



GOVERNOR'S OFFICE

FACT SHEET

ANTI-CORRUPTION REFORM PACKAGE

PAC-to-PAC Transfers Ban

Background

- A PAC-to-PAC transfer occurs when a political action committee contributes to another political action committee, often to hide the original source of political contributions. Currently, there are no limits on the number of PAC-to-PAC transfers or limits on the amounts that can be transferred between PACs.
- PAC-to-PAC transfers allow lobbyists and others to establish several PACs through which money can be transferred or “laundered” to conceal its true source. This is one of the most powerful tools that special interests use to keep a stranglehold on elected officials without the public ever knowing it.
- The Campaign Disclosure Project, a joint venture of the UCLA School of Law, the Center for Governmental Studies, and the Pew Charitable Trusts, ranked Alabama 49th in campaign reporting and disclosure requirements. Only Wyoming ranked worse.
- A ban on PAC-to-PAC transfers will eliminate the incentive to create and manage several PACs at once, and money will not move through several organizations before reaching its final destination. This will make the campaign finance process more transparent. When the process is more transparent, it engenders greater trust among the people and allows voters to make more informed election decisions.

What will this bill do?

- This bill will ban PAC-to-PAC transfers. It will prohibit a political action committee from making a contribution to any other political action committee.
- The only exception will be to allow a political action committee that is not a principal campaign committee to make a contribution to a principal campaign committee. In other words, the money can move from a PAC to a candidate, but not vice versa, not between PACs, and not between candidate committees.

Effective date

- This bill is effective immediately upon the Governor's signature.

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SYNOPSIS: Under existing law, a political action committee may make a contribution to another political action committee. A principal campaign committee is included within the definition of a political action committee.

This bill would prohibit all transfers between political action committees, except it would continue to allow a political action committee that is not a principal campaign committee to make a contribution to a principal campaign committee.

A BILL
TO BE ENTITLED
AN ACT

To amend Sections 17-5-15 and 17-5-7, Code of Alabama 1975, to prohibit campaign contributions between political action committees.

BE IT ENACTED BY THE LEGISLATURE OF ALABAMA:

1 Section 1. This act shall be known and may be cited
2 as the Campaign Finance Transparency Act.

3 Section 2. Sections 17-5-7 and 17-5-17 of the Code
4 of Alabama 1975, are amended to read as follows:

5 "§17-5-7.

6 "(a) A candidate, public official, or principal
7 campaign committee as defined in this chapter, may only use
8 campaign contributions, and any proceeds from investing the
9 contributions that are in excess of any amount necessary to
10 defray expenditures of the candidate, public official, or
11 principal campaign committee, for the following purposes:

12 "(1) Necessary and ordinary expenditures of the
13 campaign.

14 "(2) Expenditures that are reasonably related to
15 performing the duties of the office held. For purposes of this
16 section, expenditures that are reasonably related to
17 performing the duties of the office held do not include
18 personal and legislative living expenses, as defined in this
19 chapter.

20 "(3) Donations to the State General Fund, the
21 Education Trust Fund, or equivalent county or municipal funds.
22 Donations to an organization to which a federal income tax
23 deduction is permitted under subparagraph (A) of paragraph (1)
24 of subsection (b) of Section 170 of the Internal Revenue Code
25 of 1986, as amended, or any other charitable, educational, or
26 eleemosynary cause of Section 501 of Title 26 of the U. S.
27 Code.

1 "~~(4)~~ Transfers to another political committee as
2 defined in this chapter.

3 "(4) ~~(5)~~ Inaugural or transitional expenses.

4 "(b) Notwithstanding any other provision of law,
5 including, but not limited to, Section 13A-10-61, a candidate,
6 public official, or principal campaign committee may only
7 accept, solicit, or receive contributions:

8 "(1) To influence the outcome of an election.

9 "(2) For a period of 12 months before an election in
10 which the person intends to be a candidate. Provided, however,
11 candidates for state office and their principal campaign
12 committees may not accept, solicit, or receive contributions
13 during the period when the Legislature is convened in session.
14 For purposes of this section, the Legislature is convened in
15 session at any time from the opening day of the special or
16 regular session and continued through the day of adjournment
17 sine die for that session. However, this subdivision shall not
18 apply within 120 days of any primary, runoff, or general
19 election, and shall not apply to the candidates or their
20 principal campaign committees participating in any special
21 election as called by the Governor. This subdivision shall not
22 apply to a loan from a candidate to his or her own principal
23 campaign committee.

24 "(3) For a period of 120 days after the election in
25 which the person was a candidate, but only to the extent of
26 any campaign debt of the candidate or principal campaign
27 committee of the candidate as indicated on the campaign

1 financial disclosure form or to the extent of reaching the
2 threshold that is required for qualification as a candidate
3 for the office which he or she currently holds, or both.

4 "(4) For the purpose of paying all expenses
5 associated with an election challenge including, but not
6 limited to, quo warranto challenges.

7 "(c) Notwithstanding any other provision of law,
8 including, but not limited to, Section 13A-10-61, a candidate,
9 public official, or principal campaign committee shall not
10 accept, solicit, or receive contributions for any of the
11 following reasons:

12 "(1) As a bribe, as defined by Sections 13A-10-60 to
13 13A-10-63, inclusive.

14 "(2) For the intention of corruptly influencing the
15 official actions of the public official or candidate for
16 public office.

17 "§17-5-15.

18 "(a) It shall be unlawful for any person to make a
19 contribution in the name of another person, or knowingly
20 permit his or her name to be used to effect such a
21 contribution made by one person in the name of another person,
22 or for any candidate, principal campaign committee, or
23 political action committee to knowingly accept a contribution
24 made by one person in the name of another person; ~~provided,~~
25 ~~however, that nothing in this chapter would prohibit any~~
26 ~~person from soliciting and receiving contributions from other~~
27 ~~persons for the purpose of making expenditures to a candidate,~~

1 ~~political campaign committee, political action committee, or~~
2 ~~elected state or local official required to file reports~~
3 ~~pursuant to Section 17-5-8.~~

4 "(b) It shall be unlawful for any political action
5 committee, including a principal campaign committee, to make a
6 contribution to any other political action committee.

7 Notwithstanding the foregoing, any political action committee
8 that is not a principal campaign committee may make a
9 contribution to a principal campaign committee."

10 Section 3. This act shall become effective
11 immediately following its passage and approval by the
12 Governor, or its otherwise becoming law.