

Overview of 2019, S.47 As Passed by Senate

I. General Summary

2019, S.47 As Passed by Senate would restrict the persons authorized to make contributions to candidates and political parties and would add a requirement regarding political action committee (PAC) names. To summarize, this bill:

- 1) Clarifies that a PAC can be formed prior to reaching the \$1,000 contribution and expenditure threshold set forth in current law.¹
- 2) Requires PAC names to include the name of their *connected organization*, if applicable.²
- 3) Allows only individuals (a.k.a. human beings), PACs, and parties to make contributions to candidates and parties.³

II. Section-by-Section Summary

Sec. 1 amends the definition of a PAC to clarify that a PAC can be formed prior to reaching current law's requirement that one be formed when an entity raises and spends \$1,000 or more.

- This same clarification is repeated in Sec. 2 in 17 V.S.A. § 2922(a)(1)(A).
- This clarification is related to Sec. 3 of the bill, which would prohibit non-human single sources from making contributions to candidates and political parties.
- This new language in Sec. 1 helps clarify that if such a non-human entity wants to make a contribution to a candidate or party, it could form a PAC to do so.

¹ Sec. 1 and Sec. 2, 17 V.S.A. § 2922(a)(1)(A).

² Sec. 2, 17 V.S.A. § 2922(a)(1).

³ Sec. 3, 17 V.S.A. § 2941(c).

Sec. 2, in 17 V.S.A. § 2922(a)(1)(A), is related to Sec. 1. It's another place where statute would be clear that PACs can be formed prior to reaching current law's \$1,000 threshold.

- The rest of Sec. 2 would require PAC names to contain the name of any applicable “connected organization,” or a clearly recognized abbreviation or acronym by which the connected organization is commonly known.
- This is based on federal campaign finance law, which requires the same thing.⁴
- PAC names appear in standard campaign finance reports and are also required to be included in any electioneering communication they pay for.
- In Sec. 2, 17 V.S.A. V.S.A. § 2922(d) defines “connected organization.” This is based on Vermont’s existing PAC definition and the federal law definition of “connected organization.”⁵
 - A “connected organization” is an entity that “directly or indirectly establishes, administers, or financially supports” a PAC.
 - “Financially supports” is defined to not include contributions, but it means the entity that is paying to establish, administer, or solicit contributions to the PAC.
 - The language in (d)(2) makes clear that *members* of a connected organization—such as businesses that are members of a trade association that is a connected organization—are not considered to have established, administered, or financially supported the connected organization’s PAC.

⁴ See [52 U.S.C. § 30102\(e\)\(5\)](#).

⁵ See [52 U.S.C. § 30101\(7\)](#) and [11 C.F.R. § 100.6](#)

Sec. 3 would amend the statute containing campaign contribution limits to provide that only an individual, PAC, or political party can make a contribution to a candidate or party, and that candidates and parties could only accept contributions from those persons (meaning, individuals, PACs, and parties).

- This language would allow an individual to make a contribution to a candidate or party in his or her capacity as an unincorporated sole proprietorship or from his or her revocable trust (if the individual is a named trustee), which in either case shall be considered a contribution from that individual.
- The term “individual” means that same thing that it does now under campaign finance law: a human being.
- The effect of this amendment is to prohibit other persons—such as corporations, labor unions, and other organizations—from making a direct contribution to a candidate or party.
 - If any of those persons did want to make such a contribution, they could form their own PAC, which could then contribute to a candidate or party.
 - Those persons could make a contribution directly to their own PAC (or another PAC) as a single source, subject to contribution limits.

Sec. 4's effective date is December 11, 2020, which is the beginning of the next election cycle.

In the past, the General Assembly has tried to avoid making changes to campaign finance law in the middle of a cycle.

III. Definitions of Terms used in S.47

- Individual = human being
- Person = “any individual, business entity, labor organization, public interest group, or other organization, incorporated or unincorporated.” [17 V.S.A. § 2103\(21\)](#).
 - This definition applies throughout our T.17 election law.
- PAC = an entity (except a party) that raises and spends \$1,000 in an election cycle. [17 V.S.A. § 2901\(13\)](#) of campaign finance law.
 - Current practice allows an entity to register as a PAC prior to meeting that \$1,000 threshold.
- Party = a party organized under election law, with the national affiliate being considered a separate party. [17 V.S.A. § 2901\(14\)](#) of campaign finance law.
- Single source = “an individual, partnership, corporation, association, labor organization, or any other organization or group of persons” that is not a PAC or party. [17 V.S.A. § 2901\(16\)](#) of campaign finance law.