

Testimony of Common Cause Rhode Island in support of H 7450 -- An Act Relating to Elections -- Rhode Island Campaign Contributions and Expenditures Reporting

Position: Support

Common Cause Rhode Island supports H 7450 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.

Since 2024 Common Cause Rhode Island has introduced legislation to fix the accounts payable loophole, and several others. Each year it has been introduced we have made changes to close additional loopholes. Together these changes will make our campaign finance limits and reporting more effective, and reduce the role of money in our politics.

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 7450 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 7450 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 7450 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 7450 provides enhanced penalties for so-called straw donations, including the ability to order disgorgement of the contributions.

In 2025 we added language that closes a loophole that allows corporations to get around the ban on direct corporate contributions. § 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.

In 2026 we added a new provision to closes a loophole that allows donors to funnel contributions through multiple PACs in order to evade the individual \$2,000 contribution limit. It does that by changing the definition of a PAC in § 17-25-3(20) by adding: “Political action committees established, financed, maintained or controlled by the same person or the same group of persons are affiliated.”

Common Cause Rhode Island has worked closely with the Rhode Island Board of Elections to make sure this legislation is enforceable by that body. The Board has voted to support the bill once again. We urge the committee to give serious consideration to closing these loopholes in Rhode Island campaign finance law.