

## HB 4024 -3, -5, -8 STAFF MEASURE SUMMARY

### House Committee On Rules

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**Sub-Referral To:** Joint Committee On Ways and Means

**Meeting Dates:** 2/23, 3/4, 3/6

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#### WHAT THE MEASURE DOES:

The measure requires the Secretary of State to study how to improve Oregon's campaign finance system and report to the Legislative Assembly by September 15, 2025.

#### ISSUES DISCUSSED:

- Impact of limits on circuit court judges who are still constrained on what they can say
- Differences between small donor and membership committees
- Public financing and whether limits apply to those programs
- Political committee debt and how limits treat contributions for that purpose
- How passage of two similar ballot measures is treated and impact on provisions that conflict
- In-kind contribution limits and whether it covers captioning or translation services
- Current capacity of ORESTAR and impacts to the system update by the measure's provisions
- Whether proposed changes will lower the cost of campaigns
- Whether candidates can run effective campaigns with the proposed limits
- The use of legislation or initiative for complicated policy
- Whether limits will increase independent expenditures
- How candidates function in other states with limits
- Whether disclosure systems minimize independent expenditures
- The significant past efforts on campaign finance reform by members, staff, and others

#### EFFECT OF AMENDMENT:

-3 The amendment replaces the measure. It sets campaign contributions limits, defines and sets requirements for specified political committees, establishes an electronic campaign finance filing system and disclosure requirements, establishes complaint investigation deadlines, sets civil penalties for violations of the contribution limits and disclosure requirements, repeals Ballot Measure 47 (2006), creates a web-based campaign finance dashboard, and sets operative dates.

#### Detailed Summary

##### **Campaign Contribution Limits**

- Establishes limits on campaign contributions that may be accepted by candidates for state office and political committees. Sets limit for non-state offices to limits for state Representative. Allows local government to adopt lower contribution limits for elections of the local government, but requires those limits to allow contributions from any political committee that may contribute to state Representative.
- Prohibits a candidate or principal campaign committee of a state Representative, state Senator, circuit court judge, or district attorney from accepting aggregate contributions in excess of: \$3,300 per election from a person; \$2,000 per election from candidate committee; \$5,000 per election cycle from multicandidate political committee; \$5,000 per election from political party committee; \$5,000 per election from legislative caucus committee; \$3,300 times five (\$16,500) per election from membership organization or membership organization political committee; and \$3,300 per election for a small donor political committee with less than 2,500 donors or \$3,300 times 10 (\$33,000) per election for every 2,500 donors.

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- Prohibits a candidate or principal campaign committee for other state office from accepting aggregate contributions in excess of: \$3,300 per election from a person; \$2,000 per election cycle from candidate committee; \$5,000 per election cycle from multicandidate political committee; \$5,000 per election from political party committee; \$5,000 per election from legislative caucus committee; \$3,300 times 10 (\$33,000) per election from a membership organization or membership organization political committee; and \$3,300 per election from a small donor political committee with less than 2,500 donors or \$3,300 times 10 (\$33,000) per election for every 2,500 donors.
- Prohibits a multicandidate political committee from accepting aggregate contributions in excess of: \$5,000 per election cycle from a person; \$5,000 per year from a candidate committee; \$5,000 per year from another multicandidate political committee; \$5,000 per election cycle from a political party committee; \$5,000 per election from legislative caucus committee; \$5,000 times five (\$16,500) per election from a membership organization or membership organization political committee; and \$3,300 per election from a small donor political committee with less than 2,500 donors or \$3,300 times 10 (\$33,000) per election for every 2,500 donors.
- Prohibits a political party committee from accepting aggregate contributions in excess of: \$10,000 per year from a person; \$5,000 per year from a candidate committee; \$15,000 per year from a multicandidate political committee; \$15,000 per year from another political party committee; \$15,000 per year from a legislative caucus committee; \$10,000 per year from a membership organization; and \$10,000 per year from a small donor political committee.
- Prohibits a legislative caucus committee from accepting aggregate contributions in excess of: \$10,000 per year from a person; \$5,000 per year from a candidate committee; \$15,000 per year from a multicandidate political committee; \$15,000 per year from a political party committee; \$15,000 per year from another legislative caucus committee; \$10,000 per year from a membership organization; and \$10,000 per year from a small donor political committee.
- Prohibits a small donor political committee from accepting contributions in excess of \$250 per year from an individual. Prohibits contributions from a candidate committee, multicandidate political committee, political party committee, legislative caucus committee, a membership organization, or another small donor political committee. Makes the number of unique individuals who have donated funds during the election cycle the number of donors to a small donor political committee.
- Allows membership organization to accept unlimited donations from a person and another membership organization or membership organization political committee, but prohibits donations from a candidate committee, multicandidate political committee, political party committee, legislative caucus committee, or another small donor political committee.
- Prohibits donor from making a contribution or aggregate contributions to a recipient that exceeds the amount a recipient may accept under the specified limits.
- Allows only political committees registered with the Secretary of State as one of the specified committee types to make contributions to a candidate or principal campaign committee of a candidate for state office.
- Prohibits a measure political committee, political party administration committee, or recall political committee from making a contribution to a candidate or principal campaign committee of a candidate for state office.
- Specifies the allowable in-kind contributions of membership organizations.
- Identifies criteria for when contributions made or received by multiple political committees or persons are considered to be made or received by a single political committee or person.
- Sets amounts for certain in-kind contributions that are exempt from the limits and requires reporting of in-kind contributions to Secretary of State (SOS).

### Political Committees

- Makes two or more membership organizations that are substantially controlled by the same person or group of persons considered as one membership organization for the committee organization and limits purposes.

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- Allows membership organization to make political contributions directly or through membership organization political committee, but not both.
- Prohibits person from controlling more than one of each type of political committee at one time, and prohibits a person controlling both a small donor political committee and another political committee from splitting an individual's contribution unless requested by the individual in writing.
- Requires political committee to identify in statement submitted to SOS whether it will operate as a measure political committee, multicandidate political committee, political party administration committee, political party multicandidate committee, legislative caucus committee, membership organization political committee, recall political committee, or small donor political committee. Defines these political committees.
- Prohibits major or minor political party from forming more than one political party administration committee and one political party multicandidate committee.
- Allows political committee to reorganize as a small donor political committee until March 31, 2027, if 90 percent or more of the contributions received in the previous 24-month period were by individuals in amounts not exceeding \$250 per calendar year.

### Disclosure and Electronic Campaign Finance Filing System

- Requires SOS to adopt addition to the electronic campaign finance filing system to be used by membership organizations and persons to report the original source of funds used to pay for candidate campaign independent expenditures.
- Requires entity who has spent the aggregate of \$50,000 on candidate independent expenditures in an election cycle to disclose the name of each person that contributed \$5,000 or more and the amount.
- Allows entity to exclude donations from specified sources. Allows donations from donors who have contributed less than \$5,000 to be aggregated and reported together in the electronic filing system addition.
- Defines original source as business income or personal funds.
- Makes definition of "contribute" or "contribution" include an expenditure by a person for a communication in support of or in opposition to a clearly identified candidate or measure made with the cooperation or prior consent of, or in consultation with, or at the request or suggestion of, a candidate, agent, or political committee.
- Changes the requirement from five to four names of persons who have made the largest aggregate contributions of \$10,000 or more and must be named on a communication in support of or opposition to a candidate.
- Requires an eligible communication by a candidate that has contributed more than \$20,000 to their own campaign to include a statement indicating that the candidate has contributed more than \$20,000 to their own campaign.
- Requires a communication in support of or in opposition to a clearly identified candidate that costs at least \$10,000 to include an electronic, printed, or aural link to the electronic filing system that identifies the original source of the funds to the entity making the expenditure.

### Campaign Finance Dashboard

Requires the SOS by January 1, 2028, to:

- create a web-based campaign finance dashboard that promotes transparency and fosters research and analysis on campaign donations and expenditures in Oregon;
- update software related to campaign filings;
- release at least 10 days before each election on the dashboard a list of the 100 largest contributors to candidates or principal campaign committees, aggregated across all candidates;
- release annually a visual representation of contributions by industry;
- release at least 10 days before each election the original sources of candidate independent expenditures; and
- release annually a display the average cost of campaigns by office and the largest three categories of spending.

Allows SOS to establish other reports, data, and information to be included on the dashboard.

### **Complaints and Civil Penalties**

- Allows person who has filed a late or insufficient statement of transactions to self-report and pay the penalty to the SOS. Allows SOS to accept and record the penalty without further investigation, but does not prevent the SOS from continuing to investigate noncompliance with elections requirements.
- Requires SOS or Attorney General (AG), upon receipt of a complaint of an alleged violation of election law, to commence an investigation within 30 days and issue a finding within 60 days of receiving the complaint.
- Requires complainant to be notified of the outcome of any investigation and allows complainant to request an administrative hearing for a violation for which a penalty of more than \$10,000 may be imposed.
- Allows the SOS or AG to impose a civil penalty, at least equal to the amount of the unlawful contribution, on the recipient of a contribution that exceeds the limits. Allows the recipient to remedy the violation by refunding to the contributor, within 14 days of receipt, an amount that makes the contribution compliant with the applicable limits, or allows the recipient to reduce the penalty by 50 percent if recipient refunds the amount within 14 days of the date the recipient reasonably should have known that the violation occurred.
- Allows SOS or AG to impose a civil penalty for a violation of the reporting requirements that must not be less than one-tenth of and not more than four times the total amount that was not properly disclosed or disclaimed.
- Requires SOS to adopt rules establishing enhanced penalties for successive knowing and willful violations of the contribution limits and disclosure requirements.

### **Other Provisions**

- Adds definitions for election, election cycle, legislative caucus committee, membership organization, and membership organization political committee. Incorporates definitions in ORS 260.042 for other political committee types.
- Defines election to mean each election and election cycle, for contests occurring at a general election, to start on January 1 of odd-numbered year and end on December 31 of even-numbered year. Makes the election cycle for other contests start the day after the date of election and end on the date of the next election for the same office.
- Prohibits person from directly or indirectly requiring an employee or contractor to make a contribution or independent expenditure, or providing or promising any benefit or imposing or threatening any detriment due to an employee or contractor decision to make a contribution or independent expenditure.
- Repeals Ballot Measure 47 (2006).
- Repeals statutory sections on donor identification lists and civil penalty for failure to file donor identification list and makes conforming changes for repealed statutes.

### **Secretary of State Administration**

Requires the SOS to:

- hire a full-time employee to provide voter education, support, and outreach regarding campaign finance law, and to provide technical assistance to candidates, campaigns, and the public on the contribution limits;
- adopt rules to implement provisions, including reporting timelines and guidelines;
- adjust certain dollar amounts each election cycle; and,
- biannually conduct a review of the reporting and filing of disclosures and dashboard content and the compliance by and the needs of stakeholders and report to the Legislative Assembly.

### **Operative Dates**

- Makes committee organization and limits provisions operative on January 1, 2026.
- Makes disclosure reporting and campaign finance dashboard provisions operative January 1, 2028.
- Makes complaint and penalty amendments operative January 1, 2026.
- Allows SOS to take action before operative dates.

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- Sets deadlines for SOS to propose revisions to campaign finance manual, propose implementation rules, and report to the Legislative Assembly.
- Allows a political committee to take any action before the operative dates necessary for compliance with the requirements.
- Requires SOS to reorganize as a multicandidate political committee any active political committee that remains a miscellaneous political committee as of March 31, 2027, and to establish a process that gives a miscellaneous political committee one opportunity to reorganize as a measure political committee.
- Takes effect on 91<sup>st</sup> day following adjournment sine die.

### **-5 The -5 amendment replaces the measure and makes the following changes to the -3 amendment:**

- Eliminates political party administration committee (Section 2) and makes conforming changes.
- Changes candidate committee to candidate political committee.
- Makes contributions made or donations received by multiple membership organizations considered to be made or received by a single membership organization if they are established, financed, maintained, or controlled by the same person or substantially the same group of persons with specified exceptions. (Section 3)
- Allows local governments with contribution limits as of January 1, 2024, to maintain or adopt lower limits and to limit the sources who can make contributions to candidates in local elections, except they must allow small donor political committees to accept contributions from individuals of up to \$250 per year. (Section 4)
- Specifies that local government public funding for candidates is not subject to specified contribution limits of this measure. (Section 4)
- Reduces the contribution limit to a candidate or principal campaign committee of a state Representative, state Senator, circuit court judge, or district attorney from a small donor political committee to \$3,300 times five (\$16,500) for each 2,500 donors. (Section 4)
- Reduces the per election contribution limit from a membership organization, membership organization political committee, and small donor political committee to a multicandidate political committee to \$5,000. (Section 4)
- Clarifies criteria for when contributions made or received by multiple political committees are considered to be made or received by a single political committee. (Section 4)
- Refines the allowable staff in-kind contributions from membership organizations to be per year and for the purposes of direct voter contact, community organizing, community outreach, and staff support, as defined by rule. (Section 4)
- Revises other in-kind contributions exempt from the limits by lowering the amounts for food and beverage and transportation for non-state candidates; adding interpretation services, and clarifying eligible legal services. (Section 5)
- Adds requirement that unexpended funds that remain in the accounts of a candidate political committee at the end of an election cycle may only be used to refund contributions to contributors within applicable limits, to make a contribution to another political committee subject to the limits, to transfer to the Campaign Finance Education Fund, or for allowable uses under current law (ORS 260.407). Sets limits for the amount of unexpended funds that may be carried over by specified candidates. (Sections 5a - new)
- Establishes the Campaign Finance Education Fund for use by Secretary of State for campaign finance voter education and technical assistance. (Sections 5b – new)
- Prohibits a foreign national, foreign corporation, or foreign entity from directly or indirectly making or offering to make a candidate campaign contribution or expenditure or making a donation used by an entity to pay for candidate campaign independent expenditures. Defines foreign national. (Section 9)
- Clarifies the reporting requirements for the original source of funds spent by an entity or donor on independent expenditures to the electronic campaign finance filing system, revises terms, and allows the SOS to adjust the dollar amounts for each election cycle. (Section 13)
- Changes definition of business income to include the amount of membership or union dues or donations paid to the person that exceeds \$5,000 in any calendar year.

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- Requires reporting on the original sources of funds at the same time and in the same manner as other contributions and expenditures are reported.
- Prohibits a person from establishing an entity for the purpose of obscuring the original source of funds used to pay for candidate campaign independent expenditures or for evading the contribution limits or disclosure requirements, and clarifies prohibitions around making a contribution or donation under false names. (Sections 17 and 19a)
- Requires the incumbent holder of public office, as of January 1, 2026, who intends to seek reelection to file a nominating petition or declaration of candidacy at least seven days prior to filing deadline for that office. (Section 17b – new)
- Clarifies that the definition of pecuniary benefit does not include a political campaign contribution unless it is made in exchange for a promise to perform or not perform an official act. (Section 20a – new)
- Changes the operative date for the committee organization and limits provisions and the complaint and penalty amendments to January 1, 2027. (Section 23)
- Refers the measure to the people for approval or rejection at the November 2024 general election. (Section 26 – new)

-8 The amendment replaces the measure. It sets campaign contributions limits, defines and sets requirements for specified political committees, sets disclosure and reporting requirements for candidate campaign independent expenditures, establishes complaint investigation requirements and deadlines, sets civil penalties for violations of the contribution limits and disclosure requirements, requires unexpended candidate funds to be used only for certain purposes, requires an incumbent to file at least seven days before the filing deadline, repeals Ballot Measure 47 (2006), creates a web-based campaign finance dashboard, outlines requirements for the Secretary of State, and sets operative dates.

### Detailed Summary

#### **The -8 amendment makes the following changes to the -5 amendments:**

- Removes the referral to voters and makes effective on the 91<sup>st</sup> day following adjournment sine die. (Section 26)
- Allows a staff in-kind contribution by a membership organization to be made only by a contributor that is authorized to make a contribution and received by a political committee. (Section 4)
- Reduces the allowable contributions from a membership organization to \$3,300 times four or eight and small donor committee to \$5 or \$10 per donor to a candidate for state representative and state office respectively. (Section 4)
- Increases the allowable contributions from a political party or legislative caucus committee to \$15,000 or \$30,000, respectively, to a candidate for state representative or state office. (Section 4).
- Changes the allowable contribution limit to a multicandidate political committee from a legislative caucus committee, membership organization, and small donor political committee from election to year. (Section 4)
- Revises the eligible uses of in-kind contributions from membership organizations. (Section 4)
- Makes clubs, societies, associations, organizations, or anonymous limited liability companies not authorized contributors for candidate contributions. (Section 4)
- Makes a candidate seeking a minor party nomination considered to be participating in the primary election for the purposes of the contribution limits. (Section 4)
- Allows other in-kind contributions to be made only by a contributor that is authorized to make a contribution and only received by a candidate or candidate committee. (Section 5)
- Limits one of the recipients of expended funds at the end of any election cycle to 501(c)(3) organizations. (Section 5a)
- Changes the definition of business income to include membership or union dues or donations and contributions or donations paid to the person, except dues or contributions or donations exceeding \$5,000 from any person in a calendar year. (Section 13)

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- Clarifies that the requirement to name persons who contributed to a communication in support of or in opposition to certain clearly identified candidates must cost at least \$10,000 for the entire placement of the communication and any substantially similar communications. (Section 15)
- Requires that a contested case hearing be held and requires the hearing officer to prepare and issue a final order for any hearing held when the complainant has requested an administrative hearing. (Section 19)

### **BACKGROUND:**

There are three main methods employed by states for regulating campaign finance, which are commonly utilized in combination. These methods are requiring the disclosure and reporting of campaign contributions and expenditures; setting contribution limits to campaigns; and providing a system for public financing of elections. According to the National Conference of State Legislatures (NCSL), Oregon is one of five states with no limits on political campaign contributions, along with Alabama, Nebraska, Utah, and Virginia, and is one of 11 states that impose no limits on individual candidate contributions.

The passage of Ballot Measure 47 in 2006 technically put contribution limits in Oregon statute, but those limits were deemed not enforceable unless or until the Oregon Constitution was amended or interpreted to allow such limits. Ballot Measure 107, which was referred by Senate Joint Resolution 18 (2019) and approved by voters on November 3, 2020, amended section 8, Article II of the Oregon Constitution to permit the enactment of laws to regulate the use of money in political campaigns. The measure specifically authorizes laws or ordinances enacted on or after January 1, 2016, that require: (1) limits on contributions as long as resources that are necessary for effective advocacy may be gathered; (2) the disclosure of contributions or expenditures made in connection with political campaigns or to influence the outcome of any election; and, (3) the identification of the persons or entities responsible for political advertisements.