

# IN SUPPORT OF HB 1451

Implementing Article XIV's mandate for  
transparency in political spending



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# HB 1451 and the Voter's Right to Know

- ▶ **HB 1451 implements Article XIV's mandate for transparency**
  - ▶ **Closing loopholes:** The bill closes loopholes that would allow political spenders to evade transparency requirements
  - ▶ **A comprehensive law:** The bill includes clear and consistent requirements for recording, reporting, and identifying the ultimate and true source of political spending

# Closing loopholes

- ▶ Current law substantially limits which independent political spending is subject to disclosure, undermining the transparency mandate of Article XIV
  - ▶ Disclosure currently only applies to a person who “**knowingly** contributed...**solely** to influence a statewide election or an election for the legislative assembly” NDCC § 16.1-08.1-01
  - ▶ A group could donate \$10,000, earmark \$100 for non-political spending, and ensure the source of the remaining \$9,900 stays secret
  - ▶ HB 1451 amends the law to comply with Article XIV’s mandate, requiring independent groups that spend on elections to disclose donors who give more than \$200

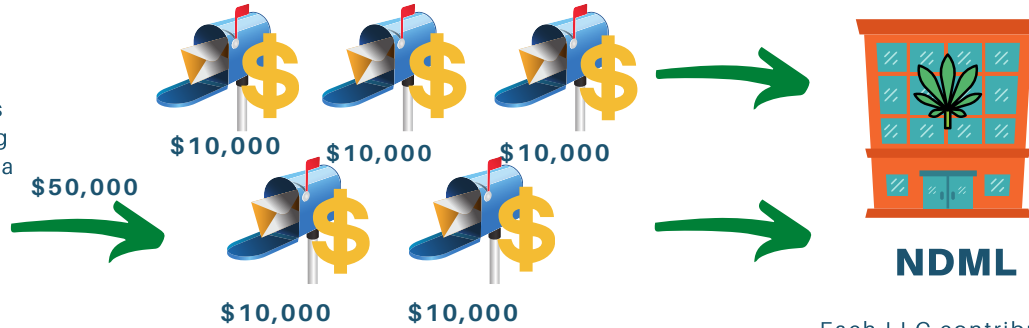
# Key features of HB 1451

- ▶ **Requires independent groups that pay for political spending with money received from others to disclose the true sources of that spending**
- ▶ **Includes comprehensive recordkeeping and reporting requirements that provide clear guidance for political spenders**
- ▶ **Ensures that donors may opt their donations out of political spending and, thus, disclosure**
- ▶ **Provides prompt and accessible public disclosure of the ultimate and true source**

# HB 1451 prevents shell games

## MARK JOHNSON

Mark Johnson is a Las Vegas resident looking to expand his marijuana dispensary business.



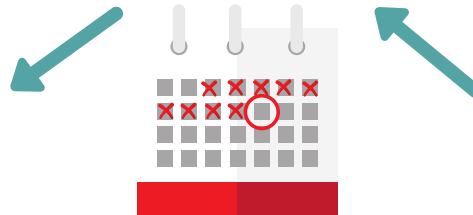
Seeing potential in North Dakota, Mark sets up 5 LLCs to funnel money to a group supporting a North Dakota ballot measure to legalize marijuana. He transfers \$10,000 to each LLC.

Each LLC contributes the \$10,000 to NDML.



Under the bill, North Dakota voters will know the true source of money spent to influence North Dakota elections.

The LLCs have 10 days from the date they receive notice from NDML to disclose the source of their contributions.



NDML wants to spend the \$50,000 from the LLCs on ads promoting the ballot measure to legalize marijuana. Before it can, NDML must identify the ultimate and true source of the money.

# Donors' ability to opt out



## NDML

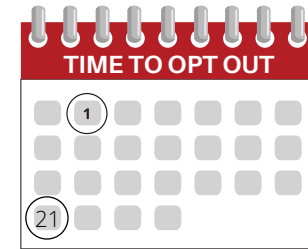
NDML solicits Mark for another \$10,000 contribution. He agrees, but contributes the money through the LLCs he established.



NDML's solicitation failed to inform donors that their money would be used for political spending and of their right to opt out of that spending.

## NOTICE

Donation may be used for political expenditures  
Right to opt-out

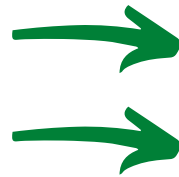


NDML must provide each donor **written notice** of NDML's intent to use the money for expenditures and that the donor has 21 days to opt out of that spending. Donors who opt out are not subject to disclosure.

# Donations below \$200

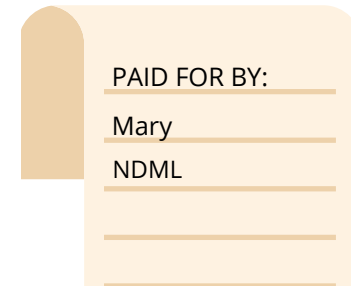


Mary Olafson also wants to support North Dakota's marijuana legalization measure. She decides to contribute to NDML and tells her friends, who decide to contribute too.



## NDML

Mary contributes \$300 and each of her friends contribute \$200.



When NDML reports its spending, it must disclose Mary's donation, but her friends' donations are not reportable because they do not exceed \$200.