

## Talking Points for HB 519 (Clearinghouse Bill)

**A.** *[The following point should be made by a legislator—as opposed to someone without campaign experience—and preferably by someone who runs in a competitive district.]*

When someone with campaign experience first hears of a campaign finance clearinghouse, their first question is likely to be: *How will this affect my campaign?* That's only natural. However, the rationale for the clearinghouse, indeed the rationale for transparency altogether, is to increase citizens' confidence in the integrity of candidates and the democratic process. So we hope you will consider the clearinghouse in this light, and not in terms of personal preference or tactical advantage.

**B.** This bill simply creates a bipartisan commission to study ways that a campaign finance clearinghouse might be implemented. It does not mandate implementation. The commission may conclude that the clearinghouse is easily doable, or it may find that implementation is just not feasible at this time.

**C.** If the commission recommends implementation of a clearinghouse system, there are a number of forms the system might take—from a "pure" system where all transactions occur online, to a hybrid system that allows more traditional ways of transferring money; from a system where all account balances are held centrally, to a system where information passes through the clearinghouse, but account balances reside at a campaign or PAC's location of choice. There are many possible variations in the way a clearinghouse can be implemented.

**D.** *[The following comes straight out of my (Rick B's) testimony. Any one of these points could be elaborated.]*

### *Advantages of the clearinghouse system*

- (1) *Complete disclosure.* With a fully implemented clearinghouse, disclosure is assured.
- (2) *Timely disclosure.* Data are captured in real time (virtually instantaneously).
- (3) *Accurate disclosure.* Because contributions and expenditures flow through the clearinghouse electronically, there is no after-the-fact transcription process, hence minimal risk of errors.
- (4) *Enforcement of contribution limits.* The clearinghouse model *prevents* violations by returning to the donor any excess created by a donation.

(5) *Reduction of campaign workloads.* The clearinghouse completely eliminates the need for campaigns and PACs to report donations and expenditures, and provides them with a ready-made accounting system.

**E.** Because candidates comply with the rules for reporting campaign receipts and expenditures, that doesn't mean we have transparency in a functional sense. Time lags between reporting deadlines result in information that is not up to date. Unless a campaign uses the optional SOS online reporting system, records for campaigns for higher offices appear as scans of paper reports or spreadsheets. Querying those records for summary information is impossible. Records for campaigns for House seats aren't even scanned. To dig for those, researchers must pour through paper files.

The clearinghouse approach makes it possible to easily locate, summarize, and interpret up-to-date campaign data. That's *real* transparency.

**F.** The Secretary of State's new (2016) online system for reporting data is a big improvement. However, the SOS database does not do the best job of identifying unique donors. A donor to one campaign may appear as a different donor to another campaign, making it difficult to track aggregate contributions. In the clearinghouse system, contributions from a particular donor originate from a single, clearly identifiable account, making it easy to track all contributions from that source.