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# Subcommittee Report on Campaign Finance

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**Governor's Ethics and Campaign Finance Reform Task Force**  
**Subcommittee Report on Campaign Finance**

**Group Leader:** Andrew Montgomery  
**Group Members:** Barbara Brazil, Justin Miller, Jim Noel, Hilary Tompkins

**EXECUTIVE SUMMARY**

**PART I: Campaign Contribution Limits**

New Mexico is one of a minority of 13 states that do not limit most campaign contributions. The United States Supreme Court has recognized that such limits may serve a state's compelling interest in preventing corruption and the appearance of corruption in the political process. The Supreme Court has also concluded that reasonable contribution limits do not violate the United States Constitution.

Several options for the Task Force's consideration, as well as the subcommittee's recommendations, follow:

**Options:**

Option 1: *Federal limit* of \$2,100 per candidate per election for contributions by individuals. Limit is adjusted for inflation. Federal law provides for a wide variety of other contribution limits.

Option 2: *Low limits* – some or all limits under \$2,100 per candidate per election for contributions by individuals. In effect in 28 states. A significant number of states limit contributions to \$1,000 or less. Some limits are multi-tiered, with different limits for statewide versus district-wide elections. Some limits are inflation-adjusted.

Option 3: *High limits* – limits above \$2,100 per candidate per election for all contributions by individuals. In effect in 9 states. Of these 9 states, only those with the highest voting age populations have limits above \$5,000.

Option 4: *No limits.* 13 states, including New Mexico, have no general limits on campaign contributions.

**Recommendation:**

- Contributions to candidates for statewide office should be limited to one-half of the federal contribution limit for individuals, currently \$1,050 (i.e., one-half of \$2,100), per candidate per election, as adjusted for inflation.
- Contributions to candidates for district-wide office, including the Public Regulation Commission, should be limited one-fourth of the federal contribution

limit for individuals, currently \$525 (i.e., one-fourth of \$2,100), per candidate per election, as adjusted for inflation.

- The prohibition on Public Regulation Commission candidates accepting contributions from regulated entities should be retained.
- The existing definition of “contribution in the Campaign Reporting Act should be retained.
- Same contribution limits for all contributors, including individuals, corporations, unions, and political committees, residents or non-residents alike.
- Prevent evasion of contribution limits by stepped-up enforcement of ban on contributions by one person in the name of another.
- Strengthen reporting requirements to include not only amount of contribution and identity of contributor, but also each contributor’s taxpayer identification number or other unique “account” number.
- Administration and enforcement of contribution limits by an independent commission such as the proposed State Ethics Commission.

## **PART II: Campaign Finance: Reporting and Enforcement**

In the 2005 Campaign Disclosure Project – Grading State Disclosure Report, New Mexico received a grade of F for its campaign disclosure law. It received an A for its electronic filing program, but accessibility of content and online usability received an F.

While New Mexico has a campaign finance law that contains standard provisions found in other states, the results of this report suggest that there is much more that can be done to strengthen our existing legal framework in this area.

This report provides some options for consideration, as follows:

### **OPTION A:**

- More detailed reporting to include more information about contributor without the existing \$250 threshold
- Cumulative totals
- More frequent reporting in non-election years
- Restrict cash contributions
- Include independent expenditures
- Increase investigatory power (e.g., subpoena power) of the Secretary of State or independent ethics commission
- Increase penalties (currently a maximum of \$5,000)

## **OPTION B:**

- Require more detailed reporting but only after a certain threshold (\$250)
- Cumulative totals
- Restrict cash contributions
- Include independent expenditures

## **REPORT OF THE SUBCOMMITTEE ON CAMPAIGN FINANCE**

### **PART I: CAMPAIGN CONTRIBUTION LIMITS**

**1. Issue Identification:** How does the issue relate to ethics or campaign finance reform?

The Federal Government and 37 of the 50 states limit contributions to candidates for public office. New Mexico is one of 13 states that impose no limits on most campaign contributions. (The notable exception is that existing New Mexico law prohibits candidates for the Public Regulation Commission from accepting any contribution from a regulated entity or any contribution of over \$500 from any other person.) The fact that New Mexico is in the minority does not mean, of course, that it is in the wrong. But it does raise the question of whether the Federal Government and three-fourths of the states are on to something.

The principal justification for campaign contribution limits is that they serve to prevent corruption and the appearance of corruption in the political process. In this regard, it is worthwhile to take note of several different forms of actual or apparent corruption that large campaign contributions may facilitate.

- *Quid pro quo.* Large campaign contributions are given in exchange for a candidate's promise, explicit or tacit, of a favor. *Quid pro quo* arrangements have pernicious effects throughout government. Political candidates are elected based not on their qualifications for office, but on their ability to sell positions of public trust to the highest bidder. Contributors receive government contracts, political appointments, and other benefits based not on their qualifications, but on wealth and connections. Members of the public, lacking a meaningful voice in who is elected and how the government's money is spent, become cynical, apathetic, and disengaged. Economic development stalls as businesses choose not to do business in the state in order to avoid paying "tribute."

- *Pay to play.* Large campaign contributions are given in exchange for a “fishing license” – an assurance that the contributor will be “kept in mind” without a promise of a favor. “Pay to play” potentially has all of the pernicious effects of “quid pro quo.” The differences are that before the fact there may be more contributions given for a limited number of favors, and after the fact there will be some disappointed contributors.
- *Appearance of corruption.* Large campaign contributions are not necessarily given with an expectation that they will be repaid with a specific favor, but they are publicly perceived as causing officeholders to be overly solicitous of the special interests of large contributors. Even in the absence of actual corruption in the political process, the appearance is that something is given in return for large contributions. This public perception leads to the same cynicism and disengagement generated by actual corruption.

2. **Options:** What options for reform might the task force consider? Options should be very specific.

A range of options can be gleaned from existing campaign finance laws enacted by the Federal Government and the states. The options, elaborated below, are (1) federal limits, (2) low limits (below federal limits), (3) high limits (above federal limits), and (4) no limits. A listing of limits on campaign contributions by individuals in each of the 50 states is provided as Attachment 1 to this report.

Option 1: *Federal limits.* In 2005-2006, contributions by individuals are limited to an inflation-adjusted \$2,100 per candidate per election. Contributions by corporations and unions have been prohibited for many years. However, contributions can be made by and to a wide variety of political committees, with differing limits depending on such factors as (i) whether or not the committee is authorized by a candidate, (ii) whether the committee is established and maintained by a national political party, a state committee of a political party, or some other entity, (iii) the number of candidates for federal office to whom the committee makes contributions, and (iv) the number of persons from whom the committee receives contributions. Two of the more familiar limits are \$2,100 per candidate per election for non-multicandidate political committees (the same limit as for individuals) and \$5,000 per candidate per election for multicandidate political committees (a figure not indexed for inflation).

Pros:

- Federal campaign contribution limits have been determined by the U.S. Supreme Court to be constitutional, in the landmark 1976 decision in *Buckley v. Valeo* and again in the 2003 decision in *McConnell v. Federal Election Commission*. The basic rationale is that, while a campaign contribution is a form of speech and political association protected by the First Amendment, a reasonable limit on the size of a contribution restricts such speech and association only marginally. (Note that a campaign *expenditure* is considered a more direct form of political

expression and cannot constitutionally be limited to the same extent as a campaign contribution. A candidate's "contribution" to his or her own campaign is deemed an expenditure. Thus, the contribution limits discussed in this report do not apply to candidates' contributions to their own campaigns.)

- Federal contribution limits in one form or another have been in place for more than 30 years, and candidates for federal office have managed to continue running television spots, hiring campaign consultants, conducting polls and focus groups, and so on. Federal limits have withstood the tests of time and litigation.
- Some federal limits are adjusted for inflation. Inflation adjustments help to ensure consistency of campaign contribution limits over time. They avoid the need pass new legislation updating the limits from year to year. And the U.S. Supreme Court has indicated that contributions limits are more likely to be constitutional where they are adjusted for inflation.

#### Cons:

- Federal law governing campaign contributions is exceedingly complex. Careful study is necessary to understand the basics of how federal contribution limits work, let alone to begin recommending or drafting similar legislation for New Mexico.
- Federal contribution limits are administered and enforced by the Federal Election Commission. It is unclear whether a similarly large bureaucratic infrastructure would be cost-effective or desirable for New Mexico.
- The wide variety of limits and prohibitions on campaign contributions by individuals and political committees may be criticized not only as inscrutable, but also as unfair.

#### Application of evaluation criteria:

Federal limits evidently have proven workable for federal candidates in New Mexico and the 49 other states. They offer a ready benchmark for inflation adjustments. They have been upheld as constitutional. At the same time, they are unwieldy; it would be impractical to attempt to replicate the federal regime at the state level. The multifarious federal restrictions point up the need for simpler and more readily administrable limits for New Mexico.

Option 2: Low limits. Twenty-eight states (Alaska, Arizona, Arkansas, Colorado, Connecticut, Delaware, Florida, Georgia, Hawaii, Idaho, Kansas, Kentucky, Maine, Massachusetts, Michigan, Minnesota, Missouri, Montana, New Hampshire, Rhode Island, South Carolina, South Dakota, Tennessee, Vermont, Washington, West Virginia, Wisconsin, and Wyoming) have enacted campaign contribution limits for individuals below the federal limit of \$2,100 for some or all candidates. A significant number of

these states limit contributions to \$1,000 or less per election per candidate. Most of the states have multi-tiered limits, typically with a higher limit for statewide candidates and a lower limit for candidates in a legislative district. A few states set limits above \$2,100 for statewide candidates and below \$2,100 for candidates in district elections.

Pros:

- For those who are serious about using campaign contribution limits to stem political corruption, low limits hold out the best hope for success.
- The fact that more than half of the states have enacted contribution limits below \$2,100 – and many among those states set their limits at \$1,000 or below – indicates that such a goal is politically feasible.
- New Mexico law already imposes a limit of \$500 on campaign contributions to candidates for the Public Regulation Commission (as well as a ban on contributions from entities regulated by that agency). Notably, candidates for the Public Regulation Commission run for office within districts much larger than Senate or House districts – for purposes of Public Regulation Commission elections, the state is divided into five large districts and each candidate runs for election in one of the districts. This experience demonstrates that contribution limits are not impractical and that candidates can successfully run for office within the constraints of relatively low contribution limits.
- The U.S. Supreme Court, in the 2000 decision in *Nixon v. Shrink Missouri Government PAC*, upheld the constitutionality of a \$1,075 campaign contribution limit under state law. The limit was on contributions to candidates for statewide office. The limit was part of a set of inflation-adjusted contribution limits imposed by Missouri, ranging from \$275 for candidates for state representative or other district offices to \$1,075 for candidates for statewide office. The Supreme Court cited the goal of preventing corruption and the appearance of corruption as a constitutionally sufficient justification for such limits.
- Lower contribution limits are more easily justified in states with smaller voting age populations because candidates in those states have a smaller target audience with whom to communicate. New Mexico ranks 37<sup>th</sup> nationwide in voting age population. Most of the states with low contribution limits actually have voting age populations larger than New Mexico's. For example, Florida's voting age population is 9.5 times larger than New Mexico's, but it limits contributions to \$500 per candidate per election. (A list of voting age populations by state is provided as Attachment 2 to this report.)

Cons:

- The U.S. Supreme Court has rejected the notion that, for all contribution limits, “the lower, the better.” In the June 1996 decision in *Randall v. Sorrell*, the

Supreme Court ruled that Vermont's limits (two-year election cycle limits of \$400 for gubernatorial candidates, \$300 for state senate candidates, and \$200 for state house candidates) are unconstitutionally low.

- Contribution limits set too low may have the perverse consequence of entrenching incumbent officeholders by effectively precluding any opponent from raising enough money to challenge them.

Application of evaluation criteria:

A balance should be sought between (1) non-existent or high contribution limits which give rise to corruption or its appearance in political campaigns, and (2) unduly low contributions limits which preclude any but the independently wealthy challenger from mounting an effective campaign against an incumbent. As long as a contribution limit is not too low, it can be effective at preventing actual or apparent corruption while remaining both politically viable and constitutionally unobjectionable. A limit that is adjusted for inflation and tailored to the size of a state's voting age population is on particularly strong legal footing.

Option 3: High limits. Nine states (California, Louisiana, Maryland, Nevada, New Jersey, New York, North Carolina, Oklahoma) have set all contribution limits above \$2,100. Of these nine, six impose limits between \$2,100 and \$5,000. Only California, New York, and Ohio – the three states with the largest voting age populations in this group – have limits above \$5,000.

Pros:

- Moderately high contribution limits eliminate the most flagrant instances of campaign contributions apparently calculated to influence candidates, while permitting officeholders to perform the duties of public office rather than spending all of their time raising money.
- High contribution limits arguably are more readily justified in states with large voting age populations because candidates must spend more to communicate effectively with a larger audience.

Cons:

- A limit beyond the reach of the vast majority of the electorate is a limit in form rather than substance.
- If contribution limits are perceived as permitting very large donations, they will be perceived as permitting corruption. As long as contributions are seen as sufficiently large to influence a candidate, they will continue to create the appearance of corruption.



- While high contribution limits may be ineffective in preventing corruption, the costs of administering and enforcing them are unlikely to be appreciably less than the costs of administering and enforcing lower, more effective limits.

Application of evaluation criteria:

High contribution limits have the same administrative costs as lower limits. They are less likely to be effective, however, in serving the basic objective of eliminating actual and apparent corruption in the electoral process.

Option 4: No limits. Thirteen states (Alabama, Illinois, Indiana, Iowa, Mississippi, Nebraska, New Mexico, North Dakota, Oregon, Pennsylvania, Texas, Utah, and Virginia) impose no general limits on campaign contributions.

Pros:

- No time or money need be spent administering and enforcing contribution limits.
- For those who believe that any campaign contribution limit is an unconstitutional infringement of free speech, the absence of limits is the only policy that the First Amendment permits.
- Imposing no limit on campaign contributions is the surest way to avoid any question as to the constitutionality of such a limit.

Cons:

- To do nothing about limiting campaign contributions is to do nothing about political corruption. The costs of corruption may be difficult to quantify, but that does not make them any less real.
- The short-term costs of administering and enforcing campaign contribution limits are a small price to pay for the long-term benefits of a government free from corruption and the appearance of corruption.
- The constitutionality of reasonable contribution limits is fairly well settled. The possibility of litigation, while omnipresent, should not deter New Mexico from making progress against corruption.

Application of evaluation criteria:

Progress in government is never without cost and without risk. That is no reason to give up on working for progress.

3. **Recommendations of Subcommittee:** Which options does the subcommittee recommend?

The subcommittee recommends a variation on Option 2. Specifically, the subcommittee recommends the following elements of legislation governing campaign contribution limits:

- Contributions to candidates for statewide office should be limited to one-half of the federal contribution limit for individuals, currently \$1,050 (i.e., one-half of \$2,100), per candidate per election.
- Contributions to candidates for district-wide office should be limited one-fourth of the federal contribution limit for individuals, currently \$525 (i.e., one-fourth of \$2,100), per candidate per election.
- By keying to the federal contribution limit for individuals, the contribution limits would be adjusted for inflation every two years based on the consumer price index.
- The existing limit of \$500 for contributions to candidates for the Public Regulation Commission from persons other than regulated entities should be repealed and replaced with the uniform, inflation-indexed limit of \$525 for district-wide offices. However, the prohibition on Public Regulation Commission candidates accepting any contribution from a regulated entity should be retained.
- The Campaign Reporting Act presently defines a “contribution” to mean

[A] gift, subscription, loan, advance or deposit of money or other thing of value, including the estimated value of an in-kind contribution, that is made or received for a political purpose, including payment of a debt incurred in an election campaign, but does not include the value of services provided without compensation or unreimbursed travel or other personal expenses of individuals who volunteer a portion or all of their time on behalf of a candidate or political committee, nor does it include the administrative or solicitation expenses of a political committee that are paid by an organization that sponsors the committee[.]

This definition should be retained.

- The same contribution limits should apply to all contributors, including individuals, corporations, unions, and political committees, residents or non-residents alike.
- Stepped-up enforcement of existing state law, which prohibits contributions by one person in the name of another, should prevent evasion of contribution limits.

- The amount of each campaign contribution and the identity of the contributor should be reported by the candidate in accordance with existing law.
  - To strengthen enforcement of contribution limits, additional reporting requirements should be considered, possibly including the requirement that a candidate report each contributor's taxpayer identification number or other unique number assigned to each contributor.
  - The administration and enforcement of campaign contribution limits should be performed by an independent commission such as the State Ethics Commission proposed by the separate subcommittee addressing that subject.
4. **Method of Implementation:** Includes an estimate of costs and analysis of statutory changes, etc. Background materials may be included in an appendix to the report.
- The subcommittee believes that its recommendations for campaign contribution limits can be accomplished through a combination of new legislation and amendments of existing statutes.
  - As noted above, the definition of "contribution" in the Campaign Reporting Act and the prohibition on contributions by one person in the name of another would be retained.
  - Provisions for contribution limits could be enacted as new sections of the Campaign Reporting Act.
  - Provisions for administration and enforcement of contribution limits would likely be enacted through new, comprehensive legislation constituting a State Ethics Commission or other independent body.
  - Although existing law requires reporting of campaign contributions, increased costs of an undetermined amount would likely be associated with the administration and enforcement of campaign contribution limits and possibly enhanced reporting requirements.

**Sources:**

Statutory and regulatory materials:

2 U.S.C. § 441a

70 Fed. Reg. 11658 (Mar. 9, 2005)

Campaign Reporting Act, NMSA 1978, §§ 1-19-25 to 1-19-36

Public Regulation Commission Act, NMSA 1978, §§ 8-8-1 to 8-8-21

United States Supreme Court decisions:

*Randall v. Sorrell*, 126 S. Ct. 2479 (2006)

*McConnell v. Federal Election Commission*, 124 S. Ct. 619 (2003)

*Nixon v. Shrink Missouri Gov't PAC*, 528 U.S. 377 (2000)

*Buckley v. Valeo*, 424 U.S. 1 (1976) (per curiam)

General information on campaign contribution limits in other states:

National Conference of State Legislatures, Limits on Individual Contributions to Candidates, updated Aug. 2, 2005, viewable at:

<http://www.ncsl.org/programs/legman/about/IndCand.htm>

## **PART II: CAMPAIGN FINANCE: REPORTING AND ENFORCEMENT**

**1. Issue Identification:** Does increased reporting and enforcement improve accountability and transparency in the campaign finance system?

New Mexico campaign finance law establishes 1) requirements for the disclosure of campaign contributions and expenditures and 2) oversight, enforcement, and penalty provisions for violations of the disclosure laws. *See* Campaign Reporting Act, NMSA 1978, § 1-19-1 *et seq.* Disclosure and oversight are complementary components of effective campaign finance law. Both are essential to the task of preventing and reducing corruption and the appearance of corruption.

This report examines six subcategories of campaign finance law: reporting requirements, cash contributions, independent expenditures, auditing reports, subpoena power, and penalties.

### **A. THE CURRENT LAW IS AS FOLLOWS:**

#### 1. *Reporting requirements*<sup>1</sup>

- Currently, candidates and political committees must report certain information (names, addresses, etc.) from contributors and people receiving expenditures.
- New Mexico does not require information about employers or individualized cumulative totals of contributions received or expenditures made.
- Candidates must report “occupation information” for individuals who give more than \$250 in the aggregate per election.

#### 2. *Cash contributions*<sup>2</sup>

- New Mexico does not limit or prohibit cash contributions.

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<sup>1</sup> Over half of the states require a contributor’s occupation and employer to be disclosed. A significant majority of states require candidates and committees to report cumulative totals for contributions. Campaign Disclosure Project, *available at* <http://www.campaigndisclosure.org/>. States that require cumulative totals frequently do so for all donors, regardless of amount given. Some ask for cumulative totals only for donors who give over a certain threshold, commonly \$100.

<sup>2</sup> Most states limit cash contributions, commonly prohibiting cash contributions of more than \$100. Several states have lower limits ranging from \$25 to \$50. In many states, the limitation applies to aggregate totals within a specified time period, usually either per calendar year or per election. *Id.*

### 3. *Independent expenditures*<sup>3</sup>

- Definition: an expenditure made for the purpose of expressly advocating the election or defeat of a clearly identified candidate, constitutional amendment, or other ballot issue, when the expenditure was not made with the cooperation or in consultation with the candidate, the candidate's committee, or a political party.
- New Mexico law does not require groups making independent expenditures to report them.
- As a result, interest groups can come in to NM, spend money influencing an election, and NM voters have no way of monitoring their spending.
- 40 states other than NM regulate the disclosure of independent expenditures. Most set a threshold above which groups must report independent expenditures. The most common threshold is \$100. One state (OK) sets the threshold as low as \$50, and one state (SC) sets it as high as \$10,000 for a statewide office.

### 4. *Auditing reports*<sup>4</sup>

- The Secretary of State must examine at least 10% of reports, selected at random, after reporting deadlines.

### 5. *Subpoena power*<sup>5</sup>

- The Secretary of State may “investigate” alleged violations of campaign finance law but does not have authority to subpoena witnesses or records. If discrepancies remain unresolved, the Secretary of State must refer them to the Attorney General for enforcement.

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<sup>3</sup> 40 states require independent expenditures to be reported, but 7 of those states do not require that the reports include the name of the candidate benefiting from the expenditure and only 22 require last-minute independent expenditures to be reported before the election. Id.

<sup>4</sup> 30 states require mandatory desk reviews of disclosure reports and 13 states conduct mandatory field audits of reports. 17 states do not have mandatory auditing provisions. Id.

<sup>5</sup> Many states, particularly those in which an election commission or ethics commission oversees campaign financing, grant subpoena power to the oversight authority (See e.g., AL, AZ, CA, CN, HI, IL, ME, MN, MO, NJ, NY, OH, OK, PN, and WV). Id.

## 6. *Other enforcement powers*

- The Secretary of State may initiate investigations or investigate complaints. She/He may issue advisory opinions. She/He may impose fines and make final determinations. An appeal of the final determination may be made to an arbitrator. The arbitrator's decision is final and binding.
- The Secretary of State may refer matters to the AG or DA for civil or criminal enforcement.

## 7. *Penalties*<sup>6</sup>

- New Mexico law provides for civil penalties of \$50, \$250, or \$500 per violation, with a total not to exceed \$5,000. Forfeiture of contribution may also be available, as well as removal from the ballot.
- New Mexico law provides a misdemeanor criminal penalty for knowing and willful violations of the law with a fine of not more than \$1,000.

## **2. TWO OPTIONS FOR CONSIDERATION:**

### **Option A:**

Significantly strengthen the disclosure requirements and enforcement/oversight provisions of the Campaign Reporting Act, by:

- Requiring candidates and political committees to provide more detailed campaign reporting statements, including the following information:
  - Occupation, business, employer, and possibly the social security number or other unique "account" number, for each contributor without regard to the amount of the contribution.
  - Cumulative totals of contributions received from individual donors and expenditures made to individual vendors per election cycle.

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<sup>6</sup> Some states impose a penalty per day with no maximum or a maximum of \$1,000 to \$5,000, with Oklahoma setting a maximum of \$10,000 for certain kinds of violations. Other states have a wide range of civil penalties, ranging from \$1,000 per violation to \$5,000 per violation, and in some instances, \$10,000 to 12,000. Several states calculate the amount of the penalty based on the amount associated with the violation, often twice or three times that amount. Another form of punishment is to remove the candidate's name from the ballot or office. With regard to criminal penalties, the most common approach is for states to make knowing and willful violations of campaign finance laws a misdemeanor, typically punishable by a fine of \$500 to \$1000 and imprisonment for 6 to 12 months. Fines for misdemeanor criminal convictions reach as high as \$25,000 (MD) and prison sentences as long as 5 years (Washington DC). In addition, in several states, certain illegal acts (such as making a contribution in a fictitious name (Delaware)) may lead to felony charges. See Campaign Disclosure Project, *available at* <http://www.campaigndisclosure.org/>.

- Requiring an additional report of contributions and expenditures in November of non-election years.
- Prohibiting cash contributions of more than \$100, and specifying a cumulative limit per person, per election.
- Requiring groups to report independent expenditures.
- Authorizing the Secretary of State or an independent ethics commission to subpoena records upon a court order.
- Requiring the Secretary of State or an independent ethics commission to perform a desk review of more than the current 10% requirement and/or a field audit of a defined percentage of reporting individuals.
- Increasing the penalties authorized by the Campaign Reporting Act
  - Civil penalties not to exceed \$10,000 (currently \$5000).
  - Criminal penalties would remain unchanged (a knowing and willful violation of the Act is a misdemeanor punishable by a fine of not more than \$1000 and/or imprisonment for not more than one year, or both).

**Pros:**

- These changes would address specific, highlighted weaknesses of New Mexico campaign finance law and hopefully improve our grade of an F.
- Voters will have a clearer picture of a candidate's support and where and who it comes from.
- Campaign contributions and expenditures will be more traceable.
- Improved deterrence and greater compliance with the law through enhanced enforcement capabilities and stiffer penalties.
- Out of state interest groups will have to disclose their efforts to influence elections and ballot issues to New Mexico voters.

**Cons:**

- Slightly increases the burden on the Secretary of State or a new enforcement authority such as an independent ethics commission.
- Candidates and political committees will have to request more information from donors and those receiving expenditures, possibly reducing the volume of contributions people are willing to make.

**Application of evaluation criteria:**

This proposal will bring New Mexico more in line with the majority of states' practices regarding campaign finance reform, as follows:

- 28 states require occupation and employer information.



- 40 states require independent expenditure reporting.
- 33 states require reporting of cumulative amounts.
- In non-election years, 24 states require 1 report and 25 states require 2 or more.
- More than 30 states limit cash contributions.
- Increasing penalties will increase deterrence.
- Providing greater investigatory power will increase accountability and enforcement of the law.

### **Option B:**

A more conservative version of Option A:

- More detailed campaign reporting statements, but only after a certain threshold:
  - Occupation, business, employer, and possibly the social security number or other unique “account” number, of each contributor who gives **more than \$250** to a candidate or political committee.
  - Cumulative totals of contributions received from individual donors and expenditures made to individual vendors.
- Prohibiting cash contributions of more than \$100, and specifying a cumulative limit per person, per election.
- Requiring groups to report independent expenditures.

### **Application of evaluation criteria:**

While this option may be less burdensome, it does not contain some of the key elements that would bring New Mexico into the majority approach. It does not include an increase in the frequency of reporting, and is not as strong on the increased enforcement authority and penalty amounts.