

# MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION  
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1499

2007 HOUSE JUDICIARY

HB 1499

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1499

House Judiciary Committee

☐ Check here for Conference Committee

Hearing Date: 2/5/07

Recorder Job Number: 2753

Committee Clerk Signature

*A. Penrose*

Minutes:

**Chairman DeKrey:** We will open the hearing on HB 1499.

**Rep. Rick Berg:** Sponsor of the bill, explained the bill. A 527 is a hybrid is a campaign finance reform at the federal level. Here in ND, I think what's important for us, is to have transparency. We require PAC, candidate, multi-candidate groups, measure groups, to say if you're receiving money, who you are receiving money from. In some cases, like PAC's are saying if you're spending money, for or against, we want you to report how you're spending the money. The bill simply recognizes the 527's under this section of code which really defines a political committee. I think we want to support the campaigns, support different opinions, but if we are having people, who probably read the law, go out on every piece of literature that we send out that says who is your treasurer and how to get a hold of them, and many times on campaign billboards and even signs, they put little stamps that say, here's who you can get a hold of. I'm asking this committee to think where or not it is appropriate for a group like this to follow the same standards that we require all other groups and candidates to follow in the state of ND.

**Rep. Griffin:** If this 527 is enacted, then they would also fall under the previous bill that we heard and be capped for how much contributions they could bring into the state.

**Rep. Rick Berg:** I'm not sure of the previous bill. I would like to say that this bill just puts it in the definition. The other part of this is defining what reporting they should provide. I think we should probably amend this to say, that as they are defined as a political committee, what we are going to require of them to report.

**Rep. Delmore:** Is there a list of organizations that have gone from state to state doing this type of thing and are you aware of other states trying to pass similar legislation.

**Rep. Rick Berg:** In researching for this bill, there are a number of states; 11-15 had some sort of requirements on 527's that operate in their state. We've seen these groups primarily, I think on the national level, on national candidates, on both political parties.

**Rep. Kretschmar:** What is precisely a 527 group?

**Rep. Rick Berg:** 527 refers to a section of the tax code, which allows them to raise corporate funds and allows an organization under this portion of the tax code to support or to attack a particular candidate for a particular cause. It has some definitions that they could attack a candidate, but they couldn't support another candidate or support another idea in the same thrust.

**Rep. Klemin:** Does this organization also have to register under federal law.

**Rep. Rick Berg:** Not sure. I will defer to the Secretary of State. I'm not sure on the federal reporting requirements for the 527. I think to some degree they are operating on the fringe outside the DuKane-Feinstein campaign reform. Part of my take on this, there is certainly an argument for free speech, but in the federal legislation it says that things are run 60 days prior to the general election, and things that are run 30 days prior to the primary are probably more campaign, or that they crossed the line in the campaign.

**Chairman DeKrey:** Thank you. Further testimony in support. Testimony neutral.

**Al Jaeger, Secretary of State:** What I am passing out is an amendment. When Rep. Berg initially talked to us about introducing this particular bill, the decision was made to get the bill introduced with the definition that is here. But from a standpoint of my office, if you just pass the bill the way it is, it will be what do we do with it now. Everybody else that is defined under the political committee structure has some type of offsetting reporting requirement. The purpose of this amendment, and it isn't in amendment form, to get a grasp of how we can do this, with 527's, has been challenging. So what we have right now is the amendment which would kind of mirror what a PAC has to report. We would say that if you give this bill a Do Pass, that the amendment is put on, we might have to tweak it a little bit when it gets on the senate side, because this is somewhat of a challenge to get our hands on it. It is passed the way it is, we know what would happen next year. We would get all these questions, and we wouldn't know how to handle it. We need to have a process, a procedure in place. In some cases, 527's are federally registered, but this is really an IRS type designation. They don't always register. That might be the area where we need to do a lot more research on, so this is a starting point, we do need something otherwise our office won't be able to deal with it.

**Rep. Kretschmar:** The proposed amendment here, I assume that is all new language.

**Al Jaeger:** Yes. We've been working on this for several days and it's kind of like hot off the presses this morning. Again, it's not in format, but it would create an entire new section so that whole thing would have to be underlined. If you look at the law, there is a section for PACs, for statewide candidates, legislators. When we create our campaign recording pamphlet, we have taken all the various laws and you as legislators just have to go to one page and you know everything that you need to do. As a statewide candidate, I go to one page, everything is listed there. When we send out our letters to you, reminding you to report, it is very specific to the group. If you pass this law, we don't have anything specific to send out to anybody.

**Rep. Delmore:** Does the other bill coincide with this one, in regard to the amounts that can be given or not, if we pass this legislation and that, will they go together.

**Al Jaeger:** On one hand, we think it does. But if I remember right, when I was up here, we then applied federal tax to state political parties and a political committee, and this would fall under a political committee. The short answer is yes. If we're going to do it, we need to get it right.

**Rep. Meyer:** Is the section of the 527 of the IRS code, is it defined the same as in 16.1, is it the same definition from what we have in this law.

**Al Jaeger:** My understanding is yes.

**Rep. Koppelman:** So the amendment you're offering basically would be the same reporting requirements as other groups and committees have.

**Al Jaeger:** Right now, it kind of mirrors what a PAC would have to do. Again, we may have to tweak this a little bit because congress in its wisdom created the 527 for campaign and finance reform and I'm not sure that was really reform.

**Rep. Delmore:** If I have an individual with lots of money who wants to run that type of attack, there is really nothing your office or any opposition or anybody else can do about it. Is that correct.

**Al Jaeger:** That could possibly come in under this previous bill that you were talking about. There is nothing that my office could do.

**Rep. Koppelman:** I remember a few years ago, in another area, we gave your office authority to refer people with contractor issues that had no control; you set up a process whereby you could refer complaints to the AG's office to be investigated. Do you think a similar kind of thing might be necessary here? As you mentioned you have no authority to take action.

**Al Jaeger:** I guess I don't know. I guess that related to consumer fraud issues, and whether the AG's office would want to get into that, I don't know. That fall under the criminal law and so it really becomes something for a state's attorney to take action.

**Rep. Koppelman:** But I'm wondering if there might be a jurisdictional quagmire, when somebody runs an ad statewide.

**Al Jaeger:** I'm not quite sure about that. I think there are some statewide issues where things get filed in Burleigh County or different places. We have never really checked it, but I think some of you who live on the border, I think MN has some type of special ethics, or advertising kind of committee, because you read something once in a while, where somebody has gotten fined. We don't have that process in ND.

**Chairman DeKrey:** Thank you. Testimony in opposition. We are going to close the hearing.

## 2007 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. HB 1499

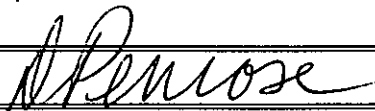
House Judiciary Committee

☐ Check here for Conference Committee

Hearing Date: 2/6/07

Recorder Job Number: 2914

Committee Clerk Signature



Minutes:

**Chairman DeKrey:** We will take a look at HB 1499.

**Rep. Griffin:** I was just going to say, it says all 527 organizations as described in section 16.1-08.1-01 and they never describe it.

**Rep. Koppelman:** I move the Secretary of State's amendments.

**Rep. Dahl:** Second.

**Chairman DeKrey:** We will take a voice vote. Chair is in doubt. Clerk will call the roll.

**9 YES 5 NO 0 ABSENT Motion carried.**

**Chairman DeKrey:** We now have the bill before us as amended. What are the committee's wishes.

**Rep. Koppelman:** I move a Do Pass as amended.

**Rep. Heller:** Second.

**11 YES 3 NO 0 ABSENT**

**DO PASS AS AMENDED**

**CARRIER: Rep. DeKrey**

Date: 2/6/07  
Roll Call Vote #: 1

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1499

House JUDICIARY

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Amendment Vote

Motion Made By

Rep. Koppelman

Seconded By

Rep. Dahl

| Representatives | Yes | No | Representatives | Yes | No |
|-----------------|-----|----|-----------------|-----|----|
| Chairman DeKrey | ✓   |    | Rep. Delmore    |     | ✓  |
| Rep. Klemin     | ✓   |    | Rep. Griffin    |     | ✓  |
| Rep. Boehning   | ✓   |    | Rep. Meyer      |     | ✓  |
| Rep. Charging   | ✓   |    | Rep. Onstad     |     | ✓  |
| Rep. Dahl       | ✓   |    | Rep. Wolf       |     | ✓  |
| Rep. Heller     | ✓   |    |                 |     |    |
| Rep. Kingsbury  | ✓   |    |                 |     |    |
| Rep. Koppelman  | ✓   |    |                 |     |    |
| Rep. Kretschmar | ✓   |    |                 |     |    |
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Total (Yes)

9

No

5

Absent

0

Floor Assignment

If the vote is on an amendment, briefly indicate intent:

Passed.

Date: 2/6/07  
Roll Call Vote #: 78

2007 HOUSE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1499

House JUDICIARY

Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number

Action Taken

Do Pass as Amended

Motion Made By

Rep. Koppelman

Seconded By

Rep. Heller

| Representatives | Yes                                 | No | Representatives | Yes                                 | No                                  |
|-----------------|-------------------------------------|----|-----------------|-------------------------------------|-------------------------------------|
| Chairman DeKrey | <input checked="" type="checkbox"/> |    | Rep. Delmore    | <input checked="" type="checkbox"/> |                                     |
| Rep. Klemin     | <input checked="" type="checkbox"/> |    | Rep. Griffin    | <input checked="" type="checkbox"/> |                                     |
| Rep. Boehning   | <input checked="" type="checkbox"/> |    | Rep. Meyer      |                                     | <input checked="" type="checkbox"/> |
| Rep. Charging   | <input checked="" type="checkbox"/> |    | Rep. Onstad     |                                     | <input checked="" type="checkbox"/> |
| Rep. Dahl       | <input checked="" type="checkbox"/> |    | Rep. Wolf       |                                     | <input checked="" type="checkbox"/> |
| Rep. Heller     | <input checked="" type="checkbox"/> |    |                 |                                     |                                     |
| Rep. Kingsbury  | <input checked="" type="checkbox"/> |    |                 |                                     |                                     |
| Rep. Koppelman  | <input checked="" type="checkbox"/> |    |                 |                                     |                                     |
| Rep. Kretschmar | <input checked="" type="checkbox"/> |    |                 |                                     |                                     |
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Total (Yes)

11

No

3

Absent

0

Floor Assignment

Rep. DeKrey

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1499: Judiciary Committee (Rep. DeKrey, Chairman) recommends AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (11 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING). HB 1499 was placed on the Sixth order on the calendar.

Page 1, line 1, after "Act" insert "to create and enact a new section to chapter 16.1-08.1 of the North Dakota Century Code, relating to campaign finance reporting; and"

Page 1, after line 24, insert:

**"SECTION 2.** A new section to chapter 16.1-08.1 of the North Dakota Century Code is created and enacted as follows:

1. An organization governed by section 527 of the Internal Revenue Code [26 U.S.C. 527], which solicits or receives contributions or makes expenditures for political purposes, shall file a statement showing the name and mailing address of each contributor of an amount in excess of two hundred dollars in the aggregate for the reporting period and a listing of all expenditures of an amount in excess of two hundred dollars in the aggregate made for political purposes with the secretary of state. The statement must include the amount of each reportable contribution and the date the contribution was received. The statement must also include the amount of each reportable expenditure and the date the expenditure was made.
2. A preelection statement must be filed no later than the twelfth day before a primary, special, or general election and must be complete from the beginning of the calendar year through the twentieth day before the election.
3. A year-end statement covering the entire calendar year must be filed no later than the thirty-first day of January of the following year.
4. Even if such an organization has not received any contributions or made any expenditure in excess of two hundred dollars during the reporting period, the organization shall file a statement as required by this chapter.
5. A statement filed according to this section during the reporting period must show the following:
  - a. The gross total of all contributions received and expenditures made in excess of two hundred dollars;
  - b. The gross total of all contributions received and expenditures made of two hundred dollars or less; and
  - c. The cash on hand in the filer's account at the start and close of the reporting period.
6. The organization shall report the occupation, employer, and principal place of business of each person, or the political committee if not already registered according to state or federal law, that contributed five thousand dollars or more in the aggregate during the reporting period."

Renumber accordingly

2007 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1499

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1499

Senate Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Hearing Date: 03/08/07

Recorder Job Number: 4673, 4674

Committee Clerk Signature

*Veronica Spaulding*

Minutes:

All members of the committee were present.

Senator Dever, Chairman, opened the hearing on HB 1499.

Senator Bob Stenehjem from District 30 introduced the bill. See attachment # 1.

Al Jaeger, Secretary of State, spoke in favor of the bill. See attachment # 2. When the bill was introduced to the House it just included the 527 and you can't have a bill that just stops there.

The House amended it to include the reporting requirements. He knew if it wasn't amended they would be asked questions that they could not answer. After the House amendment the Secretary of State's Office realized there was a need to make the language of the bill stronger.

The proposed amendments would accomplish that and would carry out the intent of the bill.

Senator Nelson asked about page 2, line 12 and 13. It refers to each reportable expenditure.

As legislators they don't have to report the individual expenses. They just need to report beginning balance and ending balance. The multi-candidate races have to do an aggregate expense. Which reports are required to break out each reportable expense that have an aggregate in excess of \$200.00. Is it just the 527's?

Secretary of State Jaeger said there are also others. The only ones who have to report expenditures are state political parties and PACs. Statewide candidates and multi-candidate

committees do not have to report actual expense amounts. The intent of this is to put the 527's on record in law as having disclosure responsibilities.

Senator Nelson asked why every candidate did not have disclosure responsibilities.

Secretary of State said the short answer is that it is not a law at this time.

Senator Horne asked Secretary Jaeger to explain what a 527 is.

Secretary of State said Congress allowed the formation of 527's and they do not need a paper trail of what they do. This bill would require them to report where they get money and how it is disbursed.

Senator Lee asked if an individual opposed her candidacy would it be feasible for them to establish an "I don't like Judy Lee campaign" committee. They could put ads on TV and radio and in the newspaper saying "I don't like Judy Lee." They would not be connected to any organized political party but they could campaign against her. As a candidate she would have no control. Even her opponent wouldn't have control of it. The committee doing the damage may not have anything to do with her opponent. They could do whatever their money allowed them to do and they would not be required to tell anyone what they were doing. She asked if that is a fair example of how a 527 could work.

Secretary of State said it is a fair example. He also stated it is kind of like a non-profit corporation that is allowed a certain designation under the IRS code which is 527. He mentioned that Representative Berg has an example he would share with the committee.

Representative Rick Berg from District 45 said he felt Senator Lee summed up perfectly what the intent is. We have a very open political process and campaign process. When you are accused or attacked you know who is accusing you or attacking you. Our legislative process is also very open. He feels both political entities at the national level have used this. This would require the same reporting requirements as a PAC. He feels there is a need to have a

distinction between 527's and PACs because there are people who are more professional putting it together. Representative Berg was attacked by a 527 with untrue allegations. There was no one place for him to contact or call. He wants to keep campaigns open and if people feel strongly about something he wants to know who they are and why they feel strongly about it.

Senator Dever asked if there are other kinds of organizations that are not 527's but should fit in the same category. Could someone start an organization "Citizens for a better Government" and set it up as a 527?

Representative Berg said his understanding is that a 527 can be set up against an issue or for an issue.

Secretary of State Jaeger drew the attention of the committee to the proposed amendment, the wording following "10. "Political purpose" means....." and following. It does spell out that it can include activity in support of or in opposition to. And that is in current law. That is one of the defining things in the chapter that covers campaign contributions. Soliciting or receiving contributions for that purpose does involve a reporting requirement. This bill defines a 527 just as it does a PAC. This establishes a new category for 527's.

Senator Horne asked if the 527 report would have to include who is involved, names and addresses, what their purpose is, and how much money they have given to a group or individual.

Secretary of State Jaeger said the reporting requirements would be limited to what is in law now for the other groups. That is just who gives the money and where the money is spent. A PAC doesn't have to report why they are collecting money. They do have to report who has given them money in excess of \$200.00 and who they have given money to in excess of \$200.00.

Senator Dever asked if 527's have more to do with the federal level. He asked if they would have to report all of their contributions.

Secretary Jaeger said as the law is now proposed they would have to. He said generally 527's are on the federal level but there was one that was formed at the local level to oppose or raise questions about the candidacy of an individual for the legislature.

There was discussion about the distinctions between PACs, 527's and 501C3's.

Support: -

Opposition: -

Neutral: -

Chairman Dever closed the hearing on HB 1499.

Senator Lee asked why the two paragraphs in the amendment are almost identical. She was wondering which two sections of the statute they deal with.

Secretary Jaeger said the first one is in Chapter 16.1-08.1-01. The other one is in a different chapter and needs to be made consistent. The first one relates to campaign contribution statements and the other one relates to corrupt practices.

Senator Lee moved to accept the amendment proposed by the Secretary of State.

The motion was seconded by Senator Oehlke.

Roll Call Vote: Yes 6 No 0 Absent 0

The committee wanted to hold off the vote on the bill until a later date.

#### JOB # 4674

Jim Silrum, Deputy Secretary of State, explained some of the distinctions between PACs and 527's. He mentioned that 527's can use corporate money whereas PACs can receive money only from individuals.

Senator Dever asked about the Congressional races having strict rules about communication between the candidate and an organization like that.

Deputy Secretary Silrum said it does get to that level on the national basis. Only a handful of states do anything at all with 527's because they are hard to get a handle on. They don't have any reporting requirements to the FEC like federal PACs do. This 527 is brave new territory.

Other states are interested in seeing what we are doing with this legislation.

There was discussion about what used to be called "hard money" and "soft money."

The committee will act on this bill at a later date.

## 2007 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 1499

Senate Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Hearing Date: 03/16/07

Recorder Job Number: 5215, 5216

Committee Clerk Signature

*Vernice Spaulding*

Minutes:

JOB # 5215

All members of the committee were present.

Chairman Dever opened discussion on HB 1499.

The committee adopted amendments to this bill last week. Senator Horne had requested some time to look into it before the committee brought it to a vote.

Senator Lee said she feels the 527's should have to report just like other groups do.

Senator Nelson said she doesn't see why they should be exempted from everything.

Senator Lee said as a candidate you have no control over groups that decide to target you.

There is no accountability. She feels they should have the same reporting and oversight requirements that everyone else does.

Senator Dever said the bill doesn't regulate what they are able to do. It just requires that they report.

There was discussion that this would just make the 527's like everyone else. Another advantage would be a candidate could find out who is behind it because there has to be a contact name on all those reports. They would just have to report what has been received and what has been given, the same as the PACs do.

Senator Horne asked if the report has to give every detail, all the breakdown or would the lump sums be enough. Does the report list each donor and each recipient along with the amounts?

JOB # 5216

Jim Silrum, Deputy Secretary of State, presented the form for the perusal of the committee.

See attachment # 1. Jim said the closest thing to a 527 is a PAC so he feels the filing requirements will be very similar to what is required of a PAC. They must report income and expenses in excess of \$200.00 and under \$200.00. On income and expenses over \$200.00 they have to report who it was from or who it went to. Aggregate totals from each contributor are also required.

Senator Nelson asked if a media buy has to have further detail than just who the check was written to.

Jim said only who the check was written to. Jim said this brings to mind the very toughest part of the change this bill will enact. He is depending upon the 527's to come forward and register. He trusts that they are honest but maybe they won't understand that they have a registration requirement. They may take the stance that the Wisconsin Right to Life group has taken. They are insisting that it is a matter of free speech and they don't have to report. It becomes the responsibility of the Secretary of State's office to try to keep watch on the media and then to go after organizations that do not register. It would go beyond administrative at that point and become investigative. They would then have to ask for the help of the Attorney General. Everyone wants a transparent campaign process.

There was discussion about who would be required to put disclaimers on ads and whether a corporation can transfer money into a 527 and do a media buy from that. A 527 can be a corporation or just a portion of a corporation can be designated as a 527. If a 527 has any activity in North Dakota, then they have to report all their activity even in other states.

Senator Dever asked if other states are regulating 527's.

Jim said West Virginia is one of the only states that regulate 527's. He has contacted nearly all of the other states and they are asking to see the legislation from North Dakota because they can see the handwriting on the wall.

Senator Dever asked if this would apply to a 527 involvement in a Congressional race.

Jim said if it is a federal candidate it would be filed on the federal report. North Dakota accepts the federal report.

There was discussion about who has to report and how it will be monitored. Federal PAC's must report to the FEC but State PAC's report to the state. Corporate money is not allowed in North Dakota campaigns but when it is funneled through a 527 it is hard to stop. LeeAnn Oliver from the Secretary of State's Office said it is an obvious loophole that will have to be dealt with.

Senator Dever asked what would prevent a political party from forming a 527 and then funneling corporate money through it.

Jim said there are stringent reporting requirements on political parties that would prevent it.

There was discussion of how and why 527's were started. The IRS is the entity that you contact to initiate a 527.

Senator Dever said this bill is not about regulating 527's, it's about reporting.

Jim said he hopes so and he says it that way because of the Wisconsin Right to Life case that is pending right now. It will impact campaigning all over the country.

Senator Lee made a motion to pass as amended.

The motion was seconded by Senator Oehlke.

Roll Call Vote: Yes 6 No 0 Absent 0

Carrier: Dever

Date : 3-8-07  
Roll Call Vote # : 1

**2007 SENATE STANDING COMMITTEE ROLL CALL VOTES**  
**BILL/RESOLUTION NO. 1499**

Senate Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken do pass the amendments

Motion Made By Lee Seconded By Oehlke

| Senators                      | Yes | No | Senators                   | Yes | No |
|-------------------------------|-----|----|----------------------------|-----|----|
| Senator Dick Dever - Chairman | ✓   |    | Senator Robert Horne       | ✓   |    |
|                               |     |    |                            |     |    |
| Senator Dave Oehlke - VC      | ✓   |    | Senator Richard Marcellais | ✓   |    |
|                               |     |    |                            |     |    |
| Senator Judy Lee              | ✓   |    | Senator Carolyn Nelson     | ✓   |    |
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Total (Yes) 6 No 0

Absent 0

Floor Assignment \_\_\_\_\_

If the vote is on an amendment, briefly indicate intent:

hold til tomorrow

Date : 3-16-07  
Roll Call Vote # : 1

2007 SENATE STANDING COMMITTEE ROLL CALL VOTES  
BILL/RESOLUTION NO. 1499

Senate Government and Veterans Affairs Committee

☐ Check here for Conference Committee

Legislative Council Amendment Number \_\_\_\_\_

Action Taken do pass as amended

Motion Made By Lee Seconded By Oehlke

| Senators                      | Yes | No | Senators                   | Yes | No |
|-------------------------------|-----|----|----------------------------|-----|----|
| Senator Dick Dever - Chairman | ✓   |    | Senator Robert Horne       | ✓   |    |
|                               |     |    |                            |     |    |
| Senator Dave Oehlke - VC      | ✓   |    | Senator Richard Marcellais | ✓   |    |
|                               |     |    |                            |     |    |
| Senator Judy Lee              | ✓   |    | Senator Carolyn Nelson     | ✓   |    |
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Total (Yes) 6 No 0

Absent 0

Floor Assignment Dever

If the vote is on an amendment, briefly indicate intent:

**REPORT OF STANDING COMMITTEE**

**HB 1499, as engrossed: Government and Veterans Affairs Committee (Sen. Dever, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends DO PASS (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1499 was placed on the Sixth order on the calendar.**

Page 1, line 2, replace "subsection" with "subsections" and after "8" insert "and 10"

Page 1, line 3, after "16.1-08.1-01" insert "and subdivision a subsection 2 of section 16.1-10-02"

Page 1, line 4, after "committee" insert "and a political purpose"

Page 1, line 6, replace "Subsection" with "Subsections" and after "8" insert "and 10"

Page 1, line 7, replace "is" with "are"

Page 2, after line 2, insert:

"10. "Political purpose" means any activity undertaken in support of or in opposition to the election or nomination of a candidate to public office and includes using "vote for", "oppose", or any similar support or opposition language in any advertisement whether the activity is undertaken by a candidate, a political committee, a political party, or any person. In the period thirty days before a primary election and sixty days before a special or general election, "political purpose" also means any activity in which a candidate's name, office, district, or any term meaning the same as "incumbent" or "challenger" is used in support of or in opposition to the election or nomination of a candidate to public office. The term does not include activities undertaken in the performance of a duty of a state office or any position taken in any bona fide news story, commentary, or editorial."

Page 3, after line 2, insert:

**"SECTION 3. AMENDMENT.** Subdivision a of subsection 2 of section 16.1-10-02 of the North Dakota Century Code is amended and reenacted as follows:

- a. "Political purpose" means any activity undertaken in support of or in opposition to the election or nomination of a candidate to public office and includes using "vote for", "oppose", or any similar support or opposition language in any advertisement whether the activity was undertaken by a candidate, a political committee, a political party, or any other person but does not include activities undertaken in the performance of a duty of state or political subdivision office. In the period thirty days before a primary election and sixty days before a special or general election, "political purpose" also means any activity in which a candidate's name, office, district, or any term meaning the same as "incumbent" or "challenger" is used in support of or in opposition to the election or nomination of a candidate to public office. The term does not include activities undertaken in the performance of a duty of a state office or a position taken in any bona fide news story, commentary, or editorial."

Renumber accordingly

2007 TESTIMONY

HB 1499

**16.1-08.1-03.12. Contributions statement required of 527 organizations.**

1. All 527 organizations, as described in section 16.1-08.1-01, shall file a statement showing the name and mailing address of each contributor of an amount in excess of two hundred dollars in the aggregate for the reporting period and a listing of all expenditures of an amount in excess of two hundred dollars in the aggregate made for political purposes with the secretary of state. The statement must include the amount of each reportable contribution and the date it was received. The statement must also include the amount of each reportable expenditure and the date it was made.
2. A preelection statement must be filed no later than the twelfth day before any primary, special, or general election and must be complete from the beginning of the calendar year through the twentieth day before the election.
3. A year-end statement covering the entire calendar year must be filed no later than the thirty-first day of January of the following year.
4. Even if a 527 organization has not received any contributions or made any expenditures in excess of two hundred dollars during the reporting period, the 527 organization shall file a statement as required by this chapter.
5. A statement filed according to this section during the reporting period must show the following:
  - a. The gross total of all contributions received and expenditures made in excess of two hundred dollars;
  - b. The gross total of all contributions received and expenditures made of two hundred dollars, or less; and
  - c. The cash on hand in the filer's account at the start and close of the reporting period.
6. A 527 organization shall report the occupation, employer, and principal place of business of each person, or the political committee if not already registered according to state or federal law, who contributed five thousand dollars or more in the aggregate during the reporting period.



Senator Bob Stenehjem  
District 30  
7475 41st Street SE  
Bismarck, ND 58504-3200  
bstenehj@state.nd.us

# NORTH DAKOTA SENATE

STATE CAPITOL  
600 EAST BOULEVARD  
BISMARCK, ND 58505-0360



Majority Leader

*attach #1*

Testimony on <sup>H</sup>SB 1499  
Senate Government and Veterans' Affairs Committee  
9:30 a.m., Thursday, March 8, 2007

Mister Chairman and members of the Committee,

HB 1499 proposes changing the definition of "political committee" to include an organization governed by section 527 of the Internal Revenue Code.

This bill ensures that all political groups that have been contributing to North Dakota state and legislative campaigns are required to report all the money they have received and given. By using the IRS code of 527 organizations, even those national groups that give money through other political action committees will have to disclose what they have received and what they have given to help campaigns in this state. The new language on page two came at the request of the Secretary of State so that the details of how and when to report are part of the law.

This bill brings sunshine and openness to campaigns. It's a good bill and an important one. I urge you to recommend HB 1499 for passage.



**CAMPAIGN CONTRIBUTION STATEMENT  
POLITICAL ACTION COMMITTEES (PAC'S)**  
SECRETARY OF STATE  
SFN 53969 (12-2005)

*Attach #1*

Secretary of State  
State of North Dakota  
600 E Boulevard Ave Dept 108  
Bismarck ND 58505-0500  
Telephone 701-328-4146  
Toll Free 800-352-0867  
Fax 701-328-2992  
Web Site: [www.nd.gov/sos](http://www.nd.gov/sos)

**SEE REVERSE SIDE FOR REPORTING REQUIREMENTS AND INSTRUCTIONS**

Campaign contribution reporting provisions are found in North Dakota Century Code, Chapter 16.1-08.1.

Please print.

**Section A**

|                                                               |      |       |                     |
|---------------------------------------------------------------|------|-------|---------------------|
| Full name of PAC (e.g. North Dakota Retail Association PAC, ) |      |       |                     |
| Acronym of committee name if applicable (e.g. NDRA-PAC)       |      |       |                     |
| Committee address (street address or post office box)         | City | State | Zip Code            |
| Name of person completing this report                         |      |       | Daytime Telephone # |

**Section B**

| TYPE OF REPORT                                                                     | ELECTION DATE | REPORT DUE DATE                                                                                     | REPORT COVERS                                                           |
|------------------------------------------------------------------------------------|---------------|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------|
| <input type="checkbox"/> PRE-PRIMARY ELECTION REPORT                               |               | Due twelve days before the election                                                                 | From beginning of the election year through twenty days before election |
| <input type="checkbox"/> PRE-GENERAL ELECTION REPORT                               |               |                                                                                                     |                                                                         |
| <input type="checkbox"/> PRE-SPECIAL ELECTION REPORT                               |               |                                                                                                     |                                                                         |
| <input type="checkbox"/> YEAR END REPORT                                           |               | January 31 each year                                                                                | Entire previous calendar year                                           |
| <input type="checkbox"/> 48-HOUR REPORT                                            |               | Within 48 hours if a contribution in excess of \$500 is received within 20 days before the election | Twenty day period before election                                       |
| <input type="checkbox"/> AMENDED (also mark applicable report being amended above) |               |                                                                                                     |                                                                         |

**Section C** (This section does not apply to 48-hour reports)

|                                                                                                                 |          |
|-----------------------------------------------------------------------------------------------------------------|----------|
| Cash on hand in fund at <u>beginning</u> of reporting period (January 1 or date of your committee registration) | \$ _____ |
| Cash on hand in fund at <u>end</u> of reporting period                                                          | \$ _____ |
| Gross total of all contributions received in excess of \$200                                                    | \$ _____ |
| Gross total of all contributions received of \$200 or less                                                      | \$ _____ |
| Gross total of all expenditures made in excess of \$200                                                         | \$ _____ |
| Gross total of all expenditures made of \$200 or less                                                           | \$ _____ |

**Section D**

|                                                                                                                                                        |      |
|--------------------------------------------------------------------------------------------------------------------------------------------------------|------|
| I, _____, certify that I have examined this Campaign Contribution                                                                                      |      |
| Print name of person completing this report                                                                                                            |      |
| statement, including any attached addenda for filing with this statement, and to the best of my knowledge and belief it is true, correct and complete. |      |
| Signature of person completing this report                                                                                                             | Date |

## REPORTING REQUIREMENTS

**PACs:** Corporations, cooperative corporations, limited liability companies, or associations may not make direct political contributions, unless via a separate and segregated fund, known as a PAC. PACs shall file a Campaign Contribution Statement which must include the name and mailing address of all contributors who contributed in excess of \$200 in the aggregate during the reporting period; the amount of each reportable contribution received; and the date each reportable contribution was received. If the PAC receives a contribution of \$5,000 or more they need to disclose the occupation, employer and principal place of business of the contributor. PACs must also give a detailed listing of all expenditures made in excess of \$200 for political purposes in the aggregate during the reporting period; the amount of each reportable expenditure made; and the date each reportable expenditure was made. PACs must report the gross total of all contributions received and expenditures made in excess of \$200 as well as the gross total of all contributions received and expenditures made of \$200 or less. The law also requires PACs to report total cash on hand in the filer's account at the start and end of a reporting period.

Three reporting schedules are provided in the Campaign Contribution Statement. **Schedule # 1** is for reporting contributions received in excess of \$200 and under \$5,000. **Schedule # 2** is for reporting contributions received of \$5,000 or more. **Schedule # 3** is for reporting expenditures made for political purposes in excess of \$200.

Aggregate contributions must reference the date of the most recent contribution. Contributions made separately by different persons from joint accounts are considered separate contributions for reporting purposes.

### TYPES OF REPORTABLE CONTRIBUTIONS:

A gift, transfer, conveyance, provision, receipt, subscription, loan, advance, deposit of money, or anything of value, made for the purpose of influencing the nomination for election, or election, of any person to public office or aiding or opposing the circulation or passage of a statewide initiative or referendum petition or measure.

The term also means a contract, promise, or agreement, express or implied, whether or not legally enforceable, to make a contribution for any of the above purposes.

The term includes funds received by a candidate for public office or a political party or committee, which are transferred or signed over to that candidate, party, or committee from another candidate, party, or political committee or other source.

The term "anything of value" includes any good or service of more than a nominal value. The term "nominal value" means the cost, price, or worth of the good or service is trivial, token, or of no appreciable value. The term "contribution" does not include:

1. A loan of money from a bank or other lending institution made in the regular course of business.
2. Time spent by volunteer campaign or political party workers.
3. Money spent by a candidate on the candidate's own behalf.
4. Money or anything of value received for commercial transactions, including rents, advertising, or sponsorships made as a part of a fair market value bargained-for exchange.
5. Money or anything of value received by a candidate in that person's personal capacity, including pursuant to a contract or agreement made for personal or private employment purposes, and not received for a political purpose or to influence the performance of that person's official duty.
6. Contributions of products or services for which the actual cost or fair market value are reimbursed by a payment of money.

### TYPES OF REPORTABLE EXPENDITURES:

A gift, transfer, conveyance, provision, loan, advance, payment, distribution, disbursement, outlay, or deposit of money or anything of value, except a loan of money from a bank or other lending institution made in the regular course of business, made for the purpose of influencing the nomination for election, or election, of any person to office.

The term also means a contract, promise, or agreement, express or implied, whether or not legally enforceable, to make any expenditure and includes the transfer of funds by a political committee to another political committee.

## INSTRUCTIONS FOR CAMPAIGN CONTRIBUTION STATEMENT

**SECTION A:** PACs must include information for contact purposes, the statement must indicate the name of the committee, committee address, name of person completing the report and daytime telephone number.

**SECTION B:** Campaign Contribution Statements must indicate whether the report is a pre-primary, pre-general, pre-special, year-end, 48-hour or amended report.

**SECTION C:** Enter cash on hand at start of the reporting period. That would be January 1 of the reporting year or registration date of your committee. Enter cash on hand at end of the reporting period. Report the gross total of all contributions received and expenditures made in excess of \$200 and the gross total of all contributions received and expenditures made of \$200 or less. This section does not apply when filing a 48-hour report.

**SECTION D:** The person completing the report must certify that the information contained in the report is true, correct, and complete by signing and dating the Campaign Contribution Statement.

**FILING INSTRUCTIONS:** Campaign Contribution Statements are deemed properly filed when deposited with or delivered to the Secretary of State within the prescribed time. A statement that is mailed is deemed properly filed when it is postmarked and directed to the Secretary of State within the prescribed time. If a statement is not received by the Secretary of State, a duplicate of the statement must be promptly filed upon notice by the Secretary of State of its nonreceipt.

### WHERE TO FILE:

Secretary of State, State of North Dakota  
600 E Boulevard Ave Dept 108  
Bismarck ND 58505-0500 Fax 701-328-2992

**SCHEDULE # 1 - Contributions Received In Excess of \$200 and under \$5,000**

Attach additional pages if necessary. Please print.

- ☐ No reportable contributions for reporting period.
- ☐ No reportable contributions since last report filed.

| CONTRIBUTOR NAME     | ADDRESS                             | AGGREGATE CONTRIBUTIONS | DATE OF MOST RECENT CONTRIBUTION MONTH/DAY/YEAR |
|----------------------|-------------------------------------|-------------------------|-------------------------------------------------|
| EXAMPLE<br>DOE, JOHN | 100 1ST AVENUE<br>BISMARCK ND 58501 | \$ 250                  | 03/15/05                                        |

| CONTRIBUTOR NAME<br>(last name, first name) | ADDRESS | AGGREGATE CONTRIBUTIONS | DATE OF MOST RECENT CONTRIBUTION MONTH/DAY/YEAR |
|---------------------------------------------|---------|-------------------------|-------------------------------------------------|
| 1                                           |         | \$                      |                                                 |
| 2                                           |         | \$                      |                                                 |
| 3                                           |         | \$                      |                                                 |
| 4                                           |         | \$                      |                                                 |
| 5                                           |         | \$                      |                                                 |
| 6                                           |         | \$                      |                                                 |
| 7                                           |         | \$                      |                                                 |
| 8                                           |         | \$                      |                                                 |
| 9                                           |         | \$                      |                                                 |
| 10                                          |         | \$                      |                                                 |
| 11                                          |         | \$                      |                                                 |
| 12                                          |         | \$                      |                                                 |
| 13                                          |         | \$                      |                                                 |

**SCHEDULE # 2 - Contributions Received of \$5,000 or more**

Page of

Attach additional pages if necessary. Please print.

| CONTRIBUTOR NAME       | ADDRESS                             | AGGREGATE CONTRIBUTIONS                                                | DATE OF MOST RECENT CONTRIBUTION MONTH/DAY/YEAR |
|------------------------|-------------------------------------|------------------------------------------------------------------------|-------------------------------------------------|
| EXAMPLE<br>DOE, JOHN   | 100 1ST AVENUE<br>BISMARCK ND 58501 | \$ 5,000                                                               | 03/15/05                                        |
| OCCUPATION :<br>DOCTOR | EMPLOYER:<br>GENERAL HOSPITAL       | PRINCIPAL PLACE OF BUSINESS ADDRESS:<br>ABC STREET, BISMARCK, ND 58501 |                                                 |

| CONTRIBUTOR NAME<br>(last name, first name) | ADDRESS   | AGGREGATE CONTRIBUTIONS              | DATE OF MOST RECENT CONTRIBUTION MONTH/DAY/YEAR |
|---------------------------------------------|-----------|--------------------------------------|-------------------------------------------------|
| 1                                           |           | \$                                   |                                                 |
| OCCUPATION :                                | EMPLOYER: | PRINCIPAL PLACE OF BUSINESS ADDRESS: |                                                 |
| 2                                           |           | \$                                   |                                                 |
| OCCUPATION :                                | EMPLOYER: | PRINCIPAL PLACE OF BUSINESS ADDRESS: |                                                 |
| 3                                           |           | \$                                   |                                                 |
| OCCUPATION :                                | EMPLOYER: | PRINCIPAL PLACE OF BUSINESS ADDRESS: |                                                 |
| 4                                           |           | \$                                   |                                                 |
| OCCUPATION :                                | EMPLOYER: | PRINCIPAL PLACE OF BUSINESS ADDRESS: |                                                 |
| 5                                           |           | \$                                   |                                                 |
| OCCUPATION :                                | EMPLOYER: | PRINCIPAL PLACE OF BUSINESS ADDRESS: |                                                 |
| 6                                           |           | \$                                   |                                                 |
| OCCUPATION :                                | EMPLOYER: | PRINCIPAL PLACE OF BUSINESS ADDRESS: |                                                 |
| 7                                           |           | \$                                   |                                                 |
| OCCUPATION :                                | EMPLOYER: | PRINCIPAL PLACE OF BUSINESS ADDRESS: |                                                 |
| 8                                           |           | \$                                   |                                                 |
| OCCUPATION :                                | EMPLOYER: | PRINCIPAL PLACE OF BUSINESS ADDRESS: |                                                 |

**SCHEDULE # 3 - Expenditures Made**

Attach additional pages if necessary. Please print.

- ☐ No reportable expenditures for reporting period.
- ☐ No reportable expenditures since last report filed.

| EXPENDITURE RECIPIENT | ADDRESS                             | AGGREGATE<br>AMOUNT | DATE OF MOST<br>RECENT EXPENDITURE<br>MONTH/DAY/YEAR |
|-----------------------|-------------------------------------|---------------------|------------------------------------------------------|
| EXAMPLE<br>DOE, JOHN  | 100 1ST AVENUE<br>BISMARCK ND 58501 | \$ 250              | 03/15/05                                             |

| EXPENDITURE RECIPIENT<br>(last name, first name) | ADDRESS | AGGREGATE<br>AMOUNT | DATE OF MOST<br>RECENT EXPENDITURE<br>MONTH/DAY/YEAR |
|--------------------------------------------------|---------|---------------------|------------------------------------------------------|
| 1                                                |         | \$                  |                                                      |
| 2                                                |         | \$                  |                                                      |
| 3                                                |         | \$                  |                                                      |
| 4                                                |         | \$                  |                                                      |
| 5                                                |         | \$                  |                                                      |
| 6                                                |         | \$                  |                                                      |
| 7                                                |         | \$                  |                                                      |
| 8                                                |         | \$                  |                                                      |
| 9                                                |         | \$                  |                                                      |
| 10                                               |         | \$                  |                                                      |
| 11                                               |         | \$                  |                                                      |
| 12                                               |         | \$                  |                                                      |
| 13                                               |         | \$                  |                                                      |