



NATIONAL CONFERENCE *of* STATE LEGISLATURES

The Forum for America's Ideas

State Campaign Finance Laws: An Overview

Prepared for the Illinois General Assembly
Joint Committee on Government Reform
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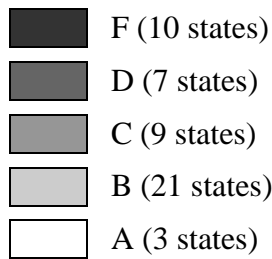
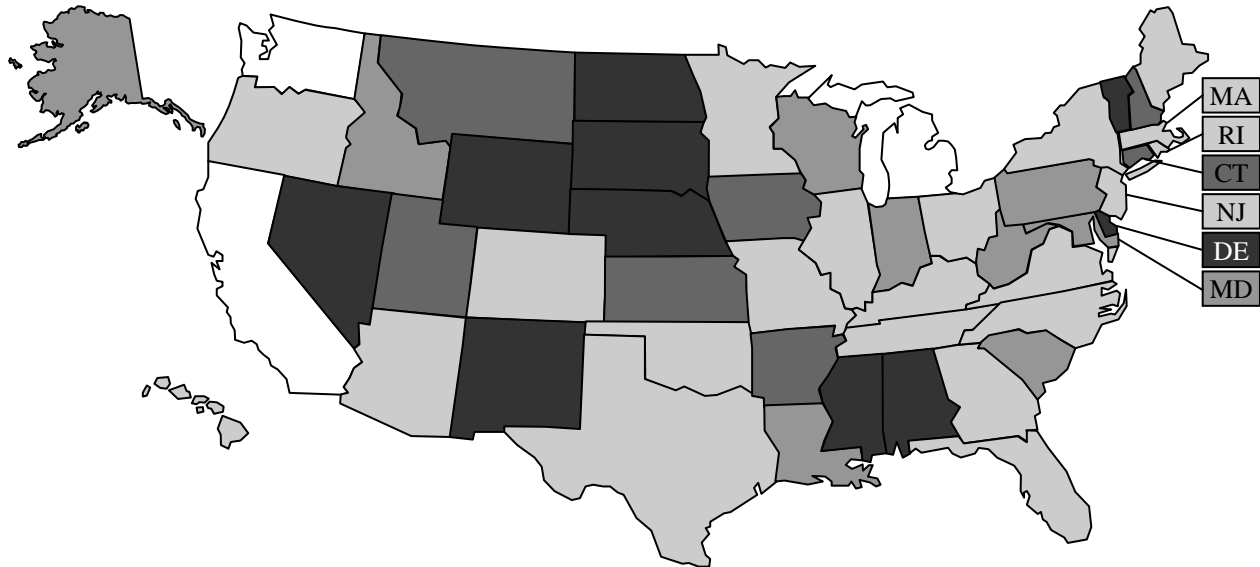
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National Conference of State Legislatures

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Grading Disclosure 2008

Source: *Grading Disclosure 2008*, by the Campaign Disclosure Project, www.campaigndisclosure.org



Grading Criteria	Grade	Rank
Overall	B	14 th
Disclosure Law	C	30 th
Electronic Filing Program	A+	1 st
Content Accessibility	A	10 th
Contextual & Technical Usability	B-	12 th

Comments from the report:

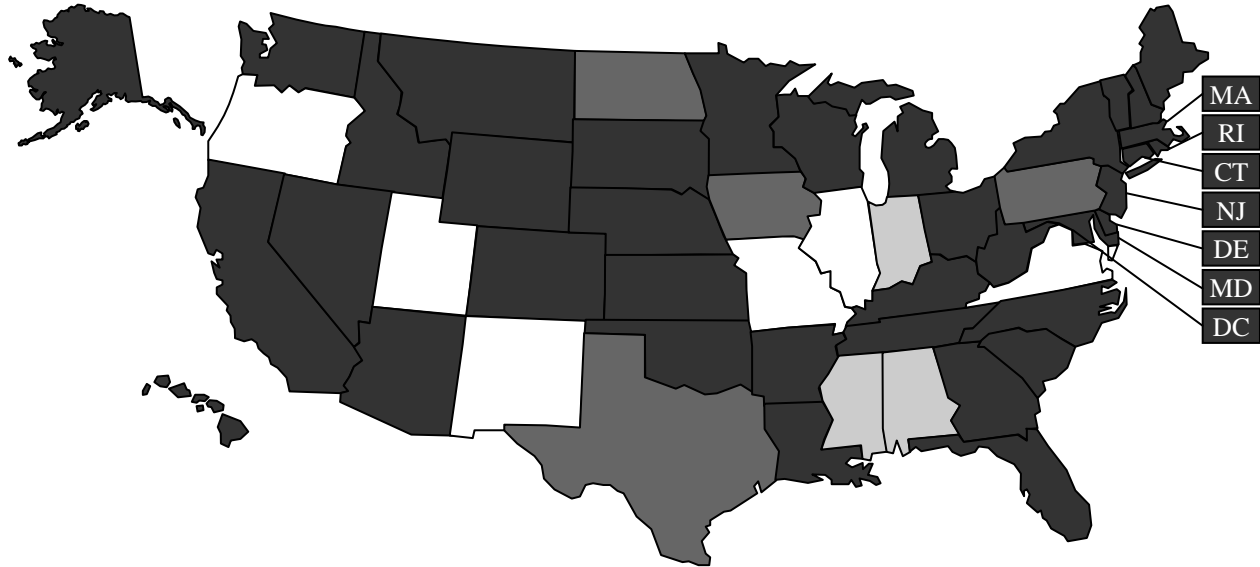
- Flaws cited in disclosure law include that subvendor information does not have to be reported, nor do independent expenditures outside the timeframe of 2 months prior to an election.
- The searching and browsing features of the disclosure database are "among the best in the nation."
- Testers had trouble getting from the main state of IL webpage to the disclosure webpage (says more about the organization of the state page than the State Board of Elections page).
- The disclosure page features "excellent contextual information" including the annual report, glossary of common terms, and clear description of data that's available.
- A quick fix would be to provide instructions for how to use the searchable database.

Independent Expenditures

Independent expenditures are made to benefit or oppose a specific, clearly identified candidate or measure, but are made independently of candidates. They may be made by individuals, corporations, unions and other groups.

- Independent expenditures are a major source of spending in state elections.
 - Findings of a 2008 study by the California Fair Political Practices Commission:
 - contribution limits took effect in 2001
 - 2001-2008 independent expenditures = \$110 million
 - increase from 2000-2006 = 6,144% for legislative candidates
 - increase from 2000-2006 = 5,502% for statewide candidates
 - in some campaigns, independent expenditures accounted for more than half of all spending in the campaign
 - 25 groups were responsible for 70% of the spending
 - if these 25 groups had to abide by the same contribution limits as candidate-controlled committees, there would have been a reduction of more than \$61.7 million between 2001 and 2006.
- Disclosure is really the only option for regulating independent expenditures
 - *Buckley v. Valeo* found limitations on independent expenditures to be an impermissible violation of the 1st Amendment protections on political speech (1976)
- 44 states require disclosure
 - 38 states require that the disclosure specify which candidate is the subject of the expenditure
 - 27 states require immediate reporting of last-minute expenditures
- California FPPC report recommendations:
 - Prohibit independent expenditures before a committee has registered
 - Registration should include names of principal officers of committee
 - Expansion of identification requirements for advertisements and mailers

Limits on Contributions to Candidates



- Various limits (37 states + D.C.)
- Corporate contributions prohibited; no other limits (4 states)
- Corporate limits only (3 states)
- No limits (6 states)

Individual Contributions to Candidates			
All amounts are per election cycle and apply to 2009-2010 elections			
	Gubernatorial	Senate	House
National Average	\$7,762	\$3,784	\$3,412
National Median	\$4,000	\$2,000	\$2,000
Highest Limit	\$55,900 (<i>NY</i>)	\$22,791 (<i>OH</i>)	\$22,791 (<i>OH</i>)
Lowest Limit	\$500 (<i>MA</i>)	\$320 (<i>MT</i>)	\$320 (<i>MT</i>)

**Do Contribution Limits Make a Difference?
Average Candidate Fundraising**

	Senate	House
National Average	\$135,272	\$63,484
Illinois	\$391,296	\$205,823
No Limits	\$201,244	\$93,319
Corporate Limits Only	\$223,315	\$104,057
Corporate Ban Only	\$212,734	\$90,360
Various Limits	\$118,774	\$53,280

Factors other than contribution limits that influence the cost of campaigns:

- Population
- Size of districts
- Cost of media markets

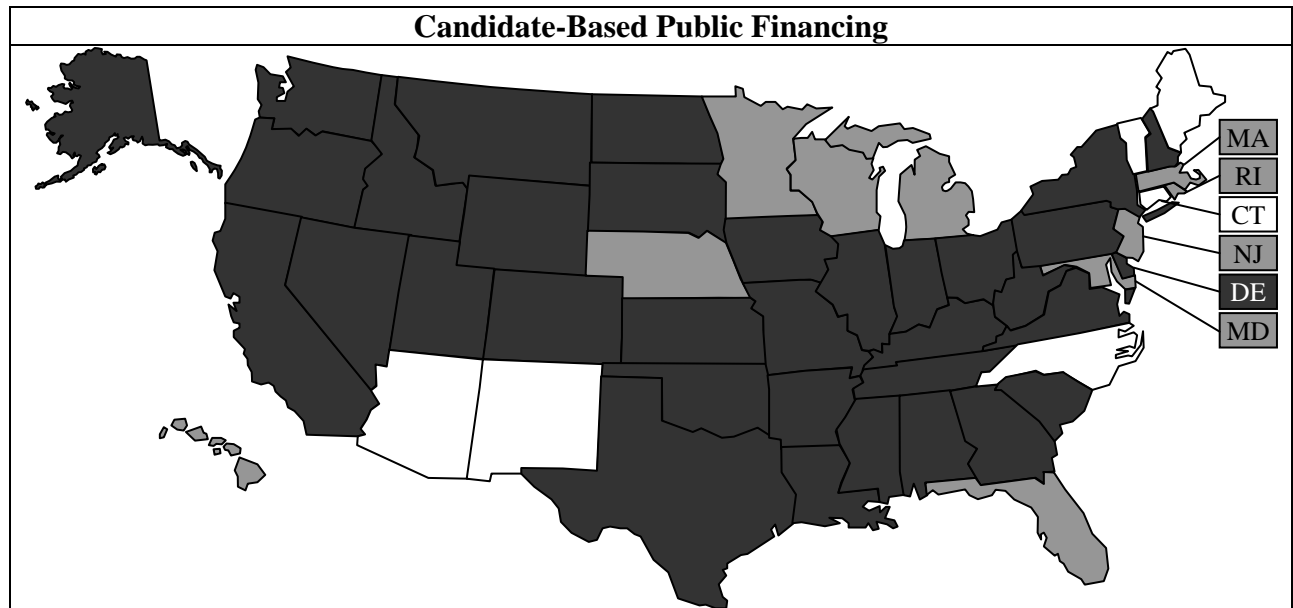
Other Contribution Limits

- During legislative session: 28 states
- To PACs: 36 states
- To political parties: 37 states
- By corporations & unions: 44 states
- Cash contributions: 31 states
- Contributions by minors: 19 states
- By lobbyists: 7 states
- Non-state residents: 3 states
- Non-U.S. citizens: federal law prohibits

Public Financing of Campaigns

Three Main Types:

1. Candidate-Based (16 states)
2. Grants to Political Parties (10 states)
3. Taxpayer Incentives (10 states)



	No Candidate-Based Public Financing (34 states)
	Partial Public Financing (10 states)
	Full Public Financing (6 states)

Goals of Candidate-Based Public Financing:

1. Reduce the potentially corrupting influence of large private contributions.
2. Encourage more citizens to run for public office.
3. Level the playing field -- allows candidates who are not independently wealthy to compete.

Variations

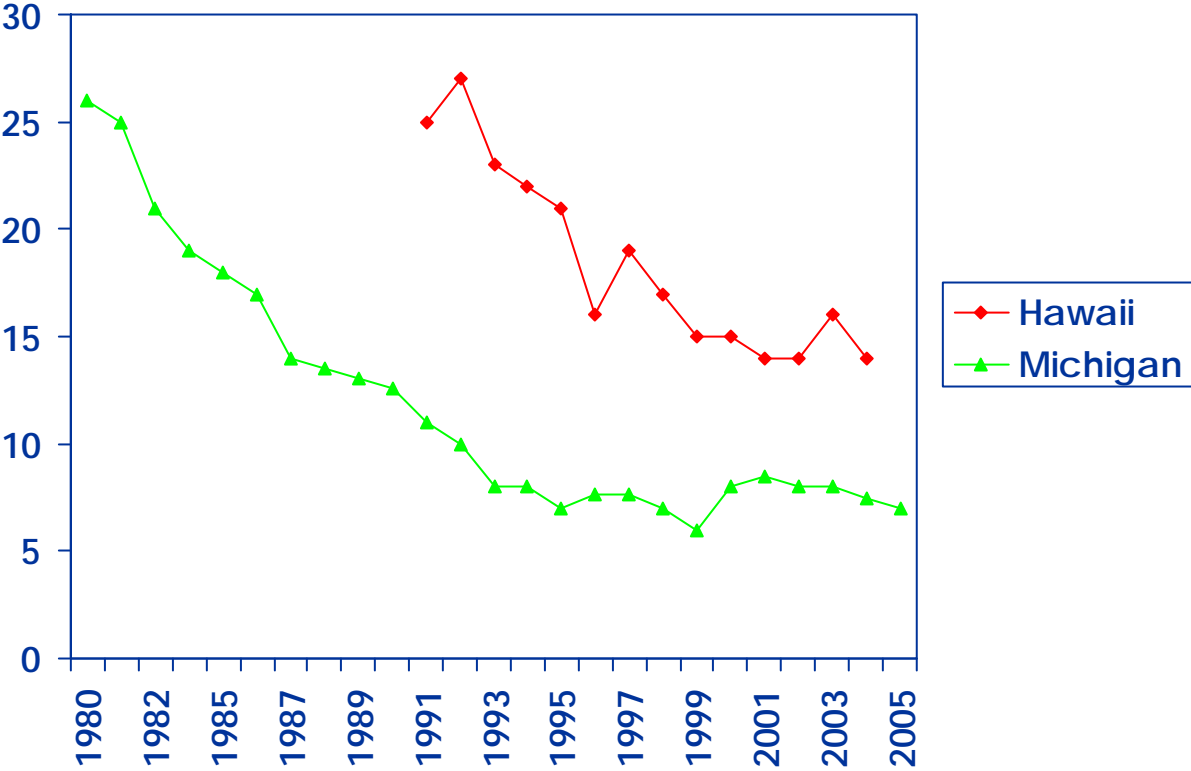
Spending limits are the common thread -- participating is optional, but all participating candidates must abide by spending limits

- Full public financing - once a candidate opts in, no more private funds can be raised or spent - campaign is funded in full by a grant from the state and the early contributions and seed money raised in order to qualify for the program

- Partial public financing - private/public hybrid - once a candidate opts in, s/he receives matching funds or a grant to cover part of the cost of the campaign - candidate also continues to raise and spend private funds in limited amounts

Funding Sources for Candidate-Based Public Financing Programs	
Most Common	Creative
Income tax check-off/add-on Appropriations Investment earnings of the fund Voluntary donations Qualifying contributions/seed money Late filing fees (campaign reports) Return of unspent funds	Candidate filing fees Revenues from sale of unclaimed property Civil penalties for election law violations 10% surcharge on all civil/criminal penalties

Declining Taxpayer Participation in Income Tax Check-Off Programs



Taxpayer Incentives

Goals:

1. Encourage citizens to make small contributions to candidates, PACs and parties.³
2. Encourage candidates, PACs and parties to raise funds in small amounts from many citizens.

Tax Refunds, Credits and Deductions for Political Contributions	
State	Description
Arizona	Income tax credit of up to \$640 (adjusted 2009 amount) or 20% of tax amount, whichever is higher, for voluntary donations to the Clean Elections Fund
Arkansas	\$50 ^a credit against state income taxes allowed for contributions to candidates, PACs and parties
Hawaii	\$500 income tax deduction for contributions of \$100 or less to candidates who agree to adhere to spending limits or to a party central or county committee
Minnesota	\$50 per year refund for contributions to political parties and candidates who agree to spending limits
Montana	\$100 ^a per year income tax deduction for political contributions
North Carolina	\$25 per year income tax deduction for contributions to candidates and newsletter funds
Ohio	\$50 ^a credit against state income taxes owed for contributions to candidates
Oklahoma	\$100 per year income tax deduction for contributions to a candidate or political party
Oregon	Income tax credit equal to the lesser of \$50 ^a or the tax liability of the taxpayer for contributions to major or minor parties, party committees, candidates who agree to spending limits, political committees organized and operated exclusively to support or oppose ballot measures or questions to be voted upon within the state
Virginia	Income tax credit equal to 50% of the amount contributed to a local or state candidate. Maximum credit \$25 ^a

(a) amount may be doubled for joint returns

Grants to Political Parties

Goal: Encourage and strengthen collective political action.

Public Grants to Political Parties		
State	Funding Source	Grants to
Arizona	\$2, \$5, or \$10 add-on	To political party specified by taxpayer
Idaho	\$1 check-off	To political party specified by taxpayer
Iowa	\$1.50 check-off ^a	To political party specified by taxpayer
Minnesota	\$5 check-off ^a	To political party specified by taxpayer
New Mexico	\$2 add-on ^a	To political party specified by taxpayer
North Carolina	\$1 check-off ^a	To political party specified by taxpayer
Ohio	\$1 check-off ^a	Divided equally among qualified parties
Rhode Island	\$5 check-off	First \$2 to political party specified by taxpayer; remaining \$3 to candidate fund
Utah	\$2 check-off	To political party specified by taxpayer
Virginia	\$25 add-on ^a	To political party specified by taxpayer

(a) Amount may be doubled on joint returns.