

STATE OF RHODE ISLAND BOARD OF ELECTIONS CAMPAIGN FINANCE DIVISION

ANNUAL REPORT TO THE GENERAL ASSEMBLY 2018

PREPARED BY: RICHARD E. THORNTON, DIRECTOR OF CAMPAIGN FINANCE



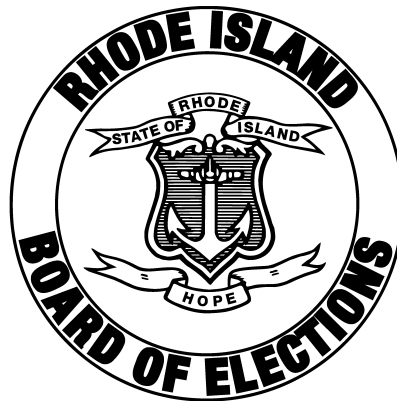
STATE OF RHODE ISLAND
BOARD OF ELECTIONS

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INTRODUCTION

The Board of Elections (“Board”) is authorized to perform any duties that are necessary to implement the provisions of the Rhode Island Campaign Contributions and Expenditures Reporting Act (R.I.G.L. §17-25). Without limiting the generality of this provision, the Board is authorized and empowered to, among other things, prepare and publish an Annual Report to the General Assembly.

The 2018 Annual Report is intended to inform members of the General Assembly about the operations of the Campaign Finance Division of the Board of Elections, including its mission, staffing, duties, status of campaign finance reporting, matching public funds, independent and referendum expenditures, legislation, compliance reviews/audits, complaints/investigations, advisory opinions, public records requests and technology.

If you have questions about the content of the 2018 Annual Report, please contact Richard E. Thornton, Director of Campaign Finance, by phone at (401) 222-1907; or by e-mail at richard.thornton@elections.ri.gov.

I. Summary of Campaign Finance Division

a. Mission

It is declared to be in the public interest and to be the policy of the State of Rhode Island to require the reporting of certain contributions received and expenditures made to aid or promote the nomination, election, or defeat of all candidates for public office. The mission of the Campaign Finance Division of the Rhode Island Board of Elections is to educate candidates, political action committees, political party committees, ballot question advocates and independent and referendum advocates and to effectively and efficiently administer the provisions of Rhode Island campaign finance law and to oversee compliance with those provisions.

b. Staff

Richard E. Thornton, Director of Campaign Finance/APRA Coordinator
Isairis Burchfield, Campaign Finance Representative
Anthony Desmarais, Campaign Finance Representative
Tiffany Johnson, Campaign Finance Representative

c. On-Going Duties

- Educate candidates, treasurers and deputy treasurers about campaign finance law, including requirement to file reports of contributions received and expenditures made;
- Train candidates, treasurers and deputy treasurers how to file campaign finance reports using the Electronic Reporting and Tracking System (ERTS);
- Send Reminder Notices by mail and email to candidates, treasurers and committees about upcoming campaign finance report due dates;
- Scan, upload and data entry of campaign finance reports filed using paper forms;
- Collect campaign account bank statements which are required from candidates, political action committees and political party committees; work with campaigns to reconcile any discrepancy between the account balance and campaign finance report balance as of December 31.
- Oversee compliance of campaigns required to file an Account Certification with each campaign finance report.
- Conduct compliance review of all campaign finance reports filed by paper or electronically via ERTS;
- Communicate by phone, letter and e-mail to candidates, treasurers and deputy treasurers to correct deficient or non-compliant campaign finance reports;

- Resolve any problems and answer any questions candidates, treasurers, deputy treasurers and advocates may have;
- Send a Notice of Non-Compliance, which includes the assessment of a late filing fine, to any candidate or committee failing to timely file a campaign finance report; Communicate by phone, letter and e-mail to candidates, treasurers and deputy treasurers to collect outstanding late filing fines;
- Prepare and publish a campaign finance manual and summary guide for all candidates, political action committees, political party committees prescribing the requirements of campaign finance law;
- Conduct compliance reviews and audits of campaign accounts;
- Conduct confidential investigations of candidates, political action committees and political party committees relative to alleged violations of campaign finance law discovered either during a compliance review or audit, or upon receipt of a verified written complaint;
- Review and respond administratively to appeals for waivers or reductions of late filing fines by candidates and committees;
- Compile Outstanding Campaign Finance Fines Report monthly;
- Author proposed campaign finance legislation to be considered by the Board for submission to the General Assembly;
- Author proposed campaign finance regulations to be considered by the Board for public hearing;
- Provide training and guidance to the 39 Boards of Canvassers for processing candidate declarations in ERTS and for assisting Campaign Finance with matters related to candidate and advocacy group compliance.
- Administer the Matching Public Funds program for participating general office candidates (every 4 years, including 2018)
- Research and retrieve documentation responsive to provisions under the Access to Public Records Act (“APRA”).

II. Status of Campaign Finance Reports

a. Overview

Candidates/Officeholders, political action committees and political party committees are required to file periodic campaign finance reports of contributions received and expenditures made.

Filers may appeal fines assessed for late filing. The Board of Elections (“Board”) has the authority to waive or reduce fines provided good cause is shown. The Board has delegated authority to its executive staff to administratively determine an appeal up to \$5,000.

- b. From January 1 through June 30, 2018:
 - 863 active candidates and committees;
 - 1,969 campaign finance reports required to be filed;
 - 313 campaign finance reports filed late (15.9%);
 - 45 appeals to waive or reduce fines assessed for late filing;
 - \$14,408.00 fines waived via Administrative Appeals;
 - \$299,283.00 fines waived via Board Appeals;
 - \$16,905.00 fines collected.

- c. Candidate Declaration for 2018 general election was June 25-27:
 - 1,001 candidates declared candidacy for public offices under Title 17 of the RI General Laws.

- d. From July 1 through December 31, 2018:
 - 1,494 active candidates and committees;
 - 4,886 campaign finance reports required to be filed;
 - 506 campaign finance reports filed late (10.4%);
 - 65 appeals to waive or reduce fines assessed for late filing;
 - \$6,664.00 fines waived via Administrative Appeals;
 - \$11,381.00 fines collected.

III. Matching Public Funds

- a. The Campaign Finance Division of the RI Board of Elections administers the Matching Public Funds program for qualified candidates for general office.

- b. The general office candidates who requested and were eligible for matching public funds, the office sought and the amount of matching public funds paid to each in 2018 is detailed below:

• Allan Fung (Governor)	\$1,175,245
• Daniel McKee (Lieutenant Governor)	\$ 293,586
• Nellie Gorbea (Secretary of State)	\$ 141,812
• Peter Neronha (Attorney General)	\$ 220,355

- c. The total matching public funds paid out to the four (4) general office candidates in 2018 was \$1,830,998.

IV. Independent Expenditures and Referendum Expenditures

- a. A person, business entity or political action committee, not otherwise prohibited by law and not acting in coordination with a candidate, authorized candidate campaign committee, political

action committee or political party committee, to expend from that person's own funds a sum which is not to be repaid for any purpose not prohibited by law to support or defeat a candidate or referendum.

- b. A report of Independent Expenditures and Referendum Expenditures is required to be filed with the Board of Elections, provided the total of money so expended exceeds \$1,000 in the calendar year.
- c. For the 2018 election period:
 - Independent Expenditures: There were 90 reports of Independent Expenditures filed with the Board of Elections, disclosing total expenditures of \$5,594,694.07.
 - Referendum Expenditures: There were 10 reports of Referendum Expenditures filed with the Board of Elections, disclosing \$244,883.00.

V. Legislation

- a. For 2018, the Campaign Finance Division submitted one bill for consideration (S2755 and H7730), which proposed the following changes to RI General Law 17-25-11:
 - Includes a provision for submitting a paper copy of a candidate's or officeholder's account statement upon dissolution of his or her account with the Board;
 - Allows a candidate who funds his or her own campaign, or who receives contributions in-kind from its political party in excess of \$100 within a calendar year to qualify for an annual filing exemption;
 - Assigns financial liability to the treasurer of a political committee for a late filing fine;
 - Establishes a maximum late filing fine for any report required to be filed by a candidate or political committee; and
 - Authorizes the Board to initiate civil proceedings to compel a candidate to file a report, with the candidate's failure to file resulting in his or her name not appearing on the ballot.

The bill was held for further study in both the Senate and House.

VI. Compliance Reviews/Audits

- a. Campaign Finance Division conducts compliance reviews on all reports filed and requires curative action be taken by the candidate or committee on any deficient, incorrect or non-compliant information discovered.

- b. A more comprehensive Audit is conducted when the information discovered during the compliance review reveals potential campaign finance violations.
 - There were two (2) Audits presented to the Board for which Consent Orders were entered into between the Board and the candidates as settlement for campaign violations discovered.

VII. Complaints/Investigations

- a. Campaign Finance conducts investigations upon its own initiative or upon the receipt of a verified written complaint. If upon completion of an investigation the Board votes there is reason to believe a violation may have occurred, the vote and any action taken by the Board, become public information.
 - There were seven (7) campaign finance complaints filed for which the Board's vote and action taken were public.

VIII. Advisory Opinions

- a. The Board is authorized, upon written request, to render written advisory opinions.
 - There were three (3) requests submitted, and advisory opinions written, related to campaign finance matters.

IX. Access to Public Records Act

- a. There were three (3) requests seeking public records related to campaign finance matters.

X. Technology

- a. Quest Information Systems (predecessor to PCC Technology) developed the Board of Elections' Electronic Reporting and Tracking System (ERTS) for Campaign Finance reporting in 2002 using Microsoft technologies at that time. ERTS is currently running in Windows 2008 and SQL server 2010, both supported by Microsoft for several years, however the underlying software is not guaranteed to work with future releases of Windows operating or database systems.
In 2016, the Rhode Island State Division of Information Technology (Dolt) recommended the Board of Elections upgrade ERTS technology to be supported in future releases of the Windows Operating System and SQL databases; replacing current ASP.net technology with newer Microsoft technologies; and replacing Crystal Report Writer with current .Net technologies and reporting services.

- b. For 2019, the Board of Elections will be working to upgrade its electronic reporting system for Campaign Finance, funded in part by a \$350,000 grant from the IT Investment Fund.
- c. On average, 60% of candidates, political action committees and political party committees file their campaign finance reports electronically in ERTS, while 40% of candidates, political action committees and political party committees file their reports on paper forms prescribed by the Board of Elections, with data entry of the information into ERTS conducted by Campaign Finance staff.