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FISCAL IMPACT REPORT

SPONSOR Espinoza/ Brown **ORIGINAL DATE** 2/9/16
LAST UPDATED 2/16/16 **HB** 310/aHGEIC

SHORT TITLE Acceptable Uses of Campaign Funds **SB** _____

ANALYST Jorgensen

ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY16	FY17	FY18	3 Year Total Cost	Recurring or Nonrecurring	Fund Affected
Total		Minimal	NFI	Minimal	Nonrecurring	General fund

(Parenthesis () Indicate Expenditure Decreases)

SOURCES OF INFORMATION

LFC Files

Responses Received From

Administrative Office of the Courts (AOC)

Attorney General’s Office (AGO)

Secretary of State (SOS)

SUMMARY

Synopsis of HGEIC Amendment

The House Government, Elections, & Indian Affairs Committee amendment to House Bill 310 limits the bill to defining prohibited uses of campaign funds and strikes language defining acceptable use of campaign funds. The amendment strikes language prohibiting the use of campaign funds to pay for the candidates telephone, cell phone, or internet connection.

Synopsis of Original Bill

House Bill 310 amends the Campaign Reporting Act to clarify that allowable expenditures of campaign contributions exclude personal expenses. HB 310 defines the terms “expenditures of the campaign,” “family” and “personal expenses.”

HB 310 defines family as an individual’s spouse, parents, children, or siblings. Personal expenses include expenditures to defray normal living expenses of the candidate or family members, or other expenditures made for personal benefit with no connection with or effect on the campaign; telephone, cell phone, or internet service for the candidate or their family; clothing, jewelry, or grooming for the candidate; and medical expenses of the candidate or their family.

HB 310 identifies 22 categories of acceptable campaign expenditures covering advertizing and political communications, memorabilia, office space and equipment, paid staff, polling, fundraising, and inaugural events.

FISCAL IMPLICATIONS

The SOS states there will be a minimal fiscal impact associated with this bill as the campaign finance reporting system would need to be updated to reflect the new expenditure categories.

SIGNIFICANT ISSUES

The AGO states HB 313 provides considerable specificity to the current law that provides for allowable campaign expenses but excludes personal expenses. Additionally, the bill specifically addresses inauguration expenses, which current law does not expressly address.

CONFLICT, DUPLICATION, COMPANIONSHIP, RELATIONSHIP

Relates to HB 313 and HB 208, which prohibit the use of public campaign funds for personal living expenses. Conflicts with HB 124, which addresses Gubernatorial inauguration contributions and expenditures.

TECHNICAL ISSUES

The AOC notes that fund raising is a broad, ambiguous term and that further clarification may be necessary.

The AOC suggests a comma be added between the descriptive words “necessary” and “routine” in Section 1(D)(V)

The AGO notes that it may be more appropriate to use the word “memorabilia” instead of “paraphernalia” to describe an item that “is customarily given or sold to supporters, including campaign buttons, stickers, pins, pencils, pens, matchbooks, balloons, pads, calendars, magnets, key chains, hats, tee shirts, sweatshirts, Frisbees, potholders, jar openers and similar items”.

OTHER SUBSTANTIVE ISSUES

Under Section 1-19A-7 NMSA 1978, Candidates receiving public funding for election expenses may use funds received from public sources for campaign-related expenses. Including inaugural expenses in the definition of “expenditures of the campaign” may enable candidates to use public election funds to finance and attend inaugural celebrations.

CJ/al/jo