

## HB 2578 A STAFF MEASURE SUMMARY

### House Committee On Rules

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**Action Date:** 04/06/17

**Action:** Without recommendation as to passage, with amendments, and be referred to Ways and Means by prior reference. (Printed A-Eng.)

**Vote:** 5-2-2-0

**Yeas:** 5 - Holvey, Nosse, Rayfield, Smith Warner, Williamson

**Nays:** 2 - Barreto, McLane

**Exc:** 2 - Hack, Kennemer

**Fiscal:** Fiscal impact issued

**Revenue:** Has minimal revenue impact

**Prepared By:** Erin Seiler, LPRO Analyst

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#### WHAT THE MEASURE DOES:

Creates Small Donor Funded Elections program to allow candidates for state office to receive 6-to-1 match on small dollar donations.

#### ISSUES DISCUSSED:

- Diversity of candidates, donors and other participants in electoral process
- Implementation and administration of Small Donor Funded Elections program (Program)
- Jurisdictions that use small donor programs
- Process for collection of small contributions
- Limits on small contributions
- Amount of money candidates' receive in matching funds from the program
- Constitutionality of small donor program
- Limitations on how candidates can use public money received via Small Donor Fund
- Appropriate matching ratio; 6-to-1 match to be reasonably competitive
- Current political tax credit in relation to General Fund
- Correlation of monetary donation to political influence
- Role of state government in funding elections
- Limitation on free speech

#### EFFECT OF AMENDMENT:

Reduces “maximum public match” to 10 percent for candidates running unopposed for state office. Changes definition of “qualified small donor contribution.” Renames “people’s political committee” as “small donor political committee” and increases aggregate amount committee can accept from individual to \$250 per year. Adds to eligibility requirements. Limits money provided from Program and amount of qualified small dollar or nonmatching contributions that candidate may accept from day after general election through date of primary election. Establishes criminal or civil liability for misuse of funds by participating candidates. Permits candidate to withdraw from Program at any time. Increases “maximum public match” for candidates for state office during 2018 general election.

#### BACKGROUND:

One method that states use to regulate campaign spending in elections is providing a means by which candidates can accept public funds to conduct their campaigns. Generally, if a candidate decides to participate in a public financing program, they agree to not raise private capital, and can only spend an amount established by the state on their

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campaign.

Currently, 13 states provide some form of public financing for campaigns. Each of these plans requires candidates to accept public money for his or her campaign in exchange for a promise to limit both how much the candidate spends on the election and how much they receive in donations from any one group or individual. The two primary types of public financing programs are clean elections programs that offer full funding for campaigns and programs that provide a candidate with matching funds for each qualifying contribution they receive.

House Bill 2578-A establishes a Small Donor Funded Elections Fund program (Program) to enable candidates for state office to receive a 6-to-1 match on small-dollar donations. Candidates for Governor, Secretary of State, State Treasurer, Attorney General or Commissioner of the Bureau of Labor and Industries may receive 130 percent of the average amount spent by the elected candidate for that state office during the previous two election cycles, and candidates for state Senator, state Representative, judge or district attorney may receive 130 percent of the average amount spent by the elected candidates in races for *that* office during the previous two election cycles that were the 20 percent most expensive.

A candidate may participate in the Program after: filing a statement of intent to participate with the Secretary of State at any time after the date of a general election and 150 days before the date of the next general election; collecting at least the minimum amount of in-state qualifying contributions; collecting at least the minimum *number* of in-state qualifying contributions; signing an affidavit, agreeing to follow all requirements of the Program; and at the time of filing the statement of participation, the candidate may not have accepted contributions from an individual in aggregate of \$250. Upon satisfying these requirements, a candidate will receive an amount equal to six dollars for every one dollar in qualified small dollar contributions received, provided that the amount received by the candidate does not exceed the maximum public match. The measure establishes limits on how a candidate may use money received from the Program; on accepting contributions that exceed qualified contribution or nonmatching contribution amounts; and creates criminal and civil liability for misuse of money provided from the Program or other violations.