

HB 4024 A STAFF MEASURE SUMMARY

Carrier: Rep. Fahey, Rep. Helfrich

House Committee On Rules**Action Date:** 03/06/24**Action:** Do pass with amendments and rescind subsequent referral to Ways and Means. (Printed A-Eng.)**Vote:** 7-0-0-0**Yeas:** 7 - Fahey, Helfrich, Kropf, Nosse, Scharf, Valderrama, Wallan**Fiscal:** Fiscal impact issued**Revenue:** No revenue impact**Prepared By:** Melissa Leoni, LPRO Analyst**Meeting Dates:** 2/23, 3/4, 3/6**WHAT THE MEASURE DOES:**

The measure 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**Campaign Contribution System (Sections 2 through 5a, and Section 9)**

- Establishes limits on campaign contributions that may be accepted by candidates for state office or their principal campaign committees and allows an in-kind contribution to be made only by a contributor that is authorized to make a contribution and received by a political committee.
- Sets the contributions limits for local offices to the same as limits established for state representative, except where local government has established its own limits.
- 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 that local government must allow small donor political committees to accept contributions from individuals of up to \$250 per year.
- Allows local governments without such contribution limits 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 a candidate for state representative.
- Makes local government public funding for candidates not subject to specified contribution limits.
- Allows only political committees registered with the Secretary of State (SOS) as one of the specified committee types to make contributions to a candidate or the principal campaign committee of a candidate for state office.
- Prohibits a measure political 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 entities, amounts, and uses of staff to be made as an in-kind contribution from membership organizations.
- Identifies the 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.
- Identifies the eligible entities to make and receive certain in-kind contributions, sets the amounts that are exempt from the limits, and requires reporting of in-kind contributions to the SOS.
- Allows a membership organization to make political contributions directly or through a membership organization political committee, but not both.

This summary has not been adopted or officially endorsed by action of the committee.

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- Prohibits a person from directly or indirectly requiring an employee or contractor to make a contribution or independent expenditure, or from providing or promising any benefit or imposing or threatening any detriment because of a decision to make a contribution or independent expenditure.
- Adds a 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 new Campaign Finance Education Fund, to 501(c)(3) organizations, or for allowable uses under current law.
- Sets limits for the amount of unexpended funds that may be carried over by specified candidates.
- 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 election to mean each separate election date.
- Defines 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, and for other contests, to start the day after the date of election and end on the date of the next election for the same office.

Contribution Limits (Section 4)

- Prohibits a donor from making a contribution or aggregate contributions to a recipient that exceeds the amount a recipient may accept under the specified limits.
- 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 a candidate committee;
 - \$5,000 per election cycle from a multicandidate political committee;
 - \$15,000 per election from a political party committee;
 - \$15,000 per election from a legislative caucus committee;
 - \$3,300 times four (\$13,200) per election from a membership organization or membership organization political committee; and
 - \$5 times the number of donors per election from a small donor political committee.
- 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 a candidate committee;
 - \$5,000 per election cycle from a multicandidate political committee;
 - \$30,000 per election from a political party committee;
 - \$30,000 per election from a legislative caucus committee;
 - \$3,300 times eight (\$26,400) per election from a membership organization or membership organization political committee; and
 - \$10 times the number of donors per election from a small donor political committee.
- 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 year from a legislative caucus committee;
 - \$5,000 per year from a membership organization or membership organization political committee; and
 - \$5,000 per year from a small donor political committee.
- 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 political committee;
 - \$15,000 per year from a multicandidate political committee;

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- \$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 or membership organization political committee; 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 or membership organization political committee; 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, and 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 a 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.
- Makes a candidate seeking a minor party nomination considered to be participating in the primary election for the purposes of the contribution limits.

Political Committee Requirements (Sections 5, and 6 through 8)

- Prohibits a person from controlling more than one of each type of political committee at one time and prohibits a person who controls both a small donor political committee and another political committee from splitting an individual's contribution unless requested by the individual in writing.
- Requires a political committee to identify in the statement submitted to SOS whether it will operate as a measure political committee, multicandidate political committee, political party multicandidate committee, legislative caucus committee, membership organization political committee, recall political committee, or small donor political committee, and defines these committees.
- Prohibits a major or minor political party from forming more than 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 Requirements (Sections 10, 12, 13, 15, 17, and 19a)

- Requires the SOS to adopt an addition to the electronic campaign finance filing system (ORESTAR) that must be used by membership organizations and persons to report the original source of funds used to pay for candidate campaign independent expenditures.
- Requires reporting on the original sources of funds and in-kind contributions at the same time and in the same manner as other contributions and expenditures are reported.
- Requires an 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 original source of the funds used for the full amount spent on the entity's aggregate independent expenditures.
- Allows an entity to exclude donations from specified sources.
- Allows donations from donors who have contributed less than \$5,000 to be aggregated and reported together.
- Requires donors reported by an entity, and that spend an aggregate of \$50,000 on independent expenditures in an election cycle, to report any pass-through or intermediary and the original source of funds.

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- Defines original source of funds as business income or personal funds and the person that earned or received the income or funds and defines business income and personal funds.
- Includes in the definition of “contribute” or “contribution” 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.
- Requires the four persons who have made the largest aggregate contributions of \$10,000 or more, instead of five persons, to be named on a communication in support of or opposition to certain candidates that costs at least \$10,000 for the entire placement of the communication and any substantially similar communications.
- 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 ORESTAR that identifies the original source of the funds for the expenditure.
- 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.

Campaign Finance Dashboard (Sections 14 and 14a)

Requires the SOS by January 1, 2028, to:

- create a web-based campaign finance dashboard that promotes transparency as well as 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 at least 10 days before each election the original sources of funds of candidate campaign independent expenditures; and
- annually display a visual representation of contributions by industry, the average cost of campaigns by office, and the largest three categories of spending.

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

Complaints and Civil Penalties (Sections 18, 19, and 20)

- Allows a person who has filed a late or insufficient statement of transactions to self-report and pay the penalty to the SOS and allows the SOS to accept and record the penalty without further investigation but does not prevent the SOS from continuing to investigate noncompliance with campaign finance and elections requirements.
- Requires the 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 the complainant to be notified of the outcome of any investigation.
- Allows a complainant to request an administrative hearing for a violation for which a penalty of more than \$10,000 may be imposed, requires that a contested case hearing be held, and requires the hearing officer to prepare and issue a final order for any hearing held.
- 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 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.

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- Allows the 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 the SOS to adopt rules establishing enhanced penalties for successive knowing and willful violations of the contribution limits and disclosure requirements.

Other Provisions (Sections 5b, 11, 16, 17a, 17b, and 20a)

- Establishes the Campaign Finance Education Fund for use by the SOS for campaign finance voter education and technical assistance.
- Repeals Ballot Measure 47 (2006).
- Repeals statutory sections on donor identification lists (ORS 260.281) and the civil penalty for failure to file donor identification lists (ORS 260.285) and makes related conforming statutory changes.
- Requires the incumbent holder of public who intends to seek reelection as of January 1, 2026, to file a nominating petition or declaration of candidacy at least seven days prior to filing deadline for that office.
- 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.

Secretary of State Administration (Sections 4, 5, 13, 14a, 20, and 21)

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 and report to the Legislative Assembly on the reporting and filing of disclosures, dashboard content, and compliance by and needs of stakeholders.

Operative Dates (Sections 14, 14a, 23, and 24)

- Makes the political committee organization, contribution limits, and complaint and penalty sections operative on January 1, 2027.
- Makes the disclosure reporting and campaign finance dashboard provisions operative January 1, 2028.
- Allows the SOS to take action before the operative dates.
- Sets the 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 the 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 91st day following adjournment sine die.

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

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- 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
- Measure as a start and the likelihood of future fixes
- Intent of the change to the definition of business income

EFFECT OF AMENDMENT:

Replaces the measure.

BACKGROUND:

There are three main methods employed by states for regulating campaign finance, which are commonly utilized in combination:

- 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 (along with Alabama, Nebraska, Utah, and Virginia) with no limits on political campaign contributions 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:

- limits on contributions if resources that are necessary for effective advocacy may be gathered
- the disclosure of contributions or expenditures made in connection with political campaigns or to influence the outcome of any election, and
- the identification of the persons or entities responsible for political advertisements.