



**Oregon Secretary of State
Dennis Richardson**

Testimony in Support of HB 2444

Oregon elections should be open and transparent. House Bill 2444 closes a loophole in the campaign finance system that allows millions of dollars to evade full reporting and scrutiny. This “dark money” undermines transparency and accountability in Oregon elections. In the 2015-16 election cycle, the amount of dark money was \$13,522,344.35.

Based on the current configuration of the legislature, the dark money loophole allows a couple to donate \$20,000 to \$25,600¹ for the 2018 election cycle to Republican or Democratic legislative races without ever being publically listed on ORESTAR. Thousands of additional dollars could also be funneled unreported through allied PACs. These donations could come from other states or countries but would still never be listed.

Compounding this transparency problem, people could easily be listed under multiple names unintentionally (or possibly intentionally), which could allow even higher donations without disclosure. For example, a hypothetical Christopher Quincy Smith could be variously reported as “Christopher Quincy Smith,” “Christopher Q Smith,” “Chris Quincy Smith,” “Chris Q Smith,” “Christopher Smith,” “Chris Smith,” or other variations. If these listings occur in the internal system of a committee that opts out of full reporting, there is no way for the Elections Division to know.

Oregon Revised Statutes 260.083 requires campaign committees to report a person’s donations only after their yearly aggregate is \$100 or more. The ORESTAR system has three options for reporting. First, a committee can manually enter all of a contributor’s information. In this case, ORESTAR will automatically calculate aggregates and conceal any person’s donation that is under \$100 as “miscellaneous.” Second, a committee can upload contributor information through XML and ORESTAR will handle the same as the first option. Third, a committee can opt out of the ORESTAR system and self-report the amount of contributions received below \$100 for the year.

There are 43 political committees that opted out of full reporting in ORESTAR for calendar year 2016. The Secretary of State has no ability to ensure legal compliance by these committees, even though these “miscellaneous” contributions were \$6,423,516.32 in the 2015-16 election cycle.

¹ 2 people X 2 years X \$100 each to 25-35 Representatives, 13-17 Senators, 2 caucus PACs, and 10 challengers.

The Secretary of State acknowledges that there would be some costs to closing the dark money loophole. With current technology and processes, the preliminary fiscal estimate for HB 2444's impact on the Elections Division is \$380,000. This covers programing changes and two new compliance specialists to review transactions. The 43 impacted committees may also face some compliance costs. Our agency would be glad to work with any other stakeholders to fine-tune the details of this bill to reduce costs for all involved.

In 2016, 43 committees opted-out of ORESTAR full reporting:

- AG-PAC
- Beaverton Teachers Political Action Committee
- Citizen Action for Political Education
- Credit Union Legislative Action Fund
- Dentists of Oregon PAC
- Eugene Education Association - PAC
- Oregon Association of Independent Accountants PAC
- Oregon Education Association - People for Improvement of Education
- Oregon Farm Bureau Political Action Committee
- Oregon Realtors Political Action Committee
- Portland Metro Fire Fighters PAC
- Local #1159 FirePAC
- School Employees Exercising Democracy
- Portland Association of Teachers PAC
- Oregon Right to Life PAC
- Pacific Green Party of Oregon
- SEIU Local 503, OPEU PAC
- Fire Fighters Political Action Committee
- Oregon School Employees Association - Voice of Involved Classified Employees
- Oregonians in Action PAC
- Oregon Independent Automobile Dealers Association
- Basic Rights Oregon Equality PAC
- Professional Firefighters PAC
- Farmer's Employee and Agent PAC of Oregon
- Oregon Family Farm Association PAC
- Taxpayers Association of Oregon PAC
- SMACNA PAC
- Oregon Professional Fire Fighters PAC
- Service Employees Int'L Union Local 49 Committee on Political Education
- Local 48 Electricians PAC
- Money Is Not Democracy
- Linn Benton Chapter of the Pacific Green Party
- Springfield Professional Firefighters Association PAC
- International Brotherhood of Electrical Workers Local 280 PAC
- North Clackamas Teacher's Political Action Committee
- Oregon Nurses Political Action Committee
- Nurses United Political Action Committee
- Middle Class PAC
- Oregon Coast Electrical PAC
- Oregon Laborers Political Action Committee
- Mining PAC
- Association of Engineering Employees of Oregon PAC
- Emily Semple for City Council

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