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**HOUSE BILL NO. 727**

Offered January 8, 2014

Prefiled January 7, 2014

*A BILL to amend and reenact §§ 24.2-945.1, 24.2-949.9:1, and 24.2-949.9:2 of the Code of Virginia, relating to campaign finance disclosure; out of state political committees.*

Patron—Lingamfelter

Referred to Committee on Privileges and Elections

**Be it enacted by the General Assembly of Virginia:**

**1. That §§ 24.2-945.1, 24.2-949.9:1, and 24.2-949.9:2 of the Code of Virginia are amended and reenacted as follows:**

**§ 24.2-945.1. Definitions.**

A. As used in this chapter, unless the context requires a different meaning:

"Authorization" means express approval or express consent by the candidate, the candidate's campaign committee, or an agent of the candidate or his campaign committee after coordination.

"Campaign committee" means the committee designated by a candidate to receive all contributions and make all expenditures for him or on his behalf in connection with his nomination or election.

"Candidate" means "candidate" as defined in § 24.2-101.

"Contribution" means money and services of any amount, in-kind contributions, and any other thing of value, given, advanced, loaned, or in any other way provided to a candidate, campaign committee, political committee, or person for the purpose of expressly advocating the election or defeat of a clearly identified candidate or to an inaugural committee for the purpose of defraying the costs of the inauguration of a Governor, Lieutenant Governor, or Attorney General. "Contribution" includes money, services, or things of value in any way provided by a candidate to his own campaign and the payment by the candidate of a filing fee for any party nomination method.

"Coordinated" or "coordination" refers to an expenditure that is made (i) at the express request or suggestion of a candidate, a candidate's campaign committee, or an agent of the candidate or his campaign committee or (ii) with material involvement of the candidate, a candidate's campaign committee, or an agent of the candidate or his campaign committee in devising the strategy, content, means of dissemination, or timing of the expenditure.

"Designated contribution" means a contribution that is designated specifically and in writing for a particular candidate or candidates and that is made using a political committee solely as a conduit.

"Expenditure" means money and services of any amount, and any other thing of value, paid, loaned, provided, or in any other way disbursed by any candidate, campaign committee, political committee, or person for the purpose of expressly advocating the election or defeat of a clearly identified candidate or by any inaugural committee for the purpose of defraying the costs of the inauguration of a Governor, Lieutenant Governor, or Attorney General.

"Federal political action committee" means any political action committee registered with the Federal Election Commission that makes contributions to candidates or political committees registered in Virginia.

"Inaugural committee" means any organization, person, or group of persons that anticipates receiving contributions or making expenditures, from other than publicly appropriated funds, for the inauguration of the Governor, Lieutenant Governor, or Attorney General and related activities.

"Independent expenditure" means an expenditure made by any person, candidate campaign committee, or political committee that is not made to, controlled by, coordinated with, or made with the authorization of a candidate, his campaign committee, or an agent of the candidate or his campaign committee. "Independent expenditure" includes an expenditure made by a candidate campaign committee (i) that is not related to the candidate's own campaign and (ii) that is not made to, controlled by, coordinated with, or made with the authorization of a different candidate, his campaign committee, or an agent of that candidate or his campaign committee.

"In-kind contribution" means the donation of goods, services, property, or other thing of value, other than money, including an expenditure controlled by, coordinated with, or made upon the authorization of a candidate, his campaign committee, or an agent of the candidate or his campaign committee, that is provided for free or less than the usual and normal charge. The basis for arriving at the dollar value of an in-kind contribution is as follows: new items are valued at retail value; used items are valued at fair market value; and services rendered are valued at the actual cost of service per hour. Services shall not be deemed to include personal services voluntarily rendered for which no compensation is asked or

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59 given.

60 "Out-of-state political committee" means an entity covered by § 501(c)(4) or 527 of the United  
61 States Internal Revenue Code that is not registered as a political committee or candidate campaign  
62 committee in Virginia and that does not have as its primary purpose expressly advocating the election or  
63 defeat of a clearly identified candidate. The term shall not include a federal political action committee.

64 "Person" means any individual or corporation, partnership, business, labor organization, membership  
65 organization, association, cooperative, or other like entity.

66 "Political action committee" means any organization, person, or group of persons, established or  
67 maintained to receive and expend contributions for the primary purpose of expressly advocating the  
68 election or defeat of a clearly identified candidate. The term shall not include a campaign committee,  
69 federal political action committee, out-of-state political committee, political party committee, referendum  
70 committee, or inaugural committee.

71 "Political committee" means and includes any political action committee, political party committee,  
72 referendum committee, or inaugural committee. The term shall not include: (i) a federal political action  
73 committee or out-of-state political committee; (ii) a campaign committee; (iii) a political party committee  
74 exempted pursuant to § 24.2-950.1; or (iv) a person who receives no contributions from any source and  
75 whose only expenditures are made solely from his own funds and are either contributions made by him  
76 which are reportable by the recipient pursuant to this chapter or independent expenditures which are  
77 reportable by him to the extent required by § 24.2-945.2, or a combination of such reportable  
78 contributions and independent expenditures.

79 "Political party committee" means any state political party committee, congressional district political  
80 party committee, county or city political party committee, other election district political party  
81 committee, or organized political party group of elected officials. This definition is subject to the  
82 provisions of § 24.2-950.1.

83 "Primary purpose" means that ~~50%~~ 50 percent or more of the committee's expenditures made in the  
84 form of contributions shall be made to candidate campaign committees or political committees registered  
85 in Virginia. Administrative expenditures and the transfer of funds between affiliated or connected  
86 organizations shall not be considered in determining the committee's primary purpose. The primary  
87 purpose of the committee shall not be determined on the basis of only one report or election cycle, but  
88 over the entirety of the committee's registration.

89 "Referendum committee" means any organization, person, group of persons, or committee, that makes  
90 expenditures in a calendar year in excess of (i) \$10,000 to advocate the passage or defeat of a statewide  
91 referendum, (ii) \$5,000 to advocate the passage or defeat of a referendum being held in two or more  
92 counties and cities, or (iii) \$1,000 to advocate the passage or defeat of a referendum held in a single  
93 county or city.

94 "Residence" means "residence" or "resident" as defined in § 24.2-101.

95 "Statewide office" means the office of Governor, Lieutenant Governor, or Attorney General.

96 B. For the purpose of applying the filing and reporting requirements of this chapter, the terms  
97 "person" and "political committee," shall not include an organization holding tax-exempt status under  
98 § 501(c) (3), 501(c) (4), or 501(c) (6) of the United States Internal Revenue Code which, in providing  
99 information to voters, does not advocate or endorse the election or defeat of a particular candidate,  
100 group of candidates, or the candidates of a particular political party. *An organization holding tax-exempt*  
101 *status under § 501(c)(4) shall comply with the filing and reporting requirements specifically applicable*  
102 *to such organization.*

103 **§ 24.2-949.9:1. Out-of-state political committees; statements of organization.**

104 A. Out-of-state political committees shall submit a statement of organization on or before the date on  
105 which the committee makes contributions of ~~\$10,000~~ \$2,000 or more in the aggregate in a calendar year  
106 to candidate campaign committees or political committees registered with the State Board of Elections.

107 B. The statement of organization shall include information as required pursuant to subsection B of  
108 § 24.2-949.2 except that the committee shall not be required to establish a depository account in a  
109 financial institution in the Commonwealth.

110 C. In addition to the information required pursuant to § 24.2-949.2, the committee shall include on  
111 its statement of organization (i) its taxpayer identification number, (ii) the federal and state agencies  
112 with which it is required to file financial disclosure information, ~~and~~ (iii) the registration number  
113 assigned to it by each agency listed under clause (ii), *and (iv) the name and residence address of each*  
114 *member of the board of the committee.*

115 D. On the same day that an out-of-state political committee submits its statement of organization to  
116 the State Board, (i) it shall file a list of each contributor who has contributed to the committee ~~\$2,500~~  
117 ~~\$1,000~~ or more in the aggregate between the immediately preceding January 1 and the date on which  
118 the statement of organization is filed with the contributor's name, address, occupation, employer, and  
119 place of business and the dates and amounts of the contributor's contributions during the period covered  
120 by the report; and (ii) it shall file a report of the contributions it has made to candidate campaign

committees or political committees registered with the State Board between the immediately preceding January 1 and the date on which the statement of organization is filed.

E. Any political organization as defined in *or entity covered by § 501(c)(4) or 527* of the United States Internal Revenue Code that is shown on the list of contributors required by this section and that has contributed \$50,000 or more to the committee filing the list of contributors required by this section shall be required to file a statement of organization and the lists of its contributors and its contributions as provided in subsection D.

**§ 24.2-949.9:2. Out-of-state political committees; reporting requirements.**

A. The provisions of this section are applicable only to out-of-state political committees.

B. After the committee has met the requirements of § 24.2-949.9:1 and upon making any contribution to a candidate campaign committee or political committee registered in Virginia, the committee shall report its contributions and contributors in accordance with subsection C to the State Board of Elections by computer or electronic means as prescribed in § 24.2-946.1.

C. The report required by subsection B shall include (i) a report of the contributions the committee has made to candidate campaign committees or political committees in the Commonwealth since the filing of a report of its contributions pursuant to subsection D of § 24.2-949.9:1 or this subsection during the period covered by the report and (ii) a list of each contributor who has contributed to the committee ~~\$2,500~~ \$1,000 or more in the aggregate since the filing of a list of its contributors pursuant to subsection D of § 24.2-949.9:1 or this subsection with the contributor's name, address, occupation, employer, and place of business and the dates and amounts of the contributor's contributions during the period covered by the report.

D. Upon transfer of a designated contribution to a designated candidate's campaign committee, the committee shall provide information to the campaign committee to identify the contributor as provided by § 24.2-947.4.

E. The reporting requirements of this section shall continue in effect for each committee until a final report is filed that sets forth all contributions and expenditures not previously reported. The final report shall include a termination statement, signed by an officer of the committee, that all reporting is complete and final.