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**HOUSE BILL NO. 2681**

Offered January 16, 2001

*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 24.2-949, enacting the Campaign Finance Reform Act; contribution limits; penalties.*

Patrons—Melvin, Almand, Barlow, Bloxom, Brink, Clement, Grayson, Hall, Johnson, Plum, Pollard, Rhodes, Robinson, Scott, Van Landingham, Van Yahres, Watts and Williams

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 24.2-949, 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 person, other than a political party committee or political action committee, as defined in subsections G and H, 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. No political action committee shall make contributions to a candidate for Governor, Lieutenant Governor, or Attorney General that, in the aggregate, exceed \$10,000 in value for any one candidate in any one election.*

*B. No person, other than a political party committee or political action committee, as defined in subsections G and H, shall make contributions to a candidate for the General Assembly that, in the aggregate, exceed \$1,000 in value for any one election. No political action committee shall make contributions to a candidate for General Assembly that, in the aggregate, exceed \$2,000 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 the candidate's spouse, children, parents, brothers, or sisters to the candidate's campaign; or*

*3. Contributions by a political party committee to a candidate.*

*E. The limits stated in this section for contributions by a person, other than a political party committee or political action committee, shall apply to contributions by the campaign committee of a candidate to any other candidate.*

*F. For the purposes of this section, 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.*

*G. For the purposes of this section, 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.*

*H. For the purposes of this section, the term "political action committee" means a political committee that receives contributions of twenty-five dollars or more from 100 or more individuals in the one-year period before the committee files an application with the State Board of Elections to qualify as a political action committee entitled to contribute the larger amounts stated in subsections A and B. The Secretary of the State Board shall obtain information necessary to make the determination that a committee meets the requirements of this subsection and shall provide written certification of the fact to*

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58 *the committee. A political action committee certification is valid for two years. A candidate shall not*  
59 *accept a political action committee contribution unless it is accompanied by a copy of the certification.*  
60 *All political action committees that do not meet the requirements of this subsection are subject to the*  
61 *campaign contribution limits applicable to any person under subsections A and B.*

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

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

72 *K. A candidate who is defeated in the primary or nomination process and has a campaign deficit may*  
73 *continue to accept contributions to retire the deficit subject to the limits applicable to the primary or*  
74 *nomination process.*

75 *L. The candidate shall report separately (i) contributions received prior to the primary date or*  
76 *designated for the primary or other nominating method pursuant to subsection J and (ii) contributions*  
77 *received after the primary date and not so designated. Candidates may otherwise maintain records of*  
78 *receipts and expenditures for the campaign both before and after the primary date on a continuing*  
79 *basis.*

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

82 *§ 24.2-944. Prohibition on indirect contributions.*

83 *For purposes of applying the contribution limits stated in § 24.2-943, all contributions made by a*  
84 *person, either directly or indirectly, to benefit a particular candidate, including any contributions that*  
85 *are in any way knowingly earmarked or otherwise directed through any other person, political*  
86 *committee, political party committee, or political action committee, shall be treated as contributions*  
87 *from such person to such candidate.*

88 *§ 24.2-945. Aggregation of contributions.*

89 *For purposes of applying the contribution limits stated in § 24.2-943:*

90 *1. All contributions made by a person or political action committee whose contribution or expenditure*  
91 *activity is financed, maintained, or controlled by the same corporation, labor organization, association,*  
92 *or any other person, including a parent, subsidiary, branch, division, department, or local unit of such*  
93 *corporation, labor organization, association, or any other person, or by any group of such persons shall*  
94 *be considered to be made by the same person or political action committee; and*

95 *2. For entities not described in subdivision 1, two or more entities will be treated as a single entity*  
96 *sharing the same contribution limit if the entities (i) share the majority of members on their boards of*  
97 *directors and share two or more officers; (ii) are owned or controlled by the same majority shareholder*  
98 *or shareholders; (iii) are in a parent-subsidiary relationship; or (iv) have bylaws stating that one*  
99 *organization has the power to control the other.*

100 *§ 24.2-946. Attribution and aggregation of family contributions.*

101 *For purposes of applying the contribution limits stated in § 24.2-943:*

102 *1. Contributions by a husband and wife are considered separate contributions and not aggregated; and*  
103 *2. Contributions by unemancipated children under eighteen years of age are considered contributions by*  
104 *their parents and attributed proportionately to each parent. Fifty percent of the contributions are*  
105 *attributed to each parent, or, in the case of a single custodial parent, the total amount is attributed to*  
106 *the parent.*

107 *§ 24.2-947. Restrictions on loans.*

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

115 *§ 24.2-948. Penalties.*

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

120 *contribution exceeds the limit.*

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

124 *§ 24.2-949. Severability clause.*

125 *If any section, subsection, sentence, part or application of this chapter is held unconstitutional by a*  
126 *court of last resort, such holding shall not affect any other section, subsection, sentence, part or*  
127 *application that can be given effect without the part so held invalid.*

128 **2. That the provisions of this act shall be effective on and after July 1, 2001, and be applicable to**  
129 **any contribution made on and after that date for any election to be held on or after July 1, 2001.**  
130 **The provisions of this act shall not be applicable to contributions made prior to July 1, 2001, and**  
131 **contributions made on and after July 1, 2001, shall not be aggregated with contributions made**  
132 **before that date for the purposes of this act.**