

97TH GENERAL ASSEMBLY State of Illinois 2011 and 2012 HB1242

Introduced 02/08/11, by Rep. Elizabeth Hernandez

SYNOPSIS AS INTRODUCED:

New Act 30 ILCS 105/5.786 new 35 ILCS 5/507YY new

Creates the Illinois Clean Elections Act. Establishes a voluntary method of public financing of the campaigns of candidates for statewide constitutional offices and the General Assembly. Amends the State Finance Act to create the Illinois Clean Elections Fund as a special fund in the State treasury. Amends the Illinois Income Tax Act to create an individual tax return checkoff in support of the Fund. Effective immediately.

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CORRECTIONAL
BUDGET AND
IMPACT NOTE ACT
MAY APPLY

FISCAL NOTE ACT MAY APPLY

1 AN ACT concerning elections.

Be it enacted by the People of the State of Illinois,

- **represented in the General Assembly:**
- 4 Section 1. Short title. This Act may be cited as the
- 5 Illinois Clean Elections Act.
- 6 Section 5. Definitions. As used in this Act:
- 7 "Certified candidate" means a candidate running for
- 8 Governor, Lieutenant Governor, Secretary of State, Attorney
- 9 General, State Treasurer, State Comptroller, State Senator, or
- 10 State Representative, in a primary election, and Governor,
- 11 Secretary of State, Attorney General, State Treasurer, State
- 12 Comptroller, State Senator, or State Representative, in a
- 13 general election who chooses to participate in this Act and who
- 14 is certified as an Illinois Clean Elections Act candidate under
- 15 Section 20, subsection (e).
- 16 "Contribution" has the same meaning as in Article 9 of the
- 17 Election Code.
- 18 "Fund" means the Illinois Clean Elections Fund established
- 19 in Section 15.
- 20 "Nonparticipating candidate" means a candidate running for
- 21 Governor, Lieutenant Governor, Secretary of State, Attorney
- 22 General, State Treasurer, State Comptroller, State Senator, or
- 23 State Representative, in a primary election, and Governor,

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- 1 Secretary of State, Attorney General, State Treasurer, State
- 2 Comptroller, State Senator, or State Representative, in a
- 3 general election who does not choose to participate in this Act
- 4 and who is not seeking to be certified as an Illinois Clean
- 5 Elections Act candidate.
- 6 "Participating candidate" means a candidate who is running
- 7 for Governor, Lieutenant Governor, Secretary of State,
- 8 Attorney General, State Treasurer, State Comptroller, State
- 9 Senator, or State Representative, in a primary election, and
- 10 Governor, Secretary of State, Attorney General, State
- 11 Treasurer, State Comptroller, State Senator, or State
- 12 Representative, in a general election who is seeking to be
- 13 certified as an Illinois Clean Elections Act candidate.
- "Qualifying contribution" means a donation:
- 15 (1) Of \$5 in the form of a check or a money order 16 payable to the Fund in support of a candidate;
 - (2) Made by a registered voter within the district for the office a candidate is seeking;
 - (3) Made during the designated qualifying period and obtained with the knowledge and approval of the candidate; and
 - (4) That is acknowledged by a written receipt that identifies the name and address of the donor on forms provided by the State Board.
- 25 "Qualifying period" means the following:
- 26 (1) For a participating candidate for Governor,

Lieutenant Governor, Secretary of State, Attorney General, State Treasurer, or State Comptroller, the qualifying period begins November 1st immediately preceding the election year and ends at 5:00 p.m. on April 15th of the election year unless the candidate is unenrolled, in which case the period ends at 5:00 p.m. on June 2nd of the election year.

(2) For State Senate or State House of Representatives participating candidates, the qualifying period begins January 1st of the election year and ends at 5:00 p.m. on April 15th of that election year unless the candidate is unenrolled, in which case the period ends at 5:00 p.m. on June 2nd of the election year.

"Seed money contribution" means a contribution of no more than \$100 per individual made to a contribution from the candidate or the candidate's family. To be eligible for certification, a candidate may collect and spend only seed money contributions subsequent to becoming a candidate as defined by Article 9 of the Election Code and throughout the qualifying period. A participating candidate who has accepted contributions or made expenditures that do not comply with the seed money restrictions under this Act may petition the State Board to remain eligible for certification as an Illinois Clean Elections Act candidate in accordance with rules of the State Board, if the failure to comply was unintentional and does not constitute a significant infraction of these restrictions.

- Prior to certification, a candidate may obligate an amount greater than the seed money collected if the value of the goods and services received from a vendor does not exceed the amount paid to the vendor. A candidate may not collect or spend seed money contributions after certification as an Illinois Clean Elections Act candidate. A seed money contribution must be reported according to procedures developed by the State Board.
- 8 "State Board" means the State Board of Elections.
- 9 Section 10. Alternative campaign financing option. This 10 Act establishes an alternative campaign financing option 11 available to candidates running for Governor, Lieutenant 12 Secretary of State, Attorney General, Governor, State 1.3 Treasurer, State Comptroller, State Senator, and 14 Representative. This alternative campaign financing option is 15 available to candidates for elections to be held beginning in 16 the year 2012. The State Board shall Administer this Act and the Fund. Candidates participating in this Act must also comply 17 18 with all other applicable election and campaign laws and 19 regulations.
- Section 15. The Illinois Clean Elections Fund established; sources of funding.
- 22 (a) The Illinois Clean Elections Fund is established as a 23 special fund in the State treasury to finance the election 24 campaigns of certified Illinois Clean Elections Act candidates

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- running for Governor, Lieutenant Governor, Attorney General,
 Secretary of State, State Treasurer, State Comptroller, State
 Senator, and State Representative and to pay administrative and
 enforcement costs of the State Board related to this Act. Any
 interest generated by the Fund is credited to the Fund. The
 State Board shall administer the Fund.
 - (b) The following must be deposited into the Fund:
 - (1) The qualifying contributions required under Section 20 when those contributions are submitted to the State Board.
 - (2) \$40,000,000 of the revenues from the taxes imposed by the Illinois Income Tax Act and credited to the General Revenue Fund, transferred to the Fund by the State Treasurer on or before January 1st of each year, beginning January 1, 2012. These revenues must be offset in an equitable manner by an equivalent reduction within the administrative divisions of the legislative branch and executive branch agencies. If the State Board determines that the Fund will not have sufficient revenues to cover the likely demand for funds from the Illinois Clean Elections Fund in an upcoming calendar year, by January 1st the State Board shall provide a report of its projections of the balances in the Illinois Clean Elections Fund to the General Assembly and the Governor and may request that the State Treasurer make the following transfers to the Illinois Clean Elections Fund from the General Revenue

Fund:

- (A) Up to \$20,000,000 no later than February 28, 2012, reflecting an advance of the transfer of the amounts that would be received on or before January 1, 2013 pursuant to this paragraph.
 - (B) Up to \$15,000,000 no later than July 31, 2012, pursuant to this paragraph reflecting an advance of the transfer of the amounts that would be received on or before January 1, 2014 pursuant to this paragraph.
 - (C) Up to \$5,000,000 no later than September 1, 2014, reflecting a partial advance of the transfer of the amounts that would be received on or before January 1, 2015 pursuant to this paragraph.
 - (3) Revenue from a tax checkoff program allowing a resident of the State who files a tax return with the Department of Revenue to designate that \$3 be paid into the Fund. If a husband and wife file a joint return, each spouse may designate that \$3 be paid. The Department of Revenue shall report annually the amounts designated for the Fund to the State Treasurer, who shall transfer that amount to the Fund.
 - (4) Seed money contributions remaining unspent after a candidate has been certified as an Illinois Clean Elections Act candidate.
 - (5) Fund revenues that were distributed to an Illinois Clean Elections Act candidate and that remain unspent after

- the candidate has lost a primary election or after all general elections.
 - (6) Other unspent Fund revenues distributed to any Illinois Clean Elections Act candidate who does not remain a candidate throughout a primary or general election cycle.
 - (7) Voluntary donations made directly to the Fund.
 - (8) Fines collected under this Act.
 - (c) By September 1st preceding each election year, the State Board shall publish an estimate of revenue in the Fund available for distribution to certified candidates during the upcoming year's elections and an estimate of the likely demand for clean elections funding during that election. The State Board may submit legislation to request additional funding.

Section 20. Terms of participation.

(a) A participating candidate must file a declaration of intent to seek certification as an Illinois Clean Elections Act candidate and to comply with the requirements of this Act. The declaration of intent must be filed with the State Board prior to or during the qualifying period, except as provided in subsection (1), according to forms and procedures developed by the State Board. A participating candidate must submit a declaration of intent within 5 business days after collecting qualifying contributions under this Act or the qualifying contributions collected before the declaration of intent has been filed will not be counted toward the eligibility

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- requirement in subsection (c). 1
- (b) Subsequent to becoming a candidate defined by and prior 2 to certification, a participating candidate may not accept 3 contributions, except for seed money contributions. 5 participating candidate must limit the candidate's seed money contributions to the following amounts:
- 7 (1) \$50,000 for a gubernatorial candidate.
 - (2) \$25,000 for a candidate for Lieutenant Governor, Secretary of State, Attorney General, State Treasurer, or State Comptroller.
 - (3) \$10,000 for a candidate for the State Senate.
- 12 (4) \$5,000 for a candidate for the State House of 13 Representatives.
- The State Board may, by rule, revise these amounts to 14 15 ensure the effective implementation of this Act.
 - Participating candidates must obtain qualifying contributions during the qualifying period as follows:
 - (1) For a gubernatorial candidate, at least 2,500 verified registered voters of this State must support the candidacy by providing a qualifying contribution to that candidate.
 - (2) For a candidate for Lieutenant Governor, Secretary of State, Attorney General, State Treasurer, or State Comptroller, at least 5,000 verified registered voters of this State must support the candidacy by providing a qualifying contribution to that candidate.

- (3) For a candidate for the State Senate, at least 2,000 verified registered voters from the candidate's district must support the candidacy by providing a qualifying contribution to that candidate.
 - (4) For a candidate for the State House of Representatives, at least 1,000 verified registered voters from the candidate's district must support the candidacy by providing a qualifying contribution to that candidate.

A payment, gift, or anything of value may not be given in exchange for a qualifying contribution. A candidate may pay the fee for a money order in the amount of \$5, which is a qualifying contribution, as long as the donor making the qualifying contribution pays the \$5 amount reflected on the money order. Any money order fees paid by a participating candidate must be paid for with seed money and reported in accordance with State Board rules.

- (d) A participating candidate must submit qualifying contributions to the State Board during the qualifying period according to procedures developed by the State Board, except as provided under subsection (1).
- (e) Upon receipt of a final submittal of qualifying contributions by a participating candidate, the State Board shall determine whether or not the candidate has:
- 24 (1) Signed and filed a declaration of intent to participate in this Act.
- 26 (2) Submitted the appropriate number of valid

- 1 qualifying contributions.
- 2 (3) Qualified as a candidate by petition or other 3 means.
 - (4) Not accepted contributions, except for seed money contributions, and otherwise complied with seed money restrictions.
 - (5) Not run for the same office as a nonparticipating candidate in a primary election in the same election year.
 - (6) Otherwise met the requirements for participation in this Act.

The State Board shall certify a candidate complying with the requirements of this Section as an Illinois Clean Elections Act candidate as soon as possible and no later than 3 business days after final submittal of qualifying contributions. Upon certification, a candidate must transfer to the Fund any unspent seed money contributions. A certified candidate must comply with all requirements of this Act after certification and throughout the primary and general election periods. Failure to do so is a violation of this Act.

(f) After certification, a candidate must limit the candidate's campaign expenditures and obligations, including outstanding obligations, to the revenues distributed to the candidate from the Fund and may not accept any contributions unless specifically authorized by the State Board. Candidates may also accept and spend interest earned on bank accounts. All revenues distributed to a certified candidate from the Fund

- must be used for campaign-related purposes. The candidate, the treasurer, the candidate's political committee, or any agent of the candidate and committee may not use these revenues for any but campaign-related purposes. The State Board shall publish guidelines outlining permissible campaign-related expenditures.
 - (g) The State Board shall distribute to certified candidates revenues from the Fund in amounts determined under subsection (h) in the following manner.
 - (1) Within 3 days after certification, for candidates certified prior to March 15th of the election year, revenues from the Fund must be distributed as if the candidates are in an uncontested primary election.
 - (2) Within 3 days after certification, for all candidates certified between March 15th and April 15th of the election year, revenues from the Fund must be distributed according to whether the candidate is in a contested or uncontested primary election.
 - (3) For candidates in contested primary elections receiving a distribution under paragraph (1), additional revenues from the fund must be distributed within 3 days of March 15th after the election year.
 - (4) Within 3 days after the primary election results are certified, for general election certified candidates, revenues from the Fund must be distributed according to whether the candidate is in a contested or uncontested

1 general election.

Funds may be distributed to certified candidates under this Section by any mechanism that is expeditious, ensures accountability, and safeguards the integrity of the Fund.

- (h) The candidate or committee shall deposit all revenues from the Fund in a campaign account with a bank or other financial institution. The campaign funds must be segregated from, and may not be commingled with, any other funds.
- (i) By July 1, 2012 and at least every 4 years after that date, the State Board shall determine the amount of funds to be distributed to participating candidates based on the type of election and office as follows:
 - (1) For contested legislative primary elections, the amount of revenues to be distributed is the average amount of campaign expenditures made by each candidate during all contested primary election races for the immediately preceding 2 primary elections, as reported in the initial filing period subsequent to the primary election, for the respective offices of State Senate and State House of Representatives.
 - (2) For uncontested legislative primary elections, the amount of revenues distributed is the average amount of campaign expenditures made by each candidate during all uncontested primary election races for the immediately preceding 2 primary elections, as reported in the initial filing period subsequent to the primary election, for the

respective offices of State Senate and State House of Representatives.

- (3) For contested legislative general elections, the amount of revenues distributed is the average amount of campaign expenditures made by each candidate during all contested general election races for the immediately preceding 2 general elections, as reported in the initial filing period subsequent to the general election, for the respective offices of State Senate and State House of Representatives.
- (4) For uncontested legislative general elections, the amount of revenues to be distributed from the Fund is 40% of the amount distributed to a participating candidate in a contested general election.
- (5) For gubernatorial primary elections, the amount of revenues distributed is \$2,000,000 per candidate in the primary election.
- (6) For gubernatorial general elections, the amount of revenues distributed is \$4,000,000 per candidate in the general election.
- (7) For contested primary elections for Lieutenant Governor, the amount of revenues distributed is \$500,000 per candidate in the primary election. No funds shall be distributed for the general election.
- (8) For contested primary elections for Attorney General the amount of revenues distributed per candidate is

- 1 \$500,000 per candidate.
 - (9) For the general election for Attorney General, the amount of funds distributed per candidate is \$2,000,000.
 - (10) For primary elections for Secretary of State the amount of revenues distributed per candidate is \$500,000 per candidate.
 - (11) For the general election for Secretary of State, the amount of funds distributed per candidate is \$2,000,000.
 - (12) For contested primary elections for State Treasurer, the amount of revenues distributed per candidate is \$200,000.
 - (13) For the general election for State Treasurer, the amount of funds distributed per candidate is \$800,000.
 - (14) For contested primary elections for State Comptroller, the amount of revenues distributed per candidate is \$200,000.
 - (15) For the general election for State Comptroller, the amount of funds distributed per candidate is \$800,000.
 - (16) For any uncontested primary or general election for the office of Governor, Lieutenant Governor, Attorney General, Secretary of State, State Treasurer, or Comptroller, the amount of funds distributed shall be 40% of those otherwise distributed in a contested primary or general election.
- 26 If the immediately preceding election cycles do not contain

- sufficient electoral data, the State Board shall use information from the most recent applicable elections.
 - (j) When any campaign, finance, or election report shows that the sum of a candidate's expenditures or obligations, or funds raised or borrowed, whichever is greater, alone or in conjunction with independent reported expenditures, exceeds the distribution amount under subsection (h), the State Board shall issue immediately to any opposing Illinois Clean Elections Act candidate an additional amount equivalent to the reported excess. Matching funds are limited to 2 times the amount originally distributed under subsection (h), paragraph (1), (3), (5), or (6), whichever is applicable.
 - (k) An unenrolled candidate certified by January 15th preceding the primary election is eligible for revenues from the Fund in the same amounts and at the same time as an uncontested primary election candidate and a general election candidate as specified in subsections (g) and (h). For an unenrolled candidate not certified by January 15th at 5:00 p.m. the deadline for filing qualifying contributions is 5:00 p.m. on June 2nd preceding the general election. An unenrolled candidate certified after January 15th at 5:00 p.m. is eligible for revenues from the Fund in the same amounts as a general election candidate, as specified in subsections (g) and (h).
 - (1) The State Board shall establish by rule procedures for qualification, certification, disbursement of Fund revenues, and return of unspent Fund revenues for races involving special

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- elections, recounts, vacancies, withdrawals, or replacement candidates.
 - (m) other Notwithstanding any provision of law, participating and certified candidates shall report any money collected, all campaign expenditures, obligations, and related activities to the State Board according to procedures developed by the State Board. Upon the filing of a final report for any primary election in which the candidate was defeated and for all general elections that candidate shall return all unspent Fund revenues to the State Board. Ιn developing procedures, the State Board shall utilize existing campaign reporting procedures whenever practicable. The State Board shall ensure timely public access to campaign finance data and may utilize electronic means of reporting and storing information.
 - (n) The treasurer shall obtain and keep:
 - (1) Bank or other account statements for the campaign account covering the duration of the campaign.
 - (2) A vendor invoice stating the particular goods or services purchased for every expenditure of \$50 or more.
 - (3) A record proving that a vendor received payment for every expenditure of \$50 or more in the form of a cancelled check, receipt from the vendor, or bank or credit card statement identifying the vendor as the payee.
- 25 The treasurer shall preserve the records for 2 years 26 following the candidate's final campaign finance report for the

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- election cycle. The candidate and treasurer shall submit 1 2 photocopies of the records to the State Board upon its request.
 - The State Board may not distribute revenues to certified candidates in excess of the total amount of money deposited into the Fund as set forth in Section 15. Notwithstanding any other provisions of this Act, if the State Board determines that the revenues in the Fund are insufficient to meet distributions under subsections (h) or (i), the State Board may permit certified candidates to accept and spend contributions, reduced by any seed money contributions, aggregating no more than \$500 per donor per election for gubernatorial candidates and \$250 per donor per election for State Senate and State House candidates, up to the applicable amounts set forth in subsections (h) and (i) according to rules adopted by the State Board.
 - (p) A candidate who has been denied certification as an Illinois Clean Elections Act candidate, the opponent of a candidate who has been granted certification as an Illinois Clean Elections Act candidate, or other interested persons may challenge a certification decision by the State Board as follows:
 - (1) A challenger may appeal to the full State Board within 7 days after the certification decision. The appeal must be in writing and must set forth the reasons for the appeal.
 - (2) Within 5 days after an appeal is properly made and

- after notice is given to the challenger and any opponent, the State Board shall hold a hearing. The appellant has the burden of providing evidence to demonstrate that the State Board decision was improper. The State Board must rule on the appeal within 3 days after the completion of the hearing.
- (3) A challenger may appeal the decision of the State Board in paragraph (2) by commencing an action in circuit court.
- (4) A candidate whose certification by the State Board as an Illinois Clean Elections Act candidate is revoked on appeal must return to the State Board any unspent revenues distributed from the Fund.

If the State Board or court finds that an appeal was made frivolously or to cause delay or hardship, the State Board or court may require the moving party to pay costs of the State Board, court, and opposing parties, if any.

Section 25. Rules. The State Board shall adopt rules to ensure effective administration of this Act. These rules must include but must not be limited to procedures for obtaining qualifying contributions, certification as an Illinois Clean Elections Act candidate, circumstances involving special elections, vacancies, recounts, withdrawals or replacements, collection of revenues for the Fund, distribution of Fund revenue to certified candidates, return of unspent Fund

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- disbursements, disposition of equipment purchased with Clean
- 2 Elections Funds, and compliance with this Act.
- 3 Section 30. Violations.
 - In addition to any other penalties that may be applicable, a person who violates any provision of this Act or rules of the State Board adopted pursuant to Section 25 is subject to a fine not to exceed \$10,000 per violation payable to the Fund. The State Board may assess a fine of up to \$10,000 for a violation of reporting requirements if it determines that the failure to file a timely and accurate report resulted in the late payment of matching funds. This fine is recoverable in a civil action. In addition to any fine, for good cause shown, a candidate, treasurer, consultant, or other agent of the candidate or the committee authorized by the candidate found in violation of this Act or rules of the State Board may be required to return to the Fund all amounts distributed to the from the Fund candidate or any funds not used campaign-related purposes. Ιf the State Board makes determination that a violation of this Act or rules of the State Board has occurred, the State Board shall assess a fine transmit the finding to the Attorney General prosecution. Fines paid under this Section must be deposited into the Fund. In determining whether or not a candidate is in violation of the expenditure limits of this Act, the State Board may consider as a mitigating factor any circumstances out

- of the candidate's control.
- 2 (b) A person who willfully or knowingly violates this Act
- 3 or rules of the State Board or who willfully or knowingly makes
- 4 a false statement in any report required by this Act commits a
- business offense punishable by a fine of at least \$1,001 and
- 6 not more than \$5,000 and, if certified as an Illinois Clean
- 7 Elections Act candidate, must return to the Fund all amounts
- 8 distributed to the candidate.
- 9 Section 35. Study report. By January 30, 2013 and every 4
- 10 years after that date, the State Board shall prepare for the
- 11 General Assembly a report documenting, evaluating, and making
- 12 recommendations relating to the administration,
- implementation, and enforcement of this Act and the Illinois
- 14 Clean Elections Fund.
- 15 Section 90. The State Finance Act is amended by adding
- 16 Section 5.786 as follows:
- 17 (30 ILCS 105/5.786 new)
- 18 Sec. 5.786. Illinois Clean Elections Fund.
- 19 Section 95. The Illinois Income Tax Act is amended by
- 20 adding Section 507YY as follows:
- 21 (35 ILCS 5/507YY new)

1 Sec. 507YY. The Illinois Clean Elections Fund checkoff. For 2 taxable years ending on or after December 31, 2011, the 3 Department must print on its standard individual income tax 4 form a provision indicating that if the taxpayer wishes to 5 contribute to the Illinois Clean Elections Fund, as authorized 6 by the Illinois Clean Elections Act, he or she may do so by stating the amount of the contribution (not less than \$3) on 7 the return and that the contribution will reduce the taxpayer's 8 9 refund or increase the amount of payment to accompany the return. Failure to remit any amount of increased payment shall 10 11 reduce the contribution accordingly. This Section does not 12 apply to any amended return.

Section 99. Effective date. This Act takes effect upon becoming law.