

TESTIMONY ON SB 1508

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Honest Elections Oregon advocates using SB 1508 as a vehicle for sending to floor or to the Joint Committee on Ways & Means a superior alternative to HB 4018 A, which currently resides in Ways & Means.

The Honest Elections Oregon coalition, including the League of Women Voters, Common Cause, Consolidated Oregon Indivisible Network (COIN), Independent Party of Oregon, Pacific Green Party, Oregon Progressive Party and many others, oppose HB 4018 A for reasons stated in the subsequent pages of this testimony.

HB 4018 A is the same as the 95-page HB 4018 -8 amendment, which was first revealed one day before the only public hearing. The process that produced it excluded all campaign finance reform advocates and experts, including the national experts at the Campaign Legal Center (CLC).

The Campaign Legal Center (the nation's leading experts on campaign finance regulation) (CLC) testified to the House Rules Committee:

Unfortunately, while HB 4018-8 has been described as a bill to implement technical fixes to improve and strengthen HB 4024, several of the proposed policies would undermine those historic reforms, fail to accomplish the bill's stated goal, or introduce new ambiguities in the law.

First, HB 4018-8 would weaken laws intended to prevent corruption and provide voters with information about who is spending big money to influence their vote.

CLC further testified that provisions of HB 4018 -8 are nonsensical, while others appear to create glaring loopholes in all of the contribution limits.

Leaders of the Oregon Legislature in 2024 and again in 2025 pledged to correct technical errors in HB 4024 (2024). But no technical fix bill was considered in the 2025 session, and none has been introduced in this session. HB 4018 A is not a technical fix bill; it substantively eviscerates the contribution limits and disclosure requirements adopted in HB 4024 (2024).

The attached list shows the 10 most major problems with HB 4018 A. It is followed by a table that details those problems and specifies their locations in HB 4018 A.

We urge this Committee to amend SB 1508 to provide additional time for the Secretary of State to implement its reporting and disclosure requirements only. The amendment should not change the implementation date for the contributions limits (January 1, 2027) and should not change those limits.

Oregon voters enacted comprehensive contribution limits in November 1994 as Measure 9 (which passed with 72% "yes" vote). It went into effect 30 days later, on December 8, 1994. It was implemented and enforced as of that date by the Secretary of State, Phil Keisling, and by the Attorney General, Ted Kulongoski.

Those seeking large delays say that HB 4024 has complicated anti-proliferation provisions. Measure 9 of 1994 had very similar such provisions. Yet, enforcement began 30 days after enactment by the voters.



VOTE NO ON HB 4018A: THE GUTTING OF CAMPAIGN FINANCE REFORM

House Rules Committee advanced HB 4018A (same as HB 4018 -8) – which would eviscerate state campaign finance reforms before they go into effect next year. The 95-page gut-and-stuff amendment to a study bill was revealed hours before its only public hearing. All good government groups have been completely excluded from all discussions about this bill.

In 2024, the Oregon Legislature passed the HB 4024 compromise campaign finance reform bill, in exchange for the Honest Elections Oregon coalition agreeing not to submit their stricter ballot measure, for which they had already gathered more than 100,000 voter signatures.

HB 4018A dismantles key aspects of campaign finance law and delays others. This bill is being described as minor technical fixes by some of the largest political spenders in Oregon politics, but in reality the changes are deep, substantive, and destructive, **as confirmed by all involved good government groups in Oregon and nationwide.**

The **League of Women Voters of Oregon** said it's **“a complete betrayal of the deal made in 2024.”** **Common Cause Oregon** says the Legislature is acting **“in bad faith”** and **“creating loopholes for big money, reducing transparency, and undermining enforcement.”**

The **Campaign Legal Center**, the nation's leading experts on campaign finance regulation, stated that **HB 4018 contains “nonsensical” provisions; “would weaken laws intended to prevent corruption** and provide voters with information about who is spending big money to influence their vote”; and would create “a glaring loophole in all of the contribution limits.”

Here are some examples of some of the huge policy changes in the bill (details in table):

- 1. Allows big spenders to evade the limits by creating multiple entities, with each allowed to make contributions, as long as evading the contribution limits is not “the sole purpose” of the entity.** This effectively eliminates the contribution limits for big spenders.

- 2. Creates two new categories of totally unregulated campaign spending, neither of which are subject to contribution limits or required reporting in ORESTAR:**
 - Removes “coordinated expenditures” from the definition of “contribution,” which eliminates all limits on coordinated expenditures supporting candidates.
 - Deems some coordinated in-kinds as not coordinated, and therefore not a “contribution,” as the Campaign Legal Center confirms.
- 3. Removes all penalties for contributors giving unlawfully large contributions during years 2027-2030, no matter how large the violations.**
- 4. Repeals the requirement that entities making over \$50,000 in independent expenditures per year disclose the real sources of their funds, if they spend less than \$50,000 per candidate per year.**
- 5. Increases the special limits on in-kind contributions from an aggregate limit per candidate per year to a limit per contributor per candidate per year.** So if a candidate has 100 contributors, the in-kind contribution limit becomes 100 times higher than the current \$2,500 per year in food and beverages and \$2,500 per year in transportation services.
- 6. Newly allows massive in-kind contributions by membership organizations to any candidate for any local government office, including over 2,000 hours of staff time per year to each candidate from each organization.**
- 7. Doubles the limits on contributions into multicandidate committees by changing the denominator from “per election cycle” (2 years) to “per year.”**
- 8. Cuts in half the allowable contributions to minor party candidates.** HB 4018A deletes the provision allowing minor party candidates to receive contributions during the primary election, which cuts in half their allowable contributions and allows major party candidates to receive double the contributions for the same offices.
- 9. Allows political parties to transfer unlimited amounts from their federal PACs to their state political party committees, regardless of Oregon limits on contributions into those committees.**
- 10. Changes transparency requirements so that independent spenders that are not political committees permissibly “may” disclose the true source of their funds.**

The Legislature should reject HB 4018A and halt efforts to destroy the contribution limits and disclosure requirements established in the 2024 compromise bill, HB 4024.

Change	Location in HB 4018A	Negative Impact
<p>Guts non-proliferation provisions that prevent the contribution limits from being evaded through creation of new “persons” (such as corporations), each with authority to contribute up to the limits.</p>	<p><i>P. 28, lines 12-15</i> Adds: (b) For purposes of the consideration under paragraph (a) of this subsection, the presence of either or both factors described in paragraph (a)(A) and (B) of this subsection <u>is not sufficient unless the person was established for the sole purpose of evading the contribution limits</u> set forth in ORS 260.014.</p>	<p>The law passed in 2024 prevented entities from evading contribution limits by creating multiple, redundant political committees, each of which could donate to the limit.</p> <p>HB 4018A amends that to only prohibit contributions from entities formed for the sole purpose of evading contribution limits. Its Section 13(2)(b) allows unlimited proliferation of entities, unless it "was established for the sole purpose of evading the contribution limits set forth in ORS 260.014." So anyone can create a new entity with the dual purpose of evading the contribution limits and providing work for a brother-in-law, as the Campaign Legal Center has illustrated. That new entity could then make contributions up to the limits. This makes the non-proliferation prohibition non-functional.</p>
<p>Prohibits the SoS from initiating enforcement of the anti-proliferation provisions.</p>	<p><i>P. 28, lines 16-19</i></p>	<p>HB 4018A forbids the Secretary of State from trying to enforce the anti-proliferation provisions, unless someone files a complaint. Thus, the Secretary will be precluded from using information available only to the Secretary to enforce those critical requirements. HB 4018A also completely rewrites the anti-proliferation provisions.</p>

Change	Location in HB 4018A	Negative Impact
<p>Permits unlimited “coordinated expenditures” and exempts them from the contribution limits and disclosure requirements.</p>	<p><i>P. 18, lines 17-21</i> Removes from the definition of contribution:</p> <p>(c) An expenditure by a person for a communication in support of or in opposition to a clearly identified candidate or measure that is made with the cooperation or with the 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.</p>	<p>HB 4018A deletes coordinated expenditures from the definition of contribution. Because contribution limits and the requirement to report contributions to ORESTAR apply to contributions, their removal from the definition exempts coordinated expenditures from contribution limits and the requirement to report them to ORESTAR. It creates a type of completely unregulated campaign money.</p> <p>The Campaign Legal Center (CLC) states that this would create a huge loophole to allow big spenders to run unlimited ads for candidates and not have them count as “independent expenditures” or “contributions” or be subject to any contribution limits or disclosure requirements. CLC states, “With this section stricken, the remaining language could be interpreted to allow unlimited coordinated spending — essentially wiping out the effect of the contribution limits.”</p> <p>The notion that "coordinated expenditures" would somehow continue to be considered "contributions" after being expressly deleted from that definition would be laughed out of court. Legislative intent is overwhelmingly determined by legislative language. Further, the rest of the definition of “contribution” does not cover “coordinated expenditures,” which are funds spent by non-candidates directly in support of candidates, such as someone paying for ads touting the candidate. The candidate and her committee never touch the money.</p>

Change	Location in HB 4018A	Negative Impact
<p>Deems some coordinated in-kind contributions uncoordinated, thus exempting them from the contribution limits and disclosure requirements.</p>	<p><i>P. 8, lines 13-16</i> Adds: (16)(a) An in-kind contribution to, or coordinated expenditures with, a candidate, other than independent expenditures made by that person to support or oppose a candidate, may not be deemed to be coordinated so long as that person complies with the requirements of this subsection. ...</p>	<p>Creates a category of non-coordinated coordinated in-kind contributions.</p> <p>Because the act of coordinating is what makes an in-kind into a contribution, deeming them uncoordinated exempts these in-kinds from both contribution limits and the requirement to report them to ORESTAR.</p> <p>This creates another kind of unregulated money.</p>
<p>Removes Secretary of State's power to penalize contributors for all violations of contribution limits during 2027-2030.</p>	<p><i>P. 5, lines 20-23</i> Deletes: (10) A donor may not make a contribution, or an aggregate of contributions during an applicable limitation period, to a recipient that exceeds the amount a recipient could accept under the limitations of subsections (2) to (9) of this section. ... [This is restored starting in 2031 on page 50, lines 26-28, in the form of the operational date of Section 2a.]</p>	<p>Removes all penalties for contributors giving unlawfully large contributions during the 4 years 2027 - 2030, no matter how large or blatant the violations.</p>

Change	Location in HB 4018A	Negative Impact
<p>Removes original source disclosure requirements, unless the independent spender has spent over \$50,000 for a single candidate.</p>	<p><i>P. 29, lines 1-5</i> Deletes: (3) Once an entity subject to this section <u>has spent an aggregate of \$50,000</u> on candidate campaign independent expenditures in an election cycle, the entity must disclose the name of each person that has contributed \$5,000 or more during the election cycle and the original source of funds used for the contribution. In identifying persons that have made aggregate donations of \$5,000 or more per election cycle, the entity may exclude: ...</p> <p><i>P. 31, lines 27-29</i> Replaces with: (11) For purposes of this section, ‘covered person’ means any person that has made independent expenditures in an aggregated amount of not less than \$50,000 <u>in an election cycle for any statewide or local election.</u></p>	<p>Changes the \$50,000 threshold for independent spenders that must disclose the real sources of their funds. It was those that spent \$50,000 <u>in aggregate</u> across all spending that election cycle. HB 4018A changes it to those that spent \$50,000 in an election cycle <u>for any statewide or local election</u> (that is, any one race for any one office).</p> <p>This means any person or entity can spend unlimited amounts--millions of dollars--and not disclose the real sources, as long as it spends less than \$50,000 per candidate per year.</p>
<p>For the special higher limits on in-kind contributions, replaces the aggregate per year limit for each candidate with a per contributor per year limit for each candidate, massively increasing the functional contribution limits.</p>	<p><i>P. 13, lines 20-45</i> Deletes (2)(a) The following in-kind contributions, <u>as determined over a 12-month period,</u> AND <i>P. 7, lines 20-23:</i> Replaces with:... may receive in-kind contributions <u>not to exceed the amounts described in this paragraph from any person or entity</u> ...</p>	<p>The law passed in 2024 has a \$2,500 limit for in-kind food/beverage and for in-kind transportation costs <u>in aggregate per campaign per year.</u></p> <p>HB 4018A replaces this with a \$2,500 <u>per contributor per year</u> limit. If a campaign had 100 contributors, this would increase the contribution limit by 100 times.</p>

Change	Location in HB 4018A	Negative Impact
<p>Newly allows massive in-kind contributions by membership organizations to local candidates.</p>	<p><i>P. 5, lines 31-36</i> Deleted: (12)(a) A membership organization may make in-kind contributions of up to 12 months per year of full-time staff equivalence for a campaign <u>for the office of state Representative or state Senator</u> and may make in-kind contributions of up to 36 months per year of full-time staff equivalence for a campaign <u>for statewide elected office, ...</u> AND <i>P. 6, lines 34-45</i> Replaced with: (11)(a)(A) In addition to the contribution limits described in subsections (2) and (3) of this section, <u>a candidate or the principal campaign committee of a candidate may receive</u> in-kind contributions of staff time from a membership organization or a membership organization political committee in the following amounts: ... (iii) <u>To a candidate or the principal campaign committee of a candidate for a public office that is not a national or state office,</u> not to exceed 2,080 staff hours per calendar year.</p>	<p>The law passed in 2024 permits in-kind staff hours to state level candidates but not to local candidates.</p> <p>HB 4018A deletes the restriction of these in-kinds to state level candidates, therefore it permits these massive in-kind contributions to local candidates running in much less costly elections. Limits should be right-sized to the cost of winning. HB 4018A allows over 2,000 hours of staff time given in kind per year to each candidate <u>per contributor</u>. This would dwarf other local fundraising.</p>
<p>Doubles contribution limits on contributions into all multicandidate committees.</p>	<p><i>P. 4, lines 6-7</i></p>	<p>Doubles contribution limits on contributions into multicandidate committees by any person by changing the denominator from “per election cycle” (2 years) to “per year” without changing the amount.</p>

Change	Location in HB 4018A	Negative Impact
Cuts in half allowable contributions to minor party candidates.	<i>P. 6, lines 27-28</i>	The HB 4024 (2024) limits on contributions to candidates are “per election,” with the primary and general elections considered separate. Oregon law does not allow minor party candidates to run in primary elections. So HB 4024 (2024) deems candidates seeking minor party nominations as participating in the primary election for purposes of the contribution limits. HB 4018A deletes that provision, which cuts in half the allowable contributions to minor party candidates and allows major party candidates double the contributions for the same offices.
Exempts any independent spender that is not a political committee from being required to disclose their large contributors.	<i>P. 30, lines 28-30, 40-43</i> adds an entirely new subsections that appear to change mandatory reporting to voluntary: “(b) A covered person that is not a political committee <u>may disclose</u> the identity of any person that donated or contributed to the covered person in the two years preceding the date on which the covered person made the independent expenditure.” “(b) A person that must make the disclosure described under paragraph (a) of this subsection <u>may disclose</u> the name of any original source of funds . . .”	The law passed in 2024 required independent spenders to disclose their top contributors, so voters could know the real source of the funds. HB 4018A removes that requirement from all independent spenders except political committees. It replaces it with the option to voluntarily disclose or not.