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HOUSE BILL NO. 1707

Offered January 9, 2019

Prefiled December 13, 2018

A BILL to amend and reenact §§ 24.2-946 and 24.2-947.3 of the Code of Virginia and to amend the Code of Virginia by adding a section numbered 24.2-946.3:1, relating to campaign finance reports; audits; certain campaign committees.

Patron—Kory

Referred to Committee on Privileges and Elections

Be it enacted by the General Assembly of Virginia:

1. That §§ 24.2-946 and 24.2-947.3 of the Code of Virginia are amended and reenacted and that the Code of Virginia is amended by adding a section numbered 24.2-946.3:1 as follows:

§ 24.2-946. Summary of election laws; forms; instructions.

A. The State Board shall summarize the provisions of the election laws relating to the Campaign Finance Disclosure Act of 2006 and provide for distribution of this summary and prescribed forms to each candidate, person, or committee on request or upon their first filing with the State Board pursuant to this chapter, whichever occurs first.

B. The *State* Board shall designate the forms required for complying with this chapter which shall be the only such forms used in complying with the provisions of this chapter.

C. The *State* Board shall provide, with the summary required by this section, instructions for persons filing reports pursuant to this chapter to assist them in completing the reports. The instructions shall include *(i)* directions for the reporting of filing fees for any party nomination method *and (ii) the requirements for retaining financial records and materials as may be required during the conduct of an audit pursuant to § 24.2-946.3:1*.

D. The *State* Board shall provide instructions for candidates who seek election for successive terms in the same office for the filing of reports within each appropriate election cycle for the office and for the aggregation of contributions within each election cycle.

E. The *State* Board shall provide, with the summary required by this section, to each candidate, person, or committee on request or upon their first filing with the State Board pursuant to this chapter, whichever occurs first, a copy of a written explanation prepared by the Attorney General of the provisions of the Act that prohibit the personal use of campaign funds. The explanation shall cover the provisions that prohibit the personal use of campaign funds and shall delineate the differences between prohibited personal uses of campaign funds and permitted uses of the funds.

§ 24.2-946.3:1. Audit of campaign finance reports.

A. The State Board shall conduct audits of the campaign finance reports filed by the campaign committees of candidates for Governor, Lieutenant Governor, Attorney General, and the General Assembly in order to (i) reconcile the balance in the campaign depository of a campaign committee being audited and (ii) review the reports for mathematical accuracy and completeness. The State Board shall conduct the audits in accordance with generally accepted auditing standards and any procedures adopted by the State Board. The State Board may employ the services of certified public accountants or other additional personnel to the extent that appropriated funds are available to the State Board to pay the cost of such services.

B. The campaign committees for candidates for Governor, Lieutenant Governor, Attorney General, and the General Assembly shall be selected at random for audit. At least 50 percent of the campaign committees for candidates for Governor, Lieutenant Governor, and Attorney General and at least 10 percent of the campaign committees for candidates for the General Assembly shall be audited. However, no audit shall be conducted of a campaign committee reporting less than $10,000 in contributions or expenditures in a campaign, and such committees shall not be included in the random selection.

C. The State Board or its designee shall conduct its audit of the campaign committees of candidates for Governor, Lieutenant Governor, and Attorney General within 90 days following the general election for those offices. The State Board or its designee shall conduct its audit of the campaign committees for candidates for the General Assembly within 90 days following the general election for members of the House of Delegates or the Senate of Virginia. The State Board or its designee shall be authorized to compel the production of all bank statements for the campaign depository, all copies of checks issued on the campaign depository, and bills, invoices, and receipts for all expenditures made by the candidate or his treasurer of any campaign committee subject to an audit as may be necessary for the completion of the audit.

D. Upon completion of an audit, the State Board shall notify the campaign committee of any discrepancies or missing information in accordance with § 24.2-953.3 and, in the case of a campaign committee for a candidate for Governor, Lieutenant Governor, or Attorney General, § 24.2-953.4, including those provisions related to the assessment of a civil penalty.

E. If the audit results in a determination that the balance in the campaign depository does not reconcile with the amounts reported in the campaign finance reports, the State Board shall forward its report to (i) the attorney for the Commonwealth for the City of Richmond, in the case of a candidate for Governor, Lieutenant Governor, or Attorney General, or (ii) the attorney for the Commonwealth for the locality in which the candidate resides, in the case of a candidate for the General Assembly.

§ 24.2-947.3. Campaign committee treasurer requirements and responsibilities.

A. Upon meeting any of the requirements of subsection A of § 24.2-947.1, the candidate shall appoint a single campaign treasurer who shall be a registered voter in Virginia. Every treasurer so appointed shall accept the appointment, in writing on the statement of organization, prior to the filing thereof. No individual shall act as treasurer unless the required statement of appointment has been filed. The same person may serve as campaign treasurer for more than one candidate.

B. In the event of the death, resignation, removal, or change of the treasurer, the candidate shall designate a successor and file the name and address of the successor within 10 days of the change with the State Board, general registrar, or both, as provided in subsection B of § 24.2-947.1.

C. Any candidate who fails to appoint a treasurer or successor treasurer shall be deemed to have appointed himself treasurer and shall comply as such with the provisions of this chapter.

D. All contributions and expenditures received or made by any candidate, or received or made on his behalf or in relation to his candidacy by any person, except independent expenditures, shall be paid over or delivered to the candidate's treasurer or shall be reported to the treasurer in such detail and form as to allow him to comply fully with this chapter. An independent expenditure shall be reported pursuant to § 24.2-945.2 in lieu of being reported to the candidate's treasurer.

E. The candidate or his treasurer shall keep detailed and accurate accounts of all contributions turned over to and expenditures made by the candidate or his treasurer on behalf of the candidate or his campaign committee, or reported to any candidate or his treasurer pursuant to this article. Such account shall set forth the date of the contribution or expenditure, its amount or value, the name and address of the person or committee making the contribution or to whom the expenditure was made, and the object or purpose of the contribution or expenditure. Such books and records may be destroyed or discarded at any time after (i) one year from the date of filing the final report required by § 24.2-948.4 or (ii) three years after the December 31 immediately following the election, whichever last occurs, unless a court of competent jurisdiction shall order their retention for a longer period.

F. *The candidate or his treasurer shall retain all bank statements for the campaign depository, all copies of checks issued on the campaign depository, and bills, invoices, and receipts for all expenditures made by the candidate or his treasurer on behalf of the candidate or his campaign committee. The candidate or his treasurer shall make such records and materials available to the State Board or its designee upon request in the course of an audit conducted pursuant to § 24.2-946.3:1.*

G. It shall be unlawful for any candidate, his treasurer, or any person receiving contributions or making expenditures on a candidate's behalf or in relation to his candidacy, to fail to report every contribution and expenditure as required by this article.