

**Representative Lee B. Perry** proposes the following substitute bill:

**CAMPAIGN FINANCE AMENDMENTS**

2019 GENERAL SESSION

STATE OF UTAH

**Chief Sponsor: Lee B. Perry**

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

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**LONG TITLE**

**General Description:**

This bill amends provisions relating to campaign finance reporting requirements.

**Highlighted Provisions:**

This bill:

- ▶ clarifies and modifies financial reporting requirements for a political action committee;
- ▶ enacts penalties for failure to comply with political action committee financial reporting requirements; and
- ▶ requires a corporation to make financial disclosures for certain donations made to the corporation with the knowledge or intent that the donated money will be used by the corporation for political matters.

**Money Appropriated in this Bill:**

None

**Other Special Clauses:**

None

**Utah Code Sections Affected:**

AMENDS:

**20A-11-601**, as last amended by Laws of Utah 2018, Chapter 83



26            **20A-11-602**, as last amended by Laws of Utah 2018, Chapter 83  
27            **20A-11-701**, as last amended by Laws of Utah 2017, Chapter 276  
28            **20A-11-702**, as last amended by Laws of Utah 2017, Chapter 276

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

31            Section 1. Section **20A-11-601** is amended to read:

32            **20A-11-601. Political action committees -- Registration -- Criminal penalty for**  
33 **providing false information or accepting unlawful contribution.**

34            (1) (a) Each political action committee shall file a statement of organization with the  
35 lieutenant governor's office by January 10 of each year, unless the political action committee  
36 has filed a notice of dissolution under Subsection (4).

37            (b) If a political action committee is organized after the January 10 filing date, the  
38 political action committee shall file an initial statement of organization no later than seven days  
39 after the earlier of the day on which the political action committee:

40            (i) ~~[receiving]~~ receives contributions totaling at least \$750; or

41            (ii) ~~[distributing]~~ makes expenditures for political purposes totaling at least \$750.

42            (c) Except as provided in Subsection (1)(d), the lieutenant governor shall fine a  
43 political action committee \$100 for failing to timely comply with Subsection (1)(a) or (b).

44            (d) The lieutenant governor may waive the fine described in Subsection (1)(c) and  
45 issue a warning to the political action committee if:

46            (i) the political action committee has not previously violated Subsection (1)(a) or (b);

47            (ii) the lieutenant governor determines that the failure to timely comply with  
48 Subsection (1)(a) or (b) is due to a lack of knowledge of the requirements described in  
49 Subsection (1)(a) or (b); and

50            (iii) the political action committee promptly complies with Subsection (1)(a) or (b), as  
51 applicable, after becoming aware of the requirement.

52            ~~[(e)]~~ (e) Each political action committee shall deposit each contribution received in one  
53 or more separate accounts in a financial institution that are dedicated only to that purpose.

54            (2) (a) Each political action committee shall designate two officers who have primary  
55 decision-making authority for the political action committee.

56            (b) A person may not exercise primary decision-making authority for a political action

57 committee who is not designated under Subsection (2)(a).

58 (3) The statement of organization shall include:

59 (a) the name and address of the political action committee;

60 (b) the name, street address, phone number, occupation, and title of the two primary

61 officers designated under Subsection (2)(a);

62 (c) the name, street address, occupation, and title of all other officers of the political

63 action committee;

64 (d) the name and street address of the organization, individual corporation, association,

65 unit of government, or union that the political action committee represents, if any;

66 (e) the name and street address of all affiliated or connected organizations and their

67 relationships to the political action committee;

68 (f) the name, street address, business address, occupation, and phone number of the

69 committee's treasurer or chief financial officer; and

70 (g) the name, street address, and occupation of each member of the governing and

71 advisory boards, if any.

72 (4) (a) Any registered political action committee that intends to permanently cease

73 operations shall file a notice of dissolution with the lieutenant governor's office.

74 (b) Any notice of dissolution filed by a political action committee does not exempt that

75 political action committee from complying with the financial reporting requirements of this

76 chapter.

77 (5) (a) Unless the political action committee has filed a notice of dissolution under

78 Subsection (4), a political action committee shall file, with the lieutenant governor's office,

79 notice of any change of an officer described in Subsection (2)(a).

80 (b) Notice of a change of a primary officer described in Subsection (2)(a) shall:

81 (i) be filed within 10 days of the date of the change; and

82 (ii) contain the name and title of the officer being replaced, and the name, street

83 address, occupation, and title of the new officer.

84 (6) (a) A person is guilty of providing false information in relation to a political action

85 committee if the person intentionally or knowingly gives false or misleading material

86 information in the statement of organization or the notice of change of primary officer.

87 (b) Each primary officer designated in Subsection (2)(a) is guilty of accepting an

88 unlawful contribution if the political action committee knowingly or recklessly accepts a  
89 contribution from a corporation that:

- 90 (i) was organized less than 90 days before the date of the general election; and
- 91 (ii) at the time the political action committee accepts the contribution, has failed to file  
92 a statement of organization with the lieutenant governor's office as required by Section  
93 [20A-11-704](#).

94 (c) A violation of this Subsection (6) is a third degree felony.

95 Section 2. Section **20A-11-602** is amended to read:

96 **20A-11-602. Political action committees -- Financial reporting.**

97 (1) (a) Each registered political action committee that has received contributions  
98 totaling at least \$750, or disbursed expenditures totaling at least \$750, during a calendar year  
99 shall file a verified financial statement with the lieutenant governor's office:

- 100 (i) on January 10, reporting contributions and expenditures as of December 31 of the  
101 previous year;
- 102 (ii) seven days before the state political convention of each major political party;
- 103 (iii) seven days before the regular primary election date;
- 104 (iv) on September 30; and
- 105 (v) seven days before:
  - 106 (A) the municipal general election; and
  - 107 (B) the regular general election date.
- 108 (b) The registered political action committee shall report:
  - 109 (i) a detailed listing of all contributions received and expenditures made since the last  
110 statement; and
  - 111 (ii) for a financial statement described in Subsections (1)(a)(ii) through (iv), all  
112 contributions and expenditures as of five days before the required filing date of the financial  
113 statement.

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

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

- 117 (i) the name and address of any individual who makes a contribution to the reporting  
118 political action committee, if known, and the amount of the contribution;

- 119 (ii) the identification of any publicly identified class of individuals that makes a  
120 contribution to the reporting political action committee, if known, and the amount of the  
121 contribution;
- 122 (iii) the name and address of any political action committee, group, or entity, if known,  
123 that makes a contribution to the reporting political action committee, and the amount of the  
124 contribution;
- 125 (iv) for each nonmonetary contribution, the fair market value of the contribution;
- 126 (v) the name and address of each reporting entity that received an expenditure from the  
127 reporting political action committee, and the amount of each expenditure;
- 128 (vi) for each nonmonetary expenditure, the fair market value of the expenditure;
- 129 (vii) the total amount of contributions received and expenditures disbursed by the  
130 reporting political action committee;
- 131 (viii) a statement by the political action committee's treasurer or chief financial officer  
132 certifying that, to the best of the person's knowledge, the financial report is accurate; and
- 133 (ix) a summary page in the form required by the lieutenant governor that identifies:
- 134 (A) beginning balance;
- 135 (B) total contributions during the period since the last statement;
- 136 (C) total contributions to date;
- 137 (D) total expenditures during the period since the last statement; and
- 138 (E) total expenditures to date.
- 139 (b) (i) Contributions received by a political action committee that have a value of \$50  
140 or less need not be reported individually, but shall be listed on the report as an aggregate total.
- 141 (ii) Two or more contributions from the same source that have an aggregate total of  
142 more than \$50 may not be reported in the aggregate, but shall be reported separately.
- 143 (3) A group or entity may not divide or separate into units, sections, or smaller groups  
144 for the purpose of avoiding the financial reporting requirements of this chapter, and substance  
145 shall prevail over form in determining the scope or size of a political action committee.
- 146 (4) (a) As used in this Subsection (4), "received" means:
- 147 (i) for a cash contribution, that the cash is given to a political action committee;
- 148 (ii) for a contribution that is a negotiable instrument or check, that the negotiable  
149 instrument or check is negotiated; and

150 (iii) for any other type of contribution, that any portion of the contribution's benefit  
151 inures to the political action committee.

152 (b) A political action committee shall report each contribution to the lieutenant  
153 governor;

154 (i) except as provided in Subsection (4)(b)(ii), within 31 days after the day on which  
155 the contribution is received[-]; or

156 (ii) within three business days after the day on which the contribution is received, if:

157 (A) the contribution is received within 30 days before the day on which a state or  
158 county convention for a registered political party is held;

159 (B) the contribution is received within 30 days before the day on which the primary  
160 election is held; or

161 (C) the contribution is received within 30 days before the day on which the general  
162 election is held.

163 (c) For each contribution that a political action committee fails to report within the  
164 time period described in Subsection (4)(b), the lieutenant governor shall impose a fine against  
165 the political action committee in an amount equal to:

166 (i) 10% of the amount of the contribution, if the political action committee reports the  
167 contribution within 60 days after the day on which the time period described in Subsection  
168 (4)(b) ends; or

169 (ii) 20% of the amount of the contribution, if the political action committee fails to  
170 report the contribution within 60 days after the day on which the time period described in  
171 Subsection (4)(b) ends.

172 (5) A political action committee may not expend a contribution for political purposes if  
173 the contribution:

174 (a) is cash or a negotiable instrument;

175 (b) exceeds \$50; and

176 (c) is from an unknown source.

177 (6) Within 31 days after receiving a contribution that is cash or a negotiable  
178 instrument, exceeds \$50, and is from an unknown source, a political action committee shall  
179 disburse the amount of the contribution to:

180 (a) the treasurer of the state or a political subdivision for deposit into the state's or

181 political subdivision's general fund; or

182 (b) an organization that is exempt from federal income taxation under Section  
183 501(c)(3), Internal Revenue Code.

184 Section 3. Section **20A-11-701** is amended to read:

185 **20A-11-701. Campaign financial reporting by corporations -- Filing requirements**  
186 **-- Statement contents.**

187 (1) (a) Each corporation that has made expenditures for political purposes that total at  
188 least \$750 during a calendar year shall file a verified financial statement with the lieutenant  
189 governor's office:

190 (i) on January 10, reporting expenditures as of December 31 of the previous year;

191 (ii) seven days before the state political convention for each major political party;

192 (iii) seven days before the regular primary election date;

193 (iv) on September 30; and

194 (v) seven days before the regular general election date.

195 (b) The corporation shall report:

196 (i) a detailed listing of all expenditures made since the last financial statement;

197 (ii) for a financial statement described in Subsections (1)(a)(ii) through (v), all  
198 expenditures as of five days before the required filing date of the financial statement; ~~and~~

199 (iii) subject to Subsection (1)(e), for each person who, during the period beginning one  
200 year before the day on which the corporation files the report and ending when the corporation  
201 files the report, donates a total of \$500 or more to the corporation, if the corporation knows or  
202 has reason to know that the person makes the donation with the knowledge or intent that the  
203 corporation use the donation for an expenditure for political purposes:

204 (A) the name and address of the person; and

205 (B) the amount donated by the person that was not included in a previous report; and

206 ~~[(iii)]~~ (iv) whether the corporation, including an officer of the corporation, director of  
207 the corporation, or person with at least 10% ownership in the corporation:

208 (A) has bid since the last financial statement on a contract, as defined in Section  
209 **63G-6a-103**, in excess of \$100,000;

210 (B) is currently bidding on a contract, as defined in Section **63G-6a-103**, in excess of  
211 \$100,000; or

212 (C) is a party to a contract, as defined in Section 63G-6a-103, in excess of \$100,000.

213 (c) The corporation need not file a financial statement under this section if the  
214 corporation:

215 (i) made no expenditures during the reporting period[-]; and

216 (ii) is not required, for the reporting period, to report the information described in  
217 Subsection (1)(b)(iii).

218 (d) The corporation is not required to report an expenditure made to, or on behalf of, a  
219 reporting entity that the reporting entity is required to include in a financial statement described  
220 in this chapter or Chapter 12, Part 2, Judicial Retention Elections.

221 (e) A corporation does not, under Subsection (1)(b)(iii), know or have reason to know  
222 that a donation is made with the knowledge or intent that the corporation use the donation for  
223 an expenditure for political purposes, based solely on the fact that the corporation discloses that  
224 a portion of a donation or dues paid to the corporation is used for lobbying or political  
225 activities.

226 (2) The financial statement shall include:

227 (a) the name and address of each reporting entity that received an expenditure from the  
228 corporation, and the amount of each expenditure;

229 (b) the total amount of expenditures disbursed by the corporation; and

230 (c) a statement by the corporation's treasurer or chief financial officer certifying the  
231 accuracy of the financial statement.

232 Section 4. Section 20A-11-702 is amended to read:

233 **20A-11-702. Campaign financial reporting of political issues expenditures by**  
234 **corporations -- Financial reporting.**

235 (1) (a) Each corporation that has made political issues expenditures on current or  
236 proposed ballot issues that total at least \$750 during a calendar year shall file a verified  
237 financial statement with the lieutenant governor's office:

238 (i) on January 10, reporting expenditures as of December 31 of the previous year;

239 (ii) seven days before the state political convention of each major political party;

240 (iii) seven days before the regular primary election date;

241 (iv) on September 30; and

242 (v) seven days before the regular general election date.



- 243 (b) The corporation shall report:
- 244 (i) a detailed listing of all expenditures made since the last financial statement; ~~and~~
- 245 (ii) for a financial statement described in Subsections (1)(a)(ii) through (v),
- 246 expenditures as of five days before the required filing date of the financial statement~~[-]; and~~
- 247 (iii) subject to Subsection (1)(d), for each person who, during the period beginning one
- 248 year before the day on which the corporation files the report and ending when the corporation
- 249 files the report, donates a total of \$500 or more to the corporation, if the corporation knows or
- 250 has reason to know that the person makes the donation with the knowledge or intent that the
- 251 corporation use the donation for a political issues expenditure:
- 252 (A) the name and address of the person; and
- 253 (B) the amount donated by the person that was not included in a previous report.
- 254 (c) The corporation need not file a statement under this section if ~~it~~ the corporation:
- 255 (i) made no political issues expenditures during the reporting period[-]; and
- 256 (ii) is not required, for the reporting period, to report the information described in
- 257 Subsection (1)(b)(iii).
- 258 (d) A corporation does not, under Subsection (1)(b)(iii), know or have reason to know
- 259 that a donation is made with the knowledge or intent that the corporation use the donation for a
- 260 political issues expenditure, based solely on the fact that the corporation discloses that a
- 261 portion of a donation or dues paid to the corporation is used for lobbying or political activities.
- 262 (2) That statement shall include:
- 263 (a) the name and address of each individual, entity, or group of individuals or entities
- 264 that received a political issues expenditure of more than \$50 from the corporation, and the
- 265 amount of each political issues expenditure;
- 266 (b) the total amount of political issues expenditures disbursed by the corporation; and
- 267 (c) a statement by the corporation's treasurer or chief financial officer certifying the
- 268 accuracy of the verified financial statement.