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SENATE BILL NO. 379

INTRODUCED BY Bartlett

A BILL FOR AN ACT ENTITLED: "AN ACT DEFINING AN INDEPENDENT EXPENDITURE CAMPAIGN; ESTABLISHING REPORTING REQUIREMENTS; PROVIDING FOR CONTRIBUTION LIMITATIONS AND CONDITIONS; PROVIDING FOR AN INCREASE IN CONTRIBUTION LIMITATIONS FOR CANDIDATES OPPOSED BY AN INDEPENDENT EXPENDITURE CAMPAIGN; AND AMENDING SECTIONS 13-37-216, 13-37-218, AND 13-37-227, MCA."

BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MONTANA:

NEW SECTION. **Section 1. Independent expenditure campaign defined.** An independent expenditure campaign is any campaign conducted by any committee to support or oppose a candidate and that is conducted independently, without communication with or the consent of the candidate that is benefited by the campaign. A committee may conduct more than one independent expenditure campaign.

NEW SECTION. **Section 2. Reporting requirements.** (1) A committee that intends to conduct an independent expenditure campaign shall file an initial notification and report with the commissioner at least 30 days prior to expending funds on the campaign. The report must identify the candidate who will be supported or opposed by the campaign. A separate report must be filed for each independent expenditure campaign that the committee will conduct.

(2) Contributions to and expenditures from each independent expenditure campaign fund must be reported as follows:

- (a) quarterly, due on the fifth day following a calendar quarter, and beginning with the calendar quarter in which funds are received or expended during the year or years prior to the election year in which the independent expenditure campaign is to be conducted;
- (b) on the 10th day of March and on the 10th day of each subsequent month through September in each year in which the independent expenditure campaign is conducted;
- (c) on the 15th and 5th days preceding the date on which an election is held;
- (d) within 24 hours after receiving a contribution of \$500 or more if received between the 10th

1 day before the election and the day of the election;

2 (e) within 20 days after the election; and

3 (f) on the 10th day of March and September of each year following an election until the committee  
4 files a closing report as specified in 13-37-228(3).

5

6 **NEW SECTION. Section 3. Contributions to independent expenditure campaign.** (1) Contributions  
7 to be used for an independent expenditure campaign must be made directly to a specified independent  
8 expenditure campaign fund.

9 (2) Contributions to independent expenditure campaigns are subject to the amount limitations and  
10 conditions imposed under 13-37-216 through 13-37-218.

11 (3) (a) A contributor may not contribute to both an independent expenditure campaign and to the  
12 candidate who may benefit from the independent expenditure campaign.

13 (b) When soliciting contributions to an independent expenditure campaign or accepting an  
14 unsolicited contribution, the committee shall notify each potential contributor or contributor of the  
15 requirements of subsection (3)(a).

16 (4) (a) If, after the committee accepts a contribution to the independent expenditure campaign, the  
17 committee discovers that the contributor has also donated to the candidate who may benefit from the  
18 independent expenditure campaign, the committee shall, within 5 days of the discovery, refund the  
19 contributor's donation made to the independent expenditure campaign.

20 (b) If a committee fails to provide a refund as required under subsection (4)(a), the committee is  
21 prohibited, until the refund is made, from making additional independent campaign expenditures for that  
22 campaign or any other independent campaign.

23

24 **NEW SECTION. Section 4. Contribution limitations raised.** (1) Each time that a committee files  
25 notification that it intends to conduct an independent expenditure campaign against a specified candidate,  
26 the appropriate campaign contribution limitations for the opposed candidate are raised by the amount  
27 specified as the limit in 13-37-216 and 13-37-218.

28 (2) (a) Each time that a committee files notification that it intends to conduct an independent  
29 expenditure campaign in support of a specified candidate, the appropriate campaign contribution limitations  
30 for each opponent of the supported candidate are raised by the amount specified as the limit in 13-37-216

1 and 13-37-218.

2 (b) Each time that a committee files notification that it intends to conduct independent expenditure  
3 campaign in opposition to a candidate, the appropriate campaign contribution limitations for each candidate  
4 that may be benefited by the campaign are raised by the amount specified as the limit in 13-37-216 and  
5 13-37-218.

6 (3) If a candidate benefited by an independent expenditure campaign communicates with the  
7 committee conducting the campaign, all contributions received by the committee for the independent  
8 expenditure campaign must be counted toward the benefited candidate's contribution limitations specified  
9 in 13-37-216 and 13-37-218.

10

11 **Section 5.** Section 13-37-216, MCA, is amended to read:

12 "**13-37-216. Limitations on contributions.** (1) (a) ~~Aggregate~~ Except as provided in [section 4],  
13 aggregate contributions for each election in a campaign by a political committee or by an individual, other  
14 than the candidate, to a candidate are limited as follows:

15 (i) for candidates filed jointly for the office of governor and lieutenant governor, not to exceed  
16 \$400;

17 (ii) for a candidate to be elected for state office in a statewide election, other than the candidates  
18 for governor and lieutenant governor, not to exceed \$200;

19 (iii) for a candidate for any other public office, not to exceed \$100.

20 (b) A contribution to a candidate includes contributions made to the candidate's committee and  
21 to any political committee organized on the candidate's behalf.

22 (2) (a) A political committee that is not independent of the candidate is considered to be organized  
23 on the candidate's behalf. For the purposes of this section, an independent committee means a committee  
24 ~~which that~~ is not specifically organized on behalf of a particular candidate or ~~which that~~ is not controlled  
25 either directly or indirectly by a candidate or candidate's committee and ~~which that~~ does not act jointly with  
26 a candidate or candidate's committee in conjunction with the making of expenditures or accepting  
27 contributions.

28 (b) A leadership political committee maintained by a political officeholder is considered to be  
29 organized on the political officeholder's behalf.

30 (3) All political committees, except those of political party organizations, are subject to the

1 provisions of subsections (1) and (2). For purposes of this subsection, "political party organization" means  
 2 any political organization that was represented on the official ballot at the most recent gubernatorial  
 3 election. Political party organizations may form political committees that are, except as provided in [section  
 4 4], subject to the following aggregate limitations from all political party committees:

5 (a) for candidates filed jointly for the offices of governor and lieutenant governor, not to exceed  
 6 \$15,000;

7 (b) for a candidate to be elected for state office in a statewide election, other than the candidates  
 8 for governor and lieutenant governor, not to exceed \$5,000;

9 (c) for a candidate for public service commissioner, not to exceed \$2,000;

10 (d) for a candidate for the state senate, not to exceed \$800;

11 (e) for a candidate for any other public office, not to exceed \$500.

12 (4) A candidate may not accept any contributions in excess of the limits in this section.

13 (5) For purposes of this section, "election" means the general election or a primary election that  
 14 involves two or more candidates for the same nomination. If there is not a contested primary, there is only  
 15 one election to which the contribution limits apply. If there is a contested primary, then there are two  
 16 elections to which the contribution limits apply."  
 17

18 **Section 6.** Section 13-37-218, MCA, is amended to read:

19 "**13-37-218. Limitations on receipts from political committees.** A Except as provided in [section  
 20 4], a candidate for the state senate may receive no more than \$1,000 in total combined monetary  
 21 contributions from all political committees contributing to ~~his~~ the campaign, and a candidate for the state  
 22 house of representatives may receive no more than \$600 in total combined monetary contributions from  
 23 all political committees contributing to ~~his~~ the campaign. The ~~foregoing~~ limitations ~~shall~~ must be multiplied  
 24 by the inflation factor, as defined in 15-30-101(8), for the year in which general elections are held after  
 25 1984; ~~the~~ The resulting figure ~~shall~~ must be rounded off to the nearest \$50 increment. The commissioner  
 26 ~~of political practices~~ shall publish the revised limitations as a rule. In-kind contributions must be included  
 27 in computing these limitation totals. The limitation provided in this section does not apply to contributions  
 28 made by a political party eligible for a primary election under 13-10-601."  
 29

30 **Section 7.** Section 13-37-227, MCA, is amended to read:

1           **"13-37-227. Comprehensive report when several candidates or issues involved.** The commissioner  
2 shall adopt rules that will permit political committees, including political parties, to file copies of a single  
3 comprehensive report when they support or oppose more than one candidate or issue, except that reports  
4 filed pursuant to [section 2] must be filed separately for each independent expenditure campaign. The  
5 commissioner shall adopt rules under which committees filing periodic reports with the federal election  
6 commission and committees headquartered outside the state of Montana shall report in accordance with  
7 this title."

8

9           NEW SECTION. Section 8. Codification instruction. [Sections 1 through 4] are intended to be  
10 codified as an integral part of Title 13, chapter 37, and the provisions of Title 13, chapter 37, apply to  
11 [sections 1 through 4].

12

-END-

STATE OF MONTANA - FISCAL NOTE

Fiscal Note for SB0379, as introduced

DESCRIPTION OF PROPOSED LEGISLATION:

A bill defining an independent expenditure campaign; establishing reporting requirements; providing for contribution limitations and conditions; providing for an increase in contribution limitations for candidates opposed by an independent expenditure campaign.

ASSUMPTIONS:

1. Independent expenditure campaigns would require a new and complex procedure for monitoring independent expenditures made by committees supporting or opposing individual candidates.
2. The existing method of monitoring and cross-checking campaign finance reports would have to be radically revised.
3. The anticipated number of independent expenditure campaigns and their impact is impossible to predict.
4. The present law base for the Commissioner of Political Practices consists of 3.25 FTE, including the commissioner and 2.25 FTE staff.
5. Although it is difficult to estimate the impact on the workload of the Commissioner of Political Practices, it is estimated that a minimum of 1.50 FTE additional grade 11 staff will be necessary to monitor compliance with the bill. Additional staff may be required in future years.
6. The bill is effective October 1, 1995; it is assumed that the FTE will be added on or after that date.

FISCAL IMPACT:

Commissioner of Political Practices:

Expenditures:

|                    | <u>FY96</u>       | <u>FY97</u>       |
|--------------------|-------------------|-------------------|
|                    | <u>Difference</u> | <u>Difference</u> |
| FTE                | 1.13              | 1.50              |
| Personal Services  | 28,145            | 37,656            |
| Operating Expenses | 7,031             | 6,375             |
| Equipment          | <u>9,400</u>      | <u>0</u>          |
| Total              | 44,576            | 44,031            |

Funding:

|                   |        |        |
|-------------------|--------|--------|
| General Fund (01) | 44,576 | 44,031 |
|-------------------|--------|--------|

*David Lewis* 2-19-95  
 DAVID LEWIS, BUDGET DIRECTOR      DATE  
 Office of Budget and Program Planning

*Sue Bartlett* 2-20-95  
 SUE BARTLETT, PRIMARY SPONSOR      DATE

Fiscal Note for SB0379, as introduced

**SB 379**