

MICROFILM DIVIDER

OMB/RECORDS MANAGEMENT DIVISION
SFN 2053 (2/85) 5M



ROLL NUMBER

DESCRIPTION

1456

2001 HOUSE POLITICAL SUBDIVISIONS

HB 1457

2001 HOUSE POLITICAL SUBDIVISIONS

HB 1456

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1456

House Political Subdivisions Committee

Conference Committee

Hearing Date 2-08-01

Tape Number	Side A	Side B	Meter #
1	xx		4300--end
1		xx	1--1180
1		x	2250 - 2300
Committee Clerk Signature <i>Pam Deane</i>			

Minutes: Chair Froseth opened the hearing on HB1456 relating to the filing of campaign contributions and expenditure statements by political committees; and to provide a penalty.

Rep. Joe Kroeber, Dist 48, Jamestown : testified in support. (SEE ATTACHED) I also have amendments that I would like the committee to consider part of the bill. Cory Fong found a slight mistake that needed to be cleared up.

Rep. Ekstrom : (4499) Can we raise the limit a bit so that every time you pop over that \$1,000 limit, you don't have to rush and file.

Rep. Kroeber : PAC's have to report over \$200, so we are already raising this to \$1,000 in aggregate. This is not a 48 hour reporting period. Don't confuse the last bill with this. This is for final aggregate report.

Rep. N. Johnson : Is there a definition of what a political committee is? Is there a penalty?

Cory : There is a definition and the answer to the second question is an infraction.

Rep. Grosz : I have the code in front of me. It's defined as: Any committee, club, association, or other group of persons receiving contributions or makes expenditures for political purposes.

Cory Fong, Sec. State's Office : (4915) I'm here to answer any questions. I'm glad Rep. Kroeber is including the amendments for line 20 and line 22. That is in line with the other reporting time lines. Candidates are not required to report, but generally everything goes through their committee. If a candidate decides I am not going to report anything as a candidate, they would be crucified. PAC's have to report any expenditures used for political purposes over \$200. Candidates and political parties don't have to report expenditures right now. This bill would be a significant change. There is a lot more reporting when you deal with expenditures. Sometimes you will be dealing with sensitive material. If you don't go over the \$1,000 threshold, you don't have to file.

Vice-Chair Severson : In section 2, lines 13 and 14, do you feel that is necessary?

Rep. Kroeber : In section 2, this is new ground that we are looking at. If this committee feels it needs changes, that is O.K. by me. Right now when we report, we have to list the name of the person that we got the money from and their address and their association (PAC's). The purpose of the expenditure might be self explanatory by who the check was written to.

Rep. Lonny Winrich, Dist. 18 : here in support of HB1456. There are loopholes in law now we want to close.

Rep. Grosz : (6060) I have a small worry about this. Will there be enough FTE's at the Sec. of State's Office to do this. Also, are there enough FTE's at the Auditor's Offices?

Rep. Winrich : I can't speak for the Sec. State's Office. Current reports from political parties or candidates are not audited. **(end side A, begin side B, Tape 1)** I don't think we will have much increase in the number of reports.

Vice-Chair Severson : This doesn't cover federal candidates?

Rep. Winrich : I understand it doesn't. Federal law does.

Cory : To address Rep. Grosz question. I don't that our office will be impacted too much. We are looking at ways to use technology to make things easier and faster for reporters. We have rarely taken up an audit. We look at campaign contribution statements much closer now than in the past. We get clarification from candidates if we need to.

Rep. Herbel : Are we trying to fix something that is not a problem?

Cory : I think the bill's intent is to head off a problem. Our laws in ND are all based on disclosure and based on limitations. Some committees will have to start reporting with this bill.

Chair Froseth : (445) If a committee does not have to register with you, and they don't file, how do you know they exist?

Cory : That's a challenge. We will have to educate parties if this is passed.

Vice-Chair Severson :(499) What if there was a group called, HUNTERS FOR SEVERSON. Do they have to file as a political group?

Cory : If they were raising money for your election, yes they would. If they were HUNTERS FOR RESPONSIBLE GOVERNMENT who don't contribute funds for one candidate, no. If the local NRA would promote you, they would have to report under the conditions in this bill. The federal NRA promoting you are under the federal guidelines.

Rep. Delmore : Yes. But under the conditions described in here. They wouldn't have to automatically register, would they? If they fit the \$1,000 requirement, then you would have to be informed?

Cory : They are required to register with our office within receipt of any funds within five days. Reporting would be prompted any time they get contributions over \$200 or expend expenditures over \$200 if they have gone over the \$1,000 limit. According to this bill, yes they would.

Vice-Chair Severson : Rep. Kroeber, is this modeled after other legislation?

Rep. Kroeber : No, it is not. It is legislation that has been in before and failed. This is addressing situations that actually occur in the state of ND. We do have political committees that are formed that do not report, because they are not required to report.

Rep. Disrud : (1009) Is not a candidate responsible for the committee that is representing them?

Rep. Kroeber : Not by statute. In reality, if they did not want to, they wouldn't have to.

Rep. Ekstrom : I need clarification of the \$200 and the aggregate amount. A man will give me \$100. Then maybe the wife will give me \$100. Since this is two people, you don't have to report.

Rep. Kroeber : Yes, you can still get around it.

Rep. N. Johnson : Is this is passed, would this be the only section in law that requires a candidate, political party, or committee to itemize their expenditures?

Rep. Kroeber : PAC's are already doing this. To my knowledge, the state groups are not.

Chair Froseth : Is there any more testimony for or against? Hearing none, HB1456 is closed.

Side B, tape 1 (2250) Chair Froseth : We will hold this bill for amendments.

2001 HOUSE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB1456 b

House Political Subdivisions Committee

Conference Committee

Hearing Date 2-15-01

Tape Number	Side A	Side B	Meter #
2	xx		2020--3400
Committee Clerk Signature <i>Pamela</i>			

Minutes:Chair Froseth : Let's look at HB1456. Rep. Delmore has some amendments.

Rep. Delmore explained amendment 10698.0202. This amendment basically deletes lines 10 - 14 This will hold the political committees more accountable. Rep. Kroeber met with Cory for these changes.

Chair Froseth : Did you remove the expenditure part?

Rep. Delmore : Yes, it was removed.

Rep. Grosz : There are two amendments before you. The .0202 is clarification and the correct one to consider. He went on to explain .0202 amendment.

Rep. Fairfield : This amendment removes all disclosure of expenditures. Why do we want to eliminate that?

Rep. Eckre : It's nobody's business.

Chair Froseth : If you want to follow the campaign trail of money, just go to the campaign committee report that is filed. That is public access.

Page 2
House Political Subdivisions Committee
Bill/Resolution Number HB1456 b
Hearing Date 2-15-01

Rep. Ekstrom : (3104) If a political committee or another political campaign gives your campaign more than \$1,000, you have to report that within 48 hours. For large contributions, we are still covered under the law, so I'm not worried.

Rep. Maragos : I move amendments .0202.

Vice-Chair Severson : I second.

VOICE VOTE: ALL YES with 2 No.

Rep. Disrud : I move a DO PASS AS AMENDED.

Rep. Maragos : I second.

VOTE: 15 YES and 0 NO with 0 absent. PASSED. Rep. Grosz will carry the bill.

Proposed Amendments to House Bill No. 1456

Page 1, remove lines 10 through 14

Page 1, line 15, replace "3." with "2."

Page 1, line 19, replace "4." with "3."

Page 1, line 20, replace "fourteenth" with "twelfth"

Page 1, line 22, replace "eighteenth" with "twentieth"

Page 2, line 3, replace "5." with "4."

Renumber accordingly

10698.0201
Title.

Prepared by the Legislative Council staff for
Representative Kroeber
February 7, 2001

PROPOSED AMENDMENTS TO HOUSE BILL NO. 1456

Page 1, line 20, replace "fourteenth" with "twelfth"

Page 1, line 22, replace "eighteenth" with "twentieth"

Renumber accordingly

VR
2/15/01

HOUSE AMENDMENTS to HB1456 **HOUSE POL. SUBS 2-16-01**
Page 1, line 2, remove "and expenditure"

Page 1, line 7, remove "and expenditure"

Page 1, line 8, remove "or makes an expenditure"

Page 1, remove lines 10 through 14

Page 1, line 15, replace "3" with "2"

Page 1, line 17, remove ", the amount of each contribution in excess of two hundred"

Page 1, line 18, remove "dollars,"

Page 1, line 19, replace "4" with "3"

Page 1, line 20, replace "fourteenth" with "twelfth"

Page 1, line 22, replace "eighteenth" with "twentieth"

HOUSE AMENDTS TO HB1456 **HOUSE POL. SUBS. 2-16-01**
Page 2, line 2, remove "or made a reportable expenditure"

Page 2, line 3, replace "5" with "4"

Page 2, line 4, remove "or made any expenditure of more than two hundred dollars"

Renumber accordingly

Date: 2-15-01
Roll Call Vote #:

2001 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. HB 1456

House POLITICAL SUBDIVISIONS Committee

Subcommittee on _____
or
 Conference Committee

Legislative Council Amendment Number 106960202 .0300

Action Taken Do Pass As Amended

Motion Made By Rep. Disrud Seconded By Rep. Maragos

Representatives	Yes	No	Representatives	Yes	No
Chairman Glen Froseth	✓		Rep. Wayne W. Tieman	✓	
Vice-Chair Dale C. Severson	✓				
Rep. Lois Delmore	✓				
Rep. Rachael Disrud	✓				
Rep. Bruce Eckre	✓				
Rep. Mary Ekstrom	✓				
Rep. April Fairfield	✓				
Rep. Michael Grosz	✓				
Rep. Jane Gunter	✓				
Rep. Gil Herbel	✓				
Rep. Nancy Johnson	✓				
Rep. William E. Kretschmar	✓				
Rep. Carol A. Niemeier	✓				
Rep. Andrew G. Maragos	✓				

Total (Yes) 15 No 0

Absent 0

Floor Assignment Rep. Grosz

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

REPORT OF STANDING COMMITTEE

HB 1456: Political Subdivisions Committee (Rep. Froseth, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (15 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). HB 1456 was placed on the Sixth order on the calendar.

Page 1, line 2, remove "and expenditure"

Page 1, line 7, remove "and expenditure"

Page 1, line 8, remove "or makes an expenditure"

Page 1, remove lines 10 through 14

Page 1, line 15, replace "3" with "2"

Page 1, line 17, remove ", the amount of each contribution in excess of two hundred"

Page 1, line 18, remove "dollars,"

Page 1, line 19, replace "4" with "3"

Page 1, line 20, replace "fourteenth" with "twelfth"

Page 1, line 22, replace "eighteenth" with "twentieth"

Page 2, line 2, remove "or made a reportable expenditure"

Page 2, line 3, replace "5" with "4"

Page 2, line 4, remove "or made any expenditure of more than two hundred dollars"

Renumber accordingly

2001 SENATE GOVERNMENT AND VETERANS AFFAIRS

HB 1456

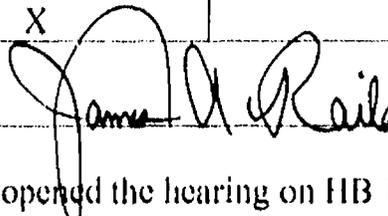
2001 SENATE STANDING COMMITTEE MINUTES

BILL/RESOLUTION NO. HB 1456

Senate Government and Veterans Affairs Committee

Conference Committee

Hearing Date March 15, 2001

Tape Number	Side A	Side B	Meter #
1		X	41.1-End
2	X		0.0-1.0
3	X		7.2-13.7
March 22, 2001 2	X		20.9-34.3
Committee Clerk Signature 			

Minutes: **Chairman Krebsbach** opened the hearing on HB 1456 which relates to the filing of campaign contribution statements by political committees; and to provide a penalty.

Representative Joe Kroeber, District 48, introduced the bill to the committee. A copy of his written testimony is attached. **Senator Kilzer** inquired if political committee has a specific definition so that we can separate it from a political candidate. **Representative Kroeber** indicated he wasn't sure. He indicated that he would defer to Corey Fong. **Senator Dever** indicated he was a little confused too because his district party which serves as our political committee has to report this already. **Representative Kroeber** also deferred this question to Corey Fong. **Representative Lonnie Winrich**, district 18, cosponsor of the bill appeared before the committee. He indicated he wanted to appear before the committee and express his support for the bill. He believes it does close something of a loophole in our election reporting laws and although there isn't any great evidence of abuse of this loophole that exists he thinks it is something we should do. He simply wanted to appear before the committee and express his

support. Corey Fong, representing the Secretary of States Office appeared in a neutral position on HB 1456. He indicated what the sponsors of this bill are trying to get at and the secretary of state's office has had some concerns about the same problem. The difference between committee that forms for the purpose of corporate purposes or association purpose which are specifically required to form because they can't have their association or their corporation give directly to the candidate. Those are considered PAC'S and that is not what this is getting at. What this is getting at are committees that form that are not PAC'S, that just form to support a group of candidates. Or a candidate he thinks. A perfect example were the candidates for governor this last time around. They both had committees that formed. There was Heitkamp 2000 and Hoeven 2000. They are only required to report as candidates and they reported. The question is would they really have had to reported all those things because all the contributions came to those committees. There are a number of other committees that form out there for the purpose of supporting the candidacy of folks especially at the legislative level. I think what this is trying to get at is the requirement that they would have to report just like candidates do. With that he thinks this is the real purpose and the justification for this. He indicated he had some comments on the bill that may be potential problems that may need to be fixed in the current bill. First of all, one of the things that the house took out of the bill that he couldn't understand and he wasn't sure why they did it was the requirement that these particular committees would have to report the amount of each reportable contribution. Adding the requirement that the amount be reported would be very important. Chairman Krebsbach inquired what amount Mr. Fong was speaking of. Mr. Fong indicated what he means is that they have to report all contributors over \$200 but it doesn't say that they have to report the amount that they contributed. As he understands it it could be a list of names and dates of contributions. He thinks that would be very valuable if they

had to report the amount because that is also consistent with all of our other reporting requirements. With that the current bill does not require them to list the address of the contributor which is also very important. Then that indicates where the person is from if you have list of contributors and all you have is the name and the date. That's not very much information including the amount would be a lot more information that would be valuable and also where they are from because they need to separate whether these are out of state or in state supporters, east support or west support. That's very important so he thinks that could be added. That would make the bill much better. The other thing he questions is if you are going to make them report, these kinds of committees which I think there is some value in doing that, should they also not be required to register. Right now the only committees that are required to register are committees like PACS for example or committees that form for large statewide candidates. But should they also not be required to register if they are supporting legislative candidates. Under 16-08.1-03.2 legislative candidates are not included in that. **Chairman Krebsbach** inquired if Mr. Fong intended to submit amendments to what he requests to the committee. Questions were offered by **Senators C. Nelson** and **Kilzer** (Tape 1, Side B, Meter #'s 54.4-End). Comments concerning possible amendments were made by **Representatives Kroeber** and **Winrich** who both indicated they would have no concerns with the amendments proposed by Mr. Fong. There was nothing further on HB 1456. **Chairman Krebsbach** closed the hearing HB 1456. **Chairman Krebsbach** brought amendments to the committee for their review. After discussing the amendments it was determined that the committee needed additional information before it would take any action on the bill. The committee adjourned for the day. On January 22, 2001, **Chairman Krebsbach** opened the discussion on HB 1456. **Corey Fong**, with the Secretary of States Office appeared before the committee to review the proposed amendments

with the committee. **Senator C. Nelson** indicated that she had a concern about legislative committees. She indicated her district 22 legislative committee and her Nelson legislative committee and if she had a friend's of Carolyn Nelson legislative committee would all have to pay \$5.00 to register. **Corey Fong** indicated her district party is not required to register. If you set up a friends of Carolyn Nelson yes they would if this were to pass. But, if we remove the overstrike and a committee organized in support of a legislative candidate, then she doesn't have to. **Corey Fong** indicated that was correct. **Senator C. Nelson**, so if the only two changes we made were on page one lines 10 and 12, we would get the name, address, and amount and she wouldn't have to pay the \$5.00 registration fee. **Corey Fong** indicated that was correct. You would still have to report and show all contributions over \$200.00, the name of the contributor, the date they gave it and the amount. You would have to show all that information but you wouldn't have to register your committee. She indicated her problem is IRS related. Any money coming directly to her becomes income to her not to her committee. She really has a problem with now having to register and pay money for doing something that she has been doing for sixteen years. **Chairman Krebsbach** so if we just didn't act on section two you would be okay. **Senator C. Nelson** indicated yes. The discussion ended at this time. Later in the afternoon **Chairman Krebsbach** reconvened the committee and discussion of HB 1456 continued. **Senator C. Nelson** once again reiterated her objection to section two of the amendments. She has no objection to the first set of amendments on line 10 and 12. She has a major objection to section two of those amendments. We never had to do this before and she objects that we would have to do it now. **Senator C. Nelson** moved to adopt the amendments on page 1, line 2, 10, and 12. Seconded by **Senator T. Mathern**. Roll Call Vote indicated 6 Yeas, 0 Nays, and 0 Absent or Not Voting. A motion for Do Pass as amended was made by **Senator C. Nelson**, seconded by

Page 5

Senate Government and Veterans Affairs Committee

Bill/Resolution Number HB 1456

Hearing Date March 15, 2001

Senator T. Mathern. Roll Call Vote indicated 6 Yeas, 0 Nays, 0 Absent or Not Voting.

Senator C. Nelson will carry the bill.

PROPOSED AMENDMENTS TO ENGROSSED HOUSE BILL NO. 1468

Page 1, line 2, after the semi-colon insert "to amend and reenact section 16.1-08.1-03.2 of the North Dakota Century Code, relating to political committee registration;"

Page 1, line 10, after "showing" insert "the name and mailing address of"

Page 1, line 12, after "period" insert ", the amount of each reportable contribution in excess of two hundred dollars,"

Page 1, line 23, after the period insert:

"SECTION 2. AMENDMENT. Section 16.1-08.1-03.2 of the 1999 Supplement to the North Dakota Century Code is amended and reenacted as follows:

16.1-08.1-03.2. Political committee registration. A political committee, other than a political party ~~and a committee organized in support of a legislative candidate~~, and a person aiding or opposing a measure to be voted upon by the voters of the state shall register its name, address, and its agent's name and address with the secretary of state each calendar year in which it receives any contribution. The registration must be completed within five days of the receipt of any contribution and must be submitted with a registration fee of five dollars. A political committee that organizes and registers according to federal law and makes a disbursement in excess of two hundred dollars to a nonfederal candidate seeking public office in this state is not required to register as a political committee according to this section if the political committee reports according to section 16.1-08.1-03.7."

Renumber accordingly

REPORT OF STANDING COMMITTEE (410)
March 23, 2001 12:53 p.m.

Module No: SR-51-6545
Carrier: C. Nelson
Insert LC: 10698.0301 Title: .0400

REPORT OF STANDING COMMITTEE

HB 1456, as engrossed: Government and Veterans Affairs Committee (Sen. Krebsbach, Chairman) recommends AMENDMENTS AS FOLLOWS and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 0 ABSENT AND NOT VOTING). Engrossed HB 1456 was placed on the Sixth order on the calendar.

Page 1, line 10, after "showing" insert "the name and mailing address of"

Page 1, line 12, after "period" insert ", the amount of each reportable contribution in excess of two hundred dollars,"

Renumber accordingly

2001 TESTIMONY

HB 1456

HB#1456

Chairman Froseth and members of the Political Subdivisions Committee. I'm still Joe Kroeber, Representative from District #48-Jamestown. HB# 1456 relates to the filing of campaign contributions and expenditures by political Committees. The Secretary of State Office has helped me with a short amendment that would keep the reporting dates the same as are now required. I request your consideration of this amendment. The law now requires candidates to register. The law also requires political committees to register. However, only candidates have to report. This bill would fix this oversight. A number of political committees do report. Example: Hoeven for Governor and Heidi for Governor. However, at this time there is no requirement to do so.

Section 1 #2 Require political committee's expending more than \$1000.00 in aggregate file a report detailing each expenditure over \$200. PAC's now must report amounts in excess of \$200.00. So this requirement(over \$1000) is much less than the PAC's requirement of amounts over \$200.00

Section 1 #3 Requires the political committee file a list of each contributor who contributed over \$200 in aggregate during the reporting period.

Section 1 #4 as amended matches the time line now required of candidates and PAC's.

Section 1 #5 Requires the same reporting system used by candidates and PAC's if the Political Committees did not receive contributions in excess of \$200 during the reporting period.

I would be happy to try and answer any questions you may have.

HB#1456

Madam Chair Krebsbach and members of the Government and Veterans Affairs Committee. I'm Joe Kroeber, Representative from District #48-Jamestown. HB# 1456 relates to the filing of campaign contributions and expenditures by political Committees. The law now requires candidates to register. The law also requires political committees to register. However, only candidates have to report. This bill would fix this oversight. A number of political committees do report. Example: Hoeven for Governor and Heidi for Governor. However, at this time there is no requirement to do so.

Section 1 #1 Requires political committees to file statements

Section 1 #2 Requires the political committee file a list of each contributor who contributed over \$200 in aggregate during the reporting period.

Section 1 #3 This section matches the reporting time line now required of candidates and PAC's.

Section 1 #4 Requires the same reporting system used by candidates and PAC's if the Political Committees did not receive contributions in excess of \$200 during the reporting period.

I would be happy to try and answer any questions you may have.

ALVIN A. JAEGER
SECRETARY OF STATE

PAGE <http://www.state.nd.us/sec>



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SECRETARY OF STATE

STATE OF NORTH DAKOTA
800 EAST BOULEVARD AVENUE DEPT 108
BISMARCK ND 58505-0500

March 15, 2001

TO: Senator Karen Krebsbach & Members of the Senate Government & Veterans Affairs Committee
FR: Cory Fong, Secretary of State's office *Cory*
RE: HB 1456 - Political Committee Reporting - Proposed Amendments

Per your request, I am providing the committee with a set of amendments to HB 1456, intending to accomplish the changes to the bill that I suggested to the committee during my testimony earlier today. If you have any questions or need additional information, please feel free to contact me at 328-3660.

Cc: Representative Joe Kroeber