

# **WEST VIRGINIA LEGISLATURE**

## **2020 REGULAR SESSION**

**Introduced**

### **Senate Bill 581**

BY SENATORS PREZIOSO, BALDWIN, BEACH, IHLENFELD,

JEFFRIES, LINDSAY, PALUMBO, PLYMALE, ROMANO,

STOLLINGS, AND WOELFEL

[Introduced January 22, 2020; referred

to the Committee on the Judiciary]

1 A BILL to amend and reenact §3-8-2 of the Code of West Virginia, 1931, as amended; and to  
 2 amend said code by adding thereto a new section, designated §3-8-8a, all relating to  
 3 requiring certain disclosures of election expenditures; clarifying when contributions are  
 4 required to be disclosed; creating exceptions; clarifying that certain federal entities must  
 5 make certain state disclosures; requiring disclosure of covered transfers; stating legislative  
 6 findings; defining terms; providing requirements for disclosure of donations related to the  
 7 transfer of certain sums of money related to campaign-related disbursements; requiring  
 8 certain disclosures be made within 48 hours; specifying information required in the  
 9 disclosures; clarifying the relationship between covered transfers and other regulated  
 10 areas of election expenditures; creating a misdemeanor offense; and authorizing  
 11 rulemaking.

*Be it enacted by the Legislature of West Virginia:*

## **ARTICLE 8. REGULATION AND CONTROL OF ELECTIONS.**

### **§3-8-2. Requirements for reporting independent expenditures.**

1 (a) In addition to any other reporting required by the provisions of this chapter, any person  
 2 who makes independent expenditures in an aggregate amount or value in excess of \$1,000 during  
 3 a calendar year shall file a disclosure statement, according to the requirements of §3-8-5 of this  
 4 code, that contains all of the following information:

- 5 (1) The name of the person making the expenditure;
- 6 (2) The name of any person sharing or exercising direction or control over the activities of  
 7 the person making the expenditure;
- 8 (3) The name of the custodian of the books and accounts of the person making the  
 9 expenditure;
- 10 (4) If the person making the expenditure is ~~an entity~~ not an individual, the principal place  
 11 of business of the partnership, corporation, committee, association, organization, ~~or group, which~~  
 12 or other entity that made the expenditure;

13 (5) The amount of each independent expenditure during the period covered by the  
14 statement and the name of the person to whom the expenditure was made;

15 (6) The elections to which the independent expenditure pertain, the names, if known, of  
16 the candidates referred to or to be referred to therein, whether the expenditure is intended to  
17 support or oppose the identified candidates, and the amount of the total expenditure reported  
18 pursuant to subdivision (5) of this subsection spent to support or oppose each of the identified  
19 candidates;

20 (7) The name and address of any person who contributed a total of more than \$250  
21 between the first day of the preceding calendar year, and the disclosure date, and whose  
22 contributions were made for the purpose of furthering the expenditure: Provided, That any  
23 contribution placed into a separate segregated account that is not used for campaign-related  
24 expenditures, any money received in the ordinary course of any trade or business or any  
25 contribution that is explicitly made for a nonpolitical purpose is not required to be reported;

26 (8) With regard to the contributors required to be listed pursuant to subdivision (7) of this  
27 subsection the statement shall also include:

28 (A) The month, day, and year that the contributions of any single contributor exceeded  
29 \$250;

30 (B) If the contributor is a political action committee, the name and address the political  
31 action committee registered with the Secretary of State, county clerk, or municipal clerk;

32 (C) If the contributor is an individual, the name and address of the individual, his or her  
33 occupation, the name and address of the individual's current employer, if any, or, if the individual  
34 is self-employed, the name and address of the individual's business, if any;

35 (D) If the contributor is an entity other than a registered political action committee subject  
36 to the requirements of this article or an individual, the information required by §3-8-8a(e) of this  
37 code;

38 ~~(D)~~(E) A description of the contribution, if other than money; and

39           ~~(E)~~ (F) The value in dollars and cents of the contribution; and

40           (9) A certification that such independent expenditure was not made in cooperation,  
41 consultation, or concert, with, or at the request or suggestion of, any candidate or any authorized  
42 committee or agent of such candidate.

43           (b) Any person who makes a contribution for the purpose of funding an independent  
44 expenditure under this subsection shall, at the time the contribution is made, provide his or her  
45 name, address, occupation, his or her current employer, if any, or, if the individual is self-  
46 employed, the name of his or her business, if any, to the recipient of the contribution.

47           (c) The Secretary of State shall expeditiously prepare indices setting forth, on a candidate-  
48 by-candidate basis, all independent expenditures separately, made by, on behalf of, for, or against  
49 each candidate, as reported under this subsection, and shall periodically publish such indices on  
50 a timely pre-election basis.

51           (d)(1) Any person or political committee that makes or contracts to make independent  
52 expenditures aggregating \$5,000 or more for any statewide, legislative, or multicounty judicial  
53 candidate or \$500 or more for any county office candidate, single-county judicial candidate,  
54 committee supporting or opposing a candidate on the ballot in more than one county, or any  
55 municipal candidate on a municipal election ballot, after the 15th day, but more than 12 hours,  
56 before the date of an election shall file a report on a form prescribed by the Secretary of State  
57 describing the expenditures within 24 hours: *Provided*, That a person making expenditures for  
58 any statewide or legislative candidate on or after the 15th day but more than 12 hours before the  
59 day of any election meeting the criteria of this section, but which are subject to the disclosure  
60 requirements of §3-8-2b of this code, shall report such expenditures in accordance with the  
61 requirements of §3-8-2b of this code and may not file the report otherwise required by this  
62 subsection.

63           (2) Any person who files a report under subdivision (1) of this subsection shall file an  
64 additional report within 24 hours after each time the person makes or contracts to make

65 independent expenditures aggregating an additional \$5,000 or more for any statewide, legislative,  
66 or multicounty judicial candidate or \$500 with respect to the same election, for any county office,  
67 single-county judicial candidate, committee supporting or opposing a candidate on the ballot in  
68 more than one county, or any municipal candidate on a municipal election ballot, as that to which  
69 the initial report relates.

70 (e) (1) A person, including a political committee, who makes or contracts to make  
71 independent expenditures aggregating \$10,000 or more at any time, up to and including the 15th  
72 day before the date of an election, shall file a report on a form prescribed by the Secretary of  
73 State describing the expenditures within 48 hours.

74 (2) Any person who files a report under subdivision (1) of this subsection shall file an  
75 additional report within 48 hours after each time the person makes or contracts to make  
76 independent expenditures aggregating an additional \$10,000 with respect to the same election  
77 as that to which the initial report relates.

78 (f) Any communication paid for by an independent expenditure must include a clear and  
79 conspicuous public notice that:

80 (1) Clearly states that the communication is not authorized by the candidate or the  
81 candidate's committee; and

82 (2) Clearly identifies the person making the expenditure: *Provided*, That if the  
83 communication appears on or is disseminated by broadcast, cable, or satellite transmission, the  
84 statement required by this subsection must be both spoken clearly and appear in clearly readable  
85 writing at the end of the communication.

86 (g) Any person who has spent a total of \$5,000 or more for the direct costs of purchasing,  
87 producing, or disseminating electioneering communications during any calendar year shall  
88 maintain all financial records and receipts related to such expenditure for a period of five years  
89 following the filing of a disclosure pursuant to §3-8-2b of this code and, upon request, shall make  
90 such records and receipts available to the Secretary of State or county clerk for the purpose of an

91 audit as provided in §3-8-7 of this code.

92 (h) Any person who willfully fails to comply with this section is guilty of a misdemeanor  
93 and, upon conviction thereof, shall be fined not less than \$500, or confined in jail for not more  
94 than one year, or both fined and confined.

95 (i)(1) Any person or political committee who is required to file a statement under this  
96 section shall file the statement electronically in accordance with such rules as the Secretary of  
97 State may promulgate.

98 (2) The Secretary of State shall make any document filed electronically, pursuant to this  
99 subsection, accessible to the public on the Internet not later than 24 hours after the document is  
100 received by the secretary.

101 (3) In promulgating a rule under this subsection, the secretary shall provide methods, other  
102 than requiring a signature on the document being filed, for verifying the documents covered by  
103 the rule. Any document verified under any of the methods shall be treated for all purposes,  
104 including penalties for perjury, in the same manner as a document verified by signature.

105 (j) This section does not apply to candidates for federal office, but it does apply to any  
106 federal political action committee that makes state level independent expenditures or engages in  
107 state level electioneering communications.

108 (k) The Secretary of State may promulgate emergency and legislative rules, in accordance  
109 with the provisions of chapter 29A of this code, to establish guidelines for the administration of  
110 this section.

**§3-8-8a. Disclosure requirements for covered transfers.**

1 (a) The Legislature finds that:

2 (1) An informed public is critical for the government of this state to function successfully  
3 as a true democracy;

4 (2) There has been a dramatic influx of “dark money” political advertising in recent election  
5 cycles that make it difficult or sometimes impossible for the public to determine who is funding

6 campaign-related disbursements for or against certain candidates;

7 (3) The United States Supreme Court has found that campaign-related disbursements are  
8 protected speech under the First Amendment and, therefore, states have a limited ability to restrict  
9 campaign-related disbursements;

10 (4) The United States Supreme Court has found, on the other hand, that requiring  
11 reasonable disclosures does not violate the First Amendment because the disclosure  
12 requirements do not restrict the speech, but rather help inform the public about the speech;

13 (5) It is now common practice for the money used to fund campaign-related disbursements  
14 to be transferred through multiple entities in an effort to sidestep state and federal campaign  
15 finance disclosure laws, thereby creating the so-called dark money;

16 (6) The prevalence of dark money funding political advertising, combined with the increase  
17 in dubious and misleading names for these organizations, serves to potentially mislead the voting  
18 public by eliminating the public's ability to know who funded the communication and, therefore,  
19 who is exercising their First Amendment protected speech; and

20 (7) Requiring greater disclosures of covered transfers, as defined in this section, will serve  
21 the state's interest and the public's interest in shining light on dark money and ensuring that the  
22 voters of this state will know who pays for campaign-related disbursements made by these  
23 currently unknown organizations.

24 (b) For the purposes of this section:

25 "Affiliate" means two or more persons where:

26 (A) The governing instrument of one person is required to be bound by decisions of the  
27 other person;

28 (B) The governing board of one person includes individuals who are specifically  
29 designated representatives of the other person or are members of the governing board, officers  
30 or paid executive staff members of the other person, or whose service on the governing board is  
31 contingent upon the approval of the other person; or

32 (C) The person is chartered by the other person;

33 “Campaign-related disbursement” means an independent expenditure consisting of a  
34 public communication or an electioneering communication, as those terms are defined in this  
35 article;

36 “Covered transfer” means any transfer or payment of funds by a person to another person  
37 if:

38 (A) The person making the transfer designates, requests or suggests that the amounts be  
39 used for one or more campaign-related disbursements or for making a transfer to another person  
40 for the purpose of making or paying for one or more campaign-related disbursements;

41 (B) The person made the transfer or payment in response to a solicitation or other request  
42 for donation or payment for the making of or paying for one or more campaign-related  
43 disbursements or for making a transfer to another person for the purpose of making or paying for  
44 one or more campaign-related disbursements; or

45 (C) The person engaged in discussions with the recipient of the transfer or payment  
46 regarding the making of or paying for campaign-related disbursements or donating or transferring  
47 any amount of that transfer or payment to another person for the purpose of making or paying for  
48 one or more campaign-related disbursements;

49 “Covered transfer” does not include:

50 (A) A disbursement made by a person in the ordinary course of any trade or business or  
51 in the form of investment; or

52 (B) A disbursement made by a person if the person prohibited, in writing, the use of that  
53 disbursement for campaign-related disbursements and the recipient of the funds agreed to follow  
54 the prohibition and deposited the disbursement in an account which is segregated from any  
55 account used to make campaign-related disbursements; and

56 “Person” means an individual, corporation, partnership, committee, association, and any  
57 other legal entity, organization or group of individuals, including, but not limited to, an organization



58 described in Section 501(c) of the Internal Revenue Code of 1986 and any political organization  
59 under Section 527 of the Internal Revenue Code of 1986, other than a political committee with an  
60 account established under this article that complies with the contribution limits and source  
61 prohibitions of this article with respect to accounts established for that purpose.

62 (c) When a person receives a covered transfer of \$10,000 or more, the recipient shall  
63 notify the contributor that the contributor must submit the information required in subsection (d) of  
64 this section within 48 hours of the transfer: *Provided*, That if the contributor and the recipient of  
65 the covered transfer are affiliates then this subsection only applies to transfers of \$50,000 or more.  
66 The recipient of the covered transfer may not make a covered transfer of funds or a campaign-  
67 related disbursement until it receives the information required by subsection (d) of this section  
68 from the contributor. If the contributor of the covered transfer fails to send the information required  
69 by subsection (d) of this section, then the recipient shall return the covered transfer funds to the  
70 contributor or immediately transfer the funds into another account that is not used to campaign-  
71 related expenditures in this state.

72 (d) All persons making covered transfers that meet the thresholds set forth in subsection  
73 (c), shall submit within 48 hours of the covered transfer the following information to the recipient:

74 (1) The name and address of any person who contributed a total of more than the  
75 maximum contribution amount that an individual may make to a political candidate, as stated in  
76 §3-8-5c of this code, to the person making the covered transfer within the previous 12 months;

77 (2) The month, day, and year that the contributions of any single contributor exceeded the  
78 maximum contribution amount that an individual may make to a political candidate, as stated in  
79 §3-8-5c of this code;

80 (3) If the person is a political action committee, the name and address the political action  
81 committee registered with the Secretary of State, county clerk or municipal clerk;

82 (4) If the person is an individual, the person's name, occupation, employer name, if any,  
83 and if the individual is self-employed, the name of the individual's business and address of the

84 business; and

85 (5) A description of the contribution, if other than money, and the value in dollars and cents  
86 of the contribution.

87 (e) If a person makes a campaign-related disbursement that is an independent  
88 expenditure regulated by §3-8-2 of this code, then it shall disclose in the filing required by §3-8-2  
89 of this code, all of the information required by §3-8-2 of this code and all of the information  
90 received pursuant to subsections (c) and (d) of this section from any covered transfer received in  
91 the 24 months prior to the campaign-related disbursement. If a person makes a campaign-related  
92 disbursement that is an electioneering communication regulated by §3-8-2b of this code, then it  
93 shall disclose in the filing required by §3-8-2b of this code, all of the information required by §3-  
94 8-2 of this code and all of the information received pursuant to subsections (c) and (d) of this  
95 section from any covered transfer received in the 24 months prior to the campaign-related  
96 disbursement.

97 (f) Any person who willfully fails to comply with this section is guilty of a misdemeanor and,  
98 upon conviction, shall be fined not less than \$1,000 and not more than \$100,000, or confined in  
99 jail for not more than one year, or both fined and confined.

100 (g) The Secretary of State may promulgate emergency rules and propose legislative rules,  
101 in accordance with chapter 29A of this code, to implement the provisions of this section.

NOTE: The purpose of this bill is to require disclosure of dark money political expenditures to allow the public to know who is paying for political advertisements.

Strike-throughs indicate language that would be stricken from a heading or the present law, and underscoring indicates new language that would be added.