

**2015 HOUSE GOVERNMENT AND VETERANS AFFAIRS**

**HB 1290**

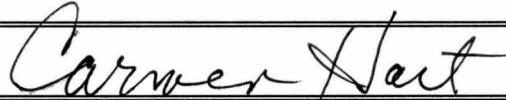
# 2015 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee  
Fort Union, State Capitol

HB 1290  
2/12/2015  
23738

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to campaign contribution and expenditure reporting requirements

Minutes:

Attachment 1-2

**Chairman Kasper** opened the hearing on HB 1290.

**Rep. Mary Schneider** appeared as a sponsor of the bill. Attachment 1 (:14-3:01)

**Rep. Steiner** Do you have any specific problems you can point to where the public would be demanding this type of change?

**Rep. Schneider** I think the public might believe we are already reporting our expenditures. From a risk aversion standpoint or the appearance of propriety, our credibility, and honesty, this is a measure that would certainly reinforce those things in advance of having problems.

**Rep. Laning** On your bill you have what I would consider a lot of detail. What are your thoughts as far as that much detail?

**Rep. Schneider** I think we ought to keep those records in order to write our thank you letters, etc. and we direct those spreadsheets. If that is bothersome, I wouldn't mind having that particular detail out as long as we have the main provisions.

**Rep. Dockter** Under this bill would I have to get everything from my district and then break it out in a third?

**Rep. Schneider** Under this bill you would have to report your expenses. There might be various ways to do that and maybe it would be acceptable to someone. I would not be the decision maker on that.

**Rep. Louser** What would happen now if I had to disclose everything that has to come in and go out to people that say I don't want you to do that?

**Rep. Schneider** Something similar happens now. I am sure all of you have gotten contributions that are at that \$200 level where people don't want you to disclose, or you may have gotten contributions at \$201 so their names do appear as supporters.

**Rep. Louser** To me, what I am doing here is writing a very detailed plan, sticking to it, and having evidence that it works, and then turning it over to the other side in an election process. Why would I want to do that?

**Rep. Schneider** You may not want to do that. In 50(?) states others have found it important enough to be above board, open, transparent, and accountable.

**Rep. Louser** What is not above board about what we are doing?

**Rep. Schneider** You already said people didn't know your campaign plan, or you didn't want the public to know your campaign plan. This bill is about spending money and how we spend money in campaigns.

**Rep. Louser** I am not talking about the receipt of contributions. I am talking about the expenditures. July 1 I may make an expenditure for TV advertising that is going to come out in October. I am not using public funds to do that. People donated that money. It is very similar to my business. Why would I give my competition my business plan? By disclosing the name, the purpose, the amount, you just rebuild the plan for the person that doesn't have the plan. Why would we give the opportunity to rebuild everything from day one during the whole campaign season only to the people that really seem to care about it which is the competition?

**Rep. Schneider** I don't think those are the only people who care about it. We are in a position of high public trust, and there have been scandals about how money is spent. We have requirements about what lobbyists can do with their money. In this situation you could get as much money as you want, and you could spend it on vacations, etc. I think it is important for the public to know who is giving to our campaign and what we are doing with those funds.

**Rep. Seibel** In Lines 18-20 the word "person" appears 5 times. Do you mean businesses as well?

**Rep. Schneider** It stands in consistency with the definitions that we use in the state currently.

**Chairman Kasper** In our language in code, person means everybody.

**Rep. Wallman** This applies to everyone. We can do a better job of letting people know just how honest we are. If we are the honest people we say we are, there is no harm in codifying this. Do you agree?

**Rep. Schneider** I agree that the appearance of impropriety is important. To clarify but I can't cite the source, it was that we were at great risk of corruption. That was because we don't have in place certain basics that other states in places have found are important. This

is a measure that would give some assurances to the public and give some protections that that would not happen.

**Rep. B. Koppelman** When I hear of corruption, I hear of somebody using their office for some personal purpose or gain. I don't see these bills dealing with that. You believe that it is just not the opposition that would be interested in your expenditures and things, but the people in general?

**Rep. Schneider** We want people to be engaged and informed, and it is in the interest of the best running of democracy that they be engaged in it.

**Rep. B. Koppelman** We presume that if we collect the information and we put it out there, more people will become interested. That makes people trust us more and think that we are not corrupt. If that is all true, wouldn't it behoove a candidate's opposition to go out and publish all their people's names that donated all contributions and how they spent all their money? If this is true, that would be the best campaign plan ever. Do you agree?

**Rep. Schneider** I am not an expert in campaign planning, but I do want to promote transparency. I think it is the obligation of the elected officials of this state to take that step to insure transparency. That is what this would do.

**Chairman Kasper** In your testimony you cited organizations called Grading State Disclosure and State Integrity Investigation. Do you have copies or a website that you could give to our committee?

**Rep. Schneider** I can provide that information. Attachment 2 was provided a little later that day.

No opposition or neutral.

The hearing was closed.

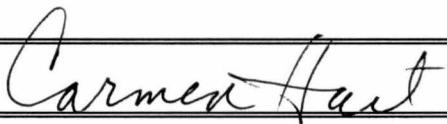
# 2015 HOUSE STANDING COMMITTEE MINUTES

Government and Veterans Affairs Committee  
Fort Union, State Capitol

HB 1290  
2/13/2015  
23834

- Subcommittee  
 Conference Committee

Committee Clerk Signature



## Explanation or reason for introduction of bill/resolution:

Relating to campaign contribution and expenditure reporting requirements

**Minutes:**

"Click to enter attachment information."

**Chairman Kasper** opened the meeting on HB 1290. This bill goes a step further into requiring additional information from people who provide contributions to a campaign.

**Rep. B. Koppelman** made a motion for a DO NOT PASS. When we go out campaigning on issues, we have the ability to disclose whatever we choose to disclose to our constituents. I think we have an adequate disclosure law.

**Rep. Dockter** seconded the motion.

**Rep. M. Johnson** I think this is an onerous position to take for reasons stated previously. I trust everybody on that floor. I think it is a little insulting that this information needs to be brought to the attention of the public, because campaigns are about advertising.

A roll call vote was taken. 10 Yeas, 4 Nays, 0 Absent.

**Rep. Louder** will carry the bill.

Date: 2-13-15  
Roll Call Vote #: 1

2015 HOUSE STANDING COMMITTEE  
ROLL CALL VOTES  
BILL/RESOLUTION NO. 1290

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  
 Reconsider

Other Actions:  \_\_\_\_\_

Motion Made By B. Koppelman Seconded By Dockter

Representatives	Yes	No	Representatives	Yes	No
Chairman Jim Kasper	X		Rep. Bill Amerman		X
Vice Chair Karen Rohr	X		Rep. Gail Mooney		X
Rep. Jason Dockter	X		Rep. Mary Schneider		X
Rep. Mary C. Johnson	X		Rep. Kris Wallman		X
Rep. Karen Karls	X				
Rep. Ben Koppelman	X				
Rep. Vernon Laning	X				
Rep. Scott Louser	X				
Rep. Jay Seibel	X				
Rep. Vicki Steiner	X				

Total (Yes) 10 No 4

Absent \_\_\_\_\_

Floor Assignment 8 Louser

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

**REPORT OF STANDING COMMITTEE**

**HB 1290: Government and Veterans Affairs Committee (Rep. Kasper, Chairman)**  
recommends **DO NOT PASS** (10 YEAS, 4 NAYS, 0 ABSENT AND NOT VOTING).  
HB 1290 was placed on the Eleventh order on the calendar.

**2015 TESTIMONY**

**HB 1290**

1290  
#1  
2-12-15

## Presentation

### HB 1290:

February 12, 2015

#### Government and Veterans Affairs Committee

Representative Mary Schneider, District 21

Chairman Kasper and members of the Committee, I'm Mary Schneider, Representative from District 21, Central Fargo. I'm here today to urge your consideration of House Bill 1290. It's about Transparency, Accountability and Disclosure (TAD).

I've been told that I'm new to the capitol and don't really know how things work--and here is another example. From April 2, 2014 through the November 2014 election I meticulously kept track of my campaign expenses and expenditures. When I started to complete my final campaign report on the Secretary of State's website, I tried to find the section to input them, and thought there was something wrong with the website when I couldn't find a place to account for my campaign expenditures.

When I was assured that North Dakota doesn't require candidates to report campaign expenses, I couldn't believe it, so I researched the issue. And what I found was that North Dakota is the ONLY state that doesn't require disclosure of campaign expenditures. *Grading State Disclosure* rated North Dakota 50<sup>th</sup> in the nation on the issue--the lowest of the low, the least transparent, the least accountable, and the least disclosing state for campaign expenditures in the whole country. We require NO disclosure of campaign spending. And overall, we routinely earn an F on our general political financing disclosure.

The *State Integrity Investigation* conducted by the Center for Public Integrity, Global Integrity and Public Radio International gave us a 58% in accountability and transparency--also an F. In 2013 that earned us a rating of 43<sup>rd</sup> among the states, and that was before the legislature voted down various ethics and campaign reforms in the last session. In an article following the F rating, sources said there was bipartisan support for the reporting of campaign expenditures.

We think we are special in North Dakota. And of course we are. We think nothing bad can happen here, and it might not. But what goes in must come out, and how money is spent might be as important as who gives it. Corruption and self-dealing are best dealt with before they happen. Transparency, accountability and disclosure. Chairman Kasper, members of the Committee, I urge passage of HB 1290, to establish minimal expenditure reporting requirements for state level candidates. I think we can do a TAD better. I would be happy to answer any questions that I can.

#2 1290  
2-12-15

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## North Dakota

### Corruption Risk Report Card

Rank among 50 states: **43rd**

Overall grade: **F**

Click a category to see detailed scores and notes.

Public Access to Information	<b>C</b> <a href="#">view</a>	Political Financing	<b>F</b> <a href="#">view</a>
Executive Accountability	<b>D-</b> <a href="#">view</a>	Legislative Accountability	<b>F</b> <a href="#">view</a>
Judicial Accountability	<b>C</b> <a href="#">view</a>	State Budget Processes	<b>B-</b> <a href="#">view</a>
State Civil Service Management	<b>F</b> <a href="#">view</a>	Procurement	<b>A</b> <a href="#">view</a>
Internal Auditing	<b>A</b> <a href="#">view</a>	Lobbying Disclosure	<b>F</b> <a href="#">view</a>
State Pension Fund Management	<b>F</b> <a href="#">view</a>	Ethics Enforcement Agencies	<b>F</b> <a href="#">view</a>
State Insurance Commissions	<b>F</b> <a href="#">view</a>	Redistricting	<b>F</b> <a href="#">view</a>

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### The story behind the score

North Dakota's "folksy" approach to government means lax campaign finance laws, no state ethics commission, and a failing grade on the State Integrity Index. [Read more from SII State Reporter Teri Finneman.](#)

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### Latest state news for North Dakota

#### Lawmakers in North Dakota Propose Broad Ethics Reforms

JAN 28, 2013

Lawmakers in North Dakota have introduced a package of ethics reform bills that would revamp the state's oversight of its politicians. Dubbed the Sunshine Act, the bills would create an ethics commission to investigate state officials and would tighten campaign finance reporting rules, among other changes.



Rep. Corey Mock, a Democrat, has been pushing for ethics reform unsuccessfully since entering office in 2009. But last year, Mock seized on the state's poor showing in the State Integrity Investigation, which gave North Dakota an overall grade of F, and announced he would introduce several bills once the legislature reconvened, saying that he hoped the report would improve the

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## North Dakota - Political Financing: F (58 %)

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**Indicator**

Click on a question to see what our reporters evaluated

2.1 Are there regulations governing the financing of political parties?

Score

55%

2.2 Are there regulations governing the financing of individual political candidates?

50%

2.3 Are the regulations governing the political financing of parties effective?

37%

2.4 Are the regulations governing the political financing of individual candidates effective?

42%

2.5 Can citizens access records related to the financing of political parties?

85%

2.6 Can citizens access records related to the financing of individual candidates' campaigns?

80%

Select one of the question sets above to view survey results for North Dakota.

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P. 3

chances of passing such initiatives. "The CPI study was an eye-opener," Mock told *The Huffington Post* in August.

[Read more →](#)

## A Failing Grade for ND Government

MAR 20, 2012

State Integrity news for North Dakota from Prairie Public Radio:

A new report says most state governments are doing a poor job delivering transparency and accountability, with statehouses being ripe for corruption and self-dealing. How does North Dakota rank? We'll reveal that answer when we visit with project manager Caitlin Ginley.



Hear more from Prairie Public Radio.

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ED Curtis Curtis UND

I met the dirtiest and most dangerous people I have every encountered in the North Dakota Gov. I and my family ARE THEIR VICTIMS.

[Reply](#) [Like](#) August 7, 2013 at 6:00pm

brent467454 (signed in using yahoo)

Same here. but I'm holding back because I really love ND and some of it's officials. And besides, I can be bought.

[Reply](#) [Like](#) April 8, 2014 at 9:34pm



Mike Larson Top Commenter

43rd we should be proud. Hardworking Christian moral and trustworthy citizens voting like fools and hiding as much as they can from the neighbors.

[Reply](#) [Like](#) May 18, 2013 at 6:47am

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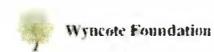
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## CAMPAIGN FINANCE REFORM: AN OVERVIEW

Updated October 3, 2011

### Why states regulate money in elections

A successful election campaign depends on communication, and communication costs money. However, it is believed by some that money has the potential to corrupt a candidate, to drive him or her to serve their own interests or the interests of their campaign donors rather than the public good. For instance, there is a belief that an unusually large financial contribution could influence the voting behavior of an elected official. Campaign finance laws are intended to reduce the potential for corruption, or even the appearance of corruption.

### How states regulate money in elections

There are three main avenues for regulating campaign finance. Few states rely on just one; most utilize a combination of two or three. These three primary methods are disclosure, contribution limits, and public financing.

#### Disclosure

Disclosure is the most basic form of campaign finance regulation. All states require some level of disclosure from candidates, committees, and political parties of the amount and source of contributions and expenditures. The states vary in the detail required in disclosures, and in the frequency of reporting.

#### Example - Colorado's Disclosure Requirements

Candidates must file quarterly reports on January 15, April 15, July 15, and October 15. Additional reports are required in election years - monthly reports beginning six months prior to the election

- biweekly reports beginning two months before the election
- a report two weeks after the election.

Reports must include information on all contributions and expenditures. Contributions or expenditures greater than \$20 must be itemized, and include the name and address of the contributor or recipient of an expenditure, the amount, and the date of the transaction.

A recent trend in many states is electronic disclosure. A number of states require candidates to file their reports electronically, via a diskette or the Internet, and then post the disclosure information on a public Web site. Electronic filing is effective because it is quick and accurate. It is also inexpensive--once the software has been developed. States do not have a time-consuming, error-prone and expensive data entry process. Learn more about electronic from the [Campaign Disclosure Project](#).

#### Independent Expenditure Disclosure

Independent expenditures are political communications, such as television or radio advertisements, expressly advocating the election or defeat of a candidate. Unlike contributions and campaign-related expenditures, independent expenditures are not coordinated with a candidate's campaign. Due to the lack of coordination with candidates, the U.S. Supreme Court has held that independent expenditures do not pose a corruptive threat and cannot be limited like contributions to candidates and campaign-related expenditures, irrespective of who is making the independent expenditure. As a result of the Court's rulings, an unprecedented surge of independent spending has occurred in recent years. The uptick in independent expenditures likely will continue for the foreseeable future as groups seeking to influence the political process capitalize on their ability to spend unlimited sums independent of a candidate's campaign.

## NAVIGATE

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# Campaign Finance: An Overview

P. S

While states cannot impose dollar limits on independent expenditures, courts have upheld laws requiring persons or groups to disclose independent expenditures on the basis that disclosure offers valuable electoral information to the public. 47 states necessitate some degree of independent expenditure reporting, with Indiana, South Carolina, and New Mexico being the exceptions.

Among states that require independent expenditure reporting, there is considerable variation in reporting requirements. Some obligate groups making independent expenditures to file continuous reports in accordance with a pre-determined schedule. Other states require reporting based on when a person or group's spending has exceeded a specific dollar amount. Most states utilize a combination of these two reporting methods, with the applicable requirements dependent on who is making the independent expenditure.

NCSL has compiled a comprehensive outline of independent expenditure reporting for all 50 states. The chart is available here. (Coming Soon).

## Contribution Limits

Limiting the amount and source of campaign contributions is one of the most common tactics for regulating money in politics. Just four states place no limits on contributions. Limits vary widely from state to state and from office to office within a state. Nationwide, the limit on the average amount an individual can give to a gubernatorial candidate is about \$7,500 in an election cycle. For legislative candidates, the limit is much lower, averaging about \$3,300 (for House candidates) to \$3,700 (for Senate candidates) per election cycle. All but four states also regulate corporate contributions—25 states have limits on the amounts corporations may contribute to candidates, and 21 states have an outright ban on corporate contributions.

### Example - Delaware's Contribution Limits

#### *Contributions to candidates from individuals, PACs, corporations and unions*

\$1,200/statewide candidate  
\$600/other candidate  
Both amounts are per election cycle

#### *Contributions to candidates from political parties*

\$75,000/gubernatorial candidate  
\$5,000/senate candidate  
\$3,000/house candidate  
All amounts per election cycle

#### *Contributions to political parties from individuals*

\$20,000 per election cycle

Visit NCSL's [Contribution Limits](#) page for more detailed information

## Spending Limits and Public Financing of Campaigns

### Spending Limits

In addition to limiting contributions, many people favor limiting the amount candidates may spend in their campaigns. However, the United States Supreme Court ruled in *Buckley v. Valeo* that requiring candidates to abide by spending limits violates the 1<sup>st</sup> Amendment of the U.S. Constitution. The First Amendment protects free speech, and the court has ruled that political communications are protected speech. Therefore, the court said, limiting political communication by candidates is equal to limiting speech, and impermissible.

The court has ruled that spending limits are constitutional only if they are optional. Several states have optional spending limits. They entice candidates into abiding by these limits by offering state funds for their campaign in return.

A more recent case upholding this view on spending limits and public financing is *Randall v. Sorrell*, decided by the U.S. Supreme Court in 2006.

### Public Financing of Campaigns

Twenty-four states currently operate programs that give grants of state funds to candidates and/or political parties for their campaigns. In many states, the programs are limited in scope and the grants are small, while in others a public grant may cover nearly the entire cost of a candidate's campaign. In all cases, participating in public financing programs is optional. Candidates who agree to participate are required to (1) agree to abide by spending limits, and (2) limit or cease raising private contributions. In most states, the grants cover only a portion of the candidate's campaign costs, and the candidate must raise private funds to cover the remainder of the costs. Such programs may be referred to as partial public financing.

Partial public financing programs typically rely on income taxpayer check-offs and legislative appropriations for their funding. Because taxpayer participation in public financing programs is declining while the cost of campaigns is rising, many states' public financing programs are unable to fully fund participating candidates, and therefore are declining in popularity.

### An Example of a Partial Public Financing Program: New Jersey

New Jersey offers public financing for gubernatorial candidates. In order to be eligible for public financing in the 2009 elections, a candidate was first required to raise private contributions totaling \$340,000. This is to demonstrate that the candidate has sufficient popular support to merit a state grant.

Once a candidate agreed to participate in the program, the state matched the private contributions the candidate raises. For each \$3,400 raised from a private source, the state gives the candidate \$6,800. Matching funds were not given for the first \$109,000 in contributions. The state continued to match private contributions up to an amount of \$3.1 million for the primary election and \$7.3 million for the general election.

In return, participating candidates agreed to abide by spending limits. In 2009 in New Jersey, participating candidates were limited to spending no more than \$5 million in the primary election and \$10.9 million in the general election.

(Note: All of the amounts in this example applied to New Jersey's most recent gubernatorial election in 2009. Different amounts will apply in future elections.)

Another type of public financing is commonly called "Clean Elections" public financing, and is the newest idea in state campaign finance reform. This type of program allows candidates to finance their campaigns almost entirely with public funds. Once a candidate qualifies by collecting a specified number of small contributions (often as low as \$5), he or she agrees to abide by strict spending limits and is prohibited from receiving any additional contributions from private sources. Instead, the candidate receives a grant from the state to finance his or her campaign. Arizona, Maine and Vermont have operated clean elections programs since 2000 for gubernatorial candidates, and in Arizona and Maine, legislative candidates too. Massachusetts voters passed a clean elections law in 1998, but it was repealed in 2003, before it was fully in effect. Connecticut has a new clean elections program that began operating in 2008. New Mexico and North Carolina offer full public financing for judicial candidates and candidates for selected statewide office.

### An Example of a Clean Elections Public Financing Program: Arizona

In order to qualify for public financing, a candidate must demonstrate his or her popular support by gathering \$5 contributions from a number of registered voters in the district. Gubernatorial candidates must gather 4,000 contributions of \$5, and legislative candidates 220 such contributions.

In addition to the qualifying contributions raised by candidates, a participating candidate receives a state grant to pay all costs of the primary and general election. In the 2010 election, gubernatorial candidates received \$707,447 for the primary election and \$1,061,171 for the general election. Legislative candidates received \$14,319 for the primary election and \$21,479 for the general election.

Participating candidates are not permitted to collect any additional contributions; their campaigns are funded solely through the qualifying contributions and state grants.

Visit NCSL's Public Campaign Financing page for more detailed information.

### For More Information

For more information on campaign finance reform, contact Morgan Cullen.

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# Grading State Disclosure 2007

*Evaluating states' efforts to bring sunlight to political money*

## North Dakota

Grade	Rank
F	45

Subcategories	Grade	Rank
Campaign Disclosure Law	F	50
Electronic Filing Program	F	41
Disclosure Content Accessibility	D+	28
Online Contextual & Technical Usability	C-	20

[Grading Process](#) ■ [Subcategory Weighting](#) ■ [Methodology](#) ■ [Glossary](#)

## The State of Disclosure in North Dakota

North Dakota has received an F in each of the four Grading State Disclosure studies. The state's weak disclosure law, which has ranked last in each year's study, and the lack of an electronic filing program continue to prevent the state from achieving a higher grade.

North Dakota law requires candidates to disclose detailed information about contributors giving over \$200, including the aggregate amount given by each donor during a reporting period. Occupation and employer data for those contributing \$5,000 or more is required. Last-minute contributions over \$500 must be reported before Election Day. Unlike every other state in the nation, North Dakota does not require candidates to disclose campaign expenditures. Loans and independent expenditures are also not required to be reported. As a result of these deficiencies, North Dakota's campaign disclosure law ranks as the weakest in the nation. Since the state legislature meets only once every two years, the next opportunity for any disclosure law improvements would be the 2009 session.

The state did enact legislation in 2007 improving disclosure of political party convention financing, which may indicate a desire on the part of lawmakers to further strengthen disclosure laws. The state does not operate an electronic filing program, though the Secretary of State's office continues to report that such a program is possible in the future if funding allows.

North Dakota's grade in the accessibility category has not changed since 2005, though the state slipped three places in the rankings as other states improved. The Secretary of State's office data-enters campaign reports filed by state-level candidates, resulting in clean displays of reports on the disclosure site. Along with the browsable candidate reports, the site features a comprehensive database of

contributions that can be searched by donor name or zip code. The database does not allow searches by contribution amount or by a specific date. Search results can be downloaded, but cannot be sorted online. Along with the online data, the Secretary of State's office offers data on disk and provides paper copies of reports for \$.25 per page.

Despite a small decline in the usability test results, the North Dakota Secretary of State's site still ranked among the top performers in the 2007 test. Testers again expressed high levels of confidence in the accuracy of the data online, and gave the disclosure web site a very good overall rating. The site provides helpful information about campaign finance requirements and restrictions, as well as detailed lists of candidates. Amended disclosure reports are clearly labeled, though original reports are removed once amended. The site could be enhanced with a more detailed description of the data available online and instructions for using the search features.

→ *Quick Fix:* Provide an overview comparing fundraising between candidates in a single race.

♦ *Editor's Pick:* Simple, clean design of the Secretary of State's disclosure web site. [View image](#)

- **Disclosure Agency:** Secretary of State
- **Disclosure Web Site:** <http://www.nd.gov/sos/>

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