

REVENUE: No revenue impact

FISCAL: Minimal fiscal impact, no statement issued

Action: Do Pass as Amended and Be Printed Engrossed

Vote: 4 - 1 - 0

Yeas: Beyer, Burdick, Ferrioli, Rosenbaum

Nays: Atkinson

Exc.: 0

Prepared By: Erin Seiler, Administrator

Meeting Dates: 2/3, 2/24

WHAT THE MEASURE DOES: Modifies provisions related to campaign finance penalties. Establishes cap on civil penalties for failure to file statement or include required information. Changes period for assessing civil penalties for violations of campaign finance reporting requirements. Deletes “unfulfilled pledge, subscription, agreement or promise to make contribution” from definition of contributions. Removes requirement to report bank account number when reporting contributions and expenditures.

ISSUES DISCUSSED:

- Implementation of campaign finance reporting system (ORESTAR)
- Current campaign finance civil penalty structure and rate of fines
- Removal of \$10,000 cap on civil penalties in 2009
- Potential unlimited liability for campaign committees
- Scope of problem for campaign committees
- Limited ability to appeal civil violation fines
- Ability to implement the changes in ORESTAR

EFFECT OF COMMITTEE AMENDMENT: Deletes “unfulfilled pledge, subscription, agreement or promise to make contribution” from definition of contributions. Deletes requirement that candidate or political committee submit bank account number when reporting contributions and expenditures. Removes emergency clause.

BACKGROUND: In 2009, the Legislature passed Senate Bill 783 (2009) implementing multiple changes to how campaign committees file statements and certificates related to campaign expenditures and contributions. Among the changes were two related to imposition of civil penalties for violations of campaign finance reporting requirements. Senate Bill 783 removed the \$10,000 cap on civil penalties for failing to file a statement or include required information and lowered the maximum civil penalty from 100 percent of the amount of the transaction to 10 percent of the total amount of the transaction. Removal of the cap on civil penalties could result in campaign committees being liable for unlimited penalties.

Senate Bill 270-A restores the cap on civil penalties for campaign finance reporting violations. The measure establishes a cap of \$5000 per calendar month.

Currently, the Secretary of State accrues penalties on a monthly basis using the month of filing, regardless of when the transaction was originally due. Senate Bill 270-A requires that civil penalties be accrued based on the month in which they should have been filed, not the month in which they were filed.

Candidate and political campaign committees are required to use the electronic campaign finance filing system (ORESTAR) to file statements of contributions as defined by ORS 260.005(3). The definition of contribution includes “payment, loan, gift, forgiving of indebtedness, or furnishing without equivalent compensation”; “any unfulfilled

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

pledge, subscription, agreement or promise, whether or not legally enforceable, to make a contribution”; and “the excess value of a contribution made for compensation or consideration of less than equivalent value.” However, there is no statutory definition, nor guidelines in the *Campaign Finance Manual*, describing what constitutes a pledge. Without guidance, there is no standard for campaign or political committees to determine what is or is not a pledge of cash or pledge of in-kind. As a result a campaign or political committee may unintentionally violate campaign finance reporting statutes.

Senate Bill 270-A removes “unfulfilled pledge, subscription, agreement or promise to make contribution” from the definition of contribution. The effect of this change is that campaign and political committees would no longer be required to file transactions in ORESTAR for unfulfilled pledges.