

S1337 Campaign Finance Reform Bill

Statement of Purpose:

This legislation is the work of the interim Campaign Finance Legislative workgroup. Its purpose is to increase transparency in campaign finance for statewide, legislative, and local elections. This is accomplished by centralizing and streamlining the filing process for candidates and political committees and improving public access to campaign finance information. This legislation expands the applicability of the sunshine laws to all types of elections, including special, recall and local elections. It also establishes a single, searchable online database for all reporting in the State of Idaho.

Primary Changes:

- This centralizes campaign finance reporting for the entire state by creating a centralized database within the Secretary of State's office for all campaign finance reporting. This makes it uniform for filers and centralizes access for the public and media to the disclosed information. **(pg13 ln33-45)**
- Reporting is expanded to include special, recall, and local elections. It is limited for to local official to only those who raise \$500 or more for their campaign. **(pg3 ln20, pg5 ln32-34, pg8 ln24-31)**
- Narrows the oversight and enforcement to the Secretary of State and Attorney General for statewide, legislative, and judicial races and to the County Clerk and County Prosecutor for all other races. **(Throughout particularly on pg12 ln13 – pg14 ln 4)**
- Increases the frequency of reporting prior to an election. All candidates would need to report monthly for the 4 months leading up to an election and the month of the election. During the remaining time they would need to disclose semi-annually. **(pg7 ln1-40, pg9 ln11-17)**
- Defines the reporting frequency and periods for petitions to monthly during circulation **(pg7 ln41-44)**
- Updates the definition of electioneering communication to include email, internet and social media advertising. It also clarifies that this is for paid communication. **(pg3 ln25-40)**

- Requires electioneering communication to have an authority line stating who is responsible for the communication.
(pg15 ln29-31)
- Defines the point at which an expenditure is required to be reported to ensure more timely reporting.
(pg4 ln38)
- Increases the 48 hour reporting for donations of \$1,000 or more from 16 days before the election to 45 days before when absentee ballots are mailed out.
(pg9 ln34-42)
- Eliminates the category of “Nonbusiness entity” and treats all entities the same.
(pg5 ln43-50, pg6 ln40-41)
- It requires that out-of-state political committees must register with the Secretary of State prior to contributing more than \$1,000 within Idaho.
(pg9 ln34-42)
- Merges the maximum penalties for violations from \$250 for individuals and \$2,500 for political committees to \$1,000 for both.
(pg14 ln11-13)
- Clarifies that the prohibition of coordination of independent expenditures with campaigns also includes campaign volunteers.
(pg4 ln49-50)
- Has a delayed effective date of July 1, 2019 to allow the Secretary of State time to implement these changes.
(pg18 ln7-8)
- Repeals other code sections that incorporated campaign finance reporting for specific local offices that are now included in the campaign finance laws.
(pg15 ln32-pg18 ln6)
- Cleans up a few other areas of the law where the language could be simplified without substantive impact.

Primary differences between the Committees original bill H573 and S1337

- **Drafting** – H573 repealed many sections and replaced them with new similar sections and restructured the campaign finance laws in part. This made it difficult for House State Affairs committee members to distinguish what was changed in the law from what currently exists. About 75% of the questions asked of the Secretary of State during the print hearing were about existing portions of the statute and not about changes being made by the legislation. This was the primary source of contention during the hearing.
- **Modifications** - Portions were modified to be more compromising with various stakeholders:
 - H573 had a broad definition of “Electioneering Communication” that raised concerns regarding free speech, S1337 narrows the definition to paid communications
 - H573 had monthly reporting year round, S1337 narrows the timeframe to 4 months prior to the election
 - H573 increase maximum fines to \$2,500, S1337 merges them to \$1,000
 - H573 required further disclosure of boards of directors for out-of-state political committees contributing over \$1,000, S1337 requires filing with the Secretary of State
 - H573 defined the point of an expenditure when it was obligated or contracted, S1337 defines it as when the communication reaches potential voters or when a good or service are delivered
- **Portions Removed** - Changes made in H573 were removed because there was not sufficient support for these changes:
 - H573 Required a political committee to identify its board of directors and persons with decision making power
 - H573 Requires independent expenditures and electioneering communications to disclose their top donors, and requires electioneering communications to state who is responsible for or has authorized the communication
 - H573 Prohibited a candidate having multiple campaign accounts for different offices sought