# <u>Campaign Finance Reform - Frequently Asked Questions</u>

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#### **DEFINITION**

#### 1. WHAT IS CAMPAIGN FINANCE REFORM?

Campaign finance reform (CFR) refers to laws and regulations adopted to equalize and enhance the opportunities of citizens to participate fully in federal, state and local elections. Note the League of Women Voters of the United States (LWVUS) position adopted in 2016 sets forth eight criteria it believes are essential to protect the voting process as well as combat corruption and distorted influence in government (LWVUS on Money in Politics).

Campaign finance reform generally addresses funding of campaign issues and candidates. Sometimes CFR can also apply to activities of elected representatives to define and restrict corruption while in office. Reforms arise from legislative actions, judicial rulings and citizen initiatives. Reform measures typically seek to regulate contributions to campaigns, campaign expenditures, methods of financing campaigns, and/ or disclosure of pertinent facts (such as donor names and amounts). Such reforms usually include requirements regarding methods and timeliness of reporting.

#### **ELEMENTS**

# 2. WHAT ARE THE PRINCIPAL ELEMENTS OF CAMPAIGN FINANCE REFORM?

The principal elements of CFR proposals are increased **transparency**, timely **disclosure** of relevant financial details, and adequate **enforcement** provisions to ensure compliance.

**Transparency** can be defined as accurate and complete preentation of information in a form understandable to most adults and in a format useful for comparative purposes. At present, ease of access to such information is not uniform across all jurisdictions.

**Disclosure** is the reporting of relevant information that is accurate and timely, that is, information that is of value to voters and useful in making informed choices both before an election and maintained as historical comparative data for future elections.

**Enforcement** is the application of stipulated legal mechanisms to ensure compliance, such as adequate funding for the reforms to be implemented.

# **ANTI-CORRUPTION METHODS?**

#### 3. WHAT ARE ANTI-CORRUPTION METHODS?

The following are methods currently in practice in some states:

- Disclosure of donors, e.g., names, occupation, and/ or employer of donors contributing more than a specified amount
- Timely reporting of all contributions including those made at the last-minute
- Reporting of independent expenditures (PACs)
- Electronic filing of mandatory and voluntary reports by campaigns
- Publication of campaign finance reports on states' public web sites
- Searchable databases of campaign contributions

# Examples of possible additional methods:

- Robust enforcement of existing laws which improve funding, staffing and tie-breaking mechanisms
- Abolishment of super PACs and any spending coordinated by/ with candidates other than the candidates' own committee
- Restrictions on direct donations and bundling by lobbyists
- Restrictions on government employees becoming lobbyists
- Increased disclosure of lobbying activities by both lobbyists and government employees
- Extend public financing of elections to all levels, requiring candidates to comply with spending limits
- Prohibit members of legislative bodies from soliciting campaign funds from the interests/ groups they directly regulate

#### **COLORADO CAMPAIGN FINANCE**

#### 4. WHAT CONTRIBUTIONS ARE PROHIBITED IN COLORADO?

According to the <u>Colorado Campaign and Political Finance Manual (p. 13)</u>, candidates and candidate committees may not accept contributions from:

- Corporations
- Foreign citizens, corporations, or governments
- Another candidate committee (local, state, or federal)
- Lobbyists, principals of lobbyists, or political committees who retain a lobbyist, when the General Assembly is in session (applies to member of or candidate for the General Assembly or Executive Office)
- Anonymous contributions of \$20 or more
- Limited Liability Companies (LLCs), if any of the LLC members are a:
- Corporation or labor organization
- Natural person who is not a U.S. Citizen
- Foreign government
- Professional, volunteer lobbyist, or a principal of a lobbyist prohibited from contributing by 1-45-105.5(1), C.R.S.
- The law prohibits contributions to candidates from LLCs that the IRS treats as corporations, and from LLCs with publicly traded shares

Colorado law prohibits a person from making a contribution with the expectation that the recipient will reimburse all or a part of the contribution.

#### 5.HOW OFTEN CAN COLORADO CANDIDATES ACCEPT OUR DONATIONS?

According to the <u>Colorado Campaign and Political Finance Manual (p. 14)</u>, candidates may accept contributions for both the primary and general election. Contribution limits apply once for the primary election and again for the general election. Note: A candidate committee may accept and spend contributions for the primary and general election at any time during the election cycle.

# 6.WHAT ARE THE CONTRIBUTION LIMIT AMOUNTS FOR COLORADO CANDIDATES?

The Colorado Campaign and Political Finance Manual (p. 14), specifies the following contribution limits.

**From persons and political committees** Limits apply separately to both the primary and general election, if applicable. For example, a major party candidate for governor may accept \$575 for the primary AND \$575 for the general election from one individual.

- Governor/ Lt. Governor, Secretary of State, Attorney General, State Treasurer \$575
- State Senate, State House of Representatives, State Board of Education, CU Regent, District Attorney \$200

**From small donor committees** Limits apply separately to both the primary and the general election, if applicable.

- Governor/ Lt. Governor, Secretary of State, Attorney General, State Treasurer \$6,125
- State Senate, State House of Representatives, State Board of Education, CU Regent, District Attorney \$2,425

**From political parties** Contribution limits apply using the election cycle for a specific office. The election cycle starts the 31st day after the general election for a particular office and ends the 30th day after the next general election for that office.

- Governor/Lt. Governor (one committee) \$615,075
- Secretary of State, Attorney General, State Treasurer \$123,000
- State Senate \$22,125
- State House of Representatives, State Board of Education, CU Regent, District Attorney \$15,975

Note: These contribution limits reflect inflationary adjustments made June 10, 2015. Candidates in home rule municipalities and counties may be subject to different contribution limits, or none at all. Contact your county or municipal clerk to determine what limits may apply.

#### 7. WHAT IS MUNICIPAL HOME RULE?

Home rule is a form of government that gives municipalities control over the organization and operation of local government. Home rule charters define the way the city operates without depending on state enabling legislation or being subject to state control.

In Colorado, voters first authorized municipal home rule in 1902. They clarified the law and expanded it in 1912. In 1970 voters made home rule available to municipalities of all sizes.

# **8.HOW ARE MUNICIPALITIES IN COLORADO ORGANIZED?**

There are five types of governing authority of municipalities in Colorado:

- Consolidated city and county (Denver and Broomfield)
- Home Rule municipalities (since 2009, 100 cities and towns according to the <u>Colorado Municipal League</u>) are self-governing under the Colorado Constitution (Article 20), the Colorado Revised Statutes (Title 31, Article 1, Section 202), and the home rule charter of each municipality.
- Statutory cities (12 cities in Colorado) have an elected mayor and a city council
  composed of the mayor and two members elected from each ward. Some cities have
  petitioned to organize with an appointed city manager and a city council with two
  members elected from each ward and one member elected at large.
- Statutory towns (160 towns in Colorado) have an elected mayor and a board of trustees composed of the mayor and four or six additional members elected at large.
- Territorial charter municipality (Georgetown)

#### 9. WHAT ARE THE BOULDER COUNTY MUNICIPALITIES?

There are five home rule municipalities in Boulder County:

- Boulder: Municipal Code
- Lafayette: Code of Ordinances/ Charter
- Longmont: Longmont Municipal Code
- Louisville: Open Government & Transparency/ Home Rule Charter
- Ward: Ward Town Government

#### 10. WHAT IS AN INITIATIVE?

An initiative is a ballot measure that allows citizens to vote directly on legislation. Initiatives and referendums may be designated "ballot measures," "propositions," or "questions." In the US, 24 states and the District of Columbia allow some kind of direct vote on ballot measures. An initiative originates with voters. An initiative may amend either the constitution or the statutes, and the governor's veto does not extend to the initiated measure. Visit the website of the Colorado Secretary of State to learn how to place a measure on the statewide ballot. On the website, you can find:

- Procedures and guidelines in "A Citizen's Guide to Placing an Initiative on the Ballot"
- Ballot proposal information from the Colorado Legislative Council
- Signature requirements for statewide initiatives
- Sample petition format
- Calendar of key deadlines
- Other information needed to carry out a successful ballot measure effort

# 11. WHAT IS A REFERENDUM?

Referendums begin in the legislature and are questions submitted to the voters for a yes or no vote.

# 12. HOW CAN WE FIND INFORMATION ABOUT CANDIDATES AND CAMPAIGNS IN COLORADO?

We can use the public disclosure website for campaign finance in Colorado: TRACER (Transparency in Contribution and Expenditure Reporting) Campaign Finance system. The Colorado Secretary of State's office developed the system because there is a growing number of committees required to report contributions and expenditures, and to increase the efficiency of data entry, provide more accurate data, enhance reporting capabilities and

improve user navigation of the system. The TRACER website contains detailed financial records and related information that candidates and committees are required by law to disclose. You can search the system in several ways and review the results online, print them or extract them for further analysis.