

STATE OF RHODE ISLAND

IN GENERAL ASSEMBLY

JANUARY SESSION, A.D. 2017

A N A C T

RELATING TO ELECTIONS --REPORTING POLITICAL CONTRIBUTIONS BY STATE VENDORS

Introduced By: Senators Lombardi, McCaffrey, Archambault, Jabour, and Conley

Date Introduced: March 15, 2017

Referred To: Senate Judiciary

(Attorney General)

It is enacted by the General Assembly as follows:

1 SECTION 1. Section 17-27-1 of the General Laws in Chapter 17-27 entitled "Reporting
2 of Political Contributions by State Vendors" is hereby amended to read as follows:

3 **17-27-1. Definitions.**

4 As used in this chapter:

5 (1) "Aggregate amount" means the total of all contributions made to a particular ~~general~~
6 ~~office~~ officeholder, candidate for ~~general-office~~ officeholder, or political party within the time
7 period set forth;

8 (2) "Business entity" means a sole proprietorship, partnership, firm, corporation, holding
9 company, joint stock company, receivership, trust, or any other entity recognized in law through
10 which business for profit is conducted;

11 (3) "Contribution" means a transfer of money, paid personal services, or other thing of
12 value reportable under the terms of chapter 25 of this title;

13 (4) "Executive officer" means any person who is appointed or elected as an officer of a
14 business entity by either the incorporators, stockholders, or directors of the business entity who is
15 in charge of a principal business unit, division, or function of the business entity, or participates
16 or has authority to participate other than in the capacity of a director in major policymaking
17 functions of the business entity or who is actively engaged in soliciting business from the state or
18 conducting, other than in a ministerial capacity, business with the state; ~~provided, that officers of~~

1 ~~the business entity who are located outside the state, are not residents of the state, and do not~~
2 ~~participate in the business of the business entity within this state shall be exempted from the~~
3 ~~requirements of this chapter;~~

4 (5) "Goods or services" shall include, but not be limited to, cost reimbursement contracts
5 or contingency fee contracts; ~~not include services provided to a state agency by:~~

6 (i) ~~Any public utility company; or~~

7 (ii) ~~A federal or state banking institution or other depository institution solely in~~
8 ~~connection with depository accounts held by the institution on behalf of a state agency;~~

9 (6) "Municipal agency" means a branch, department, division, agency, commission,
10 board, office, bureau, or authority of the government of a municipality within the state of Rhode
11 Island;

12 ~~(7)~~ "State agency" means a branch, department, division, agency, commission, board,
13 office, bureau, or authority of the government of the state of Rhode Island;

14 ~~(8)~~ (i) "State or municipal vendor" means:

15 (A) A person or business entity that sells goods or provides services to any state agency;

16 (B) A person or business entity which has an ownership interest of ten (10%) percent or
17 more in a business entity that sells goods or provides services to any state or municipal agency;
18 ~~or;~~

19 (C) A person who is an executive officer of a business entity that sells goods or provides
20 services to any state or municipal agency;

21 (D) The spouse or minor child of a person qualifying as a state or municipal vendor under
22 the terms of subparagraphs (A), (B) or (C) of this paragraph, ~~unless the spouse works for a vendor~~
23 ~~in competition for state business with the reporting business entity, or;~~

24 (E) A business of the business entity that is a parent or subsidiary of a business entity that
25 sells goods or provides services to any state agency; or

26 (F) A person or business entity that bids to sell goods or provide services to any state or
27 municipal agency.

28 (ii) "State or municipal vendor" does not mean:

29 (A) A municipality;

30 (B) ~~A corporation established pursuant to Section 501(c)(3) of the Internal Revenue~~
31 ~~Code, 26 U.S.C. § 501(c)(3);~~

32 (C) ~~A hospital;~~

33 (D) A state or federal agency; or

34 (E) A person receiving reimbursement for an approved state or municipal expense. ~~The~~

~~1 director of administration is authorized to provide as a public record a list of further exemptions
2 consistent with the purposes of this chapter.~~

3 (8) "Officeholder" means the governor, lieutenant governor, attorney general, secretary of
4 state, treasurer, members of the joint committee on legislative services, municipal, school, or
5 other position that is filled by popular election or a candidate for the aforementioned offices. The
6 governor shall be considered the officeholder responsible for awarding all contracts by all officers
7 and employees of, and vendors and others doing business with, executive branch state agencies
8 not within the jurisdiction of lieutenant governor, the attorney general, the secretary of state, the
9 treasurer or members of the joint committee on legislative services. For the purposes of a
10 municipality, the office that is considered to have ultimate responsibility for the award of the
11 contract shall be:

12 (i) The mayor or governing body, if the contract requires approval or appropriation from
13 the mayor or governing body; or

14 (ii) The mayor, if the contract requires approval of the mayor, or if a public officer who is
15 responsible for the award of a contract is appointed by the mayor.

16 (9) "Affiliated entity" means:

17 (i) Any subsidiary of the bidding or contracting business entity;

18 (ii) Any member of the same unitary business group as the bidding or contracting
19 business entity;

20 (iii) Any organization recognized by the United States Internal Revenue Service as a tax-
21 exempt organization described in §501(c) of the Internal Revenue Code of 1986 (or any successor
22 provision of federal tax law) established by the bidding or contracting business entity; or

23 (iv) Any political committee for which the bidding or contracting business entity.

24 SECTION 2. Chapter 17-27 of the General Laws entitled "Reporting of Political
25 Contributions by State Vendors" is hereby amended by adding thereto the following sections:

26 **17-27-6. Prohibition of political contributions.**

27 (a) Any state or municipal vendor who contracts with state or municipal agencies, in the
28 aggregate, annually more than five thousand dollars (\$5,000), and any affiliated entities of such
29 state or municipal vendor, are prohibited from making any contributions to any political
30 committees established to promote the candidacy of:

31 (1) The officeholder responsible for awarding the contracts; or

32 (2) Any other declared candidate for that office.

33 This prohibition shall be effective for the duration of the term of office of the incumbent
34 officeholder awarding the contracts or for a period of two (2) years following the expiration or

1 termination of the contracts, whichever is longer.

2 (b) Any state or municipal vendor whose aggregate pending bids and proposals for
3 contract with state or municipal agencies total more than five thousand dollars (\$5,000), or whose
4 aggregate pending bids and proposals for contract with state agencies combined with the state or
5 municipal vendor's aggregate annual total value of state contracts exceed twenty-five thousand
6 dollars (\$25,000), and any affiliated entities of such state or municipal vendor, are prohibited
7 from making any contributions to any political committee established to promote the candidacy
8 of the officeholder responsible for awarding the contract on which the business entity has
9 submitted a bid or proposal during the period beginning on the date the invitation for bids or
10 request for proposals is issued and ending on the day after the date the contract is awarded.

11 (c) All contracts between state or municipal agencies and a state or municipal vendor that
12 violate subsections (a) or (b) of this section shall be voidable. If a state or municipal vendor
13 violates subsection (a) three (3) of this section or more times within a thirty-six (36) month
14 period, then all contracts between state or municipal agencies and that state or municipal vendor
15 shall be void, and that state or municipal vendor shall not bid or respond to any invitation to bid
16 or request for proposals from any state or municipal agency or otherwise enter into any contract
17 with any state or municipal agency for three (3) years from the date of the last violation. A notice
18 of each violation and the penalty imposed shall be published on the website of the board of
19 elections.

20 (d) Any political committee that has received a contribution in violation of subsections
21 (a) or (b) of this section shall pay an amount equal to the value of the contribution to the state no
22 more than thirty (30) days after notice of the violation from the board of elections. Payments
23 received by the state pursuant to this subsection shall be deposited into the general revenue fund.

24 **17-27-7. Severability.**

25 If the provisions of this act or its application to any person or circumstance are held
26 invalid, the invalidity of that provision or application does not affect the other provisions or
27 applications of this act that can be given effect without the invalid provision or application.

28 SECTION 3. This act shall take effect upon passage.

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EXPLANATION
BY THE LEGISLATIVE COUNCIL
OF

A N A C T
RELATING TO ELECTIONS --REPORTING POLITICAL CONTRIBUTIONS BY STATE
VENDORS

- 1 This act would extend the limitation on political contributions for state or municipal
- 2 vendors and would establish significant penalties for violations.
- 3 This act would take effect upon passage.

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