

**TESTIMONY ON SB 145A:
REMOVE THE REPEAL OF ORS 260.049; AVOID CREATING LARGE
LOOPHOLE IN REPORTING OF CONTRIBUTIONS AND INDEPENDENT
EXPENDITURES**

before the House Committee on Rules

June 11, 2013

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Attached is my testimony on SB 145 to the Senate Rules Committee on behalf of the Oregon Progressive Party and the Independent Party of Oregon.

I reiterate that testimony now, particularly the part about repealing ORS 260.049, which would punch a big loophole into Oregon's laws regarding disclosure of political contributions and independent expenditures.

In addition to the reasons I provided in the earlier testimony, repealing ORS 260.049 would provide a clear opportunity for independent exponents to evade meaningful campaign contribution or expenditure reporting requirements. Currently, if organizers form a corporation primarily to support or oppose candidates, measures, and/or parties (let's call it a "political corporation") and provide funds for a political contribution or expenditure, the sources of that corporation's money must be disclosed under ORS 260.049 within 7 calendar days, including "the names, addresses, and occupations of its shareholders [and] the amount of paid-in-capital attributable to each shareholder." That law is probably while such corporations appear not to exist in Oregon today.

If that law is repealed, however, organizers can form any number of ostensibly for-profit corporations, fund them to an unlimited degree with "paid-in capital" from individuals or other entities, and never report the sources of the paid-in capital.

If a corporation were to receive "contributions" and then expend them to support or oppose Oregon candidates, measures, or parties, it would be required to register as a political committee and report its contributions and expenditures on ORESTAR. It appears to me that the contribution and expenditure reporting requirements do not apply to paid-in capital provided to a corporation. If the corporation then makes Oregon political contributions, the recipients of the contributions must report them on ORESTAR but only in the name of the

corporation, not the name of the corporation's funders. If a corporation then makes Oregon political independent expenditures, it must report them to the Secretary of State but only in the name of the corporation, not the name of the corporation's funders.

In sum, under current law (ORS 260.049), folks cannot evade contribution or expenditure reporting requirements by forming political corporations. Without ORS 260.049, folks can create political corporations, fund them with paid-in capital, make political contributions and expenditures, and never identify to the public the persons or entities that provided the paid-in capital in the first place. The public would see only that the contributions or expenditures were made by the "Good Things for Oregon Corp." or the "Freedom for All Corp.," etc., when the funders might in fact be prominent businesses or unions or individuals.

In addition, ORS 260.049 requires that the names and occupations of the sources of paid-in capital be reported within 7 calendar days of the contribution or expenditure. Without ORS 260.049, disclosure is required only for the name of the corporation and only after 30 days (or 7 days if within 42 days of the election).

I urge that SB 145 be amended to remove the repeal of ORS 260.049.

In June 2012, the Corporate Reform Coalition¹ awarded Oregon an "F" on "the extent to which it requires disclosure of corporate political expenditures for such things as broadcast ads." The National Institute on Money in State Politics (NIMSP) in May 2013 awarded Oregon an "A" for having laws that require the reporting of independent expenditures. NIMSP later clarified that its grades were based only on the existence of laws and not on their implementation or enforcement. Repealing ORS 2160.049 would remove the basis for that "A" grade by punching a huge loophole in Oregon's independent expenditure reporting requirements.

1. This is a coalition of over 100 public interest organizations and unions and includes AFSCME, AFL-CIO, Common Cause, Democracy 21, MoveOn, National Consumers League, OSPIRG, SEIU, and Sunlight Foundation.

**TESTIMONY OF DANIEL MEEK ON SB 145:
VARIOUS CHANGES TO CAMPAIGN FINANCE REPORTING**

before the Senate Committee on Rules

April 10, 2013

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On behalf of the Oregon Progressive Party and the Independent Party of Oregon, this testimony supports one part of SB 145 and opposes other parts.

Support Requiring Registration and Campaign Finance Reporting by Groups Opposing Petitions during Signature Drive Phase

One feature of SB 145 requires registration and campaign finance reporting by:

A combination of two or more individuals, or a person other than an individual, that has received a contribution for the purpose of supporting or opposing an initiative, referendum or recall petition or made an expenditure for the purpose of supporting or opposing an initiative, referendum or recall petition.

This redresses the current imbalance in reporting requirements between those who support petitions in the signature drive phase and those who opposed them. Those who support them are required to register and report all contributions and expenditures. Those who oppose them are currently not required to register or report anything, no matter how large their expenditures designed to thwart the signature drive or to discourage voters from approving the potential measure, before it is officially designated a "measure" in August before the November election.

Oppose Deletion of Provisions Authorizing the Discontinuance of a Committee

We oppose this provision, because we do not understand its purpose.

Oppose Deletion of Required Random Checks on Transactions

We oppose this provisions, because we believe that random checks on all committees should continue.

Oppose Repeal of ORS 260.049

ORS 260.049 states:

260.049 Reports to be filed by certain corporations; rules.

(1) If the major source of revenue of a corporation is paid-in-capital and the primary purpose of the corporation is to support or oppose any candidate, measure or political party, and the corporation has made a contribution or an expenditure for that purpose, the corporation shall report to the Secretary of State the names, addresses and occupations of its shareholders and shall report the amount of paid-in-capital attributable to each shareholder.

(2) The information required under subsection (1) of this section, including information on the nature and amount of all expenditures of money and in-kind contributions made by the corporation, shall be filed not later than seven calendar days after the contribution or expenditure is made.

(3) The secretary shall adopt by rule a form for the filing of the information required under this section.

This law requires that corporations created primarily to support or oppose candidates, measures, or parties, must report their sources of paid-in capital and the names and occupations of their directors to the Secretary of State.

We understand that very few such reports have been made, no doubt because it has not been necessary to create such corporations in order for individuals or groups to make unlimited contributions to candidates, measures, and parties. There are bills in the 2013 Session, however, that would limit such contributions to, for example, \$5,000 per corporation. This will provide incentive for the creation of the sort of "political corporations" that ORS 260.049 is designed for. After all, it costs \$100 to create a corporation in Oregon, which is a small price to pay for the opportunity to contribute another round of \$5,000 to all of an individual's or group's desired political causes.

Without ORS 260.049, such corporations will be required to report only under their corporate names, which can be very uninformative ("Good Things for Oregon, Inc." etc.). ORS 260.049 pierces the corporate veil and requires reporting of the names, addresses, and occupations of the corporation's shareholders and the amount each has contributed to the corporation.

Once Oregon adopts limits on political contributions, ORS 260.049 will be needed. It should not be repealed.