

2017 HOUSE GOVERNMENT AND VETERAN AFFAIRS

HB 1232

2017 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Fort Union, State Capitol

HB 1232
1/26/2017
27502

- Subcommittee
 Conference Committee

Committee Clerk Signature

Carmen Hart

Explanation or reason for introduction of bill/resolution:

Relating to campaign contribution reporting requirements for legislative candidates

Minutes:

Attachments 1-2

Chairman Kasper opened the hearing on HB 1232.

Rep. Karla Rose Hanson appeared in support of HB 1232. Attachment 1. (:13-4:49)

Rep. Olson: You said that 1 in 5 Americans trust the government. According to a Gallup poll in 2014, ND had the highest trust amongst its citizens with a rating of 77% compared to Illinois which had 28%, and they have an ethics commission.

Chairman Kasper: I appreciate your finding that, Rep. Olson.

Rep. Hanson handed out testimony in support from **Dennis Cooley, Professor of Ethics and Philosophy at North Dakota State University**, who had to leave to go back to Fargo. Attachment 2.

Chairman Kasper closed the hearing.

2017 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Fort Union, State Capitol

HB 1232
2/17/2017
28495

- Subcommittee
 Conference Committee

Committee Clerk Signature

Carmen Hart

Explanation or reason for introduction of bill/resolution:

Relating to campaign contribution reporting requirements for legislative candidates

Minutes:

Chairman Kasper opened the meeting on HB 1232. This is addressed in SB 2343.

Rep. Steiner: I think if we have a package coming, I would move a DO NOT PASS on HB 1232.

Rep. Rohr seconded the motion.

Chairman Kasper: After reading 2343 yesterday and going through with the Legislative Council, if it is not identical, it is very close to the language here in 1232.

A roll call vote was taken. 12 Yeas, 1 Nay, 1 Absent.

Rep. Laning will carry the bill.

Date: 2-17-17
 Roll Call Vote #: 1

**2017 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1232**

House Government and Veterans Affairs Committee

Subcommittee

Amendment LC# or Description: _____

Recommendation: Adopt Amendment
 Do Pass Do Not Pass Without Committee Recommendation
 As Amended Rerefer to Appropriations
 Place on Consent Calendar
 Other Actions: Reconsider _____

Motion Made By Steiner Seconded By Rohr

Representatives	Yes	No	Representatives	Yes	No
Jim Kasper-Chairman	X		Pamela Anderson	Absent	
Scott Louser-Vice Chairman	X		Mary Schneider		X
Jason Dockter	X				
Craig A. Johnson	X				
Daniel Johnston	X				
Karen Karls	X				
Ben Koppelman	X				
Vernon Laning	X				
Christopher D. Olson	X				
Karen M. Rohr	X				
Vicky Steiner	X				
Steve Vetter	X				

Total (Yes) 12 No 1

Absent _____

Floor Assignment Laning

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

REPORT OF STANDING COMMITTEE

HB 1232: Government and Veterans Affairs Committee (Rep. Kasper, Chairman)
recommends **DO NOT PASS** (12 YEAS, 1 NAYS, 1 ABSENT AND NOT VOTING).
HB 1232 was placed on the Eleventh order on the calendar.

2017 TESTIMONY

HB 1232

Attachment 1
1232
1-26-17

HB 1232

Testimony by Rep. Karla Rose Hanson - Jan. 26, 2017

Chairman Kasper and members of the Committee, my name is Karla Rose Hanson, and I represent District 44 in Fargo. I'm here today to introduce HB 1232 and to ask you to give it a 'do pass' recommendation.

The purpose of this bill will create greater **consistency** with campaign finance disclosures.

Under current law, candidate **committees** and **candidates for statewide office** who don't have a committee are required to report the following information:

- Contributions in excess of \$200 - including the donor's name and the date of their last reportable contribution;
- The gross total of all contributions in excess of \$200;
- The gross total of all contributions of \$200 or less; and
- The cash on hand in the filer's account at the start and close of the reporting period.

These same four reporting requirements also apply to judicial district candidates, political parties, PACs and measure campaigns.

Right now, candidates for ND House and Senate who are not part of a multi-candidate committee do not have to file this minimal disclosure. Legislative candidates' only reporting requirement is the first item, to list contributions in excess of \$200.

The current law's inconsistency means that if I - as a legislative candidate - am part of a multi-candidate committee with my running mates, I would have to report all four types of information - while a legislator in the next district who is not part of a multi-candidate committee would only report the first item.

This bill adds legislative candidates to the list of candidates who report the four types of information - creating reporting consistency across candidate types.

With this bill, if a legislative candidate is part of a candidate committee or not, or if a candidate is running for State Senator or Insurance Commission, there is consistency on reporting requirements. I'll note that some legislative candidates raise as much or more than some statewide candidates.

Staff at the Secretary of State's office said it would be an easy upfront system change -- a "flip of a switch" -- and would not be a burden in terms of ongoing work.

The intent of this bill is *not* to accuse North Dakota legislators of doing anything wrong but rather to build the public's trust and confidence. Nationally, research shows that Americans' trust in government entities has plummeted (just 1 in 5 trust the government all or most of the time - a third of the level it was in the '60s). Americans also give elected officials very low marks for honesty - far below business leaders and other Americans. (Source: Pew Research Center)

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Besides creating more consistency, this bill takes a small step toward being more transparent and open with our constituents. This can reinforce public trust and confidence in our political system. There is a belief that money has the potential to corrupt and drive the elected official to serve a donor's interests rather than the public good and influence the official's votes. This change to our reporting requirements can help diminish any possible perception of impropriety - which is a potential when a lot of money flows through our state. **Transparency in our disclosure laws will reduce the potential for corruption and also the appearance of corruption.**

North Dakota has very few campaign finance requirements, and this would require minimal work. For example, ND does not require candidates to itemize expenditures; ND has no contribution limits for individual donors; and ND doesn't prohibit personal use of campaign funds.

To be clear, the scope of this bill does not affect other aspects of campaign finance reporting.

- Legislative candidates will continue to itemize contributions over \$200.
- Legislative candidates won't be required to itemize contributions of \$200 or less. (It isn't even possible to disclose donations of \$200 or less on the campaign finance site.)
- Legislative candidates will continue to *not* have contribution limits; we can receive unlimited donations from individuals.
- Legislative candidates will not have to itemize their campaign expenses.
- Legislative candidates will not have to report their personal finances.
- Legislative candidates will not have to report expenditures made by their district or a third party other than their multi-candidate committee.
- There are no changes to the "48-hour rule" that requires timely reporting of any donations in excess of \$500 in the aggregate within 39 days of the election.
- There are no changes to the prohibition of direct donations from corporations or unions. (Employees and union members can donate through a PAC.)

Chairman Kasper and members of the Committee, this is a simple change that creates greater consistency. I ask you to recommend a "do pass" on HB 1232 and I will stand for questions.

Legislative Candidate reporting requirements

Election and Year-End Statements

	Date Filed	Total of all contributions received greater than \$200
Pre-Primary	05/06/16	\$7,170.73
Pre-General	10/07/16	\$30,495.73

Multi-Candidate Committee reporting requirements

Election and Year-End Statements

	Date Filed	Starting Balance	Ending Balance	Total of all contributions received of \$200 or less	Total of all contributions received greater than \$200
Pre-Primary	05/07/14	\$398.90	\$2,040.45	\$0.00	\$2,000.00
Pre-General	10/01/14	\$398.90	\$9,313.44	\$1,347.00	\$14,370.88
Year End	01/26/15	\$398.90	\$2,339.52	\$1,447.00	\$20,370.88

Statewide Candidate reporting requirements

Election and Year-End Statements

	Date Filed	Starting Balance	Ending Balance	Total of all contributions received of \$200 or less	Total of all contributions received greater than \$200
Pre-Primary	05/12/16	\$1,903.25	\$2,181.86	\$5,595.00	\$7,578.00
Pre-General	10/06/16	\$1,903.25	\$5,908.42	\$7,160.00	\$18,178.00

Dennis R. Cooley
House Bill No. 1232

Attachment 2
1232
1-26-17

My name is Dennis Cooley, and I am a Professor of Ethics and Philosophy at North Dakota State University, Director of the Northern Plains Ethics Institute at NDSU, Secretary General of the International Academy of Medical Ethics and Public Health whose home is in the University of Paris, and co-editor of Springer's International Library of Ethics, Law, and the New Medicine. What I say here does not necessarily represent the views of any of the organizations I mentioned.

I come today in support of Bill 1232. The change is a very small one that makes a lot of sense: it requires that legislative candidates will have the same reporting requirements as statewide candidates. The information requested is exactly what constituents today want to see because it shows transparency. It shows that there is nothing to worry about when it comes to conflicts of interest because all potential conflicts are open for all to see. That openness on the part of legislators builds trust. As important, we have a standard for our statewide candidates to act in this manner. The justification for them – this is a state devoted to transparency - should apply to state legislators who have the power of the purse and ability to legislate that statewide officers do not.

The changes in governance that I'm testifying in favor of this week are practical on pragmatic grounds. First, it is always best to have clear rules in place for these matters before something has to be done about them, then to wait and then have to react. On my syllabi each semester, there is a passage in that states that anyone committing academic dishonesty in the class will be failed for the entire semester. It is in larger letters and bold and on the front page so that students know what the standards are and what will happen to them. More importantly, it tells them that I mean it, so if I catch a cheater, that cheater is going to go down hard. That puts the potentially dishonest people on notice, but more importantly shows those who play by the rules that they are not suckers for doing as they are supposed to do. By making clear these good governance standards, you are doing the same.

The second pragmatic ground take a long term, wider picture view. Making this one tiny alteration to our expectations of legislative responsibilities provides North Dakota with an opportunity to show our citizens and the rest of the country our shared fundamental values of openness, forthrightness, and integrity. Our legislators are good, decent folks with nothing to hide, and making this small change shows they are dedicated to the good governance they promised their constituents when running for office.

Our success as a state has caused us to need this change. In 2015, the non-partisan Center for Public Integrity gave North Dakota a D- rating, thereby raising us from the miserable F we had received just three years before. (<https://www.publicintegrity.org/2012/03/19/8423/grading-nation-how-accountable-your-state>) Now I'm not in agreement with the Center because it seems to lack an understanding on how our culture works here, or maybe not:

The libertarianism roots, a small-town, neighborly approach to government and the honest belief that “everybody knows everybody” have overridden any perceived need for strong protections in law. “In smaller states, the culture is different...It is harder to disobey the law and go against your own moral core if everyone knows you.”

(<https://www.publicintegrity.org/2012/03/19/8423/grading-nation-how-accountable-your-state>)

Now 15 years ago, we did know each other for the most part. I could stand outside of one of these hearing rooms, and chat with folks who knew me, and I them. (In fact, we used to get in trouble – if you can call it that – when we were talking too loudly and the hearing chair would have to come out to ask us to hush up a bit.)

The challenge is, as you know, our local and state communities have changed. Fifteen years ago, when I was recruited to work at NDSU on ethics and genetics, the state was still losing more people than it was bringing in through the standard means. That decline is gone, and for good, let us hope. There is still a very low unemployment rate here that attracts those seeking jobs for a better life. We have social cultures people want to live in. Given the innovators and entrepreneurs I’ve met around the state, economic and population growth is likely to increase the influx.

Now, it is possible to go places and not know folks or have a homogenous experience. We clearly do not have the same cultural background that allowed us to think much the same thing about issues. Although that is sad from a nostalgia point, it is a good thing for the long term health of our state. Differences create marketplaces of ideas, which create innovation, which creates enterprise. And increased enterprise is good for this state.

But growth also creates misunderstandings based on a lack of information, miscommunication, and oversights which are not unethical in themselves, but pose difficulties for those trying to get things to run openly and efficiently. There is nothing illicit going on, but if folks don’t have enough information or processes that guarantee that everything is on the up-and-up, then they start worrying about whether it is, especially when hard decisions have to be made that negatively impact them. Each representative here has the trust of her or his constituents, but there are constituents in other districts who do not trust other legislators or the state’s governing process. That is a shame for us.

Fortunately, we have an opportunity this session to take those little steps required to keep or rebuild the trust in our legislators and legislative process that each deserve. By passing this bill, and making it into law, we keep things working efficiently – which is part of what ethics is all about. We show that our legislators are the honest, decent citizen-politicians Thomas Jefferson and others thought would run government best. And, most importantly, we show current residents, newcomers, and future generations the high standard we have for North Dakotans representing other North Dakotans.