

HB 2584 A STAFF MEASURE SUMMARY**Carrier:** Rep. Rayfield**House Committee On Rules****Action Date:** 05/04/17**Action:** Do pass with amendments and rescind subsequent referral to Ways and Means. (Printed A-Eng.)**Vote:** 7-0-2-0**Yeas:** 7 - Barreto, Hack, Holvey, Nosse, Rayfield, Smith Warner, Williamson**Exc:** 2 - Kennemer, McLane**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact**Prepared By:** Erin Seiler, LPRO Analyst**WHAT THE MEASURE DOES:**

Identifies specific conduct and expenditures that constitute "coordination" with candidates for purpose of reporting independent expenditures. Lowers threshold for filing required statement of independent expenditures to \$250 per calendar year. Requires statement be filed within seven days of reaching threshold. Increases penalties for reporting violations. Requires detailed accounts be maintained for at least two years by those who exceed threshold.

ISSUES DISCUSSED:

- Improving transparency of independent expenditures
- Defining actions that are considered "coordination"
- Change in penalties for reporting violations; reduction to 10 percent of total amount in 2009 via Senate Bill 783
- ORESTAR enhancements to show money used to pay fines levied against candidate or political committee
- Auditing political committees
- Appropriate penalties for reporting violations
- Evidence to support use of civil penalties as deterrent to reporting violations
- Use of social media to influence elections
- Definitions of "coordination" modeled after California statutes

EFFECT OF AMENDMENT:

Increases penalties for reporting violations from 10 percent to 20 percent of total amount of contribution or expenditure, if the contribution or expenditure required to be reported is less than \$1,000. Increases penalties from 10 percent to 40 percent of total amount of contribution or expenditure, if the contribution or expenditure required to be reported is \$1,000 or more. Removes requirement that Secretary of State (SOS) adopt rules to conduct random audits of accounts of political committees; requirement that SOS randomly select accounts of political committees for examination four times per year and investigatory requirements by SOS or Attorney General. Removes appropriation to SOS.

BACKGROUND:

Independent expenditures are expenditures for communications in support of or opposition to a clearly identified candidate or measure that are not made with the cooperation or 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. House Bill 2584-A identifies specific conduct and circumstances that establish coordination, including: the solicitation of money or an appearance at a fundraiser by a candidate, for a group, and then the group makes an expenditure to benefit the candidate; a group led by a family member of the candidate or by an individual who was employed within the preceding 12 months as a staff member of the candidate that makes expenditures that benefit the candidate's campaign; a candidate that provides information to a group about the candidate's campaign needs followed by group expenditures; a candidate

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and a group employing the same consultant to provide campaign or fundraising services during the same electoral cycle and the group making expenditures to benefit the candidate; or the group republishing or redistributing materials from the candidate's campaign communications.

Currently, a person must file a statement of independent expenditures in ORESTAR if the person makes independent expenditures totaling more than \$750 in a calendar year. The following information is required to be filed for an independent expenditure: the amount and purpose; the 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, the total amount contributed by that person or committee, and the total amount of other contributions as a single item; and any candidates or measures supported or opposed by the independent expenditure. House Bill 2584-A reduces the reporting threshold from \$750 to \$250 in a calendar year and requires filing to be made within seven days of reaching the threshold. In addition, the measure increases penalties for failing to report qualifying contributions or expenditures: from 10 percent to 20 percent of the total amount of a contribution or expenditure that is less than \$1,000, and from 10 percent to 40 percent of the total amount of a contribution or expenditure that is \$1,000 or more.