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## WISCONSIN LEGISLATIVE COUNCIL AMENDMENT MEMO

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<b>2013 Senate Bill 655</b>	<b>Senate Amendment 1</b>
<i>Memo published:</i> March 10, 2014 (Revised May 23, 2014)	<i>Contact:</i> Katie Bender-Olson, Staff Attorney (266-2988)

Senate Bill 655 makes changes to various campaign finance and lobbying laws. The following memo outlines the provisions of Senate Bill 655 and the changes made by Senate Amendment 1.

### CAMPAIGN FINANCE PROVISIONS

#### Registration Thresholds

Under **current law**, a committee or individual must register if the committee or individual accepts contributions, incurs obligations, or makes disbursements in a calendar year in excess of \$25. In addition, a group or individual must register if the group or individual accepts contributions, incurs obligations, or makes disbursements in a calendar year in excess of \$750 to promote or oppose a particular vote at any referendum in this state.

**Senate Bill 655** increases the thresholds at which a committee, group, or individual must register under the campaign finance law. The bill increases the \$25 threshold for registration by committees to \$500 and the threshold for individuals to \$1,000. The bill also increases the \$750 threshold for registration of referendum activity by groups and individuals to \$2,500.

**Senate Amendment 1** provides a different registration threshold for committees and individuals that accept contributions, incur obligations, or make disbursements. The amendment establishes the threshold at \$300 for both committees and individuals.

#### Calculating Transfers Within Committee Contribution Limits

**Current law** imposes a limit on the amount a candidate for state or local office may receive from all committees that are required to file under the campaign finance law,

**including** political party and legislative campaign committees. Current law imposes a different limit on the amount a candidate may receive from all committees **other than** political party and legislative campaign committees.

**Senate Bill 655** provides that the amount a candidate may receive from all committees, including political party and legislative campaign committees, does not include any transfer from one personal campaign committee to another personal campaign committee. Instead, such transfers are included within the amount a candidate may receive from committees other than political parties and legislative campaign committees.

**Senate Amendment 1** switches the committee limit within which personal campaign committee transfers are included. The amendment provides that such transfers are included in the amount a candidate may receive from all committees, including political party and legislative campaign committees. The transfers are not included in the amount a candidate may receive from all committees other than political party and legislative campaign committees.

### **Corporate Expenditures to Solicit Contributions**

Under **current law**, a corporation or association may not expend more than a combined total of \$500 annually to solicit contributions to its separate segregated fund.

**Senate Bill 655** eliminates the limit on the amount a corporation or association may expend to solicit contributions.

**Senate Amendment 1** imposes a limit on the amount a corporation or association may expend to solicit contributions. The amendment provides that a corporation or association may not expend more than \$20,000 or 20% of the amount of contributions to the separate segregated fund in the prior year, whichever is greater.

### **Unclaimed Conduit Contributions**

**Current law** does not specifically address the redirection of conduit contributions made by individuals or organizations that have had no contact with the conduit for at least 24 months.

**Senate Bill 655** allows a conduit to redirect any contribution to a sponsor (committee associated with the conduit) or to an administrative fund of the conduit if the conduit has held the contribution for at least 24 consecutive months during which the individual or organization that made the contribution has made no contact with the conduit, and one of the following applies:

- The conduit has, over the 24-month period, attempted in good faith to contact the individual or organization that made the contribution at least 10 times and has documented each attempt but has been unable to make contact. A conduit may satisfy this requirement by: telephoning at the last-known number; sending a letter or postcard by U.S. mail; sending an email message; or any combination of the foregoing. A conduit may not satisfy this requirement if all 10 attempted contacts occur within a period of 30 consecutive days.

- The surviving spouse or executor of the estate of a deceased contributor authorizes the redirection of the contribution.

The bill also requires a conduit, on its registration statement, to include information about the original contributor for the dates on which the contribution is received and redirected and whether the contribution is redirected to a sponsor or administrative fund of the conduit.

**Senate Amendment 1** allows a conduit to use additional forms of communication to attempt to contact conduit contributors. The amendment provides that in addition to telephoning, mailing, or emailing a contributor, the conduit may also satisfy its requirement to make 10 good faith contact attempts by sending a text message at the last-known cellular telephone number or pager number or by sending a fax transmission at the last-known fax number.

### **Internet Activity**

Under **current law**, activity that involves making or accepting contributions, making disbursements, or incurring obligations is generally subject to registration and reporting requirements under the campaign finance law. Because the law generally does not treat payments for internet activity differently than payments for other forms of communication, these payments are typically reportable.

**Senate Bill 655** excludes certain Internet activity from reporting under the campaign finance law by excluding this activity from the definitions of “contribution” and “disbursement.” Specifically, the bill excludes costs incurred to conduct Internet activity (including email, blogging, and creating a website) for a political purpose by an individual acting on his or her own behalf, or acting on behalf of another person if the individual is not compensated specifically for those services.<sup>1</sup> This includes the cost or value of any equipment and services used by the individual to conduct the activity, but does not include professional video production services purchased by the individual.

The bill does provide, however, that certain Internet-related activity is included in the definition of “disbursement” and is reportable. The bill provides that the following are disbursements: (1) any payment for a communication to the general public for a political purpose, except for Internet communications as discussed; (2) any payment for the purchase or rental of an email address list made at the direction of a registrant for a political purpose; and (3) any payment for an email address list that is transferred to a registrant for a political purpose.

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<sup>1</sup> The bill defines “Internet activity” to include sending or forwarding an email message; providing a hyperlink or other direct access on a person’s Internet site to an Internet site operated by another person; blogging; creating, maintaining, or hosting an Internet site; payment by a person of a nominal fee for the use of an Internet site operated by another person; or any other form of communication distributed over the Internet.

### Communications to the Public

**Currently**, campaign finance law is not to be construed to restrict fair coverage of bona fide news stories, interviews with candidates and other politically active individuals, editorial comment, or endorsement. Such activities need not be reported as a contribution or disbursement.

**Senate Bill 655** excludes certain media coverage and communications to the general public from reporting under the campaign finance law by excluding the activity from the definitions of “contribution” and “disbursement.” Specifically, the bill provides that disbursement does not include any cost incurred in covering or carrying a news story, commentary, or editorial by a broadcasting station, cable television operator, programmer or producer, Internet site, or newspaper or other periodical publication, including an Internet or electronic publication. Further, a disbursement does not include a nominal fee paid for a communication to the general public.

However, the exclusion for certain media coverage does not apply to the cost of a news story that appears in a medium owned or controlled by a candidate, personal campaign committee of a candidate, support committee of a candidate, or a political party.

### Reporting of “Late” Contributions

Under **current law**, certain contributions and disbursements that are made shortly before an election must be reported to the filing officer within 24 hours. Specifically, a committee that is not coordinating with a candidate that makes disbursements of \$20 or more to advocate the election or defeat of a candidate within 15 days before a primary or election must report the disbursement within 24 hours. Similarly, if a single contributor makes contributions totaling \$500 or more to a candidate for state office, a committee, or an individual within 15 days before a primary or election and the contribution is not included in a preprimary or preelection report, the recipient must report the contribution within 24 hours.

**Senate Bill 655** extends the period for reporting contributions and disbursements that happen within 15 days of an election from 24 hours to 48 hours.

### Electronic Filing

Under **current law**, GAB must require certain registrants to file campaign finance reports in an electronic format. GAB must specify, by rule, a type of software that is suitable for compliance with the electronic filing requirement. A registrant that files electronically must also submit a copy of the report to GAB that is signed by an authorized individual.

**Senate Bill 655** requires that the software allow a registrant to provide an electronic signature that is subject to a security procedure that verifies the electronic signature. A registrant that files a report in an electronic format may, however, file a portion of the report signed by an authorized individual rather than file an electronic signature. The bill also eliminates the requirement for filing of a hard copy of the report if the registrant files electronically.

## **LOBBYING LAW PROVISIONS**

### **Time Period for Lobbyists to Make Contributions**

Under **current law**, a lobbyist may only make a campaign contribution to a candidate for a partisan elective state office, to a partisan elected official running for any national, state, or local office, or to the campaign committee of any of the aforementioned between June 1 and the day of the general election. However, a contribution to a candidate for legislative office may be made during that time only if the Legislature has concluded its final floor period, and is not in special or extraordinary session.

**Senate Bill 655** changes the period during which a lobbyist may make a campaign contribution. The bill provides that a lobbyist may “personally” make contributions in the year of the candidate’s election between the first day authorized by law for the circulation of nomination papers as a candidate at a general election or special election (typically, April 15<sup>th</sup>) and the day of the general election or special election.

### **Furnishing Items of Value to Candidates**

Under **current law**, a lobbyist is prohibited from furnishing anything of pecuniary value to a state agency official, legislative employee of the state, elective state official, candidate for elective state office, or the personal campaign committee of such individual, except that a lobbyist may make certain campaign contributions. One type of allowed contribution is to a partisan elective state official running for national, state, or local office or a candidate for partisan elective state office. However, a lobbyist may only make this type of campaign contribution during the specified window of time (as discussed above).

**Senate Bill 655** provides that a lobbyist may furnish a campaign contribution that is not made personally by the lobbyist at any time, but prohibits a lobbyist from personally making a campaign contribution to a partisan elective state official or candidate for partisan elective state office except during the permitted period in the year of the candidate’s election between the first day authorized for circulation of nomination papers and the day of the general election or special election.

**Senate Amendment 1** removes the bill’s language stating that a lobbyist may furnish a campaign contribution that is not made personally by the lobbyist at any time.

The amendment retains language stating that a lobbyist may “personally” make a campaign contribution to a partisan elective state official or candidate for partisan elective state office in the year of the candidate’s election between the first day authorized for circulation of nomination papers and the day of the general election or special election.

## **BILL HISTORY**

Senate Amendment 1 was introduced by Senator Lazich on March 6, 2014. On the same date, the Senate Committee on Elections and Urban Affairs voted to recommend adoption of the amendment on a vote of Ayes, 5; Noes, 1. The committee then voted to recommend adoption of the bill, as amended, on a vote of Ayes, 3; Noes, 2.