

78th Oregon Legislative Assembly - 2016 Regular Session

STAFF MEASURE SUMMARY

House Committee On Rules

Fiscal: Fiscal impact issued

Revenue: No Revenue Impact

Action Date: 02/17/16

Action: Do Pass With Amendments And Bill Be Referred To Ways And Means.
(Printed A-Eng.)

Meeting Dates: 02/10, 02/16, 02/17

Vote:

Yeas: 5 - Barnhart, Hoyle, Rayfield, Smith Warner, Williamson

Nays: 3 - Gilliam, Kennemer, Wilson

Exc: 1 - Huffman

Prepared By: Erin Seiler, Committee Administrator

WHAT THE MEASURE DOES:

Lowers threshold for required filing of statement of independent expenditures to \$250 per calendar year and requires statement to be filed within seven days of reaching threshold. Increases penalties from 10 percent to 40 percent of total amount of contribution or expenditure for failure to file required statements or certificates of contribution and expenditure or failure to include required information in statements or certificates of contribution and expenditure. Requires person that makes independent expenditures of more than \$250 in calendar year to maintain detailed accounts, and to be current not later than seventh calendar day after triggering required report. Account records must be kept for at least two years. Requires Secretary of State (SOS) to adopt rules to conduct spot check audits of statements of independent expenditures. Requires SOS, four times per year, to randomly select for examination, accounts of political committees. Examination is to determine committees' compliance and accuracy with required filing statements, during three months immediately preceding review. Requires SOS to adopt rules designating methodology for random selection of committees and designating period of time that committee must provide SOS access to bank accounts and other documentation. Permits SOS or Attorney General, upon reasonable suspicion of violation, to examine accounts of committee being investigated as result of elector filing complaint alleging violation of election law or rule. Permits Attorney General, during investigation of election complaint, to issue subpoena to compel production of any related information or documents. Provisions of Act become operative January 1, 2018.

ISSUES DISCUSSED:

- Increase transparency of independent expenditures in ORESTAR
- Campaign contribution limits
- Enforcement of current campaign contribution reporting requirements
- Ability of Secretary of State to request, receive and review campaign finance records
- Process for investigation and audit of candidates and political committees
- Alignment of reporting threshold for independent expenditures with current case law
- Potential legal challenges

EFFECT OF COMMITTEE AMENDMENT:

Lowers threshold for required filing of statement of independent expenditures to \$250 per calendar year. Restores seven-day filing deadline. Increases penalties from 10 percent to 40 percent of total amount of contribution or expenditure for failure to file required statements or certificates of contribution and expenditure or failure to include required information in statements or certificates of contribution and expenditure. Requires person that makes independent expenditures of more than \$250 in calendar year to maintain detailed accounts, to be current not later

than seventh calendar day after triggering required report. Account records must be kept for at least two years. Requires Secretary of State (SOS) to adopt rules to conduct spot check audits of statements of independent expenditures. Requires SOS, four times per year, to randomly select for examination, accounts of political committees. Examination is to determine committees' compliance and accuracy with required filing statements, during three months immediately preceding review. Requires SOS to adopt rules designating methodology for random selection of committees and designating period of time that committee must provide SOS access to bank accounts and other documentation. Permits SOS or Attorney General, upon reasonable suspicion of violation, to examine accounts of committee being investigated as result of elector filing complaint alleging violation of election law or rule. Permits Attorney General, during investigation of election complaint, to issue subpoena to compel production of any related information or documents. Appropriates General Fund money to SOS. Provisions of Act become operative January 1, 2018.

BACKGROUND:

Oregon statute requires disclosure of contributions and expenditures related to any candidate, measure, or political party active in any election including initiative, referendum and recall petition drives. All political committees and chief petitioner committees are required to file all contributions and expenditures using the online campaign finance reporting system. Current Oregon law requires all contributions and expenditures by a candidate or political committee be reported electronically within 30 days, except for the 42nd day prior to an election, when transactions must be reported within seven days.

Independent expenditures are expenditures for a communication in support of or in opposition to a clearly identified candidate or measure. The expenditure must not be made with the cooperation or with the prior consent of, or in consultation with, or at the request or suggestion of, a candidate or any agent or authorized committee of the candidate, or any political committee or agent of a political committee supporting or opposing a measure.

Currently, a person must file a statement of independent expenditures in ORESTAR if the person makes independent expenditures in a total amount of more than \$750 in a calendar year. The following information is required to be filed for an independent expenditure: (a) amount and purpose of the independent expenditure; (b) name, occupation and address of the payee (each person and each political or petition committee) that contributes an aggregate amount of more than \$100 in a calendar year on behalf of a candidate or to a political committee or petition committee and the total amount contributed by that person or committee and the total amount of other contributions as a single item; and (c) any candidates or measures supported or opposed by the independent expenditure. House Bill 4085-A reduces the reporting threshold from \$750 to \$250 in a calendar year and requires filing to be made within seven days of reaching threshold.

In addition, the measure increases penalties from 10 percent to 40 percent of total amount of contribution or expenditure for failure to file required statements or certificates of contribution and expenditure or failure to include required information in statements or certificates of contribution and expenditure. The measure appropriates additional resources to the Secretary of States for staff for enhanced investigations and periodic examination of political committees.