



Legislative Council Staff

Research Note

Version: Final

Date: 6/16/2017

Bill Number

House Bill 17-1155

Sponsors

***Representative Thurlow
Senator Gardner***

Short Title

***Cure Campaign Finance
Reporting Deficiencies***

Research Analyst

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Status

This research note reflects the final version of the bill, which becomes effective August 9, 2017, assuming no referendum petition is filed.

Background

Pursuant to the Colorado Constitution, candidate committees and stand alone candidates must report all campaign expenditures to the Secretary of State. Expenditures of \$20 or more must be itemized with each expenditure listed, along with the name and address of the payee, and the purpose of the expense. No more than \$100 in cash may be spent on any single expenditure.

Candidate committees also must report all contributions received. Contributions include anything of value given directly or indirectly to a candidate for the purpose of promoting a candidate's nomination, retention, recall, or election. Monetary contributions include check, cash, money order, or credit card payments. Non-monetary contributions also require disclosure and count against contribution limits. Non-monetary donations include goods, equipment, supplies, or services. Volunteer services are not considered contributions. The contribution amount determines additional specified disclosure reporting requirements. Non-candidate political committees are subject to the same reporting requirements as candidate committees; but requirements regarding contribution amounts and sources differ by committee type.

Expenditure and contribution disclosure reports must be filed with the Secretary of State for all reporting periods with varying frequency depending on the office sought and whether or not it is an election year.

Any person who believes a violation of campaign finance law has occurred may file a complaint

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with the Secretary of State within 180 days of the suspected violation. After the Secretary of State verifies that the complaint contains all required information, it will be referred to an administrative law judge at the Office of Administrative Courts for a hearing. Complainants must gather and present evidence in support of the complaint at the hearing. If a judge finds that a violation has occurred, the judge can impose civil penalties of at least double and up to five times the amount contributed, received, or spent in violation of the legal spending limits.

House Action

House State, Veterans, and Military Affairs Committee (March 9, 2017). At the hearing, representatives from Colorado Ethics Watch and the Colorado Secretary of State's Office and one private citizen testified in support of the bill. A representative from Campaign Integrity Watchdog testified in opposition to the bill.

The committee adopted amendment L.002, and referred the bill, as amended, to the House Committee of the Whole. Amendment L.002, a strike-below amendment:

- allowed the Secretary of State to notify a committee or party treasurer of a campaign finance disclosure deficiency by email, in addition to a mail notification;
- specified the time frame and process for allowing a committee or party to correct errors or omissions in a campaign finance disclosure; and
- required an administrative law judge to impose a \$50 per day penalty for each day the committee failed to file required campaign finance disclosure information.

House second reading (March 23, 2017). The House adopted the House State, Veterans, and Military Affairs committee report and passed the bill on second reading, as amended.

House third reading (March 24, 2017). The House passed the bill on third reading with no amendments.

Senate Action

Senate State, Veterans, and Military Affairs Committee (April 10, 2017). At the hearing, representatives from Colorado Ethics Watch, Colorado Republican Party, Colorado Secretary of State's Office, and two private citizens testified in support of the bill. One private citizen testified on the bill, but did not state her position on the bill. The committee referred the bill, unamended, to the Senate Committee of the Whole with the recommendation that it be placed on the consent calendar.

Senate second reading (April 13, 2017). The bill was removed from the consent calendar. The Senate adopted Amendment No. 1, which removed the specified monetary penalty associated with a campaign finance disclosure violation and allowed for an administrative law judge to enter or impose any appropriate order, sanction, or relief for a committee failing to satisfy its burden of demonstrating either good faith or substantial compliance to correct a campaign finance disclosure deficiency. The Senate passed the bill on second reading, as amended.

Senate third reading (April 17, 2017). The Senate adopted Amendment No. 1, which made technical corrections to the bill. The Senate passed the bill on third reading, as amended.

Conference Committee

First conference committee (May 8, 2017). The House did not concur in amendments made by the Senate, and a conference committee was formed. The committee adopted a report to amend the rerevised bill to allow an administrative law judge to impose a civil penalty in the amount of the penalty that has accrued to that point in time, if the penalty is less than \$5,000. If the civil penalty that has accrued is \$5,000 or more, then the administrative law judge must impose a penalty, at his or her discretion, in an amount that is not less than \$5,000.

Senate action (May 9, 2017). The Senate adopted the first report of the first conference committee and repassed the bill.

House action (May 9, 2017). The House adopted the first report of the first conference committee and repassed the bill.

Relevant Research

Legislative Council Staff, *Overview of Colorado Campaign Finance and Disclosure Requirements*, Interested Persons Memorandum, November 2016, <https://tinyurl.com/y8jrlc62>.