

2013 SENATE GOVERNMENT AND VETERANS AFFAIRS

SB 2255

2013 SENATE STANDING COMMITTEE MINUTES

Senate Government and Veterans Affairs Committee
Missouri River Room, State Capitol

SB 2255
02/01/2013
Job Number 18129

Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

A BILL for an Act relating to campaign contributions.

Minutes:

Chairman Dever: Opened the hearing on SB 2255.

Senator Dever, District 32: Testified as sponsor and in support of the bill.

(1:33) Dan Ulmer, Blue Cross Blue Shield of North Dakota: See Attachment #1 for testimony in support of the bill.

(7:13) Chairman Dever: Do you face similar circumstances in the other states that you do business in?

Dan Ulmer: All of our PAC money only goes to North Dakota. We are literally restricted to legislators. We would never make a contribution to an Insurance Commissioner for example. We do not want to be perceived as attempting to influence it.

Vice Chairman Berry: Is that state and federal legislators?

Dan Ulmer: Just state.

(8:15) Jim Sulrum, Deputy Secretary of State: Testified in support of the bill. We thank the committee that put forward this bill for reaching out to the Secretary of State's office, prior to submitting it, so that we could review it. We see that this fits nicely where the law currently is and it would be a nice fit.

(9:38) Chairman Dever: No other testimony present; closed public hearing on SB 2255.

Chairman Dever: Is there anything in this bill that you need additional information for?

Senator Cook: Moved a Do Pass.

Vice Chairman Berry: Seconded.

A Roll Call Vote Was Taken: 6 yeas, 0 nays, 1 absent.

Chairman Dever: Carrier

Date: 2/1/13

Roll Call Vote #: 1

2013 SENATE STANDING COMMITTEE
ROLL CALL VOTES

BILL/RESOLUTION NO. 2255

Senate Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Senator Cook Seconded By Senator Berry

Senators	Yes	No	Senator	Yes	No
Chairman Dick Dever	✓		Senator Carolyn Nelson	✓	
Vice Chairman Spencer Berry	✓		Senator Richard Marcellais		
Senator Dwight Cook	✓				
Senator Donald Schaible	✓				
Senator Nicole Poolman	✓				

Total (Yes) 6 No 0

Absent 1

Floor Assignment Senator Dever

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

REPORT OF STANDING COMMITTEE

SB 2255: Government and Veterans Affairs Committee (Sen. Dever, Chairman)
recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING).
SB 2255 was placed on the Eleventh order on the calendar.

2013 HOUSE GOVERNMENT AND VETERANS AFFAIRS

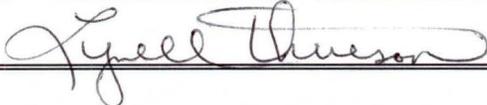
SB 2255

2013 HOUSE STANDING COMMITTEE MINUTES

House Government and Veterans Affairs Committee
Fort Union Room, State Capitol

SB 2255
March 15, 2013
Job 20014

Conference Committee



Explanation or reason for introduction of bill/resolution:

Relating to campaign contributions.

Minutes:

Attachment #1

Chairman Jim Kasper opened the hearing on SB 2255.

00:43 Senator Dick Dever appeared in support of this bill. Some companies have subsidiaries that can't make contributions.

3:45 Representative Vernon Laning: If a company has subsidiaries their mother company can collect from employees of that subsidiary as well?

Senator Dever That's what the bill would legalize.

5:14 Dan Ulmer, Blue Cross Blue Shield of North Dakota, appeared in support. **Attachment #1.** This bill expands the scope of people who may contribute to a political action committee. This is all voluntary and confidential.

11:04 Representative Zaiser Given the fact that you have many subsidiaries around the country go to their state, in terms of their contributions, are they proportionally divided into their respective states or can they disproportionately go to one state or another?

11:29 Dan Ulmer Contributions go to North Dakota. In terms of other states we have a federal Pac through the association.

Rep. Steven Zaiser: Could you use contributions from folks from other states to support ND candidates?

12:18 Dan Ulmer: I believe so.

Representative Strinden: Who makes the ultimate decision of who gets the money on the Pac board?

12:40 Dan Ulmer: We have a board composed of employees. The CEO is the listed chairman and the employees pick the chairman of the board, review records and make decisions.

13:21 Al Jaeger, Secretary of State: appeared in support. We are fine with it. We are all for clarity.

13:56 Chairman Jim Kasper: I am sure other states have similar statutes that allow the same thing that SB 2255 will do?

14:10 Al Jaeger: I am not sure what other states do. Anyone can give to the Pacs.

15:04 Representative Strinden: Can individuals also donate to a Pac too?

15:19 Al Jaeger: There are no campaign limitations.

16:43 Representative Zaiser: They don't solicit contributions from other states but that doesn't mean that other states wouldn't provide contributions. Would it be in our best interest to make sure that the contributions for ND candidates come from ND or is that not important?

17:21 Al Jaeger: No restriction under current law.

17:56 Jim Silrum, Deputy Secretary of State: It already occurs on the Pac reports.

Representative Louser: I move a **Do Pass** on SB 2255. Seconded by Representative Rohr.

18:25 Do Pass Roll call vote: Yes = 14, No = 0, Absent = 0

Carrier: Representative Louser.

Hearing closed.

Date: 3-15-13
 Roll Call Vote #: _____

**2013 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 2255**

House Government and Veterans Affairs Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken: Do Pass Do Not Pass Amended Adopt Amendment
 Rerefer to Appropriations Reconsider

Motion Made By Louser Seconded By Rohr

Representatives	Yes	No	Representatives	Yes	No
Chairman Jim Kasper	✓		Rep. Bill Amerman	✗	
Vice Chairman Randy Boehning	✗		Rep. Gail Mooney	✗	
Rep. Jason Dockter	✗		Rep. Marie Strinden	✗	
Rep. Karen Karls	✗		Rep. Steven Zaiser	✗	
Rep. Ben Koppelman	✗				
Rep. Vernon Laning	✗				
Rep. Scott Louser	✗				
Rep. Gary Paur	✗				
Rep. Karen Rohr	✗				
Rep. Vicky Steiner	✓				

Total (Yes) 14 No 0

Absent 0

Floor Assignment Louser

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

REPORT OF STANDING COMMITTEE

SB 2255: Government and Veterans Affairs Committee (Rep. Kasper, Chairman)
recommends **DO PASS** (14 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING).
SB 2255 was placed on the Fourteenth order on the calendar.

2013 TESTIMONY

SB 2255

Testimony on SB 2255

Senate Government and Veterans Affairs Committee 2/1/13

Mr. Chairman and members of the committee I'm Dan Ulmer representing Blue Cross Blue Shield of North Dakota and we support this bill.

The bill accomplishes two primary goals: (1) permits contributions to a political action committee by board members of the sponsoring company; and (2) permits contributions to a political action committee by employees, stockholders, patrons, board members, or members of a subsidiary or affiliated company of a sponsoring corporation.

With respect to board members, chapter 16.1-08.1, N.D.C.C., currently provides a restricted list of persons who may contribute to a political action committee with the list containing persons who would typically have a significant interest in the business direction of the sponsoring corporation. The list of persons who may contribute to a political action committee includes employees, stockholders, patrons and members, but the position of board member is absent. Given a board member's significant and substantive interest in the business direction of a company, we believe it is reasonable and consistent with statutory intent that board members also be permitted to contribute to a political action committee sponsored by the company for which they serve.

Turning to the issue of corporate subsidiaries and affiliates, chapter 16.1-08.1, N.D.C.C., does not currently permit contributions by employees, stockholders, patrons, or members of a corporation's subsidiary or affiliated companies. The absence of subsidiary and affiliated companies is unusual when compared to the Federal Election Commission's regulations for political action committees. The Federal Election Committee specifically permits contributions from persons associated with subsidiary and affiliated companies of the sponsoring corporation. 11 C.F.R. § 114.5(g)(1). We believe North Dakota law should similarly permit contributions from persons associated with subsidiary and affiliated companies of a sponsoring corporation.

The current law also fails to recognize the organizational complexities of modern day North Dakota businesses. As businesses expand their North Dakota footprints, they may proactively establish corporate subsidiaries and affiliates for a variety of purposes including: reduction of business costs, better alignment of products and services, tax incentives or risk management. As currently enacted, chapter 16.1-08.1, N.D.C.C., does not provide for these complex organizational structures and would require the parent corporation and its subsidiary and affiliated companies to each maintain separate political action committees for their respective employees. This duplication is impractical, inefficient, and unnecessary. SB 2255 recognizes the changing face and complexities of North Dakota businesses by permitting representatives of both the parent corporation and its subsidiary and affiliated companies to contribute to a single political action committee.

Thank you for your time and I will attempt to answer any questions you might have.

Dan Ulmer

Director Government Relations BCBSND

Attachment 1

SB 2255

Mr. Chairman and Members of the committee

This Bill expands the scope of persons who may contribute to a political action committee under chapter 16.1-08.1, N.D.C.C., to include: (1) board members; and (2) an employee, a stockholder, a patron, a board member, or a member of an affiliate or subsidiary of a corporation.

As currently enacted, chapter 16.1-08.1 provides a restricted list of persons who may contribute to a political action committee and such list identifies persons who would necessarily have a significant interest in the business direction of the corporation, cooperative corporation, limited liability company, or association maintaining the political action committee. While the list of persons who may contribute to a political action committee includes employees, stockholders, patrons and members, the position of board member is conspicuously absent. Given a board member's significant and substantive interest in the business direction of a company, it is reasonable and consistent with the statutory intent that board members also be permitted to contribute to a political action committee maintained by the company for which they serve.

Chapter 16.1-08.1 also does not currently permit contributions by employees, stockholders, patrons and members, of subsidiary or affiliated companies of a corporation. The absence of subsidiary or affiliated companies from chapter 16.1-08.1 is unusual in comparison to the Federal Election Commission regulation for political action committees that extends the range of permitted contributors to persons associated with subsidiaries and affiliates. The current chapter 16.1-08.1 also does not appear to recognize the potential organizational complexities of modern businesses that may proactively establish corporate subsidiaries and affiliates to reduce business costs, to better align products and services, or for tax or legal purposes. For example, if a parent corporation and subsidiary each have employees, current North Dakota law requires the parent corporation and its subsidiaries maintain separate political action committees for their respective employees. This duplication is impractical and inefficient, and this Bill permits the employees of both the parent corporation and the subsidiary to contribute to a single political action committee. Lastly, the Bill adds definitions of "subsidiary" and "affiliate" to establish parameters for when a company will be deemed a subsidiary or affiliate of a corporation.

Since Noridian Mutual Insurance Company (NMIC) enterprise's structure is composed of a variety of affiliates and subsidiaries and employees with common goals NMIC believes it should be permitted to maintain a single political action committee for contributions from NMIC employees as opposed to constructing a political action committee for each one.

Dan Ulmer

Blue Cross Blue Shield of North Dakota