

## Testimony of Common Cause Rhode Island on H 6234 -- An Act Relating to Elections -- Rhode Island Campaign Contributions and Expenditures Reporting

### Position: Support

Common Cause Rhode Island supports H 6234 that makes improvements to Rhode Island's system of campaign finance by closing a variety of loopholes.

In 2023 the General Assembly passed legislation that increased the limit of campaign contributions in Rhode Island elections. That legislation also attempted to close one loophole in campaign finance law with respect to campaigns that carry accounts payable for extended periods of time. Unfortunately, we do not believe it successfully closed that loophole.

H 6234 closes the accounts payable loophole, as well as several others, in order to make our campaign finance limits and reporting more effective. Those include:

**Accounts payable**--Currently a campaign can hold an accounts payable on its books for an indefinite period of time. This can be used to circumvent donation limits and the prohibition against corporate donations. H 6234 sets a period of 180 days, after which an accounts payable converts to a contribution received in-kind. It creates a mechanism for the campaign to report the status of the accounts payable prior to converting to a contribution received in-kind and makes clear that a contribution in excess of the contribution limit is a violation of the law. This section was modified at the request of the staff of the Board of Elections.

**Disbursement details**--Currently campaigns, when reporting disbursements, are not required to list the underlying vendor. That means a campaign can report paying a credit card company, or payroll provider, but not report when the credit card was used for, or what employee was paid by the payroll provider. This creates opacity in our campaign finance reporting system.

**In-kind contributions**--While our current campaign finance statute limits the amount of in-kind contributions, the Board of Elections has had difficulty calculating the value of such contributions. H 6234 clarifies the definition of an in-kind contribution.

**Scam PACs**--At the national level we have a proliferation of so-called Scam PACs that donate only a *de minimis* amount to campaigns and instead are used to enrich those who run the PACs. H 6234 would create tighter rules around the use of funds by PACs to prevent this behavior in Rhode Island.

**Straw donors**--Current campaign finance law prohibits donating to a campaign in the name of another person. H 6234 provides enhanced penalties for so-called straw donations, including the ability to order disgorgement of the contributions.

The 2025 version of the legislation closes an additional loophole. § 17-25-3(18) defines “paid personal services” as “personal services of every kind and nature, the cost or consideration for which is paid or provided by someone other than the committee or candidate for whom the services are rendered, but shall not include personal services provided without compensation by persons volunteering their time.” Because a “person” is defined elsewhere as including corporations, this definition creates a way around the prohibition against corporate contributions in § 17-25-10.1(h)(1). Changing the term “person” to “individual” closes that loophole.

We urge the committee to give serious consideration to closing these loopholes in Rhode Island campaign finance law.

