

2001
ANNUAL REPORT
REGISTRY OF ELECTION FINANCE

In addition to handling the filings required by the Campaign Financial Disclosure Act, Lobbyist Registration and Disclosure Act and the Conflict of Interest Disclosure Act, the Registry has devoted a considerable amount of time working to educate our clients. The Registry's clients include state officials, candidates, PACs, lobbyists, single-measure committees, local county election commissions and the public. The main goals of the Registry, since being created in 1990, have included the accurate and timely filing of all disclosures. The Registry has felt the best way to achieve these goals is through education.

The Registry staff has tried to meet our client's educational needs in several different ways. We have organized or participated in several different types of seminars across the state, we have spent many hours working one on one with our clients, we have maintained a web site and we have continually updated our forms and informational booklets.

As part of the annual county election commission official's conference, the Registry staff conducted a seminar for the local county election officials. This seminar ensures that the local officials not only have access to the latest information on the campaign finance and conflict of interest laws, but also enables them to better assist local and state candidates, PACs and single-measure committees from their areas of the state.

In addition to the annual seminar, the Registry staff participated in the regional seminars that the local county election commission officials have in each grand division of the state. This provides the opportunity for the Registry staff to meet with the Administrators of Elections on a smaller scale and answer any specific questions that they have.

The Registry staff also participated in two seminars for lobbyists. One was the annual lobbyist's convention, held at Fall Creek Falls State Park, where the Registry staff was asked to give a refresher on the lobbying law and to discuss any pending law changes. In addition to this seminar, the Registry staff participated in a discussion with lobbyists at a seminar sponsored by the Tennessee Retail Merchants Association.

As part of the Registry's continuing effort to educate candidates and their committees on the campaign financial disclosure laws for the 2002 elections, the Registry staff has organized regional candidate seminars across the state. These free campaign finance seminars are made available to the candidates, their treasurers and any other interested campaign staff. When completed these seminars will have been offered in Memphis, Knoxville, Chattanooga and Nashville. The seminars are advertised by notifying the local county election commissions, all registered candidates and all members of the General Assembly.

At the campaign finance seminar, the campaign finance laws are discussed in detail and attendees are given a detailed class on how to complete a campaign financial disclosure statement. These seminars are intended to not only give the campaigns a better understanding of what is required under the campaign finance law, but also to make them feel more comfortable in seeking additional assistance in the future.

As part of the educational process the Registry is continually updating publications from our office. The staff has been in process of revising its *Campaign Financial Disclosure Forms for Single Candidate Committees* and its *Campaign Financial Disclosure Guideline* booklets. These forms and booklets are not only supplied to state candidates by the Registry but are also supplied, free of charge, to the local county election commission to supply to local candidates.

The use of the Registry's web site has continued to grow as more and more people use the Internet. Our office maintains items such as frequently as question sections on campaign finance, conflict of interest and lobbying; filing dates; lobbyists lists; PAC lists; downloadable forms; minutes from meetings and agendas for the monthly board meetings on the web site.

The Registry feels that the next important step, in reaching our goals of having accurate and timely filings, is the development of an electronic filing system. This system would make the filing of campaign financial disclosure information, lobbyist information and conflict of interest information more efficient for both the filers and the Registry staff.

The Registry has continued to work on development of an electronic filing system. Our office had a study completed by Local Government Data Processing Corporation detailing the requirements and costs of an electronic filing system.

Based on this study, the Registry is currently working with the General Assembly on finding funding for an electronic filing system.

REGISTRY'S RECOMMENDATIONS FOR IMPROVING AND STRENGTHENING THE DISCLOSURE LAW

The Registry believes that implementation of the following recommendations would improve and strengthen the disclosure laws that it is required to administer:

- 1.) The Registry should be authorized to suspend the registrations of lobbyists and PACs, where civil penalty assessment orders are final and penalties remain unpaid. Additionally, the Campaign Financial Disclosure Law should be amended to allow for the suspension of PAC registrations where required campaign disclosure reports are not filed.
- 2.) The due dates for candidates' allocation reports for unexpended campaign funds should be amended, so that allocation reports filed after the November general elections are not due before the filing of the post-general election campaign disclosure reports.
- 3.) The General Assembly should address through legislation the following pending campaign finance issues:
 - a.) May incumbent candidates who have previously completed an election year cycle, who do not have any outstanding debts or obligations, continue to accept contributions up to the limits set forth in the Campaign Contributions Limits Act and attribute those monies to the elections in the election cycle already completed?
 - b.) On a related point, there is a question of whether a successful, debt-free candidate may continue accepting contributions for any purpose after an election cycle without filing a new appointment of political treasurer's statement?

- c.) Questions arose during the 1998 and 2000 election cycles as to whether a candidate who has successfully completed a primary election can accept contributions after that election (where there are no outstanding debts or obligations) and attribute those monies retroactively to the primary?
 - d.) Relying on federal precedent, the Registry has taken the position that candidates may accept contributions for both primary and general elections, even though it is uncertain whether those individuals will actually be involved in a general election campaign. Should such candidates be allowed to spend all of those monies (including monies collected for the general election) during the primary election?
 - e.) Are all anonymous contributions prohibited by the campaign finance laws? (The State Attorney General opined in Opinion No. 97-065 that the disclosure laws indirectly prohibit such contributions.)
 - f.) Candidates commonly report a contribution as being from a married couple, frequently based on the names at the top of the check. How should such contributions be attributed for purposes of the Campaign Contribution Limits Act?
4. The Registry should be provided subpoena authority and random audit authority as part of its investigative powers, with the requirement that two-thirds of the board, as constituted on the date of any motion to utilize subpoena authority, must vote in favor of the issuance of a subpoena for such subpoena to be issued.
 5. The General Assembly should consider deleting the inspection notice provision of the Campaign Financial Disclosure Law, which requires persons inspecting or copying candidates' disclosure reports to disclose their names and extensive personal information to the Registry and the local county election commissions. The effect of this provision has been to deter some citizens from reviewing elected officials' reports.
 6. Provision should be made in the campaign finance law to hold candidates' treasurers accountable for negligence in the filing of candidates' report.

FUTURE GOALS OF THE REGISTRY OF ELECTION FINANCE

To meet the Registry's goals of timely and accurately filed reports, the Registry's main point of emphasis at this point is the development of an electronic filing system for candidates and political campaign committees. With the study completed by Local Government Data Processing and the interest shown by several legislators, the Registry is hopeful that funds will be found for the development of an Internet based electronic filing campaign financial disclosure system.

The Registry will continue to improve the educational opportunities made available statewide. As always, the Registry will strive to provide excellent education to candidates and their committees, PACs, lobbyists, Administrators of Elections, the public and of course the General Assembly and Governor on the disclosure laws administered by the Registry.

DISCLOSURE FILINGS

During a non-election year, such as 2001, the Registry does not handle the same volume of disclosures from state candidates as in an election year. However, the lobbyists and PAC filings remain at approximately the same level. (See Appendix A for statistical summaries of reports.)

Candidates. During the past year, 214 campaign financial disclosure reports were required to be filed by candidates for state public office; 91% were filed on time. Certified letters were sent to the remaining 9% to warn of possible assessment of civil penalties. In addition, 11% of the reports were returned for corrections of mathematical errors or incomplete information. One candidate was assessed a civil penalty for a late report. Some cases are still pending at this time.

PACs. During the past year, 1492 campaign financial reports were required to be filed by PACs; 93% were timely filed. (See Appendix B for a listing of candidate contributions made by PACs.) Certified letters were sent to the remaining 7% to warn of possible civil penalty assessments. In addition, 6% were returned for corrections of mathematical errors or other incomplete information.

Twenty-three PACs were assessed civil penalties for late reports. Some cases are still pending at this time.

Lobbyists. Of 1071 lobbying activities reports required to be filed with the Registry, 88% of those reports were timely filed. (See Appendix C for a listing of candidate contributions made by lobbyists.) Certified letters were sent to the remaining 12% to warn of possible civil penalty assessments. Three lobbyists were assessed civil penalties for the late filing of an activities report. Some cases are still pending at this time.

Statements of Interests. During the past year, 305 candidates for state office and officeholders were required to file statements of interests. Of those individuals required to file those statements, 93% timely filed the reports. Certified letters were sent to the remaining 7% to warn of possible assessment of civil penalties. No individual has been assessed a civil penalty by the Registry for the late filing of their statements this year. Some cases are pending.

CIVIL PENALTY ASSESSMENTS

In its effort to ensure compliance with the disclosure laws, the Registry assessed civil penalties against 69 individuals or organizations in 2001 for violations of the campaign finance, lobbying and conflict of interest laws. (See Appendix D for a statistical summary of civil penalty assessments.) In all of these cases, no civil penalties were assessed by the Registry until the individuals or organizations were provided notice and an opportunity for a hearing through the agency's show cause hearing procedures.

Civil penalties were levied for the late filing of disclosure reports. In 2001, the Registry assessed a total of \$39,038 in civil penalties. The Registry has collected \$10,125 of those penalties. In cases where the Registry's assessment orders are now final and the civil penalties remain unpaid, the cases have been turned over to the State Attorney General's office for collection through the appropriate legal process.

This report is approved by members of the Registry of Election Finance at the board's regular monthly meeting conducted on March 13, 2002.

Karen Dunavant

Hank Fincher

George Harding

Samella Junior-Spence

William F. Long, Jr.

Michael McCroskey