

HOUSE BILL No. 1355

DIGEST OF INTRODUCED BILL

Citations Affected: IC 3-9-4-16; IC 3-9.5; IC 3-10-1-19; IC 3-11; IC 3-14-1-3; IC 6-3-9.

Synopsis: Campaign finance. Establishes a system of public funding for candidates for governor and the general assembly who agree to limit contributions from private sources and expenditures to the public funds allocated. Establishes criteria for candidates to qualify for public funding, including voluntary limits on contributions from private sources during the qualifying period. Provides for political parties to make limited contributions to candidates who participate in the public funding program. Provides that all expenditures by participating candidates, except for small expenditures, must be made with a public
(Continued next page)

Effective: January 1, 1999.

Stephan, Grubb

January 13, 1998, read first time and referred to Committee on Elections and Apportionment.

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election debit card drawn against money in the public election campaign fund. Provides for increasing a participating candidate's funding to offset certain expenditures by nonparticipating opponents, independent expenditures, and issue advertising. Prohibits an individual who holds a state or a legislative office from making certain mailings with public funds unless the individual has publicly stated that the individual will not seek reelection or election to certain other offices. Requires the Indiana election commission to impose civil penalties for violations of the campaign financing law. Authorizes the commission, and under certain circumstances, private persons to seek judicial remedies and gives the attorney general powers to prosecute criminal violations of the statute. Establishes the public election campaign fund to finance the election campaigns of participating candidates. Provides that the fund consists of: (1) appropriations; (2) money transferred from the state general fund through an individual income tax checkoff; (3) certain contributions and funds required to be paid by participating candidates; (4) civil penalties imposed by the commission under Indiana election law; (5) voluntary contributions; and (6) interest earned on money in the fund. Makes an annual appropriation of \$5.25 million from the state general fund to the fund. Establishes a voluntary program under which individuals may designate \$2 to the fund from the state general fund on their Indiana income tax returns. Requires the auditor of state annually to transfer the total amount designated by individuals on their income tax returns from the state general fund to the public election campaign fund. Provides that the tax liability of an individual is not affected by a designation.

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Introduced

Second Regular Session 110th General Assembly (1998)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in ~~this style type~~.

Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.

Conflict reconciliation: Text in a statute in *this style type* or ~~this style type~~ reconciles conflicts between statutes enacted by the 1997 General Assembly.

HOUSE BILL No. 1355

A BILL FOR AN ACT to amend the Indiana Code concerning elections and to make an appropriation.

Be it enacted by the General Assembly of the State of Indiana:

- 1 SECTION 1. IC 3-9-4-16, AS AMENDED BY P.L.3-1997,
2 SECTION 196, IS AMENDED TO READ AS FOLLOWS
3 [EFFECTIVE JANUARY 1, 1999]: Sec. 16. (a) In addition to any other
4 penalty imposed, a person who does any of the following is subject to
5 a civil penalty under this section:
6 (1) Fails to file with the election division a report in the manner
7 required under IC 3-9-5.
8 (2) Fails to file a statement of organization required under
9 IC 3-9-1.
10 (3) Is a committee or a member of a committee who disburses or
11 expends money or other property for any political purpose before
12 the money or other property has passed through the hands of the
13 treasurer of the committee.
14 (4) Makes a contribution other than to a committee subject to this
15 article or to a person authorized by law or a committee to receive



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- 1 contributions on the committee's behalf.
- 2 (5) Is a corporation or labor organization that exceeds any of the
- 3 limitations on contributions prescribed by IC 3-9-2-4.
- 4 (6) Makes a contribution in the name of another person.
- 5 (7) Accepts a contribution made by one (1) person in the name of
- 6 another person.
- 7 (8) Is not the treasurer of a committee subject to this article, and
- 8 pays any expenses of an election or a caucus except as authorized
- 9 by this article.
- 10 (9) Commingles the funds of a committee with the personal funds
- 11 of an officer, a member, or an associate of the committee.
- 12 (10) Wrongfully uses campaign contributions in violation of
- 13 IC 3-9-3-4.
- 14 (11) Violates IC 3-9-2-12.
- 15 (b) This subsection applies to a person who is subject to a civil
- 16 penalty under subsection (a)(1) or (a)(2) for filing a defective report or
- 17 statement. If the commission determines that a person failed to file the
- 18 amended report or statement of organization not later than noon five (5)
- 19 days after being given notice under section 14 of this chapter, the
- 20 commission may assess a civil penalty. The penalty is ten dollars (\$10)
- 21 for each day the report is late after the expiration of the five (5) day
- 22 period, not to exceed one hundred dollars (\$100) plus any investigative
- 23 costs incurred and documented by the election division. The civil
- 24 penalty limit under this subsection applies to each report separately.
- 25 (c) This subsection applies to a person who is subject to a civil
- 26 penalty under subsection (a)(1) or (a)(2) for a delinquent report or
- 27 statement. If the commission determines that a person failed to file the
- 28 report or statement of organization by the deadline prescribed under
- 29 this article, the commission shall assess a civil penalty. The penalty is
- 30 fifty dollars (\$50) for each day the report or statement is late, with the
- 31 afternoon of the final date for filing the report or statement being
- 32 calculated as the first day. The civil penalty under this subsection may
- 33 not exceed one thousand dollars (\$1,000) plus any investigative costs
- 34 incurred and documented by the election division. The civil penalty
- 35 limit under this subsection applies to each report separately.
- 36 (d) This subsection applies to a person who is subject to a civil
- 37 penalty under subsection (a)(3), (a)(4), (a)(6), (a)(7), (a)(8), (a)(9), or
- 38 (a)(10). If the commission determines that a person is subject to a civil
- 39 penalty under subsection (a), the commission may assess a civil penalty
- 40 of not more than one thousand dollars (\$1,000), plus any investigative
- 41 costs incurred and documented by the election division.
- 42 (e) This subsection applies to a person who is subject to a civil

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1 penalty under subsection (a)(5). If the commission determines that a
 2 person is subject to a civil penalty under subsection (a)(5), the
 3 commission may assess a civil penalty of not more than three (3) times
 4 the amount of the contribution in excess of the limit prescribed by
 5 IC 3-9-2-4, plus any investigative costs incurred and documented by
 6 the election division.

7 (f) This subsection applies to a person who is subject to a civil
 8 penalty under subsection (a)(11). If the commission determines that a
 9 candidate or the candidate's committee has violated IC 3-9-2-12, the
 10 commission shall assess a civil penalty equal to the greater of the
 11 following, plus any investigative costs incurred and documented by the
 12 election division:

13 (1) Two (2) times the amount of any contributions received.

14 (2) One thousand dollars (\$1,000).

15 (g) All civil penalties collected under this section shall be deposited
 16 with the treasurer of state in the ~~campaign finance enforcement~~
 17 ~~account; public election campaign fund established by IC 3-9.5-8-1.~~

18 (h) Proceedings of the commission under this section are subject to
 19 IC 4-21.5.

20 SECTION 2. IC 3-9.5 IS ADDED TO THE INDIANA CODE AS A
 21 NEW ARTICLE TO READ AS FOLLOWS [EFFECTIVE JANUARY
 22 1, 1999]:

23 **ARTICLE 9.5. PUBLICLY FUNDED ELECTION**
 24 **CAMPAIGNS**

25 **Chapter 1. Application**

26 **Sec. 1. (a) Except as provided in subsection (b), this article**
 27 **applies only to the following:**

28 (1) A candidate for governor.

29 (2) A candidate for a legislative office.

30 (b) IC 3-9.5-4-11 applies to an individual who holds a state
 31 office.

32 **Sec. 2. To the extent not inconsistent with this article, IC 3-9**
 33 **applies to a candidate covered by this article.**

34 **Chapter 2. Definitions**

35 **Sec. 1. The definitions in this chapter apply throughout this**
 36 **article.**

37 **Sec. 2. "CPI" refers to the United States Bureau of Labor**
 38 **Statistics Consumer Price Index for Indiana, all items, all urban**
 39 **consumers, or its successor index.**

40 **Sec. 3. "Excess expenditure amount" means the amount of**
 41 **money spent or obligated to be spent by a nonparticipating**
 42 **candidate in excess of public election campaign funds allocated to**



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1 participating candidates for the same office.

2 **Sec. 4. (a) "Express advocacy" means a communication that is**
 3 **made through a broadcast medium, newspaper, magazine,**
 4 **billboard, direct mail, or similar type of general public**
 5 **communication or political advertising that does either of the**
 6 **following:**

7 (1) The communication or advertising advocates the election
 8 or defeat of a clearly identified candidate, including a
 9 communication that contains words such as "vote for",
 10 "re-elect", "support", "cast your ballot for", "(name of
 11 candidate) for (name of office)", "(name of candidate) in
 12 (year)", "vote against", "defeat", "reject", or similar words.

13 (2) The communication contains campaign slogans or
 14 individual words that in context can have no reasonable
 15 meaning other than to recommend the election or defeat of
 16 one (1) or more clearly identified candidates.

17 (b) The term does not include any of the following:

18 (1) A news story, a commentary, or an editorial by a
 19 broadcasting station, a newspaper, a magazine, or another
 20 publication, but only if the person disseminating the news
 21 story, commentary, or editorial is not owned by or affiliated
 22 with a candidate or the candidate's committee.

23 (2) A regularly published newsletter or another
 24 communication whose circulation is limited to:

25 (A) a person's members, employees, shareholders, other
 26 affiliated individuals; and

27 (2) those who request or purchase the publication.

28 **Sec. 5. "Fund" refers to the public election campaign fund**
 29 **established by IC 3-9.5-8-1.**

30 **Sec. 6. "General campaign period" refers to the period:**

31 (1) beginning the day after primary election day; and

32 (2) ending on general election day.

33 **Sec. 7. (a) "Independent expenditure" means an expenditure**
 34 **made by a person other than a candidate or the candidate's**
 35 **committee that is made:**

36 (1) for a communication that contains express advocacy; and

37 (2) without the participation of, cooperation of, or the
 38 coordination with the candidate or the candidate's committee.

39 (b) For purposes of this section, an expenditure is "coordinated"
 40 if the expenditure is made:

41 (1) for a communication or anything of value to influence the
 42 outcome of an election; and

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- 1 **(2) by a person:**
 2 **(A) in cooperation, consultation, or concert with, a**
 3 **candidate, a candidate's committee, or an agent acting on**
 4 **behalf of a candidate or a candidate's committee, at the**
 5 **request or suggestion of, or under a particular**
 6 **understanding with a candidate, a candidate's committee,**
 7 **or an agent acting on behalf of a candidate or a candidate's**
 8 **committee;**
 9 **(B) for the dissemination, distribution, or republication, in**
 10 **whole or in part, of a broadcast or a written, graphic, or**
 11 **other form of campaign material prepared by a candidate,**
 12 **a candidate's committee, or an agent of a candidate or a**
 13 **candidate's committee; and**
 14 **(C) based on specific information about the candidate's**
 15 **plans, projects, or needs provided to the person making the**
 16 **payment by the candidate or the candidate's agent who**
 17 **provides the information with the intention of having the**
 18 **payment made.**
- 19 **(c) The following expenditures are not considered independent**
 20 **expenditures:**
- 21 **(1) If the person making the expenditure, during the same**
 22 **election cycle in which the expenditure is made, is serving or**
 23 **has served as a member, employee, fundraiser, or agent of the**
 24 **candidate's committee in an executive or policy making**
 25 **position.**
- 26 **(2) If the person making the expenditure has:**
- 27 **(A) served in a formal policy or advisory position with the**
 28 **candidate's campaign; or**
 29 **(B) participated in strategic or policy making discussions**
 30 **with the candidate's campaign relating to the candidate's**
 31 **pursuit of nomination or election;**
 32 **in the same election cycle as the election cycle in which the**
 33 **expenditure is made.**
- 34 **(3) If the person making the expenditure:**
- 35 **(A) makes the expenditure for the professional services of**
 36 **another person; and**
 37 **(B) in a nonministerial capacity, has provided or is**
 38 **providing campaign related services in the same election**
 39 **cycle to a candidate who seeks nomination or election to**
 40 **the same office as any of the candidates to whom the**
 41 **communication refers.**
- 42 **Sec. 8. "Issue advertisement" means a communication made**

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1 through a broadcasting station, a newspaper, a magazine, an
 2 outdoor advertising facility, a mailing, or another type of general
 3 public political advertising that:

- 4 (1) is not an independent expenditure or a contribution;
 5 (2) costs, in the aggregate, one thousand dollars (\$1,000) or
 6 more;
 7 (3) contains the name or likeness of one (1) or more
 8 candidates;
 9 (4) is communicated during a primary or general campaign
 10 period; and
 11 (5) recommends a position on a political issue.

12 **Sec. 9. "Nonparticipating candidate" is a candidate who:**

- 13 (1) is on the ballot; and
 14 (2) has:
 15 (A) chosen not to become a participating candidate; or
 16 (B) applied but has not satisfied the requirements to
 17 become a participating candidate.

18 **Sec. 10. "Participating candidate" means a candidate who**
 19 **qualifies for public election campaign funds.**

20 **Sec. 11. "Party candidate" refers to a candidate of a political**
 21 **party required to hold a primary election under IC 3-10-1-2.**

22 **Sec. 12. "Professional services" refers to professional services**
 23 **supporting a candidate's nomination or election to office. The term**
 24 **includes polling, media advice, direct mail, fundraising, and**
 25 **campaign research.**

26 **Sec. 13. "Primary campaign period" refers to the period:**

- 27 (1) beginning ninety (90) days before the primary election;
 28 and
 29 (2) ending on primary election day.

30 **Sec. 14. "Public election debit card" refers to the card issued by**
 31 **the election division under IC 3-9.5-4-3 that permits a participating**
 32 **candidate to draw on the line of credit issued to the candidate.**

33 **Sec. 15. "Qualifying contribution" refers to a contribution that**
 34 **satisfies all of the following:**

- 35 (1) The amount of the contribution is not more than five
 36 dollars (\$5).
 37 (2) The contribution is made to a candidate seeking to become
 38 a participating candidate.
 39 (3) The contribution is made by a registered voter who resides
 40 within the candidate's election district.
 41 (4) The contribution was received by the candidate during the
 42 qualifying period.

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1 (5) The contribution was not solicited by a person paid to
 2 solicit contributions on behalf of the candidate.

3 Sec. 16. "Qualifying period" for an elected office refers to the
 4 period:

5 (1) beginning one hundred eighty (180) days before the
 6 primary election for that office; and

7 (2) ending thirty (30) days before the primary election.

8 Sec. 17. "Seed money contribution" refers to a contribution of
 9 not more than one hundred dollars (\$100) made by an adult
 10 individual during the seed money period.

11 Sec. 18. "Seed money period" for an elected office refers to the
 12 period:

13 (1) beginning the day following the previous general election
 14 for that office; and

15 (2) ending on the last day of the qualifying period.

16 Chapter 3. Candidate Eligibility for Public Election Campaign
 17 Funding

18 Sec. 1. A candidate becomes a participating candidate for the
 19 primary campaign period when the candidate does all of the
 20 following:

21 (1) Files a statement with the election division that the
 22 candidate has complied, and will comply, with all of the
 23 requirements of this article, including the requirement that
 24 during the seed money period and the qualifying period, the
 25 candidate will not accept or spend private contributions from
 26 a source other than seed money contributions and qualifying
 27 contributions.

28 (2) Meets the following qualifying contribution requirements
 29 before the close of the qualifying period:

30 (A) Collects at least the following number of qualifying
 31 contributions:

32 (i) Two thousand five hundred (2,500) qualifying
 33 contributions for a candidate for governor.

34 (ii) One hundred fifty (150) qualifying contributions for
 35 a candidate for state senator.

36 (iii) Fifty (50) qualifying contributions for a candidate
 37 for state representative.

38 (B) Documents each qualifying contribution as required by
 39 IC 3-9.5-4-2.

40 Sec. 2. (a) A party candidate qualifies as a participating
 41 candidate for the general campaign period when the candidate
 42 does all of the following:

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- 1 (1) Is nominated by a political party at a primary election.
 2 (2) Files a declaration with the election division that the
 3 candidate has complied and will comply with all of the
 4 requirements of this article.
 5 (3) Is a participating candidate for the primary campaign
 6 period.

7 (b) A candidate other than a party candidate qualifies as a
 8 participating candidate for the general campaign period when the
 9 candidate does all of the following:

- 10 (1) Before the primary election, meets all of the applicable
 11 requirements of this article and files a declaration with the
 12 election division that the candidate has fulfilled and will fulfill
 13 all of the requirements of a participating candidate.
 14 (2) During the primary campaign period, fulfills all the
 15 requirements of a participating candidate under section 1 of
 16 this chapter.

17 **Sec. 3. (a)** This section applies to a candidate seeking to become
 18 a participating candidate.

19 (b) The only private contributions a candidate may accept
 20 before the end of the qualifying period are the following:

- 21 (1) Qualifying contributions.
 22 (2) Seed money contributions.

23 (c) A candidate and a candidate's spouse may not each make
 24 more than a:

- 25 (1) seed money contribution to the candidate's campaign
 26 during the seed money contribution period; and
 27 (2) qualifying contribution to the candidate's campaign
 28 during the qualifying period.

29 (d) The aggregate amount of seed money contributions accepted
 30 by a candidate seeking to become a participating candidate may
 31 not exceed the following:

- 32 (1) Fifty thousand dollars (\$50,000) for a candidate for
 33 governor.
 34 (2) Two thousand (\$2,000) for a candidate for state senator.
 35 (3) One thousand (\$1,000) for a candidate for state
 36 representative.

37 (e) The election division shall adjust for inflation under section
 38 7 of this chapter the maximum amount of seed money
 39 contributions that a candidate may receive.

40 (f) Seed money may:

- 41 (1) be spent only during the qualifying period; and
 42 (2) may not be spent during the primary campaign period or

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1 the general campaign period.

2 **Sec. 4. (a) A candidate who wants to become a participating**
 3 **candidate shall do all of the following not later than forty-eight (48)**
 4 **hours after the close of the qualifying period:**

5 (1) Fully disclose all the following to the election division:

6 (A) Seed money contributions.

7 (B) Expenditures.

8 (2) Pay the election division all seed money the candidate
 9 raised during the seed money period that exceeds the
 10 aggregate seed money limit. The election division shall deposit
 11 money received under this subdivision in the fund.

12 (3) Submit to the election division documentation concerning
 13 the required number of qualifying contributions.

14 (4) Pay to the election division the total of all qualifying
 15 contributions received by the candidate.

16 (5) Submit to the election division a declaration stating that
 17 the candidate has complied with all other requirements for
 18 the candidate to become a participating candidate.

19 (b) A candidate's application to become a participating
 20 candidate must be signed by the candidate and the treasurer of the
 21 candidate's committee under the penalties for perjury.

22 **Sec. 5. (a) Not more than five (5) days after a candidate applies**
 23 **to become a participating candidate, the election division shall**
 24 **certify whether the candidate qualifies.**

25 (b) A candidate may appeal an adverse decision of the election
 26 division made under subsection (a) to the commission under
 27 IC 4-21.5.

28 (c) A commission determination regarding a candidate's
 29 qualification is considered a final order under IC 4-21.5.

30 **Sec. 6. A candidate who accepts public election campaign funds**
 31 **during the primary campaign period must comply with all the**
 32 **requirements of this article throughout the general campaign**
 33 **period regardless of whether the candidate later discontinues**
 34 **acceptance of public election campaign funds.**

35 **Sec. 7. (a) After December 31, 2000, the election division shall,**
 36 **before February 1 of each odd-numbered year, adjust the seed**
 37 **money contribution limit that may be accepted by a candidate**
 38 **under section 3 of this chapter under STEP SIX of the following**
 39 **formula:**

40 **STEP ONE: Determine the percentage change between the**
 41 **CPI as last reported in the previous calendar year and the**
 42 **CPI as last reported in the previous odd-numbered year**

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- 1 before the previous calendar year.
- 2 **STEP TWO:** Express the percentage change determined in
- 3 **STEP ONE** as a three (3) digit decimal rounded to the nearest
- 4 thousandth.
- 5 **STEP THREE:** Add one (1) to the decimal determined under
- 6 **STEP TWO.**
- 7 **STEP FOUR:** Determine the limit for the particular office
- 8 currently in effect under this section.
- 9 **STEP FIVE:** Multiply the sum determined under **STEP**
- 10 **THREE** by the number determined under **STEP FOUR.**
- 11 **STEP SIX:** Round the product determined in **STEP FIVE** up
- 12 to the nearest even hundred dollars.
- 13 (b) The adjusted seed money contribution limit for a candidate
- 14 seeking to become a participating candidate is the amount
- 15 determined in **STEP SIX** of subsection (a).
- 16 (c) Beginning in 2001, the election division shall publish the
- 17 adjusted limits determined under this section in the February
- 18 edition of the Indiana Register in each odd-numbered year.
- 19 **Chapter 4. Contributions and Expenditures**
- 20 **Sec. 1.** During the primary campaign period and the general
- 21 campaign period a participating candidate may not accept private
- 22 contributions from any source other than the candidate's political
- 23 party as provided in section 10 of this chapter.
- 24 **Sec. 2.** (a) This section applies to qualifying contributions and
- 25 seed money contributions.
- 26 (b) A person making a qualifying contribution shall include all
- 27 of the following information with the contribution:
- 28 (1) The contributor's name.
- 29 (2) The contributor's home address.
- 30 (3) The contributor's telephone number.
- 31 (4) The name of the candidate on whose behalf the
- 32 contribution is made.
- 33 (5) A statement that the contributor:
- 34 (A) understands that the contribution:
- 35 (i) is made to help the candidate become a participating
- 36 candidate; and
- 37 (ii) will be paid to the election division; and
- 38 (B) makes the contribution without coercion or
- 39 reimbursement.
- 40 (6) The contributor's signature.
- 41 (c) A person making a seed money contribution shall include all
- 42 of the following information with the contribution:

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- 1 (1) The contributor's printed name.
 2 (2) The contributor's address.
 3 (3) A statement that the contributor:
 4 (A) understands the purpose of the contribution; and
 5 (B) makes the contribution without coercion or
 6 reimbursement.
 7 (4) If the contribution is for at least twenty-five dollars (\$25),
 8 the following information:
 9 (A) The contributor's ZIP code.
 10 (B) The contributor's telephone number.
 11 (C) The contributor's occupation.
 12 (D) The name of the contributor's employer.
 13 (5) The contributor's signature.
 14 (d) A candidate or the candidate's committee may not accept a
 15 contribution if the information required by this section is not
 16 received.
 17 (e) A candidate shall do the following with the information
 18 required by this section:
 19 (1) Give a copy to the individual making the contribution.
 20 (2) Keep a copy for the candidate's records.
 21 (3) Provide a copy to the election division as required by this
 22 article or rules adopted under this article.
 23 (f) A candidate may not receive a qualifying contribution or a
 24 seed money contribution from a person other than from the person
 25 identified by the information required by this section.
 26 **Sec. 3. (a) Whenever a candidate becomes a participating**
 27 **candidate, but not earlier than the beginning of the primary**
 28 **campaign period, the election division shall issue the following to**
 29 **the candidate:**
 30 (1) A public election debit card with a debit line that entitles
 31 the candidate and individuals authorized by the candidate to
 32 draw money from an account established in the fund for the
 33 candidate. The debit line may not exceed the amount of public
 34 election campaign funds allocated to the candidate, minus the
 35 amount of petty cash issued to the candidate under
 36 subdivision (2).
 37 (2) A warrant drawn on the fund for use as petty cash under
 38 section 4 of this chapter in the amount of the following :
 39 (A) Five thousand dollars (\$5,000), if the participating
 40 candidate is a candidate for governor.
 41 (B) One thousand five hundred dollars (\$1,500), if the
 42 participating candidate is a candidate for a legislative



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1 office.

2 (b) Except as provided in section 4 of this chapter, a
3 participating candidate and the candidate's committee shall pay all
4 campaign expenditures with the candidate's public election debit
5 card issued under this section.

6 (c) Upon application by a participating candidate and subject to
7 the rules of the commission, the election division may issue more
8 than one (1) public election debit card to the candidate.

9 Sec. 4. (a) A participating candidate and the candidate's
10 committee may pay campaign expenditures from a petty cash
11 account held by the candidate's committee and established with
12 money given to the candidate under section 3(a)(2) of this chapter.

13 (b) Petty cash expenditures may not exceed the following during
14 any day:

15 (1) Five hundred dollars (\$500), if the participating candidate
16 is a candidate for governor.

17 (2) One hundred fifty dollars (\$150), if the participating
18 candidate is a candidate for a legislative office.

19 (c) A participating candidate is entitled to reimbursement to the
20 candidate's petty cash account from the fund by submitting the
21 following information to the election division:

22 (1) The date of the expenditure.

23 (2) The amount of the expenditure.

24 (3) The purpose of the expenditure.

25 (4) A receipt documenting the expenditure.

26 (d) If a participating candidate submits the information under
27 subsection (c), the election division shall do the following within
28 five (5) working days after the date the election division receives
29 the information:

30 (1) Issue a warrant to the candidate's committee in the
31 amount of total petty cash expenditures documented under
32 subsection (c).

33 (2) Deduct the amount of the warrant from the participating
34 candidate's debit line under section 3 of this chapter.

35 Sec. 5. (a) During a primary campaign period, a participating
36 candidate may make expenditures using only public election
37 campaign funds allocated to the candidate for the primary
38 campaign period.

39 (b) During a general campaign period, a participating candidate
40 may make expenditures using only public election campaign funds
41 allocated to the candidate for the general campaign period.

42 Sec. 6. (a) A participating candidate is entitled to receive public

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1 election campaign funds for the primary campaign period on the
 2 date the election division (or the commission) certifies the
 3 candidate as a participating candidate.

4 (b) A qualifying candidate is entitled to receive public election
 5 campaign funds for the general campaign period not later than
 6 forty-eight (48) hours after certification of the primary election
 7 results.

8 Sec. 7. (a) A participating candidate shall furnish complete
 9 campaign finance records, including all records of seed money
 10 contributions and qualifying contributions, to the election division
 11 at times required by this article, with reports filed by the candidate
 12 under IC 3-9-5, and on request of the election division.

13 (b) A participating candidate shall cooperate with an audit
 14 required by the election division.

15 Sec. 8. (a) This section applies in addition to the requirements of
 16 IC 3-9-3-2.5.

17 (b) All broadcast and print advertisements placed by a
 18 participating candidate or the candidate's committee must include
 19 a clear written or spoken statement indicating that the candidate
 20 has approved of the content of the advertisement.

21 Sec. 9. Public election campaign funds may not be used:

- 22 (1) in violation of the law; or
 23 (2) to repay personal, family or business loans, expenditures,
 24 or debts.

25 Sec. 10. (a) This article does not restrict the value of in-kind
 26 contributions made by a regular party committee to a participating
 27 candidate.

28 (b) Subject to this section, a participating candidate may receive
 29 and spend cash contributions from a regular party committee.

30 (c) The amount of cash contributions that a participating
 31 candidate receives from all regular party committees may not
 32 exceed, in the aggregate, five percent (5%) of the total line of debit
 33 given to the candidate (but excluding lines of debit given to a
 34 candidate under subsection (e)).

35 (d) A participating candidate must:

- 36 (1) report to the election division the amount of cash
 37 contributions given to the candidate by a regular party
 38 committee; and
 39 (2) pay that amount to the election division;

40 within five (5) working days after receiving the cash contribution.

41 (e) Upon receiving a report and payment under subsection (d),
 42 the election division shall do the following:



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- 1 **(1) Deposit the amount of the payment in the fund.**
- 2 **(2) Increase the participating candidate's debit line by the**
- 3 **amount that the cash contribution does not exceed the limit**
- 4 **set by subsection (c).**
- 5 **(f) This article does not restrict a regular party committee from**
- 6 **spending committee funds for any of the following:**
- 7 **(1) Committee general operating expenses.**
- 8 **(2) Conventions.**
- 9 **(3) Nomination and endorsement of candidates.**
- 10 **(4) Identifying, researching, and developing the committee's**
- 11 **position on issues.**
- 12 **(5) Party platform activities.**
- 13 **(6) Voter registration activities that are unrelated to specific**
- 14 **participating candidates.**
- 15 **(7) Get out the vote drives that have no reference to a**
- 16 **participating candidate.**
- 17 **(8) Travel expenses for committee officers or employees who**
- 18 **are not participating candidates.**
- 19 **(9) Party development activities that are unrelated to a**
- 20 **participating candidate.**
- 21 **Sec. 11. (a) As used in this section, "mass mailing" refers to a**
- 22 **mailing of at least two hundred (200) identical or nearly identical**
- 23 **pieces of mail sent by an elected officials to the voters, residents, or**
- 24 **postal box holders within the election district from which the**
- 25 **elected official is elected. The term includes substantially identical**
- 26 **letters, newsletters, pamphlets, brochures, or other written**
- 27 **material. The term does not include any of the following:**
- 28 **(1) A mailing made in direct response to communications**
- 29 **from persons or groups to whom the matter is mailed.**
- 30 **(2) A mailing to federal, state, or local government officials.**
- 31 **(3) News releases to the communications media.**
- 32 **(b) Except as provided in subsection (c), an individual who holds**
- 33 **a state office or a legislative office may not make a mass mailing**
- 34 **paid for from public funds between January 1 of an election year**
- 35 **and the date of the general election for the office, unless the**
- 36 **individual has made a public announcement that the individual will**
- 37 **not be a candidate for reelection to:**
- 38 **(1) the office; or**
- 39 **(2) any other legislative or federal office;**
- 40 **during the election cycle.**
- 41 **Chapter 5. Allocation of Money to Participating Candidates**
- 42 **Sec. 1. The amount of public election campaign funds that a**

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participating party candidate is entitled to receive for the primary campaign period is the following:

(1) In a contested primary election, seventy-five percent (75%) of the average candidate expenditures for the last two contested primary elections for the office in the election district, adjusted for inflation as provided under section 5 of this chapter.

(2) If the most recent primary election in an election district was not contested, a participating candidate in a contested primary election in that election district is entitled to receive public election campaign funds equal to seventy-five percent (75%) of the average candidate expenditure for the elected office for the last two (2) contested primary elections on a statewide basis, adjusted for inflation as provided under section 5 of this chapter.

Sec. 2. The amount of public election campaign funds that a participating candidate is entitled to receive for the general campaign period is the following:

(1) In a contested general election, a participating candidate is entitled to receive public election campaign funds for the general campaign period equal to seventy-five (75%) of the average candidate expenditure for the last two contested general elections for that office in that election district, adjusted for inflation as provided under section 5 of this chapter.

(2) If the last general election in an election district was not contested, a participating candidate in a contested general election in that election district is entitled to receive public election campaign funds equal to seventy-five percent (75%) of the average candidate expenditure for the elected office for the last two contested general elections on a statewide basis, adjusted for inflation as provided under section 5 of this chapter.

Sec. 3. Subject to section 4 of this chapter, a participating candidate is entitled to receive additional public elections campaign funds to match:

- (1) an excess expenditure amount spent by a nonparticipating candidate as provided in IC 3-9.5-6-1;
- (2) an independent expenditure made in opposition to the candidate or on behalf of an opposing candidate as provided in IC 3-9.5-6-2; and
- (3) the amount spent for any issue advertisements made in

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1 opposition to the candidate or on behalf of an opposing
2 candidate as provided in IC 3-9.5-6-3.

3 **Sec. 4.** The maximum aggregate amount of additional funding
4 a participating candidate may receive under section 3 of this
5 chapter is two (2) times the full amount of public election campaign
6 funds allocated to the participating candidate for the particular
7 primary or general campaign period.

8 **Sec. 5.** (a) The election division shall adjust expenditure
9 amounts for inflation under subsection (b) before it computes
10 average expenditure amounts under section 1 or 2 of this chapter.

11 (b) The election division shall adjust expenditures for inflation
12 under sections 1 and 2 of this chapter under STEP SIX of the
13 following formula:

14 **STEP ONE:** Determine the expenditure amount for the
15 relevant year.

16 **STEP TWO:** Determine the percentage change between the
17 CPI as last reported in the relevant year and the CPI as most
18 recently reported.

19 **STEP THREE:** Express the percentage change determined in
20 STEP TWO as a three (3) digit decimal rounded to the nearest
21 thousandth.

22 **STEP FOUR:** Add one (1) to the decimal determined under
23 STEP THREE.

24 **STEP FIVE:** Multiply the sum determined under STEP
25 FOUR by the expenditure amount determined under STEP
26 ONE:

27 **STEP SIX:** Round the product determined under STEP FIVE
28 to the nearest thousand dollar amount.

29 (c) The election division shall determine average candidate
30 expenditures under section 1 or 2 of this chapter by using the
31 amount determined under STEP SIX of subsection (b).

32 **Chapter 6. Independent Expenditures, Excess Expenditures of**
33 **Nonparticipating Candidates, and Issue Advertisement**
34 **Expenditures**

35 **Sec. 1.** (a) If a nonparticipating candidate's total expenditures
36 exceed the amount of public election campaign funds allocated to
37 the candidate's opponents who are participating candidates, the
38 nonparticipating candidate shall report to the election division the
39 nonparticipating candidate's excess expenditures as follows:

40 (1) Except as provided in subdivision (2), each expenditure
41 amount that, in the aggregate, is more than one thousand
42 dollars (\$1,000) must be reported within forty-eight (48)

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1 hours of when the expenditure is made or is obligated to be
2 made.

3 (2) If an expenditure is made during the last twenty (20) days
4 before the end of the relevant campaign period, each
5 expenditure amount that, in the aggregate is more than five
6 hundred dollars (\$500) must be reported within twenty-four
7 (24) hours of when the expenditure is made or is obligated to
8 be made.

9 (b) Upon receiving a report under subsection (a), the election
10 division shall, subject to IC 3-9.5-5-4, immediately increase the
11 debit line of each opposing participating candidate by an amount
12 equal to the excess expenditure amount the nonparticipating
13 candidate has spent or intends to spend.

14 Sec. 2. (a) A person who makes or is obligated to make
15 independent expenditures during a primary or general campaign
16 period shall report the expenditures to the election division as
17 follows:

18 (1) If the independent expenditures, in the aggregate, exceed
19 one thousand dollars (\$1,000), the person shall report each
20 expenditure to the election division within forty-eight (48)
21 hours after making or becoming obligated to make the
22 expenditure.

23 (2) If an independent expenditure is made during the last
24 twenty (20) days before the end of the relevant campaign
25 period and if independent expenditures made by the person,
26 in the aggregate exceed five hundred dollars (\$500), the
27 person shall report each expenditure within twenty-four (24)
28 hours after making or becoming obligated to make the
29 expenditure.

30 (b) Upon receiving a report under subsection (a), the election
31 division shall, subject to IC 3-9.5-5-4, immediately increase the
32 debit line of each participating candidate in opposition to whom the
33 independent expenditure is made in an amount equal to the amount
34 of the independent expenditure.

35 Sec. 3. (a) A person that makes or is obligated to make an
36 expenditure to purchase an issue advertisement shall file a report
37 with the election division not later than forty-eight (48) hours after
38 making or becoming obligated to make the expenditure.

39 (b) The report required by subsection (a) must contain the
40 following information:

41 (1) The name and address of the person making the
42 expenditure.



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- 1 (2) The amount of the expenditure.
- 2 (3) The purpose of the issue advertisement.
- 3 (c) Upon:
- 4 (1) receiving a report under this section that an issue
- 5 advertisement has been made or is obligated to be made; and
- 6 (2) determining that an issue advertisement may reasonably
- 7 be interpreted as having the effect of promoting the defeat of
- 8 a participating candidate or the election that candidate's
- 9 opponent;
- 10 the election division shall, subject to IC 3-9.5-5-4, immediately
- 11 increase the debit line of the participating candidate in an amount
- 12 equal to the cost of the issue advertisement.
- 13 Sec. 4. A report required by this section must include a
- 14 statement by the person making the report that the report is a true
- 15 statement made under penalty of perjury.
- 16 Sec. 5. (a) A person may file a complaint with the commission if
- 17 either of the following apply:
- 18 (1) The person believes that another person:
- 19 (A) is required to file a report under this chapter; and
- 20 (B) did not file a report.
- 21 (2) The person believes the statement required by section 4 of
- 22 this chapter is false.
- 23 (b) The commission shall make a prompt determination about
- 24 a complaint filed under this chapter under IC 4-21.5.
- 25 Chapter 7. Administration and Enforcement
- 26 Sec. 1. (a) The commission may adopt rules under IC 4-22-2 to
- 27 implement this article.
- 28 (b) The commission shall prescribe forms to implement this
- 29 article.
- 30 Sec. 2. (a) After each primary and general election, the election
- 31 division shall conduct a random audit of candidates to ensure
- 32 compliance with this article.
- 33 (b) The subjects of the audit must be determined by an
- 34 impartial method described in rules adopted by the commission.
- 35 Sec. 3. The election division may conduct an audit or an
- 36 investigation based on anonymous complaints.
- 37 Sec. 4. The commission may seek an injunction from a court
- 38 having jurisdiction if all of the following apply:
- 39 (1) There is a substantial likelihood that a violation of this
- 40 article has occurred or is about to occur.
- 41 (2) Failure to obtain an injunction will result in irreparable
- 42 harm to a person affected by the potential violation.

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(3) Obtaining an injunction will not cause undue harm or prejudice to the interest of other persons.

(4) The public interest is best served if an injunction is issued.

Sec. 5. (a) The commission shall refer possible criminal violations of this article to the attorney general for prosecution.

(b) The attorney general has all of the powers of a prosecuting attorney in matters referred under this section.

Sec. 6. (a) A person who believes that this article has been violated may file a civil action in a court having jurisdiction requesting appropriate remedies for the violation.

(b) Before a person files an action under this section both of the following must apply:

(1) The person must file a complaint with the commission regarding the alleged violation.

(2) The commission fails to make a determination on the complaint within thirty (30) days after the date of the filing of the complaint.

(c) A party that prevails in an action under this section is entitled to the following from the opposing parties:

(1) Reasonable attorneys fees.

(2) Court costs.

Sec. 7. (a) In addition to any other penalty imposed under law, the commission may impose civil penalties under this section for violations of this article.

(b) IC 4-21.5 applies to a commission proceeding under this section.

(c) An individual must pay any civil penalties assessed under this section from the individual's personal money.

(d) A civil penalty collected under this section shall be deposited into the fund.

(e) If the commission determines that a candidate has accepted a contribution that the candidate is not authorized to accept by this article, the commission shall assess a civil penalty equal to the sum of:

(1) three (3) times the amount of the contribution accepted; and

(2) investigative costs incurred and documented by the election division.

(f) If the commission determines that a candidate has made expenditures not authorized by this article or in a fashion not authorized by this article, the commission shall assess a civil penalty equal to the sum of:

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- 1 (1) three (3) times the amount of the expenditure made; and
- 2 (2) investigative costs incurred and documented by the
- 3 election division.
- 4 (g) If the commission determines that an individual has not filed
- 5 a report or records:
- 6 (1) required by this article or rules adopted under this article;
- 7 and
- 8 (2) in the manner required by this article or rules adopted
- 9 under this article;
- 10 the commission shall determine whether to assess a civil penalty
- 11 and the amount of any civil penalty assessed against the individual
- 12 under IC 3-9-4-16.
- 13 (h) If the commission determines that a candidate or the
- 14 candidate's committee has placed an advertisement that does not
- 15 contain the statement required by IC 3-9.5-4-8, the commission
- 16 shall assess a civil penalty equal to the sum of:
- 17 (1) one thousand dollars (\$1,000); and
- 18 (2) investigative costs incurred and documented by the
- 19 election division.
- 20 (i) If the commission determines that a candidate has not paid
- 21 to the election division money that this article requires the
- 22 candidate to pay, the commission shall assess a civil penalty equal
- 23 to the sum of:
- 24 (1) three (3) times the amount of the amount required to be
- 25 paid; and
- 26 (2) investigative costs incurred and documented by the
- 27 election division.
- 28 (j) If the commission determines that an individual has violated
- 29 IC 3-9.5-4-11, the commission shall assess a civil penalty equal to
- 30 the sum of:
- 31 (1) three (3) times the amount of the mass mailing sent in
- 32 violation of IC 3-9.5-4-11; and
- 33 (2) investigative costs incurred and documented by the
- 34 election division.
- 35 Sec. 8. (a) In addition to the civil penalties imposed under
- 36 section 7 of this chapter, the commission may revoke a candidate's
- 37 status as a participating candidate under IC 4-21.5 if the candidate
- 38 violates this article.
- 39 (b) If the commission revokes a candidate's status as a
- 40 participating candidate, the candidate must repay to the election
- 41 division all public election campaign funds spent by the candidate.
- 42 Sec. 9. Not later than January 1 after a general election, the

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1 commission shall file a report with the legislative council
2 containing the following information:

3 (1) A detailed summary of all of the following:

4 (A) Seed money contributions.

5 (B) Qualifying contributions.

6 (C) The total of all debit lines given to participating
7 candidates.

8 (D) The total of all expenditures made by participating
9 candidates.

10 (2) A summary and evaluation of commission and election
11 division activities under this article.

12 (3) Recommendations relating to administration,
13 enforcement, and implementation of this article.

14 (4) Other information the commission considers relevant.

15 **Chapter 8. The Public Election Campaign Fund**

16 **Sec. 1. The public election campaign fund is established for the**
17 **following purposes:**

18 (1) To provide public financing for the election campaigns of
19 certified participating candidates during primary and general
20 campaign periods; and

21 (2) To pay the administrative and enforcement costs related
22 to this article.

23 **Sec. 2. The fund consists of the following:**

24 (1) Appropriations made by the general assembly.

25 (2) Money from the general fund transferred under
26 IC 6-3-9-6.

27 (3) Qualifying contributions required under IC 3-9.5-3-4 to be
28 paid by candidates seeking to become participating
29 candidates.

30 (4) Excess seed money contributions of candidates seeking to
31 be paid by candidates seeking to become participating
32 candidates, under IC 3-9.5-3-4.

33 (5) Unused petty cash funds distributed to a participating
34 candidate who does not remain a candidate during the
35 primary or general campaign period for which petty cash
36 funds were distributed.

37 (6) Civil penalties imposed by the commission under this title.

38 (7) Voluntary contributions made to the fund.

39 (8) Interest required to be deposited in the fund under section
40 5 of this chapter.

41 **Sec. 3. The fund shall be administered by the election division.**

42 **Sec. 4. The expenses of administering the fund shall be paid**

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from money in the fund.

Sec. 5. The treasurer of state shall invest the money in the fund not currently needed to meet the obligations of the fund in the same manner as other public money may be invested. Interest that accrues from these investments shall be deposited in the fund.

Sec. 6. Money in the fund at the end of a state fiscal year does not revert to the state general fund.

Sec. 7. There is annually appropriated to the fund from the state general fund five million, two hundred fifty thousand dollars (\$5,250,000) beginning July 1.

SECTION 3. IC 3-10-1-19, AS AMENDED BY P.L.3-1997, SECTION 216, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: Sec. 19. (a) The ballot for a primary election shall be printed in substantially the following form for all the offices for which candidates have qualified under IC 3-8:

OFFICIAL PRIMARY BALLOT

_____ Party

To vote for a person make a voting mark (X or ✓) on or in the box before the person's name in the proper column.

Vote for one only

Representative in Congress

- (1) AB _____
- (2) CD _____
- (3) EF _____
- (4) GH _____

(b) The offices with candidates for nomination shall be placed on the primary election ballot in the following order:

- (1) Federal and state offices:
 - (A) President of the United States.
 - (B) United States Senator.
 - (C) Governor.
 - (D) United States Representative.
- (2) Legislative offices:
 - (A) State senator.
 - (B) State representative.
- (3) Circuit offices and county judicial offices:
 - (A) Judge of the circuit court, and unless otherwise specified under IC 33, with each division separate if there is more than one (1) judge of the circuit court.
 - (B) Judge of the superior court, and unless otherwise specified under IC 33, with each division separate if there is more than one (1) judge of the superior court.

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- 1 (C) Judge of the probate court.
 2 (D) Judge of the county court, with each division separate,
 3 as required by IC 33-10.5-4-2.
 4 (E) Prosecuting attorney.
 5 (F) Clerk of the circuit court.
 6 (4) County offices:
 7 (A) County auditor.
 8 (B) County recorder.
 9 (C) County treasurer.
 10 (D) County sheriff.
 11 (E) County coroner.
 12 (F) County surveyor.
 13 (G) County assessor.
 14 (H) County commissioner.
 15 (I) County council member.
 16 (5) Township offices:
 17 (A) Township assessor.
 18 (B) Township trustee.
 19 (C) Township board member.
 20 (D) Judge of the small claims court.
 21 (E) Constable of the small claims court.
 22 (6) City offices:
 23 (A) Mayor.
 24 (B) Clerk or clerk-treasurer.
 25 (C) Judge of the city court.
 26 (D) City-county council member or common council
 27 member.
 28 (7) Town offices:
 29 (A) Clerk-treasurer.
 30 (B) Judge of the town court.
 31 (C) Town council member.
 32 (c) The political party offices with candidates for election shall be
 33 placed on the primary election ballot in the following order after the
 34 offices described in subsection (b):
 35 (1) Precinct committeeman.
 36 (2) State convention delegate.
 37 (d) The following offices and public questions shall be placed on
 38 the primary election ballot in the following order after the offices
 39 described in subsection (c):
 40 (1) School board offices to be elected at the primary election.
 41 (2) Other local offices to be elected at the primary election.
 42 (3) Local public questions.

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1 (e) The offices and public questions described in subsection (d)
 2 shall be placed in a separate column on the ballot if voting is by paper
 3 ballot, ballot card voting system, or electronic voting system or in a
 4 separate column of ballot labels if voting is by voting machine.

5 (f) A public question shall be placed on the primary election ballot
 6 in the following form:

7 (The explanatory text for the public question,
 8 if required by law.)

9 "Shall (insert public question)?"

10 YES

11 NO

12 (g) This subsection applies only to a candidate for:

13 (1) governor; or

14 (2) a legislative office.

15 The following sentence shall be placed below the name of each
 16 participating candidate (as defined in IC 3-9.5-2-10) on the ballot:
 17 "This candidate is participating in Indiana's voluntary public
 18 financing program."

19 SECTION 4. IC 3-11-2-17 IS ADDED TO THE INDIANA CODE
 20 AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE
 21 JANUARY 1, 1999]: Sec. 17. (a) This section applies only to a
 22 candidate for:

23 (1) governor; or

24 (2) a legislative office.

25 (b) The following sentence shall be placed below the name of
 26 each participating candidate (as defined in IC 3-9.5-2-10) on the
 27 ballot: "This candidate is participating in Indiana's voluntary
 28 public financing program."

29 SECTION 5. IC 3-11-12-40 IS ADDED TO THE INDIANA
 30 CODE AS A NEW SECTION TO READ AS FOLLOWS
 31 [EFFECTIVE JANUARY 1, 1999]: Sec. 40. (a) This section applies
 32 only to a candidate for:

33 (1) governor; or

34 (2) a legislative office.

35 (b) The following sentence shall be placed below the name of
 36 each participating candidate (as defined in IC 3-9.5-2-10) on the
 37 ballot: "This candidate is participating in Indiana's voluntary
 38 public financing program."

39 SECTION 6. IC 3-11-13-45 IS ADDED TO THE INDIANA
 40 CODE AS A NEW SECTION TO READ AS FOLLOWS
 41 [EFFECTIVE JANUARY 1, 1999]: Sec. 45. (a) This section applies
 42 only to a candidate for:



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(1) governor; or
 (2) a legislative office.

(b) The following sentence shall be placed below the name of each participating candidate (as defined in IC 3-9.5-2-10) on the ballot: "This candidate is participating in Indiana's voluntary public financing program."

SECTION 7. IC 3-11-14-35 IS ADDED TO THE INDIANA CODE AS A NEW SECTION TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: **Sec. 35. (a) This section applies only to a candidate for:**

(1) governor; or
 (2) a legislative office.

(b) The following sentence shall be placed below the name of each participating candidate (as defined in IC 3-9.5-2-10) on the ballot: "This candidate is participating in Indiana's voluntary public financing program."

SECTION 8. IC 3-14-1-3, AS AMENDED BY P.L.3-1997, SECTION 400, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]: **Sec. 3.** An individual, an organization, or a committee that circulates or publishes material in an election without:

(1) the statement required under IC 3-9-3-2.5; or
 (2) a statement required by IC 3-9.5-4-8;

commits a Class A misdemeanor.

SECTION 9. IC 6-3-9 IS ADDED TO THE INDIANA CODE AS A NEW CHAPTER TO READ AS FOLLOWS [EFFECTIVE JANUARY 1, 1999]:

Chapter 9. Donation of Income Tax to the Public Election Campaign Fund

Sec. 1. As used in this chapter, "fund" refers to the public election campaign fund established by IC 3-9.5-8-1.

Sec. 2. Instructions for the preparation of individual and joint tax forms must explain the purpose of the fund.

Sec. 3. (a) A resident individual who files a state adjusted gross income tax return for a particular taxable year may direct a donation of two dollars (\$2) to the fund on the individual's income tax form.

(b) A husband and wife may:

(1) jointly direct a single donation of two dollars (\$2) to the fund; or
 (2) direct a donation of two dollars (\$2) each to the fund; on the husband and wife's joint tax form.

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1 **Sec. 4. A resident individual may direct a donation even if the**
 2 **individual is not entitled to a refund.**

3 **Sec. 5. Not later than July 1 of each year, the department shall**
 4 **report to the auditor of state the total amount of donations that**
 5 **have been directed under this chapter.**

6 **Sec. 6. The auditor of state shall transfer the amount reported**
 7 **by the department under section 5 of this chapter from the state**
 8 **general fund to the fund.**

9 **SECTION 10. [EFFECTIVE JANUARY 1, 1999] (a) The**
 10 **definitions in IC 3, as amended by this act, apply throughout this**
 11 **SECTION.**

12 **(b) Notwithstanding IC 3-9.5, as added by this act, a candidate**
 13 **may qualify to become a participating candidate, even if the**
 14 **candidate accepted contributions and made expenditures before**
 15 **January 1, 1999, that would disqualify the candidate from**
 16 **becoming a participating candidate if the candidate's committee**
 17 **does the following with all money held by the committee on**
 18 **December 31, 1998:**

19 **(1) Returns the money to contributors on a reasonable pro**
 20 **rata basis.**

21 **(2) Pays the money to the election division. The election**
 22 **division shall deposit money paid under this subdivision in**
 23 **the fund.**

24 **(c) This SECTION expires January 1, 2003.**

25 **SECTION 11. [EFFECTIVE JANUARY 1, 1999] IC 6-3-9, as**
 26 **added by this act, applies to the designation of donations to the**
 27 **public election campaign fund established by IC 3-9.5-8-1, as added**
 28 **by this act, by an individual or a husband and wife with respect to**
 29 **income tax returns for taxable years that begin after December 31,**
 30 **1997, and income tax returns filed after December 31, 1998.**

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