

March 2, 2000

**Senate Bill 190** (Senate Com. on Agriculture, Environmental Resources & CFR)

Comprehensive Campaign Finance Reform

**Summary of Bill -**

This bill is loosely based on the Ellis bill. As amended by SA 1 in committee, the major provisions include:

- Spending limits: \$70,000 for Senate; \$35,000 for Assembly
- Grant amounts: \$40,000 for Senate; \$20,000 for Assembly
- Funding mechanism: 10% tax on lobbying expenditures plus sum-sufficient GPR
- To Qualify: For Senate raise \$4,000 and Assembly \$2,000 in not more than \$100 individual contributions, anywhere in the state and require twice the number of signatures on nominating petitions than are currently required.
- Reduces individual contribution limits for Senate from \$1,000 to \$500, for Assembly from \$500 to \$250, and for statewide offices from \$10,000 to \$1,000.
- Party/PAC/Conduit Contributions: No PAC or party contributions for grant recipients, eliminate LCCs and conduits.
- Issue ads: Creates a rebuttable presumption that communications referencing a clearly identified candidate 60 days prior to a general election or 30 days prior to a primary election that are substantially directed toward the electorate constitute express advocacy and are treated the same as independent expenditures.
- Match with public funds: (*clarified by the **Burke** amendment – see discussion below*)
  - ✓ Individual contributions exceeding \$70,000 for Senate; \$35,000 for Assembly.
  - ✓ Political party contributions.
  - ✓ Independent expenditures.
  - ✓ PAC contributions.



## Legislative Fiscal Bureau

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March 2, 2000

**TO: Members**  
**Joint Committee on Finance**

**FROM: Bob Lang, Director**

**SUBJECT: Senate Bill 190: Campaign Finance**

### INTRODUCTION

Senate Bill 190 would make numerous changes to the state campaign finance law. SB 190 was introduced by the Senate Committee on Agriculture, Environmental Resources, and Campaign Finance Reform on June 8, 1999. The bill was then referred to that Committee, where two public hearings were held. Subsequently, the Committee adopted Senate Amendment 1 to the bill and recommended the bill, as amended, for passage on a 3-2 vote. The bill was then referred to the Joint Committee on Finance.

### SUMMARY

SB 190 contains provisions making extensive changes in state campaign finance law. Among the area of major change are those affecting: contribution limits, disbursement limits, campaign finance filing requirements, reports regarding independent expenditures and state grants for candidates for certain state offices for election campaign expenses. A description of changes in these areas, as well as other miscellaneous changes, is provided below.

*Wisconsin Election Campaign Fund Renamed.* SB 190 would rename the Wisconsin Election Campaign Fund (WECF) to be the Clean Government Fund (CGF). The Elections Board would be authorized to make disbursements from the CGF to qualifying candidates for an increased basic grant and also for three new supplementary grants.

## State Basic Grants

*Levels for Basic Grants.* Under current law, grants are available for qualifying candidates for the following state offices: Governor, Lieutenant Governor, Attorney General, Secretary of State, State Treasurer, Superintendent of Public Instruction, Justice of the Supreme Court, State Senator and Representative to the Assembly. Current WECF grant levels are a function of contributions received from other sources and campaign disbursement (expenditure) limits that are specified by statute for candidates for these offices, up to a specified maximum amount. These disbursement limitations become binding on any candidate for any one of these "state offices" who accepts a grant from the current WECF, unless the candidate is opposed by a major opponent who would have qualified for a grant but declines to accept one. Under the current program, a qualifying candidate may accept a maximum WECF grant equal to 45% of the statutory disbursement limit for the office, less certain committee contributions (if any). Current law also limits the contributions that a candidate for state office may accept from all political committees and from the WECF to 65% of the statutory disbursement limit for the office being sought. If there are insufficient funds available in the WECF to finance the full amount of the grants for which candidates apply, current law prescribes that the grant amounts be prorated.

Under SB 190, increased basic grants from the CGF fund would be available to qualifying candidates for the same set of state offices, except that a single combined grant would be established for the offices of Governor and Lieutenant Governor. The basic grant amount would no longer be a percentage of the disbursement amount or a function of contributions collected, but rather a fixed amount that would not be subject to proration. The current grant maximums for existing grants under the WECF and for the new basic CGF for each office are indicated below.

**TABLE 1**

### Comparison of Maximum Public Financing Grants

<u>State Office</u>	<u>Current Limit</u>	<u>SB 190</u>
Governor and Lieutenant Governor (jointly)*	\$ 630,754	\$ 1,500,000
Attorney General	242,595	150,000
Supreme Court Justice	97,031	225,000
Secretary of State	97,031	150,000
State Treasurer	97,031	150,000
State Superintendent of Public Instruction	97,031	150,000
State Senator	15,525	75,000
Representative to the State Assembly	7,763	37,500

\* Under current law, the maximum grants amounts for Governor and Lt. Governor are separate and are \$485,190 and \$145,564, respectively.

*Changes in Basic Grant Amounts.* Under SB 190, the above basic grant amounts would be subject to a biennial adjustment based upon changes in the consumer price index (CPI). The bill

would require the Elections Board to determine the adjustment by calculating the percentage difference between the CPI for the 12-month period ending on December 30 of each odd-numbered year and the CPI for the base period, calendar year 2001. The CPI would be defined as the average of the CPI over each 12 month period, all items, U.S. city average, as determined by the U.S. Bureau of Labor Statistics. For each biennium, the Board would be required to multiply the grant amount by the percentage difference in the consumer price indices for the two periods and round the result to the nearest multiple of \$25. The adjustment would be accomplished by administrative rule promulgated by the Board as an emergency rule. The CPI adjustment to grant levels would first apply to the two-year calendar period beginning January 1, 2002.

*Apportionment of Grant Amounts to Qualifying Candidates.* Under current law, the amount available for public financing is generated from a tax-filer checkoff (\$1 for individuals and \$2 for joint returns) that is ultimately deposited in separate accounts for different offices established under WECF based upon a statutory formula. Grant amounts are apportioned among all candidates eligible to draw on the account, including a grant proration if necessary. SB 190 would delete the current statutory apportionment formula and proration calculation since each qualifying candidate would receive the entire amount of the fixed basic grant. SB 190 would also eliminate statutory requirements governing the return of excess grant funds if the percentage requirements are exceeded since the grant amount would now be a fixed amount.

### **Grant Eligibility Modifications**

Under current law, in order for a candidate for state office to be eligible to receive a grant from the WECF, the candidate must file a grant application with the Elections Board no later than the deadline for filing nomination papers. Following the date of the primary election, the Elections Board then determines which applicants are eligible for a grant based upon meeting the following eligibility requirements: (1) an applicant who is a candidate for partisan state office at a general election must have received at least 6% of the total votes cast in the primary and must have won the primary for his or her political party; (2) an applicant who is running for nonpartisan state office must be certified as one of the two candidates for the office in the general election; (3) a qualifying applicant must have an opponent in the general election; and (4) the applicant must have received at least 5% of the statutory disbursement limit for the office (10% for applicants who are candidates for the office of State Senator or Representative to the Assembly) in qualifying individual contributions of \$100 or less.

In the case of a special election for a partisan state office, an applicant certified as the candidate of a political party whose candidate received at least 6% of the vote in the preceding general election is deemed to meet the vote-getting threshold. Further, a candidate at a special election need only receive at least 5% of the statutory disbursement limit in qualifying individual contributions of \$100 or less, regardless of the state office being sought.

For all offices and races, to be eligible for a WECF grant a candidate must adhere to certain limits on contributions and disbursements as a condition of receiving public financing. In addition

to the modifications to grant eligibility as a result of changes in current contribution and disbursement limits, SB 190 would modify the current grant provisions in several other ways. Each of these changes in eligibility requirements is discussed below.

*Notification Requirements.* A candidate would be newly required to file advance notification that he or she intends to qualify for a grant. SB 190 would provide that no later than 4:30 p.m. on the 5<sup>th</sup> day before the current deadline for filing nomination papers, a grant application or a statement of intent to qualify for a grant would have to be filed with the Elections Board.

*Signature Requirements.* Under SB 190, a candidate would be required to file with the Elections Board a specified number of signatures from qualified electors of the jurisdiction or district which the candidate seeks office. For this purpose, a signature would only be valid if the person did not sign a document supporting an opposing candidate for the same office. The number of signatures that would be required to qualify for a CGF basic grant are shown in the following table as well as the number of nomination signatures currently required. However, the new requirement would provide that the total number of required signatures for grant qualifications is reduced by the number of valid signatures of qualified electors who signed nomination papers for the candidate that were filed with the Board.

**TABLE 2**

**Signature Requirements**

	<u>Current Law</u>		<u>SB 190</u>	
	<u>Total Number of Signatures Required*</u>		<u>Total Number of Signatures Required**</u>	
	<u>Not Less Than</u>	<u>Not More Than</u>	<u>Not Less Than</u>	<u>Not More Than</u>
Governor and Lieutenant Governor (jointly)	2,000	4,000	5,000	7,000
Attorney General	2,000	4,000	5,000	7,000
Supreme Court Justice	2,000	4,000	5,000	7,000
Secretary of State	2,000	4,000	5,000	7,000
State Treasurer	2,000	4,000	5,000	7,000
State Superintendent of Public Instruction	2,000	4,000	5,000	7,000
State Senator	400	800	1,000	2,000
Representative to the State Assembly	200	400	500	1,000

\*Number of signatures required on nomination papers - current law requirement.

\*\*Total number of signatures required to be eligible for a CGF grant (includes valid signatures of signers of nomination papers) - SB 190.

*Contribution Requirements.* SB 190 also modifies the existing requirement that candidates collect a certain amount of individual contributions of \$100 and less in two ways. First, SB 190 would require each donor of a qualifying contribution to be a resident of Wisconsin. Second, for

each office the bill would change the cumulative amount of contributions that are necessary from a percentage of the disbursement limitation for that office to a specified dollar amount. Comparisons of the contribution requirements are shown in Table 3.

**TABLE 3**

**Amount of Required Individual Contributions of \$100 or Less**

<u>Office</u>	<u>Current Law</u>	<u>SB 190</u>
Governor and Lieutenant Governor (jointly)	\$70,084	\$80,000
Attorney General	26,955	24,000
Supreme Court Justice	10,781	12,000
Secretary of State	10,781	8,000
State Treasurer	10,781	8,000
State Superintendent of Public Instruction	10,781	8,000
State Senator	3,450	4,000
Representative to the State Assembly	1,725	2,000

Under SB 190, the total amount of required \$100 or less individual contributions would also be subject to a biennial adjustment based upon changes in the CPI in the same manner as the basic grant adjustment.

*Limitations on Aggregate Contribution Levels From Individuals.* SB 190 would create a new limitation on the total amount or value of contributions that a candidate who accepts public financing may receive and accept from individuals, including a candidate's contributions to his or her own campaign. These maximum aggregate contribution levels are shown in Table 4.

**TABLE 4**

**Maximum Total Individual Contributions**

<u>Office</u>	<u>Amount</u>
Governor and Lieutenant Governor	\$500,000
Attorney General	150,000
Supreme Court Justice	75,000
Secretary of State	50,000
State Treasurer	50,000
State Superintendent of Public Instruction	50,000
State Senator	25,000
Representative to the State Assembly	12,500

Under SB 190, the above aggregate contribution from individual limitations would also be subject to a biennial adjustment based upon changes in the CPI in the same manner as the basic grant adjustment.

*Ban on PAC or Political Party Contributions.* SB 190 would provide that no candidate (or personal campaign committee of a candidate) who accepts a CGF grant may accept a contribution from any political party committee or special interest committee (PAC). Furthermore, SB 190 would prohibit any political party or special interest committee from intentionally making any contributions to a candidate or personal campaign committee of a candidate that has qualified for a CGF grant.

*Current Limits on Candidate Disbursement Levels.* Current law specifies disbursement levels which become a binding limitation upon any candidate for state office who accepts a public grant from the WECF or submits a notice agreeing to be bound by the limitation. Under current law a candidate is not bound by the disbursement limitation if he or she is opposed by a major opponent who could have qualified for a grant but declines to accept one. Candidates for Governor and Lieutenant Governor who both accept grants may combine their disbursement levels but are not required to under current law. Finally, the disbursement level is subdivided between the primary and the general election for candidates for State Senator and Representative to the Assembly so that a maximum of approximately 60% of the applicable disbursement level may be allocated to either the primary or the general election campaign.

*Modifications to Candidate Disbursement Limitations.* SB 190 would increase the disbursement levels for candidates that receive a basic CGF grant. The limitation would continue to be binding, except that under SB 190 the disbursement limits could be increased if the candidate received supplemental grants as described later. A comparison of the current disbursement limits and the levels proposed under SB 190 are shown in Table 5.

**TABLE 5**

**Disbursement Limits for Candidates Receiving Public Financing**

<u>Office</u>	<u>Current Law</u>	<u>SB 190</u>
Governor and Lieutenant Governor	\$1,401,675	\$2,000,000
Attorney General	539,000	600,000
Supreme Court Justice	215,625	300,000
Secretary of State	215,625	200,000
State Treasurer	215,625	200,000
State Superintendent of Public Instruction	215,625	200,000
State Senator	34,500	100,000
Representative to the State Assembly	17,250	50,000

Further, the above disbursement limitations would be subject to a biennial adjustment based upon changes in the CPI in the same manner as the adjustment for basic grants. SB 190 would also provide that existing disbursement levels for state and local offices that are not eligible for public financing from the CGF be adjusted biennially in the same manner.

SB 190 would repeal the current statutory language allowing the voluntary combination of the two disbursement limitations for Governor and Lieutenant Governor, since they would be combined under the bill. The separate disbursement limitations on candidates for the Legislature that are applicable to the primary and general election would also be deleted. SB 190 would also repeal the provision that allows a non-WECF grant recipient to file an affidavit that indicates he or she will voluntarily adhere to the spending and contribution limitations applicable to WECF candidates, even though the person filing the affidavit is not taking a WECF grant.

*Other Modifications.* SB 190 would also require candidates for Governor and Lieutenant Governor from the same party to run jointly. SB 190 would stipulate that the Elections Board could only provide a CGF grant to candidates for Governor and Lieutenant Governor if both candidates qualify for a grant. In addition, the CGF funds to be awarded to the candidate's campaign depository would have to be disbursed to the campaign depository of the candidate for Governor.

### **New Supplementary Grants**

SB 190 would create three supplemental grant programs that would be available to candidates who receive a basic CGF grant. The first two supplemental grant programs would be for grants related to contributions accepted and disbursements made by candidates who do not accept a basic CGF grant and that are above the specified maximum amount. The third supplemental grant program would be related to independent expenditures made in opposition to a CGF grantee or in support of a non-CGF opponent of a CGF grantee. These three types of supplemental grants are described below.

*Supplementary Grants for Above-Target Contribution Amounts.* SB 190 would require the Elections Board to provide a supplemental grant to qualifying candidates who are opposed by one or more candidates who do not accept a grant when the non-qualifying candidates, or their campaign committees, receive an amount in excess of a specified level of contributions. The bill would establish two target contribution amounts for the respective offices. The first target amount would be for aggregate contributions from all committees for each office except Supreme Court Justice for which there is no provision. The second target would be for total contributions and is applicable to all offices. The Elections Board would be required to provide the publicly-financed candidate with a supplementary grant in an amount equal to the amount of contributions accepted by the non-qualifying candidate that exceed either aggregate target amount. Furthermore, if both targets are exceeded, an amount equal to the excess over both targets would also be provided. The targets are shown in Table 6.

**TABLE 6****Opponent Contribution Thresholds to Trigger a Supplemental Grant**

<u>Office</u>	<u>Contributions from All Committees</u>	<u>Total Contributions</u>
Governor and Lieutenant Governor	\$500,000	\$1,500,000
Attorney General	100,000	300,000
Supreme Court Justice	No provision	225,000
State Treasurer	50,000	150,000
Secretary of State	50,000	150,000
State Superintendent of Public Instruction	50,000	150,000
State Senator	25,000	75,000
Representative to the State Assembly	12,500	37,500

Under SB 190, the above target thresholds would be subject to a biennial adjustment based upon changes in the CPI in the same manner as the adjustment for basic grants amounts.

Non-CGF grant recipient candidates would also be newly required to report contributions accepted above the specified threshold triggers within 24-hour of receiving any contribution the exceeds the specified threshold. This reporting requirement is discussed further under the "Modification to Certain Reporting Requirements" section of this summary.

*Supplementary Grants for Above-Target Disbursement Amounts.* SB 190 would also require the Elections Board to provide a supplemental grant to a qualifying candidate who is opposed by one or more candidates who do not accept a grant when obligations are incurred or intended to be incurred by the non-CGF grant recipient candidates that exceed the specified target thresholds shown in Table 7.

**TABLE 7****Opponent Disbursement Threshold to Trigger a Supplemental Grant**

<u>Office</u>	<u>Amount</u>
Governor and Lieutenant Governor	\$2,000,000
Attorney General	600,000
Supreme Court Justice	300,000
Secretary of State	200,000
State Treasurer	200,000
State Superintendent of Public Instruction	200,000
State Senator	100,000
Representative to the State Assembly	50,000

The specified levels are equal to the disbursement levels that must be adhered to by CGF candidates as a condition of receiving a grant. Under the bill, non-CGF grant recipient candidates would also be newly required to provide 21-day advance notice prior to making any disbursement above the specific disbursement levels that would trigger a supplementary grant. This reporting requirement is also discussed further under the "Modifications to Certain Reporting Requirements" of this summary.

It should be noted that the two supplemental grants described could result in the qualifying candidate receiving up to three dollars for each dollar raised and spent by the non-qualifying candidate. This is because, if a non-qualifying candidate for an office raised \$1 above the target threshold for committee contributions, and the dollar contribution was also above the total contributions target threshold, then the qualifying candidate would receive \$2 in supplementary grants related to other candidates receiving contributions above the target threshold. In addition, if the non-qualifying candidate then disbursed that dollar, and that disbursement was over the disbursement threshold for the office, the qualifying candidate would receive an additional \$1 disbursement-related supplementary grant. In this example, the qualifying candidate would receive \$3 in public financing for the \$1 above threshold additional spending by the non-qualifying candidate.

*Supplementary Grants for Independent Expenditures.* SB 190 would require the Elections Board to also provide a supplementary grant to a candidate who accepts a basic CGF grant and who is opposed by one or more candidates who are the beneficiaries of independent expenditures in support of that candidate(s) or in opposition to the candidate who received a CGF grant. Independent expenditures are those disbursements made without cooperation or consultation with any certified opposing candidate or such a candidate's agent or authorizing committee, and not in concert with, or at the request or suggestion of any certified opposing candidate's agent or authorized committee. Under SB 190, the supplementary grant amount for independent expenditures would be equal to the total amount of contributions received by a committee for the purpose of making an independent expenditure advocating the election of the opposition candidate

or made in opposition to the CGF grant recipient candidate. In order to determine the amount of grants, SB 190 would establish two new reporting requirements related to independent expenditures. First, individuals and committees making independent expenditures would be required to report these planned expenditures 21 days in advance of date of the planned expenditure. In addition, the bill would create a new reporting requirement for certain communications made within 30 days of a primary and within 60 days of an election. Both of these reporting requirements are discussed further under the "Modifications to Certain Reporting Requirements" section of this summary.

### **Funding Sources for Grants**

*Fund Checkoff Mechanism Eliminated* SB 190 would repeal the current individual income tax-filer checkoff (\$1 for individuals and \$2 for joint returns) for the election campaign fund and the appropriation for transfer of those revenues to the WECF, effective the day following publication of the act. DOR staff indicate that they would, under this provision, not make any transfer of tax year 1999 checkoffs.

*Tax on Lobbying Expenditures Created.* SB 190 would create, effective with lobbying expenditures made during the six-month period ending December 31, 2000, a 10% tax on lobbying expenditures reported to the Ethics Board. The tax would be imposed on every principal reporting such expenditures, except for those principals who qualify as governmental units or are, under the Internal Revenue Code Section 501(c), organizations exempt from federal income taxation under section 501(a) of the IRC. The Department of Revenue would be required to levy, enforce and collect the new lobbying expenditure tax and current administrative provisions applicable to the state sales tax would apply to the lobbying expenditure tax. The tax would be due on each March 1 and September 1 for the prior six-month period annually. No later than September 15 of each year, the Secretary of Revenue would be required to certify to DOA the amount of taxes collected under this tax for the preceding 12 month period ending on June 30. Amounts collected under this tax would be transferred through a new GPR sum sufficient appropriation from the general fund to the CGF annually on September 16<sup>th</sup> of each year.

*GPR Sum Sufficient Appropriation for CGF.* SB 190 would also create a GPR sum sufficient appropriation to supplement any other amounts in the CGF to fully fund both basic and supplementary grants under the CGF. The bill specifies that the amounts required to make full payment of grants to candidates who qualify to receive funding from the CGF would be transferred from the general fund to the CGF no later than the time required to make the grant payments.

### **Changes in Campaign Contribution Limits**

In addition to those changes in contribution limits that would apply only to CGF grant candidates, SB 190 would also make several changes in contribution limits that would apply to all candidates for specified state offices. These changes are summarized below.

*Prohibition on Campaign Contributions Within 10 Days of an Election.* SB 190 would prohibit, starting on the 10<sup>th</sup> day preceding an election and ending on the date of the election, any candidate for statewide or legislative office, or the personal campaign committee of such a candidate, from receiving and accepting any campaign contribution. This limitation would apply to any election other than a primary election.

*Limits on Maximum Individual Contributions.* SB 190 would reduce the current law contribution limits applicable to contributions by individuals to candidates for certain offices or to individuals or committees acting independently in support of or in opposition to such candidates. The contribution levels under current law and the levels as proposed under SB 190 are shown in Table 8.

**TABLE 8**

**Limits on Individual Contributions**

<u>Office</u>	<u>Current Law</u>	<u>SB 190</u>
Governor	\$10,000	\$1,000
Lieutenant Governor	10,000	1,000
Attorney General	10,000	1,000
Supreme Court Justice	10,000	1,000
Secretary of State	10,000	1,000
State Treasurer	10,000	1,000
State Superintendent of Public Instruction	10,000	1,000
State Senator	1,000	500
Representative to the State Assembly	500	250

*Candidate Contribution to Own Campaign.* Under both current law and the bill, no candidate for state office who files a sworn statement and application to receive a CGF grant may make contributions of more than 200% of the amount or value of the maximum allowed individual contribution. However, the above change on the maximum amount of an individual contribution that may be received by a CGF candidate would also reduce the amount which such a candidate could contribute to his or her own campaign.

*Limitations on Contribution Amounts from Committees.* Under current law, all candidates for public financing are subject to three statutory limits applicable to committee contributions. First, the maximum total contributions a candidate may receive from all committees, including political party committees, is equal to 65% of the spending limit for that office for WECF grant recipients. Second, the maximum total contributions that may be accepted from all committees, other than political party committees, is 45% of the spending limit for that office for WECF recipients. [Note: this amount is equal to the maximum WECF grant level] Lastly, all candidates for statewide office, whether they accept a grant or not, may not accept more than 4% of the total spending limit for that office from any single committee. Candidates for the State Senate and the

State Assembly, whether they accept a grant or not, may not accept maximum contributions from a single committee of more than \$1,000 or \$500, respectively.

SB 190 would provide that no candidate (or personal campaign committee of a candidate) who accepts a CGF grant may accept any contribution from any political party committee or special interest committee (PAC). In addition, SB 190 would prohibit any political party or special interest committee from intentionally making any contributions to a candidate or personal campaign committee of a candidate that has qualified for a CGF grant.

Non-CGF grant recipient candidates would continue to be subject to current law limitations on committee contributions. However, since the three limitations (total committee contributions, committee contributions excluding political party committees and maximum individual committee contributions) are all based upon a percentage of the increased spending limit that would apply to CGF candidates, the limitation dollar amounts would also be increased. A comparison of current committee contribution limitations and revised committee contributions are shown in Table 9.

**TABLE 9**

**Committee Contribution Limits - Non-CGF Grant Recipient Candidates**

Office	Maximum Single Committee Contribution		Contributions From All Committees Except Political Party Committees		Maximum Total Committee Contributions from all Committees	
	Current Law	SB 190	Current Law	SB 190	Current Law	SB 190
	Governor/Lt. Governor	\$56,067	\$80,000	\$630,754	\$900,000	\$911,089
Attorney General	21,564	24,000	242,595	270,000	350,415	390,000
Supreme Court Justice	8,625	12,000	97,031	135,000	140,156	195,000
State Treasurer	8,625	8,000	97,031	90,000	140,156	130,000
Secretary of State	8,625	8,000	97,031	90,000	140,156	130,000
Superintendent of Public Instruction	8,625	8,000	97,031	90,000	140,156	130,000
State Senator	1,000	1,000	15,525	45,000	22,425	65,000
Representative to the State Assembly	500	500	7,763	22,500	11,213	32,500

Note: Under current law, the Governor and Lt. Governor limitations are separate, but may be combined voluntarily. Under SB 190 they are combined.

These committee contribution limitations for candidates who do not accept a CGF grant would be subject to a biennial adjustment based upon changes in the CPI in the same manner as the basic grant adjustments.

It should be noted that while committee contribution limits are increased, a supplementary grant for an opponent who has accepted a CGF grant would be triggered by acceptance of committee contributions in excess of contribution target thresholds. For example, in a contested State Senate race that includes one CGF grant candidate, the non-qualifying candidate would be limited to accepting contributions totaling \$65,000 from all committees (see Table 9). However, if the non-qualifying candidate accepted the full \$65,000, the Elections Board would provide a \$40,000 supplemental grant to the CGF candidate because the non-qualifying candidate exceeded the \$25,000 committee contribution target threshold for supplemental grants (see Table 6).

Under SB 190, no change is made to existing limitations on committee contributions to lower court or local candidates.

*Prohibition on Special Interest (PAC) Committee Contributions within 30 Days of Certain Elections.* Under SB 190, all candidates for statewide or legislative office, or the personal campaign committee of such a candidate, would be prohibited from receiving and accepting any contribution from a committee identified as a special interest committee (PAC) beginning on the 30<sup>th</sup> day preceding an election and ending on the date of that election. This limitation would apply to any election other than a primary election.

*Limitations Applicable to Legislative Campaign Committee Contributions.* Under current law, legislative campaign committees (LCCs) may be organized in either house of the Legislature to support candidates of a political party for legislative office. Committees other than LCCs 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. However, legislative campaign committees are subject currently only to overall limitations on the aggregate contributions that may be accepted by a candidate from entities other than individuals. SB 190 would delete the statutory definition and existing requirements for a legislative campaign committee and the special treatment of LCCs. As a result, a LCC would be required to register as a special interest committee (PAC) and would be subject to special interest committee reporting requirements and campaign activity restrictions.

*Limitations Applicable to Conduits.* Under current law, a conduit is an individual who, or an organization 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 the organization to which the transfer is made. Under current law, when a conduit transfers a contribution, it must identify itself to the individual or organization to which the transfer is made and report to the transferee information about the original contributor. For purposes of reporting to the transferee, the contribution is considered to have been made by the original contributor. The contribution is also considered to have been a contribution from the original contributor, rather than the conduit, for the purposes of determining contribution limits and qualifying for a public grant.

SB 190 would repeal the current statutory definition of conduit; as a result, a conduit would be treated as a special interest committee for campaign financing activities. Contributions

transferred from a conduit would be treated as a contribution from a special interest committee. The bill would repeal the current provision which exempts conduits from registering as a recipient of contributions and reporting requirements of conduit contributions. This would make a conduit subject to the same reporting requirements as a special interest committee. Provisions related to the treatment of conduits with respect to unlawful political contributions and solicitation of contributions for conduits would also be repealed.

*Other Contribution Limitations* Under current law, WECF grants are included in the calculation of the amounts reported as contributions from committees. SB 190 would repeal this provision because CGF grant recipients would be prohibited from receiving contributions from committees.

**Modifications to Certain Reporting Requirements**

*New Contribution Reporting Requirements for Non-CGF Grant Participants.* SB 190 would newly require those candidates for state-wide office or the Legislature who do not accept CGF grants to report all contributions that are above certain target levels within 24 hours of receipt. There would be two threshold levels for each office, an amount of total contributions from all committees and another from all contributors. The reports would have to include all information already regularly required for contributions and would be required to cover all contributions received since the closing date of the previous report filed by the candidate or committee. Any amounts reported above either threshold level are the amounts that the Elections Board would have to provide as supplementary grants to publicly financed candidates who are opposed by candidates who do not receive CGF grants. The target threshold levels that would trigger the requirement to report additional contributions within 24 hours are shown in Table 10.

**TABLE 10**

**Contribution Level Thresholds for Reporting Within 24 Hours**

<u>Office</u>	<u>Contributions From All Committees</u>	<u>Contributions From All Contributors</u>
Governor and Lieutenant Governor	\$500,000	\$1,500,000
Attorney General	100,000	300,000
Supreme Court Justice	NA	225,000
Secretary of State	50,000	150,000
State Treasurer	50,000	150,000
State Superintendent of Public Instruction	50,000	150,000
State Senator	25,000	75,000
Representative to the State Assembly	12,500	37,500

The above reporting thresholds would be subject to a biennial adjustment based upon changes in the CPI in the same manner as the adjustment for basic grants.

**Reporting Late Contributions.** Under current law, contributions greater than \$500 which are received after the last pre-primary or pre-election report must be reported within 24 hours to the Elections Board. SB 190 creates an exception to this current separate reporting requirement if the candidate is required to newly report all contributions that exceed the threshold levels shown in Table 10.

**New Disbursement Reporting Requirements for Non-CGF Grant Participants.** SB 190 would newly require those candidates for state-wide office and the Legislature who do not accept CGF grants to report disbursements above specified target levels no later than 21 days prior to the activity intended to be funded by the disbursement. The reports would be required to include all information already regularly required for disbursements. The amounts reported above the threshold are the amounts for which the Elections Board will provide supplementary grants to publicly financed candidates that are opposed by candidates who do not receive CGF grants. The threshold disbursement levels for each office that would trigger the 21 day reporting requirement are the same as the disbursement limits which would apply to CGF grant recipients. Those levels are shown in Table 11.

**TABLE 11**

**Disbursement Level Thresholds for Special Reporting Requirements**

<u>Office</u>	<u>Disbursement Level</u>
Governor and Lieutenant Governor	\$2,000,000
Attorney General	600,000
Supreme Court Justice	300,000
Secretary of State	200,000
State Treasurer	200,000
State Superintendent of Public Instruction	200,000
State Senator	100,000
Representative to the State Assembly	50,000

The above reporting thresholds would be subject to a biennial adjustment based upon changes in the CPI in the same manner as the adjustment for basic grants.

**Reporting of Independent Expenditures.** Under current law, individuals or committees that make independent expenditures must file a pre-primary and pre-election report indicating

independent expenditure activity 14 days prior to the day of the election. In addition, any disbursements over \$20 made within 14 days of the election must be reported to the Elections Board within 24 hours of the disbursement. SB 190 would require any political party committee, support committee, or special interest committee that intends to make any independent expenditure to report the activity intended to be funded no later than 21 days prior to the activity intended to be funded by the disbursement. The report would be required be submitted in a manner prescribed by the Board and include the name of each candidate who is supported or opposed and the total amount of disbursement to be made and obligations incurred or to be incurred for such purpose. Information included in this report would also have to be included in the next regular report of the registrant but would not have to be reported under the 24 hour requirement within 14 days of the election because advance notice will have been provided. SB 190 would also newly require a post-election report from committees or individuals making independent expenditures.

*Presumption Concerning Certain Communications.* The bill would establish a new reporting requirement for certain communications within 30-days of a primary and within 60 days of a general, spring or special election. Under current law, independent expenditures do not have to be reported to the Elections Board if the purpose of the expenditure does not involve the express advocacy of the election or defeat of a clearly identified candidate or the adoption or rejection of a referendum. SB 190 would newly provide that whenever any person publishes, disseminates, or broadcasts any communication that includes a reference to a clearly identifiable candidate for office during the above 30-day and 60-day time periods, and that the communication is substantially directed toward the electorate at that election, it would be presumed that the communications is made for the purpose of influencing the election or nomination of that candidate. Under SB 190, the expenditure of funds for such communication would be required to be reported to the Elections Board unless the person making the communication or causing the communication to be established provides a preponderance of evidence that the communication was not made for that purpose. Expenditures for such communications would have to be reported to the Board with 21 days advance notice as independent expenditures.

*Post-election Reporting Requirements.* Under current law, post-election financial reports for statewide and legislative candidates, even if unopposed, are required to be filed no earlier than 23 days and no later than 30 days after the election. Under SB 190, post-election financial reports would be required to be received by the Elections Board no earlier than four days after and no later than 10 days after each general election. The reports would be required to include all activity as of the end of the 3<sup>rd</sup> day after the election. In the case of special elections, the Board would similarly have to receive contribution and disbursement reports from candidates for statewide and legislative offices no earlier than four days after and no later than 10 days after the special election. Under current law, the deadline is no earlier than 23 days and no later than 30 days for special elections unless a continuing report is required on or before the 30<sup>th</sup> day after the special election. This would still the case for non-statewide or legislative elections. Post-election reports for special elections would have to include all campaign finance activity as of the end of the 22<sup>nd</sup> day after the election.

## Non-Severability Clause

SB 190 includes a non-statutory, non-severability provision regarding the following provisions of the bill: (1) the newly created presumption that certain communications during the time period concerning the election of a candidate are to be deemed advocacy communications the expenditure for which must be reported; (2) the 21-day reporting requirement before independent expenditures can be disbursed; (3) the newly created grants for independent expenditures; and (4) the statutory requirements for the reporting of independent expenditures. [Note: SB 190 includes incorrect statutory references that are corrected by SA 1; this description reflects the intent of the bill.]

## Modifications to Penalties for Violation of Campaign Finance Statutes

*Civil Penalties.* SB 190 would establish two new civil penalties for the violation of reporting requirements by candidates for state offices for which a CGF grant would be available. The first penalty would be a \$500 forfeiture for any candidate, other individual, or committee that accepts or transfers a contribution, makes a disbursement or incurs an obligation to make a disbursement for supporting or opposing a candidate without first registering and then reporting the required information regarding those actions. Each day of continued violation would be a separate violation and would be in addition to the current provision providing for forfeiture of up to \$500 for any violation of campaign finance statutes.

The second civil penalty that would be established by SB 190 would relate to campaign finance reports which misreport contribution or disbursement amounts. The bill provides that if the reported amount differs by more than 5% but not more than 10% cumulatively for the actual contribution, disbursement or independent expenditure, the individual or committee would be required to forfeit four times the amount or value of the difference. If the reported amounts differ from the actual amounts by more than 10% cumulatively, the forfeiture would be six times the amount or value of the difference.

*Criminal Penalties.* SB 190 would also establish, with regard to these same offices, a new criminal penalty for whoever, with intent to conceal or deceive, accepts or transfers a contribution, makes a disbursement, or incurs an obligation to make a disbursement for the purpose of independent expenditures without reporting the required information to the Board. The penalty for violating the independent expenditure provisions, which are distinct from other criminal penalties for violating campaign finance statutes, would be a fine of not more than \$10,000 or imprisonment for 5 years, or both.

## SUMMARY OF SENATE AMENDMENT 1

Senate Amendment 1 (SA 1) would make the following changes to Senate Bill 190:

## Basic Grants

*Maximum Grant Amounts.* The amendment would modify the basic grant amounts that each qualifying candidate would receive as follows:

### Maximum Grant Amounts

<u>Office</u>	<u>Current Limit</u>	<u>SB 190</u>	<u>SA 1</u>
Governor and Lieutenant Governor (jointly)	\$630,754*	\$1,500,000	\$1,200,000
Attorney General	242,595	150,000	350,000
Supreme Court Justice	97,031	225,000	225,000
Secretary of State	97,031	150,000	115,000
State Treasurer	97,031	150,000	115,000
State Superintendent of Public Instruction	97,031	150,000	115,000
State Senator	15,525	75,000	40,000
Representative to the State Assembly	7,763	37,500	20,000

\*Under current law, the maximum grants amounts for Governor and Lt. Governor are separate and are \$485,190 and \$145,564, respectively.

*Grant Qualifications* SA 1 would reduce the number of signatures that would be required from district residents that must be filed with the Elections Board to qualify for a basic grant. The changes would affect only candidates for the Legislature:

### Signature Requirements

<u>Office</u>	<u>SB 190</u>		<u>SA 1</u>	
	<u>Not Less Than</u>	<u>Not More Than</u>	<u>Not Less Than</u>	<u>Not More Than</u>
State Senator	1,000	2,000	800	1,600
State Assembly	500	1,000	400	800

### Supplementary Grants

SA 1 would modify the basis for determining the amount of supplemental grants for independent expenditures from the amount of contributions collected to the amount of disbursements intended or made for the purpose of independent expenditures less the amounts previously reported. This change would not affect the this office's cost estimates for SB 190 because the estimates assumed that the amount raised by committees for independent expenditures is equal to the amount disbursed.

## Contribution Limitations

*Contributions from Individuals.* SA 1 would increase the proposed limitation on cumulative individual contributions that a candidate receiving public financing may receive, including the candidate's own contributions. For all offices, the sum of the basic grant and the contribution limit equals the disbursement limit for publicly financed candidates, excluding supplemental grants. The increase in contributions limits included in SA 1 are shown below:

### Maximum Total Individual Contributions

<u>Office</u>	<u>SB 190</u>	<u>SA 1</u>
Governor and Lieutenant Governor (jointly)	\$500,000	\$800,000
Attorney General	150,000	250,000
Supreme Court Justice	75,000	75,000
Secretary of State	50,000	85,000
State Treasurer	50,000	85,000
State Superintendent of Public Instruction	50,000	85,000
State Senator	25,000	30,000
Representative to the State Assembly	12,500	15,000

## Disbursement Limitations

*Disbursement Limitations for CGF Grant Recipients.* SA 1 would lower the disbursement limitations for candidates that accept CGF grants for the offices of State Senator and Representative to the Assembly. Below is a comparison of current law, SB 190 and Senate Amendment 1 for these two offices.

### Disbursement Limits for Candidates Receiving Public Financing

<u>Office</u>	<u>Current Law</u>	<u>SB 190</u>	<u>SA 1</u>
State Senate	\$34,500	\$100,000	\$70,000
State Assembly	17,250	50,000	35,000

## Reporting Requirements

*Reporting of Disbursements* SA 1 would clarify that the proposed 21 day advance reporting of disbursements above specified levels applies to those disbursements that a candidate intends to

make, rather than those that a candidate has already made. These reports would be the basis for providing supplemental grants to publicly financed candidates for opponents' excess disbursements.

*Reporting Independent Expenditures.* Current law requires any person or committee that makes an independent expenditure that exceeds \$20 cumulatively within 15 days prior to a primary or election they are required to report the expenditure to the Board within 24 hours. SB 190 newly requires committees that intend to make any disbursements or incur any obligations for independent expenditures to report to the Elections Board 21 days in advance of making such disbursements or incurring such obligations. SA 1 would further require that any committee that makes independent expenditures to report the actual disbursement within 24 hours after making the disbursement. As with the 21 day advance report, this new report would have to include the name of each candidate that is supported or opposed and the amount of the disbursement or obligation incurred.

### **Technical Corrections**

SA 1 would also make technical corrections to the bill to correct the following: (1) references to the offices and elections subject to the revised requirements; (2) duplicative sections; and (3) cross-references.

### **FISCAL EFFECT**

There are four aspects of the bill which have potential fiscal impacts: (1) the repeal of the tax-filer checkoff; (2) the creation of a new tax on lobbying expenditures, the proceeds of which would be deposited in the new CGF; (3) the creation of a new GPR sum sufficient appropriation to fully fund the increased level of grants under the bill and to fund the additional supplementary grants that would be established under the bill and that would be paid from the new CGF; and (4) the potential cost impacts on the operating budgets of the Elections Board and the Ethics Board.

### **Agency Fiscal Estimates**

The Elections Board fiscal estimate for SB 190 projected a total cost of \$19.9 million over a four-year election cycle for the cost of basic grants at regularly scheduled elections. The estimate assumes that all candidates except those in uncontested races will qualify for and accept a basic grant. The estimate assumed that all contests for the partisan statewide offices will be contested and the two candidates in each race will qualify for and accept basic grants. In terms of non-partisan statewide races, the fiscal estimate assumed that all candidates for the office of State Superintendent of Public Instruction will receive a basic grant and four candidates in three contests for the Supreme Court will accept a basic grant. For the legislative races, the Election Board estimates 27 Senate candidates per election (54 total over a four-year election cycle) and 138 Assembly candidates per election (276 total over a four-year election cycle) would accept a basic grant. The Election Board fiscal estimate states that the cost estimates for any of the supplemental grants are not included because the amounts can not be readily quantified with existing data. In terms of administrative

costs, the Election Board also estimates a need for an additional 1.0 financial specialist position funded at \$31,300 GPR annually plus \$27,800 GPR in one-time costs.

The fiscal estimate submitted by the Department of Revenue estimated a fiscal impact of \$1.8 million annually. This estimate is the sum of an estimated \$2.1 million in additional revenues from the 10% tax on lobbying expenditures minus \$312,000 in revenues associated with the elimination of the campaign fund checkoff. DOR arrived at the lobbying estimate by applying a 10% tax on the total lobbying expenditures reported to Ethics Board during the 1997-98 legislative session. However, this estimate does include any adjustment for the exemptions provided in the SB 190 for lobbying expenditures made by governments or federally tax-exempt organizations under Section 501(c) of the federal tax code. Also, the elimination of the checkoff would not affect tax revenues but rather would reduce GPR expenditures because the checkoff amounts that would have been transferred to the WECF would instead remain in the general fund.

Neither the fiscal estimate submitted by DOR nor the estimate submitted by the Ethics Board identified any specific administrative costs associated with the bill.

### **LFB Cost Estimates**

Because of the variety of changes in campaign finance regulations that would be made by the bill, it is difficult to predict what candidate behavior would occur in the future with regard to how many candidates would or would not take basic grants. Similarly, it is difficult to predict what level of independent expenditures would occur in the future and result in supplementary grants, what amount of currently non-reported "issue advocacy" expenditures would continue to be made and thus become reported independent expenditures that would result in supplementary grants and the number of candidates who would not take grants and have contributions or make campaign disbursements in excess of the target levels in the bill that would then also result in supplementary grants.

However, notwithstanding these uncertainties, this office has separately developed estimates for the possible fiscal impact of SB 190, to provide an indication of the potential magnitude of what level of basic and supplementary grants might be anticipated. We developed two alternative cost scenarios for this purpose. The assumptions used and the fiscal impacts of these two scenarios are described below following a discussion of the fiscal effects of repealing the taxpayer check-off and creating a new tax on lobbying expenditures.

**Repeal Taxpayer Check-off.** On the effective date of the bill, SB 190 would: (1) repeal the current GPR appropriation which allows the annual transfer of taxpayer check-off dollars from the general fund to the WECF; and (2) repeal the statutory provision which authorizes that check-off. Based on budgeted check-off amounts, this change on an annualized basis would be an increase to the general fund of \$310,000 annually. This is because the tax liability of taxpayers who check-off would not be changed but those tax revenues amounts would no longer be transferred to the new CGF and therefore, that amount of GPR expenditures would no longer take place. At the same

time, this separate source of revenues to fund campaign finance grants would no longer be available.

*Create Tax on Lobbying Expenditures.* A new 10% tax on lobbying expenditures would be created by the bill, with the revenues from the tax going to the new CGF. This tax on lobbying expenditures would only apply to those principals who are not either a governmental organization or a tax-exempt organization under Section 501(c)(3) of the federal Internal Revenue Code. To develop an estimate of what amount of current total lobbying expenditures would, therefore, not be subject to this tax, IRS data and Ethics Board reports on lobbying expenditures were used to develop an estimate that 9% of all reported lobbying expenditures would not be subject to this new tax. Based on this, and using reported lobbying expenditures for calendar years 1997 and 1998 (the latest biennial data), it is estimated that over a four-year election cycle this new tax would generate a total of \$7.6 million, or about \$1.9 million on an annualized basis. This would be revenue that would be transferred to the new CGF from which grant funding would be provided.

*Create GPR Appropriation to Fully Fund Grants.* A GPR sum sufficient appropriation would be created to ensure that there would be sufficient monies in the CGF to fully fund all basic grants at the new levels and to also cover the cost of any supplemental grants which would be awarded under the provisions of the bill. The two scenarios developed by this office, including the assumptions used and the resulting estimated expenditures that would be funded by this GPR appropriation are discussed below.

*Scenario A Cost Estimate:* This scenario is based on the following assumptions. There will be two candidates for each office for which grant funding is available under the CGF and both candidates will take the basic grant. For each four-year election cycle, there would be a contested general election for each statewide office with two candidates, except for Supreme Court Justice. For that office (there can only be one such election each year) it is assumed there would be two such contests over a four-year cycle, again with two candidates both receiving grants. For each legislative office, there would be a contested general election for each office with two candidates. Because under this scenario all candidates would be assumed to take grants and therefore, all would then be bound by the contribution and disbursement levels that would be established under the bill, no supplementary grants for these purposes are projected.

However, because there is no data on which to base an assumption regarding what the impact of SB 190 would be on independent expenditures, we assumed that in total the current level of expenditures would continue. Supplementary grants to offset independent expenditures are therefore assumed, in total, to equal the level of independent expenditures reported to the Elections Board over the last four-year election cycle (calendar years 1995 through 1998).

In addition, it was assumed that an additional \$750,000 per two-year election cycle (an estimate provided by the Elections Board staff since there is no reported data currently) for the additional independent expenditures that would be assumed to become reportable under the "presumed advocacy" communications provision of the bill. It is to be noted, however, that any

estimate of actual independent expenditures for presumed advocacy communications under the bill is difficult because currently there is no requirement that such expenditure information be reported.

Scenario B Cost Estimate: This scenario is based on the following assumptions. The number of candidates in the general election for each office would be the same as in Scenario A. However, the number of candidates who actually take a grant is assumed to be the same as the number of candidates who actually received a grant in the last election cycle (four-year office candidates counted only once over a four-year election cycle; Supreme Court Justice candidates counted for two spring elections during a four-year election cycle). Although the 1998 experience was under different campaign finance provisions and grant levels than would be in place under SB 190, this was the most recent data available and allowed for an estimate of possible supplemental grant amounts for above-target contribution and disbursement amounts for candidates who did not take a grant. Based on this 1998 data, it was assumed that the following number of candidates for the statewide and legislative offices would take a basic grant in each applicable election cycle under this scenario:

<u>Office</u>	<u>Number of Candidates Taking a Grant</u>
Governor/Lieutenant Governor (jointly)	1
Attorney General	1
Secretary of State	2
State Treasurer	1
Supreme Court Justice	1
Superintendent of Public Instruction	1
State Senator	13*
Representative to State Assembly	55*

\*Per each November election during a four-year election cycle.

The levels of contributions and disbursements made in 1998 competitive general elections that included one WECF candidate were examined to estimate the level of supplementary grants that would be made. It was assumed that the amount of contributions and disbursements made by the non-publicly funded candidates in those races that exceeded the SB 190 thresholds would equal the level of supplemental grants. All excess contributions by non-qualifying candidates were assumed to be ones that would exceed the total threshold but be within the committee threshold so that only \$1 in supplemental grants would be provided for each \$1 contribution. While compiled data for reported independent expenditures for each of these candidates was not available, such data for the races for the State Senate in 1998 was located. This data indicated that 18% of all reported independent expenditures in those Senate races were against candidates for State Senate who had accepted a public grant. Lacking any other data, it was assumed that a similar percent of total reported independent expenditures in 1998 would have been made against candidates for all of the above offices who took grants and that there would be supplementary grants for independent expenditures equal to this amount.

For additional expenditures for "presumed advocacy" communications, it was assumed that such expenditures in total would be the same as in Scenario A, but that in total only 50% of these expenditures would be against candidates who took grants and thus triggered supplemental grants. The following tables present on a four-year election cycle basis, shown in a fiscal year format, the grant costs that are estimated under the two scenarios.

**TABLE 12**

**Estimated Grant Costs of SB 190 By Fiscal Year  
Based on Four-Year Election Cycle**

<i>Scenario A</i>				
<u>Expenditure Purpose</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Basic Grants - Statewide Offices	\$0	\$0	\$3,900,000	\$0
Basic Grants - Legislature	9,825,000	0	9,975,000	0
Basic Grants - Supreme Court Justice	450,000	0	450,000	0
Basic Grants - Superintendent of Public Instruction	300,000	0	0	0
Supplemental Grants to Match Excess Contributions and Disbursements	0	0	0	0
Supplemental Grants to Match Independent Expenditures	1,150,000	0	1,700,000	0
Supplemental Grants to Match Advocacy Communications	<u>750,000</u>	<u>0</u>	<u>750,000</u>	<u>0</u>
<b>TOTALS</b>	<b>\$12,475,000</b>	<b>\$0</b>	<b>\$16,775,000</b>	<b>\$0</b>

*Scenario B*

<u>Expenditure Purpose</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Basic Grants - Statewide Offices	\$0	\$0	\$2,100,000	\$0
Basic Grants - Legislature	3,037,500	0	3,037,500	0
Basic Grants - Supreme Court Justice	225,000	0	225,000	0
Basic Grants - Superintendent of Public Instruction	150,000	0	0	0
Supplemental Grants to Match Excess Contributions and Disbursements	2,495,000	0	10,579,000*	0
Supplemental Grants to Match Independent Expenditures	207,000	0	306,000	0
Supplemental Grants to Match Advocacy Communications	<u>375,000</u>	<u>0</u>	<u>375,000</u>	<u>0</u>
<b>TOTALS</b>	<b>\$6,489,500</b>	<b>\$0</b>	<b>\$16,622,500</b>	<b>\$0</b>

\*Of the estimated total of \$10.6 million in supplemental grants, \$8.1 million of that amount would be attributable to matching grants for excess contributions and disbursements in the gubernatorial race.

The gross costs estimated in Table 12 above, offset by revenues from the new lobbying expenditure tax, would come from the new GPR supplemental appropriation. Assuming estimated revenues from the tax on lobbying expenditures would be first received in the fund, for taxes collected for fiscal year 2000-01, on September 16, 2001 (in fiscal year 2001-02), the following table shows the estimated net cost to the general fund, over the same four-year cycle shown in Table 12, for Scenarios A and B.

**TABLE 13**

**Estimated Net General Fund Costs of SB 190 By Fiscal Year  
Based on Four Year Election Cycle**

	<i>Scenario A</i>			
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Total Expenditures	\$12,475,000	\$0	\$16,775,000	\$0
Less One-Time WECF Balance	-311,300*	0	0	0
Less Available Lobby Tax Revenues	<u>N.A.</u>	<u>0**</u>	<u>-3,800,000</u>	<u>0**</u>
GPR Funding Needed	\$12,163,700	\$0	\$12,975,000	\$0

  

	<i>Scenario B</i>			
Total Expenditures	\$6,489,500	\$0	\$16,622,500	\$0
Less One-Time WECF Balance	-311,300*	0	0	0
Less Available Lobby Tax Revenue	<u>N.A.</u>	<u>0**</u>	<u>-3,800,000</u>	<u>0**</u>
Net GPR Funding Needed	\$6,178,200	\$0	\$12,822,500	\$0

\*An estimated one-time balance of \$311,300 is assumed after the April, 2000, Supreme Court election that would be available for partial financing of CGF grants in this fiscal year.

\*\*Estimated tax receipts of \$1.9 million in this year would be carried forward to the next fiscal year.

Two additional points should be noted regarding these estimates. First, in general this bill would be first effective on the day following publication. Assuming the bill was passed in the March floor period and signed by the Governor no later than May it would first cover the fall 2000 primary and general elections. Further, the estimated costs would vary over a four-year election cycle and fall in different fiscal years and fiscal biennia. For illustration purposes, Table 13 presents estimates of a four-year election cycle beginning with the fall, 2000, elections for which grant expenditures would fall in fiscal year 2000-01 and ending with the 2003 elections for

which any grant expenditures would fall in fiscal year 2003-04. Second, the estimates do not include any estimate for the effect of those bill provisions which provide for biennial inflationary adjustments in the various dollar levels as initially established in the bill.

**Fiscal Effect of Senate Amendment 1**

The fiscal effect of SA 1 is attributable to the change in basic grant amounts and the lowering of the disbursement limitations for publicly funded candidates for the office of State Senator and State Representative. The disbursement limitation impacts the supplemental grants based on disbursements. Incorporating these changes into original assumptions and scenarios results in the cost estimates for the bill as amended by SA 1 as shown in Tables 14 and 15.

**TABLE 14**

**Estimated Grant Costs By Fiscal Year  
Based on Four-Year Election Cycle  
SB 190 as Amended by SA 1**

*Scenario A*

<u>Expenditure Purpose</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Basic Grants - Statewide Offices	\$0	\$0	\$3,560,000	\$0
Basic Grants - Legislature	5,240,000	0	5,320,000	0
Basic Grants - Supreme Court Justice	450,000	0	450,000	0
Basic Grants - Superintendent of Public Instruction	230,000	0	0	0
Supplemental Grants to Match Excess Contributions and Disbursements	0	0	0	0
Supplemental Grants to Match Independent Expenditures	1,150,000	0	1,700,000	0
Supplemental Grants to Match Advocacy Communications	<u>750,000</u>	<u>0</u>	<u>750,000</u>	<u>0</u>
<b>TOTALS</b>	<b>\$7,820,000</b>	<b>\$0</b>	<b>\$11,780,000</b>	<b>\$0</b>

*Scenario B*

<u>Expenditure Purpose</u>	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Basic Grants - Statewide Offices	\$0	\$0	\$1,895,000	\$0
Basic Grants - Legislature	1,620,000	0	1,620,000	0
Basic Grants - Supreme Court Justice	225,000	0	225,000	0
Basic Grants - Superintendent of Public Instruction	115,000	0	0	0
Supplemental Grants to Match Excess Contributions and Disbursements	2,896,000	0	10,979,000*	0
Supplemental Grants to Match Independent Expenditures	207,000	0	306,000	0
Supplemental Grants to Match Advocacy Communications	<u>375,000</u>	<u>0</u>	<u>375,000</u>	<u>0</u>
<b>TOTALS</b>	<b>\$5,438,000</b>	<b>\$0</b>	<b>\$15,400,000</b>	<b>\$0</b>

\*Of the estimated total of \$10.98 million in supplemental grants, \$8.1 million of that amount would be attributable to matching grants for excess contributions and disbursements in the gubernatorial race.

The grant costs estimated in Table 14 above, offset by revenues from the new lobbying expenditure tax, would come from the new GPR supplemental appropriation. Assuming estimated revenues from the tax on lobbying expenditures would be first received in the fund, for taxes collected for fiscal year 2000-01, on September 16, 2001 (in fiscal year 2001-02), the following table shows the estimated net cost to the general fund, over the four-year cycle shown in Table 14, for Scenarios A and B.

**TABLE 15**

**Estimated Net General Fund Costs of SB 190 By Fiscal Year  
Based on Four Year Election Cycle**

	<i>Scenario A</i>			
	<u>2000-01</u>	<u>2001-02</u>	<u>2002-03</u>	<u>2003-04</u>
Total Expenditures	\$7,820,000	\$0	\$11,780,000	\$0
Less One-Time WECF Balance	-311,300*	0	0	0
Less Available Lobby Tax Revenues	<u>N.A.</u>	<u>0**</u>	<u>-3,800,000</u>	<u>0**</u>
GPR Funding Needed	\$7,508,700	\$0	\$7,980,000	\$0

	<i>Scenario B</i>			
Total Expenditures	\$5,438,000	\$0	\$15,400,000	\$0
Less One-Time WECF Balance	-311,300*	0	0	0
Less Available Lobby Tax Revenue	<u>N.A.</u>	<u>0**</u>	<u>-3,800,000</u>	<u>0**</u>
Net GPR Funding Needed	\$5,126,700	\$0	\$11,600,000	\$0

\*An estimated one-time balance of \$311,300 is assumed, after the April, 2000, Supreme Court election, that would be available for partial funding of CGF grants in this fiscal year.

\*\*Estimated tax receipts of \$1.9 million in this year would be carried forward to the next fiscal year.

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