description of the nature of the action taken that  
10 resulted in the expenditure or expenditures.

11 f. The fair market value of the expenditure or  
12 expenditures.

13 6. Any person making an independent expenditure shall  
14 comply with the attribution requirements of section 56.14.

15 7. a. The board shall develop, prescribe, furnish, and  
16 distribute forms for the independent expenditure statements  
17 required by this section.

18 b. The board shall adopt rules pursuant to chapter 17A for  
19 the implementation of this section.

20 Sec. 5. Section 56.20, Code 2003, is amended to read as  
21 follows:

22 56.20 RULES PROMULGATED.

23 ~~The director of revenue and finance, in co-operation with~~  
24 ~~the director of the department of management and the~~ ethics  
25 and campaign disclosure board, shall administer the provisions  
26 of sections 56.18 to 56.26 and they shall promulgate all  
27 necessary rules in accordance with chapter 17A.

28 Sec. 6. Section 56.22, subsection 2, Code 2003, is amended  
29 to read as follows:

30 2. Funds distributed to statutory political committees  
31 pursuant to this chapter shall not be used to expressly  
32 advocate the nomination, election, or defeat of any candidate  
33 during the primary election. Nothing in this subsection shall  
34 be construed to prohibit a statutory political committee from  
35 using such funds to pay expenses incurred in arranging and

1 holding a nominating convention.

2 Sec. 7. Section 56.23, Code 2003, is amended to read as  
3 follows:

4 56.23 FUNDS -- CAMPAIGN EXPENSES ONLY.

5 1. The chairperson of the state statutory political  
6 committee shall produce evidence to ~~the director of revenue~~  
7 ~~and finance~~ and the ethics and campaign disclosure board not  
8 later than the twenty-fifth day of January each year, that all  
9 income tax checkoff funds expended for campaign expenses have  
10 been utilized exclusively for campaign expenses.

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

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

23 Sec. 8. Section 56.43, subsection 1, Code 2003, is amended  
24 to read as follows:

25 1. a. Equipment, supplies, or other materials purchased  
26 with campaign funds or received in-kind are campaign property.

27 b. Campaign property belongs to the candidate's committee  
28 and not to the candidate.

29 c. Campaign property which that has a value of five  
30 hundred dollars or more at the time it is acquired by the  
31 committee shall be separately disclosed as committee inventory  
32 on reports filed pursuant to section 56.6, including a  
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4 d. Consumable campaign property is not required to be  
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Chair: Raecker  
Lykam  
Rasmussen

Succeeded By  
SF  601

HSB 247

STATE GOVERNMENT

SENATE/HOUSE FILE \_\_\_\_\_

BY (PROPOSED ETHICS AND  
CAMPAIGN DISCLOSURE BOARD  
BILL)

Passed Senate, Date \_\_\_\_\_ Passed House, Date \_\_\_\_\_

Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_ Vote: Ayes \_\_\_\_\_ Nays \_\_\_\_\_

Approved \_\_\_\_\_

A BILL FOR

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20 recipient within fifteen days of the date of the issuance of  
21 the payment.

22 Sec. 2. Section 56.5, subsection 2, paragraph d, Code  
23 2003, is amended by striking the subsection.

24 Sec. 3. Section 56.6, subsections 2 and 5, Code 2003, are  
25 amended to read as follows:

26 2. If any committee, after having filed a statement of  
27 organization or one or more disclosure reports, dissolves or  
28 determines that it shall no longer receive contributions or  
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30 notify the board within thirty days following such dissolution  
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32 board. Moneys refunded in accordance with ~~a dissolution~~  
33 ~~statement~~ sections 56.41 and 56.42 shall be considered a  
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25 of a political committee under this chapter.

26 Sec. 4. Section 56.13, Code 2003, is amended by striking  
27 the section and inserting in lieu thereof the following:

28 56.13 INDEPENDENT EXPENDITURES.

29 The board shall adopt rules pursuant to chapter 17A  
30 defining independent expenditures and relating to the  
31 reporting of independent expenditures.

32 Sec. 5. Section 56.20, Code 2003, is amended to read as  
33 follows:

34 56.20 RULES PROMULGATED.

35 ~~The director-of-revenue-and-finance,--in-co-operation-with~~

1 ~~the director of the department of management and the~~ ethics  
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3 of sections 56.18 to 56.26 and they shall promulgate all  
4 necessary rules in accordance with chapter 17A.

5 Sec. 6. Section 56.22, subsection 2, Code 2003, is amended  
6 to read as follows:

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26 acceptable campaign expenses.

27 3. Should the ethics and campaign disclosure board ~~and the~~  
28 ~~director of revenue and finance~~ determine that any part of the  
29 funds have been used for noncampaign or improper expenses,  
30 they the board may order the political party or the candidate  
31 to return all or any part of the total funds paid to that  
32 political party for that election. When such funds are  
33 returned, they shall be deposited in the general fund of the  
34 state.

35 Sec. 8. Section 56.43, subsection 1, Code 2003, is amended

1 to read as follows:

2 1. a. Equipment, supplies, or other materials purchased  
3 with campaign funds or received in-kind are campaign property.

4 b. Campaign property belongs to the candidate's committee  
5 and not to the candidate.

6 c. Campaign property ~~which~~ that has a value of five  
7 hundred dollars or more at the time it is acquired by the  
8 committee shall be separately disclosed as committee inventory  
9 on reports filed pursuant to section 56.6, including a  
10 declaration of the approximate current value of the property.

11 ~~Such~~ The campaign property shall continue to be reported as  
12 committee inventory until it is disposed of by the committee  
13 or until the property has been reported once as having a  
14 residual value of less than one hundred dollars. ~~However,~~  
15 ~~consumable~~

16 d. Consumable campaign property is not required to be  
17 reported as committee inventory, regardless of the initial  
18 value of the consumable campaign property. "Consumable  
19 campaign property", for purposes of this section, means  
20 stationery, yard signs, and other campaign materials ~~which~~  
21 that have been permanently imprinted to be specific to a  
22 candidate or election.

23 Sec. 9. CODE EDITOR DIRECTIVE. The Code editor shall move  
24 and renumber chapter 56 as chapter 68A, and shall change all  
25 references to chapter 56 appropriately throughout the Code.

26 EXPLANATION

27 This bill makes changes to various provisions in Code  
28 chapter 56, relating to campaign finance.

29 The statutory political committees, more commonly known as  
30 party committees, are expressly directed to appoint a chair  
31 and treasurer, and maintain campaign funds in a financial  
32 institution via changes to Code section 56.3.

33 Elimination of a paragraph in Code section 56.5 removes the  
34 requirement for committees to declare on an initial statement  
35 of organization how residual campaign funds will be disbursed.

1 A related change is made to Code section 56.6 to remove a  
2 reference to the organization statement, and to refer to the  
3 Code sections that provide specific options for disbursing  
4 residual funds.

5 The bill strikes current Code section 56.13 relating to  
6 independent expenditures, and replaces it with a provision  
7 allowing the Iowa ethics and campaign disclosure board to  
8 adopt rules defining independent expenditures and providing  
9 for reporting.

10 The bill makes several changes to Code sections pertaining  
11 to the Iowa election campaign fund income tax checkoff,  
12 including placing all administrative responsibility for rules  
13 and enforcement for the checkoff with the board.

14 The bill amends Code section 56.43 expressly to provide  
15 that campaign property having a value of less than \$100 need  
16 only be reported once.

17 The bill also contains a directive to the Code editor to  
18 designate Code chapter 56 as 68A, placing it numerically next  
19 to the government ethics and lobbying chapter.

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# IOWA ETHICS AND CAMPAIGN DISCLOSURE BOARD

An Independent Agency of the Executive Branch

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**BOARD MEMBERS:**  
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Phyllis Peters

**TO: MEMBERS OF 2003 IOWA GENERAL ASSEMBLY**  
**FROM: CHARLIE SMITHSON, DIRECTOR & COUNSEL CS**  
**DATE: FEBRUARY 27, 2003**  
**Re: TECHNICAL/CORRECTIVE BILL ON CAMPAIGN FINANCE**

On behalf of the Iowa Ethics and Campaign Disclosure Board, I hereby respectfully submit the Board's 2003 technical/corrective agency bill concerning amendments to the campaign finance laws in Iowa Code chapter 56. The proposals in the bill are for the following purposes:

1. Clarifies that party committees must appoint a chair and treasurer and maintain campaign funds in a financial institution the same as all other campaign committees.
2. Removes the requirement to disclose on an initial statement of organization how residual campaign funds will be disbursed. As the campaign laws now mandate that residual funds be disbursed only in certain ways, this initial requirement is unnecessary. Disbursement of residual campaign funds would still be disclosed on campaign disclosure reports.
3. Repeals the current statute on independent expenditures that was ruled unconstitutional by the 8<sup>th</sup> Circuit Court of Appeals and has been unenforceable since 1999. New language requires the Board to adopt rules relating to the defining and reporting of independent expenditures.
4. Amends several sections of the Income Tax-Checkoff statutes to streamline the process involving oversight of the fund.
5. Requires campaign property having a value of less than \$100 to be reported once. Currently, candidates do not have to report campaign property once it has a value of less than \$100. However, the Board is unsure of whether previously reported committee property is now valued at less than \$100 or was unreported. This amendment removes the confusion and eliminates unnecessary communication between the Board and committees.
6. Directs the Code Editor to designate Chapter 56 as Chapter 68A. This places the campaign laws and ethics/Board implementation statutes (Chapter 68B) together numerically in the Code.

I look forward to working with the General Assembly on these proposals.

HOUSE FILE 601

AN ACT

RELATING TO CAMPAIGN FINANCE, INCLUDING POLITICAL PARTY COMMITTEES, CAMPAIGN DISCLOSURE REPORTS, INDEPENDENT EXPENDITURES, AND INCOME TAX CHECKOFF PROVISIONS.

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

Section 1. Section 56.3, subsection 1, Code 2003, is amended to read as follows:

1. a. Every candidate's committee shall appoint a treasurer who shall be an Iowa resident who has reached the age of majority. Every political committee, state statutory political committee, and county statutory political committee shall appoint both a treasurer and a chairperson, each of whom shall have reached the age of majority.

b. Every candidate's committee shall maintain all of the committee's funds in bank accounts in a financial institution located in Iowa. Every political committee, state statutory

political committee, and county statutory political committee shall either have an Iowa resident as treasurer or maintain all of the committee's funds in bank accounts in a financial institution located in Iowa.

c. An expenditure shall not be made by the treasurer or treasurer's designee for or on behalf of a committee without the approval of the chairperson of the committee, or the candidate. Expenditures shall be remitted to the designated recipient within fifteen days of the date of the issuance of the payment.

Sec. 2. Section 56.5, subsection 2, paragraph d, Code 2003, is amended by striking the subsection.

Sec. 3. Section 56.6, subsections 2 and 5, Code 2003, are amended to read as follows:

2. If any committee, after having filed a statement of organization or one or more disclosure reports, dissolves or determines that it shall no longer receive contributions or make disbursements, ~~the treasurer of~~ the committee shall notify the board within thirty days following such dissolution by filing a dissolution report on forms prescribed by the board. Moneys refunded in accordance with ~~a dissolution statement~~ sections 56.41 and 56.42 shall be considered a disbursement or expense but the names of persons receiving refunds need not be released or reported unless the contributors' names were required to be reported when the contribution was received.

5. a. A committee shall not dissolve until all loans, debts and obligations are paid, forgiven, or transferred and the remaining money in the account is distributed according to ~~the organization statement~~ sections 56.41 and 56.42. If a loan is transferred or forgiven, the amount of the transferred or forgiven loan must be reported as an in-kind contribution and deducted from the loans payable balance on the disclosure form. If, upon review of a committee's statement of dissolution and final report, the board determines that the

requirements for dissolution have been satisfied, the dissolution shall be certified and the committee relieved of further filing requirements.

b. A statutory political committee is prohibited from dissolving, but may be placed in an inactive status upon the approval of the board. Inactive status may be requested for a statutory political committee when no officers exist and the statutory political committee has ceased to function. The request shall be made by the previous treasurer or chairperson of the committee and by the appropriate state statutory political committee. A statutory political committee granted inactive status shall not solicit or expend funds in its name until the committee reorganizes and fulfills the requirements of a political committee under this chapter.

Sec. 4. Section 56.13, Code 2003, is amended by striking the section and inserting in lieu thereof the following:

56.13 INDEPENDENT EXPENDITURES.

1. As used in this section, "independent expenditure" means an expenditure for a communication that expressly advocates the election or defeat of a clearly identified candidate or the passage or defeat of a ballot issue that is made without the prior approval or coordination with a candidate, candidate's committee, or a ballot issue committee.

2. An individual who meets all of the following criteria shall file an independent expenditure statement:

a. The individual is not a candidate.

b. The individual is acting independently and not in coordination with another individual, organization, or committee.

c. The individual makes one or more independent expenditures in excess of seven hundred fifty dollars in the aggregate to advocate the election or defeat of one or more candidates or the passage or defeat of one or more ballot issues.

3. a. Any combination of two or more individuals, or a person other than an individual, that makes one or more independent expenditures in excess of seven hundred fifty dollars in the aggregate to advocate the election or defeat of one or more candidates or the passage or defeat of one or more ballot issues shall file an independent expenditure statement.

b. Sections 56.5, 56.5A, 56.6, and 56.7 shall not apply to persons meeting the requirements of paragraph "a".

c. This subsection shall not apply to a candidate, candidate's committee, state statutory political committee, county statutory political committee, or a political committee.

4. a. An independent expenditure statement shall be filed within forty-eight hours of the making of an independent expenditure in excess of seven hundred fifty dollars in the aggregate.

b. An independent expenditure statement shall be filed with the board and the board shall immediately make the independent expenditure statement available for public viewing.

c. For purposes of this section, an independent expenditure is made at the time that the cost is incurred.

5. The independent expenditure statement shall contain all of the following information:

a. Identification of the individuals or persons filing the statement.

b. Description of the position advocated by the individuals or persons with regard to the clearly identified candidate or ballot issue.

c. Identification of the candidate or ballot issue benefited by the independent expenditure.

d. The dates on which the expenditure or expenditures took place or will take place.

e. Description of the nature of the action taken that resulted in the expenditure or expenditures.

f. The fair market value of the expenditure or expenditures.

6. Any person making an independent expenditure shall comply with the attribution requirements of section 56.14.

7. a. The board shall develop, prescribe, furnish, and distribute forms for the independent expenditure statements required by this section.

b. The board shall adopt rules pursuant to chapter 17A for the implementation of this section.

Sec. 5. Section 56.20, Code 2003, is amended to read as follows:

56.20 RULES PROMULGATED.

~~The director-of-revenue-and-finance, in co-operation with the director-of-the-department-of-management-and-the~~ ethics and campaign disclosure board, shall administer the provisions of sections 56.18 to 56.26 and they shall promulgate all necessary rules in accordance with chapter 17A.

Sec. 6. Section 56.22, subsection 2, Code 2003, is amended to read as follows:

2. Funds distributed to statutory political committees pursuant to this chapter shall not be used to expressly advocate the nomination, election, or defeat of any candidate during the primary election. Nothing in this subsection shall be construed to prohibit a statutory political committee from using such funds to pay expenses incurred in arranging and holding a nominating convention.

Sec. 7. Section 56.23, Code 2003, is amended to read as follows:

56.23 FUNDS -- CAMPAIGN EXPENSES ONLY.

1. The chairperson of the state statutory political committee shall produce evidence to ~~the director-of-revenue and-finance-and~~ the ethics and campaign disclosure board not later than the twenty-fifth day of January each year, that all income tax checkoff funds expended for campaign expenses have been utilized exclusively for campaign expenses.

2. The ethics and campaign disclosure board shall issue, prior to the payment of any money, guidelines which that explain which expenses and evidence thereof qualify as acceptable campaign expenses.

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

Sec. 8. Section 56.43, subsection 1, Code 2003, is amended to read as follows:

1. a. Equipment, supplies, or other materials purchased with campaign funds or received in-kind are campaign property.

b. Campaign property belongs to the candidate's committee and not to the candidate.

c. Campaign property which that has a value of five hundred dollars or more at the time it is acquired by the committee shall be separately disclosed as committee inventory on reports filed pursuant to section 56.6, including a declaration of the approximate current value of the property. ~~Such~~ The campaign property shall continue to be reported as committee inventory until it is disposed of by the committee or until the property has been reported once as having a residual value of less than one hundred dollars. ~~However,~~ consumable

d. Consumable campaign property is not required to be reported as committee inventory, regardless of the initial value of the consumable campaign property. "Consumable campaign property", for purposes of this section, means stationery, yard signs, and other campaign materials which that have been permanently imprinted to be specific to a candidate or election.

Sec. 9. CODE EDITOR DIRECTIVE. The Code editor shall move and renumber chapter 56 as chapter 68A, and shall change all references to chapter 56 appropriately throughout the Code.

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CHRISTOPHER C. RANTS  
Speaker of the House

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MARY E. KRAMER  
President of the Senate

I hereby certify that this bill originated in the House and is known as House File 601, Eightieth General Assembly.

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MARGARET THOMSON  
Chief Clerk of the House

Approved \_\_\_\_\_, 2003

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THOMAS J. VILSACK  
Governor