

**MINUTES**  
**Approved by the Committee**  
**Campaign Finance Reform Interim Committee**  
**Tuesday, March 27, 2018**  
**2:00 P.M.**  
**Room WW54**  
**Boise, Idaho**

Co-chair Patti Anne Lodge called the meeting to order at 2:00 p.m.; a silent roll call was taken. Committee members in attendance: Co-chair Senator Patti Anne Lodge and Co-chair Representative Fred Wood; Senators Mary Souza, Mark Harris, Jeff Agenbroad, and Michelle Stennett; and Representatives John Vander Woude, Thomas Loertscher, and Sage Dixon. Absent and excused: Representative Mathew Erpelding. Legislative Services Office (LSO) staff present were: Kristin Ford, Maggie Smith, and Ana Lara.

Other attendees: none signed in.

**Senate Concurrent Resolution 143 (SCR143) Review**

Co-chair Lodge asked the committee members to refer to SCR143 and review their charge. She stated that the committee needed to analyze the modernization of the campaign system, the simplification of the sunshine laws, and review the election system from the state level to the local level.

**Senate Bill 1337 Overview - Phil McGrane, Chief Deputy - Ada County Clerk's Office**

Co-chair Lodge called upon Mr. McGrane to begin his presentation. Mr. McGrane began by providing brief commentary regarding the legislation proposed during the 2018 legislative session. He stated that the committee's work last year had led to House Bill 573; the bill had been printed, but did not pass committee. He explained that what made it difficult for the bill to move forward was that it contained a great deal of complex details. He suggested that S1337 was drafted in a manner that made the elements and modifications simpler to understand.

Mr. McGrane stated that, after the hearing for H573, he met with the Secretary of State and various stakeholders to discuss modifications to the legislation to make it more reasonable for the Legislature to consider; the changes were incorporated in S1337. Mr. McGrane referred the committee to the [handout](#) that summarized the primary changes in S1337. One of the recommendations made was to simplify the process for complying with the Sunshine Law (state campaign finance reporting). He explained that many people found the reporting process confusing and, thus, difficult to understand and comply with. He stated that the Office of the Secretary of State (SOS) also experienced some difficulty administering the Sunshine Law reporting process for the same reasons. He added that one of the reasons it was difficult to provide transparency to the reporting process was due to the law's complexity.

Mr. McGrane explained that H573 repealed many sections and replaced them with new, similar sections; this made it difficult for the House State Affairs Committee to distinguish between the proposed changes to statute and what statutes currently existed. He added that the majority of questions asked of the SOS during the print hearing were regarding portions of the statute that currently existed and not about the changes proposed in H573. He opined that this was due to the committee members' inability to more easily distinguish between the existing language and the language being introduced due to the manner that H573 was drafted. S1337, he said, took existing code and provided strikethroughs and underlined language in an effort to more easily discern what language existed in code and what language was added.

[Senate Bill 1337 Changes Summary](#)

Mr. McGrane explained that the color coding on the handout was coordinated in a manner to identify which items were related, and could potentially be included in separate bills, in the event the committee chose to present the proposed changes in multiple shorter bills instead of one larger bill.

Primary changes to existing statutes:

- Centralizes the reporting of campaign finance reports, for the entire state, with the SOS;
- Expands campaign finance reporting to include special, recall, and local elections. In the case of local officials, reporting is limited to those who raise \$500 or more for their campaigns;
- Repeals existing code sections with respect to campaign finance reporting for local offices and consolidates those sections under one centralized location in the campaign finance laws;
- Defines the reporting frequency and requirements for initiative or referendum petitions;
- Increases the frequency of reporting prior to an election. All candidates would be required to report monthly during the four months leading up to an election as well as the month of the election. During the remaining time, candidates would be required to report semiannually;
- Revises the definition of electioneering communication - specifically for paid communication;
- Eliminates the category of "nonbusiness entity" and treats all entities the same;
- Defines the point at which an expenditure is required to be reported to ensure more timely reporting;
- Increases the 48-hour reporting timeframe for donations of \$1,000 or more from 16 days before an election to 45 days before an election (when absentee ballots are mailed out);
- Merges the maximum penalties for violations from \$250 for individuals and \$2,500 for political committees to \$1,000 for both; and
- Clarifies that the prohibition of coordination of independent expenditures with campaigns also includes campaign volunteers.

#### Discussion

Senator Souza inquired whether bond and levy ballot measures were included in the proposed reporting requirements. Mr. McGrane responded in the affirmative. Senator Souza inquired about the most controversial areas of the bill. Mr. McGrane opined that having presented the original bill in a way that made it difficult to distinguish between existing law and proposed changes, as well as the amount of information it contained, may have made committee members hesitate to support it. He suggested that dividing the bill into small pieces of legislation would address this issue.

#### **Campaign Technology Plan - Tim Hurst, Chief Deputy - Office of the Secretary of State**

Co-chair Lodge called upon Mr. Hurst to begin his presentation regarding the campaign technology plan and the FY2019 appropriation to the SOS. Mr. Hurst informed the committee that the Legislature had granted the SOS a \$1.2 million appropriation to upgrade the election system, specifically the election administration portion of their computer applications, including voter registration, campaign finance, and lobbyist reporting. He stated that they were actively soliciting information with respect to potential vendors and currently had four vendors lined up to demonstrate their respective applications. Mr. Hurst cordially invited the committee members to attend any and all of the vendor demonstrations. He added that, based on the recommendation from the committee in prior meetings, the SOS was looking at existing applications to tailor to the needs of the state of Idaho. Mr. Hurst explained that the SOS planned to develop a request for proposals (RFP) and publish it in either May or June; they hope to award the bid in June or July.

#### Discussion

Senator Stennett asked whether the SOS knew how many vendors were available. Mr. Hurst responded that they were aware of four vendors, and were actively seeking more. He emphasized the need for feedback from the potential users of the applications and reminded the committee members that they were invited to the vendor demonstrations. He stated that the Selection

Committee would engage with counties, cities, and the Legislature to obtain feedback prior to its application selection.

**Committee Discussion**

After some discussion, the committee selected June 12 for its next meeting. Co-chair Lodge asked the committee members to send any agenda items for the next meeting to Ms. Ford.

The committee adjourned at 2:47 p.m.