

**USE OF CAMPAIGN FUNDS AMENDMENTS**

2009 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: John L. Valentine**

House Sponsor: John Dougall

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**LONG TITLE**

**General Description:**

This bill prohibits the use of campaign and officeholder funds for a purpose that would result in the funds' recognition as taxable income under federal tax law.

**Highlighted Provisions:**

This bill:

- ▶ prohibits the use of campaign and officeholder funds for a purpose that would result in the candidate or officeholder recognizing the funds as taxable income under federal tax law; and
- ▶ makes technical changes.

**Monies Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**20A-11-201**, as last amended by Laws of Utah 1997, Chapter 355

**20A-11-301**, as last amended by Laws of Utah 1997, Chapter 355

**20A-11-402**, as last amended by Laws of Utah 1997, Chapter 355

**20A-11-1301**, as enacted by Laws of Utah 1997, Chapter 355

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28 *Be it enacted by the Legislature of the state of Utah:*

29 Section 1. Section **20A-11-201** is amended to read:

30 **20A-11-201. State office candidate -- Separate bank account for campaign funds.**

31 (1) (a) Each state office candidate or the candidate's personal campaign committee  
32 shall deposit each contribution and public service assistance received in one or more separate  
33 campaign accounts in a financial institution.

34 (b) The state office candidate or the candidate's personal campaign committee may use  
35 the monies in those accounts only for political purposes.

36 (2) A state office candidate or the candidate's personal campaign committee may not  
37 deposit or mingle any contributions received into a personal or business account.

38 (3) If a person who is no longer a state office candidate chooses not to expend the  
39 monies remaining in [his] a campaign account, the person shall continue to file the year-end  
40 summary report required by Section 20A-11-203 until the statement of dissolution and final  
41 summary report required by Section 20A-11-205 are filed with the lieutenant governor.

42 (4) ~~§~~ **[A] (a) Except as provided in Subsection (4)(b) and Section 20A-11-402, a** ~~←§~~  
42a person who is no longer a state office candidate may not expend or transfer the  
43 monies in a campaign account in a manner that would cause the former state office candidate to  
44 recognize the monies as taxable income under federal tax law.  
44a ~~§~~ **(b) A person who is no longer a state office candidate may transfer the monies in a**  
44b campaign account in a manner that would cause the former state office candidate to recognize  
44c the monies as taxable income under federal tax law if the transfer is made to a campaign  
44d account for federal office. ~~←§~~

45 Section 2. Section **20A-11-301** is amended to read:

46 **20A-11-301. Legislative office candidate -- Campaign requirements.**

47 (1) Each legislative office candidate shall deposit each contribution and public service  
48 assistance received in one or more separate accounts in a financial institution that are dedicated  
49 only to that purpose.

50 (2) A legislative office candidate may not deposit or mingle any contributions or public  
51 service assistance received into a personal or business account.

52 (3) A legislative office candidate may not make any political expenditures prohibited  
53 by law.

54 (4) If a person who is no longer a legislative candidate chooses not to expend the  
55 monies remaining in [his] a campaign account, the person shall continue to file the year-end  
56 summary report required by Section 20A-11-302 until the statement of dissolution and final

57 summary report required by Section 20A-11-304 are filed with the lieutenant governor.

58 (5) ~~§~~ → [A] (a) Except as provided in Subsection (5)(b) and Section 20A-11-402, a ←~~§~~  
person who is no longer a legislative office candidate may not expend or transfer

59 the monies in a campaign account in a manner that would cause the former legislative office  
 60 candidate to recognize the monies as taxable income under federal tax law.

60a **§→ (b) A person who is no longer a legislative office candidate may transfer the monies in a**  
 60b **campaign account in a manner that would cause the former legislative office candidate to**  
 60c **recognize the monies as taxable income under federal tax law if the transfer is made to a**  
 60d **campaign account for federal office. ←§**

61 Section 3. Section 20A-11-402 is amended to read:

62 **20A-11-402. Officeholder financial reporting requirements -- Termination of**  
 63 **duty to report.**

64 (1) An officeholder is active and subject to reporting requirements until the  
 65 officeholder has filed a statement of dissolution with the lieutenant governor stating that:

66 (a) the officeholder is no longer receiving contributions or public service assistance and  
 67 is no longer making expenditures;

68 (b) the ending balance on the last summary report filed is zero and the balance in the  
 69 separate bank account required by Sections 20A-11-201 and 20A-11-301 is zero; and

70 (c) a final summary report in the form required by Section 20A-11-401 showing a zero  
 71 balance is attached to the statement of dissolution.

72 (2) A statement of dissolution and a final summary report may be filed at any time.

73 (3) Each officeholder shall continue to file the year-end summary report required by  
 74 Section 20A-11-401 until the statement of dissolution and final summary report required by  
 75 this section are filed with the lieutenant governor.

76 (4) **§→ [A] (a) Except as provided in Subsection (4)(b), a ←§** person who is no longer an  
 76a officeholder may not expend or transfer the monies in  
 77 a campaign account in a manner that would cause the former officeholder to recognize the  
 78 monies as taxable income under federal tax law.

78a **§→ (b) A person who is no longer an officeholder may transfer the monies in a campaign**  
 78b **account in a manner that would cause the former officeholder to recognize the monies as**  
 78c **taxable income under federal tax law if the transfer is made to a campaign account for federal**  
 78d **office. ←§**

79 Section 4. Section 20A-11-1301 is amended to read:

80 **20A-11-1301. School board office candidate -- Campaign requirements.**

81 (1) Each school board office candidate shall deposit each contribution and public  
 82 service assistance received in one or more separate accounts in a financial institution that are  
 83 dedicated only to that purpose.

84           (2) A school board office candidate may not deposit or mingle any contributions or  
85 public service assistance received into a personal or business account.

86           (3) A school board office candidate may not make any political expenditures prohibited  
87 by law.

88           (4) If a person who is no longer a school board candidate chooses not to expend the  
89 monies remaining in [~~his~~] a campaign account, the person shall continue to file the year-end

90 summary report required by Section 20A-11-1302 until the statement of dissolution and final  
91 summary report required by Section 20A-11-1304 are filed with:

- 92 (a) the lieutenant governor in the case of a state school board candidate; and
- 93 (b) the county clerk, in the case of a local school board candidate.

94 (5) ~~§~~ **→ [A] (a) Except as provided in Subsection (5)(a) and Section 20A-11-402, a ←§**

94a person who is no longer a school board candidate may not expend or transfer the  
95 monies in a campaign account in a manner that would cause the former school board candidate  
96 to recognize the monies as taxable income under federal tax law.

96a **§→ (b) A person who is no longer a school board candidate may transfer the monies in a**  
96b **campaign account in a manner that would cause the former school board candidate to**  
96c **recognize the monies as taxable income under federal tax law if the transfer is made to a**  
96d **campaign account for federal office. ←§**

Legislative Review Note  
as of 2-3-09 1:12 PM

Office of Legislative Research and General Counsel

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**S.B. 162 - Use of Campaign Funds Amendments**

**Fiscal Note**

2009 General Session

State of Utah

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**State Impact**

Enactment of this bill will not require additional appropriations.

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**Individual, Business and/or Local Impact**

Enactment of this bill may impact state elected office candidates and officeholders. This bill may also impact school board candidates.

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