



DAN RAYFIELD  
STATE REPRESENTATIVE  
DISTRICT 16

May 4, 2017

House Committee on Rules  
900 Court St NE,  
Salem, OR 97301

RE: Response to Questions on HB 2584

Dear Chair Williamson and Committee Members:

This letter will address questions posed during committee on April 25, 2017, regarding the policy decision in HB 2584 to increase fines for campaign finance violations. Currently, fines for violating campaign finance laws are limited to ten percent of the amount filed incorrectly. We believe ten percent is too low and incentivizes undesirable outcomes. Moreover, we ultimately feel that if you violate campaign finance laws, you should be held responsible for the violation.

When drafting this bill, our office consulted with the Secretary of State's office and several political action committee treasurers. It became apparent in these conversations that there are some unintended consequences that are promoted by having low fines for campaign finance violations.

One example is when a candidate receives a substantial contribution from a donor that voters politically disagree with. In this example, having a low fine amount creates an incentive for candidates to delay reporting the contribution to prevent the public from considering this information until after the election. The cost to violate the law is minimal, while the gain to the candidate in concealing this information is great.

Another example on how low fines can create undesired outcomes could occur during the last 30 days of an election. If a candidate receives several contributions of varying sizes that add up to a considerable amount they may choose to delay reporting these contributions to deceive their opponent to gain a strategic advantage. This dynamic also applies to expenditure reporting, where a candidate might delay reporting expenditures for the same reason. Again, the cost to violate the law is small compared to the potential advantage a candidate might gain.

Moreover, there are numerous peer-reviewed articles that discuss the economics and incentives of setting appropriate fine amounts to deter undesired behavior. Attached please find an article from the Economist with references to other peer-review literature that succinctly discusses these issues.

Please let me know if you have any questions or concerns. Hopefully, this information adequately answers the questions presented.

Very truly yours,

Dan Rayfield

