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February 12, 2021

TO: Chairman Dockter and Members of the House Political Subdivisions Committee
FR: Jim Silrum, Deputy Secretary of State on behalf of Secretary of State Al Jaeger
RE: HB 1451 – Campaign disclosure requirements

This bill adds to the disclosure requirements for all political action committees, multicandidate political committees, and measure committees registered with the Secretary of State each year. In addition to the pre-primary, pre-general, 48-hour, and year-end statements already required of these committees, each time one of the committees makes a qualifying expenditure, the expenditure must be disclosed in a new statement that would need to be created in North Dakota Campaign Finance Online (ND CFO).

Using 2020 as an example, of the 548 campaign disclosure filers, this bill would have impacted:

- 4 Initiated Petition Sponsoring Committees
- 5 Measure Committees
- 33 Multicandidate Committees
- 81 Political Action Committees
- **123 Total Committees**

Campaign disclosure is not an easy topic to understand. Individuals who are required to file statements often call the Secretary of State's office looking for clarifications as to what is required of them and when. Even those who advocate for campaign disclosure reform in North Dakota show their lack of understanding of the current campaign disclosure requirements in law by what they ask of us and what they disclose on the statements they have filed.

HB 1451 would significantly complicate a topic that is already complex. It would add to ch. 16.1-8.1:

- New definitions for identity, original funds, traceable funds, and tracing record.
- New details for recordkeeping, notice approval, and notice rejection that must be kept and followed relating to the ultimate and true source of funds.
- A new 5-day disclosure statement for qualifying expenditures.
- New requirements for the Secretary of State to receive complaints and investigate possible violations of the new requirements.
- A determination as to where civil action is to be filed in this state.

The Secretary of State was not asked to submit a fiscal note for this bill, but the requirements in this bill will require new enhancements to ND CFO. The costs for this are uncertain, but we estimate that the new statement required in this bill would cost the state somewhere between \$20,000 to \$30,000.

On behalf of the Secretary of State and his election team, we request the committee to vote for a **DO NOT PASS** recommendation.