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SB 213 - Campaign Contributions Reporting

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ELECTIONS

Ethics in Government: Amend Article 2 of Chapter 5 of Title 21 of the Official Code of Georgia Annotated, Relating to Campaign Contributions, so as to Revise the Content of and Certain Reporting Times for Certain Campaign Disclosure Reports; Provide for Related Matters; Repeal Conflicting Laws; and for Other Purposes

CODE SECTIONS: O.C.G.A. § 21-5-34 (amended)
BILL NUMBER: SB 213
ACT NUMBER: 297
GEORGIA LAWS: 2019 Ga. Laws 929
SUMMARY: The Act amends Georgia’s campaign contributions reporting requirements for public officials. Specifically, the Act amends the dates that campaign contributions must be filed by public officials during nonelection years from January 31, before the start of the legislative session, to June 30, after the end of the legislative session. The Act also amends an election year reporting date from March 31 to April 30. Furthermore, the Act requires that any person or independent committee that contributes to, accepts contributions for, or makes expenditures on behalf of candidates to file a December 31 campaign contribution disclosure report.

EFFECTIVE DATE: July 1, 2019

History

It is often said that transparency and the disclosure of political contributions are “one of the last defenses remaining against the
corruptive influence of wealth in politics.” 1 Though the federal government is slow to reform campaign finance laws, state governments are leading the way to ensure contributions are disclosed to the public. 2 Criticized in the past as having “some of the weakest ethics rules in the country,” Georgia was historically slow to enact ethics reform laws. 3 However, in a sea change, the Georgia General Assembly made sweeping ethics reforms in 2013. 4 These reforms were largely in response to a “massive influx of media attention” pushing for ethics reform and a voter response to politicians’ relationships with lobbyists. 5 Amendments to how public officers and public office candidates submit campaign contribution disclosure reports and financial disclosure statements were part of the ethics reform bill passed in 2013. 6 However, confusion with some of the new reporting dates “bubbled up several times” since passage of the ethics reforms. 7 Further issues arose from other remnants of the previous reforms because of the rush to get them done “in the last minute in a hurry.” 8 The previous legislation’s rushed adoption did not allow for proper vetting “to ensure there were no unintended consequences.” 9 Recognizing these issues, Senator Bill Heath (R-31st) reached out to the Georgia Government Transparency and Campaign Finance

2. See id.
4. See generally Murphy & Le Jeune, supra note 3. At the time, Speaker David Ralston (R-7th) called this passage “the strongest ethics reform measure in Georgia’s history,” Id. at 136.
5. Id. at 134.
8. Id.; see also Electronic Mail Interview with Sen. Bill Heath (R-31st) (June 10, 2019) (on file with the Georgia State University Law Review) [hereinafter Heath Interview] (stating that problems with the previous bill were “created in late night conference committee reports”).
9. Heath Interview, supra note 8.
Commission (the Campaign Finance Commission) “for suggestions on legislation that could be introduced to address the problems.”

Responding to these concerns, the Campaign Finance Commission ultimately fashioned and recommended Senate Bill (SB) 213. Senator Heath sponsored the bill and ushered it through the committee process. SB 213 addresses the campaign contribution issues by closing a loophole in Political Action Committee (PAC) reporting, amending the reporting date requirement by state elected officials during nonelection years, and granting officials enough time to accurately report contributions following election years by amending the reporting dates from January 31 to June 30.

Furthermore, the bill resolves confusion about when public officials are required to reset their election cycle balances so that they are “not carrying forward [into the new election cycle] what [they] would have reported as contributions received during the [previous] election cycle.” Whereas the prior legislation called for balances to reset on December 31, the confusion between “election years” and “election cycles” led many legislators to mistakenly reset their balances on January 31, because that was the first report due in their nonelection year. Keeping in form with what became the majority practice, the amendment specifies that balances will reset on the date the first report is filed after an election year—January 31. This will also “clear out a lot of the lingering election year expenditures” legislators have, thus making it more representative of the


12. Heath Interview, supra note 8.


14. § 21-5-34(b)(1)(D); Telephone Interview with Bethany Whetzel, Deputy Exec. Sec’y, Ga. Gov’t Transparency and Campaign Fin. Comm’n (June 10, 2019) (on file with the Georgia State University Law Review) [hereinafter Whetzel Interview].

15. Whetzel Interview, supra note 14.

16. See id.
“expenditures made and contributions received” in the new election cycle.\textsuperscript{17}

\textit{Bill Tracking of SB 213}

\textit{Consideration and Passage by the Senate}

Senator Bill Heath (R-31st) sponsored SB 213 in the Senate.\textsuperscript{18} The Senate read the bill for the first time on February 27, 2019.\textsuperscript{19} Lieutenant Governor Geoff Duncan (R) assigned the bill to the Senate Ethics Committee (Senate Committee).\textsuperscript{20} On March 4, 2019, the Senate Committee amended the bill in part and favorably reported SB 213 by substitute.\textsuperscript{21}

The Senate Committee substitute included almost all of the bill’s text as introduced and merely changed or removed the text of a few subsections.\textsuperscript{22} First, the Senate Committee substitute changed some of the language found under subparagraph (b)(1)(D) of Section 1 of the bill beginning at line thirty-one.\textsuperscript{23} The Senate Committee removed the language stating that cash on hand from the previous election cycle and total contributions covered by the report shall be reported on the “first report of an election cycle.”\textsuperscript{24} In its place, the Senate Committee substitute stated that such information must be reported on the “first report filed after an election year.”\textsuperscript{25} This same language change was made at line thirty-seven regarding the total expenditures covered by the report.\textsuperscript{26} Finally, the language change was made a third time beginning at line forty-five regarding carrying

\begin{itemize}
\item \textsuperscript{17} Id.
\item \textsuperscript{19} State of Georgia Final Composite Status Sheet, SB 213, May 22, 2019.
\item \textsuperscript{20} Id.
\item \textsuperscript{21} Id.
\item \textsuperscript{24} SB 213, as introduced, 2019 Ga. Gen. Assemb.
\item \textsuperscript{25} SB 213 (SCS), § 1, p. 2, l. 31, 2019 Ga. Gen. Assemb.
\item \textsuperscript{26} SB 213 (SCS), § 1, p. 2, l. 37, 2019 Ga. Gen. Assemb.
\end{itemize}
forward the net balance on hand at the end of the election cycle when seeking reelection.27

Additionally, the Senate Committee substitute made a minor change to the language found under subparagraph (b)(1)(F) of Section 1 of the bill at line fifty-five by adding the word “which” when detailing whether an investment sale occurs during the reporting period.28 Further, the Senate Committee substitute changed a reporting date found under paragraph (c)(1) of Section 1 of the bill at line sixty-eight.29 The language requiring the filing of campaign contribution disclosure reports in nonelection years on “January 31 and June 30” was removed.30 In its place, the Senate Committee substitute changed the dates for nonelection year reporting to “June 30 and December 31.”31

Lastly, the Senate Committee substitute changed the language found under subparagraph (c)(2)(C) of Section 1 at line seventy-three.32 The Senate Committee removed the language detailing that candidates or campaign committees accepting contributions are required to file reports within two business days “[d]uring the period of time between the last report due prior to the date of any election for which the candidate is qualified and the date of such election.”33 In its place, the Senate Committee substitute stated, “[d]uring the period of time seven days prior to the date of any election for which the candidate is qualified and the date of such election.”34

The Senate read the bill for the second time on March 5, 2019.35 The Senate read the bill for the third time on March 7, 2019.36 The Senate passed the Senate Committee substitute of SB 213 on March 7, 2019, by a vote of 51 to 0.37

36. Id.
37. Georgia Senate Voting Record, SB 213, #156 (Mar. 7, 2019).
Consideration and Passage by the House

Representative Joseph Gullett (R-19th) sponsored SB 213 in the House.\(^{38}\) The House first read the bill on March 8, 2019.\(^{39}\) Speaker David Ralston (R-7th) referred SB 213 to the House Committee on Governmental Affairs (House Committee), which made a few amendments to the bill.\(^{40}\)

The House Committee substitute included most of the bill’s text as amended by the Senate Committee substitute; however, it revised some of the language in subsections (c) and (e) of the bill.\(^{41}\) First, the House Committee substitute revised paragraph (c)(1) of Section 1 of the bill beginning at line sixty-eight.\(^{42}\) The House Committee removed the language added by the Senate Committee substitute which stated that candidates or campaign committees must file campaign contribution disclosure reports “on January 31 and June 30” in a nonelection year.\(^{43}\) In its place, the House Committee substitute added subparagraphs (c)(1)(A) and (c)(1)(B), stating:

(A) Candidates for public office and public officers as defined in subparagraphs (A), (C), and (D) of paragraph 22 of Code [S]ection 21-5-3 shall file on January 31 and June 30.

(B) Candidates for public office and public officers as defined in subparagraphs (B), (F), and (G) of paragraph 22 of Code [S]ection 21-5-3 shall file on June 30 and December 31.\(^{44}\)

The House Committee substitute also revised paragraph (c)(2) of Section 1 of the bill at line seventy-six.\(^{45}\) The House Committee removed the election year reporting date of “March 31”\(^{46}\) and added “April 30” in its place.\(^{47}\)

\(^{38}\) SB 213, Bill Tracking, supra note 18.
\(^{43}\) SB 213 (SCS), § 1, p. 3, l. 68, 2019 Ga. Gen Assemb.
\(^{44}\) SB 213 (HCS), § 1, p. 3, ll. 68–74, 2019 Ga. Gen. Assemb.
\(^{46}\) SB 213 (SCS), § 1, p. 3, l. 76, 2019 Ga. Gen. Assemb.
Lastly, the House Committee substitute added language to subsection (e) of Section 1 of the bill beginning at line 105. In addition to having donors file at the same time that the candidates they support are required to file, the Committee substitute added “and a December 31 campaign contribution disclosure report regardless of whether the candidate they are supporting has a December 31 campaign contribution disclosure report due.”

The House read the bill for the second time on March 11, 2019. The House Committee favorably reported the bill by substitute on March 28, 2019. The House read the bill for the third time on March 29, 2019. The House passed the Committee substitute of SB 213 without objection on the same day by a vote of 162 to 1. Later on March 29, 2019, the House transmitted the bill back to the Senate. The Senate agreed to the House’s version of the bill, as amended, by a vote of 45 to 1 on March 29, 2019. The Senate sent the bill to Governor Brian Kemp (R) on April 9, 2019. The Governor signed SB 213 into law on May 7, 2019, and the bill became effective July 1, 2019.

The Act

The Act amends the following portions of the Official Code of Georgia Annotated: Article 2 of Chapter 5 of Title 21, relating to campaign contributions. The Act’s overall purpose is to clarify reporting deadlines for public officials during both election and

49. 2019 Ga. Laws 929, § 1, at 932 (codified at O.C.G.A. § 21-5-34(e) (2019)).
52. Id.
53. Id.
54. Georgia House of Representatives Voting Record, SB 213, #334 (Mar. 29, 2019); Video Recording of House Proceedings at 2 hr., 1 min., 18 sec. (Mar. 29, 2019) (remarks by Speaker David Ralston (R-7th)), https://www.youtube.com/watch?v=P1WqLTG4Fp0.
56. Georgia Senate Voting Record, SB 213, #372 (Mar. 29, 2019).
58. Id.
nonelection years. The first issue is that, before the Act, the reporting requirements during election years were overly burdensome for elected officials to comply with while simultaneously operating a campaign. Specifically, since modern election primaries occur later than in previous years, the two-day reporting rule for campaigns was overly onerous to candidates. The second issue concerns the filing requirements for local officials and the modification of their filing dates to be consistent with their previous filing dates.

Section 1

Section 1 of the Act revises subsections (b), (c), and (e) of Code section 21-5-34, which relates to campaign disclosure reports. Subsection (b) of section 1 amends the requirement for the total contributions received and total expenditures made during an election cycle. Specifically, the Act clarifies that specified disclosures shall be made in “the first report filed after an election year” rather than the first report of an election cycle. Furthermore, the Act clarifies that any funds in existence or used in an investment, including any resulting profits or losses from the sale of such investment, which occurred during such reporting period shall be reported. This means that officials are only required to disclose total contributions received and total expenditures made after an election year.

Subsection (c) of section 1 amends the filing date of disclosures during nonelection years for “candidates for public office and public officers as defined in subparagraphs (B), (F), and (G) of paragraph 22 of Code section 21-5-3.” By doing so, the Act makes a distinction between “local filers” (e.g., county officials and elected members of a local board of education) and “state level filers” (e.g.,

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60. See Ethics Committee Video, supra note 7, at 2 min., 18 sec. (remarks by Bethany Whetzel, Deputy Exec. Sec’y, Ga. Gov’t Transparency and Campaign Fin. Comm’n).
61. Whetzel Interview, supra note 14.
62. Id.
64. Id. at 929–31.
65. Id. at 930 (codified at O.C.G.A. § 21-5-34(b)(1)(D) (2019)).
66. Id. at 930–31 (codified at § 21-5-34(b)(1)(F)).
67. Id. (codified at § 21-5-34(b)(1)).
68. Id. at 931 (codified at § 21-5-34(c)).
members of the Georgia General Assembly). Although local filers are still required to file a June 30 report, their January 31 report was changed to the new filing date of December 31. This amendment does not affect state level filers whose reporting dates in nonelection years remain January 31 and June 30. Regarding disclosures during election years, the Act eliminates the March 31 reporting date, pushing the required filing back one month to April 30. This change applies to all “candidates or campaign committees” regardless of whether they are local filers or state level filers.

Subsection (e) of section 1 adds a requirement for “[a]ny person who makes contributions to, accepts contributions for, or makes expenditures on behalf of candidates” to file an additional campaign contribution disclosure report on December 31. The purpose behind this amendment was to close a loophole in the campaign contribution reporting requirements that allowed persons, specifically PACs, to only report campaign contributions according to the same reporting schedule as candidates. However, all parties enumerated under subsection (e) are now required to file an additional disclosure report on December 31.

Section 2

Section 2 repeals all laws and parts of laws in the Official Code of Georgia Annotated that conflict with section 1 of the Act.
Analysis

Elucidating Campaign Disclosure Requirements for Public Officials and PACs

Senator Bill Heath (R-31st), at the request of congressional leaders, approached the Georgia Government Transparency and Campaign Finance Commission about crafting legislation aimed at clarifying the campaign disclosure requirements under Code section 21-5-34.78 The Act accomplishes this by clarifying when disclosures must be made by public officials during election and nonelection years.79 Additionally, the Act seeks to close a campaign disclosure loophole that was the result of years of hasty amendments by requiring PACs to file an additional campaign disclosure report each December 31 in addition to the other campaign disclosure reports already required each year.80

Before the Act, Code section 21-5-34 required public officials to report their total disclosures during election years and nonelection years during specific times.81 However, years of ad hoc fixes combined with local primaries being held progressively later in modern years altered the impact that Code section 21-5-34 had on reporting requirements, leading to much confusion.82 Primarily, there was confusion regarding when public officials were required to file the first disclosure report for each election cycle.83 Knowing that the election cycle of any two public officials may vary, public officials were resetting the balances on their disclosures at different times of the year.84 Some officials would reset their balances on their December 31 disclosure because it was the first report due after the election in a new election cycle.85 However, many officials were instead resetting their balances on January 31, the first reporting date.

78. Whetzel Interview, supra note 14; see also Ethics Committee Video, supra note 7, at 1 min., 24 sec. (remarks by Sen. Heath (R-31st)).
79. 2019 Ga. Laws 929, § 1, at 931 (codified at O.C.G.A. § 21-5-34(c)(1)–(2)).
80. Senate Proceedings Video, supra note 11; Whetzel Interview, supra note 14.
82. Whetzel Interview, supra note 14.
83. Id.
84. Id.
85. Id.
in a nonelection year. The Act eliminates this confusion by uniformly requiring public officials to reset their balances on the January 31 report regardless of election cycle.

Additionally, the Act makes a previously overlooked distinction between state legislators and local officials for nonelection year filing requirements. Before the 2014 amendments to Code section 21-5-34, local officials filed directly with the State. Since 2014, however, local officials filed and continue to file with a local authority such as their county board of elections, city clerk, or plenary judge. These local officials generally serve longer term lengths than state legislators and do not have a legislative session mandated by the Georgia General Assembly. Nonetheless, the same reporting standards and timelines for state legislators applied to local officials. As such, the previous version of Code section 21-5-34 used a one-size-fits-all approach in a circumstance where there are clearly two different types of government officials. Though it retains the June 30 filing date for all elected officials in nonelection years, the Act accounts for the disparity between local officials and state legislators by changing the local officials’ filing date in nonelection years from January 31 to December 31. This change takes local officials back to the required filing dates they adhered to before the 2014 amendments.

Importantly, state legislators will continue to file their nonelection year reports on January 31. The drafters preserved the January 31 report for state legislators so that contributions received after December 31, but before the start of the legislative session, are captured and reported while the session is underway. Legislators reportedly receive “tens of thousands of dollars in donations . . . from

86. Id.
87. 2019 Ga. Laws 929, § 1, at 931 (codified at O.C.G.A. § 21-5-34(c)(1)–(2)).
88. Id.
89. Id.
90. Id.
91. Id.
92. 2019 Ga. Laws 929, § 1, at 931 (codified at § 21-5-34(c)).
93. Whetzel Interview, supra note 14.
95. Whetzel Interview, supra note 14.
lobbyists and special interests just before the legislative session.\textsuperscript{96} By keeping the January 31 reporting date for state legislators, the Act continues to provide transparency during session so that the public can continue to hold legislators accountable. Further, this retention affords legislators the comfort of knowing that their contributions are accounted for, thereby minimizing the risk of accusations that they are trading votes for donations.

\textit{Curing Ad Hoc Legislation to Promote Clarity and Consistency}

The Act is the result of a concerted effort by state legislators to instill clarity and consistency in campaign contribution reporting requirements.\textsuperscript{97} Although there was initially a forecasted concern with an earlier version of the bill, the issue was quickly corrected in subcommittee.\textsuperscript{98} The problem with the earlier version was that legislators could accept contributions from PACs during the legislative session but were not required to report these contributions until after the legislative session ended.\textsuperscript{99} However, the oversight was quickly addressed, and the bill was amended in the House subcommittee before continuing through the enactment process.\textsuperscript{100}

The Act’s ultimate purpose is to cure the unintended consequences of prior ad hoc legislation that was imposed with little foresight into how the prior amendments would impact campaigners, public officials, or PACs.\textsuperscript{101} Furthermore, the Act does not appear to pose any public policy problems but rather provides clarity to individuals on the reporting requirements for campaign contributions.\textsuperscript{102} Ultimately, as Senator Heath points out, the Act “fixes problems with poorly thought out legislation from the past . . . and increases transparency for the public.”\textsuperscript{103}

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\textsuperscript{96} Salzer, supra note 89.
\textsuperscript{97} Whetzel Interview, supra note 14.
\textsuperscript{98} Id.; see also Salzer, supra note 89.
\textsuperscript{99} Whetzel Interview, supra note 14.
\textsuperscript{100} Id.
\textsuperscript{101} Id.
\textsuperscript{102} Id.
\textsuperscript{103} Heath Interview, supra note 8.
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