SECRETARY OF STATE

[8 CCR 1505-6]

RULES CONCERNING CAMPAIGN AND POLITICAL FINANCE

Preliminary Draft of Proposed Rules

July 31, 2007

Disclaimer: This draft is not yet final. The proposed changes to be considered at the public rulemaking hearing may be different than the proposed changes in this draft. This draft is submitted to the Department of Regulatory Agencies for the purpose of complying with section 24-4-103(2.5), C.R.S., which requires that a draft be submitted to the Department at the time that a notice of proposed rulemaking is filed with the Secretary of State.

A final copy of the proposed rule changes will be available to the public no later than August 30, 2007, and a copy will be posted on the Department of State's web site, in compliance with the requirement of section 24-4-103(4)(a), C.R.S., that "[a]ny proposed rule or revised proposed rule by an agency which is to be considered at the public hearing . . . shall be made available to any person at least five days prior to said hearing."

Proposed additions to the current rules are reflected in SMALL CAPS or <u>underlined</u>. Proposed deletions from current rules are shown in stricken type. Annotations may be included.

1 Rule 1.4 would be amended as follows:

- 2 1.4 "Corporation", as used in Article XXVIII only, SHALL HAVE THE SAME MEANING AS SET FORTH IN SECTION 1-45-103(7), C.R.S. means a domestic corporation incorporated under and subject to the "Colorado Business Corporation Act", Articles 101 to 117 of Title 7, C.R.S., a domestic nonprofit corporation incorporated under and subject to Articles 121 to 137 of Title 7, C.R.S., or any corporation incorporated under and subject to the laws of another state or foreign country.
- 8 New Rule 1.5 would be adopted as follows:

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1.5
"Issue", as used in Article XXVIII of the Colorado Constitution and Article 45
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Of Title 1, C.R.S., shall mean a "ballot issue" or "ballot question" as such
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TERMS ARE DEFINED IN SECTION 1-1-104(2.3) AND (2.7), C.R.S. FOR THE PURPOSES
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SECTION 2(10) OF ARTICLE XXVIII OF THE COLORADO CONSTITUTION, A MATTER SHALL
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BE CONSIDERED AN "ISSUE" AT THE EARLIEST OF THE FOLLOWING:

1 Α. IT HAS BEEN SUBMITTED FOR THE PURPOSE OF HAVING A TITLE DESIGNATED AND 2 FIXED OR HAS HAD A TITLE DESIGNATED AND FIXED IN ACCORDANCE WITH STATE 3 LAW; 4 5 В. UPON REFERRAL BY THE APPLICABLE GOVERNING BOARD; OR 6 7 A PETITION HAS BEEN SUBMITTED TO THE APPROPRIATE ELECTION OFFICIAL IN C. 8 ACCORDANCE WITH STATE LAW. 9 Succeeding subsections of Rule 1 would be renumbered accordingly 10 11 Rule 2.2 would be amended as follows: 12 2.2 A candidate may serve as the candidate committee's registered agent or appoint someone 13 to be the registered agent. The candidate and the registered agent shall sign the candidate 14 committee registration form, and only the registered agent or the candidate may sign the 15 contribution and expenditure report. THE REGISTERED AGENT FOR ANY ISSUE COMMITTEE, 16 POLITICAL COMMITTEE, SMALL DONOR COMMITTEE, OR POLITICAL PARTY SHALL SIGN THE 17 COMMITTEE'S REGISTRATION FORM AND ALL DISCLOSURE REPORTS. [1-45-108(3)(b)] 18 19 Rules 2.4 and 2.5 would be amended as follows: 20 2.4 The purpose or nature of interest of the committee or party shall be included. A 21 candidate committee shall identify the specific elective office sought upon registration. A 22 political committee or small donor committee shall identify the candidates being 23 supported or opposed, OR THE TYPES OF CANDIDATES BEING SUPPORTED OR OPPOSED, IF 24 KNOWN AT THE TIME OF REGISTRATION. 25 2.5 An issue committee may support or oppose more than one issue without having to open 26 numerous campaign accounts and file numerous committee registration forms if the 27 following conditions are met: the specific issues are included on the committee 28 registration form AT SUCH TIME AS AN ISSUE MEETS THE PROVISIONS OF RULE 1.5; no 29 generic phraseology is MAY BE used ONCE SUCH AN ISSUE IS KNOWN (i.e.: Support or 30 oppose issues affecting the basic rights of cattle); and the registration form states whether 31 the committee will be supporting or opposing said issues. [Article XXVIII, Section 32 2(10)(a)(I) and (2)(10)(a)(II)33 34 Rule 2.8 would be amended as follows: 35 2.8 A political committee that is subject to reporting pursuant to both section 1-45-108 and

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the "Federal Election Commission Act of 1971" may file with the appropriate officer a

copy of the registration filed with the federal election commission and, insofar as such

registration contains substantially the same information required by subsection (3) of C.R.S. 1-45-108, the political committee shall be considered to have registered with the appropriate officer for purposes of subsection (3) of C.R.S. 1-45-1031-45-108. The political committee shall not be required to file disclosure reports if copies of the reports required to be filed with the Federal Election Commission pursuant to the "Federal Election Commission Act of 1971", as amended, are filed with the appropriate officer or are electronically available in the office of the appropriate officer and if such reports include the information required by C.R.S. 1-45-108.

Rule 2.10 would be amended as follows:

- In accordance with the procedures set out in the "State Administrative Procedures Act"

 (Article 1 or Of Title 24, Colorado Revised Statutes), the secretary of state may close an inactive committee after two years of non-reporting. A COMMITTEE SHALL BE DEEMED INACTIVE FOR THE PURPOSE OF THIS RULE AFTER SUCH COMMITTEE HAS FAILED TO FILE ANY REPORTS WITH THE APPROPRIATE FILING OFFICER FOR TWO CONSECUTIVE YEARS.

 [Article XXVIII, Section 2(3), and C.R.S. 24-4-105]
 - 2.10.1 A COUNTY CLERK AND RECORDER OR MUNICIPAL CLERK DESIGNATED AS A COMMITTEE'S APPROPRIATE FILING OFFICER PURSUANT TO 1-45-109, C.R.S. MAY REQUEST THE SECRETARY OF STATE TO CLOSE A COMMITTEE PURSUANT TO THIS RULE. SUCH REQUEST SHALL BE SUBMITTED IN WRITING AND CONTAIN A STATEMENT FROM THE COUNTY CLERK AND RECORDER OR MUNICIPAL CLERK THAT NO DISCLOSURE REPORTS HAVE BEEN RECEIVED FOR AT LEAST TWO YEARS EITHER MANUALLY OR ELECTRONICALLY FROM SUCH COMMITTEE, AND ANY OTHER INFORMATION THAT IS RELEVANT.

New Rule 3.10 would be adopted as follows:

27 3.10 DISPOSITION OF DEBT IN ANTICIPATION OF COMMITTEE TERMINATION

- A. Notwithstanding any negative balance for a prior election cycle, all contributions received by a candidate committee in the current election cycle shall be subject to the limits on contributions set forth in section 3 of Article XXVIII of the Colorado Constitution and shall be reported accordingly.
 - B. ANY FINANCIAL OBLIGATIONS INCURRED BY A CANDIDATE COMMITTEE IN AN ELECTION CYCLE THAT ARE NOT PAID WITHIN A COMMERCIALLY REASONABLE PERIOD OF TIME, NOT TO EXCEED SIX (6) MONTHS AFTER THE CLOSE OF THAT ELECTION CYCLE, SHALL BE TREATED AS "CONTRIBUTIONS" FROM THE SERVICE PROVIDER OR VENDOR EXTENDING CREDIT.

- 1 C. IN ACCORDANCE WITH SECTION 10(1) OF ARTICLE XXVIII OF THE COLORADO CONSTITUTION, WHERE THE TREATMENT OF SUCH FINANCIAL OBLIGATIONS AS "CONTRIBUTIONS" RESULTS IN A VIOLATION OF THE LIMITS ON CONTRIBUTIONS, A CANDIDATE SHALL BE PERSONALLY LIABLE FOR ANY PENALTIES IMPOSED UPON THE COMMITTEE.
- D. ANY SERVICE PROVIDER OR VENDOR EXTENDING CREDIT WHO HAS MADE A COMMERCIALLY REASONABLE ATTEMPT TO COLLECT SUCH DEBT SHALL NOT BE CONSIDERED TO HAVE MADE A "CONTRIBUTION." AN ATTEMPT TO COLLECT SUCH DEBT SHALL BE CONSIDERED COMMERCIALLY REASONABLE IF THE SERVICE PROVIDER OR VENDOR HAS PURSUED ITS REMEDIES AS VIGOROUSLY AS IT WOULD PURSUE ITS REMEDIES AGAINST A NONPOLITICAL DEBTOR IN SIMILAR CIRCUMSTANCES.

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- Rule 4.7 would be repealed as follows:
- 4.7 Pursuant to the decision of the United States Supreme Court in the case of Buckley v.

 American Constitutional Law Foundation, Inc., 520 U.S. 182, 119 S.Ct., 636 (1999), an issue committee that makes an expenditure of \$20 or more in payment to a petition circulator is not required to disclose the name of the paid circulator. Instead, it is sufficient to list "payment to petition circulator" and the date and amount of the payment.

 [1-40-121(1)]
- 21 Succeeding subsections of Rule 4 would be renumbered accordingly

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- Rule 4.10 would be amended as follows:
 - 4.10 DISCLOSURE OF OCCUPATION AND EMPLOYER

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4.10.1 The requirement to disclose the occupation and employer of a contributor in Article XXVIII, Section 7 and section 1-45-108, C.R.S., applies to any one-time contribution of \$100 or more, and not to aggregate contributions of \$100 or more.

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4.10.2 If occupation and employer information as required by Article XXVIII, Section 7 is not provided, and the committee is unable to gather the information within 30 days after receipt of the contribution, the contribution shall be returned to the contributor no later than the 31st day after receipt.

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New Rule 4.18 would be adopted as follows:

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38 4.18 IN ACCORDANCE WITH SECTION 3(9) OF ARTICLE XXVIII OF THE COLORADO CONSTITUTION, THE REQUIREMENT THAT COMMITTEE FUNDS BE DEPOSITED INTO "A FINANCIAL INSTITUTION" SHALL NOT MEAN THAT ALL COMMITTEE FUNDS MUST BE

1 2 3		DEPOS!	ITED INTO ONE SINGLE BANK, CREDIT UNION, OR OTHER COMMERCIAL FINANCIAL UTION.				
4	New I	Yew Rule 4.19 would be adopted as follows:					
5	4.19	Invest	TMENT OF FUNDS				
6 7 8		4.19.1	A CANDIDATE COMMITTEE, ISSUE COMMITTEE, POLITICAL COMMITTEE, SMALL DONOR COMMITTEE, OR POLITICAL PARTY MAY INVEST THE COMMITTEE'S FUNDS IN ANY GOVERNMENT REGULATED FINANCIAL INSTITUTION.				
9 10 11 12 13 14		4.19.2	ANY CHANGE IN THE BALANCE OF FUNDS RESULTING SOLELY FROM THE ACCRUAL OF INTEREST OR DIVIDENDS TO THE ACCOUNT AND/OR THE AUTOMATIC DEDUCTION OF PERIODIC SERVICE FEES IS NOT A CONTRIBUTION OR AN EXPENDITURE AND SHALL NOT BE SUBJECT TO CONTRIBUTION LIMITS, BUT SHALL BE DISCLOSED AS MISCELLANEOUS INCOME OR EXPENSE ON ANY DISCLOSURE REPORT FOR WHICH THE INTEREST, DIVIDEND, OR SERVICE FEE WAS RECEIVED OR CHARGED.				
16 17 18	New Rule 4.20 would be adopted as follows: 4.20 POLITICAL ORGANIZATIONS. IN THE CASE OF POLITICAL ORGANIZATIONS AS DEFINED SECTION 1-45-103(14.5):						
19 20 21 22 23		4.20.1	THE POLITICAL ORGANIZATION SHALL REPORT ANY CONTRIBUTIONS ACCEPTED AND FUNDS EXPENDED FOR THE PURPOSE OF "INFLUENCING OR ATTEMPTING TO INFLUENCE THE SELECTION, NOMINATION, ELECTION, OR APPOINTMENT OF ANY INDIVIDUAL TO ANY STATE OR LOCAL PUBLIC OFFICE."				
24 25 26		4.20.2	POLITICAL ORGANIZATIONS SHALL FILE ACCORDING TO THE FILING SCHEDULES SET FORTH IN SECTION 1-45-108(2), C.R.S.				
27 28 29 30			A. FOR THE PURPOSES OF THIS RULE, "OFF-ELECTION YEAR" FOR A POLITICAL ORGANIZATION SHALL MEAN EVERY ODD NUMBERED YEAR.				
31 32 33			B. FOR THE PURPOSES OF THIS RULE, "MAJOR ELECTION" SHALL MEAN AN ELECTION HELD IN NOVEMBER OF AN EVEN NUMBERED YEAR.				
34 35 36 37		4.20.3	Political organizations shall not be required to file disclosure reports for periods when no contributions were received and spending was less than twenty dollars ($\$20$).				
38 39 40 41		4.20.4	POLITICAL ORGANIZATIONS SHALL FILE ALL APPLICABLE DISCLOSURE REPORTS REQUIRED BY SECTION 1-45-103(14.5) WITH THE APPROPRIATE FILING OFFICER. FOR THE PURPOSES OF THIS RULE, THE APPROPRIATE FILING OFFICER SHALL BE THE SAME FOR POLITICAL ORGANIZATIONS AS FOR POLITICAL COMMITTEES AS OUTLINED IN SECTION 1-45-109, C.R.S.				

1			[C.R.S. 1-45-108.5]			
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3 4 5 6	New I 4.21	Rule 4.21 would be adopted as follows: DISCLOSURE OF CONTRIBUTIONS BY LIMITED LIABILITY COMPANIES (LLCs). [C.R.S. 1-45-103.7(5), (6), (7), AND (8)]				
7 8 9 10 11		Α.	THE WRITTEN AFFIRMATION PROVIDED BY AN LLC IN ACCORDANCE WITH SECTION 1-45-103.7, C.R.S., SHALL INCLUDE THE NAMES AND ADDRESSES OF THE LLC'S MEMBERS AND DESCRIBE HOW THE CONTRIBUTION IS TO BE ATTRIBUTED TO THE LLC'S MEMBERS.			
12 13 14 15		В.	The affirmation shall include the occupation and employer of the member to whom a contribution of one hundred dollars ($\$100$) or more is attributed.			
16 17 18 19 20		C.	Any contributions received by a committee from an LLC that does not comply with the affirmation requirements set forth in section 1-45-103.7, C.R.S., and this Rule 4.21 shall be returned to the contributor within thirty (30) days.			
21	New I	Rule 4.22 would be adopted as follows:				
22 23 24	4.22	COLOR	CORDANCE WITH SECTIONS 1(8), (9), AND 3(4)(A) OF ARTICLE XXVIII OF THE RADO CONSTITUTION, CORPORATIONS OR LABOR ORGANIZATIONS SHALL NOT MAKE ENDENT EXPENDITURES.			
25	Rule 5.6 would be amended as follows:					
26	5.6	Reports filed electronically.				
27 28 29 30 31 32 33		a.	Reports filed electronically are due two days after the due date for reports filed manually, after taking into account any extension of the due date of a manually filed report because the filing deadline falls on a Saturday, Sunday, or legal holiday. If the filing deadline for a report filed electronically falls on a Saturday, Sunday, or legal holiday, the deadline is not extended to the next business day. Reports filed electronically before midnight shall be considered filed on that day. This paragraph a. is repealed effective January 1, 2007.			
34 35 36 37		₿A.	On and after January 1, 2007, rReports filed electronically are due on the same date as manually filed reports and are due no later than close of business pursuant to C.R.S. 1-45-109(2). Close of Business for the Purpose of Electronic Filing shall mean 11:59 p.m.			
38		e₿.	If the electronic filing system is unavailable for filing for a total of more than one			

hour after 4:00 p.m. on the due date for filing a report, the secretary of state may

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1 2		extend the due date for an additional day for electronically filed reports. [1-45-108(2.3), 1-45-109(6)]					
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4	Rule 5.10	Rule 5.10 would be amended as follows:					
5 6 7 8 9 10 11 12 13 14 15	for th m di su ex Si for ac	or purposes of section 1-45-108(2)(d), which exempts a candidate committee for a former officeholder or person not elected to office from reporting if there is no change in the balance of funds maintained by such committee and if certain other conditions are et, a change in the balance of funds resulting solely from the accrual of interest or vidends to the account and/or the automatic deduction of periodic service fees does not abject such candidate committee to the reporting requirements of section 1-45-108, accept that such candidate committee shall file an annual report for each calendar year. Eate candidate committees shall file such report not later than January 15th of the following year, and county AND MUNICIPAL candidate committees shall file such report in ecordance with section—1-45-108(2)(A)(ii)1-45-108(2)(A)(II), C.R.S. Candidate committees that choose this option must notify, in writing, the appropriate filing officer of their intent. [1-45-108(2)(c) and (2)(d)]					
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18	Rule 5.11 would be repealed as follows:						
19 20 21 22	da	a required report is not filed by 11:59 PM on the due date for electronic filing, then the nily penalty imposed pursuant to Article XXVIII, Section 10(2)(a) shall begin on the reports filed manually. This rule is repealed effective muary 1, 2007.					
23	Succeeding subsections of Rule 5 would be renumbered accordingly						
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25	New Rule 5.12 would be adopted as follows:						
26 27 28 29	A FO	ONCE A COMMITTEE HAS DECLARED THEIR COMMITTEE STATUS AS ACTIVE OR INACTIVE IN A PARTICULAR YEAR, THE COMMITTEE SHALL FOLLOW THE APPROPRIATE FILING SCHEDULE FOR THE REMAINDER OF THAT CALENDAR YEAR, EXCEPT THAT AN INACTIVE COMMITTEE MAY CHANGE ITS STATUS TO ACTIVE AT ANY TIME.					
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31 32 33	New Rule 6.4 would be adopted as follows: 6.4 POLITICAL ORGANIZATIONS.						
34 35 36	6.	4.1 If any person believes that a political organization has violated the provisions of section 1-45-108.5, C.R.S., they may file a written complaint with the Secretary of State.					

1 2 THE COMPLAINT SHALL INCLUDE THE INFORMATION REQUIRED BY, AND A. 3 SHALL BE SUBMITTED IN ACCORDANCE WITH RULE 6.3. 4 5 IF THE COMPLAINT IS COMPLETE, THE SECRETARY OF STATE SHALL В. 6 THE PROMPTLY TRANSMIT THE COMPLAINT TO DIVISION 7 ADMINISTRATIVE HEARINGS IN THE DEPARTMENT OF PERSONNEL AND 8 ADMINISTRATION FOR CONSIDERATION BY AN ADMINISTRATIVE LAW JUDGE 9 IN ACCORDANCE WITH RULE 6.3. 10 11 C. A POLITICAL ORGANIZATION THAT HAS VIOLATED SECTION 1-45-108.5. 12 C.R.S. SHALL NOT BE SUBJECT TO FINES, BUT SHALL BE ORDERED TO 13 COMPLY WITH THE REQUIREMENTS OF SECTION 1-45-108.5, C.R.S. 14 15 Rule 8.1 would be amended as follows: 16 8.1 The special district designated election official or, as applicable, the presiding officer or the secretary of the board of directors, under section 32-1-804.3(5), C.R.S., shall provide 17 18 to the county clerk and recorder of the county in which the district court having 19 jurisdiction over the special district pursuant to section 32-1-303, C.R.S., is located, 20 either a list of the board of director candidates, or the self-nomination and acceptance 21 forms and letters, and affidavits of intent to be a write-in candidate, within ten days of 22 their filing with the designated election official, presiding officer, or secretary as 23 applicable NO LATER THAN THE DATE ESTABLISHED FOR CERTIFICATION OF THE SPECIAL DISTRICT'S BALLOT PURSUANT TO SECTION 1-5-203(3)(A). 24 25 26 New Rule 8.4 would be adopted as follows: 27 8.4 IF THE SPECIAL DISTRICT CANDIDATE AFFIDAVIT, THE FILED SELF-NOMINATION AND 28 ACCEPTANCE FORM OR LETTER, OR THE AFFIDAVIT OF INTENT TO BE A WRITE-IN CANDIDATE 29 CONTAINS A STATEMENT SUBSTANTIALLY STATING, "I SHALL NOT, IN MY CAMPAIGN FOR 30 THIS OFFICE, RECEIVE CONTRIBUTIONS OR MAKE EXPENDITURES EXCEEDING TWENTY DOLLARS (\$20) IN THE AGGREGATE, HOWEVER, IF I DO SO, I SHALL THEREAFTER FILE ALL 31 32 DISCLOSURE REPORTS REQUIRED UNDER THE FAIR CAMPAIGN PRACTICES ACT," THEN NO 33 FILING OF DISCLOSURE REPORTS IS REQUIRED UNLESS AND UNTIL THE TWENTY DOLLAR 34 (\$20) THRESHOLD HAS BEEN MET. [ARTICLE XXVIII, SECTION 2(2) AND C.R.S. 1-45-35 108(1)] 36 37 New Rule 9.5 shall be adopted as follows:

PURSUANT TO THE DECISION OF THE UNITED STATES SUPREME COURT IN THE CASE OF FEC

V. WISCONSIN RIGHT TO LIFE, 127 S. CT. 2652 (2007), A COMMUNICATION SHALL BE

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- 1 DEEMED AN ELECTIONEERING COMMUNICATION ONLY IF IT IS SUSCEPTIBLE TO NO 2 REASONABLE INTERPRETATION OTHER THAN AS AN APPEAL TO VOTE FOR OR AGAINST A 3 SPECIFIC CANDIDATE. IN MAKING THIS DETERMINATION, (1) THERE CAN BE NO FREE-4 RANGING INTENT-AND-EFFECT TEST; (2) THERE GENERALLY SHOULD BE NO DISCOVERY OR 5 INQUIRY INTO CONTEXTUAL FACTORS; (3) DISCUSSION OF ISSUES CANNOT BE BANNED 6 MERELY BECAUSE THE ISSUES MIGHT BE RELEVANT TO AN ELECTION; (4) IN A DEBATABLE 7 CASE, THE TIE IS RESOLVED IN FAVOR OF NOT DEEMING A MATTER TO BE AN 8 ELECTIONEERING COMMUNICATION.
- 9 New Rule 9.6 shall be adopted as follows:

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9.6 SUBMISSION OF ELECTIONEERING COMMUNICATION DISCLOSURE REPORTS

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9.6.1 CANDIDATE COMMITTEES, POLITICAL COMMITTEES, AND SMALL DONOR COMMITTEES SHALL NOT BE REQUIRED TO FILE ELECTIONEERING COMMUNICATION REPORTS SEPARATE FROM THE COMMITTEE'S REGULARLY FILED DISCLOSURE REPORTS.

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- 9.6.2 On regularly filed reports, every committee shall disclose the candidate(s) that the committee is supporting or opposing, except that a candidate committee shall not be required to list the candidate or his/her opponent.
- 22 [ARTICLE XXVIII, SECTION 2(7)(B)(III)]

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- Rule 11.1 would be amended as follows:
- 25 11.1 Effective October 1, 2007, all disclosure reports filed with the secretary of state pursuant to Article XXVIII of the Colorado Constitution and Article 45 of Tile 1 of the Colorado Revised Statutes shall be filed electronically. Reports required to be filed electronically with the secretary of state under this rule that are presented for manual filing shall not be accepted.
- 30 A. THIS RULE SHALL NOT APPLY TO PERSONAL FINANCIAL DISCLOSURE REPORTS REQUIRED BY SECTION 1-45-110, C.R.S.,
- Rule 11.4 would be amended as follows:
- For the purposes of this rule 11, "entry" is defined as any contribution, expenditure, returned contribution, or RETURNED expenditure, loan, or loan repayment, OR SPENDING IN
- 35 CONNECTION WITH A POLITICAL ORGANIZATION.