

**POLITICAL ACTION COMMITTEE AND POLITICAL  
ISSUES COMMITTEE EXPENDITURE REVISIONS**

2011 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Tim M. Cosgrove**

Senate Sponsor: \_\_\_\_\_

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**LONG TITLE**

**General Description:**

This bill modifies Title 20A, Chapter 11, Campaign and Financial Reporting Requirements, to restrict expenditures by a political action committee or a political issues committee for certain purposes.

**Highlighted Provisions:**

This bill:

- ▶ requires a political action committee to report the purposes of an expenditure;
- ▶ provides that a political action committee may only make an expenditure for a political purpose and provides for penalties and reporting a violation;
- ▶ requires a political issues committee to report the purposes of an expenditure;
- ▶ provides that a political issues committee may only make a political issues expenditure and provides for penalties and reporting a violation; and
- ▶ makes technical changes.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:



- 28           **20A-11-602**, as last amended by Laws of Utah 2010, Chapter 389
- 29           **20A-11-603**, as last amended by Laws of Utah 2010, Chapter 389
- 30           **20A-11-802**, as last amended by Laws of Utah 2010, Chapters 235 and 389
- 31           **20A-11-803**, as last amended by Laws of Utah 2008, Chapter 14



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

34           Section 1. Section **20A-11-602** is amended to read:

35           **20A-11-602. Political action committees -- Financial reporting.**

36           (1) (a) [~~Each~~] A registered political action committee that has received contributions  
37 totaling at least \$750, or disbursed expenditures totaling at least \$50, during a calendar year  
38 shall file a verified financial statement with the lieutenant governor's office:

39           (i) on January 10, reporting contributions and expenditures as of December 31 of the  
40 previous year;

41           (ii) seven days before the regular primary election date;

42           (iii) on August 31; and

43           (iv) seven days before the regular general election date.

44           (b) The registered political action committee shall report:

45           (i) a detailed listing of [~~a~~] the contributions received and expenditures made since the  
46 last statement; and

47           (ii) for financial statements filed under Subsections (1)(a)(ii) through (iv), [~~a~~] the  
48 contributions and expenditures as of five days before the required filing date of the financial  
49 statement.

50           (c) The registered political action committee need not file a statement under this  
51 section if it received no contributions and made no expenditures during the reporting period.

52           (2) (a) The verified financial statement shall include:

53           (i) the name and address of any individual that makes a contribution to the reporting  
54 political action committee, and the amount of the contribution;

55           (ii) the identification of any publicly identified class of individuals that makes a  
56 contribution to the reporting political action committee, and the amount of the contribution;

57           (iii) the name and address of any political action committee, group, or entity that makes  
58 a contribution to the reporting political action committee, and the amount of the contribution;

- 59 (iv) for ~~[each]~~ a nonmonetary contribution, the fair market value of the contribution;
- 60 (v) the name and address of ~~[each]~~ a reporting entity that received an expenditure from  
61 the reporting political action committee, the purpose of the expenditure, and the amount of  
62 ~~[each]~~ the expenditure;
- 63 (vi) for ~~[each]~~ a nonmonetary expenditure, the fair market value of the expenditure;
- 64 (vii) the total amount of contributions received and expenditures disbursed by the  
65 reporting political action committee;
- 66 (viii) a statement by the political action committee's treasurer or chief financial officer  
67 certifying that, to the best of the person's knowledge, the financial report is accurate; and
- 68 (ix) a summary page in the form required by the lieutenant governor that identifies:
- 69 (A) beginning balance;
- 70 (B) total contributions during the period since the last statement;
- 71 (C) total contributions to date;
- 72 (D) total expenditures during the period since the last statement; and
- 73 (E) total expenditures to date.
- 74 (b) (i) Contributions received by a political action committee that have a value of \$50  
75 or less need not be reported individually, but shall be listed on the report as an aggregate total.
- 76 (ii) Two or more contributions from the same source that have an aggregate total of  
77 more than \$50 may not be reported in the aggregate, but shall be reported separately.
- 78 (3) A group or entity may not divide or separate into units, sections, or smaller groups  
79 for the purpose of avoiding the financial reporting requirements of this chapter, and substance  
80 shall prevail over form in determining the scope or size of a political action committee.
- 81 Section 2. Section **20A-11-603** is amended to read:
- 82 **20A-11-603. Criminal offenses -- Expenditure limitations -- Penalties.**
- 83 (1) (a) ~~[Each]~~ A political action committee that fails to file the financial statement due  
84 before the regular primary election, on August 31, or before the regular general session is:
- 85 (i) subject to a fine imposed in accordance with Section 20A-11-1005; and
- 86 (ii) guilty of a class B misdemeanor.
- 87 (b) The lieutenant governor shall report ~~[all violations]~~ a violation of Subsection (1)(a)  
88 to the attorney general.
- 89 (2) Within 30 days after a deadline for the filing of the January 10 statement required

90 by this part, the lieutenant governor shall review ~~[each]~~ a filed statement to ensure that:

91 (a) ~~[each]~~ a political action committee that is required to file a statement has filed one;  
92 and

93 (b) ~~[each]~~ the statement contains the information required by this part.

94 (3) If it appears that ~~[any]~~ a political action committee has failed to file the January 10  
95 statement, if it appears that a filed statement does not conform to the law, or if the lieutenant  
96 governor has received a written complaint alleging a violation of the law or the falsity of ~~[any]~~  
97 a statement, the lieutenant governor shall, within five days of discovery of a violation or receipt  
98 of a written complaint, notify the political action committee of the violation or written  
99 complaint and direct the political action committee to file a statement correcting the problem.

100 (4) (a) ~~[It is unlawful for any]~~ A political action committee ~~[to fail to]~~ shall file or  
101 amend a statement within 14 days after receiving notice from the lieutenant governor under this  
102 section.

103 (b) ~~[Each]~~ A political action committee ~~[who]~~ that violates Subsection (4)(a) is guilty  
104 of a class B misdemeanor.

105 (c) The lieutenant governor shall report ~~[all violations]~~ a violation of Subsection (4)(a)  
106 to the attorney general.

107 (5) (a) A political action committee may only make an expenditure for a political  
108 purpose.

109 (b) A political action committee that violates Subsection (5)(a) is guilty of a class B  
110 misdemeanor.

111 (c) The lieutenant governor shall report a violation of Subsection (5)(a) to the attorney  
112 general.

113 Section 3. Section **20A-11-802** is amended to read:

114 **20A-11-802. Political issues committees -- Financial reporting.**

115 (1) (a) ~~[Each]~~ A registered political issues committee that has received political issues  
116 contributions totaling at least \$750, or disbursed political issues expenditures totaling at least  
117 \$50, during a calendar year, shall file a verified financial statement with the lieutenant  
118 governor's office:

119 (i) on January 10, reporting contributions and expenditures as of December 31 of the  
120 previous year;

- 121 (ii) seven days before the date of an incorporation election, if the political issues  
122 committee has received donations or made disbursements to affect an incorporation;
- 123 (iii) at least three days before the first public hearing held as required by Section  
124 20A-7-204.1;
- 125 (iv) if the political issues committee has received or expended funds in relation to an  
126 initiative or referendum, at the time the initiative or referendum sponsors submit:
- 127 (A) the verified and certified initiative packets as required by Section 20A-7-206; or  
128 (B) the signed and verified referendum packets as required by Section 20A-7-306;
- 129 (v) on August 31; and  
130 (vi) seven days before the regular general election.
- 131 (b) The political issues committee shall report:
- 132 (i) a detailed listing of ~~all~~ the contributions received and expenditures made since the  
133 last statement; and
- 134 (ii) for financial statements filed on August 31 and before the general election, ~~all~~ the  
135 contributions and expenditures as of five days before the required filing date of the financial  
136 statement.
- 137 (c) The political issues committee need not file a statement under this section if it  
138 received no contributions and made no expenditures during the reporting period.
- 139 (2) (a) That statement shall include:
- 140 (i) the name and address of ~~any~~ an individual that makes a political issues  
141 contribution to the reporting political issues committee, and the amount of the political issues  
142 contribution;
- 143 (ii) the identification of any publicly identified class of individuals that makes a  
144 political issues contribution to the reporting political issues committee, and the amount of the  
145 political issues contribution;
- 146 (iii) the name and address of ~~any~~ a political issues committee, group, or entity that  
147 makes a political issues contribution to the reporting political issues committee, and the  
148 amount of the political issues contribution;
- 149 (iv) the name and address of ~~each~~ a reporting entity that makes a political issues  
150 contribution to the reporting political issues committee, and the amount of the political issues  
151 contribution;

- 152 (v) for ~~[each]~~ a nonmonetary contribution, the fair market value of the contribution;
- 153 (vi) except as provided in Subsection (2)(c), the name and address of ~~[each]~~ an
- 154 individual, entity, or group of individuals or entities that received a political issues expenditure
- 155 of more than \$50 from the reporting political issues committee, the purpose of the expenditure,
- 156 and the amount of ~~[each]~~ the political issues expenditure;
- 157 (vii) for ~~[each]~~ a nonmonetary expenditure, the fair market value of the expenditure;
- 158 (viii) the total amount of political issues contributions received and political issues
- 159 expenditures disbursed by the reporting political issues committee;
- 160 (ix) a statement by the political issues committee's treasurer or chief financial officer
- 161 certifying that, to the best of the person's knowledge, the financial statement is accurate; and
- 162 (x) a summary page in the form required by the lieutenant governor that identifies:
- 163 (A) beginning balance;
- 164 (B) total contributions during the period since the last statement;
- 165 (C) total contributions to date;
- 166 (D) total expenditures during the period since the last statement; and
- 167 (E) total expenditures to date.
- 168 (b) (i) Political issues contributions received by a political issues committee that have a
- 169 value of \$50 or less need not be reported individually, but shall be listed on the report as an
- 170 aggregate total.
- 171 (ii) Two or more political issues contributions from the same source that have an
- 172 aggregate total of more than \$50 may not be reported in the aggregate, but shall be reported
- 173 separately.
- 174 (c) When reporting political issue expenditures made to circulators of initiative
- 175 petitions, the political issues committee:
- 176 (i) need only report the amount paid to each initiative petition circulator; and
- 177 (ii) need not report the name or address of the circulator.
- 178 Section 4. Section **20A-11-803** is amended to read:
- 179 **20A-11-803. Criminal offenses -- Expenditure limitations -- Penalties.**
- 180 (1) (a) ~~[Each]~~ A political issues committee that fails to file the statement due August
- 181 31 or before the regular general election is guilty of a class B misdemeanor.
- 182 (b) The lieutenant governor shall report ~~[all violations]~~ a violation of Subsection (1)(a)

183 to the attorney general.

184 (2) Within 30 days after a deadline for the filing of the January 10 statement, the  
185 lieutenant governor shall review ~~[each]~~ the filed statement to ensure that:

186 (a) ~~[each]~~ a political issues committee that is required to file a statement has filed one;  
187 and

188 (b) ~~[each]~~ the statement contains the information required by this part.

189 (3) If it appears that ~~[any]~~ a political issues committee has failed to file the January 10  
190 statement, if it appears that a filed statement does not conform to the law, or if the lieutenant  
191 governor has received a written complaint alleging a violation of the law or the falsity of ~~[any]~~  
192 a statement, the lieutenant governor shall, within five days of discovery of a violation or receipt  
193 of a written complaint, notify the political issues committee of the violation or written  
194 complaint and direct the political issues committee to file a statement correcting the problem.

195 (4) (a) ~~[It is unlawful for any]~~ A political issues committee ~~[to fail to]~~ shall file or  
196 amend a statement within 14 days after receiving notice from the lieutenant governor under this  
197 section.

198 (b) ~~[Each]~~ A political issues committee ~~[who]~~ that violates Subsection (4)(a) is guilty  
199 of a class B misdemeanor.

200 (c) The lieutenant governor shall report ~~[all violations]~~ a violation of Subsection (4)(a)  
201 to the attorney general.

202 (5) (a) A political issues committee may only make an expenditure that is a political  
203 issues expenditure.

204 (b) A political issues committee that violates Subsection (5)(a) is guilty of a class B  
205 misdemeanor.

206 (c) The lieutenant governor shall report a violation of Subsection (5)(a) to the attorney  
207 general.

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**Legislative Review Note**  
as of 2-14-11 6:16 AM

**Office of Legislative Research and General Counsel**

# FISCAL NOTE

H.B. 294

SHORT TITLE: Political Action Committee and Political Issues Committee Expenditure Revisions

SPONSOR: Cosgrove, T.

2011 GENERAL SESSION, STATE OF UTAH

## STATE GOVERNMENT (UCA 36-12-13(2)(b))

Enactment of this bill likely will not materially impact the state budget. Any revenue to the General Fund will depend on the number of political action committees or political issues committees who violate provisions of the bill.

## LOCAL GOVERNMENTS (UCA 36-12-13(2)(c))

Enactment of this bill likely will not result in direct, measurable costs for local governments.

## DIRECT EXPENDITURES BY UTAH RESIDENTS AND BUSINESSES (UCA 36-12-13(2)(d))

Political action committees and political issues committees who violate provisions of the bill will be guilty of a class B misdemeanor and subject to a fine of up to \$555.