House Bill 3343

Sponsored by Representatives SALINAS, CLEM; Representatives ALONSO LEON, DEXTER, HUDSON, LIVELY, MEEK, PHAM, POWER, REARDON, RUIZ, Senators FREDERICK, GOLDEN, JAMA

SUMMARY

The following summary is not prepared by the sponsors of the measure and is not a part of the body thereof subject to consideration by the Legislative Assembly. It is an editor's brief statement of the essential features of the measure **as introduced.**

Establishes limits on campaign contributions that may be accepted by candidates and political committees.

Establishes limits on candidate's personal contributions and expenditures.

Requires Secretary of State and Attorney General to impose civil fine of not less than five times, nor more than 20 times, amount of offending contribution or expenditure. Grants Oregon electors standing to sue to enforce penalty provisions.

Authorizes employee or contractor to bring civil suit if entity either requires employee or contractor to make contribution or promises or threatens any benefit or detriment if employee or contractor makes or refuses to make contribution. Imposes minimum civil award of \$20,000 for violation.

Becomes operative on first day of new election cycle for each public office.

Declares emergency, effective on passage.

A BILL FOR AN ACT

2 Relating to campaign finance; and declaring an emergency.

3 Be It Enacted by the People of the State of Oregon:

4 <u>SECTION 1.</u> Sections 2 to 9 of this 2021 Act are added to and made a part of ORS chapter 5 260.

5 40

6

1

SECTION 2. As used in sections 2 to 9 of this 2021 Act:

(1) "Business entity" means any corporation, partnership, limited liability company,
proprietorship, firm, enterprise, franchise, association or other legal entity operated for
economic gain that is legally separate from an individual.

10 (2) "Contribute," "contribution" and "expenditure," notwithstanding ORS 260.005 and 11 260.007, do not include moneys provided to a principal campaign committee by a public body 12 as defined in ORS 174.109 pursuant to a system of public funding of campaigns in which the 13 candidate participates.

(3) "Election contest" means an election at which one or more candidates compete to be
 elected to a public office.

(4)(a) "Election cycle," except as provided in paragraph (b) of this subsection, means the
 period of time starting on the day after the date of a general election and ending on the date
 of the next general election.

(b) "Election cycle," for an election contest that does not occur on the date of the general election, means the period of time between an election at which a candidate is elected to public office and the next election for the same office, regardless of any other elections that occur during that period including a general election, primary or nominating election, recall election or special election called to fill a vacancy.

24 (5) "Election period" means any of the following:

25 (a) The period beginning on the day after the date of a general election and ending on the

date of the next general election; 1 2 (b) The period beginning on the day after the date of a primary election and ending on the date of the next primary election; and 3 (c) For a special election called to fill a vacancy in a public office, the period beginning 4 on the date that the election is declared and ending on the date of the election. 5 (6) "Entity" means any corporation, limited liability company, labor union, association, 6 firm, partnership, joint stock company, club, proprietorship, firm, enterprise, franchise, as-7 sociation, organization or other combination of individuals that has collective capacity and 8 9 is legally separate from an individual. (7)(a) "Individual," except as provided in paragraph (b) of this subsection, means a human 10 being who is entitled to vote in federal elections. 11 12(b) "Individual" means any human being, when a limitation or prohibition on an action is imposed under sections 2 to 9 of this 2021 Act. 13 (8) "Measure committee" means any entity, or any combination of entities or individuals, 14 15 that receives a contribution or makes an expenditure in excess of \$200 in a calendar year to support or oppose a ballot measure. 16 (9) "Multicandidate committee" means a political committee that exclusively supports or 17opposes one or more candidates for election to public office in this state. 18 (10) "Political committee," notwithstanding ORS 260.005, means a principal campaign 19 committee, multicandidate committee, political party finance committee or small donor 20committee. 2122(11) "Political party" means: 23(a) A political party that has qualified as a major political party under ORS 248.006; or (b) A political party that has qualified as a minor political party under ORS 248.008. 24 (12) "Political party finance committee" means a political committee that: 25(a) Is established and maintained by a political party or a subdivision of a political party; 2627and (b) Is exclusively responsible for receiving contributions and making expenditures on be-28half of the political party or subdivision of the political party. 2930 (13) "Prominently disclose" means that: 31 (a) The disclosure is readily comprehensible to an individual with average reading, vision 32and hearing faculties; and (b)(A) Any printed disclosure appears in a typeface of contrasting color and in a font size 3334 that is at least as large as the font size used for the majority of the text in the printed material; 35 (B) Any video disclosure is readable without the use of closed captioning and is visible 36 37 for four or more seconds; (C) Any video disclosure is accompanied by an auditory disclosure of the required infor-38 mation; 39 (D) Any auditory disclosure is spoken at a maximum rate of five words per second; 40 (E) Any disclosure displayed on an Internet website or as part of an electronic mail 41 message is in a typeface of contrasting color and in a font size that is at least as large as 42the font size used for the majority of the text used on the website or in the body of the 43 message; and 44 (F) Any disclosure on a billboard or sign appears in a typeface of contrasting color and 45

[2]

in a font size that is at least 20 percent of the height of the billboard or sign. 1 2 (14)(a) "Public office," notwithstanding ORS 260.005 and except as provided in paragraph (b) of this subsection, means any state, county, district, city office or other government po-3 sition that is filled by the electors. 4 5 (b) "Public office" does not include: (A) Any national or federal office; or 6 (B) Any political party office. 7 (15) "Small donor committee" means a political committee that, except as provided in 8 9 section 6 (9) of this 2021 Act, has never accepted a contribution: 10 (a) From any person other than an individual; or 11 (b) In an amount that exceeds \$100 per individual contributor per calendar year. 12(16) "Small campaign items" means: 13 (a) Small items worn or carried by individuals, including buttons, pins, stickers, bracelets and pens; 14 15 (b) Signs smaller than six square feet; or (c) Any item for which the required prominent disclosure would violate a federal law or 16 federal regulation. 17 18 (17) "Statewide public office" means a public office that is voted on by electors across the state. 19 SECTION 3. (1)(a) A candidate, or a political committee that makes expenditures in 20support of or in opposition to any candidate: 2122(A) May accept contributions only from the sources and in the amounts authorized by 23sections 2 to 9 of this 2021 Act; and (B) May not accept a contribution from a measure committee. 24 (b) An individual or entity may not make a contribution to support or oppose a candidate 25for public office that is not expressly permitted to be received by a candidate or political 2627committee under sections 2 to 9 of this 2021 Act. (c) A measure committee may not make a contribution or expenditure in support of or 28in opposition to any candidate for public office, or to any entity that makes expenditures in 2930 support of or in opposition to one or more candidates for public office. 31 (2) During an election cycle, a candidate for public office or the principal campaign committee of a candidate for public office may accept only the following contributions in the 32aggregate: 33 34 (a) From an individual, not more than: 35 (A) \$1,000, if the candidate is seeking statewide public office; or (B) \$500, if the candidate is seeking a public office other than a statewide public office; 36 37 (b) From any other principal campaign committee or multicandidate committee, not more than: 38 (A) \$1,000, if the candidate is seeking statewide public office; or 39 (B) \$500, if the candidate is seeking a public office other than a statewide public office; 40 (c) From all of the political party finance committees of any single political party com-41 bined, not more than: 42 (A) \$50,000, if the candidate is seeking statewide public office; or 43 (B) \$10,000, if the candidate is seeking a public office other than a statewide public office; 44 and 45

(d) From a small donor committee, not more than 20 times the limit on contributions
 that the candidate or the principal campaign committee of the candidate may receive from
 a multicandidate committee.
 (3) During a calendar year, a multicandidate committee may accept only the following

5 contributions in the aggregate:

6

(a) From an individual, not more than \$500; and

7 (b) From any principal campaign committee or other multicandidate committee, not
 8 more than \$500.

9 (4) During a calendar year, all of a political party's finance committees may, in the ag 10 gregate, accept only the following contributions:

11 (a) From an individual, not more than \$5,000; and

(b) From any principal campaign committee or multicandidate committee, not more than
 \$10,000.

(5) Notwithstanding subsections (1) to (4) of this section, during an election period an individual who is younger than 16 years of age may not make aggregate contributions in excess of \$200 to any candidate or principal campaign committee of a candidate, political committee or political party.

(6) Subsections (1) to (5) of this section do not apply to a candidate's personal contribu tions or expenditures made to assist the candidate's campaign.

(7) On January 1 of each odd-numbered year, the Secretary of State shall adjust the dollar amounts set forth in this section by the cumulative change in the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor, or its successor index, since the previous adjustment. The adjustments performed under this subsection shall be rounded to the nearest \$10 increment.

26 <u>SECTION 4.</u> (1)(a) Notwithstanding section 3 of this 2021 Act and except as provided in 27 paragraph (b) of this subsection, during an election period:

(A) A candidate for statewide public office may not contribute more than \$50,000 to the
 candidate's principal campaign committee; and

(B) A candidate for a public office other than a statewide public office may not contribute
 more than \$10,000 to the candidate's principal campaign committee.

(b) The limits on the amount a candidate may contribute to the candidate's principal
campaign committee that are set forth in paragraph (a) of this subsection shall be increased
by 50 percent for a candidate who is not an incumbent of the public office sought at the
election contest.

(2) All expenditures made by a candidate in support of the candidate's election contest
 are considered a contribution and are subject to the limits set forth in subsection (1) of this
 section.

(3)(a) A candidate may not make a loan to the principal campaign committee of the
 candidate.

(b) If paragraph (a) of this subsection is not in effect or enforced for any reason, every
loan a candidate makes to the candidate's principal campaign committee that is outstanding
at the end of the election period is considered a contribution and may not be repaid to the
candidate by the candidate's principal campaign committee.

45 (4)(a) In addition to any disclosure requirements for communications set forth in ORS

1 260.266 and except as provided in paragraph (c) of this subsection, every communication re-

2 lating to a candidate's election contest that is paid for, in whole or in part, by the candidate

3 or the principal campaign committee of the candidate shall prominently disclose the amount

4 the candidate has contributed to the candidate's principal campaign committee.

5 (b) The dollar amount required to be disclosed under paragraph (a) of this subsection 6 must be accurate:

(A) As of 10 days before the most recent printing, for printed communications; or

8 (B) As of five days before transmitting video, audio or Internet communications.

9 (c) This subsection does not apply to:

(A) A candidate who has contributed \$1,000 or less to the candidate's principal campaign
 committee; or

12 (B) Small campaign items.

7

25

(5) On January 1 of each odd-numbered year, the Secretary of State shall adjust the dollar amounts set forth in this section by the cumulative change in the Consumer Price Index for All Urban Consumers, West Region (All Items), as published by the Bureau of Labor Statistics of the United States Department of Labor, or its successor index, since the previous adjustment. The adjustments performed under this subsection shall be rounded to the nearest \$10 increment.

19 <u>SECTION 5.</u> Notwithstanding any other provision of sections 2 to 9 of this 2021 Act, a 20 business entity or labor union may establish or administer a separate, segregated fund that 21 operates as a political committee, if:

(1) The fund consists solely of voluntary contributions from the individual employees,
officers, shareholders or members of the entity, with the aggregate amount contributed by
each individual conforming to the limits set forth in section 3 (2)(d) of this 2021 Act;

(2) The fund files as a political committee in the manner set forth in ORS 260.042;

(3) The entity uses no more than \$500 per year of treasury moneys to create or admin ister the fund, with expenditures described under this subsection reported as a specifically
 allowed contribution to the political committee; and

(4) Any solicitation for contributions that is directed to an employee of a business entity states that there is no required contribution and that the employee's decision to contribute or not contribute will not affect the employee's employment and will not be provided to the employee's supervisors or managers.

SECTION 6. (1) Notwithstanding any filings made under ORS 260.042 or any other pro vision of law, for purposes of the contribution limits and other requirements established in
 sections 2 to 9 of this 2021 Act:

(a) All political committees established, financed, maintained or controlled by the same
 corporation, or substantially the same group of corporations, including all corporate affil iates and subsidiaries, are considered to be a single political committee;

(b) All political committees established, financed, maintained or controlled by the same
labor organization unit, at any level, if the organization unit has the authority to make an
independent decision as to which candidates to support or oppose, are considered to be a
single political committee; and

43 (c) All political committees not described in paragraph (a) or (b) of this subsection that
44 are established, financed, maintained or controlled by substantially the same group of indi45 viduals, entities or combinations thereof are considered to be a single political committee.

1 (2) Except for contribution limits applicable to small donor committees, any local gov-2 ernment may adopt contribution limits that are lower than those required by sections 2 to 3 9 of this 2021 Act for election contests of the local government.

4 (3) An individual or entity may not make a contribution or expenditure either 5 anonymously or in any name other than that of the individual or entity that provided the 6 source funds for the contribution.

7

(4) No individual or entity may, directly or indirectly:

8 (a) Require an employee or contractor to make a contribution or independent expenditure
9 to support or oppose any candidate; or

(b) Provide or promise any benefit or impose or threaten any detriment due to a decision
by an employee or contractor on whether to make a contribution or independent expenditure
to support or oppose a candidate.

13 (5)(a) Except as otherwise provided in this subsection, no later than 60 calendar days after the end of the applicable election cycle, any unexpended moneys that remain in the 14 15 principal campaign committee of a candidate, except for those moneys reasonably necessary 16 to pay the outstanding debts of the committee and to terminate the committee's operations, shall be provided to the Secretary of State for the purpose of producing the voters' pamphlet. 17 18 (b) A candidate elected to the Legislative Assembly may deposit up to \$10,000 in unexpended funds from the candidate's principal campaign committee into an account maintained 19 for the candidate's legislative office expenses during regular and special sessions of the 20Legislative Assembly. 21

(6)(a) If, in the absence of this subsection, a court would determine that any numeric
limit or threshold, percentage limit or threshold, time period or age limits otherwise set
forth in sections 2 to 9 of this 2021 Act are in conflict with the United States Constitution
or the Oregon Constitution, then:

(A) Any conflicting numeric limit or threshold shall be increased by increments of \$100
 as many times as necessary to render it consistent with the relevant Constitution;

(B) Any conflicting percentage limit or threshold shall be increased by increments of one
 percent as many times as necessary to render it consistent with the relevant Constitution;

30 (C) Any conflicting time period shall be increased or decreased by increments of one day 31 as many times as necessary to render it consistent with the relevant Constitution; and

(D) Any conflicting age limit shall be decreased by increments of one year as many times
 as necessary to render it consistent with the relevant Constitution.

(b) A prohibition that is set forth in sections 2 to 9 of this 2021 Act is considered a nu meric limit of zero.

(7) If, in the absence of this subsection, a court would determine that any part of 36 37 sections 2 to 9 of this 2021 Act may not be fully implemented on the ground that the United 38 States Constitution or Oregon Constitution requires that any individual or entity be wholly or partially exempt from any of the prohibitions or limitations contained in sections 2 to 9 39 of this 2021 Act, then sections 2 to 9 of this 2021 Act shall be given a narrowing interpreta-40 tion so as to avoid invalidation of any provision of sections 2 to 9 of this 2021 Act and to 41 preserve the effectiveness of sections 2 to 9 of this 2021 Act to the maximum degree per-42 missible under the United States Constitution and Oregon Constitution. 43

(8)(a) The principal campaign committee of a candidate may not make a contribution to
 any other political committee if the contribution was in any way directed or instructed by

1 an individual or entity that made a contribution to the principal campaign committee.

2 (b) A violation of paragraph (a) of this subsection shall result in the forfeiture of all 3 amounts contributed, in addition to any other penalties that may be assessed by law.

4 (9) A small donor committee that receives contributions that would prohibit the com-5 mittee from qualifying as a small donor committee as defined in section 2 of this 2021 Act 6 may continue to qualify as a small donor committee if the committee returns each noncon-7 forming contribution no later than 10 calendar days after the contribution was received.

8 <u>SECTION 7.</u> (1) Sections 2 to 9 of this 2021 Act shall be administered and enforced by the 9 Secretary of State, the Attorney General and Oregon's electors.

10 (2)(a) Except as provided in paragraph (b) of this subsection, each violation of a provision 11 of sections 2 to 9 of this 2021 Act, including an expenditure that is not made in compliance 12 with the disclosure requirements set forth in section 4 of this 2021 Act, shall be punished by 13 a civil fine that is not less than five times, nor more than 20 times, the amount of the un-14 lawful contribution or expenditure.

(b) The recipient of a contribution that violates a provision of sections 2 to 9 of this 2021 Act may remedy the violation by refunding to the individual or entity that made the contribution, within 10 calendar days of receiving the contribution, an amount that makes the initial contribution in compliance with sections 2 to 9 of this 2021 Act.

(3)(a) Any person may file a written complaint alleging a violation of any provision of
 sections 2 to 9 of this 2021 Act with the Secretary of State or, if the alleged violation was
 committed by the Secretary of State, with the Attorney General.

(b) Within two business days of receiving a complaint under this subsection, the Secretary of State or Attorney General shall provide to the subject or subjects of the complaint, via electronic mail, a notice that the complaint has been filed and a copy of the complaint. If the Secretary of State or Attorney General does not have the electronic mail address for the subject or subjects of the complaint, the notice and copy of the complaint are considered to be delivered at the time they are mailed to the subject or subjects of the complaint.

(c) No later than 10 business days after delivering notice under paragraph (a) of this 28subsection, the Secretary of State or Attorney General shall refer the complaint to the Office 2930 of Administrative Hearings. The office shall provide the Secretary of State or Attorney 31 General, complainant and subject or subjects of the complaint with the ability to require a contested case hearing by filing a written request for a contested case hearing with the office 32no later than 10 business days after delivery of the notice under paragraph (a) of this sub-33 34 section. The office shall hold a contested case hearing requested under this paragraph no 35 later than 30 business days after the filing of the request.

(d)(A) The Office of Administrative Hearings shall render a final decision in a contested
 case hearing requested under paragraph (b) of this subsection no later than 10 business days
 after the completion of the hearing.

(B) If a contested case hearing is not requested under paragraph (b) of this subsection,
the Office of Administrative Hearings shall render a final decision on the complaint no later
than 10 business days after the deadline for requesting a contested case hearing under paragraph (b) of this subsection.

43 (e) A final decision rendered under paragraph (c) of this subsection shall include any
 44 appropriate order, sanction or relief authorized by law.

45 (f) A final decision of the Office of Administrative Hearings under this subsection shall

1

43

be subject to review by the Court of Appeals as an agency decision in a contested case.

(g) A final decision of the Office of Administrative Hearings that is entered under this subsection shall be enforced by the Secretary of State and the Attorney General. If the decision of the office is not enforced within 30 business days of the decision becoming final, or 30 calendar days after the completion of any judicial review of the decision, the complainant may bring a civil action in a representative capacity for the collection of the applicable civil penalty, to be paid into the State Treasury.

8 (4) Every document that is filed or entered as part of a proceeding described in this 9 section must be made publicly available on the Internet website of the Secretary of State no 10 later than two business days after the document is filed or submitted.

(5) In addition to any other remedy permitted by law, any individual or entity that is adversely affected by a violation of any provision of sections 2 to 9 of this 2021 Act, or that filed a complaint under this section alleging a violation of sections 2 to 9 of this 2021 Act, may bring a civil action in a representative capacity against the alleged violator for the collection of the applicable civil penalty, to be paid into the State Treasury.

16 <u>SECTION 8.</u> (1) Any individual who is subjected to a violation of section 6 (4) of this 2021 17 Act may file a civil action in the appropriate circuit court against the entity alleged to have 18 violated section 6 (3) of this 2021 Act. Upon a finding that an entity has violated section 6 (4) 19 of this 2021 Act, the complainant shall receive a civil award of not less than \$20,000 plus an 20 award of reasonable attorney fees.

(2) The amount awarded to a complainant under this section is separate from, and in
 addition to, any penalties imposed on an entity under section 7 of this 2021 Act.

23 <u>SECTION 9.</u> (1) To the extent any conflict exists, the provisions of sections 2 to 9 of this 24 2021 Act shall supersede any other law.

25(2) For purposes of determining the constitutionality of the provisions of sections 2 to 9 of this 2021 Act, every section, subsection and subdivision thereof shall be evaluated sepa-2627rately. If any section, subsection or subdivision thereof is held invalid, the remaining sections, subsections and subdivisions thereof shall remain in full force and effect. The 28courts shall sever any sections, subsections or subdivisions thereof necessary to render 2930 sections 2 to 9 of this 2021 Act consistent with the United States Constitution, Oregon Con-31 stitution and federal law. Each section, subsection and subdivision thereof shall be considered severable, individually or in any combination. 32

SECTION 10. (1) No later than 90 calendar days after the effective date of this 2021 Act, 33 34 a political committee that is not organized as a small donor committee may reorganize as a small donor committee if, during the previous 24-month period, not less than 90 percent of 35 the total amount of moneys contributed to the political committee was contributed by indi-36 37 viduals in amounts not exceeding \$100 per individual donor per calendar year. Any moneys 38 in the financial accounts of a political committee that reorganizes under this section shall transfer to the newly organized small donor committee and may be used in the same manner 39 as any other moneys contributed to the small donor committee. 40

(2) As used in this section, "political committee" and "small donor committee" have the
 meaning given those terms in section 2 of this 2021 Act.

SECTION 11. Section 10 of this 2021 Act is repealed on July 2, 2022.

44 <u>SECTION 12.</u> (1) Sections 2 to 9 of this 2021 Act become operative on the first day of a 45 new election cycle for each public office that occurs on or after the effective date of this 2021 1 Act.

2 (2) The Secretary of State may take any action before the operative date specified in 3 subsection (1) of this section that is necessary for the Secretary of State to exercise, on and 4 after the operative date specified in subsection (1) of this section, all of the duties, functions 5 and powers conferred on the Secretary of State by sections 2 to 9 of this 2021 Act.

6 (3)(a) A political committee may take any action before the operative date set forth in 7 subsection (1) of this section that is necessary for the political committee to be in compli-8 ance with the requirements set forth in sections 2 to 9 of this 2021 Act no later than the 9 operative date set forth in subsection (1) of this section.

10 (b) The Secretary of State shall reorganize as a multicandidate political committee any 11 active political committee that remains organized to operate as a miscellaneous political 12 committee on November 9, 2022. Any moneys in the bank accounts of a political committee 13 described in this paragraph shall transfer to the newly organized multicandidate committee 14 and may be used in the same manner as any other moneys contributed to the multicandidate 15 committee.

(c) The Secretary of State shall by rule establish a process that provides a miscellaneous political committee that was reorganized under paragraph (b) of this subsection with a single opportunity to reorganize as a measure political committee. The process shall ensure that any moneys in the bank accounts of a political committee described in this paragraph shall transfer to the newly organized measure political committee and may be used in the same manner as any other moneys contributed to the measure political committee.

(4) As used in this section, "election cycle" and "public office" have the meanings given
those terms in section 2 of this 2021 Act.

24 <u>SECTION 13.</u> This 2021 Act being necessary for the immediate preservation of the public 25 peace, health and safety, an emergency is declared to exist, and this 2021 Act takes effect 26 on its passage.

27