

2017 HOUSE GOVERNMENT AND VETERANS AFFAIRS

HB 1344

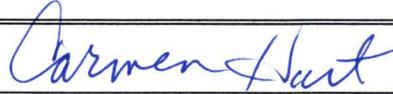
2017 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Fort Union, State Capitol

HB 1344
1/27/2017
27532

- Subcommittee
 Conference Committee

Committee Clerk Signature



Explanation or reason for introduction of bill/resolution:

Relating to prohibiting the personal use of campaign funds; and to provide a penalty

Minutes:

Attachments 1-2

Chairman Kasper opened the hearing on HB 1344.

Rep. Gretchen Dobervich appeared in support. Attachment 1-2. (:07-3:42)

Rep. Laning: If a person does not expend all of the funds from his campaign and does not run again for office, what happens to those funds?

Rep. Dobervich: Those funds would then not be able to be used for personal uses. If this were to pass, they could donate to someone else's campaign. They could donate it to the party they are affiliated with. They could donate to a measure. They could donate it to an organization that supports a nonprofit. They just simply couldn't use it as their own personal income.

Rep. Laning: Would you view travel expenses and meal expenses while a person is campaigning as being not considered as personal expenses? You could then expend campaign funds for those expenses?

Rep. Dobervich: Those are things that you should take out of your campaign funds.

Rep. Olson: Are you familiar with how the IRS treats funds that candidates collect in the process of running for office?

Rep. Dobervich: I don't understand the tax code. My understanding is that it all goes with the intent.

Rep. Vetter: If this goes into effect, how do you enforce it?

Rep. Dobervich: It is not a witch hunt. It is about us as elected officials saying to the people we are honest and good stewards of the money that you entrust in us. We are so committed

to good government that we are putting in place something that says this is our commitment to you.

Rep. B. Koppelman: Are you really at the intent of the donor? An example might be the charity you want to donate to might not be one the donor likes because of its mission statement.

Rep. Dobervich: If you find yourself in one of those situations, being able to reach out to the people who have donated to you and tell them what you would like to do with money that you have left and ask if they would oppose that, they should contact you. It goes back to that accountability piece.

Chairman Kasper closed the hearing.

2017 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee
Fort Union, State Capitol

HB 1344
2/17/2017
28496

- Subcommittee
 Conference Committee

Committee Clerk Signature

Carmen Hart

Explanation or reason for introduction of bill/resolution:

Relating to prohibiting the personal use of campaign funds; and to provide a penalty

Minutes:

Chairman Kasper opened the meeting with HB 1344. This deals with prohibition of campaign contributions for personal use, and it is in SB 2343. SB 2343 has the same content.

Rep. Rohr: Since it is covered in the Senate, I make a motion for a DO NOT PASS on HB 1344.

Rep. Dockter seconded the motion.

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

Rep. Johnston will carry the bill.

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

**2017 HOUSE STANDING COMMITTEE
 ROLL CALL VOTES
 BILL/RESOLUTION NO. 1344**

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 Rohr Seconded By Dockter

Representatives	Yes	No	Representatives	Yes	No
Jim Kasper-Chairman	X		Pamela Anderson	A	
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 1

Floor Assignment Johnston

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

REPORT OF STANDING COMMITTEE

HB 1344: Government and Veterans Affairs Committee (Rep. Kasper, Chairman)
recommends **DO NOT PASS** (12 YEAS, 1 NAYS, 1 ABSENT AND NOT VOTING).
HB 1344 was placed on the Eleventh order on the calendar.

2017 TESTIMONY

HB 1344

Attachment 1
1344
1-27-17

Good Morning Chairman Kasper and Government and Veterans Affairs Committee Members. For the record my name is Representative Gretchen Dobervich. I represent District 11 in Fargo. I stand before you this morning with House Bill 1344.

Voters want elected officials they can trust; they want government they can trust. Through legislation aimed at good governance we have the opportunity to increase our transparency and increase constituent confidence in our trustworthiness and leadership abilities.

House Bill 1344 will assure constituents and donors that campaign donations are being used for appropriate campaign related expenses. Under this legislation a candidate or elected official may not convert donations into personal income, make loans with campaign donations or pay more than fair market price for goods or services that were purchased for the campaign. Should a candidate or elected official find themselves in a criminal or civil case they may not pay fines or penalties with funds given to them in good faith for campaign use.

There are far more things that a candidate or elected official has the freedom to do with campaign money than they cannot under HB 1344. Funds can be donated to another candidate's campaign, to a district, state or national level political party, to an initiated measure effort, the list of campaign related donations they can make is nearly endless.

Dr. Dennis Cooley, Professor of Ethics and Philosophy at North Dakota State University and Director of the Northern Plains Ethics Institute is unable to be

here today to testify in support of HB 1344. I have passed out his written testimony and would like to read a brief portion of it.

" I come today in support of Bill 1344. The change is an important one that strikes at the heart of what many people think is right and good when it comes to good governance. No one really questions the use of contributions used on political campaigns. Those civic enterprises can be expensive, and it makes sense to ask other folks to help fund them.

However, red flags go up and damage is done when those contributions are used for personal profit. There is something not quite right- at least when it comes to an ordinary person's sense of appropriateness- for the use for personal benefit. That is income- and it looks like an attempt to bribe or commit fraud, although I doubt that is the case. At least that is what every voter who has spoken to me about the issue has said. They want the contribution used for what it was intended, and not as a way to augment one's income or finances. Since self-help does not pass the smell test, then there is every reason to be rid of it, especially if you do not do it. Don't undermine the trust and credibility required to make difficult decisions by doing something like this that does not need to be done.

I am also worried that using it for personal gain is something that needs to be reported in a person's state and federal tax forms."

HB 1344 is not a witch hunt, no incident of one person using campaign funds to buy a house or take a trip to Hawaii precipitated this bill. It is also not a "solution in search of a problem." It is candidates and elected officials saying, "I am honest and a good steward of the funds you have I entrusted me with."

In the name of voter confidence and good governance, I respectfully ask you to vote do pass on HB 1344. This concludes my testimony and I will stand for questions.

Attachment 2
1344
1-23-17

Dennis Cooley
House Bill No. 1344

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 1344. The change is an important one that strikes at the heart of what many people think is right and good when it comes to good governance. No one really questions the use of contributions used on political campaigns. Those civic enterprises can be expensive, and it makes sense to ask other folks to help fund them.

However, red flags go up and damage is done when those contributions are used for personal profit. There is something not quite right – at least when it comes to an ordinary person's sense of appropriateness – for the use for personal benefit. That is income – and looks a like an attempt to bribe or commit fraud, although I doubt if that is the case. At least that is what ever voter who has spoken to me about the issue has said. They want the contribution used for what it was intended, and not as a way to augment one's income or finances. Since self-help does not pass the smell test, then there is every reason to be rid of it, especially if you do not do it. Don't undermine the trust and credibility required to make difficult decision by doing something like this that does not need to be done.

I am also worried that using it for personal gain is something that needs to be reported in a person's state and federal tax forms

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.