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HOUSE BILL NO. 1764

Offered January 10, 2001

Prefiled December 27, 2000

A BILL to amend the Code of Virginia by adding in Title 24.2 a chapter numbered 9.2, consisting of sections numbered 24.2-941 through 24.2-947, enacting the Campaign Finance Reform Act; contribution limits; penalties.

 Patron—Purkey

Referred to Committee on Privileges and Elections

Be it enacted by the General Assembly of Virginia:

1. That the Code of Virginia is amended by adding in Title 24.2 a chapter numbered 9.2, consisting of sections numbered 24.2-941 through 24.2-947, as follows:

CHAPTER 9.2.**CAMPAIGN FINANCE REFORM ACT.**

§ 24.2-941. Title; application.

This chapter shall be known as the "Campaign Finance Reform Act." The provisions of this chapter apply only to elections for Governor, Lieutenant Governor, Attorney General, and the General Assembly.

§ 24.2-942. State Board of Elections to administer chapter.

The State Board of Elections shall administer, and may establish rules to carry out, the provisions of this chapter.

§ 24.2-943. Limits on contributions to candidates for Governor, Lieutenant Governor, Attorney General, and the General Assembly.

A. No corporation, labor organization, or political committee, other than a political party committee or candidate campaign committee, as defined in subsection E, shall make contributions to a candidate for Governor, Lieutenant Governor, or Attorney General that, in the aggregate, exceed \$5,000 in value for any one candidate in any one election.

B. No corporation, labor organization, or political committee, other than a political party committee or candidate campaign committee, as defined in subsection E, shall make contributions to a candidate for the General Assembly that, in the aggregate, exceed \$2,500 in value for any one election.

C. No candidate shall solicit or accept any contribution in excess of the limits stated in this section.

D. The restrictions of this section shall not apply to:

1. Contributions by the candidate to his own campaign;

2. Contributions by an individual to a candidate; or

3. Contributions by a political party committee or campaign committee to a candidate.

E. For the purposes of this section, the following definitions shall apply:

1. The term "candidate" means the candidate, the candidate's treasurer, and the candidate's campaign committee, and any contribution to the candidate's treasurer or campaign committee shall be deemed a contribution to the candidate.

2. The terms "campaign committee," "contribution," and "political committee" shall have the meanings stated in § 24.2-901.

3. The term "corporation" means an entity organized under the corporation laws of this State or any other state or lawful authority.

4. The term "labor organization" means any organization of any kind, or any agency or employee representation committee or plan, in which employees participate and that exists for the purpose, in whole or in part, of dealing with employers concerning grievances, labor disputes, wages, rates of pay, hours of employment, or conditions of work.

5. The term "political party committee" means the generally recognized organization that, according to the bylaws of the political party, is responsible for the daily operation of the party at the state, congressional district, county, city, or other district level, any generally recognized auxiliary group of a political party committee, and any legislative caucus committee. A "legislative caucus committee" means a committee controlled by the caucus of a political party of either or both houses of the General Assembly.

F. For the purposes of applying the limits stated in this section, each primary, general, or special election, and each method of political party nomination other than a primary, shall constitute a separate election without regard to whether the candidate is opposed or unopposed in the election or nomination process. For any independent candidate, the period ending on the regular primary date for the office he is seeking shall be deemed to be one election and the period following the primary date shall be deemed

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59 *to be a second election.*

60 *G. A contributor may designate all or a portion of a contribution made by him during the sixty days*
61 *following the primary date as a contribution for the primary or other nominating method. Contributions*
62 *made after the primary date shall be deemed contributions for the general or special election unless*
63 *otherwise designated as provided in this subsection.*

64 *H. A candidate who is defeated in the primary or nomination process and has a campaign deficit may*
65 *continue to accept contributions to retire the deficit subject to the limits applicable to the primary or*
66 *nomination process.*

67 *I. The candidate shall report separately (i) contributions received prior to the primary date or*
68 *designated for the primary or other nominating method pursuant to subsection G and (ii) contributions*
69 *received after the primary date and not so designated. Candidates may otherwise maintain records of*
70 *receipts and expenditures for the campaign both before and after the primary date on a continuing*
71 *basis.*

72 *J. Any contribution or portion thereof returned within sixty days after receipt shall not be deemed to be*
73 *a contribution for purposes of applying the limits stated in this section.*

74 *§ 24.2-944. Prohibition on indirect contributions.*

75 *For purposes of applying the contribution limits stated in § 24.2-943, all contributions made by a*
76 *corporation, labor organization, or political committee, either directly or indirectly, to benefit a*
77 *particular candidate, including any contributions that are in any way knowingly earmarked or otherwise*
78 *directed through any other person shall be treated as contributions from such corporation, labor*
79 *organization, or political committee to such candidate.*

80 *§ 24.2-945. Aggregation of contributions.*

81 *For purposes of applying the contribution limits stated in § 24.2-943, all contributions made by a*
82 *corporation, labor organization, or political committee whose contribution or expenditure activity is*
83 *financed or controlled by the same corporation, labor organization, entity, including a parent,*
84 *subsidiary, branch, division, department, or local unit of such corporation, labor organization or*
85 *political committee, shall be considered to be made by the same corporation, labor organization or*
86 *political committee. Two or more entities will be treated as a single entity sharing the same contribution*
87 *limit if the entities (i) share the majority of members on their boards of directors and share two or more*
88 *officers; (ii) are owned or controlled by the same majority shareholder or shareholders; (iii) are in a*
89 *parent-subsidiary relationship; or (iv) have bylaws stating that one organization has the power to*
90 *control the other.*

91 *§ 24.2-946. Restrictions on loans.*

92 *A loan is considered a contribution from the maker and the guarantor of the loan and is subject to the*
93 *contribution limits stated in § 24.2-943. A loan to a candidate or the candidate's campaign committee*
94 *must be by written agreement. The proceeds of a loan made to a candidate will not be subject to the*
95 *contribution limits stated in § 24.2-943 if the loan (i) is made by the candidate to his own campaign*
96 *committee or (ii) is made by a commercial lending institution in the regular course of business and on*
97 *the same terms ordinarily available to members of the public and is secured or guaranteed only by the*
98 *candidate.*

99 *§ 24.2-947. Penalties.*

100 *A candidate whose campaign committee knowingly accepts contributions in excess of the limits*
101 *imposed in this chapter shall be subject to a civil penalty up to two times the amount by which the*
102 *contribution exceeds the limit. A contributor who knowingly makes a contribution in excess of the limits*
103 *imposed in this chapter shall be subject to a civil penalty up to two times the amount by which the*
104 *contribution exceeds the limit.*

105 *The attorney for the Commonwealth shall initiate civil proceedings to enforce the civil penalties*
106 *provided in this chapter. Any civil penalties collected shall be payable to the State Treasurer for deposit*
107 *to the general fund.*

108 **2. That the provisions of this act shall be effective on and after January 1, 2002, and be applicable**
109 **to any contribution made on and after that date for any election to be held on or after January 1,**
110 **2002. The provisions of this act shall not be applicable to contributions made prior to January 1,**
111 **2002, and contributions made before that date shall not be aggregated with contributions made on**
112 **and after January 1, 2002, for the purposes of this act.**