



April 7, 2026

The Honorable Evan P. Shanley
Chair
House State Government and Elections Committee
Rhode Island House of Representatives

RE: Statement in Support of 2026 H 7450

Dear Chair LaMountain and Members of the Committee,

Campaign Legal Center ("CLC") respectfully submits this statement in support of H 7450, relating to elections—Rhode Island campaign contributions and expenditures reporting.

CLC is a nonpartisan legal organization dedicated to solving the wide range of challenges facing American democracy. Since the organization's founding in 2002, CLC has participated in every major campaign finance case before the U.S. Supreme Court, as well as in numerous other federal and state court cases. CLC fights for every American's freedom to vote and participate meaningfully in the democratic process, particularly Americans who have faced political barriers because of race, ethnicity, or economic status.

CLC submits this testimony in support of H 7450, which includes important transparency and anti-corruption reforms for Rhode Island's campaign finance laws. This testimony outlines the updates included in the bill and explains how these changes increase transparency and help prevent corruption and the appearance of corruption in Rhode Island elections.

H 7450 strengthens Rhode Island campaign finance law.

For a democracy to be effective, candidates and elected officials must be accountable to their constituents—not their biggest donors. But for voters to hold candidates and elected officials accountable, they must have access to information about who is spending big money to influence their votes. Because wealthy donors and special interests can spend unlimited amounts independently to influence our elections, closing loopholes that allow political players to secretly bankroll their preferred candidates is essential to protecting the integrity of our democracy.

Furthermore, to protect voters' trust in elected officials, the law must ensure that funds donated to political committees are *only* spent on legitimate political purposes and not used for personal enrichment. With the rise of super PACs and the accompanying rapid increase in political spending in the fifteen years since *Citizens United*, it is even more critical that states clearly prohibit siphoning campaign funds away from committees for personal benefit—not just by legislators and candidates, as Rhode Island already does, but also by anyone with the authority to spend political funds raised by a campaign or other political committee.

H 7450 includes many important updates for Rhode Island's campaign finance laws that help to protect the integrity of state elections. These reforms would help to ensure that Rhode Island voters have the information they need to cast an informed ballot, hold their elected officials accountable, and uphold the public's faith in our democracy.

A. Expanding prohibitions on self-dealing with committee funds

Rhode Island currently prohibits the personal use of campaign committee funds by candidates.¹ However, candidates are not the only people who abuse their access to committee funds,² and the rise of so-called “scam PACs” has resulted in other political players using funds donated for political engagement for their own personal benefit, instead.³ This bill would expand the prohibition on using committee⁴ funds for personal benefit to include a broader slate of people with the power to spend committee funds for their own benefit.

“Scam PACs” are political committees that claim to raise money for political causes, but spend little or even none of the donations they receive for those purposes.⁵ These groups fundraise for a cause or a candidate, often targeting small donors, then direct the funds through varying schemes, often resulting in the money being pocketed by those behind the committee or people closely connected to them.⁶ Some scam PACs spend lavishly on salaries and perks, pay for personal expenses, or provide indirect kick-backs to PAC managers or their families by contracting with vendors where the managers or their families hold a financial stake.⁷

While scam PACs are a particularly egregious example of self-dealing with committee funds, this issue can occur more subtly in legitimate campaigns and political committees, where committee staff or managers can be tempted to use election donations for their own benefit or the benefit of those close to them.⁸

The bill’s new § 17-25-7.7 prohibits “controlling persons” – that is, people with the ability to control and distribute a committee’s funds – from using such funds for personal benefit.⁹ The prohibition would also extend to using committee funds to benefit their family members and business partners.¹⁰

¹ R.I. Gen. Laws § 17-25-7.2

² See, e.g., Former Treasurer for Congressman’s Election Committee Sentenced to One Year in Jail for Embezzling Over \$300,000 from Campaign Funds and Separate Employer. ORANGE CNTY. DIST. ATT’Y. (Apr. 25, 2017), <https://orangecountyda.org/press/former-treasurer-for-congressmans-election-committee-sentenced-to-one-year-in-jail-for-embezzling-over-300000-from-campaign/> (Press release from the Orange County District Attorney detailing a 2017 conviction of former campaign staff for embezzling campaign funds). See also, Daniel Macht and Ashley Zavala, *Former aide pleads guilty in conspiracy to steal campaign funds from Xavier Becerra*, KCRA 3 (Nov. 20, 2025), <https://www.kcra.com/article/sean-mceluskie-pleads-guilty-conspiracy-xavier-becerra-campaign-funds/69500195> (News report regarding three former campaign staff who funneled funds from a dormant campaign account for their own benefit), and Corrinne Hess, *Wisconsin senator’s daughter charged with stealing his campaign funds*, WIS. PUB. RADIO (Mar. 26, 2026), <https://www.wpr.org/news/wisconsin-senator-daughter-campaign-funds-stolen-jesse-james-elizabeth-johnson>.

³ Taylor Giorno, *How to spot a ‘scam PAC’*, THE HILL (Jul 29, 2024), <https://elections2024.thehill.com/news/how-to-spot-a-scam-pac/>; Ciara Torres-Spelliscy, *Beware of ‘Scam PACs’ and PACs that Scam*, BRENNAN CTR. FOR JUSTICE (May 11, 2021), <https://www.brennancenter.org/our-work/analysis-opinion/beware-scam-pacs-and-pacs-scam>.

⁴ “Committee” includes a candidate campaign committee, political action committee, or political party committee. 2026 H 4742 at 21:3-4.

⁵ *Id.* See also, *The scourge of scam PACs*, THE WEEK (Feb. 23, 2020), <https://theweek.com/articles/896986/scourge-scam-pacs>.

⁶ *Id.*; see also Tamara Lytle, *Fraudsters Use Political Action Committees to Rip Off Older Americans*, AARP (Dec. 11, 2019), <https://www.aarp.org/money/scams-fraud/info-2019/scam-pacs.html>.

⁷ *Id.*

⁸ *Misappropriated funds*, FED. ELECTION COMM’N (last visited Apr. 5, 2024), <https://www.fec.gov/help-candidates-and-committees/keeping-records/misappropriated-funds/>.

⁹ 2026 S 2720 at 19:29-21:13.

¹⁰ *Id.*

The bill includes two mechanisms to address self-dealing by controlling persons. The new § 17-25-7.7(d) replicates the list of prohibited uses that already apply to candidates under § 17-25-7.2,¹¹ including payment of a controlling person's personal rent or mortgage, funeral or burial expenses for a controlling person's family, tuition payments benefitting a controlling person, and a controlling person's dues and fees at a gym or country club.¹²

For significant disbursements—that is, a single disbursement exceeding \$1,000 or aggregated disbursements exceeding \$5,000 in a calendar year—that are not specifically prohibited, H 7450 also creates a framework to assess whether such disbursements constitute personal use. Under § 17-25-7.7(b), a significant disbursement made to a controlling person—including their family members, business partners, and any business or other entity owned or controlled by any of those persons—is presumptively self-dealing, unless the committee can show, among other things, the disbursement resulted from an arm's-length transaction for bona fide goods or services at fair market value.¹³ When a significant disbursement to a controlling person occurs, the committee's treasurer must file a notice outlining the disbursement and rebutting the presumption of self-dealing with the Board of Elections.¹⁴

Together, these provisions are aimed at preventing scam PACs and other misuses of political committee funds in Rhode Island, strengthening voters' trust in public officials, protecting against corruption, and enhancing transparency around how political committees spend contributions.

B. Bolstering the prohibition on “straw donors” and providing enhanced penalties for violations

Straw donors – intermediaries used to illicitly funnel money from its true source – enable wealthy donors and special interests to evade political contribution limits and source prohibitions, like Rhode Island's corporate contribution ban.¹⁵ Voters have the right to know who is really bankrolling political campaigns or other efforts to influence their votes. Indeed, the Supreme Court has consistently affirmed that voters' right to know the sources of electoral spending and the prevention of corruption and the appearance of corruption are compelling government interests supporting campaign finance regulation.¹⁶ However, these interests are undermined when a person or group uses a straw donor to conceal themselves as the true source of the funds to a campaign, political action committee, or other election spender.¹⁷

While straw donations are already prohibited in Rhode Island,¹⁸ wealthy donors and special interests continue to develop new tactics in their attempts to circumvent the law and conceal the true source of election contributions and spending.¹⁹ H 7450 bolsters Rhode Island's straw donor ban under § 17-25-12, including by prohibiting the helping or assisting of any person or group in making a straw contribution and

¹¹ R.I. Gen. Laws § 17-25-7.2(b).

¹² 2026 S 2720 at 20:16-33.

¹³ 2026 S 2720 at 20:3-15.

¹⁴ 2026 S 2720 at 7:11-14.

¹⁵ Saurav Ghosh, *Straw Donor Schemes are Already Undermining Transparency in the 2024 Election*, CAMPAIGN LEGAL CTR. (Feb. 7, 2024), <https://campaignlegal.org/update/straw-donor-schemes-are-already-undermining-transparency-2024-election>.

¹⁷ *Id.*

¹⁸ R.I. Gen. Laws § 17-25-12.

¹⁹ Ghosh, *supra* note 14; see also Roger Wieand, *How Straw Donor Schemes Undermine Transparency in Elections*, CAMPAIGN LEGAL CTR. (Aug. 17, 2023), <https://campaignlegal.org/update/how-straw-donor-schemes-undermine-transparency-elections>.

creating new administrative and criminal penalties to deter such contributions.²⁰ H 7450 also adds similar prohibitions to § 17-25.3-1, which governs independent expenditures and electioneering communications.²¹

Given the parallel nature of the language prohibiting straw contributions in § 17-25-2 and § 17-25.3-1, we have one recommendation for consistency and clarity. Section 17-25.3-1 includes a single provision omitted in § 17-25-2: “No person or group shall knowingly permit the use of the person’s or group’s name to effect any donation, payment, transfer, or expenditure contrary to the provisions of this section.”²² We recommend that the committee amend the bill to include this specific prohibition in § 17-25-2 as well.

C. Limiting the length of time for unpaid debts owed by campaigns

Campaigns and other political committees, like many organizations, may elect to make purchases of goods or services on a payment plan or with credit. While this common business practice is not and need not be prohibited, such agreements—without clear regulation—run the risk of becoming an end-run around contribution limits by allowing creditors or businesses to extend extra-favorable terms or provide unpaid “credit” in excess of legal limits to their preferred candidates.²³

H 7450 includes provisions outlining the settlement of accounts payable in § 17-25-10, limiting how long a committee may leave outstanding accounts payable unpaid, requiring reporting of such debts, and establishing the terms under which such debts may be disposed of for less than the full amount due.²⁴ The bill further provides that debts *not* repaid in accordance with these rules will be considered a contribution, subject to existing contribution limitations. These additions provide important guidance to political committees, vendors, and the public, and they will provide the Board of Elections with the information needed to ensure compliance with these requirements.

D. Requiring transparency of payments made by vendors on a committee’s behalf

Under existing Rhode Island law, political committees are required by statute to report expenditures in excess of \$200.²⁵ However, some committees have attempted to conceal where they are spending money by paying an accountant or other vendor, who then distributes funds on the committee’s behalf to persons or entities actually providing services to the committee.²⁶ By obscuring how a committee’s funds are actually being used, this practice deprives voters of important information regarding the committee’s political spending. H 7450 updates § 17-25-7 to require committees to report all expenditures and disbursements paid on behalf of or for the benefit of the reporting committee through a vendor, closing this loophole and providing Rhode Islanders with critical information about how committees are spending the contributions they receive.²⁷

²⁰ 2026 S 2720 at 15:27-16:6.

²¹ 2026 S 2720 at 19:6-25.

²² *Id.* at 19:9-10.

²³ Federal campaign finance regulations specifically address the extension of credit to federal political committees, including strict guidelines for settling debts for less than the full amount owed. *See* 11 CFR §§ 116.1-116.10.

²⁴ 2026 S 2720 at 8:28-9:17.

²⁵ R.I. Gen. Laws § 17-25-7.

²⁶ *See, e.g.,* Soo Rin Kim and Will Steakin, *Trump campaign accused of using ‘pass-through’ vendors to obscure \$170 million in payments*, ABC NEWS (Jul. 28, 2020), <https://abcnews.go.com/Politics/trump-campaign-accused-pass-vendors-obscure-170-million/story?id=72020510>.

²⁷ 2026 S 2720 at 8:2-14.

E. Including the value between the amount paid for a good or service and the good or service's fair market value as an in-kind contribution

In-kind contributions—that is, providing a candidate or committee with a good or service rather than money—are a common form of support provided to campaigns. Such contributions, though, must be—and currently are—subject to contribution limits because providing a candidate with valuable goods and services presents the same risks of corruption and the appearance of corruption as monetary contributions. As a result, the proper valuation of a good or service is critical to prevent circumvention of contribution limits by providing a good or service to a campaign at less than fair market value.

H 7450 clarifies the definition of “in-kind contributions” with additional language explicitly stating that the difference between the amount paid for a good or service and the fair market value of that good or service constitutes an in-kind contribution.²⁸ This update will provide clear guidance to committees, vendors, and contributors for determining when an in-kind contribution has been provided.

F. Ensuring that contributions made by entities that are established, financed, maintained, or controlled by the same person are subject to shared contribution limits

A common way that wealthy donors and special interests seek to evade contribution limits or hide the true sources of contributions is by funneling political funds through multiple entities. In 2025, the League of RI Businesses took this tactic to a new extreme, creating forty distinct PACs—one for every city and town in Rhode Island and one statewide PAC—that allowed the League of RI Businesses to circumvent the state’s \$2,000 candidate contribution limit.²⁹ While this is a particularly egregious example, the League of RI Businesses is not the only group to circumvent Rhode Island’s contribution limits by directing its spending through multiple PACs.³⁰ To address this issue and ensure the integrity of existing contribution limits on contributions to candidates, the law must require political committees that are established, financed, maintained, or controlled by the same person (or group of persons) to be subject to a single, shared limit for their candidate campaign contributions. This requirement would prevent those seeking to pour massive amounts into Rhode Island elections from evading Rhode Island’s contribution limits by simply creating as many political committees as they wish as a means of multiplying their permissible contributions.

H 7450 updates Rhode Island law to provide that political committees established, financed, maintained, or controlled by the same person or group of persons are considered “affiliated.”³¹ Contributions from affiliated political committees would be considered to have been made by a single political committee for the purposes of applying contribution limits.³² In other words, the affiliated political committees must share one contribution limit when contributing to a candidate, political party, or PAC. This provision is similar to federal law, which has long required affiliated political committees to share a contribution limit.³³

²⁸ *Id.* at 5:30-33.

²⁹ Nancy Lavin, *How to win elections and influence the State House? The League of RI Businesses has a plan.*, R.I. CURRENT (Nov. 25, 2025), <https://rhodeislandcurrent.com/2025/11/25/how-to-win-elections-and-influence-the-state-house-the-league-of-ri-businesses-has-a-plan/>.

³⁰ *Id.*

³¹ 2026 S 2720 at 6:16-17.

³² 2026 S 2720 at 12:13-16.

³³ 52 U.S.C. 30116(5).

Conclusion

CLC supports H 7450's updates to Rhode Island's campaign finance statutes, which will provide important transparency and anti-corruption enhancements for the Ocean State. We appreciate the opportunity to submit this statement and would be happy to provide additional information or answer any questions the Committee may have.

Respectfully submitted,

/s Elizabeth D. Shimek
Elizabeth D. Shimek
Senior Legal Counsel, Campaign Finance

Campaign Legal Center
1101 14th St. NW, Suite 400
Washington, DC 20005