

1 **POLITICAL COMMITTEES AMENDMENTS**

2 2019 GENERAL SESSION

3 STATE OF UTAH

4 **Chief Sponsor: Brad M. Daw**

5 Senate Sponsor: Curtis S. Bramble

6
7 **LONG TITLE**

8 **General Description:**

9 This bill amends provisions related to financial reporting requirements for a political
10 action committee and a political issues committee.

11 **Highlighted Provisions:**

12 This bill:

- 13 ▶ requires a political action committee to file a financial statement before a county
14 political convention under certain circumstances;
- 15 ▶ requires a political issues committee, under certain circumstances, to report the
16 receipt of a contribution within three business days after the contribution's receipt;
- 17 ▶ amends the deadline by which a political issues committee is required to file a
18 financial statement before an initiative or referendum petition is submitted;
- 19 ▶ establishes civil penalties; and
- 20 ▶ makes technical changes.

21 **Money Appropriated in this Bill:**

22 None

23 **Other Special Clauses:**

24 None

25 **Utah Code Sections Affected:**

26 AMENDS:

27 **20A-11-602**, as last amended by Laws of Utah 2018, Chapter 83



28 **20A-11-603**, as last amended by Laws of Utah 2015, Chapter 204
 29 **20A-11-801**, as last amended by Laws of Utah 2018, Chapter 83
 30 **20A-11-802**, as last amended by Laws of Utah 2018, Chapter 83



31
 32 *Be it enacted by the Legislature of the state of Utah:*

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

34 **20A-11-602. Political action committees -- Financial reporting.**

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

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

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

41 (iii) seven days before the county political convention of a political party, if the
 42 political action committee makes an expenditure on or before the day described in Subsection
 43 (1)(b)(ii) in relation to a candidate that the party may nominate at the convention;

44 [~~(iii)~~] (iv) seven days before the regular primary election date;

45 [~~(iv)~~] (v) on September 30; and

46 [~~(v)~~] (vi) seven days before:

47 (A) the municipal general election; and

48 (B) the regular general election [~~date~~].

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

50 (i) a detailed listing of all contributions received and expenditures made since the last
 51 statement; and

52 (ii) for a financial statement described in Subsections (1)(a)(ii) through [~~(iv)~~] (v), all
 53 contributions and expenditures as of five days before the required filing date of the financial
 54 statement.

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

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

58 (i) the name and address of any individual who makes a contribution to the reporting

- 59 political action committee, if known, and the amount of the contribution;
- 60 (ii) the identification of any publicly identified class of individuals that makes a
61 contribution to the reporting political action committee, if known, and the amount of the
62 contribution;
- 63 (iii) the name and address of any political action committee, group, or entity, if known,
64 that makes a contribution to the reporting political action committee, and the amount of the
65 contribution;
- 66 (iv) for each nonmonetary contribution, the fair market value of the contribution;
- 67 (v) the name and address of each reporting entity that received an expenditure from the
68 reporting political action committee, and the amount of each expenditure;
- 69 (vi) for each nonmonetary expenditure, the fair market value of the expenditure;
- 70 (vii) the total amount of contributions received and expenditures disbursed by the
71 reporting political action committee;
- 72 (viii) a statement by the political action committee's treasurer or chief financial officer
73 certifying that, to the best of the person's knowledge, the financial report is accurate; and
- 74 (ix) a summary page in the form required by the lieutenant governor that identifies:
- 75 (A) beginning balance;
- 76 (B) total contributions during the period since the last statement;
- 77 (C) total contributions to date;
- 78 (D) total expenditures during the period since the last statement; and
- 79 (E) total expenditures to date.
- 80 (b) (i) Contributions received by a political action committee that have a value of \$50
81 or less need not be reported individually, but shall be listed on the report as an aggregate total.
- 82 (ii) Two or more contributions from the same source that have an aggregate total of
83 more than \$50 may not be reported in the aggregate, but shall be reported separately.
- 84 (3) A group or entity may not divide or separate into units, sections, or smaller groups
85 for the purpose of avoiding the financial reporting requirements of this chapter, and substance
86 shall prevail over form in determining the scope or size of a political action committee.
- 87 (4) (a) As used in this Subsection (4), "received" means:
- 88 (i) for a cash contribution, that the cash is given to a political action committee;
- 89 (ii) for a contribution that is a negotiable instrument or check, that the negotiable

90 instrument or check is negotiated; and

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

93 (b) A political action committee shall report each contribution to the lieutenant
94 governor within 31 days after the contribution is received.

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

97 (a) is cash or a negotiable instrument;

98 (b) exceeds \$50; and

99 (c) is from an unknown source.

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

103 (a) the treasurer of the state or a political subdivision for deposit into the state's or
104 political subdivision's general fund; or

105 (b) an organization that is exempt from federal income taxation under Section
106 501(c)(3), Internal Revenue Code.

107 Section 2. Section **20A-11-603** is amended to read:

108 **20A-11-603. Criminal penalties -- Fines.**

109 (1) (a) Each political action committee that fails to file a financial statement by the
110 deadline is subject to a fine imposed in accordance with Section [20A-11-1005](#).

111 (b) Each political action committee that fails to file a financial statement described in
112 Subsections [20A-11-602](#)(1)(a)[~~(iii)~~](iv) through [~~(v)~~] (vi) is guilty of a class B misdemeanor.

113 (c) The lieutenant governor shall report all violations of Subsection (1)(b) to the
114 attorney general.

115 (2) Within 30 days after a deadline for the filing of the January 10 statement required
116 by this part, the lieutenant governor shall review each filed statement to ensure that:

117 (a) each political action committee that is required to file a statement has filed one; and

118 (b) each statement contains the information required by this part.

119 (3) If it appears that any political action committee has failed to file the January 10
120 statement, if it appears that a filed statement does not conform to the law, or if the lieutenant

121 governor has received a written complaint alleging a violation of the law or the falsity of any
122 statement, the lieutenant governor shall, within five days of discovery of a violation or receipt
123 of a written complaint, notify the political action committee of the violation or written
124 complaint and direct the political action committee to file a statement correcting the problem.

125 (4) (a) It is unlawful for any political action committee to fail to file or amend a
126 statement within seven days after receiving notice from the lieutenant governor under this
127 section.

128 (b) Each political action committee that violates Subsection (4)(a) is guilty of a class B
129 misdemeanor.

130 (c) The lieutenant governor shall report all violations of Subsection (4)(a) to the
131 attorney general.

132 (d) In addition to the criminal penalty described in Subsection (4)(b), the lieutenant
133 governor shall impose a civil fine of \$1,000 against a political action committee that violates
134 Subsection (4)(a).

135 Section 3. Section **20A-11-801** is amended to read:

136 **20A-11-801. Political issues committees -- Registration -- Criminal penalty for**
137 **providing false information or accepting unlawful contribution.**

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

141 (b) If a political issues committee is organized after the January 10 filing date, the
142 political issues committee shall file an initial statement of organization no later than seven days
143 after:

144 (i) receiving political issues contributions totaling at least \$750; or

145 (ii) disbursing political issues expenditures totaling at least \$750.

146 (c) Each political issues committee shall deposit each contribution received into one or
147 more separate accounts in a financial institution that are dedicated only to that purpose.

148 (2) Each political issues committee shall designate two officers that have primary
149 decision-making authority for the political issues committee.

150 (3) The statement of organization shall include:

151 (a) the name and street address of the political issues committee;

152 (b) the name, street address, phone number, occupation, and title of the two primary
153 officers designated under Subsection (2);

154 (c) the name, street address, occupation, and title of all other officers of the political
155 issues committee;

156 (d) the name and street address of the organization, individual, corporation,
157 association, unit of government, or union that the political issues committee represents, if any;

158 (e) the name and street address of all affiliated or connected organizations and their
159 relationships to the political issues committee;

160 (f) the name, street address, business address, occupation, and phone number of the
161 committee's treasurer or chief financial officer;

162 (g) the name, street address, and occupation of each member of the supervisory and
163 advisory boards, if any; and

164 (h) the ballot proposition whose outcome they wish to affect, and whether they support
165 or oppose it.

166 (4) (a) Any registered political issues committee that intends to permanently cease
167 operations during a calendar year shall:

168 (i) dispose of all remaining funds by returning the funds to donors or donating the
169 funds to an organization that is exempt from federal income taxation under Section 501(c)(3),
170 Internal Revenue Code; and

171 (ii) after complying with Subsection (4)(a)(i), file a notice of dissolution with the
172 lieutenant governor's office.

173 (b) Any notice of dissolution filed by a political issues committee does not exempt that
174 political issues committee from complying with the financial reporting requirements of this
175 chapter.

176 (5) (a) Unless the political issues committee has filed a notice of dissolution under
177 Subsection (4), a political issues committee shall file, with the lieutenant governor's office,
178 notice of any change of an officer described in Subsection (2).

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

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

181 (ii) contain the name and title of the officer being replaced and the name, street
182 address, occupation, and title of the new officer.

183 (6) (a) A person is guilty of providing false information in relation to a political issues
184 committee if the person intentionally or knowingly gives false or misleading material
185 information in the statement of organization or the notice of change of primary officer.

186 (b) Each primary officer designated in Subsection (2) is guilty of accepting an unlawful
187 contribution if the political issues committee knowingly or recklessly accepts a contribution
188 from a corporation that:

189 (i) was organized less than 90 days before the date of the general election; and

190 (ii) at the time the political issues committee accepts the contribution, has failed to file
191 a statement of organization with the lieutenant governor's office as required by Section
192 [20A-11-704](#).

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

194 (7) (a) As used in this Subsection (7), "received" means:

195 (i) for a cash contribution, that the cash is given to a political issues committee;

196 (ii) for a contribution that is a negotiable instrument or check, that the negotiable
197 instrument or check is negotiated; and

198 (iii) for any other type of contribution, that any portion of the contribution's benefit
199 inures to the political issues committee.

200 (b) Each political issues committee shall report to the lieutenant governor each
201 contribution received by the political issues committee within three business days after the day
202 on which the contribution is received if the contribution is received within 30 days before the
203 last day on which the sponsors of the initiative or referendum described in Subsection
204 [20A-11-801](#)(3)(h) may submit signatures to qualify the initiative or referendum for the ballot.

205 (c) For each contribution that a political issues committee fails to report within the
206 period described in Subsection (7)(b), the lieutenant governor shall impose a fine against the
207 political issues committee in an amount equal to:

208 (i) 10% of the amount of the contribution, if the political issues committee reports the
209 contribution within 60 days after the last day on which the political issues committee should
210 have reported the contribution under Subsection (7)(b); or

211 (ii) 20% of the amount of the contribution, if the political issues committee fails to
212 report the contribution within 60 days after the last day on which the political issues committee
213 should have reported the contribution under Subsection (7)(b).

214 (d) The lieutenant governor shall:
 215 (i) deposit money received under Subsection (7)(c) into the General Fund; and
 216 (ii) report on the lieutenant governor's website, in the location where reports relating to
 217 each political issues committee are available for public access:

218 (A) each fine imposed by the lieutenant governor against the political issues
 219 committee;

220 (B) the amount of the fine;

221 (C) the amount of the contribution to which the fine relates; and

222 (D) the date of the contribution.

223 Section 4. Section **20A-11-802** is amended to read:

224 **20A-11-802. Political issues committees -- Financial reporting.**

225 (1) (a) Each registered political issues committee that has received political issues
 226 contributions totaling at least \$750, or disbursed political issues expenditures totaling at least
 227 \$750, during a calendar year, shall file a verified financial statement with the lieutenant
 228 governor's office:

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

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

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

233 (iv) seven days before the date of an incorporation election, if the political issues
 234 committee has received [~~donations or made disbursements~~] or expended funds to affect an
 235 incorporation;

236 (v) at least three days before the first public hearing held as required by Section
 237 [20A-7-204.1](#);

238 (vi) if the political issues committee has received or expended funds in relation to an
 239 initiative or referendum, [~~at the time the~~] five days before the deadline for the initiative or
 240 referendum sponsors to submit:

241 (A) the verified and certified initiative packets [~~as required by~~] under Section
 242 [20A-7-206](#); or

243 (B) the signed and verified referendum packets [~~as required by~~] under Section
 244 [20A-7-306](#);

- 245 (vii) on September 30; and
- 246 (viii) seven days before:
 - 247 (A) the municipal general election; and
 - 248 (B) the regular general election.
- 249 (b) The political issues committee shall report:
 - 250 (i) a detailed listing of all contributions received and expenditures made since the last
 - 251 statement; and
 - 252 (ii) all contributions and expenditures as of five days before the required filing date of
 - 253 the financial statement, except for a financial statement filed on January 10.
 - 254 (c) The political issues committee need not file a statement under this section if it
 - 255 received no contributions and made no expenditures during the reporting period.
- 256 (2) (a) That statement shall include:
 - 257 (i) the name and address, if known, of any individual who makes a political issues
 - 258 contribution to the reporting political issues committee, and the amount of the political issues
 - 259 contribution;
 - 260 (ii) the identification of any publicly identified class of individuals that makes a
 - 261 political issues contribution to the reporting political issues committee, and the amount of the
 - 262 political issues contribution;
 - 263 (iii) the name and address, if known, of any political issues committee, group, or entity
 - 264 that makes a political issues contribution to the reporting political issues committee, and the
 - 265 amount of the political issues contribution;
 - 266 (iv) the name and address of each reporting entity that makes a political issues
 - 267 contribution to the reporting political issues committee, and the amount of the political issues
 - 268 contribution;
 - 269 (v) for each nonmonetary contribution, the fair market value of the contribution;
 - 270 (vi) except as provided in Subsection (2)(c), the name and address of each individual,
 - 271 entity, or group of individuals or entities that received a political issues expenditure of more
 - 272 than \$50 from the reporting political issues committee, and the amount of each political issues
 - 273 expenditure;
 - 274 (vii) for each nonmonetary expenditure, the fair market value of the expenditure;
 - 275 (viii) the total amount of political issues contributions received and political issues

276 expenditures disbursed by the reporting political issues committee;

277 (ix) a statement by the political issues committee's treasurer or chief financial officer
278 certifying that, to the best of the person's knowledge, the financial statement is accurate; and

279 (x) a summary page in the form required by the lieutenant governor that identifies:

280 (A) beginning balance;

281 (B) total contributions during the period since the last statement;

282 (C) total contributions to date;

283 (D) total expenditures during the period since the last statement; and

284 (E) total expenditures to date.

285 (b) (i) Political issues contributions received by a political issues committee that have a
286 value of \$50 or less need not be reported individually, but shall be listed on the report as an
287 aggregate total.

288 (ii) Two or more political issues contributions from the same source that have an
289 aggregate total of more than \$50 may not be reported in the aggregate, but shall be reported
290 separately.

291 (c) When reporting political issue expenditures made to circulators of initiative
292 petitions, the political issues committee:

293 (i) need only report the amount paid to each initiative petition circulator; and

294 (ii) need not report the name or address of the circulator.

295 (3) (a) As used in this Subsection (3), "received" means:

296 (i) for a cash contribution, that the cash is given to a political issues committee;

297 (ii) for a contribution that is a negotiable instrument or check, that the negotiable
298 instrument or check is negotiated; and

299 (iii) for any other type of contribution, that any portion of the contribution's benefit
300 inures to the political issues committee.

301 (b) A political issues committee shall report each contribution to the lieutenant
302 governor within 31 days after the contribution is received.

303 (4) A political issues committee may not expend a contribution for a political issues
304 expenditure if the contribution:

305 (a) is cash or a negotiable instrument;

306 (b) exceeds \$50; and

307 (c) is from an unknown source.

308 (5) Within 31 days after receiving a contribution that is cash or a negotiable
309 instrument, exceeds \$50, and is from an unknown source, a political issues committee shall
310 disburse the amount of the contribution to:

311 (a) the treasurer of the state or a political subdivision for deposit into the state's or
312 political subdivision's general fund; or

313 (b) an organization that is exempt from federal income taxation under Section
314 501(c)(3), Internal Revenue Code.