



WISCONSIN STATE SENATE

DAN KNODL

STATE SENATOR • 8TH DISTRICT

Senate Bill 741

Public Testimony

Senate Committee on Shared Revenue, Elections, and Consumer Protection

January 25, 2024

Thank you, members of the committee for holding this hearing on Senate Bill 741.

As we move into the 2024 election year, this proposed legislation addresses areas of state law identified as requiring clarification by the Ethics Commission so they can administer our laws effectively. To that end, it is critical that our election and campaign finance laws be as unambiguous as possible.

Among these changes set forth are:

- Protecting the personal telephone numbers provided on the registration statements for candidates and their committees' treasurers
- Creating a mechanism for terminating dormant campaign committees
- Setting forth the proper methods for transferring funds between two campaign committees for the same individual
- Addressing the procedure governing the disposition of residual funds upon the termination of a conduit
- More clearly establishing the due date for 72-hour reports for express advocacy
- Applying filing fees to conduit accounts
- Spelling out how lobbying contributions work during special elections
- Updating open records and open meetings laws at the Ethics Commission

I applaud Dan Carleton and his colleagues on identifying areas where new and improved statutes can help the Ethics Commission fulfill its mission to "promote and strengthen the faith and confidence of the people of Wisconsin in their government." He is here today and will be able to provide further explanation for the details of this bill.

I am also happy to report that this bill has bipartisan co-sponsorship. Thank you for your consideration of this bill, and we would be happy to answer any of your questions.



TODD NOVAK

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STATE REPRESENTATIVE • 51ST ASSEMBLY DISTRICT

P.O. Box 8953

Madison, WI 53708-8953

DATE: Thursday January 25th, 2024

RE: Testimony on Senate Bill 741

TO: Senate Committee on Shared Revenue, Elections and Consumer Protection

FROM: State Representative Todd Novak

Thank you Chairman Knodl and members of the Senate Committee on Shared Revenue, Elections and Consumer for holding this public hearing on Senate Bill 741 (SB 741), relating to recommendations from the Ethics Commission regarding campaign finance, lobbying, open records, and closed sessions.

I authored this bill with Senator Knodl after meeting with officials at the Wisconsin Ethics Commission earlier this session. During the meeting, we were presented with recommendations that were voted on and approved by the Ethics Commission to submit to the Legislature to implement these changes into state statute.

Some of their recommendations are issues that state statutes currently do not address, while others provide clarity to the Commission on how to properly administer the laws as needed.

SB 741 addresses the concerns raised by the Commission by: modernizing statutes relating to campaign finance contact information; termination of non-compliant and dormant campaign committees; clarifying the creation and maintenance of a second campaign committee; providing guidance regarding transfers of contributions between the two committees; and disposal of residual conduit funds.

The bill also clarifies the due date of the 72-Hour Report for Express Advocacy Disbursements, clarifies that conduits are required to pay filing fees, clarifies how the lobbying contributions window works during special elections, and clarifies the open records and open meetings law relating to the Ethics Commission.

SB 741 was drafted in collaboration with Ethics Commission and seeks to provide the clarity necessary for the Commission to continue operating efficiently and with certainty under state law.

2024 is a major election year in the State of Wisconsin. It is imperative that state agencies tasked with administering election and campaign finance laws have clarity and tools they need to effectively administer state law.

Thank you for your consideration of SB 741.



Wisconsin Ethics Commission

Campaign Finance | Lobbying | Ethics
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MEMORANDUM

To: Members of the Senate Committee on Shared Revenue, Elections and Consumer Protection
From: Daniel A. Carlton, Jr., Administrator
Date: January 25, 2024

Re: Legislative Testimony on SB 741

Dear Chair Knodl and Members of the Committee:

Thank you for conducting a public hearing today on Senate Bill 741. I would also like to thank Representative Novak and Senator Knodl for introducing this bill for the Wisconsin Ethics Commission. As you noted from the title, this bill contains the Commission's legislative recommendations for this session. Before addressing the substance of these recommendations, it is important for you to know that these recommendations come from the Commission's experience administering Wisconsin's campaign finance laws, lobbying laws, and ethics laws. The Commission unanimously adopted each of the recommendations contained in the bill. Further, Commission staff worked with the LRB to prepare draft language in bill form. Aside from minor technical changes, the language in the bill before you is identical to that that the Commission unanimously approved.

Second, it is also important for you to know that the Commission strives to administer the laws exactly as written. The Commission is extremely mindful of the fact that it is the Legislature, not the Commission, that is responsible for making policy decisions regarding the laws in its jurisdiction. When it makes recommendations, the Commission's intent is to always have a product that will receive bipartisan support. To that end, the Commission's recommendations in this bill are intended to address technical and administrative issues with the statutes. In most cases, they are intended to clarify the statutes so that the regulated communities and the public can be confident the Commission is administering the laws as the Legislature intended. We look forward to your consideration and bipartisan support of this legislation.

First, I would like to briefly comment on some of the campaign finance recommendations. The first problem the bill seeks to fix is untimely 72-hour reports. Currently, the statute requires a 72-hour report within 72 hours after certain disbursements are made. Unfortunately, there are circumstances where practices negate the intent of this provision. One example is that some vendors are not billing until after the election has happened. Since the statute requires the report within 72-hours of the disbursement being made, this practice thwarts timely public disclosure of express advocacy. Another of the problems the bill seeks to address is "zombie committees." Unfortunately, there are many candidates that disappear without terminating. The bill addresses the zombie committee problem by requiring personal contact information, which is exempt from public record, and allowing the Commission to suspend or terminate committees in certain circumstances. Finally, the bill provides conduits another option to dispose of residual funds prior to termination. All registrants must have a \$0 balance to terminate. In some cases, a conduit that wants to terminate cannot identify the source of funds or cannot contact the original contributor. The conduit correctly feels that it should not be able to benefit from the circumstances leading to it having funds from an unidentifiable source. The law currently only allows for redirection and then only under certain

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Administrator

Daniel A. Carlton, Jr.

circumstances. The bill gives the conduit a new option of donating the residual funds to the Common School Fund or a charity that they are not affiliated with.

The only lobbying law recommendation is to clarify how the lobbyist contribution window works when there is a local special election. The current law opens the window whenever there is a special election. Nothing in the current law expressly limits the opening of the window only for the special elections for state offices. Arguably, any special election opens the window, even the lowest elected village office. The lobbying law only applies to the state level. It makes no sense for the lobbyist contribution window to open for local office elections.

Finally, there are a couple of clarifying provisions related to open meetings and public records. The Commission administers the laws in its jurisdiction by providing advice, accepting and investigating complaints, and conducting universal audits of all reports filed with the Commission. The current statutes fail to adequately address the extent to which confidentiality applies. Consistent with current practice, the bill makes it clear that the Commission can only consider complaints and audits in closed session. It further clarifies that, in the context of enforcement, there is a publicly available record describing the outcome of the procedures. This is a necessary transparency measure. It assures the public that: 1) the Commission is administering the laws as the Legislature directed, and 2) the people of Wisconsin have a right to know that candidates, officials, and the lobbying community are complying with the laws regulating them. If the Commission does not take action, the public deserves to know why. Conversely, if there is enforcement, the public deserves to know that as well.

The foregoing is just a brief summary of the bills. While I was preparing to advocate for the Commission's recommendations, I prepared a memo explaining these recommendations in depth. I also prepared a document I call a "matrix." This document contains a very brief description of the current law, the recommendation, the reason for the recommendation, and where it appears in the bill. For your convenience, I have attached those documents and a copy of the bill itself.

If you have questions about the bill, I am more than happy to answer them at the hearing or any other time. Please do not hesitate to contact me.

Sincerely,



Daniel A. Carlton, Jr.
Administrator
Wisconsin Ethics Commission

Attachments: A) Memorandum
B) Matrix
C) SB 741



Wisconsin Ethics Commission

Attachment A

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DATE: January 25, 2024
TO: Members, Wisconsin Legislature
FROM: Daniel A. Carlton, Jr., Administrator
SUBJECT: 2023 SB 741

Introduction

On December 13, 2022, the Commission met and approved several legislative recommendations. These recommendations are the result of the Commission's experience administering the statutes within its jurisdiction. The Commission's goal is to administer the statutes as written. These recommendations address matters that the statutes are silent on. They also address matters where clarification of how to administer the laws is needed. These recommendations do not include prior recommendations that have not been addressed. However, the Commission has not withdrawn those recommendations. Those recommendations are not addressed herein. However, they are publicly available beginning at page 13 of the Commission's [2022 Annual Agency Report](#).

Senate Bill 741 does not contain all pending legislative recommendations from the Commission. A list of all legislative recommendations for the current legislative session can be found in the memo beginning on page 7 of the [Commission Meeting Materials for the meeting on May 9, 2023](#). Below is an explanation of only the recommendations that are contained in Assembly Bill 760. They are categorized by type of recommendation or program area. In addition to the recommendations described below, the bill makes clarifying changes regarding the situation where an official creates a second candidate committee to run for a different state or local office. Specifically, it specifies when the committee(s) must be terminated and provides more specific guidance regarding transfers of contributions between the two committees.

A. Campaign Finance

1. Require an Email Address and Telephone Number on the Registration Statement

Email is a vital communication tool for the Commission. The Commission notifies committees of upcoming filing deadlines, potential violations, and upcoming training opportunities via email. The statutes provide that the registration statement must have the name and mailing address of a committee, along with certain other information. *See e.g.*, [WIS. STAT. § 11.0203\(1\)](#). Committees are required to report any change in this required information within ten days following the change. *See e.g.*, [WIS. STAT. § 11.0203\(3\)\(a\)](#). However, the statutes do not require an email address be provided on a registration statement. Currently, this information is collected and is necessary to create an account in CFIS. It would also be helpful if the registration statement required a telephone number. If these items were required to be included in the registration statement, the Commission

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would have more reliable contact information, could more efficiently contact committees, and would have a basis for enforcement for failing to keep this information up to date. As will be discussed in the next recommendation, it is not unusual for committees to disappear while having unresolved potential violations. This will reduce the number of times that occurs.

2. Administrative Termination or Suspension of Inactive or Non-compliant Committees

Under the current version of Wisconsin's campaign finance laws, all registrants continue to exist in perpetuity until such time as the registrant chooses to request termination. Generally, this approach is good in that candidates and other registrants are not required to renew or re-register on a periodic basis. It eliminates the potentially unnecessary hurdle that incumbents re-register every year while they are in office.

While convenient for the committee, there are significant issues created by this system. There are a number of committees that have, for all intents and purposes, disappeared without termination. The easiest illustration of this point is the number of exempt committees that have not had any activity within CFIS for a long time. There are currently 1,762 committees that are exempt from filing reports. Approximately 450 of these have no "Amended Date" in CFIS. This means that they most likely have been exempt since before CFIS was created in 2008. Of the remaining approximately 1,312 exempt registrants, there are about 389 registrants that became exempt in 2020 or later. Of the current committees that are exempt, 1,373 have been exempt for more than three years. This means the Commission has likely had no communication with them for more than three years. Many of the individuals who created these committees have likely forgotten about these committees or mistakenly believe that they are terminated. Further, it would be surprising if many even knew their login and password. Keeping these exempt committees in CFIS also creates a distorted picture of who may be involved in campaign activities in Wisconsin. There should be a mechanism to terminate these stale committees.

Additionally, there are non-compliant registrants. While many of them respond and get into compliance, there are a number that do not. The most frequent scenario where this occurs is when a candidate runs for office and loses. Once they lose, it is not unusual for them to close the post office box they used for the campaign and then shut down or ignore their email account and website. During this time, the committee fails to file required reports. As a result, violations with significant penalties continue to accrue with virtually no way to get the committee back in compliance. The delinquent filers list that is published on the Commission's website is not sufficient to obtain compliance.

To address these issues, the Commission recommends that the Legislature create a statutory mechanism allowing the Commission to terminate any committee that has been exempt for more than 3 years. It also recommends allowing the Commission to suspend any committee that fails to respond to notices after three attempts to notify the committee (with the last notice being sent by certified mail to the last address on file). This suspension would include locking the committee out of their account until they contact the Commission and

get in compliance. The Commission also recommends that the Legislature toll the statute of limitations for violations by these non-responsive committees.

3. Disposal of Residual Conduit Funds

Recently, the Commission has considered several questions concerning conduits who were trying to terminate but were unable to identify the source of some of the remaining funds in the conduit account. The only provision that lets a conduit do anything with money where it is not directed to do so by the contributor is [WIS. STAT. § 11.0705](#). That provision allows redirection only under certain circumstances. If it is unable to identify the contributor, the conduit cannot possibly attempt to contact the contributor for consent to redirect the money to the sponsor. It also cannot identify a surviving spouse or executor for their consent. [WIS. STAT. 11.1302](#) allows any committee to donate to a charitable organization or the common school fund. However, a conduit is not a committee under the definition in [WIS. STAT. § 11.0101\(6\)](#). So, it cannot do so. This makes sense as, generally, contributors would only want to either give their money to a candidate or committee or get it back from the conduit. However, if after a good faith effort, the conduit cannot identify the source of money leftover when it terminates, it must have a mechanism to dispose of that money; otherwise, the conduit will not be able to terminate. The Commission recommends that the Legislature authorize a conduit that is terminating to dispose of money by giving it to the common school fund or a charitable organization that does not have any nexus to the conduit when it cannot identify the source of excess funds or cannot locate them for redirection as provided in law.

4. Due Date for 72-Hour Report for Express Advocacy Disbursements

A political action committee, independent expenditure committee, or an “Other Person” that spends more than \$2,500 on express advocacy in the aggregate during the 60-days before an election is required to file a “72-Hour Report.” This report is appropriately named because the due date is within 72 hours of the disbursement(s) being made. In addition to the usual information required, such as the name and address of the vendor, the group must name the candidate identified in the communication and specify whether the group opposes or supports the candidate.

Under the current language of the statute, the report is due within 72 hours of the vendor’s bill being paid. The Commission has learned of certain circumstances that thwart the intent of the statute. First, a political action committee, independent expenditure committee, or an “Other Person” may not reach that threshold until within days of the election. It is possible in those situations that the report may not be due until after the election. Alternatively, some vendors are billing on 30-day cycles. Again, this can result in 72-Hour Reports not being due until after the election. Finally, there are circumstances where communications are planned and paid for before the 60-day window begins but the express advocacy actually occurs during that 60-day window. This activity would not be required to be reported because currently the spending has to occur during the 60-day window to trigger the filing requirement. The purpose of this reporting is to provide contemporaneous reporting for spending on express advocacy during this 60-day window. It appears that,

intentionally or not, the purpose of that requirement is being thwarted by the fact that the due date is tied to the payment of the bill for the express advocacy.

The Commission recommends that, for communications containing express advocacy that will occur during the 60-day window before the election a 72-Hour Report must be filed no later than 72 hours after the earliest of:

- 1) The date the obligation for express advocacy is incurred, if the political action committee, independent expenditure committee, or “Other Person” has all information that is required to be reported;
- 2) The date the express advocacy is aired, broadcast, printed, or otherwise disseminated outside of the political action committee, independent expenditure committee, or “Other Person;” or
- 3) The date of the disbursement.

5. Conduit Filing Fees

Under the previous version of Chapter 11, any registrant, conduit, or group, other than a candidate’s committee, that spends more than \$2,500 in a calendar year was required to pay a filing fee to the Commission. Under the current version of Chapter 11, the filing fee is only required of “committees.” The definition of “committee” in s. 11.0101(6) does not include a conduit. While there are instances in Chapter 11 where the statutes specify that requirements or duties apply to committees or conduits, that is not the case in s. 11.0102(2). As a result of this omission, the statutes do not require conduits to pay the filing fee. It is unclear why conduits were excluded from the new version of Chapter 11. The Commission is not aware of any reason why conduits should not also be required to pay the annual filing fee.

The Commission recommends that conduits that release more than \$2,500 in contributions in a calendar year also be required to pay the filing fee.

B. Lobbying

1. Clarify that Local Special Elections Do Not Open the Lobbyist Contribution Window

Wisconsin’s lobbying laws create a window where personal contributions from lobbyists are permissible. The general rule is that a lobbyist or principal may make personal contributions to a partisan elective official, candidate for partisan elective state office, or candidate committee of the official or candidate “between the first day authorized by law for the circulation of nomination papers as a candidate at a general election or a special election and the day of the general election or special election.” [WIS. STAT. § 13.625\(1m\)\(b\)](#). It is more clearly restated as the window occurring: 1) between April 15 and the day of the general election, or 2) between the day the order for the special election is filed and the day of the special election. However, a contribution to a candidate for legislative office may only be made during that period if the legislature has concluded its final floor period and is not in special or extraordinary session.

Problems arise from the fact that there is a window for “special elections.” The lobbying law does not define “special election.” However, the lobbying law’s definitions of “candidate,” “candidate committee,” and “contribution” all cite to the definitions in campaign finance law. So, the best interpretation of “special election” would be to use the definition in campaign finance law. [WIS. STAT. § 11.0101\(29\)](#) states that, “‘special election’ means any election, other than [a general election, partisan primary, special primary, spring election, or spring primary] to fill vacancies or to conduct a referendum.” So, a “special election” is any election other than a general election, partisan primary election, special primary election, spring election, or spring primary election. Nothing in the definition of “special election” excludes special elections for local offices. Special elections are conducted at all levels of Wisconsin’s government. So, applying the definition in campaign finance law, the window will open for every special election conducted regardless of whether it is occurring at the state level or the local level.

The window opening for special elections creates a few problems. The primary problem is that opening the window for every state and local special election would create an exception that swallows the general rule. It also would create a huge disparity in the number of days the window is open for non-legislative candidates when compared to legislative candidates. To illustrate these points, staff has examined the impact special elections would have on the window for 2016 through 2020. The attached tables show how inclusion of special elections impacts the window.¹ The tables show two things. First, it shows the difference that including all special elections has on the number of days lobbyists could make contributions each year. Second, it allows the opportunity to compare the disparate impact upon legislative candidates. Specifically, during the five-year period examined, non-legislative candidates would have an additional 586 days when all special elections are included. However, during that same period, legislative candidates would only have an additional 84 days. That is a difference of 502 additional days to collect lobbyist contributions for non-legislative candidates.

It appears clear that the concept of the general rule was that there would only be a window during an election year which runs from the first day to circulate nomination papers until the day of the election. However, by not excluding special elections, this does not happen. Further, the impact favors non-legislative candidates, especially in non-election years.

Another issue arises in how the Commission conducts its auditing. Originally, the audits only considered state elections and special elections for state office. However, if a special election for local office opens the window, the audit process gets significantly more labor-intensive. Staff would have to wait until after the year was over and then confirm with the Elections Commission and/or local clerks whether a special election occurred and, if so, when it occurred.

¹ This review only considered the impact of candidate elections. Staff did not look for or include special elections whose only purpose was to vote concerning a referendum. However, a referendum on a special election ballot would most likely occur when there was already a special election involving candidates for office.

The Commission recommends to the Legislature that the window, as applied to special elections, be clarified. Specifically, the Commission recommends that the window only opens for special elections for state elective office.

C. Administrative

By statute, certain records of the Commission are publicly available and certain records are specifically exempt from disclosure. WIS. STAT. § 19.49(1)(b) authorizes the Commission to settle certain violations. It also provides that a settlement must be reduced to writing which becomes a publicly available record. Pursuant to WIS. STAT. § 19.50, most complaint-related records and information remains confidential. The penalties for violating this statute include up to a \$10,000 fine and up to 9 months in jail. WIS. STAT. § 19.58(4). However, WIS. STAT. § 19.55 allows the Commission to disclose certain complaint-related records. Specifically, it allows disclosure of a record of the action of the Commission authorizing the filing of a civil complaint, a record of the action of the Commission referring a matter to a district attorney or other prosecutor for investigation or prosecution, a finding of no reasonable suspicion, or a finding of no probable cause. The Legislature did not specifically address certain aspects of confidentiality. There are two legislative recommendations concerning confidentiality of records:

1. Records of Final Action

As a quasi-adjudicatory body tasked with enforcing the laws within its jurisdiction, the Commission has prosecutorial discretion concerning civil violations within its jurisdiction. The Commission can decide whether to dismiss a matter, offer a settlement, litigate, or refer violations for prosecution. The Commission may choose to settle potential actions which, in the opinion of the Commission, constitute a minor violation, a violation caused by excusable neglect, or for which for other good cause shown should not in the public interest be prosecuted. WIS. STAT. § 19.49(1)(b). There are circumstances where no monetary penalty is sought because, under the circumstances, a written warning is more appropriate. For example, pursuant to WIS. ADMIN. CODE ETH 26, the standard settlement schedule for several types of late reports provides for a written warning. The warning functions as the Commission's final action on the matter. The same rationale applies to situations where the Commission may want to find a reasonable suspicion or probable cause to believe a violation is occurring or has occurred but wants to take no further action. Therefore, the Commission requests that the statutes clearly provide that written warnings and decisions to take no further action are publicly available.

2. Audit Results

The Commission conducts certain universal audits for reports filed with it. Campaign finance reports, lobbying reports, and statements of economic interests are all audited to detect late filings. Additionally, campaign finance reports are audited to detect missing information, excess contributions, improper contribution sources, and inaccurate reporting of cash on hand. As audits are likely to lead to litigation if not settled and legal advice is often necessary to decide how to proceed, these matters are permissibly held in closed session. The Commission recommends that the Legislature specifically amend WIS. STAT.

§§ [19.55](#) and [19.85](#) to address the confidentiality of audit results. Specifically, the Commission recommends that the statutes allow disclosure where, as a result of an audit, the Commission issues a warning, orders litigation, or refers the matter to an appropriate prosecutor.

Attachment: Impact of “Special Election” Including State and Local Special Elections on
Lobbyist Contribution Window Table

**Impact of “Special Election” Including State and Local Special Elections on
Lobbyist Contribution Window**

Year	Normal Non-legislative Candidate Window	Non-Legislative Candidate Window with Special Elections	Total Additional Days Per Year due to Special Elections
2016	4/15- 11/8	4/15- 11/22	14
2017	N/A	3/29- 12/31	278
2018	4/15- 11/6	1/1-1/8; 4/15- 12/11	43
2019	N/A	2/14- 9/10	209
2020	4/15- 11/3	1/1-1/7; 4/15- 12/8	42
5 Year Total of Extra Days:			586

Year	Normal Legislative Candidate Window	Legislative Candidate Window with Special Elections	Total Additional Days Per Year due to Special Elections
2016	5/15- 11/8	5/15- 11/22	14
2017	N/A	N/A	0
2018	5/9- 11/6	5/9- 12/11	35
2019	N/A	N/A	0
2020	5/15- 11/3	5/15- 12/8	35
5 Year Total of Extra Days:			84

2023 SB 741 Bill Matrix

Legislative Recommendation	Current Law	Proposed Change	Bill Section(s)	Reason
Campaign Finance- Two Candidate Committees	A person holding an office that runs for another office can create a second candidate committee to run for the second office.	Technical change only.	Section 4	N/A
	Not required to terminate either committee.	If the person cannot continue to hold the 1 st office, must terminate the 1 st committee within 180 days of being sworn into the second office.	Section 5	Candidates will only need one committee. This eliminates "stale" committees.
		If the person can continue to hold both offices, must keep both committees while in office. If they leave one, they must terminate that committee within 180 days after leaving.	Section 6	Provides accurate, transparent reporting while in both offices and eliminates "stale" committees.
		If the person loses the race for which he/she created the second committee, the second committee must be terminated within 180 days after the winner takes office.	Section 7	Candidates will only need one committee. This eliminates "stale" committees.
	Transfers between two committees are allowed so long as they honor the contribution limits for both committees.	A contribution from funds received prior to the current contribution limit period is a contribution from the first candidate committee. Allows transfers of contributions received during current period subject to contribution limits. Revises the current transfer statute for clarity. Allows lump sum transfers and provides procedure for them.	Section 50	Provides statutory clarity about the identity of contributors and how contributions are treated for purposes of contribution limits.

2023 SB 741 Bill Matrix

Legislative Recommendation	Current Law	Proposed Change	Bill Section(s)	Reason
Campaign Finance- Two Candidate Committees (cont'd.)	The current statute permits transfers between two candidate committees established for one individual that is a candidate for two offices (or holds one office and runs for another office).	<p>The draft bill clarifies that a transfer of funds received by the first committee during a prior contribution limit period is a contribution from the first candidate committee, not the original contributor.</p> <p>The draft clarifies existing language regarding transferring contributions received by the first committee during the current contribution limit period. These are deemed contributions from the original contributor. Once transferred, they do not count towards the contribution limits for the first committee. The second committee must consider both transfers and direct contributions when calculating the contribution limits.</p> <p>It describes proper reporting of those transactions.</p> <p>Finally, it allows a lump sum transfer if there is a report showing the amount attributable to each contributor that is being transferred.</p>	50	The current version of the statute lacks specificity on the treatment of contributions received in prior contribution limits periods. It could also be clearer regarding how transfers in the current contribution limit period should work. It does not describe how transfer reporting should work. It does not state that a transferred contribution should not count towards the contribution limits of the first committee; it should only count towards the contribution limits of the second committee. Finally, the current statute does not contemplate a lump sum transfer. Conduits can transfer funds in this manner. This will be more efficient for candidates and treasurers.

2023 SB 741 Bill Matrix

Legislative Recommendation	Current Law	Proposed Change	Bill Section(s)	Reason
Campaign Finance-Committees generally	The statutes do not require a registrant to provide an email address or personal telephone number.	Require an email address and personal phone number for a candidate, treasurer, or other bookkeeper. Exempts personal phone number from public inspection/disclosure.	Sections 8-11, 23, 35, 37, 38	This will allow the Commission to maintain contact with committees after the election is over and reduce "stale" committees.
	The statutes currently only allow termination at the option of the registrant.	Allow the Commission to terminate committees that have been on exempt status for a period of 3 years or more. Allow the Commission to suspend registrants that do not respond to communications and provides procedures for reinstatement.	Section 51	These tools will allow the Commission to terminate approximately 1,500 "stale" committees. It will also provide a mechanism through which the Commission can reestablish communication and encourage compliance.
Campaign Finance-Disposal of Conduit's Residual Funds	The statutes currently allow a conduit to seek to redirect monies to the Conduit's Sponsoring Organization. The mechanism to do that is provided in statute. The statute is silent as to what happens if the Conduit is unsuccessful in its attempts to redirect the funds.	Allow a conduit to dispose of residual funds by donating them to the Common School Fund or to a charitable organization with which the Conduit is not affiliated.	Section 36	There have been a few cases where a conduit could not identify the source of funds or could not establish communication with the contributor in order to redirect the money. A conduit has to show a \$0 balance, no outstanding obligations, no outstanding debt to terminate. Without this, some conduits may not be able to terminate.

2023 SB 741 Bill Matrix

Legislative Recommendation	Current Law	Proposed Change	Bill Section(s)	Reason
Campaign Finance- Conduit Filing Fee	The statutes currently only require a "committee" to pay the \$100 filing fee.	Require conduits that release contributions totaling more than \$2,500 in a calendar year to pay the filing fee.	Sections 1-3	The old version of Chapter 11 required all non-candidate registrants to pay the filing fee. It's unclear why conduits were not included in the filing fee requirement in the current version. There does not appear to be any reason why conduits should not be required to pay this filing fee as well if they have sufficient activity.
Campaign Finance- Due Date for 72-Hour Reports of Express Advocacy Disbursements	<p>The current statutes generally require PACs, IECs, and "Other Persons" to file a 72-Hour Report if they exceed \$2,500 in aggregate spending on express advocacy during the 60-day period before an election.</p> <p>By statute, this report is due no later than 72 hours after making the disbursement.</p>	<p>Provide that the 72-hour report is due at the earliest of the following:</p> <ul style="list-style-type: none"> • The date the obligation is incurred, if the PAC, IEC, or "Other Person" has the information required to be reported; • The date the express advocacy is shared outside of the PAC, IEC, or "Other Person," or • The date of the disbursement. 	Sections 12-22 (PACs), 24-34 (IECs), and 39-49 ("Other Persons")	The Commission has learned that industry billing practices are inconsistent with the purpose of this statute. Some vendors are not billing these groups for 30 days or longer. When the spending is close to election day, a bill may not be sent until afterwards. Since the law only requires the report to be filed within 72 hours of the disbursement ("payment"), some reports are not received until well after the election.

2023 SB 741 Bill Matrix

Legislative Recommendation	Current Law	Proposed Change	Bill Section(s)	Reason
Lobbying- Lobbyist Contribution Window	Currently, the law permits a lobbyist to contribute only during specified periods. One of those periods is from the calling of a special election through the date of the special election.	Limit the reopening of the lobbyist contribution window involving special elections only to special elections for state offices.	Section 52	Because “special election” is not defined in subch. III, Ch. 13, it includes both state and local special elections. Since there are almost always local special elections occurring, the exception swallows the general rule.
Ethics Commission-Complaint-related Public Records	Currently, the law provides that settlements and records containing a finding of no reasonable suspicion, records containing a finding of no probable cause, records of Commission authorization to file civil litigation, and records of the Commission referring matters for prosecution become public.	The Commission recommends making records containing warnings and determinations to take no further action public.	Section 54	The Commission is often asked about the final outcome. Penalties for breach of confidentiality include up to 9 months in jail and up to a \$10,000 fine, so the Commission narrowly construes what complaint-related records are available to the public. This will provide a more complete public disclosure of the outcome of complaints.
Ethics Commission-Audit-related Public Records	Currently, the statutes do not specifically address audit-related confidentiality. The Commission relies on other, general, public records laws. Settlements are publicly available.	The Commission recommends treating audit-related records the same as complaints. They would be confidential until such time as the Commission makes a determination of no reasonable suspicion, no probable cause, orders litigation, refers the matter for prosecution, issues a warning, decides to take no action, or there is a settlement.	Sections 53 and 55	This will provide a clear statutory records policy for audits.

2023 SB 741 Bill Matrix

Legislative Recommendation	Current Law	Proposed Change	Bill Section(s)	Reason
Ethics Commission-Closed Session	Currently, the statutes only expressly provide for closed session consideration of requests for advice and deliberating concerning an investigation.	The Commission recommends that the laws should more clearly allow for closed session deliberations of complaints and audits.	Section 56	This will provide clearer statutory guidance concerning these types of deliberations. It will ensure the correct balance between the need for public disclosure and the rights of the accused to fair, confidential consideration of their complaints.



2023 SENATE BILL 741

December 8, 2023 - Introduced by Senators KNODL and JAMES, cosponsored by Representatives NOVAK, MELOTIK, CONLEY, GUNDRUM, MURSAU, ORTIZ-VELEZ and PENTERMAN. Referred to Committee on Shared Revenue, Elections and Consumer Protection.

1 **AN ACT** *to renumber and amend* 11.0202 (2) (d), 11.0505 (3), 11.0605 (3) and
2 11.1001 (3); *to amend* 11.0102 (2) (a), 11.0102 (2) (b), 11.0505 (1) (a) 1., 11.0505
3 (1) (a) 2. (intro.), 11.0505 (1) (a) 3., 11.0505 (1) (b) 1., 11.0505 (1) (b) 2., 11.0505
4 (1) (b) 3., 11.0505 (1) (b) 4., 11.0605 (1) (a) 1., 11.0605 (1) (a) 2. (intro.), 11.0605
5 (1) (a) 3., 11.0605 (1) (b) 1., 11.0605 (1) (b) 2., 11.0605 (1) (b) 3., 11.0605 (1) (b)
6 4., 11.1001 (1) (a) 1., 11.1001 (1) (a) 2. (intro.), 11.1001 (1) (a) 3., 11.1001 (1) (b)
7 1., 11.1001 (1) (b) 2., 11.1001 (1) (b) 3. and 11.1001 (1) (b) 4.; *to repeal and*
8 *recreate* 11.1114; and *to create* 11.0102 (2) (e), 11.0202 (2) (d) 2., 11.0202 (2)
9 (d) 3., 11.0202 (2) (d) 4., 11.0203 (1) (bd), 11.0303 (1) (bd), 11.0403 (1) (bd),
10 11.0503 (1) (bd), 11.0505 (3) (a), 11.0505 (3) (b), 11.0505 (3) (c), 11.0603 (1) (bd),
11 11.0605 (3) (a), 11.0605 (3) (b), 11.0605 (3) (c), 11.0703 (1) (bd), 11.0706, 11.0803
12 (1) (bd), 11.0903 (1) (bd), 11.1001 (3) (a), 11.1001 (3) (b), 11.1001 (3) (c), 11.1305,
13 13.62 (12t), 19.55 (2) (e), 19.55 (3) (e) 5. and 6., 19.55 (5) and 19.851 (3) of the

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1 statutes; **relating to:** recommendations from the Ethics Commission
2 regarding campaign finance, lobbying, open records, and closed sessions.

Analysis by the Legislative Reference Bureau

This bill implements a number of recommendations from the Ethics Commission (the commission) regarding the operations of the commission and the laws that it administers.

CAMPAIGN FINANCE***Registration statement information***

Under current law, a person who files a registration statement with the commission, or with some other appropriate filing officer, to form a committee for campaign finance purposes must include on the registration statement the name and mailing address of the committee, the committee treasurer, and any other custodian of committee books and accounts. This bill also requires that a person include on a committee registration statement the email address and personal telephone number of the committee treasurer and any other custodian of the committee books and records. In addition, a candidate committee is required to provide the candidate's email and personal telephone number. Under the bill, the personal telephone numbers provided on the registration statements are confidential and not subject to inspection and copying as a public record.

Second candidate committee

Current law allows, but does not require, an individual who holds a state or local elective office and who seeks a different state or local elective office to form a second candidate committee. Otherwise current law prohibits a candidate from having more than one candidate committee at the same time. For individuals who establish a second candidate committee, as provided under current law, the bill specifies the methods for transferring funds between the two committees, how to report those transfers, and how to dispose of funds remaining when one or both committees terminate.

Conduit; residual funds

Under current law, a conduit must also register with the commission. A conduit is an entity that receives a contribution from an individual, deposits that contribution in an account held by the entity, and disburses that contribution to a political committee at the direction of the individual who made the contribution. The bill specifies what the conduit must do with funds remaining in its possession when the conduit terminates. Under current law, the conduit must first make a good faith effort to return remaining funds to the original contributors, their surviving spouses, or the executors of their estates. Under the bill, if the terminating conduit is unsuccessful in contacting the individuals who made the original contributions, their surviving spouses, or the executors of their estates, the conduit may donate those remaining funds to the common school fund or to a charitable organization. However, the conduit may not donate remaining funds to a charitable organization

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that is affiliated with the conduit or a sponsoring organization. Current law defines a sponsoring organization as an entity that establishes, administers, or financially supports a political action committee or an independent expenditure committee.

Administrative suspension

Under current law, a committee that does not anticipate accepting or making contributions, making disbursements, or incurring obligations in an aggregate amount exceeding \$2,500 in a calendar year may claim an exemption from filing campaign finance reports by filing a registration statement or an amended registration statement specifying the facts necessary to claim the exemption. The committee must file a statement each year in which it wishes to claim the exemption until such time as the committee files a termination report.

The bill allows a filing agent to terminate any committee that has been exempt from filing campaign finance reports for more than three years. The bill also authorizes the commission to suspend a committee that does not respond to notices and communications sent by the commission.

Reporting of express advocacy

Under current law, a political action committee, independent expenditure committee, or a person other than a committee that spends \$2,500 or more on express advocacy for a candidate at an election must report required information to the commission. This information includes the dates on which disbursements were made, the name and address of the persons who received the disbursements, the purpose for making the disbursements, and the amount spent for each act of express advocacy.

The bill clarifies that the reporting requirement applies to express advocacy that will occur during the period beginning 60 days prior to the election and ending on the day of the election. The bill provides that the required information also includes the dates on which obligations were incurred, the name and address of the obligees, the purpose for incurring the obligations, and the amount incurred for each act of express advocacy.

Conduit filing fee

Under current law, each conduit that is required to register and report must have and file with the commission required registration statements and reports. The bill provides that each conduit must pay an annual filing fee of \$100 to the commission by January 15 of each year. The bill provides that this requirement does not apply to a conduit in a year in which the conduit does not release contributions totaling more than \$2,500.

LOBBYING

Current law allows a lobbyist to make a personal contribution to a partisan elective state official or a candidate for an elective state office between the first day authorized by law for the circulation of nomination papers as a candidate at a general election or special election and the day of the general election or special election. The bill clarifies that the special election must be an election to fill a vacancy in a state office.

SENATE BILL 741**OPEN RECORDS**

Current law provides that certain records in the possession of the commission are not open for public inspection. Those records include, with limited exceptions, statements of economic interests filed by members of the investment board and the social security numbers of individuals who apply for a lobbyist license. Under the bill, with certain exceptions, records created in the course of conducting an audit to identify a potential violation of the laws administered by the commission are not open for public inspection. However, the bill allows public inspection of audit records containing a finding that there is no reasonable suspicion or probable cause to believe that a violation of the law occurred or that the commission took no action upon finding such reasonable suspicion or probable cause. The bill also allows public inspection of any audit record of the commission issuing a warning, authorizing the filing of a civil complaint, or referring a matter to a district attorney or other prosecutor for investigation or prosecution.

CLOSED SESSIONS

Current law allows a governmental body to meet in closed session for various reasons, including deliberating on a case subject to a judicial hearing, consulting with legal counsel regarding litigation, or considering personnel matters. In addition, current law allows the commission to meet in closed session to consider requests for confidential written advice and for deliberations concerning an investigation of any violation of the law under its jurisdiction. Under the bill, the commission may also meet in closed session to consider whether there is a reasonable suspicion or probable cause to believe that a violation of the law occurred or is occurring based on a complaint or an audit report.

For further information see the state and local 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.** 11.0102 (2) (a) of the statutes is amended to read:
- 2 11.0102 (2) (a) Except as provided in pars. (c) and (d), each conduit or committee
- 3 that is required to register and file with the commission under sub. (1) (a) shall
- 4 annually pay a filing fee of \$100 to the commission. The commission may accept
- 5 payment under this subsection by credit card, debit card, or other electronic payment
- 6 mechanism, and may charge a surcharge to that conduit or committee to recover the
- 7 actual costs associated with the acceptance of that electronic payment.

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1 **SECTION 2.** 11.0102 (2) (b) of the statutes is amended to read:

2 11.0102 (2) (b) A conduit or committee that is subject to par. (a) shall pay the
3 fee specified in par. (a) together with the report filed by that conduit or committee
4 on the 15th day of the month of January in each year. If a conduit or committee that
5 is subject to par. (a) registers under this chapter or changes status so that par. (a)
6 becomes applicable to the conduit or committee during a calendar year, the conduit
7 or committee shall pay the fee for that year with the filing of the conduit's or
8 committee's registration statement or at any time before the change in status
9 becomes effective.

10 **SECTION 3.** 11.0102 (2) (e) of the statutes is created to read:

11 11.0102 (2) (e) Paragraph (a) does not apply to a conduit for any year during
12 which the conduit does not release contributions totaling more than \$2,500.

13 **SECTION 4.** 11.0202 (2) (d) of the statutes is renumbered 11.0202 (2) (d) 1. and
14 amended to read:

15 11.0202 (2) (d) 1. An individual who holds a state or local elective office and who
16 becomes a candidate for a different state or local elective office may establish a
17 second candidate committee under this subchapter for the purpose of pursuing ~~a~~
18 that different state or local office.

19 **SECTION 5.** 11.0202 (2) (d) 2. of the statutes is created to read:

20 11.0202 (2) (d) 2. If the individual described under subd. 1. wins the election
21 for which the individual created the second candidate committee, and the individual
22 is not eligible to continue to hold the first office, the individual shall terminate the
23 first candidate committee as provided under s. 11.0105 no later than 180 days after
24 the date the individual is sworn into the office for which the second candidate

SENATE BILL 741**SECTION 5**

1 committee was created. Residual funds of the first committee may be transferred as
2 provided in s. 11.1114 or used or disposed of in any manner allowed by law.

3 **SECTION 6.** 11.0202 (2) (d) 3. of the statutes is created to read:

4 11.0202 (2) (d) 3. If the individual described under subd. 1. wins the election
5 for which the individual created the second candidate committee, but the individual
6 is still eligible to hold the first office, the individual shall maintain a committee for
7 each office until such time as the individual resigns from, or a successor is sworn in
8 to, the office. If the individual subsequently resigns from either office, or a successor
9 is sworn into either office, the individual shall terminate the candidate committee
10 for which the individual no longer holds office as provided under s. 11.0105 no later
11 than 180 days after the date the individual resigns or a successor is sworn in.
12 Residual funds of the terminated committee may be transferred as provided in s.
13 11.1114 or used or disposed of in any manner allowed by law.

14 **SECTION 7.** 11.0202 (2) (d) 4. of the statutes is created to read:

15 11.0202 (2) (d) 4. If the individual described under subd. 1. loses the election
16 for which the individual created the second candidate committee, the individual
17 shall terminate the second candidate committee as provided in s. 11.0105 no later
18 than 180 days after the date the winner of that election takes office. Residual funds
19 of the second committee may be transferred as provided in s. 11.1114 or used or
20 disposed of in any manner allowed by law.

21 **SECTION 8.** 11.0203 (1) (bd) of the statutes is created to read:

22 11.0203 (1) (bd) The email address and personal telephone number of the
23 candidate, the candidate committee treasurer, and any other custodian of books and
24 accounts. Telephone numbers provided under this paragraph shall be kept

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1 confidential and are not subject to the right of inspection and copying under s. 19.35
2 (1).

3 **SECTION 9.** 11.0303 (1) (bd) of the statutes is created to read:

4 11.0303 (1) (bd) The email address and personal telephone number of the
5 treasurer and any other custodian of books and accounts. Telephone numbers
6 provided under this paragraph shall be kept confidential and are not subject to the
7 right of inspection and copying under s. 19.35 (1).

8 **SECTION 10.** 11.0403 (1) (bd) of the statutes is created to read:

9 11.0403 (1) (bd) The email address and personal telephone number of the
10 treasurer and any other custodian of books and accounts. Telephone numbers
11 provided under this paragraph shall be kept confidential and are not subject to the
12 right of inspection and copying under s. 19.35 (1).

13 **SECTION 11.** 11.0503 (1) (bd) of the statutes is created to read:

14 11.0503 (1) (bd) The email address and personal telephone number of the
15 treasurer and any other custodian of books and accounts. Telephone numbers
16 provided under this paragraph shall be kept confidential and are not subject to the
17 right of inspection and copying under s. 19.35 (1).

18 **SECTION 12.** 11.0505 (1) (a) 1. of the statutes is amended to read:

19 11.0505 (1) (a) 1. For express advocacy that will occur during the period
20 beginning 60 days prior to the spring primary and ending on the date of the spring
21 election, a political action committee spending \$2,500 or more in the aggregate on
22 express advocacy for one or more candidates at the spring primary or spring election
23 shall submit statements to the commission under par. (b) for express advocacy.

24 **SECTION 13.** 11.0505 (1) (a) 2. (intro.) of the statutes is amended to read:

SENATE BILL 741**SECTION 13**

1 11.0505 (1) (a) 2. (intro.) For express advocacy that will occur during the period
2 beginning 60 days prior to the partisan primary and ending on the date of the general
3 election, a political action committee spending \$2,500 or more in the aggregate on
4 express advocacy for one or more candidates at the partisan primary or general
5 election shall submit statements to the commission under par. (b) for express
6 advocacy as follows:

7 **SECTION 14.** 11.0505 (1) (a) 3. of the statutes is amended to read:

8 11.0505 (1) (a) 3. For express advocacy that will occur during the period
9 beginning 60 days prior to a special primary and ending on the date of the special
10 election, a political action committee spending \$2,500 or more in the aggregate on
11 express advocacy for one or more candidates at the special primary or special election
12 shall submit statements to the commission under par. (b) for express advocacy.

13 **SECTION 15.** 11.0505 (1) (b) 1. of the statutes is amended to read:

14 11.0505 (1) (b) 1. The dates on which the committee incurred the obligations
15 or made the disbursements.

16 **SECTION 16.** 11.0505 (1) (b) 2. of the statutes is amended to read:

17 11.0505 (1) (b) 2. The name and address of the obligees or persons who received
18 the disbursements.

19 **SECTION 17.** 11.0505 (1) (b) 3. of the statutes is amended to read:

20 11.0505 (1) (b) 3. The purpose for making the disbursements or incurring the
21 obligations.

22 **SECTION 18.** 11.0505 (1) (b) 4. of the statutes is amended to read:

23 11.0505 (1) (b) 4. The amount spent or incurred for each act of express advocacy.

24 **SECTION 19.** 11.0505 (3) of the statutes is renumbered 11.0505 (3) (intro.) and
25 amended to read:

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1 11.0505 (3) TIMING. (intro.) A political action committee that is required to
2 report under this section shall submit the report to the commission no later than 72
3 hours after ~~making the disbursements.~~ the earliest of the following:

4 **SECTION 20.** 11.0505 (3) (a) of the statutes is created to read:

5 11.0505 (3) (a) The date the obligation for express advocacy is incurred, if the
6 political action committee has the information required to be reported under sub. (1)
7 (b).

8 **SECTION 21.** 11.0505 (3) (b) of the statutes is created to read:

9 11.0505 (3) (b) The date the express advocacy is aired, broadcast, printed, or
10 otherwise disseminated to individuals other than any of the following:

11 1. The political action committee's administrator, treasurer, volunteer,
12 producer, consultant, media production partner, or focus group.

13 2. An officer or employee of the political action committee's sponsoring
14 organization.

15 **SECTION 22.** 11.0505 (3) (c) of the statutes is created to read:

16 11.0505 (3) (c) The date of the disbursement.

17 **SECTION 23.** 11.0603 (1) (bd) of the statutes is created to read:

18 11.0603 (1) (bd) The email address and personal telephone number of the
19 treasurer and any other custodian of books and accounts. Telephone numbers
20 provided under this paragraph shall be kept confidential and are not subject to the
21 right of inspection and copying under s. 19.35 (1).

22 **SECTION 24.** 11.0605 (1) (a) 1. of the statutes is amended to read:

23 11.0605 (1) (a) 1. For express advocacy that will occur during the period
24 beginning 60 days prior to the spring primary and ending on the date of the spring
25 election, an independent expenditure committee spending \$2,500 or more in the

SENATE BILL 741**SECTION 24**

1 aggregate on express advocacy for one or more candidates at the spring primary or
2 spring election shall submit statements to the commission under par. (b) for express
3 advocacy.

4 **SECTION 25.** 11.0605 (1) (a) 2. (intro.) of the statutes is amended to read:

5 11.0605 (1) (a) 2. (intro.) For express advocacy that will occur during the period
6 beginning 60 days prior to the partisan primary and ending on the date of the general
7 election, an independent expenditure committee spending \$2,500 or more in the
8 aggregate on express advocacy for one or more candidates at the partisan primary
9 or general election shall submit statements to the commission under par. (b) for
10 express advocacy as follows:

11 **SECTION 26.** 11.0605 (1) (a) 3. of the statutes is amended to read:

12 11.0605 (1) (a) 3. For express advocacy that will occur during the period
13 beginning 60 days prior to a special primary and ending on the date of the special
14 election, an independent expenditure committee spending \$2,500 or more in the
15 aggregate on express advocacy for one or more candidates at the special primary or
16 special election shall submit statements to the commission under par. (b) for express
17 advocacy.

18 **SECTION 27.** 11.0605 (1) (b) 1. of the statutes is amended to read:

19 11.0605 (1) (b) 1. The dates on which the committee incurred the obligations
20 or made the disbursements.

21 **SECTION 28.** 11.0605 (1) (b) 2. of the statutes is amended to read:

22 11.0605 (1) (b) 2. The name and address of the obligees or persons who received
23 the disbursements.

24 **SECTION 29.** 11.0605 (1) (b) 3. of the statutes is amended to read:

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1 11.0605 (1) (b) 3. The purpose for making the disbursements or incurring the
2 obligations.

3 **SECTION 30.** 11.0605 (1) (b) 4. of the statutes is amended to read:

4 11.0605 (1) (b) 4. The amount spent or incurred for each act of express advocacy.

5 **SECTION 31.** 11.0605 (3) of the statutes is renumbered 11.0605 (3) (intro.) and
6 amended to read:

7 11.0605 (3) TIMING. (intro.) An independent expenditure committee that is
8 required to report under this section shall submit the report to the commission no
9 later than 72 hours after ~~making the disbursements.~~ the earliest of the following:

10 **SECTION 32.** 11.0605 (3) (a) of the statutes is created to read:

11 11.0605 (3) (a) The date the obligation for express advocacy is incurred, if the
12 independent expenditure committee has the information required to be reported
13 under sub. (1) (b).

14 **SECTION 33.** 11.0605 (3) (b) of the statutes is created to read:

15 11.0605 (3) (b) The date the express advocacy is aired, broadcast, printed, or
16 otherwise disseminated to individuals other than any of the following:

17 1. The independent expenditure committee's administrator, treasurer,
18 volunteer, producer, consultant, media production partner, or focus group.

19 2. An officer or employee of the independent expenditure committee's
20 sponsoring organization.

21 **SECTION 34.** 11.0605 (3) (c) of the statutes is created to read:

22 11.0605 (3) (c) The date of the disbursement.

23 **SECTION 35.** 11.0703 (1) (bd) of the statutes is created to read:

24 11.0703 (1) (bd) The email address and personal telephone number of the
25 administrator of the conduit and any other custodian of books and accounts.

SENATE BILL 741**SECTION 35**

1 Telephone numbers provided under this paragraph shall be kept confidential and are
2 not subject to the right of inspection and copying under s. 19.35 (1).

3 **SECTION 36.** 11.0706 of the statutes is created to read:

4 **11.0706 Disposal of residual funds by a terminating conduit.** (1) If a
5 conduit has decided to terminate pursuant to s. 11.0105 and the conduit has funds
6 remaining in its possession, the conduit shall attempt to redirect contributions as
7 provided in s. 11.0705. If the conduit is unsuccessful in contacting the individual, the
8 surviving spouse, or the executor of the estate, as provided in s. 11.0705 (2), the
9 conduit may dispose of its residual funds by donating the funds to the common school
10 fund or to a charitable organization, except that the conduit may not direct its
11 residual funds to a charitable organization owned or operated by the sponsoring
12 organization or affiliated with the conduit or its sponsoring organization.

13 (2) If a conduit that seeks to terminate is unable to identify the source of its
14 residual funds upon making a good faith effort to review its books and records, the
15 conduit may dispose of those funds by donating them to the common school fund or
16 to a charitable organization, except that the conduit may not direct those residual
17 funds to a charitable organization owned or operated by the sponsoring organization
18 or affiliated with the conduit or its sponsoring organization.

19 (3) For purposes of this section, a sponsoring organization or conduit is
20 affiliated with a charitable organization if any of the following apply:

21 (a) The sponsoring organization or conduit has the authority or ability to direct
22 or participate in the governance of the charitable organization through provisions of
23 formal documents, formal or informal practices, or formal or informal procedures.

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1 (b) The sponsoring organization or conduit has the authority or ability to hire,
2 appoint, demote, or otherwise control the officers or other decision-making
3 employees of the charitable organization.

4 (c) The sponsoring organization or conduit has common or overlapping officers
5 or employees with the charitable organization, indicating a formal or ongoing
6 relationship between the sponsoring organization or conduit and the charitable
7 organization.

8 (d) The sponsoring organization or conduit has officers or employees who were
9 officers or employees of the charitable organization, indicating a formal or ongoing
10 relationship between the sponsoring organization or conduit and the charitable
11 organization or the creation of a successor.

12 (e) The sponsoring organization or conduit provides or arranges for the
13 provision of funds or goods in a significant amount or on an ongoing basis to the
14 charitable organization, such as through payments for fundraising and
15 administrative costs.

16 (f) The sponsoring organization or conduit has an active or significant role in
17 the formation or operation of the charitable organization.

18 **SECTION 37.** 11.0803 (1) (bd) of the statutes is created to read:

19 11.0803 (1) (bd) The email address and personal telephone number of the
20 treasurer and any other custodian of books and accounts. Telephone numbers
21 provided under this paragraph shall be kept confidential and are not subject to the
22 right of inspection and copying under s. 19.35 (1).

23 **SECTION 38.** 11.0903 (1) (bd) of the statutes is created to read:

24 11.0903 (1) (bd) The email address and personal telephone number of the
25 treasurer and any other custodian of books and accounts. Telephone numbers

SENATE BILL 741**SECTION 38**

1 provided under this paragraph shall be kept confidential and are not subject to the
2 right of inspection and copying under s. 19.35 (1).

3 **SECTION 39.** 11.1001 (1) (a) 1. of the statutes is amended to read:

4 11.1001 (1) (a) 1. For express advocacy that will occur during the period
5 beginning 60 days prior to the spring primary and ending on the date of the spring
6 election, any person, other than a committee, spending \$2,500 or more in the
7 aggregate on express advocacy for one or more candidates at the spring primary or
8 spring election shall submit statements to the commission under par. (b) for express
9 advocacy.

10 **SECTION 40.** 11.1001 (1) (a) 2. (intro.) of the statutes is amended to read:

11 11.1001 (1) (a) 2. (intro.) For express advocacy that will occur during the period
12 beginning 60 days prior to the partisan primary and ending on the date of the general
13 election, any person, other than a committee, spending \$2,500 or more in the
14 aggregate on express advocacy for one or more candidates at the partisan primary
15 or general election shall submit statements to the commission under par. (b) for
16 express advocacy as follows:

17 **SECTION 41.** 11.1001 (1) (a) 3. of the statutes is amended to read:

18 11.1001 (1) (a) 3. For express advocacy that will occur during the period
19 beginning 60 days prior to a special primary and ending on the date of the special
20 election, any person, other than a committee, spending \$2,500 or more in the
21 aggregate on express advocacy for one or more candidates at the special primary or
22 special election shall submit statements to the commission under par. (b) for express
23 advocacy.

24 **SECTION 42.** 11.1001 (1) (b) 1. of the statutes is amended to read:

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1 11.1001 (1) (b) 1. The dates on which the person incurred the obligations or
2 made the disbursements.

3 **SECTION 43.** 11.1001 (1) (b) 2. of the statutes is amended to read:

4 11.1001 (1) (b) 2. The name and address of the obligees or persons who received
5 the disbursements.

6 **SECTION 44.** 11.1001 (1) (b) 3. of the statutes is amended to read:

7 11.1001 (1) (b) 3. The purpose for making the disbursements or incurring the
8 obligations.

9 **SECTION 45.** 11.1001 (1) (b) 4. of the statutes is amended to read:

10 11.1001 (1) (b) 4. The amount spent or incurred for each act of express advocacy.

11 **SECTION 46.** 11.1001 (3) of the statutes is renumbered 11.1001 (3) (intro.) and
12 amended to read:

13 11.1001 (3) **TIMING.** (intro.) A person who is required to report under this
14 section shall submit the report to the commission no later than 72 hours after ~~making~~
15 ~~the disbursements.~~ the earliest of the following:

16 **SECTION 47.** 11.1001 (3) (a) of the statutes is created to read:

17 11.1001 (3) (a) The date the obligation for express advocacy is incurred, if the
18 person has the information required to be reported under sub. (1) (b).

19 **SECTION 48.** 11.1001 (3) (b) of the statutes is created to read:

20 11.1001 (3) (b) The date the express advocacy is aired, broadcast, printed, or
21 otherwise disseminated to individuals other than any of the following:

22 1. The person, if the person is an individual.

23 2. The person's officers, directors, partners, employees, or volunteers, if the
24 person consists of two or more individuals.

25 3. The person's producer, consultant, media production partner, or focus group.

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1 **SECTION 49.** 11.1001 (3) (c) of the statutes is created to read:

2 11.1001 (3) (c) The date of the disbursement.

3 **SECTION 50.** 11.1114 of the statutes is repealed and recreated to read:

4 **11.1114 Two candidate committees.** (1) (a) A candidate who has
5 established two candidate committees pursuant to s. 11.0202 (2) may transfer funds
6 between the two committees as provided in this subsection.

7 (b) The first candidate committee may transfer funds to the second candidate
8 committee, subject to all of the following:

9 1. Any money contributed to the first candidate committee in a prior
10 contribution limit period is the property of the first committee. If the first candidate
11 committee makes a contribution to the second candidate committee from funds
12 received by the first candidate committee during a prior contribution limit period,
13 that contribution is considered a contribution from the first candidate committee,
14 subject to the contribution limits under s. 11.1101 (2) applicable to the second
15 candidate committee.

16 2. The first candidate committee may transfer a contribution, or any portion
17 of a contribution, received by the first candidate committee during the current
18 contribution limit period to the second candidate committee. Such a transfer is
19 considered a contribution from the original contributor to the first candidate
20 committee and does not violate s. 11.1202 or 11.1204. The transfer is subject to the
21 contribution limits under s. 11.1101 applicable to the second candidate committee.
22 A contribution or portion of a contribution that is transferred may not be included
23 when determining whether the contributor has reached or exceeded the applicable
24 contribution limits for the first candidate committee for the current contribution
25 period. The second candidate committee shall count all contributions directly

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1 received from the contributor and all contributions from the contributor that are
2 transferred from the first candidate committee to determine whether a contributor
3 has reached or exceeded the applicable contribution limits for the current
4 contribution limit period.

5 (c) The second candidate committee may only transfer funds to the first
6 candidate committee when the second candidate committee is terminating pursuant
7 to s. 11.0105. Such a transfer is considered a contribution from the original
8 contributor to the second candidate committee and is subject to the contribution
9 limits under s. 11.1101 that apply to contributions from the original contributor for
10 contributions made to the first candidate committee.

11 (2) (a) For a contribution under sub. (1) (b) 1., the first candidate committee
12 shall report the contribution to the second candidate committee as a disbursement
13 to the second candidate committee and the second candidate committee shall report
14 receiving the contribution from the first candidate committee.

15 (b) The candidate committees shall report a transfer under sub. (1) (b) 2. as
16 follows:

17 1. The first candidate committee shall report receiving the contribution from
18 the original contributor.

19 2. The first candidate committee shall report transferring the contribution as
20 a disbursement to the second candidate committee.

21 3. The second candidate committee shall report receiving the contribution as
22 if it came from the original contributor.

23 (c) With regard to a transfer under sub. (1) (c), the second candidate committee
24 shall report receiving the contribution from the original contributor and report
25 transferring the funds to the first candidate committee as a disbursement. The first

SENATE BILL 741**SECTION 50**

1 candidate committee shall report receiving the contribution as if it came from the
2 original contributor.

3 (d) A candidate committee making a transfer as provided under this section
4 may report the transfer as one lump sum contribution if the candidate committee
5 provides the receiving committee a list of the contributors, all required information
6 about those contributors, and the amount attributable to each contributor that is
7 being transferred to the receiving committee. The transferring candidate committee
8 shall attach the documentation described in this paragraph to its next campaign
9 finance report.

10 **SECTION 51.** 11.1305 of the statutes is created to read:

11 **11.1305 Administrative termination and suspension.** (1) A filing officer
12 may terminate any registrant under this chapter that has been exempt for more than
13 3 years from filing campaign reports pursuant to s. 11.0104.

14 (2) (a) The commission may suspend any registrant for not complying with the
15 requirements of this chapter. Prior to suspending the registrant, the commission
16 shall make at least 3 attempts to notify the registrant of the potential violations. The
17 commission shall send the final notice to the registrant by certified mail to the last
18 address on file for the registrant, unless a more recent address is obtained from
19 another government agency, a public record, or a reasonably diligent Internet search.
20 If the final notice is returned undeliverable or the registrant does not respond within
21 30 days after the commission sends the notice, the commission may suspend the
22 registrant and block the registrant's access to the campaign finance website for
23 registration and reporting.

24 (b) If a registrant does not respond to a communication from the commission
25 requiring a response from the registrant within 180 days of receipt of the

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1 communication, the commission may suspend the registrant for failing to timely
2 respond. Prior to suspending the registrant, the commission shall make at least 3
3 attempts to notify the registrant of the potential violations. The commission shall
4 send the final notice to the registrant by certified mail to the last address on file for
5 the registrant, unless a more recent address is obtained from another government
6 agency, a public record, or a reasonably diligent Internet search. If the final notice
7 is returned undeliverable or the registrant does not respond within 30 days after the
8 commission sends the notice, the commission may suspend the registrant and block
9 the registrant's access to the campaign finance website for registration and
10 reporting.

11 (3) The commission may not reinstate a registrant suspended as provided
12 under sub. (2) until the registrant has communicated with the commission and has
13 filed an amended registration statement that includes all the information that the
14 commission requires.

15 (4) A registrant that is suspended as provided under sub. (2) may not file a
16 termination report under s. 11.0105 until it is reinstated as provided under sub. (3).

17 (5) If a registrant is suspended as provided under sub. (2), the statute of
18 limitations under s. 893.93 (1m) for any potential violation committed within 3 years
19 prior to the date of the suspension is tolled. The commission or a district attorney
20 may commence an action to enforce such violations at any time during the 12-month
21 period following the date of reinstatement.

22 **SECTION 52.** 13.62 (12t) of the statutes is created to read:

23 13.62 (12t) "Special election" means an election other than a spring primary,
24 spring election, partisan primary, or general election that is called to fill a vacancy
25 in a state office, as defined in s. 5.02 (23). "Special election" includes an election to

SENATE BILL 741**SECTION 52**

1 fill a vacancy in a state office, as defined in s. 5.02 (23), that is being conducted
2 concurrently with a spring primary, spring election, partisan primary, or general
3 election.

4 **SECTION 53.** 19.55 (2) (e) of the statutes is created to read:

5 19.55 (2) (e) Except as authorized in sub. (5), records created in the course of
6 conducting an audit to identify a potential violation of this subchapter, ch. 11, or
7 subch. III of ch. 13.

8 **SECTION 54.** 19.55 (3) (e) 5. and 6. of the statutes are created to read:

9 19.55 (3) (e) 5. Any record of the action of the commission issuing a warning.

10 6. Any record of the action of the commission that indicates that, upon a finding
11 of a reasonable suspicion of a violation or probable cause to believe that a violation
12 has occurred or occurring, the commission decided to take no further action.

13 **SECTION 55.** 19.55 (5) of the statutes is created to read:

14 19.55 (5) The following audit records of the commission are open to public
15 inspection and copying under s. 19.35 (1):

16 (a) Any record containing a finding that there is no reasonable suspicion that
17 a violation of the law occurred.

18 (b) Any record containing a finding that no probable cause exists to believe that
19 a violation of the law occurred.

20 (c) Any record of an action of the commission that indicates that, upon a finding
21 of a reasonable suspicion of a violation or probable cause to believe that a violation
22 has occurred or occurring, the commission decided to take no further action.

23 (d) Any record of an action of the commission issuing a warning.

24 (e) Any record of an action of the commission authorizing the filing of a civil
25 complaint.

