

Tobias Read
Oregon Secretary of State

The Honorable Julie Fahey, Speaker of the House
The Honorable Ben Bowman, House Democratic Leader
The Honorable Christine Drazan, House Republican Leader
The Honorable Rob Wagner, Senate President
The Honorable Kayse Jama, Senate Democratic Leader
The Honorable Daniel Bonham, Senate Republican Leader

Oregon State Legislature
900 Court St. NE
Salem, OR 97301

June 19, 2025

RE: Feasibility Assessment of HB 4024 Implementation

Dear Speaker Fahey, House Democratic Leader Bowman, House Republican Leader Drazan, Senate President Wagner, Senate Democratic Leader Jama, and Senate Republican Leader Bonham,

Thank you for your letter dated June 17, 2025, requesting our office's assessment of the feasibility of implementing HB 4024 (2024). We share your sense of urgency to ensure effectively carrying out Oregon's new campaign finance framework. In this response, we outline the challenges we encountered so far in interpreting and working with HB 4024 and the significant resources required for sound implementation. Our goal is to collaborate with you and your colleagues to achieve the intent of HB 4024 and to set the program up for success.

Challenges in Interpreting HB 4024

HB 4024 was drafted on a tight timeline and during a short session when the Legislature grappled with many other high-profile issues. In retrospect, the process could have benefitted from more scrutiny and partnership from the Secretary of State's Office. We are navigating many of the complex provisions of this law without the benefit of clear legislative intent or precedent.

Pursuant to Section 24(b) & (c) of HB 4024, the Elections Division published draft administrative rules and manuals to implement HB 4024, but in several critical areas, we had to make assumptions about the legislature's intent.

For example, the law requires networks of entities to share limits in making or receiving contributions but offers little guidance for the Elections Division when defining what constitutes a network. Additionally, definitions such as "foreign nationals" in the context of contribution limits and what constitutes the "original source of funds" for

independent expenditures require careful interpretation, but there is little to no commentary on the record to ensure we are aligned with the legislature's intent. This lack of context makes rulemaking challenging.

Below are only a few of the challenges we have identified during the first month of our rulemaking advisory committee's work:

- Campaign Finance Dashboard Requirements and Collection of Personally Identifiable Information: Section 14a(1)(a) of HB 4024 requires aggregating contributors across all candidate committees to determine the 100 largest contributors in an election.
 - Currently, the Oregon Elections System for Tracking and Reporting (ORESTAR) is not configured to aggregate contributions across all candidate committees.
 - To accurately present this data, we determined that meeting this requirement will require additional data points from each contributor to ensure confidence in aggregate data matching regardless of how a person might identify themselves to a committee (using a nickname instead of a legal name or changing occupations mid-way through an election cycle).
 - While our office explored the idea of requiring individual contributors to pre-register before making contributions, we believe that this could create a barrier to entry for contributors, especially small dollar donors.
 - Members of our rulemaking advisory committee expressed concerns about this change. While some stakeholders want to exempt this information from public disclosure laws, others do not feel additional data point collection is necessary. There is not a consensus on whether we should accept a lower level of confidence in the dashboard data or whether the language in the law reflects the true intent of the dashboard at a fundamental level.
- Established, financed, maintained, or controlled: HB 4024 requires the Secretary of State's Office to define the terms established, financed, maintained, or controlled (EFMC). EFMC is a foundational concept to contribution limits, as it defines which networks of entities share limits for making or receiving contributions.
 - There is not a consensus among members of the rulemaking advisory committee on how to define these terms. There is also a lack of consensus about whether the Secretary of State's Office should be proactively identifying networks of EFMC entities, or whether this should be a complaint driven enforcement process.
 - We received mixed, and at times conflicting feedback on the intent of EFMC under HB 4024. This contributed to the continued lack of clarity of how to adequately address these changes.
 - Further direction is needed from the legislature to determine to what extent the Secretary of State's Office should be proactively identifying coordination or networking between committees.
- Disclosure of original source of funds: HB 4024 requires people making candidate independent expenditures of \$50,000 or more in an election cycle to disclose the original source of funds of the money used to make those independent expenditures.
 - Section 13 of HB 4024 has clauses that appear to directly contradict one another and there is disagreement on the rulemaking advisory committee about the intent and interpretation the Secretary of State's Office has made on this issue.

- Some interpretations of these competing clauses would create a significantly more robust reporting framework.

We are working with stakeholders to fill in gaps throughout the rulemaking advisory process wherever we have sufficient evidence from the record to do so, but many of the points the rulemaking advisory committee members are making about intent are not reflected in the legislative record. This is why further legislation with technical fixes and clarification is critical. We need more guidance to implement this law as intended, whether through this session, or in 2026.

It should also be noted that stakeholders continue to have competing and potentially unresolved disagreements about the intent of the law, some of which are reflected in competing proposed changes to HB 3392. This will require the legislature to carefully consider which changes they will ultimately adopt as part of future legislation.

Absent any further legislative action, the path forward for implementation is prohibitively challenging with significant risks.

While we will move forward as directed, the law in its present form will create a system that is not only difficult to enforce, but potentially inaccessible to the very Oregonians it aims to serve. If outstanding ambiguities and structural challenges are not addressed, the result could be a campaign finance framework so complex that only candidates and donors with access to legal counsel or seasoned campaign teams would be able to safely participate.

In that scenario, everyday Oregonians, especially those running for office for the first time or making small dollar contributions, may find themselves discouraged or deterred by bureaucratic uncertainties, red tape, and fear of noncompliance, especially when there is not enough time or resources to realistically educate the public about how to follow this law before it goes into effect. Without intervention from the legislature, we risk creating a system in which legal advice becomes a prerequisite for civic participation, which would be a profound step backwards for our democracy.

Timing, Capacity, and Funding Challenges

Implementing HB 4024 represents a massive, new undertaking for the Elections Division specifically and support services of the Secretary of State's Office. Oregon is going from essentially no state campaign contribution limits to establishing an intricate system of limits, disclosures, and enforcement mechanisms. Standing up this system properly will require significant investments in both personnel and technology.

Our office cannot absorb these responsibilities without substantial new investments, in addition to those secured at the May 2024 Emergency Board.

A core challenge is our campaign finance reporting system, ORESTAR, which is over 20 years old. HB 4024 requires modernizing how campaign finance data is reported and disclosed, including developing a new web-based "campaign finance dashboard" by the end of 2027 to visualize contributions, top donors, contributions by industry, expenditures by purpose, and more. The law also mandates that the system to track the original sources of funds

for independent expenditures. Our current ORESTAR system is not capable of these functions. Multiple new IT systems are needed to meet the requirements of HB 4024.

For the past five months, this new administration reviewed prior leadership's implementation strategy, their initial budget request of \$5.4 million, and the full scope of needs for this project. The biggest factor we are concerned about is timing.

First, until we have clarity and certainty around the interpretation of HB 4024, we cannot fully scope a new IT system – it would be like starting to build a house when the blueprint still has major structural issues. Without the technical adjustments, we are working with incomplete information. Even if HB 3392 passes with all the guidance we need this session, the little time we have to develop, test, and teach the people of Oregon how to use the new campaign finance system risks a rollout that could undermine confidence in campaign finance reform itself.

Second, under the current timeline, the complexity of the new technology infrastructure needed to successfully implement HB 4024 exceeds our in-house capabilities and capacity. This administration believes the only path to successful implementation is through a vendor experienced in building complex financial reporting systems like the one envisioned in HB 4024. That being said, even an experienced vendor will be taking on a new challenge because Oregon's campaign finance reporting system is already vastly different than most around the country. For example, Oregon is one of only a few states with continuous, transaction-based online reporting. Under the existing timeline, this new platform would roll out in the midst of a major election cycle, with little opportunity for correction should any unforeseen circumstances arise. This is another risk that could undermine trust in the new system.

This concern is not speculative. The implementation timeline of HB 4024 assumes perfect conditions (instant funding, seamless procurement of services and hiring of staff, flawless IT development, etc.). The State of Oregon's experience and track record with major policy and system modernization implementation strongly cautions against that kind of assumption. Our team is committed to getting this right, and we will do everything we can to execute with excellence, but we cannot and will not promise perfection, especially in light of policy ambiguity and tight deadlines.

Then, there is the uncertainty and timing of funding. When HB 4024 passed, all interested parties understood that full implementation would require significant investment. At the time of the bill's passage, the Legislative Fiscal Office recognized that the fiscal impact was indeterminate, pending further analysis of our technological needs. Early cost estimates were rough baselines, but those estimates explicitly did not include the costs of replacing ORESTAR.

While the initial investment in implementation last year was crucial, in truth, the full cost to operationalize HB 4024 is still being determined. We are in the process of making those determinations now, but they cannot be finalized until the administrative rules and the policy they are based on are final.

This office anticipates that implementation will require new staff positions (compliance specialists, investigators, trainers, information system managers, support staff, etc.) and a multi-million-dollar IT procurement project. Our team is critically evaluating each component so that we can present a comprehensive, efficient, and well-justified budget request in the 2026 legislative session.

Implementing HB 4024 in its current form with its current deadlines will drive the project's cost substantially higher. The State will have to pay a significant premium to deliver policy change, software, education, and enforcement within a compressed timeline.

Additionally, permanent funding is necessary to maintain and support these new systems over future biennia.

Implementation Timeline

Under current law, Section 24 of HB 4024 sets several statutory deadlines that significantly compress the implementation window:

- By May 1, 2025, the Secretary of State's Office must publish proposed changes to the campaign finance manual.
 - *This also triggered the creation of the Rulemaking Advisory Committee.*
- By September 15, 2025, the Secretary of State's Office must propose administrative rules to implement the entirety of HB 4024.
 - *This does not take into account the beginning of the candidacy filing period for the 2026 primary election which begins in early September 2025. This requires additional capacity from the Elections Division and every election filing officer across the state and has the potential to cause confusion among Oregonians deciding whether to run or not based on new campaign finance guidance.*
- By January 1, 2026, the Secretary of State's Office is required to submit a report to the legislature summarizing implementation progress.
- By January 1, 2027, major provisions, contribution limits, new committee types, and enforcement procedures, become operative.
 - *By this time, the new campaign finance system must be in place, and Oregonians must know how to use it.*
- By January 1, 2028, the campaign finance dashboard and additional public disclosure rules take effect.

These statutory deadlines pose serious logistical and operational challenges. The timeline gives the public and stakeholders few opportunities for engagement, limits the Elections Division's ability to stress-test most components of HB 4024, such as enforcement models and data security, and leaves too little time to build durable systems and IT infrastructure.

Additionally, there are time intensive risk mitigation procedures, established after hard learned lessons from other hurried implementations, that we must follow when carrying out significant policies and the commensurate spending. A large IT procurement, for example, will inevitably have a thorough application process, followed by healthy contract negotiation and legal review. There will also be other contracts and vendor relationships beyond IT systems development as well. For example, the Secretary of State's Office will need a Quality Assurance partner and perhaps other support functions in order to meet the currently established timeline. We will also have to recruit, on-board, and train additional staff for a program that the Secretary of State's Office will be learning in real time.

Our goal is to ensure that this law is implemented in a way that is unambiguous, sustainable, legally sound, and technically functional for the people of Oregon. It is with this goal, and the many risks and challenges in mind, that this administration shares the Legislature's concerns about the existing timeline and considers a reexamination of deadlines as the best way to mitigate risk.

A restructured implementation schedule would be advantageous to balance urgency with more realistic timelines and allow for greater public engagement. We absolutely understand and agree with the desire to have campaign finance reform in place as soon as possible. A more realistic implementation schedule will reduce the likelihood that Oregonians experience an inadequately tested system, confusing rules, and inequitable opportunities to participate in our state's democratic process.

Conclusion

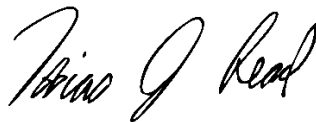
On behalf of the Secretary of State's Office, I want to reiterate our commitment to making Oregon a leader in campaign finance transparency and fairness. HB 4024 is a landmark for campaign finance reform that goes beyond any other proposed legislation across the nation, and we are dedicated to its success.

If there is not a change to the implementation schedule currently in law, the Secretary of State's Office will need the clarity provided by HB 3392, a significant infusion of General Fund investments during the 2026 Session that will cover the full implementation costs of HB 4024, including resources for IT development, a statewide education and outreach effort, additional enforcement staff, as well as funding to replace ORESTAR, and, perhaps, additional legislative action if more ambiguity comes to light as we work through implementation. Successful implementation will require perfect conditions.

Our office does not want to deliver a product that undermines confidence in government's ability to capably change policy and Oregonians' ability to participate in democracy. We believe the current timeline in the law is the biggest risk to the success of the project.

Thank you for the opportunity to communicate my evaluation of the status of HB 4024 implementation six months into my tenure as Secretary of State. Given the daunting circumstances articulated in this letter, if you decide an extension is appropriate, my office will work with you to provide a project plan that reduces risk, offers a reliable schedule, and earns public trust. Please feel free to contact me or my staff with any questions or for further information.

Sincerely,

A handwritten signature in black ink, reading "Tobias J. Read". The signature is written in a cursive, flowing style.

Tobias Read