1999 DRAFTING REQUEST

Bill

Received: **01/14/99**

Received By: **kuesejt**

Wanted: **As time permits**

Identical to LRB:

For: **Brian Burke (608) 266-8535**

By/Representing: **Debra Sybell**

This file may be shown to any legislator: **NO**

Drafter: **kuesejt**

May Contact:

Alt. Drafters:

Subject: **Elections - campaign finance**

Extra Copies: **RJM - 1**

Pre Topic:

No specific pre topic given

Topic:

Campaign finance changes

Instructions:

See Attached

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LRB-1801

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Received: **01/14/99**

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Identical to LRB:

For: **Brian Burke (608) 266-8535**

By/Representing: **Debra Sybell** (414) 970-9401

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WISCONSIN PUBLIC SUBSIDY PROGRAM
Modeled after MN's Campaign Finance Reform Plan

What is the public subsidy program?
Candidates for legislative office, the Supreme Court and statewide offices who agree to limit their campaign spending may receive direct subsidies from the state. The program also allows contributors to political parties and to agreeing candidates to have their contributions refunded by the state up to $50 per contributor.

What is the program's purpose?
- To lessen the reliance of candidates on large contributors by providing an alternate source of financing for campaigns,
- To limit the overall spending for state election campaigns, and
- To assist the political parties with expenditures benefiting 3 or more candidates (*multi-candidate expenditures).*

How is the program funded?

Checkoff.
Direct payments are partially funded from general purpose revenue based on $5 checkoffs (individuals filing a joint return may separately choose whether to make the $5 checkoff) on state income tax refunds returns. Taxpayers may designate the checkoff to a ***political party account*** or to the ***general account***. 3% remains in state coffers to offset administrative costs. 5% is set aside for a public education campaign which sunsets after 3 election cycles.

PP rec't 1st general 2nd comb may not exceed 50%

Political Party Account.
1. 10% of the political party account goes to the state committee of a political party for deposit in a separate account. This money can only be used for *multi-candidate expenditures.*
2. $5 check off designated to the political party account

What kinds of expenses qualify as "multi-candidate expenditures"?
• Advertising on behalf of candidates generally without reference to any specific candidate;
• Expenditures for an official party sample ballot listing the names of three or more candidates;
• Telephone conversations that include the names of three or more candidates;
• Expenditures for political party fund-raising on behalf of three or more candidates;
• Expenditures for party committee staff member services that benefit three or more candidates.

Which political parties qualify for the checkoff on the tax returns?
Every recognized political party listed on the official ballot at the last gubernatorial election whose candidate for any statewide office received at least one percent of the total votes cast for that office and, if the last general election was also a presidential election, every recognized political party listed on the ballot at the election whose candidate for president received at least one percent of the vote cast for that office. {Cross reference Section 5.62(1)(b), Wis. Stats.}

General Account.

1. $5 check off not designating a particular party.
2. Tax break for lobbying expenses is eliminated, capturing roughly $250,000 annually for the general account. DOR to estimate annually
3. 15% state tax on interest earned on war chests.
4. $3 million GPR appropriation. per f.y.

Political contribution refunds are paid directly to contributors from general purpose revenue.

How do candidates qualify for participation?

- Register a principal campaign committee with the State Elections Board.
- Sign a Public Subsidy Agreement agreeing to the following conditions:
  - To abide by the spending limits for the office sought.

    Note: Spending limits are increased by 10% for "first-time candidates." "First time candidates" are defined as candidates who are running for the office for the first time and who have not run previously for any other office whose territory now includes a population that is one-third or more of the population in the territory of the new office.. eb to determine
  - To limit the candidate's personal contributions.
  - To return any public subsidy received that exceeds actual campaign spending.

  These signed agreements are irrevocable and must be filed with the Elections Board by the deadline for filing a Declaration of Candidacy form. Candidates who violate the terms of these agreements may be subject to a civil forfeiture equal to 4xs the amount by which the expenditure exceeded the prescribed limit. Candidates, not their committees, are personally liable. irrevocable

A candidate whose opponent does not sign a Public Subsidy Agreement is released from spending limits and self-contribution limits. if opponent could have qualified but declined

How do candidates qualify for direct payments?

- A candidate must receive, during a specified time period, an aggregate amount of qualifying contributions from individuals of $50 or less equal to 3% of the candidate's authorized disbursement limitation.
- A candidate for partisan office must receive at least 6% of the total votes cast in the primary and must be certified for placement on the general election ballot (same as current law).
- The candidate has an opponent who is certified for placement on the election ballot as a candidate for the same office.

When is public subsidy available?

Party account and general account fund payments are made following the primary election.

How much public subsidy will a candidate receive?

Party account payments will vary. Money from the party accounts for legislative candidates is returned to the counties from which it was collected and its distribution rationally relates to the support for particular parties or for particular candidates within legislative districts.

General account payments will be the same for each candidate for a particular office. However, a candidate may receive public subsidy payments only up to 50% of the candidate's expenditure limit. The general account payment may be reduced if necessary to maintain the 50% limit. 45% – 65% limits repealed

✓ **How long are the public subsidy agreements in effect?**
Public subsidy agreements are in effect for an election cycle or until the committee terminates its registration with the Board, whichever occurs first.

An election cycle is January 1st following a general election to December 31st following the next general election for that office.

✓ **What if there is a special election?**
Public subsidy for eligible candidates in a special election is paid in the same amount as party account and general account money was paid to candidates for the same office at the last general election. Public subsidy agreements for candidates in a special election go out of effect 60 days after the special election is held. The amount necessary to make these payments is appropriated from general purpose revenue.

– **How does the political contribution refund system work?**
Contributions from Wisconsin taxpayers to qualifying candidates and political parties are refunded by the state up to $50 per year. The candidate or party gives the contributor a receipt and the contributor returns the receipt with an application form to the Department of Revenue to request the refund. Contribution refunds are available during each year the candidate has a spending limit agreement in effect. Contribution refunds based contributions to qualified political parties are available while the political party is registered with the Elections Board.

- **What aggregate contribution limits are candidates subject to?**
Regardless of whether a candidate signs a public subsidy agreement, candidates are subject to an *aggregate contribution limit* equal to 25% of the expenditure limits for the office sought by the candidate. This limit applies to all contributions from special interest committees, parties (*excluding multicandiate expenditures/contributions*) and large givers. "Large giver" means an individual, other than the candidate, who contributes an amount that is more than one-half the amount an individual may contribute. *(Note: This is a modified version of the MN plan)*

✓ NP candidates ~~8%~~ 12%

- candidates who Accept grants may not transfer money to others

IDEAS FROM BURKE BILL

✓ **Disbursement Limitations.**
Eliminate the 60%/40% allocation of spending between the primary or general election.

✓ **Contribution Limitations.**
Revise current contribution limits applicable to individuals and committees to candidates as follows:

Category	Current Limit	Proposed Limit
Individual or committee making contributions to candidate for state senator	$ 1,000	$ 500
Individual or committee making contributions to candidate for representative to the assembly	$ 500	$ 250
Individual making contributions to candidate for statewide office	$10,000	$ 1,000
Committee making contributions to candidate for statewide office	4% of candidates disbursement level	$ 1,000

✓ **Treatment of Legislative Campaign Committees.**
Eliminates the special status of legislative campaign committees, thus treating them in the same manner as other special interest committees for the purpose of contribution limitations.

✓ **Other Contribution Restrictions.**
Prohibits fundraising from PACs, conduits and large donors from Jan. 1st of odd-numbered years until enactment of the biennial state budget and during subsequent floor periods. extraordinary + sp sess mtg days

✓ Prohibits contributions by lobbyists.

✓ **Contributions through Conduits.**
Requires campaign financing reports filed by candidates to identify any conduit from which a contribution is received, as well as the original contributor.

✓ Treats conduits in the same manner as PACs.

✓ **Mass Media and Telephoning Activities.**
For those publishing, broadcasting or disseminating a communication which includes the name or likeness of a candidate for state or local office by means of communications media or through a telephone bank, requires registration and filing of reports identifying the donations received and expenditures made to the same extent as currently required for individuals and organizations which attempt to influence elections.

✓ **Persuasive Telephoning.**
Requires disclosure to appropriate filing officer at the same time as regular campaign finance reports are filed the following information: the name and address of the person engaging in persuasive telephoning or the telephone bank operator who is retained, the total amount expended for such activity broken down by legislative district.

KETTL COMMISSION

Disbursement Limitations.
Revise the current disbursement levels applicable to candidates for the offices shown in the following table:

Office	Current Level	Proposed Level
Governor	$1,078,200	$3,500,000
Lieutenant Governor	323,475	1,125,000
AG	539,000	750,000
Secretary of State	215,625	350,000
State Treasurer	215,625	350,000
Supreme Court Justice	215,625	400,000
State Superintendent	215,625	350,000
State Senator	34,500	140,000
Representative to Assembly	17,250	60,000

Create a biennial cost-of-living adjustment to disbursement limitations.

How is the Public Subsidy Distributed?

General Account

Money from the general account is distributed in equal shares to all eligible candidates for the same office, provided that this public subsidy does not exceed 50% of the expenditure limits for the candidate when added to the public subsidy paid from the party account. Money from the general account not paid to a candidate because of the 50% limit must be distributed equally among all other qualifying candidates for the same office until all have reached the 50 percent limit or the balance in the general account is exhausted.

Party Account

Legislative Candidates.
Money from the party account is returned to the county from which it was collected and distributed in a way that rationally relates to the support for particular parties or for particular candidates within legislative districts.

If a legislative candidate who is otherwise eligible for a public subsidy from the party account is *unopposed*, the subsidy from the party account the candidate would otherwise have been eligible to receive must be paid to the candidate's political party to be deposited in a special account and used for *multi-candidate expenditures*.

If the legislative candidate has *not signed a public subsidy agreement*, the public subsidy from the party account reserved for such candidate must be returned to state general fund.

If money has been accumulated in the state elections campaign fund for the candidates of a political party, and the party does not have a candidate in the general election for legislative office, the party account money allocated for that office for which there is no candidate must be returned to the general fund of the state.

Statewide Candidates.

If a party does not have a candidate in a general election for any statewide office, the party account money allocated for that office must be transferred to the state general account of the state elections campaign fund for reallocation and distribution to all of the candidate offices.

Under other circumstances, money from the party account not distributed to candidates for statewide office must be returned to the party account for reallocation the following year.

Section 290.06

Subd. 23. **Refund of contributions to political parties and candidates.** (a) A taxpayer may claim a refund equal to the amount of the taxpayer's contributions made in the calendar year to candidates and to any political party. The maximum refund for an individual must not exceed $50 and, for a married couple filing jointly, must not exceed $100. A refund of a contribution is allowed only if the taxpayer files a form required by the commissioner and attaches to the form a copy of an official refund receipt form issued by the candidate or party and signed by the candidate, the treasurer of the candidate's principal campaign committee, or the party chair, after the contribution was received. The receipt forms must be numbered, and the data on the receipt that are not public must be made available to the campaign finance and public disclosure board upon its request. A claim must be filed with the commissioner not sooner than January 1 of the calendar year in which the contribution is made and no later than April 15 of the calendar year following the calendar year in which the contribution is made. A taxpayer may file only one claim per calendar year. Amounts paid by the commissioner after June 15 of the calendar year following the calendar year in which the contribution is made must include interest at the rate specified in section 270.76.

(b) No refund is allowed under this subdivision for a contribution to any candidate unless the candidate:

(1) has signed an agreement to limit campaign expenditures as provided in section 10A.322 or 10A.43;

(2) is seeking an office for which voluntary spending limits are specified in section 10A.25 or 10A.43; and

(3) has designated a principal campaign committee.

This subdivision does not limit the campaign expenditure of a candidate who does not sign an agreement but accepts a contribution for which the contributor improperly claims a refund.

(c) For purposes of this subdivision, "political party" means a major political party as defined in section 200.02, subdivision 7, or a minor po qualifying for inclusion on the income tax or property tax refund form under section 10A.31, subdivision 3a.

A "major or minor party" includes the aggregate of the party organization within each house of the legislature, the state party organization, and the party organization within congressional districts, counties, legislative districts, municipalities, and precincts.

"Candidate" means a congressional candidate as defined in section 10A.41, subdivision 4, or a candidate as defined in section 10A.01, subdivision 5, except a candidate for judicial office.

"Contribution" means a gift of money.

(d) The commissioner shall make copies of the form available to the public and candidates upon request.

(e) The following data collected or maintained by the commissioner under this subdivision are private: the identities of individuals claiming a refund, the identities of candidates to whom those individuals have made contributions, and the amount of each contribution.

(f) The commissioner shall report to the campaign finance and public disclosure board by August 1 of each year a summary showing the total number and aggregate amount of political contribution refunds made on behalf of each candidate and each political party. These data are public.

(g) The amount necessary to pay claims for the refund provided in this section is appropriated from the general fund to the commissioner of revenue.

10A.31 Designation of income tax payments.

Subdivision 1. **Amount allowed.** Every individual resident of Minnesota who files an income tax return or a renter and homeowner property tax refund return with the commissioner of revenue may designate on their original return that $5 shall be paid from the general fund of the state into the state elections campaign fund. If a husband and wife file a joint return, each spouse may designate that $5 shall be paid. No individual shall be allowed to designate $5 more than once in any year.

Subd. 2. **Designation of account.** The taxpayer may designate that the amount designated be paid into the account of a political party or into the general account.

Subd. 3. **Form.** The commissioner of the department of revenue shall provide on the first page of the income tax form and the renter and homeowner property tax refund return a space for the individual to indicate a wish to allocate $5 ($10 if filing a joint return) from the general fund of the state to finance election campaigns. The form shall also contain language prepared by the commissioner which permits the individual to direct the state to allocate the $5 (or $10 if filing a joint return) to: (i) one of the major political parties; (ii) any minor political party as defined in section 10A.01, s provisions of subdivision 3a; or (iii) all qualifying candidates as provided by subdivision 7. The renter and homeowner property tax refund return shall include instructions that the individual filing the return may designate $5 on the return only if the individual has not designated $5 on the income tax return.

Subd. 3a. **Qualification of political parties.** A major political party as defined in section 10A.01, subdivision 12, qualifies for inclusion on the income tax form and property tax refund return as provided in subdivision 3, provided that it qualifies as a major political party by July 1 of the taxable year.

A minor political party as defined in section 10A.01, subdivision 13 qualifies the income tax form and property tax refund return as provided in subdivision 3, provided that

(1)(a) if a petition is filed, it is filed by June 1 of the taxable year; or

(b) if the party ran a candidate for statewide office, that office must have been the office of governor and lieutenant governor, secretary of state, state auditor, state treasurer, or attorney general; and

(2) the secretary of state certifies to the commissioner of revenue by July 1, 1984, and by July 1 of every odd-numbered year thereafter the parties which qualify as minor political parties under this subdivision.

A minor party shall be certified only if the secretary of state determines that the party satisfies the following conditions:

(a) the party meets the requirements of section 10A.01, subdivision 13, and in applicable election ran a candidate for the statewide offices listed in clause (1)(b) of this subdivision;

(b) it is a political party, not a principal campaign committee;

(c) it has held a state convention in the last two years, adopted a state constitution, and elected state officers; and

(d) an officer of the party has filed with the secretary of state a certification that the party held a state convention in the last two years, adopted a state constitution, and elected state officers.

Subd. 4. **Appropriation.** (a) The amounts designated by individuals for the state elections campaign fund, less three percent, are appropriated from the general fund and shall be credited to the appropriate account in the state elections campaign fund and annually appropriated for distribution as set forth in subdivisions 5, 6 and 7. An amount equal to three percent shall be retained in the general fund for administrative costs.

(b) In addition to the amounts in paragraph (a), $1,500,000 for each general election is appropriated from the general fund to the general account of the state elections campaign fund.

Subd. 5. **Allocation to candidates.** In each calendar year the money in the general account shall be allocated to candidates as follows:

(1) 21 percent for the offices of governor and lieutenant governor together;

(2) 3.6 percent for the office of attorney general;

(3) 1.8 percent each for the offices of secretary of state, state auditor, and state treasurer;

(4) In each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator, and 46-2/3 percent for the office of state representative;

(5) In each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative.

In each calendar year the money in each party account shall be allocated as follows:

(1) 14 percent for the offices of governor and lieutenant governor together;

(2) 2.4 percent for the office of attorney general;

(3) 1.2 percent each for the offices of secretary of state, state auditor, and state treasurer;

(4) In each calendar year during the period in which state senators serve a four-year term, 23-1/3 percent for the office of state senator, and 46 2/3 percent for the office of state representative;

(5) In each calendar year during the period in which state senators serve a two-year term, 35 percent each for the offices of state senator and state representative;

(6) Ten percent for the state committee of a political party; money allocated to each state committee under this clause must be deposited in a separate account and must be spent for only those items enumerated in section 10A.275; money allocated to a state committee under this clause must be paid to the committee by the state treasurer as notified by the state campaign finance and public disclosure board as it is received in the account on a monthly basis, with payment on the 15th day of the calendar month following the month in which the returns were processed by the department of revenue, provided that these distributions would be equal to 90 percent of the amount of money indicated in the department of revenue's weekly unedited reports of income tax returns and property tax refund returns processed in the month, as notified by the department of revenue to the state campaign finance and public disclosure board. The amounts paid to each state committee are subject to biennial adjustment and settlement at the time of each certification required of the commissioner of revenue under subdivisions 7 and 10. If the total amount of payments received by a state committee for the period reflected on a certification by the department of revenue is different from the amount that should have been received during the period according to the certification, each subsequent monthly payment must be increased or decreased to the fullest extent possible until the amount of the overpayment is recovered or the underpayment is distributed.

[redacted]

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election shall receive money from the candidate's party account set aside for candidates of the state senate or state house of representatives, whichever applies, according to the following formula;

For each county within the candidate's district the candidate's share of the dollars allocated in that county to the candidate's party account and set aside for that office shall be:

(a) The sum of the votes cast in the last general election in that part of the county in the candidate's district for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct of the state and (ii) for the state senate and state house of representatives, divided by

(b) The sum of the votes cast in that county in the last general

election for all candidates of that candidate's party (i) whose names appeared on the ballot in each voting precinct in the state and (ii) for the state senate and state house of representatives, multiplied by

(c) The amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

The sum of all the county shares calculated in the formula above is the candidate's share of the candidate's party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For any party under whose name no candidate's name appeared on the ballot in each voting precinct in the state in the last general election, amounts in the party's account shall be allocated based on (a) the number of people voting in the last general election in that part of the county in the candidate's district, divided by (b) the number of the people voting in that county in the last general election, multiplied by (c) the amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.

In a year in which the first election after a legislative reapportionment is held, "the candidate's district" means the newly drawn district, and voting data from the last general election will be applied to the area encompassing the newly drawn district notwithstanding that the area was in a different district in the last general election.

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party shall be the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in clauses (a) and (b). The average vote shall be added to the sums in clauses (a) and (b) before the calculation is made for all districts in the county.

Money from a party account not distributed to candidates for state senator and representative in any election year shall be returned to the general fund of the state. Money from a party account not distributed to candidates for other offices in an election year shall be returned to the party account for reallocation to candidates as provided in clauses (1) to (6) in the following year. Money from the general account refused by any candidate shall be distributed to all other qualifying candidates in proportion to their shares as provided in this subdivision.

Subd. 6. **Distribution of party accounts.** As soon as the board has obtained from the secretary of state the results of the primary election, but in any event no later than one week after certification by the state canvassing board of the results of the primary, the board shall distribute the available funds in each party account, as certified by the commissioner of revenue on September 1, to the candidates of that party who have signed the agreement as provided in section 10A.322 and filed the affidavit required by section 10A.323, and whose names are to appear on ballot in the general election, according to the allocations set forth in subdivision 5. If a candidate files the affidavit required by section 10A.323 aft election year, the board shall pay the candidate's allocation to the candidate at the next regular payment date for public subsidies for that election cycle that occurs at least 15 days after the candidate files the affidavit.

Subd. 7. **Distribution of general account.** Within two weeks after certification by the state canvassing board of the results of the general election, the board shall distribute the available funds in the general account, as certified by the commissioner of revenue on November 1 and according to allocations set forth in subdivision 5, in equal amounts to all candidates for each statewide office who received at least five percent of the votes cast in the general election for that office, and to all candidates for legislative office who received at least ten percent of the votes cast in the general election for the specific office for which they were candidates, provided that the public subsidy under this subdivision may not be paid in an

amount that would cause the sum of the public subsidy paid from the party account plus the public subsidy paid from the general account and the public subsidy paid to match independent expenditures to exceed 50 percent of the expenditure limit for the candidate. If a candidate is entitled to receive an opponent's share of the general account public subsidy under section 10A.25, subdi be excluded in calculating the 50 percent limit. Money from the general account not paid to a candidate because of the 50 percent limit must be distributed equally among all other qualifying candidates for the same office until all have reached the 50 percent limit or the balance in the general account is exhausted. The board shall not use the information contained in the report of the principal campaign committee of any candidate due ten days before the general election for the purpose of reducing the amount due that candidate from the general account.

10A.325 Political party not having certain candidates.

If money has been accumulated in the state elections campaign fund for the candidates of a political party, and the party does not have a candidate in a general election for the office of state senator or state representative, the party account money allocated for the office for which there is no candidate must be returned to the general fund of the state. If that party does not have a candidate in a general election for any state constitutional office, the party account money allocated for that office must be transferred to the state general account of the state elections campaign fund for reallocation to all of the candidate offices as provided in section 10A.31, subdivision 5, and for distribution in that election year to candidates as provided in section 10A.31, subdivision 7.

HIST: 1990 c 608 art 3 s 27

. **Unopposed candidate not eligible.** A candidate who is unopposed in both the primary election and the general election is not eligible to receive a public subsidy from the state election campaign fund. The subsidy from the party account the candidate would otherwise have been eligible to receive must be paid to the candidate's political party to be deposited in a special account under section 10A.31, subdivision 5, clause (6), and used for only those items permitted under section 10A.275.

Kuesel, Jeffery

From: Sybell, Debra
Sent: Tuesday, February 16, 1999 9:46 AM
To: Kuesel, Jeffery
Subject: CFR Draft

Jeff:

Yesterday during our meeting we discussed the requirement that candidates must return any public subsidy received that exceeds actual campaign spending. (*How do candidates qualify for participation?*)

Under MN Statute 10A.25:

"After all campaign expenditures and noncampaign disbursements for an election cycle have been made, an amount up to 50 percent of the expenditure limit for the office may be carried forward. Any remaining amount up to the total amount of the public subsidy from the state elections campaign fund ....must be returned to the state treasury for credit to the general fund. Any remaining amount in excess of the total public subsidy must be contributed to the state elections campaign fund or a political party for multicandidate expenditures."

Please call if you have any questions.

Thanks for your help!

Deb Sybell
Senator Burke's Office

State of Wisconsin
~~1997 – 1998~~ 1999 LEGISLATURE

-1801/P1
LRB-~~4856/2~~
~~JTK&MES:kg~~:jf
JTK, JK+MES:kg:

~~1997 BILL~~

Due Tues A.M.

1 AN ACT ***to repeal*** 11.01 (12s), 11.05 (3) (c), 11.26 (8), 11.265, 11.31 (3m), 11.31 (4)
2 and 13.625 (1) (c) 1. and 2.; ***to renumber*** 11.24 (2); ***to renumber and amend***
3 11.26 (9) (c), 11.50 (9) and 13.625 (1) (c) (intro.); ***to amend*** 5.02 (13), 7.08 (2) (c)
4 and (cm), 11.01 (5m), 11.05 (3) (c), 11.05 (9) (b), 11.06 (1) (a), 11.06 (2), 11.06 (7m)
5 (a), 11.06 (7m) (c), 11.06 (11) (c), 11.09 (3), 11.16 (5), 11.20 (3) (b), 11.20 (3) (d),
6 11.20 (3) (g), 11.20 (3) (L), 11.20 (8) (intro.), 11.20 (10) (a), 11.20 (12), 11.21 (2),
7 11.21 (9), 11.21 (15), 11.26 (1) (intro.), 11.26 (1) (a), (b) and (c), 11.26 (2) (intro.),
8 11.26 (2) (a), (b) and (c), 11.26 (4), 11.26 (9) (a) and (b), 11.26 (12m), 11.31 (1) (a)
9 to (d), 11.31 (1) (e) and (f), 11.31 (2), 11.31 (3), 11.31 (6), 11.50 (2) (b) 5., 11.50 (3)
10 (a) 1. and 2., 11.50 (4) (cm) and (d), 11.60 (1), 13.625 (1) (b) 3., 13.625 (2), 13.625
11 (6), 20.510 (1) (q), 25.42 and 71.10 (3) (a); and ***to create*** 11.065, 11.095, 11.20
12 (2e), 11.20 (8) (am), 11.21 (16), 11.24 (4), 11.26 (8m), 11.26 (9) (c) 2., 11.31 (1) (da),
13 11.31 (9), 11.50 (9) (b), 11.60 (3g), 11.60 (3r), 20.510 (1) (d) and ~~20.510 (1) (j)~~ of
14 the statutes; **relating to:** designations for the Wisconsin election campaign

fund by individuals filing state income tax returns, eligibility requirements for and the amounts of grants from the Wisconsin election campaign fund, regulation of certain telephone activities pertaining to elections, disbursement levels applicable to candidates for certain state offices, contributions by lobbyists, treatment of contributions of money made by conduits, treatment of legislative campaign committees, information provided on campaign finance registration statements, filing of campaign finance reports, ~~use of information copied from campaign finance reports~~, communications by certain individuals and organizations relating to candidates, income and franchise tax deductions for certain business expenses related to lobbying, providing an exemption from emergency rule procedures, granting rule–making authority, requiring the exercise of rule–making authority, making appropriations and providing a penalty.

Analysis by the Legislative Reference Bureau

This bill makes numerous changes in the campaign financing law. Significant changes include:

DISBURSEMENT LIMITATIONS

Under current law, disbursement (expenditure) levels are specified for candidates for various state and local offices. These levels become a binding limitation upon any candidate for state office who accepts a state grant from the Wisconsin election campaign fund or who agrees to be bound by the limitation, unless the candidate is opposed by a major opponent who could have qualified for a grant but declines to accept one. Additionally, the disbursement levels for candidates for the offices of state senator and representative to the assembly are subdivided between the primary and election campaign periods in such a way that only about 60% of the total applicable disbursement level for either office may be allocated by a candidate to either the primary or the election campaign period.

The bill:

1. Eliminates the disbursement limitation, applicable to candidates for the offices of state senator and representative to the assembly, that requires the overall limitation to be subdivided between the primary and election campaign periods in such a way that only about 60% of the statutory disbursement level is allocated to either the primary or election campaign period.

2. Revises the current disbursement levels applicable to candidates for the offices shown in the following chart:

Office	*Current Level*	*Proposed Level*
Governor	$1,078,200	~~$2,000,000~~ 1,125,000
Lieutenant governor	323,475	~~700,000~~ $3,500,000
Attorney general	539,000	~~700,000~~ 750,000
Secretary of state	215,625	~~300,000~~ 350,000
State treasurer	215,625	~~300,000~~ 350,000
Supreme court justice	215,625	~~350,000~~ 400,000
State superintendent	215,625	~~300,000~~ 350,000
State senator	34,500	~~120,000~~ 140,000
Representative to the assembly	17,250	~~50,000~~ 60,000

3. Creates a biennial cost–of–living adjustment that causes the statutory disbursement levels to be adjusted biennially, beginning in 1999, in accordance with a formula tied to the "consumer price index" determined by the U.S. department of labor.

INS 3A

INS 3B

CONTRIBUTION LIMITATIONS

Current law specifies limitations on the maximum amount of contributions which may be given to and accepted by a candidate for state or local office. Current law also limits the total contributions that a candidate for state or local office may accept from all political committees, including political party and legislative campaign committees, and from the Wisconsin election campaign fund to 65% of the value of the statutory disbursement level specified for the office which the candidate seeks. The total amount that a candidate may accept from committees other than political party and legislative campaign committees and from the Wisconsin election campaign fund is limited to 45% of that disbursement level.

The bill changes the current limitation on total contributions that a candidate may accept from committees other than political party committees from 45% of the disbursement level for the office which the candidate seeks to 15% of the disbursement level for the office which the candidate seeks. Under the bill, grants from the Wisconsin election campaign fund are not subject to the 15% limitation.

The bill also changes contribution limitations applicable to individuals and committees making contributions to candidates for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent of public instruction, justice of the supreme court, state senator or representative to the assembly per campaign, as follows:

Category	*Current Limit*	*Proposed Limit*
Individual or committee making contributions to candidate for state senator	$ 1,000	$ 500

value

from special interest ("political action") committees, including conduit committees, from individuals operating as conduits and from contributors who contribute more than 50% of the amount or value that an individual may contribute

Individual or committee making contributions to candidate for representative to the assembly	$ 500	$ 250
Individual making contributions to candidate for a statewide office	$10,000	$1,000
Committee making contributions to candidate for a statewide office	4% of candidate's disbursement level	$1,000

TREATMENT OF LEGISLATIVE CAMPAIGN COMMITTEES

Currently, the adherents of any political party in either house of the legislature may organize a "legislative campaign committee" to support the candidacy of members of their party for legislative office. Committees other than legislative campaign committees and political party committees are generally subject to a limitation upon the contributions that they may make to candidates for legislative office or to political parties. Legislative campaign committees are subject only to overall limitations on the aggregate contributions that may be accepted by a candidate from entities other than individuals.

The bill eliminates the special status of legislative campaign committees, thus treating them in the same manner as other special interest committees for the purpose of contribution limitations.

OTHER CONTRIBUTION RESTRICTIONS

The bill creates the following new prohibitions on contributions:

1. It prohibits contributions to incumbents who are seeking reelection to a partisan state office from the first Monday in January of each odd–numbered year through the enactment of the biennial budget act and, thereafter, during any floorperiod, including any special or extraordinary session floorperiod. The prohibition does not apply to contributions to an incumbent who is a candidate for state office at a special election during the period beginning on the date that a special election is ordered and ending on the date of the special election.

2. It prohibits any committee from making a contribution to any special interest or political party committee.

3. It prohibits any lobbyist from making a contribution to a partisan elective state official or candidate for a partisan elective state office or to such an official's or candidate's personal campaign committee. Currently, a lobbyist may make such a contribution in the year that an official or candidate seeks election between June 1 and the day of the general election.

CONTRIBUTIONS THROUGH CONDUITS

Under current law, a "conduit" is an individual or organization that receives a contribution and transfers the contribution to another individual or organization without exercising discretion as to the amount that is transferred and the individual to whom or the organization to which the transfer is made. When a conduit transfers a contribution, the conduit is required to identify itself in writing to the transferee as a conduit and to report to the transferee information about the original

contributor. The conduit must include this information in its financial reports for the date on which the contribution was received and transferred. The campaign financing reports filed by the candidate identify only the original contributor, not the conduit. A contribution from a conduit is considered to be a contribution from the original contributor and, for the purpose of contribution limitations, a contribution of money received from a conduit which is properly identified and reported is considered to be a contribution received from the original contributor. Contributions received by a candidate for state office from an individual through a conduit may be used to qualify for a grant from the Wisconsin election campaign fund.

The bill requires the campaign financing reports filed by candidates to identify any conduit from whom a contribution is received, as well as the original contributor.

The bill also treats conduits in the same manner as "political action committees" by:

1. Not allowing contributions made by an individual through a conduit to be used to qualify for a grant from the Wisconsin election campaign fund.

2. Subjecting contributions from conduits to the same limitations that apply to the amount of contributions that a candidate may accept from any committee other than a political party committee.

3. Reducing the maximum grant that a candidate may receive from the Wisconsin election campaign fund by the total amount of all contributions received by the candidate through conduits.

MASS MEDIA AND TELEPHONING ACTIVITIES

Currently, individuals who or organizations which make or accept contributions, incur obligations or make disbursements for the purpose of influencing an election for state or local office are generally required to register with the appropriate filing officer and to file financial reports with that officer. This bill requires each individual who or organization which receives donations and makes expenditures for the purpose of publishing, broadcasting or disseminating a communication which includes the name or likeness of a candidate for state or local office by means of one or more communications media or through a telephone bank operator to register and file reports with the appropriate filing officer identifying the donations received and expenditures made to the same extent as currently required for individuals who or organizations which attempt to influence elections. If an expenditure made by such an individual or organization exceeds $1,000, it must be reported within 24 hours of the time it is made.

PERSUASIVE TELEPHONING

The bill requires all persons (including political committees and groups) who engage in or retain a telephone bank operator to engage in persuasive telephoning with respect to an election to disclose certain information to the appropriate filing officer or agency for campaign finance reporting purposes. The bill defines "persuasive telephoning" as "contacting, by telephone, potential voters for the purpose of presenting them with information or viewpoints which are designed to influence the attitudes of the voters toward candidates or referenda". Information that must be reported includes the name and address of the person; the name and address of any telephone bank operator who is retained; the amount paid to any such

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operator for the telephoning services; the total amount expended by the person to conduct persuasive telephoning; and if the person engaged in or retained an operator to engage in persuasive telephoning in more than one legislative district, the amount expended by the person within each legislative district for persuasive telephoning on behalf of each candidate or each personal campaign committee of a candidate for legislative office in that district. The bill requires the information to be reported at the same time as regular campaign finance reports are filed.

Any person who violates these provisions in respect to a telephone communication in which the caller engages in persuasive telephoning is subject to a forfeiture (civil penalty) of $1 for each communication that is subject to disclosure which the person fails to disclose in a timely manner.

Under current law, the amount paid for any telephoning services done for the purpose of influencing the election or nomination of a candidate at an election is generally subject to disclosure by the person making payment for the services, together with the name and address of the payee. The disclosure is made to the appropriate filing officer or agency on regular campaign finance reports. Violators of disclosure requirements are subject to a forfeiture of not more than $500 for each violation. Intentional violators are guilty of a misdemeanor and may be fined not more than $1,000 or imprisoned for not more than 6 months or both.

WISCONSIN ELECTION CAMPAIGN FUND: SOURCES AND USES OF FUNDS

Under current law, the Wisconsin election campaign fund is financed through an individual income tax "checkoff". Every individual filing a state income tax return who has a tax liability or is entitled to a tax refund may direct that $1 of general purpose revenue be transferred to the fund. Individuals filing a joint return may separately choose whether to direct that the $1 transfer be made. All moneys transferred to the fund are placed in accounts for specified state offices, and candidates for those offices may qualify for grants from the fund to be used for specified campaign expenses. No moneys in the fund may be used for any other purpose.

The bill:

1. Increases the amount of the individual income tax checkoff for the Wisconsin election campaign fund from $1 to $5, effective for tax returns filed for taxable years beginning on or after January 1, 1999. Under the bill, individuals filing a joint return may separately choose whether to make the $5 checkoff.

2. Provides a sum sufficient appropriation from general purpose revenue to supplement the amounts otherwise available for campaign financing through the Wisconsin election campaign fund so as to enable all eligible candidates to receive the maximum grants for which they qualify.

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GRANT ELIGIBILITY REQUIREMENTS AND AMOUNTS

Under current law, public financing from the Wisconsin election campaign fund is available to eligible candidates for the offices of state senator, representative to the assembly, governor, lieutenant governor, attorney general, state treasurer, secretary of state, justice of the supreme court and superintendent of public instruction. To

receive a grant, a candidate must file an application with the state elections board no later than the deadline for filing nomination papers. Following the primary election or the date on which a primary would be held, if required, the board determines whether a candidate who applies for a grant meets the following eligibility requirements:

1. If the candidate seeks a partisan state office at a general election, the candidate must have received at least 6% of the total votes cast in the primary and won the primary. If the candidate seeks a partisan state office at a special election, the candidate must either: a) appear on the ballot or in the column of a political party whose candidate for the same office at the preceding general election received at least 6% of the vote; or b) receive at least 6% of the votes cast at the special election.

2. The candidate must have an opponent in the election.

3. The candidate must receive, during a specified time period, a specified amount through contributions from individuals of $100 or less. For a candidate for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, justice of the supreme court or superintendent of public instruction, the amount is 5% of the authorized disbursement level for the office which the candidate seeks. For a candidate for the office of state senator or representative to the assembly, the amount is 10% of the authorized disbursement level for the office which the candidate seeks.

Under current law, a candidate for any office who accepts a grant must comply with statutorily prescribed contribution and disbursement limitations, unless one or more of the candidate's opponents who receive at least 6% of the votes cast for all candidates for that office at a partisan primary, if a primary was held, do not accept a grant and do not voluntarily comply with the contribution and disbursement limitations for that office. The maximum grant that a candidate may receive is that amount which, when added to all other contributions accepted from sources other than individuals, political party committees and legislative campaign committees, is equal to 45% of the authorized disbursement level for the office which the candidate seeks, if there are sufficient moneys in the Wisconsin election campaign fund to finance the full amount of grants for which candidates qualify.

The bill:

1. Provides that a candidate for the office of state senator or representative to the assembly need receive contributions equal to only 5% of the authorized disbursement level for the office which the candidate seeks in order to qualify for a grant, but provides that the contributions of $100 or less from individuals used by a candidate for any state office to determine eligibility for a grant from the Wisconsin election campaign fund must be made by individuals who reside in the state and, in the case of a candidate for legislative office, at least 50% of the contributions must be made by individuals who reside in the district in which the candidate seeks office.

2. Increases the maximum grant that a candidate may receive to that amount which, when added to all other contributions accepted from sources other than individuals and political party committees, is equal to 50% of the authorized disbursement level for the office which the candidate seeks.

3. Provides that, if a candidate for state office who accepts a grant from the Wisconsin election campaign fund is opposed by one or more candidates who do not agree to abide by the contribution and disbursement limitations for the office, the total grant available to the candidate who accepts a grant is increased by the amount of the maximum grant for the office (50% of the statutorily specified disbursement level for the office). In connection with this change and the preceding change, the bill waives the contribution limitation that applies to cumulative contributions received by a candidate from political party committees and the Wisconsin election campaign fund to enable a candidate to accept the full amount of his or her grants.

FILING OF CAMPAIGN FINANCE REPORTS

Currently, with certain exceptions, registrants under the campaign finance law are required to file periodic reports with the appropriate filing officer or agency. Candidates for state office or their personal campaign or authorized support committees and other individuals, committees and groups supporting or opposing candidates for state office or statewide ballot questions file their reports with the state elections board. A candidate or a committee or individual making disbursements or incurring obligations in support of or opposition to a candidate is generally required to file a report no later than the 8th day before a primary or election at which the candidate seeks nomination or election to office.

Currently, where a requirement is imposed under the campaign finance law for filing of a report by a specified date, the requirement may be satisfied by depositing the report with the U.S. postal service no later than the date provided by law for receipt of the report.

The bill requires each registrant for whom the elections board serves as a filing agency and who or which accepts contributions in a total amount or value of $20,000 or more during a campaign period, or a biennial period for registrants other than candidates and personal campaign or support committees, to file reports with the board electronically. The bill directs the board to make available to registrants software that is designed to facilitate complete electronic filing of campaign finance reports at a price that may not exceed cost. Under the bill, any registrant who or which files a report electronically must also file a copy of the report recorded on a medium prescribed by the board. The bill directs the board to provide complete instructions to any registrant who files reports electronically under the bill.

The bill also requires each candidate at the general election, and each committee or individual making disbursements or incurring obligations in support of or in opposition to a candidate at the general election, to file an additional report on the 14th day after the general election.

In addition, the bill permits satisfaction of the filing requirement only by actual receipt of a report by the board on or before the date provided by law for receipt of the report or by depositing the report with the U.S. postal service no later than the 3rd day before that date.

SOLICITATION FROM CAMPAIGN FINANCE REPORTS

Currently, no person may sell or utilize any information derived from a campaign finance report or statement for the purpose of soliciting contributions from

~~individuals or for any commercial purpose. Violators are subject to a forfeiture of not more than $500 for each violation. Intentional violators are guilty of a misdemeanor and may be fined not more than $1,000 or imprisoned for not more than 6 months or both. This bill substitutes a penalty of a forfeiture of $10 for each person who is solicited, but not more than $1,000 for each report from which persons are solicited.~~

INITIAL APPLICABILITY

Ins 9A

All campaign finance changes under the bill apply to elections held on or after the day on which the bill becomes law.

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~~OTHER~~

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to the bill.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 5.02 (13) of the statutes is amended to read:

Proof w/ State

5.02 **(13)** "Political party" or "party" means a state committee registered under s. 11.05 and organized exclusively for political purposes under whose name candidates appear on a ballot at any election, and all county, congressional, legislative, local and other affiliated committees authorized to operate under the same name. For purposes of ch. 11, the term does not include ~~a legislative campaign committee or~~ a committee filing an oath under s. 11.06 (7).

SECTION 2. 7.08 (2) (c) and (cm) of the statutes are amended to read:

7.08 **(2)** (c) As soon as possible after the canvass of the spring and September primary votes, but no later than the first Tuesday in March and the 4th Tuesday in September, transmit to the state treasurer a certified list of all eligible candidates for state office who have filed applications under s. 11.50 (2) and ~~whom~~ who the board determines to be eligible to receive payments from the Wisconsin election campaign fund. The board shall also transmit a similar list of candidates who the board determines to be eligible to receive a supplementary grant under s. 11.50 (9) (b)

within 5 days after the candidates qualify to receive the grants. Each list shall contain each candidate's name, the mailing address indicated upon the candidate's registration form, the office for which the individual is a candidate and the party or principle which he or she represents, if any.

(cm) As soon as possible after the canvass of a special primary, or the date that the primary would be held, if required, transmit to the state treasurer a certified list of all eligible candidates for state office who have filed applications under s. 11.50 (2) and ~~whom~~ who the board determines to be eligible to receive a grant from the Wisconsin election campaign fund prior to the election. The board shall also transmit a similar list of candidates, if any, who have filed applications under s. 11.50 (2) and ~~whom~~ who the board determines to be eligible to receive a grant under s. 11.50 (1) (a) 2. after the special election~~. The~~ or a supplementary grant under s. 11.50 (9) (b) within 5 days after the candidates qualify to receive the grants. Each list shall contain each candidate's name, the mailing address indicated upon the candidate's registration form, the office for which the individual is a candidate and the party or principle which he or she represents, if any.

SECTION 3. 11.01 (5m) of the statutes is amended to read:

11.01 **(5m)** "Conduit" means an individual who or ~~an organization~~ a committee which receives a contribution of money and transfers the contribution to another individual or organization without exercising discretion as to the amount which is transferred and the individual to whom or organization to which the transfer is made.

SECTION 4. 11.01 (12s) of the statutes is repealed.

SECTION 5. 11.05 (3) (c) of the statutes is amended to read:

11.05 **(3)** (c) In the case of a committee, a statement as to whether the committee is a personal campaign committee, a political party committee, ~~a legislative campaign committee,~~ a support committee or a special interest committee.

SECTION 6. 11.05 (3) (o) of the statutes is repealed.

SECTION 7. 11.05 (9) (b) of the statutes is amended to read:

11.05 **(9)** (b) An individual who or a committee or group which receives a contribution of money and transfers the contribution to another individual, committee or group while acting as a conduit is not subject to registration under this section unless the individual, committee or group transfers the contribution to a candidate or a personal campaign, ~~legislative campaign,~~ political party or support committee.

SECTION 8. 11.06 (1) (a) of the statutes is amended to read:

11.06 **(1)** (a) An itemized statement giving the date, full name and street address of each contributor who has made a contribution in excess of $20, or whose contribution if $20 or less aggregates more than $20 for the calendar year, together with the amount of the contribution and the cumulative total contributions made by that contributor for the calendar year <u>and, if the contributor made the contribution through a conduit, the identity of the conduit</u>.

SECTION 9. 11.06 (2) of the statutes is amended to read:

11.06 **(2)** DISCLOSURE OF CERTAIN INDIRECT DISBURSEMENTS. Notwithstanding sub. (1), if a disbursement is made or obligation incurred by an individual other than a candidate or by a committee or group which is not primarily organized for political purposes, and the disbursement does not constitute a contribution to any candidate or other individual, committee or group, the disbursement or obligation is required

to be reported only if the purpose is to expressly advocate the election or defeat of a clearly identified candidate or the adoption or rejection of a referendum. The exemption provided by this subsection shall in no case be construed to apply to a political party, ~~legislative campaign,~~ personal campaign or support committee.

SECTION 10. 11.06 (7m) (a) of the statutes is amended to read:

11.06 **(7m)** (a) If a committee which was registered under s. 11.05 as a political party committee ~~or legislative campaign committee~~ supporting candidates of a political party files an oath under sub. (7) affirming that it does not act in cooperation or consultation with any candidate who is nominated to appear on the party ballot of the party at a general or special election, that the committee does not act in concert with, or at the request or suggestion of, such a candidate, that the committee does not act in cooperation or consultation with such a candidate or agent or authorized committee of such a candidate who benefits from a disbursement made in opposition to another candidate, and that the committee does not act in concert with, or at the request or suggestion of, such a candidate or agent or authorized committee of such a candidate who benefits from a disbursement made in opposition to another candidate, the committee filing the oath may not make any contributions in support of any candidate of the party at the general or special election or in opposition to any such candidate's opponents exceeding the amounts specified in s. 11.26 (2), except as authorized in par. (c).

SECTION 11. 11.06 (7m) (c) of the statutes is amended to read:

11.06 **(7m)** (c) A committee filing an oath under sub. (7) which desires to change its status to a political party committee ~~or legislative campaign committee~~ may do so as of December 31 of any even–numbered year. Section 11.26 does not apply to contributions received by such a committee prior to the date of the change. Such a

committee may change its status at other times only by filing a termination statement under s. 11.19 (1) and reregistering as a newly organized committee under s. 11.05.

SECTION 12. 11.06 (11) (c) of the statutes is amended to read:

11.06 **(11)** (c) A contribution of money received from a conduit, accompanied by the information required under par. (a), is considered to be a contribution from the original contributor for purposes of s. 11.26 (1) and (4).

SECTION 13. 11.065 of the statutes is created to read:

11.065 Registration and reports by certain individuals and organizations. (1) (a) "Mass mailing" means the distribution of 50 or more pieces of substantially identical material.

(b) "Organization" means any person, other than an individual, and any combination of 2 or more persons.

(c) "Telephone bank operator" has the meaning given in s. 11.095 (1) (b).

(2) Any individual who or organization which receives one or more donations and makes one or more expenditures from those donations or other income for the purpose of publishing, broadcasting or disseminating a communication which includes the name or likeness of a candidate for state or local office by means of one or more communications media or a mass mailing or through a telephone bank operator shall, prior to conducting any such activity, register with the filing officer of the candidate whose name or likeness is used.

(3) A registrant under sub. (2) shall file reports with each filing officer with whom the individual or organization is registered identifying all of the following:

(a) Each donation received from a single source exceeding $20 within a calendar year, together with the amount of the donation, the date that the donation

1 was received and accepted, the name and address of the donor and, if the amount of
2 the donation exceeds $100 cumulatively within a calendar year, the occupation and
3 principal place of employment of the donor.

4 (b) Each expenditure exceeding $20 made, together with the amount of the
5 expenditure, the date that the expenditure was made, the name of the person to
6 whom the expenditure was made and the specific purpose for which the expenditure
7 was made.

8 (c) The total donations and other income received and accepted and total
9 expenditures made cumulatively for the calendar year.

10 **(4)** The individual or organization shall report to the board the information
11 required under sub. (3) in the form prescribed by the board at the time specified in
12 s. 11.20 (2), (2m) and (4) for filing of reports by each candidate who is identified in
13 a communication made by the individual or organization and shall include all
14 donations received and accepted and all expenditures made as of the applicable dates
15 specified in s. 11.20 (8).

16 **(5)** If any individual or organization under sub. (2) makes an expenditure
17 exceeding $1,000 for the purpose of making a communication specified in sub. (2), the
18 individual or organization shall, in addition to filing reports under sub. (3), file a
19 special report which includes the information required under sub. (4) relating to that
20 expenditure no later than 24 hours after the expenditure is made.

21 **(6)** An individual who or organization which determines that it will no longer
22 receive and accept donations or make expenditures for a purpose specified in sub. (2)
23 may file a notice of termination of its registration with any filing officer with whom
24 the individual or organization is registered.

1 **(7)** If a registrant with the board under sub. (2) receives and accepts donations
2 exceeding the amount specified in s. 11.21 (16) within a period specified in s. 11.21
3 (16), the registrant shall file reports with the board in the manner specified under
4 s. 11.21 (16).

5 **SECTION 14.** 11.09 (3) of the statutes is amended to read:

6 11.09 **(3)** Each registrant whose filing officer is the board, who or which makes
7 disbursements in connection with elections for offices which serve or referenda
8 which affect only one county or portion thereof, except a candidate, personal
9 campaign committee, political party committee or other committee making
10 disbursements in support of or in opposition to a candidate for state senator,
11 representative to the assembly, court of appeals judge or circuit judge, shall file a
12 duplicate original of each financial report filed with the board with the county clerk
13 or board of election commissioners of the county in which the elections in which the
14 registrant participates are held. Such reports shall be filed no later than the
15 applicable dates specified under s. 11.20 (2), (2e) and (4) for the filing of each report
16 with the board.

17 **SECTION 15.** 11.095 of the statutes is created to read:

18 **11.095 Regulation of certain telephoning activities. (1)** In this section:
19 (a) "Persuasive telephoning" means contacting, by telephone, potential voters
20 for the purpose of presenting them with information or viewpoints which are
21 designed to influence the attitudes of the voters toward candidates or referenda.
22 "Persuasive telephoning" does not include any contacts that are limited solely to an
23 attempt to identify potential voters, to urge potential voters to participate in an
24 election or to offer assistance to potential voters to enable them to participate in an
25 election, or questioning a random or representative sample of a universe of potential

1 voters in a voting jurisdiction or voting group in an attempt to infer, using standard
2 statistical techniques and standard levels of statistical confidence, the attitudes or
3 positions of the voters concerning candidates or issues or potential candidates or
4 issues, or their knowledge of candidates or issues or potential candidates or issues.

5 (b) "Telephone bank operator" means any person who places or directs the
6 placement of telephone calls to individuals and engages in or directs persuasive
7 telephoning.

8 **(2)** Each individual who, or committee or group which, engages in or retains
9 a telephone bank operator to engage in persuasive telephoning with respect to any
10 election shall file a written report, on a form prescribed by the board, disclosing the
11 name and address of the individual, committee or group; the name and address of any
12 operator who is retained; the amount paid to any such operator for the telephoning
13 services; the total amount expended by the individual, committee or group to conduct
14 persuasive telephoning; and, if the individual, committee or group engaged in or the
15 telephone bank operator engaged in such telephoning on behalf of the individual,
16 committee or group in more than one legislative district, the amount expended by the
17 individual, committee or group within each legislative district for persuasive
18 telephoning performed on behalf of each candidate or each personal campaign
19 committee of a candidate for legislative office in that district.

20 **(3)** Each individual who, or committee or group which, engages in or retains
21 a telephone bank operator to engage in persuasive telephoning shall report the
22 information specified in sub. (2) on the dates specified for filing reports under s. 11.20
23 (2), (2m) and (4), unless all information relating to an election has previously been
24 reported by the individual, committee or group. Each report shall cover the period
25 specified in s. 11.20 (8).

1 **(4)** Each individual who, or committee or group which, engages in or retains
2 a telephone bank operator to engage in persuasive telephoning shall report the
3 information specified in sub. (2) to the filing officer under s. 11.02 of each candidate
4 whose name appears on the ballot in opposition to a candidate on behalf of whom the
5 individual, committee or group is conducting persuasive telephoning, or to the filing
6 officer for each referendum at which the individual, committee or group seeks to
7 influence the attitudes of voters.

8 **(5)** The board shall, by rule, define the term "designed to influence the attitudes
9 of voters" under sub. (1) (a).

10 **SECTION 16.** 11.16 (5) of the statutes is amended to read:

11 11.16 **(5)** ESCROW AGREEMENTS. Any personal campaign committee~~,~~ or political
12 party committee ~~or legislative campaign committee~~ may, pursuant to a written
13 escrow agreement with more than one candidate, solicit contributions for and
14 conduct a joint fund raising effort or program on behalf of more than one named
15 candidate. The agreement shall specify the percentage of the proceeds to be
16 distributed to each candidate by the committee conducting the effort or program.
17 The committee shall include this information in all solicitations for the effort or
18 program. All contributions received and disbursements made by the committee in
19 connection with the effort or program shall be received and disbursed through a
20 separate depository account under s. 11.14 (1) that is identified in the agreement.
21 For purposes of s. 11.06 (1), the committee conducting the effort or program shall
22 prepare a schedule in the form prescribed by the board supplying all required
23 information under s. 11.06 (1) and items qualifying for exclusion under s. 11.31 (6)
24 for the effort or program, and shall transmit a copy of the schedule to each candidate
25 who receives any of the proceeds within the period prescribed in s. 11.06 (4) (c).

1 **SECTION 17.** 11.20 (2e) of the statutes is created to read:

2 11.20 **(2e)** Postelection reports under s. 11.06 (1) shall be received by the
3 appropriate filing officer no earlier than 8 days after and no later than 14 days after
4 each general election.

5 **SECTION 18.** 11.20 (3) (b) of the statutes is amended to read:

6 11.20 **(3)** (b) A candidate or personal campaign committee of a candidate at an
7 election shall file a preelection report. A candidate or personal campaign committee
8 of a candidate at the general election shall file a postelection report.

9 **SECTION 19.** 11.20 (3) (d) of the statutes is amended to read:

10 11.20 **(3)** (d) A registered committee or individual other than a candidate or
11 personal campaign committee making or accepting contributions, making
12 disbursements or incurring obligations in support of or in opposition to one or more
13 candidates for office at an election, or supporting or opposing other committees or
14 individuals who are engaging in such activities, shall file a preelection report. A
15 registered committee or individual other than a candidate or personal campaign
16 committee making or accepting contributions, making disbursements or incurring
17 obligations in support of or in opposition to one or more candidates for office at the
18 general election, or supporting or opposing other committees or individuals who are
19 engaging in such activities, shall file a postelection report.

20 **SECTION 20.** 11.20 (3) (g) of the statutes is amended to read:

21 11.20 **(3)** (g) A contribution, disbursement or obligation in support of or in
22 opposition to a candidate at an election which is made, accepted or incurred during
23 the period covered by the preelection report, or by the postelection report following
24 the general election, is considered to be made, accepted or incurred in support of or

1 in opposition to that candidate at the election, regardless of whether the candidate
2 is opposed at the election.

3 **SECTION 21.** 11.20 (3) (L) of the statutes is amended to read:

4 11.20 **(3)** (L) A registered group or individual making or accepting
5 contributions, making disbursements or incurring obligations in support of or in
6 opposition to a referendum appearing on an election ballot shall file a preelection
7 report. A registered group or individual making or accepting contributions, making
8 disbursements or incurring obligations in support of or in opposition to referendum
9 appearing on a general election ballot shall file a postelection report.

10 **SECTION 22.** 11.20 (8) (intro.) of the statutes is amended to read:

11 11.20 **(8)** (intro.) Reports filed under subs. (2), (2e), (4) and (4m) shall include
12 all contributions received and transactions made as of the end of:

13 **SECTION 23.** 11.20 (8) (am) of the statutes is created to read:

14 11.20 **(8)** (am) The 7th day after the election in the case of the postelection
15 report which follows the general election.

16 **SECTION 24.** 11.20 (10) (a) of the statutes is amended to read:

17 11.20 **(10)** (a) Where a requirement is imposed under this section for the filing
18 of a financial report which is to be received by the appropriate filing officer no later
19 than a certain date, the requirement may be satisfied either by actual receipt of the
20 report by the prescribed time for filing at the office of the filing officer, or by filing a
21 report with the U.S. postal service by first class mail with sufficient prepaid postage,
22 addressed to the appropriate filing officer, no later than the 3rd day before the date
23 provided by law for receipt of such report.

24 **SECTION 25.** 11.20 (12) of the statutes is amended to read:

1 11.20 **(12)** If a candidate is unopposed in a primary or election, the obligation
2 to file the reports required by this chapter does not cease. Except as provided in ss.
3 11.05 (2r) and 11.19 (2), a registrant who makes or receives no contributions, makes
4 no disbursements or incurs no obligations shall so report on the applicable dates
5 designated in subs. (2), (2e) and (4).

6 **SECTION 26.** 11.21 (2) of the statutes is amended to read:

7 11.21 **(2)** Furnish to each registrant prescribed forms for the making of reports
8 and statements. Forms shall be sent by 1st class mail not earlier than 21 days and
9 not later than 14 days prior to the applicable filing deadline under s. 11.20, and
10 addressed to the attention of the treasurer or other person indicated on the
11 registration statement. Forms need not be sent to a registrant who has made an
12 indication that aggregate contributions, disbursements and obligations will not
13 exceed the amount specified under s. 11.05 (2r) or to a registrant who has been
14 granted a suspension under s. 11.19 (2). Forms for reports shall not be sent by the
15 board to a registrant if the registrant is required to file reports with the board in an
16 electronic format. Whenever any notice of filing requirements under this chapter is
17 sent to a candidate's campaign treasurer, the board shall also send a notice to the
18 candidate if he or she has appointed a separate treasurer. Failure to receive any form
19 or notice does not exempt a registrant from compliance with this chapter.

20 **SECTION 27.** 11.21 (9) of the statutes is amended to read:

21 11.21 **(9)** ~~Place a copy~~ Maintain a duplicate record of any separate schedule
22 under s. 11.06 (1) (j) received with the financial report of an individual or committee
23 filing an oath under s. 11.06 (7) ~~in the file~~ together with the record of each candidate
24 to whom it relates.

25 **SECTION 28.** 11.21 (15) of the statutes is amended to read:

Proof Update

1 11.21 **(15)** Inform each candidate who files an application to become eligible to
2 receive a grant from the Wisconsin election campaign fund of the dollar amount of
3 the applicable disbursement limitation under s. 11.31 (1) or (1m), whichever is applicable adjusted as provided under
4 s. 11.31 (9), which applies to ~~the office for which such person is a~~ that candidate.
5 Failure to receive the notice required by this subsection does not constitute a defense
6 to a violation of s. 11.27 (1) or 11.31.

Jws 21-6

7 ~~SECTION 29. 11.21~~ (16) of the statutes is created to read:

8 11.21 **(16)** Require each registrant for whom the board serves as filing officer
9 and who or which accepts contributions in a total amount or value of $20,000 or more
10 during a campaign period to file each campaign finance report that is required to be
11 filed under this chapter in an electronic format, and accept from any other registrant
12 for whom the board serves as a filing officer any campaign finance report that is
13 required to be filed under this chapter in an electronic format. A registrant who or
14 which becomes subject to a requirement to file reports in an electronic format under
15 this subsection shall initially file the registrant's report in an electronic format for
16 the period which includes the date on which the registrant becomes subject to the
17 requirement. To facilitate implementation of this subsection, the board shall specify,
18 by rule, a type of software that is suitable for compliance with the electronic filing
19 requirement under this subsection. The board shall provide copies of software to
20 registrants at a price fixed by the board that may not exceed cost. Each registrant
21 who or which files a report under this subsection in an electronic format shall also
22 file a copy of the report with the board that is recorded on a medium specified by the
23 board. The copy shall be signed by an authorized individual and filed with the board
24 by each registrant no later than the time prescribed for filing of the report under this
25 chapter. The board shall provide complete instructions to any registrant who or

~~which files a report under this subsection. In this subsection, the "campaign period" of a candidate, personal campaign committee or support committee begins and ends with the "campaign" of the candidate whose candidacy is supported, as defined in s. 11.26 (17), and the "campaign period" of any other registrant begins on January 1 of each odd–numbered year and ends on December 31 of the following year.~~

SECTION 30. 11.24 (2) of the statutes is renumbered 11.24 (5).

SECTION 31. 11.24 (4) of the statutes is created to read:

11.24 **(4)** No ~~person~~ committee identified under s. 11.05 (3) (c) as a special interest committee, no major contributor and no individual who is a conduit may make a contribution to an incumbent partisan state elective official or to the personal campaign committee or support committee authorized under s. 11.05 (3) (p) of that official for the purpose of promoting that official's nomination or reelection to the office held by the official during the period beginning on the first Monday of January in each odd–numbered year and ending on the date of enactment of the biennial budget act and thereafter during any legislative floorperiod, including any special or extraordinary session floorperiod. This subsection does not apply to an individual who is a candidate for state office at a special election or to the personal campaign committee of such an individual during the period commencing on the date that the special election is ordered and ending on the date of the special election.

Ins 22-18

SECTION 32. 11.26 (1) (intro.) of the statutes is amended to read:

11.26 **(1)** (intro.) No individual, except an individual serving as a conduit, may make any contribution or contributions to a candidate for election or nomination to any of the following offices and to any individual or committee under s. 11.06 (7) acting solely in support of such a candidate or solely in opposition to the candidate's opponent to the extent of more than a total of the amounts specified per candidate:

Proof w/ statutes

"**SECTION 33.** 11.26 (1) (a), (b) and (c) of the statutes are amended to read:

11.26 **(1)** (a) Candidates for governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent or justice, ~~$10,000~~ $1,000.

(b) Candidates for state senator, ~~$1,000~~ $500.

(c) Candidates for representative to the assembly, ~~$500~~ $250.

SECTION 34. 11.26 (2) (intro.) of the statutes is amended to read:

11.26 **(2)** (intro.) No committee, including a committee serving as a conduit, other than a political party committee ~~or legislative campaign committee~~ may make or transfer any contribution or contributions to a candidate for election or nomination to any of the following offices and to any individual or committee under s. 11.06 (7) acting solely in support of such a candidate or solely in opposition to the candidate's opponent to the extent of more than a total of the amounts specified per candidate:

SECTION 35. 11.26 (2) (a), (b) and (c) of the statutes are amended to read:

11.26 **(2)** (a) Candidates for governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent or justice, ~~4% of the value of the disbursement level specified in the schedule under s. 11.31 (1)~~ $1,000.

(b) Candidates for state senator, ~~$1,000~~ $500.

(c) Candidates for representative to the assembly, ~~$500~~ $250.

SECTION 36. 11.26 (4) of the statutes is amended to read:

11.26 **(4)** No individual, except an individual serving as a conduit, may make any contribution or contributions to all candidates for state and local offices and to any individuals who or committees which are subject to a registration requirement under s. 11.05, including ~~legislative campaign committees and~~ committees of a political party, to the extent of more than a total of $10,000 in any calendar year.

SECTION 37. 11.26 (8) of the statutes is repealed.

1 **SECTION 38.** 11.26 (8m) of the statutes is created to read:

2 11.26 (8m) No committee may make a contribution to any other committee

3 except a personal campaign or support committee.

4 **SECTION 39.** 11.26 (9) (a) and (b) of the statutes are amended to read: is renumbered 11.26 (9) and

5 11.26 (9) No individual who is a candidate for state or local office may receive

6 and accept more than 65% of the value of the total disbursement level for candidates other than first-time candidates, as determined

7 under s. 11.31 (1) and adjusted as provided under s. 11.31 (9), for the office for which

8 he or she is a candidate during any primary and election campaign combined from

9 all committees subject to a filing requirement, including political party and

10 legislative campaign committees. A candidate for state office whose grant or grants

11 under s. 11.50 exceed the contribution limitation authorized by this paragraph may

12 exceed the contribution limitation otherwise applicable to the extent required to

13 accept the full amount of the grant or grants received by the candidate under s. 11.50,

14 but any contributions received and accepted by such a candidate from committees

15 other than the Wisconsin election campaign fund reduce the amount of the grant or

16 grants which the candidate may accept by an amount equal to such contributions.

17 (b) No individual who is a candidate for state or local office may receive and

18 accept more than 45% 15% of the value of the total disbursement level, as determined

19 under s. 11.31 (1) and adjusted as provided under s. 11.31 (9), for the office for which

20 he or she is a candidate during any primary and election campaign combined from

21 all committees other than political party and legislative campaign committees

22 subject to a filing requirement.

23 **SECTION 40.** 11.26 (9) (b) and (c) of the statutes are repealed. is renumbered 11.26 (9) (c) 1. and

24 amended to read:

11.26 **(9)** (c) 1. For purposes of ~~pars.~~ par. (a) ~~and (b), a~~ "committee" includes the Wisconsin election campaign fund.

SECTION 41. 11.26 (9) (c) 2. of the statutes is created to read:

11.26 **(9)** (c) 2. For the purposes of pars. (a) ~~and (b),~~ "committee" includes an individual who or a committee which is a conduit.

JWS 25-5

SECTION 42. 11.26 (12m) of the statutes is amended to read:

11.26 **(12m)** For purposes of ~~this section~~ subs. (1) and (4), a contribution of money received from a conduit identified in the manner prescribed in s. 11.06 (11) (a) shall be considered a contribution received from the original contributor.

Proof w/ states

SECTION 43. 11.265 of the statutes is repealed.

JWS 25-10

SECTION 44. 11.31 (1) (a) to (d) of the statutes are amended to read:

11.31 **(1)** (a) Candidates for governor, ~~$1,078,200~~ ~~$2,000,000~~ $3,500,000.

(b) Candidates for lieutenant governor, ~~$323,475~~ ~~$700,000~~ $1,125,000.

(c) Candidates for attorney general, ~~$539,000~~ ~~$700,000~~ $750,000.

(d) Candidates for secretary of state, state treasurer, ~~justice~~ or state superintendent, ~~$215,625~~ ~~$300,000~~ $350,000.

SECTION 45. 11.31 (1) (de) of the statutes is created to read:

11.31 **(1)** (de) Candidates for justice, ~~$150,000~~ $400,000.

Proof w/ states

SECTION 46. 11.31 (1) (e) and (f) of the statutes are amended to read:

11.31 **(1)** (e) Candidates for state senator, ~~$34,500 total in the primary and election, with disbursements not exceeding $21,575 for either the primary or the election~~ ~~$120,000~~ $140,000.

(f) Candidates for representative to the assembly, ~~$17,250 total in the primary and election, with disbursements not exceeding $10,775 for either the primary or the election~~ ~~$50,000~~ $60,000.

JWS 25-25

SECTION 47. 11.31 (2) of the statutes is amended to read:

11.31 **(2)** LIMITATION IMPOSED. No candidate for state office at a spring or general election who files a sworn statement and application to receive a grant from the Wisconsin election campaign fund may make or authorize total disbursements from the campaign treasury in any campaign to the extent of more than the amount prescribed in sub. (1) or (1m), whichever is applicable, adjusted as provided under sub. (9), unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies. No candidate for state office at a special election who files a sworn statement and application to receive a grant from the Wisconsin election campaign fund may make or authorize total disbursements from the campaign treasury in any campaign to the extent of more than the amount prescribed under sub. (1) or (1m), whichever is applicable, adjusted as provided under sub. (9), for the preceding spring or general election for the same office, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies.

SECTION 48. 11.31 (3) of the statutes is amended to read:

11.31 **(3)** GUBERNATORIAL CAMPAIGNS. For purposes of compliance with the limitations imposed under sub. (2), candidates for governor and lieutenant governor of the same political party who both accept grants from the Wisconsin election campaign fund may agree to combine disbursement levels under sub. (1) (a) and (b), adjusted as provided under sub. (9), and reallocate the total level between them. The candidates shall each inform the board of any such agreement.

SECTION 49. 11.31 (3m) of the statutes is repealed.

SECTION 50. 11.31 (4) of the statutes is repealed.

1 **SECTION 51.** 11.31 (6) of the statutes is amended to read:

2 11.31 **(6)** EXCLUSIONS. In computing the limitations under this section an
3 individual or campaign treasurer may exclude any contributions returned to the
4 contributor; any loan repayments made; any inaugural expenses paid from the
5 campaign depository account under s. 11.25 (2) (b); any expenses incurred as a result
6 of a recount; all federal, state or local taxes paid; any reimbursement made to a
7 candidate for the candidate's travel expenses; the gross receipts from the sale at an
8 auction of any materials contributed to a candidate and reported by the candidate
9 as a disbursement at the time the contribution is made; all refunds or deposits paid;
10 the cost of services and materials purchased from a service provider for the purpose
11 of compliance with the electronic filing requirement under s. 11.21 (16); and the cost
12 of facilities rental, entertainment expense, food and beverages (including the
13 preparation and service thereof if contracted to an outside agency), if utilized for a
14 meal, sale, rally or similar fund raising effort or program which is intended for
15 political purposes. Any such exclusion claimed shall be reported to the appropriate
16 filing officer in such form as the board may require.

17 **SECTION 52.** 11.31 (9) of the statutes is created to read:

18 11.31 **(9)** COST-OF-LIVING ADJUSTMENT. (a) In this subsection, "consumer price
19 index" means the average of the consumer price index over each 12-month period,
20 all items, U.S. city average, as determined by the bureau of labor statistics of the U.S.
21 department of labor.

22 (b) The dollar amounts of all disbursement limitations specified in sub. (1) shall
23 be subject to a biennial cost-of-living adjustment to be determined by rule of the
24 board in accordance with this subsection. To determine the adjustment, the board
25 shall calculate the percentage difference between the consumer price index for the

~~12–month period ending on December 31 of each odd–numbered year and the consumer price index for the base period, calendar year 1997. For each biennium, the board shall adjust the disbursement limitations specified under sub. (1) by that percentage to the extent required to reflect any difference, rounded to the nearest multiple of $25 in the case of amounts of $1 or more, which amount shall be in effect until a subsequent rule is promulgated under this subsection. Notwithstanding s. 227.24 (3), determinations under this subsection may be promulgated as an emergency rule under s. 227.24 without a finding of emergency.~~

Ins 28-8 + Ins. 28-9

SECTION 53. 11.50 (2) (b) 5. of the statutes is amended to read:

11.50 **(2)** (b) 5. The financial reports filed by or on behalf of the candidate as of the date of the spring or September primary, or the date that the special primary is or would be held, if required, indicate that the candidate has received an amount equal to at least ~~the amount provided in this subdivision~~ 3% ~~5%~~ of the applicable authorized disbursement limitation for candidates other than first-time candidates as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9), from contributions of money, other than loans, made by individuals who reside in this state and in the case of a candidate for legislative office by individuals at least 50% of whom reside in the legislative district in which the candidate seeks office, which have been received during the period ending on the date of the spring primary and July 1 preceding such date in the case of candidates at the spring election, or the date of the September primary and January 1 preceding such date in the case of candidates at the general election, or the date that a special primary will or would be held, if required, and 90 days preceding such date or the date a special election is ordered, whichever is earlier, in the case of special election candidates, which contributions are in the aggregate amount of ~~$100~~ $50 or less, and which are fully identified and itemized as to the exact source thereof. A contribution

Proof w/ plats

1 received from a conduit ~~which is identified by the conduit as originating from an~~
2 ~~individual shall~~ may not be considered as a contribution made by ~~the~~ an individual.
3 ~~Only the first $100 of an aggregate contribution of more than $100 may be counted~~
4 ~~toward the required percentage. For a candidate at the spring or general election for~~
5 ~~an office identified in s. 11.26 (1) (a) or a candidate at a special election, the required~~
6 ~~amount to qualify for a grant is 5% of the candidate's authorized disbursement~~
7 ~~limitation under s. 11.31. For any other candidate at the general election, the~~
8 ~~required amount to qualify for a grant is 10% of the candidate's authorized~~
9 ~~disbursement limitation under s. 11.31~~ for the purpose of qualifying for a grant under
10 this subdivision.

11 **SECTION 54.** 11.50 (3) (a) 1. and 2. of the statutes are amended to read:

12 11.50 **(3)** (a) 1. If an election for state superintendent is scheduled in the
13 following year, ~~8%~~ of the fund shall be placed in a superintendency account. From
14 this account, an equal amount shall be disbursed to the campaign depository account
15 of each eligible candidate by the state treasurer ~~except as provided in sub. (9) (b)~~.

16 2. If an election for justice is scheduled in the following year, ~~8%~~ of the fund
17 shall be placed in a supreme court account. From this account, an equal amount shall
18 be disbursed to the campaign depository account of each eligible candidate by the
19 state treasurer ~~except as provided in sub. (9) (b)~~.

20 ~~**SECTION 55.** 11.50 (4) (cm) and (d) of the statutes are amended to read:~~

21 11.50 **(4)** (cm) ~~Each~~ Except as provided in sub. (9) (b), each eligible candidate
22 for the same office at a special election shall receive an equal amount, which amount
23 shall be equivalent to the maximum grant which was payable to any candidate for
24 that office at the most recent spring or general election. The amount shall be drawn
25 from the senate campaign account and the assembly campaign account in the same

proportions as the balance in each account bears to the total balance in both accounts at the time that payments are made. Whenever there are insufficient moneys in the senate campaign account and the assembly campaign account to make the payments required by this paragraph, payments shall be appropriately reduced or discontinued by the board.

(d) ~~Within~~ Except as provided in sub. (9) (b), within the accounts established under this subsection for each office at each general election, the entire amount of all available moneys shall be apportioned equally to all eligible candidates.

SECTION 56. 11.50 (9) of the statutes is renumbered 11.50 (9) (a) and amended to read:

11.50 **(9)** (a) The total grant available to an eligible candidate who does not receive a supplementary grant under par. (b) may not exceed that amount which, when added to all other contributions accepted from sources other than individuals, and political party committees and legislative campaign committees, is equal to 45% 50% of the disbursement level specified for candidates for the applicable office, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9). The total grants available to an eligible candidate who receives a supplementary grant under par. (b) may not exceed the amount authorized under s. 11.26 (9) (a). For the purposes of this paragraph, all contributions transferred to the candidate by a conduit shall be considered to have been accepted from a source other than an individual or political party committee.

(c) The board shall scrutinize accounts and reports and records kept under this chapter to assure that applicable limitations under ss. 11.26 (9) and 11.31 are not exceeded and any violation is reported. No candidate or campaign treasurer may accept grants exceeding the amount authorized by this subsection.

1 **SECTION 57.** 11.50 (9) (b) of the statutes is created to read:

2 11.50 **(9)** (b) If an eligible candidate who accepts a grant is opposed by one or
3 more eligible candidates in the election who do not accept a grant under this section,
4 the total grant available to the eligible candidate shall be increased by an amount
5 equal to 50% of the disbursement level specified for candidates for the applicable
6 office other than candidates challenging incumbent officeholders, as determined
7 under s. 11.31 (1) and adjusted as provided under s. 11.31 (9), unless each such
8 opponent files an affidavit of voluntary compliance under s. 11.31 (2m). The board
9 shall direct the state treasurer to make payment of the supplementary grant within
10 5 days after it determines that a candidate qualifies to receive the grant under this
11 paragraph.

INS 31-11

12 **SECTION 58.** 11.60 (1) of the statutes is amended to read:

13 11.60 **(1)** ~~Any~~ Except as provided in sub. (3p) ~~(8g)~~, any person, including any
14 committee or group, who or which violates this chapter may be required to forfeit not
15 more than $500 for each violation.

Proc w/veto

16 **SECTION 59.** 11.60 (3p) ~~(8g)~~ of the statutes is created to read:

17 11.60 (3p) ~~(8g)~~ Any person, including any committee or group, who or which violates
18 s. 11.095 in respect to any telephone communication in which the caller engages in
19 persuasive telephoning shall forfeit $1 for each such telephone communication with
20 an individual that is subject to disclosure under s. 11.095 which the person fails to
21 disclose under that section within the time prescribed under that section.

INS 31-21

22 **SECTION 60.** 11.60 ~~(3r)~~ of the statutes is created to read:

23 11.60 **(3r)** Notwithstanding sub. (1), any person, including any committee or
24 group, who violates s. 11.21 (5) or 11.22 (8) shall forfeit $10 for each person who is

solicited, but not more than $1,000 for each report from which persons are solicited, ~~in violation of s. 11.21~~ (5) or 11.22 (8).

SECTION 61. 13.625 (1) (b) 3. of the statutes is amended to read:

13.625 **(1)** (b) 3. Food, meals, beverages, money or any other thing of pecuniary value~~, except that a lobbyist may make a campaign contribution to a partisan elective state official or candidate for national, state or local office or to the official's or candidate's personal campaign committee; but a lobbyist may make a contribution to which par. (c) applies only as authorized in par. (c)~~.

SECTION 62. 13.625 (1) (c) (intro.) of the statutes is renumbered 13.625 (1) (c) and amended to read:

13.625 **(1)** (c) ~~Except as permitted in this subsection, make~~ Make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official for the purpose of promoting the official's election to any national, state or local office, or to a candidate for a partisan elective state office to be filled at the general election or a special election, or the official's or candidate's personal campaign committee. ~~A campaign contribution to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee may be made in the year of a candidate's election between June 1 and the day of the general election, except that:~~

SECTION 63. 13.625 (1) (c) 1. and 2. of the statutes are repealed.

SECTION 64. 13.625 (2) of the statutes is amended to read:

13.625 **(2)** No principal may engage in the practices prohibited under sub. (1) (b) ~~and (c)~~ except that a principal may make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee in the year of an official's or

candidate's election between June 1 and the day of the general election unless, in the case of a member of the legislature or candidate for legislative office, the legislature has not concluded its final floorperiod or is in special or extraordinary session. This subsection does not apply to the furnishing of transportation, lodging, food, meals, beverages or any other thing of pecuniary value which is also made available to the general public.

SECTION 65. 13.625 (6) of the statutes is amended to read:

13.625 **(6)** Subsections (1) (b) and (c), (2) and (3) do not apply to the furnishing of anything of pecuniary value by an individual who is a ~~lobbyist or~~ principal to a relative of the individual or an individual who resides in the same household as the individual, nor to the receipt of anything of pecuniary value by that relative or individual residing in the same household as the individual. Subsections (1) (b), (2) and (3) do not apply to the furnishing of anything of pecuniary value, except a campaign contribution, as defined in s. 11.01 (6), by a lobbyist to a relative of the lobbyist or an individual who resides in the same household as the lobbyist, nor to the receipt of any such thing by that relative or individual residing in the same household as the individual.

SECTION 66. 20.510 (1) (d) of the statutes is created to read:

20.510 **(1)** (d) *Election campaign fund supplement.* A sum sufficient to supplement the Wisconsin election campaign fund for the purpose of enabling all eligible candidates to receive the maximum grant for which the candidates qualify under s. 11.50 (9), to be transferred to the Wisconsin election campaign fund no later than the time required to enable timely payments to be made under s. 11.50 (5).

SECTION 67. 20.510 (1) (j) of the statutes is created to read:

20.510 (1) (j) *Electronic filing software.* All moneys received from registrants who purchase software to be utilized for electronic filing of campaign finance reports under s. 11.21 (16), for the purpose of providing that software.

SECTION 68. 20.510 (1) (q) of the statutes is amended to read:

20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing appropriation, from the Wisconsin election campaign fund, the moneys determined under s. 11.50 to provide for payments to eligible candidates whose names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose names are certified under s. 7.08 (2)(cs) and to provide for public information under s. 11.50 (2m).

INS 34-8

SECTION 69. 25.42 of the statutes is amended to read:

25.42 Wisconsin election campaign fund. All moneys appropriated under ~~s. s. 20.510 (1) (d) and~~ (restore) 20.855 (4) (b) and (ba) together with all moneys reverting to the state under s. 11.50 (8) and all gifts, bequests and devises received under s. 11.50 (13) constitute the Wisconsin election campaign fund, to be expended for the purposes of s. 11.50. All moneys in the fund not disbursed by the state treasurer shall continue to accumulate indefinitely.

Proof w/ stats.

INS 34-15

SECTION 70. 71.10 (3) (a) of the statutes is amended to read:

71.10 **(3)** (a) Every individual filing an income tax return who has a tax liability or is entitled to a tax refund may designate ~~$1~~ $5 for transfer to the Wisconsin election campaign fund ~~for the use of eligible candidates under s. 11.50~~. If the individuals filing a joint return have a tax liability or are entitled to a tax refund, each individual may make a designation of ~~$1~~ $5 under this subsection.

INS 34-21

SECTION 71. Initial applicability.

(1) Except as provided in subsections (2) to ~~(4)~~ (6), this act first applies to elections held on the day after publication.

auto ref. "KA".

INS 34-24

(2) The treatment of section 11.21 (2), (9) and (16) of the statutes first applies with respect to campaign finance reports that are required to be filed after June 30, 1999.

INS 35-3

(4) (3) The treatment of section 71.10 (3) (a) of the statutes first applies to tax returns for taxable years beginning on the January 1 following the effective date of this subsection.

(2) (4) The treatment of section 11.31 (9) of the statutes first applies to adjustment of disbursement limitations for the biennium beginning on January 1, 1999.

INS 35-8

SECTION 72. Effective dates. This act takes effect on the day after publication, except as follows:

(1) The treatment of section 11.20 (10) (a) of the statutes takes effect on July 1, ~~1998~~ 2000.

INS 35-12

(2) (2) The treatment of section 20.510 (1) (d) of the statutes takes effect on January 1, ~~1999~~ 2001.

(END)

INSERT 10–23

SECTION 1. 11.01 (9m) of the statutes is created to read:

11.01 (9m) "First–time candidate" means a candidate who seeks a particular state office for the first time and who has not previously been a candidate for any other national, state or local office in a jurisdiction or district which includes more than one–third of the residents who reside in the jurisdiction or district in which the candidate seeks office, as determined by the board.

SECTION 2. 11.01 (13) of the statutes is created to read:

11.01 (13) "Major contributor" means an individual who makes a contribution or contributions to a candidate or candidate's personal campaign committee exceeding, in the aggregate, 50% of the amount or value that the individual is permitted to make during a campaign, as provided in s. 11.26 (1).

INSERT 21–6

SECTION 3. 11.21 (17) of the statutes is created to read:

11.21 (17) On or before February 15 and August 15, notify the campaign treasurer of each candidate who and personal campaign committee which owes a tax under subch. XIII of ch. 77, based on any continuing or termination report that was filed with the board covering the period ending on the preceding December 31 or June 30, respectively. The notice shall include an identification of the specific form prescribed for payment of the tax.

SECTION 4. 11.22 (11) of the statutes is created to read:

11.22 (11) On or before February 15 and August 15, notify the campaign treasurer of each candidate who and personal campaign committee which owes a tax under subch. XIII of ch. 77, based on any continuing or termination report that was

filed with the filing officer covering the period ending on the preceding December 31 or June 30, respectively. The notice shall include an identification of the specific form prescribed for payment of the tax.

INSERT 25–25

SECTION 5. 11.31 (1m) of the statutes is created to read:

11.31 (1m) DISBURSEMENT LEVEL FOR FIRST–TIME CANDIDATES. The disbursement level for a first–time candidate is 100% of the amount specified in sub. (1) for any other candidate, adjusted as provided under sub. (9).

INSERT 28–8.6

SECTION 6. 11.50 (1) (am) of the statutes is created to read:

11.50 (1) (am) "Eligible political party" means any of the following:

1. A party qualifying under s. 5.62 (1) (b) for a separate ballot or one or more separate columns or rows on a ballot for the period beginning on the date of the preceding general election and ending on the day before the general election ~~which~~ that follows that election.

2. A party qualifying under s. 5.62 (2) for a separate ballot or one or more separate columns or rows on a ballot for the period beginning on the preceding June 1, or if that June 1 is in an odd–numbered year, the period beginning on June 1 of the preceding even–numbered year, and ending on May 31 of the 2nd year following that June 1, whose state chairperson has filed a statement with the board no earlier than May 1 preceding that period certifying that the party has held a state convention within the 2–year period preceding the date of the statemnt, has adopted a state constitution that is in effect on the date of the statement and has elected state officers who are in office on the date of the statement.

INSERT 28–9

SECTION 7. 11.50 (2) (b) 3m. of the statutes is created to read:

11.50 (2) (bm) 3. The candidate has appointed a personal campaign committee which is registered under s. 11.05.

INSERT 29–19:7

SECTION 8. 11.50 (7) (c) of the statutes is created to read:

11.50 (7) (c) Grants received by an eligible political party may be expended only for one or more of the following:

1. Purchase of services from a communications medium to promote the candidacy of candidates of the party generally without reference to any specific candidate of the party for state office.

2. Preparation and dissemination of sample ballots listing the names of 3 or more candidates of the party for state office.

3. Making telephone contacts with electors in which the names of 3 or more candidates of the party are mentioned.

4. Fundraising on behalf of 3 or more candidates of the party for state office.

5. Staff compensation and expenses to provide services on behalf of 3 or more candidates of the party for state office.

INSERT 31–11:3

SECTION 9. 11.50 (14) of the statutes is created to read:

11.50 (14) CERTIFICATIONS TO SECRETARY OF REVENUE. (1) In each even–numbered year, the board shall certify to the secretary of revenue:

1. No later than July 1, the name of each political party that qualifies under sub. (1) (am) 1. as an eligible political party as of the preceding June 1 and whose

state chairperson has filed a request to establish an account for the party under sub. (2s).

2. No later than December 15, the name of each political party that qualifies under ~~s. 11.50~~ sub. (1) (am) 2. as an eligible political party as of the date of the preceding general election and whose state chairperson has filed a written request to establish an account for the party under sub. (2s).

(~~2~~ b) As soon as possible after receiving a valid application from an eligible candidate under sub. (2) (a) and determining that the candidate is eligible to receive a grant, the board shall certify to the secretary of revenue the full name of that candidate as the name appears on the candidate's nomination papers.

(~~3~~ c) In each certification under this subsection, the board shall specify the expiration date of the certification.

INSERT 29–10:2

SECTION 10. 11.50 (2m) of the statutes is created to read:

11.50 (2m) PUBLIC INFORMATION. The board shall maintain an account within the fund to be called the public information account. Annually on August 15, the board shall transfer 5% of the moneys in each account within the Wisconsin election campaign fund, except the public information account, to the public information account. The board shall expend the moneys in the public information account for the purpose of providing public information concerning the purpose and effect of s. 71.10 (3) and this section.

SECTION 11. 11.50 (2m) of the statutes, as created by 1999 Wisconsin Act ... (this act), is repealed.

SECTION 12. 11.50 (2s) of the statutes is created to read:

11.50 (2s) POLITICAL PARTIES. The state chairperson of each eligible political party may by written request to the board provide for the establishment or discontinuance of an account within the fund for that political party. Each political party account consists of 97% of all moneys designated by individuals for deposit in that account under s. 71.10 (3) (a).

INSERT 31–21

SECTION 13. 11.70 of the statutes is created to read:

11.70 Political contribution refund. (1) In this section:

(a) "Certified political party" means a party whose name is certified by the board to the secretary of revenue under s. 11.50 (14) (a).

(b) "Certified eligible candidate" means a candidate whose name is certified by the board to the secretary of revenue under s. 11.50 (14) (b).

(2) Any individual who is a resident of this state and who makes any contribution or contributions of money to a certifed political party or a certified eligible candidate may file a claim with the secretary of revenue requesting a refund of not more than $50 for such contributions made in any calendar year. Two married individuals who are residents of this state and who make, individually or jointly, any contribution or contributions of money to a certified political party or a certified eligible candidate may file a claim with the secretary of revenue requesting a refund of not more than $100 for such contributions made, including not more than $50 for such contributions made individually by each of them, in any calendar year.

(3) The secretary of revenue shall precribe an official refund receipt form for use under this section. The forms shall be numbered sequentially. Each individual or

married couple filing a request for a refund under sub. (2) shall attach a copy of that form to that request.

B (4) All information concerning the identities of individuals and married couples requesting refunds, the identities of candidates to whom contributions are made and the amounts of any contributions made is confidential.

B (5) ~~a~~ A request under this section shall be filed with the secretary of revenue no earlier than January 1 of the year in which any contribution for which a refund is requested has been made and no later than April 15 of the following year.

B (6) An individual may file a request under this section once for any year. Married individuals may file a request under this section either individually or jointly once for any year.

B (7) The secretary of revenue shall make refunds under this section from the appropriation under s. 20.566 (3) (f).

B (8) If the secretary of revenue makes any refund under this section later than June 15 in the year after the contribution or contributions to be refunded were made, the secretary shall pay interest on the refund at the rate provided under s. 71.82 (1) (b).

B (9) No later than August 1 annually, the secretary of revenue shall submit a statement to the board summarizing the total number and the aggregate amount of refunds made on behalf of each certified political party and each certified eleigible candidate during the preceding fiscal year.

(*) INSERT 34–8:1

autoref

SECTION 14. 20.510 (1) (q) of the statutes, as affected by 1999 Wisconsin Act ... (this act), is amended to read:

A

20.510 (1) (q) *Wisconsin election camapign fund.* As a continuing appropriation, from the Wisconsin election campaign fund, the moneys determined under s. 11.50 to provide for payments to eligible candidates whose names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose names are certified under s. 7.08 (2) (cs) ~~and to provide for public information under s. 11.50 (2m)~~.

SECTION 15. 20.566 (3) (f) of the statutes is created to read:

20.566 (3) (f) *Political contribution refunds.* A sum sufficient to make political contribution refunds under s. 11.70.

INSERT 34–8:3

SECTION 16. 20.855 (4) (ba) of the statutes is created to read:

20.855 (4) (ba) *Election fund annual supplement.* A sum sufficient equal to $3,000,000 in each fiscal year, plus in each fiscal year, the amounts determined by the secretary of revenue under s. 71.80 (21), to be transferred from the general fund to the Wisconsin election campaign fund annually on September 1.

SECTION 17. 20.855 (4) (bb) of the statutes is created to read:

20.855 (4) (bb) *Election fund special election supplement.* A sum sufficient equal to the amounts required to make full payment of grants for which candidates at special elections qualify to receive from the Wisconsin election campaign fund, to be transferred from the general fund to the special election account of the Wisconsin election campaign fund no later than the time required to make payments of grants under s. 11.50 (5).

INSERT 34–21:1

NO R Each individual making a designation shall indicate whether the amount designated by that individual shall be placed in the general account for the use of all

eligible candidates for state office, or in the account of an eligible political party whose name is certified to the secretary of revenue under s. 11.50 (14) for the use of all eligible candidates of that political party for state office. If an individual does not indicate that the amount of his or her designation shall be placed in the account of a particular eligible political party, that amount shall be placed in the general account.

INSERT 34–21:6

SECTION 18. 71.80 (21) of the statutes is created to read:

71.80 (21) TAXABILITY OF LOBBYING EXPENSES; CERTIFICATION. Annually no later than August 15, the secretary of revenue shall certify to the secretary of administration the amount estimated by the secretary of revenue to have been collected during the preceding 12–month period ending on August 15 as a result of the election of this state not to allow an income and franchise tax deduction for expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible because of the exemption contained in section 162 (e) (5) of the Internal Revenue Code.

INSERT 34–21:9

SECTION 19. Subchapter XIII of chapter 77 [precedes 77.9965] of the statutes is created to read:

CHAPTER 77

SUBCHAPTER XIII

CAMPAIGN TREASURY SURPLUS EARNINGS TAX

77.997 Definitions. In this subchapter:

(1) "Campaign treasury surplus" means the unencumbered balance in the campaign depository account of a candidate or his or her personal campaign committee during the period beginning on the first day of the month following an election at which the name of the candidate appeared on the ballot, except a primary election if the candidate was nominated at that primary election to appear on an election ballot, and ending on the date that the candidate files a valid declaration of candidacy together with valid nomination papers, if required, to appear on the ballot at a succeeding election.

(2) "Candidate" has the meaning given in s. 11.02 (1).

(3) "Election" has the meaning given in s. 5.02 (4).

(4) "Personal campaign committee" has the meaning given in s. 11.01 (15).

77.9971 Imposition. There is imposed on every candidate and personal campaign committee a tax at the rate of 15% on the earnings received by that candidate or personal campaign committee on any campaign treasury surplus for the 6–month period ending on each December 31 and June 30.

77.9972 Administration. (1) The department of revenue shall levy, enforce and collect the tax under this subchapter.

(2) The tax under this subchapter and a completed return prescribed by the department of revenue are due on March 1 and September 1.

(3) Sections 77.59 (1) to (6), (8) and (8m), 77.60 (1) to (7), (9) and (10), 77.61 (5) and (12) to (14) and 77.62, as they apply to the taxes under subch III, apply to the tax under this subchapter.

77.9973 Certification. Annually no later than August 31, the secretary of revenue shall certify to the secretary of administration the amount collected under this subchapter during the preceding 12–month period ending on August 15.

auto ref: "KA"

INSERT 35–8

(6) The treatment of subchapter XIII of chapter 77 of the statutes first applies to earnings received on January 1, 2001.

INSERT 35–12

(2) ~~The~~ the repeal of section 11.50 (2m) of the statutes ~~and~~ the treatment of section 20.510 (1) (q) (by SECTION 5) of the statutes takes effect on the first day of the 7th year ~~commencing after the effective date of this subsection.~~ beginning after publication

INSERT 34–24

(2) The treatment of section 11.06 (1) (a), (d) and (L) of the statutes first applies to reports covering the period beginning on January 1, 2001.

INS 3A

The bill revises the current disbursement levels applicable to candidates for the offices shown in the following chart:

Office	*Current Level*	*Proposed Level*
Governor	$1,078,200	$3,500,000
Lieutenant governor	323,475	1,125,000
Attorney general	539,000	750,000
Secretary of state	215,625	350,000
State treasurer	215,625	350,000
Supreme court justice	215,625	400,000
State superintendent	215,625	350,000
State senator	34,500	140,000
Representative to the assembly	17,250	60,000

The bill also creates a biennial adjustment which causes the statutory disbursement levels to be adjusted biennially, beginning in 2001, in accordance with the rate of increase or decrease in the "consumer price index" ~~determined by the federal department of labor~~, with the result in turn adjusted by the rate of increase or decrease in the voting age population of this state, as determined by the federal election commission.

Currently, no candidate for state or local office may accept contributions from sources other than individuals which, in the aggregate, total more than 65% of the disbursement level specified for the office which the candidate seeks. This bill provides, in addition, that of the total disbursements made by a candidate for state or local office, not more than 65% may be derived from sources other than contributions received by the candidate from individuals.

Contribution limitations

The bill changes contribution limitations applicable to committees making contributions to candidates for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent of public instruction, justice of the supreme court, state senator or representative to the assembly per campaign, as follows:

Office	*Current Limit*	*Proposed Limit*
Governor	$ 43,128	$ 45,000
Lieutenant governor	12,939	13,000
Attorney general	21,560	22,000
Justice of the supreme court, secretary of state, state treasurer or superintendent of public instruction	8,625	9,000

FWS 3B

Office	*Current Level*	*Proposed Level*
Governor	$1,078,200	$3,500,000
Lieutenant governor	323,475	1,125,000
Attorney general	539,000	750,000
Secretary of state	215,625	350,000
State treasurer	215,625	350,000
Supreme court justice	215,625	400,000
State superintendent	215,625	350,000
State senator	34,500	140,000
Representative to the assembly	17,250	60,000

The bill also creates a biennial adjustment which causes the statutory disbursement levels to be adjusted biennially, beginning in 1999, in accordance with the rate of increase or decrease in the "consumer price index" determined by the U.S. department of labor, and the voting age population of this state, as determined by the federal election commission, weighted equally.

Currently, no candidate for state or local office may accept contributions from sources other than individuals which, in the aggregate, total more than 65% of the disbursement level specified for the office which the candidate seeks. This bill provides, in addition, that of the total disbursements made by a candidate for state or local office, not more than 65% may be derived from sources other than contributions received by the candidate from individuals.

Currently, the campaign of a candidate, for purposes of the applicability of disbursement limitations, extends from July 1 preceding the date of a spring primary or election at which the candidate seeks office or January 1 preceding the date of a September primary or general election at which the candidate seeks office or the date of the candidate's public announcement of candidacy, whichever is earlier, through the last day of the month following the month of the primary or election at which the candidate seeks office, except that orders placed for goods or services to be provided for a campaign are included within the campaign regardless of when the goods or services are paid for, and debts incurred for goods or services received during a campaign period are included within the campaign regardless of when the debts are retired. Under this bill, the campaign of a candidate, for purposes of disbursement limitations, begins on the day after the date on which the previous campaign of the candidate ends or the date on which the candidate becomes a candidate at a future election, whichever is earlier (except as to goods or services provided for the campaign and paid for before that date), and ends at the same time as currently provided. The effect of the change is to include all disbursements within any limitation applicable to each campaign.

Contribution limitations

The bill changes contribution limitations applicable to committees making contributions to candidates for the office of governor, lieutenant governor, secretary

INSERT 6A

3. Directs the state elections board to set aside 5% of the moneys transferred to the Wisconsin election campaign fund in each of the 6 years following the year in which the bill becomes law in order to provide public information concerning the purpose and effect of designations to the fund. The bill directs the department of revenue to cooperate in providing such public information. Currently, no moneys in the fund are authorized to be used for this purpose.

INSERT 9A

POLITICAL CONTRIBUTION REFUND

This bill permits any individual who resides in this state to request a refund from the department of revenue of not more than $50 per year for any contribution or contributions of money made to a qualifying candidate for state office or political party. The bill also permits a married couple to file a joint request for a refund of not more than $100 per year for such contributions made jointly or individually. In order to qualify for a refund, a contribution must be made to a political party that has qualified for a separate ballot or one or more separate columns or rows on a ballot or to a candidate for state office who has filed a valid application to receive a grant from the Wisconsin election campaign fund, together with a binding agreement to abide by disbursement and self–contribution limitations, and has qualified to receive a grant. The refunds are made by the department of revenue from general purpose revenue.

CAMPAIGN TREASURY SURPLUS EARNINGS TAX

This bill imposes a tax on every candidate and personal campaign committee at the rate of 15% on the earnings received by that candidate or committee on any campaign treasury surplus during the period beginning on the first day of the month following an election at which a candidate appears on the ballot (except a primary election if the candidate was nominated at the primary to appear on the ballot at a subsequent election) and ending on the date that the candidate files a valid declaration of candidacy together with valid nomination papers, if required, to appear on the ballot at a succeeding election. The tax is payable to the department of revenue semiannually.

BILL

Jws 9Ai 2

This bill:

1. Decreases the percentage of the total votes cast that a candidate for a partisan state office must receive in order to be eligible to receive a grant from the Wisconsin election campaign fund to 2% of the total votes cast in the primary election.

2. Provides that a candidate for the office of state senator or representative to the assembly need receive contributions equal to only 5% of the authorized disbursement level for the office which the candidate seeks in order to qualify for a grant, but provides that the contributions of $100 or less from individuals used by a candidate for any state office to determine eligibility for a grant from the Wisconsin election campaign fund must be made by individuals who reside in the state and, in the case of a candidate for legislative office, by individuals at least 50% of whom reside in a county having territory within the district in which the candidate seeks office.

3. Increases the maximum grant that a candidate may receive to that amount which, when added to all other contributions accepted from sources other than individuals and political party committees, is equal to 50% of the authorized disbursement level for the office which the candidate seeks.

FILING OF CAMPAIGN FINANCE REPORTS

Currently, with certain exceptions, registrants under the campaign finance law are required to file periodic reports with the appropriate filing officer or agency. Where a requirement is imposed under the campaign finance law for filing of a report by a specified date, the requirement may be satisfied by depositing the report with the U.S. postal service no later than the date provided by law for receipt of the report.

This bill permits satisfaction of the filing requirement only by delivering a report to the appropriate filing officer or agency on or before the date provided by law for receipt of the report or by depositing the report with the U.S. postal service no later than the 3rd day before that date.

INITIAL APPLICABILITY

All campaign finance changes under the bill apply to elections held on or after the day on which the bill becomes law.

TAX ~~CREDITS AND~~ DEDUCTIONS FOR LOBBYING EXPENSES

~~The~~ This bill eliminates a current state income and franchise tax deduction for certain business expenses that lobbyists incur~~, effective for tax returns filed for taxable years beginning on or after January 1, 1999.~~ Currently, this deduction may be claimed for expenses incurred in direct connection with: a) appearances before, submission of statements to, or sending communications to a federal, state or local legislative body, a legislative committee or an individual legislator with respect to legislation or proposed legislation of direct interest to a taxpayer; or b) communications between a taxpayer and an organization of which the taxpayer is a member with respect to legislation or proposed legislation of direct interest to the taxpayer and the organization. Under the bill, dues paid to any organization remain deductible to the extent that they are attributable to expenses of these activities.

INS 11-19

Section #. 11.06 (1) (d) and (L) of the statutes are amended to read:

11.06 **(1)** (d) An itemized statement of other income in excess of $20, including ~~interest, returns on investments,~~ rebates and refunds received and a separate statement of earnings received, including interest and returns on investments

~~**History:** 1973 c. 334; 1975 c. 93 ss. 47 to 53, 119 (2); 1975 c. 199; 1979 c. 263, 328; 1985 a. 303; 1987 a. 370; 1989 a. 192; 1995 a. 16 s. 2.~~

(L) A statement of cumulative totals for the calendar year of contributions made, contributions received, ~~and~~ disbursements made, including transfers of funds made to or received from other registrants, and earnings received

~~**History:** 1973 c. 334; 1975 c. 93 ss. 47 to 53, 119 (2); 1975 c. 199; 1979 c. 263, 328; 1985 a. 303; 1987 a. 370; 1989 a. 192; 1995 a. 16 s. 2.~~

PNS 22-18

Section #. 11.25 (2) (b) of the statutes is amended to read:

11.25 **(2)** (b) Notwithstanding par. (a), a registrant may accept contributions and make disbursements from a campaign depository account for the purpose of making expenditures in connection with a campaign for national office; for payment of civil penalties incurred by the registrant under this chapter, except as provided in s. 11.50 (11) (g) or for payment of the expenses of nonpartisan campaigns to increase voter registration or participation. Notwithstanding par. (a), a personal campaign committee or support committee may accept contributions and make disbursements from a campaign depository account for payment of inaugural expenses of an individual who is elected to state or local office. If such expenses are paid from contributions made to the campaign depository account, they are reportable under s. 11.06 (1) as disbursements. Otherwise, such expenses are not reportable under s. 11.06 (1). If contributions from the campaign depository account are used for such expenses, they are subject to s. 11.26.

~~History: 1973 c. 334;~~ 1975 c. 93; 1979 c. 328; 1981 c. 20; 1983 a. 27, 183; 1985 a. 303 ss. 43s, 86; 1987 a. 370; 1993 a. 213.

Jw 25-5 ✓

Section #. 11.26 (10) of the statutes is amended to read:

11.26 **(10)** No candidate for state office who files a sworn statement and application to receive a grant from the Wisconsin election campaign fund may make contributions of more than 200% of the amounts specified in sub. (1) to the candidate's own campaign from the candidate's personal funds or property or the personal funds or property which are owned jointly or as marital property with the candidate's spouse, unless the board determines that the candidate is not eligible to receive a grant, ~~the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies. For purposes of this subsection, any contribution received by a candidate or his or her personal campaign committee from a committee which is registered with the federal elections commission as the authorized committee of the candidate under 2 USC 432 (e) shall be treated as a contribution made by the candidate to his or her own campaign. The contribution limit of sub. (4) applies to amounts contributed by such a candidate personally to the candidate's own campaign and to other campaigns, except that a candidate may exceed the limitation if authorized under this subsection to contribute more than the amount specified to the candidate's own campaign, up to the amount of the limitation.

History: 1973 c. 334; ~~1975 c. 93 ss. 89 to 95, 119 (1)~~; 1975 c. 200; 1977 c. 107, 187; 1977 c. 427 s. 132; ~~1979 c. 263, 328; 1979 c. 355 s. 32~~; 1983 a. 183, 186; 1985 a. 303 ss. 44 to 55m, 86; 1987 a. 27, 370; 1989 a. 31, 192; 1995 a. 27 s. 9145 (1); 1995 a. 219, 225.

(DWS 25-10:1)

Section #. 11.26 (13) of the statutes is amended to read:

11.26 **(13)** ~~Except as provided in sub. (9), contributions~~ Contributions received from the Wisconsin election campaign fund are not subject to limitation by this section.

History: 1973 c. 334; 1975 c. 93 ss. 89 to 95, 119 (1); 1975 c. 200; 1977 c. 107, 187; 1977 c. 427 s. 132; 1979 c. 263, 328; 1979 c. 355 s. 32; 1983 a. 183, 186; 1985 a. 303 ss. 44 to 55m, 86; 1987 a. 27, 370; 1989 a. 31, 192; 1995 a. 27 s. 9145 (1); 1995 a. 219, 225.

Ins 25-10:2

Section #. 11.31 (1) (intro.) of the statutes is amended to read:

11.31 **(1)** SCHEDULE. (intro.) The following levels of disbursements are established with reference to the candidates listed below. Except as provided in sub. (2), such levels do not operate to restrict the total amount of disbursements which are made or authorized to be made by any candidate in any primary or other election.

History: 1973 c. 334; 1975 c. 93 ss. 97 to 102, 119 (1), (2); 1975 c. 199, 422; 1977 c. 107, 187, 272, 449; 1979 c. 263, 328; 1981 c. 314; 1983 a. 51; 1985 a. 182 s. 57; 1985 a. 303; 1985 a. 332 s. 251 (1); 1987 a. 370; 1989 a. 192; 1993 a. 184; 1995 a. 225; 1997 a. 230.

The levels are subject to adjustment under subs. (1m) and (9).

FWS 28-8:1

opponent of such a candidate, so as to promote the defeat of that candidate or the election of his or her opponent, and the total expenditures for that purpose by all such individuals and organizations in the aggregate exceed an amount equal to 5% of the limitation prescribed under sub. (2), as adjusted under sub. (9), applicable to that candidate during any campaign on or before the date of the primary election, or the date on which the primary election would be held, if required, the limitation prescribed under sub. (2) does not apply to that candidate after the date on which those total expenditures exceed that amount.

(b) If any individual or organization makes expenditures that are reportable under s. 11.065 which include the name or likeness of a candidate to whom sub. (2) applies, or an opponent of such a candidate, so as to promote the defeat of that candidate or the election of his or her opponent, and the total expenditures for that purpose by all such individuals and organizations in the aggregate exceed an amount equal to 5% of the limitation prescribed under sub. (2), as adjusted under sub. (9), applicable to that candidate during any campaign after the date of the primary election, or the date on which the primary election would be held, if required, and on or before the date of the election, the limitation prescribed under sub. (2) does not apply to that candidate after the date on which those total expenditures exceed that amount.

SECTION 87. 11.31 (4) of the statutes is repealed.

SECTION 88. 11.31 (7) (a) of the statutes is amended to read:

11.31 **(7)** (a) For purposes of this section, except as provided in pars. (b) and (c), the "campaign" of a candidate extends from ~~July 1 preceding the date on which the spring primary or election occurs or January 1 preceding the date on which the September primary or general election occurs for the office which the candidate~~

INS 28-8:2

~~seeks, or from the date of the candidate's public announcement~~ the day after the date on which the previous campaign of a candidate ends or the date on which a candidate becomes a candidate at a future election, whichever is earlier, through the last day of the month following the month in which ~~the~~ an election ~~or primary~~ is held at which a candidate seeks office. If a candidate seeks office at both a primary election and at a general, spring or special election which follows that primary election, the "campaign" of that candidate extends through the last day of the month following the general, spring or special election. If a candidate seeks office at a primary election but not at the general, spring or special election which follows that primary election, the "campaign" of that candidate extends through the end of the month following the primary election.

SECTION 89. 11.31 (7) (c) of the statutes is amended to read:

11.31 (7) (c) Disbursements which are made after ~~a campaign~~ the period specified in par. (a) to retire a debt incurred in relation to a campaign are charged against the disbursement limitation for that campaign.

SECTION 90. 11.31 (7) (d) of the statutes is repealed.

SECTION 91. 11.31 (9) of the statutes is created to read:

11.31 (9) ADJUSTMENT OF DISBURSEMENT LEVELS. (a) In this subsection:

1. "Consumer price index" means the average of the consumer price index over each 12–month period, all items, U.S. city average, as determined by the bureau of labor statistics of the federal department of labor.

2. "Voting age population of this state" means the voting age population of this state, as determined by the federal election commission.

(b) The dollar amounts of all disbursement limitations specified in sub. (1) shall be subject to a biennial adjustment to be determined by rule of the board in

FWS 28-8.3

1 September primary or general election occurs for the office ~~which the candidate~~
2 ~~seeks~~, or from the date of the candidate's public announcement, whichever is earlier,
3 through ~~the~~ last day of the month following the month in which ~~the~~ an election ~~or~~
4 ~~primary~~ is held at which a candidate seeks office. If a candidate ~~seeks office at both~~
5 a primary election and at a general or ~~spring~~ election which follows that primary
6 election, the "campaign" of that candidate extends through the last day of the month
7 following the general or spring election. If a candidate seeks office at a primary
8 election but not at the general or spring election which follows that primary election,
9 the "campaign" of that candidate extends through the last day of the month following
10 the primary election.

11 **SECTION 78.** 11.31 (7) (c) and (d) of the statutes are amended to read:

12 11.31 **(7)** (c) Disbursements which are made after ~~a campaign~~ the period
13 specified in par. (a) to retire a debt incurred in relation to a campaign are charged
14 against the disbursement limitation for that campaign.

15 (d) Disbursements which are made outside ~~a campaign~~ the period specified in
16 par. (a) and to which par. (b) or (c) does not apply are not subject to any disbursement
17 limitation. Such disbursements are subject to s. 11.25 (2).

18 **SECTION 79.** ~~11.31 (9) of the~~ statutes is created to read:

19 11.31 **(9)** ADJUSTMENT OF DISBURSEMENT LEVELS. (a) In this subsection:

20 1. "Consumer price index" means the average of the consumer price index over
21 each 12–month period, all items, U.S. city average, as determined by the bureau of
22 labor statistics of the federal department of labor.

23 2. "Voting age population of this state" means the voting age population of this
24 state, as determined by the federal election commission in its most recent
25 determination prior to the date of any calculation under this subsection.

Fms 28-8:4

September primary or general ~~election occurs for the office which the candidate~~ seeks, or from the date of the candidate's public announcement, whichever is earlier, through the last day of the month following the month in which ~~the~~ an election ~~or primary~~ is held at which a candidate seeks office. If a candidate seeks office at both a primary election and at a general or spring election which follows that primary election, the "campaign" of that candidate extends through the last day of the month following the general or spring election. If a candidate seeks office at a primary election but not at the general or spring election which follows that primary election, the "campaign" of that candidate extends through the last day of the month following the primary election.

SECTION 78. 11.31 (7) (c) and (d) of the statutes are amended to read:

11.31 **(7)** (c) Disbursements which are made after ~~a campaign~~ the period specified in par. (a) to retire a debt incurred in relation to a campaign are charged against the disbursement limitation for that campaign.

(d) Disbursements which are made outside ~~a campaign~~ the period specified in par. (a) and to which par. (b) or (c) does not apply are not subject to any disbursement limitation. Such disbursements are subject to s. 11.25 (2).

SECTION 79. 11.31 (9) of the statutes is created to read:

11.31 **(9)** ADJUSTMENT OF DISBURSEMENT LEVELS. (a) In this subsection:

1. "Consumer price index" means the average of the consumer price index over each 12–month period, all items, U.S. city average, as determined by the bureau of labor statistics of the federal department of labor.

2. "Voting age population of this state" means the voting age population of this state, as determined by the federal election commission in its most recent determination prior to the date of any calculation under this subsection.

INS 28-8:5

1 (b) The dollar amounts of all disbursement levels specified in sub. (1) shall be
2 subject to a biennial adjustment to be determined by rule of the board in accordance
3 with this subsection. To determine the adjustment, the board shall calculate the
4 percentage difference between the voting age population of this state on December
5 31 of each odd–numbered year and the voting age population of this state on
6 December 31, 1999. The board shall then calculate the percentage difference
7 between the consumer price index for the 12–month period ending on December 31
8 of each odd–numbered year and the consumer price index for the base period,
9 calendar year 1999. For each biennium, the board shall first multiply the
10 disbursement levels by the percentage difference in the voting age populations. The
11 board shall then multiply that product by the percentage difference in the consumer
12 price indices. The board shall adjust the disbursement levels specified under sub.
13 (1) to substitute that result for the existing levels to the extent required to reflect any
14 difference, rounded to the nearest multiple of $25 in the case of amounts of $1 or
15 more, which amounts shall be in effect until a subsequent rule is promulgated under
16 this subsection. Notwithstanding s. 227.24 (1) (a), (2) (b) and (3), determinations
17 under this subsection may be promulgated as an emergency rule under s. 227.24
18 without providing evidence that the emergency rule is necessary for the public peace,
19 health, safety or welfare, and without a finding of emergency.

20 ~~SECTION 80.~~ 11.38 (1) (a) 2. of the statutes is amended to read:

21 11.38 ~~(1)~~ (a) 2. Notwithstanding subd. 1., any such corporation or association
22 may establish and administer a separate segregated fund and solicit contributions
23 from individuals to the fund to be utilized by such corporation or association, for the
24 purpose of supporting or opposing any candidate for state or local office but the
25 corporation or association may not make any contribution to the fund. The fund shall

WPO: page 28-8:6 is on a separate insert.

LRS 28-8:7

Section #. 11.50 (2) (a) of the statutes is amended to read:

11.50 **(2)** (a) Any individual who desires to qualify as an eligible candidate may file an application with the board requesting approval to ~~participate in the fund~~ receive a grant. The application shall be filed no later than the applicable deadline for filing nomination papers under s. 8.10 (2) (a), 8.15 (1), 8.20 (8) (a) or 8.50 (3) (a), no later than 4:30 p.m. on the 7th day after the primary or date on which the primary would be held if required in the case of write–in candidates, or no later than 4:30 p.m. on the 7th day after appointment in the case of candidates appointed to fill vacancies. The application shall contain a sworn statement that the candidate and his or her authorized agents have complied with the contribution limitations prescribed in s. 11.26 and the disbursement limitations prescribed under s. 11.31 at all times to which such limitations have applied to his or her candidacy and will continue to comply with the limitations at all times to which the limitations apply to his or her candidacy for the office in contest, unless ~~the board determines that the candidate is not eligible to receive a grant, the candidate withdraws his or her application under par. (ii), or~~ par. (i) applies. The application

History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.

shall also contain a statement that the candidate filing the application agrees to return to the board all grant moneys received by the candidate which exceed the total amount of disbursements made by the candidate's personal campaign committee that were made or obligated after the date of the primary election. An application submitted under this paragraph constitutes an irrevocable agreement to abide by its terms, except that the agreement is not effective if the board determines that the candidate is not eligible to receive a grant. An agreement expires on the latest day specified in this paragraph for filing an application to receive a grant for the regular election to elect the successor to the office which the candidate seeks, except that if a candidate seeks office at a special election, an agreement to receive a grant for that election expires on the 60th day after that election and except that if a candidate's personal campaign committee files a valid termination report prior to the date that an agreement by that candidate would otherwise expire under this paragraph, that agreement expires on the date on which the report is filed.

(Ins 29-10 : 1)

Section #. 11.50 (2) (g) of the statutes is amended to read:

11.50 **(2)** (g) A candidate who voluntarily files an application to receive a grant in accordance with this subsection accepts and agrees to comply with the contribution limitations prescribed in s. 11.26 and the disbursement limitations imposed under s. 11.31 as binding upon himself or herself and his or her agents during the campaign as defined in s. 11.31 (7), as a precondition to receipt of a grant under this section, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws the application under par. (h),~~ or par. (i) applies.

History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.

→ SEE ALSO . RP; 11.50(2)(h)

WPO Ins. 29-10:2 is on a separate Insert.

FWS 29-10:3

Section #. 11.50 (3) (a) (intro.) ~~and 11.50 (3) (a) (intro.)~~ of the statutes ~~are~~ is amended to read:

11.50 **(3)** (a) (intro.) Annually on ~~August 15,~~ September 1, the state treasurer shall apportion all moneys ~~appropriated to~~ the fund ~~shall be apportioned~~ in the general account of as follows ~~by the state treasurer~~:

History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.

11.50 **(3)** (a) (intro.) Annually on August 15, all moneys appropriated to the fund shall be apportioned as follows by the state treasurer:

History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.

There is established a general account within the fund consisting of 97% of all moneys designated by individuals for deposit in that account under s. 71.10(3)(a).

SWS 29-191 (4)

Section #. 11.50 (3) (b) of the statutes is amended to read:

11.50 (**3**) (b) If a vacancy occurs in the office of state superintendent or justice after ~~August 15~~ September 1 in any year and an election is scheduled to fill the vacancy at the spring election in the following year, the state treasurer shall transfer an amount not exceeding ~~8%~~ 12% of the moneys transferred to the general account of the fund on the preceding ~~August 15~~ September 1 to the account for the office in which the vacancy occurs, such moneys to be drawn from any account within the accounts created under sub. (4) in the amount or amounts specified by the board.

History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.

Fws 29-19:8 (5)

Section #. 11.50 (4) (a) of the statutes is amended to read:

11.50 **(4)** (a) In the partisan campaign account, 25% of the moneys shall be apportioned into an executive campaign account and 75% of the moneys shall be apportioned into a legislative ~~and special election~~ campaign account.

History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.

Ins 29-19:8 5A

Section #. 11.50 (4) (c) of the statutes is amended to read:

11.50 **(4)** (c) The legislative ~~and special election~~ campaign account shall be divided into a senate campaign account to receive 25% of the moneys, and an assembly campaign account to receive 75% of the moneys. Each account shall then be apportioned between all eligible candidates for the same office in the entire state. No apportionment shall be made by legislative district.

~~History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51;~~ 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, ~~86; 1987 a. 370,~~ 391, 403; 1989 a. 31; 1989 a. 192 s. 75.

TWS 29-19:4 (58)

There is established a special election account. From the special election acount, each

From the general and party accounts that

Section #. 11.50 (4) (cm) of the statutes is amended to read:

11.50 (4) (cm) ~~Each~~ eligible candidate ~~for the same office~~ of a political party whose candidate for the same office received a grant at the preceding spring or general election at a special election shall receive ~~an equal amount, which amount shall be~~ a grant equivalent to the ~~maximum~~ combined grant ~~which~~ was payable to ~~any~~ the candidate of the same political party for that office at the ~~most recent~~ preceding spring or general election. ~~The amount shall be drawn from the senate campaign account and the assembly campaign account in the same proportions as the balance in each account bears to the total balance in both accounts at the time that payments are made. Whenever there are insufficient moneys in the senate campaign account and the assembly campaign account to make the payments required by this paragraph, payments shall be appropriately reduced or discontinued by the board.~~ From the special election account, each eligible candidate at a special election who does not represent a political party whose candidate for the same office at the preceding spring or general election received a grant shall receive an amount equivalent to the grant that was payable to candidates for the same office at the preceding spring or general election from the general account.

~~History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.~~

Fvs 29-19.5c

Section #. 11.50 (4) (d) of the statutes is amended to read:

11.50 **(4)** (d) Within the accounts established under this subsection for each office at each general election, the entire amount of all available moneys in the general account shall be apportioned equally to all eligible candidates.

History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.

JWS 29-19:b

Section #. 11.50 (7) (intro.) of the statutes is amended to read:

11.50 (7) UTILIZATION. (intro.) (a) Grants distributed under this section may be utilized only for deposit in a campaign depository account under s. 11.10. (b) Grants may be expended only for one or more of the following:

~~History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.~~

received by an eligible candidate from the general account or from the account of an eligible political party

SECTION 1. RN; 11.50 (7)(a) to (d); 11.50 (7)(b) 1. to 4.

FWS 29-19: 8

Section #. 11.50 (8) of the statutes is amended to read:

11.50 **(8)** LAPSING GRANTS. All grants disbursed under sub. (5) remain the property of the state until disbursed or encumbered for a lawful purpose. All grant moneys that are unspent and unencumbered by a candidate on the day after the election in which the candidate participates shall revert to the state. All deposits and refunds derived from grant moneys that are received by a candidate at any time after the day of the election in which the candidate participates shall revert to the state. All reversions shall be returned to the board by the candidate and shall be deposited in the fund.

History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.

and that exceed the total amount of disbursements by the candidate's personal campaign committee that were made or obligated after the date of the primary election

WPO:
29-19:7 is on another insert

Insert 31-11:1

Section #. 11.50 (11) (c) of the statutes is amended to read:

11.50 (**11**) (e) No candidate may expend, authorize the expenditure of or incur any obligation to expend any grant if he or she violates the pledge required under sub. (2) (a) as a precondition to receipt of a grant, except as authorized in sub. (2) ~~(h) or~~ (i).

History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.

JWS 31-11: 2

Section #. 11.50 (11) (g) of the statutes is amended to read:

11.50 (**11**) (g) If any person violates pars. (a) ~~to (f)~~ (d) or (f), such person shall be liable to the state in a civil action brought by the board for conversion, for treble the amount of the moneys wrongfully expended, and in addition is subject to penalties as provided in ss. 11.60 and 11.61.

~~**History:** 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.~~

If any candidate violates par. (e), the candidate shall be personally liable to the state in a civil action brought by the board for conversion, for not more than 4 times the amount by which the disbursements made by the candidate's personal campaign committee and the contributions made by the candidate to his or her own campaign exceeded the limitation prescribed in s. 11.26(10) or the limitation prescribed in s. 11.31(1) or (1m), as adjusted under s. 11.31(9).

Pw S 34-8:2

Section #. 20.855 (4) (b) of the statutes is amended to read:

20.855 **(4)** (b) *Election campaign payments.* A sum sufficient equal to 97% of the amounts determined under s. 71.10 (3) to be paid into the Wisconsin election campaign fund ~~annually on August 15~~ as provided in s. 71.10(3)(d).

~~History: 1971 c. 215, 1973 c. 26, 27, 90, 331; 1975 c. 39, 164; 1977 c. 29 ss. 367 to 374m, 1657 (50); 1977 c. 107, 272, 418; 1979 c. 34 s. 613, 643, 644 to 666m; 1979 c. 221; 1981 c. 1, 20; 70 Atty. Gen. 154; 1981 c. 93, 317, 346; 1983 a. 3; 1983 a. 27 ss. 475, 491 to 497, 525; 1983 a. 300; 1985 a. 29, 120; 1987 a. 27, 142; 1987 a. 312 s. 17; 1989 a. 31, 335; 1991 a. 39; 1993 a. 16, 496; 1995 a. 27, 404; 1997 a. 27, 63.~~

TWS 34-15

under s. 11.50 (9), to be transferred to the Wisconsin election campaign fund no later than the time required to enable timely payments to be made under s. 11.50 (5).

SECTION 75. 20.510 (1) (q) of the statutes is amended to read:

20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing appropriation, from the Wisconsin election campaign fund, the moneys determined under s. 11.50 to provide for payments to eligible candidates whose names are certified under s. 7.08 (2) (c) and (cm) and to provide for public information as authorized under s. 11.50 (2m).

SECTION 76. 25.42 of the statutes is amended to read:

25.42 Wisconsin election campaign fund. All moneys appropriated under ~~s.~~ ss. 20.510 (1) (d) and 20.855 (4) (b) together with all moneys deposited under ss. 8.35 (4) (a), 11.07 (5), 11.12 (2), 11.16 (2), 11.19 (1), (1m) and (6), 11.23 (2) and 11.38 (6), all moneys reverting to the state under s. 11.50 (8) and all gifts, bequests and devises received under s. 11.50 (13) constitute the Wisconsin election campaign fund, to be expended for the purposes of s. 11.50. All moneys in the fund not disbursed by the state treasurer shall continue to accumulate indefinitely.

SECTION 77. 71.05 (6) (a) 21. of the statutes is created to read:

71.05 **(6)** (a) 21. Any amount deducted under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 78. 71.07 (5) (a) 8. of the statutes is created to read:

71.07 **(5)** (a) 8. Expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 79. 71.07 (6m) of the statutes is created to read:

TWS 34-21.2

Section #. 71.10 (3) (b) of the statutes is amended to read:

71.10 **(3)** (b) The secretary of revenue shall provide a place for ~~those~~ designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax liability. The secretary shall also provide a place in the instructions. Annually on August 15, the secretary of revenue shall certify to the elections board, the department of administration and the state treasurer under s. 11.50 the total amount of designations made during the preceding fiscal year and the amount of designations made for the general account and for the account of each recognized political party. If any individual attempts to place any condition or restriction upon a designation not authorized under par. (a), that individual is deemed not to have made a designation on his or her tax return.

~~1987 a. 312; 1987 a. 411 ss. 94, 97, 176 to 179; 1987 a. 422 s. 4; 1989 a. 31, 56, 359; 1991 a. 39; 1993 a. 16, 184; 1995 a. 27, 209, 418, 453; 1997 a. 27, 63, 237, 248.~~

1987 a. 312; 1987 a. 411 ss. 94, ~~97, 176~~ to 179; 1987 a. 422 s. 4; 1989 a. 31, 56, 359; ~~1991 a. 39~~; 1993 a. 16, 184; 1995 a. 27, ~~209, 418, 453; 1997 a. 27, 63, 237, 248.~~

that accompany the return for any information submitted to the secretary by the elections board under s. 11.50(2m).

TWS 34-21:3

2. No credit may be allowed under this subsection unless it is claimed within the time period under s. 71.75 (2).

(d) *Administration.* 1. The department may enforce the credit under this subsection and may take any action, conduct any proceeding and proceed as it is authorized in respect to taxes under this chapter. The income tax provisions in this chapter relating to assessments, refunds, appeals, collection, interest and penalties apply to the credit under this subsection.

2. The department shall create and make available to candidates a form to be used by candidates in issuing receipts for contributions.

SECTION 80. 71.10 (3) (a) of the statutes is amended to read:

71.10 **(3)** (a) Every individual filing an income tax return who has a tax liability or is entitled to a tax refund may designate ~~$1~~ $5 for the Wisconsin election campaign fund for the use of eligible candidates under s. 11.50. If the individuals filing a joint return have a tax liability or are entitled to a tax refund, each individual may make a designation of ~~$1~~ $5 under this subsection.

SECTION 81. 71.10 (4) (cm) of the statutes is created to read:

71.10 **(4)** (cm) ~~Campaign contribution tax credit under s. 71.07 (6m).~~

SECTION 82. 71.26 (1) (a) of the statutes is amended to read:

71.26 **(1)** (a) *Certain corporations.* Income of corporations organized under ch. 185, except income of a cooperative sickness care association organized under s. 185.981, or of a service insurance corporation organized under ch. 613, that is derived from a health maintenance organization as defined in s. 609.01 (2) or a limited service health organization as defined in s. 609.01 (3), or operating under subch. I of ch. 616 which are bona fide cooperatives operated without pecuniary profit to any shareholder or member, or operated on a cooperative plan pursuant to which they

FWS34-21:4

1 determine and distribute their proceeds in substantial compliance with s. 185.45,
2 and the income, except the unrelated business taxable income as defined in section
3 512 of the internal revenue code and except income that is derived from a health
4 maintenance organization as defined in s. 609.01 (2) or a limited service health
5 organization as defined in s. 609.01 (3), of all religious, scientific, educational,
6 benevolent or other corporations or associations of individuals not organized or
7 conducted for pecuniary profit. In computing unrelated business taxable income for
8 the purposes of this paragraph, the expenses that are deductible under section 162
9 (e) (1) of the Internal Revenue Code because of the exception contained in section 162
10 (e) (5) of the Internal Revenue Code may not be deducted. This paragraph does not
11 apply to the income of savings banks, mutual loan corporations or savings and loan
12 associations. This paragraph applies to the income of credit unions except to the
13 income of any credit union that is derived from public deposits for any taxable year
14 in which the credit union is approved as a public depository under ch. 34 and acts as
15 a depository of state or local funds under s. 186.113 (20). For purposes of this
16 paragraph, the income of a credit union that is derived from public deposits is the
17 product of the credit union's gross annual income for the taxable year multiplied by
18 a fraction, the numerator of which is the average monthly balance of public deposits
19 in the credit union during the taxable year, and the denominator of which is the
20 average monthly balance of all deposits in the credit union during the taxable year.

21 **SECTION 83.** 71.26 (2) (b) 1g. of the statutes is created to read:

22 71.26 **(2)** (b) **1g.** In computing the net income under this paragraph of a
23 corporation, conduit or common law trust that qualifies as a regulated investment
24 company, real estate mortgage investment conduit or real estate investment trust,
25 expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code

AWS34-21:5

because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 84. 71.26 (3) (e) 4. of the statutes is created to read:

71.26 **(3)** (e) 4. So that expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 85. 71.34 (1) (ad) of the statutes is created to read:

71.34 **(1)** (ad) The expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 86. 71.45 (2) (a) 15. of the statutes is created to read:

71.45 **(2)** (a) 15. By adding to federal taxable income the amount of any expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 87. 806.04 (11m) of the statutes is created to read:

806.04 **(11m)** CAMPAIGN FINANCE REGISTRATION. Any person who proposes to publish, disseminate or broadcast, or causes to be published, disseminated or broadcast, any communication may commence a proceeding under this section to determine the application to that person of a registration requirement under s. 11.05 (1), (2) or (2g).

SECTION 88. Initial applicability.

(1) Except as provided in subsections (2) to (3), this act first applies to elections held on the day after publication.

(2) The treatment of sections 11.50 (2m), 71.05 (6) (a) 21., 71.07 (5) (a) 8. and (6m), 71.10 (3) (a) and (4) (em), 71.26 (1) (a), (2) (b) 1g. and (3) (e) 4., 71.34 (1) (ad) and

TN S 34-21.7

Section # Am; Chapter 77 (title)

CHAPTER 77

TAXATION OF FOREST CROPLANDS; REAL ESTATE TRANSFER FEES; SALES AND USE TAXES; COUNTY AND SPECIAL DISTRICT SALES AND USE TAXES; MANAGED FOREST LAND; TEMPORARY RECYCLING SURCHARGE; LOCAL FOOD AND BEVERAGE TAX; LOCAL RENTAL CAR TAX; PREMIER RESORT AREA TAXES; STATE RENTAL VEHICLE FEE; DRY CLEANING FEES; + CAMPAIGN TREASURY SURPLUS EARNINGS TAX

INS 35-3:1

because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 84. 71.26 (3) (e) 4. of the statutes is created to read:

71.26 **(3)** (e) 4. So that expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 85. 71.34 (1) (ad) of the statutes is created to read:

71.34 **(1)** (ad) The expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 86. 71.45 (2) (a) 15. of the statutes is created to read:

71.45 **(2)** (a) 15. By adding to federal taxable income the amount of any expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 87. 806.04 (11m) of the statutes is created to read:

806.04 **(11m)** CAMPAIGN FINANCE REGISTRATION. Any person who proposes to publish, disseminate or broadcast, or causes to be published, disseminated or broadcast, any communication may commence a proceeding under this section to determine the application to that person of a registration requirement under s. 11.05 (1), (2) or (2g).

SECTION 88. Initial applicability.

(1) Except as provided in subsections (2) to (3), this act first applies to elections held on the day after publication.

(3) (2) The treatment of sections 11.50 (2m), 71.05 (6) (a) 21., 71.07 (5) (a) 8. and (6m), 71.10 (3) (a) and (4) (cm), 71.26 (1) (a), (2) (b) 1g. and (3) (e) 4., 71.34 (1) (ad) and

INS 35-3:2

1 71.45 (2) (a) 15. of the statutes first applies to taxable years beginning on January
2 1 of the year in which this subsection takes effect, except that if this subsection takes
3 effect after July 31 this act first applies to claims filed for taxable years beginning
4 on January 1 of the year following the year in which this subsection takes effect.

5 (3) The treatment of section 11.31 (9) of the statutes first applies to adjustment
6 of disbursement limitations for the biennium beginning on January 1, 1999.

7 **SECTION 89. Effective dates.** This act takes effect on the day after publication,
8 except as follows:

9 (1) The treatment of section 20.510 (1) (d) of the statutes takes effect on
10 January 1, 1999.

11 (END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-~~4856/2dn~~ 1801/1 dn
JTK:~~mfd~~:jf

~~Tuesday, February 3, 1998~~

1. Under 1997 SB-7, the separate spending limits for primary and election campaigns in legislative races were abolished. As you did not specify separate limitations in your instructions, this draft retains the treatment in SB-7.

2. Under SB-7, the general fund supplement to the Wisconsin election campaign fund is effective on January 1, 1999. This draft retains that treatment.

3. Per my discussion with Ron Sklansky on January 16, this draft incorporates all of 1997 AB-150 as passed by the assembly.

4. Currently, ch. 11., stats., generally requires disclosure of financial activity by individuals and committees seeking to influence the election or defeat of candidates for state or local office [see ss. 11.01 (6), (7), (11) and (16), 11.05 and 11.06, stats.], unless a disbursement is made or obligation incurred by an individual other than a candidate or by a committee which is not organized primarily for political purposes, the disbursement is not a contribution as defined in the law and the disbursement is not made to expressly advocate the election or defeat of a clearly identified candidate [see s. 11.06 (2), stats.]. This language pretty closely tracks the holding of the U.S. Supreme Court in *Buckley v. Valeo, et al.*, 96 S. Ct. 612, 656–664 (1976), which prescribes the boundaries of disclosure that may be constitutionally enforced (except as those requirements affect certain minor parties and independent candidates). Proposed s. 11.065, which requires registration by individuals or organizations that publish, broadcast or disseminate communications containing the name or likeness of a candidate for state or local office, appears to extend beyond the boundaries which the court permitted in 1976. As a result, its enforceability at the current time appears to rest upon a shift by the court in its stance on this issue.

5. In *McIntyre v. Ohio Elections Commission*, 115 S. Ct. 1151 (1995), the U.S. Supreme Court found unconstitutional, under the first amendment, a statute which prohibited publication or distribution of any material designed to promote the nomination or election of a candidate or the adoption or defeat of any issue or to influence the voters at any election without identification of the name and address of the person who publishes or distributes the material. The court, however, indicated that a state's interest in preventing fraud might justify a more limited disclosure requirement (115 S. Ct. at 1522). Further, the court indicated that it still approved of requirements to disclose independent expenditures, which it upheld in *Buckley v. Valeo, et. al.*, 96 S. Ct. 612, 661–662 (1976), (*McIntyre*, 115 S. Ct. at 1523). In view of

this opinion, the constitutionality of disclosure statutes such as proposed s. 11.095, relating to persuasive telephoning, is not clear at this point. We will have to await further decisions from the court before we know the exact limits of a state's ability to regulate in this field.

7. I want to note briefly that a few of the provisions of this draft are innovative, and we do not yet have, to my knowledge, specific guidance from the federal courts concerning the enforceability of provisions of these types. It is well possible that a court may find a rational basis for these provisions that would permit them to be upheld. However, because of the concerns expressed by the U.S. Supreme Court in *Buckley v. Valeo, et al.*, 96 S. Ct. 612 (1976), and certain other cases that attempts to regulate campaign financing activities may, in some instances, impermissibly intrude upon freedom of speech or association, or equal protection guarantees, it is possible that enforceability problems with these provisions may occur. In particular, those provisions concerning which we do not have specific guidance at this time are:

a. Proposed s. 11.24(4), which limits the amount or value of contributions that some individuals may make during certain periods.

b. ~~a.~~ Proposed s. 11.26 (8m), which prohibits committees from making contributions to certain other committees.

d. ~~b.~~ The proposed revision of s. 13.625 (1) (c), stats., which prohibits lobbyists from making any campaign contributions.

If you need further information or would like to make any changes based on the above information, please let me know.

Jeffery T. Kuesel
Assistant Chief Counsel
266–6778

c. The proposed revision of s. 11.50 which entitles candidates of established parties to receive additional grants that are not provided to candidates of new parties or independent candidates.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–1801/1dnins
JTK...:.):...

. Your instructions indicated "Treat conduits in the same manner as PACs". 1997 SB–463 did something different: it treated conduit committee contributions the same as contributions received from other committees for purposes of committee contribution limits and for purposes of public financing qualification and grant amounts, but it did not subject contributions received from individuals acting as conduits to indvidual contribution limits. This draft, like SB–463, provides for all conduit committee contributions to be treated in the same manner as contributions from nonconduit committees. Let me know if this is not in accord with your intent.

. In your instructions, under "Kettl Commission", you indicated that you wanted a biennial cost–of–living adjustment to be made to disbursement limitations. 1997 SB–463 provided for such an adjustment. The Kettl Commission, however, provided for the cost–of–living adjustment to be in turn adjusted by the rate of increase or decrease in the voting age population of this state, as determined by the federal election commission. This draft incorporates the Kettl Commission language. Please let me know if this is not in accord with your intent.

. Your instructions did not specify the exact applicability of the "warchest tax". Under this draft, the tax applies only to candidiates and personal campaign committees, and only to unencumbered balances in a campaign treasury during the period beginning on the first day of the month following an election at which a candidate appeared on the ballot and ending on the date that the candidate files papers to again become a candidate for reelection or election to another office. See proposed subch. XIII of ch. 77. Please let me know if this is not in accord with your intent.

. Your instructions did not specify whether those contribution limits that are calculated as a percentage of disbursement levels and the maximum grant amounts are to be increased by 10% for first–time candidates. This draft provides that those contribution limits, as well as the maximum grant amounts, are the same for all candidates seeking the same office. This reflects the treatment of this issue by 1997 SB–7 and similar proposals. Please let me know if this is not in accord with your intent.

. The instructions provided that all grant moneys exceeding the amounnt expended by a candidate in his or her campaign shall revert to the state. This draft provides that grant moneys revert to the state to the extent that the total amount of disbursements that were made or obligated to be made by a candidate after the date of the primary election exceed the amount of the grant. See the text of s. 11.50 (8), stats., as affected

by this draft. Note that under s. 11.50 (7) (b), stats., as affected by this draft, grant moneys may be used only for certain purposes. Please let me know if this is not in accord with your intent.

. Under the instructions, a public subsidy agreement goes into effect on the deadline for filing a declaration of candidacy (for partisan candidates, the 2nd Tuesday in July). The agreement is in effect for an "election cycle" which begins the following January 1 and ends on December 31 either two years or four years later (10 years later for justice candidates), unless registration is terminated earlier. This methodolgy does not seem to square with the campaign cycle. This draft, therefore, ends the subsidy agreement when candidates file new ones, either two years or four years (10 years for justice candidates) after the old ones were filed. It also ends the agreements during special election campaign periods. See the proposed treatment of s. 11.50 (2) (a), stats. Currently, there is a hiatus period during which a candidate who accepts a grant may make disbursements without being subject to any limitation. This draft ends that practice. See the treatment of s. 11.31 (7) (a), stats. However, because under current law it is possible to start a new campaign before the old one ends and because different candidates for the same office begin and end their campaigns at different times, it is not possible to dovetail the subsidy agreement period with the period during which the disbursement limitation for a particular campaign is calculated. The draft therefore does not attempt to accomplish that. Please let me know if this is not in accord with your intent.

TO: JTK **[FOR THE NEXT DRAFT]**

FROM: KMG

RE: LRB–1801/P1

**** * * * * * PLEASE USE ANOTHER COLOR FOR ANY CHANGES * * * * * ****

COMMENT: *These are my comments up to the point of Insert 34–8; I am continuing editing the /P1 version beginning at that insert. If I have further changes, I will provide an additional note and the marked up pages.*

1. page 25: see my deletions.

2. Ins. 35–12: see my changes.

3. Ins. 28–8:6 — I added "any of the following", which is the standard phrasing; OK?

4. analysis, page 7: I changed a ref. to "5%" to be "3%"; are the changes correct? Also, in that same Item, change $100 to $50?

5. page 26, lines 7–8: see the text that I struck.

6. 20.510 (1) (q) has a ref. to "...(cs)"; is that stat. still to be created — or perhaps I just missed it in the inserts.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–1801/P1dn
JTK:...:hmh

March 2, 1999

1. Your instructions indicated "Treat conduits in the same manner as PACs". 1997 SB–463 did something different: it treated conduit committee contributions the same as contributions received from other committees for purposes of committee contribution limits and for purposes of public financing qualification and grant amounts, but it did not subject contributions received from individuals acting as conduits to individual contribution limits. This draft, like SB–463, provides for all conduit committee contributions to be treated in the same manner as contributions from nonconduit committees. Let me know if this is not in accord with your intent.

2. In your instructions, under "Kettl Commission", you indicated that you wanted a biennial cost–of–living adjustment to be made to disbursement limitations. 1997 SB–463 provided for such an adjustment. The Kettl Commission, however, provided for the cost–of–living adjustment to be in turn adjusted by the rate of increase or decrease in the voting age population of this state, as determined by the federal election commission. This draft incorporates the Kettl Commission language. Please let me know if this is not in accord with your intent.

3. Your instructions did not specify the exact applicability of the "warchest tax". Under this draft, the tax applies only to candidates and personal campaign committees, and only to unencumbered balances in a campaign treasury during the period beginning on the first day of the month following an election at which a candidate appeared on the ballot and ending on the date that the candidate files papers to again become a candidate for reelection or election to another office. See proposed subch. XIII of ch. 77. Please let me know if this is not in accord with your intent.

4. Your instructions did not specify whether those contribution limits that are calculated as a percentage of disbursement levels and the maximum grant amounts are to be increased by 10% for first–time candidates. This draft provides that those contribution limits, as well as the maximum grant amounts, are the same for all candidates seeking the same office. This reflects the treatment of this issue by 1997 SB–7 and similar proposals. Please let me know if this is not in accord with your intent.

5. The instructions provided that all grant moneys exceeding the amount expended by a candidate in his or her campaign shall revert to the state. This draft provides that grant moneys revert to the state to the extent that the total amount of disbursements that were made or obligated to be made by a candidate after the date of the primary election exceed the amount of the grant. See the text of s. 11.50 (8), stats., as affected

by this draft. Note that under s. 11.50 (7) (b), stats., as affected by this draft, grant moneys may be used only for certain purposes. Please let me know if this is not in accord with your intent.

6. Under the instructions, a public subsidy agreement goes into effect on the deadline for filing a declaration of candidacy (for partisan candidates, the 2nd Tuesday in July). The agreement is in effect for an "election cycle" which begins the following January 1 and ends on December 31 either two years or four years later (10 years later for justice candidates), unless registration is terminated earlier. This methodolgy does not seem to square with the campaign cycle. This draft, therefore, ends the subsidy agreement when candidates file new ones, either two years or four years (10 years for justice candidates) after the old ones were filed. It also ends the agreements during special election campaign periods. See the proposed treatment of s. 11.50 (2) (a), stats. Currently, there is a hiatus period during which a candidate who accepts a grant may make disbursements without being subject to any limitation. This draft ends that practice. See the treatment of s. 11.31 (7) (a), stats. However, because under current law it is possible to start a new campaign before the old one ends and because different candidates for the same office begin and end their campaigns at different times, it is not possible to dovetail the subsidy agreement period with the period during which the disbursement limitation for a particular campaign is calculated. The draft therefore does not attempt to accomplish that. Please let me know if this is not in accord with your intent.

7. Currently, ch. 11., stats., generally requires disclosure of financial activity by individuals and committees seeking to influence the election or defeat of candidates for state or local office [see ss. 11.01 (6), (7), (11) and (16), 11.05 and 11.06, stats.], unless a disbursement is made or obligation incurred by an individual other than a candidate or by a committee which is not organized primarily for political purposes, the disbursement is not a contribution as defined in the law and the disbursement is not made to expressly advocate the election or defeat of a clearly identified candidate [see s. 11.06 (2), stats.]. This language pretty closely tracks the holding of the U.S. Supreme Court in *Buckley v. Valeo, et al.*, 96 S. Ct. 612, 656–664 (1976), which prescribes the boundaries of disclosure that may be constitutionally enforced (except as those requirements affect certain minor parties and independent candidates). Proposed s. 11.065, which requires registration by individuals or organizations that publish, broadcast or disseminate communications containing the name or likeness of a candidate for state or local office, appears to extend beyond the boundaries which the court permitted in 1976. As a result, its enforceability at the current time appears to rest upon a shift by the court in its stance on this issue.

8. In *McIntyre v. Ohio Elections Commission*, 115 S. Ct. 1151 (1995), the U.S. Supreme Court found unconstitutional, under the first amendment, a statute which prohibited publication or distribution of any material designed to promote the nomination or election of a candidate or the adoption or defeat of any issue or to influence the voters at any election without identification of the name and address of the person who publishes or distributes the material. The court, however, indicated that a state's interest in preventing fraud might justify a more limited disclosure requirement (115 S. Ct. at 1522). Further, the court indicated that it still approved of

requirements to disclose independent expenditures, which it upheld in *Buckley v. Valeo, et. al.*, 96 S. Ct. 612, 661–662 (1976), (*McIntyre*, 115 S. Ct. at 1523). In view of this opinion, the constitutionality of disclosure statutes such as proposed s. 11.095, relating to persuasive telephoning, is not clear at this point. We will have to await further decisions from the court before we know the exact limits of a state's ability to regulate in this field.

7. I want to note briefly that a few of the provisions of this draft are innovative, and we do not yet have, to my knowledge, specific guidance from the federal courts concerning the enforceability of provisions of these types. It is well possible that a court may find a rational basis for these provisions that would permit them to be upheld. However, because of the concerns expressed by the U.S. Supreme Court in *Buckley v. Valeo, et al.*, 96 S. Ct. 612 (1976), and certain other cases that attempts to regulate campaign financing activities may, in some instances, impermissibly intrude upon freedom of speech or association, or equal protection guarantees, it is possible that enforceability problems with these provisions may occur. In particular, those provisions concerning which we do not have specific guidance at this time are:

a. Proposed s. 11.24 (4), which limits the amount or value of contributions that some individuals may make during certain periods.

b. Proposed s. 11.26 (8m), which prohibits committees from making contributions to certain other committees.

c. The proposed revision of s. 11.50, which entitles candidates of established parties to receive additional grants that are not provided to candidates of new parties or independent candidates.

d. The proposed revision of s. 13.625 (1) (c), stats., which prohibits lobbyists from making any campaign contributions.

If you need further information or would like to make any changes based on the above information, please let me know.

Jeffery T. Kuesel
Managing Attorney
Phone: (608) 266–6778

Jeff -
Here is the CFR memo we discussed the other day. Let's talk before you begin drafting.
-Deb (Burke Office)

WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

One East Main Street, Suite 401; P.O. Box 2536; Madison, WI 53701–2536
Telephone (608) 266–1304
Fax (608) 266–3830

DATE: January 13, 1999

TO: SENATOR BRIAN BURKE

FROM: Ronald Sklansky, Senior Staff Attorney

SUBJECT: Reform of Campaign Finance Statutes

This memorandum, prepared at your request, outlines a foundation for the reform of campaign finance statutes. Specifically, you have asked that two documents relating to campaign finance that were presented during the 1997 Session of the Wisconsin Legislature be reviewed with the goal of deriving a core package for campaign finance reform. In addition, you have asked that elements of Minnesota's campaign finance reform plan be incorporated into the package. The two documents from the 1997 Session are 1997 Senate Bill 7 (the Bill), as amended by the Senate Committee on Judiciary, Campaign Finance Reform and Consumer Affairs, and the *Report of the Governor's Blue-Ribbon Commission on Campaign Finance Reform* (Commission Report).

The proposals that are synthesized from the Bill, the Commission Report and Minnesota law focus on the following basic themes of campaign finance reform:

1. Reduce the influence of campaign contributions on the electoral process with a concomitant reduction in the need for fund raising.

2. Strengthen various aspects of the reporting system to enable the electorate to discover which individuals or entities support or oppose particular candidates.

3. Encourage more competitive elections and reemphasize the importance of political parties in election campaigns.

4. Limit overall spending in state election campaigns.

A. CAMPAIGN CONTRIBUTIONS

1. The limitations on committee contributions apply to a committee or an individual serving as a conduit. A conduit may not make or transfer any contribution to a candidate for

election or nomination to specified offices or to independent advocacy groups in an amount exceeding those amounts specified by statute for committee contributions.

2. The limits on contributions from an individual or a committee to candidates are reduced. (While the Commission Report suggests increases in these limits, the Bill provides:

a. The limit on contributions from an individual to candidates for governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent or supreme court justice is reduced from $10,000 to $1,000. The limit on contributions to a committee from these individuals is reduced from 4% of the disbursement limit under s. 11.31 (1), Stats., to $1,000.

b. The contribution limit for candidates for state senator is reduced from $1,000 to $500.

c. The contribution limit for candidates for representative to the Assembly is reduced from $500 to $250.)

3. A candidate may receive no more than 25% of the disbursement limit under s. 11.31, Stats., from the combined contributions from committees, parties and large givers. A "large giver" is an individual, other than the candidate, who contributes an amount that is more than 1/2 the amount an individual may contribute.

4. Contributions, from a political action committee, conduit or large giver, may not be made to an incumbent partisan state elective official, or the person's personal campaign or support committee, for the purpose of promoting the official's nomination or reelection to the same office held by the official during the period beginning on the first Monday in January in each odd-numbered year and ending on the date of enactment of the biennial budget act or thereafter during any legislative floorperiod. An exception should be provided during a special election. extra, special

5. Contributions may not be made by a lobbyist. accept?

B. CANDIDATE DISBURSEMENT LIMITS

1. The disbursement limits for candidates accepting grants from the Wisconsin Election Campaign Fund are increased to the levels suggested in the Commission Report. A comparison of current law, the Bill and the Commission Report follows:

	Current Law	*The Bill*	*Commission Report*
Assembly	$17,250	$50,000	$60,000
Senate	$34,500	$100,000	$140,000
Secretary of State	$215,625	$250,000	$350,000
State Treasurer	$215,625	$250,000	$350,000
State Superintendent	$215,625	$250,000	$350,000
Supreme Court Justice	$215,625	$300,000	$400,000
Attorney General	$539,100	No change	$750,000
Lieutenant Governor	$323,475	No change	$1,125,000
Governor	$1,078,200	No change	$3,500,000

2. Disbursement limits are adjusted for inflation.

3. Disbursement limits are increased by 10% for first time candidates.

4. A candidate whose opponent does not accept a grant from the Wisconsin Election Campaign Fund is released from spending limits and self-contribution limits.

C. REPORTS REGARDING MASS MEDIA ACTIVITIES

Mass media activities, including television commercials, radio commercials, mass mailings and central telephone banks, which are supported by an individual or an entity and which include the name or likeness of a candidate for office, must be registered. Mass media contributions and expenditures must be reported in the same way as contributions to, and expenditures made by, candidates are reported. Reports must occur within 24 hours of making an expenditure in excess of $1,000. In addition, with respect to telephone contact designed to influence the attitudes of voters, a report must disclose the name and address of the individual, committee or group behind the telephone contact; the name and address of the operator; the amount paid to the operator; the amount expended to conduct the telephoning; and, if the telephoning occurs in more than one legislative district, the expenditures in each legislative district for each candidate or each personal campaign committee of a candidate for a legislative office in that district. The Elections Board, by rule, will develop a definition of the term "designed to influence the attitudes of voters."

D. GRANTS FROM THE WISCONSIN ELECTION CAMPAIGN FUND

1. In order to be eligible for a grant from the Wisconsin Election Campaign Fund, a candidate must:

a. Sign an agreement to abide by the appropriate spending limit, to limit the candidate's personal contributions and to return any public subsidy received that exceeds actual campaign spending. The agreement is irrevocable and a candidate who violates the agreement may be subject to a civil forfeiture

equal to four times the amount by which the candidate's total expenditure exceeds the candidate's disbursement limit. The candidate is personally liable for the amount of the forfeiture; the forfeiture may not be paid from campaign funds.

b. Receive 3% of the applicable disbursement limit from individual contributions of $50 or less. Finally, a contribution from a conduit may not be considered a contribution made by an individual for the purpose of qualifying for a grant.

2. A grant from the Wisconsin Election Campaign Fund may not exceed 50% of the disbursement limit for a particular candidate.

E. LEGISLATIVE CAMPAIGN COMMITTEES

The special status granted to legislative campaign committees under the current statutes is eliminated. A legislative committee would be treated as any other committee is treated under the campaign finance law.

F. REPORTING

A financial report must indicate the identity of a conduit if a contributor makes a contribution through the conduit. Post-election financial reports must be filed by a candidate or a personal campaign committee of a candidate and by a registered committee or individual making independent expenditures.

G. ADMINISTRATION

1. If the U.S. Postal Service is used, a financial report must be mailed no later than the third day before the date provided by law for receipt of the financial report.

2. Mass media activities funded by any individual or organization exceeding $20,000 must be reported through electronic means.

H. FUNDING

1. An annual appropriation of $1.6 million of general purpose revenues will be created to support the Wisconsin Election Campaign Fund. An additional sum of general purpose revenues will be added to the annual appropriation in an amount equal to tax savings attributed to the elimination of certain business-expense deductions currently allowed to a lobbyist in the determination of income tax liability.

2. The amount that may be designated for the Wisconsin Election Campaign Fund on an income tax return is increased from $1 to $5. A taxpayer may designate that the $5 be distributed to the Wisconsin Election Campaign Fund or to a political party account. (See item 5.) The state retains 3% of this amount to offset administrative costs.

3. The political party account is expended in two ways. First, 10% of the political party account is paid directly to the state committee of the designated political party for muli-candidate expenditures. (See item 4.) Second, 90% of the political party account actually will be held by the Wisconsin Election Campaign Fund to be expended among legislative candidates of a political party. The money from the party accounts for legislative candidates is returned to the counties from which it was collected. If a candidate receives both a party account payment and a general payment from the Wisconsin Election Campaign Fund the general payment from the Fund may be reduced if necessary to maintain the policy of providing no more than 50% of the candidate's disbursement limit.

4. A "multi-candidate expenditure" for purposes of the Funds paid directly to a political party means:

a. Advertising on behalf of candidates generally without reference to any specific candidate.

b. Expenditures for an official party sample ballot listing the names of three or more candidates.

c. Telephone conversations that include the names of three or more candidates.

d. Expenditures for political party fund-raising on behalf of three or more candidates.

e. Expenditures for party committee staff members' services that benefit three or more candidates.

5. A political party qualifying for a designation on an income tax return is a recognized political party listed on the official ballot at the last gubernatorial election whose candidate for any statewide office received at least 1% of the total votes cast for that office and, if the last general election was also a presidential election, a recognized political party listed on the ballot at that election whose candidate for president received at least 1% of the vote cast for that office.

I. POLITICAL CONTRIBUTION REFUND

A contributor to a political party or to a candidate receiving funds from the Wisconsin Election Campaign Fund may have not more than $50 of the contribution refunded by the state. The contributor receives a receipt from the party or candidate and returns the receipt with an application form to the Department of Revenue to request the refund.

If I can be of any further assistance in this matter, please feel free to contact me.

RS:jt:wu:tlu;lah;kjf;ksm

State of Wisconsin
1999 – 2000 LEGISLATURE

LRB–1801/~~P1~~ 1
JTK,JK&MES:kg:hmh

PRELIMINARY DRAFT – NOT READY FOR INTRODUCTION

By NOON on Monday 3/8

AN ACT (regenerate) ***to repeal*** 11.01 (12s), 11.05 (3) (o), 11.26 (8), 11.26 (9) (b) and (c), 11.265, 11.31 (3m), 11.31 (4), 11.50 (2) (h), 11.50 (2m) and 13.625 (1) (c) 1. and 2.; ***to renumber*** 11.24 (2) and 11.50 (7) (a) to (d); ***to renumber and amend*** 11.26 (9) (a), 11.50 (9) and 13.625 (1) (c) (intro.); ***to amend*** 5.02 (13), 11.01 (5m), 11.05 (3) (c), 11.05 (9) (b), 11.06 (1) (a), 11.06 (1) (d) and (L), 11.06 (2), 11.06 (7m) (a), 11.06 (7m) (c), 11.06 (11) (c), 11.16 (5), 11.21 (15), 11.25 (2) (b), 11.26 (1) (intro.), 11.26 (1) (a), (b) and (c), 11.26 (2) (intro.), 11.26 (2) (a), (b) and (c), 11.26 (4), 11.26 (10), 11.26 (12m), 11.26 (13), 11.31 (1) (intro.), 11.31 (1) (a) to (d), 11.31 (1) (e) and (f), 11.31 (2), 11.31 (3), 11.31 (7) (a), 11.31 (7) (c) and (d), 11.50 (2) (a), 11.50 (2) (b) 5., 11.50 (2) (g), 11.50 (3) (a) (intro.), 11.50 (3) (a) 1. and 2., 11.50 (3) (b), 11.50 (4) (a), 11.50 (4) (c), 11.50 (4) (cm), 11.50 (4) (d), 11.50 (7) (intro.), 11.50 (8), 11.50 (11) (e), 11.50 (11) (g), 11.60 (1), 13.625 (1) (b) 3., 13.625 (2), 13.625 (6), 20.510 (1) (q), 20.510 (1) (q), 20.855 (4) (b), 25.42, 71.10 (3) (a), 71.10 (3) (b), 71.26 (1) (a) and chapter 77 (title); and ***to create*** 11.01 (9m), 11.01 (13), 11.065, 11.095, 11.21 (17), 11.22 (11), 11.24 (4), 11.31 (1) (de), 11.31 (1m), 11.31 (9), 11.50

(1) (am), 11.50 (2) (b) 3m., 11.50 (2m), 11.50 (2s), 11.50 (7) (c), 11.50 (14), 11.60 (3p), 11.70, 20.566 (3) (f), 20.855 (4) (ba), 20.855 (4) (bb), 71.05 (6) (a) 21., 71.07 (5) (a) 8., 71.26 (2) (b) 1g., 71.26 (3) (e) 4., 71.34 (1) (ad), 71.45 (2) (a) 15., 71.80 (21) and subchapter XIII of chapter 77 [precedes 77.9965] of the statutes; **relating to:** designations for the Wisconsin election campaign fund by individuals filing state income tax returns, eligibility requirements for and the amounts of grants from the Wisconsin election campaign fund, regulation of certain telephone activities pertaining to elections, disbursement levels applicable to candidates for certain state offices, contributions by lobbyists, treatment of contributions of money made by conduits, treatment of legislative campaign committees, information provided on campaign finance registration statements, ~~filing of campaign finance reports~~ refunds for certain political contributions, imposition of a campaign treasury surplus earnings tax, communications by certain individuals and organizations relating to candidates, income and franchise tax deductions for certain business expenses related to lobbying, providing an exemption from emergency rule procedures, granting rule–making authority, requiring the exercise of rule–making authority, making appropriations and providing penalties ~~a penalty~~.

Analysis by the Legislative Reference Bureau

This bill makes numerous changes in the campaign ~~financing~~ finance law. Significant changes include:

DISBURSEMENT LIMITATIONS

Under current law, disbursement (expenditure) levels are specified for candidates for various state and local offices. These levels become a binding limitation upon any candidate for state office who accepts a state grant from the Wisconsin election campaign fund or who agrees to be bound by the limitation, unless the candidate is opposed by a major opponent who could have qualified for a grant but who declines to accept one and declines to file an affidavit of voluntary compliance with disbursement and contribution limitations. Additionally, the disbursement levels for candidates for the offices of state senator and representative to the assembly are subdivided between the primary and election campaign periods in such a way that only about

60% of the total applicable disbursement level for either office may be allocated by a candidate to either the primary or the election campaign period.

~~The~~ THIS bill:

1. Eliminates the disbursement limitation, applicable to candidates for the offices of state senator and representative to the assembly, that requires the overall limitation to be subdivided between the primary and election campaign periods in such a way that only about 60% of the statutory disbursement level is allocated to either the primary or election campaign period.

2. Revises the current disbursement levels applicable to candidates for the offices shown in the following chart:

WPO: See caroline on centering of this chart

Office	*Current Level*	*Proposed Level*
Governor	$1,078,200	$3,500,000
Lieutenant governor	323,475	1,125,000
Attorney general	539,000	750,000
Secretary of state	215,625	350,000
State treasurer	215,625	350,000
Supreme court justice	215,625	400,000
State superintendent	215,625	350,000
State senator	34,500	140,000
Representative to the assembly	17,250	60,000

3. Creates a biennial cost–of–living adjustment that causes the statutory disbursement levels to be adjusted biennially, beginning in 1999, in accordance with a formula tied to the "consumer price index" determined by the U.S. department of labor, with the result in turn adjusted by the rate of increase or decrease in the voting age population of this state, as determined by the federal election commission.

Currently, the campaign of a candidate, for purposes of the applicability of disbursement limitations, extends from July 1 preceding the date of a spring primary or election at which the candidate seeks office or January 1 preceding the date of a September primary or general election at which the candidate seeks office or the date of the candidate's public announcement of candidacy, whichever is earlier, through the last day of the month following the month of the primary or election at which the candidate seeks office, except that orders placed for goods or services to be provided for a campaign are included within the campaign regardless of when the goods or services are paid for, and debts incurred for goods or services received during a campaign period are included within the campaign regardless of when the debts are retired. Under this bill, the campaign of a candidate, for purposes of disbursement limitations, begins on the day after the date on which the previous campaign of the candidate ends or the date on which the candidate becomes a candidate at a future election, whichever is earlier (except as to goods or services provided for the campaign and paid for before that date), and ends at the same time as currently provided. The effect of the change is to include all disbursements within ~~any~~ the limitation applicable to ~~each~~ a current or former campaign.

4. Deletes current law that permits a candidate who does not accept a grant to continue to bind an opponent to disbursement and contribution limitations by filing an affidavit of voluntary compliance.

WPO: move to the right; chart can't be outside right/left margins

CONTRIBUTION LIMITATIONS

Current law specifies limitations on the maximum amount of contributions which may be given to and accepted by a candidate for state or local office. Current law also limits the total contributions that a candidate for state or local office may accept from all political committees, including political party and legislative campaign committees, and from the Wisconsin election campaign fund to 65% of the value of the statutory disbursement level specified for the office which the candidate seeks. The total amount that a candidate may accept from committees other than political party and legislative campaign committees and from the Wisconsin election campaign fund is limited to 45% of that disbursement level.

~~The bill changes the current limitation on total contributions that a candidate~~ may accept from committees other than political party committees from 45% of the disbursement level for the office which the candidate seeks to 15% of the disbursement level for the office which the candidate seeks. Under the bill, grants ~~from the Wisconsin election campaign fund are not subject to the 15% limitation.~~ This ~~The~~ bill ~~also~~ changes contribution limitations applicable to individuals and committees making contributions to candidates for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent of public instruction, justice of the supreme court, state senator or representative to the assembly per campaign, as follows:

Category	*Current Limit*	*Proposed Limit*
Individual or committee making contributions to candidate for state senator	$ 1,000	$ 500
Individual or committee making contributions to candidate for representative to the assembly	$ 500	$ 250
Individual making contributions to candidate for a statewide office	$10,000	$1,000
Committee making contributions to candidate for a statewide office	4% of candidate's disbursement level	$1,000

INS 4-A

TREATMENT OF LEGISLATIVE CAMPAIGN COMMITTEES

Currently, the adherents of any political party in either house of the legislature may organize a "legislative campaign committee" to support the candidacy of members of their party for legislative office. Committees other than legislative campaign committees and political party committees are generally subject to a limitation upon the contributions that they may make to candidates for legislative office or to political parties. Legislative campaign committees are subject only to overall limitations on the aggregate contributions that may be accepted by a candidate from entities other than individuals.

This ~~The~~ bill eliminates the special status of legislative campaign committees, thus treating them in the same manner as other special interest committees for the purpose of contribution limitations.

OTHER CONTRIBUTION RESTRICTIONS

~~The~~ This bill creates the following new prohibitions on contributions:

1. It prohibits contributions from special interest ("political action") committees, including conduit committees, from individuals operating as conduits and from individual contributors who contribute more than 50% of the amount or value that an individual may contribute to incumbents who are seeking reelection to a partisan state office from the first Monday in January of each odd–numbered year through the enactment of the biennial budget act and, thereafter, during any floorperiod, including any special or extraordinary session floorperiod. The prohibition does not apply to contributions to an incumbent who is a candidate for state office at a special election during the period beginning on the date that a special election is ordered and ending on the date of the special election.

~~2. It prohibits any committee from making a contribution to any special interest or political party committee.~~

2. It prohibits any lobbyist from making a contribution to a partisan elective state official or candidate for a partisan elective state office or to such an official's or candidate's personal campaign committee. Currently, a lobbyist may make such a contribution in the year that an official or candidate seeks election between June 1 and the day of the general election.

CONTRIBUTIONS THROUGH CONDUITS

Under current law, a "conduit" is an individual or organization that receives a contribution and transfers the contribution to another individual or organization without exercising discretion as to the amount that is transferred and the individual to whom or the organization to which the transfer is made. When a conduit transfers a contribution, the conduit is required to identify itself in writing to the transferee as a conduit and to report to the transferee information about the original contributor. The conduit must include this information in its financial reports for the date on which the contribution was received and transferred. The campaign financing reports filed by the candidate identify only the original contributor, not the conduit. A contribution from a conduit is considered to be a contribution from the original contributor and, for the purpose of contribution limitations, a contribution of money received from a conduit which is properly identified and reported is considered to be a contribution received from the original contributor. Contributions received by a candidate for state office from an individual through a conduit may be used to qualify for a grant from the Wisconsin election campaign fund.

~~The~~ This bill requires the campaign finance ~~financing~~ reports filed by candidates to identify any conduit from whom a contribution is received, as well as the original contributor.

The bill also treats conduits in the same manner as "political action committees" by:

1. Not allowing contributions made by an individual through a conduit to be used to qualify for a grant from the Wisconsin election campaign fund.

2. Subjecting contributions from conduits to the same limitations that apply to the amount of contributions that a candidate may accept from any committee other than a political party committee.

3. Reducing the maximum grant that a candidate may receive from the Wisconsin election campaign fund by the total amount of all contributions received by the candidate through conduits.

MASS MEDIA AND TELEPHONING ACTIVITIES

Currently, individuals who or organizations which make or accept contributions, incur obligations or make disbursements for the purpose of influencing an election for state or local office are generally required to register with the appropriate filing officer and to file financial reports with that officer. This bill requires each individual who or organization which receives donations and makes expenditures for the purpose of publishing, broadcasting or disseminating a communication which includes the name or likeness of a candidate for state or local office by means of one or more communications media or through a telephone bank operator to register and file reports with the appropriate filing officer identifying the donations received and expenditures made to the same extent as currently required for individuals who or organizations which attempt to influence elections. If an expenditure made by such an individual or organization exceeds $1,000, it must be reported within 24 hours of the time it is made.

PERSUASIVE TELEPHONING

The bill requires all persons (including political committees and groups) who engage in or retain a telephone bank operator to engage in persuasive telephoning with respect to an election to disclose certain information to the appropriate filing officer or agency for campaign finance reporting purposes. The bill defines "persuasive telephoning" as "contacting, by telephone, potential voters for the purpose of presenting them with information or viewpoints which are designed to influence the attitudes of the voters toward candidates or referenda". Information that must be reported includes the name and address of the person; the name and address of any telephone bank operator who is retained; the amount paid to any such operator for the telephoning services; the total amount expended by the person to conduct persuasive telephoning; and if the person engaged in or retained an operator to engage in persuasive telephoning in more than one legislative district, the amount expended by the person within each legislative district for persuasive telephoning on behalf of each candidate or each personal campaign committee of a candidate for legislative office in that district. The bill requires the information to be reported at the same time as regular campaign finance reports are filed.

Any person who violates these provisions in respect to a telephone communication in which the caller engages in persuasive telephoning is subject to a forfeiture (civil penalty) of $1 for each communication that is subject to disclosure which the person fails to disclose in a timely manner.

Under current law, the amount paid for any telephoning services done for the purpose of influencing the election or nomination of a candidate at an election is generally subject to disclosure by the person making payment for the services, together with the name and address of the payee. The disclosure is made to the appropriate filing officer or agency on regular campaign finance reports. Violators of disclosure requirements are subject to a forfeiture of not more than $500 for each

violation. Intentional violators are guilty of a misdemeanor and may be fined not more than $1,000 or imprisoned for not more than six months or both.

WISCONSIN ELECTION CAMPAIGN FUND: SOURCES AND USES OF FUNDS

Under current law, the Wisconsin election campaign fund is financed through an individual income tax "checkoff". Every individual filing a state income tax return who has a tax liability or is entitled to a tax refund may direct that $1 of general purpose revenue be transferred to the fund. Individuals filing a joint return may separately choose whether to direct that the $1 transfer be made. All moneys transferred to the fund are placed in accounts for specified state offices, and candidates for those offices may qualify for grants from the fund to be used for specified campaign expenses. No moneys in the fund may be used for any other purpose.

The bill:

1. Increases the amount of the individual income tax checkoff for the Wisconsin election campaign fund from $1 to $5. Under the bill, individuals filing a joint return may separately choose whether to make the $5 checkoff.

2. Provides a sum sufficient appropriation from general purpose revenue to supplement the amounts otherwise available for campaign financing through the Wisconsin election campaign fund.

3. Directs the state elections board to set aside 5% of the moneys transferred to the Wisconsin election campaign fund in each of the six years following the year in which the bill becomes law in order to provide public information concerning the purpose and effect of designations to the fund. The bill directs the department of revenue to cooperate in providing such public information. Currently, no moneys in the fund are authorized to be used for this purpose.

GRANT ELIGIBILITY REQUIREMENTS AND AMOUNTS

Under current law, public financing from the Wisconsin election campaign fund is available to eligible candidates for the offices of state senator, representative to the assembly, governor, lieutenant governor, attorney general, state treasurer, secretary of state, justice of the supreme court and superintendent of public instruction. To receive a grant, a candidate must file an application with the state elections board no later than the deadline for filing nomination papers. Following the primary election or the date on which a primary would be held, if required, the board determines whether a candidate who applies for a grant meets the following eligibility requirements:

1. If the candidate seeks a partisan state office at a general election, the candidate must have received at least 6% of the total votes cast in the primary and won the primary. If the candidate seeks a partisan state office at a special election, the candidate must either: a) appear on the ballot or in the column of a political party whose candidate for the same office at the preceding general election received at least 6% of the vote; or b) receive at least 6% of the votes cast at the special election.

currently, a candidate is no longer bound by disbursement limitations after the last day of the month following the election in which the candidate appears on the ballot.

2. The candidate must have an opponent in the election.

3. The candidate must receive, during a specified time period, a specified amount through contributions from individuals of $100 or less. For a candidate for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, justice of the supreme court or superintendent of public instruction, the amount is 5% of the authorized disbursement level for the office which the candidate seeks. For a candidate for the office of state senator or representative to the assembly, the amount is 10% of the authorized disbursement level for the office which the candidate seeks.

Under current law, a candidate for any office who accepts a grant must comply with statutorily prescribed contribution and disbursement limitations, unless one or more of the candidate's opponents who receive at least 6% of the votes cast for all candidates for that office at a partisan primary, if a primary was held, do not accept a grant and do not voluntarily comply with the contribution and disbursement limitations for that office. The maximum grant that a candidate may receive is that amount which, when added to all other contributions accepted from sources other than individuals, political party committees and legislative campaign committees, is equal to 45% of the authorized disbursement level for the office which the candidate seeks, if there are sufficient moneys in the Wisconsin election campaign fund to finance the full amount of grants for which candidates qualify.

FNS 8B

The bill:

1. Provides that a candidate for a partisan state office ~~the office of state senator or representative to the assembly~~ need receive contributions from individuals equal to only 3% of the authorized disbursement level for the office which the candidate seeks in order to qualify for a grant, but provides that the contributions must be in amounts of $50 or less ~~of $100 from individuals used by a candidate for any state office to determine eligibility for a grant from the Wisconsin~~ election campaign fund must be made by individuals who reside in the state and, in the case of a candidate for legislative office, at least 50% of the contributions must ~~be made by individuals who reside in the district in which the candidate seeks office.~~

2. Increases the maximum grant that a candidate may receive to ~~that amount which, when added to all other contributions accepted from sources other than individuals and political party committees, is equal to~~ 50% of the authorized disbursement level for the office which the candidate seeks, irrespective of contributions received from other sources.

FNS 8A

~~3. Provides that, if a candidate for state office who accepts a grant from the Wisconsin election campaign fund is opposed by one or more candidates who do not agree to abide by the contribution and disbursement limitations for the office, the total grant available to the candidate who accepts a grant is increased by the amount of the maximum grant for the office (50% of the statutorily specified disbursement level for the office). In connection with this change and the preceding change, the bill waives the contribution limitation that applies to cumulative contributions received by a candidate from political party committees and the Wisconsin election campaign fund to enable a candidate to accept the full amount of his or her grants.~~

INITIAL APPLICABILITY

All campaign finance changes under the bill apply to elections held on or after the day on which the bill becomes law.

POLITICAL CONTRIBUTION REFUND

This bill permits any individual who resides in this state to request a refund from the department of revenue of not more than $50 per year for any contribution or contributions of money made to a qualifying candidate for state office or political party. The bill also permits a married couple to file a joint request for a refund of not more than $100 per year for such contributions made jointly or individually. In order to qualify for a refund, a contribution must be made to a political party that has qualified for a separate ballot or one or more separate columns or rows on a ballot or to a candidate for state office who has filed a valid application to receive a grant from the Wisconsin election campaign fund, together with a binding agreement to abide by disbursement and self–contribution limitations, and has qualified to receive a grant. The refunds are made by the department of revenue from general purpose revenue.

CAMPAIGN TREASURY SURPLUS EARNINGS TAX

This bill imposes a tax on every candidate and personal campaign committee at the rate of 15% on the earnings received by that candidate or committee on any campaign treasury surplus during the period beginning on the first day of the month following an election at which a candidate appears on the ballot (except a primary election if the candidate was nominated at the primary to appear on the ballot at a subsequent election) and ending on the date that the candidate files a valid declaration of candidacy together with valid nomination papers, if required, to appear on the ballot at a succeeding election. The tax is payable to the department of revenue semiannually.

TAX DEDUCTIONS FOR LOBBYING EXPENSES

This bill eliminates a current ~~state~~ corporate income and franchise tax deduction for certain business expenses that lobbyists incur. Currently, this deduction may be claimed for expenses incurred in direct connection with: a) appearances before, submission of statements to, or sending communications to a federal, state or local legislative body, a legislative committee or an individual legislator with respect to legislation or proposed legislation of direct interest to a taxpayer; or b) communications between a taxpayer and an organization of which the taxpayer is a member with respect to legislation or proposed legislation of direct interest to the taxpayer and the organization. Under the bill, dues paid to any organization remain deductible to the extent that they are attributable to expenses of these activities.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to the bill.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 5.02 (13) of the statutes is amended to read:

2 5.02 **(13)** "Political party" or "party" means a state committee registered under
3 s. 11.05 and organized exclusively for political purposes under whose name
4 candidates appear on a ballot at any election, and all county, congressional,
5 legislative, local and other affiliated committees authorized to operate under the
6 same name. For purposes of ch. 11, the term does not include ~~a legislative campaign~~
7 ~~committee or~~ a committee filing an oath under s. 11.06 (7).

8 **SECTION 2.** 11.01 (5m) of the statutes is amended to read:

9 11.01 **(5m)** "Conduit" means an individual who or ~~an organization~~ a committee
10 which receives a contribution of money and transfers the contribution to another
11 individual or organization without exercising discretion as to the amount which is
12 transferred and the individual to whom or organization to which the transfer is
13 made.

14 **SECTION 3.** 11.01 (9m) of the statutes is created to read:

15 11.01 **(9m)** "First–time candidate" means a candidate who seeks a particular
16 state office for the first time and who has not previously been a candidate for any
17 other national, state or local office in a jurisdiction or district which includes more
18 than one–third of the residents who reside in the jurisdiction or district in which the
19 candidate seeks office, as determined by the board.

20 **SECTION 4.** 11.01 (12s) of the statutes is repealed.

21 **SECTION 5.** 11.01 (13) of the statutes is created to read:

22 11.01 **(13)** "Major contributor" means an individual who makes a contribution
23 or contributions to a candidate or candidate's personal campaign committee
24 exceeding, in the aggregate, 50% of the amount or value that the individual is
25 permitted to make during a campaign, as provided in s. 11.26 (1).

1 **SECTION 6.** 11.05 (3) (c) of the statutes is amended to read:

2 11.05 **(3)** (c) In the case of a committee, a statement as to whether the
3 committee is a personal campaign committee, a political party committee, ~~a~~
4 ~~legislative campaign committee,~~ *a support committee or a special interest*
5 committee.

6 **SECTION 7.** 11.05 (3) (o) of the statutes is repealed.

7 **SECTION 8.** 11.05 (9) (b) of the statutes is amended to read:

8 11.05 **(9)** (b) An individual who or a committee or group which receives a
9 contribution of money and transfers the contribution to another individual,
10 committee or group while acting as a conduit is not subject to registration under this
11 section unless the individual, committee or group transfers the contribution to a
12 candidate or a personal campaign, ~~legislative campaign,~~ political party or support
13 committee.

14 **SECTION 9.** 11.06 (1) (a) of the statutes is amended to read:

15 11.06 **(1)** (a) An itemized statement giving the date, full name and street
16 address of each contributor who has made a contribution in excess of $20, or whose
17 contribution if $20 or less aggregates more than $20 for the calendar year, together
18 with the amount of the contribution and the cumulative total contributions made by
19 that contributor for the calendar year <u>and, if the contributor made the contribution</u>
20 <u>through a conduit, the identity of the conduit</u>.

21 **SECTION 10.** 11.06 (1) (d) and (L) of the statutes are amended to read:

22 11.06 **(1)** (d) An itemized statement of other income in excess of $20, including
23 ~~interest, returns on investments,~~ rebates and refunds received <u>and a separate</u>
24 <u>statement of earnings received, including interest and returns on investments</u>.

(L) A statement of cumulative totals for the calendar year of contributions made, contributions received, ~~and~~ disbursements made, including transfers of funds made to or received from other registrants, and earnings received.

SECTION 11. 11.06 (2) of the statutes is amended to read:

11.06 **(2)** DISCLOSURE OF CERTAIN INDIRECT DISBURSEMENTS. Notwithstanding sub. (1), if a disbursement is made or obligation incurred by an individual other than a candidate or by a committee or group which is not primarily organized for political purposes, and the disbursement does not constitute a contribution to any candidate or other individual, committee or group, the disbursement or obligation is required to be reported only if the purpose is to expressly advocate the election or defeat of a clearly identified candidate or the adoption or rejection of a referendum. The exemption provided by this subsection shall in no case be construed to apply to a political party, ~~legislative campaign,~~ personal campaign or support committee.

SECTION 12. 11.06 (7m) (a) of the statutes is amended to read:

11.06 **(7m)** (a) If a committee which was registered under s. 11.05 as a political party committee ~~or legislative campaign committee~~ supporting candidates of a political party files an oath under sub. (7) affirming that it does not act in cooperation or consultation with any candidate who is nominated to appear on the party ballot of the party at a general or special election, that the committee does not act in concert with, or at the request or suggestion of, such a candidate, that the committee does not act in cooperation or consultation with such a candidate or agent or authorized committee of such a candidate who benefits from a disbursement made in opposition to another candidate, and that the committee does not act in concert with, or at the request or suggestion of, such a candidate or agent or authorized committee of such a candidate who benefits from a disbursement made in opposition to another

1 candidate, the committee filing the oath may not make any contributions in support
2 of any candidate of the party at the general or special election or in opposition to any
3 such candidate's opponents exceeding the amounts specified in s. 11.26 (2), except as
4 authorized in par. (c).

5 **SECTION 13.** 11.06 (7m) (c) of the statutes is amended to read:

6 11.06 **(7m)** (c) A committee filing an oath under sub. (7) which desires to change
7 its status to a political party committee ~~or legislative campaign committee~~ may do
8 so as of December 31 of any even–numbered year. Section 11.26 does not apply to
9 contributions received by such a committee prior to the date of the change. Such a
10 committee may change its status at other times only by filing a termination
11 statement under s. 11.19 (1) and reregistering as a newly organized committee under
12 s. 11.05.

13 **SECTION 14.** 11.06 (11) (c) of the statutes is amended to read:

14 11.06 **(11)** (c) A contribution of money received from a conduit, accompanied by
15 the information required under par. (a), is considered to be a contribution from the
16 original contributor <u>for purposes of s. 11.26 (1) and (4)</u>.

17 **SECTION 15.** 11.065 of the statutes is created to read:

18 **11.065 Registration and reports by certain individuals and**
19 **organizations. (1)** (a) "Mass mailing" means the distribution of 50 or more pieces
20 of substantially identical material.

21 (b) "Organization" means any person, other than an individual, and any
22 combination of 2 or more persons.

23 (c) "Telephone bank operator" has the meaning given in s. 11.095 (1) (b).

24 **(2)** Any individual who or organization which receives one or more donations
25 and makes one or more expenditures from those donations or other income for the

purpose of publishing, broadcasting or disseminating a communication which includes the name or likeness of a candidate for state or local office by means of one or more communications media or a mass mailing or through a telephone bank operator shall, prior to conducting any such activity, register with the filing officer of the candidate whose name or likeness is used.

(3) A registrant under sub. (2) shall file reports with each filing officer with whom the individual or organization is registered identifying all of the following:

(a) Each donation received from a single source exceeding $20 within a calendar year, together with the amount of the donation, the date that the donation was received and accepted, the name and address of the donor and, if the amount of the donation exceeds $100 cumulatively within a calendar year, the occupation and principal place of employment of the donor.

(b) Each expenditure exceeding $20 made, together with the amount of the expenditure, the date that the expenditure was made, the name of the person to whom the expenditure was made and the specific purpose for which the expenditure was made.

(c) The total donations and other income received and accepted and total expenditures made cumulatively for the calendar year.

(4) The individual or organization shall report to the board the information required under sub. (3) in the form prescribed by the board at the time specified in s. 11.20 (2), (2m) and (4) for filing of reports by each candidate who is identified in a communication made by the individual or organization and shall include all donations received and accepted and all expenditures made as of the applicable dates specified in s. 11.20 (8).

1 **(5)** If any individual or organization under sub. (2) makes an expenditure
2 exceeding $1,000 for the purpose of making a communication specified in sub. (2), the
3 individual or organization shall, in addition to filing reports under sub. (3), file a
4 special report which includes the information required under sub. (4) relating to that
5 expenditure no later than 24 hours after the expenditure is made.

6 **(6)** An individual who or organization which determines that it will no longer
7 receive and accept donations or make expenditures for a purpose specified in sub. (2)
8 may file a notice of termination of its registration with any filing officer with whom
9 the individual or organization is registered.

10 **(7)** If a registrant with the board under sub. (2) receives and accepts donations
11 exceeding the amount specified in s. 11.21 (16) within a period specified in s. 11.21
12 (16), the registrant shall file reports with the board in the manner specified under
13 s. 11.21 (16).

14 **SECTION 16.** 11.095 of the statutes is created to read:

15 **11.095 Regulation of certain telephoning activities. (1)** *In this section:*

16 (a) "Persuasive telephoning" means contacting, by telephone, potential voters
17 for the purpose of presenting them with information or viewpoints which are
18 designed to influence the attitudes of the voters toward candidates or referenda.
19 "Persuasive telephoning" does not include any contacts that are limited solely to an
20 attempt to identify potential voters, to urge potential voters to participate in an
21 election or to offer assistance to potential voters to enable them to participate in an
22 election, or questioning a random or representative sample of a universe of potential
23 voters in a voting jurisdiction or voting group in an attempt to infer, using standard
24 statistical techniques and standard levels of statistical confidence, the attitudes or

positions of the voters concerning candidates or issues or potential candidates or issues, or their knowledge of candidates or issues or potential candidates or issues.

(b) "Telephone bank operator" means any person who places or directs the placement of telephone calls to individuals and engages in or directs persuasive telephoning.

(2) Each individual who, or committee or group which, engages in or retains a telephone bank operator to engage in persuasive telephoning with respect to any election shall file a written report, on a form prescribed by the board, disclosing the name and address of the individual, committee or group; the name and address of any operator who is retained; the amount paid to any such operator for the telephoning services; the total amount expended by the individual, committee or group to conduct persuasive telephoning; and, if the individual, committee or group engaged in or the telephone bank operator engaged in such telephoning on behalf of the individual, committee or group in more than one legislative district, the amount expended by the individual, committee or group within each legislative district for persuasive telephoning performed on behalf of each candidate or each personal campaign committee of a candidate for legislative office in that district.

(3) Each individual who, or committee or group which, engages in or retains a telephone bank operator to engage in persuasive telephoning shall report the information specified in sub. (2) on the dates specified for filing reports under s. 11.20 (2), (2m) and (4), unless all information relating to an election has previously been reported by the individual, committee or group. Each report shall cover the period specified in s. 11.20 (8).

(4) Each individual who, or committee or group which, engages in or retains a telephone bank operator to engage in persuasive telephoning shall report the

information specified in sub. (2) to the filing officer under s. 11.02 of each candidate whose name appears on the ballot in opposition to a candidate on behalf of whom the individual, committee or group is conducting persuasive telephoning, or to the filing officer for each referendum at which the individual, committee or group seeks to influence the attitudes of voters.

(5) The board shall, by rule, define the term "designed to influence the attitudes of voters" under sub. (1) (a).

SECTION 17. 11.16 (5) of the statutes is amended to read:

11.16 **(5)** ESCROW AGREEMENTS. Any personal campaign committee~~,~~ or political party committee ~~or legislative campaign committee~~ may, pursuant to a written escrow agreement with more than one candidate, solicit contributions for and conduct a joint fund raising effort or program on behalf of more than one named candidate. The agreement shall specify the percentage of the proceeds to be distributed to each candidate by the committee conducting the effort or program. The committee shall include this information in all solicitations for the effort or program. All contributions received and disbursements made by the committee in connection with the effort or program shall be received and disbursed through a separate depository account under s. 11.14 (1) that is identified in the agreement. For purposes of s. 11.06 (1), the committee conducting the effort or program shall prepare a schedule in the form prescribed by the board supplying all required information under s. 11.06 (1) and items qualifying for exclusion under s. 11.31 (6) for the effort or program, and shall transmit a copy of the schedule to each candidate who receives any of the proceeds within the period prescribed in s. 11.06 (4) (c).

SECTION 18. 11.21 (15) of the statutes is amended to read:

11.21 **(15)** Inform each candidate who files an application to become eligible to receive a grant from the Wisconsin election campaign fund of the dollar amount of the applicable disbursement limitation under s. 11.31 (1) or (1m), whichever is applicable, adjusted as provided under s. 11.31 (9), which applies to ~~the office for which such person is a~~ that candidate. Failure to receive the notice required by this subsection does not constitute a defense to a violation of s. 11.27 (1) or 11.31.

SECTION 19. 11.21 (17) of the statutes is created to read:

11.21 **(17)** On or before February 15 and August 15, notify the campaign treasurer of each candidate who and personal campaign committee which owes a tax under subch. XIII of ch. 77, based on any continuing or termination report that was filed with the board covering the period ending on the preceding December 31 or June 30, respectively. The notice shall include an identification of the specific form prescribed for payment of the tax.

SECTION 20. 11.22 (11) of the statutes is created to read:

11.22 **(11)** On or before February 15 and August 15, notify the campaign treasurer of each candidate who and personal campaign committee which owes a tax under subch. XIII of ch. 77, based on any continuing or termination report that was filed with the filing officer covering the period ending on the preceding December 31 or June 30, respectively. The notice shall include an identification of the specific form prescribed for payment of the tax.

SECTION 21. 11.24 (2) of the statutes is renumbered 11.24 (5).

SECTION 22. 11.24 (4) of the statutes is created to read:

11.24 **(4)** No committee identified under s. 11.05 (3) (c) as a special interest committee, no major contributor and no individual who is a conduit may make a contribution to an incumbent partisan state elective official or to the personal

campaign committee or support committee authorized under s. 11.05 (3) (p) of that official for the purpose of promoting that official's nomination or reelection to the office held by the official during the period beginning on the first Monday of January in each odd–numbered year and ending on the date of enactment of the biennial budget act and thereafter during any legislative floorperiod, including any special or extraordinary session floorperiod. This subsection does not apply to an individual who is a candidate for state office at a special election or to the personal campaign committee of such an individual during the period commencing on the date that the special election is ordered and ending on the date of the special election.

SECTION 23. 11.25 (2) (b) of the statutes is amended to read:

11.25 **(2)** (b) ~~Notwithstanding par. (a),~~ Except as provided in par. (am) a registrant may accept contributions and make disbursements from a campaign depository account for the purpose of making expenditures in connection with a campaign for national office; for payment of civil penalties incurred by the registrant under this chapter, except as provided in s. 11.50 (11) (g); or for payment of the expenses of nonpartisan campaigns to increase voter registration or participation. Notwithstanding par. (a), a personal campaign committee or support committee may accept contributions and make disbursements from a campaign depository account for payment of inaugural expenses of an individual who is elected to state or local office. If such expenses are paid from contributions made to the campaign depository account, they are reportable under s. 11.06 (1) as disbursements. Otherwise, such expenses are not reportable under s. 11.06 (1). If contributions from the campaign depository account are used for such expenses, they are subject to s. 11.26.

SECTION 24. 11.26 (1) (intro.) of the statutes is amended to read:

1 11.26 **(1)** (intro.) No individual, except an individual serving as a conduit, may
2 make any contribution or contributions to a candidate for election or nomination to
3 any of the following offices and to any individual or committee under s. 11.06 (7)
4 acting solely in support of such a candidate or solely in opposition to the candidate's
5 opponent to the extent of more than a total of the amounts specified per candidate:

6 **SECTION 25.** 11.26 (1) (a), (b) and (c) of the statutes are amended to read:

7 11.26 **(1)** (a) Candidates for governor, lieutenant governor, secretary of state,
8 state treasurer, attorney general, state superintendent or justice, ~~$10,000~~ $1,000.

9 (b) Candidates for state senator, ~~$1,000~~ $500.

10 (c) Candidates for representative to the assembly, ~~$500~~ $250.

11 **SECTION 26.** 11.26 (2) (intro.) of the statutes is amended to read:

12 11.26 **(2)** (intro.) No committee, including a committee serving as a conduit,
13 other than a political party committee ~~or legislative campaign committee~~, may make
14 or transfer any contribution or contributions to a candidate for election or
15 nomination to any of the following offices and to any individual or committee under
16 s. 11.06 (7) acting solely in support of such a candidate or solely in opposition to the
17 candidate's opponent to the extent of more than a total of the amounts specified per
18 candidate:

19 **SECTION 27.** 11.26 (2) (a), (b) and (c) of the statutes are amended to read:

20 11.26 **(2)** (a) Candidates for governor, lieutenant governor, secretary of state,
21 state treasurer, attorney general, state superintendent or justice, ~~4% of the value of~~
22 ~~the disbursement level specified in the schedule under s. 11.31 (1)~~ $1,000.

23 (b) Candidates for state senator, ~~$1,000~~ $500.

24 (c) Candidates for representative to the assembly, ~~$500~~ $250.

25 **SECTION 28.** 11.26 (4) of the statutes is amended to read:

11.26 **(4)** No individual, except an individual serving as a conduit, may make any contribution or contributions to all candidates for state and local offices and to any individuals who or committees which are subject to a registration requirement under s. 11.05, including ~~legislative campaign committees and~~ committees of a political party, to the extent of more than a total of $10,000 in any calendar year.

~~**SECTION 29.** 11.26 (8) of the statutes is repealed.~~

SECTION 30. 11.26 (9) (a) of the statutes is renumbered 11.26 (9) and amended to read:

11.26 **(9)** No individual who is a candidate for state or local office may receive and accept more than ~~65%~~ 25% of the value of the total disbursement level for candidates other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9), for the office for which he or she is a candidate during any primary and election campaign combined from all major contributors and all committees subject to a filing requirement, including political party ~~and legislative campaign~~ committees.

SECTION 31. 11.26 (9) (b) and (c) of the statutes are repealed.

SECTION 32. 11.26 (10) of the statutes is amended to read:

11.26 **(10)** No candidate for state office who files a sworn statement and application to receive a grant from the Wisconsin election campaign fund may make contributions of more than 200% of the amounts specified in sub. (1) to the candidate's own campaign from the candidate's personal funds or property or the personal funds or property which are owned jointly or as marital property with the candidate's spouse, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies. For purposes of this subsection, any contribution received by a candidate or his or her personal campaign committee from a committee which

is registered with the federal elections commission as the authorized committee of the candidate under 2 USC 432 (e) shall be treated as a contribution made by the candidate to his or her own campaign. The contribution limit of sub. (4) applies to amounts contributed by such a candidate personally to the candidate's own campaign and to other campaigns, except that a candidate may exceed the limitation if authorized under this subsection to contribute more than the amount specified to the candidate's own campaign, up to the amount of the limitation.

SECTION 33. 11.26 (12m) of the statutes is amended to read:

11.26 **(12m)** For purposes of ~~this section~~ subs. (1) and (4), a contribution of money received from a conduit identified in the manner prescribed in s. 11.06 (11) (a) shall be considered a contribution received from the original contributor.

SECTION 34. 11.26 (13) of the statutes is amended to read:

11.26 **(13)** ~~Except as provided in sub. (9), contributions~~ Contributions received from the Wisconsin election campaign fund are not subject to limitation by this section.

SECTION 35. 11.265 of the statutes is repealed.

SECTION 36. 11.31 (1) (intro.) of the statutes is amended to read:

11.31 **(1)** SCHEDULE. (intro.) The following levels of disbursements are established with reference to the candidates listed below. The levels are subject to adjustment under subs. (1m) and (9). Except as provided in sub. (2), such levels do not operate to restrict the total amount of disbursements which are made or authorized to be made by any candidate in any primary or other election.

SECTION 37. 11.31 (1) (a) to (d) of the statutes are amended to read:

11.31 **(1)** (a) Candidates for governor, ~~$1,078,200~~ $3,500,000.

(b) Candidates for lieutenant governor, ~~$323,475~~ $1,125,000.

(c) Candidates for attorney general, ~~$539,000~~ $750,000.

(d) Candidates for secretary of state, state treasurer~~, justice~~ or state superintendent, ~~$215,625~~ $350,000.

SECTION 38. 11.31 (1) (de) of the statutes is created to read:

11.31 **(1)** (de) Candidates for justice, $400,000.

SECTION 39. 11.31 (1) (e) and (f) of the statutes are amended to read:

11.31 **(1)** (e) Candidates for state senator, ~~$34,500 total in the primary and election, with disbursements not exceeding $21,575 for either the primary or the election~~ $140,000.

(f) Candidates for representative to the assembly, ~~$17,250 total in the primary and election, with disbursements not exceeding $10,775 for either the primary or the election~~ $60,000.

SECTION 40. 11.31 (1m) of the statutes is created to read:

11.31 **(1m)** DISBURSEMENT LEVEL FOR FIRST–TIME CANDIDATES. *The disbursement* level for a first–time candidate is ~~100%~~ 110% of the amount specified in sub. (1) for any other candidate, adjusted as provided under sub. (9).

SECTION 41. 11.31 (2) of the statutes is amended to read:

11.31 **(2)** LIMITATION IMPOSED. No candidate for state office at a spring or general election who files a sworn statement and application to receive a grant from the Wisconsin election campaign fund may make or authorize total disbursements from the campaign treasury in any campaign to the extent of more than the amount prescribed in sub. (1) or (1m), whichever is applicable, adjusted as provided under sub. (9), unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies. No candidate for state office at a special election who files a sworn

statement and application to receive a grant from the Wisconsin election campaign fund may make or authorize total disbursements from the campaign treasury in any campaign to the extent of more than the amount prescribed under sub. (1) or (1m), whichever is applicable, adjusted as provided under sub. (9), for the preceding spring or general election for the same office, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h)~~ or s. 11.50 (2) (i) applies.

SECTION . RP; 11.31 (2m) 2m

SECTION 42. 11.31 (3) of the statutes is amended to read:

11.31 **(3)** GUBERNATORIAL CAMPAIGNS. For purposes of compliance with the limitations imposed under sub. (2), candidates for governor and lieutenant governor of the same political party who both accept grants from the Wisconsin election campaign fund may agree to combine disbursement levels under sub. (1) (a) and (b), adjusted as provided under sub. (9), and reallocate the total level between them. The candidates shall each inform the board of any such agreement.

SECTION 43. 11.31 (3m) of the statutes is repealed.

SECTION 44. 11.31 (4) of the statutes is repealed.

SECTION 45. 11.31 (7) (a) of the statutes is amended to read:

11.31 **(7)** (a) For purposes of this section, except as provided in pars. (b) and (c), the "campaign" of a candidate extends from ~~July 1 preceding the date on which the spring primary or election occurs or January 1 preceding the date on which the September primary or general election occurs for the office which the candidate seeks, or from the date of the candidate's public announcement~~ the day after the date on which the previous campaign of a candidate ends or the date on which a candidate becomes a candidate at a future election, whichever is earlier, through the last day of the month following the month in which ~~the~~ an election ~~or primary~~ is held at which

a candidate seeks office. If a candidate seeks office at both a primary election and at a general, spring or special election which follows that primary election, the "campaign" of that candidate extends through the last day of the month following the general, spring or special election. If a candidate seeks office at a primary election but not at the general, spring or special election which follows that primary election, the "campaign" of that candidate extends through the end of the month following the primary election.

SECTION 46. 11.31 (7) (c) and (d) of the statutes are amended to read:

11.31 **(7)** (c) Disbursements which are made after ~~a campaign~~ the period specified in par. (a) to retire a debt incurred in relation to a campaign are charged against the disbursement limitation for that campaign.

(d) Disbursements which are made outside ~~a campaign~~ the period specified in par. (a) and to which par. (b) or (c) does not apply are not subject to any disbursement limitation. Such disbursements are subject to s. 11.25 (2).

SECTION 47. 11.31 (9) of the statutes is created to read:

11.31 **(9)** ADJUSTMENT OF DISBURSEMENT LEVELS. (a) In this subsection:

1. "Consumer price index" means the average of the consumer price index over each 12–month period, all items, U.S. city average, as determined by the bureau of labor statistics of the federal department of labor.

2. "Voting age population of this state" means the voting age population of this state, as determined by the federal election commission in its most recent determination prior to the date of any calculation under this subsection.

(b) The dollar amounts of all disbursement levels specified in sub. (1) shall be subject to a biennial adjustment to be determined by rule of the board in accordance with this subsection. To determine the adjustment, the board shall calculate the

1 percentage difference between the voting age population of this state on December
2 31 of each odd–numbered year and the voting age population of this state on
3 December 31, 1999. The board shall then calculate the percentage difference
4 between the consumer price index for the 12–month period ending on December 31
5 of each odd–numbered year and the consumer price index for the base period,
6 calendar year 1999. For each biennium, the board shall first multiply the
7 disbursement levels by the percentage difference in the voting age populations. The
8 board shall then multiply that product by the percentage difference in the consumer
9 price indices. The board shall adjust the disbursement levels specified under sub.
10 (1) to substitute that result for the existing levels to the extent required to reflect any
11 difference, rounded to the nearest multiple of $25 in the case of amounts of $1 or
12 more, which amounts shall be in effect until a subsequent rule is promulgated under
13 this subsection. Notwithstanding s. 227.24 (1) (a), (2) (b) and (3), determinations
14 under this subsection may be promulgated as an emergency rule under s. 227.24
15 without providing evidence that the emergency rule is necessary for the public peace,
16 health, safety or welfare, and without a finding of emergency.

17 **SECTION 48.** 11.50 (1) (am) of the statutes is created to read:

18 11.50 **(1)** (am) "Eligible political party" means any of the following:

19 1. A party qualifying under s. 5.62 (1) (b) for a separate ballot or one or more
20 separate columns or rows on a ballot for the period beginning on the date of the
21 preceding general election and ending on the day before the general election that
22 follows that election.

23 2. A party qualifying under s. 5.62 (2) for a separate ballot or one or more
24 separate columns or rows on a ballot for the period beginning on the preceding June
25 1, or if that June 1 is in an odd–numbered year, the period beginning on June 1 of the

preceding even–numbered year, and ending on May 31 of the 2nd year following that June 1, whose state chairperson has filed a statement with the board no earlier than May 1 preceding that period certifying that the party has held a state convention within the 2–year period preceding the date of the statement, has adopted a state constitution that is in effect on the date of the statement and has elected state officers who are in office on the date of the statement.

TWS 27-6

SECTION 49. 11.50 (2) (a) of the statutes is renumbered 11.50 (2) (a) (intro.) and amended to read:

11.50 **(2)** (a) (intro.) Any individual who desires to qualify as an eligible candidate may file an application with the board requesting approval to ~~participate in the fund~~ receive a grant. The application shall be filed no later than the applicable deadline for filing nomination papers under s. 8.10 (2) (a), 8.15 (1), 8.20 (8) (a) or 8.50 (3) (a), no later than 4:30 p.m. on the 7th day after the primary or date on which the primary would be held if required in the case of write–in candidates, or no later than 4:30 p.m. on the 7th day after appointment in the case of candidates appointed to fill vacancies. The application shall contain a sworn statement that the candidate and his or her authorized agents have complied with the contribution limitations prescribed in s. 11.26 and the disbursement limitations prescribed under s. 11.31 at all times to which such limitations have applied to his or her candidacy and will continue to comply with the limitations at all times to which the limitations apply to his or her candidacy for the office in contest, unless ~~the board determines that the candidate is not eligible to receive a grant, the candidate withdraws his or her application under par. (h), or~~ par. (i) applies. The application shall also contain a statement that the candidate filing the application agrees to return to the board all grant moneys received by the candidate which exceed the total amount of disbursements by the candidate's personal campaign committee that were made or obligated after the date

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of the primary election. An application submitted under this paragraph constitutes an irrevocable agreement to abide by its terms, except that the agreement is not effective if the board determines that the candidate is not eligible to receive a grant. An agreement expires on the latest day specified in this paragraph for filing an application to receive a grant for the regular election to elect the successor to the office which the candidate seeks, except that, if a candidate seeks office at a special election, an agreement to receive a grant for that election expires on the 60th day after that election, and except that, if a candidate's personal campaign committee files a valid termination report prior to the date that an agreement by that candidate would otherwise expire under this paragraph, that agreement expires on the date on which the report is filed.

SECTION 50. *11.50 (2) (b) 3m. of the statutes is created to read:*

11.50 **(2)** (b) 3m. The candidate has appointed a personal campaign committee which is registered under s. 11.05.

SECTION 51. 11.50 (2) (b) 5. of the statutes is amended to read:

11.50 **(2)** (b) 5. The financial reports filed by or on behalf of the candidate as of the date of the spring or September primary, or the date that the special primary is or would be held, if required, indicate that the candidate has received an amount equal to at least ~~the amount provided in this subdivision~~ 3% of the applicable authorized disbursement limitation for candidates other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9), from contributions of money, other than loans, made by individuals ~~who reside in this state and in the case of a candidate for legislative office by individuals at least 50% of whom reside in the legislative district in which the candidate seeks office~~, which have been received during the period ending on the date of the spring primary and

July 1 preceding such date in the case of candidates at the spring election, or the date of the September primary and January 1 preceding such date in the case of candidates at the general election, or the date that a special primary will or would be held, if required, and 90 days preceding such date or the date a special election is ordered, whichever is earlier, in the case of ~~special election~~ candidates at a special election, which contributions are in the aggregate amount of ~~$100~~ $50 or less, and which are fully identified and itemized as to the exact source thereof. A contribution received from a conduit ~~which is identified by the conduit as originating from an individual shall~~ may not be considered as a contribution made by ~~the~~ an individual for the purpose of qualifying for a grant under this subdivision. Only the first ~~$100~~ $50 of an aggregate contribution of more than ~~$100~~ $50 may be counted toward the required percentage. ~~For a candidate at the spring or general election for an office identified in s. 11.26 (1) (a) or a candidate at a special election, the required amount to qualify for a grant is 5% of the candidate's authorized disbursement limitation under s. 11.31. For any other candidate at the general election, the required amount to qualify for a grant is 10% of the candidate's authorized disbursement limitation under s. 11.31.~~

SECTION 52. 11.50 (2) (g) of the statutes is amended to read:

11.50 **(2)** (g) A candidate who voluntarily files an application to receive a grant in accordance with this subsection accepts and agrees to comply with the contribution limitations prescribed in s. 11.26 and the disbursement limitations imposed under s. 11.31 as binding upon himself or herself and his or her agents during the campaign of that candidate as defined in s. 11.31 (7), as a precondition to receipt of a grant under this section, unless the board determines that the candidate is not eligible to

receive a grant~~, the candidate withdraws the application under par. (h),~~ or par. (i) applies.

SECTION 53. 11.50 (2) (h) of the statutes is repealed.

TNS 30-3

SECTION 54. *11.50 (2m) of the statutes is created to read:*

11.50 **(2m)** PUBLIC INFORMATION. There is established a ~~The board shall maintain an~~ account within ~~the fund to be called the~~ public information account within the fund. Annually on August ~~15~~ 16, the board shall transfer 5% of the moneys in each account within the Wisconsin election campaign fund, except the public information account, to the public information account. The board shall expend the moneys in the public information account for the purpose of providing public information concerning the purpose and effect of s. 71.10 (3) and this section.

SECTION 55. *11.50 (2m) of the statutes, as created by 1999 Wisconsin Act ....* (this act), is repealed.

SECTION 56. 11.50 (2s) of the statutes is created to read:

11.50 **(2s)** POLITICAL ~~PARTIES~~ PARTY ACCOUNTS. (a) The state chairperson of each eligible political party may, by written request to the board, provide for the establishment or discontinuance of an account within the fund for that political party. Each political party account consists of 97% of all moneys designated by individuals for deposit in that account under s. 71.10 (3) (a).

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SECTION 57. 11.50 ~~(3) (a) (intro.)~~ (2w) of the statutes is ~~amended~~ created *to read:*

11.50 ~~(3) (a) (intro.)~~ (2w) (B) GENERAL ACCOUNT. There is established a general account within the fund consisting of 97% of all moneys designated by individuals for deposit in that account under s. 71.10 (3) (a). SECTION #. Am; 11.50 (3) (a) (intro.) (B) 11.50 (3) (a) (intro.) Annually on ~~August 15,~~ September 1, the state treasurer shall apportion all moneys ~~appropriated to~~ in the general account of the fund ~~shall be apportioned~~ as follows ~~by the state treasurer~~:

SECTION 58. 11.50 (3) (a) 1. and 2. of the statutes are amended to read:

11.50 **(3)** (a) 1. If an election for state superintendent is scheduled in the following year, ~~8%~~ 12% of the ~~fund~~ moneys in the general account shall be placed in a superintendency account. From ~~this~~ the superintendency account, an equal amount shall be disbursed to the campaign depository account of each eligible candidate by the state treasurer.

2. If an election for justice is scheduled in the following year, ~~8%~~ 12% of the ~~fund~~ moneys in the general account shall be placed in a supreme court account. From ~~this~~ the supreme court account, an equal amount shall be disbursed to the campaign depository account of each eligible candidate by the state treasurer.

SECTION 59. 11.50 (3) (b) of the statutes is amended to read:

11.50 **(3)** (b) If a vacancy occurs in the office of state superintendent or justice after ~~August 15~~ September 1 *in any year and an election is scheduled to fill the* vacancy at the spring election in the following year, the state treasurer shall transfer an amount not exceeding ~~8%~~ 12% of the moneys transferred to the general account of the fund on the preceding ~~August 15~~ September 1 to the account for the office in which the vacancy occurs, such moneys to be drawn from any account within the accounts created under sub. (4) in the amount or amounts specified by the board.

SECTION 60. 11.50 (4) (a) of the statutes is amended to read:

11.50 **(4)** (a) In the partisan campaign account, 25% of the moneys shall be apportioned into an executive campaign account and 75% of the moneys shall be apportioned into a legislative ~~and special election~~ campaign account.

SECTION 61. 11.50 (4) (c) of the statutes is amended to read:

11.50 **(4)** (c) The legislative ~~and special election~~ campaign account shall be divided into a senate campaign account to receive 25% of the moneys, and an assembly campaign account to receive 75% of the moneys. Each account shall then

be apportioned between all eligible candidates for the same office in the entire state. No apportionment shall be made by legislative district.

SECTION 62. 11.50 (4) (cm) of the statutes is amended to read:

11.50 **(4)** (cm) ~~Each~~ There is established a special election account. From the special election account, each eligible candidate ~~for the same office~~ at a special election of a political party whose candidate for the same office received a grant at the preceding ~~spring or~~ general election shall receive ~~an equal amount, which amount shall be~~ a grant equivalent to the ~~maximum~~ combined grant ~~which~~ from the general and party accounts that was payable to ~~any~~ the candidate of the same political party for that office at the ~~most recent~~ preceding ~~spring or~~ general election. ~~The amount shall be drawn from the senate campaign account and the assembly campaign account in the same proportions as the balance in each account bears to the total balance in both accounts at the time that payments are made. Whenever there are insufficient moneys in the senate campaign account and the assembly campaign account to make the payments required by this paragraph, payments shall be appropriately reduced or discontinued by the board.~~ From the special election account, each eligible candidate at a special election who does not represent a political party whose candidate for the same office at the preceding spring or general election received a grant shall receive ~~an amount~~ a grant equivalent to the grant that was payable to candidates for the same office at the preceding spring or general election from the general account.

From the special election account, each eligible candidate for state superintendent at a special election shall receive a grant equivalent to the grant that was payable to candidates for that office at the most recent spring election.

SECTION 63. 11.50 (4) (d) of the statutes is amended to read:

11.50 **(4)** (d) ~~Within~~ Except as provided in par. (cm) and sub. (9), within the accounts established under this subsection for each office at each general election, the entire amount of all available moneys ~~in the general account~~ shall be apportioned equally to all eligible candidates.

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SECTION 64. 11.50 (7) (intro.) of the statutes is amended to read:

11.50 **(7)** UTILIZATION. (intro.) (a) Grants distributed under this section may be utilized only for deposit in a campaign depository account under s. 11.10.

(b) Grants received by an eligible candidate from the general account or from the account of an eligible political party may be expended only for one or more of the following:

SECTION 65. 11.50 (7) (a) to (d) of the statutes are renumbered 11.50 (7) (b) 1. to 4.

SECTION 66. 11.50 (7) (c) of the statutes is created to read:

2s b
under sub. (2s) (b)

11.50 **(7)** (c) Grants received by an eligible political party may be expended only for one or more of the following:

1. Purchase of services from a communications medium to promote the candidacy of candidates of the party generally without reference to any specific candidate of the party for state office.

2. Preparation and dissemination of sample ballots listing the names of 3 or more candidates of the party for state office.

3. Making telephone contacts with electors in which the names of 3 or more candidates of the party are mentioned.

4. Fund raising on behalf of 3 or more candidates of the party for state office.

5. Staff compensation and expenses to provide services on behalf of 3 or more candidates of the party for state office.

SECTION 67. 11.50 (8) of the statutes is amended to read:

11.50 **(8)** LAPSING GRANTS. All grants disbursed under sub. (5) remain the property of the state until disbursed or encumbered for a lawful purpose. All grant moneys that are unspent and unencumbered by a candidate on the day after the

election in which the candidate participates and that exceed the total amount of disbursements by the candidate's personal campaign committee that were made or obligated after the date of the primary election shall revert to the state. All deposits and refunds derived from grant moneys that are received by a candidate at any time after the day of the election in which the candidate participates shall revert to the state. All reversions shall be returned to the board by the candidate and shall be deposited in the fund.

SECTION 68. 11.50 (9) of the statutes is renumbered 11.50 (9) (a) and amended to read:

11.50 **(9)** (a) The total grant available to an eligible candidate may not exceed that amount which, when added to all other contributions accepted from sources other than individuals~~,~~ and political party committees ~~and legislative campaign committees~~, is equal to ~~45%~~ 50% of the disbursement level ~~specified~~ for candidates for the applicable office other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9). If the combined amount otherwise payable to an eligible candidate under subs. (2g) and (4) exceeds the limitation prescribed in this paragraph, the board shall reduce the total grant available to that candidate by reducing first any amount to which the candidate would otherwise be entitled from the general account, and thereafter any amount to which the candidate would otherwise be entitled from the political party account of the candidate's political party.

(c) The board shall scrutinize (better) accounts and reports and records kept under this chapter to assure that applicable limitations under ~~ss. 11.26 (9) and~~ s. 11.31 are not exceeded and any violation is reported. No candidate or campaign treasurer may accept grants exceeding the amount authorized by this subsection.

SECTION 69. 11.50 (11) (e) of the statutes is amended to read:

11.50 **(11)** (e) No candidate may expend, authorize the expenditure of or incur any obligation to expend any grant if he or she violates the pledge required under sub. (2) (a) as a precondition to receipt of a grant, except as authorized in sub. (2) ~~(h)~~ ~~or~~ (i).

SECTION 70. 11.50 (11) (g) of the statutes is amended to read:

11.50 **(11)** (g) If any person violates pars. (a) ~~to~~, (d) or (f), such person shall be liable to the state in a civil action brought by the board for conversion, for treble the amount of the moneys wrongfully expended, and in addition is subject to penalties as provided in ss. 11.60 and 11.61. If any candidate violates par. (e), the candidate shall be personally liable to the state in a civil action brought by the board for conversion, for not more than 4 times the amount by which the disbursements made by the candidate's personal campaign committee and the contributions made by the candidate to his or her own campaign exceeded the limitation prescribed in s. 11.26 (10) or the limitation prescribed in s. 11.31 (1) or (1m), or both, as adjusted under s. 11.31 (9).

SECTION 71. 11.50 (14) of the statutes is created to read:

11.50 **(14)** CERTIFICATIONS TO SECRETARY OF REVENUE. (a) In each even–numbered year, the board shall certify to the secretary of revenue:

1. No later than July 1, the name of each political party that qualifies under sub. (1) (am) 1. as an eligible political party as of the preceding June 1 and whose state chairperson has filed a request to establish an account for the party under sub. (2s) (a).

2. No later than December 15, the name of each political party that qualifies under sub. (1) (am) 2. as an eligible political party as of the date of the preceding general election and whose state chairperson has filed a written request to establish an account for the party under sub. (2s) (a).

(b) As soon as possible after receiving a valid application from an eligible candidate under sub. (2) (a) and determining that the candidate is eligible to receive a grant, the board shall certify to the secretary of revenue the full name of that candidate as the name appears on the candidate's nomination papers.

(c) In each certification under this subsection, the board shall specify the expiration date of the certification.

SECTION 72. 11.60 (1) of the statutes is amended to read:

11.60 **(1)** ~~Any~~ Except as provided in sub. (3p), any person, including any committee or group, who or which violates this chapter may be required to forfeit not more than $500 for each violation.

SECTION 73. 11.60 (3p) of the statutes is created to read:

11.60 **(3p)** Any person, including any committee or group, who or which violates s. 11.095 in respect to any telephone communication in which the caller engages in persuasive telephoning shall forfeit $1 for each such telephone communication with an individual that is subject to disclosure under s. 11.095 which the person fails to disclose under that section within the time prescribed under that section.

SECTION 74. 11.70 of the statutes is created to read:

11.70 Political contribution refund. (1) In this section:

(a) "Certified political party" means a party whose name is certified by the board to the secretary of revenue under s. 11.50 (14) (a).

(b) "Certified eligible candidate" means a candidate whose name is certified by the board to the secretary of revenue under s. 11.50 (14) (b).

(2) Any individual who is a resident of this state and who makes any contribution or contributions of money to a certified political party or a certified eligible candidate may file a claim with the secretary of revenue requesting a refund of not more than $50 for any such contribution or contributions made in any calendar year. Two married individuals who are residents of this state and who make, individually or jointly, any contribution or contributions of money to a certified political party or a certified

eligible candidate may file a claim with the secretary of revenue requesting a refund of not more than $100 for such contributions made, including not more than $50 for such contributions made individually by each of them, in any calendar year.

(3) The secretary of revenue shall prescribe an official refund receipt form for use under this section. The forms shall be numbered sequentially. Each individual or married couple filing a request for a refund under sub. (2) shall attach a copy of that form to that request.

(4) All information concerning the identities of individuals and married couples requesting refunds, the identities of candidates to whom contributions are made and the amounts of any contributions made is confidential.

(5) A request under this section shall be filed with the secretary of revenue no earlier than January 1 of the year in which any contribution are made for which a refund is requested ~~has been made~~ and no later than April 15 of the following year.

(6) An individual may file a request under this section no more than once for any year. Married individuals may file a request under this section either individually or jointly no more than once for any year.

(7) The secretary of revenue shall make refunds under this section from the appropriation under s. 20.566 (3) (f).

(8) If the secretary of revenue makes any refund under this section later than June 15 in the year after the contribution or contributions to be refunded were made, the secretary shall pay interest on the refund at the rate provided under s. 71.82 (1) (b).

(9) No later than August 1 annually, the secretary of revenue shall submit a statement to the board summarizing the total number and the aggregate amount of

refunds made on behalf of each certified political party and each certified eligible candidate during the preceding fiscal year.

SECTION 75. 13.625 (1) (b) 3. of the statutes is amended to read:

13.625 **(1)** (b) 3. Food, meals, beverages, money or any other thing of pecuniary value~~, except that a lobbyist may make a campaign contribution to a partisan elective state official or candidate for national, state or local office or to the official's or candidate's personal campaign committee; but a lobbyist may make a contribution to which par. (c) applies only as authorized in par. (c)~~.

SECTION 76. 13.625 (1) (c) (intro.) of the statutes is renumbered 13.625 (1) (c) and amended to read:

13.625 **(1)** (c) ~~Except as permitted in this subsection, make~~ Make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official for the purpose of promoting the official's election to any national, state or local office, or to a candidate for a partisan elective state office to be filled at the general election or a special election, or the official's or candidate's personal campaign committee. ~~A campaign contribution to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee may be made in the year of a candidate's election between June 1 and the day of the general election, except that:~~

SECTION 77. 13.625 (1) (c) 1. and 2. of the statutes are repealed.

SECTION 78. 13.625 (2) of the statutes is amended to read:

13.625 **(2)** No principal may engage in the practices prohibited under sub. (1) (b) ~~and (c)~~ except that a principal may make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee in the year of an official's or

candidate's election between June 1 and the day of the general election unless, in the case of a member of the legislature or candidate for legislative office, the legislature has not concluded its final floorperiod or is in special or extraordinary session. This subsection does not apply to the furnishing of transportation, lodging, food, meals, beverages or any other thing of pecuniary value which is also made available to the general public.

SECTION 79. 13.625 (6) of the statutes is amended to read:

13.625 **(6)** Subsections (1) (b) and (c), (2) and (3) do not apply to the furnishing of anything of pecuniary value by an individual who is a ~~lobbyist or~~ principal to a relative of the individual or an individual who resides in the same household as the individual, nor to the receipt of anything of pecuniary value by that relative or individual residing in the same household as the individual. Subsections (1) (b), (2) and (3) do not apply to the furnishing of anything of pecuniary value, except a campaign contribution, as defined in s. 11.01 (6), by a lobbyist to a relative of the lobbyist or an individual who resides in the same household as the lobbyist, nor to the receipt of any such thing by that relative or individual residing in the same household as the individual.

SECTION 80. 20.510 (1) (q) of the statutes is amended to read:

20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing appropriation, from the Wisconsin election campaign fund, the moneys determined under s. 11.50 to provide for payments to eligible candidates whose names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose names are certified under s. 7.08 (2) (cs) and to provide for public information under s. 11.50 (2m).

SECTION 81. 20.510 (1) (q) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing appropriation, from the Wisconsin election campaign fund, the moneys determined under s. 11.50 to provide for payments to eligible candidates whose names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose names are certified under s. 7.08 (2) (cs) ~~and to provide for public information under s. 11.50 (2m)~~.

SECTION 82. 20.566 (3) (f) of the statutes is created to read:

20.566 **(3)** (f) *Political contribution refunds.* A sum sufficient to make political contribution refunds under s. 11.70.

SECTION 83. 20.855 (4) (b) of the statutes is amended to read:

20.855 **(4)** (b) *Election campaign payments.* A sum sufficient equal to 97% of the amounts determined under s. 71.10 (3) to be paid into the Wisconsin election campaign fund ~~annually on August 15~~ as provided in s. 71.10 (3) (b) ~~(d)~~.

SECTION 84. 20.855 (4) (ba) of the statutes is created to read:

20.855 **(4)** (ba) *Election fund annual supplement.* A sum sufficient equal to $3,000,000 in each fiscal year, plus in each fiscal year, the amounts determined by the secretary of revenue under ss. 71.80 (21) and 77.9973, to be transferred from the general fund to the Wisconsin election campaign fund annually on August 15 ~~September 1~~.

SECTION 85. 20.855 (4) (bb) of the statutes is created to read:

20.855 **(4)** (bb) *Election fund special election supplement.* A sum sufficient equal to the amounts required to make full payment of grants ~~for~~ which candidates at special elections qualify to receive from the Wisconsin election campaign fund, to be transferred from the general fund to the special election account of the Wisconsin

election campaign fund no later than the time required to make payments of grants under s. 11.50 (5).

SECTION 86. 25.42 of the statutes is amended to read:

25.42 Wisconsin election campaign fund. All moneys appropriated under s. 20.855 (4) (b) ~~and~~ (ba) and (bb) together with all moneys reverting to the state under s. 11.50 (8) and all gifts, bequests and devises received under s. 11.50 (13) constitute the Wisconsin election campaign fund, to be expended for the purposes of s. 11.50. All moneys in the fund not disbursed by the state treasurer shall continue to accumulate indefinitely.

SECTION 87. 71.05 (6) (a) 21. of the statutes is created to read:

71.05 **(6)** (a) 21. Any amount deducted under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 88. 71.07 (5) (a) 8. of the statutes is created to read:

71.07 **(5)** (a) 8. Expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 89. 71.10 (3) (a) of the statutes is amended to read:

71.10 **(3)** (a) Every individual filing an income tax return who has a tax liability or is entitled to a tax refund may designate ~~$1~~ $5 for transfer to the Wisconsin election campaign fund ~~for the use of eligible candidates under s. 11.50~~. If the individuals filing a joint return have a tax liability or are entitled to a tax refund, each individual may make a designation of ~~$1~~ $5 under this subsection. Each individual making a designation shall indicate whether the amount designated by that individual shall be placed in the general account for the use of all eligible

candidates for state office, or in the account of an eligible political party whose name is certified to the secretary of revenue under s. 11.50 (14) ~~for the use of all eligible candidates of that political party for state office~~. If an individual does not indicate that the amount of his or her designation shall be placed in the account of a particular eligible political party, that amount shall be placed in the general account.

auto ref. "KA"

SECTION 90. 71.10 (3) (b) of the statutes is amended to read:

71.10 **(3)** (b) The secretary of revenue shall provide a place for ~~those~~ designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax liability. ~~Annually on August 15~~ The secretary shall also provide a place in the instructions that accompany the return for any information submitted to the secretary by the elections board under s. 11.50 (2m). No later than the 15th day of each month ~~Annually on August 15~~ plain comma the secretary of revenue shall certify to the elections board, the department of administration and the state treasurer ~~under s. 11.50~~ the total amount of designations made on returns processed by the department of revenue during the preceding ~~fiscal year~~ month and the amount of designations made during that month for the general account and for the account of each eligible ~~recognized~~ political party. If any individual attempts to place any condition or restriction upon a designation not authorized under par. (a), that individual is deemed not to have made a designation on his or her tax return.

FWS 42-18

SECTION 91. 71.26 (1) (a) of the statutes is amended to read:

71.26 **(1)** (a) *Certain corporations.* Income of corporations organized under ch. 185, except income of a cooperative sickness care association organized under s. 185.981, or of a service insurance corporation organized under ch. 613, that is derived from a health maintenance organization as defined in s. 609.01 (2) or a limited service health organization as defined in s. 609.01 (3), or operating under subch. I of ch. 616 which are bona fide cooperatives operated without pecuniary profit to any

Proof w/ state

shareholder or member, or operated on a cooperative plan pursuant to which they determine and distribute their proceeds in substantial compliance with s. 185.45, and the income, except the unrelated business taxable income as defined in section 512 of the internal revenue code and except income that is derived from a health maintenance organization as defined in s. 609.01 (2) or a limited service health organization as defined in s. 609.01 (3), of all religious, scientific, educational, benevolent or other corporations or associations of individuals not organized or conducted for pecuniary profit. In computing unrelated business taxable income for the purposes of this paragraph, the expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted. This paragraph does not apply to the income of savings banks, mutual loan corporations or savings and loan associations. This paragraph applies to the income of credit unions except to the income of any credit union that is derived from public deposits for any taxable year in which the credit union is approved as a public depository under ch. 34 and acts as a depository of state or local funds under s. 186.113 (20). For purposes of this paragraph, the income of a credit union that is derived from public deposits is the product of the credit union's gross annual income for the taxable year multiplied by a fraction, the numerator of which is the average monthly balance of public deposits in the credit union during the taxable year, and the denominator of which is the average monthly balance of all deposits in the credit union during the taxable year.

SECTION 92. 71.26 (2) (b) 1g. of the statutes is created to read:

71.26 **(2)** (b) 1g. In computing the net income under this paragraph of a corporation, conduit or common law trust that qualifies as a regulated investment company, real estate mortgage investment conduit or real estate investment trust,

expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 93. 71.26 (3) (e) 4. of the statutes is created to read:

71.26 **(3)** (e) 4. So that expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 94. 71.34 (1) (ad) of the statutes is created to read:

71.34 **(1)** (ad) The expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 95. 71.45 (2) (a) 15. of the statutes is created to read:

71.45 **(2)** (a) 15. By adding to federal taxable income the amount of any expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 96. 71.80 (21) of the statutes is created to read:

71.80 **(21)** TAXABILITY OF LOBBYING EXPENSES; CERTIFICATION. Annually no later than August 15, the secretary of revenue shall certify to the secretary of administration the amount of taxes estimated by the secretary of revenue to have been collected during the preceding 12–month period ending on August 15 as a result of the election of this state not to allow an income and franchise tax deduction for expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible because of the exemption contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 97. Chapter 77 (title) of the statutes is amended to read:

INS 45-1

CHAPTER 77

TAXATION OF FOREST CROPLANDS; REAL ESTATE TRANSFER FEES; SALES AND USE TAXES; COUNTY AND SPECIAL DISTRICT SALES AND USE TAXES; MANAGED FOREST LAND; TEMPORARY RECYCLING SURCHARGE; LOCAL FOOD AND BEVERAGE TAX; LOCAL RENTAL CAR TAX; PREMIER RESORT AREA TAXES; STATE RENTAL VEHICLE FEE; DRY CLEANING FEES; CAMPAIGN TREASURY SURPLUS EARNINGS TAX

SECTION 98. Subchapter XIII of chapter 77 [precedes ~~[illegible]~~ 77.997] of the statutes is created to read:

CHAPTER 77

SUBCHAPTER XIII

CAMPAIGN TREASURY

SURPLUS EARNINGS TAX

77.997 Definitions. In this subchapter:

(1) "Campaign treasury surplus" means the unencumbered balance in the campaign depository account of a candidate or ~~his or her~~ a candidate's personal campaign committee during the period beginning on the first day of the month following an election at which the name of the candidate appeared on the ballot, except a primary election if the candidate was nominated at that primary election to appear on an election ballot, and ending on the date that the candidate files a valid declaration of candidacy together with valid nomination papers, if required, to appear on the ballot at a succeeding election.

(2) "Candidate" has the meaning given in s. ~~11.02~~ 11.01 (1).

(3) "Election" has the meaning given in s. 5.02 (4).

(4) "Personal campaign committee" has the meaning given in s. 11.01 (15).

77.9971 Imposition. ~~There~~ A tax is imposed on ~~every~~ each candidate and personal campaign committee ~~a tax~~ at the rate of 15% on the earnings received by ~~that~~ the candidate or personal campaign committee on any campaign treasury surplus for the 6–month period ending on each December 31 and June 30.

77.9972 Administration. (1) The department of revenue shall levy, enforce and collect the tax under this subchapter.

(2) The tax under this subchapter and a completed return prescribed by the department of revenue are due on March 1 and September 1.

(3) Sections 77.59 (1) to (6), (8) and (8m), 77.60 (1) to (7), (9) and (10), 77.61 (5) and (12) to (14) and 77.62, as they apply to the taxes under subch. III, apply to the tax under this subchapter.

77.9973 Certification. Annually no later than August 31, the secretary of revenue shall certify to the secretary of administration the amount of taxes collected under this subchapter for ~~during~~ the preceding 12–month period ending on June 30 ~~August 15~~.

SECTION 99. Initial applicability.

(1) Except as provided in subsections (2) to (6), this act first applies to elections held on the effective date of this subsection ~~day after publication~~.

(2) The treatment of section 11.06 (1) (a), (d) and (L) of the statutes first applies to reports covering the period beginning on January 1, 2001.

(3) The treatment of section 11.31 (9) of the statutes first applies to adjustment of disbursement limitations for the biennium beginning on January 1, 1999.

(4) The treatment of sections 71.05 (6) (a) 21., 71.07 (5) (a) 8., 71.10 (3) (a), 71.26 (1) (a), (2) (b) 1g. and (3) (e) 4., 71.34 (1) (ad) and 71.45 (2) (a) 15. of the statutes first

stet

~~applies~~ to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after July 31 this act first applies to claims filed for taxable years beginning on January 1 of the year following the year in which this subsection takes effect.

~~(5) The treatment of section 71.10 (3) (a) of the statutes first applies to tax returns for taxable years beginning on the January 1 following the effective date of this subsection.~~

(#) ~~(6)~~ The treatment of subchapter XIII of chapter 77 of the statutes first applies to earnings received on January 1, 2001.

SECTION 100. Effective dates. This act takes effect on the day after publication, except as follows:

~~(1) The treatment of section 11.20 (10) (a) of the statutes takes effect on July 1, 2000.~~

(#) (2) The treatment of section 20.510 (1) (q) (by SECTION 81) of the statutes and the repeal of section 11.50 (2m) of the statutes take effect on the first day of the 7th year beginning after publication.

~~(3) The treatment of section 20.510 (1) (d) of the statutes takes effect on January 1, 2001.~~

(#) The treatment of section 71.10(3) (b) (by SECTION CS) takes effect on the first day of the 7th year beginning after publication.

(END)

autoref "AM"

of the statutes

INSERT 4A

The bill also creates a new contribution limitation which prohibits any candidate for state or local office from accepting total contributions from all political committees, including political party committees, as well as from individual contributors who contribute more than 50% of the amount or value that an individual may contribute, equal, in the aggregate, to more than 25% of the value of the statutory disbursement level specified for the office which the candidate seeks.

INSERT 8A

3. Retains the current system of grants from a "general account" for which moneys may be designated by tax filers, except that it increases by 50% the amounts allocated for the offices of justice of the supreme court and state superintendent of public instruction.

4. Permits political parties that qualify for a separate column or row on the ballot at the general election to obtain grants from checkoffs made by tax filers. The bill provides for 9.7% of the moneys designated for political parties by tax filers to be paid directly as grants to the designated parties to be used for specified multi-candidate expenses. The bill provides for 97% of the remaining moneys designated by tax filers to be paid to candidates of the designated parties for state offices, except the office of district attorney, in accordance with an apportionment formula specified in the bill that takes into account, in the case of candidates for legislative office, the votes cast for candidates of the designated party within each legislative district. Amounts otherwise payable to parties that do not have candidates for an office, have unopposed candidates or have candidates who fail to qualify for grants are redistributed to the parties or to the general account, or lapsed to the state general fund.

5. Provides that an agreement by a candidate for state office to be bound by contribution and disbursement limitations remains binding until the candidate enters into a new agreement for a subsequent election or the candidate terminates his or her registration.

6. Provides for grants payable to candidates for state office at special elections to be payable in full from general purpose revenue.

7. Prohibits a candidate who accepts a grant from making any contribution or disbursement for any purpose other than to advance his or her own candidacy.

PENALTIES

Violators are subject to a forfeiture (civil penalty) of not more than $500 for each violation, except that violators of contribution limitations are subject to a forfeiture of not more than treble the amount unlawfully contributed. In addition, intentional violators are guilty of a misdemeanor and are subject to a fine of not more than $1,000 or imprisonment for not more than 6 months, or both. The bill provides, in addition,

SIX

that if any candidate who accepts a grant violates the agreement to limit self–contributions and disbursements that was entered into by that candidate, the candidate is personally liable for a forfeiture of not more than four times the amount of any unlawful contributions or disbursements made.

INSERT 8B

Currently, a candidate may use moneys in his or her campaign treasury for any political purpose not prohibited by law.

INSERT 10–7

SECTION 1. 7.08 (2) (cs) of the statutes is created to read:

7.08 **(2)** (cs) In each even–numbered year, certify to the state treasurer for the period beginning with the month following certification and ending with the month in which the next certification is made by the board:

1. No later than July 1, the name of each political party that qualifies under s. 11.50 (1) (am) 1. as an eligible political party as of the preceding June 1 and whose state chairperson has filed a request to establish an account for the party under s. 11.50 (2s) (a).

2. No later than December 15, the name of each political party that qualifies under s. 11.50 (1) (am) 2. as an eligible political party as of the date of the preceding general election and whose state chairperson has filed a written request to establish an account for the party under s. 11.50 (2s) (a).

INSERT 19–9:2

SECTION 2. 11.25 (2) (am) of the statutes is created to read:

11.25 **(2)** (am) No candidate who accepts a grant under s. 11.50 or his or her personal campaign committee may make any disbursement to support or oppose any candidacy for national office or for any political purpose other than to advance his or her candidacy. This paragraph applies beginning on the date that a candidate accepts a grant and ending on the date that the candidate's personal campaign committee files a termination report.

INSERT 19–23 (sort; out-of-order)

SECTION 3. 11.24 (1s) of the statutes is created to read:

11.24 **(1s)** No candidate who accepts a grant under s. 11.50 or his or her personal campaign committee may make any contribution to any person, committee or group subject to a registration requirement under s. 11.05. This subsection applies beginning on the date that the candidate accepts a grant and ending on the date that the candidate's personal campaign committee files a termination report.

INSERT 27–6:1

SECTION 4. 11.50 (1) (bm) and (cm) of the statutes are created to read:

11.50 **(1)** (bm) "General account" means the account in the fund created under sub. (2w).

(cm) "Political party account" means the account in the fund created under sub. (2s).

sort; out-of-order

SECTION 5. 11.50 (1) (a) 1. of the statutes is renumbered 11.50 (1) (a) 1. a.

SECTION 6. 11.50 (1) (a) 1. of the statutes is created to read: (intro.)

11.50 **(1)** (a) 1. For purposes of qualification for a grant from the general account: (intro.)

INSERT 27–6:3

SECTION 7. 11.50 (1) (a) 2. of the statutes is created to read:

11.50 **(1)** (a) 2. For purposes of a qualification for a grant from a political party account, an individual who is certified under s. 7.08 (2) (a) ~~as a candidate~~ in the general election or a special election as the candidate of an eligible political party for a state office, other than district attorney, or an individual who has been lawfully appointed and certified to replace such an individual on the ballot at the general or a special election; and who has qualified for a grant under sub. (2).

INSERT 30–19

(b) The board shall make grants to each eligible political party for which an account is established under par. (a) in an amount equivalent to 9.7% of the total amount designated by income tax filers under s. 71.10 (3) (a) for deposit in the account of that political party, plus 100% of the amounts transferred to the account of that political party under par. (h).

(c) Except as provided in pars. (e) to (j) and sub. (9) (a), from the account of each eligible political party, the board shall apportion the following amounts to the accounts of eligible candidates for the following offices:

1. An amount equal to 12.8% to the candidate for the office of governor.

2. An amount equal to1.2% to the candidate for the office of lieutenant governor.

3. An amount equal to 2.4% to the candidate for the office of attorney general.

4. An amount equal to 1.2% to the candidate for the office of secretary of state.

5. An amount equal to 1.2% to the candidate for the office of state treasurer.

6. An amount equal to 23~~6~~1/3% to the candidates for the office of state senator.

7. An amount equal to 46~~0~~2/3% to the candidates for the office of representative to the assembly.

(d) Except as provided in pars. (e) to (j) and sub. (9) (a), each candidate for the office of state senator or representative to the assembly shall receive the amount from the political party account under par. (c) 6. or 7. determined as follows:

1. For each county within the legislative district in which a candidate seeks office, the board shall calculate the sum of the votes cast in the most recent general election at which the seat sought by the candidate was filled in that part of the county in which the district is located for all candidates of the political party of that candidate for all state offices, except district attorney.

2. The board shall then calculate the sum of the votes cast in the most recent general election at which the seat sought by the candidate was filled in that county for all candidates of the political party of that candidate for all state offices, except district attorney.

3. The board shall then divide the result obtained under subd. 1 by the result obtained under subd. 2 and multiply that result by the amount in the political party account of the political party of that candidate allocated for the candidate or candidates for the office for which the candidate seeks. election

(e) If a political party does not have a candidate for any office specified in par. (c) 1. to 5. whose name is certified to appear on the general or a special election ballot, the board shall transfer the amount allocated under par. (c) for that candidate to the general account under sub. (2m).

(f) If a political party does not have a candidate for any office specified in par. (c) 6. or 7. in any legislative district, the board shall transfer the amount allocated under par. (c) for that candidate to the general fund.

(g) If a political party does not have a candidate for any office specified in par. (c) 1. to 5. who has an opponent whose name is certified to appear on the general or a special election ballot, the board shall retain the amount allocated under par. (c) for that candidate in the political party account until the next distribution occurs under this subsection at the next election.

(h) If a political party does not have a candidate for any office specified in par. (c) 6. or 7. who has an opponent whose name is certified to appear on the general or a special election ballot, the board shall transfer the amount allocated under par. (c) for that candidate to the political party account of the party of that candidate for distribution to the party under ~~sub. (2s)~~ (b). par.

(i) If a political party has a candidate for any office specified in par. (c) 1. to 5. who has not qualified to receive a grant under sub. (2), the board shall retain the amount allocated under par. (c) for that candidate in the political party account until the next distribution occurs under this subsection at the next election.

(j) If a political party has a candidate for any office specified in par. (c) 6. or 7. who has not qualified to receive a grant under sub. (2), the board shall transfer the amount allocated under par. (c) for that candidate to the general fund.

(Ins 19-19:1)

Section #. 11.25 (2) (a) of the statutes is amended to read:

or as otherwise specifically provided by law

Except as provided in par. (b), no

11.25 (2) (a) ~~No~~ person, committee or group may make or authorize a disbursement or the incurrence of an obligation from moneys solicited for political purposes for a purpose which is other than political~~; except as specifically authorized by law~~.

History: 1973 c. 334; 1975 c. 93; 1979 c. 328; 1981 c. 20; 1983 a. 27, 183; 1985 a. 303 ss. 43s, 86; 1987 a. 370; 1993 a. 213.

Jw S 27-6:2 ✓

Section #. 11.50 (1) (a) 2. of the statutes is renumbered 11.50 (1)(a) 1.b. and amended to read:

11.50 **(1)** (a) 1. b. With respect to a special election, an individual who is certified under s. 8.50 (1) (d) as a candidate in a special election for state superintendent, or an individual who is certified under s. 8.50 (1) (d) as a candidate in a special election for any state office, except district attorney, on the ballot or column of a party whose candidate for the same office at the preceding general election received at least 6% of the vote cast for all candidates on all ballots for the office, or an individual who has been lawfully appointed and certified to replace either such individual on the ballot at a special election, or an individual who receives at least 6% of the vote cast for all candidates on all ballots for any state office, except district attorney, at a partisan special election; and who qualifies for a grant under sub. (2). Where the boundaries of a district in which an individual seeks office have been changed since the preceding general election such that it is not possible to calculate the exact number of votes that are needed by that individual to qualify as an eligible candidate prior to an election ~~under this subdivision~~, the number of votes cast for all candidates for the office at the preceding general election in each ward, combination of wards or municipality which is wholly contained within the boundaries of the newly formed district shall be calculated. If the candidate of the political party on whose ballot or column the individual appears in the newly formed district obtained at least 6% of the number of votes calculated, the individual is deemed to qualify as an eligible candidate prior to the election under this subdivision. plain

History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.

this ref is OK

TMS 30-3

Section #. 11.50 (2) (i) of the statutes is amended to read:

11.50 **(2)** (i) Notwithstanding par. (g), if an eligible candidate at the spring election or a special nonpartisan election who accepts a grant is opposed by one or more candidates in the election, or if an eligible candidate at the general election or a special partisan election who accepts a grant is opposed by one or more candidates in the election who receive at least 6% of the vote cast for all candidates for the same office on all ballots at the September primary or a special partisan primary if a primary was held, and in either case if any such opponent of the eligible candidate does not accept a grant under this section in whole or in part, the eligible candidate is not bound by the pledge made in his or her application to adhere to the contribution limitations prescribed in s. 11.26 and the disbursement limitation prescribed under s. 11.31~~, unless each such opponent files an affidavit of voluntary compliance under s. 11.31 (2m)~~.

~~**History:** 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; 1987 a. 370, 391, 403; 1989 a. 31; 1989 a. 192 s. 75.~~

Tws 33-1 ✓

Section #. 11.50 (5) of the statutes is renumbered 11.50 (5)(a) and amended to read:

11.50 (5) ~~TIME OF DISBURSEMENT.~~ The state treasurer shall make the disbursements to the ~~campaign~~ treasurer of ~~each~~ the personal campaign committee of each candidate who receives a grant ~~depository account of each eligible candidate~~ under subs. (3) and (4) (b) by the end of the 3rd business day following notice from the board under s. 7.08 (2) (c) or (cm). Eligible candidates for governor and lieutenant governor of the same political party may combine accounts if desired.

~~History: 1977 c. 107, 272; 1979 c. 328;~~ 1983 a. 51; 1983 a. 484 s. 174; 1985 a. 303 ss. 73 to 79, 86; ~~1987 a. 370, 391,~~ 403; 1989 a. 31; 1989 a. 192 s. 75.

SECTION . CR; 11.50 (5) (c)

11.50 (5) (c) The state treasurer shall make the disbursements to the treasurer of the state committee of each political party that receives a grant by the end of the 3rd business day following receipt of each certification from the secretary of revenue under s. 71.10(3)(b).

Sens 42-18

candidates for state office, or in the account of an eligible political party whose name is certified to the secretary of revenue under s. 11.50 (14) for the use of all eligible candidates of that political party for state office. If an individual does not indicate that the amount of his or her designation shall be placed in the account of a particular eligible political party, that amount shall be placed in the general account.

SECTION 90. 71.10 (3) (b) of the statutes, as affected by 1999 Wisconsin Act ... (this act), is amended to read:

author "AM"

71.10 **(3)** (b) The secretary of revenue shall provide a place for those designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax liability. The secretary shall also provide a place in the instructions that accompany the return for any information submitted to the secretary by the elections board under s. 11.50 (2m). Annually on August 1, the secretary of revenue shall certify to the elections board, the department of administration and the state treasurer under s. 11.50 the total amount of designations made during the preceding fiscal year and the amount of designations made for the general account and for the account of each recognized political party. If any individual attempts to place any condition or restriction upon a designation not authorized under par. (a), that individual is deemed not to have made a designation on his or her tax return.

strike

strike

No later than the 15th day of each month

on returns processed by the department of revenue

month

during that month

eligible

SECTION 91. 71.26 (1) (a) of the statutes is amended to read:

71.26 (1) (a) *Certain corporations.* Income of corporations organized under ch. 185, except income of a cooperative sickness care association organized under s. 185.981, or of a service insurance corporation organized under ch. 613, that is derived from a health maintenance organization as defined in s. 609.01 (2) or a limited service health organization as defined in s. 609.01 (3), or operating under subch. I of ch. 616 which are bona fide cooperatives operated without pecuniary profit to any

JNS 45-1

WPD: Break these lines like this; we can't have more than 31 characters in a centered title line.

CHAPTER 77

TAXATION OF FOREST CROPLANDS; REAL ESTATE TRANSFER FEES; SALES AND USE TAXES; COUNTY AND SPECIAL DISTRICT SALES AND USE TAXES; MANAGED FOREST LAND; TEMPORARY RECYCLING SURCHARGE; LOCAL FOOD AND BEVERAGE TAX; LOCAL RENTAL CAR TAX; PREMIER RESORT AREA TAXES; STATE RENTAL VEHICLE FEE; DRY CLEANING FEES; CAMPAIGN TREASURY SURPLUS EARNINGS TAX

SECTION 98. Subchapter XIII of chapter 77 [precedes 77.9965] of the statutes is created to read:

CHAPTER 77

SUBCHAPTER XIII

CAMPAIGN TREASURY

SURPLUS EARNINGS TAX

77.997 Definitions. In this subchapter:

(1) "Campaign treasury surplus" means the unencumbered balance in the campaign depository account of a candidate or his or her personal campaign committee during the period beginning on the first day of the month following an election at which the name of the candidate appeared on the ballot, except a primary

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–1801/~~P1dn~~ 1 dn
JTK:...:hmh

March 2, 1999

Jws
D1A

1. Your instructions indicated "Treat conduits in the same manner as PACs". 1997 SB–463 did something different: it treated conduit committee contributions the same as contributions received from other committees for purposes of committee contribution limits and for purposes of public financing qualification and grant amounts, but it did not subject contributions received from individuals acting as conduits to individual contribution limits. This draft, like SB–463, provides for all conduit committee contributions to be treated in the same manner as contributions from nonconduit committees. Let me know if this is not in accord with your intent.

2. In your instructions, under "Kettl Commission", you indicated that you wanted a biennial cost–of–living adjustment to be made to disbursement limitations. 1997 SB–463 provided for such an adjustment. The Kettl Commission, however, provided for the cost–of–living adjustment to be in turn adjusted by the rate of increase or decrease in the voting-age population of this state, as determined by the federal election commission. This draft incorporates the Kettl Commission language. Please let me know if this is not in accord with your intent.

3. Your instructions did not specify the exact applicability of the "warchest tax". Under this draft, the tax applies only to candidates and personal campaign committees, and only to unencumbered balances in a campaign treasury during the period beginning on the first day of the month following an election at which a candidate appeared on the ballot and ending on the date that the candidate files papers to again become a candidate for reelection or election to another office. See proposed subch. XIII of ch. 77. Please let me know if this is not in accord with your intent.

4. Your instructions did not specify whether those contribution limits that are calculated as a percentage of disbursement levels and the maximum grant amounts are to be increased by 10% for first–time candidates. This draft provides that those contribution limits, as well as the maximum grant amounts, are the same for all candidates seeking the same office. This reflects the treatment of this issue by 1997 SB–7 and similar proposals. Please let me know if this is not in accord with your intent.

5. The instructions provided that all grant moneys exceeding the amount expended by a candidate in his or her campaign shall revert to the state. This draft provides that grant moneys revert to the state to the extent that the total amount of disbursements that were made or obligated to be made by a candidate after the date of the primary election ~~exceed~~ exceeds the amount of the grant. See the text of s. 11.50 (8), stats., as affected

by this draft. Note that under s. 11.50 (7) (b), stats., as affected by this draft, grant moneys may be used only for certain purposes. Please let me know if this is not in accord with your intent.

12 ~~6~~. Under the instructions, a public subsidy agreement goes into effect on the deadline for filing a declaration of candidacy (for partisan candidates, the 2nd Tuesday in July). The agreement is in effect for an "election cycle", which begins the following January 1 and ends on December 31 either two years or four years later (10 years later for justice candidates), unless registration is terminated earlier. This methodolgy does not seem to square with the campaign cycle. This draft, therefore, ends the subsidy agreement when candidates file new ones, either two years or four years (10 years for justice candidates) after the old ones were filed. It also ends the agreements during special election campaign periods. See the proposed treatment of s. 11.50 (2) (a), stats. Currently, there is a hiatus period during which a candidate who accepts a grant may make disbursements without being subject to any limitation. This draft ends that practice. See the treatment of s. 11.31 (7) (a), stats. However, because under current law it is possible to start a new campaign before the old one ends and because different candidates for the same office begin and end their campaigns at different times, it is not possible to dovetail the subsidy agreement period with the period during which the disbursement limitation for a particular campaign is calculated. The draft therefore does not attempt to accomplish that. Please let me know if this is not in accord with your intent.

for candidates at special elections

between elections

13 ~~7~~. Currently, ch. 11., stats., generally requires disclosure of financial activity by individuals and committees seeking to influence the election or defeat of candidates for state or local office [see ss. 11.01 (6), (7), (11) and (16), 11.05 and 11.06, stats.], unless a disbursement is made or obligation incurred by an individual other than a candidate or by a committee which is not organized primarily for political purposes, the disbursement is not a contribution as defined in the law and the disbursement is not made to expressly advocate the election or defeat of a clearly identified candidate [see s. 11.06 (2), stats.]. This language pretty closely tracks the holding of the U.S. Supreme Court in *Buckley v. Valeo, et al.*, 96 S.Ct. 612, 656–664 (1976), which prescribes the boundaries of disclosure that may be constitutionally enforced (except as those requirements affect certain minor parties and independent candidates). Proposed s. 11.065, which requires registration by individuals or organizations that publish, broadcast or disseminate communications containing the name or likeness of ~~a~~ that candidate for state or local office, appears to extend beyond the boundaries ~~which~~ the court permitted in 1976. As a result, its enforceability at the current time appears to rest upon a shift by the court in its stance on this issue.

14 8. In *McIntyre v. Ohio Elections Commission*, 115 S.Ct. 1151 (1995), the U.S. Supreme Court found unconstitutional, under the First Amendment, a statute ~~which~~ that prohibited publication or distribution of any material designed to promote the nomination or election of a candidate or the adoption or defeat of any issue or to influence the voters at any election without identification of the name and address of the person who publishes or distributes the material. The court, however, indicated that a state's interest in preventing fraud might justify a more limited disclosure requirement (115 S.Ct. at 1522). Further, the court indicated that it still approved of

requirements to disclose independent expenditures, which it upheld in *Buckley v. Valeo, et. al.*, 96 S.Ct. 612, 661–662 (1976), (*McIntyre*, 115 S.Ct. at 1523). In view of this opinion, the constitutionality of disclosure statutes such as proposed s. 11.095, relating to persuasive telephoning, is not clear at this point. We will have to await further decisions from the court before we know the exact limits of a state's ability to regulate in this field.

upo: Acts [illegible]

7. I want to note briefly that a few of the provisions of this draft are innovative, and we do not yet have, to my knowledge, specific guidance from the federal courts concerning the enforceability of provisions of these types. It is well possible that a court may find a rational basis for these provisions that would permit them to be upheld. However, because of the concerns expressed by the U.S. Supreme Court in *Buckley v. Valeo, et al.*, 96 S.Ct. 612 (1976), and certain other cases, that attempts to regulate campaign financing activities may, in some instances, impermissibly intrude upon freedom of speech or association, or equal protection guarantees, it is possible that enforceability problems with these provisions may occur. In particular, those provisions concerning which we do not have specific guidance at this time are:

a. Proposed s. 11.24 (4), which limits the amount or value of contributions that some individuals may make during certain periods.

~~b. Proposed s. 11.26 (8m), which prohibits committees from making contributions to certain other committees.~~

b. ~~c.~~ The proposed revision of s. 11.50, stats., which entitles candidates of established parties to receive additional grants that are not provided to candidates of new parties or independent candidates.

c. ~~d.~~ The proposed revision of s. 13.625 (1) (c), stats., which prohibits lobbyists from making any campaign contributions.

If you need further information or would like to make any changes based on the above information, please let me know.

Jeffery T. Kuesel
Managing Attorney
Phone: (608) 266–6778

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–1801/1dni
JTK...:...:...

For S D 7 A

that

1. Concerning political contribution refunds, while the Minnesota law refers to claimants of these refunds as "taxpayers" it does not specify what tax these individuals must have paid. Under current Wisconsin law, the Wisconsin election campaign fund checkoff may be exercised by any individual who owes an income tax or is due an income tax refund. The only real qualification for obtaining a refund I could discern from the Minnesota law is that claimants are required to be state residents. This draft provides, therefore, that any resident individual or married couple may claim the political contribution refund. See proposed s. 11.70. Because under the draft, this refund may be claimed at any time and is not tied in with a tax return, the draft provides no delayed effective date for the refund provisions. Please let me know if this is not in accord with your intent.

2. The Minnesota allocation scheme for distribution of money in the general account does not work for Wisconsin because we must factor in nonpartisan candidates (justice and state superintendent), and we don't have state senators with alternating 2–year and 4–year terms. Therefore, this draft retains the current allocation scheme for distribution of moneys in the general account, except that per your oral instructions, it increases the allocations for the offices of justice and state superintendent from 8% to 12% of the account for each office, in order to compensate for the fact that candidates for these offices will not benefit from any party designations by tax filers. See the treatment of s. 11.50 (3) and (4), stats. Please let me know if this is not in accord with your intent.

3. This draft provides, in proposed ss. 11.24 (1s) and 11.25 (1) (am), that a candidate who accepts a grant may not thereafter make a contribution or disbursement from his or her campaign treasury for any political purpose other than to advance his or her candidacy. Under the draft, there is no expiration to this obligation; it lasts until the candidate terminates his or her registration. Please let me know if this is not consistent with your intent.

4. Since under current Wisconsin law, candidates for the offices of governor and lieutenant governor must separately qualify for grants and maintain separate campaign depository accounts, but may, under s. 11.50 (5), stats., combine accounts if desired, I split the 14% allocation for these offices under the Minnesota law so that candidates for governor receive 12.8% of the allocation and the candidates for lieutenant governor receive 1.2% of the allocation. See proposed s. 11.50 (2s) (e). Please let me know if this is not in accord with your intent.

C

5. The instructions provided for alternative disposition of moneys set aside in political party accounts for candidates of political parties who fail to sign public subsidy agreements. This draft provides, in addition, for the same disposition to be made if such candidates fail to raise sufficient qualifying contributions. See proposed s. 11.50 (2s) (i) and (j). Please let me know if this is not in accord with your intent.

6. Currently, under Wisconsin law, a candidate who has an opponent who could have qualified to receive a grant but declined to do so is not bound by disbursement and contribution limitations. Minnesota law also includes a similar feature. However, under Wisconsin law, a candidate who declines to accept a grant but is willing to accept disbursement and contribution limitations may file an affidavit of voluntary compliance under s. 11.31 (2m), stats. and thereby continue to bind his or her opponent (who accepts a grant) to disbursement and contribution limitations. Since Minnesota law does not include this feature, this draft deletes it. Please let me know if this is not in accord with your intent.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–1801/1dn
JTK:kg:hmh

March 8, 1999

1. Concerning political contribution refunds, while the Minnesota law refers to claimants of these refunds as "taxpayers" it does not specify what tax these individuals must have paid. Under current Wisconsin law, the Wisconsin election campaign fund checkoff may be exercised by any individual who owes an income tax or is due an income tax refund. The only real qualification for obtaining a refund that I could discern from the Minnesota law is that claimants are required to be state residents. This draft provides, therefore, that any resident individual or married couple may claim the political contribution refund. See proposed s. 11.70. Because under the draft this refund may be claimed at any time and is not tied in with a tax return, the draft provides no delayed effective date for the refund provisions. Please let me know if this is not in accord with your intent.

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5. The instructions provided for alternative disposition of moneys set aside in political party accounts for candidates of political parties who fail to sign public subsidy agreements. This draft provides, in addition, for the same disposition to be made if such candidates fail to raise sufficient qualifying contributions. See proposed s. 11.50 (2s) (i) and (j). Please let me know if this is not in accord with your intent.

6. Currently, under Wisconsin law, a candidate who has an opponent who could have qualified to receive a grant but declined to do so is not bound by disbursement and contribution limitations. Minnesota law also includes a similar feature. However, under Wisconsin law, a candidate who declines to accept a grant but is willing to accept disbursement and contribution limitations may file an affidavit of voluntary compliance under s. 11.31 (2m), stats., and thereby continue to bind his or her opponent (who accepts a grant) to disbursement and contribution limitations. Since Minnesota law does not include this feature, this draft deletes it. Please let me know if this is not in accord with your intent.

7. Your instructions indicated "Treat conduits in the same manner as PACs". 1997 SB–463 did something different: it treated conduit committee contributions the same as contributions received from other committees for purposes of committee contribution limits and for purposes of public financing qualification and grant amounts, but it did not subject contributions received from individuals acting as conduits to individual contribution limits. This draft, like SB–463, provides for all conduit committee contributions to be treated in the same manner as contributions from nonconduit committees. Let me know if this is not in accord with your intent.

8. In your instructions, under "Kettl Commission", you indicated that you wanted a biennial cost–of–living adjustment to be made to disbursement limitations. 1997 SB–463 provided for such an adjustment. The Kettl Commission, however, provided for the cost–of–living adjustment to be in turn adjusted by the rate of increase or decrease in the voting–age population of this state, as determined by the federal election commission. This draft incorporates the Kettl Commission language. Please let me know if this is not in accord with your intent.

9. Your instructions did not specify the exact applicability of the "war chest tax". Under this draft, the tax applies only to candidates and personal campaign committees, and only to unencumbered balances in a campaign treasury during the period beginning on the first day of the month following an election at which a candidate appeared on the ballot and ending on the date that the candidate files papers to again become a candidate for reelection or election to another office. See proposed subch. XIII of ch. 77. Please let me know if this is not in accord with your intent.

10. Your instructions did not specify whether those contribution limits that are calculated as a percentage of disbursement levels and the maximum grant amounts are to be increased by 10% for first–time candidates. This draft provides that those contribution limits, as well as the maximum grant amounts, are the same for all candidates seeking the same office. This reflects the treatment of this issue by 1997 SB–7 and similar proposals. Please let me know if this is not in accord with your intent.

11. The instructions provided that all grant moneys exceeding the amount expended by a candidate in his or her campaign shall revert to the state. This draft provides that

grant moneys revert to the state to the extent that the total amount of disbursements that were made or obligated to be made by a candidate after the date of the primary election exceeds the amount of the grant. See the text of s. 11.50 (8), stats., as affected by this draft. Note that under s. 11.50 (7) (b), stats., as affected by this draft, grant moneys may be used only for certain purposes. Please let me know if this is not in accord with your intent.

12. Under the instructions, a public subsidy agreement goes into effect on the deadline for filing a declaration of candidacy (for partisan candidates, the 2nd Tuesday in July). The agreement is in effect for an "election cycle", which begins the following January 1 and ends on December 31 either two years or four years later (10 years later for justice candidates), unless registration is terminated earlier. This methodology does not seem to square with the campaign cycle. This draft, therefore, ends the subsidy agreements when candidates file new ones, either two years or four years (10 years for justice candidates) after the old ones were filed. It also ends the agreements for candidates at special elections during special election campaign periods. See the proposed treatment of s. 11.50 (2) (a), stats. Currently, there is a hiatus period between elections during which a candidate who accepts a grant may make disbursements without being subject to any limitation. This draft ends that practice. See the treatment of s. 11.31 (7) (a), stats. However, because under current law it is possible to start a new campaign before the old one ends and because different candidates for the same office begin and end their campaigns at different times, it is not possible to dovetail the subsidy agreement period with the period during which the disbursement limitation for a particular campaign is calculated. The draft therefore does not attempt to accomplish that. Please let me know if this is not in accord with your intent.

13. Currently, ch. 11., stats., generally requires disclosure of financial activity by individuals and committees seeking to influence the election or defeat of candidates for state or local office [see ss. 11.01 (6), (7), (11) and (16), 11.05 and 11.06, stats.], unless a disbursement is made or obligation incurred by an individual other than a candidate or by a committee which is not organized primarily for political purposes, the disbursement is not a contribution as defined in the law and the disbursement is not made to expressly advocate the election or defeat of a clearly identified candidate [see s. 11.06 (2), stats.]. This language pretty closely tracks the holding of the U.S. Supreme Court in *Buckley v. Valeo, et al.*, 96 S.Ct. 612, 656–664 (1976), which prescribes the boundaries of disclosure that may be constitutionally enforced (except as those requirements affect certain minor parties and independent candidates). Proposed s. 11.065, which requires registration by individuals or organizations that publish, broadcast or disseminate communications containing the name or likeness of a candidate for state or local office, appears to extend beyond the boundaries that the court permitted in 1976. As a result, its enforceability at the current time appears to rest upon a shift by the court in its stance on this issue.

14. In *McIntyre v. Ohio Elections Commission*, 115 S.Ct. 1151 (1995), the U.S. Supreme Court found unconstitutional, under the First Amendment, a statute that prohibited publication or distribution of any material designed to promote the nomination or election of a candidate or the adoption or defeat of any issue or to influence the voters at any election without identification of the name and address of

the person who publishes or distributes the material. The court, however, indicated that a state's interest in preventing fraud might justify a more limited disclosure requirement (115 S.Ct. at 1522). Further, the court indicated that it still approved of requirements to disclose independent expenditures, which it upheld in *Buckley v. Valeo, et. al.*, 96 S.Ct. 612, 661–662 (1976), (*McIntyre*, 115 S.Ct. at 1523). In view of this opinion, the constitutionality of disclosure statutes such as proposed s. 11.095, relating to persuasive telephoning, is not clear at this point. We will have to await further decisions from the court before we know the exact limits of a state's ability to regulate in this field.

15. I want to note briefly that a few of the provisions of this draft are innovative, and we do not yet have, to my knowledge, specific guidance from the federal courts concerning the enforceability of provisions of these types. It is well possible that a court may find a rational basis for these provisions that would permit them to be upheld. However, because of the concerns expressed by the U.S. Supreme Court in *Buckley v. Valeo, et al.*, 96 S.Ct. 612 (1976), and certain other cases, that attempts to regulate campaign financing activities may, in some instances, impermissibly intrude upon freedom of speech or association, or equal protection guarantees, it is possible that enforceability problems with these provisions may occur. In particular, those provisions concerning which we do not have specific guidance at this time are:

a. Proposed s. 11.24 (4), which limits the amount or value of contributions that some individuals may make during certain periods.

b. The proposed revision of s. 11.50, stats., which entitles candidates of established parties to receive additional grants that are not provided to candidates of new parties or independent candidates.

c. The proposed revision of s. 13.625 (1) (c), stats., which prohibits lobbyists from making any campaign contributions.

If you need further information or would like to make any changes based on the above information, please let me know.

Jeffery T. Kuesel
Managing Attorney
Phone: (608) 266–6778

RESPONSES TO CFR DRAFT
LRB-1801/1

1. **$50 refund.** See Section 11.70(2). Claimants should be restricted to Wisconsin residents of eligible voting age.
2. **Allocation of funds in WI Election Campaign Fund.** Retain current allocation scheme for distribution of moneys in the general account, except increase the allocations for the offices of justice and state superintendent from 8% to 12% of the account for each office, in order to compensate for the fact that candidates for these offices will not benefit from any party designations by tax filers. Model MN allocation scheme for distribution of money from the party account. *Okay.*
3. **Restrictions on use of campaign funds.** Section 11.24(1s) and Section 11.25(2)(am).. Maintain current law for the most part. Include the following prohibition, ***regardless*** of whether or not a candidate accepts a grant: *A candidate or the treasurer of a candidate's principal campaign committee shall not accept a transfer or contribution from another candidate's principal campaign committee unless the contributing candidate's principal campaign committee is being dissolved. A candidate's principal campaign committee shall not make a transfer or contribution to another candidate's principal campaign committee, except when the contributing committee is being dissolved (subject to committee contribution limits).* Furthermore, if a candidate ceases to be a candidate, and the candidate's personal campaign committee thereafter files a statement affirming under oath its independence of any candidate, the committee may not make any disbursement to advocate the election or defeat of a clearly identified candidate that is derived in whole or part from contributions received by the committee prior to filing the statement.
4. **Lt. Governor/Governor-political party account allocation.** Governor receives 12.8% of the allocation and the lieutenant governor receives 1.2 % of the allocation. *Okay.*
5. **Alternative dispositions of moneys in political party account.** See Section 11.50(2s)(e)-(j). CHANGE/SIMPLIFY. Under circumstances where there is no candidate, candidate does not qualify or candidate has not signed public subsidy agreement, $ goes to general fund (for both legislative and statewide offices). If the candidate has signed a public subsidy agreement but is unopposed, $ goes to party for multi-candidate expenses.
6. **Affidavit of voluntary compliance.** Get rid of this option as you have done in the draft. *Okay.*
7. **Treat conduits same as PACs.** Like SB 463, treat conduit committee contributions the same as contributions received from other committees for purposes of committee contribution limits and for purposes of public financing qualification. NOTE there should be no dollar for dollar reduction of grant for special interest committee contributions. ALSO, conduits should be included in 25% overall limitation on contributions from parties, PACs and major contributors.
8. **Biennial cost of living adjustment.** Kettl includes adjustment for the rate of increase or decrease in the voting age population of this state. *Okay.*

9. **War chest tax applicability.** *Okay.*
10. **First time candidates.** Contribution limits and maximum grant amounts are same for all candidates seeking the same office. 10% increase in spending limit for first time candidates. *Okay.*
11. **Grant moneys reverting to the state.** *Okay.*
12. **Effective date of public subsidy agreement.** Agreements are in effect from day of signing agreement until election cycle ends (*See Section 11.31(7)(a)*) or personal campaign committee files a termination report, whichever comes first. Disbursement limitations are in effect during the course of the election cycle. (*See Section 11.31(7)(d)*). "window" *Let's discuss.* $50 elig. ability expires end of next month following election
13. **Mass Media & Telephoning Activities.** Section 11.065. You note this provision "appears to extend beyond the boundaries" of the *Buckley* decision. DELETE. In its place, include McCain-Feingold language defining express advocacy so as to trigger registration and reporting requirements. *See enclosed suggested language.*
14. **Persuasive Telephoning.** Section 11.095. *Let's discuss constitutional concerns and proposed changes to avoid constitutional challenge.* DELETE.
15. *Okay.*

Other concerns.....

1. **25% aggregate contribution limit.** Section 11.26(9). *Regardless* of whether the candidate accepts public financing, the 25% limit on aggregate contributions from parties, PACs, *conduits*, and major contributors applies.
2. **50% cap on grant.** See Section 11.50(9)(a). There should be no dollar for dollar reduction of the grant based on PAC contributions. In addition, money from the general account not paid to a candidate because of the 50% limit must be distributed equally among all other qualifying candidates for the same office until all have reached the 50% limit or the balance in the general account is exhausted.
3. **Use of campaign funds to pay civil penalties.** See Section 11.25(2)(b). Regardless of whether a candidate accepts a grant, cannot use campaign funds for payment of civil penalties incurred by registrant. Candidate is personally liable.
4. **Multi-candidate expenditures.** Expenditures by political party for multi-candidate activities are not included in the 25% aggregate party limit.
5. **5% for public education.** See Section 11.50(2m). 5% of *check-off* dollars to be used for public education. (clarify)
6. **3% of check-off.** Remains in state coffers to offset administrative costs (clarification?)
7. **Restrictions on contributions during floor periods.** Section 11.24(4). Includes committee acting as a conduit. Double check.
8. **Qualification for a grant from political party account.** Section 11.50(1)(a)2. Make sense?
9. **Agreement expiration.** Ask for clarification. Page 32 top. "An agreement expires on the latest day specified in this paragraph for filing an application to receive a grant for the regular election to elect the success to the office which the candidate seeks,

except that, if a candidate seeks office at a special election." ??? Agreement in effect until election cycle ends or personal campaign committee files a termination report, whichever occurs first.

10. **Multi-candidate expenditure account.** Section 11.50(2s)(b). Clarify that political party must maintain separate account for multi-candidate expenditure funds.
11. **Formula for distributing political party account to legislative candidates.** Section 11.50(2s)(d). Must assure that moneys will be returned to the counties from which they were collected and assure that the distribution of those moneys rationally relates to the support for particular parties or for particular candidates within legislative districts. Divide results and *multiply by the amount in the candidate's party account allocated in that county and set aside for the candidates for the office for which the candidate is running.* See Section 11.50(2s)(d)3.
12. **Definition of "first-time candidate".** Section 11.01(9m). Rather than ".....which includes more than one-third of the residents" should be "....which includes *at least one-third* of the residents."
13. **Effective dates/certification dates.** Let's discuss.

Phony Issue Ads

Proposed Language

(1) For purposes of Section 11.01(16)(a), it shall be presumed, subject to rebuttal by the actor, that the following acts are for "political purposes":

(A) communications that use phrases such as "vote for the Governor," "re-elect your Representative," "support that Democratic nominee," "cast your ballot for the Republican challenger for the Senate," "Smith for Congress," "Bill McKay in '94," "vote Pro-Life" or "vote Pro-Choice" accompanied by a listing of clearly identified candidates described as Pro-Life or Pro-Choice, "vote against Old Hickory," "defeat" accompanied by a picture of one or more candidate(s), "reject the incumbent," or communications of campaign slogan(s) or individual word(s), which in context can have no other reasonable meaning than to urge the election or defeat of one or more clearly identified candidate(s), such as posters, bumper stickers, advertisements, etc. which say "Nixon's the One," "Carter '76," "Reagan/Bush," or "Mondale!"; or

(B) communications that:

(i) contain a reference to a clearly identified candidate for elective office;

(ii) are made within sixty days before a general election or special election, or within thirty days before a primary election in which that candidate is running;

(iii) are substantially targeted to the electorate for that election;

(iv) occur through any broadcasting station, newspaper, magazine, outdoor advertising facility, direct mailing, or any other type of general public political advertising; and

(v) involve an expenditure of at least $2,000 to communicate.

(2) For purposes of Section 11.01(16)(a), notwithstanding any of the above, acts which are for "political purposes" shall not include:

(A) any communication by a corporation to its stockholders and executive or administrative personnel and their families or by a labor organization to its members and their families on any subject; or

(B) communications appearing in a news story, commentary, or editorial distributed through the facilities of any broadcasting station, newspaper, magazine, or other periodical publication (unless such facilities are owned or controlled by any political party, political committee, or candidate).

(3) In any enforcement action brought by the elections board in which an actor is presumed, pursuant to subsection (1), to have engaged in an act for "political purposes," the actor shall have an opportunity to rebut the presumption that his actions were engaged in for political purposes. In attempting to rebut the presumption, the actor shall have the burden of proving, by a preponderance of the evidence, both the true purpose of his actions and that his actions were not intended to elect or defeat one or more political candidates.

7/1/2000

LRB–1801/2 file

per Debra Sybell, 3/13:

1. For purposes of apportionment of political party accounts under proposed s. 11.50 (2s)(d) when a political party has no candidate for an office or the candidate of a political party is unopposed, use the method of apportionment specified in Minn. Stat. s. 10A.31.5 (6) (c), 6th par.

2. Make all reporting requirements initially applicable to reports covering the period beginning on July 1, 2000.

(D NOTE)

State of Wisconsin
1999 – 2000 LEGISLATURE

LRB–1801/4 2
JTK,JK&MES:kg:hmh

1999 BILL

(WANTED NE 3/23

(regenerate)

AN ACT *to repeal* 11.01 (12s), 11.05 (3) (o), 11.26 (9) (b) and (c), 11.265, 11.31 (2m), 11.31 (3m), 11.31 (4), 11.50 (2) (h), 11.50 (2m) and 13.625 (1) (c) 1. and 2.; *to renumber* 11.24 (2), 11.50 (1) (a) 1. and 11.50 (7) (a) to (d); *to renumber and amend* 11.26 (9) (a), 11.50 (1) (a) 2., 11.50 (2) (a), 11.50 (5), 11.50 (9) and 13.625 (1) (c) (intro.); *to amend* 5.02 (13), 11.01 (5m), 11.05 (3) (c), 11.05 (9) (b), 11.06 (1) (a), 11.06 (1) (d) and (L), 11.06 (2), 11.06 (7m) (a), 11.06 (7m) (c), 11.06 (11) (c), 11.16 (5), 11.21 (15), 11.25 (2) (a), 11.25 (2) (b), 11.26 (1) (intro.), 11.26 (1) (a), (b) and (c), 11.26 (2) (intro.), 11.26 (2) (a), (b) and (c), 11.26 (4), 11.26 (10), 11.26 (12m), 11.26 (13), 11.31 (1) (intro.), 11.31 (1) (a) to (d), 11.31 (1) (e) and (f), 11.31 (2), 11.31 (3), 11.31 (7) (a), 11.31 (7) (c) and (d), 11.50 (2) (b) 5., 11.50 (2) (g), 11.50 (2) (i), 11.50 (3) (a) (intro.), 11.50 (3) (a) 1. and 2., 11.50 (3) (b), 11.50 (4) (a), 11.50 (4) (c), 11.50 (4) (cm), 11.50 (4) (d), 11.50 (7) (intro.), 11.50 (8), 11.50 (11) (e), 11.50 (11) (g), 11.60 (1), 13.625 (1) (b) 3., 13.625 (2), 13.625 (6), 20.510 (1) (q), 20.510 (1) (q), 20.855 (4) (b), 25.42, 71.10 (3) (a), 71.10 (3) (b), 71.10 (3) (b), 71.26 (1) (a)

and chapter 77 (title); and ***to create*** 7.08 (2) (cs), 11.01 (9m), 11.01 (13), 11.065, 11.095, 11.21 (17), 11.22 (11), 11.24 (1s), 11.24 (4), 11.25 (2) (am), 11.31 (1) (de), 11.31 (1m), 11.31 (9), 11.50 (1) (a) 1. (intro.), 11.50 (1) (a) 2., 11.50 (1) (am), 11.50 (1) (bm) and (cm), 11.50 (2) (a) 1. to 3., 11.50 (2) (b) 3m., 11.50 (2m), 11.50 (2s), 11.50 (2w), 11.50 (5) (c), 11.50 (7) (c), 11.50 (14), 11.60 (3p), 11.70, 20.566 (3) (f), 20.855 (4) (ba), 20.855 (4) (bb), 71.05 (6) (a) 21., 71.07 (5) (a) 8., 71.26 (2) (b) 1g., 71.26 (3) (e) 4., 71.34 (1) (ad), 71.45 (2) (a) 15., 71.80 (21) and subchapter XIII of chapter 77 [precedes 77.997] of the statutes; **relating to:** ~~designations for the Wisconsin election campaign fund~~ campaign financing by individuals filing state ~~income tax returns, eligibility requirements for and the amounts of grants from the Wisconsin election campaign fund, regulation of certain telephone activities pertaining to elections, disbursement levels applicable to candidates for certain state offices,~~ political ~~contributions~~ contributions by lobbyists, ~~treatment of contributions of money made by conduits, treatment of legislative campaign committees, information provided on campaign finance registration statements, communications by certain individuals and organizations relating to candidates,~~ refunds for certain political contributions, imposition of a campaign treasury surplus earnings tax, income and franchise tax deductions for certain business expenses related to lobbying, providing an exemption from emergency rule procedures, granting rule–making authority, requiring the exercise of rule–making authority, making appropriations and providing penalties.

Analysis by the Legislative Reference Bureau

This bill makes numerous changes in the campaign finance law, authorizes a state refund for certain political contributions, imposes a tax on the earnings of campaign treasury surpluses and eliminates a corporate income and franchise tax deduction for certain lobbying expenses. Significant changes include:

DISBURSEMENT LIMITATIONS

Under current law, disbursement (expenditure) levels are specified for candidates for various state and local offices. These levels become a binding limitation upon any candidate for state office who accepts a state grant from the Wisconsin election campaign fund or who agrees to be bound by the limitation, unless the candidate is opposed by a major opponent who could have qualified for a grant but who declines to accept one and declines to file an affidavit of voluntary compliance with disbursment and contribution limitations. Additionally, the disbursement levels for candidates for the offices of state senator and representative to the assembly are subdivided between the primary and election campaign periods in such a way that only about 60% of the total applicable disbursement level for either office may be allocated by a candidate to either the primary or the election campaign period.

This bill:

1. Eliminates the disbursement limitation, applicable to candidates for the offices of state senator and representative to the assembly, that requires the overall limitation to be subdivided between the primary and election campaign periods in such a way that only about 60% of the statutory disbursement level is allocated to either the primary or election campaign period.

2. Revises the current disbursement levels applicable to candidates for the offices shown in the following chart:

Office	*Current Level*	*Proposed Level*
Governor	$1,078,200	$3,500,000
Lieutenant governor	323,475	1,125,000
Attorney general	539,000	750,000
Secretary of state	215,625	350,000
State treasurer	215,625	350,000
Supreme court justice	215,625	400,000
State superintendent	215,625	350,000
State senator	34,500	140,000
Representative to the assembly	17,250	60,000

3. Creates a biennial cost–of–living adjustment that causes the statutory disbursement levels to be adjusted biennially, beginning in ~~1999~~ 2002, in accordance with a formula tied to the "consumer price index" determined by the U.S. department of labor, with the result in turn adjusted by the rate of increase or decrease in the voting age population of this state, as determined by the federal election commission.

4. Deletes current law that permits a candidate who does not accept a grant to continue to bind an opponent to disbursement and contribution limitations by filing an affidavit of voluntary compliance.

Currently, the campaign of a candidate, for purposes of the applicability of disbursement limitations, extends from July 1 preceding the date of a spring primary or election at which the candidate seeks office or January 1 preceding the date of a

September primary or general election at which the candidate seeks office or the date of the candidate's public announcement of candidacy, whichever is earlier, through the last day of the month following the month of the primary or election at which the candidate seeks office, except that orders placed for goods or services to be provided for a campaign are included within the campaign regardless of when the goods or services are paid for, and debts incurred for goods or services received during a campaign period are included within the campaign regardless of when the debts are retired. Under this bill, the campaign of a candidate, for purposes of disbursement limitations, begins on the day after the date on which the previous campaign of the candidate ends or the date on which the candidate becomes a candidate at a future election, whichever is earlier (except as to goods or services provided for the campaign and paid for before that date), and ends at the same time as currently provided. The effect of the change is to include all disbursements within the limitation applicable to a current or former campaign.

FAIS 4A

SUBSUB **CONTRIBUTION LIMITATIONS**

Current law specifies limitations on the maximum amount of contributions which may be given to and accepted by a candidate for state or local office. Current law also limits the total contributions that a candidate for state or local office may accept from all political committees, including political party and legislative campaign committees, and from the Wisconsin election campaign fund to 65% of the value of the statutory disbursement level specified for the office which the candidate seeks. The total amount that a candidate may accept from committees other than political party and legislative campaign committees and from the Wisconsin election campaign fund is limited to 45% of that disbursement level.

This bill changes contribution limitations applicable to individuals and committees making contributions to candidates for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent of public instruction, justice of the supreme court, state senator or representative to the assembly per campaign, as follows:

Category	*Current Limit*	*Proposed Limit*
Individual or committee making contributions to candidate for state senator	$ 1,000	$ 500
Individual or committee making contributions to candidate for representative to the assembly	$ 500	$ 250
Individual making contributions to candidate for a statewide office	$10,000	$1,000
Committee making contributions to candidate for a statewide office	4% of candidate's disbursement level	$1,000

The bill also creates a new contribution limitation which prohibits any candidate for state or local office from accepting total contributions from all political committees, including political party committees, as well as from individual

(and committees serving as conduits (see below))

contributors who contribute more than 50% of the amount or value that an individual may contribute, equal, in the aggregate, to more than 25% of the value of the statutory disbursement level specified for the office which the candidate seeks.

Subsch **TREATMENT OF LEGISLATIVE CAMPAIGN COMMITTEES**

Currently, the adherents of any political party in either house of the legislature may organize a "legislative campaign committee" to support the candidacy of members of their party for legislative office. Committees other than legislative campaign committees and political party committees are generally subject to a limitation upon the contributions that they may make to candidates for legislative office or to political parties. Legislative campaign committees are subject only to overall limitations on the aggregate contributions that may be accepted by a candidate from entities other than individuals.

This bill eliminates the special status of legislative campaign committees, thus treating them in the same manner as other special interest committees for the purpose of contribution limitations.

Subsch **OTHER CONTRIBUTION and disbursement RESTRICTIONS**

This bill creates the following new prohibitions on contributions:

1. It prohibits contributions from special interest ("political action") committees, including conduit committees, from individuals operating as conduits and from individual contributors who contribute more than 50% of the amount or value that an individual may contribute to incumbents who are seeking reelection to a partisan state office from the first Monday in January of each odd–numbered year through the enactment of the biennial budget act and, thereafter, during any floorperiod, including any special or extraordinary session floorperiod. The prohibition does not apply to contributions to an incumbent who is a candidate for state office at a special election during the period beginning on the date that a special election is ordered and ending on the date of the special election.

2. It prohibits any lobbyist from making a contribution to a partisan elective state official or candidate for a partisan elective state office or to such an official's or candidate's personal campaign committee. Currently, a lobbyist may make such a contribution in the year that an official or candidate seeks election between June 1 and the day of the general election.

INS 5A

Subsch **CONTRIBUTIONS THROUGH CONDUITS**

Under current law, a "conduit" is an individual or organization that receives a contribution and transfers the contribution to another individual or organization without exercising discretion as to the amount that is transferred and the individual to whom or the organization to which the transfer is made. When a conduit transfers a contribution, the conduit is required to identify itself in writing to the transferee as a conduit and to report to the transferee information about the original contributor. The conduit must include this information in its financial reports for the date on which the contribution was received and transferred. The campaign financing reports filed by the candidate identify only the original contributor, not the conduit. A contribution from a conduit is considered to be a contribution from the original contributor and, for the purpose of contribution limitations, a contribution

of money received from a conduit which is properly identified and reported is considered to be a contribution received from the original contributor. Contributions received by a candidate for state office from an individual through a conduit may be used to qualify for a grant from the Wisconsin election campaign fund.

This bill requires the campaign finance reports filed by candidates to identify any conduit from whom a contribution is received, as well as the original contributor.

The bill also treats conduits in the same manner as "political action committees" by:

1. Not allowing contributions made by an individual through a conduit to be used to qualify for a grant from the Wisconsin election campaign fund.

2. Subjecting contributions from conduits to the same limitations that currently apply to the amount of contributions that a candidate may accept from any committee other than a political party committee, and to the new limitation imposed under the bill upon receipt of aggregate contributions from committees and other contributors

MASS MEDIA AND TELEPHONING ACTIVITIES

Currently, individuals who accept contributions, or organizations which ~~make or accept contributions,~~ incur obligations or make disbursements for the purpose of influencing an election for state or local office are generally required to register with the appropriate filing officer and to file financial reports with that officer. ~~This~~ bill ~~requires each individual who or organization which receives donations and~~ makes expenditures for the purpose of publishing, broadcasting or disseminating a communication which includes the name or likeness of a candidate for state or local office by means of one or more communications media or through a telephone bank operator to register and file reports with the appropriate filing officer identifying the donations received and expenditures made to the same extent as currently required for individuals who or organizations which attempt to influence elections. If an expenditure made by such an individual or organization exceeds $1,000, it must be reported ~~within 24 hours of the time it is made.~~

PERSUASIVE TELEPHONING

This bill requires all persons (including political committees and groups) who engage in or retain a telephone bank operator to engage in persuasive telephoning with respect to an election to disclose certain information to the appropriate filing officer or agency for campaign finance reporting purposes. The bill defines "persuasive telephoning" as "contacting, by telephone, potential voters for the purpose of presenting them with information or viewpoints which are designed to influence the attitudes of the voters toward candidates or referenda". Information that must be reported includes the name and address of the person; the name and address of any telephone bank operator who is retained; the amount paid to any such operator for the telephoning services; the total amount expended by the person to conduct persuasive telephoning; and if the person engaged in or retained an operator to engage in persuasive telephoning in more than one legislative district, the amount expended by the person within each legislative district for persuasive telephoning on behalf of each candidate or each personal campaign committee of a candidate for legislative office in that district. The bill requires the information to be reported at the same time as ~~regular campaign finance reports are filed.~~

Any person who violates these provisions in respect to a telephone communication in which the caller engages in persuasive telephoning is subject to a forfeiture (civil penalty) of $1 for each communication that is subject to disclosure which the person fails to disclose in a timely manner.

Under current law, the amount paid for any telephoning services done for the purpose of influencing the election or nomination of a candidate at an election is generally subject to disclosure by the person making payment for the services, together with the name and address of the payee. The disclosure is made to the appropriate filing officer or agency on regular campaign finance reports. Violators of disclosure requirements are subject to a forfeiture of not more than $500 for each violation. Intentional violators are guilty of a misdemeanor and may be fined not more than $1,000 or imprisoned for not more than six months or both.

WISCONSIN ELECTION CAMPAIGN FUND: SOURCES AND USES OF FUNDS

Under current law, the Wisconsin election campaign fund is financed through an individual income tax "checkoff". Every individual filing a state income tax return who has a tax liability or is entitled to a tax refund may direct that $1 of general purpose revenue be transferred to the fund. Individuals filing a joint return may separately choose whether to direct that the $1 transfer be made. All moneys transferred to the fund are placed in accounts for specified state offices, and candidates for those offices at the general or a special election may qualify for grants from the fund to be used for specified campaign expenses. No moneys in the fund may be used for any other purpose. Grants at special elections are funded by reallocating moneys set aside to provide grants to candidates at the general election, to the extent that moneys are available.

This bill:

1. Increases the amount of the individual income tax checkoff for the Wisconsin election campaign fund from $1 to $5. Under the bill, individuals filing a joint return may separately choose whether to make the $5 checkoff. The bill also permits individuals to determine whether to designate their checkoffs for a "general account", which is distributed in the same manner as currently provided, or for the account of an eligible political party (see below).

2. Provides a sum sufficient appropriation from general purpose revenue to supplement the amounts otherwise available for campaign financing through the Wisconsin election campaign fund equal to $3,000,000 in each fiscal year plus, in each fiscal year, the amount determined by the secretary of revenue to have been collected by the state from the campaign treasury surplus earnings tax imposed under this bill, and the elimination of the corporate income and franchise tax deduction for lobbying expenses under this bill (see below).

3. Directs the state elections board to set aside 5% of the moneys transferred to the Wisconsin election campaign fund in each of the six years following the year in which the bill becomes law in order to provide public information concerning the purpose and effect of designations to the fund. The bill directs the department of revenue to cooperate in providing such public information. Currently, no moneys in the fund are authorized to be used for this purpose.

II. GRANT ELIGIBILITY REQUIREMENTS AND AMOUNTS

Under current law, public financing from the Wisconsin election campaign fund is available to eligible candidates for the offices of state senator, representative to the assembly, governor, lieutenant governor, attorney general, state treasurer, secretary of state, justice of the supreme court and superintendent of public instruction. To receive a grant, a candidate must file an application with the state elections board no later than the deadline for filing nomination papers. Following the primary election or the date on which a primary would be held, if required, the board determines whether a candidate who applies for a grant meets the following eligibility requirements:

1. If the candidate seeks a partisan state office at a general election, the candidate must have received at least 6% of the total votes cast in the primary and won the primary. If the candidate seeks a partisan state office at a special election, the candidate must either: a) appear on the ballot or in the column of a political party whose candidate for the same office at the preceding general election received at least 6% of the vote; or b) receive at least 6% of the votes cast at the special election.

2. The candidate must have an opponent in the election.

3. The candidate must receive, during a specified time period, a specified amount through contributions from individuals of $100 or less. For a candidate for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, justice of the supreme court or superintendent of public instruction, the amount is 5% of the authorized disbursement level for the office which the candidate seeks. For a candidate for the office of state senator or representative to the assembly, the amount is 10% of the authorized disbursement level for the office which the candidate seeks.

Under current law, a candidate for any office who accepts a grant must comply with statutorily prescribed contribution and disbursement limitations, unless one or more of the candidate's opponents who receive at least 6% of the votes cast for all candidates for that office at a partisan primary, if a primary was held, do not accept a grant and do not voluntarily comply with the contribution and disbursement limitations for that office. Currently, a candidate is no longer bound by disbursement limitations after the last day of the month following the election in which the candidate appears on the ballot. The maximum grant that a candidate may receive is that amount which, when added to all other contributions accepted from sources other than individuals, political party committees and legislative campaign committees, is equal to 45% of the authorized disbursement level for the office which the candidate seeks, if there are sufficient moneys in the Wisconsin election campaign fund to finance the full amount of grants for which candidates qualify.

Currently, a candidate may use moneys in his or her campaign treasury for any political purpose not prohibited by law.

This ~~The~~ bill:

1. Provides that a candidate for a partisan state office need receive contributions from individuals equal to only 3% of the authorized disbursement level

Under the bill, disbursements made by a political party from such a grant are not considered to be in-kind contributions to the candidates who benefit from the disbursements.

for the office which the candidate seeks in order to qualify for a grant, but provides that the contributions must be in amounts of $50 of or less.

2. Increases the maximum grant that a candidate may receive to 50% of the authorized disbursement level for the office which the candidate seeks, irrespective of contributions received from other sources.

3. Retains the current system of grants from a "general account" for which moneys may be designated by tax filers, except that it increases by 50% the amounts allocated for the offices of justice of the supreme court and state superintendent of public instruction.

4. Permits political parties that qualify for a separate column or row on the ballot at the general election to obtain grants from checkoffs made by tax filers. The bill provides for 9.7% of the moneys designated for political parties by tax filers to be paid directly as grants to the designated parties to be used for specified multicandidate expenses. The bill provides for 97% of the remaining moneys designated by tax filers to be paid to candidates of the designated parties for state offices, except the office of district attorney, in accordance with an apportionment formula specified in the bill that takes into account, in the case of candidates for legislative office, the votes cast for candidates of the designated party within each legislative district. Amounts otherwise payable to ~~parties that do not have candidates for an office, have unopposed candidates or have candidates who fail to qualify for grants~~ are redistributed to the parties ~~or to the general account, or~~ for multicandidate expenses. lapsed to the state general fund.

5. Provides that an agreement by a candidate for state office to be bound by contribution and disbursement limitations ~~remains binding until the candidate enters into a new agreement for a subsequent election or the candidate terminates his or her registration.~~

6. Provides for grants payable to candidates for state office at special elections to be payable in full from general purpose revenue.

~~7. Prohibits a candidate who accepts a grant from making any contribution or disbursement for any purpose other than to advance his or her own candidacy.~~

PENALTIES

Violators are subject to a forfeiture (civil penalty) of not more than $500 for each violation, except that violators of contribution limitations are subject to a forfeiture of not more than treble the amount unlawfully contributed. In addition, intentional violators are guilty of a misdemeanor and are subject to a fine of not more than $1,000 or imprisonment for not more than six months or both. The bill provides, in addition, that, if any candidate who accepts a grant violates the agreement to limit self–contributions and disbursements that was entered into by that candidate, the candidate is personally liable for a forfeiture of not more than four times the amount of any unlawful contributions or disbursements made.

INITIAL APPLICABILITY

All campaign finance changes under the bill apply to elections held on or after the day on which the bill becomes law.

Subsub **POLITICAL CONTRIBUTION REFUND**

This bill permits any individual who is a resident of this state and ~~resides in this state~~ of eligible voting age to request a refund from the department of revenue of not more than $50 per year for any contribution or contributions of money made to a qualifying candidate for state office or political party. The bill also permits two married individuals who are both residents of this state and eligible voting age ~~a married couple~~ to file a joint request for a refund of not more than $100 per year for such contributions made jointly or individually. In order to qualify for a refund, a contribution must be made to a political party that has qualified for a separate ballot or one or more separate columns or rows on a ballot or to a candidate for state office who has filed a valid application to receive a grant from the Wisconsin election campaign fund, together with a binding agreement to abide by disbursement and self–contribution limitations, and has qualified to receive a grant. For a contribution to a candidate to be eligible for a refund, the candidate must have a signed agreement in effect at the time that a contribution is made. The refunds are made by the department of revenue from general purpose revenue.

Subsub **CAMPAIGN TREASURY SURPLUS EARNINGS TAX**

This bill imposes a tax on every candidate and personal campaign committee at the rate of 15% on the earnings received by that candidate or committee on any campaign treasury surplus during the period beginning on the first day of the month following an election at which a candidate appears on the ballot (except a primary election if the candidate was nominated at the primary to appear on the ballot at a subsequent election) and ending on the date that the candidate files a valid declaration of candidacy together with valid nomination papers, if required, to appear on the ballot at a succeeding election. The tax is payable to the department of revenue semiannually.

Subsub **TAX DEDUCTIONS FOR LOBBYING EXPENSES**

This bill eliminates a current corporate income and franchise tax deduction for certain business expenses that lobbyists incur. Currently, this deduction may be claimed for expenses incurred in direct connection with: a) appearances before, submission of statements to, or sending communications to a federal, state or local legislative body, a legislative committee or an individual legislator with respect to legislation or proposed legislation of direct interest to a taxpayer; or b) communications between a taxpayer and an organization of which the taxpayer is a member with respect to legislation or proposed legislation of direct interest to the taxpayer and the organization. Under the bill, dues paid to any organization remain deductible to the extent that they are attributable to expenses of these activities.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to the bill.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 5.02 (13) of the statutes is amended to read:

5.02 **(13)** "Political party" or "party" means a state committee registered under s. 11.05 and organized exclusively for political purposes under whose name candidates appear on a ballot at any election, and all county, congressional, legislative, local and other affiliated committees authorized to operate under the same name. For purposes of ch. 11, the term does not include ~~a legislative campaign committee or~~ a committee filing an oath under s. 11.06 (7).

SECTION 2. 7.08 (2) (cs) of the statutes is created to read:

7.08 **(2)** (cs) In each even–numbered year, certify to the state treasurer for the period beginning with the month following certification and ending with the month in which the next certification is made by the board:

1. No later than July 1, the name of each political party that qualifies under s. 11.50 (1) (am) 1. as an eligible political party as of the preceding June 1 and whose state chairperson has filed a request to establish an account for the party under s. 11.50 (2s) (a).

2. No later than December 15, the name of each political party that qualifies under s. 11.50 (1) (am) 2. as an eligible political party as of the date of the preceding general election and whose state chairperson has filed a written request to establish an account for the party under s. 11.50 (2s) (a).

SECTION 3. 11.01 (5m) of the statutes is amended to read:

11.01 **(5m)** "Conduit" means an individual who or ~~an organization~~ a committee which receives a contribution of money and transfers the contribution to another individual or ~~organization~~ committee without exercising discretion as to the amount which is transferred and the individual to whom or ~~organization~~ committee to which the transfer is made.

1 **SECTION 4.** 11.01 (9m) of the statutes is created to read:

2 11.01 **(9m)** "First–time candidate" means a candidate who seeks a particular
3 state office for the first time and who has not previously been a candidate for any
4 other national, state or local office in a jurisdiction or district which includes ~~more~~ at least
5 ~~than~~ one–third of the residents who reside in the jurisdiction or district in which the
6 candidate seeks office, as determined by the board.

7 **SECTION 5.** 11.01 (12s) of the statutes is repealed.

8 **SECTION 6.** 11.01 (13) of the statutes is created to read:

9 11.01 **(13)** "Major contributor" means an individual who makes a contribution
10 or contributions to a candidate or candidate's personal campaign committee
11 exceeding, in the aggregate, 50% of the amount or value that the individual is
12 permitted to make during a campaign, as provided in s. 11.26 (1).

Pw 12-13

13 **SECTION 7.** 11.05 (3) (c) of the statutes is amended to read:

14 11.05 **(3)** (c) In the case of a committee, a statement as to whether the
15 committee is a personal campaign committee, a political party committee, ~~a~~
16 ~~legislative campaign committee,~~ a support committee or a special interest
17 committee.

18 **SECTION 8.** 11.05 (3) (o) of the statutes is repealed.

19 **SECTION 9.** 11.05 (9) (b) of the statutes is amended to read:

20 11.05 **(9)** (b) An individual who or a committee or group which receives a
21 contribution of money and transfers the contribution to another individual,
22 committee or group while acting as a conduit is not subject to registration under this
23 section unless the individual, committee or group transfers the contribution to a
24 candidate or a personal campaign, ~~legislative campaign,~~ political party or support
25 committee.

Pw 5 12-25

1 **SECTION 10.** 11.06 (1) (a) of the statutes is amended to read:

2 11.06 **(1)** (a) An itemized statement giving the date, full name and street
3 address of each contributor who has made a contribution in excess of $20, or whose
4 contribution if $20 or less aggregates more than $20 for the calendar year, together
5 with the amount of the contribution and the cumulative total contributions made by
6 that contributor for the calendar year and, if the contributor made the contribution
7 through a conduit, the identity of the conduit.

8 **SECTION 11.** 11.06 (1) (d) and (L) of the statutes are amended to read:

9 11.06 **(1)** (d) An itemized statement of other income in excess of $20, including
10 ~~interest, returns on investments,~~ rebates and refunds received and a separate
11 statement of earnings received, including interest and returns on investments.

12 (L) A statement of cumulative totals for the calendar year of contributions
13 made, contributions received, ~~and~~ disbursements made, including transfers of funds
14 made to or received from other registrants, and earnings received.

15 **SECTION 12.** 11.06 (2) of the statutes is amended to read:

16 11.06 **(2)** DISCLOSURE OF CERTAIN INDIRECT DISBURSEMENTS. Notwithstanding
17 sub. (1), if a disbursement is made or obligation incurred by an individual other than
18 a candidate or by a committee or group which is not primarily organized for political
19 purposes, and the disbursement does not constitute a contribution to any candidate
20 or other individual, committee or group, the disbursement or obligation is required
21 to be reported only if the purpose is to expressly advocate the election or defeat of a
22 or if the disbursement is made or the obligation is incurred for clearly identified candidate or the adoption or rejection of a referendum. The the
23 exemption provided by this subsection shall in no case be construed to apply to a purpose of
24 political party, ~~legislative campaign,~~ personal campaign or support committee. making a communication specified in s. 11.05(14)

25 **SECTION 13.** 11.06 (7m) (a) of the statutes is amended to read:

1 11.06 **(7m)** (a) If a committee which was registered under s. 11.05 as a political
2 party committee ~~or legislative campaign committee~~ supporting candidates of a
3 political party files an oath under sub. (7) affirming that it does not act in cooperation
4 or consultation with any candidate who is nominated to appear on the party ballot
5 of the party at a general or special election, that the committee does not act in concert
6 with, or at the request or suggestion of, such a candidate, that the committee does
7 not act in cooperation or consultation with such a candidate or agent or authorized
8 committee of such a candidate who benefits from a disbursement made in opposition
9 to another candidate, and that the committee does not act in concert with, or at the
10 request or suggestion of, such a candidate or agent or authorized committee of such
11 a candidate who benefits from a disbursement made in opposition to another
12 candidate, the committee filing the oath may not make any contributions in support
13 of any candidate of the party at the general or special election or in opposition to any
14 such candidate's opponents exceeding the amounts specified in s. 11.26 (2), except as
15 authorized in par. (c).

16 **SECTION 14.** 11.06 (7m) (c) of the statutes is amended to read:

17 11.06 **(7m)** (c) A committee filing an oath under sub. (7) which desires to change
18 its status to a political party committee ~~or legislative campaign committee~~ may do
19 so as of December 31 of any even–numbered year. Section 11.26 does not apply to
20 contributions received by such a committee prior to the date of the change. Such a
21 committee may change its status at other times only by filing a termination
22 statement under s. 11.19 (1) and reregistering as a newly organized committee under
23 s. 11.05.

24 **SECTION 15.** 11.06 (11) (c) of the statutes is amended to read:

1 11.06 **(11)** (c) A contribution of money received from a conduit, accompanied by
2 the information required under par. (a), is considered to be a contribution from the
3 original contributor for purposes of s. 11.26 (1) and (4).

4 **SECTION 16.** 11.065 of the statutes is created to read:

5 **11.065 Registration and reports by certain individuals and**
6 **organizations. (1)** (a) "Mass mailing" means the distribution of 50 or more pieces
7 of substantially identical material.

8 (b) "Organization" means any person, other than an individual, and any
9 combination of 2 or more persons.

10 (c) "Telephone bank operator" has the meaning given in s. 11.095 (1) (b).

11 **(2)** Any individual who or organization which receives one or more donations
12 and makes one or more expenditures from those donations or other income for the
13 purpose of publishing, broadcasting or disseminating a communication which
14 includes the name or likeness of a candidate for state or local office by means of one
15 or more communications media or a mass mailing or through a telephone bank
16 operator shall, prior to conducting any such activity, register with the filing officer
17 of the candidate whose name or likeness is used.

18 **(3)** A registrant under sub. (2) shall file reports with each filing officer with
19 whom the individual or organization is registered identifying all of the following:

20 (a) Each donation received from a single source exceeding $20 within a
21 calendar year, together with the amount of the donation, the date that the donation
22 was received and accepted, the name and address of the donor and, if the amount of
23 the donation exceeds $100 cumulatively within a calendar year, the occupation and
24 principal place of employment of the donor.

1 (b) Each expenditure exceeding $20 made, together with the amount of the
2 expenditure, the date that the expenditure was made, the name of the person to
3 whom the expenditure was made and the specific purpose for which the expenditure
4 was made.

5 (c) The total donations and other income received and accepted and total
6 expenditures made cumulatively for the calendar year.

7 **(4)** The individual or organization shall report to the board the information
8 required under sub. (3) in the form prescribed by the board at the time specified in
9 s. 11.20 (2), (2m) and (4) for filing of reports by each candidate who is identified in
10 a communication made by the individual or organization and shall include all
11 donations received and accepted and all expenditures made as of the applicable dates
12 specified in s. 11.20 (8).

13 **(5)** If any individual or organization under sub. (2) makes an expenditure
14 exceeding $1,000 for the purpose of making a communication specified in sub. (2), the
15 individual or organization shall, in addition to filing reports under sub. (3), file a
16 special report which includes the information required under sub. (4) relating to that
17 expenditure no later than 24 hours after the expenditure is made.

18 **(6)** An individual who or organization which determines that it will no longer
19 receive and accept donations or make expenditures for a purpose specified in sub. (2)
20 may file a notice of termination of its registration with any filing officer with whom
21 the individual or organization is registered.

22 **(7)** If a registrant with the board under sub. (2) receives and accepts donations
23 exceeding the amount specified in s. 11.21 (16) within a period specified in s. 11.21
24 (16), the registrant shall file reports with the board in the manner specified under
25 s. 11.21 (16).

1 **SECTION 17.** 11.095 of the statutes is created to read:

2 **11.095 Regulation of certain telephoning activities. (1)** *In this section:*

3 (a) "Persuasive telephoning" means contacting, by telephone, potential voters
4 for the purpose of presenting them with information or viewpoints which are
5 designed to influence the attitudes of the voters toward candidates or referenda.
6 "Persuasive telephoning" does not include any contacts that are limited solely to an
7 attempt to identify potential voters, to urge potential voters to participate in an
8 election or to offer assistance to potential voters to enable them to participate in an
9 election, or questioning a random or representative sample of a universe of potential
10 voters in a voting jurisdiction or voting group in an attempt to infer, using standard
11 statistical techniques and standard levels of statistical confidence, the attitudes or
12 positions of the voters concerning candidates or issues or potential candidates or
13 issues, or their knowledge of candidates or issues or potential candidates or issues.

14 (b) "Telephone bank operator" means any person who places or directs the
15 placement of telephone calls to individuals and engages in or directs persuasive
16 telephoning.

17 **(2)** Each individual who, or committee or group which, engages in or retains
18 a telephone bank operator to engage in persuasive telephoning with respect to any
19 election shall file a written report, on a form prescribed by the board, disclosing the
20 name and address of the individual, committee or group; the name and address of any
21 operator who is retained; the amount paid to any such operator for the telephoning
22 services; the total amount expended by the individual, committee or group to conduct
23 persuasive telephoning; and, if the individual, committee or group engaged in or the
24 telephone bank operator engaged in such telephoning on behalf of the individual,
25 committee or group in more than one legislative district, the amount expended by the

1 individual, committee or group within each legislative district for persuasive
2 telephoning performed on behalf of each candidate or each personal campaign
3 committee of a candidate for legislative office in that district.

4 **(3)** Each individual who, or committee or group which, engages in or retains
5 a telephone bank operator to engage in persuasive telephoning shall report the
6 information specified in sub. (2) on the dates specified for filing reports under s. 11.20
7 (2), (2m) and (4), unless all information relating to an election has previously been
8 reported by the individual, committee or group. Each report shall cover the period
9 specified in s. 11.20 (8).

10 **(4)** Each individual who, or committee or group which, engages in or retains
11 a telephone bank operator to engage in persuasive telephoning shall report the
12 information specified in sub. (2) to the filing officer under s. 11.02 of each candidate
13 whose name appears on the ballot in opposition to a candidate on behalf of whom the
14 individual, committee or group is conducting persuasive telephoning, or to the filing
15 officer for each referendum at which the individual, committee or group seeks to
16 influence the attitudes of voters.

17 **(5)** The board shall, by rule, define the term "designed to influence the attitudes
18 of voters" under sub. (1) (a).

19 **SECTION 18.** 11.16 (5) of the statutes is amended to read:

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20 11.16 **(5)** ESCROW AGREEMENTS. Any personal campaign committee~~,~~ or political
21 party committee ~~or legislative campaign committee~~ may, pursuant to a written
22 escrow agreement with more than one candidate, solicit contributions for and
23 conduct a joint fund raising effort or program on behalf of more than one named
24 candidate. The agreement shall specify the percentage of the proceeds to be
25 distributed to each candidate by the committee conducting the effort or program.

The committee shall include this information in all solicitations for the effort or program. All contributions received and disbursements made by the committee in connection with the effort or program shall be received and disbursed through a separate depository account under s. 11.14 (1) that is identified in the agreement. For purposes of s. 11.06 (1), the committee conducting the effort or program shall prepare a schedule in the form prescribed by the board supplying all required information under s. 11.06 (1) and items qualifying for exclusion under s. 11.31 (6) for the effort or program, and shall transmit a copy of the schedule to each candidate who receives any of the proceeds within the period prescribed in s. 11.06 (4) (c).

SECTION 19. 11.21 (15) of the statutes is amended to read:

11.21 **(15)** Inform each candidate who files an application to become eligible to receive a grant from the Wisconsin election campaign fund of the dollar amount of the applicable disbursement limitation under s. 11.31 (1) or (1m), whichever is applicable, adjusted as provided under s. 11.31 (9), which applies to ~~the office for which such person is a~~ that candidate. Failure to receive the notice required by this subsection does not constitute a defense to a violation of s. 11.27 (1) or 11.31.

SECTION 20. 11.21 (17) of the statutes is created to read:

11.21 **(17)** On or before February 15 and August 15, notify the campaign treasurer of each candidate who and personal campaign committee which owes a tax under subch. XIII of ch. 77, based on any continuing or termination report that was filed with the board covering the period ending on the preceding December 31 or June 30, respectively. The notice shall include an identification of the specific form prescribed for payment of the tax.

SECTION 21. 11.22 (11) of the statutes is created to read:

11.22 **(11)** On or before February 15 and August 15, notify the campaign treasurer of each candidate who and personal campaign committee which owes a tax under subch. XIII of ch. 77, based on any continuing or termination report that was filed with the filing officer covering the period ending on the preceding December 31 or June 30, respectively. The notice shall include an identification of the specific form prescribed for payment of the tax.

SECTION 22. 11.24 (1s) of the statutes is created to read:

11.24 **(1s)** No candidate or ~~who accepts a grant under s. 11.50 or his or her~~ personal campaign committee may make ~~any~~ a contribution to any person, committee or group subject to a registration requirement under s. 11.05 except to dispose of residual contributions at the time of filing a termination report. ~~This subsection applies beginning on the date that the candidate accepts a grant and ending on the date that the candidate's personal campaign committee files a termination report.~~ No candidate or personal campaign committee may accept a contribution made in violation of this subsection.

SECTION 23. 11.24 (2) of the statutes is renumbered 11.24 (5).

SECTION 24. 11.24 (4) of the statutes is created to read:

11.24 **(4)** No committee identified under s. 11.05 (3) (c) as a special interest committee, including a committee serving as a conduit, no major contributor and no individual who is a conduit may make a contribution to an incumbent partisan state elective official or to the personal campaign committee or support committee authorized under s. 11.05 (3) (p) of that official for the purpose of promoting that official's nomination or reelection to the office held by the official during the period beginning on the first Monday of January in each odd–numbered year and ending on the date of enactment of the biennial budget act and thereafter during any legislative floorperiod, including any special or extraordinary session floorperiod. This subsection does not apply to a contribution made to an individual who is a candidate for state office at a special election or to the personal campaign

1 committee of such an individual during the period commencing on the date that the
2 special election is ordered and ending on the date of the special election.

3 **SECTION 25.** 11.25 (2) (a) of the statutes is amended to read:

4 11.25 **(2)** (a) ~~No~~ Except as provided in par. (b) or as otherwise specifically
5 provided by law, no person, committee or group may make or authorize a
6 disbursement or the incurrence of an obligation from ~~moneys solicited for political~~
7 ~~purposes for a~~ contributions received by that person, committee or group purpose ~~which is~~ other than political, ~~except as specifically authorized~~
8 ~~by law~~ purpose ~~only~~ a for any.

9 ~~**SECTION 26.** 11.25 (2) (am) of the statutes is created to read:~~

10 ~~11.25 (2) (am) No candidate who accepts a grant unders. 11.50 or his or her~~
11 ~~personal campaign committee may make any disbursement to support or oppose any~~
12 ~~candidacy for national office or for any political purpose other than to advance his~~
13 ~~or her candidacy. This paragraph applies beginning on the date that a candidate~~
14 ~~accepts a grant and ending on the date that the candidate's personal campaign~~
15 ~~committee files a termination report.~~

16 **SECTION 27.** 11.25 (2) (b) of the statutes is amended to read:

17 11.25 **(2)** (b) ~~Notwithstanding par. (a) Except as provided in par. (c),~~ a strike A
18 registrant may accept contributions and make disbursements from a campaign
19 depository account for the purpose of making expenditures in connection with a
20 campaign for national office~~, for payment of civil penalties incurred by the registrant~~
21 ~~under this chapter, except as provided in s. 11.50 (11) (c);~~ or for payment of the
22 expenses of nonpartisan campaigns to increase voter registration or participation.
23 Notwithstanding par. (a), a personal campaign committee or support committee may
24 accept contributions and make disbursements from a campaign depository account
25 for payment of inaugural expenses of an individual who is elected to state or local

office. If such expenses are paid from contributions made to the campaign depository account, they are reportable under s. 11.06 (1) as disbursements. Otherwise, such expenses are not reportable under s. 11.06 (1). If contributions from the campaign depository account are used for such expenses, they are subject to s. 11.26.

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SECTION 28. 11.26 (1) (intro.) of the statutes is amended to read:

11.26 **(1)** (intro.) No individual, except an individual serving as a conduit, may make any contribution or contributions to a candidate for election or nomination to any of the following offices and to any individual or committee under s. 11.06 (7) acting solely in support of such a candidate or solely in opposition to the candidate's opponent to the extent of more than a total of the amounts specified per candidate:

SECTION 29. 11.26 (1) (a), (b) and (c) of the statutes are amended to read:

11.26 **(1)** (a) Candidates for governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent or justice, ~~$10,000~~ $1,000.

(b) Candidates for state senator, ~~$1,000~~ $500.

(c) Candidates for representative to the assembly, ~~$500~~ $250.

SECTION 30. 11.26 (2) (intro.) of the statutes is amended to read:

11.26 **(2)** (intro.) No committee, including a committee serving as a conduit, other than a political party committee ~~or legislative campaign committee~~, may make or transfer any contribution or contributions to a candidate for election or nomination to any of the following offices and to any individual or committee under s. 11.06 (7) acting solely in support of such a candidate or solely in opposition to the candidate's opponent to the extent of more than a total of the amounts specified per candidate:

SECTION 31. 11.26 (2) (a), (b) and (c) of the statutes are amended to read:

1 11.26 **(2)** (a) Candidates for governor, lieutenant governor, secretary of state,
2 state treasurer, attorney general, state superintendent or justice, ~~4% of the value of~~
3 ~~the disbursement level specified in the schedule under s. 11.31 (1)~~ $1,000.
4 (b) Candidates for state senator, ~~$1,000~~ $500.
5 (c) Candidates for representative to the assembly, ~~$500~~ $250.
6 **SECTION 32.** 11.26 (4) of the statutes is amended to read:
7 11.26 **(4)** No individual, except an individual serving as a conduit, may make
8 any contribution or contributions to all candidates for state and local offices and to
9 any individuals who or committees which are subject to a registration requirement
10 under s. 11.05, including ~~legislative campaign committees and~~ committees of a
11 political party, to the extent of more than a total of $10,000 in any calendar year.
12 **SECTION 33.** 11.26 (9) (a) of the statutes is renumbered 11.26 (9) and amended
13 to read:
14 11.26 **(9)** No individual who is a candidate for state or local office may receive
15 and accept more than ~~65%~~ 25% of the value of the total disbursement level for
16 candidates other than first–time candidates, as determined under s. 11.31 (1) and
17 adjusted as provided under s. 11.31 (9), for the office for which he or she is a candidate
18 during any primary and election campaign combined from all major contributors and
19 all committees subject to a filing requirement, including political party ~~and~~
20 ~~legislative campaign~~ committees and committees serving as conduits
21 **SECTION 34.** 11.26 (9) (b) and (c) of the statutes are repealed.
22 **SECTION 35.** 11.26 (10) of the statutes is amended to read:
23 11.26 **(10)** No candidate for state office who files a sworn statement and
24 application to receive a grant from the Wisconsin election campaign fund may make
25 contributions of more than 200% of the amounts specified in sub. (1) to the

candidate's own campaign from the candidate's personal funds or property or the personal funds or property which are owned jointly or as marital property with the candidate's spouse, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies. For purposes of this subsection, any contribution received by a candidate or his or her personal campaign committee from a committee which is registered with the federal elections commission as the authorized committee of the candidate under 2 USC 432 (e) shall be treated as a contribution made by the candidate to his or her own campaign. The contribution limit of sub. (4) applies to amounts contributed by such a candidate personally to the candidate's own campaign and to other campaigns, except that a candidate may exceed the limitation if authorized under this subsection to contribute more than the amount specified to the candidate's own campaign, up to the amount of the limitation.

SECTION 36. 11.26 (12m) of the statutes is amended to read:

11.26 **(12m)** For purposes of ~~this section~~ subs. (1) and (4), a contribution of money received from a conduit identified in the manner prescribed in s. 11.06 (11) (a) shall be considered a contribution received from the original contributor.

SECTION 37. 11.26 (13) of the statutes is amended to read:

11.26 **(13)** ~~Except as provided in sub. (9), contributions~~ Contributions received from the Wisconsin election campaign fund are not subject to limitation by this section.

SECTION 38. 11.265 of the statutes is repealed.

SECTION 39. 11.31 (1) (intro.) of the statutes is amended to read:

11.31 **(1)** SCHEDULE. (intro.) The following levels of disbursements are established with reference to the candidates listed below. The levels are subject to

adjustment under subs. (1m) and (9). Except as provided in sub. (2), such levels do not operate to restrict the total amount of disbursements which are made or authorized to be made by any candidate in any primary or other election.

SECTION 40. 11.31 (1) (a) to (d) of the statutes are amended to read:

11.31 **(1)** (a) Candidates for governor, ~~$1,078,200~~ $3,500,000.

(b) Candidates for lieutenant governor, ~~$323,475~~ $1,125,000.

(c) Candidates for attorney general, ~~$539,000~~ $750,000.

(d) Candidates for secretary of state, state treasurer~~, justice~~ or state superintendent, ~~$215,625~~ $350,000.

SECTION 41. 11.31 (1) (de) of the statutes is created to read:

11.31 **(1)** (de) Candidates for justice, $400,000.

SECTION 42. 11.31 (1) (e) and (f) of the statutes are amended to read:

11.31 **(1)** (e) Candidates for state senator, ~~$34,500 total in the primary and election, with disbursements not exceeding $21,575 for either the primary or the election~~ $140,000.

(f) Candidates for representative to the assembly, ~~$17,250 total in the primary and election, with disbursements not exceeding $10,775 for either the primary or the election~~ $60,000.

SECTION 43. 11.31 (1m) of the statutes is created to read:

11.31 **(1m)** DISBURSEMENT LEVEL FOR FIRST–TIME CANDIDATES. The disbursement level for a first–time candidate is 110% of the amount specified in sub. (1) for any other candidate, adjusted as provided under sub. (9).

SECTION 44. 11.31 (2) of the statutes is amended to read:

11.31 **(2)** LIMITATION IMPOSED. No candidate for state office at a spring or general election who files a sworn statement and application to receive a grant from the

Wisconsin election campaign fund may make or authorize total disbursements from the campaign treasury in any campaign to the extent of more than the amount prescribed in sub. (1) or (1m), whichever is applicable, adjusted as provided under sub. (9), unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies. No candidate for state office at a special election who files a sworn statement and application to receive a grant from the Wisconsin election campaign fund may make or authorize total disbursements from the campaign treasury in any campaign to the extent of more than the amount prescribed under sub. (1) or (1m), whichever is applicable, adjusted as provided under sub. (9), for the preceding spring or general election for the same office, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies.

SECTION 45. 11.31 (2m) of the statutes is repealed.

SECTION 46. 11.31 (3) of the statutes is amended to read:

11.31 **(3)** GUBERNATORIAL CAMPAIGNS. For purposes of compliance with the limitations imposed under sub. (2), candidates for governor and lieutenant governor of the same political party who both accept grants from the Wisconsin election campaign fund may agree to combine disbursement levels under sub. (1) (a) and (b), adjusted as provided under sub. (9), and reallocate the total level between them. The candidates shall each inform the board of any such agreement.

SECTION 47. 11.31 (3m) of the statutes is repealed.

SECTION 48. 11.31 (4) of the statutes is repealed.

SECTION 49. 11.31 (7) ~~(a)~~ of the statutes are amended to read:

(a) to (c)

11.31 **(7)** (a) For purposes of this section, except as provided in pars. (b) and (c), the "campaign" of a candidate extends from ~~July 1 preceding the date on which the spring primary or election occurs or January 1 preceding the date on which the September primary or general election occurs for the office which the candidate seeks,~~ or from the date of the candidate's public announcement the day after the date on which the previous campaign of a candidate ends or the date on which a candidate becomes a candidate at a future election, whichever is earlier, through the last day of the month following the month in which ~~the~~ an election ~~or primary~~ is held at which a candidate seeks office. If a candidate seeks office at both a primary election and at a general, spring or special election which follows that primary election, the "campaign" of that candidate extends through the last day of the month following the general, spring or special election. If a candidate seeks office at a primary election but not at the general, spring or special election which follows that primary election, the "campaign" of that candidate extends through the end of the month following the primary election.

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~~**SECTION 50.** 11.31 (7) (c) and (d) of the statutes are amended to read:~~

11.31 (7) (c) Disbursements which are made after ~~a campaign~~ the period specified in par. (a) to retire a debt incurred in relation to a campaign are charged against the disbursement limitation for that campaign.

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~~(d) Disbursements which are made outside a campaign the period specified in~~ par. (a) and to which ~~par.~~ (b) or (c) does not apply are not subject to any disbursement limitation. Such disbursements ~~are subject to s. 11.25 (2).~~

SECTION 51. 11.31 (9) of the statutes is created to read:

11.31 **(9)** ADJUSTMENT OF DISBURSEMENT LEVELS. (a) In this subsection:

1. "Consumer price index" means the average of the consumer price index over each 12–month period, all items, U.S. city average, as determined by the bureau of labor statistics of the federal department of labor.

2. "Voting age population of this state" means the voting age population of this state, as determined by the federal election commission in its most recent determination prior to the date of any calculation under this subsection.

(b) The dollar amounts of all disbursement levels specified in sub. (1) shall be subject to a biennial adjustment to be determined by rule of the board in accordance with this subsection. To determine the adjustment, the board shall calculate the percentage difference between the voting age population of this state on December 31 of each odd–numbered year and the voting age population of this state on December 31, 2001. The board shall then calculate the percentage difference between the consumer price index for the 12–month period ending on December 31 of each odd–numbered year and the consumer price index for the base period, calendar year 2001. For each biennium, the board shall first multiply the disbursement levels by the percentage difference in the voting age populations. The board shall then multiply that product by the percentage difference in the consumer price indices. The board shall adjust the disbursement levels specified under sub. (1) to substitute that result for the existing levels to the extent required to reflect any difference, rounded to the nearest multiple of $25 in the case of amounts of $1 or more, which amounts shall be in effect until a subsequent rule is promulgated under this subsection. Notwithstanding s. 227.24 (1) (a), (2) (b) and (3), determinations under this subsection may be promulgated as an emergency rule under s. 227.24 without providing evidence that the emergency rule is necessary for the public peace, health, safety or welfare, and without a finding of emergency.

1 **SECTION 52.** 11.50 (1) (a) 1. (intro.) of the statutes is created to read:

2 11.50 **(1)** (a) 1. (intro.) For purposes of qualification for a grant from the general
3 account:

4 **SECTION 53.** 11.50 (1) (a) 1. of the statutes is renumbered 11.50 (1) (a) 1. a.

5 **SECTION 54.** 11.50 (1) (a) 2. of the statutes is renumbered 11.50 (1) (a) 1. b. and
6 amended to read:

7 11.50 **(1)** (a) 1. b. With respect to a special election, an individual who is certified
8 under s. 8.50 (1) (d) as a candidate in a special election for state superintendent, or
9 an individual who is certified under s. 8.50 (1) (d) as a candidate in a special election
10 for any state office, except district attorney, on the ballot or column of a party whose
11 candidate for the same office at the preceding general election received at least 6%
12 of the vote cast for all candidates on all ballots for the office, or an individual who has
13 been lawfully appointed and certified to replace either such individual on the ballot
14 at a special election, or an individual who receives at least 6% of the vote cast for all
15 candidates on all ballots for any state office, except district attorney, at a partisan
16 special election; and who qualifies for a grant under sub. (2). Where the boundaries
17 of a district in which an individual seeks office have been changed since the preceding
18 general election such that it is not possible to calculate the exact number of votes that
19 are needed by that individual to qualify as an eligible candidate prior to an election
20 ~~under this subdivision~~, the number of votes cast for all candidates for the office at the
21 preceding general election in each ward, combination of wards or municipality which
22 is wholly contained within the boundaries of the newly formed district shall be
23 calculated. If the candidate of the political party on whose ballot or column the
24 individual appears in the newly formed district obtained at least 6% of the number

of votes calculated, the individual is deemed to qualify as an eligible candidate prior to the election under this subdivision.

SECTION 55. 11.50 (1) (a) 2. of the statutes is created to read:

11.50 **(1)** (a) 2. For purposes of a qualification for a grant from a political party account, an individual who is certified under s. 7.08 (2) (a) in the general election or a special election as the candidate of an eligible political party for a state office, other than district attorney, or an individual who has been lawfully appointed and certified to replace such an individual on the ballot at the general or a special election; and who has qualified for a grant under sub. (2).

SECTION 56. 11.50 (1) (am) of the statutes is created to read:

11.50 **(1)** (am) "Eligible political party" means any of the following:

1. A party qualifying under s. 5.62 (1) (b) for a separate ballot or one or more separate columns or rows on a ballot for the period beginning on the date of the preceding general election and ending on the day before the general election that follows that election.

2. A party qualifying under s. 5.62 (2) for a separate ballot or one or more separate columns or rows on a ballot for the period beginning on the preceding June 1, or if that June 1 is in an odd–numbered year, the period beginning on June 1 of the preceding even–numbered year, and ending on May 31 of the 2nd year following that June 1, whose state chairperson has filed a statement with the board no earlier than May 1 preceding that period certifying that the party has held a state convention within the 2–year period preceding the date of the statement, has adopted a state constitution that is in effect on the date of the statement and has elected state officers who are in office on the date of the statement.

SECTION 57. 11.50 (1) (bm) and (cm) of the statutes are created to read:

11.50 **(1)** (bm) "General account" means the account in the fund created under sub. (2w).

(cm) "Political party account" means ~~the~~ an account in the fund created under sub. (2s).

SECTION 58. 11.50 (2) (a) of the statutes is renumbered 11.50 (2) (a) (intro.) and amended to read:

11.50 **(2)** (a) (intro.) Any individual who desires to qualify as an eligible candidate may file an application with the board requesting approval to ~~participate in the fund~~ receive a grant. ~~The~~ On the application shall be filed no later than the applicable deadline for filing nomination papers under s. 8.10 (2) (a), 8.15 (1), 8.20 (8) (a) or 8.50 (3) (a), no later than 4:30 p.m. on the 7th day after the primary or date on which the primary would be held if required in the case of write–in candidates, or no later than 4:30 p.m. on the 7th day after appointment in the case of candidates appointed to fill vacancies. The application shall contain a sworn statement that the candidate and his or her authorized agents have complied with the contribution limitations prescribed in s. 11.26 and the disbursement limitations prescribed under s. 11.31 at all times to which such limitations have applied to his or her candidacy and will continue to comply with the limitations at all times to which the limitations apply to his or her candidacy for the office in contest, unless ~~the board determines that the candidate is not eligible to receive a grant, the candidate withdraws his or her application under par. (h), or~~ par. (i) applies. The application shall also contain a statement that the candidate filing the application agrees to return to the board all grant moneys received by the candidate which exceed the total amount of disbursements by the candidate's personal campaign committee that were made or obligated after the date of the primary election. An application submitted under this

the individual indicate the office for which the individual wishes to be considered an eligible candidate and the next election at which the office is to be filled. An application may

earlier than the day after the previous election for the office and no

An agreement is effective on the first day of the 2nd month following the previous election for the office to be filled or the date that the office is filled, whichever is later.

paragraph constitutes an irrevocable agreement to abide by its terms, except that the agreement is not effective if the board determines that the candidate is not eligible to receive a grant. An agreement expires on the ~~latest day specified in this paragraph for filing an application to receive a grant for the regular election to elect the successor to the office which the candidate seeks~~ last day of the month following the month in which the general or special election for which the grant is provided occurs, except that, ~~if a candidate seeks office at a special election~~:

SECTION 59. 11.50 (2) (a) 1. ~~to 3m~~ and 2. of the statutes are created to read:

11.50 **(2)** (a) 1. ~~An agreement under this paragraph entered into for a previous campaign~~ If a candidate seeks office at a special election after entering into an agreement under this paragraph to receive a grant for the next general or spring election, the previous agreement does not bind the candidate entering into ~~that~~ the agreement with respect to disbursements made or obligated for the special election campaign.

~~2. An agreement under this paragraph to receive a grant for a special election expires on the 60th day after that election.~~

¶ 2. ~~3.~~ If a candidate's personal campaign committee files a valid termination report prior to the date that an agreement by that candidate would otherwise expire under this paragraph, ~~that~~ the agreement expires on the date on which the report is filed.

SECTION 60. 11.50 (2) (b) 3m. of the statutes is created to read:

11.50 **(2)** (b) 3m. The candidate has appointed a personal campaign committee which is registered under s. 11.05 (2g).

SECTION 61. 11.50 (2) (b) 5. of the statutes is amended to read:

11.50 **(2)** (b) 5. The financial reports filed by or on behalf of the candidate as of the date of the spring or September primary, or the date that the special primary is or would be held, if required, indicate that the candidate has received an amount equal to at least ~~the amount provided in this subdivision~~ 3% of the applicable authorized disbursement limitation for candidates other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9), from

contributions of money, other than loans, made by individuals, which have been received during the period ending on the date of the spring primary and July 1 preceding such date in the case of candidates at the spring election, or the date of the September primary and January 1 preceding such date in the case of candidates at the general election, or the date that a special primary will or would be held, if required, and 90 days preceding such date or the date a special election is ordered, whichever is earlier, in the case of ~~special election~~ candidates at a special election, which contributions are in the aggregate amount of ~~$100~~ $50 or less, and which are fully identified and itemized as to the exact source thereof. A contribution received from a conduit ~~which is identified by the conduit as originating from an individual shall~~ may not be considered as a contribution made by ~~the~~ an individual for the purpose of qualifying for a grant under this subdivision. Only the first ~~$100~~ $50 of an aggregate contribution of more than ~~$100~~ $50 may be counted toward the required percentage. ~~For a candidate at the spring or general election for an office identified in s. 11.26 (1) (a) or a candidate at a special election, the required amount to qualify for a grant is 5% of the candidate's authorized disbursement limitation under s. 11.31. For any other candidate at the general election, the required amount to qualify for a grant is 10% of the candidate's authorized disbursement limitation under s. 11.31.~~

SECTION 62. 11.50 (2) (g) of the statutes is amended to read:

11.50 **(2)** (g) A candidate who voluntarily files an application to receive a grant in accordance with this subsection accepts and agrees to comply with the contribution limitations prescribed in s. 11.26 and the disbursement limitations imposed under s. 11.31 as binding upon himself or herself and his or her agents during the campaign, of that candidate as defined in s. 11.31 (7), as a precondition

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to receipt of a grant under this section, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws the application under par. (h),~~ or par. (i) applies.

SECTION 63. 11.50 (2) (h) of the statutes is repealed.

SECTION 64. 11.50 (2) (i) of the statutes is amended to read:

11.50 **(2)** (i) Notwithstanding par. (g), if an eligible candidate at the spring election or a special nonpartisan election who accepts a grant is opposed by one or more candidates in the election, or if an eligible candidate at the general election or a special partisan election who accepts a grant is opposed by one or more candidates in the election who receive at least 6% of the vote cast for all candidates for the same office on all ballots at the September primary or a special partisan primary if a primary was held, and in either case if any such opponent of the eligible candidate does not accept a grant under this section in whole or in part, the eligible candidate is not bound by the pledge made in his or her application to adhere to the contribution limitations prescribed in s. 11.26 and the disbursement limitation prescribed under s. 11.31~~, unless each such opponent files an affidavit of voluntary compliance under s. 11.31 (2m)~~.

SECTION 65. 11.50 (2m) of the statutes is created to read:

11.50 **(2m)** PUBLIC INFORMATION. There is established a public information account within the fund. Annually on ~~August 16~~ January 1, the board shall transfer ~~5%~~ of the moneys transferred to the fund under s. 20.855 (4) (b) during the preceding year ~~in each account within the Wisconsin election campaign fund, except the public information account,~~ from each account within the fund, except the public information account, an amount equal to to the public information account. The board shall expend the moneys in the public information account for ~~the~~ purpose of providing public information concerning the ~~purpose~~ and effect of s. 71.10 (3) and this section.

The board shall make the transfers from each account in the same proportion that the amount of moneys transferred to that account during the preceding year from moneys transferred to the fund under s. 20.855 (4) (b) bears to the total amount of moneys transferred to the fund under s. 20.855 (4) (b) in that year.

1 **SECTION 66.** 11.50 (2m) of the statutes, as created by 1999 Wisconsin Act ....
2 (this act), is repealed.

3 **SECTION 67.** 11.50 (2s) of the statutes is created to read:

4 11.50 **(2s)** POLITICAL PARTY ACCOUNTS. (a) The state chairperson of each eligible
5 political party may, by written request to the board, provide for the establishment
6 or discontinuance of an account within the fund for that political party. Each political
7 party account consists of 97% of all moneys designated by individuals for deposit in
8 that account under s. 71.10 (3) (a).

9 (b) The board shall make grants to each eligible political party for which an
10 account is established under par. (a) in an amount equivalent to 9.7% of the total
11 amount designated by income tax filers under s. 71.10 (3) (a) for deposit in the
12 account of that political party, plus 100% of the amounts transferred to the account
13 of that political party under par. ~~(bf)~~ (f).

14 (c) Except as provided in pars. (e) ~~to (f)~~ and (f) and sub. (9) (a), from the account of each
15 eligible political party, the board shall apportion the following amounts to the
16 accounts of eligible candidates for the following offices:

17 1. An amount equal to 12.8% to the candidate for the office of governor.

18 2. An amount equal to1.2% to the candidate for the office of lieutenant governor.

19 3. An amount equal to 2.4% to the candidate for the office of attorney general.

20 4. An amount equal to 1.2% to the candidate for the office of secretary of state.

21 5. An amount equal to 1.2% to the candidate for the office of state treasurer.

22 6. An amount equal to 23 1/3% to the candidates for the office of state senator.

23 7. An amount equal to 46 2/3% to the candidates for the office of representative
24 to the assembly.

(d) Except as provided in pars. (e) ~~to (f)~~ and (f) and sub. (9) (a), each eligible candidate for the office of state senator or representative to the assembly shall receive the amount from the ~~political party~~ account of the political party of that candidate under par. (c) 6. or 7. determined as follows:

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2. ~~1.~~ For each county within the legislative district in which a candidate seeks office, the board shall then calculate the sum of the votes cast in the most recent general election at which the seat sought by the candidate was filled in that part of the county in which the district is located for all candidates of the political party of that candidate for all state offices other than the office of ~~except~~ district attorney, except as provided in subd. 6

3. ~~2.~~ The board shall then calculate the sum of the votes cast in the most recent general election at which the seat sought by the candidate was filled in that county for all candidates of the political party of that candidate for all state offices other than the office of ~~except~~ district attorney, except as provided in subd. 6

INS 36-17

5. ~~3.~~ The board shall then divide the result obtained under subd. ~~2.~~ 2. by the result obtained under subd. ~~1.~~ 3. and multiply that result by the amount determined under subd. 4. ~~in the political party account of the political party of that candidate allocated for the candidate or candidates for the office for which the candidate seeks election.~~

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(e) If a political party does not have a candidate for any office specified in par. (c) ~~1. to 5.~~ whose name is certified to appear on the general or a special election ballot, or if a political party has a candidate for an office specified in par. (c) who has an opponent whose name is certified to appear on the general or a special election ballot but who does not qualify for a grant under sub. (2), ~~the board shall transfer the amount allocated under par. (c) for that candidate to the general account under sub. (2m).~~

(f) ~~If a political party does not have a candidate for any office specified in par. (c) 6. or 7. in any legislative district,~~ the board shall transfer the amount allocated under par. (c) for that candidate to the general fund.

(g) ~~If a political party does not have a candidate for any office specified in par. (c) 1. to 5.~~ who has an opponent whose name is certified to appear on the general or

a special election ballot, the board shall retain the amount allocated under par. (c) for that candidate in the political party account until the next distribution occurs under this subsection at the next election.

(f) If a political party does not have has a candidate for any an office specified in par. (c) 6. or 7. who has fulfilled all qualifications to receive a grant under sub. (2) an opponent whose name is certified to appear on the general or a special election ballot, the board shall transfer the amount allocated under par. (c) for that candidate to the political party account of the party of that candidate for distribution to the party under par. (2s) (b). except that the candidate does not have

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(i) If a political party has a candidate for any office specified in par. (c) 1. to 5. who has not qualified to receive a grant under sub. (2), the board shall retain the amount allocated under par. (c) for that candidate in the political party account until the next distribution occurs under this subsection at the next election.

(j) If a political party has a candidate for any office specified in par. (c) 6. or 7. who has not qualified to receive a grant under sub. (2), the board shall transfer the amount allocated under par. (c) for that candidate to the general fund.

SECTION 68. 11.50 (2w) of the statutes is created to read:

11.50 **(2w)** GENERAL ACCOUNT. There is established a general account within the fund consisting of 97% of all moneys designated by individuals for deposit in that account under s. 71.10 (3) (a).

SECTION 69. 11.50 (3) (a) (intro.) of the statutes is amended to read:

11.50 **(3)** (a) (intro.) Annually on August 15, September 1, the state treasurer shall apportion all moneys appropriated to in the general account of the fund shall be apportioned as follows by the state treasurer:

SECTION 70. 11.50 (3) (a) 1. and 2. of the statutes are amended to read:

11.50 **(3)** (a) 1. If an election for state superintendent is scheduled in the following year, ~~8%~~ 12% of the ~~fund~~ moneys in the general account shall be placed in a superintendency account. From ~~this~~ the superintendency account, an equal amount shall be disbursed to the campaign depository account of each eligible candidate by the state treasurer.

2. If an election for justice is scheduled in the following year, ~~8%~~ 12% of the ~~fund~~ moneys in the general account shall be placed in a supreme court account. From ~~this~~ the supreme court account, an equal amount shall be disbursed to the campaign depository account of each eligible candidate by the state treasurer.

SECTION 71. 11.50 (3) (b) of the statutes is amended to read:

11.50 **(3)** (b) If a vacancy occurs in the office of state superintendent or justice after ~~August 15~~ September ~~1~~ 16 in any year and an election is scheduled to fill the vacancy at the spring election in the following year, the state treasurer shall transfer an amount not exceeding ~~8%~~ 12% of the moneys transferred to the general account of the fund ~~on the preceding August 15~~ ~~September 1~~ during the 12-month period preceding that date to the account for the office in which the vacancy occurs, such moneys to be drawn from any account within the accounts created under sub. (4) in the amount or amounts specified by the board.

SECTION 72. 11.50 (4) (a) of the statutes is amended to read:

11.50 **(4)** (a) In the partisan campaign account, 25% of the moneys shall be apportioned into an executive campaign account and 75% of the moneys shall be apportioned into a legislative ~~and special election~~ campaign account.

SECTION 73. 11.50 (4) (c) of the statutes is amended to read:

11.50 **(4)** (c) The legislative ~~and special election~~ campaign account shall be divided into a senate campaign account to receive 25% of the moneys, and an assembly campaign account to receive 75% of the moneys. Each account shall then

be apportioned between all eligible candidates for the same office in the entire state. No apportionment shall be made by legislative district.

SECTION 74. 11.50 (4) (cm) of the statutes is amended to read:

11.50 **(4)** (cm) ~~Each~~ There is established within the general account of the fund a special election account. The special election account consists of the lesser of the moneys required to make grants under this paragraph or the balance in the remainder of the general account. From the special election account, each eligible candidate ~~for the same office~~ at a special election of a political party whose candidate for the same office received a grant at the preceding general election shall receive ~~an equal amount, which amount shall be~~ a grant equivalent to the ~~maximum~~ combined grant ~~which~~ from the general and party accounts that was payable to ~~any~~ the candidate of the same political party for that office at the ~~most recent spring or~~ preceding general election. ~~The amount shall be drawn from the senate campaign account and the assembly campaign account in the same proportions as the balance in each account bears to the total balance in both accounts at the time that payments are made. Whenever there are insufficient moneys in the senate campaign account and the assembly campaign account to make the payments required by this paragraph, payments shall be appropriately reduced or discontinued by the board.~~ From the special election account, each eligible candidate for state superintendent at a special election shall receive a grant equivalent to the grant that was payable to candidates for that office at the most recent spring election. From the special election account, each eligible candidate at a special election who does not represent a political party whose candidate for the same office at the preceding spring or general election received a grant shall receive a grant equivalent to the grant that was payable to candidates for the same office at the preceding spring or general election from the general account.

SECTION 75. 11.50 (4) (d) of the statutes is amended to read:

11.50 **(4)** (d) ~~Within~~ Except as provided in par. (cm) and sub. (9), within the accounts established under this subsection for each office at each general election, the entire amount of all available moneys shall be apportioned equally to all eligible candidates.

SECTION 76. 11.50 (5) of the statutes is renumbered 11.50 (5) (a) and amended to read:

11.50 **(5)** (a) The state treasurer shall make the disbursements to the ~~campaign depository account of each eligible candidate~~ treasurer of the personal campaign committee of each candidate who receives a grant under subs. (3) and (4) by the end of the 3rd business day following notice from the board under s. 7.08 (2) (c) or (cm).

(b) Eligible candidates for governor and lieutenant governor of the same political party may combine accounts if desired.

SECTION 77. 11.50 (5) (c) of the statutes is created to read:

11.50 **(5)** (c) The state treasurer shall make the disbursements to the treasurer of the state committee of each political party that receives a grant by the end of the 3rd business day following receipt of each certification from the secretary of revenue under s. 71.10 (3) (b).

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SECTION 78. 11.50 (7) (intro.) of the statutes is amended to read:

11.50 **(7)** UTILIZATION. (intro.) (a) Grants distributed under this section may be utilized only for deposit in a campaign depository account under s. 11.10.

(b) Grants received by an eligible candidate from the general account or from the account of an eligible political party may be expended only for one or more of the following:

SECTION 79. 11.50 (7) (a) to (d) of the statutes are renumbered 11.50 (7) (b) 1. to 4.

1 **SECTION 80.** 11.50 (7) (c) of the statutes is created to read:

2 11.50 **(7)** (c) Grants received by an eligible political party under sub. (2s) (b)
3 may be expended only for one or more of the following:

4 1. Purchase of services from a communications medium to promote the
5 candidacy of candidates of the party generally without reference to any specific
6 candidate of the party for state office.

7 2. Preparation and dissemination of sample ballots listing the names of 3 or
8 more candidates of the party for state office.

9 3. Making telephone contacts with electors in which the names of 3 or more
10 candidates of the party are mentioned.

11 4. Fund raising on behalf of 3 or more candidates of the party for state office.

12 5. Staff compensation and expenses to provide services on behalf of 3 or more
13 candidates of the party for state office.

14 **SECTION 81.** 11.50 (8) of the statutes is amended to read:

15 11.50 **(8)** LAPSING GRANTS. All grants disbursed under sub. (5) remain the
16 property of the state until disbursed or encumbered for a lawful purpose. All grant
17 moneys that are unspent and unencumbered by a candidate on the day after the
18 election in which the candidate participates <u>and that exceed the total amount of</u>
19 <u>disbursements by the candidate's personal campaign committee that were made or</u>
20 <u>obligated after the date of the primary election</u> shall revert to the state. All deposits
21 and refunds derived from grant moneys that are received by a candidate at any time
22 after the day of the election in which the candidate participates shall revert to the
23 state. All reversions shall be returned to the board by the candidate and shall be
24 deposited in the fund.

SECTION 82. 11.50 (9) of the statutes is renumbered 11.50 (9) (a) and amended to read:

11.50 **(9)** (a) The total grant available to an eligible candidate ~~may not exceed that amount which, when added to all other contributions accepted from sources other than individuals, and political party committees and legislative campaign committees, is~~ shall equal ~~to 45%~~ 50% of the disbursement level ~~specified~~ for candidates for the applicable office other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9). If the combined amount otherwise payable to an eligible candidate under subs. (2s) and (4) exceeds the limitation prescribed in this paragraph, the board shall reduce the total grant available to that candidate by reducing first any amount to which the candidate would otherwise be entitled from the general account, and thereafter any amount to which the candidate would otherwise be entitled from the political party account of the candidate's political party.

(c) The board shall scrutinize accounts and reports and records kept under this chapter to assure that applicable limitations under ~~ss. 11.26 (9) and~~ s. 11.31 are not exceeded and any violation is reported. No candidate or campaign treasurer may accept grants exceeding the amount authorized by this subsection.

SECTION 83. 11.50 (11) (e) of the statutes is amended to read:

11.50 **(11)** (e) No candidate may expend, authorize the expenditure of or incur any obligation to expend any grant if he or she violates the pledge required under sub. (2) (a) as a precondition to receipt of a grant, except as authorized in sub. (2) ~~(h) or~~ (i).

SECTION 84. 11.50 (11) (g) of the statutes is amended to read:

11.50 **(11)** (g) If any person other than a candidate violates pars. (a) ~~to~~, (d) or (f), such person shall be liable to the state in a civil action brought by the board for conversion, for treble the amount of the moneys wrongfully expended, and in addition is subject to penalties as provided in ss. 11.60 and 11.61. If any candidate violates pars. (a) to (f) ~~par. (e)~~, the candidate shall be personally liable to the state in a civil action brought by the board for conversion, for treble the amount of the moneys wrongfully expended, or for not more than 4 times the amount by which ~~the~~ any disbursements made by the candidate's personal campaign committee and ~~the~~ any contributions made by the candidate to his or her own campaign exceeded the limitation prescribed in s. 11.26 (10) or the limitation prescribed in s. 11.31 (1) or (1m), or both, as adjusted under s. 11.31 (9), and in addition is subject to penalties as provided in ss. 11.60 and 11.61

SECTION 85. 11.50 (14) of the statutes is created to read:

11.50 **(14)** CERTIFICATIONS TO SECRETARY OF REVENUE. (a) In each even–numbered year, the board shall certify to the secretary of revenue:

1. No later than July 1, the name of each political party that qualifies under sub. (1) (am) 1. as an eligible political party as of the preceding June 1 and whose state chairperson has filed a request to establish an account for the party under sub. (2s) (a).

2. No later than December 15, the name of each political party that qualifies under sub. (1) (am) 2. as an eligible political party as of the date of the preceding general election and whose state chairperson has filed a written request to establish an account for the party under sub. (2s) (a).

(b) As soon as possible after receiving a valid application from an eligible candidate under sub. (2) (a) and determining that the candidate is eligible to receive a grant, the board shall certify to the secretary of revenue the full name of that candidate as the name appears on the candidate's nomination papers.

(c) In each certification under this subsection, the board shall specify the expiration date of the certification.

~~**SECTION 86.** 11.60 (1) of the statutes is amended to read:~~

11.60 **(1)** ~~Any~~ Except as provided in sub. (3p), any person, including any committee or group, who or which violates this chapter may be required to forfeit not more than $500 for each violation.

SECTION 87. 11.60 (3p) of the statutes is created to read:

11.60 **(3p)** Any person, including any committee or group, who or which violates s. 11.095 in respect to any telephone communication in which the caller engages in persuasive telephoning shall forfeit $1 for each such telephone communication with an individual that is subject to disclosure under s. 11.095 which the person fails to disclose under that section within the time prescribed under that section.

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SECTION 88. 11.70 of the statutes is created to read:

11.70 Political contribution refund. (1) In this section:

(a) "Certified political party" means a party whose name is certified by the board to the secretary of revenue under s. 11.50 (14) (a).

(b) "Certified eligible candidate" means a candidate whose name is certified by the board to the secretary of revenue under s. 11.50 (14) (b).

(2) Any individual who is a resident of this ~~state~~ and who makes any contribution or contributions of money to a certified political party or a certified eligible candidate may file a claim with the secretary of revenue requesting a refund of not more than $50 for any such contribution or contributions made in any calendar year. Two married individuals who are residents of this state and who make, individually or jointly, any contribution or contributions of money to a certified

political party or a certified eligible candidate may file a claim with the secretary of revenue requesting a refund of not more than $100 for such contributions made, including not more than $50 for such contributions made individually by each of them, in any calendar year.

(3) The secretary of revenue shall prescribe an official refund receipt form for use under this section. The forms shall be numbered sequentially. Each individual or married couple filing a request for a refund under sub. (2) shall attach a copy of that form to ~~that~~ the request.

(4) All information concerning the identities of individuals and married couples requesting refunds, the identities of candidates to whom contributions are made and the amounts of any contributions made is confidential.

(5) A request under this section shall be filed with the secretary of revenue no earlier than January 1 of the year in which any contributions are made for which a refund is requested and no later than April 15 of the following year.

(6) An individual may file a request under this section no more than once for any year. Married individuals may file a request under this section either individually or jointly no more than once for any year.

(7) The secretary of revenue shall make refunds under this section from the appropriation under s. 20.566 (3) (f).

(8) If the secretary of revenue makes any refund under this section later than June 15 in the year after the contribution or contributions to be refunded were made, the secretary shall pay interest on the refund at the rate provided under s. 71.82 (1) (b).

(9) No later than August 1 annually, the secretary of revenue shall submit a statement to the board summarizing the total number and the aggregate amount of

refunds made on behalf of each certified political party and each certified eligible candidate during the preceding fiscal year.

SECTION 89. 13.625 (1) (b) 3. of the statutes is amended to read:

13.625 **(1)** (b) 3. Food, meals, beverages, money or any other thing of pecuniary value, ~~except that a lobbyist may make a campaign contribution to a partisan elective state official or candidate for national, state or local office or to the official's or candidate's personal campaign committee; but a lobbyist may make a contribution to which par. (c) applies only as authorized in par. (c)~~.

SECTION 90. 13.625 (1) (c) (intro.) of the statutes is renumbered 13.625 (1) (c) and amended to read:

13.625 **(1)** (c) ~~Except as permitted in this subsection, make~~ Make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official for the purpose of promoting the official's election to any national, state or local office, or to a candidate for a partisan elective state office to be filled at the general election or a special election, or the official's or candidate's personal campaign committee. ~~A campaign contribution to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee may be made in the year of a candidate's election between June 1 and the day of the general election, except that:~~

SECTION 91. 13.625 (1) (c) 1. and 2. of the statutes are repealed.

SECTION 92. 13.625 (2) of the statutes is amended to read:

13.625 **(2)** No principal may engage in the practices prohibited under sub. (1) (b) ~~and (c)~~ except that a principal may make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee in the year of an official's or

1 candidate's election between June 1 and the day of the general election unless, in the
2 case of a member of the legislature or candidate for legislative office, the legislature
3 has not concluded its final floorperiod or is in special or extraordinary session. This
4 subsection does not apply to the furnishing of transportation, lodging, food, meals,
5 beverages or any other thing of pecuniary value which is also made available to the
6 general public.

7 **SECTION 93.** 13.625 (6) of the statutes is amended to read:

8 13.625 **(6)** Subsections (1) (b) and (c), (2) and (3) do not apply to the furnishing
9 of anything of pecuniary value by an individual who is a ~~lobbyist or~~ principal to a
10 relative of the individual or an individual who resides in the same household as the
11 individual, nor to the receipt of anything of pecuniary value by that relative or
12 individual residing in the same household as the individual. Subsections (1) (b), (2)
13 and (3) do not apply to the furnishing of anything of pecuniary value, except a
14 campaign contribution, as defined in s. 11.01 (6), by a lobbyist to a relative of the
15 lobbyist or an individual who resides in the same household as the lobbyist, nor to
16 the receipt of any such thing by that relative or individual residing in the same
17 household as the individual.

18 **SECTION 94.** 20.510 (1) (q) of the statutes is amended to read:

19 20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing
20 appropriation, from the Wisconsin election campaign fund, the moneys determined
21 under s. 11.50 to provide for payments to eligible candidates whose names are
22 certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose names are
23 certified under s. 7.08 (2) (cs) and to provide for public information under s. 11.50
24 (2m).

SECTION 95. 20.510 (1) (q) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing appropriation, from the Wisconsin election campaign fund, the ~~moneys~~ amounts determined under s. 11.50 to provide for payments to eligible candidates whose names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose names are certified under s. 7.08 (2) (cs) ~~and to provide for public information under s. 11.50 (2m)~~.

SECTION 96. 20.566 (3) (f) of the statutes is created to read:

20.566 **(3)** (f) *Political contribution refunds.* A sum sufficient to make political contribution refunds under s. 11.70.

SECTION 97. 20.855 (4) (b) of the statutes is amended to read:

20.855 **(4)** (b) *Election campaign payments.* A sum sufficient equal to 97% of the amounts determined under s. 71.10 (3) to be paid into the Wisconsin election campaign fund ~~annually on August 15~~ as provided in s. 71.10 (3) (b).

SECTION 98. 20.855 (4) (ba) of the statutes is created to read:

20.855 **(4)** (ba) *Election fund annual supplement.* A sum sufficient equal to $3,000,000 in each fiscal year, plus, in each fiscal year, the amounts determined by the secretary of revenue under ss. 71.80 (21) and 77.9973, to be transferred from the general fund to the Wisconsin election campaign fund annually on ~~August 15~~ September 16.

SECTION 99. 20.855 (4) (bb) of the statutes is created to read:

20.855 **(4)** (bb) *Election fund special election supplement.* A sum sufficient equal to the amounts required to make full payment of grants which candidates at special elections qualify to receive from the Wisconsin election campaign fund, to be transferred from the general fund to the special election account of the Wisconsin

election campaign ~~fund~~ no later than the time required to make payments of grants under s. 11.50 (5).

SECTION 100. 25.42 of the statutes is amended to read:

25.42 Wisconsin election campaign fund. All moneys appropriated under s. 20.855 (4) (b), (ba) and (bb) together with all moneys reverting to the state under s. 11.50 (8) and all gifts, bequests and devises received under s. 11.50 (13) constitute the Wisconsin election campaign fund, to be expended for the purposes of s. 11.50. All moneys in the fund not disbursed by the state treasurer shall continue to accumulate indefinitely.

SECTION 101. 71.05 (6) (a) 21. of the statutes is created to read:

71.05 **(6)** (a) 21. Any amount deducted under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 102. 71.07 (5) (a) 8. of the statutes is created to read:

71.07 **(5)** (a) 8. Expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 103. 71.10 (3) (a) of the statutes is amended to read:

71.10 **(3)** (a) Every individual filing an income tax return who has a tax liability or is entitled to a tax refund may designate ~~$1~~ $5 for transfer to the Wisconsin election campaign fund ~~for the use of eligible candidates under s. 11.50~~. If the individuals filing a joint return have a tax liability or are entitled to a tax refund, each individual may make a designation of ~~$1~~ $5 under this subsection. Each individual making a designation shall indicate whether the amount designated by that individual shall be placed in the general account for the use of all eligible

candidates for state office, or in the account of an eligible political party whose name is certified to the secretary of revenue under s. 11.50 (14). If an individual does not indicate that the amount of his or her designation shall be placed in the account of a particular eligible political party, that amount shall be placed in the general account.

SECTION 104. 71.10 (3) (b) of the statutes is amended to read:

71.10 **(3)** (b) The secretary of revenue shall provide a place for ~~those~~ designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax liability. ~~Annually on August 15~~ The secretary shall also provide a place in the instructions that accompany the return for any information submitted to the secretary by the elections board under s. 11.50 (2m). No later than the 15th day of each month, the secretary of revenue shall certify to the elections board, the department of administration and the state treasurer ~~under s. 11.50~~ the total amount of designations made on returns processed by the department of revenue during the preceding ~~fiscal year~~ month and the amount of designations made during that month for the general account and for the account of each eligible political party. If any individual attempts to place any condition or restriction upon a designation not authorized under par. (a), that individual is deemed not to have made a designation on his or her tax return.

auto. ref. 105 **SECTION 105.** 71.10 (3) (b) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

71.10 **(3)** (b) The secretary of revenue shall provide a place for ~~those~~ designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax

1 liability. ~~The secretary shall also provide a place in the instructions that accompany~~
2 ~~the return for any information submitted to the secretary by the elections board~~
3 ~~under s. 11.50 (2m).~~ No later than the 15th day of each month, the secretary of
4 revenue shall certify to the elections board, the department of administration and
5 the state treasurer the total amount of designations made on returns processed by
6 the department of revenue during the preceding month and the amount of
7 designations made during that month for the general account and for the account of
8 each eligible political party. If any individual attempts to place any condition or
9 restriction upon a designation not authorized under par. (a), that individual is
10 deemed not to have made a designation on his or her tax return.

11 **SECTION 106.** 71.26 (1) (a) of the statutes is amended to read:

12 71.26 **(1)** (a) *Certain corporations.* Income of corporations organized under ch.
13 185, except income of a cooperative sickness care association organized under s.
14 185.981, or of a service insurance corporation organized under ch. 613, that is derived
15 from a health maintenance organization as defined in s. 609.01 (2) or a limited
16 service health organization as defined in s. 609.01 (3), or operating under subch. I
17 of ch. 616 which are bona fide cooperatives operated without pecuniary profit to any
18 shareholder or member, or operated on a cooperative plan pursuant to which they
19 determine and distribute their proceeds in substantial compliance with s. 185.45,
20 and the income, except the unrelated business taxable income as defined in section
21 512 of the internal revenue code and except income that is derived from a health
22 maintenance organization as defined in s. 609.01 (2) or a limited service health
23 organization as defined in s. 609.01 (3), of all religious, scientific, educational,
24 benevolent or other corporations or associations of individuals not organized or
25 conducted for pecuniary profit. <u>In computing unrelated business taxable income for</u>

1 the purposes of this paragraph, the expenses that are deductible under section 162
2 (e) (1) of the Internal Revenue Code because of the exception contained in section 162
3 (e) (5) of the Internal Revenue Code may not be deducted. This paragraph does not
4 apply to the income of savings banks, mutual loan corporations or savings and loan
5 associations. This paragraph applies to the income of credit unions except to the
6 income of any credit union that is derived from public deposits for any taxable year
7 in which the credit union is approved as a public depository under ch. 34 and acts as
8 a depository of state or local funds under s. 186.113 (20). For purposes of this
9 paragraph, the income of a credit union that is derived from public deposits is the
10 product of the credit union's gross annual income for the taxable year multiplied by
11 a fraction, the numerator of which is the average monthly balance of public deposits
12 in the credit union during the taxable year, and the denominator of which is the
13 average monthly balance of all deposits in the credit union during the taxable year.

14 **SECTION 107.** 71.26 (2) (b) 1g. of the statutes is created to read:

15 71.26 **(2)** (b) 1g. In computing the net income under this paragraph of a
16 corporation, conduit or common law trust that qualifies as a regulated investment
17 company, real estate mortgage investment conduit or real estate investment trust,
18 expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code
19 because of the exception contained in section 162 (e) (5) of the Internal Revenue Code
20 may not be deducted.

21 **SECTION 108.** 71.26 (3) (e) 4. of the statutes is created to read:

22 71.26 **(3)** (e) 4. So that expenses that are deductible under section 162 (e) (1)
23 of the Internal Revenue Code because of the exception contained in section 162 (e)
24 (5) of the Internal Revenue Code may not be deducted.

25 **SECTION 109.** 71.34 (1) (ad) of the statutes is created to read:

71.34 **(1)** (ad) The expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 110. 71.45 (2) (a) 15. of the statutes is created to read:

71.45 **(2)** (a) 15. By adding to federal taxable income the amount of any expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 111. 71.80 (21) of the statutes is created to read:

71.80 **(21)** TAXABILITY OF LOBBYING EXPENSES; CERTIFICATION. Annually no later than August 15, the secretary of revenue shall certify to the secretary of administration the amount of taxes estimated by the secretary of revenue to have been collected during the preceding 12–month period ending on ~~August 15~~ June 30 as a result of the election of this state not to allow an income and franchise tax deduction for expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible because of the exemption contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 112. Chapter 77 (title) of the statutes is amended to read:

CHAPTER 77

TAXATION OF FOREST CROPLANDS; REAL ESTATE TRANSFER FEES; SALES AND USE TAXES; COUNTY AND SPECIAL DISTRICT SALES AND USE TAXES; MANAGED FOREST LAND; TEMPORARY RECYCLING SURCHARGE; LOCAL FOOD AND

1 **BEVERAGE TAX; LOCAL RENTAL**
2 **CAR TAX; PREMIER RESORT AREA**
3 **TAXES; STATE RENTAL VEHICLE**
4 **FEE; DRY CLEANING FEES;**
5 **CAMPAIGN TREASURY**
6 **SURPLUS EARNINGS TAX**

7 **SECTION 113.** Subchapter XIII of chapter 77 [precedes 77.997] of the statutes
8 is created to read:

9 **CHAPTER 77**
10 SUBCHAPTER XIII
11 CAMPAIGN TREASURY
12 SURPLUS EARNINGS TAX

13 **77.997 Definitions.** In this subchapter:

14 **(1)** "Campaign treasury surplus" means the unencumbered balance in the
15 campaign depository account of a candidate or a candidate's personal campaign
16 committee during the period beginning on the first day of the month following an
17 election at which the name of the candidate appeared on the ballot, except a primary
18 election if the candidate was nominated at that primary election to appear on an
19 election ballot, and ending on the date that the candidate files a valid declaration of
20 candidacy together with valid nomination papers, if required, to appear on the ballot
21 at a succeeding election.

22 **(2)** "Candidate" has the meaning given in s. 11.01 (1).

23 **(3)** "Election" has the meaning given in s. 5.02 (4).

24 **(4)** "Personal campaign committee" has the meaning given in s. 11.01 (15).

77.9971 Imposition. A tax is imposed on each candidate and personal campaign committee at the rate of 15% on the earnings received by the candidate or personal campaign committee on any campaign treasury surplus for the 6–month period ending on each December 31 and June 30.

77.9972 Administration. (1) The department of revenue shall levy, enforce and collect the tax under this subchapter.

(2) The tax under this subchapter and a completed return prescribed by the department of revenue are due on March 1 and September 1.

(3) Sections 77.59 (1) to (6), (8) and (8m), 77.60 (1) to (7), (9) and (10), 77.61 (5) and (12) to (14) and 77.62, as they apply to the taxes under subch. III, apply to the tax under this subchapter.

77.9973 Certification. Annually no later than September 15 ~~August 31~~, the secretary of revenue shall certify to the secretary of administration the amount of taxes collected under this subchapter for the preceding 12–month period ending on June 30.

SECTION 114. Initial applicability.

(1) Except as provided in subsections (2) to (5), this act first applies to elections held on the effective date of this subsection.

(2) The treatment of section 11.06 (1) (a), (d) and (L) of the statutes first applies to reports covering the period beginning on July 1, 2000 ~~January 1, 2001~~.

(3) The treatment of section 11.31 (9) of the statutes first applies to adjustment of disbursement limitations for the biennium beginning on January 1, 2002 ~~1999~~.

(4) The treatment of sections 71.05 (6) (a) 21., 71.07 (5) (a) 8., 71.10 (3) (a) and (b) (by SECTION 104), 71.26 (1) (a), (2) (b) 1g. and (3) (e) 4., 71.34 (1) (ad) and 71.45 (2) (a) 15. of the statutes first applies to taxable years beginning on January 1 of the year in which this subsection takes effect, except that if this subsection takes effect after

OK no change

July 31 this act first applies to claims filed for taxable years beginning on January 1 of the year following the year in which this subsection takes effect.

(5) The treatment of subchapter XIII of chapter 77 of the statutes first applies to earnings received on January 1, 2001.

SECTION 115. Effective dates. This act takes effect on the day after publication, except as follows:

(1) The treatment of section 20.510 (1) (q) (by SECTION 95) of the statutes and the repeal of section 11.50 (2m) of the statutes take effect on the first day of the 7th year beginning after publication.

(2) The treatment of section 71.10 (3) (b) (by SECTION ~~104~~ 105) of the statutes takes effect on the first day of the 7th year beginning after publication.

(END)

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–1801/2dn
JTK...:/.:...
Kmg

. I have attempted to distill the essence of the Common Cause language relating to bogus "issue" advertising in proposed s. 11.05 (14). Concerning that language:

a. I did not incorporate the examples of express advocacy in (1)(A) because it is well–established, I think, that this type of thing is currently subject to disclosure requirements under Wisconsin law and under *Buckley v. Valeo, et al.,* 96 S.Ct. 612 (1976). Also, we are reluctant to place examples in drafts because the courts may construe the examples to limit the application of the law, despite language to the effect that the examples are not intended to be limiting. See *Hatheway v. Gannett Satellite Network,* 57 Wis.2d 395 (Ct. App., 1990).

b. Although I understand the desire to limit the sweep of this provision, I think there is a problem with the $2,000 limitation in that the "issue–oriented" communications are defined in such a way as to include, in addition, traditional communications that utilize express advocacy, so the draft ends up suggesting, in a backhanded way, that that traditional communications might not be reportable unless the $2,000 threshold is crossed.

c. With respect to (2) of the submitted language, we currently exclude internal communications from disclosure requirements under s. 11.29, stats. This statute reads a little differently than (2) (A) in that it excludes all communications by a corporation, cooperative or voluntary association to it members, shareholders or subscribers. Because I wasn't sure that you specifically intended to alter that provision, I left it alone. Also, we currently exclude the organized media from disclosure requirements under s. 11.30 (4), stats. Once again, this statute reads a little differently than your (2) (B), but I wasn't sure if you specifically intended to alter our current exclusion. Please let me know if this is not in accord with your intent.

d. Concerning the constitutionality of this provision, I know that the McCain–Feingold language has been looked at by respected constitutional scholars who convincingly argue that it passes constitutional muster; however, current state law is specifically molded to fit within the confines of the *Buckley* decision whereas this language casts aside that decision and takes the stance that another mold should be acceptable. Once again, the U.S. Supreme Court will have to speak on this issue before we can be sure. There is also another issue with this language in that under the Fifth, Sixth and Fourteenth Amendments, the state has the burden of proof in prosecutions. To the extent that this provision operates to shift that burden to the defendant under certain circumstances, it may be difficult to enforce.

2. Currently, it is possible to charge a committee or group with a violation of the campaign fianhce law. In addition, any members of a committee or group who participate in an offense may be charged. Under ss. 11.10 (1) and 11.20 (13), stats., a candidate bears civil liability for the filing and accuracy of each report submitted on his or her behalf, whether or not the candidate signs the report. Under the changes to s. 11.25 (2) (b), stats. and proposed s. 11.01 (16) (b) 2., as contained in this draft, it will no longer be possible to recover a forfeiture from the treasury of a committee or group. This may mean that if a prosecutor cannot prove who was personally responsible for an offense, no one will be responsible even though a committee or group was obviously in violation. Is this consistent with your intent?

RWS D2A

3. Since under this draft there is no period during which a candidate may make disbursements that are not charged to a current, former or future campaign, this draft repeals s. 11.31 (7) (d), stats. Please let me know if this is not in accord with your intent.

4

5. Proposed s. 11.31 (9), relating to the cost–of–living escalator for disbursement limitations, should have been updated in the previous draft. In this draft, the disbursement limitations specified in the draft will apply for the 2000 general election. The first adjustment will be made for elections held in 2002. Please let me know if this is not in accord with your intent.

6. Concerning proposed s. 11.50 (1) (a) 2. (part of the definition of "eligible candidate"), this subdivision must be read in conjunction with s. 11.50 (1) (a) (intro.), stats., which is not affected by this draft.

7. Concerning the 3% deduction from the checkoff for adminsitrative expenses, the previous draft transferred from the general fund to the general account and each political party account 97% of the amounts designated on taxpayer checkoffs. I thought this would be simpler than transferring 100% of the amounts designated on taxpayer checkoffs and then returning 3% to the general fund. See proposed s. 11.50 (2s) (a) and (b) and (2w) and the treatment of s. 20.855 (4) (b), stats. This draft makes no change in these provisions. Please note that the draft does not appropriate this 3% deduction to the department of revenue. The money is retained in the general fund, which under current law is used to finance DOR's general program operations. Please let me know if this is not in accord with your intent.

JTK

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-2331/1dn
JTK:jlg:jf

March 2, 1999

FWS 2DA

3. Concerning proposed s. 11.25(4), which prohibits former candidates and their committees from making certain independent disbursements,

~~The~~ U.S. supreme court has held that limits may not be imposed on the spending of committees that wish to express their views independently of candidates. See *Buckley v. Valeo, et al.*, 96 S.Ct. 612, 644–650 (1976) and *F.E.C. v. N.C.P.A.C.*, 105 S.Ct. 1459, 1465–1471 (1985). However, the court has also held, in *Buckley*, that reasonable contribution limitations may be imposed upon committees. If one views this proposal simply as an attempt to restrict independent spending, it would likely not meet the court's current standard for passing constitutional muster. If one views this proposal as only a limited restriction designed to prevent evasion of contribution limitations and to protect contributors by ensuring that their contributions are not used for purposes they did not intend, the proposal may be viewed more favorably, and could be sustained.

Jeffery T. Kuesel
Managing Attorney
Phone: (608) 266-6778

State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-2331/1
JTK:jlg:jf

Jw S 4A

1999 BILL

1 AN ACT *to create* 11.25 (4) of the statutes; **relating to:** independent
2 disbursements by former personal campaign committees.

Analysis by the Legislative Reference Bureau

Subsub Other Disbursement Restrictions

Currently, a personal campaign committee may make contributions to candidates other than the candidate whom it is organized to support, subject to applicable contribution limitations. If a candidate dies or ceases to be a candidate, the personal campaign committee remains subject to the same limitations. However, if the committee thereafter files a statement affirming under oath its independence from any candidate, the committee may, in addition to making contributions, make disbursements ~~(expenditures)~~ Affirmed in an unlimited amount to advocate the election or defeat of a candidate.

This bill provides that, if a candidate dies or ceases to be a candidate, and the candidate's personal campaign committee thereafter files a statement affirming under oath its independence of any candidate, the committee may not make any disbursement to advocate the election or defeat of a clearly identified candidate that is derived in whole or in part from contributions received by the committee prior to filing the statement in an amount or value exceeding the maximum contribution that the committee is permitted to make to that candidate under contribution limitations currently prescribed by law. Violators are ~~subject to a forfeiture (civil penalty) of not~~ more than ~~$500 for each~~ violation. Intentional violators ~~may be fined~~ not more than $10,000 ~~or imprisoned for not more than three years, or both, unless the amount or~~

INSERT 9B

becomes effective on the first day of the ~~second~~ month following the previous election for an office, or the date that the application containing the agreement is filed, whichever is later. An application may be filed no later than the deadline provided under current law. An agreement remains binding until the end of the month following the month in which the election is held for which a grant is provided, unless the board determines that the candiate who entered into the agreement does not qualify for a grant or unless the candidate who enters into the agreement becomes a candidate at a special election.

INSERT 3A

3. Provides that the disbursement limitation for a candidate who seeks an office for the first time, and has not previously been a candidate for any other national, state or local office in a jurisdiction or district which includes at least one–third of the residents who reside in the jurisdiction or district in which the candidate seeks office, is 110% of the amount provided for other candidates for that office.

INSERT 5A

3. It prohibits any candidate from making a contribution to another candidate except to dispose of residual contributions in the candidate's campaign treasury upon termination of registration. The bill also prohibits any candidate from accepting a contribution made by another candidate except upon termination of registration by the other candidate. Currently, a candidate is generally permitted to make a contribution for any political purpose that is not specifically prohibited by law.

INSERT 6A

NOTE

, regardless of whether they act in conjunction with or independently of any candidate who is supported or opposed. Currently, when a person is alleged to have violated registration and reporting requirements, the state has the burden of proving that the violation occurred.

This bill provides that, whenever any person publishes, disseminates or broadcasts any communication that includes a reference to a candidate for an office to be filled at an election, during the 60–day period preceding that election or during the 30–day period preceding any primary for that election, and the communication is substantially directed toward the electorate for that election and involves an expenditure of $2,000 or more, it is presumed that the communication is made for the purpose of influencing the election or nomination for election of that candidate, unless the person making the communication establishes, by a preponderance of the evidence, that the communication was not made for that purpose.

INSERT 9A

(civil penalties)

Currently, if a candidate or any other registrant violates the campaign finance law, any ~~civil~~ forfeitures incurred by the registrant may be paid from the campaign depository account of the registrant. This bill provides that no moneys derived from contributions that are reportable under the campaign finance law may be used to pay any ~~civil~~ forfeiture incurred by a registrant. Under the bill, the individual or individuals who violate the law are personally liable for payment of the forfeiture.

S25

Ins 12-13:1

Section #. 11.01 (16) (b) of the statutes is renumbered 11.01 (16) (b) (intro.) and amended to read:

: (A) 1. Expenditures

11.01 **(16)** (b) (intro.) A "political purpose" does not include ~~expenditures~~ made for the purpose of supporting or defending a person who is being investigated for, charged with or convicted of a criminal violation of state or federal law, or an agent or dependent of such a person.

~~History: 1973 c. 334; 1975 c. 93; 199; 1977 c. 187, 427; 1979 c. 260, 263; 1979 c. 328 ss. 12 to 28, 146; 1979 c. 355 s. 31; 1983 a. 484, 491; 1985 a. 303; 1987 a. 370, 391; 1989 a. 192; 1993 a. 112.~~

Ins 18-19:1

Section #. 11.12 (1) (c) of the statutes is amended to read:

11.12 **(1)** (c) Where a disbursement is made in support of more than one candidate, the person making the disbursement shall ~~be apportioned~~ apportion the disbursement as contributions to reasonably ~~among~~ the candidates who benefit from the disbursement. This paragraph does not apply to any disbursement made by a political party from a grant received under s. 11.50(2s)(b)

~~History: 1973 c. 334; 1975 c. 93 ss. 59, 60, 119 (2); 1975 c. 199; 1979 c. 328 ss. 53, 69 to 71, 146; 1985 a. 303; 1987 a. 370.~~

Jw S 18-19:2

Section #. 11.14 (1) of the statutes is amended to read:

11.14 **(1)** Except as authorized in sub. (3) and as required by ss. 11.16 (5) and 11.50 (2s) (g), all funds received by a campaign or committee treasurer, group treasurer, candidate or other individual shall be deposited by the treasurer in a single separate campaign depository account designated in accordance with s. 11.16 (3). Except as authorized in sub. (3), the depository account shall be established by every candidate no later than the time prescribed in s. 11.10 (1), and by every other individual or treasurer no later than the 5th business day after becoming subject to a registration requirement under s. 11.05 and before making any disbursement. The depository account may be established with any financial institution as defined in s. 705.01 (3) which is authorized to transact business in this state. The individual or treasurer shall deposit all funds received in the campaign depository account no later than the 5th business day commencing after receipt. This subsection does not apply to a contributor committee or group which is exempt from registration under s. 11.05 (8).

~~**History:** 1973 c. 334; 1975 c. 93; 1979 c. 328; 1985 a. 303.~~

FW S 18-19:3

Section #. 11.14 (2) of the statutes is amended to read:

Except as otherwise provided in s. 11.50 (2s) (g), after

11.14 **(2)** ~~After~~ deposit in the campaign depository account, funds may be transferred by the individual or treasurer to any other account which is identified under s. 11.05 (3) (L). Funds deposited in other accounts may not be directly disbursed but shall be returned to the depository account for purposes of disbursement. Disbursements shall be made only in accordance with s. 11.16 (3).

~~History: 1973 c. 334; 1975 c. 93; 1979 c. 328; 1985 a. 303.~~

(SNS 18-19:4)

Section #. 11.16 (1) (d) of the statutes is renumbered 11.16 (1) (d) (intro) and amended to read:

11.16 (**1**) (d) (intro) This subsection does not apply to ~~disbursements~~ any of the following: 1. Disbursements and obligations which are exempted from reporting under s. 11.06 (2).

~~History: 1973 c. 334; 1975 c. 93, 199; 1979 c. 328; 1985 a. 303.~~

Section . 11.16 (1) (d) 2.

11.16 (1) (d) 2. Disbursements made or obligations incurred by a political party from the proceeds of a grant received under s. 11.50 for a purpose specified in s. 11.50 (7) (c).

PNS 22-4

value of the violation does not exceed $100, in which case they may be fined not more than $1,000 or imprisoned for not more than six months, or both.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 11.25 (4) of the statutes is created to read:

2 11.25 **(4)** If a candidate dies or ceases to be a candidate, and the candidate's
3 personal campaign committee thereafter files a statement under s. 11.06 (7)
4 indicating its intent to operate as an independent committee, the committee may not
5 make any disbursement to advocate the election or defeat of a clearly identified
6 candidate in an election that is derived in whole or in part from contributions
7 received by the committee prior to the date on which the committee files the
8 statement under s. 11.06 (7) in an amount or value exceeding the maximum
9 contribution that the committee is permitted to make to that candidate in any
10 campaign under s. 11.26 (2).

11 (END)

JW: 27-15 ✓

~~Section #. 11.31 (7) (b) of the statutes is amended to read:~~

11.31 (7) (b) Disbursements which are made before ~~a campaign~~ the specified in par. (a) period for goods to be delivered or services to be rendered in connection with ~~the~~ a campaign are charged against the disbursement limitation for that campaign.

History: 1973 c. 334; 1975 c. 93 ss. 97 to 102, 119 (1), (2); 1975 c. 199, 422; 1977 c. 107, 187, 272, 449; 1979 c. 263, 328; 1981 c. 314; 1983 a. 51; 1985 a. 182 s. 57; 1985 a. 303; 1985 a. 332 s. 251 (1); 1987 a. 370; 1989 a. 192; 1993 a. 184; 1995 a. 225; 1997 a. 230.

INSERT 12–13:2

SECTION 1. 11.01 (16) (b) 2. of the statutes is created to read:

11.01 **(16)** (b) 2. Payment of civil or criminal penalties incurred by a registrant under this chapter.

INSERT 12–25

SECTION 2. 11.05 (14) of the statutes is created to read:

11.05 **(14)** PRESUMPTION CONCERNING CERTAIN ~~POLITICAL~~ COMMUNICATIONS. Whenever any person publishes, disseminates or broadcasts, or causes to be published, disseminated or broadcast, any communication that includes a reference to a clearly identified candidate for an office to be filled at a general, spring or special election, during the 60–day period preceding that election or during the 30–day period preceding any primary for that election, and the communication is substantially directed toward the electorate at that election and involves an expenditure of $2,000 or more, it is presumed that the communication is made for the purpose of influencing the election or nomination for election of that candidate, unless the person making the communication or causing the communication to be made establishes, by a preponderance of the evidence, that the communication was not made for that purpose.

INSERT 36–3

1. The board shall calculate the sum of the votes cast in the most recent general election at which the seat sought by the candidate was filled for all candidates of the political party of that candidate for all state offices other than the office of district attorney, except as provided in subd. 6.

INSERT 36–12 -A

4. The board shall then divide the result obtained under subd. 3. by the result obtained under subd. 1. and multiply that result by the amount in the political party account of the political party of that candidate allocated for candidates for the office which the candidate seeks.

Ins 36-12-B

6. For purposes of making the calculations required under subds. 1. to 3., if a political party had no candidate whose name was certifiied to appear on the ballot for a state office in the most recent general election for that office or if the candidate of a political party for a state office had no opponent whose name was certified to appear on the ballot for that office in the most recent general election for that office, the board shall treat the average number of votes received within the state, county or portion thereof, as applicable, for each other state office, except the office of district attorney, that was filled at that election as the number of votes received by the candidate of the political party for the office that was not contested, except that if the political party had no candidate for any other state office at that election or if the candidate of that political party for any other state office had no opponent whose name was certified to appear on the ballot at that election, the board shall exclude that office in calculating that average.

INSERT 37–8

(g) A treasurer of a political party committee that receives a grant under this subsection shall deposit the proceeds of the grant in a separate depository account under s. 11.14 (1) and shall maintain the proceeds in that account until they are used to make a disbursement.

INSERT 44–13

JWS 40-17

(title)

Section #. 11.50 (6) of the statutes is ~~amended to read:~~ repealed.

section . RA; 11.50(6); 11.50(4)(e)

11.50 ~~(6) EXCESS MONEYS~~. If, at any election, the amounts which are to be apportioned to each eligible candidate ~~under subs. (3) and (4)~~ from the general account are more than the amount which a candidate may accept under sub. (9)(a) or more than the amount which a candidate elects to accept under sub. (10), the board shall apportion the excess amount to other eligible candidates who have not received the maximum amount permitted under sub. (9)(a) and (10), if any, in the same proportion that the amounts of their grants from the general account bears to the total amount of grants made to all candidates at that election from the general account, to the extent permitted under subs. (9)(a) and (10) ~~be retained in the fund~~.

History: 1977 c. 107, 272; 1979 c. 328; 1983 a. 51; ~~1983 a. 484~~ s. 174; 1985 a. 303 ss. 73 to 79, 86; ~~1987 a.~~ 370, 391, 403; ~~1989 a. 31; 1989 a. 192~~ s. 75.

44-13

SECTION 3. 11.60 (4m) of the statutes is created to read:

11.60 (4m) If any candidate incurs a forfeiture under this section, the candidate is personally liable for payment of the forfeiture.

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB–1801/2dn
JTK:kmg:jf

March 23, 1999

1. I have attempted to distill the essence of the Common Cause language relating to bogus "issue" advertising in proposed s. 11.05 (14). Concerning that language:

a. I did not incorporate the examples of express advocacy in (1)(A) because it is well–established, I think, that this type of thing is currently subject to disclosure requirements under Wisconsin law and under *Buckley v. Valeo, et al.,* 96 S.Ct. 612 (1976). Also, we are reluctant to place examples in drafts because the courts may construe the examples to limit the application of the law, despite language to the effect that the examples are not intended to be limiting. See *Hatheway v. Gannett Satellite Network,* 57 Wis.2d 395 (Ct. App., 1990).

b. Although I understand the desire to limit the sweep of this provision, I think there is a problem with the $2,000 limitation in that the "issue–oriented" communications are defined in such a way as to include, in addition, traditional communications that utilize express advocacy, so the draft ends up suggesting, in a backhanded way, that traditional communications might not be reportable unless the $2,000 threshold is crossed.

c. With respect to (2) of the submitted language, we currently exclude internal communications from disclosure requirements under s. 11.29, stats. This statute reads a little differently than (2) (A) in that it excludes all communications by a corporation, cooperative or voluntary association to it members, shareholders or subscribers. Because I wasn't sure that you specifically intended to alter that provision, I left it alone. Also, we currently exclude the organized media from disclosure requirements under s. 11.30 (4), stats. Once again, this statute reads a little differently than your (2) (B), but I wasn't sure if you specifically intended to alter our current exclusion. Please let me know if this is not in accord with your intent.

d. Concerning the constitutionality of this provision, I know that the McCain–Feingold language has been looked at by respected constitutional scholars who convincingly argue that it passes constitutional muster; however, current state law is specifically molded to fit within the confines of the *Buckley* decision, whereas this language casts aside that decision and takes the stance that another mold should be acceptable. Once again, the U.S. supreme court will have to speak on this issue before we can be sure. There is also another issue with this language in that under the Fifth, Sixth and Fourteenth amendments, the state has the burden of proof in prosecutions. To the extent that this provision operates to shift that burden to the defendant under certain circumstances, it may be difficult to enforce.

2. Currently, it is possible to charge a committee or group with a violation of the campaign finance law. In addition, any members of a committee or group who participate in an offense may be charged. Under ss. 11.10 (1) and 11.20 (13), stats., a candidate bears civil liability for the filing and accuracy of each report submitted on his or her behalf, whether or not the candidate signs the report. Under the changes to s. 11.25 (2) (b), stats., and proposed s. 11.01 (16) (b) 2., as contained in this draft, it will no longer be possible to recover a forfeiture from the treasury of a committee or group. This may mean that, if a prosecutor cannot prove who was personally responsible for an offense, no one will be responsible even though a committee or group was obviously in violation. Is this consistent with your intent?

3. Concerning proposed s. 11.25 (4), which prohibits former candidates and their committees from making certain independent disbursements, the U.S. supreme court has held that limits may not be imposed on the spending of committees that wish to express their views independently of candidates. See *Buckley v. Valeo, et al.*, 96 S.Ct. 612, 644–650 (1976) and *F.E.C. v. N.C.P.A.C.*, 105 S.Ct. 1459, 1465–1471 (1985). However, the court has also held, in *Buckley*, that reasonable contribution limitations may be imposed upon committees. If one views this proposal simply as an attempt to restrict independent spending, it would likely not meet the court's current standard for passing constitutional muster. If one views this proposal as only a limited restriction designed to prevent evasion of contribution limitations and to protect contributors by ensuring that their contributions are not used for purposes they did not intend, the proposal may be viewed more favorably, and could be sustained.

4. Since under this draft there is no period during which a candidate may make disbursements that are not charged to a current, former or future campaign, this draft repeals s. 11.31 (7) (d), stats. Please let me know if this is not in accord with your intent.

5. Proposed s. 11.31 (9), relating to the cost–of–living escalator for disbursement limitations, should have been updated in the previous draft. In this draft, the disbursement limitations specified in the draft will apply for the 2000 general election. The first adjustment will be made for elections held in 2002. Please let me know if this is not in accord with your intent.

6. Concerning proposed s. 11.50 (1) (a) 2. (part of the definition of "eligible candidate"), this subdivision must be read in conjunction with s. 11.50 (1) (a) (intro.), stats., which is not affected by this draft.

7. Concerning the 3% deduction from the checkoff for administrative expenses, the previous draft transferred from the general fund to the general account and each political party account 97% of the amounts designated on taxpayer checkoffs. I thought this would be simpler than transferring 100% of the amounts designated on taxpayer checkoffs and then returning 3% to the general fund. See proposed s. 11.50 (2s) (a) and (b) and (2w) and the treatment of s. 20.855 (4) (b), stats. This draft makes no change in these provisions. Please note that the draft does not appropriate this 3% deduction to the department of revenue. The money is retained in the general fund, which under

current law is used to finance DOR's general program operations. Please let me know if this is not in accord with your intent.

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Managing Attorney
Phone: (608) 266–6778

Formula for Dividing up Political Party Account

1. Moneys designated by taxpayers to a particular political party account are returned to the counties from which they were collected.

2. In *each general election year*, allocate money in each county political party account for Assembly and Senate by legislative district according to the formula.

3. **Formula:** For each county within a legislative district, the amount of money allocated to a legislative district and set aside for the candidate for that legislative district shall be:

   a. the sum of the votes cast in the *last general election* ***in that part of the county in the candidate's district*** for all candidates of that candidate's party whose names appeared on the ballot for state office (legislative and statewide) DIVIDED BY

   b. the sum of the votes cast in ***that county*** in the *last general election* for all candidates of that candidate's party whose names appeared on the ballot for state office (legislative and statewide) MULTIPLIED BY

   c. the amount in the party account ***allocated to that county*** and set aside for the offices of Senate or Assembly.

4. The sum of all the county shares calculated in the formula above is allocated to each legislative district. For Assembly candidates and candidates of Senate districts that are up for election that year, this amount is the candidate's share of the political party account. In years where the Senate district is not up for election, the money allocated to that particular Senate district is reserved for that party's candidate in the next general election year.

5. In calculating the votes cast for state senate in the **Formula** above, last general election means that last general election for which there was a senate race in that senate district.

6. In the formula, if there was no legislative candidate from that political party in the last general election or if the candidate was unopposed in the last general election, substitute the average vote for all the remaining candidates from the county and that part of the county in the candidate's district in making the calculations in the formula.

Example.

*Calculate how much would be set aside in the general election year for Senate District 1 which includes **County A** and **County B**.*

Check-off dollars.
X designated by taxpayers from **County A** in the previous two tax years for candidates from D political party.

3% of X stays in general fund for administrative expenses.
10% of X goes to political party to be used for multi-candidate expenditures.
Of the remaining amount:
23 1/3 % set aside for Senate
46 2/3% set aside for Assembly

Assume:

Amount set aside for Senate from **County A** = $40,000

County A includes portions of **Senate District 1**, **Senate District 2** & **Senate District 3**.

At the last general election, 8,000 votes cast in **County A** for D political party's candidates (statewide and legislative):

Senate District 1:	2,000
Senate District 2:	4,000
Senate District 3:	2,000

Senate District 1's share of money from **County B** = $5,000

Answer:

Divide:
(a) the sum of the votes cast for state office (legislative and statewide) in the *last general election* ***in that part of the county included in*** **Legislative District 1** *by*
(b) the sum of votes cast for state office (legislative and statewide) in the *last general election* ***in*** **County A**

2,000/8000 = 25%

Multiply the quotient by the amount allocated to **County A** for the Senate.

25% x $40,000 = $10,000

Add to this product **Senate District 1**'s share of money from **County B**.

$10,000 + $5,000 = $15,000

Therefore, $15,000 would be set aside in the present year for **Senate District 1** which includes **County A** and **County B**.

State of Wisconsin
1999 – 2000 LEGISLATURE

LRB–1801/~~2~~3
JTK/JK/MES:kg:jf

WANTed Fri 3/25 – pm

1999 BILL

Gen Cat.

AN ACT *to repeal* 11.01 (12s), 11.05 (3) (o), 11.26 (9) (b) and (c), 11.265, 11.31 (2m), 11.31 (3m), 11.31 (4), 11.31 (7) (d), 11.50 (2) (h), 11.50 (2m), 11.50 (6) (title) and 13.625 (1) (c) 1. and 2.; ***to renumber*** 11.24 (2), 11.50 (1) (a) 1. and 11.50 (7) (a) to (d); ***to renumber and amend*** 11.01 (16) (b), 11.16 (1) (d), 11.26 (9) (a), 11.50 (1) (a) 2., 11.50 (2) (a), 11.50 (5), 11.50 (6), 11.50 (9) and 13.625 (1) (c) (intro.); ***to amend*** 5.02 (13), 11.01 (5m), 11.05 (3) (c), 11.05 (9) (b), 11.06 (1) (a), 11.06 (1) (d) and (L), 11.06 (2), 11.06 (7m) (a), 11.06 (7m) (c), 11.06 (11) (c), 11.12 (1) (c), 11.14 (1), 11.14 (2), 11.16 (5), 11.21 (15), 11.25 (2) (a), 11.25 (2) (b), 11.26 (1) (intro.), 11.26 (1) (a), (b) and (c), 11.26 (2) (intro.), 11.26 (2) (a), (b) and (c), 11.26 (4), 11.26 (10), 11.26 (12m), 11.26 (13), 11.31 (1) (intro.), 11.31 (1) (a) to (d), 11.31 (1) (e) and (f), 11.31 (2), 11.31 (3), 11.31 (7) (a) to (c), 11.50 (2) (b) 5., 11.50 (2) (g), 11.50 (2) (i), 11.50 (3) (a) (intro.), 11.50 (3) (a) 1. and 2., 11.50 (3) (b), 11.50 (4) (a), 11.50 (4) (c), 11.50 (4) (cm), 11.50 (4) (d), 11.50 (7) (intro.), 11.50 (8), 11.50 (11) (e), 11.50 (11) (g), 13.625 (1) (b) 3., 13.625 (2), 13.625 (6), 20.510 (1) (q),

1 20.510 (1) (q), 20.855 (4) (b), 25.42, 71.10 (3) (a), 71.10 (3) (b), 71.10 (3) (b), 71.26
2 (1) (a) and chapter 77 (title); and ***to create*** 7.08 (2) (cs), 11.01 (9m), 11.01 (13),
3 11.01 (16) (b) 2., 11.05 (14), 11.16 (1) (d) 2., 11.21 (17), 11.22 (11), 11.24 (1s), 11.24
4 (4), 11.25 (4), 11.31 (1) (de), 11.31 (1m), 11.31 (9), 11.50 (1) (a) 1. (intro.), 11.50
5 (1) (a) 2., 11.50 (1) (am), 11.50 (1) (bm) and (cm), 11.50 (2) (a) 1. and 2., 11.50 (2)
6 (b) 3m., 11.50 (2m), 11.50 (2s), 11.50 (2w), 11.50 (5) (c), 11.50 (7) (c), 11.50 (14),
7 11.60 (4m), 11.70, 20.566 (3) (f), 20.855 (4) (ba), 20.855 (4) (bb), 71.05 (6) (a) 21.,
8 71.07 (5) (a) 8., 71.26 (2) (b) 1g., 71.26 (3) (c) 4., 71.34 (1) (ad), 71.45 (2) (a) 15.,
9 71.80 (21) and subchapter XIII of chapter 77 [precedes 77.997] of the statutes;
10 **relating to:** campaign financing, political contributions by lobbyists, refunds
11 for certain political contributions, imposition of a campaign treasury surplus
12 earnings tax, income and franchise tax deductions for certain business
13 expenses related to lobbying, providing an exemption from emergency rule
14 procedures, granting rule–making authority, requiring the exercise of
15 rule–making authority, making appropriations and providing penalties.

Analysis by the Legislative Reference Bureau

This bill makes numerous changes in the campaign finance law, authorizes a state refund for certain political contributions, imposes a tax on the earnings of campaign treasury surpluses and eliminates a corporate income and franchise tax deduction for certain lobbying expenses. Significant changes include:

Disbursement limitations

Under current law, disbursement (expenditure) levels are specified for candidates for various state and local offices. These levels become a binding limitation upon any candidate for state office who accepts a state grant from the Wisconsin election campaign fund or who agrees to be bound by the limitation, unless the candidate is opposed by a major opponent who could have qualified for a grant but who declines to accept one and declines to file an affidavit of voluntary compliance with disbursement and contribution limitations. Additionally, the disbursement levels for candidates for the offices of state senator and representative to the assembly are subdivided between the primary and election campaign periods in such a way that only about 60% of the total applicable disbursement level for either

office may be allocated by a candidate to either the primary or the election campaign period.

This bill:

1. Eliminates the disbursement limitation, applicable to candidates for the offices of state senator and representative to the assembly, that requires the overall limitation to be subdivided between the primary and election campaign periods in such a way that only about 60% of the statutory disbursement level is allocated to either the primary or election campaign period.

2. Revises the current disbursement levels applicable to candidates for the offices shown in the following chart:

Office	*Current Level*	*Proposed Level*
Governor	$1,078,200	$3,500,000
Lieutenant governor	323,475	1,125,000
Attorney general	539,000	750,000
Secretary of state	215,625	350,000
State treasurer	215,625	350,000
Supreme court justice	215,625	400,000
State superintendent	215,625	350,000
State senator	34,500	140,000
Representative to the assembly	17,250	60,000

3. Provides that the disbursement limitation for a candidate who seeks an office for the first time, and has not previously been a candidate for any other national, state or local office in a jurisdiction or district which includes at least one–third of the residents who reside in the jurisdiction or district in which the candidate seeks office, is 110% of the amount provided for other candidates for that office.

4. Creates a biennial cost–of–living adjustment that causes the statutory disbursement levels to be adjusted biennially, beginning in 2002, in accordance with a formula tied to the "consumer price index" determined by the U.S. department of labor, with the result in turn adjusted by the rate of increase or decrease in the voting age population of this state, as determined by the federal election commission.

5. Deletes current law that permits a candidate who does not accept a grant to continue to bind an opponent to disbursement and contribution limitations by filing an affidavit of voluntary compliance.

Currently, the campaign of a candidate, for purposes of the applicability of disbursement limitations, extends from July 1 preceding the date of a spring primary or election at which the candidate seeks office or January 1 preceding the date of a September primary or general election at which the candidate seeks office or the date of the candidate's public announcement of candidacy, whichever is earlier, through the last day of the month following the month of the primary or election at which the candidate seeks office, except that orders placed for goods or services to be provided for a campaign are included within the campaign regardless of when the goods or services are paid for, and debts incurred for goods or services received during a

campaign period are included within the campaign regardless of when the debts are retired. Under this bill, the campaign of a candidate, for purposes of disbursement limitations, begins on the day after the date on which the previous campaign of the candidate ends or the date on which the candidate becomes a candidate at a future election, whichever is earlier (except as to goods or services provided for the campaign and paid for before that date), and ends at the same time as currently provided. The effect of the change is to include all disbursements within the limitation applicable to a current or former campaign.

Other disbursement restrictions

Currently, a personal campaign committee may make contributions to candidates other than the candidate whom it is organized to support, subject to applicable contribution limitations. If a candidate dies or ceases to be a candidate, the personal campaign committee remains subject to the same limitations. However, if the committee thereafter files a statement affirming under oath its independence from any candidate, the committee may, in addition to making contributions, make disbursements in an unlimited amount to advocate the election or defeat of a candidate.

This bill provides that, if a candidate dies or ceases to be a candidate, and the candidate's personal campaign committee thereafter files a statement affirming under oath its independence of any candidate, the committee may not make any disbursement to advocate the election or defeat of a clearly identified candidate that is derived in whole or in part from contributions received by the committee prior to filing the statement in an amount or value exceeding the maximum contribution that the committee is permitted to make to that candidate under contribution limitations currently prescribed by law.

Contribution limitations

Current law specifies limitations on the maximum amount of contributions which may be given to and accepted by a candidate for state or local office. Current law also limits the total contributions that a candidate for state or local office may accept from all political committees, including political party and legislative campaign committees, and from the Wisconsin election campaign fund to 65% of the value of the statutory disbursement level specified for the office which the candidate seeks. The total amount that a candidate may accept from committees other than political party and legislative campaign committees and from the Wisconsin election campaign fund is limited to 45% of that disbursement level.

This bill changes contribution limitations applicable to individuals and committees making contributions to candidates for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent of public instruction, justice of the supreme court, state senator or representative to the assembly per campaign, as follows:

Category	*Current Limit*	*Proposed Limit*
Individual or committee making contributions to candidate for state senator	$ 1,000	$ 500

Individual or committee making contributions to candidate for representative to the assembly	$ 500	$ 250
Individual making contributions to candidate for a statewide office	$10,000	$1,000
Committee making contributions to candidate for a statewide office	4% of candidate's disbursement level	$1,000

The bill also creates a new contribution limitation which prohibits any candidate for state or local office from accepting total contributions from all political committees, including political party committees and committees serving as conduits (see below), as well as from individual contributors who contribute more than 50% of the amount or value that an individual may contribute, equal, in the aggregate, to more than 25% of the value of the statutory disbursement level specified for the office which the candidate seeks.

Treatment of legislative campaign committees

Currently, the adherents of any political party in either house of the legislature may organize a "legislative campaign committee" to support the candidacy of members of their party for legislative office. Committees other than legislative campaign committees and political party committees are generally subject to a limitation upon the contributions that they may make to candidates for legislative office or to political parties. Legislative campaign committees are subject only to overall limitations on the aggregate contributions that may be accepted by a candidate from entities other than individuals.

This bill eliminates the special status of legislative campaign committees, thus treating them in the same manner as other special interest committees for the purpose of contribution limitations.

Other Contribution and Disbursement Restrictions

This bill creates the following new prohibitions on contributions:

1. It prohibits contributions from special interest ("political action") committees, including conduit committees, from individuals operating as conduits and from individual contributors who contribute more than 50% of the amount or value that an individual may contribute to incumbents who are seeking reelection to a partisan state office from the first Monday in January of each odd–numbered year through the enactment of the biennial budget act and, thereafter, during any floorperiod, including any special or extraordinary session floorperiod. The prohibition does not apply to contributions to an incumbent who is a candidate for state office at a special election during the period beginning on the date that a special election is ordered and ending on the date of the special election.

2. It prohibits any lobbyist from making a contribution to a partisan elective state official or candidate for a partisan elective state office or to such an official's or candidate's personal campaign committee. Currently, a lobbyist may make such a contribution in the year that an official or candidate seeks election between June 1 and the day of the general election.

3. It prohibits any candidate from making a contribution to another candidate except to dispose of residual contributions in the candidate's campaign treasury upon termination of registration. The bill also prohibits any candidate from accepting a contribution made by another candidate except upon termination of registration by the other candidate. Currently, a candidate is generally permitted to make a contribution for any political purpose that is not specifically prohibited by law.

Contributions through conduits

Under current law, a "conduit" is an individual or organization that receives a contribution and transfers the contribution to another individual or organization without exercising discretion as to the amount that is transferred and the individual to whom or the organization to which the transfer is made. When a conduit transfers a contribution, the conduit is required to identify itself in writing to the transferee as a conduit and to report to the transferee information about the original contributor. The conduit must include this information in its financial reports for the date on which the contribution was received and transferred. The campaign financing reports filed by the candidate identify only the original contributor, not the conduit. A contribution from a conduit is considered to be a contribution from the original contributor and, for the purpose of contribution limitations, a contribution of money received from a conduit which is properly identified and reported is considered to be a contribution received from the original contributor. Contributions received by a candidate for state office from an individual through a conduit may be used to qualify for a grant from the Wisconsin election campaign fund.

This bill requires the campaign finance reports filed by candidates to identify any conduit from whom a contribution is received, as well as the original contributor.

The bill also treats conduits in the same manner as "political action committees" by:

1. Not allowing contributions made by an individual through a conduit to be used to qualify for a grant from the Wisconsin election campaign fund.

2. Subjecting contributions from conduits to the same limitations that currently apply to the amount of contributions that a candidate may accept from any committee other than a political party committee and to the new limitation ~~imposed under the bill~~ upon receipt of aggregate contributions from committees and major contributors imposed under the bill.

Mass media and telephoning activities

Currently, individuals who accept contributions, organizations which make or accept contributions, or individuals who or organizations which incur obligations or make disbursements for the purpose of influencing an election for state or local office are generally required to register with the appropriate filing officer and to file financial reports with that officer, regardless of whether they act in conjunction with or independently of any candidate who is supported or opposed. Currently, when a person is alleged to have violated registration and reporting requirements, the state has the burden of proving that the violation occurred.

This bill provides that, whenever any person publishes, disseminates or broadcasts any communication that includes a reference to a candidate for an office to be filled at an election, during the 60–day period preceding that election or during

the 30–day period preceding any primary for that election, and the communication is substantially directed toward the electorate for that election [illegible] an expenditure of $2,000 or more, it is presumed that the communication is made for the purpose of influencing the election or nomination for election of that candidate, unless the person making the communication establishes, by a preponderance of the evidence, that the communication was not made for that purpose.

Wisconsin election campaign fund:

I. SOURCES AND USES OF FUNDS

Under current law, the Wisconsin election campaign fund is financed through an individual income tax "checkoff". Every individual filing a state income tax return who has a tax liability or is entitled to a tax refund may direct that $1 of general purpose revenue be transferred to the fund. Individuals filing a joint return may separately choose whether to direct that the $1 transfer be made. All moneys transferred to the fund are placed in accounts for specified state offices, and candidates for those offices at the general or a special election may qualify for grants from the fund to be used for specified campaign expenses. No moneys in the fund may be used for any other purpose. Grants at special elections are funded by reallocating moneys set aside to provide grants to candidates at the general election, to the extent that moneys are available.

This bill:

1. Increases the amount of the individual income tax checkoff for the Wisconsin election campaign fund from $1 to $5. Under the bill, individuals filing a joint return may separately choose whether to make the $5 checkoff. The bill also permits individuals to determine whether to designate their checkoffs for a "general account", which is distributed in the same manner as currently provided, or for the account of an eligible political party (see below).

2. Provides a sum sufficient appropriation from general purpose revenue to supplement the amounts otherwise available for campaign financing through the Wisconsin election campaign fund equal to $3,000,000 in each fiscal year plus, in each fiscal year, the amount determined by the secretary of revenue to have been collected by the state from the campaign treasury surplus earnings tax imposed under this bill, and the elimination of the corporate income and franchise tax deduction for lobbying expenses under this bill (see below).

3. Directs the state elections board to set aside 5% of the moneys transferred to the Wisconsin election campaign fund in each of the six years following the year in which the bill becomes law in order to provide public information concerning the purpose and effect of designations to the fund. The bill directs the department of revenue to cooperate in providing such public information. Currently, no moneys in the fund are authorized to be used for this purpose.

II. GRANT ELIGIBILITY REQUIREMENTS AND AMOUNTS

Under current law, public financing from the Wisconsin election campaign fund is available to eligible candidates for the offices of state senator, representative to the assembly, governor, lieutenant governor, attorney general, state treasurer, secretary of state, justice of the supreme court and superintendent of public instruction. To receive a grant, a candidate must file an application with the state elections board

no later than the deadline for filing nomination papers. Following the primary election or the date on which a primary would be held, if required, the board determines whether a candidate who applies for a grant meets the following eligibility requirements:

1. If the candidate seeks a partisan state office at a general election, the candidate must have received at least 6% of the total votes cast in the primary and won the primary. If the candidate seeks a partisan state office at a special election, the candidate must either: a) appear on the ballot or in the column of a political party whose candidate for the same office at the preceding general election received at least 6% of the vote; or b) receive at least 6% of the votes cast at the special election.

2. The candidate must have an opponent in the election.

3. The candidate must receive, during a specified time period, a specified amount through contributions from individuals of $100 or less. For a candidate for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, justice of the supreme court or superintendent of public instruction, the amount is 5% of the authorized disbursement level for the office which the candidate seeks. For a candidate for the office of state senator or representative to the assembly, the amount is 10% of the authorized disbursement level for the office which the candidate seeks.

Under current law, a candidate for any office who accepts a grant must comply with statutorily prescribed contribution and disbursement limitations, unless one or more of the candidate's opponents who receive at least 6% of the votes cast for all candidates for that office at a partisan primary, if a primary was held, do not accept a grant and do not voluntarily comply with the contribution and disbursement limitations for that office. Currently, a candidate is no longer bound by disbursement limitations after the last day of the month following the election in which the candidate appears on the ballot. The maximum grant that a candidate may receive is that amount which, when added to all other contributions accepted from sources other than individuals, political party committees and legislative campaign committees, is equal to 45% of the authorized disbursement level for the office which the candidate seeks, if there are sufficient moneys in the Wisconsin election campaign fund to finance the full amount of grants for which candidates qualify.

Currently, a candidate may use moneys in his or her campaign treasury for any political purpose not prohibited by law.

This bill:

1. Provides that a candidate for a partisan state office need receive contributions from individuals equal to only 3% of the authorized disbursement level for the office which the candidate seeks in order to qualify for a grant, but provides that the contributions must be in amounts of $50 of or less.

2. Increases the maximum grant that a candidate may receive to 50% of the authorized disbursement level for the office which the candidate seeks, irrespective of contributions received from other sources.

3. Retains the current system of grants from a "general account" for which moneys may be designated by tax filers, except that it increases by 50% the amounts allocated for the offices of justice of the supreme court and state superintendent of

public instruction. Under the bill, amounts otherwise payable from the general account to a candidate who reaches this limit are redistributed to other qualifying candidates who have not reached this limit, if any.

4. Permits political parties that qualify for a separate column or row on the ballot at the general election to obtain grants from checkoffs made by tax filers. The bill provides for 9.7% of the moneys designated for political parties by tax filers to be paid directly as grants to the designated parties to be used for specified multicandidate expenses. Under the bill, disbursements made by a political party from such a grant are not considered to be in–kind contributions to the candidates who benefit from the disbursements. The bill provides for 97% of the remaining moneys designated by tax filers to be paid to candidates of the designated parties for state offices, except the office of district attorney, in accordance with an apportionment formula specified in the bill that takes into account, in the case of candidates for legislative office, the votes cast for candidates of the designated party for partisan state offices, except the office of district attorney, within each legislative district. Amounts otherwise payable to a candidate who would qualify to receive a grant if the candidate had an opponent are redistributed to the parties for multicandidate expenses. Amounts otherwise payable to a candidate for an office for which a party has no candidate or to a candidate who is opposed but who fails to qualify for a grant are lapsed to the state general fund.

5. Provides that an agreement by a candidate for state office to be bound by contribution and disbursement limitations becomes effective on the first day of the second month following the previous election for an office, or the date that the application containing the agreement is filed, whichever is later. An application may be filed no later than the deadline provided under current law. An agreement remains binding until the end of the month following the month in which the election is held for which a grant is provided, unless the board determines that the candidate who entered into the agreement does not qualify for a grant or unless the candidate who enters into the agreement becomes a candidate at a special election.

6. Provides for grants payable to candidates for state office at special elections to be payable in full from general purpose revenue.

Penalties for violations

Currently, violators of the campaign finance law are subject to a forfeiture (civil penalty) of not more than $500 for each violation, except that violators of contribution limitations are subject to a forfeiture of not more than treble the amount unlawfully contributed. In addition, intentional violators are guilty of a misdemeanor and are subject to a fine of not more than $1,000 or imprisonment for not more than six months or both. This bill provides, in addition, that, if any candidate or campaign treasurer of a candidate who accepts a grant violates the agreement to limit self–contributions and disbursements that was entered into by that candidate, the candidate is personally liable for a forfeiture of not more than four times the amount of any unlawful contributions or disbursements made.

Currently, if a candidate or any other registrant violates the campaign finance law, any forfeitures incurred by the registrant may be paid from the campaign depository account of the registrant. This bill provides that no moneys derived from

BILL

candidate or candidate's campaign treasurer

Note: A campaign treasurer and personal campaign committee also remain liable for payment of any forfeitures that they incur.

contributions that are reportable under the campaign finance law may be used to pay any forfeiture incurred by a ~~registrant~~. Under the bill, ~~the individual~~ ~~individuals who violate the law are~~ personally liable for payment of the forfeiture. if a candidate or candidate's campaign treasurer violates the law, the candidate is

Initial applicability

All campaign finance changes under the bill apply to elections held on or after the day on which the bill becomes law.

Political contribution refund

This bill permits any individual who is a resident of this state and of eligible voting age to request a refund from the department of revenue of not more than $50 per year for any contribution or contributions of money made to a qualifying candidate for state office or political party. The bill also permits two married individuals who are both residents of this state and are of eligible voting age to file a joint request for a refund of not more than $100 per year for such contributions made jointly or individually. In order to qualify for a refund, a contribution must be made to a political party that has qualified for a separate ballot or one or more separate columns or rows on a ballot or to a candidate for state office who has filed a valid application to receive a grant from the Wisconsin election campaign fund, together with a binding agreement to abide by disbursement and self–contribution limitations, and has qualified to receive a grant. For a contribution to a candidate to be eligible for a refund, the candidate must have a signed agreement in effect at the time that a contribution is made. The refunds are made by the department of revenue from general purpose revenue.

Campaign treasury surplus earnings tax

This bill imposes a tax on every candidate and personal campaign committee at the rate of 15% on the earnings received by that candidate or committee on any campaign treasury surplus during the period beginning on the first day of the month following an election at which a candidate appears on the ballot (except a primary election if the candidate was nominated at the primary to appear on the ballot at a subsequent election) and ending on the date that the candidate files a valid declaration of candidacy together with valid nomination papers, if required, to appear on the ballot at a succeeding election. The tax is payable to the department of revenue semiannually.

Tax deductions for lobbying expenses

This bill eliminates a current corporate income and franchise tax deduction for certain business expenses that lobbyists incur. Currently, this deduction may be claimed for expenses incurred in direct connection with: a) appearances before, submission of statements to, or sending communications to a federal, state or local legislative body, a legislative committee or an individual legislator with respect to legislation or proposed legislation of direct interest to a taxpayer; or b) communications between a taxpayer and an organization of which the taxpayer is a member with respect to legislation or proposed legislation of direct interest to the taxpayer and the organization. Under the bill, dues paid to any organization remain deductible to the extent that they are attributable to expenses of these activities.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to the bill.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 5.02 (13) of the statutes is amended to read:

2 5.02 **(13)** "Political party" or "party" means a state committee registered under
3 s. 11.05 <u>and</u> organized exclusively for political purposes under whose name
4 candidates appear on a ballot at any election, and all county, congressional,
5 legislative, local and other affiliated committees authorized to operate under the
6 same name. For purposes of ch. 11, the term does not include ~~a legislative campaign~~
7 ~~committee or~~ a committee filing an oath under s. 11.06 (7).

8 **SECTION 2.** 7.08 (2) (cs) of the statutes is created to read:

9 7.08 **(2)** (cs) In each even–numbered year, certify to the state treasurer for the
10 period beginning with the month following certification and ending with the month
11 in which the next certification is made by the board:

12 1. No later than July 1, the name of each political party that qualifies under
13 s. 11.50 (1) (am) 1. as an eligible political party as of the preceding June 1 and whose
14 state chairperson has filed a request to establish an account for the party under s.
15 11.50 (2s) (a).

16 2. No later than December 15, the name of each political party that qualifies
17 under s. 11.50 (1) (am) 2. as an eligible political party as of the date of the preceding
18 general election and whose state chairperson has filed a written request to establish
19 an account for the party under s. 11.50 (2s) (a).

20 **SECTION 3.** 11.01 (5m) of the statutes is amended to read:

1 11.01 **(5m)** "Conduit" means an individual who or ~~an organization~~ a committee
2 which receives a contribution of money and transfers the contribution to another
3 individual or ~~organization~~ committee without exercising discretion as to the amount
4 which is transferred and the individual to whom or ~~organization~~ committee to which
5 the transfer is made.

6 **SECTION 4.** 11.01 (9m) of the statutes is created to read:

7 11.01 **(9m)** "First–time candidate" means a candidate who seeks a particular
8 state office for the first time and who has not previously been a candidate for any
9 other national, state or local office in a jurisdiction or district which includes at least
10 one–third of the residents who reside in the jurisdiction or district in which the
11 candidate seeks office, as determined by the board.

12 **SECTION 5.** 11.01 (12s) of the statutes is repealed.

13 **SECTION 6.** 11.01 (13) of the statutes is created to read:

14 11.01 **(13)** "Major contributor" means an individual who makes a contribution
15 or contributions to a candidate or candidate's personal campaign committee
16 exceeding, in the aggregate, 50% of the amount or value that the individual is
17 permitted to make during a campaign, as provided in s. 11.26 (1).

18 ~~**SECTION 7.** 11.01 (16) (b) of the statutes is renumbered 11.01 (16) (b) (intro.) and~~
19 ~~amended to read:~~

20 11.01 **(16)** (b) (intro.) ~~A~~ "political purpose" does not include ~~expenditures~~ :

21 1. Expenditures made for the purpose ~~of~~ supporting or defending a person who
22 is being investigated for, charged with or convicted of a criminal violation of state or
23 federal law, or an agent or dependent of such a person.

24 ~~**SECTION 8.** 11.01 (16) (b) 2. of the statutes is created to read:~~

penalties incurred personally by a candidate or payment of any

1 11.01 **(16)** (b) 2. Payment of civil ~~or~~ criminal penalties ~~incurred~~ by a registrant
2 ~~under this chapter.~~

3 **SECTION 9.** 11.05 (3) (c) of the statutes is amended to read:

4 11.05 **(3)** (c) In the case of a committee, a statement as to whether the
5 committee is a personal campaign committee, a political party committee, ~~a~~
6 ~~legislative campaign committee,~~ a support committee or a special interest
7 committee.

8 **SECTION 10.** 11.05 (3) (o) of the statutes is repealed.

9 **SECTION 11.** 11.05 (9) (b) of the statutes is amended to read:

10 11.05 **(9)** (b) An individual who or a committee or group which receives a
11 contribution of money and transfers the contribution to another individual,
12 committee or group while acting as a conduit is not subject to registration under this
13 section unless the individual, committee or group transfers the contribution to a
14 candidate or a personal campaign, ~~legislative campaign,~~ political party or support
15 committee.

16 **SECTION 12.** 11.05 (14) of the statutes is created to read:

17 11.05 **(14)** PRESUMPTION CONCERNING CERTAIN COMMUNICATIONS. Whenever any
18 person publishes, disseminates or broadcasts, or causes to be published,
19 disseminated or broadcast, any communication that includes a reference to a clearly
20 identified candidate for an office to be filled at a general, spring or special election,
21 during the 60–day period preceding that election or during the 30–day period
22 preceding any primary for that election, and the communication is substantially
23 directed toward the electorate at that election ~~and involves an expenditure of $2,000~~
24 ~~or more,~~ it is presumed that the communication is made for the purpose of
25 influencing the election or nomination for election of that candidate, unless the

1 person making the communication or causing the communication to be made
2 establishes, by a preponderance of the evidence, that the communication was not
3 made for that purpose.

4 **SECTION 13.** 11.06 (1) (a) of the statutes is amended to read:

5 11.06 **(1)** (a) An itemized statement giving the date, full name and street
6 address of each contributor who has made a contribution in excess of $20, or whose
7 contribution if $20 or less aggregates more than $20 for the calendar year, together
8 with the amount of the contribution and the cumulative total contributions made by
9 that contributor for the calendar year and, if the contributor made the contribution
10 through a conduit, the identity of the conduit.

11 **SECTION 14.** 11.06 (1) (d) and (L) of the statutes are amended to read:

12 11.06 **(1)** (d) An itemized statement of other income in excess of $20, including
13 ~~interest, returns on investments,~~ rebates and refunds received and a separate
14 statement of earnings received, including interest and returns on investments.

15 (L) A statement of cumulative totals for the calendar year of contributions
16 made, contributions received, ~~and~~ disbursements made, including transfers of funds
17 made to or received from other registrants, and earnings received.

18 **SECTION 15.** 11.06 (2) of the statutes is amended to read:

19 11.06 **(2)** DISCLOSURE OF CERTAIN INDIRECT DISBURSEMENTS. Notwithstanding
20 sub. (1), if a disbursement is made or obligation incurred by an individual other than
21 a candidate or by a committee or group which is not primarily organized for political
22 purposes, and the disbursement does not constitute a contribution to any candidate
23 or other individual, committee or group, the disbursement or obligation is required
24 to be reported only if the purpose is to expressly advocate the election or defeat of a
25 clearly identified candidate or the adoption or rejection of a referendum or if the

1 disbursement is made or the obligation is incurred for the purpose of making a
2 communication specified in s. 11.05 (14). The exemption provided by this subsection
3 shall in no case be construed to apply to a political party, ~~legislative campaign,~~
4 personal campaign or support committee.

5 **SECTION 16.** 11.06 (7m) (a) of the statutes is amended to read:

6 11.06 **(7m)** (a) If a committee which was registered under s. 11.05 as a political
7 party committee ~~or legislative campaign committee~~ supporting candidates of a
8 political party files an oath under sub. (7) affirming that it does not act in cooperation
9 or consultation with any candidate who is nominated to appear on the party ballot
10 of the party at a general or special election, that the committee does not act in concert
11 with, or at the request or suggestion of, such a candidate, that the committee does
12 not act in cooperation or consultation with such a candidate or agent or authorized
13 committee of such a candidate who benefits from a disbursement made in opposition
14 to another candidate, and that the committee does not act in concert with, or at the
15 request or suggestion of, such a candidate or agent or authorized committee of such
16 a candidate who benefits from a disbursement made in opposition to another
17 candidate, the committee filing the oath may not make any contributions in support
18 of any candidate of the party at the general or special election or in opposition to any
19 such candidate's opponents exceeding the amounts specified in s. 11.26 (2), except as
20 authorized in par. (c).

21 **SECTION 17.** 11.06 (7m) (c) of the statutes is amended to read:

22 11.06 **(7m)** (c) A committee filing an oath under sub. (7) which desires to change
23 its status to a political party committee ~~or legislative campaign committee~~ may do
24 so as of December 31 of any even–numbered year. Section 11.26 does not apply to
25 contributions received by such a committee prior to the date of the change. Such a

committee may change its status at other times only by filing a termination statement under s. 11.19 (1) and reregistering as a newly organized committee under s. 11.05.

SECTION 18. 11.06 (11) (c) of the statutes is amended to read:

11.06 **(11)** (c) A contribution of money received from a conduit, accompanied by the information required under par. (a), is considered to be a contribution from the original contributor for purposes of s. 11.26 (1) and (4).

Par 5 16-7

SECTION 19. 11.12 (1) (c) of the statutes is amended to read:

11.12 **(1)** (c) Where a disbursement is made in support of more than one candidate, the person making the disbursement shall ~~be apportioned~~ reasonably ~~among~~ apportion the disbursement as contributions to the candidates who benefit from the disbursement. This paragraph does not apply to any disbursement made by a political party from a grant received under s. 11.50 (2s) (b).

SECTION 20. 11.14 (1) of the statutes is amended to read:

11.14 **(1)** Except as authorized in sub. (3) and as required by ~~s.~~ ss. 11.16 (5) and 11.50 (2s) (g), all funds received by a campaign or committee treasurer, group treasurer, candidate or other individual shall be deposited by the treasurer in a single separate campaign depository account designated in accordance with s. 11.16 (3). Except as authorized in sub. (3), the depository account shall be established by every candidate no later than the time prescribed in s. 11.10 (1), and by every other individual or treasurer no later than the 5th business day after becoming subject to a registration requirement under s. 11.05 and before making any disbursement. The depository account may be established with any financial institution as defined in s. 705.01 (3) which is authorized to transact business in this state. The individual or treasurer shall deposit all funds received in the campaign depository account no

later than the 5th business day commencing after receipt. This subsection does not apply to a contributor committee or group which is exempt from registration under s. 11.05 (8).

SECTION 21. 11.14 (2) of the statutes is amended to read:

11.14 **(2)** ~~After~~ Except as otherwise provided in s. 11.50 (2s) (g), after deposit in the campaign depository account, funds may be transferred by the individual or treasurer to any other account which is identified under s. 11.05 (3) (L). Funds deposited in other accounts may not be directly disbursed but shall be returned to the depository account for purposes of disbursement. Disbursements shall be made only in accordance with s. 11.16 (3).

SECTION 22. 11.16 (1) (d) of the statutes is renumbered 11.16 (1) (d) (intro.) and amended to read:

11.16 **(1)** (d) (intro.) This subsection does not apply to ~~disbursements~~ any of the following:

1. Disbursements and obligations which are exempted from reporting under s. 11.06 (2).

SECTION 23. 11.16 (1) (d) 2. of the statutes is created to read:

11.16 **(1)** (d) 2. Disbursements made or obligations incurred by a political party from the proceeds of a grant received under s. 11.50 for a purpose specified in s. 11.50 (7) (c).

SECTION 24. 11.16 (5) of the statutes is amended to read:

11.16 **(5)** ESCROW AGREEMENTS. Any personal campaign committee~~,~~ or political party committee ~~or legislative campaign committee~~ may, pursuant to a written escrow agreement with more than one candidate, solicit contributions for and conduct a joint fund raising effort or program on behalf of more than one named

1 candidate. The agreement shall specify the percentage of the proceeds to be
2 distributed to each candidate by the committee conducting the effort or program.
3 The committee shall include this information in all solicitations for the effort or
4 program. All contributions received and disbursements made by the committee in
5 connection with the effort or program shall be received and disbursed through a
6 separate depository account under s. 11.14 (1) that is identified in the agreement.
7 For purposes of s. 11.06 (1), the committee conducting the effort or program shall
8 prepare a schedule in the form prescribed by the board supplying all required
9 information under s. 11.06 (1) and items qualifying for exclusion under s. 11.31 (6)
10 for the effort or program, and shall transmit a copy of the schedule to each candidate
11 who receives any of the proceeds within the period prescribed in s. 11.06 (4) (c).

12 **SECTION 25.** 11.21 (15) of the statutes is amended to read:

13 11.21 **(15)** Inform each candidate who files an application to become eligible to
14 receive a grant from the Wisconsin election campaign fund of the dollar amount of
15 the applicable disbursement limitation under s. 11.31 (1) or (1m), whichever is
16 applicable, adjusted as provided under s. 11.31 (9), which applies to ~~the office for~~
17 ~~which such person is a~~ that candidate. Failure to receive the notice required by this
18 subsection does not constitute a defense to a violation of s. 11.27 (1) or 11.31.

19 **SECTION 26.** 11.21 (17) of the statutes is created to read:

20 11.21 **(17)** On or before February 15 and August 15, notify the campaign
21 treasurer of each candidate who and personal campaign committee which owes a tax
22 under subch. XIII of ch. 77, based on any continuing or termination report that was
23 filed with the board covering the period ending on the preceding December 31 or June
24 30, respectively. The notice shall include an identification of the specific form
25 prescribed for payment of the tax.

1 **SECTION 27.** 11.22 (11) of the statutes is created to read:

2 11.22 **(11)** On or before February 15 and August 15, notify the campaign
3 treasurer of each candidate who and personal campaign committee which owes a tax
4 under subch. XIII of ch. 77, based on any continuing or termination report that was
5 filed with the filing officer covering the period ending on the preceding December 31
6 or June 30, respectively. The notice shall include an identification of the specific form
7 prescribed for payment of the tax.

8 **SECTION 28.** 11.24 (1s) of the statutes is created to read:

9 11.24 **(1s)** No candidate or personal campaign committee may make a
10 contribution to any person, committee or group subject to a registration requirement
11 under s. 11.05 except to dispose of residual contributions at the time of filing a
12 termination report. No candidate or personal campaign committee may accept a
13 contribution made in violation of this subsection.

14 **SECTION 29.** 11.24 (2) of the statutes is renumbered 11.24 (5).

15 **SECTION 30.** 11.24 (4) of the statutes is created to read:

16 11.24 **(4)** No committee identified under s. 11.05 (3) (c) as a special interest
17 committee, including a committee serving as a conduit, no major contributor and no
18 individual who is a conduit may make a contribution to an incumbent partisan state
19 elective official or to the personal campaign committee or support committee
20 authorized under s. 11.05 (3) (p) of that official for the purpose of promoting that
21 official's nomination or reelection to the office held by the official during the period
22 beginning on the first Monday of January in each odd–numbered year and ending
23 on the date of enactment of the biennial budget act and thereafter during any
24 legislative floorperiod, including any special or extraordinary session floorperiod.
25 This subsection does not apply to a contribution made to an individual who is a

candidate for state office at a special election or to the personal campaign committee of such an individual during the period commencing on the date that the special election is ordered and ending on the date of the special election.

SECTION 31. 11.25 (2) (a) of the statutes is amended to read:

11.25 **(2)** (a) ~~No~~ Except as provided in par. (b) or as otherwise specifically provided by law, no person, committee or group may make or authorize a disbursement or the incurrence of an obligation from ~~moneys solicited for political purposes for a~~ contributions received by that person, committee or group for any purpose ~~which is~~ other than a political~~, except as specifically authorized by law~~ purpose.

SECTION 32. 11.25 (2) (b) of the statutes is amended to read:

11.25 **(2)** (b) ~~Notwithstanding par. (a), a~~ A registrant may accept contributions and make disbursements from a campaign depository account for the purpose of making expenditures in connection with a campaign for national office~~; for payment of civil penalties incurred by the registrant under this chapter~~, other than civil penalties incurred personally by a candidate or candidate campaign treasurer, or for payment of the expenses of nonpartisan campaigns to increase voter registration or participation. Notwithstanding par. (a), a personal campaign committee or support committee may accept contributions and make disbursements from a campaign depository account for payment of inaugural expenses of an individual who is elected to state or local office. If such expenses are paid from contributions made to the campaign depository account, they are reportable under s. 11.06 (1) as disbursements. Otherwise, such expenses are not reportable under s. 11.06 (1). If contributions from the campaign depository account are used for such expenses, they are subject to s. 11.26.

restore

restore

SECTION 33. 11.25 (4) of the statutes is created to read:

1 11.25 **(4)** If a candidate dies or ceases to be a candidate, and the candidate's
2 personal campaign committee thereafter files a statement under s. 11.06 (7)
3 indicating its intent to operate as an independent committee, the committee may not
4 make any disbursement to advocate the election or defeat of a clearly identified
5 candidate in an election that is derived in whole or in part from contributions
6 received by the committee prior to the date on which the committee files the
7 statement under s. 11.06 (7) in an amount or value exceeding the maximum
8 contribution that the committee is permitted to make to that candidate in any
9 campaign under s. 11.26 (2).

10 **SECTION 34.** 11.26 (1) (intro.) of the statutes is amended to read:

11 11.26 **(1)** (intro.) No individual, except an individual serving as a conduit, may
12 make any contribution or contributions to a candidate for election or nomination to
13 any of the following offices and to any individual or committee under s. 11.06 (7)
14 acting solely in support of such a candidate or solely in opposition to the candidate's
15 opponent to the extent of more than a total of the amounts specified per candidate:

16 **SECTION 35.** 11.26 (1) (a), (b) and (c) of the statutes are amended to read:

17 11.26 **(1)** (a) Candidates for governor, lieutenant governor, secretary of state,
18 state treasurer, attorney general, state superintendent or justice, ~~$10,000~~ $1,000.

19 (b) Candidates for state senator, ~~$1,000~~ $500.

20 (c) Candidates for representative to the assembly, ~~$500~~ $250.

21 **SECTION 36.** 11.26 (2) (intro.) of the statutes is amended to read:

22 11.26 **(2)** (intro.) No committee, including a committee serving as a conduit,
23 other than a political party committee ~~or legislative campaign committee,~~ may make
24 or transfer any contribution or contributions to a candidate for election or
25 nomination to any of the following offices and to any individual or committee under

s. 11.06 (7) acting solely in support of such a candidate or solely in opposition to the candidate's opponent to the extent of more than a total of the amounts specified per candidate:

SECTION 37. 11.26 (2) (a), (b) and (c) of the statutes are amended to read:

11.26 **(2)** (a) Candidates for governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent or justice, ~~4% of the value of the disbursement level specified in the schedule under s. 11.31 (1)~~ $1,000.

(b) Candidates for state senator, ~~$1,000~~ $500.

(c) Candidates for representative to the assembly, ~~$500~~ $250.

SECTION 38. 11.26 (4) of the statutes is amended to read:

11.26 **(4)** No individual, except an individual serving as a conduit, may make any contribution or contributions to all candidates for state and local offices and to any individuals who or committees which are subject to a registration requirement under s. 11.05, including ~~legislative campaign committees and~~ committees of a political party, to the extent of more than a total of $10,000 in any calendar year.

SECTION 39. 11.26 (9) (a) of the statutes is renumbered 11.26 (9) and amended to read:

11.26 **(9)** No individual who is a candidate for state or local office may receive and accept more than ~~65%~~ 25% of the value of the total disbursement level for candidates other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9), for the office for which he or she is a candidate during any primary and election campaign combined from all major contributors and all committees subject to a filing requirement, including political party ~~and legislative campaign~~ committees and committees serving as conduits.

SECTION 40. 11.26 (9) (b) and (c) of the statutes are repealed.

1 **SECTION 41.** 11.26 (10) of the statutes is amended to read:

2 11.26 **(10)** No candidate for state office who files a sworn statement and
3 application to receive a grant from the Wisconsin election campaign fund may make
4 contributions of more than 200% of the amounts specified in sub. (1) to the
5 candidate's own campaign from the candidate's personal funds or property or the
6 personal funds or property which are owned jointly or as marital property with the
7 candidate's spouse, unless the board determines that the candidate is not eligible to
8 receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~
9 or s. 11.50 (2) (i) applies. For purposes of this subsection, any contribution received
10 by a candidate or his or her personal campaign committee from a committee which
11 is registered with the federal elections commission as the authorized committee of
12 the candidate under 2 USC 432 (e) shall be treated as a contribution made by the
13 candidate to his or her own campaign. The contribution limit of sub. (4) applies to
14 amounts contributed by such a candidate personally to the candidate's own
15 campaign and to other campaigns, except that a candidate may exceed the limitation
16 if authorized under this subsection to contribute more than the amount specified to
17 the candidate's own campaign, up to the amount of the limitation.

18 **SECTION 42.** 11.26 (12m) of the statutes is amended to read:

19 11.26 **(12m)** For purposes of ~~this section~~ subs. (1) and (4), a contribution of
20 money received from a conduit identified in the manner prescribed in s. 11.06 (11)
21 (a) shall be considered a contribution received from the original contributor.

22 **SECTION 43.** 11.26 (13) of the statutes is amended to read:

23 11.26 **(13)** ~~Except as provided in sub. (9), contributions~~ Contributions received
24 from the Wisconsin election campaign fund are not subject to limitation by this
25 section.

1 **SECTION 44.** 11.265 of the statutes is repealed.

2 **SECTION 45.** 11.31 (1) (intro.) of the statutes is amended to read:

3 11.31 **(1)** SCHEDULE. (intro.) The following levels of disbursements are
4 established with reference to the candidates listed below. The levels are subject to
5 adjustment under subs. (1m) and (9). Except as provided in sub. (2), such levels do
6 not operate to restrict the total amount of disbursements which are made or
7 authorized to be made by any candidate in any primary or other election.

8 **SECTION 46.** 11.31 (1) (a) to (d) of the statutes are amended to read:

9 11.31 **(1)** (a) Candidates for governor, ~~$1,078,200~~ $3,500,000.

10 (b) Candidates for lieutenant governor, ~~$323,475~~ $1,125,000.

11 (c) Candidates for attorney general, ~~$539,000~~ $750,000.

12 (d) Candidates for secretary of state, state treasurer~~, justice~~ or state
13 superintendent, ~~$215,625~~ $350,000.

14 **SECTION 47.** 11.31 (1) (de) of the statutes is created to read:

15 11.31 **(1)** (de) Candidates for justice, $400,000.

16 **SECTION 48.** 11.31 (1) (e) and (f) of the statutes are amended to read:

17 11.31 **(1)** (e) Candidates for state senator, ~~$34,500 total in the primary and~~
18 ~~election, with disbursements not exceeding $21,575 for either the primary or the~~
19 ~~election~~ $140,000.

20 (f) Candidates for representative to the assembly, ~~$17,250 total in the primary~~
21 ~~and election, with disbursements not exceeding $10,775 for either the primary or the~~
22 ~~election~~ $60,000.

23 **SECTION 49.** 11.31 (1m) of the statutes is created to read:

1 11.31 **(1m)** DISBURSEMENT LEVEL FOR FIRST–TIME CANDIDATES. The disbursement
2 level for a first–time candidate is 110% of the amount specified in sub. (1) for any
3 other candidate, adjusted as provided under sub. (9).

4 **SECTION 50.** 11.31 (2) of the statutes is amended to read:

5 11.31 **(2)** LIMITATION IMPOSED. No candidate for state office at a spring or general
6 election who files a sworn statement and application to receive a grant from the
7 Wisconsin election campaign fund may make or authorize total disbursements from
8 the campaign treasury in any campaign to the extent of more than the amount
9 prescribed in sub. (1) or (1m), whichever is applicable, adjusted as provided under
10 sub. (9), unless the board determines that the candidate is not eligible to receive a
11 grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50
12 (2) (i) applies. No candidate for state office at a special election who files a sworn
13 statement and application to receive a grant from the Wisconsin election campaign
14 fund may make or authorize total disbursements from the campaign treasury in any
15 campaign to the extent of more than the amount prescribed under sub. (1) or (1m),
16 whichever is applicable, adjusted as provided under sub. (9), for the preceding spring
17 or general election for the same office, unless the board determines that the
18 candidate is not eligible to receive a grant~~, the candidate withdraws his or her~~
19 ~~application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies.

20 **SECTION 51.** 11.31 (2m) of the statutes is repealed.

21 **SECTION 52.** 11.31 (3) of the statutes is amended to read:

22 11.31 **(3)** GUBERNATORIAL CAMPAIGNS. For purposes of compliance with the
23 limitations imposed under sub. (2), candidates for governor and lieutenant governor
24 of the same political party who both accept grants from the Wisconsin election
25 campaign fund may agree to combine disbursement levels under sub. (1) (a) and (b),

adjusted as provided under sub. (9), and reallocate the total level between them. The candidates shall each inform the board of any such agreement.

SECTION 53. 11.31 (3m) of the statutes is repealed.

SECTION 54. 11.31 (4) of the statutes is repealed.

SECTION 55. 11.31 (7) (a) to (c) of the statutes are amended to read:

11.31 **(7)** (a) For purposes of this section, except as provided in pars. (b) and (c), the "campaign" of a candidate extends from ~~July 1 preceding the date on which the spring primary or election occurs or January 1 preceding the date on which the September primary or general election occurs for the office which the candidate seeks, or from the date of the candidate's public announcement~~ the day after the date on which the previous campaign of a candidate ends or the date on which a candidate becomes a candidate at a future election, whichever is earlier, through the last day of the month following the month in which ~~the~~ an election ~~or primary~~ is held at which a candidate seeks office. If a candidate seeks office at both a primary election and at a general, spring or special election which follows that primary election, the "campaign" of that candidate extends through the last day of the month following the general, spring or special election. If a candidate seeks office at a primary election but not at the general, spring or special election which follows that primary election, the "campaign" of that candidate extends through the end of the month following the primary election.

(b) Disbursements which are made before ~~a campaign~~ the period specified in par. (a) for goods to be delivered or services to be rendered in connection with ~~the~~ a campaign are charged against the disbursement limitation for that campaign.

1 (c) Disbursements which are made after ~~a campaign~~ the period specified in par.
2 (a) to retire a debt incurred in relation to a campaign are charged against the
3 disbursement limitation for that campaign.

4 **SECTION 56.** 11.31 (7) (d) of the statutes is repealed.

5 **SECTION 57.** 11.31 (9) of the statutes is created to read:

6 11.31 **(9)** ADJUSTMENT OF DISBURSEMENT LEVELS. (a) In this subsection:

7 1. "Consumer price index" means the average of the consumer price index over
8 each 12–month period, all items, U.S. city average, as determined by the bureau of
9 labor statistics of the federal department of labor.

10 2. "Voting age population of this state" means the voting age population of this
11 state, as determined by the federal election commission in its most recent
12 determination prior to the date of any calculation under this subsection.

13 (b) The dollar amounts of all disbursement levels specified in sub. (1) shall be
14 subject to a biennial adjustment to be determined by rule of the board in accordance
15 with this subsection. To determine the adjustment, the board shall calculate the
16 percentage difference between the voting age population of this state on December
17 31 of each odd–numbered year and the voting age population of this state on
18 December 31, 2001. The board shall then calculate the percentage difference
19 between the consumer price index for the 12–month period ending on December 31
20 of each odd–numbered year and the consumer price index for the base period,
21 calendar year 2001. For each biennium, the board shall first multiply the
22 disbursement levels by the percentage difference in the voting age populations. The
23 board shall then multiply that product by the percentage difference in the consumer
24 price indices. The board shall adjust the disbursement levels specified under sub.
25 (1) to substitute that result for the existing levels to the extent required to reflect any

1 difference, rounded to the nearest multiple of $25 in the case of amounts of $1 or
2 more, which amounts shall be in effect until a subsequent rule is promulgated under
3 this subsection. Notwithstanding s. 227.24 (1) (a), (2) (b) and (3), determinations
4 under this subsection may be promulgated as an emergency rule under s. 227.24
5 without providing evidence that the emergency rule is necessary for the public peace,
6 health, safety or welfare, and without a finding of emergency.

7 **SECTION 58.** 11.50 (1) (a) 1. (intro.) of the statutes is created to read:

8 11.50 **(1)** (a) 1. (intro.) For purposes of qualification for a grant from the general
9 account:

10 **SECTION 59.** 11.50 (1) (a) 1. of the statutes is renumbered 11.50 (1) (a) 1. a.

11 **SECTION 60.** 11.50 (1) (a) 2. of the statutes is renumbered 11.50 (1) (a) 1. b. and
12 amended to read:

13 11.50 **(1)** (a) 1. b. With respect to a special election, an individual who is certified
14 under s. 8.50 (1) (d) as a candidate in a special election for state superintendent, or
15 an individual who is certified under s. 8.50 (1) (d) as a candidate in a special election
16 for any state office, except district attorney, on the ballot or column of a party whose
17 candidate for the same office at the preceding general election received at least 6%
18 of the vote cast for all candidates on all ballots for the office, or an individual who has
19 been lawfully appointed and certified to replace either such individual on the ballot
20 at a special election, or an individual who receives at least 6% of the vote cast for all
21 candidates on all ballots for any state office, except district attorney, at a partisan
22 special election; and who qualifies for a grant under sub. (2). Where the boundaries
23 of a district in which an individual seeks office have been changed since the preceding
24 general election such that it is not possible to calculate the exact number of votes that
25 are needed by that individual to qualify as an eligible candidate prior to an election

1 ~~under this subdivision~~, the number of votes cast for all candidates for the office at the
2 preceding general election in each ward, combination of wards or municipality which
3 is wholly contained within the boundaries of the newly formed district shall be
4 calculated. If the candidate of the political party on whose ballot or column the
5 individual appears in the newly formed district obtained at least 6% of the number
6 of votes calculated, the individual is deemed to qualify as an eligible candidate prior
7 to the election under this subdivision.

8 **SECTION 61.** 11.50 (1) (a) 2. of the statutes is created to read:

9 11.50 **(1)** (a) 2. For purposes of qualification for a grant from a political party
10 account, an individual who is certified under s. 7.08 (2) (a) in the general election or
11 a special election as the candidate of an eligible political party for a state office, other
12 than district attorney, or an individual who has been lawfully appointed and certified
13 to replace such an individual on the ballot at the general or a special election; and
14 who has qualified for a grant under sub. (2).

15 **SECTION 62.** 11.50 (1) (am) of the statutes is created to read:

16 11.50 **(1)** (am) "Eligible political party" means any of the following:

17 1. A party qualifying under s. 5.62 (1) (b) for a separate ballot or one or more
18 separate columns or rows on a ballot for the period beginning on the date of the
19 preceding general election and ending on the day before the general election that
20 follows that election.

21 2. A party qualifying under s. 5.62 (2) for a separate ballot or one or more
22 separate columns or rows on a ballot for the period beginning on the preceding June
23 1, or if that June 1 is in an odd–numbered year, the period beginning on June 1 of the
24 preceding even–numbered year, and ending on May 31 of the 2nd year following that
25 June 1, whose state chairperson has filed a statement with the board no earlier than

May 1 preceding that period certifying that the party has held a state convention within the 2–year period preceding the date of the statement, has adopted a state constitution that is in effect on the date of the statement and has elected state officers who are in office on the date of the statement.

SECTION 63. 11.50 (1) (bm) and (cm) of the statutes are created to read:

11.50 **(1)** (bm) "General account" means the account in the fund created under sub. (2w).

(cm) "Political party account" means an account in the fund created under sub. (2s).

SECTION 64. 11.50 (2) (a) of the statutes is renumbered 11.50 (2) (a) (intro.) and amended to read:

11.50 **(2)** (a) (intro.) Any individual who desires to qualify as an eligible candidate may file an application with the board requesting approval to ~~participate in the fund. The~~ receive a grant. On the application, the individual shall indicate the office for which the individual wishes to be considered an eligible candidate and the next election at which the office is to be filled. An application may be filed no earlier than the day after the previous election for the office and no later than the applicable deadline for filing nomination papers under s. 8.10 (2) (a), 8.15 (1), 8.20 (8) (a) or 8.50 (3) (a), no later than 4:30 p.m. on the 7th day after the primary or date on which the primary would be held if required in the case of write–in candidates, or no later than 4:30 p.m. on the 7th day after appointment in the case of candidates appointed to fill vacancies. The application shall contain a sworn statement that the candidate and his or her authorized agents have complied with the contribution limitations prescribed in s. 11.26 and the disbursement limitations prescribed under s. 11.31 at all times to which such limitations have applied to his or her candidacy and will

continue to comply with the limitations at all times to which the limitations apply to his or her candidacy for the office in contest, unless ~~the board determines that the candidate is not eligible to receive a grant, the candidate withdraws his or her application under par. (h), or~~ par. (i) applies. The application shall also contain a statement that the candidate filing the application agrees to return to the board all grant moneys received by the candidate which exceed the total amount of disbursements by the candidate's personal campaign committee that were made or obligated after the date of the primary election. An application submitted under this paragraph constitutes an irrevocable agreement to abide by its terms, except that the agreement is not effective if the board determines that the candidate is not eligible to receive a grant. An agreement is effective on the first day of the 2nd month following the previous election for the office to be filled or the date that the office is filled, whichever is later. An agreement expires on the last day of the month following the month in which the Spring or general or special election for which the grant is provided occurs, except that:

SECTION 65. 11.50 (2) (a) 1. and 2. of the statutes are created to read:

11.50 **(2)** (a) 1. If a candidate seeks office at a special election after entering into an agreement under this paragraph to receive a grant for the next ~~general or~~ spring or general election, the previous agreement does not bind the candidate entering into the agreement with respect to disbursements made or obligated for the special election campaign.

2. If a candidate's personal campaign committee files a valid termination report prior to the date that an agreement by that candidate would otherwise expire under this paragraph, the agreement expires on the date on which the report is filed.

SECTION 66. 11.50 (2) (b) 3m. of the statutes is created to read:

11.50 **(2)** (b) 3m. The candidate has appointed a personal campaign committee which is registered under s. 11.05 (2g).

SECTION 67. 11.50 (2) (b) 5. of the statutes is amended to read:

11.50 **(2)** (b) 5. The financial reports filed by or on behalf of the candidate as of the date of the spring or September primary, or the date that the special primary is or would be held, if required, indicate that the candidate has received an amount equal to at least ~~the amount provided in this subdivision~~ 3% of the applicable authorized disbursement limitation for candidates other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9), from contributions of money, other than loans, made by individuals, which have been received during the period ending on the date of the spring primary and July 1 preceding such date in the case of candidates at the spring election, or the date of the September primary and January 1 preceding such date in the case of candidates at the general election, or the date that a special primary will or would be held, if required, and 90 days preceding such date or the date a special election is ordered, whichever is earlier, in the case of ~~special election~~ candidates at a special election, which contributions are in the aggregate amount of ~~$100~~ $50 or less, and which are fully identified and itemized as to the exact source thereof. A contribution received from a conduit ~~which is identified by the conduit as originating from an individual shall~~ may not be considered as a contribution made by ~~the~~ an individual for the purpose of qualifying for a grant under this subdivision. Only the first ~~$100~~ $50 of an aggregate contribution of more than ~~$100~~ $50 may be counted toward the required percentage. ~~For a candidate at the spring or general election for an office identified in s. 11.26 (1) (a) or a candidate at a special election, the required amount to qualify for a grant is 5% of the candidate's authorized disbursement limitation under s.~~

1 ~~11.31. For any other candidate at the general election, the required amount to~~
2 ~~qualify for a grant is 10% of the candidate's authorized disbursement limitation~~
3 ~~under s. 11.31.~~

4 **SECTION 68.** 11.50 (2) (g) of the statutes is amended to read:

5 11.50 **(2)** (g) A candidate who voluntarily files an application to receive a grant
6 in accordance with this subsection accepts and agrees to comply with the
7 contribution limitations prescribed in s. 11.26 and the disbursement limitations
8 imposed under s. 11.31 as binding upon himself or herself and his or her agents
9 during the campaign of that candidate, as defined in s. 11.31 (7), as a precondition
10 to receipt of a grant under this section, unless the board determines that the
11 candidate is not eligible to receive a grant~~, the candidate withdraws the application~~
12 ~~under par. (h),~~ or par. (i) applies.

13 **SECTION 69.** 11.50 (2) (h) of the statutes is repealed.

14 **SECTION 70.** 11.50 (2) (i) of the statutes is amended to read:

15 11.50 **(2)** (i) Notwithstanding par. (g), if an eligible candidate at the spring
16 election or a special nonpartisan election who accepts a grant is opposed by one or
17 more candidates in the election, or if an eligible candidate at the general election or
18 a special partisan election who accepts a grant is opposed by one or more candidates
19 in the election who receive at least 6% of the vote cast for all candidates for the same
20 office on all ballots at the September primary or a special partisan primary if a
21 primary was held, and in either case if any such opponent of the eligible candidate
22 does not accept a grant under this section in whole or in part, the eligible candidate
23 is not bound by the pledge made in his or her application to adhere to the contribution
24 limitations prescribed in s. 11.26 and the disbursement limitation prescribed under

s. 11.31~~, unless each such opponent files an affidavit of voluntary compliance under s. 11.31 (2m)~~.

SECTION 71. 11.50 (2m) of the statutes is created to read:

11.50 **(2m)** PUBLIC INFORMATION. There is established a public information account within the fund. Annually on January 1, the board shall transfer from each account within the fund, except the public information account, an amount equal to 5% of the moneys transferred to the fund under s. 20.855 (4) (b) during the preceding year to the public information account. The board shall make the transfers from each account in the same proportion that the amount of moneys transferred to that account during the preceding year from moneys transferred to the fund under s. 20.855 (4) (b) bears to the total amount of moneys transferred to the fund under s. 20.855 (4) (b) in that year. The board shall expend the moneys in the public information account for the purpose of providing public information concerning the purpose and effect of s. 71.10 (3) and this section.

SECTION 72. 11.50 (2m) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 73. 11.50 (2s) of the statutes is created to read:

11.50 **(2s)** POLITICAL PARTY ACCOUNTS. (a) The state chairperson of each eligible political party may, by written request to the board, provide for the establishment or discontinuance of an account within the fund for that political party. Each political party account consists of 97% of all moneys designated by individuals for deposit in that account under s. 71.10 (3) (a).

(b) The board shall make grants to each eligible political party for which an account is established under par. (a) in an amount equivalent to 9.7% of the total amount designated by income tax filers under s. 71.10 (3) (a) for deposit in the

account of that political party, plus 100% of the amounts transferred to the account of that political party under par. (f).

(c) Except as provided in pars. (e) and (f) and sub. (9) (a), from the account of each eligible political party, the board shall apportion the following amounts to the accounts of eligible candidates for the following offices:

1. An amount equal to 12.8% to the candidate for the office of governor.

2. An amount equal to 1.2% to the candidate for the office of lieutenant governor.

3. An amount equal to 2.4% to the candidate for the office of attorney general.

4. An amount equal to 1.2% to the candidate for the office of secretary of state.

5. An amount equal to 1.2% to the candidate for the office of state treasurer.

6. An amount equal to 23 1/3% to the candidates for the office of state senator.

7. An amount equal to 46 2/3% to the candidates for the office of representative to the assembly.

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(d) Except as provided in subd. 4. pars. (e) and (f) and sub. (9) (a), each eligible candidate for the office of state senator or representative to the assembly shall receive the amount in the subaccount or the sum of the amounts in the subaccounts ~~from the account~~ of the political party of that candidate for the office which the candidate seeks under par. (c) 6. or 7. determined as follows:

~~2. 1. The board shall calculate the sum of the votes cast in the most recent general election at which the seat sought by the candidate was filled for all candidates of the political party of that candidate for all state offices other than the office of district attorney, except as provided in subd. 6.~~

1. ~~2.~~ For each county within the legislative district in which a candidate seeks office, the board shall ~~then~~ calculate the sum of the votes cast ~~in the most recent general election at which the seat sought by the candidate was filled~~ in that part of the county in which the district is located for all candidates of the political party of

that candidate for all state offices other than the office of district attorney, at the most recent general election at which each office was filled, except as provided in subd. ~~6.~~ 5.

2. The board shall then calculate the sum of the votes cast ~~in the most recent general election at which the seat sought by the candidate was filled~~ in that county for all candidates of the political party of that candidate for all state offices other than the office of district attorney, at the most recent general election at which each office was filled, except as provided in subd. ~~6.~~ 5.

3. The board shall then divide the result obtained under subd. ~~2.~~ 1. by the result obtained under subd. ~~4.~~ 2. and multiply that result by the total amount in the ~~political party~~ subaccount of the account of the political party of that candidate allocated for candidates for the office which the candidate seeks in that county.

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~~5. The board shall then divide the result obtained under subd. 2. by the result obtained under subd. 3. and multiply that result by the amount determined under subd. 4.~~

5. For purposes of making the calculations required under subds. 1. ~~to 3.~~ and 2., if a political party had no candidate whose name was certified to appear on the ballot for a state office in the most recent general election for that office or if the candidate of a political party for a state office had no opponent whose name was certified to appear on the ballot for that office in the most recent general election for that office, the board shall treat the average number of votes received within the state ~~county~~ or portion ~~thereof~~ of a county, as applicable, for each other state office, except the office of district attorney, that was filled at that election as the number of votes received by the candidate of the political party for the office that was not contested, except that if the political party had no candidate for any other state office at that election or if the candidate of that political party for any other state office had no opponent whose

name was certified to appear on the ballot at that election, the board shall exclude that office in calculating that average.

(e) If a political party does not have a candidate for any office specified in par. (c) whose name is certified to appear on the ~~general or a special election~~ at a general or special election at which the office is filled ballot, or if a political party has a candidate for an office specified in par. (c) who qualifies to receive a grant under sub. (2) and the candidate has an opponent whose name is certified to appear on the general or a special election ballot but ~~who~~ the opponent does not qualify ~~for~~ to receive a grant under sub. (2), the board shall transfer the amount allocated under par. (c) for ~~that~~ the candidate of that political party to the general fund.

(f) If a political party has a candidate for an office specified in par. (c) who has fulfilled all qualifications to receive a grant under sub. (2) except that the candidate does not have an opponent whose name is certified to appear on the general or a special election ballot, the board shall transfer the amount allocated under par. (c) for that candidate to the political party account of the party of that candidate for distribution to the party under par. (b).

(g) A treasurer of a political party committee that receives a grant under this subsection shall deposit the proceeds of the grant in a separate depository account under s. 11.14 (1) and shall maintain the proceeds in that account until they are used to make a disbursement.

SECTION 74. 11.50 (2w) of the statutes is created to read:

11.50 **(2w)** GENERAL ACCOUNT. There is established a general account within the fund consisting of 97% of all moneys designated by individuals for deposit in that account under s. 71.10 (3) (a).

SECTION 75. 11.50 (3) (a) (intro.) of the statutes is amended to read:

11.50 **(3)** (a) (intro.) Annually on ~~August 15,~~ September 1, the state treasurer shall apportion all moneys ~~appropriated to~~ in the general account of the fund ~~shall be apportioned~~ as follows ~~by the state treasurer~~:

SECTION 76. 11.50 (3) (a) 1. and 2. of the statutes are amended to read:

11.50 **(3)** (a) 1. If an election for state superintendent is scheduled in the following year, ~~8%~~ 12% of the ~~fund~~ moneys in the general account shall be placed in a superintendency account. From ~~this~~ the superintendency account, an equal amount shall be disbursed to the campaign depository account of each eligible candidate by the state treasurer.

2. If an election for justice is scheduled in the following year, ~~8%~~ 12% of the ~~fund~~ moneys in the general account shall be placed in a supreme court account. From ~~this~~ the supreme court account, an equal amount shall be disbursed to the campaign depository account of each eligible candidate by the state treasurer.

SECTION 77. 11.50 (3) (b) of the statutes is amended to read:

11.50 **(3)** (b) If a vacancy occurs in the office of state superintendent or justice after ~~August 15~~ September 16 in any year and an election is scheduled to fill the vacancy at the spring election in the following year, the state treasurer shall transfer an amount not exceeding ~~8%~~ 12% of the moneys transferred to the general account of the fund ~~on the preceding August 15~~ during the 12–month period preceding that date to the account for the office in which the vacancy occurs, such moneys to be drawn from any account within the accounts created under sub. (4) in the amount or amounts specified by the board.

SECTION 78. 11.50 (4) (a) of the statutes is amended to read:

1 11.50 **(4)** (a) In the partisan campaign account, 25% of the moneys shall be
2 apportioned into an executive campaign account and 75% of the moneys shall be
3 apportioned into a legislative ~~and special election~~ campaign account.

4 **SECTION 79.** 11.50 (4) (c) of the statutes is amended to read:

5 11.50 **(4)** (c) The legislative ~~and special election~~ campaign account shall be
6 divided into a senate campaign account to receive 25% of the moneys, and an
7 assembly campaign account to receive 75% of the moneys. Each account shall then
8 be apportioned between all eligible candidates for the same office in the entire state.
9 No apportionment shall be made by legislative district.

10 **SECTION 80.** 11.50 (4) (cm) of the statutes is amended to read:

11 11.50 **(4)** (cm) ~~Each~~ There is established within the general account of the fund
12 a special election account. The special election account consists of the lesser of the
13 moneys required to make grants under this paragraph or the balance in the
14 remainder of the general account. From the special election account, each eligible
15 candidate ~~for the same office~~ at a special election of a political party whose candidate
16 for the same office received a grant at the preceding general election shall receive ~~an~~
17 ~~equal amount, which amount shall be~~ a grant equivalent to the ~~maximum~~ combined
18 grant ~~which~~ from the general and party accounts that was payable to ~~any~~ the
19 candidate of the same political party for that office at the ~~most recent spring or~~
20 preceding general election. ~~The amount shall be drawn from the senate campaign~~
21 ~~account and the assembly campaign account in the same proportions as the balance~~
22 ~~in each account bears to the total balance in both accounts at the time that payments~~
23 ~~are made. Whenever there are insufficient moneys in the senate campaign account~~
24 ~~and the assembly campaign account to make the payments required by this~~
25 ~~paragraph, payments shall be appropriately reduced or discontinued by the board.~~

From the special election account, each eligible candidate for state superintendent at a special election shall receive a grant equivalent to the grant that was payable to candidates for that office at the most recent spring election. From the special election account, each eligible candidate at a special election who does not represent a political party whose candidate for the same office at the preceding spring or general election received a grant shall receive a grant equivalent to the grant that was payable to candidates for the same office at the preceding spring or general election from the general account.

SECTION 81. 11.50 (4) (d) of the statutes is amended to read:

11.50 **(4)** (d) ~~Within~~ Except as provided in par. (cm) and sub. (9), within the accounts established under this subsection for each office at each general election, the entire amount of all available moneys shall be apportioned equally to all eligible candidates.

SECTION 82. 11.50 (5) of the statutes is renumbered 11.50 (5) (a) and amended to read:

11.50 **(5)** (a) The state treasurer shall make the disbursements to the ~~campaign depository account of each eligible candidate~~ treasurer of the personal campaign committee of each candidate who receives a grant under subs. (3) and (4) by the end of the 3rd business day following notice from the board under s. 7.08 (2) (c) or (cm).

(b) Eligible candidates for governor and lieutenant governor of the same political party may combine accounts if desired.

SECTION 83. 11.50 (5) (c) of the statutes is created to read:

11.50 **(5)** (c) The state treasurer shall make the disbursements to the treasurer of the state committee of each political party that receives a grant by the end of the

3rd business day following receipt of each certification from the secretary of revenue under s. 71.10 (3) (b).

SECTION 84. 11.50 (6) (title) of the statutes is repealed.

SECTION 85. 11.50 (6) of the statutes is renumbered 11.50 (4) (e) and amended to read:

subs.

11.50 **(4)** (e) If, at any election, the amounts which are to be apportioned to each eligible candidate ~~under subs. (3) and (4)~~ from the general account are more than the amount which a candidate may accept under sub. (9) (a), or more than the amount which a candidate elects to accept under sub. (10), the ~~excess moneys shall be retained in the fund~~ board shall first apportion the excess amount to other eligible candidates who have not received the maximum amount permitted under sub. (9) (a) and (10), if any, in the same proportion that the amounts of their grants from the general account bears to the total amount of grants made to all candidates at that election from the general account, to the extent permitted under subs. (9) (a) and (10).

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SECTION 86. 11.50 (7) (intro.) of the statutes is amended to read:

11.50 **(7)** UTILIZATION. (intro.) (a) Grants distributed under this section may be utilized only for deposit in a campaign depository account under s. 11.10.

(b) Grants received by an eligible candidate from the general account or from the account of an eligible political party may be expended only for one or more of the following:

SECTION 87. 11.50 (7) (a) to (d) of the statutes are renumbered 11.50 (7) (b) 1. to 4.

SECTION 88. 11.50 (7) (c) of the statutes is created to read:

11.50 **(7)** (c) Grants received by an eligible political party under sub. (2s) (b) may be expended only for one or more of the following:

1. Purchase of services from a communications medium to promote the candidacy of candidates of the party generally without reference to any specific candidate of the party for state office.

2. Preparation and dissemination of sample ballots listing the names of 3 or more candidates of the party for state office.

3. Making telephone contacts with electors in which the names of 3 or more candidates of the party are mentioned.

4. Fund raising on behalf of 3 or more candidates of the party for state office.

5. Staff compensation and expenses to provide services on behalf of 3 or more candidates of the party for state office.

SECTION 89. 11.50 (8) of the statutes is amended to read:

11.50 **(8)** LAPSING GRANTS. All grants disbursed under sub. (5) remain the property of the state until disbursed or encumbered for a lawful purpose. All grant moneys that are unspent and unencumbered by a candidate on the day after the election in which the candidate participates <u>and that exceed the total amount of disbursements by the candidate's personal campaign committee that were made or obligated after the date of the primary election</u> shall revert to the state. All deposits and refunds derived from grant moneys that are received by a candidate at any time after the day of the election in which the candidate participates shall revert to the state. All reversions shall be returned to the board by the candidate and shall be deposited in the fund.

SECTION 90. 11.50 (9) of the statutes is renumbered 11.50 (9) (a) and amended to read:

11.50 **(9)** (a) The total grant available to an eligible candidate ~~may not exceed that amount which, when added to all other contributions accepted from sources~~

~~other than individuals, political party committees and legislative campaign committees, is~~ ~~shall equal to 45%~~ shall not exceed 50% of the disbursement level ~~specified~~ for candidates for the applicable office other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9). If the combined amount otherwise payable to an eligible candidate under subs. (2s) and (4) exceeds the limitation prescribed in this paragraph, the board shall reduce the total grant available to that candidate by reducing first any amount to which the candidate would otherwise be entitled from the general account, and thereafter any amount to which the candidate would otherwise be entitled from the political party account of the candidate's political party.

~~(c)~~ (b) The board shall scrutinize accounts and reports and records kept under this chapter to assure that applicable limitations under ~~ss. 11.26 (9) and~~ s. 11.31 are not exceeded and any violation is reported. No candidate or campaign treasurer may accept grants exceeding the amount authorized by this subsection.

SECTION 91. 11.50 (11) (e) of the statutes is amended to read:

11.50 **(11)** (e) No candidate may expend, authorize the expenditure of or incur any obligation to expend any grant if he or she violates the pledge required under sub. (2) (a) as a precondition to receipt of a grant, except as authorized in sub. (2) ~~(h) or~~ (i).

SECTION 92. 11.50 (11) (g) of the statutes is amended to read:

11.50 **(11)** (g) If any person other than a candidate or candidate's campaign treasurer violates pars. (a) ~~to~~, (d) or (f), such person shall be liable to the state in a civil action brought by the board for conversion, for treble the amount of the moneys wrongfully expended, and in addition is subject to penalties as provided in ss. 11.60 and 11.61. If any candidate violates pars. (a) to (f), the candidate shall be personally liable to the state ~~in a civil~~

If any candidate's campaign treasurer violates pars. (a) to (f), the campaign treasurer and the candidate who appointed the treasurer shall be personally liable to the state. The liability may be enforced in a civil

1 action brought by the board for conversion, for treble the amount of the moneys
2 wrongfully expended, or for not more than 4 times the amount by which any
3 disbursements made by the candidate's personal campaign committee and any
4 contributions made by the candidate to his or her own campaign exceeded the
5 limitation prescribed in s. 11.26 (10) or the limitation prescribed in s. 11.31 (1) or
6 (1m), or both, as adjusted under s. 11.31 (9), and in addition the candidate or treasurer, or both, are subject to penalties as
7 provided in ss. 11.60 and 11.61.

8 **SECTION 93.** 11.50 (14) of the statutes is created to read:

9 11.50 **(14)** CERTIFICATIONS TO SECRETARY OF REVENUE. (a) In each
10 even–numbered year, the board shall certify to the secretary of revenue:

11 1. No later than July 1, the name of each political party that qualifies under
12 sub. (1) (am) 1. as an eligible political party as of the preceding June 1 and whose
13 state chairperson has filed a request to establish an account for the party under sub.
14 (2s) (a).

15 2. No later than December 15, the name of each political party that qualifies
16 under sub. (1) (am) 2. as an eligible political party as of the date of the preceding
17 general election and whose state chairperson has filed a written request to establish
18 an account for the party under sub. (2s) (a).

19 (b) As soon as possible after receiving a valid application from an eligible
20 candidate under sub. (2) (a) and determining that the candidate is eligible to receive
21 a grant, the board shall certify to the secretary of revenue the full name of that
22 candidate as the name appears on the candidate's nomination papers.

23 (c) In each certification under this subsection, the board shall specify the
24 expiration date of the certification.

25 **SECTION 94.** 11.60 (4m) of the statutes is created to read:

1 11.60 **(4m)** If any candidate incurs a forfeiture under this section, the candidate
2 is personally liable for payment of the forfeiture.

3 **SECTION 95.** 11.70 of the statutes is created to read:

4 **11.70 Political contribution refund. (1)** In this section:

5 (a) "Certified political party" means a party whose name is certified by the
6 board to the secretary of revenue under s. 11.50 (14) (a).

7 (b) "Certified eligible candidate" means a candidate whose name is certified by
8 the board to the secretary of revenue under s. 11.50 (14) (b).

9 **(2)** Any individual who is a resident of this state and of eligible voting age and
10 who makes any contribution or contributions of money to a certified political party
11 or a certified eligible candidate may file a claim with the secretary of revenue
12 requesting a refund of not more than $50 for any such contribution or contributions
13 made in any calendar year. Two married individuals who are both residents of this
14 state and are of eligible voting age and who make, individually or jointly, any
15 contribution or contributions of money to a certified political party or a certified
16 eligible candidate may file a claim with the secretary of revenue requesting a refund
17 of not more than $100 for such contributions made, including not more than $50 for
18 such contributions made individually by each of them, in any calendar year.

19 **(3)** The secretary of revenue shall prescribe an official refund receipt form for
20 use under this section. The forms shall be numbered sequentially. Each individual
21 or married couple filing a request for a refund under sub. (2) shall attach a copy of
22 that form to the request.

23 **(4)** All information concerning the identities of individuals and married
24 couples requesting refunds, the identities of candidates to whom contributions are
25 made and the amounts of any contributions made is confidential.

1 **(5)** A request under this section shall be filed with the secretary of revenue no
2 earlier than January 1 of the year in which any contributions are made for which a
3 refund is requested and no later than April 15 of the following year.

4 **(6)** An individual may file a request under this section no more than once for
5 any year. Married individuals may file a request under this section either
6 individually or jointly no more than once for any year.

7 **(7)** The secretary of revenue shall make refunds under this section from the
8 appropriation under s. 20.566 (3) (f).

9 **(8)** If the secretary of revenue makes any refund under this section later than
10 June 15 in the year after the contribution or contributions to be refunded were made,
11 the secretary shall pay interest on the refund at the rate provided under s. 71.82 (1)
12 (b).

13 **(9)** No later than August 1 annually, the secretary of revenue shall submit a
14 statement to the board summarizing the total number and the aggregate amount of
15 refunds made on behalf of each certified political party and each certified eligible
16 candidate during the preceding fiscal year.

17 **SECTION 96.** 13.625 (1) (b) 3. of the statutes is amended to read:

18 13.625 **(1)** (b) 3. Food, meals, beverages, money or any other thing of pecuniary
19 value~~, except that a lobbyist may make a campaign contribution to a partisan elective~~
20 ~~state official or candidate for national, state or local office or to the official's or~~
21 ~~candidate's personal campaign committee; but a lobbyist may make a contribution~~
22 ~~to which par. (c) applies only as authorized in par. (c)~~.

23 **SECTION 97.** 13.625 (1) (c) (intro.) of the statutes is renumbered 13.625 (1) (c)
24 and amended to read:

13.625 **(1)** (c) ~~Except as permitted in this subsection, make~~ Make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official for the purpose of promoting the official's election to any national, state or local office, or to a candidate for a partisan elective state office to be filled at the general election or a special election, or the official's or candidate's personal campaign committee. ~~A campaign contribution to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee may be made in the year of a candidate's election between June 1 and the day of the general election, except that:~~

SECTION 98. 13.625 (1) (c) 1. and 2. of the statutes are repealed.

SECTION 99. 13.625 (2) of the statutes is amended to read:

13.625 **(2)** No principal may engage in the practices prohibited under sub. (1) (b) ~~and (c)~~ except that a principal may make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee in the year of an official's or candidate's election between June 1 and the day of the general election unless, in the case of a member of the legislature or candidate for legislative office, the legislature has not concluded its final floorperiod or is in special or extraordinary session. This subsection does not apply to the furnishing of transportation, lodging, food, meals, beverages or any other thing of pecuniary value which is also made available to the general public.

SECTION 100. 13.625 (6) of the statutes is amended to read:

13.625 **(6)** Subsections (1) (b) and (c), (2) and (3) do not apply to the furnishing of anything of pecuniary value by an individual who is a ~~lobbyist or~~ principal to a relative of the individual or an individual who resides in the same household as the

individual, nor to the receipt of anything of pecuniary value by that relative or individual residing in the same household as the individual. Subsections (1) (b), (2) and (3) do not apply to the furnishing of anything of pecuniary value, except a campaign contribution, as defined in s. 11.01 (6), by a lobbyist to a relative of the lobbyist or an individual who resides in the same household as the lobbyist, nor to the receipt of any such thing by that relative or individual residing in the same household as the individual.

SECTION 101. 20.510 (1) (q) of the statutes is amended to read:

20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing appropriation, from the Wisconsin election campaign fund, the ~~moneys~~ amounts determined under s. 11.50 to provide for payments to eligible candidates whose names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose names are certified under s. 7.08 (2) (cs) and to provide for public information under s. 11.50 (2m).

SECTION 102. 20.510 (1) (q) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing appropriation, from the Wisconsin election campaign fund, the ~~moneys~~ amounts determined under s. 11.50 to provide for payments to eligible candidates whose names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose names are certified under s. 7.08 (2) (cs) ~~and to provide for public information under s. 11.50 (2m)~~.

SECTION 103. 20.566 (3) (f) of the statutes is created to read:

20.566 **(3)** (f) *Political contribution refunds.* A sum sufficient to make political contribution refunds under s. 11.70.

1 **SECTION 104.** 20.855 (4) (b) of the statutes is amended to read:

2 20.855 **(4)** (b) *Election campaign payments.* A sum sufficient equal to 97% of
3 the amounts determined under s. 71.10 (3) to be paid into the Wisconsin election
4 campaign fund ~~annually on August 15~~ as provided in s. 71.10 (3) (b).

5 **SECTION 105.** 20.855 (4) (ba) of the statutes is created to read:

6 20.855 **(4)** (ba) *Election fund annual supplement.* A sum sufficient equal to
7 $3,000,000 in each fiscal year, plus, in each fiscal year, the amounts determined by
8 the secretary of revenue under ss. 71.80 (21) and 77.9973, to be transferred from the
9 general fund to the Wisconsin election campaign fund annually on September 16.

10 **SECTION 106.** 20.855 (4) (bb) of the statutes is created to read:

11 20.855 **(4)** (bb) *Election fund special election supplement.* A sum sufficient
12 equal to the amounts required to make full payment of grants which candidates at
13 special elections qualify to receive from the Wisconsin election campaign fund, to be
14 transferred from the general fund to the special election account of the Wisconsin
15 election campaign fund no later than the time required to make payments of grants
16 under s. 11.50 (5).

17 **SECTION 107.** 25.42 of the statutes is amended to read:

18 **25.42 Wisconsin election campaign fund.** All moneys appropriated under
19 s. 20.855 (4) (b), (ba) and (bb) together with all moneys reverting to the state under
20 s. 11.50 (8) and all gifts, bequests and devises received under s. 11.50 (13) constitute
21 the Wisconsin election campaign fund, to be expended for the purposes of s. 11.50.
22 All moneys in the fund not disbursed by the state treasurer shall continue to
23 accumulate indefinitely.

24 **SECTION 108.** 71.05 (6) (a) 21. of the statutes is created to read:

71.05 **(6)** (a) 21. Any amount deducted under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 109. 71.07 (5) (a) 8. of the statutes is created to read:

71.07 **(5)** (a) 8. Expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 110. 71.10 (3) (a) of the statutes is amended to read:

71.10 **(3)** (a) Every individual filing an income tax return who has a tax liability or is entitled to a tax refund may designate ~~$1~~ $5 for transfer to the Wisconsin election campaign fund ~~for the use of eligible candidates under s. 11.50~~. If the individuals filing a joint return have a tax liability or are entitled to a tax refund, each individual may make a designation of ~~$1~~ $5 under this subsection. Each individual making a designation shall indicate whether the amount designated by that individual shall be placed in the general account for the use of all eligible candidates for state office, or in the account of an eligible political party whose name is certified to the secretary of revenue under s. 11.50 (14). If an individual does not indicate that the amount of his or her designation shall be placed in the account of a particular eligible political party, that amount shall be placed in the general account.

SECTION 111. 71.10 (3) (b) of the statutes is amended to read:

71.10 **(3)** (b) The secretary of revenue shall provide a place for those designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax liability. ~~Annually on August 15~~ The secretary shall also provide a place in the instructions that

accompany the return for any information submitted to the secretary by the elections board under s. 11.50 (2m). No later than the 15th day of each month, the secretary of revenue shall certify to the elections board, the department of administration and the state treasurer ~~under s. 11.50~~ the total amount of designations made on returns processed by the department of revenue during the preceding ~~fiscal year~~ month ~~and~~ the amount of designations made during that month for the general account and for the account of each eligible political party and within the account of each eligible political party, the amount designated during that month by residents of each county. If any individual attempts to place any condition or restriction upon a designation not authorized under par. (a), that individual is deemed not to have made a designation on his or her tax return.

SECTION 112. 71.10 (3) (b) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

71.10 **(3)** (b) The secretary of revenue shall provide a place for designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax liability. ~~The secretary shall also provide a place in the instructions that accompany the return for any information submitted to the secretary by the elections board under s. 11.50 (2m).~~ No later than the 15th day of each month, the secretary of revenue shall certify to the elections board, the department of administration and the state treasurer the total amount of designations made on returns processed by the department of revenue during the preceding month and the amount of designations made during that month for the general account and for the account of each eligible political party. If any individual attempts to place any condition or restriction upon a designation not authorized under par. (a), that individual is deemed not to have made a designation on his or her tax return.

SECTION 113. 71.26 (1) (a) of the statutes is amended to read:

71.26 **(1)** (a) *Certain corporations.* Income of corporations organized under ch. 185, except income of a cooperative sickness care association organized under s. 185.981, or of a service insurance corporation organized under ch. 613, that is derived from a health maintenance organization as defined in s. 609.01 (2) or a limited service health organization as defined in s. 609.01 (3), or operating under subch. I of ch. 616 which are bona fide cooperatives operated without pecuniary profit to any shareholder or member, or operated on a cooperative plan pursuant to which they determine and distribute their proceeds in substantial compliance with s. 185.45, and the income, except the unrelated business taxable income as defined in section 512 of the internal revenue code and except income that is derived from a health maintenance organization as defined in s. 609.01 (2) or a limited service health organization as defined in s. 609.01 (3), of all religious, scientific, educational, benevolent or other corporations or associations of individuals not organized or conducted for pecuniary profit. <u>In computing unrelated business taxable income for the purposes of this paragraph, the expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.</u> This paragraph does not apply to the income of savings banks, mutual loan corporations or savings and loan associations. This paragraph applies to the income of credit unions except to the income of any credit union that is derived from public deposits for any taxable year in which the credit union is approved as a public depository under ch. 34 and acts as a depository of state or local funds under s. 186.113 (20). For purposes of this paragraph, the income of a credit union that is derived from public deposits is the product of the credit union's gross annual income for the taxable year multiplied by a fraction, the numerator of which is the average monthly balance of public deposits

in the credit union during the taxable year, and the denominator of which is the average monthly balance of all deposits in the credit union during the taxable year.

SECTION 114. 71.26 (2) (b) 1g. of the statutes is created to read:

71.26 **(2)** (b) 1g. In computing the net income under this paragraph of a corporation, conduit or common law trust that qualifies as a regulated investment company, real estate mortgage investment conduit or real estate investment trust, expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 115. 71.26 (3) (e) 4. of the statutes is created to read:

71.26 **(3)** (e) 4. So that expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 116. 71.34 (1) (ad) of the statutes is created to read:

71.34 **(1)** (ad) The expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 117. 71.45 (2) (a) 15. of the statutes is created to read:

71.45 **(2)** (a) 15. By adding to federal taxable income the amount of any expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 118. 71.80 (21) of the statutes is created to read:

71.80 **(21)** TAXABILITY OF LOBBYING EXPENSES; CERTIFICATION. Annually no later than August 15, the secretary of revenue shall certify to the secretary of administration the amount of taxes estimated by the secretary of revenue to have

been collected during the preceding 12–month period ending on June 30 as a result of the election of this state not to allow an income and franchise tax deduction for expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible because of the exemption contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 119. Chapter 77 (title) of the statutes is amended to read:

CHAPTER 77

TAXATION OF FOREST CROPLANDS; REAL ESTATE TRANSFER FEES; SALES AND USE TAXES; COUNTY AND SPECIAL DISTRICT SALES AND USE TAXES; MANAGED FOREST LAND; TEMPORARY RECYCLING SURCHARGE; LOCAL FOOD AND BEVERAGE TAX; LOCAL RENTAL CAR TAX; PREMIER RESORT AREA TAXES; STATE RENTAL VEHICLE FEE; DRY CLEANING FEES; CAMPAIGN TREASURY SURPLUS EARNINGS TAX

SECTION 120. Subchapter XIII of chapter 77 [precedes 77.997] of the statutes is created to read:

CHAPTER 77

SUBCHAPTER XIII

1 CAMPAIGN TREASURY
2 SURPLUS EARNINGS TAX
3 **77.997 Definitions.** In this subchapter:
4 **(1)** "Campaign treasury surplus" means the unencumbered balance in the
5 campaign depository account of a candidate or a candidate's personal campaign
6 committee during the period beginning on the first day of the month following an
7 election at which the name of the candidate appeared on the ballot, except a primary
8 election if the candidate was nominated at that primary election to appear on an
9 election ballot, and ending on the date that the candidate files a valid declaration of
10 candidacy together with valid nomination papers, if required, to appear on the ballot
11 at a succeeding election.
12 **(2)** "Candidate" has the meaning given in s. 11.01 (1).
13 **(3)** "Election" has the meaning given in s. 5.02 (4).
14 **(4)** "Personal campaign committee" has the meaning given in s. 11.01 (15).
15 **77.9971 Imposition.** A tax is imposed on each candidate and personal
16 campaign committee at the rate of 15% on the earnings received by the candidate or
17 personal campaign committee on any campaign treasury surplus for the 6–month
18 period ending on each December 31 and June 30.
19 **77.9972 Administration. (1)** The department of revenue shall levy, enforce
20 and collect the tax under this subchapter.
21 **(2)** The tax under this subchapter and a completed return prescribed by the
22 department of revenue are due on March 1 and September 1.
23 **(3)** Sections 77.59 (1) to (6), (8) and (8m), 77.60 (1) to (7), (9) and (10), 77.61 (5)
24 and (12) to (14) and 77.62, as they apply to the taxes under subch. III, apply to the
25 tax under this subchapter.

1 **77.9973 Certification.** Annually no later than September 15, the secretary
2 of revenue shall certify to the secretary of administration the amount of taxes
3 collected under this subchapter for the preceding 12–month period ending on June
4 30.

5 **SECTION 121. Initial applicability.**

6 (1) Except as provided in subsections (2) to (5), this act first applies to elections
7 held on the effective date of this subsection.

8 (2) The treatment of section 11.06 (1) (a), (d) and (L) of the statutes first applies
9 to reports covering the period beginning on July 1, 2000.

10 (3) The treatment of section 11.31 (9) of the statutes first applies to adjustment
11 of disbursement limitations for the biennium beginning on January 1, 2002.

12 (4) The treatment of sections 71.05 (6) (a) 21., 71.07 (5) (a) 8., 71.10 (3) (a) and
13 (b) (by SECTION 111), 71.26 (1) (a), (2) (b) 1g. and (3) (e) 4., 71.34 (1) (ad) and 71.45 (2)
14 (a) 15. of the statutes first applies to taxable years beginning on January 1 of the year
15 in which this subsection takes effect, except that if this subsection takes effect after
16 July 31 this act first applies to claims filed for taxable years beginning on January
17 1 of the year following the year in which this subsection takes effect.

18 (5) The treatment of subchapter XIII of chapter 77 of the statutes first applies
19 to earnings received on January 1, 2001.

20 **SECTION 122. Effective dates.** This act takes effect on the day after
21 publication, except as follows:

22 (1) The treatment of section 20.510 (1) (q) (by SECTION 102) of the statutes and
23 the repeal of section 11.50 (2m) of the statutes take effect on the first day of the 7th
24 year beginning after publication.

1 (2) The treatment of section 71.10 (3) (b) (by SECTION 112) of the statutes takes
2 effect on the first day of the 7th year beginning after publication.
3 (END)

TNS 16-7

Section #. 11.10 (1) of the statutes is amended to read:

11.10 **(1)** Each candidate in an election shall appoint one campaign treasurer. Except as provided in s. 11.14 (3), each candidate shall designate one campaign depository account within 5 business days after the candidate receives his or her first contribution and before the candidate makes or authorizes any disbursement in behalf of his or her candidacy. If a candidate adopts a preexisting support committee as his or her personal campaign committee, the candidate shall make such designation within 5 business days of adoption. The person designated as campaign treasurer shall be the treasurer of the candidate's personal campaign committee, if any. The candidate may appoint himself or herself or any other elector as campaign treasurer. A registration statement under s. 11.05 (2g) or (2r) must be filed jointly by every candidate and his or her campaign treasurer. The candidate does not qualify for ballot placement until this requirement is met. Except as authorized under s. 11.06 (5), the campaign treasurer or candidate shall certify as to the correctness of each report required to be filed~~, and the~~. The candidate who appoints a campaign treasurer bears the responsibility for the ~~accuracy of each report~~ acts of the treasurer for purposes of civil liability under this chapter~~, whether or not the candidate certifies it personally~~.

~~History: 1973 c. 334; 1975 c. 93, 199, 200; 1979 c. 328; 1985 a. 303 ss. 22, 86.~~

INSERT 35–14

NOP Within the account of each political party, the board shall establish 2 subaccounts for each county. The board shall apportion 23~~0~~1/3% of the amounts designated by the residents of each county for each party in a subaccount of that party for the office of state senator in that county. The board shall apportion 46~~0~~2/3% of the amounts designated by the residents of each county for each party in a subaccount of that party for the office of representative to the assembly in that county.

INSERT 36–11

4. If the office of state senator within any senate district is not regularly filled at a general election, the board shall retain the amount determined under subds. 1. to 3. for the candidate of each political party for that office in that district at that general election in the subaccount for that office and shall add that amount to the amount so determined for the candidate of that political party for that office in that district at the next general election.

INSERT 41–12

NOP The board shall make the apportionment by distributing the entire excess amount to the accounts for the offices to be filled at that election in the same relative proportion that the percentage allocations to the accounts for those offices, as specified in pars. (a) to (c), ~~bear~~ STET to each other. The board shall then distribute the excess amount within the account for each office equally to each eligible candidate for that office and shall redistribute any remaining excess amount in the same manner until the entire excess amount within the account for each office is exhausted

or all eligible candidates for the office receive the maximum amounts permitted under subs. (9) (a) and (10). If, after that distribution, there is any remaining undistributed amount in an account for an executive or judicial office, the board shall transfer that amount to the general fund, and if there is any remaining undistributed amount in the account for a legislative office, that amount shall be retained in that account.

State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-1801/P 4
JTK/JK/MES:kg:jf

By
WANTED TODAY 1PM
MON 3/29

1999 BILL

p. 37 only

Gen Cat.

AN ACT *to repeal* 11.01 (12s), 11.05 (3) (o), 11.26 (9) (b) and (c), 11.265, 11.31 (2m), 11.31 (3m), 11.31 (4), 11.31 (7) (d), 11.50 (2) (h), 11.50 (2m), 11.50 (6) (title) and 13.625 (1) (c) 1. and 2.; ***to renumber*** 11.24 (2), 11.50 (1) (a) 1. and 11.50 (7) (a) to (d); ***to renumber and amend*** 11.16 (1) (d), 11.26 (9) (a), 11.50 (1) (a) 2., 11.50 (2) (a), 11.50 (5), 11.50 (6), 11.50 (9) and 13.625 (1) (c) (intro.); ***to amend*** 5.02 (13), 11.01 (5m), 11.05 (3) (c), 11.05 (9) (b), 11.06 (1) (a), 11.06 (1) (d) and (L), 11.06 (2), 11.06 (7m) (a), 11.06 (7m) (c), 11.06 (11) (c), 11.10 (1), 11.12 (1) (c), 11.14 (1), 11.14 (2), 11.16 (5), 11.21 (15), 11.25 (2) (a), 11.25 (2) (b), 11.26 (1) (intro.), 11.26 (1) (a), (b) and (c), 11.26 (2) (intro.), 11.26 (2) (a), (b) and (c), 11.26 (4), 11.26 (10), 11.26 (12m), 11.26 (13), 11.31 (1) (intro.), 11.31 (1) (a) to (d), 11.31 (1) (e) and (f), 11.31 (2), 11.31 (3), 11.31 (7) (a) to (c), 11.50 (2) (b) 5., 11.50 (2) (g), 11.50 (2) (i), 11.50 (3) (a) (intro.), 11.50 (3) (a) 1. and 2., 11.50 (3) (b), 11.50 (4) (a), 11.50 (4) (c), 11.50 (4) (cm), 11.50 (4) (d), 11.50 (7) (intro.), 11.50 (8), 11.50 (11) (e), 11.50 (11) (g), 13.625 (1) (b) 3., 13.625 (2), 13.625 (6), 20.510 (1) (q), 20.510 (1) (q),

1 20.855 (4) (b), 25.42, 71.10 (3) (a), 71.10 (3) (b), 71.10 (3) (b), 71.26 (1) (a) and
2 chapter 77 (title); and ***to create*** 7.08 (2) (cs), 11.01 (9m), 11.01 (13), 11.05 (14),
3 11.16 (1) (d) 2., 11.21 (17), 11.22 (11), 11.24 (1s), 11.24 (4), 11.25 (4), 11.31 (1) (de),
4 11.31 (1m), 11.31 (9), 11.50 (1) (a) 1. (intro.), 11.50 (1) (a) 2., 11.50 (1) (am), 11.50
5 (1) (bm) and (cm), 11.50 (2) (a) 1. and 2., 11.50 (2) (b) 3m., 11.50 (2m), 11.50 (2s),
6 11.50 (2w), 11.50 (5) (c), 11.50 (7) (c), 11.50 (14), 11.60 (4m), 11.70, 20.566 (3) (f),
7 20.855 (4) (ba), 20.855 (4) (bb), 71.05 (6) (a) 21., 71.07 (5) (a) 8., 71.26 (2) (b) 1g.,
8 71.26 (3) (e) 4., 71.34 (1) (ad), 71.45 (2) (a) 15., 71.80 (21) and subchapter XIII
9 of chapter 77 [precedes 77.997] of the statutes; **relating to:** campaign
10 financing, political contributions by lobbyists, refunds for certain political
11 contributions, imposition of a campaign treasury surplus earnings tax, income
12 and franchise tax deductions for certain business expenses related to lobbying,
13 providing an exemption from emergency rule procedures, granting
14 rule–making authority, requiring the exercise of rule–making authority,
15 making appropriations and providing penalties.

Analysis by the Legislative Reference Bureau

This bill makes numerous changes in the campaign finance law, authorizes a state refund for certain political contributions, imposes a tax on the earnings of campaign treasury surpluses and eliminates a corporate income and franchise tax deduction for certain lobbying expenses. Significant changes include:

Disbursement limitations

Under current law, disbursement (expenditure) levels are specified for candidates for various state and local offices. These levels become a binding limitation upon any candidate for state office who accepts a state grant from the Wisconsin election campaign fund or who agrees to be bound by the limitation, unless the candidate is opposed by a major opponent who could have qualified for a grant but who declines to accept one and declines to file an affidavit of voluntary compliance with disbursement and contribution limitations. Additionally, the disbursement levels for candidates for the offices of state senator and representative to the assembly are subdivided between the primary and election campaign periods in such a way that only about 60% of the total applicable disbursement level for either

office may be allocated by a candidate to either the primary or the election campaign period.

This bill:

1. Eliminates the disbursement limitation, applicable to candidates for the offices of state senator and representative to the assembly, that requires the overall limitation to be subdivided between the primary and election campaign periods in such a way that only about 60% of the statutory disbursement level is allocated to either the primary or election campaign period.

2. Revises the current disbursement levels applicable to candidates for the offices shown in the following chart:

Office	*Current Level*	*Proposed Level*
Governor	$1,078,200	$3,500,000
Lieutenant governor	323,475	1,125,000
Attorney general	539,000	750,000
Secretary of state	215,625	350,000
State treasurer	215,625	350,000
Supreme court justice	215,625	400,000
State superintendent	215,625	350,000
State senator	34,500	140,000
Representative to the assembly	17,250	60,000

3. Provides that the disbursement limitation for a candidate who seeks an office for the first time, and has not previously been a candidate for any other national, state or local office in a jurisdiction or district which includes at least one–third of the residents who reside in the jurisdiction or district in which the candidate seeks office, is 110% of the amount provided for other candidates for that office.

4. Creates a biennial cost–of–living adjustment that causes the statutory disbursement levels to be adjusted biennially, beginning in 2002, in accordance with a formula tied to the "consumer price index" determined by the U.S. department of labor, with the result in turn adjusted by the rate of increase or decrease in the voting age population of this state, as determined by the federal election commission.

5. Deletes current law that permits a candidate who does not accept a grant to continue to bind an opponent to disbursement and contribution limitations by filing an affidavit of voluntary compliance.

Currently, the campaign of a candidate, for purposes of the applicability of disbursement limitations, extends from July 1 preceding the date of a spring primary or election at which the candidate seeks office or January 1 preceding the date of a September primary or general election at which the candidate seeks office or the date of the candidate's public announcement of candidacy, whichever is earlier, through the last day of the month following the month of the primary or election at which the candidate seeks office, except that orders placed for goods or services to be provided for a campaign are included within the campaign regardless of when the goods or services are paid for, and debts incurred for goods or services received during a

campaign period are included within the campaign regardless of when the debts are retired. Under this bill, the campaign of a candidate, for purposes of disbursement limitations, begins on the day after the date on which the previous campaign of the candidate ends or the date on which the candidate becomes a candidate at a future election, whichever is earlier (except as to goods or services provided for the campaign and paid for before that date), and ends at the same time as currently provided. The effect of the change is to include all disbursements within the limitation applicable to a current or former campaign.

Other disbursement restrictions

Currently, a personal campaign committee may make contributions to candidates other than the candidate whom it is organized to support, subject to applicable contribution limitations. If a candidate dies or ceases to be a candidate, the personal campaign committee remains subject to the same limitations. However, if the committee thereafter files a statement affirming under oath its independence from any candidate, the committee may, in addition to making contributions, make disbursements in an unlimited amount to advocate the election or defeat of a candidate.

This bill provides that, if a candidate dies or ceases to be a candidate, and the candidate's personal campaign committee thereafter files a statement affirming under oath its independence of any candidate, the committee may not make any disbursement to advocate the election or defeat of a clearly identified candidate that is derived in whole or in part from contributions received by the committee prior to filing the statement in an amount or value exceeding the maximum contribution that the committee is permitted to make to that candidate under contribution limitations currently prescribed by law.

Contribution limitations

Current law specifies limitations on the maximum amount of contributions which may be given to and accepted by a candidate for state or local office. Current law also limits the total contributions that a candidate for state or local office may accept from all political committees, including political party and legislative campaign committees, and from the Wisconsin election campaign fund to 65% of the value of the statutory disbursement level specified for the office which the candidate seeks. The total amount that a candidate may accept from committees other than political party and legislative campaign committees and from the Wisconsin election campaign fund is limited to 45% of that disbursement level.

This bill changes contribution limitations applicable to individuals and committees making contributions to candidates for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent of public instruction, justice of the supreme court, state senator or representative to the assembly per campaign, as follows:

Category	*Current Limit*	*Proposed Limit*
Individual or committee making contributions to candidate for state senator	$ 1,000	$ 500

Individual or committee making contributions to candidate for representative to the assembly	$ 500	$ 250
Individual making contributions to candidate for a statewide office	$10,000	$1,000
Committee making contributions to candidate for a statewide office	4% of candidate's disbursement level	$1,000

The bill also creates a new contribution limitation which prohibits any candidate for state or local office from accepting total contributions from all political committees, including political party committees and committees serving as conduits (see below), as well as from individual contributors who contribute more than 50% of the amount or value that an individual may contribute, equal, in the aggregate, to more than 25% of the value of the statutory disbursement level specified for the office which the candidate seeks.

Treatment of legislative campaign committees

Currently, the adherents of any political party in either house of the legislature may organize a "legislative campaign committee" to support the candidacy of members of their party for legislative office. Committees other than legislative campaign committees and political party committees are generally subject to a limitation upon the contributions that they may make to candidates for legislative office or to political parties. Legislative campaign committees are subject only to overall limitations on the aggregate contributions that may be accepted by a candidate from entities other than individuals.

This bill eliminates the special status of legislative campaign committees, thus treating them in the same manner as other special interest committees for the purpose of contribution limitations.

Other contribution restrictions

This bill creates the following new prohibitions on contributions:

1. It prohibits contributions from special interest ("political action") committees, including conduit committees, from individuals operating as conduits and from individual contributors who contribute more than 50% of the amount or value that an individual may contribute to incumbents who are seeking reelection to a partisan state office from the first Monday in January of each odd–numbered year through the enactment of the biennial budget act and, thereafter, during any floorperiod, including any special or extraordinary session floorperiod. The prohibition does not apply to contributions to an incumbent who is a candidate for state office at a special election during the period beginning on the date that a special election is ordered and ending on the date of the special election.

2. It prohibits any lobbyist from making a contribution to a partisan elective state official or candidate for a partisan elective state office or to such an official's or candidate's personal campaign committee. Currently, a lobbyist may make such a contribution in the year that an official or candidate seeks election between June 1 and the day of the general election.

3. It prohibits any candidate from making a contribution to another candidate except to dispose of residual contributions in the candidate's campaign treasury upon termination of registration. The bill also prohibits any candidate from accepting a contribution made by another candidate except upon termination of registration by the other candidate. Currently, a candidate is generally permitted to make a contribution for any political purpose that is not specifically prohibited by law.

Contributions through conduits

Under current law, a "conduit" is an individual or organization that receives a contribution and transfers the contribution to another individual or organization without exercising discretion as to the amount that is transferred and the individual to whom or the organization to which the transfer is made. When a conduit transfers a contribution, the conduit is required to identify itself in writing to the transferee as a conduit and to report to the transferee information about the original contributor. The conduit must include this information in its financial reports for the date on which the contribution was received and transferred. The campaign financing reports filed by the candidate identify only the original contributor, not the conduit. A contribution from a conduit is considered to be a contribution from the original contributor and, for the purpose of contribution limitations, a contribution of money received from a conduit which is properly identified and reported is considered to be a contribution received from the original contributor. Contributions received by a candidate for state office from an individual through a conduit may be used to qualify for a grant from the Wisconsin election campaign fund.

This bill requires the campaign finance reports filed by candidates to identify any conduit from whom a contribution is received, as well as the original contributor.

The bill also treats conduits in the same manner as "political action committees" by:

1. Not allowing contributions made by an individual through a conduit to be used to qualify for a grant from the Wisconsin election campaign fund.

2. Subjecting contributions from conduits to the same limitations that currently apply to the amount of contributions that a candidate may accept from any committee other than a political party committee and to the new limitation upon receipt of aggregate contributions from committees and major contributors imposed under the bill.

Mass media and telephoning activities

Currently, individuals who accept contributions, organizations which make or accept contributions, or individuals who or organizations which incur obligations or make disbursements for the purpose of influencing an election for state or local office are generally required to register with the appropriate filing officer and to file financial reports with that officer, regardless of whether they act in conjunction with or independently of any candidate who is supported or opposed. Currently, when a person is alleged to have violated registration and reporting requirements, the state has the burden of proving that the violation occurred.

This bill provides that, whenever any person publishes, disseminates or broadcasts any communication that includes a reference to a candidate for an office to be filled at an election, during the 60–day period preceding that election or during

the 30–day period preceding any primary for that election, and the communication is substantially directed toward the electorate for that election, it is presumed that the communication is made for the purpose of influencing the election or nomination for election of that candidate, unless the person making the communication establishes, by a preponderance of the evidence, that the communication was not made for that purpose.

Wisconsin election campaign fund:

I. SOURCES AND USES OF FUNDS

Under current law, the Wisconsin election campaign fund is financed through an individual income tax "checkoff". Every individual filing a state income tax return who has a tax liability or is entitled to a tax refund may direct that $1 of general purpose revenue be transferred to the fund. Individuals filing a joint return may separately choose whether to direct that the $1 transfer be made. All moneys transferred to the fund are placed in accounts for specified state offices, and candidates for those offices at the general or a special election may qualify for grants from the fund to be used for specified campaign expenses. No moneys in the fund may be used for any other purpose. Grants at special elections are funded by reallocating moneys set aside to provide grants to candidates at the general election, to the extent that moneys are available.

This bill:

1. Increases the amount of the individual income tax checkoff for the Wisconsin election campaign fund from $1 to $5. Under the bill, individuals filing a joint return may separately choose whether to make the $5 checkoff. The bill also permits individuals to determine whether to designate their checkoffs for a "general account", which is distributed in the same manner as currently provided, or for the account of an eligible political party (see below).

2. Provides a sum sufficient appropriation from general purpose revenue to supplement the amounts otherwise available for campaign financing through the Wisconsin election campaign fund equal to $3,000,000 in each fiscal year plus, in each fiscal year, the amount determined by the secretary of revenue to have been collected by the state from the campaign treasury surplus earnings tax imposed under this bill, and the elimination of the corporate income and franchise tax deduction for lobbying expenses under this bill (see below).

3. Directs the state elections board to set aside 5% of the moneys transferred to the Wisconsin election campaign fund in each of the six years following the year in which the bill becomes law in order to provide public information concerning the purpose and effect of designations to the fund. The bill directs the department of revenue to cooperate in providing such public information. Currently, no moneys in the fund are authorized to be used for this purpose.

II. GRANT ELIGIBILITY REQUIREMENTS AND AMOUNTS

Under current law, public financing from the Wisconsin election campaign fund is available to eligible candidates for the offices of state senator, representative to the assembly, governor, lieutenant governor, attorney general, state treasurer, secretary of state, justice of the supreme court and superintendent of public instruction. To receive a grant, a candidate must file an application with the state elections board

no later than the deadline for filing nomination papers. Following the primary election or the date on which a primary would be held, if required, the board determines whether a candidate who applies for a grant meets the following eligibility requirements:

1. If the candidate seeks a partisan state office at a general election, the candidate must have received at least 6% of the total votes cast in the primary and won the primary. If the candidate seeks a partisan state office at a special election, the candidate must either: a) appear on the ballot or in the column of a political party whose candidate for the same office at the preceding general election received at least 6% of the vote; or b) receive at least 6% of the votes cast at the special election.

2. The candidate must have an opponent in the election.

3. The candidate must receive, during a specified time period, a specified amount through contributions from individuals of $100 or less. For a candidate for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, justice of the supreme court or superintendent of public instruction, the amount is 5% of the authorized disbursement level for the office which the candidate seeks. For a candidate for the office of state senator or representative to the assembly, the amount is 10% of the authorized disbursement level for the office which the candidate seeks.

Under current law, a candidate for any office who accepts a grant must comply with statutorily prescribed contribution and disbursement limitations, unless one or more of the candidate's opponents who receive at least 6% of the votes cast for all candidates for that office at a partisan primary, if a primary was held, do not accept a grant and do not voluntarily comply with the contribution and disbursement limitations for that office. Currently, a candidate is no longer bound by disbursement limitations after the last day of the month following the election in which the candidate appears on the ballot. The maximum grant that a candidate may receive is that amount which, when added to all other contributions accepted from sources other than individuals, political party committees and legislative campaign committees, is equal to 45% of the authorized disbursement level for the office which the candidate seeks, if there are sufficient moneys in the Wisconsin election campaign fund to finance the full amount of grants for which candidates qualify.

Currently, a candidate may use moneys in his or her campaign treasury for any political purpose not prohibited by law.

This bill:

1. Provides that a candidate for a partisan state office need receive contributions from individuals equal to only 3% of the authorized disbursement level for the office which the candidate seeks in order to qualify for a grant, but provides that the contributions must be in amounts of $50 of or less.

2. Increases the maximum grant that a candidate may receive to 50% of the authorized disbursement level for the office which the candidate seeks, irrespective of contributions received from other sources.

3. Retains the current system of grants from a "general account" for which moneys may be designated by tax filers, except that it increases by 50% the amounts allocated for the offices of justice of the supreme court and state superintendent of

public instruction. Under the bill, amounts otherwise payable from the general account to a candidate who reaches this limit are redistributed to other qualifying candidates who have not reached this limit, if any.

4. Permits political parties that qualify for a separate column or row on the ballot at the general election to obtain grants from checkoffs made by tax filers. The bill provides for 9.7% of the moneys designated for political parties by tax filers to be paid directly as grants to the designated parties to be used for specified multicandidate expenses. Under the bill, disbursements made by a political party from such a grant are not considered to be in–kind contributions to the candidates who benefit from the disbursements. The bill provides for 97% of the remaining moneys designated by tax filers to be paid to candidates of the designated parties for state offices, except the office of district attorney, in accordance with an apportionment formula specified in the bill that takes into account, in the case of candidates for legislative office, the votes cast for candidates of the designated party for partisan state offices, except the office of district attorney, within each legislative district. Amounts otherwise payable to a candidate who would qualify to receive a grant if the candidate had an opponent are redistributed to the parties for multicandidate expenses. Amounts otherwise payable to a candidate for an office for which a party has no candidate or to a candidate who is opposed but who fails to qualify for a grant are lapsed to the state general fund.

5. Provides that an agreement by a candidate for state office to be bound by contribution and disbursement limitations becomes effective on the first day of the second month following the previous election for an office, or the date that the application containing the agreement is filed, whichever is later. An application may be filed no later than the deadline provided under current law. An agreement remains binding until the end of the month following the month in which the election is held for which a grant is provided, unless the board determines that the candidate who entered into the agreement does not qualify for a grant or unless the candidate who enters into the agreement becomes a candidate at a special election.

6. Provides for grants payable to candidates for state office at special elections to be payable in full from general purpose revenue.

Penalties for violations

Currently, violators of the campaign finance law are subject to a forfeiture (civil penalty) of not more than $500 for each violation, except that violators of contribution limitations are subject to a forfeiture of not more than treble the amount unlawfully contributed. In addition, intentional violators are guilty of a misdemeanor and are subject to a fine of not more than $1,000 or imprisonment for not more than six months or both. This bill provides, in addition, that, if any candidate or campaign treasurer of a candidate who accepts a grant violates the agreement to limit self–contributions and disbursements that was entered into by that candidate, the candidate is personally liable for a forfeiture of not more than four times the amount of any unlawful contributions or disbursements made.

Currently, if a candidate or any other registrant violates the campaign finance law, any forfeitures incurred by the registrant may be paid from the campaign depository account of the registrant. This bill provides that no moneys derived from

contributions that are reportable under the campaign finance law may be used to pay any forfeiture incurred by a candidate or candidate's campaign treasurer. Under the bill, if a candidate or candidate's campaign treasurer violates the law, the candidate is personally liable for payment of the forfeiture. A campaign treasurer and personal campaign committee also remain liable for payment of any forfeitures that they incur.

Initial applicability

All campaign finance changes under the bill apply to elections held on or after the day on which the bill becomes law.

Political contribution refund

This bill permits any individual who is a resident of this state and of eligible voting age to request a refund from the department of revenue of not more than $50 per year for any contribution or contributions of money made to a qualifying candidate for state office or political party. The bill also permits two married individuals who are both residents of this state and are of eligible voting age to file a joint request for a refund of not more than $100 per year for such contributions made jointly or individually. In order to qualify for a refund, a contribution must be made to a political party that has qualified for a separate ballot or one or more separate columns or rows on a ballot or to a candidate for state office who has filed a valid application to receive a grant from the Wisconsin election campaign fund, together with a binding agreement to abide by disbursement and self–contribution limitations, and has qualified to receive a grant. For a contribution to a candidate to be eligible for a refund, the candidate must have a signed agreement in effect at the time that a contribution is made. The refunds are made by the department of revenue from general purpose revenue.

Campaign treasury surplus earnings tax

This bill imposes a tax on every candidate and personal campaign committee at the rate of 15% on the earnings received by that candidate or committee on any campaign treasury surplus during the period beginning on the first day of the month following an election at which a candidate appears on the ballot (except a primary election if the candidate was nominated at the primary to appear on the ballot at a subsequent election) and ending on the date that the candidate files a valid declaration of candidacy together with valid nomination papers, if required, to appear on the ballot at a succeeding election. The tax is payable to the department of revenue semiannually.

Tax deductions for lobbying expenses

This bill eliminates a current corporate income and franchise tax deduction for certain business expenses that lobbyists incur. Currently, this deduction may be claimed for expenses incurred in direct connection with: a) appearances before, submission of statements to, or sending communications to a federal, state or local legislative body, a legislative committee or an individual legislator with respect to legislation or proposed legislation of direct interest to a taxpayer; or b) communications between a taxpayer and an organization of which the taxpayer is a member with respect to legislation or proposed legislation of direct interest to the

taxpayer and the organization. Under the bill, dues paid to any organization remain deductible to the extent that they are attributable to expenses of these activities.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to the bill.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 5.02 (13) of the statutes is amended to read:

2 5.02 **(13)** "Political party" or "party" means a state committee registered under
3 s. 11.05 <u>and</u> organized exclusively for political purposes under whose name
4 candidates appear on a ballot at any election, and all county, congressional,
5 legislative, local and other affiliated committees authorized to operate under the
6 same name. For purposes of ch. 11, the term does not include ~~a legislative campaign~~
7 ~~committee or~~ a committee filing an oath under s. 11.06 (7).

8 **SECTION 2.** 7.08 (2) (cs) of the statutes is created to read:

9 7.08 **(2)** (cs) In each even–numbered year, certify to the state treasurer for the
10 period beginning with the month following certification and ending with the month
11 in which the next certification is made by the board:

12 1. No later than July 1, the name of each political party that qualifies under
13 s. 11.50 (1) (am) 1. as an eligible political party as of the preceding June 1 and whose
14 state chairperson has filed a request to establish an account for the party under s.
15 11.50 (2s) (a).

16 2. No later than December 15, the name of each political party that qualifies
17 under s. 11.50 (1) (am) 2. as an eligible political party as of the date of the preceding

general election and whose state chairperson has filed a written request to establish an account for the party under s. 11.50 (2s) (a).

SECTION 3. 11.01 (5m) of the statutes is amended to read:

11.01 **(5m)** "Conduit" means an individual who or ~~an organization~~ a committee which receives a contribution of money and transfers the contribution to another individual or ~~organization~~ committee without exercising discretion as to the amount which is transferred and the individual to whom or ~~organization~~ committee to which the transfer is made.

SECTION 4. 11.01 (9m) of the statutes is created to read:

11.01 **(9m)** "First–time candidate" means a candidate who seeks a particular state office for the first time and who has not previously been a candidate for any other national, state or local office in a jurisdiction or district which includes at least one–third of the residents who reside in the jurisdiction or district in which the candidate seeks office, as determined by the board.

SECTION 5. 11.01 (12s) of the statutes is repealed.

SECTION 6. 11.01 (13) of the statutes is created to read:

11.01 **(13)** "Major contributor" means an individual who makes a contribution or contributions to a candidate or candidate's personal campaign committee exceeding, in the aggregate, 50% of the amount or value that the individual is permitted to make during a campaign, as provided in s. 11.26 (1).

SECTION 7. 11.05 (3) (c) of the statutes is amended to read:

11.05 **(3)** (c) In the case of a committee, a statement as to whether the committee is a personal campaign committee, a political party committee, ~~a legislative campaign committee,~~ a support committee or a special interest committee.

1 **SECTION 8.** 11.05 (3) (o) of the statutes is repealed.

2 **SECTION 9.** 11.05 (9) (b) of the statutes is amended to read:

3 11.05 **(9)** (b) An individual who or a committee or group which receives a
4 contribution of money and transfers the contribution to another individual,
5 committee or group while acting as a conduit is not subject to registration under this
6 section unless the individual, committee or group transfers the contribution to a
7 candidate or a personal campaign, ~~legislative campaign,~~ political party or support
8 committee.

9 **SECTION 10.** 11.05 (14) of the statutes is created to read:

10 11.05 **(14)** PRESUMPTION CONCERNING CERTAIN COMMUNICATIONS. Whenever any
11 person publishes, disseminates or broadcasts, or causes to be published,
12 disseminated or broadcast, any communication that includes a reference to a clearly
13 identified candidate for an office to be filled at a general, spring or special election,
14 during the 60–day period preceding that election or during the 30–day period
15 preceding any primary for that election, and the communication is substantially
16 directed toward the electorate at that election, it is presumed that the
17 communication is made for the purpose of influencing the election or nomination for
18 election of that candidate, unless the person making the communication or causing
19 the communication to be made establishes, by a preponderance of the evidence, that
20 the communication was not made for that purpose.

21 **SECTION 11.** 11.06 (1) (a) of the statutes is amended to read:

22 11.06 **(1)** (a) An itemized statement giving the date, full name and street
23 address of each contributor who has made a contribution in excess of $20, or whose
24 contribution if $20 or less aggregates more than $20 for the calendar year, together
25 with the amount of the contribution and the cumulative total contributions made by

that contributor for the calendar year and, if the contributor made the contribution through a conduit, the identity of the conduit.

SECTION 12. 11.06 (1) (d) and (L) of the statutes are amended to read:

11.06 **(1)** (d) An itemized statement of other income in excess of $20, including ~~interest, returns on investments,~~ rebates and refunds received and a separate statement of earnings received, including interest and returns on investments.

(L) A statement of cumulative totals for the calendar year of contributions made, contributions received, ~~and~~ disbursements made, including transfers of funds made to or received from other registrants, and earnings received.

SECTION 13. 11.06 (2) of the statutes is amended to read:

11.06 **(2)** DISCLOSURE OF CERTAIN INDIRECT DISBURSEMENTS. Notwithstanding sub. (1), if a disbursement is made or obligation incurred by an individual other than a candidate or by a committee or group which is not primarily organized for political purposes, and the disbursement does not constitute a contribution to any candidate or other individual, committee or group, the disbursement or obligation is required to be reported only if the purpose is to expressly advocate the election or defeat of a clearly identified candidate or the adoption or rejection of a referendum or if the disbursement is made or the obligation is incurred for the purpose of making a communication specified in s. 11.05 (14). The exemption provided by this subsection shall in no case be construed to apply to a political party, ~~legislative campaign,~~ personal campaign or support committee.

SECTION 14. 11.06 (7m) (a) of the statutes is amended to read:

11.06 **(7m)** (a) If a committee which was registered under s. 11.05 as a political party committee ~~or legislative campaign committee~~ supporting candidates of a political party files an oath under sub. (7) affirming that it does not act in cooperation

1 or consultation with any candidate who is nominated to appear on the party ballot
2 of the party at a general or special election, that the committee does not act in concert
3 with, or at the request or suggestion of, such a candidate, that the committee does
4 not act in cooperation or consultation with such a candidate or agent or authorized
5 committee of such a candidate who benefits from a disbursement made in opposition
6 to another candidate, and that the committee does not act in concert with, or at the
7 request or suggestion of, such a candidate or agent or authorized committee of such
8 a candidate who benefits from a disbursement made in opposition to another
9 candidate, the committee filing the oath may not make any contributions in support
10 of any candidate of the party at the general or special election or in opposition to any
11 such candidate's opponents exceeding the amounts specified in s. 11.26 (2), except as
12 authorized in par. (c).

13 **SECTION 15.** 11.06 (7m) (c) of the statutes is amended to read:

14 11.06 **(7m)** (c) A committee filing an oath under sub. (7) which desires to change
15 its status to a political party committee ~~or legislative campaign committee~~ may do
16 so as of December 31 of any even–numbered year. Section 11.26 does not apply to
17 contributions received by such a committee prior to the date of the change. Such a
18 committee may change its status at other times only by filing a termination
19 statement under s. 11.19 (1) and reregistering as a newly organized committee under
20 s. 11.05.

21 **SECTION 16.** 11.06 (11) (c) of the statutes is amended to read:

22 11.06 **(11)** (c) A contribution of money received from a conduit, accompanied by
23 the information required under par. (a), is considered to be a contribution from the
24 original contributor <u>for purposes of s. 11.26 (1) and (4)</u>.

25 **SECTION 17.** 11.10 (1) of the statutes is amended to read:

1 11.10 **(1)** Each candidate in an election shall appoint one campaign treasurer.
2 Except as provided in s. 11.14 (3), each candidate shall designate one campaign
3 depository account within 5 business days after the candidate receives his or her first
4 contribution and before the candidate makes or authorizes any disbursement in
5 behalf of his or her candidacy. If a candidate adopts a preexisting support committee
6 as his or her personal campaign committee, the candidate shall make such
7 designation within 5 business days of adoption. The person designated as campaign
8 treasurer shall be the treasurer of the candidate's personal campaign committee, if
9 any. The candidate may appoint himself or herself or any other elector as campaign
10 treasurer. A registration statement under s. 11.05 (2g) or (2r) must be filed jointly
11 by every candidate and his or her campaign treasurer. The candidate does not
12 qualify for ballot placement until this requirement is met. Except as authorized
13 under s. 11.06 (5), the campaign treasurer or candidate shall certify as to the
14 correctness of each report required to be filed~~, and the~~. The candidate who appoints
15 a campaign treasurer bears the responsibility for the ~~accuracy of each report~~ acts of
16 the treasurer for purposes of civil liability under this chapter~~, whether or not the~~
17 ~~candidate certifies it personally~~.

18 **SECTION 18.** 11.12 (1) (c) of the statutes is amended to read:

19 11.12 **(1)** (c) Where a disbursement is made in support of more than one
20 candidate, the person making the disbursement shall ~~be apportioned~~ reasonably
21 ~~among~~ apportion the disbursement as contributions to the candidates who benefit
22 from the disbursement. This paragraph does not apply to any disbursement made
23 by a political party from a grant received under s. 11.50 (2s) (b).

24 **SECTION 19.** 11.14 (1) of the statutes is amended to read:

1 11.14 **(1)** Except as authorized in sub. (3) and as required by ~~s.~~ ss. 11.16 (5) and
2 11.50 (2s) (g), all funds received by a campaign or committee treasurer, group
3 treasurer, candidate or other individual shall be deposited by the treasurer in a
4 single separate campaign depository account designated in accordance with s. 11.16
5 (3). Except as authorized in sub. (3), the depository account shall be established by
6 every candidate no later than the time prescribed in s. 11.10 (1), and by every other
7 individual or treasurer no later than the 5th business day after becoming subject to
8 a registration requirement under s. 11.05 and before making any disbursement. The
9 depository account may be established with any financial institution as defined in
10 s. 705.01 (3) which is authorized to transact business in this state. The individual
11 or treasurer shall deposit all funds received in the campaign depository account no
12 later than the 5th business day commencing after receipt. This subsection does not
13 apply to a contributor committee or group which is exempt from registration under
14 s. 11.05 (8).

15 **SECTION 20.** 11.14 (2) of the statutes is amended to read:

16 11.14 **(2)** ~~After~~ Except as otherwise provided in s. 11.50 (2s) (g), after deposit
17 in the campaign depository account, funds may be transferred by the individual or
18 treasurer to any other account which is identified under s. 11.05 (3) (L). Funds
19 deposited in other accounts may not be directly disbursed but shall be returned to
20 the depository account for purposes of disbursement. Disbursements shall be made
21 only in accordance with s. 11.16 (3).

22 **SECTION 21.** 11.16 (1) (d) of the statutes is renumbered 11.16 (1) (d) (intro.) and
23 amended to read:

24 11.16 **(1)** (d) (intro.) This subsection does not apply to ~~disbursements~~ any of the
25 following:

1 1. Disbursements and obligations which are exempted from reporting under s.
2 11.06 (2).

3 **SECTION 22.** 11.16 (1) (d) 2. of the statutes is created to read:

4 11.16 **(1)** (d) 2. Disbursements made or obligations incurred by a political party
5 from the proceeds of a grant received under s. 11.50 for a purpose specified in s. 11.50
6 (7) (c).

7 **SECTION 23.** 11.16 (5) of the statutes is amended to read:

8 11.16 **(5)** ESCROW AGREEMENTS. Any personal campaign committee~~,~~ or political
9 party committee ~~or legislative campaign committee~~ may, pursuant to a written
10 escrow agreement with more than one candidate, solicit contributions for and
11 conduct a joint fund raising effort or program on behalf of more than one named
12 candidate. The agreement shall specify the percentage of the proceeds to be
13 distributed to each candidate by the committee conducting the effort or program.
14 The committee shall include this information in all solicitations for the effort or
15 program. All contributions received and disbursements made by the committee in
16 connection with the effort or program shall be received and disbursed through a
17 separate depository account under s. 11.14 (1) that is identified in the agreement.
18 For purposes of s. 11.06 (1), the committee conducting the effort or program shall
19 prepare a schedule in the form prescribed by the board supplying all required
20 information under s. 11.06 (1) and items qualifying for exclusion under s. 11.31 (6)
21 for the effort or program, and shall transmit a copy of the schedule to each candidate
22 who receives any of the proceeds within the period prescribed in s. 11.06 (4) (c).

23 **SECTION 24.** 11.21 (15) of the statutes is amended to read:

24 11.21 **(15)** Inform each candidate who files an application to become eligible to
25 receive a grant from the Wisconsin election campaign fund of the dollar amount of

1 the applicable disbursement limitation under s. 11.31 (1) or (1m), whichever is
2 applicable, adjusted as provided under s. 11.31 (9), which applies to ~~the office for~~
3 ~~which such person is a~~ that candidate. Failure to receive the notice required by this
4 subsection does not constitute a defense to a violation of s. 11.27 (1) or 11.31.

5 **SECTION 25.** 11.21 (17) of the statutes is created to read:

6 11.21 **(17)** On or before February 15 and August 15, notify the campaign
7 treasurer of each candidate who and personal campaign committee which owes a tax
8 under subch. XIII of ch. 77, based on any continuing or termination report that was
9 filed with the board covering the period ending on the preceding December 31 or June
10 30, respectively. The notice shall include an identification of the specific form
11 prescribed for payment of the tax.

12 **SECTION 26.** 11.22 (11) of the statutes is created to read:

13 11.22 **(11)** On or before February 15 and August 15, notify the campaign
14 treasurer of each candidate who and personal campaign committee which owes a tax
15 under subch. XIII of ch. 77, based on any continuing or termination report that was
16 filed with the filing officer covering the period ending on the preceding December 31
17 or June 30, respectively. The notice shall include an identification of the specific form
18 prescribed for payment of the tax.

19 **SECTION 27.** 11.24 (1s) of the statutes is created to read:

20 11.24 **(1s)** No candidate or personal campaign committee may make a
21 contribution to any person, committee or group subject to a registration requirement
22 under s. 11.05 except to dispose of residual contributions at the time of filing a
23 termination report. No candidate or personal campaign committee may accept a
24 contribution made in violation of this subsection.

25 **SECTION 28.** 11.24 (2) of the statutes is renumbered 11.24 (5).

1 **SECTION 29.** 11.24 (4) of the statutes is created to read:

2 11.24 **(4)** No committee identified under s. 11.05 (3) (c) as a special interest
3 committee, including a committee serving as a conduit, no major contributor and no
4 individual who is a conduit may make a contribution to an incumbent partisan state
5 elective official or to the personal campaign committee or support committee
6 authorized under s. 11.05 (3) (p) of that official for the purpose of promoting that
7 official's nomination or reelection to the office held by the official during the period
8 beginning on the first Monday of January in each odd–numbered year and ending
9 on the date of enactment of the biennial budget act and thereafter during any
10 legislative floorperiod, including any special or extraordinary session floorperiod.
11 This subsection does not apply to a contribution made to an individual who is a
12 candidate for state office at a special election or to the personal campaign committee
13 of such an individual during the period commencing on the date that the special
14 election is ordered and ending on the date of the special election.

15 **SECTION 30.** 11.25 (2) (a) of the statutes is amended to read:

16 11.25 **(2)** (a) ~~No~~ Except as provided in par. (b) or as otherwise specifically
17 provided by law, no person, committee or group may make or authorize a
18 disbursement or the incurrence of an obligation from ~~moneys solicited for political~~
19 ~~purposes for a~~ contributions received by that person, committee or group for any
20 purpose ~~which is~~ other than a political~~, except as specifically authorized by law~~
21 purpose.

22 **SECTION 31.** 11.25 (2) (b) of the statutes is amended to read:

23 11.25 **(2)** (b) ~~Notwithstanding par. (a), a~~ A registrant may accept contributions
24 and make disbursements from a campaign depository account for the purpose of
25 making expenditures in connection with a campaign for national office; for payment

1 of civil penalties incurred by the registrant under this chapter, other than civil
2 penalties incurred personally by a candidate or candidate's campaign treasurer; or
3 for payment of the expenses of nonpartisan campaigns to increase voter registration
4 or participation. Notwithstanding par. (a), a personal campaign committee or
5 support committee may accept contributions and make disbursements from a
6 campaign depository account for payment of inaugural expenses of an individual
7 who is elected to state or local office. If such expenses are paid from contributions
8 made to the campaign depository account, they are reportable under s. 11.06 (1) as
9 disbursements. Otherwise, such expenses are not reportable under s. 11.06 (1). If
10 contributions from the campaign depository account are used for such expenses, they
11 are subject to s. 11.26.

12 **SECTION 32.** 11.25 (4) of the statutes is created to read:

13 11.25 **(4)** If a candidate dies or ceases to be a candidate, and the candidate's
14 personal campaign committee thereafter files a statement under s. 11.06 (7)
15 indicating its intent to operate as an independent committee, the committee may not
16 make any disbursement to advocate the election or defeat of a clearly identified
17 candidate in an election that is derived in whole or in part from contributions
18 received by the committee prior to the date on which the committee files the
19 statement under s. 11.06 (7) in an amount or value exceeding the maximum
20 contribution that the committee is permitted to make to that candidate in any
21 campaign under s. 11.26 (2).

22 **SECTION 33.** 11.26 (1) (intro.) of the statutes is amended to read:

23 11.26 **(1)** (intro.) No individual, except an individual serving as a conduit, may
24 make any contribution or contributions to a candidate for election or nomination to
25 any of the following offices and to any individual or committee under s. 11.06 (7)

acting solely in support of such a candidate or solely in opposition to the candidate's opponent to the extent of more than a total of the amounts specified per candidate:

SECTION 34. 11.26 (1) (a), (b) and (c) of the statutes are amended to read:

11.26 **(1)** (a) Candidates for governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent or justice, ~~$10,000~~ $1,000.

(b) Candidates for state senator, ~~$1,000~~ $500.

(c) Candidates for representative to the assembly, ~~$500~~ $250.

SECTION 35. 11.26 (2) (intro.) of the statutes is amended to read:

11.26 **(2)** (intro.) No committee, including a committee serving as a conduit, other than a political party committee ~~or legislative campaign committee~~, may make or transfer any contribution or contributions to a candidate for election or nomination to any of the following offices and to any individual or committee under s. 11.06 (7) acting solely in support of such a candidate or solely in opposition to the candidate's opponent to the extent of more than a total of the amounts specified per candidate:

SECTION 36. 11.26 (2) (a), (b) and (c) of the statutes are amended to read:

11.26 **(2)** (a) Candidates for governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent or justice, ~~4% of the value of the disbursement level specified in the schedule under s. 11.31 (1)~~ $1,000.

(b) Candidates for state senator, ~~$1,000~~ $500.

(c) Candidates for representative to the assembly, ~~$500~~ $250.

SECTION 37. 11.26 (4) of the statutes is amended to read:

11.26 **(4)** No individual, except an individual serving as a conduit, may make any contribution or contributions to all candidates for state and local offices and to any individuals who or committees which are subject to a registration requirement

1 under s. 11.05, including ~~legislative campaign committees and~~ committees of a
2 political party, to the extent of more than a total of $10,000 in any calendar year.

3 **SECTION 38.** 11.26 (9) (a) of the statutes is renumbered 11.26 (9) and amended
4 to read:

5 11.26 **(9)** No individual who is a candidate for state or local office may receive
6 and accept more than ~~65%~~ 25% of the value of the total disbursement level for
7 candidates other than first–time candidates, as determined under s. 11.31 (1) and
8 adjusted as provided under s. 11.31 (9), for the office for which he or she is a candidate
9 during any primary and election campaign combined from all major contributors and
10 all committees subject to a filing requirement, including political party ~~and~~
11 ~~legislative campaign~~ committees and committees serving as conduits.

12 **SECTION 39.** 11.26 (9) (b) and (c) of the statutes are repealed.

13 **SECTION 40.** 11.26 (10) of the statutes is amended to read:

14 11.26 **(10)** No candidate for state office who files a sworn statement and
15 application to receive a grant from the Wisconsin election campaign fund may make
16 contributions of more than 200% of the amounts specified in sub. (1) to the
17 candidate's own campaign from the candidate's personal funds or property or the
18 personal funds or property which are owned jointly or as marital property with the
19 candidate's spouse, unless the board determines that the candidate is not eligible to
20 receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~
21 or s. 11.50 (2) (i) applies. For purposes of this subsection, any contribution received
22 by a candidate or his or her personal campaign committee from a committee which
23 is registered with the federal elections commission as the authorized committee of
24 the candidate under 2 USC 432 (e) shall be treated as a contribution made by the
25 candidate to his or her own campaign. The contribution limit of sub. (4) applies to

amounts contributed by such a candidate personally to the candidate's own campaign and to other campaigns, except that a candidate may exceed the limitation if authorized under this subsection to contribute more than the amount specified to the candidate's own campaign, up to the amount of the limitation.

SECTION 41. 11.26 (12m) of the statutes is amended to read:

11.26 **(12m)** For purposes of ~~this section~~ subs. (1) and (4), a contribution of money received from a conduit identified in the manner prescribed in s. 11.06 (11) (a) shall be considered a contribution received from the original contributor.

SECTION 42. 11.26 (13) of the statutes is amended to read:

11.26 **(13)** ~~Except as provided in sub. (9), contributions~~ Contributions received from the Wisconsin election campaign fund are not subject to limitation by this section.

SECTION 43. 11.265 of the statutes is repealed.

SECTION 44. 11.31 (1) (intro.) of the statutes is amended to read:

11.31 **(1)** SCHEDULE. (intro.) The following levels of disbursements are established with reference to the candidates listed below. The levels are subject to adjustment under subs. (1m) and (9). Except as provided in sub. (2), such levels do not operate to restrict the total amount of disbursements which are made or authorized to be made by any candidate in any primary or other election.

SECTION 45. 11.31 (1) (a) to (d) of the statutes are amended to read:

11.31 **(1)** (a) Candidates for governor, ~~$1,078,200~~ $3,500,000.

(b) Candidates for lieutenant governor, ~~$323,475~~ $1,125,000.

(c) Candidates for attorney general, ~~$539,000~~ $750,000.

(d) Candidates for secretary of state, state treasurer~~, justice~~ or state superintendent, ~~$215,625~~ $350,000.

1 **SECTION 46.** 11.31 (1) (de) of the statutes is created to read:

2 11.31 **(1)** (de) Candidates for justice, $400,000.

3 **SECTION 47.** 11.31 (1) (e) and (f) of the statutes are amended to read:

4 11.31 **(1)** (e) Candidates for state senator, ~~$34,500 total in the primary and~~
5 ~~election, with disbursements not exceeding $21,575 for either the primary or the~~
6 ~~election~~ $140,000.

7 (f) Candidates for representative to the assembly, ~~$17,250 total in the primary~~
8 ~~and election, with disbursements not exceeding $10,775 for either the primary or the~~
9 ~~election~~ $60,000.

10 **SECTION 48.** 11.31 (1m) of the statutes is created to read:

11 11.31 **(1m)** DISBURSEMENT LEVEL FOR FIRST–TIME CANDIDATES. The disbursement
12 level for a first–time candidate is 110% of the amount specified in sub. (1) for any
13 other candidate, adjusted as provided under sub. (9).

14 **SECTION 49.** 11.31 (2) of the statutes is amended to read:

15 11.31 **(2)** LIMITATION IMPOSED. No candidate for state office at a spring or general
16 election who files a sworn statement and application to receive a grant from the
17 Wisconsin election campaign fund may make or authorize total disbursements from
18 the campaign treasury in any campaign to the extent of more than the amount
19 prescribed in sub. (1) or (1m), whichever is applicable, adjusted as provided under
20 sub. (9), unless the board determines that the candidate is not eligible to receive a
21 grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50
22 (2) (i) applies. No candidate for state office at a special election who files a sworn
23 statement and application to receive a grant from the Wisconsin election campaign
24 fund may make or authorize total disbursements from the campaign treasury in any
25 campaign to the extent of more than the amount prescribed under sub. (1) or (1m),

1 whichever is applicable, adjusted as provided under sub. (9), for the preceding spring
2 or general election for the same office, unless the board determines that the
3 candidate is not eligible to receive a grant~~, the candidate withdraws his or her~~
4 ~~application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies.

5 **SECTION 50.** 11.31 (2m) of the statutes is repealed.

6 **SECTION 51.** 11.31 (3) of the statutes is amended to read:

7 11.31 **(3)** GUBERNATORIAL CAMPAIGNS. For purposes of compliance with the
8 limitations imposed under sub. (2), candidates for governor and lieutenant governor
9 of the same political party who both accept grants from the Wisconsin election
10 campaign fund may agree to combine disbursement levels under sub. (1) (a) and (b),
11 adjusted as provided under sub. (9), and reallocate the total level between them. The
12 candidates shall each inform the board of any such agreement.

13 **SECTION 52.** 11.31 (3m) of the statutes is repealed.

14 **SECTION 53.** 11.31 (4) of the statutes is repealed.

15 **SECTION 54.** 11.31 (7) (a) to (c) of the statutes are amended to read:

16 11.31 **(7)** (a) For purposes of this section, except as provided in pars. (b) and (c),
17 the "campaign" of a candidate extends from ~~July 1 preceding the date on which the~~
18 ~~spring primary or election occurs or January 1 preceding the date on which the~~
19 ~~September primary or general election occurs for the office which the candidate~~
20 ~~seeks, or from the date of the candidate's public announcement~~ the day after the date
21 on which the previous campaign of a candidate ends or the date on which a candidate
22 becomes a candidate at a future election, whichever is earlier, through the last day
23 of the month following the month in which ~~the~~ an election ~~or primary~~ is held at which
24 a candidate seeks office. If a candidate seeks office at both a primary election and
25 at a general, spring or special election which follows that primary election, the

"campaign" of that candidate extends through the last day of the month following the general, spring or special election. If a candidate seeks office at a primary election but not at the general, spring or special election which follows that primary election, the "campaign" of that candidate extends through the end of the month following the primary election.

(b) Disbursements which are made before ~~a campaign~~ the period specified in par. (a) for goods to be delivered or services to be rendered in connection with ~~the~~ a campaign are charged against the disbursement limitation for that campaign.

(c) Disbursements which are made after ~~a campaign~~ the period specified in par. (a) to retire a debt incurred in relation to a campaign are charged against the disbursement limitation for that campaign.

SECTION 55. 11.31 (7) (d) of the statutes is repealed.

SECTION 56. 11.31 (9) of the statutes is created to read:

11.31 **(9)** ADJUSTMENT OF DISBURSEMENT LEVELS. (a) In this subsection:

1. "Consumer price index" means the average of the consumer price index over each 12–month period, all items, U.S. city average, as determined by the bureau of labor statistics of the federal department of labor.

2. "Voting age population of this state" means the voting age population of this state, as determined by the federal election commission in its most recent determination prior to the date of any calculation under this subsection.

(b) The dollar amounts of all disbursement levels specified in sub. (1) shall be subject to a biennial adjustment to be determined by rule of the board in accordance with this subsection. To determine the adjustment, the board shall calculate the percentage difference between the voting age population of this state on December 31 of each odd–numbered year and the voting age population of this state on

1 December 31, 2001. The board shall then calculate the percentage difference
2 between the consumer price index for the 12–month period ending on December 31
3 of each odd–numbered year and the consumer price index for the base period,
4 calendar year 2001. For each biennium, the board shall first multiply the
5 disbursement levels by the percentage difference in the voting age populations. The
6 board shall then multiply that product by the percentage difference in the consumer
7 price indices. The board shall adjust the disbursement levels specified under sub.
8 (1) to substitute that result for the existing levels to the extent required to reflect any
9 difference, rounded to the nearest multiple of $25 in the case of amounts of $1 or
10 more, which amounts shall be in effect until a subsequent rule is promulgated under
11 this subsection. Notwithstanding s. 227.24 (1) (a), (2) (b) and (3), determinations
12 under this subsection may be promulgated as an emergency rule under s. 227.24
13 without providing evidence that the emergency rule is necessary for the public peace,
14 health, safety or welfare, and without a finding of emergency.

15 **SECTION 57.** 11.50 (1) (a) 1. (intro.) of the statutes is created to read:

16 11.50 **(1)** (a) 1. (intro.) For purposes of qualification for a grant from the general
17 account:

18 **SECTION 58.** 11.50 (1) (a) 1. of the statutes is renumbered 11.50 (1) (a) 1. a.

19 **SECTION 59.** 11.50 (1) (a) 2. of the statutes is renumbered 11.50 (1) (a) 1. b. and
20 amended to read:

21 11.50 **(1)** (a) 1. b. With respect to a special election, an individual who is certified
22 under s. 8.50 (1) (d) as a candidate in a special election for state superintendent, or
23 an individual who is certified under s. 8.50 (1) (d) as a candidate in a special election
24 for any state office, except district attorney, on the ballot or column of a party whose
25 candidate for the same office at the preceding general election received at least 6%

of the vote cast for all candidates on all ballots for the office, or an individual who has been lawfully appointed and certified to replace either such individual on the ballot at a special election, or an individual who receives at least 6% of the vote cast for all candidates on all ballots for any state office, except district attorney, at a partisan special election; and who qualifies for a grant under sub. (2). Where the boundaries of a district in which an individual seeks office have been changed since the preceding general election such that it is not possible to calculate the exact number of votes that are needed by that individual to qualify as an eligible candidate prior to an election ~~under this subdivision~~, the number of votes cast for all candidates for the office at the preceding general election in each ward, combination of wards or municipality which is wholly contained within the boundaries of the newly formed district shall be calculated. If the candidate of the political party on whose ballot or column the individual appears in the newly formed district obtained at least 6% of the number of votes calculated, the individual is deemed to qualify as an eligible candidate prior to the election under this subdivision.

SECTION 60. 11.50 (1) (a) 2. of the statutes is created to read:

11.50 **(1)** (a) 2. For purposes of qualification for a grant from a political party account, an individual who is certified under s. 7.08 (2) (a) in the general election or a special election as the candidate of an eligible political party for a state office, other than district attorney, or an individual who has been lawfully appointed and certified to replace such an individual on the ballot at the general or a special election; and who has qualified for a grant under sub. (2).

SECTION 61. 11.50 (1) (am) of the statutes is created to read:

11.50 **(1)** (am) "Eligible political party" means any of the following:

1. A party qualifying under s. 5.62 (1) (b) for a separate ballot or one or more separate columns or rows on a ballot for the period beginning on the date of the preceding general election and ending on the day before the general election that follows that election.

2. A party qualifying under s. 5.62 (2) for a separate ballot or one or more separate columns or rows on a ballot for the period beginning on the preceding June 1, or if that June 1 is in an odd–numbered year, the period beginning on June 1 of the preceding even–numbered year, and ending on May 31 of the 2nd year following that June 1, whose state chairperson has filed a statement with the board no earlier than May 1 preceding that period certifying that the party has held a state convention within the 2–year period preceding the date of the statement, has adopted a state constitution that is in effect on the date of the statement and has elected state officers who are in office on the date of the statement.

SECTION 62. 11.50 (1) (bm) and (cm) of the statutes are created to read:

11.50 **(1)** (bm) "General account" means the account in the fund created under sub. (2w).

(cm) "Political party account" means an account in the fund created under sub. (2s).

SECTION 63. 11.50 (2) (a) of the statutes is renumbered 11.50 (2) (a) (intro.) and amended to read:

11.50 **(2)** (a) (intro.) Any individual who desires to qualify as an eligible candidate may file an application with the board requesting approval to ~~participate in the fund. The~~ receive a grant. On the application, the individual shall indicate the office for which the individual wishes to be considered an eligible candidate and the next election at which the office is to be filled. An application may be filed no

earlier than the day after the previous election for the office and no later than the applicable deadline for filing nomination papers under s. 8.10 (2) (a), 8.15 (1), 8.20 (8) (a) or 8.50 (3) (a), no later than 4:30 p.m. on the 7th day after the primary or date on which the primary would be held if required in the case of write–in candidates, or no later than 4:30 p.m. on the 7th day after appointment in the case of candidates appointed to fill vacancies. The application shall contain a sworn statement that the candidate and his or her authorized agents have complied with the contribution limitations prescribed in s. 11.26 and the disbursement limitations prescribed under s. 11.31 at all times to which such limitations have applied to his or her candidacy and will continue to comply with the limitations at all times to which the limitations apply to his or her candidacy for the office in contest, unless ~~the board determines that the candidate is not eligible to receive a grant, the candidate withdraws his or her application under par. (h), or~~ par. (i) applies. The application shall also contain a statement that the candidate filing the application agrees to return to the board all grant moneys received by the candidate which exceed the total amount of disbursements by the candidate's personal campaign committee that were made or obligated after the date of the primary election. An application submitted under this paragraph constitutes an irrevocable agreement to abide by its terms, except that the agreement is not effective if the board determines that the candidate is not eligible to receive a grant. An agreement is effective on the first day of the 2nd month following the previous election for the office to be filled or the date that the office is filled, whichever is later. An agreement expires on the last day of the month following the month in which the spring, general or special election for which the grant is provided occurs, except that:

SECTION 64. 11.50 (2) (a) 1. and 2. of the statutes are created to read:

11.50 **(2)** (a) 1. If a candidate seeks office at a special election after entering into an agreement under this paragraph to receive a grant for the next spring or general election, the previous agreement does not bind the candidate entering into the agreement with respect to disbursements made or obligated for the special election campaign.

2. If a candidate's personal campaign committee files a valid termination report prior to the date that an agreement by that candidate would otherwise expire under this paragraph, the agreement expires on the date on which the report is filed.

SECTION 65. 11.50 (2) (b) 3m. of the statutes is created to read:

11.50 **(2)** (b) 3m. The candidate has appointed a personal campaign committee which is registered under s. 11.05 (2g).

SECTION 66. 11.50 (2) (b) 5. of the statutes is amended to read:

11.50 **(2)** (b) 5. The financial reports filed by or on behalf of the candidate as of the date of the spring or September primary, or the date that the special primary is or would be held, if required, indicate that the candidate has received <u>an amount equal to</u> at least ~~the amount provided in this subdivision~~ <u>3% of the applicable authorized disbursement limitation for candidates other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9)</u>, from contributions of money, other than loans, made by individuals, which have been received during the period ending on the date of the spring primary and July 1 preceding such date in the case of candidates at the spring election, or the date of the September primary and January 1 preceding such date in the case of candidates at the general election, or the date that a special primary will or would be held, if required, and 90 days preceding such date or the date a special election is ordered, whichever is earlier, in the case of ~~special election~~ candidates <u>at a special election</u>,

which contributions are in the aggregate amount of ~~$100~~ $50 or less, and which are fully identified and itemized as to the exact source thereof. A contribution received from a conduit ~~which is identified by the conduit as originating from an individual shall~~ may not be considered as a contribution made by ~~the~~ an individual for the purpose of qualifying for a grant under this subdivision. Only the first ~~$100~~ $50 of an aggregate contribution of more than ~~$100~~ $50 may be counted toward the required percentage. ~~For a candidate at the spring or general election for an office identified in s. 11.26 (1) (a) or a candidate at a special election, the required amount to qualify for a grant is 5% of the candidate's authorized disbursement limitation under s. 11.31. For any other candidate at the general election, the required amount to qualify for a grant is 10% of the candidate's authorized disbursement limitation under s. 11.31.~~

SECTION 67. 11.50 (2) (g) of the statutes is amended to read:

11.50 **(2)** (g) A candidate who voluntarily files an application to receive a grant in accordance with this subsection accepts and agrees to comply with the contribution limitations prescribed in s. 11.26 and the disbursement limitations imposed under s. 11.31 as binding upon himself or herself and his or her agents during the campaign of that candidate, as defined in s. 11.31 (7), as a precondition to receipt of a grant under this section, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws the application under par. (h),~~ or par. (i) applies.

SECTION 68. 11.50 (2) (h) of the statutes is repealed.

SECTION 69. 11.50 (2) (i) of the statutes is amended to read:

11.50 **(2)** (i) Notwithstanding par. (g), if an eligible candidate at the spring election or a special nonpartisan election who accepts a grant is opposed by one or

more candidates in the election, or if an eligible candidate at the general election or a special partisan election who accepts a grant is opposed by one or more candidates in the election who receive at least 6% of the vote cast for all candidates for the same office on all ballots at the September primary or a special partisan primary if a primary was held, and in either case if any such opponent of the eligible candidate does not accept a grant under this section in whole or in part, the eligible candidate is not bound by the pledge made in his or her application to adhere to the contribution limitations prescribed in s. 11.26 and the disbursement limitation prescribed under s. 11.31~~, unless each such opponent files an affidavit of voluntary compliance under s. 11.31 (2m)~~.

SECTION 70. 11.50 (2m) of the statutes is created to read:

11.50 **(2m)** PUBLIC INFORMATION. There is established a public information account within the fund. Annually on January 1, the board shall transfer from each account within the fund, except the public information account, an amount equal to 5% of the moneys transferred to the fund under s. 20.855 (4) (b) during the preceding year to the public information account. The board shall make the transfers from each account in the same proportion that the amount of moneys transferred to that account during the preceding year from moneys transferred to the fund under s. 20.855 (4) (b) bears to the total amount of moneys transferred to the fund under s. 20.855 (4) (b) in that year. The board shall expend the moneys in the public information account for the purpose of providing public information concerning the purpose and effect of s. 71.10 (3) and this section.

SECTION 71. 11.50 (2m) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 72. 11.50 (2s) of the statutes is created to read:

1 11.50 **(2s)** POLITICAL PARTY ACCOUNTS. (a) The state chairperson of each eligible
2 political party may, by written request to the board, provide for the establishment
3 or discontinuance of an account within the fund for that political party. Each political
4 party account consists of 97% of all moneys designated by individuals for deposit in
5 that account under s. 71.10 (3) (a).

6 (b) The board shall make grants to each eligible political party for which an
7 account is established under par. (a) in an amount equivalent to 9.7% of the total
8 amount designated by income tax filers under s. 71.10 (3) (a) for deposit in the
9 account of that political party, plus 100% of the amounts transferred to the account
10 of that political party under par. (f).

11 (c) Except as provided in pars. (e) and (f) and sub. (9) (a), from the account of
12 each eligible political party, the board shall apportion the following amounts to the
13 accounts of eligible candidates for the following offices:

14 1. An amount equal to 12.8% to the candidate for the office of governor.

15 2. An amount equal to1.2% to the candidate for the office of lieutenant governor.

16 3. An amount equal to 2.4% to the candidate for the office of attorney general.

17 4. An amount equal to 1.2% to the candidate for the office of secretary of state.

18 5. An amount equal to 1.2% to the candidate for the office of state treasurer.

19 6. An amount equal to 23 1/3% to the candidates for the office of state senator.

20 7. An amount equal to 46 2/3% to the candidates for the office of representative
21 to the assembly.

22 (d) Within the account of each political party, the board shall establish 2
23 subaccounts for each county. The board shall apportion 23 1/3% of the amounts
24 designated by the residents of each county for each party in a subaccount of that
25 party for the office of state senator in that county. The board shall apportion 46 2/3%

1 of the amounts designated by the residents of each county for each party in a
2 subaccount of that party for the office of representative to the assembly in that
3 county. Except as provided in subd. 4., pars. (e) and (f) and sub. (9) (a), each eligible
4 candidate for the office of state senator or representative to the assembly shall
5 receive the amount in the subaccount or the sum of the amounts in the subaccounts
6 of the political party of that candidate for the office which the candidate seeks under
7 par. (c) 6. or 7. determined as follows:

8 1. For each county within the legislative district in which a candidate seeks
9 office, the board shall calculate the sum of the votes cast in that part of the county
10 in which the district is located for all candidates of the political party of that
11 candidate for all state offices other than the office of district attorney at the most
12 recent general election at which each office was filled, except as provided in subd. 5.

13 2. The board shall then calculate the sum of the votes cast in that county for
14 all candidates of the political party of that candidate for all state offices other than
15 the office of district attorney at the most recent general election at which each office
16 was filled, except as provided in subd. 5.

17 3. The board shall then divide the result obtained under subd. 1. by the result
18 obtained under subd. 2. and multiply that result by the total amount in the
19 subaccount of the account of the political party of that candidate allocated for
20 candidates for the office which the candidate seeks in that county.

21 4. If the office of state senator within any senate district is not regularly filled
22 at a general election, the board shall retain the amount determined under subds. 1.
23 to 3. for the candidate of each political party for that office in that district at that
24 general election in the subaccount for that office and shall add that amount to the

amount so determined for the candidate of that political party for that office in that district at the next general election.

5. For purposes of making the calculations required under subds. 1. and 2., if a political party had no candidate whose name was certified to appear on the ballot for a state office in the most recent general election for that office or if the candidate of a political party for a state office had no opponent whose name was certified to appear on the ballot for that office in the most recent general election for that office, the board shall treat the average number of votes received within the ~~state~~ county or portion of a county, as applicable, for each other state office, except the office of district attorney, that was filled at that election as the number of votes received by the candidate of the political party for the office that was not contested, except that if the political party had no candidate for any other state office at that election or if the candidate of that political party for any other state office had no opponent whose name was certified to appear on the ballot at that election, the board shall exclude that office in calculating that average.

(e) If a political party does not have a candidate for any office specified in par. (c) whose name is certified to appear on the ballot at a general or special election at which the office is filled, or if a political party has a candidate for an office specified in par. (c) who qualifies to receive a grant under sub. (2) and the candidate has an opponent whose name is certified to appear on the general or a special election ballot but the opponent does not qualify to receive a grant under sub. (2), the board shall transfer the amount allocated under par. (c) for the candidate of that political party to the general fund.

(f) If a political party has a candidate for an office specified in par. (c) who has fulfilled all qualifications to receive a grant under sub. (2) except that the candidate

1 does not have an opponent whose name is certified to appear on the general or a
2 special election ballot, the board shall transfer the amount allocated under par. (c)
3 for that candidate to the political party account of the party of that candidate for
4 distribution to the party under par. (b).

5 (g) A treasurer of a political party committee that receives a grant under this
6 subsection shall deposit the proceeds of the grant in a separate depository account
7 under s. 11.14 (1) and shall maintain the proceeds in that account until they are used
8 to make a disbursement.

9 **SECTION 73.** 11.50 (2w) of the statutes is created to read:

10 11.50 **(2w)** GENERAL ACCOUNT. There is established a general account within
11 the fund consisting of 97% of all moneys designated by individuals for deposit in that
12 account under s. 71.10 (3) (a).

13 **SECTION 74.** 11.50 (3) (a) (intro.) of the statutes is amended to read:

14 11.50 **(3)** (a) (intro.) Annually on ~~August 15,~~ September 1, the state treasurer
15 shall apportion all moneys ~~appropriated to~~ in the general account of the fund ~~shall~~
16 ~~be apportioned~~ as follows ~~by the state treasurer~~:

17 **SECTION 75.** 11.50 (3) (a) 1. and 2. of the statutes are amended to read:

18 11.50 **(3)** (a) 1. If an election for state superintendent is scheduled in the
19 following year, ~~8%~~ 12% of the ~~fund~~ moneys in the general account shall be placed in
20 a superintendency account. From ~~this~~ the superintendency account, an equal
21 amount shall be disbursed to the campaign depository account of each eligible
22 candidate by the state treasurer.

23 2. If an election for justice is scheduled in the following year, ~~8%~~ 12% of the ~~fund~~
24 moneys in the general account shall be placed in a supreme court account. From ~~this~~

the supreme court account, an equal amount shall be disbursed to the campaign depository account of each eligible candidate by the state treasurer.

SECTION 76. 11.50 (3) (b) of the statutes is amended to read:

11.50 **(3)** (b) If a vacancy occurs in the office of state superintendent or justice after ~~August 15~~ September 16 in any year and an election is scheduled to fill the vacancy at the spring election in the following year, the state treasurer shall transfer an amount not exceeding ~~8%~~ 12% of the moneys transferred to the general account of the fund ~~on the preceding August 15~~ during the 12–month period preceding that date to the account for the office in which the vacancy occurs, such moneys to be drawn from any account within the accounts created under sub. (4) in the amount or amounts specified by the board.

SECTION 77. 11.50 (4) (a) of the statutes is amended to read:

11.50 **(4)** (a) In the partisan campaign account, 25% of the moneys shall be apportioned into an executive campaign account and 75% of the moneys shall be apportioned into a legislative ~~and special election~~ campaign account.

SECTION 78. 11.50 (4) (c) of the statutes is amended to read:

11.50 **(4)** (c) The legislative ~~and special election~~ campaign account shall be divided into a senate campaign account to receive 25% of the moneys, and an assembly campaign account to receive 75% of the moneys. Each account shall then be apportioned between all eligible candidates for the same office in the entire state. No apportionment shall be made by legislative district.

SECTION 79. 11.50 (4) (cm) of the statutes is amended to read:

11.50 **(4)** (cm) ~~Each~~ There is established within the general account of the fund a special election account. The special election account consists of the lesser of the moneys required to make grants under this paragraph or the balance in the

1 remainder of the general account. From the special election account, each eligible
2 candidate ~~for the same office~~ at a special election of a political party whose candidate
3 for the same office received a grant at the preceding general election shall receive ~~an~~
4 ~~equal amount, which amount shall be~~ a grant equivalent to the ~~maximum~~ combined
5 grant ~~which~~ from the general and party accounts that was payable to ~~any~~ the
6 candidate of the same political party for that office at the ~~most recent spring or~~
7 preceding general election. ~~The amount shall be drawn from the senate campaign~~
8 ~~account and the assembly campaign account in the same proportions as the balance~~
9 ~~in each account bears to the total balance in both accounts at the time that payments~~
10 ~~are made. Whenever there are insufficient moneys in the senate campaign account~~
11 ~~and the assembly campaign account to make the payments required by this~~
12 ~~paragraph, payments shall be appropriately reduced or discontinued by the board.~~
13 From the special election account, each eligible candidate for state superintendent
14 at a special election shall receive a grant equivalent to the grant that was payable
15 to candidates for that office at the most recent spring election. From the special
16 election account, each eligible candidate at a special election who does not represent
17 a political party whose candidate for the same office at the preceding spring or
18 general election received a grant shall receive a grant equivalent to the grant that
19 was payable to candidates for the same office at the preceding spring or general
20 election from the general account.

21 **SECTION 80.** 11.50 (4) (d) of the statutes is amended to read:

22 11.50 **(4)** (d) ~~Within~~ Except as provided in par. (cm) and sub. (9), within the
23 accounts established under this subsection for each office at each general election,
24 the entire amount of all available moneys shall be apportioned equally to all eligible
25 candidates.

1 **SECTION 81.** 11.50 (5) of the statutes is renumbered 11.50 (5) (a) and amended
2 to read:
3 11.50 **(5)** (a) The state treasurer shall make the disbursements to the ~~campaign~~
4 ~~depository account of each eligible candidate~~ treasurer of the personal campaign
5 committee of each candidate who receives a grant under subs. (3) and (4) by the end
6 of the 3rd business day following notice from the board under s. 7.08 (2) (c) or (cm).
7 (b) Eligible candidates for governor and lieutenant governor of the same
8 political party may combine accounts if desired.
9 **SECTION 82.** 11.50 (5) (c) of the statutes is created to read:
10 11.50 **(5)** (c) The state treasurer shall make the disbursements to the treasurer
11 of the state committee of each political party that receives a grant by the end of the
12 3rd business day following receipt of each certification from the secretary of revenue
13 under s. 71.10 (3) (b).
14 **SECTION 83.** 11.50 (6) (title) of the statutes is repealed.
15 **SECTION 84.** 11.50 (6) of the statutes is renumbered 11.50 (4) (e) and amended
16 to read:
17 11.50 **(4)** (e) If, at any election, the amounts which are to be apportioned to each
18 eligible candidate ~~under subs. (3) and (4)~~ from the general account are more than the
19 amount which a candidate may accept under sub. (9) (a), or more than the amount
20 which a candidate elects to accept under sub. (10), the ~~excess moneys shall be~~
21 ~~retained in the fund~~ board shall first apportion the excess amount to other eligible
22 candidates who have not received the maximum amount permitted under subs. (9)
23 (a) and (10), if any. The board shall make the apportionment by distributing the
24 entire excess amount to the accounts for the offices to be filled at that election in the
25 same relative proportion that the percentage allocations to the accounts for those

1 offices, as specified in pars. (a) to (c), bear to each other. The board shall then
2 distribute the excess amount within the account for each office equally to each
3 eligible candidate for that office and shall redistribute any remaining excess amount
4 in the same manner until the entire excess amount within the account for each office
5 is exhausted or all eligible candidates for the office receive the maximum amounts
6 permitted under subs. (9) (a) and (10). If, after that distribution, there is any
7 remaining undistributed amount in an account for an executive or judicial office, the
8 board shall transfer that amount to the general fund, and, if there is any remaining
9 undistributed amount in the account for a legislative office, that amount shall be
10 retained in that account.

11 **SECTION 85.** 11.50 (7) (intro.) of the statutes is amended to read:

12 11.50 **(7)** UTILIZATION. (intro.) (a) Grants distributed under this section may
13 be utilized only for deposit in a campaign depository account under s. 11.10.

14 (b) Grants received by an eligible candidate from the general account or from
15 the account of an eligible political party may be expended only for one or more of the
16 following:

17 **SECTION 86.** 11.50 (7) (a) to (d) of the statutes are renumbered 11.50 (7) (b) 1.
18 to 4.

19 **SECTION 87.** 11.50 (7) (c) of the statutes is created to read:

20 11.50 **(7)** (c) Grants received by an eligible political party under sub. (2s) (b)
21 may be expended only for one or more of the following:

22 1. Purchase of services from a communications medium to promote the
23 candidacy of candidates of the party generally without reference to any specific
24 candidate of the party for state office.

2. Preparation and dissemination of sample ballots listing the names of 3 or more candidates of the party for state office.

3. Making telephone contacts with electors in which the names of 3 or more candidates of the party are mentioned.

4. Fund raising on behalf of 3 or more candidates of the party for state office.

5. Staff compensation and expenses to provide services on behalf of 3 or more candidates of the party for state office.

SECTION 88. 11.50 (8) of the statutes is amended to read:

11.50 **(8)** LAPSING GRANTS. All grants disbursed under sub. (5) remain the property of the state until disbursed or encumbered for a lawful purpose. All grant moneys that are unspent and unencumbered by a candidate on the day after the election in which the candidate participates and that exceed the total amount of disbursements by the candidate's personal campaign committee that were made or obligated after the date of the primary election shall revert to the state. All deposits and refunds derived from grant moneys that are received by a candidate at any time after the day of the election in which the candidate participates shall revert to the state. All reversions shall be returned to the board by the candidate and shall be deposited in the fund.

SECTION 89. 11.50 (9) of the statutes is renumbered 11.50 (9) (a) and amended to read:

11.50 **(9)** (a) The total grant available to an eligible candidate ~~may not exceed that amount which, when added to all other contributions accepted from sources other than individuals, political party committees and legislative campaign committees, is equal to 45%~~ shall not exceed 50% of the disbursement level ~~specified~~ for candidates for the applicable office other than first–time candidates, as

determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9). If the combined amount otherwise payable to an eligible candidate under subs. (2s) and (4) exceeds the limitation prescribed in this paragraph, the board shall reduce the total grant available to that candidate by reducing first any amount to which the candidate would otherwise be entitled from the general account, and thereafter any amount to which the candidate would otherwise be entitled from the political party account of the candidate's political party.

(b) The board shall scrutinize accounts and reports and records kept under this chapter to assure that applicable limitations under ~~ss. 11.26 (9) and~~ s. 11.31 are not exceeded and any violation is reported. No candidate or campaign treasurer may accept grants exceeding the amount authorized by this subsection.

SECTION 90. 11.50 (11) (e) of the statutes is amended to read:

11.50 **(11)** (e) No candidate may expend, authorize the expenditure of or incur any obligation to expend any grant if he or she violates the pledge required under sub. (2) (a) as a precondition to receipt of a grant, except as authorized in sub. (2) ~~(h) or~~ (i).

SECTION 91. 11.50 (11) (g) of the statutes is amended to read:

11.50 **(11)** (g) If any person other than a candidate or candidate's campaign treasurer violates pars. (a) ~~to~~, (d) or (f), such person shall be liable to the state in a civil action brought by the board for conversion, for treble the amount of the moneys wrongfully expended, and in addition is subject to penalties as provided in ss. 11.60 and 11.61. If any candidate violates pars. (a) to (f), the candidate shall be personally liable to the state. If any candidate's campaign treasurer violates pars. (a) to (f), the campaign treasurer and the candidate who appointed the treasurer shall be personally liable to the state. The liability may be enforced in a civil action brought

1 by the board for conversion, for treble the amount of the moneys wrongfully
2 expended, or for not more than 4 times the amount by which any disbursements
3 made by the candidate's personal campaign committee and any contributions made
4 by the candidate to his or her own campaign exceeded the limitation prescribed in
5 s. 11.26 (10) or the limitation prescribed in s. 11.31 (1) or (1m), or both, as adjusted
6 under s. 11.31 (9), and in addition the candidate or treasurer, or both, are subject to
7 penalties as provided in ss. 11.60 and 11.61.

8 **SECTION 92.** 11.50 (14) of the statutes is created to read:

9 11.50 **(14)** CERTIFICATIONS TO SECRETARY OF REVENUE. (a) In each
10 even–numbered year, the board shall certify to the secretary of revenue:

11 1. No later than July 1, the name of each political party that qualifies under
12 sub. (1) (am) 1. as an eligible political party as of the preceding June 1 and whose
13 state chairperson has filed a request to establish an account for the party under sub.
14 (2s) (a).

15 2. No later than December 15, the name of each political party that qualifies
16 under sub. (1) (am) 2. as an eligible political party as of the date of the preceding
17 general election and whose state chairperson has filed a written request to establish
18 an account for the party under sub. (2s) (a).

19 (b) As soon as possible after receiving a valid application from an eligible
20 candidate under sub. (2) (a) and determining that the candidate is eligible to receive
21 a grant, the board shall certify to the secretary of revenue the full name of that
22 candidate as the name appears on the candidate's nomination papers.

23 (c) In each certification under this subsection, the board shall specify the
24 expiration date of the certification.

25 **SECTION 93.** 11.60 (4m) of the statutes is created to read:

1 11.60 **(4m)** If any candidate incurs a forfeiture under this section, the candidate
2 is personally liable for payment of the forfeiture.

3 **SECTION 94.** 11.70 of the statutes is created to read:

4 **11.70 Political contribution refund. (1)** In this section:

5 (a) "Certified political party" means a party whose name is certified by the
6 board to the secretary of revenue under s. 11.50 (14) (a).

7 (b) "Certified eligible candidate" means a candidate whose name is certified by
8 the board to the secretary of revenue under s. 11.50 (14) (b).

9 **(2)** Any individual who is a resident of this state and of eligible voting age and
10 who makes any contribution or contributions of money to a certified political party
11 or a certified eligible candidate may file a claim with the secretary of revenue
12 requesting a refund of not more than $50 for any such contribution or contributions
13 made in any calendar year. Two married individuals who are both residents of this
14 state and are of eligible voting age and who make, individually or jointly, any
15 contribution or contributions of money to a certified political party or a certified
16 eligible candidate may file a claim with the secretary of revenue requesting a refund
17 of not more than $100 for such contributions made, including not more than $50 for
18 such contributions made individually by each of them, in any calendar year.

19 **(3)** The secretary of revenue shall prescribe an official refund receipt form for
20 use under this section. The forms shall be numbered sequentially. Each individual
21 or married couple filing a request for a refund under sub. (2) shall attach a copy of
22 that form to the request.

23 **(4)** All information concerning the identities of individuals and married
24 couples requesting refunds, the identities of candidates to whom contributions are
25 made and the amounts of any contributions made is confidential.

1 **(5)** A request under this section shall be filed with the secretary of revenue no
2 earlier than January 1 of the year in which any contributions are made for which a
3 refund is requested and no later than April 15 of the following year.

4 **(6)** An individual may file a request under this section no more than once for
5 any year. Married individuals may file a request under this section either
6 individually or jointly no more than once for any year.

7 **(7)** The secretary of revenue shall make refunds under this section from the
8 appropriation under s. 20.566 (3) (f).

9 **(8)** If the secretary of revenue makes any refund under this section later than
10 June 15 in the year after the contribution or contributions to be refunded were made,
11 the secretary shall pay interest on the refund at the rate provided under s. 71.82 (1)
12 (b).

13 **(9)** No later than August 1 annually, the secretary of revenue shall submit a
14 statement to the board summarizing the total number and the aggregate amount of
15 refunds made on behalf of each certified political party and each certified eligible
16 candidate during the preceding fiscal year.

17 **SECTION 95.** 13.625 (1) (b) 3. of the statutes is amended to read:

18 13.625 **(1)** (b) 3. Food, meals, beverages, money or any other thing of pecuniary
19 value~~, except that a lobbyist may make a campaign contribution to a partisan elective~~
20 ~~state official or candidate for national, state or local office or to the official's or~~
21 ~~candidate's personal campaign committee; but a lobbyist may make a contribution~~
22 ~~to which par. (c) applies only as authorized in par. (c)~~.

23 **SECTION 96.** 13.625 (1) (c) (intro.) of the statutes is renumbered 13.625 (1) (c)
24 and amended to read:

13.625 **(1)** (c) ~~Except as permitted in this subsection, make~~ Make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official for the purpose of promoting the official's election to any national, state or local office, or to a candidate for a partisan elective state office to be filled at the general election or a special election, or the official's or candidate's personal campaign committee. ~~A campaign contribution to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee may be made in the year of a candidate's election between June 1 and the day of the general election, except that:~~

SECTION 97. 13.625 (1) (c) 1. and 2. of the statutes are repealed.

SECTION 98. 13.625 (2) of the statutes is amended to read:

13.625 **(2)** No principal may engage in the practices prohibited under sub. (1) (b) ~~and (c)~~ except that a principal may make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee in the year of an official's or candidate's election between June 1 and the day of the general election unless, in the case of a member of the legislature or candidate for legislative office, the legislature has not concluded its final floorperiod or is in special or extraordinary session. This subsection does not apply to the furnishing of transportation, lodging, food, meals, beverages or any other thing of pecuniary value which is also made available to the general public.

SECTION 99. 13.625 (6) of the statutes is amended to read:

13.625 **(6)** Subsections (1) (b) and (c), (2) and (3) do not apply to the furnishing of anything of pecuniary value by an individual who is a ~~lobbyist or~~ principal to a relative of the individual or an individual who resides in the same household as the

individual, nor to the receipt of anything of pecuniary value by that relative or individual residing in the same household as the individual. Subsections (1) (b), (2) and (3) do not apply to the furnishing of anything of pecuniary value, except a campaign contribution, as defined in s. 11.01 (6), by a lobbyist to a relative of the lobbyist or an individual who resides in the same household as the lobbyist, nor to the receipt of any such thing by that relative or individual residing in the same household as the individual.

SECTION 100. 20.510 (1) (q) of the statutes is amended to read:

20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing appropriation, from the Wisconsin election campaign fund, the ~~moneys~~ amounts determined under s. 11.50 to provide for payments to eligible candidates whose names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose names are certified under s. 7.08 (2) (cs) and to provide for public information under s. 11.50 (2m).

SECTION 101. 20.510 (1) (q) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing appropriation, from the Wisconsin election campaign fund, the ~~moneys~~ amounts determined under s. 11.50 to provide for payments to eligible candidates whose names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose names are certified under s. 7.08 (2) (cs) ~~and to provide for public information under s. 11.50 (2m)~~.

SECTION 102. 20.566 (3) (f) of the statutes is created to read:

20.566 **(3)** (f) *Political contribution refunds.* A sum sufficient to make political contribution refunds under s. 11.70.

1 **SECTION 103.** 20.855 (4) (b) of the statutes is amended to read:

2 20.855 **(4)** (b) *Election campaign payments.* A sum sufficient equal to 97% of
3 the amounts determined under s. 71.10 (3) to be paid into the Wisconsin election
4 campaign fund ~~annually on August 15~~ as provided in s. 71.10 (3) (b).

5 **SECTION 104.** 20.855 (4) (ba) of the statutes is created to read:

6 20.855 **(4)** (ba) *Election fund annual supplement.* A sum sufficient equal to
7 $3,000,000 in each fiscal year, plus, in each fiscal year, the amounts determined by
8 the secretary of revenue under ss. 71.80 (21) and 77.9973, to be transferred from the
9 general fund to the Wisconsin election campaign fund annually on September 16.

10 **SECTION 105.** 20.855 (4) (bb) of the statutes is created to read:

11 20.855 **(4)** (bb) *Election fund special election supplement.* A sum sufficient
12 equal to the amounts required to make full payment of grants which candidates at
13 special elections qualify to receive from the Wisconsin election campaign fund, to be
14 transferred from the general fund to the special election account of the Wisconsin
15 election campaign fund no later than the time required to make payments of grants
16 under s. 11.50 (5).

17 **SECTION 106.** 25.42 of the statutes is amended to read:

18 **25.42 Wisconsin election campaign fund.** All moneys appropriated under
19 s. 20.855 (4) (b), (ba) and (bb) together with all moneys reverting to the state under
20 s. 11.50 (8) and all gifts, bequests and devises received under s. 11.50 (13) constitute
21 the Wisconsin election campaign fund, to be expended for the purposes of s. 11.50.
22 All moneys in the fund not disbursed by the state treasurer shall continue to
23 accumulate indefinitely.

24 **SECTION 107.** 71.05 (6) (a) 21. of the statutes is created to read:

71.05 **(6)** (a) 21. Any amount deducted under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 108. 71.07 (5) (a) 8. of the statutes is created to read:

71.07 **(5)** (a) 8. Expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 109. 71.10 (3) (a) of the statutes is amended to read:

71.10 **(3)** (a) Every individual filing an income tax return who has a tax liability or is entitled to a tax refund may designate ~~$1~~ $5 for transfer to the Wisconsin election campaign fund ~~for the use of eligible candidates under s. 11.50~~. If the individuals filing a joint return have a tax liability or are entitled to a tax refund, each individual may make a designation of ~~$1~~ $5 under this subsection. Each individual making a designation shall indicate whether the amount designated by that individual shall be placed in the general account for the use of all eligible candidates for state office, or in the account of an eligible political party whose name is certified to the secretary of revenue under s. 11.50 (14). If an individual does not indicate that the amount of his or her designation shall be placed in the account of a particular eligible political party, that amount shall be placed in the general account.

SECTION 110. 71.10 (3) (b) of the statutes is amended to read:

71.10 **(3)** (b) The secretary of revenue shall provide a place for ~~those~~ designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax liability. ~~Annually on August 15~~ The secretary shall also provide a place in the

instructions that accompany the return for any information submitted to the secretary by the elections board under s. 11.50 (2m). No later than the 15th day of each month, the secretary of revenue shall certify to the elections board, the department of administration and the state treasurer ~~under s. 11.50~~ the total amount of designations made on returns processed by the department of revenue during the preceding ~~fiscal year~~ month, the amount of designations made during that month for the general account and for the account of each eligible political party and, within the account of each eligible political party, the amount designated during that month by residents of each county. If any individual attempts to place any condition or restriction upon a designation not authorized under par. (a), that individual is deemed not to have made a designation on his or her tax return.

SECTION 111. 71.10 (3) (b) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

71.10 **(3)** (b) The secretary of revenue shall provide a place for designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax liability. ~~The secretary shall also provide a place in the instructions that accompany the return for any information submitted to the secretary by the elections board under s. 11.50 (2m).~~ No later than the 15th day of each month, the secretary of revenue shall certify to the elections board, the department of administration and the state treasurer the total amount of designations made on returns processed by the department of revenue during the preceding month and the amount of designations made during that month for the general account and for the account of each eligible political party. If any individual attempts to place any condition or restriction upon a designation

not authorized under par. (a), that individual is deemed not to have made a designation on his or her tax return.

SECTION 112. 71.26 (1) (a) of the statutes is amended to read:

71.26 **(1)** (a) *Certain corporations.* Income of corporations organized under ch. 185, except income of a cooperative sickness care association organized under s. 185.981, or of a service insurance corporation organized under ch. 613, that is derived from a health maintenance organization as defined in s. 609.01 (2) or a limited service health organization as defined in s. 609.01 (3), or operating under subch. I of ch. 616 which are bona fide cooperatives operated without pecuniary profit to any shareholder or member, or operated on a cooperative plan pursuant to which they determine and distribute their proceeds in substantial compliance with s. 185.45, and the income, except the unrelated business taxable income as defined in section 512 of the internal revenue code and except income that is derived from a health maintenance organization as defined in s. 609.01 (2) or a limited service health organization as defined in s. 609.01 (3), of all religious, scientific, educational, benevolent or other corporations or associations of individuals not organized or conducted for pecuniary profit. <u>In computing unrelated business taxable income for the purposes of this paragraph, the expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.</u> This paragraph does not apply to the income of savings banks, mutual loan corporations or savings and loan associations. This paragraph applies to the income of credit unions except to the income of any credit union that is derived from public deposits for any taxable year in which the credit union is approved as a public depository under ch. 34 and acts as a depository of state or local funds under s. 186.113 (20). For purposes of this

1 paragraph, the income of a credit union that is derived from public deposits is the
2 product of the credit union's gross annual income for the taxable year multiplied by
3 a fraction, the numerator of which is the average monthly balance of public deposits
4 in the credit union during the taxable year, and the denominator of which is the
5 average monthly balance of all deposits in the credit union during the taxable year.

6 **SECTION 113.** 71.26 (2) (b) 1g. of the statutes is created to read:

7 71.26 **(2)** (b) 1g. In computing the net income under this paragraph of a
8 corporation, conduit or common law trust that qualifies as a regulated investment
9 company, real estate mortgage investment conduit or real estate investment trust,
10 expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code
11 because of the exception contained in section 162 (e) (5) of the Internal Revenue Code
12 may not be deducted.

13 **SECTION 114.** 71.26 (3) (e) 4. of the statutes is created to read:

14 71.26 **(3)** (e) 4. So that expenses that are deductible under section 162 (e) (1)
15 of the Internal Revenue Code because of the exception contained in section 162 (e)
16 (5) of the Internal Revenue Code may not be deducted.

17 **SECTION 115.** 71.34 (1) (ad) of the statutes is created to read:

18 71.34 **(1)** (ad) The expenses that are deductible under section 162 (e) (1) of the
19 Internal Revenue Code because of the exception contained in section 162 (e) (5) of the
20 Internal Revenue Code may not be deducted.

21 **SECTION 116.** 71.45 (2) (a) 15. of the statutes is created to read:

22 71.45 **(2)** (a) 15. By adding to federal taxable income the amount of any
23 expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code
24 because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

25 **SECTION 117.** 71.80 (21) of the statutes is created to read:

1 71.80 **(21)** TAXABILITY OF LOBBYING EXPENSES; CERTIFICATION. Annually no later
2 than August 15, the secretary of revenue shall certify to the secretary of
3 administration the amount of taxes estimated by the secretary of revenue to have
4 been collected during the preceding 12–month period ending on June 30 as a result
5 of the election of this state not to allow an income and franchise tax deduction for
6 expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible
7 because of the exemption contained in section 162 (e) (5) of the Internal Revenue
8 Code.

9 **SECTION 118.** Chapter 77 (title) of the statutes is amended to read:

10 **CHAPTER 77**
11 **TAXATION OF FOREST CROPLANDS;**
12 **REAL ESTATE TRANSFER FEES;**
13 **SALES AND USE TAXES; COUNTY**
14 **AND SPECIAL DISTRICT SALES**
15 **AND USE TAXES; MANAGED FOREST**
16 **LAND; TEMPORARY RECYCLING**
17 **SURCHARGE; LOCAL FOOD AND**
18 **BEVERAGE TAX; LOCAL RENTAL**
19 **CAR TAX; PREMIER RESORT AREA**
20 **TAXES; STATE RENTAL VEHICLE**
21 **FEE; DRY CLEANING FEES;**
22 **CAMPAIGN TREASURY**
23 **SURPLUS EARNINGS TAX**

24 **SECTION 119.** Subchapter XIII of chapter 77 [precedes 77.997] of the statutes
25 is created to read:

1 **CHAPTER 77**

2 SUBCHAPTER XIII

3 CAMPAIGN TREASURY

4 SURPLUS EARNINGS TAX

5 **77.997 Definitions.** In this subchapter:

6 **(1)** "Campaign treasury surplus" means the unencumbered balance in the
7 campaign depository account of a candidate or a candidate's personal campaign
8 committee during the period beginning on the first day of the month following an
9 election at which the name of the candidate appeared on the ballot, except a primary
10 election if the candidate was nominated at that primary election to appear on an
11 election ballot, and ending on the date that the candidate files a valid declaration of
12 candidacy together with valid nomination papers, if required, to appear on the ballot
13 at a succeeding election.

14 **(2)** "Candidate" has the meaning given in s. 11.01 (1).

15 **(3)** "Election" has the meaning given in s. 5.02 (4).

16 **(4)** "Personal campaign committee" has the meaning given in s. 11.01 (15).

17 **77.9971 Imposition.** A tax is imposed on each candidate and personal
18 campaign committee at the rate of 15% on the earnings received by the candidate or
19 personal campaign committee on any campaign treasury surplus for the 6–month
20 period ending on each December 31 and June 30.

21 **77.9972 Administration. (1)** The department of revenue shall levy, enforce
22 and collect the tax under this subchapter.

23 **(2)** The tax under this subchapter and a completed return prescribed by the
24 department of revenue are due on March 1 and September 1.

1 **(3)** Sections 77.59 (1) to (6), (8) and (8m), 77.60 (1) to (7), (9) and (10), 77.61 (5)
2 and (12) to (14) and 77.62, as they apply to the taxes under subch. III, apply to the
3 tax under this subchapter.

4 **77.9973 Certification.** Annually no later than September 15, the secretary
5 of revenue shall certify to the secretary of administration the amount of taxes
6 collected under this subchapter for the preceding 12–month period ending on June
7 30.

8 **SECTION 120. Initial applicability.**

9 (1) Except as provided in subsections (2) to (5), this act first applies to elections
10 held on the effective date of this subsection.

11 (2) The treatment of section 11.06 (1) (a), (d) and (L) of the statutes first applies
12 to reports covering the period beginning on July 1, 2000.

13 (3) The treatment of section 11.31 (9) of the statutes first applies to adjustment
14 of disbursement limitations for the biennium beginning on January 1, 2002.

15 (4) The treatment of sections 71.05 (6) (a) 21., 71.07 (5) (a) 8., 71.10 (3) (a) and
16 (b) (by SECTION 110), 71.26 (1) (a), (2) (b) 1g. and (3) (e) 4., 71.34 (1) (ad) and 71.45 (2)
17 (a) 15. of the statutes first applies to taxable years beginning on January 1 of the year
18 in which this subsection takes effect, except that if this subsection takes effect after
19 July 31 this act first applies to claims filed for taxable years beginning on January
20 1 of the year following the year in which this subsection takes effect.

21 (5) The treatment of subchapter XIII of chapter 77 of the statutes first applies
22 to earnings received on January 1, 2001.

23 **SECTION 121. Effective dates.** This act takes effect on the day after
24 publication, except as follows:

1 (1) The treatment of section 20.510 (1) (q) (by SECTION 101) of the statutes and
2 the repeal of section 11.50 (2m) of the statutes take effect on the first day of the 7th
3 year beginning after publication.
4 (2) The treatment of section 71.10 (3) (b) (by SECTION 111) of the statutes takes
5 effect on the first day of the 7th year beginning after publication.
6 **(END)**

State of Wisconsin
1999 - 2000 LEGISLATURE

LRB-1801/1 5
JTK/JK/MES:kg:jf

11:45 AM
WANTED ~~10:15~~
TUES 3/30

1999 BILL

(regenerate)

AN ACT *to repeal* 11.01 (12s), 11.05 (3) (o), 11.26 (9) (b) and (c), 11.265, 11.31 (2m), 11.31 (3m), 11.31 (4), 11.31 (7) (d), 11.50 (2) (h), 11.50 (2m), 11.50 (6) (title) and 13.625 (1) (c) 1. and 2.; *to renumber* 11.24 (2), 11.50 (1) (a) 1. and 11.50 (7) (a) to (d); *to renumber and amend* 11.16 (1) (d), 11.26 (9) (a), 11.50 (1) (a) 2., 11.50 (2) (a), 11.50 (5), 11.50 (6), 11.50 (9) and 13.625 (1) (c) (intro.); *to amend* 5.02 (13), 11.01 (5m), 11.05 (3) (c), 11.05 (9) (b), 11.06 (1) (a), 11.06 (1) (d) and (L), 11.06 (2), 11.06 (7m) (a), 11.06 (7m) (c), 11.06 (11) (c), 11.10 (1), 11.12 (1) (c), 11.14 (1), 11.14 (2), 11.16 (5), 11.21 (15), 11.25 (2) (a), 11.25 (2) (b), 11.26 (1) (intro.), 11.26 (1) (a), (b) and (c), 11.26 (2) (intro.), 11.26 (2) (a), (b) and (c), 11.26 (4), 11.26 (10), 11.26 (12m), 11.26 (13), 11.31 (1) (intro.), 11.31 (1) (a) to (d), 11.31 (1) (e) and (f), 11.31 (2), 11.31 (3), 11.31 (7) (a) to (c), 11.50 (2) (b) 5., 11.50 (2) (g), 11.50 (2) (i), 11.50 (3) (a) (intro.), 11.50 (3) (a) 1. and 2., 11.50 (3) (b), 11.50 (4) (a), 11.50 (4) (c), 11.50 (4) (cm), 11.50 (4) (d), 11.50 (7) (intro.), 11.50 (8), 11.50 (11) (e), 11.50 (11) (g), 13.625 (1) (b) 3., 13.625 (2), 13.625 (6), 20.510 (1) (q), 20.510 (1) (q),

1 20.855 (4) (b), 25.42, 71.10 (3) (a), 71.10 (3) (b), 71.10 (3) (b), 71.26 (1) (a) and
2 chapter 77 (title); and ***to create*** 7.08 (2) (cs), 11.01 (9m), 11.01 (13), 11.05 (14),
3 11.16 (1) (d) 2., 11.21 (17), 11.22 (11), 11.24 (1s), 11.24 (4), 11.25 (4), 11.31 (1) (de),
4 11.31 (1m), 11.31 (9), 11.50 (1) (a) 1. (intro.), 11.50 (1) (a) 2., 11.50 (1) (am), 11.50
5 (1) (bm) and (cm), 11.50 (2) (a) 1. and 2., 11.50 (2) (b) 3m., 11.50 (2m), 11.50 (2s),
6 11.50 (2w), 11.50 (5) (c), 11.50 (7) (c), 11.50 (14), 11.60 (4m), 11.70, 20.566 (3) (f),
7 20.855 (4) (ba), 20.855 (4) (bb), 71.05 (6) (a) 21., 71.07 (5) (a) 8., 71.26 (2) (b) 1g.,
8 71.26 (3) (e) 4., 71.34 (1) (ad), 71.45 (2) (a) 15., 71.80 (21) and subchapter XIII
9 of chapter 77 [precedes 77.997] of the statutes; **relating to:** campaign
10 financing, political contributions by lobbyists, refunds for certain political
11 contributions, imposition of a campaign treasury surplus earnings tax, income
12 and franchise tax deductions for certain business expenses related to lobbying,
13 providing an exemption from emergency rule procedures, granting
14 rule–making authority, requiring the exercise of rule–making authority,
15 making appropriations and providing penalties.

Analysis by the Legislative Reference Bureau

This bill makes numerous changes in the campaign finance law, authorizes a state refund for certain political contributions, imposes a tax on the earnings of campaign treasury surpluses and eliminates a corporate income and franchise tax deduction for certain lobbying expenses. Significant changes include:

Disbursement limitations

Under current law, disbursement (expenditure) levels are specified for candidates for various state and local offices. These levels become a binding limitation upon any candidate for state office who accepts a state grant from the Wisconsin election campaign fund or who agrees to be bound by the limitation, unless the candidate is opposed by a major opponent who could have qualified for a grant but who declines to accept one and declines to file an affidavit of voluntary compliance with disbursement and contribution limitations. Additionally, the disbursement levels for candidates for the offices of state senator and representative to the assembly are subdivided between the primary and election campaign periods in such a way that only about 60% of the total applicable disbursement level for either

office may be allocated by a candidate to either the primary or the election campaign period.

This bill:

1. Eliminates the disbursement limitation, applicable to candidates for the offices of state senator and representative to the assembly, that requires the overall limitation to be subdivided between the primary and election campaign periods in such a way that only about 60% of the statutory disbursement level is allocated to either the primary or election campaign period.

2. Revises the current disbursement levels applicable to candidates for the offices shown in the following chart:

Office	*Current Level*	*Proposed Level*
Governor	$1,078,200	$3,500,000
Lieutenant governor	323,475	1,125,000
Attorney general	539,000	750,000
Secretary of state	215,625	350,000
State treasurer	215,625	350,000
Supreme court justice	215,625	400,000
State superintendent	215,625	350,000
State senator	34,500	140,000
Representative to the assembly	17,250	60,000

3. Provides that the disbursement limitation for a candidate who seeks an office for the first time, and has not previously been a candidate for any other national, state or local office in a jurisdiction or district which includes at least one–third of the residents who reside in the jurisdiction or district in which the candidate seeks office, is 110% of the amount provided for other candidates for that office.

4. Creates a biennial cost–of–living adjustment that causes the statutory disbursement levels to be adjusted biennially, beginning in 2002, in accordance with a formula tied to the "consumer price index" determined by the U.S. department of labor, with the result in turn adjusted by the rate of increase or decrease in the voting age population of this state, as determined by the federal election commission.

5. Deletes current law that permits a candidate who does not accept a grant to continue to bind an opponent to disbursement and contribution limitations by filing an affidavit of voluntary compliance.

Currently, the campaign of a candidate, for purposes of the applicability of disbursement limitations, extends from July 1 preceding the date of a spring primary or election at which the candidate seeks office or January 1 preceding the date of a September primary or general election at which the candidate seeks office or the date of the candidate's public announcement of candidacy, whichever is earlier, through the last day of the month following the month of the primary or election at which the candidate seeks office, except that orders placed for goods or services to be provided for a campaign are included within the campaign regardless of when the goods or services are paid for, and debts incurred for goods or services received during a

campaign period are included within the campaign regardless of when the debts are retired. Under this bill, the campaign of a candidate, for purposes of disbursement limitations, begins on the day after the date on which the previous campaign of the candidate ends or the date on which the candidate becomes a candidate at a future election, whichever is earlier (except as to goods or services provided for the campaign and paid for before that date), and ends at the same time as currently provided. The effect of the change is to include all disbursements within the limitation applicable to a current or former campaign.

Other disbursement restrictions

Currently, a personal campaign committee may make contributions to candidates other than the candidate whom it is organized to support, subject to applicable contribution limitations. If a candidate dies or ceases to be a candidate, the personal campaign committee remains subject to the same limitations. However, if the committee thereafter files a statement affirming under oath its independence from any candidate, the committee may, in addition to making contributions, make disbursements in an unlimited amount to advocate the election or defeat of a candidate.

This bill provides that, if a candidate dies or ceases to be a candidate, and the candidate's personal campaign committee thereafter files a statement affirming under oath its independence of any candidate, the committee may not make any disbursement to advocate the election or defeat of a clearly identified candidate that is derived in whole or in part from contributions received by the committee prior to filing the statement in an amount or value exceeding the maximum contribution that the committee is permitted to make to that candidate under contribution limitations currently prescribed by law.

Contribution limitations

Current law specifies limitations on the maximum amount of contributions which may be given to and accepted by a candidate for state or local office. Current law also limits the total contributions that a candidate for state or local office may accept from all political committees, including political party and legislative campaign committees, and from the Wisconsin election campaign fund to 65% of the value of the statutory disbursement level specified for the office which the candidate seeks. The total amount that a candidate may accept from committees other than political party and legislative campaign committees and from the Wisconsin election campaign fund is limited to 45% of that disbursement level.

This bill changes contribution limitations applicable to individuals and committees making contributions to candidates for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent of public instruction, justice of the supreme court, state senator or representative to the assembly per campaign, as follows:

Category	*Current Limit*	*Proposed Limit*
Individual or committee making contributions to candidate for state senator	$ 1,000	$ 500

Individual or committee making contributions to candidate for representative to the assembly	$ 500	$ 250
Individual making contributions to candidate for a statewide office	$10,000	$1,000
Committee making contributions to candidate for a statewide office	4% of candidate's disbursement level	$1,000

The bill also creates a new contribution limitation which prohibits any candidate for state or local office from accepting total contributions from all political committees, including political party committees and committees serving as conduits (see below), as well as from individual contributors who contribute more than 50% of the amount or value that an individual may contribute, equal, in the aggregate, to more than 25% of the value of the statutory disbursement level specified for the office which the candidate seeks.

Treatment of legislative campaign committees

Currently, the adherents of any political party in either house of the legislature may organize a "legislative campaign committee" to support the candidacy of members of their party for legislative office. Committees other than legislative campaign committees and political party committees are generally subject to a limitation upon the contributions that they may make to candidates for legislative office or to political parties. Legislative campaign committees are subject only to overall limitations on the aggregate contributions that may be accepted by a candidate from entities other than individuals.

This bill eliminates the special status of legislative campaign committees, thus treating them in the same manner as other special interest committees for the purpose of contribution limitations.

Other contribution restrictions

This bill creates the following new prohibitions on contributions:

1. It prohibits contributions from special interest ("political action") committees, including conduit committees, from individuals operating as conduits and from individual contributors who contribute more than 50% of the amount or value that an individual may contribute to incumbents who are seeking reelection to a partisan state office from the first Monday in January of each odd–numbered year through the enactment of the biennial budget act and, thereafter, during any floorperiod, including any special or extraordinary session floorperiod. The prohibition does not apply to contributions to an incumbent who is a candidate for state office at a special election during the period beginning on the date that a special election is ordered and ending on the date of the special election.

2. It prohibits any lobbyist from making a contribution to a partisan elective state official or candidate for a partisan elective state office or to such an official's or candidate's personal campaign committee. Currently, a lobbyist may make such a contribution in the year that an official or candidate seeks election between June 1 and the day of the general election.

3. It prohibits any candidate from making a contribution to another candidate except to dispose of residual contributions in the candidate's campaign treasury upon termination of registration. The bill also prohibits any candidate from accepting a contribution made by another candidate except upon termination of registration by the other candidate. Currently, a candidate is generally permitted to make a contribution for any political purpose that is not specifically prohibited by law.

Contributions through conduits

Under current law, a "conduit" is an individual or organization that receives a contribution and transfers the contribution to another individual or organization without exercising discretion as to the amount that is transferred and the individual to whom or the organization to which the transfer is made. When a conduit transfers a contribution, the conduit is required to identify itself in writing to the transferee as a conduit and to report to the transferee information about the original contributor. The conduit must include this information in its financial reports for the date on which the contribution was received and transferred. The campaign financing reports filed by the candidate identify only the original contributor, not the conduit. A contribution from a conduit is considered to be a contribution from the original contributor and, for the purpose of contribution limitations, a contribution of money received from a conduit which is properly identified and reported is considered to be a contribution received from the original contributor. Contributions received by a candidate for state office from an individual through a conduit may be used to qualify for a grant from the Wisconsin election campaign fund.

This bill requires the campaign finance reports filed by candidates to identify any conduit from whom a contribution is received, as well as the original contributor.

The bill also treats conduits in the same manner as "political action committees" by:

1. Not allowing contributions made by an individual through a conduit to be used to qualify for a grant from the Wisconsin election campaign fund.

2. Subjecting contributions from conduits to the same limitations that currently apply to the amount of contributions that a candidate may accept from any committee other than a political party committee and to the new limitation upon receipt of aggregate contributions from committees and major contributors imposed under the bill.

Mass media and telephoning activities

Currently, individuals who accept contributions, organizations which make or accept contributions, or individuals who or organizations which incur obligations or make disbursements for the purpose of influencing an election for state or local office are generally required to register with the appropriate filing officer and to file financial reports with that officer, regardless of whether they act in conjunction with or independently of any candidate who is supported or opposed. Currently, when a person is alleged to have violated registration and reporting requirements, the state has the burden of proving that the violation occurred.

This bill provides that, whenever any person publishes, disseminates or broadcasts any communication that includes a reference to a candidate for an office to be filled at an election, during the 60–day period preceding that election or during

the 30–day period preceding any primary for that election, and the communication is substantially directed toward the electorate for that election, it is presumed that the communication is made for the purpose of influencing the election or nomination for election of that candidate, unless the person making the communication establishes, by a preponderance of the evidence, that the communication was not made for that purpose.

Wisconsin election campaign fund:

I. SOURCES AND USES OF FUNDS

Under current law, the Wisconsin election campaign fund is financed through an individual income tax "checkoff". Every individual filing a state income tax return who has a tax liability or is entitled to a tax refund may direct that $1 of general purpose revenue be transferred to the fund. Individuals filing a joint return may separately choose whether to direct that the $1 transfer be made. All moneys transferred to the fund are placed in accounts for specified state offices, and candidates for those offices at the general or a special election may qualify for grants from the fund to be used for specified campaign expenses. No moneys in the fund may be used for any other purpose. Grants at special elections are funded by reallocating moneys set aside to provide grants to candidates at the general election, to the extent that moneys are available.

This bill:

1. Increases the amount of the individual income tax checkoff for the Wisconsin election campaign fund from $1 to $5. Under the bill, individuals filing a joint return may separately choose whether to make the $5 checkoff. The bill also permits individuals to determine whether to designate their checkoffs for a "general account", which is distributed in the same manner as currently provided, or for the account of an eligible political party (see below).

2. Provides a sum sufficient appropriation from general purpose revenue to supplement the amounts otherwise available for campaign financing through the Wisconsin election campaign fund equal to $3,000,000 in each fiscal year plus, in each fiscal year, the amount determined by the secretary of revenue to have been collected by the state from the campaign treasury surplus earnings tax imposed under this bill, and the elimination of the corporate income and franchise tax deduction for lobbying expenses under this bill (see below).

3. Directs the state elections board to set aside 5% of the moneys transferred to the Wisconsin election campaign fund in each of the six years following the year in which the bill becomes law in order to provide public information concerning the purpose and effect of designations to the fund. The bill directs the department of revenue to cooperate in providing such public information. Currently, no moneys in the fund are authorized to be used for this purpose.

II. GRANT ELIGIBILITY REQUIREMENTS AND AMOUNTS

Under current law, public financing from the Wisconsin election campaign fund is available to eligible candidates for the offices of state senator, representative to the assembly, governor, lieutenant governor, attorney general, state treasurer, secretary of state, justice of the supreme court and superintendent of public instruction. To receive a grant, a candidate must file an application with the state elections board

no later than the deadline for filing nomination papers. Following the primary election or the date on which a primary would be held, if required, the board determines whether a candidate who applies for a grant meets the following eligibility requirements:

1. If the candidate seeks a partisan state office at a general election, the candidate must have received at least 6% of the total votes cast in the primary and won the primary. If the candidate seeks a partisan state office at a special election, the candidate must either: a) appear on the ballot or in the column of a political party whose candidate for the same office at the preceding general election received at least 6% of the vote; or b) receive at least 6% of the votes cast at the special election.

2. The candidate must have an opponent in the election.

3. The candidate must receive, during a specified time period, a specified amount through contributions from individuals of $100 or less. For a candidate for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, justice of the supreme court or superintendent of public instruction, the amount is 5% of the authorized disbursement level for the office which the candidate seeks. For a candidate for the office of state senator or representative to the assembly, the amount is 10% of the authorized disbursement level for the office which the candidate seeks.

Under current law, a candidate for any office who accepts a grant must comply with statutorily prescribed contribution and disbursement limitations, unless one or more of the candidate's opponents who receive at least 6% of the votes cast for all candidates for that office at a partisan primary, if a primary was held, do not accept a grant and do not voluntarily comply with the contribution and disbursement limitations for that office. Currently, a candidate is no longer bound by disbursement limitations after the last day of the month following the election in which the candidate appears on the ballot. The maximum grant that a candidate may receive is that amount which, when added to all other contributions accepted from sources other than individuals, political party committees and legislative campaign committees, is equal to 45% of the authorized disbursement level for the office which the candidate seeks, if there are sufficient moneys in the Wisconsin election campaign fund to finance the full amount of grants for which candidates qualify.

Currently, a candidate may use moneys in his or her campaign treasury for any political purpose not prohibited by law.

This bill:

1. Provides that a candidate for a partisan state office need receive contributions from individuals equal to only 3% of the authorized disbursement level for the office which the candidate seeks in order to qualify for a grant, but provides that the contributions must be in amounts of $50 of or less.

2. Increases the maximum grant that a candidate may receive to 50% of the authorized disbursement level for the office which the candidate seeks, irrespective of contributions received from other sources.

3. Retains the current system of grants from a "general account" for which moneys may be designated by tax filers, except that it increases by 50% the amounts allocated for the offices of justice of the supreme court and state superintendent of

public instruction. Under the bill, amounts otherwise payable from the general account to a candidate who reaches this limit are redistributed to other qualifying candidates who have not reached this limit, if any.

4. Permits political parties that qualify for a separate column or row on the ballot at the general election to obtain grants from checkoffs made by tax filers. The bill provides for 9.7% of the moneys designated for political parties by tax filers to be paid directly as grants to the designated parties to be used for specified multicandidate expenses. Under the bill, disbursements made by a political party from such a grant are not considered to be in–kind contributions to the candidates who benefit from the disbursements. The bill provides for 97% of the remaining moneys designated by tax filers to be paid to candidates of the designated parties for state offices, except the office of district attorney, in accordance with an apportionment formula specified in the bill that takes into account, in the case of candidates for legislative office, the votes cast for candidates of the designated party for partisan state offices, except the office of district attorney, within each legislative district. Amounts otherwise payable to a candidate who would qualify to receive a grant if the candidate had an opponent are redistributed to the parties for multicandidate expenses. Amounts otherwise payable to a candidate for an office for which a party has no candidate or to a candidate who is opposed but who fails to qualify for a grant are lapsed to the state general fund.

5. Provides that an agreement by a candidate for state office to be bound by contribution and disbursement limitations becomes effective on the first day of the second month following the previous election for an office, or the date that the application containing the agreement is filed, whichever is later. An application may be filed no later than the deadline provided under current law. An agreement remains binding until the end of the month following the month in which the election is held for which a grant is provided, unless the board determines that the candidate who entered into the agreement does not qualify for a grant or unless the candidate who enters into the agreement becomes a candidate at a special election.

6. Provides for grants payable to candidates for state office at special elections to be payable in full from general purpose revenue.

Penalties for violations

Currently, violators of the campaign finance law are subject to a forfeiture (civil penalty) of not more than $500 for each violation, except that violators of contribution limitations are subject to a forfeiture of not more than treble the amount unlawfully contributed. In addition, intentional violators are guilty of a misdemeanor and are subject to a fine of not more than $1,000 or imprisonment for not more than six months or both. This bill provides, in addition, that, if any candidate or campaign treasurer of a candidate who accepts a grant violates the agreement to limit self–contributions and disbursements that was entered into by that candidate, the candidate is personally liable for a forfeiture of not more than four times the amount of any unlawful contributions or disbursements made.

Currently, if a candidate or any other registrant violates the campaign finance law, any forfeitures incurred by the registrant may be paid from the campaign depository account of the registrant. This bill provides that no moneys derived from

contributions that are reportable under the campaign finance law may be used to pay any forfeiture incurred by a candidate or candidate's campaign treasurer. Under the bill, if a candidate or candidate's campaign treasurer violates the law, the candidate is personally liable for payment of the forfeiture. A campaign treasurer and personal campaign committee also remain liable for payment of any forfeitures that they incur.

Initial applicability

All campaign finance changes under the bill apply to elections held on or after the day on which the bill becomes law.

Political contribution refund

This bill permits any individual who is a resident of this state and of eligible voting age to request a refund from the department of revenue of not more than $50 per year for any contribution or contributions of money made to a qualifying candidate for state office or political party. The bill also permits two married individuals who are both residents of this state and are of eligible voting age to file a joint request for a refund of not more than $100 per year for such contributions made jointly or individually. In order to qualify for a refund, a contribution must be made to a political party that has qualified for a separate ballot or one or more separate columns or rows on a ballot or to a candidate for state office who has filed a valid application to receive a grant from the Wisconsin election campaign fund, together with a binding agreement to abide by disbursement and self–contribution limitations, and has qualified to receive a grant. For a contribution to a candidate to be eligible for a refund, the candidate must have a signed agreement in effect at the time that a contribution is made. The refunds are made by the department of revenue from general purpose revenue.

Campaign treasury surplus earnings tax

This bill imposes a tax on every candidate and personal campaign committee at the rate of 15% on the earnings received by that candidate or committee on any campaign treasury surplus during the period beginning on the first day of the month following an election at which a candidate appears on the ballot (except a primary election if the candidate was nominated at the primary to appear on the ballot at a subsequent election) and ending on the date that the candidate files a valid declaration of candidacy together with valid nomination papers, if required, to appear on the ballot at a succeeding election. The tax is payable to the department of revenue semiannually.

Tax deductions for lobbying expenses

This bill eliminates a current corporate income and franchise tax deduction for certain business expenses that lobbyists incur. Currently, this deduction may be claimed for expenses incurred in direct connection with: a) appearances before, submission of statements to, or sending communications to a federal, state or local legislative body, a legislative committee or an individual legislator with respect to legislation or proposed legislation of direct interest to a taxpayer; or b) communications between a taxpayer and an organization of which the taxpayer is a member with respect to legislation or proposed legislation of direct interest to the

taxpayer and the organization. Under the bill, dues paid to any organization remain deductible to the extent that they are attributable to expenses of these activities.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to the bill.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 5.02 (13) of the statutes is amended to read:

2 5.02 **(13)** "Political party" or "party" means a state committee registered under
3 s. 11.05 <u>and</u> organized exclusively for political purposes under whose name
4 candidates appear on a ballot at any election, and all county, congressional,
5 legislative, local and other affiliated committees authorized to operate under the
6 same name. For purposes of ch. 11, the term does not include ~~a legislative campaign~~
7 ~~committee or~~ a committee filing an oath under s. 11.06 (7).

8 **SECTION 2.** 7.08 (2) (cs) of the statutes is created to read:

9 7.08 **(2)** (cs) In each even–numbered year, certify to the state treasurer for the
10 period beginning with the month following certification and ending with the month
11 in which the next certification is made by the board:

12 1. No later than July 1, the name of each political party that qualifies under
13 s. 11.50 (1) (am) 1. as an eligible political party as of the preceding June 1 and whose
14 state chairperson has filed a request to establish an account for the party under s.
15 11.50 (2s) (a).

16 2. No later than December 15, the name of each political party that qualifies
17 under s. 11.50 (1) (am) 2. as an eligible political party as of the date of the preceding

general election and whose state chairperson has filed a written request to establish an account for the party under s. 11.50 (2s) (a).

SECTION 3. 11.01 (5m) of the statutes is amended to read:

11.01 **(5m)** "Conduit" means an individual who or ~~an organization~~ a committee which receives a contribution of money and transfers the contribution to another individual or ~~organization~~ committee without exercising discretion as to the amount which is transferred and the individual to whom or ~~organization~~ committee to which the transfer is made.

SECTION 4. 11.01 (9m) of the statutes is created to read:

11.01 **(9m)** "First–time candidate" means a candidate who seeks a particular state office for the first time and who has not previously been a candidate for any other national, state or local office in a jurisdiction or district which includes at least one–third of the residents who reside in the jurisdiction or district in which the candidate seeks office, as determined by the board.

SECTION 5. 11.01 (12s) of the statutes is repealed.

SECTION 6. 11.01 (13) of the statutes is created to read:

11.01 **(13)** "Major contributor" means an individual who makes a contribution or contributions to a candidate or candidate's personal campaign committee exceeding, in the aggregate, 50% of the amount or value that the individual is permitted to make during a campaign, as provided in s. 11.26 (1).

SECTION 7. 11.05 (3) (c) of the statutes is amended to read:

11.05 **(3)** (c) In the case of a committee, a statement as to whether the committee is a personal campaign committee, a political party committee, ~~a legislative campaign committee,~~ a support committee or a special interest committee.

1 **SECTION 8.** 11.05 (3) (o) of the statutes is repealed.

2 **SECTION 9.** 11.05 (9) (b) of the statutes is amended to read:

3 11.05 **(9)** (b) An individual who or a committee or group which receives a
4 contribution of money and transfers the contribution to another individual,
5 committee or group while acting as a conduit is not subject to registration under this
6 section unless the individual, committee or group transfers the contribution to a
7 candidate or a personal campaign, ~~legislative campaign,~~ political party or support
8 committee.

9 **SECTION 10.** 11.05 (14) of the statutes is created to read:

10 11.05 **(14)** PRESUMPTION CONCERNING CERTAIN COMMUNICATIONS. Whenever any
11 person publishes, disseminates or broadcasts, or causes to be published,
12 disseminated or broadcast, any communication that includes a reference to a clearly
13 identified candidate for an office to be filled at a general, spring or special election,
14 during the 60–day period preceding that election or during the 30–day period
15 preceding any primary for that election, and the communication is substantially
16 directed toward the electorate at that election, it is presumed that the
17 communication is made for the purpose of influencing the election or nomination for
18 election of that candidate, unless the person making the communication or causing
19 the communication to be made establishes, by a preponderance of the evidence, that
20 the communication was not made for that purpose.

21 **SECTION 11.** 11.06 (1) (a) of the statutes is amended to read:

22 11.06 **(1)** (a) An itemized statement giving the date, full name and street
23 address of each contributor who has made a contribution in excess of $20, or whose
24 contribution if $20 or less aggregates more than $20 for the calendar year, together
25 with the amount of the contribution and the cumulative total contributions made by

that contributor for the calendar year and, if the contributor made the contribution through a conduit, the identity of the conduit.

SECTION 12. 11.06 (1) (d) and (L) of the statutes are amended to read:

11.06 **(1)** (d) An itemized statement of other income in excess of $20, including ~~interest, returns on investments,~~ rebates and refunds received and a separate statement of earnings received, including interest and returns on investments.

(L) A statement of cumulative totals for the calendar year of contributions made, contributions received, ~~and~~ disbursements made, including transfers of funds made to or received from other registrants, and earnings received.

SECTION 13. 11.06 (2) of the statutes is amended to read:

11.06 **(2)** DISCLOSURE OF CERTAIN INDIRECT DISBURSEMENTS. Notwithstanding sub. (1), if a disbursement is made or obligation incurred by an individual other than a candidate or by a committee or group which is not primarily organized for political purposes, and the disbursement does not constitute a contribution to any candidate or other individual, committee or group, the disbursement or obligation is required to be reported only if the purpose is to expressly advocate the election or defeat of a clearly identified candidate or the adoption or rejection of a referendum or if the disbursement is made or the obligation is incurred for the purpose of making a communication specified in s. 11.05 (14). The exemption provided by this subsection shall in no case be construed to apply to a political party, ~~legislative campaign,~~ personal campaign or support committee.

SECTION 14. 11.06 (7m) (a) of the statutes is amended to read:

11.06 **(7m)** (a) If a committee which was registered under s. 11.05 as a political party committee ~~or legislative campaign committee~~ supporting candidates of a political party files an oath under sub. (7) affirming that it does not act in cooperation

1 or consultation with any candidate who is nominated to appear on the party ballot
2 of the party at a general or special election, that the committee does not act in concert
3 with, or at the request or suggestion of, such a candidate, that the committee does
4 not act in cooperation or consultation with such a candidate or agent or authorized
5 committee of such a candidate who benefits from a disbursement made in opposition
6 to another candidate, and that the committee does not act in concert with, or at the
7 request or suggestion of, such a candidate or agent or authorized committee of such
8 a candidate who benefits from a disbursement made in opposition to another
9 candidate, the committee filing the oath may not make any contributions in support
10 of any candidate of the party at the general or special election or in opposition to any
11 such candidate's opponents exceeding the amounts specified in s. 11.26 (2), except as
12 authorized in par. (c).

13 **SECTION 15.** 11.06 (7m) (c) of the statutes is amended to read:

14 11.06 **(7m)** (c) A committee filing an oath under sub. (7) which desires to change
15 its status to a political party committee ~~or legislative campaign committee~~ may do
16 so as of December 31 of any even–numbered year. Section 11.26 does not apply to
17 contributions received by such a committee prior to the date of the change. Such a
18 committee may change its status at other times only by filing a termination
19 statement under s. 11.19 (1) and reregistering as a newly organized committee under
20 s. 11.05.

21 **SECTION 16.** 11.06 (11) (c) of the statutes is amended to read:

22 11.06 **(11)** (c) A contribution of money received from a conduit, accompanied by
23 the information required under par. (a), is considered to be a contribution from the
24 original contributor <u>for purposes of s. 11.26 (1) and (4)</u>.

25 **SECTION 17.** 11.10 (1) of the statutes is amended to read:

11.10 **(1)** Each candidate in an election shall appoint one campaign treasurer. Except as provided in s. 11.14 (3), each candidate shall designate one campaign depository account within 5 business days after the candidate receives his or her first contribution and before the candidate makes or authorizes any disbursement in behalf of his or her candidacy. If a candidate adopts a preexisting support committee as his or her personal campaign committee, the candidate shall make such designation within 5 business days of adoption. The person designated as campaign treasurer shall be the treasurer of the candidate's personal campaign committee, if any. The candidate may appoint himself or herself or any other elector as campaign treasurer. A registration statement under s. 11.05 (2g) or (2r) must be filed jointly by every candidate and his or her campaign treasurer. The candidate does not qualify for ballot placement until this requirement is met. Except as authorized under s. 11.06 (5), the campaign treasurer or candidate shall certify as to the correctness of each report required to be filed~~, and the~~. The candidate who appoints a campaign treasurer bears the responsibility for the ~~accuracy of each report~~ acts of the treasurer for purposes of civil liability under this chapter~~, whether or not the candidate certifies it personally~~.

SECTION 18. 11.12 (1) (c) of the statutes is amended to read:

11.12 **(1)** (c) Where a disbursement is made in support of more than one candidate, the person making the disbursement shall ~~be apportioned~~ reasonably ~~among~~ apportion the disbursement as contributions to the candidates who benefit from the disbursement. This paragraph does not apply to any disbursement made by a political party from a grant received under s. 11.50 (2s) (b).

SECTION 19. 11.14 (1) of the statutes is amended to read:

11.14 **(1)** Except as authorized in sub. (3) and as required by ~~s.~~ ss. 11.16 (5) and 11.50 (2s) ~~(g)~~, all funds received by a campaign or committee treasurer, group treasurer, candidate or other individual shall be deposited by the treasurer in a single separate campaign depository account designated in accordance with s. 11.16 (3). Except as authorized in sub. (3), the depository account shall be established by every candidate no later than the time prescribed in s. 11.10 (1), and by every other individual or treasurer no later than the 5th business day after becoming subject to a registration requirement under s. 11.05 and before making any disbursement. The depository account may be established with any financial institution as defined in s. 705.01 (3) which is authorized to transact business in this state. The individual or treasurer shall deposit all funds received in the campaign depository account no later than the 5th business day commencing after receipt. This subsection does not apply to a contributor committee or group which is exempt from registration under s. 11.05 (8).

SECTION 20. 11.14 (2) of the statutes is amended to read:

11.14 **(2)** ~~After~~ Except as otherwise provided in s. 11.50 (2s) ~~(g)~~, after deposit in the campaign depository account, funds may be transferred by the individual or treasurer to any other account which is identified under s. 11.05 (3) (L). Funds deposited in other accounts may not be directly disbursed but shall be returned to the depository account for purposes of disbursement. Disbursements shall be made only in accordance with s. 11.16 (3).

SECTION 21. 11.16 (1) (d) of the statutes is renumbered 11.16 (1) (d) (intro.) and amended to read:

11.16 **(1)** (d) (intro.) This subsection does not apply to ~~disbursements~~ any of the following:

1. Disbursements and obligations which are exempted from reporting under s. 11.06 (2).

SECTION 22. 11.16 (1) (d) 2. of the statutes is created to read:

11.16 **(1)** (d) 2. Disbursements made or obligations incurred by a political party from the proceeds of a grant received under s. 11.50 for a purpose specified in s. 11.50 (7) (c).

SECTION 23. 11.16 (5) of the statutes is amended to read:

11.16 **(5)** ESCROW AGREEMENTS. Any personal campaign committee~~,~~ or political party committee ~~or legislative campaign committee~~ may, pursuant to a written escrow agreement with more than one candidate, solicit contributions for and conduct a joint fund raising effort or program on behalf of more than one named candidate. The agreement shall specify the percentage of the proceeds to be distributed to each candidate by the committee conducting the effort or program. The committee shall include this information in all solicitations for the effort or program. All contributions received and disbursements made by the committee in connection with the effort or program shall be received and disbursed through a separate depository account under s. 11.14 (1) that is identified in the agreement. For purposes of s. 11.06 (1), the committee conducting the effort or program shall prepare a schedule in the form prescribed by the board supplying all required information under s. 11.06 (1) and items qualifying for exclusion under s. 11.31 (6) for the effort or program, and shall transmit a copy of the schedule to each candidate who receives any of the proceeds within the period prescribed in s. 11.06 (4) (c).

SECTION 24. 11.21 (15) of the statutes is amended to read:

11.21 **(15)** Inform each candidate who files an application to become eligible to receive a grant from the Wisconsin election campaign fund of the dollar amount of

1 the applicable disbursement limitation under s. 11.31 (1) or (1m), whichever is
2 applicable, adjusted as provided under s. 11.31 (9), which applies to ~~the office for~~
3 ~~which such person is a~~ that candidate. Failure to receive the notice required by this
4 subsection does not constitute a defense to a violation of s. 11.27 (1) or 11.31.

5 **SECTION 25.** 11.21 (17) of the statutes is created to read:

6 11.21 **(17)** On or before February 15 and August 15, notify the campaign
7 treasurer of each candidate who and personal campaign committee which owes a tax
8 under subch. XIII of ch. 77, based on any continuing or termination report that was
9 filed with the board covering the period ending on the preceding December 31 or June
10 30, respectively. The notice shall include an identification of the specific form
11 prescribed for payment of the tax.

12 **SECTION 26.** 11.22 (11) of the statutes is created to read:

13 11.22 **(11)** On or before February 15 and August 15, notify the campaign
14 treasurer of each candidate who and personal campaign committee which owes a tax
15 under subch. XIII of ch. 77, based on any continuing or termination report that was
16 filed with the filing officer covering the period ending on the preceding December 31
17 or June 30, respectively. The notice shall include an identification of the specific form
18 prescribed for payment of the tax.

19 **SECTION 27.** 11.24 (1s) of the statutes is created to read:

20 11.24 **(1s)** No candidate or personal campaign committee may make a
21 contribution to any person, committee or group subject to a registration requirement
22 under s. 11.05 except to dispose of residual contributions at the time of filing a
23 termination report. No candidate or personal campaign committee may accept a
24 contribution made in violation of this subsection.

25 **SECTION 28.** 11.24 (2) of the statutes is renumbered 11.24 (5).

1 **SECTION 29.** 11.24 (4) of the statutes is created to read:

2 11.24 **(4)** No committee identified under s. 11.05 (3) (c) as a special interest
3 committee, including a committee serving as a conduit, no major contributor and no
4 individual who is a conduit may make a contribution to an incumbent partisan state
5 elective official or to the personal campaign committee or support committee
6 authorized under s. 11.05 (3) (p) of that official for the purpose of promoting that
7 official's nomination or reelection to the office held by the official during the period
8 beginning on the first Monday of January in each odd–numbered year and ending
9 on the date of enactment of the biennial budget act and thereafter during any
10 legislative floorperiod, including any special or extraordinary session floorperiod.
11 This subsection does not apply to a contribution made to an individual who is a
12 candidate for state office at a special election or to the personal campaign committee
13 of such an individual during the period commencing on the date that the special
14 election is ordered and ending on the date of the special election.

15 **SECTION 30.** 11.25 (2) (a) of the statutes is amended to read:

16 11.25 **(2)** (a) ~~No~~ Except as provided in par. (b) or as otherwise specifically
17 provided by law, no person, committee or group may make or authorize a
18 disbursement or the incurrence of an obligation from ~~moneys solicited for political~~
19 ~~purposes for a~~ contributions received by that person, committee or group for any
20 purpose ~~which is~~ other than a political~~, except as specifically authorized by law~~
21 purpose.

22 **SECTION 31.** 11.25 (2) (b) of the statutes is amended to read:

23 11.25 **(2)** (b) ~~Notwithstanding par. (a), a~~ A registrant may accept contributions
24 and make disbursements from a campaign depository account for the purpose of
25 making expenditures in connection with a campaign for national office; for payment

1 of civil penalties incurred by the registrant under this chapter, other than civil
2 penalties incurred personally by a candidate or candidate's campaign treasurer; or
3 for payment of the expenses of nonpartisan campaigns to increase voter registration
4 or participation. Notwithstanding par. (a), a personal campaign committee or
5 support committee may accept contributions and make disbursements from a
6 campaign depository account for payment of inaugural expenses of an individual
7 who is elected to state or local office. If such expenses are paid from contributions
8 made to the campaign depository account, they are reportable under s. 11.06 (1) as
9 disbursements. Otherwise, such expenses are not reportable under s. 11.06 (1). If
10 contributions from the campaign depository account are used for such expenses, they
11 are subject to s. 11.26.

12 **SECTION 32.** 11.25 (4) of the statutes is created to read:

13 **11.25 (4)** If a candidate dies or ceases to be a candidate, and the candidate's
14 personal campaign committee thereafter files a statement under s. 11.06 (7)
15 indicating its intent to operate as an independent committee, the committee may not
16 make any disbursement to advocate the election or defeat of a clearly identified
17 candidate in an election that is derived in whole or in part from contributions
18 received by the committee prior to the date on which the committee files the
19 statement under s. 11.06 (7) in an amount or value exceeding the maximum
20 contribution that the committee is permitted to make to that candidate in any
21 campaign under s. 11.26 (2).

22 **SECTION 33.** 11.26 (1) (intro.) of the statutes is amended to read:

23 **11.26 (1)** (intro.) No individual, except an individual serving as a conduit, may
24 make any contribution or contributions to a candidate for election or nomination to
25 any of the following offices and to any individual or committee under s. 11.06 (7)

acting solely in support of such a candidate or solely in opposition to the candidate's opponent to the extent of more than a total of the amounts specified per candidate:

SECTION 34. 11.26 (1) (a), (b) and (c) of the statutes are amended to read:

11.26 **(1)** (a) Candidates for governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent or justice, ~~$10,000~~ $1,000.

(b) Candidates for state senator, ~~$1,000~~ $500.

(c) Candidates for representative to the assembly, ~~$500~~ $250.

SECTION 35. 11.26 (2) (intro.) of the statutes is amended to read:

11.26 **(2)** (intro.) No committee, including a committee serving as a conduit, other than a political party committee ~~or legislative campaign committee,~~ may make or transfer any contribution or contributions to a candidate for election or nomination to any of the following offices and to any individual or committee under s. 11.06 (7) acting solely in support of such a candidate or solely in opposition to the candidate's opponent to the extent of more than a total of the amounts specified per candidate:

SECTION 36. 11.26 (2) (a), (b) and (c) of the statutes are amended to read:

11.26 **(2)** (a) Candidates for governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent or justice, ~~4% of the value of the disbursement level specified in the schedule under s. 11.31 (1)~~ $1,000.

(b) Candidates for state senator, ~~$1,000~~ $500.

(c) Candidates for representative to the assembly, ~~$500~~ $250.

SECTION 37. 11.26 (4) of the statutes is amended to read:

11.26 **(4)** No individual, except an individual serving as a conduit, may make any contribution or contributions to all candidates for state and local offices and to any individuals who or committees which are subject to a registration requirement

under s. 11.05, including ~~legislative campaign committees and~~ committees of a political party, to the extent of more than a total of $10,000 in any calendar year.

SECTION 38. 11.26 (9) (a) of the statutes is renumbered 11.26 (9) and amended to read:

11.26 **(9)** No individual who is a candidate for state or local office may receive and accept more than ~~65%~~ 25% of the value of the total disbursement level for candidates other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9), for the office for which he or she is a candidate during any primary and election campaign combined from all major contributors and all committees subject to a filing requirement, including political party ~~and legislative campaign~~ committees and committees serving as conduits.

SECTION 39. 11.26 (9) (b) and (c) of the statutes are repealed.

SECTION 40. 11.26 (10) of the statutes is amended to read:

11.26 **(10)** No candidate for state office who files a sworn statement and application to receive a grant from the Wisconsin election campaign fund may make contributions of more than 200% of the amounts specified in sub. (1) to the candidate's own campaign from the candidate's personal funds or property or the personal funds or property which are owned jointly or as marital property with the candidate's spouse, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies. For purposes of this subsection, any contribution received by a candidate or his or her personal campaign committee from a committee which is registered with the federal elections commission as the authorized committee of the candidate under 2 USC 432 (e) shall be treated as a contribution made by the candidate to his or her own campaign. The contribution limit of sub. (4) applies to

amounts contributed by such a candidate personally to the candidate's own campaign and to other campaigns, except that a candidate may exceed the limitation if authorized under this subsection to contribute more than the amount specified to the candidate's own campaign, up to the amount of the limitation.

SECTION 41. 11.26 (12m) of the statutes is amended to read:

11.26 **(12m)** For purposes of ~~this section~~ subs. (1) and (4), a contribution of money received from a conduit identified in the manner prescribed in s. 11.06 (11) (a) shall be considered a contribution received from the original contributor.

SECTION 42. 11.26 (13) of the statutes is amended to read:

11.26 **(13)** ~~Except as provided in sub. (9), contributions~~ Contributions received from the Wisconsin election campaign fund are not subject to limitation by this section.

SECTION 43. 11.265 of the statutes is repealed.

SECTION 44. 11.31 (1) (intro.) of the statutes is amended to read:

11.31 **(1)** SCHEDULE. (intro.) The following levels of disbursements are established with reference to the candidates listed below. The levels are subject to adjustment under subs. (1m) and (9). Except as provided in sub. (2), such levels do not operate to restrict the total amount of disbursements which are made or authorized to be made by any candidate in any primary or other election.

SECTION 45. 11.31 (1) (a) to (d) of the statutes are amended to read:

11.31 **(1)** (a) Candidates for governor, ~~$1,078,200~~ $3,500,000.

(b) Candidates for lieutenant governor, ~~$323,475~~ $1,125,000.

(c) Candidates for attorney general, ~~$539,000~~ $750,000.

(d) Candidates for secretary of state, state treasurer~~, justice~~ or state superintendent, ~~$215,625~~ $350,000.

1 **SECTION 46.** 11.31 (1) (de) of the statutes is created to read:

2 11.31 **(1)** (de) Candidates for justice, $400,000.

3 **SECTION 47.** 11.31 (1) (e) and (f) of the statutes are amended to read:

4 11.31 **(1)** (e) Candidates for state senator, ~~$34,500 total in the primary and~~
5 ~~election, with disbursements not exceeding $21,575 for either the primary or the~~
6 ~~election~~ $140,000.

7 (f) Candidates for representative to the assembly, ~~$17,250 total in the primary~~
8 ~~and election, with disbursements not exceeding $10,775 for either the primary or the~~
9 ~~election~~ $60,000.

10 **SECTION 48.** 11.31 (1m) of the statutes is created to read:

11 11.31 **(1m)** DISBURSEMENT LEVEL FOR FIRST–TIME CANDIDATES. The disbursement
12 level for a first–time candidate is 110% of the amount specified in sub. (1) for any
13 other candidate, adjusted as provided under sub. (9).

14 **SECTION 49.** 11.31 (2) of the statutes is amended to read:

15 11.31 **(2)** LIMITATION IMPOSED. No candidate for state office at a spring or general
16 election who files a sworn statement and application to receive a grant from the
17 Wisconsin election campaign fund may make or authorize total disbursements from
18 the campaign treasury in any campaign to the extent of more than the amount
19 prescribed in sub. (1) or (1m), whichever is applicable, adjusted as provided under
20 sub. (9), unless the board determines that the candidate is not eligible to receive a
21 grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50
22 (2) (i) applies. No candidate for state office at a special election who files a sworn
23 statement and application to receive a grant from the Wisconsin election campaign
24 fund may make or authorize total disbursements from the campaign treasury in any
25 campaign to the extent of more than the amount prescribed under sub. (1) or (1m),

whichever is applicable, adjusted as provided under sub. (9), for the preceding spring or general election for the same office, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies.

SECTION 50. 11.31 (2m) of the statutes is repealed.

SECTION 51. 11.31 (3) of the statutes is amended to read:

11.31 **(3)** GUBERNATORIAL CAMPAIGNS. For purposes of compliance with the limitations imposed under sub. (2), candidates for governor and lieutenant governor of the same political party who both accept grants from the Wisconsin election campaign fund may agree to combine disbursement levels under sub. (1) (a) and (b), adjusted as provided under sub. (9), and reallocate the total level between them. The candidates shall each inform the board of any such agreement.

SECTION 52. 11.31 (3m) of the statutes is repealed.

SECTION 53. 11.31 (4) of the statutes is repealed.

SECTION 54. 11.31 (7) (a) to (c) of the statutes are amended to read:

11.31 **(7)** (a) For purposes of this section, except as provided in pars. (b) and (c), the "campaign" of a candidate extends from ~~July 1 preceding the date on which the spring primary or election occurs or January 1 preceding the date on which the September primary or general election occurs for the office which the candidate seeks, or from the date of the candidate's public announcement~~ the day after the date on which the previous campaign of a candidate ends or the date on which a candidate becomes a candidate at a future election, whichever is earlier, through the last day of the month following the month in which ~~the~~ an election ~~or primary~~ is held at which a candidate seeks office. If a candidate seeks office at both a primary election and at a general, spring or special election which follows that primary election, the

"campaign" of that candidate extends through the last day of the month following the general, spring or special election. If a candidate seeks office at a primary election but not at the general, spring or special election which follows that primary election, the "campaign" of that candidate extends through the end of the month following the primary election.

(b) Disbursements which are made before ~~a campaign~~ the period specified in par. (a) for goods to be delivered or services to be rendered in connection with ~~the~~ a campaign are charged against the disbursement limitation for that campaign.

(c) Disbursements which are made after ~~a campaign~~ the period specified in par. (a) to retire a debt incurred in relation to a campaign are charged against the disbursement limitation for that campaign.

SECTION 55. 11.31 (7) (d) of the statutes is repealed.

SECTION 56. 11.31 (9) of the statutes is created to read:

11.31 **(9)** ADJUSTMENT OF DISBURSEMENT LEVELS. (a) In this subsection:

1. "Consumer price index" means the average of the consumer price index over each 12–month period, all items, U.S. city average, as determined by the bureau of labor statistics of the federal department of labor.

2. "Voting age population of this state" means the voting age population of this state, as determined by the federal election commission in its most recent determination prior to the date of any calculation under this subsection.

(b) The dollar amounts of all disbursement levels specified in sub. (1) shall be subject to a biennial adjustment to be determined by rule of the board in accordance with this subsection. To determine the adjustment, the board shall calculate the percentage difference between the voting age population of this state on December 31 of each odd–numbered year and the voting age population of this state on

1 December 31, 2001. The board shall then calculate the percentage difference
2 between the consumer price index for the 12–month period ending on December 31
3 of each odd–numbered year and the consumer price index for the base period,
4 calendar year 2001. For each biennium, the board shall first multiply the
5 disbursement levels by the percentage difference in the voting age populations. The
6 board shall then multiply that product by the percentage difference in the consumer
7 price indices. The board shall adjust the disbursement levels specified under sub.
8 (1) to substitute that result for the existing levels to the extent required to reflect any
9 difference, rounded to the nearest multiple of $25 in the case of amounts of $1 or
10 more, which amounts shall be in effect until a subsequent rule is promulgated under
11 this subsection. Notwithstanding s. 227.24 (1) (a), (2) (b) and (3), determinations
12 under this subsection may be promulgated as an emergency rule under s. 227.24
13 without providing evidence that the emergency rule is necessary for the public peace,
14 health, safety or welfare, and without a finding of emergency.

15 **SECTION 57.** 11.50 (1) (a) 1. (intro.) of the statutes is created to read:

16 11.50 **(1)** (a) 1. (intro.) For purposes of qualification for a grant from the general
17 account:

18 **SECTION 58.** 11.50 (1) (a) 1. of the statutes is renumbered 11.50 (1) (a) 1. a.

19 **SECTION 59.** 11.50 (1) (a) 2. of the statutes is renumbered 11.50 (1) (a) 1. b. and
20 amended to read:

21 11.50 **(1)** (a) 1. b. With respect to a special election, an individual who is certified
22 under s. 8.50 (1) (d) as a candidate in a special election for state superintendent, or
23 an individual who is certified under s. 8.50 (1) (d) as a candidate in a special election
24 for any state office, except district attorney, on the ballot or column of a party whose
25 candidate for the same office at the preceding general election received at least 6%

1 of the vote cast for all candidates on all ballots for the office, or an individual who has
2 been lawfully appointed and certified to replace either such individual on the ballot
3 at a special election, or an individual who receives at least 6% of the vote cast for all
4 candidates on all ballots for any state office, except district attorney, at a partisan
5 special election; and who qualifies for a grant under sub. (2). Where the boundaries
6 of a district in which an individual seeks office have been changed since the preceding
7 general election such that it is not possible to calculate the exact number of votes that
8 are needed by that individual to qualify as an eligible candidate prior to an election
9 ~~under this subdivision~~, the number of votes cast for all candidates for the office at the
10 preceding general election in each ward, combination of wards or municipality which
11 is wholly contained within the boundaries of the newly formed district shall be
12 calculated. If the candidate of the political party on whose ballot or column the
13 individual appears in the newly formed district obtained at least 6% of the number
14 of votes calculated, the individual is deemed to qualify as an eligible candidate prior
15 to the election under this subdivision.

16 **SECTION 60.** 11.50 (1) (a) 2. of the statutes is created to read:

17 11.50 **(1)** (a) 2. For purposes of qualification for a grant from a political party
18 account, an individual who is certified under s. 7.08 (2) (a) in the general election or
19 a special election as the candidate of an eligible political party for a state office, other
20 than district attorney, or an individual who has been lawfully appointed and certified
21 to replace such an individual on the ballot at the general or a special election; and
22 who has qualified for a grant under sub. (2).

23 **SECTION 61.** 11.50 (1) (am) of the statutes is created to read:

24 11.50 **(1)** (am) "Eligible political party" means any of the following:

1. A party qualifying under s. 5.62 (1) (b) for a separate ballot or one or more separate columns or rows on a ballot for the period beginning on the date of the preceding general election and ending on the day before the general election that follows that election.

2. A party qualifying under s. 5.62 (2) for a separate ballot or one or more separate columns or rows on a ballot for the period beginning on the preceding June 1, or if that June 1 is in an odd–numbered year, the period beginning on June 1 of the preceding even–numbered year, and ending on May 31 of the 2nd year following that June 1, whose state chairperson has filed a statement with the board no earlier than May 1 preceding that period certifying that the party has held a state convention within the 2–year period preceding the date of the statement, has adopted a state constitution that is in effect on the date of the statement and has elected state officers who are in office on the date of the statement.

SECTION 62. 11.50 (1) (bm) and (cm) of the statutes are created to read:

11.50 **(1)** (bm) "General account" means the account in the fund created under sub. (2w).

(cm) "Political party account" means an account in the fund created under sub. (2s).

SECTION 63. 11.50 (2) (a) of the statutes is renumbered 11.50 (2) (a) (intro.) and amended to read:

11.50 **(2)** (a) (intro.) Any individual who desires to qualify as an eligible candidate may file an application with the board requesting approval to ~~participate in the fund. The~~ receive a grant. On the application, the individual shall indicate the office for which the individual wishes to be considered an eligible candidate and the next election at which the office is to be filled. An application may be filed no

earlier than the day after the previous election for the office and no later than the applicable deadline for filing nomination papers under s. 8.10 (2) (a), 8.15 (1), 8.20 (8) (a) or 8.50 (3) (a), no later than 4:30 p.m. on the 7th day after the primary or date on which the primary would be held if required in the case of write–in candidates, or no later than 4:30 p.m. on the 7th day after appointment in the case of candidates appointed to fill vacancies. The application shall contain a sworn statement that the candidate and his or her authorized agents have complied with the contribution limitations prescribed in s. 11.26 and the disbursement limitations prescribed under s. 11.31 at all times to which such limitations have applied to his or her candidacy and will continue to comply with the limitations at all times to which the limitations apply to his or her candidacy for the office in contest, unless ~~the board determines that the candidate is not eligible to receive a grant, the candidate withdraws his or her application under par. (h), or~~ par. (i) applies. The application shall also contain a statement that the candidate filing the application agrees to return to the board all grant moneys received by the candidate which exceed the total amount of disbursements by the candidate's personal campaign committee that were made or obligated after the date of the primary election. An application submitted under this paragraph constitutes an irrevocable agreement to abide by its terms, except that the agreement is not effective if the board determines that the candidate is not eligible to receive a grant. An agreement is effective on the first day of the 2nd month following the previous election for the office to be filled or the date that the office is filled, whichever is later. An agreement expires on the last day of the month following the month in which the spring, general or special election for which the grant is provided occurs, except that:

SECTION 64. 11.50 (2) (a) 1. and 2. of the statutes are created to read:

11.50 **(2)** (a) 1. If a candidate seeks office at a special election after entering into an agreement under this paragraph to receive a grant for the next spring or general election, the previous agreement does not bind the candidate entering into the agreement with respect to disbursements made or obligated for the special election campaign.

2. If a candidate's personal campaign committee files a valid termination report prior to the date that an agreement by that candidate would otherwise expire under this paragraph, the agreement expires on the date on which the report is filed.

SECTION 65. 11.50 (2) (b) 3m. of the statutes is created to read:

11.50 **(2)** (b) 3m. The candidate has appointed a personal campaign committee which is registered under s. 11.05 (2g).

SECTION 66. 11.50 (2) (b) 5. of the statutes is amended to read:

11.50 **(2)** (b) 5. The financial reports filed by or on behalf of the candidate as of the date of the spring or September primary, or the date that the special primary is or would be held, if required, indicate that the candidate has received an amount equal to at least ~~the amount provided in this subdivision~~ 3% of the applicable authorized disbursement limitation for candidates other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9), from contributions of money, other than loans, made by individuals, which have been received during the period ending on the date of the spring primary and July 1 preceding such date in the case of candidates at the spring election, or the date of the September primary and January 1 preceding such date in the case of candidates at the general election, or the date that a special primary will or would be held, if required, and 90 days preceding such date or the date a special election is ordered, whichever is earlier, in the case of ~~special election~~ candidates at a special election,

which contributions are in the aggregate amount of ~~$100~~ $50 or less, and which are fully identified and itemized as to the exact source thereof. A contribution received from a conduit ~~which is identified by the conduit as originating from an individual shall~~ may not be considered as a contribution made by ~~the~~ an individual for the purpose of qualifying for a grant under this subdivision. Only the first ~~$100~~ $50 of an aggregate contribution of more than ~~$100~~ $50 may be counted toward the required percentage. ~~For a candidate at the spring or general election for an office identified in s. 11.26 (1) (a) or a candidate at a special election, the required amount to qualify for a grant is 5% of the candidate's authorized disbursement limitation under s. 11.31. For any other candidate at the general election, the required amount to qualify for a grant is 10% of the candidate's authorized disbursement limitation under s. 11.31.~~

SECTION 67. 11.50 (2) (g) of the statutes is amended to read:

11.50 **(2)** (g) A candidate who voluntarily files an application to receive a grant in accordance with this subsection accepts and agrees to comply with the contribution limitations prescribed in s. 11.26 and the disbursement limitations imposed under s. 11.31 as binding upon himself or herself and his or her agents during the campaign of that candidate, as defined in s. 11.31 (7), as a precondition to receipt of a grant under this section, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws the application under par. (h),~~ or par. (i) applies.

SECTION 68. 11.50 (2) (h) of the statutes is repealed.

SECTION 69. 11.50 (2) (i) of the statutes is amended to read:

11.50 **(2)** (i) Notwithstanding par. (g), if an eligible candidate at the spring election or a special nonpartisan election who accepts a grant is opposed by one or

more candidates in the election, or if an eligible candidate at the general election or a special partisan election who accepts a grant is opposed by one or more candidates in the election who receive at least 6% of the vote cast for all candidates for the same office on all ballots at the September primary or a special partisan primary if a primary was held, and in either case if any such opponent of the eligible candidate does not accept a grant under this section in whole or in part, the eligible candidate is not bound by the pledge made in his or her application to adhere to the contribution limitations prescribed in s. 11.26 and the disbursement limitation prescribed under s. 11.31~~, unless each such opponent files an affidavit of voluntary compliance under s. 11.31 (2m)~~.

SECTION 70. 11.50 (2m) of the statutes is created to read:

11.50 **(2m)** PUBLIC INFORMATION. There is established a public information account within the fund. Annually on January 1, the board shall transfer from each account within the fund, except the public information account, an amount equal to 5% of the moneys transferred to the fund under s. 20.855 (4) (b) during the preceding year to the public information account. The board shall make the transfers from each account in the same proportion that the amount of moneys transferred to that account during the preceding year from moneys transferred to the fund under s. 20.855 (4) (b) bears to the total amount of moneys transferred to the fund under s. 20.855 (4) (b) in that year. The board shall expend the moneys in the public information account for the purpose of providing public information concerning the purpose and effect of s. 71.10 (3) and this section.

SECTION 71. 11.50 (2m) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 72. 11.50 (2s) of the statutes is created to read:

1 11.50 **(2s)** POLITICAL PARTY ACCOUNTS. (a) The state chairperson of each eligible
2 political party may, by written request to the board, provide for the establishment
3 or discontinuance of an account within the fund for that political party. Each political
4 party account consists of 97% of all moneys designated by individuals for deposit in
5 that account under s. 71.10 (3) (a).

6 (b) The board shall make grants to each eligible political party for which an
7 account is established under par. (a) in an amount equivalent to 9.7% of the total
8 amount designated by income tax filers under s. 71.10 (3) (a) for deposit in the
9 account of that political party, plus 100% of the amounts transferred to the account
10 of that political party under par. (~~f~~). 9 to (9)

11 (c) Except as provided in pars. (e) ~~and (f)~~ and sub. (9) (a), from the account of
12 each eligible political party, the board shall apportion the following amounts to the
13 accounts of eligible candidates for the following offices:

14 1. An amount equal to 12.8% to the candidate for the office of governor.

15 2. An amount equal to 1.2% to the candidate for the office of lieutenant governor.

16 3. An amount equal to 2.4% to the candidate for the office of attorney general.

17 4. An amount equal to 1.2% to the candidate for the office of secretary of state.

18 5. An amount equal to 1.2% to the candidate for the office of state treasurer.

19 6. An amount equal to 23 1/3% to the candidates for the office of state senator.

20 7. An amount equal to 46 2/3% to the candidates for the office of representative
21 to the assembly.

22 (d) Within the account of each political party, the board shall establish 2
23 subaccounts for each county. The board shall apportion 23 1/3% of the amounts
24 designated by the residents of each county for each party in a subaccount of that
25 party for the office of state senator in that county. The board shall apportion 46 2/3%

of the amounts designated by the residents of each county for each party in a subaccount of that party for the office of representative to the assembly in that county. Except as provided in subd. 4., pars. (e) ~~and~~ to (f) and sub. (9) (a), each eligible candidate for the office of state senator or representative to the assembly shall receive the amount in the subaccount or the sum of the amounts in the subaccounts of the political party of that candidate for the office which the candidate seeks under par. (c) 6. or 7. determined as follows:

1. For each county within the legislative district in which a candidate seeks office, the board shall calculate the sum of the votes cast in that part of the county in which the district is located for all candidates of the political party of that candidate for all state offices other than the office of district attorney at the most recent general election at which each office was filled, except as provided in subd. 5.

2. The board shall then calculate the sum of the votes cast in that county for all candidates of the political party of that candidate for all state offices other than the office of district attorney at the most recent general election at which each office was filled, except as provided in subd. 5.

3. The board shall then divide the result obtained under subd. 1. by the result obtained under subd. 2. and multiply that result by the total amount in the subaccount of the account of the political party of that candidate allocated for candidates for the office which the candidate seeks in that county.

4. If the office of state senator within any senate district is not regularly filled at a general election, the board shall retain the amount determined under subds. 1. to 3. for the candidate of each political party for that office in that district at that general election in the subaccount for that office and shall add that amount to the

1 amount so determined for the candidate of that political party for that office in that
2 district at the next general election.

3 5. For purposes of making the calculations required under subds. 1. and 2., if
4 a political party had no candidate whose name was certified to appear on the ballot
5 for a state office in the most recent general election for that office or if the candidate
6 of a political party for a state office had no opponent whose name was certified to
7 appear on the ballot for that office in the most recent general election for that office,
8 the board shall treat the average number of votes received within the county or
9 portion of a county, as applicable, for each other state office, except the office of
10 district attorney, that was filled at that election as the number of votes received by
11 the candidate of the political party for the office that was not contested, except that
12 if the political party had no candidate for any other state office at that election or if
13 the candidate of that political party for any other state office had no opponent whose
14 name was certified to appear on the ballot at that election, the board shall exclude
15 that office in calculating that average.

16 (e) If a political party does not have a candidate for any office specified in par.
17 (c) whose name is certified to appear on the ballot at a general or special election at
18 which the office is filled, or if a political party has a candidate for an office specified
19 in par. (c) who qualifies to receive a grant under sub. (2) and the candidate has an
20 opponent whose name is certified to appear on the general or a special election ballot
21 but the opponent does not qualify to receive a grant under sub. (2), the board shall
22 transfer the amount allocated under par. (c) for the candidate of that political party
23 to the general fund.

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24 (g) ~~(f)~~ If a political party has a candidate for an office specified in par. (c) who has
25 fulfilled all qualifications to receive a grant under sub. (2) except that the candidate

does not have an opponent whose name is certified to appear on the general or a special election ballot, the board shall transfer the amount allocated under par. (c) for that candidate to the political party account of the party of that candidate for distribution to the party under par. (b).

(h) ~~(g)~~ A treasurer of a political party committee that receives a grant under this subsection shall deposit the proceeds of the grant in a separate depository account under s. 11.14 (1) and shall maintain the proceeds in that account until they are used to make a disbursement.

SECTION 73. 11.50 (2w) of the statutes is created to read:

11.50 **(2w)** GENERAL ACCOUNT. There is established a general account within the fund consisting of 97% of all moneys designated by individuals for deposit in that account under s. 71.10 (3) (a).

SECTION 74. 11.50 (3) (a) (intro.) of the statutes is amended to read:

11.50 **(3)** (a) (intro.) Annually on ~~August 15,~~ September 1, the state treasurer shall apportion all moneys ~~appropriated to~~ in the general account of the fund ~~shall be apportioned~~ as follows ~~by the state treasurer~~:

SECTION 75. 11.50 (3) (a) 1. and 2. of the statutes are amended to read:

11.50 **(3)** (a) 1. If an election for state superintendent is scheduled in the following year, ~~8%~~ 12% of the ~~fund~~ moneys in the general account shall be placed in a superintendency account. From ~~this~~ the superintendency account, an equal amount shall be disbursed to the campaign depository account of each eligible candidate by the state treasurer.

2. If an election for justice is scheduled in the following year, ~~8%~~ 12% of the ~~fund~~ moneys in the general account shall be placed in a supreme court account. From ~~this~~

the supreme court account, an equal amount shall be disbursed to the campaign depository account of each eligible candidate by the state treasurer.

SECTION 76. 11.50 (3) (b) of the statutes is amended to read:

11.50 **(3)** (b) If a vacancy occurs in the office of state superintendent or justice after ~~August 15~~ September 16 in any year and an election is scheduled to fill the vacancy at the spring election in the following year, the state treasurer shall transfer an amount not exceeding ~~8%~~ 12% of the moneys transferred to the general account of the fund ~~on the preceding August 15~~ during the 12–month period preceding that date to the account for the office in which the vacancy occurs, such moneys to be drawn from any account within the accounts created under sub. (4) in the amount or amounts specified by the board.

SECTION 77. 11.50 (4) (a) of the statutes is amended to read:

11.50 **(4)** (a) In the partisan campaign account, 25% of the moneys shall be apportioned into an executive campaign account and 75% of the moneys shall be apportioned into a legislative ~~and special election~~ campaign account.

SECTION 78. 11.50 (4) (c) of the statutes is amended to read:

11.50 **(4)** (c) The legislative ~~and special election~~ campaign account shall be divided into a senate campaign account to receive 25% of the moneys, and an assembly campaign account to receive 75% of the moneys. Each account shall then be apportioned between all eligible candidates for the same office in the entire state. No apportionment shall be made by legislative district.

SECTION 79. 11.50 (4) (cm) of the statutes is amended to read:

11.50 **(4)** (cm) ~~Each~~ There is established within the general account of the fund a special election account. The special election account consists of the lesser of the moneys required to make grants under this paragraph or the balance in the

remainder of the general account. From the special election account, each eligible candidate ~~for the same office~~ at a special election of a political party whose candidate for the same office received a grant at the preceding general election shall receive ~~an equal amount, which amount shall be~~ a grant equivalent to the ~~maximum~~ combined grant ~~which~~ from the general and party accounts that was payable to ~~any~~ the candidate of the same political party for that office at the ~~most recent spring or~~ preceding general election. ~~The amount shall be drawn from the senate campaign account and the assembly campaign account in the same proportions as the balance in each account bears to the total balance in both accounts at the time that payments are made. Whenever there are insufficient moneys in the senate campaign account and the assembly campaign account to make the payments required by this paragraph, payments shall be appropriately reduced or discontinued by the board.~~ From the special election account, each eligible candidate for state superintendent at a special election shall receive a grant equivalent to the grant that was payable to candidates for that office at the most recent spring election. From the special election account, each eligible candidate at a special election who does not represent a political party whose candidate for the same office at the preceding spring or general election received a grant shall receive a grant equivalent to the grant that was payable to candidates for the same office at the preceding spring or general election from the general account.

SECTION 80. 11.50 (4) (d) of the statutes is amended to read:

11.50 **(4)** (d) ~~Within~~ Except as provided in par. (cm) and sub. (9), within the accounts established under this subsection for each office at each general election, the entire amount of all available moneys shall be apportioned equally to all eligible candidates.

1 **SECTION 81.** 11.50 (5) of the statutes is renumbered 11.50 (5) (a) and amended
2 to read:

3 11.50 **(5)** (a) The state treasurer shall make the disbursements to the ~~campaign~~
4 ~~depository account of each eligible candidate~~ treasurer of the personal campaign
5 committee of each candidate who receives a grant under subs. (3) and (4) by the end
6 of the 3rd business day following notice from the board under s. 7.08 (2) (c) or (cm).

7 (b) Eligible candidates for governor and lieutenant governor of the same
8 political party may combine accounts if desired.

9 **SECTION 82.** 11.50 (5) (c) of the statutes is created to read:

10 11.50 **(5)** (c) The state treasurer shall make the disbursements to the treasurer
11 of the state committee of each political party that receives a grant by the end of the
12 3rd business day following receipt of each certification from the secretary of revenue
13 under s. 71.10 (3) (b).

14 **SECTION 83.** 11.50 (6) (title) of the statutes is repealed.

15 **SECTION 84.** 11.50 (6) of the statutes is renumbered 11.50 (4) (e) and amended
16 to read:

17 11.50 **(4)** (e) If, at any election, the amounts which are to be apportioned to each
18 eligible candidate ~~under subs. (3) and (4)~~ from the general account are more than the
19 amount which a candidate may accept under sub. (9) (a), or more than the amount
20 which a candidate elects to accept under sub. (10), the ~~excess moneys shall be~~
21 ~~retained in the fund~~ board shall first apportion the excess amount to other eligible
22 candidates who have not received the maximum amount permitted under subs. (9)
23 (a) and (10), if any. The board shall make the apportionment by distributing the
24 entire excess amount to the accounts for the offices to be filled at that election in the
25 same relative proportion that the percentage allocations to the accounts for those

1 offices, as specified in pars. (a) to (c), bear to each other. The board shall then
2 distribute the excess amount within the account for each office equally to each
3 eligible candidate for that office and shall redistribute any remaining excess amount
4 in the same manner until the entire excess amount within the account for each office
5 is exhausted or all eligible candidates for the office receive the maximum amounts
6 permitted under subs. (9) (a) and (10). If, after that distribution, there is any
7 remaining undistributed amount in an account for an executive or judicial office, the
8 board shall transfer that amount to the general fund, and, if there is any remaining
9 undistributed amount in the account for a legislative office, that amount shall be
10 retained in that account.

11 **SECTION 85.** 11.50 (7) (intro.) of the statutes is amended to read:

12 11.50 **(7)** UTILIZATION. (intro.) (a) Grants distributed under this section may
13 be utilized only for deposit in a campaign depository account under s. 11.10.

14 (b) Grants received by an eligible candidate from the general account or from
15 the account of an eligible political party may be expended only for one or more of the
16 following:

17 **SECTION 86.** 11.50 (7) (a) to (d) of the statutes are renumbered 11.50 (7) (b) 1.
18 to 4.

19 **SECTION 87.** 11.50 (7) (c) of the statutes is created to read:

20 11.50 **(7)** (c) Grants received by an eligible political party under sub. (2s) (b)
21 may be expended only for one or more of the following:

22 1. Purchase of services from a communications medium to promote the
23 candidacy of candidates of the party generally without reference to any specific
24 candidate of the party for state office.

2. Preparation and dissemination of sample ballots listing the names of 3 or more candidates of the party for state office.

3. Making telephone contacts with electors in which the names of 3 or more candidates of the party are mentioned.

4. Fund raising on behalf of 3 or more candidates of the party for state office.

5. Staff compensation and expenses to provide services on behalf of 3 or more candidates of the party for state office.

SECTION 88. 11.50 (8) of the statutes is amended to read:

11.50 **(8)** LAPSING GRANTS. All grants disbursed under sub. (5) remain the property of the state until disbursed or encumbered for a lawful purpose. All grant moneys that are unspent and unencumbered by a candidate on the day after the election in which the candidate participates and that exceed the total amount of disbursements by the candidate's personal campaign committee that were made or obligated after the date of the primary election shall revert to the state. All deposits and refunds derived from grant moneys that are received by a candidate at any time after the day of the election in which the candidate participates shall revert to the state. All reversions shall be returned to the board by the candidate and shall be deposited in the fund.

SECTION 89. 11.50 (9) of the statutes is renumbered 11.50 (9) (a) and amended to read:

11.50 **(9)** (a) The total grant available to an eligible candidate ~~may not exceed that amount which, when added to all other contributions accepted from sources other than individuals, political party committees and legislative campaign committees, is equal to 45%~~ shall not exceed 50% of the disbursement level ~~specified~~ for candidates for the applicable office other than first–time candidates, as

determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9). If the combined amount otherwise payable to an eligible candidate under subs. (2s) and (4) exceeds the limitation prescribed in this paragraph, the board shall reduce the total grant available to that candidate by reducing first any amount to which the candidate would otherwise be entitled from the general account, and thereafter any amount to which the candidate would otherwise be entitled from the political party account of the candidate's political party.

(b) The board shall scrutinize accounts and reports and records kept under this chapter to assure that applicable limitations under ~~ss. 11.26 (9) and~~ s. 11.31 are not exceeded and any violation is reported. No candidate or campaign treasurer may accept grants exceeding the amount authorized by this subsection.

SECTION 90. 11.50 (11) (e) of the statutes is amended to read:

11.50 **(11)** (e) No candidate may expend, authorize the expenditure of or incur any obligation to expend any grant if he or she violates the pledge required under sub. (2) (a) as a precondition to receipt of a grant, except as authorized in sub. (2) ~~(h)~~ or (i).

SECTION 91. 11.50 (11) (g) of the statutes is amended to read:

11.50 **(11)** (g) If any person other than a candidate or candidate's campaign treasurer violates pars. (a) ~~to~~, (d) or (f), such person shall be liable to the state in a civil action brought by the board for conversion, for treble the amount of the moneys wrongfully expended, and in addition is subject to penalties as provided in ss. 11.60 and 11.61. If any candidate violates pars. (a) to (f), the candidate shall be personally liable to the state. If any candidate's campaign treasurer violates pars. (a) to (f), the campaign treasurer and the candidate who appointed the treasurer shall be personally liable to the state. The liability may be enforced in a civil action brought

1 by the board for conversion, for treble the amount of the moneys wrongfully
2 expended, or for not more than 4 times the amount by which any disbursements
3 made by the candidate's personal campaign committee and any contributions made
4 by the candidate to his or her own campaign exceeded the limitation prescribed in
5 s. 11.26 (10) or the limitation prescribed in s. 11.31 (1) or (1m), or both, as adjusted
6 under s. 11.31 (9), and in addition the candidate or treasurer, or both, are subject to
7 penalties as provided in ss. 11.60 and 11.61.

8 **SECTION 92.** 11.50 (14) of the statutes is created to read:

9 11.50 **(14)** CERTIFICATIONS TO SECRETARY OF REVENUE. (a) In each
10 even–numbered year, the board shall certify to the secretary of revenue:

11 1. No later than July 1, the name of each political party that qualifies under
12 sub. (1) (am) 1. as an eligible political party as of the preceding June 1 and whose
13 state chairperson has filed a request to establish an account for the party under sub.
14 (2s) (a).

15 2. No later than December 15, the name of each political party that qualifies
16 under sub. (1) (am) 2. as an eligible political party as of the date of the preceding
17 general election and whose state chairperson has filed a written request to establish
18 an account for the party under sub. (2s) (a).

19 (b) As soon as possible after receiving a valid application from an eligible
20 candidate under sub. (2) (a) and determining that the candidate is eligible to receive
21 a grant, the board shall certify to the secretary of revenue the full name of that
22 candidate as the name appears on the candidate's nomination papers.

23 (c) In each certification under this subsection, the board shall specify the
24 expiration date of the certification.

25 **SECTION 93.** 11.60 (4m) of the statutes is created to read:

1 11.60 **(4m)** If any candidate incurs a forfeiture under this section, the candidate
2 is personally liable for payment of the forfeiture.

3 **SECTION 94.** 11.70 of the statutes is created to read:

4 **11.70 Political contribution refund. (1)** In this section:

5 (a) "Certified political party" means a party whose name is certified by the
6 board to the secretary of revenue under s. 11.50 (14) (a).

7 (b) "Certified eligible candidate" means a candidate whose name is certified by
8 the board to the secretary of revenue under s. 11.50 (14) (b).

9 **(2)** Any individual who is a resident of this state and of eligible voting age and
10 who makes any contribution or contributions of money to a certified political party
11 or a certified eligible candidate may file a claim with the secretary of revenue
12 requesting a refund of not more than $50 for any such contribution or contributions
13 made in any calendar year. Two married individuals who are both residents of this
14 state and are of eligible voting age and who make, individually or jointly, any
15 contribution or contributions of money to a certified political party or a certified
16 eligible candidate may file a claim with the secretary of revenue requesting a refund
17 of not more than $100 for such contributions made, including not more than $50 for
18 such contributions made individually by each of them, in any calendar year.

19 **(3)** The secretary of revenue shall prescribe an official refund receipt form for
20 use under this section. The forms shall be numbered sequentially. Each individual
21 or married couple filing a request for a refund under sub. (2) shall attach a copy of
22 that form to the request.

23 **(4)** All information concerning the identities of individuals and married
24 couples requesting refunds, the identities of candidates to whom contributions are
25 made and the amounts of any contributions made is confidential.

1 **(5)** A request under this section shall be filed with the secretary of revenue no
2 earlier than January 1 of the year in which any contributions are made for which a
3 refund is requested and no later than April 15 of the following year.

4 **(6)** An individual may file a request under this section no more than once for
5 any year. Married individuals may file a request under this section either
6 individually or jointly no more than once for any year.

7 **(7)** The secretary of revenue shall make refunds under this section from the
8 appropriation under s. 20.566 (3) (f).

9 **(8)** If the secretary of revenue makes any refund under this section later than
10 June 15 in the year after the contribution or contributions to be refunded were made,
11 the secretary shall pay interest on the refund at the rate provided under s. 71.82 (1)
12 (b).

13 **(9)** No later than August 1 annually, the secretary of revenue shall submit a
14 statement to the board summarizing the total number and the aggregate amount of
15 refunds made on behalf of each certified political party and each certified eligible
16 candidate during the preceding fiscal year.

17 **SECTION 95.** 13.625 (1) (b) 3. of the statutes is amended to read:

18 13.625 **(1)** (b) 3. Food, meals, beverages, money or any other thing of pecuniary
19 value~~, except that a lobbyist may make a campaign contribution to a partisan elective~~
20 ~~state official or candidate for national, state or local office or to the official's or~~
21 ~~candidate's personal campaign committee; but a lobbyist may make a contribution~~
22 ~~to which par. (c) applies only as authorized in par. (c)~~.

23 **SECTION 96.** 13.625 (1) (c) (intro.) of the statutes is renumbered 13.625 (1) (c)
24 and amended to read:

13.625 **(1)** (c) ~~Except as permitted in this subsection, make~~ Make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official for the purpose of promoting the official's election to any national, state or local office, or to a candidate for a partisan elective state office to be filled at the general election or a special election, or the official's or candidate's personal campaign committee. ~~A campaign contribution to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee may be made in the year of a candidate's election between June 1 and the day of the general election, except that:~~

SECTION 97. 13.625 (1) (c) 1. and 2. of the statutes are repealed.

SECTION 98. 13.625 (2) of the statutes is amended to read:

13.625 **(2)** No principal may engage in the practices prohibited under sub. (1) (b) ~~and (c)~~ except that a principal may make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee in the year of an official's or candidate's election between June 1 and the day of the general election unless, in the case of a member of the legislature or candidate for legislative office, the legislature has not concluded its final floorperiod or is in special or extraordinary session. This subsection does not apply to the furnishing of transportation, lodging, food, meals, beverages or any other thing of pecuniary value which is also made available to the general public.

SECTION 99. 13.625 (6) of the statutes is amended to read:

13.625 **(6)** Subsections (1) (b) and (c), (2) and (3) do not apply to the furnishing of anything of pecuniary value by an individual who is a ~~lobbyist or~~ principal to a relative of the individual or an individual who resides in the same household as the

individual, nor to the receipt of anything of pecuniary value by that relative or individual residing in the same household as the individual. Subsections (1) (b), (2) and (3) do not apply to the furnishing of anything of pecuniary value, except a campaign contribution, as defined in s. 11.01 (6), by a lobbyist to a relative of the lobbyist or an individual who resides in the same household as the lobbyist, nor to the receipt of any such thing by that relative or individual residing in the same household as the individual.

SECTION 100. 20.510 (1) (q) of the statutes is amended to read:

20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing appropriation, from the Wisconsin election campaign fund, the ~~moneys~~ amounts determined under s. 11.50 to provide for payments to eligible candidates whose names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose names are certified under s. 7.08 (2) (cs) and to provide for public information under s. 11.50 (2m).

SECTION 101. 20.510 (1) (q) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing appropriation, from the Wisconsin election campaign fund, the ~~moneys~~ amounts determined under s. 11.50 to provide for payments to eligible candidates whose names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose names are certified under s. 7.08 (2) (cs) ~~and to provide for public information under s. 11.50 (2m)~~.

SECTION 102. 20.566 (3) (f) of the statutes is created to read:

20.566 **(3)** (f) *Political contribution refunds.* A sum sufficient to make political contribution refunds under s. 11.70.

1 **SECTION 103.** 20.855 (4) (b) of the statutes is amended to read:

2 20.855 **(4)** (b) *Election campaign payments.* A sum sufficient equal to 97% of
3 the amounts determined under s. 71.10 (3) to be paid into the Wisconsin election
4 campaign fund ~~annually on August 15~~ as provided in s. 71.10 (3) (b).

5 **SECTION 104.** 20.855 (4) (ba) of the statutes is created to read:

6 20.855 **(4)** (ba) *Election fund annual supplement.* A sum sufficient equal to
7 $3,000,000 in each fiscal year, plus, in each fiscal year, the amounts determined by
8 the secretary of revenue under ss. 71.80 (21) and 77.9973, to be transferred from the
9 general fund to the Wisconsin election campaign fund annually on September 16.

10 **SECTION 105.** 20.855 (4) (bb) of the statutes is created to read:

11 20.855 **(4)** (bb) *Election fund special election supplement.* A sum sufficient
12 equal to the amounts required to make full payment of grants which candidates at
13 special elections qualify to receive from the Wisconsin election campaign fund, to be
14 transferred from the general fund to the special election account of the Wisconsin
15 election campaign fund no later than the time required to make payments of grants
16 under s. 11.50 (5).

17 **SECTION 106.** 25.42 of the statutes is amended to read:

18 **25.42 Wisconsin election campaign fund.** All moneys appropriated under
19 s. 20.855 (4) (b), (ba) and (bb) together with all moneys reverting to the state under
20 s. 11.50 (8) and all gifts, bequests and devises received under s. 11.50 (13) constitute
21 the Wisconsin election campaign fund, to be expended for the purposes of s. 11.50.
22 All moneys in the fund not disbursed by the state treasurer shall continue to
23 accumulate indefinitely.

24 **SECTION 107.** 71.05 (6) (a) 21. of the statutes is created to read:

1 71.05 **(6)** (a) 21. Any amount deducted under section 162 (e) (1) of the Internal
2 Revenue Code because of the exception contained in section 162 (e) (5) of the Internal
3 Revenue Code.

4 **SECTION 108.** 71.07 (5) (a) 8. of the statutes is created to read:

5 71.07 **(5)** (a) 8. Expenses under section 162 (e) (1) of the Internal Revenue Code
6 that are deductible because of the exception contained in section 162 (e) (5) of the
7 Internal Revenue Code.

8 **SECTION 109.** 71.10 (3) (a) of the statutes is amended to read:

9 71.10 **(3)** (a) Every individual filing an income tax return who has a tax liability
10 or is entitled to a tax refund may designate ~~$1~~ $5 for transfer to the Wisconsin
11 election campaign fund ~~for the use of eligible candidates under s. 11.50~~. If the
12 individuals filing a joint return have a tax liability or are entitled to a tax refund,
13 each individual may make a designation of ~~$1~~ $5 under this subsection. Each
14 individual making a designation shall indicate whether the amount designated by
15 that individual shall be placed in the general account for the use of all eligible
16 candidates for state office, or in the account of an eligible political party whose name
17 is certified to the secretary of revenue under s. 11.50 (14). If an individual does not
18 indicate that the amount of his or her designation shall be placed in the account of
19 a particular eligible political party, that amount shall be placed in the general
20 account.

21 **SECTION 110.** 71.10 (3) (b) of the statutes is amended to read:

22 71.10 **(3)** (b) The secretary of revenue shall provide a place for ~~those~~
23 designations under par. (a) on the face of the individual income tax return and shall
24 provide next to that place a statement that a designation will not increase tax
25 liability. ~~Annually on August 15~~ The secretary shall also provide a place in the

instructions that accompany the return for any information submitted to the secretary by the elections board under s. 11.50 (2m). No later than the 15th day of each month, the secretary of revenue shall certify to the elections board, the department of administration and the state treasurer ~~under s. 11.50~~ the total amount of designations made on returns processed by the department of revenue during the preceding ~~fiscal year~~ month, the amount of designations made during that month for the general account and for the account of each eligible political party and, within the account of each eligible political party, the amount designated during that month by residents of each county. If any individual attempts to place any condition or restriction upon a designation not authorized under par. (a), that individual is deemed not to have made a designation on his or her tax return.

SECTION 111. 71.10 (3) (b) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

71.10 **(3)** (b) The secretary of revenue shall provide a place for designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax liability. ~~The secretary shall also provide a place in the instructions that accompany the return for any information submitted to the secretary by the elections board under s. 11.50 (2m).~~ No later than the 15th day of each month, the secretary of revenue shall certify to the elections board, the department of administration and the state treasurer the total amount of designations made on returns processed by the department of revenue during the preceding month and the amount of designations made during that month for the general account and for the account of each eligible political party. If any individual attempts to place any condition or restriction upon a designation

not authorized under par. (a), that individual is deemed not to have made a designation on his or her tax return.

SECTION 112. 71.26 (1) (a) of the statutes is amended to read:

71.26 **(1)** (a) *Certain corporations.* Income of corporations organized under ch. 185, except income of a cooperative sickness care association organized under s. 185.981, or of a service insurance corporation organized under ch. 613, that is derived from a health maintenance organization as defined in s. 609.01 (2) or a limited service health organization as defined in s. 609.01 (3), or operating under subch. I of ch. 616 which are bona fide cooperatives operated without pecuniary profit to any shareholder or member, or operated on a cooperative plan pursuant to which they determine and distribute their proceeds in substantial compliance with s. 185.45, and the income, except the unrelated business taxable income as defined in section 512 of the internal revenue code and except income that is derived from a health maintenance organization as defined in s. 609.01 (2) or a limited service health organization as defined in s. 609.01 (3), of all religious, scientific, educational, benevolent or other corporations or associations of individuals not organized or conducted for pecuniary profit. <u>In computing unrelated business taxable income for the purposes of this paragraph, the expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.</u> This paragraph does not apply to the income of savings banks, mutual loan corporations or savings and loan associations. This paragraph applies to the income of credit unions except to the income of any credit union that is derived from public deposits for any taxable year in which the credit union is approved as a public depository under ch. 34 and acts as a depository of state or local funds under s. 186.113 (20). For purposes of this

1 paragraph, the income of a credit union that is derived from public deposits is the
2 product of the credit union's gross annual income for the taxable year multiplied by
3 a fraction, the numerator of which is the average monthly balance of public deposits
4 in the credit union during the taxable year, and the denominator of which is the
5 average monthly balance of all deposits in the credit union during the taxable year.

6 **SECTION 113.** 71.26 (2) (b) 1g. of the statutes is created to read:

7 71.26 **(2)** (b) 1g. In computing the net income under this paragraph of a
8 corporation, conduit or common law trust that qualifies as a regulated investment
9 company, real estate mortgage investment conduit or real estate investment trust,
10 expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code
11 because of the exception contained in section 162 (e) (5) of the Internal Revenue Code
12 may not be deducted.

13 **SECTION 114.** 71.26 (3) (e) 4. of the statutes is created to read:

14 71.26 **(3)** (e) 4. So that expenses that are deductible under section 162 (e) (1)
15 of the Internal Revenue Code because of the exception contained in section 162 (e)
16 (5) of the Internal Revenue Code may not be deducted.

17 **SECTION 115.** 71.34 (1) (ad) of the statutes is created to read:

18 71.34 **(1)** (ad) The expenses that are deductible under section 162 (e) (1) of the
19 Internal Revenue Code because of the exception contained in section 162 (e) (5) of the
20 Internal Revenue Code may not be deducted.

21 **SECTION 116.** 71.45 (2) (a) 15. of the statutes is created to read:

22 71.45 **(2)** (a) 15. By adding to federal taxable income the amount of any
23 expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code
24 because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

25 **SECTION 117.** 71.80 (21) of the statutes is created to read:

71.80 **(21)** TAXABILITY OF LOBBYING EXPENSES; CERTIFICATION. Annually no later than August 15, the secretary of revenue shall certify to the secretary of administration the amount of taxes estimated by the secretary of revenue to have been collected during the preceding 12–month period ending on June 30 as a result of the election of this state not to allow an income and franchise tax deduction for expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible because of the exemption contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 118. Chapter 77 (title) of the statutes is amended to read:

CHAPTER 77

TAXATION OF FOREST CROPLANDS;
REAL ESTATE TRANSFER FEES;
SALES AND USE TAXES; COUNTY
AND SPECIAL DISTRICT SALES
AND USE TAXES; MANAGED FOREST
LAND; TEMPORARY RECYCLING
SURCHARGE; LOCAL FOOD AND
BEVERAGE TAX; LOCAL RENTAL
CAR TAX; PREMIER RESORT AREA
TAXES; STATE RENTAL VEHICLE
FEE; DRY CLEANING FEES;
CAMPAIGN TREASURY
SURPLUS EARNINGS TAX

SECTION 119. Subchapter XIII of chapter 77 [precedes 77.997] of the statutes is created to read:

1 **CHAPTER 77**

2 SUBCHAPTER XIII

3 CAMPAIGN TREASURY

4 SURPLUS EARNINGS TAX

5 **77.997 Definitions.** In this subchapter:

6 **(1)** "Campaign treasury surplus" means the unencumbered balance in the
7 campaign depository account of a candidate or a candidate's personal campaign
8 committee during the period beginning on the first day of the month following an
9 election at which the name of the candidate appeared on the ballot, except a primary
10 election if the candidate was nominated at that primary election to appear on an
11 election ballot, and ending on the date that the candidate files a valid declaration of
12 candidacy together with valid nomination papers, if required, to appear on the ballot
13 at a succeeding election.

14 **(2)** "Candidate" has the meaning given in s. 11.01 (1).

15 **(3)** "Election" has the meaning given in s. 5.02 (4).

16 **(4)** "Personal campaign committee" has the meaning given in s. 11.01 (15).

17 **77.9971 Imposition.** A tax is imposed on each candidate and personal
18 campaign committee at the rate of 15% on the earnings received by the candidate or
19 personal campaign committee on any campaign treasury surplus for the 6–month
20 period ending on each December 31 and June 30.

21 **77.9972 Administration. (1)** The department of revenue shall levy, enforce
22 and collect the tax under this subchapter.

23 **(2)** The tax under this subchapter and a completed return prescribed by the
24 department of revenue are due on March 1 and September 1.

1 **(3)** Sections 77.59 (1) to (6), (8) and (8m), 77.60 (1) to (7), (9) and (10), 77.61 (5)
2 and (12) to (14) and 77.62, as they apply to the taxes under subch. III, apply to the
3 tax under this subchapter.

4 **77.9973 Certification.** Annually no later than September 15, the secretary
5 of revenue shall certify to the secretary of administration the amount of taxes
6 collected under this subchapter for the preceding 12–month period ending on June
7 30.

8 **SECTION 120. Initial applicability.**

9 (1) Except as provided in subsections (2) to (5), this act first applies to elections
10 held on the effective date of this subsection.

11 (2) The treatment of section 11.06 (1) (a), (d) and (L) of the statutes first applies
12 to reports covering the period beginning on July 1, 2000.

13 (3) The treatment of section 11.31 (9) of the statutes first applies to adjustment
14 of disbursement limitations for the biennium beginning on January 1, 2002.

15 (4) The treatment of sections 71.05 (6) (a) 21., 71.07 (5) (a) 8., 71.10 (3) (a) and
16 (b) (by SECTION 110), 71.26 (1) (a), (2) (b) 1g. and (3) (e) 4., 71.34 (1) (ad) and 71.45 (2)
17 (a) 15. of the statutes first applies to taxable years beginning on January 1 of the year
18 in which this subsection takes effect, except that if this subsection takes effect after
19 July 31 this act first applies to claims filed for taxable years beginning on January
20 1 of the year following the year in which this subsection takes effect.

21 (5) The treatment of subchapter XIII of chapter 77 of the statutes first applies
22 to earnings received on January 1, 2001.

23 **SECTION 121. Effective dates.** This act takes effect on the day after
24 publication, except as follows:

1 (1) The treatment of section 20.510 (1) (q) (by SECTION 101) of the statutes and
2 the repeal of section 11.50 (2m) of the statutes take effect on the first day of the 7th
3 year beginning after publication.
4 (2) The treatment of section 71.10 (3) (b) (by SECTION 111) of the statutes takes
5 effect on the first day of the 7th year beginning after publication.
6 **(END)**

INSERT 37–23

(f) If a political party has a candidate for an office specified in par. (c) who qualifies to receive a grant under sub. (2) and the candidate has an opponent whose name is certified to appear on the general or a special election ballot but the opponent does not qualify to receive a grant under sub. (2), the board shall transfer the amount allocated to the certified opposing candidate under par. (c) from the political party account that candidate to the general fund.

State of Wisconsin
1999 - 2000 LEGISLATURE

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1999 BILL

NOW

AN ACT *to repeal* 11.01 (12s), 11.05 (3) (o), 11.26 (9) (b) and (c), 11.265, 11.31 (2m), 11.31 (3m), 11.31 (4), 11.31 (7) (d), 11.50 (2) (h), 11.50 (2m), 11.50 (6) (title) and 13.625 (1) (c) 1. and 2.; *to renumber* 11.24 (2), 11.50 (1) (a) 1. and 11.50 (7) (a) to (d); *to renumber and amend* 11.16 (1) (d), 11.26 (9) (a), 11.50 (1) (a) 2., 11.50 (2) (a), 11.50 (5), 11.50 (6), 11.50 (9) and 13.625 (1) (c) (intro.); *to amend* 5.02 (13), 11.01 (5m), 11.05 (3) (c), 11.05 (9) (b), 11.06 (1) (a), 11.06 (1) (d) and (L), 11.06 (2), 11.06 (7m) (a), 11.06 (7m) (c), 11.06 (11) (c), 11.10 (1), 11.12 (1) (c), 11.14 (1), 11.14 (2), 11.16 (5), 11.21 (15), 11.25 (2) (a), 11.25 (2) (b), 11.26 (1) (intro.), 11.26 (1) (a), (b) and (c), 11.26 (2) (intro.), 11.26 (2) (a), (b) and (c), 11.26 (4), 11.26 (10), 11.26 (12m), 11.26 (13), 11.31 (1) (intro.), 11.31 (1) (a) to (d), 11.31 (1) (e) and (f), 11.31 (2), 11.31 (3), 11.31 (7) (a) to (c), 11.50 (2) (b) 5., 11.50 (2) (g), 11.50 (2) (i), 11.50 (3) (a) (intro.), 11.50 (3) (a) 1. and 2., 11.50 (3) (b), 11.50 (4) (a), 11.50 (4) (c), 11.50 (4) (cm), 11.50 (4) (d), 11.50 (7) (intro.), 11.50 (8), 11.50 (11) (e), 11.50 (11) (g), 13.625 (1) (b) 3., 13.625 (2), 13.625 (6), 20.510 (1) (q), 20.510 (1) (q),

1 20.855 (4) (b), 25.42, 71.10 (3) (a), 71.10 (3) (b), 71.10 (3) (b), 71.26 (1) (a) and
2 chapter 77 (title); and ***to create*** 7.08 (2) (cs), 11.01 (9m), 11.01 (13), 11.05 (14),
3 11.16 (1) (d) 2., 11.21 (17), 11.22 (11), 11.24 (1s), 11.24 (4), 11.25 (4), 11.31 (1) (de),
4 11.31 (1m), 11.31 (9), 11.50 (1) (a) 1. (intro.), 11.50 (1) (a) 2., 11.50 (1) (am), 11.50
5 (1) (bm) and (cm), 11.50 (2) (a) 1. and 2., 11.50 (2) (b) 3m., 11.50 (2m), 11.50 (2s),
6 11.50 (2w), 11.50 (5) (c), 11.50 (7) (c), 11.50 (14), 11.60 (4m), 11.70, 20.566 (3) (f),
7 20.855 (4) (ba), 20.855 (4) (bb), 71.05 (6) (a) 21., 71.07 (5) (a) 8., 71.26 (2) (b) 1g.,
8 71.26 (3) (e) 4., 71.34 (1) (ad), 71.45 (2) (a) 15., 71.80 (21) and subchapter XIII
9 of chapter 77 [precedes 77.997] of the statutes; **relating to:** campaign
10 financing, political contributions by lobbyists, refunds for certain political
11 contributions, imposition of a campaign treasury surplus earnings tax, income
12 and franchise tax deductions for certain business expenses related to lobbying,
13 providing an exemption from emergency rule procedures, granting
14 rule–making authority, requiring the exercise of rule–making authority,
15 making appropriations and providing penalties.

Analysis by the Legislative Reference Bureau

This bill makes numerous changes in the campaign finance law, authorizes a state refund for certain political contributions, imposes a tax on the earnings of campaign treasury surpluses and eliminates a corporate income and franchise tax deduction for certain lobbying expenses. Significant changes include:

Disbursement limitations

Under current law, disbursement (expenditure) levels are specified for candidates for various state and local offices. These levels become a binding limitation upon any candidate for state office who accepts a state grant from the Wisconsin election campaign fund or who agrees to be bound by the limitation, unless the candidate is opposed by a major opponent who could have qualified for a grant but who declines to accept one and declines to file an affidavit of voluntary compliance with disbursement and contribution limitations. Additionally, the disbursement levels for candidates for the offices of state senator and representative to the assembly are subdivided between the primary and election campaign periods in such a way that only about 60% of the total applicable disbursement level for either

office may be allocated by a candidate to either the primary or the election campaign period.

This bill:

1. Eliminates the disbursement limitation, applicable to candidates for the offices of state senator and representative to the assembly, that requires the overall limitation to be subdivided between the primary and election campaign periods in such a way that only about 60% of the statutory disbursement level is allocated to either the primary or election campaign period.

2. Revises the current disbursement levels applicable to candidates for the offices shown in the following chart:

Office	*Current Level*	*Proposed Level*
Governor	$1,078,200	$3,500,000
Lieutenant governor	323,475	1,125,000
Attorney general	539,000	750,000
Secretary of state	215,625	350,000
State treasurer	215,625	350,000
Supreme court justice	215,625	400,000
State superintendent	215,625	350,000
State senator	34,500	140,000
Representative to the assembly	17,250	60,000

3. Provides that the disbursement limitation for a candidate who seeks an office for the first time, and has not previously been a candidate for any other national, state or local office in a jurisdiction or district which includes at least one–third of the residents who reside in the jurisdiction or district in which the candidate seeks office, is 110% of the amount provided for other candidates for that office.

4. Creates a biennial cost–of–living adjustment that causes the statutory disbursement levels to be adjusted biennially, beginning in 2002, in accordance with a formula tied to the "consumer price index" determined by the U.S. department of labor, with the result in turn adjusted by the rate of increase or decrease in the voting age population of this state, as determined by the federal election commission.

5. Deletes current law that permits a candidate who does not accept a grant to continue to bind an opponent to disbursement and contribution limitations by filing an affidavit of voluntary compliance.

Currently, the campaign of a candidate, for purposes of the applicability of disbursement limitations, extends from July 1 preceding the date of a spring primary or election at which the candidate seeks office or January 1 preceding the date of a September primary or general election at which the candidate seeks office or the date of the candidate's public announcement of candidacy, whichever is earlier, through the last day of the month following the month of the primary or election at which the candidate seeks office, except that orders placed for goods or services to be provided for a campaign are included within the campaign regardless of when the goods or services are paid for, and debts incurred for goods or services received during a

campaign period are included within the campaign regardless of when the debts are retired. Under this bill, the campaign of a candidate, for purposes of disbursement limitations, begins on the day after the date on which the previous campaign of the candidate ends or the date on which the candidate becomes a candidate at a future election, whichever is earlier (except as to goods or services provided for the campaign and paid for before that date), and ends at the same time as currently provided. The effect of the change is to include all disbursements within the limitation applicable to a current or former campaign.

Other disbursement restrictions

Currently, a personal campaign committee may make contributions to candidates other than the candidate whom it is organized to support, subject to applicable contribution limitations. If a candidate dies or ceases to be a candidate, the personal campaign committee remains subject to the same limitations. However, if the committee thereafter files a statement affirming under oath its independence from any candidate, the committee may, in addition to making contributions, make disbursements in an unlimited amount to advocate the election or defeat of a candidate.

This bill provides that, if a candidate dies or ceases to be a candidate, and the candidate's personal campaign committee thereafter files a statement affirming under oath its independence of any candidate, the committee may not make any disbursement to advocate the election or defeat of a clearly identified candidate that is derived in whole or in part from contributions received by the committee prior to filing the statement in an amount or value exceeding the maximum contribution that the committee is permitted to make to that candidate under contribution limitations currently prescribed by law.

Contribution limitations

Current law specifies limitations on the maximum amount of contributions which may be given to and accepted by a candidate for state or local office. Current law also limits the total contributions that a candidate for state or local office may accept from all political committees, including political party and legislative campaign committees, and from the Wisconsin election campaign fund to 65% of the value of the statutory disbursement level specified for the office which the candidate seeks. The total amount that a candidate may accept from committees other than political party and legislative campaign committees and from the Wisconsin election campaign fund is limited to 45% of that disbursement level.

This bill changes contribution limitations applicable to individuals and committees making contributions to candidates for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent of public instruction, justice of the supreme court, state senator or representative to the assembly per campaign, as follows:

Category	*Current Limit*	*Proposed Limit*
Individual or committee making contributions to candidate for state senator	$ 1,000	$ 500

Individual or committee making contributions to candidate for representative to the assembly	$ 500	$ 250
Individual making contributions to candidate for a statewide office	$10,000	$1,000
Committee making contributions to candidate for a statewide office	4% of candidate's disbursement level	$1,000

The bill also creates a new contribution limitation which prohibits any candidate for state or local office from accepting total contributions from all political committees, including political party committees and committees serving as conduits (see below), as well as from individual contributors who contribute more than 50% of the amount or value that an individual may contribute, equal, in the aggregate, to more than 25% of the value of the statutory disbursement level specified for the office which the candidate seeks.

Treatment of legislative campaign committees

Currently, the adherents of any political party in either house of the legislature may organize a "legislative campaign committee" to support the candidacy of members of their party for legislative office. Committees other than legislative campaign committees and political party committees are generally subject to a limitation upon the contributions that they may make to candidates for legislative office or to political parties. Legislative campaign committees are subject only to overall limitations on the aggregate contributions that may be accepted by a candidate from entities other than individuals.

This bill eliminates the special status of legislative campaign committees, thus treating them in the same manner as other special interest committees for the purpose of contribution limitations.

Other contribution restrictions

This bill creates the following new prohibitions on contributions:

1. It prohibits contributions from special interest ("political action") committees, including conduit committees, from individuals operating as conduits and from individual contributors who contribute more than 50% of the amount or value that an individual may contribute to incumbents who are seeking reelection to a partisan state office from the first Monday in January of each odd–numbered year through the enactment of the biennial budget act and, thereafter, during any floorperiod, including any special or extraordinary session floorperiod. The prohibition does not apply to contributions to an incumbent who is a candidate for state office at a special election during the period beginning on the date that a special election is ordered and ending on the date of the special election.

2. It prohibits any lobbyist from making a contribution to a partisan elective state official or candidate for a partisan elective state office or to such an official's or candidate's personal campaign committee. Currently, a lobbyist may make such a contribution in the year that an official or candidate seeks election between June 1 and the day of the general election.

3. It prohibits any candidate from making a contribution to another candidate except to dispose of residual contributions in the candidate's campaign treasury upon termination of registration. The bill also prohibits any candidate from accepting a contribution made by another candidate except upon termination of registration by the other candidate. Currently, a candidate is generally permitted to make a contribution for any political purpose that is not specifically prohibited by law.

Contributions through conduits

Under current law, a "conduit" is an individual or organization that receives a contribution and transfers the contribution to another individual or organization without exercising discretion as to the amount that is transferred and the individual to whom or the organization to which the transfer is made. When a conduit transfers a contribution, the conduit is required to identify itself in writing to the transferee as a conduit and to report to the transferee information about the original contributor. The conduit must include this information in its financial reports for the date on which the contribution was received and transferred. The campaign financing reports filed by the candidate identify only the original contributor, not the conduit. A contribution from a conduit is considered to be a contribution from the original contributor and, for the purpose of contribution limitations, a contribution of money received from a conduit which is properly identified and reported is considered to be a contribution received from the original contributor. Contributions received by a candidate for state office from an individual through a conduit may be used to qualify for a grant from the Wisconsin election campaign fund.

This bill requires the campaign finance reports filed by candidates to identify any conduit from whom a contribution is received, as well as the original contributor.

The bill also treats conduits in the same manner as "political action committees" by:

1. Not allowing contributions made by an individual through a conduit to be used to qualify for a grant from the Wisconsin election campaign fund.

2. Subjecting contributions from conduits to the same limitations that currently apply to the amount of contributions that a candidate may accept from any committee other than a political party committee and to the new limitation upon receipt of aggregate contributions from committees and major contributors imposed under the bill.

Mass media and telephoning activities

Currently, individuals who accept contributions, organizations which make or accept contributions, or individuals who or organizations which incur obligations or make disbursements for the purpose of influencing an election for state or local office are generally required to register with the appropriate filing officer and to file financial reports with that officer, regardless of whether they act in conjunction with or independently of any candidate who is supported or opposed. Currently, when a person is alleged to have violated registration and reporting requirements, the state has the burden of proving that the violation occurred.

This bill provides that, whenever any person publishes, disseminates or broadcasts any communication that includes a reference to a candidate for an office to be filled at an election, during the 60–day period preceding that election or during

the 30–day period preceding any primary for that election, and the communication is substantially directed toward the electorate for that election, it is presumed that the communication is made for the purpose of influencing the election or nomination for election of that candidate, unless the person making the communication establishes, by a preponderance of the evidence, that the communication was not made for that purpose.

Wisconsin election campaign fund:

I. SOURCES AND USES OF FUNDS

Under current law, the Wisconsin election campaign fund is financed through an individual income tax "checkoff". Every individual filing a state income tax return who has a tax liability or is entitled to a tax refund may direct that $1 of general purpose revenue be transferred to the fund. Individuals filing a joint return may separately choose whether to direct that the $1 transfer be made. All moneys transferred to the fund are placed in accounts for specified state offices, and candidates for those offices at the general or a special election may qualify for grants from the fund to be used for specified campaign expenses. No moneys in the fund may be used for any other purpose. Grants at special elections are funded by reallocating moneys set aside to provide grants to candidates at the general election, to the extent that moneys are available.

This bill:

1. Increases the amount of the individual income tax checkoff for the Wisconsin election campaign fund from $1 to $5. Under the bill, individuals filing a joint return may separately choose whether to make the $5 checkoff. The bill also permits individuals to determine whether to designate their checkoffs for a "general account", which is distributed in the same manner as currently provided, or for the account of an eligible political party (see below).

2. Provides a sum sufficient appropriation from general purpose revenue to supplement the amounts otherwise available for campaign financing through the Wisconsin election campaign fund equal to $3,000,000 in each fiscal year plus, in each fiscal year, the amount determined by the secretary of revenue to have been collected by the state from the campaign treasury surplus earnings tax imposed under this bill, and the elimination of the corporate income and franchise tax deduction for lobbying expenses under this bill (see below).

3. Directs the state elections board to set aside 5% of the moneys transferred to the Wisconsin election campaign fund in each of the six years following the year in which the bill becomes law in order to provide public information concerning the purpose and effect of designations to the fund. The bill directs the department of revenue to cooperate in providing such public information. Currently, no moneys in the fund are authorized to be used for this purpose.

II. GRANT ELIGIBILITY REQUIREMENTS AND AMOUNTS

Under current law, public financing from the Wisconsin election campaign fund is available to eligible candidates for the offices of state senator, representative to the assembly, governor, lieutenant governor, attorney general, state treasurer, secretary of state, justice of the supreme court and superintendent of public instruction. To receive a grant, a candidate must file an application with the state elections board

no later than the deadline for filing nomination papers. Following the primary election or the date on which a primary would be held, if required, the board determines whether a candidate who applies for a grant meets the following eligibility requirements:

1. If the candidate seeks a partisan state office at a general election, the candidate must have received at least 6% of the total votes cast in the primary and won the primary. If the candidate seeks a partisan state office at a special election, the candidate must either: a) appear on the ballot or in the column of a political party whose candidate for the same office at the preceding general election received at least 6% of the vote; or b) receive at least 6% of the votes cast at the special election.

2. The candidate must have an opponent in the election.

3. The candidate must receive, during a specified time period, a specified amount through contributions from individuals of $100 or less. For a candidate for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, justice of the supreme court or superintendent of public instruction, the amount is 5% of the authorized disbursement level for the office which the candidate seeks. For a candidate for the office of state senator or representative to the assembly, the amount is 10% of the authorized disbursement level for the office which the candidate seeks.

Under current law, a candidate for any office who accepts a grant must comply with statutorily prescribed contribution and disbursement limitations, unless one or more of the candidate's opponents who receive at least 6% of the votes cast for all candidates for that office at a partisan primary, if a primary was held, do not accept a grant and do not voluntarily comply with the contribution and disbursement limitations for that office. Currently, a candidate is no longer bound by disbursement limitations after the last day of the month following the election in which the candidate appears on the ballot. The maximum grant that a candidate may receive is that amount which, when added to all other contributions accepted from sources other than individuals, political party committees and legislative campaign committees, is equal to 45% of the authorized disbursement level for the office which the candidate seeks, if there are sufficient moneys in the Wisconsin election campaign fund to finance the full amount of grants for which candidates qualify.

Currently, a candidate may use moneys in his or her campaign treasury for any political purpose not prohibited by law.

This bill:

1. Provides that a candidate for a partisan state office need receive contributions from individuals equal to only 3% of the authorized disbursement level for the office which the candidate seeks in order to qualify for a grant, but provides that the contributions must be in amounts of $50 of or less.

2. Increases the maximum grant that a candidate may receive to 50% of the authorized disbursement level for the office which the candidate seeks, irrespective of contributions received from other sources.

3. Retains the current system of grants from a "general account" for which moneys may be designated by tax filers, except that it increases by 50% the amounts allocated for the offices of justice of the supreme court and state superintendent of

public instruction. Under the bill, amounts otherwise payable from the general account to a candidate who reaches this limit are redistributed to other qualifying candidates who have not reached this limit, if any.

4. Permits political parties that qualify for a separate column or row on the ballot at the general election to obtain grants from checkoffs made by tax filers. The bill provides for 9.7% of the moneys designated for political parties by tax filers to be paid directly as grants to the designated parties to be used for specified multicandidate expenses. Under the bill, disbursements made by a political party from such a grant are not considered to be in–kind contributions to the candidates who benefit from the disbursements. The bill provides for 97% of the remaining moneys designated by tax filers to be paid to candidates of the designated parties for state offices, except the office of district attorney, in accordance with an apportionment formula specified in the bill that takes into account, in the case of candidates for legislative office, the votes cast for candidates of the designated party for partisan state offices, except the office of district attorney, within each legislative district. Amounts otherwise payable to a candidate who would qualify to receive a grant if the candidate had an opponent are redistributed to the parties for multicandidate expenses. Amounts otherwise payable to a candidate for an office for which a party has no candidate or to a candidate who is opposed but who fails to qualify for a grant are lapsed to the state general fund.

5. Provides that an agreement by a candidate for state office to be bound by contribution and disbursement limitations becomes effective on the first day of the second month following the previous election for an office, or the date that the application containing the agreement is filed, whichever is later. An application may be filed no later than the deadline provided under current law. An agreement remains binding until the end of the month following the month in which the election is held for which a grant is provided, unless the board determines that the candidate who entered into the agreement does not qualify for a grant or unless the candidate who enters into the agreement becomes a candidate at a special election.

6. Provides for grants payable to candidates for state office at special elections to be payable in full from general purpose revenue.

Penalties for violations

Currently, violators of the campaign finance law are subject to a forfeiture (civil penalty) of not more than $500 for each violation, except that violators of contribution limitations are subject to a forfeiture of not more than treble the amount unlawfully contributed. In addition, intentional violators are guilty of a misdemeanor and are subject to a fine of not more than $1,000 or imprisonment for not more than six months or both. This bill provides, in addition, that, if any candidate or campaign treasurer of a candidate who accepts a grant violates the agreement to limit self–contributions and disbursements that was entered into by that candidate, the candidate is personally liable for a forfeiture of not more than four times the amount of any unlawful contributions or disbursements made.

Currently, if a candidate or any other registrant violates the campaign finance law, any forfeitures incurred by the registrant may be paid from the campaign depository account of the registrant. This bill provides that no moneys derived from

contributions that are reportable under the campaign finance law may be used to pay any forfeiture incurred by a candidate or candidate's campaign treasurer. Under the bill, if a candidate or candidate's campaign treasurer violates the law, the candidate is personally liable for payment of the forfeiture. A campaign treasurer and personal campaign committee also remain liable for payment of any forfeitures that they incur.

Initial applicability

All campaign finance changes under the bill apply to elections held on or after the day on which the bill becomes law.

Political contribution refund

This bill permits any individual who is a resident of this state and of eligible voting age to request a refund from the department of revenue of not more than $50 per year for any contribution or contributions of money made to a qualifying candidate for state office or political party. The bill also permits two married individuals who are both residents of this state and are of eligible voting age to file a joint request for a refund of not more than $100 per year for such contributions made jointly or individually. In order to qualify for a refund, a contribution must be made to a political party that has qualified for a separate ballot or one or more separate columns or rows on a ballot or to a candidate for state office who has filed a valid application to receive a grant from the Wisconsin election campaign fund, together with a binding agreement to abide by disbursement and self–contribution limitations, and has qualified to receive a grant. For a contribution to a candidate to be eligible for a refund, the candidate must have a signed agreement in effect at the time that a contribution is made. The refunds are made by the department of revenue from general purpose revenue.

Campaign treasury surplus earnings tax

This bill imposes a tax on every candidate and personal campaign committee at the rate of 15% on the earnings received by that candidate or committee on any campaign treasury surplus during the period beginning on the first day of the month following an election at which a candidate appears on the ballot (except a primary election if the candidate was nominated at the primary to appear on the ballot at a subsequent election) and ending on the date that the candidate files a valid declaration of candidacy together with valid nomination papers, if required, to appear on the ballot at a succeeding election. The tax is payable to the department of revenue semiannually.

Tax deductions for lobbying expenses

This bill eliminates a current corporate income and franchise tax deduction for certain business expenses that lobbyists incur. Currently, this deduction may be claimed for expenses incurred in direct connection with: a) appearances before, submission of statements to, or sending communications to a federal, state or local legislative body, a legislative committee or an individual legislator with respect to legislation or proposed legislation of direct interest to a taxpayer; or b) communications between a taxpayer and an organization of which the taxpayer is a member with respect to legislation or proposed legislation of direct interest to the

taxpayer and the organization. Under the bill, dues paid to any organization remain deductible to the extent that they are attributable to expenses of these activities.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to the bill.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 5.02 (13) of the statutes is amended to read:

2 5.02 **(13)** "Political party" or "party" means a state committee registered under
3 s. 11.05 <u>and</u> organized exclusively for political purposes under whose name
4 candidates appear on a ballot at any election, and all county, congressional,
5 legislative, local and other affiliated committees authorized to operate under the
6 same name. For purposes of ch. 11, the term does not include ~~a legislative campaign~~
7 ~~committee or~~ a committee filing an oath under s. 11.06 (7).

8 **SECTION 2.** 7.08 (2) (cs) of the statutes is created to read:

9 7.08 **(2)** (cs) In each even–numbered year, certify to the state treasurer for the
10 period beginning with the month following certification and ending with the month
11 in which the next certification is made by the board:

12 1. No later than July 1, the name of each political party that qualifies under
13 s. 11.50 (1) (am) 1. as an eligible political party as of the preceding June 1 and whose
14 state chairperson has filed a request to establish an account for the party under s.
15 11.50 (2s) (a).

16 2. No later than December 15, the name of each political party that qualifies
17 under s. 11.50 (1) (am) 2. as an eligible political party as of the date of the preceding

general election and whose state chairperson has filed a written request to establish an account for the party under s. 11.50 (2s) (a).

SECTION 3. 11.01 (5m) of the statutes is amended to read:

11.01 **(5m)** "Conduit" means an individual who or ~~an organization~~ a committee which receives a contribution of money and transfers the contribution to another individual or ~~organization~~ committee without exercising discretion as to the amount which is transferred and the individual to whom or ~~organization~~ committee to which the transfer is made.

SECTION 4. 11.01 (9m) of the statutes is created to read:

11.01 **(9m)** "First–time candidate" means a candidate who seeks a particular state office for the first time and who has not previously been a candidate for any other national, state or local office in a jurisdiction or district which includes at least one–third of the residents who reside in the jurisdiction or district in which the candidate seeks office, as determined by the board.

SECTION 5. 11.01 (12s) of the statutes is repealed.

SECTION 6. 11.01 (13) of the statutes is created to read:

11.01 **(13)** "Major contributor" means an individual who makes a contribution or contributions to a candidate or candidate's personal campaign committee exceeding, in the aggregate, 50% of the amount or value that the individual is permitted to make during a campaign, as provided in s. 11.26 (1).

SECTION 7. 11.05 (3) (c) of the statutes is amended to read:

11.05 **(3)** (c) In the case of a committee, a statement as to whether the committee is a personal campaign committee, a political party committee, a ~~legislative campaign committee,~~ a support committee or a special interest committee.

1 **SECTION 8.** 11.05 (3) (o) of the statutes is repealed.

2 **SECTION 9.** 11.05 (9) (b) of the statutes is amended to read:

3 11.05 **(9)** (b) An individual who or a committee or group which receives a
4 contribution of money and transfers the contribution to another individual,
5 committee or group while acting as a conduit is not subject to registration under this
6 section unless the individual, committee or group transfers the contribution to a
7 candidate or a personal campaign, ~~legislative campaign,~~ political party or support
8 committee.

9 **SECTION 10.** 11.05 (14) of the statutes is created to read:

10 11.05 **(14)** PRESUMPTION CONCERNING CERTAIN COMMUNICATIONS. Whenever any
11 person publishes, disseminates or broadcasts, or causes to be published,
12 disseminated or broadcast, any communication that includes a reference to a clearly
13 identified candidate for an office to be filled at a general, spring or special election,
14 during the 60–day period preceding that election or during the 30–day period
15 preceding any primary for that election, and the communication is substantially
16 directed toward the electorate at that election, it is presumed that the
17 communication is made for the purpose of influencing the election or nomination for
18 election of that candidate, unless the person making the communication or causing
19 the communication to be made establishes, by a preponderance of the evidence, that
20 the communication was not made for that purpose.

21 **SECTION 11.** 11.06 (1) (a) of the statutes is amended to read:

22 11.06 **(1)** (a) An itemized statement giving the date, full name and street
23 address of each contributor who has made a contribution in excess of $20, or whose
24 contribution if $20 or less aggregates more than $20 for the calendar year, together
25 with the amount of the contribution and the cumulative total contributions made by

that contributor for the calendar year and, if the contributor made the contribution through a conduit, the identity of the conduit.

SECTION 12. 11.06 (1) (d) and (L) of the statutes are amended to read:

11.06 **(1)** (d) An itemized statement of other income in excess of $20, including ~~interest, returns on investments,~~ rebates and refunds received and a separate statement of earnings received, including interest and returns on investments.

(L) A statement of cumulative totals for the calendar year of contributions made, contributions received, ~~and~~ disbursements made, including transfers of funds made to or received from other registrants, and earnings received.

SECTION 13. 11.06 (2) of the statutes is amended to read:

11.06 **(2)** DISCLOSURE OF CERTAIN INDIRECT DISBURSEMENTS. Notwithstanding sub. (1), if a disbursement is made or obligation incurred by an individual other than a candidate or by a committee or group which is not primarily organized for political purposes, and the disbursement does not constitute a contribution to any candidate or other individual, committee or group, the disbursement or obligation is required to be reported only if the purpose is to expressly advocate the election or defeat of a clearly identified candidate or the adoption or rejection of a referendum or if the disbursement is made or the obligation is incurred for the purpose of making a communication specified in s. 11.05 (14). The exemption provided by this subsection shall in no case be construed to apply to a political party, ~~legislative campaign,~~ personal campaign or support committee.

SECTION 14. 11.06 (7m) (a) of the statutes is amended to read:

11.06 **(7m)** (a) If a committee which was registered under s. 11.05 as a political party committee ~~or legislative campaign committee~~ supporting candidates of a political party files an oath under sub. (7) affirming that it does not act in cooperation

1 or consultation with any candidate who is nominated to appear on the party ballot
2 of the party at a general or special election, that the committee does not act in concert
3 with, or at the request or suggestion of, such a candidate, that the committee does
4 not act in cooperation or consultation with such a candidate or agent or authorized
5 committee of such a candidate who benefits from a disbursement made in opposition
6 to another candidate, and that the committee does not act in concert with, or at the
7 request or suggestion of, such a candidate or agent or authorized committee of such
8 a candidate who benefits from a disbursement made in opposition to another
9 candidate, the committee filing the oath may not make any contributions in support
10 of any candidate of the party at the general or special election or in opposition to any
11 such candidate's opponents exceeding the amounts specified in s. 11.26 (2), except as
12 authorized in par. (c).

13 **SECTION 15.** 11.06 (7m) (c) of the statutes is amended to read:

14 11.06 **(7m)** (c) A committee filing an oath under sub. (7) which desires to change
15 its status to a political party committee ~~or legislative campaign committee~~ may do
16 so as of December 31 of any even–numbered year. Section 11.26 does not apply to
17 contributions received by such a committee prior to the date of the change. Such a
18 committee may change its status at other times only by filing a termination
19 statement under s. 11.19 (1) and reregistering as a newly organized committee under
20 s. 11.05.

21 **SECTION 16.** 11.06 (11) (c) of the statutes is amended to read:

22 11.06 **(11)** (c) A contribution of money received from a conduit, accompanied by
23 the information required under par. (a), is considered to be a contribution from the
24 original contributor <u>for purposes of s. 11.26 (1) and (4)</u>.

25 **SECTION 17.** 11.10 (1) of the statutes is amended to read:

11.10 **(1)** Each candidate in an election shall appoint one campaign treasurer. Except as provided in s. 11.14 (3), each candidate shall designate one campaign depository account within 5 business days after the candidate receives his or her first contribution and before the candidate makes or authorizes any disbursement in behalf of his or her candidacy. If a candidate adopts a preexisting support committee as his or her personal campaign committee, the candidate shall make such designation within 5 business days of adoption. The person designated as campaign treasurer shall be the treasurer of the candidate's personal campaign committee, if any. The candidate may appoint himself or herself or any other elector as campaign treasurer. A registration statement under s. 11.05 (2g) or (2r) must be filed jointly by every candidate and his or her campaign treasurer. The candidate does not qualify for ballot placement until this requirement is met. Except as authorized under s. 11.06 (5), the campaign treasurer or candidate shall certify as to the correctness of each report required to be filed~~, and the~~. The candidate who appoints a campaign treasurer bears the responsibility for the ~~accuracy of each report~~ acts of the treasurer for purposes of civil liability under this chapter~~, whether or not the candidate certifies it personally~~.

SECTION 18. 11.12 (1) (c) of the statutes is amended to read:

11.12 **(1)** (c) Where a disbursement is made in support of more than one candidate, the person making the disbursement shall ~~be apportioned~~ reasonably ~~among~~ apportion the disbursement as contributions to the candidates who benefit from the disbursement. This paragraph does not apply to any disbursement made by a political party from a grant received under s. 11.50 (2s) (b).

SECTION 19. 11.14 (1) of the statutes is amended to read:

11.14 **(1)** Except as authorized in sub. (3) and as required by ~~s.~~ ss. 11.16 (5) and 11.50 (2s) (h), all funds received by a campaign or committee treasurer, group treasurer, candidate or other individual shall be deposited by the treasurer in a single separate campaign depository account designated in accordance with s. 11.16 (3). Except as authorized in sub. (3), the depository account shall be established by every candidate no later than the time prescribed in s. 11.10 (1), and by every other individual or treasurer no later than the 5th business day after becoming subject to a registration requirement under s. 11.05 and before making any disbursement. The depository account may be established with any financial institution as defined in s. 705.01 (3) which is authorized to transact business in this state. The individual or treasurer shall deposit all funds received in the campaign depository account no later than the 5th business day commencing after receipt. This subsection does not apply to a contributor committee or group which is exempt from registration under s. 11.05 (8).

SECTION 20. 11.14 (2) of the statutes is amended to read:

11.14 **(2)** ~~After~~ Except as otherwise provided in s. 11.50 (2s) (h), after deposit in the campaign depository account, funds may be transferred by the individual or treasurer to any other account which is identified under s. 11.05 (3) (L). Funds deposited in other accounts may not be directly disbursed but shall be returned to the depository account for purposes of disbursement. Disbursements shall be made only in accordance with s. 11.16 (3).

SECTION 21. 11.16 (1) (d) of the statutes is renumbered 11.16 (1) (d) (intro.) and amended to read:

11.16 **(1)** (d) (intro.) This subsection does not apply to ~~disbursements~~ any of the following:

1. Disbursements and obligations which are exempted from reporting under s. 11.06 (2).

SECTION 22. 11.16 (1) (d) 2. of the statutes is created to read:

11.16 **(1)** (d) 2. Disbursements made or obligations incurred by a political party from the proceeds of a grant received under s. 11.50 for a purpose specified in s. 11.50 (7) (c).

SECTION 23. 11.16 (5) of the statutes is amended to read:

11.16 **(5)** ESCROW AGREEMENTS. Any personal campaign committee~~,~~ or political party committee ~~or legislative campaign committee~~ may, pursuant to a written escrow agreement with more than one candidate, solicit contributions for and conduct a joint fund raising effort or program on behalf of more than one named candidate. The agreement shall specify the percentage of the proceeds to be distributed to each candidate by the committee conducting the effort or program. The committee shall include this information in all solicitations for the effort or program. All contributions received and disbursements made by the committee in connection with the effort or program shall be received and disbursed through a separate depository account under s. 11.14 (1) that is identified in the agreement. For purposes of s. 11.06 (1), the committee conducting the effort or program shall prepare a schedule in the form prescribed by the board supplying all required information under s. 11.06 (1) and items qualifying for exclusion under s. 11.31 (6) for the effort or program, and shall transmit a copy of the schedule to each candidate who receives any of the proceeds within the period prescribed in s. 11.06 (4) (c).

SECTION 24. 11.21 (15) of the statutes is amended to read:

11.21 **(15)** Inform each candidate who files an application to become eligible to receive a grant from the Wisconsin election campaign fund of the dollar amount of

1 the applicable disbursement limitation under s. 11.31 (1) or (1m), whichever is
2 applicable, adjusted as provided under s. 11.31 (9), which applies to ~~the office for~~
3 ~~which such person is a~~ that candidate. Failure to receive the notice required by this
4 subsection does not constitute a defense to a violation of s. 11.27 (1) or 11.31.

5 **SECTION 25.** 11.21 (17) of the statutes is created to read:

6 11.21 **(17)** On or before February 15 and August 15, notify the campaign
7 treasurer of each candidate who and personal campaign committee which owes a tax
8 under subch. XIII of ch. 77, based on any continuing or termination report that was
9 filed with the board covering the period ending on the preceding December 31 or June
10 30, respectively. The notice shall include an identification of the specific form
11 prescribed for payment of the tax.

12 **SECTION 26.** 11.22 (11) of the statutes is created to read:

13 11.22 **(11)** On or before February 15 and August 15, notify the campaign
14 treasurer of each candidate who and personal campaign committee which owes a tax
15 under subch. XIII of ch. 77, based on any continuing or termination report that was
16 filed with the filing officer covering the period ending on the preceding December 31
17 or June 30, respectively. The notice shall include an identification of the specific form
18 prescribed for payment of the tax.

19 **SECTION 27.** 11.24 (1s) of the statutes is created to read:

20 11.24 **(1s)** No candidate or personal campaign committee may make a
21 contribution to any person, committee or group subject to a registration requirement
22 under s. 11.05 except to dispose of residual contributions at the time of filing a
23 termination report. No candidate or personal campaign committee may accept a
24 contribution made in violation of this subsection.

25 **SECTION 28.** 11.24 (2) of the statutes is renumbered 11.24 (5).

1 **SECTION 29.** 11.24 (4) of the statutes is created to read:

2 11.24 **(4)** No committee identified under s. 11.05 (3) (c) as a special interest
3 committee, including a committee serving as a conduit, no major contributor and no
4 individual who is a conduit may make a contribution to an incumbent partisan state
5 elective official or to the personal campaign committee or support committee
6 authorized under s. 11.05 (3) (p) of that official for the purpose of promoting that
7 official's nomination or reelection to the office held by the official during the period
8 beginning on the first Monday of January in each odd–numbered year and ending
9 on the date of enactment of the biennial budget act and thereafter during any
10 legislative floorperiod, including any special or extraordinary session floorperiod.
11 This subsection does not apply to a contribution made to an individual who is a
12 candidate for state office at a special election or to the personal campaign committee
13 of such an individual during the period commencing on the date that the special
14 election is ordered and ending on the date of the special election.

15 **SECTION 30.** 11.25 (2) (a) of the statutes is amended to read:

16 11.25 **(2)** (a) ~~No~~ Except as provided in par. (b) or as otherwise specifically
17 provided by law, no person, committee or group may make or authorize a
18 disbursement or the incurrence of an obligation from ~~moneys solicited for political~~
19 ~~purposes for a~~ contributions received by that person, committee or group for any
20 purpose ~~which is~~ other than a political~~, except as specifically authorized by law~~
21 purpose.

22 **SECTION 31.** 11.25 (2) (b) of the statutes is amended to read:

23 11.25 **(2)** (b) ~~Notwithstanding par. (a), a~~ A registrant may accept contributions
24 and make disbursements from a campaign depository account for the purpose of
25 making expenditures in connection with a campaign for national office; for payment

of civil penalties incurred by the registrant under this chapter, other than civil penalties incurred personally by a candidate or candidate's campaign treasurer; or for payment of the expenses of nonpartisan campaigns to increase voter registration or participation. Notwithstanding par. (a), a personal campaign committee or support committee may accept contributions and make disbursements from a campaign depository account for payment of inaugural expenses of an individual who is elected to state or local office. If such expenses are paid from contributions made to the campaign depository account, they are reportable under s. 11.06 (1) as disbursements. Otherwise, such expenses are not reportable under s. 11.06 (1). If contributions from the campaign depository account are used for such expenses, they are subject to s. 11.26.

SECTION 32. 11.25 (4) of the statutes is created to read:

11.25 **(4)** If a candidate dies or ceases to be a candidate, and the candidate's personal campaign committee thereafter files a statement under s. 11.06 (7) indicating its intent to operate as an independent committee, the committee may not make any disbursement to advocate the election or defeat of a clearly identified candidate in an election that is derived in whole or in part from contributions received by the committee prior to the date on which the committee files the statement under s. 11.06 (7) in an amount or value exceeding the maximum contribution that the committee is permitted to make to that candidate in any campaign under s. 11.26 (2).

SECTION 33. 11.26 (1) (intro.) of the statutes is amended to read:

11.26 **(1)** (intro.) No individual, except an individual serving as a conduit, may make any contribution or contributions to a candidate for election or nomination to any of the following offices and to any individual or committee under s. 11.06 (7)

acting solely in support of such a candidate or solely in opposition to the candidate's opponent to the extent of more than a total of the amounts specified per candidate:

SECTION 34. 11.26 (1) (a), (b) and (c) of the statutes are amended to read:

11.26 **(1)** (a) Candidates for governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent or justice, ~~$10,000~~ $1,000.

(b) Candidates for state senator, ~~$1,000~~ $500.

(c) Candidates for representative to the assembly, ~~$500~~ $250.

SECTION 35. 11.26 (2) (intro.) of the statutes is amended to read:

11.26 **(2)** (intro.) No committee, including a committee serving as a conduit, other than a political party committee ~~or legislative campaign committee,~~ may make or transfer any contribution or contributions to a candidate for election or nomination to any of the following offices and to any individual or committee under s. 11.06 (7) acting solely in support of such a candidate or solely in opposition to the candidate's opponent to the extent of more than a total of the amounts specified per candidate:

SECTION 36. 11.26 (2) (a), (b) and (c) of the statutes are amended to read:

11.26 **(2)** (a) Candidates for governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent or justice, ~~4% of the value of the disbursement level specified in the schedule under s. 11.31 (1)~~ $1,000.

(b) Candidates for state senator, ~~$1,000~~ $500.

(c) Candidates for representative to the assembly, ~~$500~~ $250.

SECTION 37. 11.26 (4) of the statutes is amended to read:

11.26 **(4)** No individual, except an individual serving as a conduit, may make any contribution or contributions to all candidates for state and local offices and to any individuals who or committees which are subject to a registration requirement

1 under s. 11.05, including ~~legislative campaign committees and~~ committees of a
2 political party, to the extent of more than a total of $10,000 in any calendar year.

3 **SECTION 38.** 11.26 (9) (a) of the statutes is renumbered 11.26 (9) and amended
4 to read:

5 11.26 **(9)** No individual who is a candidate for state or local office may receive
6 and accept more than ~~65%~~ 25% of the value of the total disbursement level for
7 candidates other than first–time candidates, as determined under s. 11.31 (1) and
8 adjusted as provided under s. 11.31 (9), for the office for which he or she is a candidate
9 during any primary and election campaign combined from all major contributors and
10 all committees subject to a filing requirement, including political party ~~and~~
11 ~~legislative campaign~~ committees and committees serving as conduits.

12 **SECTION 39.** 11.26 (9) (b) and (c) of the statutes are repealed.

13 **SECTION 40.** 11.26 (10) of the statutes is amended to read:

14 11.26 **(10)** No candidate for state office who files a sworn statement and
15 application to receive a grant from the Wisconsin election campaign fund may make
16 contributions of more than 200% of the amounts specified in sub. (1) to the
17 candidate's own campaign from the candidate's personal funds or property or the
18 personal funds or property which are owned jointly or as marital property with the
19 candidate's spouse, unless the board determines that the candidate is not eligible to
20 receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~
21 or s. 11.50 (2) (i) applies. For purposes of this subsection, any contribution received
22 by a candidate or his or her personal campaign committee from a committee which
23 is registered with the federal elections commission as the authorized committee of
24 the candidate under 2 USC 432 (e) shall be treated as a contribution made by the
25 candidate to his or her own campaign. The contribution limit of sub. (4) applies to

amounts contributed by such a candidate personally to the candidate's own campaign and to other campaigns, except that a candidate may exceed the limitation if authorized under this subsection to contribute more than the amount specified to the candidate's own campaign, up to the amount of the limitation.

SECTION 41. 11.26 (12m) of the statutes is amended to read:

11.26 **(12m)** For purposes of ~~this section~~ subs. (1) and (4), a contribution of money received from a conduit identified in the manner prescribed in s. 11.06 (11) (a) shall be considered a contribution received from the original contributor.

SECTION 42. 11.26 (13) of the statutes is amended to read:

11.26 **(13)** ~~Except as provided in sub. (9), contributions~~ Contributions received from the Wisconsin election campaign fund are not subject to limitation by this section.

SECTION 43. 11.265 of the statutes is repealed.

SECTION 44. 11.31 (1) (intro.) of the statutes is amended to read:

11.31 **(1)** SCHEDULE. (intro.) The following levels of disbursements are established with reference to the candidates listed below. The levels are subject to adjustment under subs. (1m) and (9). Except as provided in sub. (2), such levels do not operate to restrict the total amount of disbursements which are made or authorized to be made by any candidate in any primary or other election.

SECTION 45. 11.31 (1) (a) to (d) of the statutes are amended to read:

11.31 **(1)** (a) Candidates for governor, ~~$1,078,200~~ $3,500,000.

(b) Candidates for lieutenant governor, ~~$323,475~~ $1,125,000.

(c) Candidates for attorney general, ~~$539,000~~ $750,000.

(d) Candidates for secretary of state, state treasurer~~, justice~~ or state superintendent, ~~$215,625~~ $350,000.

1 **SECTION 46.** 11.31 (1) (de) of the statutes is created to read:

2 11.31 **(1)** (de) Candidates for justice, $400,000.

3 **SECTION 47.** 11.31 (1) (e) and (f) of the statutes are amended to read:

4 11.31 **(1)** (e) Candidates for state senator, ~~$34,500 total in the primary and~~
5 ~~election, with disbursements not exceeding $21,575 for either the primary or the~~
6 ~~election~~ $140,000.

7 (f) Candidates for representative to the assembly, ~~$17,250 total in the primary~~
8 ~~and election, with disbursements not exceeding $10,775 for either the primary or the~~
9 ~~election~~ $60,000.

10 **SECTION 48.** 11.31 (1m) of the statutes is created to read:

11 11.31 **(1m)** DISBURSEMENT LEVEL FOR FIRST TIME CANDIDATES. The disbursement
12 level for a first–time candidate is 110% of the amount specified in sub. (1) for any
13 other candidate, adjusted as provided under sub. (9).

14 **SECTION 49.** 11.31 (2) of the statutes is amended to read:

15 11.31 **(2)** LIMITATION IMPOSED. No candidate for state office at a spring or general
16 election who files a sworn statement and application to receive a grant from the
17 Wisconsin election campaign fund may make or authorize total disbursements from
18 the campaign treasury in any campaign to the extent of more than the amount
19 prescribed in sub. (1) or (1m), whichever is applicable, adjusted as provided under
20 sub. (9), unless the board determines that the candidate is not eligible to receive a
21 grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50
22 (2) (i) applies. No candidate for state office at a special election who files a sworn
23 statement and application to receive a grant from the Wisconsin election campaign
24 fund may make or authorize total disbursements from the campaign treasury in any
25 campaign to the extent of more than the amount prescribed under sub. (1) or (1m),

whichever is applicable, adjusted as provided under sub. (9), for the preceding spring or general election for the same office, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies.

SECTION 50. 11.31 (2m) of the statutes is repealed.

SECTION 51. 11.31 (3) of the statutes is amended to read:

11.31 **(3)** GUBERNATORIAL CAMPAIGNS. For purposes of compliance with the limitations imposed under sub. (2), candidates for governor and lieutenant governor of the same political party who both accept grants from the Wisconsin election campaign fund may agree to combine disbursement levels under sub. (1) (a) and (b), adjusted as provided under sub. (9), and reallocate the total level between them. The candidates shall each inform the board of any such agreement.

SECTION 52. 11.31 (3m) of the statutes is repealed.

SECTION 53. 11.31 (4) of the statutes is repealed.

SECTION 54. 11.31 (7) (a) to (c) of the statutes are amended to read:

11.31 **(7)** (a) For purposes of this section, except as provided in pars. (b) and (c), the "campaign" of a candidate extends from ~~July 1 preceding the date on which the spring primary or election occurs or January 1 preceding the date on which the September primary or general election occurs for the office which the candidate seeks, or from the date of the candidate's public announcement~~ the day after the date on which the previous campaign of a candidate ends or the date on which a candidate becomes a candidate at a future election, whichever is earlier, through the last day of the month following the month in which ~~the~~ an election ~~or primary~~ is held at which a candidate seeks office. If a candidate seeks office at both a primary election and at a general, spring or special election which follows that primary election, the

"campaign" of that candidate extends through the last day of the month following the general, spring or special election. If a candidate seeks office at a primary election but not at the general, spring or special election which follows that primary election, the "campaign" of that candidate extends through the end of the month following the primary election.

(b) Disbursements which are made before ~~a campaign~~ the period specified in par. (a) for goods to be delivered or services to be rendered in connection with ~~the~~ a campaign are charged against the disbursement limitation for that campaign.

(c) Disbursements which are made after ~~a campaign~~ the period specified in par. (a) to retire a debt incurred in relation to a campaign are charged against the disbursement limitation for that campaign.

SECTION 55. 11.31 (7) (d) of the statutes is repealed.

SECTION 56. 11.31 (9) of the statutes is created to read:

11.31 **(9)** ADJUSTMENT OF DISBURSEMENT LEVELS. (a) In this subsection:

1. "Consumer price index" means the average of the consumer price index over each 12–month period, all items, U.S. city average, as determined by the bureau of labor statistics of the federal department of labor.

2. "Voting age population of this state" means the voting age population of this state, as determined by the federal election commission in its most recent determination prior to the date of any calculation under this subsection.

(b) The dollar amounts of all disbursement levels specified in sub. (1) shall be subject to a biennial adjustment to be determined by rule of the board in accordance with this subsection. To determine the adjustment, the board shall calculate the percentage difference between the voting age population of this state on December 31 of each odd–numbered year and the voting age population of this state on

1 December 31, 2001. The board shall then calculate the percentage difference
2 between the consumer price index for the 12–month period ending on December 31
3 of each odd–numbered year and the consumer price index for the base period,
4 calendar year 2001. For each biennium, the board shall first multiply the
5 disbursement levels by the percentage difference in the voting age populations. The
6 board shall then multiply that product by the percentage difference in the consumer
7 price indices. The board shall adjust the disbursement levels specified under sub.
8 (1) to substitute that result for the existing levels to the extent required to reflect any
9 difference, rounded to the nearest multiple of $25 in the case of amounts of $1 or
10 more, which amounts shall be in effect until a subsequent rule is promulgated under
11 this subsection. Notwithstanding s. 227.24 (1) (a), (2) (b) and (3), determinations
12 under this subsection may be promulgated as an emergency rule under s. 227.24
13 without providing evidence that the emergency rule is necessary for the public peace,
14 health, safety or welfare, and without a finding of emergency.

15 **SECTION 57.** 11.50 (1) (a) 1. (intro.) of the statutes is created to read:

16 11.50 **(1)** (a) 1. (intro.) For purposes of qualification for a grant from the general
17 account:

18 **SECTION 58.** 11.50 (1) (a) 1. of the statutes is renumbered 11.50 (1) (a) 1. a.

19 **SECTION 59.** 11.50 (1) (a) 2. of the statutes is renumbered 11.50 (1) (a) 1. b. and
20 amended to read:

21 11.50 **(1)** (a) 1. b. With respect to a special election, an individual who is certified
22 under s. 8.50 (1) (d) as a candidate in a special election for state superintendent, or
23 an individual who is certified under s. 8.50 (1) (d) as a candidate in a special election
24 for any state office, except district attorney, on the ballot or column of a party whose
25 candidate for the same office at the preceding general election received at least 6%

of the vote cast for all candidates on all ballots for the office, or an individual who has been lawfully appointed and certified to replace either such individual on the ballot at a special election, or an individual who receives at least 6% of the vote cast for all candidates on all ballots for any state office, except district attorney, at a partisan special election; and who qualifies for a grant under sub. (2). Where the boundaries of a district in which an individual seeks office have been changed since the preceding general election such that it is not possible to calculate the exact number of votes that are needed by that individual to qualify as an eligible candidate prior to an election ~~under this subdivision~~, the number of votes cast for all candidates for the office at the preceding general election in each ward, combination of wards or municipality which is wholly contained within the boundaries of the newly formed district shall be calculated. If the candidate of the political party on whose ballot or column the individual appears in the newly formed district obtained at least 6% of the number of votes calculated, the individual is deemed to qualify as an eligible candidate prior to the election under this subdivision.

SECTION 60. 11.50 (1) (a) 2. of the statutes is created to read:

11.50 **(1)** (a) 2. For purposes of qualification for a grant from a political party account, an individual who is certified under s. 7.08 (2) (a) in the general election or a special election as the candidate of an eligible political party for a state office, other than district attorney, or an individual who has been lawfully appointed and certified to replace such an individual on the ballot at the general or a special election; and who has qualified for a grant under sub. (2).

SECTION 61. 11.50 (1) (am) of the statutes is created to read:

11.50 **(1)** (am) "Eligible political party" means any of the following:

1. A party qualifying under s. 5.62 (1) (b) for a separate ballot or one or more separate columns or rows on a ballot for the period beginning on the date of the preceding general election and ending on the day before the general election that follows that election.

2. A party qualifying under s. 5.62 (2) for a separate ballot or one or more separate columns or rows on a ballot for the period beginning on the preceding June 1, or if that June 1 is in an odd–numbered year, the period beginning on June 1 of the preceding even–numbered year, and ending on May 31 of the 2nd year following that June 1, whose state chairperson has filed a statement with the board no earlier than May 1 preceding that period certifying that the party has held a state convention within the 2–year period preceding the date of the statement, has adopted a state constitution that is in effect on the date of the statement and has elected state officers who are in office on the date of the statement.

SECTION 62. 11.50 (1) (bm) and (cm) of the statutes are created to read:

11.50 **(1)** (bm) "General account" means the account in the fund created under sub. (2w).

(cm) "Political party account" means an account in the fund created under sub. (2s).

SECTION 63. 11.50 (2) (a) of the statutes is renumbered 11.50 (2) (a) (intro.) and amended to read:

11.50 **(2)** (a) (intro.) Any individual who desires to qualify as an eligible candidate may file an application with the board requesting approval to ~~participate in the fund. The~~ receive a grant. On the application, the individual shall indicate the office for which the individual wishes to be considered an eligible candidate and the next election at which the office is to be filled. An application may be filed no

earlier than the day after the previous election for the office and no later than the applicable deadline for filing nomination papers under s. 8.10 (2) (a), 8.15 (1), 8.20 (8) (a) or 8.50 (3) (a), no later than 4:30 p.m. on the 7th day after the primary or date on which the primary would be held if required in the case of write–in candidates, or no later than 4:30 p.m. on the 7th day after appointment in the case of candidates appointed to fill vacancies. The application shall contain a sworn statement that the candidate and his or her authorized agents have complied with the contribution limitations prescribed in s. 11.26 and the disbursement limitations prescribed under s. 11.31 at all times to which such limitations have applied to his or her candidacy and will continue to comply with the limitations at all times to which the limitations apply to his or her candidacy for the office in contest, unless ~~the board determines that the candidate is not eligible to receive a grant, the candidate withdraws his or her application under par. (h), or~~ par. (i) applies. The application shall also contain a statement that the candidate filing the application agrees to return to the board all grant moneys received by the candidate which exceed the total amount of disbursements by the candidate's personal campaign committee that were made or obligated after the date of the primary election. An application submitted under this paragraph constitutes an irrevocable agreement to abide by its terms, except that the agreement is not effective if the board determines that the candidate is not eligible to receive a grant. An agreement is effective on the first day of the 2nd month following the previous election for the office to be filled or the date that the office is filled, whichever is later. An agreement expires on the last day of the month following the month in which the spring, general or special election for which the grant is provided occurs, except that:

SECTION 64. 11.50 (2) (a) 1. and 2. of the statutes are created to read:

11.50 **(2)** (a) 1. If a candidate seeks office at a special election after entering into an agreement under this paragraph to receive a grant for the next spring or general election, the previous agreement does not bind the candidate entering into the agreement with respect to disbursements made or obligated for the special election campaign.

2. If a candidate's personal campaign committee files a valid termination report prior to the date that an agreement by that candidate would otherwise expire under this paragraph, the agreement expires on the date on which the report is filed.

SECTION 65. 11.50 (2) (b) 3m. of the statutes is created to read:

11.50 **(2)** (b) 3m. The candidate has appointed a personal campaign committee which is registered under s. 11.05 (2g).

SECTION 66. 11.50 (2) (b) 5. of the statutes is amended to read:

11.50 **(2)** (b) 5. The financial reports filed by or on behalf of the candidate as of the date of the spring or September primary, or the date that the special primary is or would be held, if required, indicate that the candidate has received <u>an amount equal to</u> at least ~~the amount provided in this subdivision~~ <u>3% of the applicable authorized disbursement limitation for candidates other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9)</u>, from contributions of money, other than loans, made by individuals, which have been received during the period ending on the date of the spring primary and July 1 preceding such date in the case of candidates at the spring election, or the date of the September primary and January 1 preceding such date in the case of candidates at the general election, or the date that a special primary will or would be held, if required, and 90 days preceding such date or the date a special election is ordered, whichever is earlier, in the case of ~~special election~~ candidates <u>at a special election</u>,

which contributions are in the aggregate amount of ~~$100~~ $50 or less, and which are fully identified and itemized as to the exact source thereof. A contribution received from a conduit ~~which is identified by the conduit as originating from an individual shall~~ may not be considered as a contribution made by ~~the~~ an individual for the purpose of qualifying for a grant under this subdivision. Only the first ~~$100~~ $50 of an aggregate contribution of more than ~~$100~~ $50 may be counted toward the required percentage. ~~For a candidate at the spring or general election for an office identified in s. 11.26 (1) (a) or a candidate at a special election, the required amount to qualify for a grant is 5% of the candidate's authorized disbursement limitation under s. 11.31. For any other candidate at the general election, the required amount to qualify for a grant is 10% of the candidate's authorized disbursement limitation under s. 11.31.~~

SECTION 67. 11.50 (2) (g) of the statutes is amended to read:

11.50 **(2)** (g) A candidate who voluntarily files an application to receive a grant in accordance with this subsection accepts and agrees to comply with the contribution limitations prescribed in s. 11.26 and the disbursement limitations imposed under s. 11.31 as binding upon himself or herself and his or her agents during the campaign of that candidate, as defined in s. 11.31 (7), as a precondition to receipt of a grant under this section, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws the application under par. (h),~~ or par. (i) applies.

SECTION 68. 11.50 (2) (h) of the statutes is repealed.

SECTION 69. 11.50 (2) (i) of the statutes is amended to read:

11.50 **(2)** (i) Notwithstanding par. (g), if an eligible candidate at the spring election or a special nonpartisan election who accepts a grant is opposed by one or

more candidates in the election, or if an eligible candidate at the general election or a special partisan election who accepts a grant is opposed by one or more candidates in the election who receive at least 6% of the vote cast for all candidates for the same office on all ballots at the September primary or a special partisan primary if a primary was held, and in either case if any such opponent of the eligible candidate does not accept a grant under this section in whole or in part, the eligible candidate is not bound by the pledge made in his or her application to adhere to the contribution limitations prescribed in s. 11.26 and the disbursement limitation prescribed under s. 11.31~~, unless each such opponent files an affidavit of voluntary compliance under s. 11.31 (2m)~~.

SECTION 70. 11.50 (2m) of the statutes is created to read:

11.50 **(2m)** PUBLIC INFORMATION. There is established a public information account within the fund. Annually on January 1, the board shall transfer from each account within the fund, except the public information account, an amount equal to 5% of the moneys transferred to the fund under s. 20.855 (4) (b) during the preceding year to the public information account. The board shall make the transfers from each account in the same proportion that the amount of moneys transferred to that account during the preceding year from moneys transferred to the fund under s. 20.855 (4) (b) bears to the total amount of moneys transferred to the fund under s. 20.855 (4) (b) in that year. The board shall expend the moneys in the public information account for the purpose of providing public information concerning the purpose and effect of s. 71.10 (3) and this section.

SECTION 71. 11.50 (2m) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 72. 11.50 (2s) of the statutes is created to read:

1 11.50 **(2s)** POLITICAL PARTY ACCOUNTS. (a) The state chairperson of each eligible
2 political party may, by written request to the board, provide for the establishment
3 or discontinuance of an account within the fund for that political party. Each political
4 party account consists of 97% of all moneys designated by individuals for deposit in
5 that account under s. 71.10 (3) (a).

6 (b) The board shall make grants to each eligible political party for which an
7 account is established under par. (a) in an amount equivalent to 9.7% of the total
8 amount designated by income tax filers under s. 71.10 (3) (a) for deposit in the
9 account of that political party, plus 100% of the amounts transferred to the account
10 of that political party under par. (g).

11 (c) Except as provided in pars. (e) to (g) and sub. (9) (a), from the account of each
12 eligible political party, the board shall apportion the following amounts to the
13 accounts of eligible candidates for the following offices:

14 1. An amount equal to 12.8% to the candidate for the office of governor.
15 2. An amount equal to1.2% to the candidate for the office of lieutenant governor.
16 3. An amount equal to 2.4% to the candidate for the office of attorney general.
17 4. An amount equal to 1.2% to the candidate for the office of secretary of state.
18 5. An amount equal to 1.2% to the candidate for the office of state treasurer.
19 6. An amount equal to 23 1/3% to the candidates for the office of state senator.
20 7. An amount equal to 46 2/3% to the candidates for the office of representative
21 to the assembly.

22 (d) Within the account of each political party, the board shall establish 2
23 subaccounts for each county. The board shall apportion 23 1/3% of the amounts
24 designated by the residents of each county for each party in a subaccount of that
25 party for the office of state senator in that county. The board shall apportion 46 2/3%

1 of the amounts designated by the residents of each county for each party in a
2 subaccount of that party for the office of representative to the assembly in that
3 county. Except as provided in subd. 4., pars. (e) to (g) and sub. (9) (a), each eligible
4 candidate for the office of state senator or representative to the assembly shall
5 receive the amount in the subaccount or the sum of the amounts in the subaccounts
6 of the political party of that candidate for the office which the candidate seeks under
7 par. (c) 6. or 7. determined as follows:

8 1. For each county within the legislative district in which a candidate seeks
9 office, the board shall calculate the sum of the votes cast in that part of the county
10 in which the district is located for all candidates of the political party of that
11 candidate for all state offices other than the office of district attorney at the most
12 recent general election at which each office was filled, except as provided in subd. 5.

13 2. The board shall then calculate the sum of the votes cast in that county for
14 all candidates of the political party of that candidate for all state offices other than
15 the office of district attorney at the most recent general election at which each office
16 was filled, except as provided in subd. 5.

17 3. The board shall then divide the result obtained under subd. 1. by the result
18 obtained under subd. 2. and multiply that result by the total amount in the
19 subaccount of the account of the political party of that candidate allocated for
20 candidates for the office which the candidate seeks in that county.

21 4. If the office of state senator within any senate district is not regularly filled
22 at a general election, the board shall retain the amount determined under subds. 1.
23 to 3. for the candidate of each political party for that office in that district at that
24 general election in the subaccount for that office and shall add that amount to the

amount so determined for the candidate of that political party for that office in that district at the next general election.

5. For purposes of making the calculations required under subds. 1. and 2., if a political party had no candidate whose name was certified to appear on the ballot for a state office in the most recent general election for that office or if the candidate of a political party for a state office had no opponent whose name was certified to appear on the ballot for that office in the most recent general election for that office, the board shall treat the average number of votes received within the county or portion of a county, as applicable, for each other state office, except the office of district attorney, that was filled at that election as the number of votes received by the candidate of the political party for the office that was not contested, except that if the political party had no candidate for any other state office at that election or if the candidate of that political party for any other state office had no opponent whose name was certified to appear on the ballot at that election, the board shall exclude that office in calculating that average.

(e) If a political party does not have a candidate for any office specified in par. (c) whose name is certified to appear on the ballot at a general or special election at which the office is filled, ~~or if a political party has a candidate for an office specified in par. (c) who qualifies to receive a grant under sub. (2) and the candidate has an opponent whose name is certified to appear on the general or a special election ballot but the opponent does not qualify to receive a grant under sub. (2),~~ the board shall transfer the amount allocated under par. (c) for the candidate of that political party to the general fund.

(f) If a political party has a candidate for an office specified in par. (c) who qualifies to receive a grant under sub. (2) and the candidate has an opponent whose

name is certified to appear on the general or a special election ballot but the opponent does not qualify to receive a grant under sub. (2), the board shall transfer the amount allocated to the certified opposing candidate under par. (c) from the political party account of that candidate to the general fund.

(g) If a political party has a candidate for an office specified in par. (c) who has fulfilled all qualifications to receive a grant under sub. (2) except that the candidate does not have an opponent whose name is certified to appear on the general or a special election ballot, the board shall transfer the amount allocated under par. (c) for that candidate to the political party account of the party of that candidate for distribution to the party under par. (b).

(h) A treasurer of a political party committee that receives a grant under this subsection shall deposit the proceeds of the grant in a separate depository account under s. 11.14 (1) and shall maintain the proceeds in that account until they are used to make a disbursement.

SECTION 73. 11.50 (2w) of the statutes is created to read:

11.50 **(2w)** GENERAL ACCOUNT. There is established a general account within the fund consisting of 97% of all moneys designated by individuals for deposit in that account under s. 71.10 (3) (a).

SECTION 74. 11.50 (3) (a) (intro.) of the statutes is amended to read:

11.50 **(3)** (a) (intro.) Annually on ~~August 15,~~ September 1, the state treasurer shall apportion all moneys ~~appropriated to~~ in the general account of the fund ~~shall be apportioned~~ as follows ~~by the state treasurer~~:

SECTION 75. 11.50 (3) (a) 1. and 2. of the statutes are amended to read:

11.50 **(3)** (a) 1. If an election for state superintendent is scheduled in the following year, ~~8%~~ 12% of the ~~fund~~ moneys in the general account shall be placed in

a superintendency account. From ~~this~~ the superintendency account, an equal amount shall be disbursed to the campaign depository account of each eligible candidate by the state treasurer.

2. If an election for justice is scheduled in the following year, ~~8%~~ 12% of the ~~fund~~ moneys in the general account shall be placed in a supreme court account. From ~~this~~ the supreme court account, an equal amount shall be disbursed to the campaign depository account of each eligible candidate by the state treasurer.

SECTION 76. 11.50 (3) (b) of the statutes is amended to read:

11.50 **(3)** (b) If a vacancy occurs in the office of state superintendent or justice after ~~August 15~~ September 16 in any year and an election is scheduled to fill the vacancy at the spring election in the following year, the state treasurer shall transfer an amount not exceeding ~~8%~~ 12% of the moneys transferred to the general account of the fund ~~on the preceding August 15~~ during the 12–month period preceding that date to the account for the office in which the vacancy occurs, such moneys to be drawn from any account within the accounts created under sub. (4) in the amount or amounts specified by the board.

SECTION 77. 11.50 (4) (a) of the statutes is amended to read:

11.50 **(4)** (a) In the partisan campaign account, 25% of the moneys shall be apportioned into an executive campaign account and 75% of the moneys shall be apportioned into a legislative ~~and special election~~ campaign account.

SECTION 78. 11.50 (4) (c) of the statutes is amended to read:

11.50 **(4)** (c) The legislative ~~and special election~~ campaign account shall be divided into a senate campaign account to receive 25% of the moneys, and an assembly campaign account to receive 75% of the moneys. Each account shall then

be apportioned between all eligible candidates for the same office in the entire state. No apportionment shall be made by legislative district.

SECTION 79. 11.50 (4) (cm) of the statutes is amended to read:

11.50 **(4)** (cm) ~~Each~~ There is established within the general account of the fund a special election account. The special election account consists of the lesser of the moneys required to make grants under this paragraph or the balance in the remainder of the general account. From the special election account, each eligible candidate ~~for the same office~~ at a special election of a political party whose candidate for the same office received a grant at the preceding general election shall receive ~~an equal amount, which amount shall be~~ a grant equivalent to the ~~maximum~~ combined grant ~~which~~ from the general and party accounts that was payable to ~~any~~ the candidate of the same political party for that office at the ~~most recent spring or~~ preceding general election. ~~The amount shall be drawn from the senate campaign account and the assembly campaign account in the same proportions as the balance in each account bears to the total balance in both accounts at the time that payments are made. Whenever there are insufficient moneys in the senate campaign account and the assembly campaign account to make the payments required by this paragraph, payments shall be appropriately reduced or discontinued by the board.~~ From the special election account, each eligible candidate for state superintendent at a special election shall receive a grant equivalent to the grant that was payable to candidates for that office at the most recent spring election. From the special election account, each eligible candidate at a special election who does not represent a political party whose candidate for the same office at the preceding spring or general election received a grant shall receive a grant equivalent to the grant that

was payable to candidates for the same office at the preceding spring or general election from the general account.

SECTION 80. 11.50 (4) (d) of the statutes is amended to read:

11.50 **(4)** (d) ~~Within~~ Except as provided in par. (cm) and sub. (9), within the accounts established under this subsection for each office at each general election, the entire amount of all available moneys shall be apportioned equally to all eligible candidates.

SECTION 81. 11.50 (5) of the statutes is renumbered 11.50 (5) (a) and amended to read:

11.50 **(5)** (a) The state treasurer shall make the disbursements to the ~~campaign depository account of each eligible candidate~~ treasurer of the personal campaign committee of each candidate who receives a grant under subs. (3) and (4) by the end of the 3rd business day following notice from the board under s. 7.08 (2) (c) or (cm).

(b) Eligible candidates for governor and lieutenant governor of the same political party may combine accounts if desired.

SECTION 82. 11.50 (5) (c) of the statutes is created to read:

11.50 **(5)** (c) The state treasurer shall make the disbursements to the treasurer of the state committee of each political party that receives a grant by the end of the 3rd business day following receipt of each certification from the secretary of revenue under s. 71.10 (3) (b).

SECTION 83. 11.50 (6) (title) of the statutes is repealed.

SECTION 84. 11.50 (6) of the statutes is renumbered 11.50 (4) (e) and amended to read:

11.50 **(4)** (e) If, at any election, the amounts which are to be apportioned to each eligible candidate ~~under subs. (3) and (4)~~ from the general account are more than the

amount which a candidate may accept under sub. (9) (a), or more than the amount which a candidate elects to accept under sub. (10), the ~~excess moneys shall be retained in the fund~~ board shall first apportion the excess amount to other eligible candidates who have not received the maximum amount permitted under subs. (9) (a) and (10), if any. The board shall make the apportionment by distributing the entire excess amount to the accounts for the offices to be filled at that election in the same relative proportion that the percentage allocations to the accounts for those offices, as specified in pars. (a) to (c), bear to each other. The board shall then distribute the excess amount within the account for each office equally to each eligible candidate for that office and shall redistribute any remaining excess amount in the same manner until the entire excess amount within the account for each office is exhausted or all eligible candidates for the office receive the maximum amounts permitted under subs. (9) (a) and (10). If, after that distribution, there is any remaining undistributed amount in an account for an executive or judicial office, the board shall transfer that amount to the general fund, and, if there is any remaining undistributed amount in the account for a legislative office, that amount shall be retained in that account.

SECTION 85. 11.50 (7) (intro.) of the statutes is amended to read:

11.50 **(7)** UTILIZATION. (intro.) (a) Grants distributed under this section may be utilized only for deposit in a campaign depository account under s. 11.10.

(b) Grants received by an eligible candidate from the general account or from the account of an eligible political party may be expended only for one or more of the following:

SECTION 86. 11.50 (7) (a) to (d) of the statutes are renumbered 11.50 (7) (b) 1. to 4.

1 **SECTION 87.** 11.50 (7) (c) of the statutes is created to read:

2 11.50 **(7)** (c) Grants received by an eligible political party under sub. (2s) (b)
3 may be expended only for one or more of the following:

4 1. Purchase of services from a communications medium to promote the
5 candidacy of candidates of the party generally without reference to any specific
6 candidate of the party for state office.

7 2. Preparation and dissemination of sample ballots listing the names of 3 or
8 more candidates of the party for state office.

9 3. Making telephone contacts with electors in which the names of 3 or more
10 candidates of the party are mentioned.

11 4. Fund raising on behalf of 3 or more candidates of the party for state office.

12 5. Staff compensation and expenses to provide services on behalf of 3 or more
13 candidates of the party for state office.

14 **SECTION 88.** 11.50 (8) of the statutes is amended to read:

15 11.50 **(8)** LAPSING GRANTS. All grants disbursed under sub. (5) remain the
16 property of the state until disbursed or encumbered for a lawful purpose. All grant
17 moneys that are unspent and unencumbered by a candidate on the day after the
18 election in which the candidate participates <u>and that exceed the total amount of</u>
19 <u>disbursements by the candidate's personal campaign committee that were made or</u>
20 <u>obligated after the date of the primary election</u> shall revert to the state. All deposits
21 and refunds derived from grant moneys that are received by a candidate at any time
22 after the day of the election in which the candidate participates shall revert to the
23 state. All reversions shall be returned to the board by the candidate and shall be
24 deposited in the fund.

1 **SECTION 89.** 11.50 (9) of the statutes is renumbered 11.50 (9) (a) and amended
2 to read:

3 11.50 **(9)** (a) The total grant available to an eligible candidate ~~may not exceed~~
4 ~~that amount which, when added to all other contributions accepted from sources~~
5 ~~other than individuals, political party committees and legislative campaign~~
6 ~~committees, is equal to 45%~~ shall not exceed 50% of the disbursement level ~~specified~~
7 for candidates for the applicable office other than first–time candidates, as
8 determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9). If the
9 combined amount otherwise payable to an eligible candidate under subs. (2s) and (4)
10 exceeds the limitation prescribed in this paragraph, the board shall reduce the total
11 grant available to that candidate by reducing first any amount to which the
12 candidate would otherwise be entitled from the general account, and thereafter any
13 amount to which the candidate would otherwise be entitled from the political party
14 account of the candidate's political party.

15 (b) The board shall scrutinize accounts and reports and records kept under this
16 chapter to assure that applicable limitations under ~~ss. 11.26 (9) and~~ s. 11.31 are not
17 exceeded and any violation is reported. No candidate or campaign treasurer may
18 accept grants exceeding the amount authorized by this subsection.

19 **SECTION 90.** 11.50 (11) (e) of the statutes is amended to read:

20 11.50 **(11)** (e) No candidate may expend, authorize the expenditure of or incur
21 any obligation to expend any grant if he or she violates the pledge required under
22 sub. (2) (a) as a precondition to receipt of a grant, except as authorized in sub. (2) ~~(h)~~
23 ~~or~~ (i).

24 **SECTION 91.** 11.50 (11) (g) of the statutes is amended to read:

11.50 **(11)** (g) If any person other than a candidate or candidate's campaign treasurer violates pars. (a) ~~to~~, (d) or (f), such person shall be liable to the state in a civil action brought by the board for conversion, for treble the amount of the moneys wrongfully expended, and in addition is subject to penalties as provided in ss. 11.60 and 11.61. If any candidate violates pars. (a) to (f), the candidate shall be personally liable to the state. If any candidate's campaign treasurer violates pars. (a) to (f), the campaign treasurer and the candidate who appointed the treasurer shall be personally liable to the state. The liability may be enforced in a civil action brought by the board for conversion, for treble the amount of the moneys wrongfully expended, or for not more than 4 times the amount by which any disbursements made by the candidate's personal campaign committee and any contributions made by the candidate to his or her own campaign exceeded the limitation prescribed in s. 11.26 (10) or the limitation prescribed in s. 11.31 (1) or (1m), or both, as adjusted under s. 11.31 (9), and in addition the candidate or treasurer, or both, are subject to penalties as provided in ss. 11.60 and 11.61.

SECTION 92. 11.50 (14) of the statutes is created to read:

11.50 **(14)** CERTIFICATIONS TO SECRETARY OF REVENUE. (a) In each even–numbered year, the board shall certify to the secretary of revenue:

1. No later than July 1, the name of each political party that qualifies under sub. (1) (am) 1. as an eligible political party as of the preceding June 1 and whose state chairperson has filed a request to establish an account for the party under sub. (2s) (a).

2. No later than December 15, the name of each political party that qualifies under sub. (1) (am) 2. as an eligible political party as of the date of the preceding

1 general election and whose state chairperson has filed a written request to establish
2 an account for the party under sub. (2s) (a).
3 (b) As soon as possible after receiving a valid application from an eligible
4 candidate under sub. (2) (a) and determining that the candidate is eligible to receive
5 a grant, the board shall certify to the secretary of revenue the full name of that
6 candidate as the name appears on the candidate's nomination papers.
7 (c) In each certification under this subsection, the board shall specify the
8 expiration date of the certification.
9 **SECTION 93.** 11.60 (4m) of the statutes is created to read:
10 11.60 **(4m)** If any candidate incurs a forfeiture under this section, the candidate
11 is personally liable for payment of the forfeiture.
12 **SECTION 94.** 11.70 of the statutes is created to read:
13 **11.70 Political contribution refund. (1)** In this section:
14 (a) "Certified political party" means a party whose name is certified by the
15 board to the secretary of revenue under s. 11.50 (14) (a).
16 (b) "Certified eligible candidate" means a candidate whose name is certified by
17 the board to the secretary of revenue under s. 11.50 (14) (b).
18 **(2)** Any individual who is a resident of this state and of eligible voting age and
19 who makes any contribution or contributions of money to a certified political party
20 or a certified eligible candidate may file a claim with the secretary of revenue
21 requesting a refund of not more than $50 for any such contribution or contributions
22 made in any calendar year. Two married individuals who are both residents of this
23 state and are of eligible voting age and who make, individually or jointly, any
24 contribution or contributions of money to a certified political party or a certified
25 eligible candidate may file a claim with the secretary of revenue requesting a refund

of not more than $100 for such contributions made, including not more than $50 for such contributions made individually by each of them, in any calendar year.

(3) The secretary of revenue shall prescribe an official refund receipt form for use under this section. The forms shall be numbered sequentially. Each individual or married couple filing a request for a refund under sub. (2) shall attach a copy of that form to the request.

(4) All information concerning the identities of individuals and married couples requesting refunds, the identities of candidates to whom contributions are made and the amounts of any contributions made is confidential.

(5) A request under this section shall be filed with the secretary of revenue no earlier than January 1 of the year in which any contributions are made for which a refund is requested and no later than April 15 of the following year.

(6) An individual may file a request under this section no more than once for any year. Married individuals may file a request under this section either individually or jointly no more than once for any year.

(7) The secretary of revenue shall make refunds under this section from the appropriation under s. 20.566 (3) (f).

(8) If the secretary of revenue makes any refund under this section later than June 15 in the year after the contribution or contributions to be refunded were made, the secretary shall pay interest on the refund at the rate provided under s. 71.82 (1) (b).

(9) No later than August 1 annually, the secretary of revenue shall submit a statement to the board summarizing the total number and the aggregate amount of refunds made on behalf of each certified political party and each certified eligible candidate during the preceding fiscal year.

1 **SECTION 95.** 13.625 (1) (b) 3. of the statutes is amended to read:

2 13.625 **(1)** (b) 3. Food, meals, beverages, money or any other thing of pecuniary
3 value~~, except that a lobbyist may make a campaign contribution to a partisan elective~~
4 ~~state official or candidate for national, state or local office or to the official's or~~
5 ~~candidate's personal campaign committee; but a lobbyist may make a contribution~~
6 ~~to which par. (c) applies only as authorized in par. (c)~~.

7 **SECTION 96.** 13.625 (1) (c) (intro.) of the statutes is renumbered 13.625 (1) (c)
8 and amended to read:

9 13.625 **(1)** (c) ~~Except as permitted in this subsection, make~~ Make a campaign
10 contribution, as defined in s. 11.01 (6), to a partisan elective state official for the
11 purpose of promoting the official's election to any national, state or local office, or to
12 a candidate for a partisan elective state office to be filled at the general election or
13 a special election, or the official's or candidate's personal campaign committee. ~~A~~
14 ~~campaign contribution to a partisan elective state official or candidate for partisan~~
15 ~~elective state office or his or her personal campaign committee may be made in the~~
16 ~~year of a candidate's election between June 1 and the day of the general election,~~
17 ~~except that:~~

18 **SECTION 97.** 13.625 (1) (c) 1. and 2. of the statutes are repealed.

19 **SECTION 98.** 13.625 (2) of the statutes is amended to read:

20 13.625 **(2)** No principal may engage in the practices prohibited under sub. (1)
21 (b) ~~and (c)~~ except that a principal may make a campaign contribution, as defined in
22 s. 11.01 (6), to a partisan elective state official or candidate for partisan elective state
23 office or his or her personal campaign committee in the year of an official's or
24 candidate's election between June 1 and the day of the general election unless, in the
25 case of a member of the legislature or candidate for legislative office, the legislature

1 has not concluded its final floorperiod or is in special or extraordinary session. This
2 subsection does not apply to the furnishing of transportation, lodging, food, meals,
3 beverages or any other thing of pecuniary value which is also made available to the
4 general public.

5 **SECTION 99.** 13.625 (6) of the statutes is amended to read:

6 13.625 **(6)** Subsections (1) (b) and (c), (2) and (3) do not apply to the furnishing
7 of anything of pecuniary value by an individual who is a ~~lobbyist or~~ principal to a
8 relative of the individual or an individual who resides in the same household as the
9 individual, nor to the receipt of anything of pecuniary value by that relative or
10 individual residing in the same household as the individual. Subsections (1) (b), (2)
11 and (3) do not apply to the furnishing of anything of pecuniary value, except a
12 campaign contribution, as defined in s. 11.01 (6), by a lobbyist to a relative of the
13 lobbyist or an individual who resides in the same household as the lobbyist, nor to
14 the receipt of any such thing by that relative or individual residing in the same
15 household as the individual.

16 **SECTION 100.** 20.510 (1) (q) of the statutes is amended to read:

17 20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing
18 appropriation, from the Wisconsin election campaign fund, the ~~moneys~~ amounts
19 determined under s. 11.50 to provide for payments to eligible candidates whose
20 names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose
21 names are certified under s. 7.08 (2) (cs) and to provide for public information under
22 s. 11.50 (2m).

23 **SECTION 101.** 20.510 (1) (q) of the statutes, as affected by 1999 Wisconsin Act
24 .... (this act), is amended to read:

20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing appropriation, from the Wisconsin election campaign fund, the ~~moneys~~ amounts determined under s. 11.50 to provide for payments to eligible candidates whose names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose names are certified under s. 7.08 (2) (cs) ~~and to provide for public information under s. 11.50 (2m)~~.

SECTION 102. 20.566 (3) (f) of the statutes is created to read:

20.566 **(3)** (f) *Political contribution refunds.* A sum sufficient to make political contribution refunds under s. 11.70.

SECTION 103. 20.855 (4) (b) of the statutes is amended to read:

20.855 **(4)** (b) *Election campaign payments.* A sum sufficient equal to 97% of the amounts determined under s. 71.10 (3) to be paid into the Wisconsin election campaign fund ~~annually on August 15~~ as provided in s. 71.10 (3) (b).

SECTION 104. 20.855 (4) (ba) of the statutes is created to read:

20.855 **(4)** (ba) *Election fund annual supplement.* A sum sufficient equal to $3,000,000 in each fiscal year, plus, in each fiscal year, the amounts determined by the secretary of revenue under ss. 71.80 (21) and 77.9973, to be transferred from the general fund to the Wisconsin election campaign fund annually on September 16.

SECTION 105. 20.855 (4) (bb) of the statutes is created to read:

20.855 **(4)** (bb) *Election fund special election supplement.* A sum sufficient equal to the amounts required to make full payment of grants which candidates at special elections qualify to receive from the Wisconsin election campaign fund, to be transferred from the general fund to the special election account of the Wisconsin election campaign fund no later than the time required to make payments of grants under s. 11.50 (5).

1 **SECTION 106.** 25.42 of the statutes is amended to read:

2 **25.42 Wisconsin election campaign fund.** All moneys appropriated under
3 s. 20.855 (4) (b), (ba) and (bb) together with all moneys reverting to the state under
4 s. 11.50 (8) and all gifts, bequests and devises received under s. 11.50 (13) constitute
5 the Wisconsin election campaign fund, to be expended for the purposes of s. 11.50.
6 All moneys in the fund not disbursed by the state treasurer shall continue to
7 accumulate indefinitely.

8 **SECTION 107.** 71.05 (6) (a) 21. of the statutes is created to read:

9 71.05 **(6)** (a) 21. Any amount deducted under section 162 (e) (1) of the Internal
10 Revenue Code because of the exception contained in section 162 (e) (5) of the Internal
11 Revenue Code.

12 **SECTION 108.** 71.07 (5) (a) 8. of the statutes is created to read:

13 71.07 **(5)** (a) 8. Expenses under section 162 (e) (1) of the Internal Revenue Code
14 that are deductible because of the exception contained in section 162 (e) (5) of the
15 Internal Revenue Code.

16 **SECTION 109.** 71.10 (3) (a) of the statutes is amended to read:

17 71.10 **(3)** (a) Every individual filing an income tax return who has a tax liability
18 or is entitled to a tax refund may designate ~~$1~~ $5 for transfer to the Wisconsin
19 election campaign fund ~~for the use of eligible candidates under s. 11.50~~. If the
20 individuals filing a joint return have a tax liability or are entitled to a tax refund,
21 each individual may make a designation of ~~$1~~ $5 under this subsection. Each
22 individual making a designation shall indicate whether the amount designated by
23 that individual shall be placed in the general account for the use of all eligible
24 candidates for state office, or in the account of an eligible political party whose name
25 is certified to the secretary of revenue under s. 11.50 (14). If an individual does not

indicate that the amount of his or her designation shall be placed in the account of a particular eligible political party, that amount shall be placed in the general account.

SECTION 110. 71.10 (3) (b) of the statutes is amended to read:

71.10 **(3)** (b) The secretary of revenue shall provide a place for ~~those~~ designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax liability. ~~Annually on August 15~~ The secretary shall also provide a place in the instructions that accompany the return for any information submitted to the secretary by the elections board under s. 11.50 (2m). No later than the 15th day of each month, the secretary of revenue shall certify to the elections board, the department of administration and the state treasurer ~~under s. 11.50~~ the total amount of designations made on returns processed by the department of revenue during the preceding ~~fiscal year~~ month, the amount of designations made during that month for the general account and for the account of each eligible political party and, within the account of each eligible political party, the amount designated during that month by residents of each county. If any individual attempts to place any condition or restriction upon a designation not authorized under par. (a), that individual is deemed not to have made a designation on his or her tax return.

SECTION 111. 71.10 (3) (b) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

71.10 **(3)** (b) The secretary of revenue shall provide a place for designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax liability. ~~The secretary shall also provide a place in the instructions that accompany the return for~~

1 ~~any information submitted to the secretary by the elections board under s. 11.50~~
2 ~~(2m).~~ No later than the 15th day of each month, the secretary of revenue shall certify
3 to the elections board, the department of administration and the state treasurer the
4 total amount of designations made on returns processed by the department of
5 revenue during the preceding month and the amount of designations made during
6 that month for the general account and for the account of each eligible political party.
7 If any individual attempts to place any condition or restriction upon a designation
8 not authorized under par. (a), that individual is deemed not to have made a
9 designation on his or her tax return.

10 **SECTION 112.** 71.26 (1) (a) of the statutes is amended to read:

11 71.26 **(1)** (a) *Certain corporations.* Income of corporations organized under ch.
12 185, except income of a cooperative sickness care association organized under s.
13 185.981, or of a service insurance corporation organized under ch. 613, that is derived
14 from a health maintenance organization as defined in s. 609.01 (2) or a limited
15 service health organization as defined in s. 609.01 (3), or operating under subch. I
16 of ch. 616 which are bona fide cooperatives operated without pecuniary profit to any
17 shareholder or member, or operated on a cooperative plan pursuant to which they
18 determine and distribute their proceeds in substantial compliance with s. 185.45,
19 and the income, except the unrelated business taxable income as defined in section
20 512 of the internal revenue code and except income that is derived from a health
21 maintenance organization as defined in s. 609.01 (2) or a limited service health
22 organization as defined in s. 609.01 (3), of all religious, scientific, educational,
23 benevolent or other corporations or associations of individuals not organized or
24 conducted for pecuniary profit. <u>In computing unrelated business taxable income for</u>
25 <u>the purposes of this paragraph, the expenses that are deductible under section 162</u>

1 (e) (1) of the Internal Revenue Code because of the exception contained in section 162
2 (e) (5) of the Internal Revenue Code may not be deducted. This paragraph does not
3 apply to the income of savings banks, mutual loan corporations or savings and loan
4 associations. This paragraph applies to the income of credit unions except to the
5 income of any credit union that is derived from public deposits for any taxable year
6 in which the credit union is approved as a public depository under ch. 34 and acts as
7 a depository of state or local funds under s. 186.113 (20). For purposes of this
8 paragraph, the income of a credit union that is derived from public deposits is the
9 product of the credit union's gross annual income for the taxable year multiplied by
10 a fraction, the numerator of which is the average monthly balance of public deposits
11 in the credit union during the taxable year, and the denominator of which is the
12 average monthly balance of all deposits in the credit union during the taxable year.

13 **SECTION 113.** 71.26 (2) (b) 1g. of the statutes is created to read:

14 71.26 **(2)** (b) 1g. In computing the net income under this paragraph of a
15 corporation, conduit or common law trust that qualifies as a regulated investment
16 company, real estate mortgage investment conduit or real estate investment trust,
17 expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code
18 because of the exception contained in section 162 (e) (5) of the Internal Revenue Code
19 may not be deducted.

20 **SECTION 114.** 71.26 (3) (e) 4. of the statutes is created to read:

21 71.26 **(3)** (e) 4. So that expenses that are deductible under section 162 (e) (1)
22 of the Internal Revenue Code because of the exception contained in section 162 (e)
23 (5) of the Internal Revenue Code may not be deducted.

24 **SECTION 115.** 71.34 (1) (ad) of the statutes is created to read:

71.34 **(1)** (ad) The expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code may not be deducted.

SECTION 116. 71.45 (2) (a) 15. of the statutes is created to read:

71.45 **(2)** (a) 15. By adding to federal taxable income the amount of any expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 117. 71.80 (21) of the statutes is created to read:

71.80 **(21)** TAXABILITY OF LOBBYING EXPENSES; CERTIFICATION. Annually no later than August 15, the secretary of revenue shall certify to the secretary of administration the amount of taxes estimated by the secretary of revenue to have been collected during the preceding 12–month period ending on June 30 as a result of the election of this state not to allow an income and franchise tax deduction for expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible because of the exemption contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 118. Chapter 77 (title) of the statutes is amended to read:

CHAPTER 77

TAXATION OF FOREST CROPLANDS; REAL ESTATE TRANSFER FEES; SALES AND USE TAXES; COUNTY AND SPECIAL DISTRICT SALES AND USE TAXES; MANAGED FOREST LAND; TEMPORARY RECYCLING SURCHARGE; LOCAL FOOD AND

BEVERAGE TAX; LOCAL RENTAL CAR TAX; PREMIER RESORT AREA TAXES; STATE RENTAL VEHICLE FEE; DRY CLEANING FEES;

CAMPAIGN TREASURY SURPLUS EARNINGS TAX

SECTION 119. Subchapter XIII of chapter 77 [precedes 77.997] of the statutes is created to read:

CHAPTER 77

SUBCHAPTER XIII

CAMPAIGN TREASURY

SURPLUS EARNINGS TAX

77.997 Definitions. In this subchapter:

(1) "Campaign treasury surplus" means the unencumbered balance in the campaign depository account of a candidate or a candidate's personal campaign committee during the period beginning on the first day of the month following an election at which the name of the candidate appeared on the ballot, except a primary election if the candidate was nominated at that primary election to appear on an election ballot, and ending on the date that the candidate files a valid declaration of candidacy together with valid nomination papers, if required, to appear on the ballot at a succeeding election.

(2) "Candidate" has the meaning given in s. 11.01 (1).

(3) "Election" has the meaning given in s. 5.02 (4).

(4) "Personal campaign committee" has the meaning given in s. 11.01 (15).

1 **77.9971 Imposition.** A tax is imposed on each candidate and personal
2 campaign committee at the rate of 15% on the earnings received by the candidate or
3 personal campaign committee on any campaign treasury surplus for the 6–month
4 period ending on each December 31 and June 30.

5 **77.9972 Administration. (1)** The department of revenue shall levy, enforce
6 and collect the tax under this subchapter.

7 **(2)** The tax under this subchapter and a completed return prescribed by the
8 department of revenue are due on March 1 and September 1.

9 **(3)** Sections 77.59 (1) to (6), (8) and (8m), 77.60 (1) to (7), (9) and (10), 77.61 (5)
10 and (12) to (14) and 77.62, as they apply to the taxes under subch. III, apply to the
11 tax under this subchapter.

12 **77.9973 Certification.** Annually no later than September 15, the secretary
13 of revenue shall certify to the secretary of administration the amount of taxes
14 collected under this subchapter for the preceding 12–month period ending on June
15 30.

16 **SECTION 120. Initial applicability.**

17 (1) Except as provided in subsections (2) to (5), this act first applies to elections
18 held on the effective date of this subsection.

19 (2) The treatment of section 11.06 (1) (a), (d) and (L) of the statutes first applies
20 to reports covering the period beginning on July 1, 2000.

21 (3) The treatment of section 11.31 (9) of the statutes first applies to adjustment
22 of disbursement limitations for the biennium beginning on January 1, 2002.

23 (4) The treatment of sections 71.05 (6) (a) 21., 71.07 (5) (a) 8., 71.10 (3) (a) and
24 (b) (by SECTION 110), 71.26 (1) (a), (2) (b) 1g. and (3) (e) 4., 71.34 (1) (ad) and 71.45 (2)
25 (a) 15. of the statutes first applies to taxable years beginning on January 1 of the year

in which this subsection takes effect, except that if this subsection takes effect after July 31 this act first applies to claims filed for taxable years beginning on January 1 of the year following the year in which this subsection takes effect.

(5) The treatment of subchapter XIII of chapter 77 of the statutes first applies to earnings received on January 1, 2001.

SECTION 121. Effective dates. This act takes effect on the day after publication, except as follows:

(1) The treatment of section 20.510 (1) (q) (by SECTION 101) of the statutes and the repeal of section 11.50 (2m) of the statutes take effect on the first day of the 7th year beginning after publication.

(2) The treatment of section 71.10 (3) (b) (by SECTION 111) of the statutes takes effect on the first day of the 7th year beginning after publication.

(END)

State of Wisconsin
1999 – 2000 LEGISLATURE

LRB–1801/~~6~~ 7
JTK/JK/MES:kg:hmh

Tues A.M.
WANTed ~~MON 4/5~~ 4/6

1999 BILL

(regenerate)

AN ACT ~~*to repeal*~~ 11.01 (12s), 11.05 (3) (o), 11.26 (9) (b) and (c), 11.265, 11.31 (2m), 11.31 (3m), 11.31 (4), 11.31 (7) (d), 11.50 (2) (h), 11.50 (2m), 11.50 (6) (title) and 13.625 (1) (c) 1. and 2.; ***to renumber*** 11.24 (2), 11.50 (1) (a) 1. and 11.50 (7) (a) to (d); ***to renumber and amend*** 11.16 (1) (d), 11.26 (9) (a), 11.50 (1) (a) 2., 11.50 (2) (a), 11.50 (5), 11.50 (6), 11.50 (9) and 13.625 (1) (c) (intro.); ***to amend*** 5.02 (13), 11.01 (5m), 11.05 (3) (c), 11.05 (9) (b), 11.06 (1) (a), 11.06 (1) (d) and (L), 11.06 (2), 11.06 (7m) (a), 11.06 (7m) (c), 11.06 (11) (c), 11.10 (1), 11.12 (1) (c), 11.14 (1), 11.14 (2), 11.16 (5), 11.21 (15), 11.25 (2) (a), 11.25 (2) (b), 11.26 (1) (intro.), 11.26 (1) (a), (b) and (c), 11.26 (2) (intro.), 11.26 (2) (a), (b) and (c), 11.26 (4), 11.26 (10), 11.26 (12m), 11.26 (13), 11.31 (1) (intro.), 11.31 (1) (a) to (d), 11.31 (1) (e) and (f), 11.31 (2), 11.31 (3), 11.31 (7) (a) to (c), 11.50 (2) (b) 5., 11.50 (2) (g), 11.50 (2) (i), 11.50 (3) (a) (intro.), 11.50 (3) (a) 1. and 2., 11.50 (3) (b), 11.50 (4) (a), 11.50 (4) (c), 11.50 (4) (cm), 11.50 (4) (d), 11.50 (7) (intro.), 11.50 (8), 11.50 (11) (e), 11.50 (11) (g), 13.625 (1) (b) 3., 13.625 (2), 13.625 (6), 20.510 (1) (q), 20.510 (1) (q),

1 20.855 (4) (b), 25.42, 71.10 (3) (a), 71.10 (3) (b), 71.10 (3) (b), 71.26 (1) (a) and
2 chapter 77 (title); and ***to create*** 7.08 (2) (cs), 11.01 (9m), 11.01 (13), 11.05 (14),
3 11.16 (1) (d) 2., 11.21 (17), 11.22 (11), 11.24 (1s), 11.24 (4), 11.25 (4), 11.31 (1) (de),
4 11.31 (1m), 11.31 (9), 11.50 (1) (a) 1. (intro.), 11.50 (1) (a) 2., 11.50 (1) (am), 11.50
5 (1) (bm) and (cm), 11.50 (2) (a) 1. and 2., 11.50 (2) (b) 3m., 11.50 (2m), 11.50 (2s),
6 11.50 (2w), 11.50 (5) (c), 11.50 (7) (c), 11.50 (14), 11.60 (4m), 11.70, 20.566 (3) (f),
7 20.855 (4) (ba), 20.855 (4) (bb), 71.05 (6) (a) 21., 71.07 (5) (a) 8., 71.26 (2) (b) 1g.,
8 71.26 (3) (e) 4., 71.34 (1) (ad), 71.45 (2) (a) 15., 71.80 (21) and subchapter XIII
9 of chapter 77 [precedes 77.997] of the statutes; **relating to:** campaign
10 financing, political contributions by lobbyists, refunds for certain political
11 contributions, imposition of a campaign treasury surplus earnings tax, income
12 and franchise tax deductions for certain business expenses related to lobbying,
13 providing an exemption from emergency rule procedures, granting
14 rule–making authority, requiring the exercise of rule–making authority,
15 making appropriations and providing penalties.

Analysis by the Legislative Reference Bureau

This bill makes numerous changes in the campaign finance law, authorizes a state refund for certain political contributions, imposes a tax on the earnings of campaign treasury surpluses and eliminates a corporate income and franchise tax deduction for certain lobbying expenses. Significant changes include:

Disbursement limitations

Under current law, disbursement (expenditure) levels are specified for candidates for various state and local offices. These levels become a binding limitation upon any candidate for state office who accepts a state grant from the Wisconsin election campaign fund or who agrees to be bound by the limitation, unless the candidate is opposed by a major opponent who could have qualified for a grant but who declines to accept one and declines to file an affidavit of voluntary compliance with disbursement and contribution limitations. Additionally, the disbursement levels for candidates for the offices of state senator and representative to the assembly are subdivided between the primary and election campaign periods in such a way that only about 60% of the total applicable disbursement level for either

office may be allocated by a candidate to either the primary or the election campaign period.

This bill:

1. Eliminates the disbursement limitation, applicable to candidates for the offices of state senator and representative to the assembly, that requires the overall limitation to be subdivided between the primary and election campaign periods in such a way that only about 60% of the statutory disbursement level is allocated to either the primary or election campaign period.

2. Revises the current disbursement levels applicable to candidates for the offices shown in the following chart:

Office	*Current Level*	*Proposed Level*
Governor	$1,078,200	$3,500,000
Lieutenant governor	323,475	1,125,000
Attorney general	539,000	750,000
Secretary of state	215,625	350,000
State treasurer	215,625	350,000
Supreme court justice	215,625	400,000
State superintendent	215,625	350,000
State senator	34,500	~~140,000~~ 100,000
Representative to the assembly	17,250	~~60,000~~ 50,000

3. Provides that the disbursement limitation for a candidate who seeks an office for the first time, and has not previously been a candidate for any other national, state or local office in a jurisdiction or district which includes at least one–third of the residents who reside in the jurisdiction or district in which the candidate seeks office, is 110% of the amount provided for other candidates for that office.

4. Creates a biennial cost–of–living adjustment that causes the statutory disbursement levels to be adjusted biennially, beginning in 2002, in accordance with a formula tied to the "consumer price index" determined by the U.S. department of labor, with the result in turn adjusted by the rate of increase or decrease in the voting age population of this state, as determined by the federal election commission.

5. Deletes current law that permits a candidate who does not accept a grant to continue to bind an opponent to disbursement and contribution limitations by filing an affidavit of voluntary compliance.

Currently, the campaign of a candidate, for purposes of the applicability of disbursement limitations, extends from July 1 preceding the date of a spring primary or election at which the candidate seeks office or January 1 preceding the date of a September primary or general election at which the candidate seeks office or the date of the candidate's public announcement of candidacy, whichever is earlier, through the last day of the month following the month of the primary or election at which the candidate seeks office, except that orders placed for goods or services to be provided for a campaign are included within the campaign regardless of when the goods or services are paid for, and debts incurred for goods or services received during a

campaign period are included within the campaign regardless of when the debts are retired. Under this bill, the campaign of a candidate, for purposes of disbursement limitations, begins on the day after the date on which the previous campaign of the candidate ends or the date on which the candidate becomes a candidate at a future election, whichever is earlier (except as to goods or services provided for the campaign and paid for before that date), and ends at the same time as currently provided. The effect of the change is to include all disbursements within the limitation applicable to a current or former campaign.

Other disbursement restrictions

Currently, a personal campaign committee may make contributions to candidates other than the candidate whom it is organized to support, subject to applicable contribution limitations. If a candidate dies or ceases to be a candidate, the personal campaign committee remains subject to the same limitations. However, if the committee thereafter files a statement affirming under oath its independence from any candidate, the committee may, in addition to making contributions, make disbursements in an unlimited amount to advocate the election or defeat of a candidate.

This bill provides that, if a candidate dies or ceases to be a candidate, and the candidate's personal campaign committee thereafter files a statement affirming under oath its independence of any candidate, the committee may not make any disbursement to advocate the election or defeat of a clearly identified candidate that is derived in whole or in part from contributions received by the committee prior to filing the statement in an amount or value exceeding the maximum contribution that the committee is permitted to make to that candidate under contribution limitations currently prescribed by law.

Contribution limitations

Current law specifies limitations on the maximum amount of contributions which may be given to and accepted by a candidate for state or local office. Current law also limits the total contributions that a candidate for state or local office may accept from all political committees, including political party and legislative campaign committees, and from the Wisconsin election campaign fund to 65% of the value of the statutory disbursement level specified for the office which the candidate seeks. The total amount that a candidate may accept from committees other than political party and legislative campaign committees and from the Wisconsin election campaign fund is limited to 45% of that disbursement level.

This bill changes contribution limitations applicable to individuals and committees making contributions to candidates for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent of public instruction, justice of the supreme court, state senator or representative to the assembly per campaign, as follows:

Category	*Current Limit*	*Proposed Limit*
Individual or committee making contributions to candidate for state senator	$ 1,000	$ 500

Individual or committee making contributions to candidate for representative to the assembly	$ 500	$ 250
Individual making contributions to candidate for a statewide office	$10,000	~~$1,000~~ $5,000
Committee making contributions to candidate for a statewide office	4% of candidate's disbursement level	$1,000

The bill also creates a new contribution limitation which prohibits any candidate for state or local office from accepting total contributions from all political committees, including political party and legislative campaign committees and committees serving as conduits (see below), ~~as well as from individual contributors who contribute more than 50% of the amount or value that an individual may contribute~~ equal, in the aggregate, to more than 25% of the value of the statutory disbursement level specified for the office which the candidate seeks.

~~***Treatment of legislative campaign committees***~~

~~Currently, the adherents of any political party in either house of the legislature may organize a "legislative campaign committee" to support the candidacy of members of their party for legislative office. Committees other than legislative campaign committees and political party committees are generally subject to a limitation upon the contributions that they may make to candidates for legislative office or to political parties. Legislative campaign committees are subject only to overall limitations on the aggregate contributions that may be accepted by a candidate from entities other than individuals.~~

~~This bill eliminates the special status of legislative campaign committees, thus treating them in the same manner as other special interest committees for the purpose of contribution limitations.~~

Other contribution restrictions

This bill creates the following new prohibitions on contributions:

1. It prohibits contributions from special interest ("political action") committees, including conduit committees, and from individuals operating as conduits ~~and from individual contributors who contribute more than 50% of the amount or value that an individual may contribute~~ to incumbents who are seeking reelection to a partisan state office from the first Monday in January of each odd–numbered year through the enactment of the biennial budget act and, thereafter, during any floorperiod, including any special or extraordinary session floorperiod. The prohibition does not apply to contributions to an incumbent who is a candidate for state office at a special election during the period beginning on the date that a special election is ordered and ending on the date of the special election.

2. It prohibits any lobbyist from making a contribution to a partisan elective state official or candidate for a partisan elective state office or to such an official's or candidate's personal campaign committee. Currently, a lobbyist may make such a contribution in the year that an official or candidate seeks election between June 1 and the day of the general election.

3. It prohibits any candidate from making a contribution to another candidate except to dispose of residual contributions in the candidate's campaign treasury upon termination of registration. The bill also prohibits any candidate from accepting a contribution made by another candidate except upon termination of registration by the other candidate. Currently, a candidate is generally permitted to make a contribution for any political purpose that is not specifically prohibited by law.

Contributions through conduits

Under current law, a "conduit" is an individual or organization that receives a contribution and transfers the contribution to another individual or organization without exercising discretion as to the amount that is transferred and the individual to whom or the organization to which the transfer is made. When a conduit transfers a contribution, the conduit is required to identify itself in writing to the transferee as a conduit and to report to the transferee information about the original contributor. The conduit must include this information in its financial reports for the date on which the contribution was received and transferred. The campaign financing reports filed by the candidate identify only the original contributor, not the conduit. A contribution from a conduit is considered to be a contribution from the original contributor and, for the purpose of contribution limitations, a contribution of money received from a conduit which is properly identified and reported is considered to be a contribution received from the original contributor. Contributions received by a candidate for state office from an individual through a conduit may be used to qualify for a grant from the Wisconsin election campaign fund.

This bill requires the campaign finance reports filed by candidates to identify any conduit from whom a contribution is received, as well as the original contributor.

The bill also treats conduits in the same manner as "political action committees" by:

1. Not allowing contributions made by an individual through a conduit to be used to qualify for a grant from the Wisconsin election campaign fund.

2. Subjecting contributions from conduits to the same limitations that currently apply to the amount of contributions that a candidate may accept from any committee other than a political party committee and to the new limitation upon receipt of aggregate contributions from committees ~~and major contributors~~ or legislative campaign imposed under the bill.

Mass media and telephoning activities

Currently, individuals who accept contributions, organizations which make or accept contributions, or individuals who or organizations which incur obligations or make disbursements for the purpose of influencing an election for state or local office are generally required to register with the appropriate filing officer and to file financial reports with that officer, regardless of whether they act in conjunction with or independently of any candidate who is supported or opposed. Currently, when a person is alleged to have violated registration and reporting requirements, the state has the burden of proving that the violation occurred.

This bill provides that, whenever any person publishes, disseminates or broadcasts any communication that includes a reference to a candidate for an office to be filled at an election, during the 60–day period preceding that election or during

the 30–day period preceding any primary for that election, and the communication is substantially directed toward the electorate for that election, it is presumed that the communication is made for the purpose of influencing the election or nomination for election of that candidate, unless the person making the communication establishes, by a preponderance of the evidence, that the communication was not made for that purpose.

Wisconsin election campaign fund:

I. SOURCES AND USES OF FUNDS

Under current law, the Wisconsin election campaign fund is financed through an individual income tax "checkoff". Every individual filing a state income tax return who has a tax liability or is entitled to a tax refund may direct that $1 of general purpose revenue be transferred to the fund. Individuals filing a joint return may separately choose whether to direct that the $1 transfer be made. All moneys transferred to the fund are placed in accounts for specified state offices, and candidates for those offices at the general or a special election may qualify for grants from the fund to be used for specified campaign expenses. No moneys in the fund may be used for any other purpose. Grants at special elections are funded by reallocating moneys set aside to provide grants to candidates at the general election, to the extent that moneys are available.

This bill:

1. Increases the amount of the individual income tax checkoff for the Wisconsin election campaign fund from $1 to $5. Under the bill, individuals filing a joint return may separately choose whether to make the $5 checkoff. The bill also permits individuals to determine whether to designate their checkoffs for a "general account", which is distributed in the same manner as currently provided, or for the account of an eligible political party (see below).

2. Provides a sum sufficient appropriation from general purpose revenue to supplement the amounts otherwise available for campaign financing through the Wisconsin election campaign fund equal to $3,000,000 in each fiscal year plus, in each fiscal year, the amount determined by the secretary of revenue to have been collected by the state from the campaign treasury surplus earnings tax imposed under this bill, and the elimination of the corporate income and franchise tax deduction for lobbying expenses under this bill (see below).

3. Directs the state elections board to set aside 5% of the moneys transferred to the Wisconsin election campaign fund in each of the six years following the year in which the bill becomes law in order to provide public information concerning the purpose and effect of designations to the fund. The bill directs the department of revenue to cooperate in providing such public information. Currently, no moneys in the fund are authorized to be used for this purpose.

II. GRANT ELIGIBILITY REQUIREMENTS AND AMOUNTS

Under current law, public financing from the Wisconsin election campaign fund is available to eligible candidates for the offices of state senator, representative to the assembly, governor, lieutenant governor, attorney general, state treasurer, secretary of state, justice of the supreme court and superintendent of public instruction. To receive a grant, a candidate must file an application with the state elections board

no later than the deadline for filing nomination papers. Following the primary election or the date on which a primary would be held, if required, the board determines whether a candidate who applies for a grant meets the following eligibility requirements:

1. If the candidate seeks a partisan state office at a general election, the candidate must have received at least 6% of the total votes cast in the primary and won the primary. If the candidate seeks a partisan state office at a special election, the candidate must either: a) appear on the ballot or in the column of a political party whose candidate for the same office at the preceding general election received at least 6% of the vote; or b) receive at least 6% of the votes cast at the special election.

2. The candidate must have an opponent in the election.

3. The candidate must receive, during a specified time period, a specified amount through contributions from individuals of $100 or less. For a candidate for the office of governor, lieutenant governor, secretary of state, state treasurer, attorney general, justice of the supreme court or superintendent of public instruction, the amount is 5% of the authorized disbursement level for the office which the candidate seeks. For a candidate for the office of state senator or representative to the assembly, the amount is 10% of the authorized disbursement level for the office which the candidate seeks.

Under current law, a candidate for any office who accepts a grant must comply with statutorily prescribed contribution and disbursement limitations, unless one or more of the candidate's opponents who receive at least 6% of the votes cast for all candidates for that office at a partisan primary, if a primary was held, do not accept a grant and do not voluntarily comply with the contribution and disbursement limitations for that office. Currently, a candidate is no longer bound by disbursement limitations after the last day of the month following the election in which the candidate appears on the ballot. The maximum grant that a candidate may receive is that amount which, when added to all other contributions accepted from sources other than individuals, political party committees and legislative campaign committees, is equal to 45% of the authorized disbursement level for the office which the candidate seeks, if there are sufficient moneys in the Wisconsin election campaign fund to finance the full amount of grants for which candidates qualify.

Currently, a candidate may use moneys in his or her campaign treasury for any political purpose not prohibited by law.

This bill:

1. Provides that all candidates for 5% partisan state offices need receive contributions from individuals equal to only 5% of the authorized disbursement level for the office which the candidate seeks in order to qualify for a grant, but provides that the contributions must be in amounts of $50 of or less. INS 8A

2. Increases the maximum grant that a candidate may receive to 50% of the authorized disbursement level for the office which the candidate seeks, irrespective of contributions received from other sources.

3. Retains the current system of grants from a "general account" for which moneys may be designated by tax filers, except that it increases by 50% the amounts allocated for the offices of justice of the supreme court and state superintendent of

public instruction. Under the bill, amounts otherwise payable from the general account to a candidate who reaches this limit are redistributed to other qualifying candidates who have not reached this limit, if any.

4. Permits political parties that qualify for a separate column or row on the ballot at the general election to obtain grants from checkoffs made by tax filers. The bill provides for 9.7% of the moneys designated for political parties by tax filers to be paid directly as grants to the designated parties to be used for specified multicandidate expenses. Under the bill, disbursements made by a political party from such a grant are not considered to be in–kind contributions to the candidates who benefit from the disbursements. The bill provides for 97% of the remaining moneys designated by tax filers to be paid to candidates of the designated parties for state offices, except the office of district attorney, in accordance with an apportionment formula specified in the bill that takes into account, in the case of candidates for legislative office, the votes cast for candidates of the designated party for partisan state offices, except the office of district attorney, within each legislative district. Amounts otherwise payable to a candidate who would qualify to receive a grant if the candidate had an opponent are redistributed to the parties for multicandidate expenses. Amounts otherwise payable to a candidate for an office for which a party has no candidate or to a candidate who is opposed but who fails to qualify for a grant are lapsed to the state general fund.

5. Provides that an agreement by a candidate for state office to be bound by contribution and disbursement limitations becomes effective on the first day of the second month following the previous election for an office, or the date that the application containing the agreement is filed, whichever is later. An application may be filed no later than the deadline provided under current law. An agreement remains binding until the end of the month following the month in which the election is held for which a grant is provided, unless the board determines that the candidate who entered into the agreement does not qualify for a grant or unless the candidate who enters into the agreement becomes a candidate at a special election.

6. Provides for grants payable to candidates for state office at special elections to be payable in full from general purpose revenue.

Penalties for violations

Currently, violators of the campaign finance law are subject to a forfeiture (civil penalty) of not more than $500 for each violation, except that violators of contribution limitations are subject to a forfeiture of not more than treble the amount unlawfully contributed. In addition, intentional violators are guilty of a misdemeanor and are subject to a fine of not more than $1,000 or imprisonment for not more than six months or both. This bill provides, in addition, that, if any candidate or campaign treasurer of a candidate who accepts a grant violates the agreement to limit self–contributions and disbursements that was entered into by that candidate, the candidate is personally liable for a forfeiture of not more than four times the amount of any unlawful contributions or disbursements made.

Currently, if a candidate or any other registrant violates the campaign finance law, any forfeitures incurred by the registrant may be paid from the campaign depository account of the registrant. This bill provides that no moneys derived from

contributions that are reportable under the campaign finance law may be used to pay any forfeiture incurred by a candidate or candidate's campaign treasurer. Under the bill, if a candidate or candidate's campaign treasurer violates the law, the candidate is personally liable for payment of the forfeiture. A campaign treasurer and personal campaign committee also remain liable for payment of any forfeitures that they incur.

Initial applicability

All campaign finance changes under the bill apply to elections held on or after the day on which the bill becomes law.

Political contribution refund

This bill permits any individual who is a resident of this state and of eligible voting age to request a refund from the department of revenue of not more than $50 per year for any contribution or contributions of money made to a qualifying candidate for state office or political party. The bill also permits two married individuals who are both residents of this state and are of eligible voting age to file a joint request for a refund of not more than $100 per year for such contributions made jointly or individually. In order to qualify for a refund, a contribution must be made to a political party that has qualified for a separate ballot or one or more separate columns or rows on a ballot or to a candidate for state office who has filed a valid application to receive a grant from the Wisconsin election campaign fund, together with a binding agreement to abide by disbursement and self–contribution limitations, and has qualified to receive a grant. For a contribution to a candidate to be eligible for a refund, the candidate must have a signed agreement in effect at the time that a contribution is made. The refunds are made by the department of revenue from general purpose revenue.

Campaign treasury surplus earnings tax

This bill imposes a tax on every candidate and personal campaign committee at the rate of 15% on the earnings received by that candidate or committee on any campaign treasury surplus during the period beginning on the first day of the month following an election at which a candidate appears on the ballot (except a primary election if the candidate was nominated at the primary to appear on the ballot at a subsequent election) and ending on the date that the candidate files a valid declaration of candidacy together with valid nomination papers, if required, to appear on the ballot at a succeeding election. The tax is payable to the department of revenue semiannually.

Tax deductions for lobbying expenses

This bill eliminates a current corporate income and franchise tax deduction for certain business expenses that lobbyists incur. Currently, this deduction may be claimed for expenses incurred in direct connection with: a) appearances before, submission of statements to, or sending communications to a federal, state or local legislative body, a legislative committee or an individual legislator with respect to legislation or proposed legislation of direct interest to a taxpayer; or b) communications between a taxpayer and an organization of which the taxpayer is a member with respect to legislation or proposed legislation of direct interest to the

taxpayer and the organization. Under the bill, dues paid to any organization remain deductible to the extent that they are attributable to expenses of these activities.

This bill will be referred to the joint survey committee on tax exemptions for a detailed analysis, which will be printed as an appendix to the bill.

For further information see the ***state*** fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 5.02 (13) of the statutes is amended to read:

2 5.02 **(13)** "Political party" or "party" means a state committee registered under
3 s. 11.05 and organized exclusively for political purposes under whose name
4 candidates appear on a ballot at any election, and all county, congressional,
5 legislative, local and other affiliated committees authorized to operate under the
6 same name. For purposes of ch. 11, the term does not include a legislative campaign
7 committee or a committee filing an oath under s. 11.06 (7).

8 **SECTION 2.** 7.08 (2) (cs) of the statutes is created to read:

9 7.08 **(2)** (cs) In each even–numbered year, certify to the state treasurer for the
10 period beginning with the month following certification and ending with the month
11 in which the next certification is made by the board:

12 1. No later than July 1, the name of each political party that qualifies under
13 s. 11.50 (1) (am) 1. as an eligible political party as of the preceding June 1 and whose
14 state chairperson has filed a request to establish an account for the party under s.
15 11.50 (2s) (a).

16 2. No later than December 15, the name of each political party that qualifies
17 under s. 11.50 (1) (am) 2. as an eligible political party as of the date of the preceding

general election and whose state chairperson has filed a written request to establish an account for the party under s. 11.50 (2s) (a).

SECTION 3. 11.01 (5m) of the statutes is amended to read:

11.01 **(5m)** "Conduit" means an individual who or ~~an organization~~ a committee which receives a contribution of money and transfers the contribution to another individual or ~~organization~~ committee without exercising discretion as to the amount which is transferred and the individual to whom or ~~organization~~ committee to which the transfer is made.

SECTION 4. 11.01 (9m) of the statutes is created to read:

11.01 **(9m)** "First–time candidate" means a candidate who seeks a particular state office for the first time and who has not previously been a candidate for any other national, state or local office in a jurisdiction or district which includes at least one–third of the residents who reside in the jurisdiction or district in which the candidate seeks office, as determined by the board.

SECTION 5. 11.01 (12s) of the statutes is repealed.

SECTION 6. 11.01 (13) of the statutes is created to read:

11.01 **(13)** "Major contributor" means an individual who makes a contribution or contributions to a candidate or candidate's personal campaign committee exceeding, in the aggregate, 50% of the amount or value that the individual is permitted to make during a campaign, as provided in s. 11.26 (1).

SECTION 7. 11.05 (3) (c) of the statutes is amended to read:

11.05 **(3)** (c) In the case of a committee, a statement as to whether the committee is a personal campaign committee, a political party committee, a legislative campaign committee, a support committee or a special interest committee.

1 **SECTION 8.** ~~11.05 (3) (c) of the statutes is repealed.~~

2 **SECTION 9.** ~~11.05~~ (9) (b) of the statutes is amended to read:

3 11.05 **(9)** (b) An individual who or a committee or group which receives a
4 contribution of money and transfers the contribution to another individual,
5 committee or group while acting as a conduit is not subject to registration under this
6 section unless the individual, committee or group transfers the contribution to a
7 candidate or a personal campaign, ~~legislative campaign,~~ political party or support
8 committee.

9 **SECTION 10.** 11.05 (14) of the statutes is created to read:

10 11.05 **(14)** PRESUMPTION CONCERNING CERTAIN COMMUNICATIONS. Whenever any
11 person publishes, disseminates or broadcasts, or causes to be published,
12 disseminated or broadcast, any communication that includes a reference to a clearly
13 identified candidate for an office to be filled at a general, spring or special election,
14 during the 60–day period preceding that election or during the 30–day period
15 preceding any primary for that election, and the communication is substantially
16 directed toward the electorate at that election, it is presumed that the
17 communication is made for the purpose of influencing the election or nomination for
18 election of that candidate, unless the person making the communication or causing
19 the communication to be made establishes, by a preponderance of the evidence, that
20 the communication was not made for that purpose.

21 **SECTION 11.** 11.06 (1) (a) of the statutes is amended to read:

22 11.06 **(1)** (a) An itemized statement giving the date, full name and street
23 address of each contributor who has made a contribution in excess of $20, or whose
24 contribution if $20 or less aggregates more than $20 for the calendar year, together
25 with the amount of the contribution and the cumulative total contributions made by

that contributor for the calendar year and, if the contributor made the contribution through a conduit, the identity of the conduit.

SECTION 12. 11.06 (1) (d) and (L) of the statutes are amended to read:

11.06 **(1)** (d) An itemized statement of other income in excess of $20, including ~~interest, returns on investments,~~ rebates and refunds received and a separate statement of earnings received, including interest and returns on investments.

(L) A statement of cumulative totals for the calendar year of contributions made, contributions received, ~~and~~ disbursements made, including transfers of funds made to or received from other registrants, and earnings received.

SECTION 13. 11.06 (2) of the statutes is amended to read:

11.06 **(2)** DISCLOSURE OF CERTAIN INDIRECT DISBURSEMENTS. Notwithstanding sub. (1), if a disbursement is made or obligation incurred by an individual other than a candidate or by a committee or group which is not primarily organized for political purposes, and the disbursement does not constitute a contribution to any candidate or other individual, committee or group, the disbursement or obligation is required to be reported only if the purpose is to expressly advocate the election or defeat of a clearly identified candidate or the adoption or rejection of a referendum or if the disbursement is made or the obligation is incurred for the purpose of making a communication specified in s. 11.05 (14). The exemption provided by this subsection shall in no case be construed to apply to a political party, ~~legislative campaign,~~ personal campaign or support committee.

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~~**SECTION 14.** 11.06 (7m) (a) of the statutes is amended to read:~~

11.06 **(7m)** (a) If a committee which ~~was registered~~ under s. 11.05 ~~as a political~~ party committee ~~or legislative campaign committee~~ supporting candidates of a political party files an oath under sub. (7) affirming that it does not act in cooperation

1 or consultation with any candidate who is nominated to appear on the party ballot
2 of the party at a general or special election, that the committee does not act in concert
3 with, or at the request or suggestion of, such a candidate, that the committee does
4 not act in cooperation or consultation with such a candidate or agent or authorized
5 committee of such a candidate who benefits from a disbursement made in opposition
6 to another candidate, and that the committee does not act in concert with, or at the
7 request or suggestion of, such a candidate or agent or authorized committee of such
8 a candidate who benefits from a disbursement made in opposition to another
9 candidate, the committee filing the oath may not make any contributions in support
10 of any candidate of the party at the general or special election or in opposition to any
11 such candidate's opponents exceeding the amounts specified in s. 11.26 (2), except as
12 authorized in par. (c).

13 **SECTION 15.** 11.06 (7m) (c) of the statutes is amended to read:

14 11.06 **(7m)** (c) A committee filing an oath under sub. (7) which desires to change
15 its status to a political party committee ~~or legislative campaign committee~~ may do
16 so as of December 31 of any even–numbered year. Section 11.26 does not apply to
17 contributions received by such a committee prior to the date of the change. Such a
18 committee may change its status at other times only by filing a termination
19 statement under s. 11.19 (1) and reregistering as a newly organized committee under
20 ~~s. 11.05~~.

21 **SECTION 16.** 11.06 (11) (c) of the statutes is amended to read:

22 11.06 **(11)** (c) A contribution of money received from a conduit, accompanied by
23 the information required under par. (a), is considered to be a contribution from the
24 original contributor for purposes of s. 11.26 (1) and (4).

25 **SECTION 17.** 11.10 (1) of the statutes is amended to read:

11.10 **(1)** Each candidate in an election shall appoint one campaign treasurer. Except as provided in s. 11.14 (3), each candidate shall designate one campaign depository account within 5 business days after the candidate receives his or her first contribution and before the candidate makes or authorizes any disbursement in behalf of his or her candidacy. If a candidate adopts a preexisting support committee as his or her personal campaign committee, the candidate shall make such designation within 5 business days of adoption. The person designated as campaign treasurer shall be the treasurer of the candidate's personal campaign committee, if any. The candidate may appoint himself or herself or any other elector as campaign treasurer. A registration statement under s. 11.05 (2g) or (2r) must be filed jointly by every candidate and his or her campaign treasurer. The candidate does not qualify for ballot placement until this requirement is met. Except as authorized under s. 11.06 (5), the campaign treasurer or candidate shall certify as to the correctness of each report required to be filed~~, and the~~. The candidate who appoints a campaign treasurer bears the responsibility for the ~~accuracy of each report~~ acts of the treasurer for purposes of civil liability under this chapter~~, whether or not the candidate certifies it personally~~.

SECTION 18. 11.12 (1) (c) of the statutes is amended to read:

11.12 **(1)** (c) Where a disbursement is made in support of more than one candidate, the person making the disbursement shall ~~be apportioned~~ reasonably ~~among~~ apportion the disbursement as contributions to the candidates who benefit from the disbursement. This paragraph does not apply to any disbursement made by a political party from a grant received under s. 11.50 (2s) (b).

SECTION 19. 11.14 (1) of the statutes is amended to read:

11.14 **(1)** Except as authorized in sub. (3) and as required by ~~s.~~ ss. 11.16 (5) and 11.50 (2s) (h), all funds received by a campaign or committee treasurer, group treasurer, candidate or other individual shall be deposited by the treasurer in a single separate campaign depository account designated in accordance with s. 11.16 (3). Except as authorized in sub. (3), the depository account shall be established by every candidate no later than the time prescribed in s. 11.10 (1), and by every other individual or treasurer no later than the 5th business day after becoming subject to a registration requirement under s. 11.05 and before making any disbursement. The depository account may be established with any financial institution as defined in s. 705.01 (3) which is authorized to transact business in this state. The individual or treasurer shall deposit all funds received in the campaign depository account no later than the 5th business day commencing after receipt. This subsection does not apply to a contributor committee or group which is exempt from registration under s. 11.05 (8).

SECTION 20. 11.14 (2) of the statutes is amended to read:

11.14 **(2)** ~~After~~ Except as otherwise provided in s. 11.50 (2s) (h), after deposit in the campaign depository account, funds may be transferred by the individual or treasurer to any other account which is identified under s. 11.05 (3) (L). Funds deposited in other accounts may not be directly disbursed but shall be returned to the depository account for purposes of disbursement. Disbursements shall be made only in accordance with s. 11.16 (3).

SECTION 21. 11.16 (1) (d) of the statutes is renumbered 11.16 (1) (d) (intro.) and amended to read:

11.16 **(1)** (d) (intro.) This subsection does not apply to ~~disbursements~~ any of the following:

1 1. Disbursements and obligations which are exempted from reporting under s.
2 11.06 (2).

3 **SECTION 22.** 11.16 (1) (d) 2. of the statutes is created to read:

4 11.16 **(1)** (d) 2. Disbursements made or obligations incurred by a political party
5 from the proceeds of a grant received under s. 11.50 for a purpose specified in s. 11.50
6 (7) (c).

7 ~~**SECTION 23.** 11.16 (5) of the statutes is amended to read:~~

8 11.16 **(5)** ESCROW AGREEMENTS. Any personal campaign committee~~,~~ or political
9 party committee ~~or legislative campaign committee~~ may, pursuant to a written
10 escrow agreement with more than one candidate, solicit contributions for and
11 conduct a joint fund raising effort or program on behalf of more than one named
12 candidate. The agreement shall specify the percentage of the proceeds to be
13 distributed to each candidate by the committee conducting the effort or program.
14 The committee shall include this information in all solicitations for the effort or
15 program. All contributions received and disbursements made by the committee in
16 connection with the effort or program shall be received and disbursed through a
17 separate depository account under s. 11.14 (1) that is identified in the agreement.
18 For purposes of s. 11.06 (1), the committee conducting the effort or program shall
19 prepare a schedule in the form prescribed by the board supplying all required
20 information under s. 11.06 (1) and items qualifying for exclusion under s. 11.31 (6)
21 for the effort or program, and shall transmit a copy of the schedule to each candidate
22 ~~who receives any of the proceeds within the period prescribed in s. 11.06 (4) (c)~~.

23 **SECTION 24.** 11.21 (15) of the statutes is amended to read:

24 11.21 **(15)** Inform each candidate who files an application to become eligible to
25 receive a grant from the Wisconsin election campaign fund of the dollar amount of

the applicable disbursement limitation under s. 11.31 (1) or (1m), whichever is applicable, adjusted as provided under s. 11.31 (9), which applies to ~~the office for which such person is a~~ that candidate. Failure to receive the notice required by this subsection does not constitute a defense to a violation of s. 11.27 (1) or 11.31.

SECTION 25. 11.21 (17) of the statutes is created to read:

11.21 **(17)** On or before February 15 and August 15, notify the campaign treasurer of each candidate who and personal campaign committee which owes a tax under subch. XIII of ch. 77, based on any continuing or termination report that was filed with the board covering the period ending on the preceding December 31 or June 30, respectively. The notice shall include an identification of the specific form prescribed for payment of the tax.

SECTION 26. 11.22 (11) of the statutes is created to read:

11.22 **(11)** On or before February 15 and August 15, notify the campaign treasurer of each candidate who and personal campaign committee which owes a tax under subch. XIII of ch. 77, based on any continuing or termination report that was filed with the filing officer covering the period ending on the preceding December 31 or June 30, respectively. The notice shall include an identification of the specific form prescribed for payment of the tax.

SECTION 27. 11.24 (1s) of the statutes is created to read:

11.24 **(1s)** No candidate or personal campaign committee may make a contribution to any person, committee or group subject to a registration requirement under s. 11.05 except to dispose of residual contributions at the time of filing a termination report. No candidate or personal campaign committee may accept a contribution made in violation of this subsection.

SECTION 28. 11.24 (2) of the statutes is renumbered 11.24 (5).

SECTION 29. 11.24 (4) of the statutes is created to read:

11.24 **(4)** No committee identified under s. 11.05 (3) (c) as a special interest committee, including a committee serving as a conduit, ~~no major contributor~~ and no individual who is a conduit may make a contribution to an incumbent partisan state elective official or to the personal campaign committee or support committee authorized under s. 11.05 (3) (p) of that official for the purpose of promoting that official's nomination or reelection to the office held by the official during the period beginning on the first Monday of January in each odd–numbered year and ending on the date of enactment of the biennial budget act and thereafter during any legislative floorperiod, including any special or extraordinary session floorperiod. This subsection does not apply to a contribution made to an individual who is a candidate for state office at a special election or to the personal campaign committee of such an individual during the period commencing on the date that the special election is ordered and ending on the date of the special election.

SECTION 30. 11.25 (2) (a) of the statutes is amended to read:

11.25 **(2)** (a) ~~No~~ Except as provided in par. (b) or as otherwise specifically provided by law, no person, committee or group may make or authorize a disbursement or the incurrence of an obligation from ~~moneys solicited for political purposes for a~~ contributions received by that person, committee or group for any purpose ~~which is~~ other than a political~~, except as specifically authorized by law~~ purpose.

SECTION 31. 11.25 (2) (b) of the statutes is amended to read:

11.25 **(2)** (b) ~~Notwithstanding par. (a), a~~ A registrant may accept contributions and make disbursements from a campaign depository account for the purpose of making expenditures in connection with a campaign for national office; for payment

1 of civil penalties incurred by the registrant under this chapter, other than civil
2 penalties incurred personally by a candidate or candidate's campaign treasurer; or
3 for payment of the expenses of nonpartisan campaigns to increase voter registration
4 or participation. Notwithstanding par. (a), a personal campaign committee or
5 support committee may accept contributions and make disbursements from a
6 campaign depository account for payment of inaugural expenses of an individual
7 who is elected to state or local office. If such expenses are paid from contributions
8 made to the campaign depository account, they are reportable under s. 11.06 (1) as
9 disbursements. Otherwise, such expenses are not reportable under s. 11.06 (1). If
10 contributions from the campaign depository account are used for such expenses, they
11 are subject to s. 11.26.

12 **SECTION 32.** 11.25 (4) of the statutes is created to read:

13 11.25 **(4)** If a candidate dies or ceases to be a candidate, and the candidate's
14 personal campaign committee thereafter files a statement under s. 11.06 (7)
15 indicating its intent to operate as an independent committee, the committee may not
16 make any disbursement to advocate the election or defeat of a clearly identified
17 candidate in an election that is derived in whole or in part from contributions
18 received by the committee prior to the date on which the committee files the
19 statement under s. 11.06 (7) in an amount or value exceeding the maximum
20 contribution that the committee is permitted to make to that candidate in any
21 campaign under s. 11.26 (2).

22 **SECTION 33.** 11.26 (1) (intro.) of the statutes is amended to read:

23 11.26 **(1)** (intro.) No individual, except an individual serving as a conduit, may
24 make any contribution or contributions to a candidate for election or nomination to
25 any of the following offices and to any individual or committee under s. 11.06 (7)

acting solely in support of such a candidate or solely in opposition to the candidate's opponent to the extent of more than a total of the amounts specified per candidate:

SECTION 34. 11.26 (1) (a), (b) and (c) of the statutes are amended to read:

11.26 **(1)** (a) Candidates for governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent or justice, ~~$10,000~~ ~~$1,000~~ $5,000.

(b) Candidates for state senator, ~~$1,000~~ $500.

(c) Candidates for representative to the assembly, ~~$500~~ $250.

SECTION 35. 11.26 (2) (intro.) of the statutes is amended to read:

11.26 **(2)** (intro.) No committee, including a committee serving as a conduit, other than a political party committee ~~or legislative campaign committee~~, may make or transfer any contribution or contributions to a candidate for election or nomination to any of the following offices and to any individual or committee under s. 11.06 (7) acting solely in support of such a candidate or solely in opposition to the candidate's opponent to the extent of more than a total of the amounts specified per candidate:

SECTION 36. 11.26 (2) (a), (b) and (c) of the statutes are amended to read:

11.26 **(2)** (a) Candidates for governor, lieutenant governor, secretary of state, state treasurer, attorney general, state superintendent or justice, ~~4% of the value of the disbursement level specified in the schedule under s. 11.31 (1)~~ $1,000.

(b) Candidates for state senator, ~~$1,000~~ $500.

(c) Candidates for representative to the assembly, ~~$500~~ $250.

SECTION 37. 11.26 (4) of the statutes is amended to read:

11.26 **(4)** No individual, except an individual serving as a conduit, may make any contribution or contributions to all candidates for state and local offices and to any individuals who or committees which are subject to a registration requirement

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under s. 11.05, including ~~legislative campaign committees and~~ committees of a political party, to the extent of more than a total of $10,000 in any calendar year.

SECTION 38. 11.26 (9) (a) of the statutes is renumbered 11.26 (9) and amended to read:

11.26 **(9)** No individual who is a candidate for state or local office may receive and accept more than ~~65%~~ 25% of the value of the total disbursement level for candidates other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9), for the office for which he or she is a candidate during any primary and election campaign combined from all ~~major contributors and~~ ~~All~~ committees subject to a filing requirement, including political party ~~and legislative campaign~~ committees and committees serving as conduits.

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SECTION 39. 11.26 (9) (b) and (c) of the statutes are repealed.

SECTION 40. 11.26 (10) of the statutes is amended to read:

11.26 **(10)** No candidate for state office who files a sworn statement and application to receive a grant from the Wisconsin election campaign fund may make contributions of more than 200% of the amounts specified in sub. (1) to the candidate's own campaign from the candidate's personal funds or property or the personal funds or property which are owned jointly or as marital property with the candidate's spouse, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies. For purposes of this subsection, any contribution received by a candidate or his or her personal campaign committee from a committee which is registered with the federal elections commission as the authorized committee of the candidate under 2 USC 432 (e) shall be treated as a contribution made by the candidate to his or her own campaign. The contribution limit of sub. (4) applies to

amounts contributed by such a candidate personally to the candidate's own campaign and to other campaigns, except that a candidate may exceed the limitation if authorized under this subsection to contribute more than the amount specified to the candidate's own campaign, up to the amount of the limitation.

SECTION 41. 11.26 (12m) of the statutes is amended to read:

11.26 **(12m)** For purposes of ~~this section~~ subs. (1) and (4), a contribution of money received from a conduit identified in the manner prescribed in s. 11.06 (11) (a) shall be considered a contribution received from the original contributor.

SECTION 42. 11.26 (13) of the statutes is amended to read:

11.26 **(13)** ~~Except as provided in sub. (9), contributions~~ Contributions received from the Wisconsin election campaign fund are not subject to limitation by this section.

~~**SECTION 43.** 11.265 of the statutes is repealed.~~

SECTION 44. 11.31 (1) (intro.) of the statutes is amended to read:

11.31 **(1)** SCHEDULE. (intro.) The following levels of disbursements are established with reference to the candidates listed below. The levels are subject to adjustment under subs. (1m) and (9). Except as provided in sub. (2), such levels do not operate to restrict the total amount of disbursements which are made or authorized to be made by any candidate in any primary or other election.

SECTION 45. 11.31 (1) (a) to (d) of the statutes are amended to read:

11.31 **(1)** (a) Candidates for governor, ~~$1,078,200~~ $3,500,000.

(b) Candidates for lieutenant governor, ~~$323,475~~ $1,125,000.

(c) Candidates for attorney general, ~~$539,000~~ $750,000.

(d) Candidates for secretary of state, state treasurer~~, justice~~ or state superintendent, ~~$215,625~~ $350,000.

1 **SECTION 46.** 11.31 (1) (de) of the statutes is created to read:

2 11.31 **(1)** (de) Candidates for justice, $400,000.

3 **SECTION 47.** 11.31 (1) (e) and (f) of the statutes are amended to read:

4 11.31 **(1)** (e) Candidates for state senator, ~~$34,500 total in the primary and~~
5 ~~election, with disbursements not exceeding $21,575 for either the primary or the~~
6 ~~election~~ $100,000 ~~$140,000~~.

7 (f) Candidates for representative to the assembly, ~~$17,250 total in the primary~~
8 ~~and election, with disbursements not exceeding $10,775 for either the primary or the~~
9 ~~election~~ $50,000 ~~$60,000~~.

10 **SECTION 48.** 11.31 (1m) of the statutes is created to read:

11 11.31 **(1m)** DISBURSEMENT LEVEL FOR FIRST–TIME CANDIDATES. The disbursement
12 level for a first–time candidate is 110% of the amount specified in sub. (1) for any
13 other candidate, adjusted as provided under sub. (9).

14 **SECTION 49.** 11.31 (2) of the statutes is amended to read:

15 11.31 **(2)** LIMITATION IMPOSED. No candidate for state office at a spring or general
16 election who files a sworn statement and application to receive a grant from the
17 Wisconsin election campaign fund may make or authorize total disbursements from
18 the campaign treasury in any campaign to the extent of more than the amount
19 prescribed in sub. (1) <u>or (1m), whichever is applicable, adjusted as provided under</u>
20 <u>sub. (9)</u>, unless the board determines that the candidate is not eligible to receive a
21 grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50
22 (2) (i) applies. No candidate for state office at a special election who files a sworn
23 statement and application to receive a grant from the Wisconsin election campaign
24 fund may make or authorize total disbursements from the campaign treasury in any
25 campaign to the extent of more than the amount prescribed under sub. (1) <u>or (1m),</u>

whichever is applicable, adjusted as provided under sub. (9), for the preceding spring or general election for the same office, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws his or her application under s. 11.50 (2) (h),~~ or s. 11.50 (2) (i) applies.

SECTION 50. 11.31 (2m) of the statutes is repealed.

SECTION 51. 11.31 (3) of the statutes is amended to read:

11.31 **(3)** GUBERNATORIAL CAMPAIGNS. For purposes of compliance with the limitations imposed under sub. (2), candidates for governor and lieutenant governor of the same political party who both accept grants from the Wisconsin election campaign fund may agree to combine disbursement levels under sub. (1) (a) and (b), adjusted as provided under sub. (9), and reallocate the total level between them. The candidates shall each inform the board of any such agreement.

SECTION 52. 11.31 (3m) of the statutes is repealed.

SECTION 53. 11.31 (4) of the statutes is repealed.

SECTION 54. 11.31 (7) (a) to (c) of the statutes are amended to read:

11.31 **(7)** (a) For purposes of this section, except as provided in pars. (b) and (c), the "campaign" of a candidate extends from ~~July 1 preceding the date on which the spring primary or election occurs or January 1 preceding the date on which the September primary or general election occurs for the office which the candidate seeks, or from the date of the candidate's public announcement~~ the day after the date on which the previous campaign of a candidate ends or the date on which a candidate becomes a candidate at a future election, whichever is earlier, through the last day of the month following the month in which ~~the~~ an election ~~or primary~~ is held at which a candidate seeks office. If a candidate seeks office at both a primary election and at a general, spring or special election which follows that primary election, the

"campaign" of that candidate extends through the last day of the month following the general, spring or special election. If a candidate seeks office at a primary election but not at the general, spring or special election which follows that primary election, the "campaign" of that candidate extends through the end of the month following the primary election.

(b) Disbursements which are made before ~~a campaign~~ the period specified in par. (a) for goods to be delivered or services to be rendered in connection with ~~the~~ a campaign are charged against the disbursement limitation for that campaign.

(c) Disbursements which are made after ~~a campaign~~ the period specified in par. (a) to retire a debt incurred in relation to a campaign are charged against the disbursement limitation for that campaign.

SECTION 55. 11.31 (7) (d) of the statutes is repealed.

SECTION 56. 11.31 (9) of the statutes is created to read:

11.31 **(9)** ADJUSTMENT OF DISBURSEMENT LEVELS. (a) In this subsection:

1. "Consumer price index" means the average of the consumer price index over each 12–month period, all items, U.S. city average, as determined by the bureau of labor statistics of the federal department of labor.

2. "Voting age population of this state" means the voting age population of this state, as determined by the federal election commission in its most recent determination prior to the date of any calculation under this subsection.

(b) The dollar amounts of all disbursement levels specified in sub. (1) shall be subject to a biennial adjustment to be determined by rule of the board in accordance with this subsection. To determine the adjustment, the board shall calculate the percentage difference between the voting age population of this state on December 31 of each odd–numbered year and the voting age population of this state on

1 December 31, 2001. The board shall then calculate the percentage difference
2 between the consumer price index for the 12–month period ending on December 31
3 of each odd–numbered year and the consumer price index for the base period,
4 calendar year 2001. For each biennium, the board shall first multiply the
5 disbursement levels by the percentage difference in the voting age populations. The
6 board shall then multiply that product by the percentage difference in the consumer
7 price indices. The board shall adjust the disbursement levels specified under sub.
8 (1) to substitute that result for the existing levels to the extent required to reflect any
9 difference, rounded to the nearest multiple of $25 in the case of amounts of $1 or
10 more, which amounts shall be in effect until a subsequent rule is promulgated under
11 this subsection. Notwithstanding s. 227.24 (1) (a), (2) (b) and (3), determinations
12 under this subsection may be promulgated as an emergency rule under s. 227.24
13 without providing evidence that the emergency rule is necessary for the public peace,
14 health, safety or welfare, and without a finding of emergency.

15 **SECTION 57.** 11.50 (1) (a) 1. (intro.) of the statutes is created to read:

16 11.50 **(1)** (a) 1. (intro.) For purposes of qualification for a grant from the general
17 account:

18 **SECTION 58.** 11.50 (1) (a) 1. of the statutes is renumbered 11.50 (1) (a) 1. a.

19 **SECTION 59.** 11.50 (1) (a) 2. of the statutes is renumbered 11.50 (1) (a) 1. b. and
20 amended to read:

21 11.50 **(1)** (a) 1. b. With respect to a special election, an individual who is certified
22 under s. 8.50 (1) (d) as a candidate in a special election for state superintendent, or
23 an individual who is certified under s. 8.50 (1) (d) as a candidate in a special election
24 for any state office, except district attorney, on the ballot or column of a party whose
25 candidate for the same office at the preceding general election received at least 6%

of the vote cast for all candidates on all ballots for the office, or an individual who has been lawfully appointed and certified to replace either such individual on the ballot at a special election, or an individual who receives at least 6% of the vote cast for all candidates on all ballots for any state office, except district attorney, at a partisan special election; and who qualifies for a grant under sub. (2). Where the boundaries of a district in which an individual seeks office have been changed since the preceding general election such that it is not possible to calculate the exact number of votes that are needed by that individual to qualify as an eligible candidate prior to an election ~~under this subdivision~~, the number of votes cast for all candidates for the office at the preceding general election in each ward, combination of wards or municipality which is wholly contained within the boundaries of the newly formed district shall be calculated. If the candidate of the political party on whose ballot or column the individual appears in the newly formed district obtained at least 6% of the number of votes calculated, the individual is deemed to qualify as an eligible candidate prior to the election under this subdivision.

SECTION 60. 11.50 (1) (a) 2. of the statutes is created to read:

11.50 **(1)** (a) 2. For purposes of qualification for a grant from a political party account, an individual who is certified under s. 7.08 (2) (a) in the general election or a special election as the candidate of an eligible political party for a state office, other than district attorney, or an individual who has been lawfully appointed and certified to replace such an individual on the ballot at the general or a special election; and who has qualified for a grant under sub. (2).

SECTION 61. 11.50 (1) (am) of the statutes is created to read:

11.50 **(1)** (am) "Eligible political party" means any of the following:

1. A party qualifying under s. 5.62 (1) (b) for a separate ballot or one or more separate columns or rows on a ballot for the period beginning on the date of the preceding general election and ending on the day before the general election that follows that election.

2. A party qualifying under s. 5.62 (2) for a separate ballot or one or more separate columns or rows on a ballot for the period beginning on the preceding June 1, or if that June 1 is in an odd–numbered year, the period beginning on June 1 of the preceding even–numbered year, and ending on May 31 of the 2nd year following that June 1, whose state chairperson has filed a statement with the board no earlier than May 1 preceding that period certifying that the party has held a state convention within the 2–year period preceding the date of the statement, has adopted a state constitution that is in effect on the date of the statement and has elected state officers who are in office on the date of the statement.

SECTION 62. 11.50 (1) (bm) and (cm) of the statutes are created to read:

11.50 **(1)** (bm) "General account" means the account in the fund created under sub. (2w).

(cm) "Political party account" means an account in the fund created under sub. (2s).

SECTION 63. 11.50 (2) (a) of the statutes is renumbered 11.50 (2) (a) (intro.) and amended to read:

11.50 **(2)** (a) (intro.) Any individual who desires to qualify as an eligible candidate may file an application with the board requesting approval to ~~participate in the fund. The~~ receive a grant. On the application, the individual shall indicate the office for which the individual wishes to be considered an eligible candidate and the next election at which the office is to be filled. An application may be filed no

earlier than the day after the previous election for the office and no later than the applicable deadline for filing nomination papers under s. 8.10 (2) (a), 8.15 (1), 8.20 (8) (a) or 8.50 (3) (a), no later than 4:30 p.m. on the 7th day after the primary or date on which the primary would be held if required in the case of write–in candidates, or no later than 4:30 p.m. on the 7th day after appointment in the case of candidates appointed to fill vacancies. The application shall contain a sworn statement that the candidate and his or her authorized agents have complied with the contribution limitations prescribed in s. 11.26 and the disbursement limitations prescribed under s. 11.31 at all times to which such limitations have applied to his or her candidacy and will continue to comply with the limitations at all times to which the limitations apply to his or her candidacy for the office in contest, unless ~~the board determines that the candidate is not eligible to receive a grant, the candidate withdraws his or her application under par. (h), or~~ par. (i) applies. The application shall also contain a statement that the candidate filing the application agrees to return to the board all grant moneys received by the candidate which exceed the total amount of disbursements by the candidate's personal campaign committee that were made or obligated after the date of the primary election. An application submitted under this paragraph constitutes an irrevocable agreement to abide by its terms, except that the agreement is not effective if the board determines that the candidate is not eligible to receive a grant. An agreement is effective on the first day of the 2nd month following the previous election for the office to be filled or the date that the office is filled, whichever is later. An agreement expires on the last day of the month following the month in which the spring, general or special election for which the grant is provided occurs, except that:

SECTION 64. 11.50 (2) (a) 1. and 2. of the statutes are created to read:

11.50 **(2)** (a) 1. If a candidate seeks office at a special election after entering into an agreement under this paragraph to receive a grant for the next spring or general election, the previous agreement does not bind the candidate entering into the agreement with respect to disbursements made or obligated for the special election campaign.

2. If a candidate's personal campaign committee files a valid termination report prior to the date that an agreement by that candidate would otherwise expire under this paragraph, the agreement expires on the date on which the report is filed.

SECTION 65. 11.50 (2) (b) 3m. of the statutes is created to read:

11.50 **(2)** (b) 3m. The candidate has appointed a personal campaign committee which is registered under s. 11.05 (2g).

SECTION 66. 11.50 (2) (b) 5. of the statutes is amended to read:

11.50 **(2)** (b) 5. The financial reports filed by or on behalf of the candidate as of the date of the spring or September primary, or the date that the special primary is or would be held, if required, indicate that the candidate has received an amount equal to at least ~~the amount provided in this subdivision~~ ~~3%~~ 5% of the applicable authorized disbursement limitation for candidates other than first–time candidates, as determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9), from contributions of money, other than loans, made by individuals at least 50% of whom are residents of this State, which have been received during the period ending on the date of the spring primary and July 1 preceding such date in the case of candidates at the spring election, or the date of the September primary and January 1 preceding such date in the case of candidates at the general election, or the date that a special primary will or would be held, if required, and 90 days preceding such date or the date a special election is ordered, whichever is earlier, in the case of ~~special election~~ candidates at a special election,

which contributions are in the aggregate amount of ~~$100~~ $50 or less, and which are fully identified and itemized as to the exact source thereof. A contribution received from a conduit ~~which is identified by the conduit as originating from an individual shall~~ may not be considered as a contribution made by ~~the~~ an individual for the purpose of qualifying for a grant under this subdivision. In the case of a candidate for legislative office, at least 50% of the contributions shall be received from individuals who are residents of the district in which the candidate seeks office. Only the first ~~$100~~ $50 of an aggregate contribution of more than ~~$100~~ $50 may be counted toward the required percentage. ~~For a candidate at the spring or general election for an office identified in s. 11.26 (1) (a) or a candidate at a special election, the required amount to qualify for a grant is 5% of the candidate's authorized disbursement limitation under s. 11.31. For any other candidate at the general election, the required amount to qualify for a grant is 10% of the candidate's authorized disbursement limitation under s. 11.31.~~

SECTION 67. 11.50 (2) (g) of the statutes is amended to read:

11.50 **(2)** (g) A candidate who voluntarily files an application to receive a grant in accordance with this subsection accepts and agrees to comply with the contribution limitations prescribed in s. 11.26 and the disbursement limitations imposed under s. 11.31 as binding upon himself or herself and his or her agents during the campaign of that candidate, as defined in s. 11.31 (7), as a precondition to receipt of a grant under this section, unless the board determines that the candidate is not eligible to receive a grant~~, the candidate withdraws the application under par. (h),~~ or par. (i) applies.

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SECTION 68. 11.50 (2) (h) of the statutes is repealed.

SECTION 69. 11.50 (2) (i) of the statutes is amended to read:

11.50 **(2)** (i) Notwithstanding par. (g), if an eligible candidate at the spring election or a special nonpartisan election who accepts a grant is opposed by one or

more candidates in the election, or if an eligible candidate at the general election or a special partisan election who accepts a grant is opposed by one or more candidates in the election who receive at least 6% of the vote cast for all candidates for the same office on all ballots at the September primary or a special partisan primary if a primary was held, and in either case if any such opponent of the eligible candidate does not accept a grant under this section in whole or in part, the eligible candidate is not bound by the pledge made in his or her application to adhere to the contribution limitations prescribed in s. 11.26 and the disbursement limitation prescribed under s. 11.31~~, unless each such opponent files an affidavit of voluntary compliance under s. 11.31 (2m)~~.

SECTION 70. 11.50 (2m) of the statutes is created to read:

11.50 **(2m)** PUBLIC INFORMATION. There is established a public information account within the fund. Annually on January 1, the board shall transfer from each account within the fund, except the public information account, an amount equal to 5% of the moneys transferred to the fund under s. 20.855 (4) (b) during the preceding year to the public information account. The board shall make the transfers from each account in the same proportion that the amount of moneys transferred to that account during the preceding year from moneys transferred to the fund under s. 20.855 (4) (b) bears to the total amount of moneys transferred to the fund under s. 20.855 (4) (b) in that year. The board shall expend the moneys in the public information account for the purpose of providing public information concerning the purpose and effect of s. 71.10 (3) and this section.

SECTION 71. 11.50 (2m) of the statutes, as created by 1999 Wisconsin Act .... (this act), is repealed.

SECTION 72. 11.50 (2s) of the statutes is created to read:

1 11.50 **(2s)** POLITICAL PARTY ACCOUNTS. (a) The state chairperson of each eligible
2 political party may, by written request to the board, provide for the establishment
3 or discontinuance of an account within the fund for that political party. Each political
4 party account consists of 97% of all moneys designated by individuals for deposit in
5 that account under s. 71.10 (3) (a).

6 (b) The board shall make grants to each eligible political party for which an
7 account is established under par. (a) in an amount equivalent to 9.7% of the total
8 amount designated by income tax filers under s. 71.10 (3) (a) for deposit in the
9 account of that political party, plus 100% of the amounts transferred to the account
10 of that political party under par. (g).

11 (c) Except as provided in pars. (e) to (g) and sub. (9) (a), from the account of each
12 eligible political party, the board shall apportion the following amounts to the
13 accounts of eligible candidates for the following offices:

14 1. An amount equal to 12.8% to the candidate for the office of governor.
15 2. An amount equal to1.2% to the candidate for the office of lieutenant governor.
16 3. An amount equal to 2.4% to the candidate for the office of attorney general.
17 4. An amount equal to 1.2% to the candidate for the office of secretary of state.
18 5. An amount equal to 1.2% to the candidate for the office of state treasurer.
19 6. An amount equal to 23 1/3% to the candidates for the office of state senator.
20 7. An amount equal to 46 2/3% to the candidates for the office of representative
21 to the assembly.

22 (d) Within the account of each political party, the board shall establish 2
23 subaccounts for each county. The board shall apportion 23 1/3% of the amounts
24 designated by the residents of each county for each party in a subaccount of that
25 party for the office of state senator in that county. The board shall apportion 46 2/3%

1 of the amounts designated by the residents of each county for each party in a
2 subaccount of that party for the office of representative to the assembly in that
3 county. Except as provided in subd. 4., pars. (e) to (g) and sub. (9) (a), each eligible
4 candidate for the office of state senator or representative to the assembly shall
5 receive the amount in the subaccount or the sum of the amounts in the subaccounts
6 of the political party of that candidate for the office which the candidate seeks under
7 par. (c) 6. or 7. determined as follows:

8 1. For each county within the legislative district in which a candidate seeks
9 office, the board shall calculate the sum of the votes cast in that part of the county
10 in which the district is located for all candidates of the political party of that
11 candidate for all state offices other than the office of district attorney at the most
12 recent general election at which each office was filled, except as provided in subd. 5.

13 2. The board shall then calculate the sum of the votes cast in that county for
14 all candidates of the political party of that candidate for all state offices other than
15 the office of district attorney at the most recent general election at which each office
16 was filled, except as provided in subd. 5.

17 3. The board shall then divide the result obtained under subd. 1. by the result
18 obtained under subd. 2. and multiply that result by the total amount in the
19 subaccount of the account of the political party of that candidate allocated for
20 candidates for the office which the candidate seeks in that county.

21 4. If the office of state senator within any senate district is not regularly filled
22 at a general election, the board shall retain the amount determined under subds. 1.
23 to 3. for the candidate of each political party for that office in that district at that
24 general election in the subaccount for that office and shall add that amount to the

amount so determined for the candidate of that political party for that office in that district at the next general election.

5. For purposes of making the calculations required under subds. 1. and 2., if a political party had no candidate whose name was certified to appear on the ballot for a state office in the most recent general election for that office or if the candidate of a political party for a state office had no opponent whose name was certified to appear on the ballot for that office in the most recent general election for that office, the board shall treat the average number of votes received within the county or portion of a county, as applicable, for each other state office, except the office of district attorney, that was filled at that election as the number of votes received by the candidate of the political party for the office for which the political party had no candidate or for the office that was not contested, except that if the political party had no candidate for any other state office at that election or if the candidate of that political party for any other state office had no opponent whose name was certified to appear on the ballot at that election, the board shall exclude that office in calculating that average.

(e) If a political party does not have a candidate for any office specified in par. (c) whose name is certified to appear on the ballot at a general or special election at which the office is filled, the board shall transfer the amount allocated under par. (c) for the candidate of that political party to the general fund.

(f) If a political party has a candidate for an office specified in par. (c) who qualifies to receive a grant under sub. (2) and the candidate has an opponent whose name is certified to appear on the general or a special election ballot but the opponent does not qualify to receive a grant under sub. (2), the board shall transfer the amount allocated to the certified opposing candidate under par. (c) from the political party account of that candidate to the general fund.

(g) If a political party has a candidate for an office specified in par. (c) who has fulfilled all qualifications to receive a grant under sub. (2) except that the candidate does not have an opponent whose name is certified to appear on the general or a special election ballot, the board shall transfer the amount allocated under par. (c) for that candidate to the political party account of the party of that candidate for distribution to the party under par. (b).

(h) A treasurer of a political party committee that receives a grant under this subsection shall deposit the proceeds of the grant in a separate depository account under s. 11.14 (1) and shall maintain the proceeds in that account until they are used to make a disbursement.

SECTION 73. 11.50 (2w) of the statutes is created to read:

11.50 **(2w)** GENERAL ACCOUNT. There is established a general account within the fund consisting of 97% of all moneys designated by individuals for deposit in that account under s. 71.10 (3) (a).

SECTION 74. 11.50 (3) (a) (intro.) of the statutes is amended to read:

11.50 **(3)** (a) (intro.) Annually on ~~August 15,~~ September 1, the state treasurer shall apportion all moneys ~~appropriated to~~ in the general account of the fund ~~shall be apportioned~~ as follows ~~by the state treasurer~~:

SECTION 75. 11.50 (3) (a) 1. and 2. of the statutes are amended to read:

11.50 **(3)** (a) 1. If an election for state superintendent is scheduled in the following year, ~~8%~~ 12% of the ~~fund~~ moneys in the general account shall be placed in a superintendency account. From ~~this~~ the superintendency account, an equal amount shall be disbursed to the campaign depository account of each eligible candidate by the state treasurer.

2. If an election for justice is scheduled in the following year, ~~8%~~ 12% of the ~~fund~~ moneys in the general account shall be placed in a supreme court account. From ~~this~~ the supreme court account, an equal amount shall be disbursed to the campaign depository account of each eligible candidate by the state treasurer.

SECTION 76. 11.50 (3) (b) of the statutes is amended to read:

11.50 **(3)** (b) If a vacancy occurs in the office of state superintendent or justice after ~~August 15~~ September 16 in any year and an election is scheduled to fill the vacancy at the spring election in the following year, the state treasurer shall transfer an amount not exceeding ~~8%~~ 12% of the moneys transferred to the general account of the fund ~~on the preceding August 15~~ during the 12–month period preceding that date to the account for the office in which the vacancy occurs, such moneys to be drawn from any account within the accounts created under sub. (4) in the amount or amounts specified by the board.

SECTION 77. 11.50 (4) (a) of the statutes is amended to read:

11.50 **(4)** (a) In the partisan campaign account, 25% of the moneys shall be apportioned into an executive campaign account and 75% of the moneys shall be apportioned into a legislative ~~and special election~~ campaign account.

SECTION 78. 11.50 (4) (c) of the statutes is amended to read:

11.50 **(4)** (c) The legislative ~~and special election~~ campaign account shall be divided into a senate campaign account to receive 25% of the moneys, and an assembly campaign account to receive 75% of the moneys. Each account shall then be apportioned between all eligible candidates for the same office in the entire state. No apportionment shall be made by legislative district.

SECTION 79. 11.50 (4) (cm) of the statutes is amended to read:

11.50 **(4)** (cm) ~~Each~~ There is established within the general account of the fund a special election account. The special election account consists of the lesser of the moneys required to make grants under this paragraph or the balance in the remainder of the general account. From the special election account, each eligible candidate ~~for the same office~~ at a special election of a political party whose candidate for the same office received a grant at the preceding general election shall receive ~~an equal amount, which amount shall be~~ a grant equivalent to the ~~maximum~~ combined grant ~~which~~ from the general and party accounts that was payable to ~~any~~ the candidate of the same political party for that office at the ~~most recent spring or~~ preceding general election. ~~The amount shall be drawn from the senate campaign account and the assembly campaign account in the same proportions as the balance in each account bears to the total balance in both accounts at the time that payments are made. Whenever there are insufficient moneys in the senate campaign account and the assembly campaign account to make the payments required by this paragraph, payments shall be appropriately reduced or discontinued by the board.~~ From the special election account, each eligible candidate for state superintendent at a special election shall receive a grant equivalent to the grant that was payable to candidates for that office at the most recent spring election. From the special election account, each eligible candidate at a special election who does not represent a political party whose candidate for the same office at the preceding spring or general election received a grant shall receive a grant equivalent to the grant that was payable to candidates for the same office at the preceding spring or general election from the general account.

SECTION 80. 11.50 (4) (d) of the statutes is amended to read:

11.50 **(4)** (d) ~~Within~~ Except as provided in par. (cm) and sub. (9), within the accounts established under this subsection for each office at each general election, the entire amount of all available moneys shall be apportioned equally to all eligible candidates.

SECTION 81. 11.50 (5) of the statutes is renumbered 11.50 (5) (a) and amended to read:

11.50 **(5)** (a) The state treasurer shall make the disbursements to the ~~campaign depository account of each eligible candidate~~ treasurer of the personal campaign committee of each candidate who receives a grant under subs. (3) and (4) by the end of the 3rd business day following notice from the board under s. 7.08 (2) (c) or (cm).

(b) Eligible candidates for governor and lieutenant governor of the same political party may combine accounts if desired.

SECTION 82. 11.50 (5) (c) of the statutes is created to read:

11.50 **(5)** (c) The state treasurer shall make the disbursements to the treasurer of the state committee of each political party that receives a grant by the end of the 3rd business day following receipt of each certification from the secretary of revenue under s. 71.10 (3) (b).

SECTION 83. 11.50 (6) (title) of the statutes is repealed.

SECTION 84. 11.50 (6) of the statutes is renumbered 11.50 (4) (e) and amended to read:

11.50 **(4)** (e) If, at any election, the amounts which are to be apportioned to each eligible candidate ~~under subs. (3) and (4)~~ from the general account are more than the amount which a candidate may accept under sub. (9) (a), or more than the amount which a candidate elects to accept under sub. (10), the ~~excess moneys shall be retained in the fund~~ board shall first apportion the excess amount to other eligible

1 candidates who have not received the maximum amount permitted under subs. (9)
2 (a) and (10), if any. The board shall make the apportionment by distributing the
3 entire excess amount to the accounts for the offices to be filled at that election in the
4 same relative proportion that the percentage allocations to the accounts for those
5 offices, as specified in pars. (a) to (c), bear to each other. The board shall then
6 distribute the excess amount within the account for each office equally to each
7 eligible candidate for that office and shall redistribute any remaining excess amount
8 in the same manner until the entire excess amount within the account for each office
9 is exhausted or all eligible candidates for the office receive the maximum amounts
10 permitted under subs. (9) (a) and (10). If, after that distribution, there is any
11 remaining undistributed amount in an account for an executive or judicial office, the
12 board shall transfer that amount to the general fund, and, if there is any remaining
13 undistributed amount in the account for a legislative office, that amount shall be
14 retained in that account.

15 **SECTION 85.** 11.50 (7) (intro.) of the statutes is amended to read:

16 11.50 **(7)** UTILIZATION. (intro.) (a) Grants distributed under this section may
17 be utilized only for deposit in a campaign depository account under s. 11.10.

18 (b) Grants received by an eligible candidate from the general account or from
19 the account of an eligible political party may be expended only for one or more of the
20 following:

21 **SECTION 86.** 11.50 (7) (a) to (d) of the statutes are renumbered 11.50 (7) (b) 1.
22 to 4.

23 **SECTION 87.** 11.50 (7) (c) of the statutes is created to read:

24 11.50 **(7)** (c) Grants received by an eligible political party under sub. (2s) (b)
25 may be expended only for one or more of the following:

1. Purchase of services from a communications medium to promote the candidacy of candidates of the party generally without reference to any specific candidate of the party for state office.

2. Preparation and dissemination of sample ballots listing the names of 3 or more candidates of the party for state office.

3. Making telephone contacts with electors in which the names of 3 or more candidates of the party are mentioned.

4. Fund raising on behalf of 3 or more candidates of the party for state office.

5. Staff compensation and expenses to provide services on behalf of 3 or more candidates of the party for state office.

SECTION 88. 11.50 (8) of the statutes is amended to read:

11.50 **(8)** LAPSING GRANTS. All grants disbursed under sub. (5) remain the property of the state until disbursed or encumbered for a lawful purpose. All grant moneys that are unspent and unencumbered by a candidate on the day after the election in which the candidate participates <u>and that exceed the total amount of disbursements by the candidate's personal campaign committee that were made or obligated after the date of the primary election</u> shall revert to the state. All deposits and refunds derived from grant moneys that are received by a candidate at any time after the day of the election in which the candidate participates shall revert to the state. All reversions shall be returned to the board by the candidate and shall be deposited in the fund.

SECTION 89. 11.50 (9) of the statutes is renumbered 11.50 (9) (a) and amended to read:

11.50 **(9)** (a) The total grant available to an eligible candidate ~~may not exceed that amount which, when added to all other contributions accepted from sources~~

1 ~~other than individuals, political party committees and legislative campaign~~
2 ~~committees, is equal to 45%~~ shall not exceed 50% of the disbursement level ~~specified~~
3 for candidates for the applicable office other than first–time candidates, as
4 determined under s. 11.31 (1) and adjusted as provided under s. 11.31 (9). If the
5 combined amount otherwise payable to an eligible candidate under subs. (2s) and (4)
6 exceeds the limitation prescribed in this paragraph, the board shall reduce the total
7 grant available to that candidate by reducing first any amount to which the
8 candidate would otherwise be entitled from the general account, and thereafter any
9 amount to which the candidate would otherwise be entitled from the political party
10 account of the candidate's political party.

11 (b) The board shall scrutinize accounts and reports and records kept under this
12 chapter to assure that applicable limitations under ~~ss. 11.26 (9) and~~ s. 11.31 are not
13 exceeded and any violation is reported. No candidate or campaign treasurer may
14 accept grants exceeding the amount authorized by this subsection.

15 **SECTION 90.** 11.50 (11) (e) of the statutes is amended to read:

16 11.50 **(11)** (e) No candidate may expend, authorize the expenditure of or incur
17 any obligation to expend any grant if he or she violates the pledge required under
18 sub. (2) (a) as a precondition to receipt of a grant, except as authorized in sub. (2) ~~(h)~~
19 ~~or~~ (i).

20 **SECTION 91.** 11.50 (11) (g) of the statutes is amended to read:

21 11.50 **(11)** (g) If any person other than a candidate or candidate's campaign
22 treasurer violates pars. (a) ~~to~~, (d) or (f), such person shall be liable to the state in a
23 civil action brought by the board for conversion, for treble the amount of the moneys
24 wrongfully expended, and in addition is subject to penalties as provided in ss. 11.60
25 and 11.61. If any candidate violates pars. (a) to (f), the candidate shall be personally

1 liable to the state. If any candidate's campaign treasurer violates pars. (a) to (f), the
2 campaign treasurer and the candidate who appointed the treasurer shall be
3 personally liable to the state. The liability may be enforced in a civil action brought
4 by the board for conversion, for treble the amount of the moneys wrongfully
5 expended, or for not more than 4 times the amount by which any disbursements
6 made by the candidate's personal campaign committee and any contributions made
7 by the candidate to his or her own campaign exceeded the limitation prescribed in
8 s. 11.26 (10) or the limitation prescribed in s. 11.31 (1) or (1m), or both, as adjusted
9 under s. 11.31 (9), and in addition the candidate or treasurer, or both, are subject to
10 penalties as provided in ss. 11.60 and 11.61.

11 **SECTION 92.** 11.50 (14) of the statutes is created to read:

12 11.50 **(14)** CERTIFICATIONS TO SECRETARY OF REVENUE. (a) In each
13 even–numbered year, the board shall certify to the secretary of revenue:

14 1. No later than July 1, the name of each political party that qualifies under
15 sub. (1) (am) 1. as an eligible political party as of the preceding June 1 and whose
16 state chairperson has filed a request to establish an account for the party under sub.
17 (2s) (a).

18 2. No later than December 15, the name of each political party that qualifies
19 under sub. (1) (am) 2. as an eligible political party as of the date of the preceding
20 general election and whose state chairperson has filed a written request to establish
21 an account for the party under sub. (2s) (a).

22 (b) As soon as possible after receiving a valid application from an eligible
23 candidate under sub. (2) (a) and determining that the candidate is eligible to receive
24 a grant, the board shall certify to the secretary of revenue the full name of that
25 candidate as the name appears on the candidate's nomination papers.

1 (c) In each certification under this subsection, the board shall specify the
2 expiration date of the certification.

3 **SECTION 93.** 11.60 (4m) of the statutes is created to read:

4 11.60 **(4m)** If any candidate incurs a forfeiture under this section, the candidate
5 is personally liable for payment of the forfeiture.

6 **SECTION 94.** 11.70 of the statutes is created to read:

7 **11.70 Political contribution refund. (1)** In this section:

8 (a) "Certified political party" means a party whose name is certified by the
9 board to the secretary of revenue under s. 11.50 (14) (a).

10 (b) "Certified eligible candidate" means a candidate whose name is certified by
11 the board to the secretary of revenue under s. 11.50 (14) (b).

12 **(2)** Any individual who is a resident of this state and of eligible voting age and
13 who makes any contribution or contributions of money to a certified political party
14 or a certified eligible candidate may file a claim with the secretary of revenue
15 requesting a refund of not more than $50 for any such contribution or contributions
16 made in any calendar year. Two married individuals who are both residents of this
17 state and are of eligible voting age and who make, individually or jointly, any
18 contribution or contributions of money to a certified political party or a certified
19 eligible candidate may file a claim with the secretary of revenue requesting a refund
20 of not more than $100 for such contributions made, including not more than $50 for
21 such contributions made individually by each of them, in any calendar year.

22 **(3)** The secretary of revenue shall prescribe an official refund receipt form for
23 use under this section. The forms shall be numbered sequentially. Each individual
24 or married couple filing a request for a refund under sub. (2) shall attach a copy of
25 that form to the request.

1 **(4)** All information concerning the identities of individuals and married
2 couples requesting refunds, the identities of candidates to whom contributions are
3 made and the amounts of any contributions made is confidential.

4 **(5)** A request under this section shall be filed with the secretary of revenue no
5 earlier than January 1 of the year in which any contributions are made for which a
6 refund is requested and no later than April 15 of the following year.

7 **(6)** An individual may file a request under this section no more than once for
8 any year. Married individuals may file a request under this section either
9 individually or jointly no more than once for any year.

10 **(7)** The secretary of revenue shall make refunds under this section from the
11 appropriation under s. 20.566 (3) (f).

12 **(8)** If the secretary of revenue makes any refund under this section later than
13 June 15 in the year after the contribution or contributions to be refunded were made,
14 the secretary shall pay interest on the refund at the rate provided under s. 71.82 (1)
15 (b).

16 **(9)** No later than August 1 annually, the secretary of revenue shall submit a
17 statement to the board summarizing the total number and the aggregate amount of
18 refunds made on behalf of each certified political party and each certified eligible
19 candidate during the preceding fiscal year.

20 **SECTION 95.** 13.625 (1) (b) 3. of the statutes is amended to read:

21 13.625 **(1)** (b) 3. Food, meals, beverages, money or any other thing of pecuniary
22 value~~, except that a lobbyist may make a campaign contribution to a partisan elective~~
23 ~~state official or candidate for national, state or local office or to the official's or~~
24 ~~candidate's personal campaign committee; but a lobbyist may make a contribution~~
25 ~~to which par. (c) applies only as authorized in par. (c)~~.

SECTION 96. 13.625 (1) (c) (intro.) of the statutes is renumbered 13.625 (1) (c) and amended to read:

13.625 **(1)** (c) ~~Except as permitted in this subsection, make~~ Make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official for the purpose of promoting the official's election to any national, state or local office, or to a candidate for a partisan elective state office to be filled at the general election or a special election, or the official's or candidate's personal campaign committee. ~~A campaign contribution to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee may be made in the year of a candidate's election between June 1 and the day of the general election, except that:~~

SECTION 97. 13.625 (1) (c) 1. and 2. of the statutes are repealed.

SECTION 98. 13.625 (2) of the statutes is amended to read:

13.625 **(2)** No principal may engage in the practices prohibited under sub. (1) (b) ~~and (c)~~ except that a principal may make a campaign contribution, as defined in s. 11.01 (6), to a partisan elective state official or candidate for partisan elective state office or his or her personal campaign committee in the year of an official's or candidate's election between June 1 and the day of the general election unless, in the case of a member of the legislature or candidate for legislative office, the legislature has not concluded its final floorperiod or is in special or extraordinary session. This subsection does not apply to the furnishing of transportation, lodging, food, meals, beverages or any other thing of pecuniary value which is also made available to the general public.

SECTION 99. 13.625 (6) of the statutes is amended to read:

1 13.625 **(6)** Subsections (1) (b) and (c), (2) and (3) do not apply to the furnishing
2 of anything of pecuniary value by an individual who is a ~~lobbyist or~~ principal to a
3 relative of the individual or an individual who resides in the same household as the
4 individual, nor to the receipt of anything of pecuniary value by that relative or
5 individual residing in the same household as the individual. Subsections (1) (b), (2)
6 and (3) do not apply to the furnishing of anything of pecuniary value, except a
7 campaign contribution, as defined in s. 11.01 (6), by a lobbyist to a relative of the
8 lobbyist or an individual who resides in the same household as the lobbyist, nor to
9 the receipt of any such thing by that relative or individual residing in the same
10 household as the individual.

11 **SECTION 100.** 20.510 (1) (q) of the statutes is amended to read:

12 20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing
13 appropriation, from the Wisconsin election campaign fund, the ~~moneys~~ amounts
14 determined under s. 11.50 to provide for payments to eligible candidates whose
15 names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose
16 names are certified under s. 7.08 (2) (cs) and to provide for public information under
17 s. 11.50 (2m).

18 **SECTION 101.** 20.510 (1) (q) of the statutes, as affected by 1999 Wisconsin Act
19 .... (this act), is amended to read:

20 20.510 **(1)** (q) *Wisconsin election campaign fund.* As a continuing
21 appropriation, from the Wisconsin election campaign fund, the ~~moneys~~ amounts
22 determined under s. 11.50 to provide for payments to eligible candidates whose
23 names are certified under s. 7.08 (2) (c) or (cm) and to eligible political parties whose
24 names are certified under s. 7.08 (2) (cs) ~~and to provide for public information under~~
25 ~~s. 11.50 (2m)~~.

1 **SECTION 102.** 20.566 (3) (f) of the statutes is created to read:

2 20.566 **(3)** (f) *Political contribution refunds.* A sum sufficient to make political
3 contribution refunds under s. 11.70.

4 **SECTION 103.** 20.855 (4) (b) of the statutes is amended to read:

5 20.855 **(4)** (b) *Election campaign payments.* A sum sufficient equal to 97% of
6 the amounts determined under s. 71.10 (3) to be paid into the Wisconsin election
7 campaign fund ~~annually on August 15~~ as provided in s. 71.10 (3) (b).

8 **SECTION 104.** 20.855 (4) (ba) of the statutes is created to read:

9 20.855 **(4)** (ba) *Election fund annual supplement.* A sum sufficient equal to
10 $3,000,000 in each fiscal year, plus, in each fiscal year, the amounts determined by
11 the secretary of revenue under ss. 71.80 (21) and 77.9973, to be transferred from the
12 general fund to the Wisconsin election campaign fund annually on September 16.

13 **SECTION 105.** 20.855 (4) (bb) of the statutes is created to read:

14 20.855 **(4)** (bb) *Election fund special election supplement.* A sum sufficient
15 equal to the amounts required to make full payment of grants which candidates at
16 special elections qualify to receive from the Wisconsin election campaign fund, to be
17 transferred from the general fund to the special election account of the Wisconsin
18 election campaign fund no later than the time required to make payments of grants
19 under s. 11.50 (5).

20 **SECTION 106.** 25.42 of the statutes is amended to read:

21 **25.42 Wisconsin election campaign fund.** All moneys appropriated under
22 s. 20.855 (4) (b), (ba) and (bb) together with all moneys reverting to the state under
23 s. 11.50 (8) and all gifts, bequests and devises received under s. 11.50 (13) constitute
24 the Wisconsin election campaign fund, to be expended for the purposes of s. 11.50.

All moneys in the fund not disbursed by the state treasurer shall continue to accumulate indefinitely.

SECTION 107. 71.05 (6) (a) 21. of the statutes is created to read:

71.05 **(6)** (a) 21. Any amount deducted under section 162 (e) (1) of the Internal Revenue Code because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 108. 71.07 (5) (a) 8. of the statutes is created to read:

71.07 **(5)** (a) 8. Expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.

SECTION 109. 71.10 (3) (a) of the statutes is amended to read:

71.10 **(3)** (a) Every individual filing an income tax return who has a tax liability or is entitled to a tax refund may designate ~~$1~~ $5 for transfer to the Wisconsin election campaign fund ~~for the use of eligible candidates under s. 11.50~~. If the individuals filing a joint return have a tax liability or are entitled to a tax refund, each individual may make a designation of ~~$1~~ $5 under this subsection. Each individual making a designation shall indicate whether the amount designated by that individual shall be placed in the general account for the use of all eligible candidates for state office, or in the account of an eligible political party whose name is certified to the secretary of revenue under s. 11.50 (14). If an individual does not indicate that the amount of his or her designation shall be placed in the account of a particular eligible political party, that amount shall be placed in the general account.

SECTION 110. 71.10 (3) (b) of the statutes is amended to read:

71.10 **(3)** (b) The secretary of revenue shall provide a place for ~~those~~ designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax liability. ~~Annually on August 15~~ The secretary shall also provide a place in the instructions that accompany the return for any information submitted to the secretary by the elections board under s. 11.50 (2m). No later than the 15th day of each month, the secretary of revenue shall certify to the elections board, the department of administration and the state treasurer ~~under s. 11.50~~ the total amount of designations made on returns processed by the department of revenue during the preceding ~~fiscal year~~ month, the amount of designations made during that month for the general account and for the account of each eligible political party and, within the account of each eligible political party, the amount designated during that month by residents of each county. If any individual attempts to place any condition or restriction upon a designation not authorized under par. (a), that individual is deemed not to have made a designation on his or her tax return.

SECTION 111. 71.10 (3) (b) of the statutes, as affected by 1999 Wisconsin Act .... (this act), is amended to read:

71.10 **(3)** (b) The secretary of revenue shall provide a place for designations under par. (a) on the face of the individual income tax return and shall provide next to that place a statement that a designation will not increase tax liability. ~~The secretary shall also provide a place in the instructions that accompany the return for any information submitted to the secretary by the elections board under s. 11.50 (2m).~~ No later than the 15th day of each month, the secretary of revenue shall certify to the elections board, the department of administration and the state treasurer the total amount of designations made on returns processed by the department of

1 revenue during the preceding month and the amount of designations made during
2 that month for the general account and for the account of each eligible political party.
3 If any individual attempts to place any condition or restriction upon a designation
4 not authorized under par. (a), that individual is deemed not to have made a
5 designation on his or her tax return.

6 **SECTION 112.** 71.26 (1) (a) of the statutes is amended to read:

7 71.26 **(1)** (a) *Certain corporations.* Income of corporations organized under ch.
8 185, except income of a cooperative sickness care association organized under s.
9 185.981, or of a service insurance corporation organized under ch. 613, that is derived
10 from a health maintenance organization as defined in s. 609.01 (2) or a limited
11 service health organization as defined in s. 609.01 (3), or operating under subch. I
12 of ch. 616 which are bona fide cooperatives operated without pecuniary profit to any
13 shareholder or member, or operated on a cooperative plan pursuant to which they
14 determine and distribute their proceeds in substantial compliance with s. 185.45,
15 and the income, except the unrelated business taxable income as defined in section
16 512 of the internal revenue code and except income that is derived from a health
17 maintenance organization as defined in s. 609.01 (2) or a limited service health
18 organization as defined in s. 609.01 (3), of all religious, scientific, educational,
19 benevolent or other corporations or associations of individuals not organized or
20 conducted for pecuniary profit. <u>In computing unrelated business taxable income for</u>
21 <u>the purposes of this paragraph, the expenses that are deductible under section 162</u>
22 <u>(e) (1) of the Internal Revenue Code because of the exception contained in section 162</u>
23 <u>(e) (5) of the Internal Revenue Code may not be deducted.</u> This paragraph does not
24 apply to the income of savings banks, mutual loan corporations or savings and loan
25 associations. This paragraph applies to the income of credit unions except to the

1 income of any credit union that is derived from public deposits for any taxable year
2 in which the credit union is approved as a public depository under ch. 34 and acts as
3 a depository of state or local funds under s. 186.113 (20). For purposes of this
4 paragraph, the income of a credit union that is derived from public deposits is the
5 product of the credit union's gross annual income for the taxable year multiplied by
6 a fraction, the numerator of which is the average monthly balance of public deposits
7 in the credit union during the taxable year, and the denominator of which is the
8 average monthly balance of all deposits in the credit union during the taxable year.

9 **SECTION 113.** 71.26 (2) (b) 1g. of the statutes is created to read:

10 71.26 **(2)** (b) 1g. In computing the net income under this paragraph of a
11 corporation, conduit or common law trust that qualifies as a regulated investment
12 company, real estate mortgage investment conduit or real estate investment trust,
13 expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code
14 because of the exception contained in section 162 (e) (5) of the Internal Revenue Code
15 may not be deducted.

16 **SECTION 114.** 71.26 (3) (e) 4. of the statutes is created to read:

17 71.26 **(3)** (e) 4. So that expenses that are deductible under section 162 (e) (1)
18 of the Internal Revenue Code because of the exception contained in section 162 (e)
19 (5) of the Internal Revenue Code may not be deducted.

20 **SECTION 115.** 71.34 (1) (ad) of the statutes is created to read:

21 71.34 **(1)** (ad) The expenses that are deductible under section 162 (e) (1) of the
22 Internal Revenue Code because of the exception contained in section 162 (e) (5) of the
23 Internal Revenue Code may not be deducted.

24 **SECTION 116.** 71.45 (2) (a) 15. of the statutes is created to read:

1 71.45 **(2)** (a) 15. By adding to federal taxable income the amount of any
2 expenses that are deductible under section 162 (e) (1) of the Internal Revenue Code
3 because of the exception contained in section 162 (e) (5) of the Internal Revenue Code.
4 **SECTION 117.** 71.80 (21) of the statutes is created to read:
5 71.80 **(21)** TAXABILITY OF LOBBYING EXPENSES, CERTIFICATION. Annually no later
6 than August 15, the secretary of revenue shall certify to the secretary of
7 administration the amount of taxes estimated by the secretary of revenue to have
8 been collected during the preceding 12–month period ending on June 30 as a result
9 of the election of this state not to allow an income and franchise tax deduction for
10 expenses under section 162 (e) (1) of the Internal Revenue Code that are deductible
11 because of the exemption contained in section 162 (e) (5) of the Internal Revenue
12 Code.
13 **SECTION 118.** Chapter 77 (title) of the statutes is amended to read:
14 **CHAPTER 77**
15 **TAXATION OF FOREST CROPLANDS;**
16 **REAL ESTATE TRANSFER FEES;**
17 **SALES AND USE TAXES; COUNTY**
18 **AND SPECIAL DISTRICT SALES**
19 **AND USE TAXES; MANAGED FOREST**
20 **LAND; TEMPORARY RECYCLING**
21 **SURCHARGE; LOCAL FOOD AND**
22 **BEVERAGE TAX; LOCAL RENTAL**
23 **CAR TAX; PREMIER RESORT AREA**
24 **TAXES; STATE RENTAL VEHICLE**
25 **FEE; DRY CLEANING FEES;**

CAMPAIGN TREASURY

SURPLUS EARNINGS TAX

SECTION 119. Subchapter XIII of chapter 77 [precedes 77.997] of the statutes is created to read:

CHAPTER 77

SUBCHAPTER XIII

CAMPAIGN TREASURY

SURPLUS EARNINGS TAX

77.997 Definitions. In this subchapter:

(1) "Campaign treasury surplus" means the unencumbered balance in the campaign depository account of a candidate or a candidate's personal campaign committee during the period beginning on the first day of the month following an election at which the name of the candidate appeared on the ballot, except a primary election if the candidate was nominated at that primary election to appear on an election ballot, and ending on the date that the candidate files a valid declaration of candidacy together with valid nomination papers, if required, to appear on the ballot at a succeeding election.

(2) "Candidate" has the meaning given in s. 11.01 (1).

(3) "Election" has the meaning given in s. 5.02 (4).

(4) "Personal campaign committee" has the meaning given in s. 11.01 (15).

77.9971 Imposition. A tax is imposed on each candidate and personal campaign committee at the rate of 15% on the earnings received by the candidate or personal campaign committee on any campaign treasury surplus for the 6–month period ending on each December 31 and June 30.

1 **77.9972 Administration. (1)** The department of revenue shall levy, enforce
2 and collect the tax under this subchapter.
3 **(2)** The tax under this subchapter and a completed return prescribed by the
4 department of revenue are due on March 1 and September 1.
5 **(3)** Sections 77.59 (1) to (6), (8) and (8m), 77.60 (1) to (7), (9) and (10), 77.61 (5)
6 and (12) to (14) and 77.62, as they apply to the taxes under subch. III, apply to the
7 tax under this subchapter.
8 **77.9973 Certification.** Annually no later than September 15, the secretary
9 of revenue shall certify to the secretary of administration the amount of taxes
10 collected under this subchapter for the preceding 12–month period ending on June
11 30.
12 **SECTION 120. Initial applicability.**
13 (1) Except as provided in subsections (2) to (5), this act first applies to elections
14 held on the effective date of this subsection.
15 (2) The treatment of section 11.06 (1) (a), (d) and (L) of the statutes first applies
16 to reports covering the period beginning on July 1, 2000.
17 (3) The treatment of section 11.31 (9) of the statutes first applies to adjustment
18 of disbursement limitations for the biennium beginning on January 1, 2002.
19 (4) The treatment of sections 71.05 (6) (a) 21., 71.07 (5) (a) 8., 71.10 (3) (a) and
20 (b) (by SECTION 110), 71.26 (1) (a), (2) (b) 1g. and (3) (e) 4., 71.34 (1) (ad) and 71.45 (2)
21 (a) 15. of the statutes first applies to taxable years beginning on January 1 of the year
22 in which this subsection takes effect, except that if this subsection takes effect after
23 July 31 this act first applies to claims filed for taxable years beginning on January
24 1 of the year following the year in which this subsection takes effect.

1 (5) The treatment of subchapter XIII of chapter 77 of the statutes first applies
2 to earnings received on January 1, 2001.

3 **SECTION 121. Effective dates.** This act takes effect on the day after
4 publication, except as follows:

5 (1) The treatment of section 20.510 (1) (q) (by SECTION 101) of the statutes and
6 the repeal of section 11.50 (2m) of the statutes take effect on the first day of the 7th
7 year beginning after publication.

8 (2) The treatment of section 71.10 (3) (b) (by SECTION 111) of the statutes takes
9 effect on the first day of the 7th year beginning after publication.

10 **(END)**

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provides

at least 50% of the qualifying

The bill also requires that the contributions must be received from individuals who are residents of this state and in the case of a candidate for legislative office, the

at least 50% of

contributions must be received from individuals who reside in the district in which the candidate seeks office.

SUBMITTAL FORM

LEGISLATIVE REFERENCE BUREAU
Legal Section Telephone: 266-3561
5th Floor, 100 N. Hamilton Street

The attached draft is submitted for your inspection. Please check each part carefully, proofread each word, and **sign** on the appropriate line(s) below.

Date: 4/6/99

To: Senator Burke

Relating to LRB drafting number: LRB-1801

Topic
Campaign finance changes

Subject(s)
Elections - campaign finance

1. **JACKET** the draft for introduction S. Burke

   in the **Senate** X or the **Assembly** ____ (check only one). Only the requester under whose name the drafting request is entered in the LRB's drafting records may authorize the draft to be submitted. Please allow one day for the preparation of the required copies.

2. **REDRAFT.** See the changes indicated or attached _____.

   A revised draft will be submitted for your approval with changes incorporated.

3. Obtain **FISCAL ESTIMATE NOW**, prior to introduction _____.

   If the analysis indicates that a fiscal estimate is required because the proposal makes an appropriation or increases or decreases existing appropriations or state or general local government fiscal liability or revenues, you have the option to request the fiscal estimate prior to introduction. If you choose to introduce the proposal without the fiscal estimate, the fiscal estimate will be requested automatically upon introduction. It takes about 10 days to obtain a fiscal estimate. Requesting the fiscal estimate prior to introduction retains your flexibility for possible redrafting of the proposal.

If you have any questions regarding the above procedures, please call 266-3561. If you have any questions relating to the attached draft, please feel free to call me.

Jeffery T. Kuesel, Managing Attorney
Telephone: (608) 266-6778