



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 711

PRINTERS NO. 681

PRIME SPONSOR: Stambaugh

COST / (SAVINGS)

FUND	FY 2021/22	FY 2022/23
General Fund	\$0	See "Fiscal Impact"
County Funds	\$0	See "Fiscal Impact"

SUMMARY: Amends the Pennsylvania Election Code to allow candidates running for office and political action committees to file campaign finance reports electronically using the Department of State's online filing system and outlines the manner of filing. Provisions relating to the Pennsylvania Bulletin will take effect immediately. The remainder of this act will take effect 120 days after the publication in the Pennsylvania Bulletin.

ANALYSIS: This legislation amends several sections of Article 16 (relating to primary and election expenses) of the Pennsylvania Election Code to make the following changes.

Reporting: The legislation amends section 1626 (Reporting by Candidate and Political Committees and other Persons) to allow campaign reports and statements that are required to be filed with the Secretary of the Commonwealth (Secretary) to be filed electronically using the electronic filing system developed by the Secretary. A report or statement submitted electronically must:

1. require an electronic signature from the treasurer or assistant treasurer at the time of the filing. In addition, a report filed by a political committee, authorized by a candidate and created solely for the purpose of influencing an election on behalf of that candidate must be signed, using an electronic signature, stating that, to the best of the candidate's knowledge, the political committee has not violated a provision of this act; and
2. be made subject to the penalties of 18 Pa.C.S. § 4904 (relating to unsworn falsification to authorities) as provided in section 1629 (relating to unsworn falsification; perjury; disqualification from office; commercial use) of the Election Code.

Copies of the reports and statements must be filed with the county in which the candidate resides unless they were filed electronically with the Secretary. Reports that are not filed electronically, must be filed on forms developed by the Secretary.

Late Contributions and Independent Expenditures: This legislation amends section 1628 (Late Contributions and Independent Expenditures) to require reports of contributions and expenditures received after the final pre-election report has been deemed completed to be filed electronically using the electronic filing system developed by the Secretary. Any report that is not filed electronically must be filed by fax, e-mail, overnight mail courier service, or in person.

Unsworn Falsification: The legislation amends section 1629 (Oath of Compliance; Perjury; Disqualification from Office; Commercial Use) by removing the requirements for a report to be subscribed and sworn by the individual submitting the report and accompanied by an affidavit from the candidate providing that the political committee has not violated any provisions of this act.

Willfully false or misleading statements made by the candidate or treasurer will constitute the crime of unsworn falsification to authorities.

Manner of Filing: A principal may authorize another person to prepare the contents of a report or statement that is filed electronically, including entry into the electronic filing system. However, each principal authorizing another to prepare the contents of a report or statement must:

1. Review the contents of the report or statement prepared.
2. File the approval of the contents of the report or statement and verification of its accuracy, electronically. The approval must be transmitted personally by the principal and not on the principal's behalf by any other person.

No report or statement that is filed electronically may be considered complete or filed until all necessary approvals and verifications have been submitted by each principal required to file.

Inability to File Reports or Statements Electronically by Deadline: Reports or statements filed electronically with the Secretary are subject to the following:

1. If a report or statement is not filed electronically on the day they are due because of the unavailability of the Department of State's (DOS) electronic filing system, the principal must immediately notify the DOS in a manner designated by the Secretary. After the DOS is notified, the candidate or political committee will have until 11:59 P.M. on the next day following the deadline to file the report or statement affirming that the principal was unable to file the report or statement to the unavailability of the DOS electronic filing system. The affirmation statement must be due at the same time as the statement or report that was filed. The report or statement must not be considered filed until the affirmation statement has been filed.
2. If reports or statements are still unable to be filed due to the unavailability of the DOS's electronic filing system, the principal must notify the DOS each day a report or statement cannot be filed. The deadline to file reports and statements and to notify the DOS a second time of the inaccessibility of their electronic filing system is 11:59 P.M. on the next day. The principal must file a statement affirming that the principal was unable to file the report or statement on time because of the inability of the filing system. The

affirmation statement must be due at the same time as the statement or report that was filed. The report or statement must not be considered filed until the affirmation statement has been filed.

The DOS may provide for an alternative method of electronic filing if the current electronic filing system remains unavailable.

The Secretary may waive late filing fees for reports or statements filed after the deadline, for cause shown.

For the purposes of this section, the term “unavailability of the Department of State’s electronic filing system” means a failure of the system within the Department of State's technical environment that does not allow access to the system by an individual. The term does not include:

1. a network issue between the user's computer and the Department of State's environment;
or
2. a failure of any part of the user's computer or internal network.

Powers and Duties of the Supervisor: The legislation amends section 1639 (Powers and Duties of the Supervisor) to require county voter registration offices, upon request by any person, to obtain from the electronic reporting system maintained by the Secretary, and provide for review, any campaign finance report required to be filed electronically with the Secretary.

Duties of the Secretary: The legislation amends section 1640 (Additional Powers and Duties of the Secretary) to require the Secretary to maintain a publicly accessible searchable internet computer database and electronic reporting system that contains information on contributions, expenditures, and any distribution of money by candidates and political committees. The database must be designed with an emergency recovery system to ensure that campaign expense records are not lost in the case of an emergency, natural disaster, or other event that could cause the system to malfunction.

The Secretary must establish a training program on the electronic reporting system and make it available to a candidate or political committee.

The Secretary must ensure that all information from a filed report or statement, that is not on the electronic filing system, is entered into the system as soon as practicable but no later than four business days after the Secretary receives it.

Additionally, the DOS must issue registrants an electronic receipt that includes a confirmation number and the date and time of filing.

Political Contributions: The legislation amends section 1641 to allow businesses, that have been awarded non-bid contracts from the Commonwealth or its political subdivisions within the

preceding calendar year, to report all political contributions electronically to the Secretary, in the manner so designated under this act, by February 15 of each year.

Pennsylvania Bulletin: The Secretary must transmit notice to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin when the electronic filing system is available for use.

FISCAL IMPACT: According to the Department of State, there will be a one-time cost of roughly \$96,000 to make the necessary changes to the Campaign Finance System. The Department also indicates that an outside vendor is utilized for data entry, therefore, this legislation would lessen those costs by approximately \$15,000 per year. The Department indicates that all costs can be absorbed within existing appropriations.

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House Appropriations Committee (R)

DATE: June 27, 2022

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.