

REVENUE: No revenue impact

FISCAL: Fiscal statement issued

Action:	Do Pass as Amended and Be Printed Engrossed & Be Referred to Committee on Ways & Means
Vote:	5 - 0 - 0
Yeas:	Atkinson, Burdick, Ferrioli, Metsger, Devlin
Nays:	-
Exc.:	-
Prepared By:	Erin Seiler, Administrator
Meeting Dates:	4/7, 6/4

WHAT THE MEASURE DOES: Defines “petition committee” as chief petitioner or treasurer of initiative, referendum or recall petition who files statement of organization with Secretary of State. Aligns chief petitioner committees with candidate and political committees regarding reporting of contribution and expenditure transactions. Requires chief petitioner committees to open dedicated bank account, to file a certification of limited contributions and expenditures, and file transactions electronically. Proscribes information that must be reported when filing electronic transactions. Requires existing petitions committee to establish petition account and amend statement of organizations by January 1, 2010. Increases aggregate contributions for filing statement of organizations. Eliminates reporting requirement related to the details of agent expenditures. Requires independent contributions and expenditures to be reported electronically within seven days of receipt. Changes “spot check” audit process. Requires a report be filed no later than two days after receipt of contributions made during a special legislative session. Changes record retention period for political committees to two years from date of the transaction. Applies to statements filed before, on or after January 1, 2010. Gives Secretary of State 90 days after receipt of a political or petition committee’s notice of intent to discontinue the statement of organization and close accounts, to notify committee that statement is sufficient or insufficient. Provides Secretary of State additional time to review transactions filed after initial notice. Requires notification, within 90 days, of adequacy of response to correct an insufficient statement and if no confirmation is received, the person is not subject to civil penalty. Limits time to begin an investigation and issue notice of violation to two years following date of the transaction. Requires candidate, political committee or treasurer of initiative, referendum or recall petition to update certain information on statements of expenditures and contributions. Operative on January 1, 2010. Declares emergency; effective upon passage.

ISSUES DISCUSSED:

- Provisions of the measure
- “Spot Check” of financial transactions reported by political committees
- Notification of adequacy of response when candidate or committee receives exam letter
- Technical improvements to contribution and expenditures reporting requirements to clarify process
- Modifying agent expenditure reporting
- Reducing reporting burden on political or petition committee treasurer
- Record retention period
- Parameters for assessing civil penalties against candidate, political, or petitioner committee contribution and expenditure transactions
- Procedure for discontinuing a political or petition committee and closing account
- Maintaining transparency of campaign finance reporting system

EFFECT OF COMMITTEE AMENDMENT: Eliminates reporting requirement related to the details of agent expenditures. Requires reporting overall contribution to the agent with purpose code. Adjusts account payable and receivable requirements, requiring reporting only if contribution is not received or expenditure is not paid by reporting deadlines. Changes “spot check” process, to a biannual requirement, where a percentage of all committees who have had transactions in a given six-month period will be randomly selected and then up to 10 transactions will be

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This summary has not been adopted or officially endorsed by action of the committee.

randomly selected. Changes maximum civil penalty to ten percent of value of transaction. Changes record retention period for political committees to two years from date of the transaction. Applies to statements filed before, on or after January 1, 2010. Gives Secretary of State 90 days after receipt of a political or petition committee's notice of intent to discontinue the statement of organization and close accounts, to notify committee that statement is sufficient or insufficient. Allows the Secretary of State an additional 90 days for review of notice to discontinue, if additional expenditure transactions are reported after initial notice to discontinue was filed. Allows candidate or committee to discontinue committee and close accounts upon notification by the Secretary of State that all statements filed are sufficient. Requires notification, within 90 days, of adequacy of response to correct an insufficient statement and if no confirmation is received, the person is not subject to civil penalty. Limits time to begin an investigation and issue notice of violation to two years following date of the transaction. Requires candidate, political committee, or treasurer of initiative, referendum or recall petition to update certain information on statements of expenditures and contributions. Makes provisions related to discontinuation of committee, adequacy of response notifications, and investigation limitations applicable to actions or transaction occurring on or after January 1, 2010.

BACKGROUND: Prior to 2005, contributions made to a candidate's political committee during a special session on the legislature were required to be reported within two calendar days. The provision, unintentionally deleted in 2005, was made an administrative rule; however, the Elections Division would prefer it to be a statutory provision.

ORS 260.043 requires the filing of a statement of organization when the amount of aggregate contributions or expenditures exceeds, or is expected to exceed \$300. The cost for a candidate to file a voter's pamphlet statement is \$300 (ORS 251.065); therefore, upon filing a voter's pamphlet statement, a petition or campaign committee goes over the threshold and required to meet all other filing obligations with the Secretary of State's office. In many cases, a candidate or petition committee will make no other expenditures other than to the voter's pamphlet. By increasing the filing threshold to \$350, it saves the committees and Secretary of State's office time and cost.

Since 2005, the Elections Division has conducted "spot check" audits four times a year of financial transactions reported by political committees. The Elections Division has limited staff resources and to do the workload, particularly during an election year, due to the frequency of the "spot check" audits, they are not completed in a timely manner often resulting in duplicate work by the political committees and the Division. Senate Bill 783-A would not eliminate the audit, but would change audit to a biannual requirement, where a percentage of all committees who have had transactions in a given six-month period will be randomly selected and then up to 10 transactions will be randomly selected for the audit.