

**A Better Understanding: The Effect of Revisions to North Dakota Campaign Law
Upon Transparency in the 2018 Legislative Elections**

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Overview

In 2017, the North Dakota legislature modified the state's reporting requirements for candidates running for state house or senate. Prior to these modifications, legislative campaign committees reported contributions from a single source when those contributions exceeded \$200. Legislative campaign committees were not required to report campaign expenditures at all. However, starting with the 2018 election cycle, legislative campaign committees must now report the aggregate totals of all contributions of \$200 or less as well as aggregate expenditures across certain broad categories. These new requirements mean that, for the first time, North Dakotans can calculate the amount of money raised and spent by legislative candidates in their pursuit of public office. While falling short of full transparency, it is a marked improvement over the previous status quo.

Laws overseeing campaign contribution statements are found in Chapter 16.1-08.1 of the North Dakota Century Code.

Before 2018, legislative campaign committees in North Dakota only had to report contributions from a single source that exceeded \$200. Such contributions could come in a single lump sum or be spread out over an election cycle. This reporting threshold was quite high compared to other Midwestern states: Minnesotaⁱ and South Dakotaⁱⁱ required their legislative campaign committees to report the sources of all contributions over \$100 as well as the aggregates of all contributions \$100 or less. Coloradoⁱⁱⁱ required committees to report and itemize contributions of \$20 or more as well as the aggregates of all contributions under \$20. By excluding small contributions, North Dakota kept a potentially crucial source of campaign funding hidden from review.

As an earlier study noted, it was "...unclear whether or not small contributions make up a significant portion of total contributions to legislative campaigns. This, in turn, makes it difficult to understand the meaning of larger contributions."^{iv} A full accounting was impossible under these rules.

North Dakota's new reporting requirements allow for a better understanding of its legislative elections. The most recent figures can also be compared to previous election cycles, giving some sense of the data issues that traditionally plagued analysis.

This study uses data found in the year-end reports sent by legislative campaign committees to the North Dakota Office of Secretary of State. These reports are found in their raw form on the Secretary of State's website.^v However, the author of this report also reorganized the data into a searchable Excel file and uploaded it to the Upper Midwest Center on Public Policy's website.^{vi}

Results and Analysis

Table 1 gives an overview of the contributions to 149 active legislative campaign committees across North Dakota in 2018. These 149 committees were active in that each

received some amount of money across the electoral cycle (63 committees reported zero contributions, though 9 of these reported some spending). The total amount received by all committees was \$1,964,704 with largest amount at \$111,357 for the Oban for Senate campaign committee and the smallest amount at \$100 for the Jeff Delzer committee. The average committee spent nearly \$13,186, though there was considerable variability.

Table 1: Contributions to North Dakota Legislative Campaign Committees, 2018

| | All legislative campaign committees | Minimum | Maximum | Mean | Standard Deviation |
|--|--|----------------|----------------|-------------|---------------------------|
| Total Contributions to active legislative campaign committees | \$1,964,704.47 | \$100.00 | \$111,357.22 | \$13,185.94 | \$15,168.82 |
| Total Contributions of \$200 or less to active legislative campaign committees | \$504,550.07 | \$0.00 | \$38,128.22 | \$3,386.24 | \$4,299.63 |
| Total Contributions over \$200 to active legislative campaign committees | \$1,460,154.40 | \$0.00 | \$73,229.00 | \$9,799.69 | \$12,203.90 |
| Percent of Total Contributions from contributions \$200 or less to active legislative campaign committees | | 0.00% | 100.00% | 30.10% | 25.70% |

N=149

Total contributions of \$200 or less in 2018 were \$504,550, or 25.7% of all contributions. The Oban for Senate committee received the greatest amount of such small contributions at \$38,128, or more than 34% of the committee’s total contributions, while 16 active committees received zero contributions of \$200 or less. On average, committees derived over 30% of their money through small contributions.

Table 2 presents total contributions for the 2014 and 2016 election cycles, using 2018 dollars. Again, it should be emphasized that legislative campaign committees did not report small contributions of \$200 or less during these years. Such data are lost to history. In addition, only committees reporting at least one contribution are included in the analysis. As can be seen, legislative campaign committees reported receiving \$1,089,477 in 2014 and \$1,366,400 in 2016, a 20.3% increase. In addition, the average committee received \$8,579 in 2014 and \$9,426 in 2016, though there was considerable variability in both election cycles.

Table 2: Total Contributions to North Dakota Legislative Campaign Committees, 2014 & 2016

| | All legislative campaign committees | Minimum | Maximum | Mean | Standard Deviation |
|---|--|----------------|----------------|-------------|---------------------------|
| Total Contributions to active legislative campaign committees (2014) | \$1,089,476.72 | \$265.18 | \$81,326.43 | \$8,578.56 | \$11,080.67 |
| Total Contributions to active legislative campaign committees (2016) | \$1,366,399.73 | \$235.40 | \$68,246.76 | \$9,426.15 | \$10,441.08 |

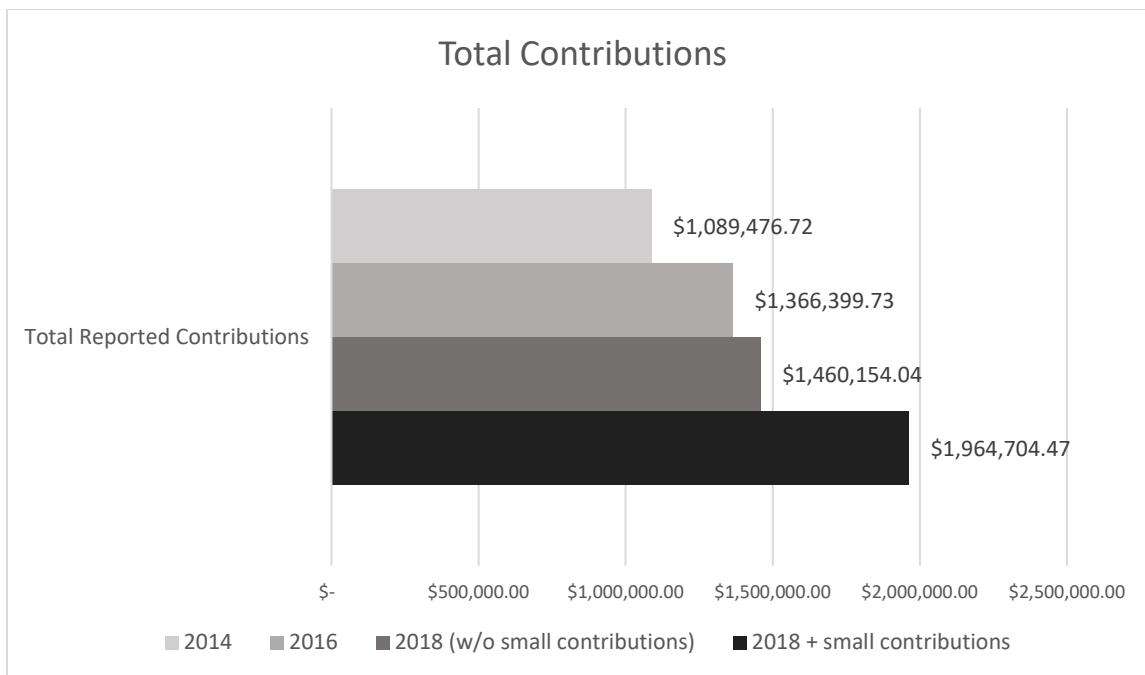
(Using 2018 dollars)

2014, N=127; 2016, N=141

Figure 1 illustrates reported contributions in 2014, 2016, and 2018. Using 2018 dollars, reported contributions (greater than \$200) for 2014 and 2016 are compared to contributions greater than \$200 for 2018 as well as total contributions for 2018 (including the \$200 or less aggregates). As can be seen, the results indicate strong growth when only contributions greater than \$200 are considered: nearly twenty percent between 2014 and 2016 and almost nine percent between 2016 and 2018. However, the inclusion of

small contributions means that reported contributions in 2018 was actually thirty-three percent higher than in 2016. Small contributors did indeed make up a sizable portion of total contributions to legislative campaign committees. Who were these people and what motivated their political activity? The anonymous, aggregated data is incapable of answering such questions. How much influence did small contributors have in the 2014 and 2016 electoral cycles? Likely comparable to 2018, but there is no way of knowing.

Figure 1: Reported Contributions to North Dakota Legislative Campaign Committees, 2014, 2016, 2018.



(Using 2018 dollars)

2014-2016: 20.27% increase in total contributions

2016-2018 (over \$200): 8.98% increase in total contributions

2016-2018 (all): 32.35% increase in total contributions

Beyond contributions, the 2017 revisions also required legislative campaign committees to report aggregate expenditures across five categories: advertising, campaign loans, operations, travel, and miscellaneous. Combined, these categories give total expenditures by each committee, thereby sketching the parameters of legislative campaign spending in North Dakota. Unfortunately, campaign committees are not required to provide specific information on individual expenditures, such as what the money paid for and who benefitted. Broad parameters are as good as it gets for now.

Table 3 gives an overview of campaign expenditures for all active legislative campaign committees. Committees spent \$1,553,950 over the 2018 election cycle, with

67.1 percent allocated to Advertising, 2.2 percent to Campaign Loans, 14.2 percent to Campaign Operations, 3.4 percent to Travel, and 13.2 percent to Miscellaneous Expenditures. The average committee spent \$10,511. The Erin Oban committee spent the most at \$130,347, with 92.6 percent of that money on Advertising. The Duane Sand committee spent the second largest amount at \$67,712 with 44.9 percent committed to Advertising and 47.4 percent used for Campaign Operations.

Table 3: Aggregate Spending by North Dakota Legislative Campaign Committees, 2018

| | Total Expenditures | Advertising | Campaign Loan | Operations | Travel | Misc. |
|--|---------------------------|----------------------------|------------------------|--------------------------|------------------------|--------------------------|
| Spending by active legislative campaign committees (2018) | \$1,553,950.37 | \$1,042,222.23 (67.07%) | \$33,828.63 (2.18%) | \$220,196.56 (14.17%) | \$52,802.49 (3.40%) | \$204,900.46 (13.19%) |

N = 147

Conclusion

The 2017 revisions to state law overseeing legislative campaign fundraising in North Dakota enhanced our understanding of state legislative races in North Dakota. Observers can now discuss the total amount raised and spent by a legislative campaign committee, information that had previously been unavailable. This represents a marked improvement in government transparency. However, more work must be done. Two possibilities include:

1) Lower the reporting threshold such that the sources of all contributions of \$50 or more is publicly available. Report aggregate requirements for contributions under \$50.

Currently, the reporting threshold in North Dakota for individual contributors is twice that found in Minnesota and South Dakota.

2) Report individual campaign expenditures, rather than just the aggregates.

Currently, citizens can use the vague reporting categories to calculate total expenditures by legislative committees. While certainly an improvement, citizens remain unable to discern where campaign money is spent and who profits from such spending.

Endnotes

ⁱ See <https://www.sos.state.mn.us/media/2003/minnesota-campaign-manual.pdf?t=1573492756>

ⁱⁱ See https://sdlegislature.gov/Statutes/Codified_Laws/DisplayStatute.aspx?Type=Statute&Statute=12-27-24

ⁱⁱⁱ See <https://www.sos.state.co.us/pubs/elections/CampaignFinance/files/CPFManual.pdf>

^{iv} See https://www.ndsu.edu/fileadmin/centers/publicpolicy/ND_Legislative_Campaign_Committees_2016.pdf

^v See <https://vip.sos.nd.gov/PortalListDetails.aspx?ptlPKID=116&ptlPKID=2>

^{vi} See https://www.ndsu.edu/centers/publicpolicy/studies_and_reports/