

**Missing Data: An Examination of Campaign Contributions to Legislative  
Candidate Committees in North Dakota, 2010-2015**

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## Overview

Campaign disclosure laws are an essential component of transparency in American elections. These laws allow citizens to examine the size and source of individual campaign contributions in a timely manner. Citizens can then consider: 1) whether the relationship implied by a particular contribution is indicative of corruption or some inappropriate influence; 2) whether financial contributions by prominent citizens and interest groups serve as an unofficial endorsement of a particular candidate or cause; 3) whether candidates spend too much time raising and spending money over an election cycle; and, 4) whether elections are unfairly weighted in favor of a particular candidate or ideology. Thus, the extent to which citizens can follow the flow of money through the electoral process helps determine their ability to make informed decisions at the ballot box.

In the United States, the electoral process is largely regulated by the individual states and not the federal government. However, the states have differing approaches to the oversight of campaign funding.<sup>i</sup> Florida and Wyoming, for example, require that all candidates file campaign-finance disclosure forms no matter how little money they may have raised. Other states have candidates file disclosure forms only after raising a certain amount, typically \$1,000. The type of data collected can vary as well. Some states, such as Maryland and West Virginia, require full reporting of all contributions. However, most states require full reporting only for contributions exceeding a certain level, ranging from \$20 in Colorado to \$300 in New Jersey.

In North Dakota, candidates for the Legislative Assembly must report the names and addresses of all those who have contributed more than \$200 to their campaign

committees to the Secretary of State's office. However, legislative candidates do not have to supply any information on those people and political action committees contributing \$200 or less. Indeed, legislative candidates are not even required to provide an aggregate total of such small contributions.<sup>ii</sup>

North Dakota's approach to transparency in legislative elections is notable for three reasons. First, the \$200 threshold is high when compared to other states. Second, the cost of running a campaign for the legislature here is low relative to other states. Consequently, \$200 is a meaningful contribution in North Dakota elections. Third, and most importantly, the \$200 threshold has left the public uninformed. Given the reporting requirements, it is unclear whether or not small contributions make up a significant portion of total contributions to legislative campaigns. This, in turn, makes it difficult for citizens to understand the meaning of larger contributions to legislative committees even though this information is presented online by the Secretary of State.

Thus, a central question arises: do larger contributions drive legislative campaigns or are small contributions more important than originally supposed? It is impossible to answer this question under the current laws.

In addition, voters cannot consider the source of small contributions. There has been some debate in North Dakota regarding the appropriateness of candidates receiving money from those they will ultimately regulate.<sup>iii</sup> For example, candidates for the Public Service Commission have been criticized for accepting contributions from people and political action committees associated with coal and oil companies.<sup>iv</sup> However, this debate is rendered moot if significant portions of campaign contributions are hidden from view.

This study assesses transparency in North Dakota legislative elections through an examination of campaign finance reports on the Secretary of State's webpage.<sup>v</sup> Using data derived from year end reports, it presents the number of contributions made to each legislative campaign committee from 2010 to 2015. The study uses these numbers to consider whether the reports adequately reflect campaign funding or if crucial information is missing.

State laws regarding campaign contributions are found in Chapter 16.1-08.1 of the North Dakota Century Code.<sup>vi</sup>

The study was done under the auspices of the Upper Midwest Center on Public Policy at North Dakota State University. The data used in the study has been posted to the Center's webpage.<sup>vii</sup>

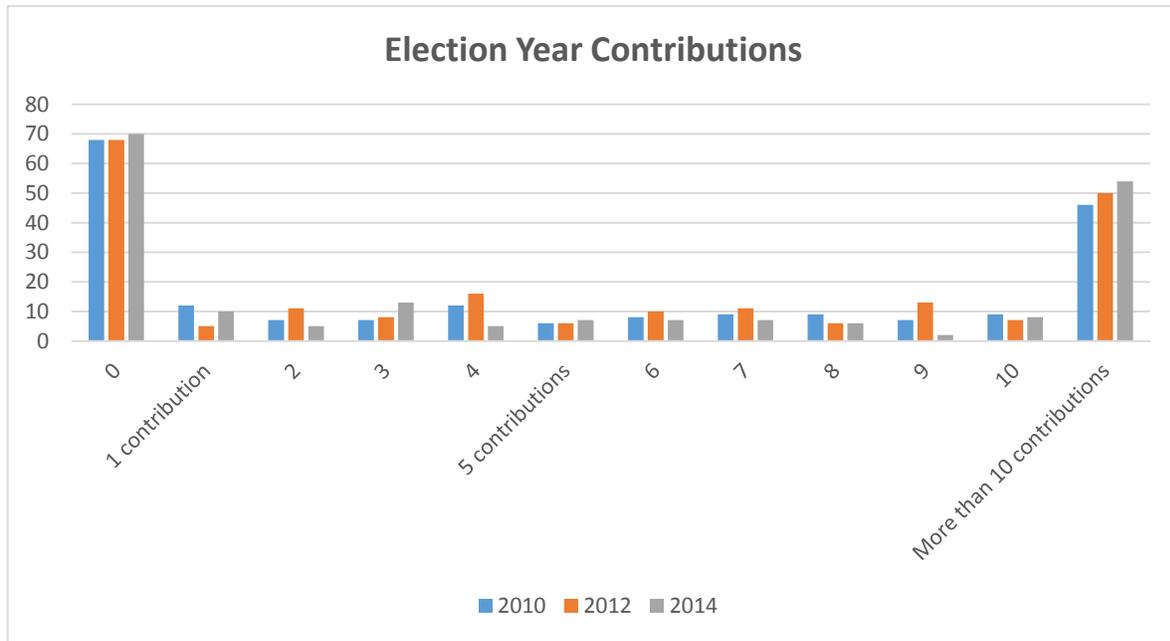
## **Results and Analysis**

Typically, a study like this would start by tabulating campaign contributions by legislative committee and then categorizing those contributions by size and source. The study would then try to see what sort of connections, if any, exist between contributor and legislator. Such an approach would be misleading in regards to North Dakota, though, since an unspecified number of contributions to legislators are kept from public view. Just what percentage of total contributions to legislative candidate committees are made in amounts of \$200 or less is unknown. Consequently, there is no reliable way for researchers (or voters) to gauge whether, for example, donations from people and political action committees associated with the oil and gas industry (or any other

industry) have an outsized influence on legislative campaigns. Any study that fails to acknowledge this dilemma misses a key dynamic of North Dakota politics.

To illustrate the impact that North Dakota’s campaign finance laws have upon transparency, the study presents the number of contributions made to each legislative committee from 2010 to 2015. This provides some sense of the information missing from campaign committee reports.

**Figure 1: Number of Reported Contributions by Legislative Campaign Committees, 2010, 2012, and 2014**



North Dakota Secretary of State, 2010-2015

Figure 1 presents the number of contributions of more than \$200 in 2010, 2012, and 2014 as reported by the individual legislative campaign committees to the Secretary of State. This includes all candidates for state house and senate. The graph runs from zero reported contributions to more than ten. Incidentally, committees do not actually

report receiving 'zero contributions' in their disclosure forms. Instead, they claim 'No Reportable Contributions for Reporting Period' as required by law.

Contributions for election years are analyzed separately from contributions for non-election years due to the considerable difference in numbers.

As can be seen, a large portion of legislative committees did not report any contributions. These committees either did not raise any money during the past year or all contributions were made in amounts of \$200 or less. Indeed, of the 200 candidate committees in 2010 (66 for state senate, 134 for state house), 68 committees, or 35.0%, did not report any contributions at all. Twelve committees reported only a single contribution during this volatile election year, while seven reported two contributions, seven reported three contributions, and twelve reported four contributions. Forty-six committees reported more than ten contributions.

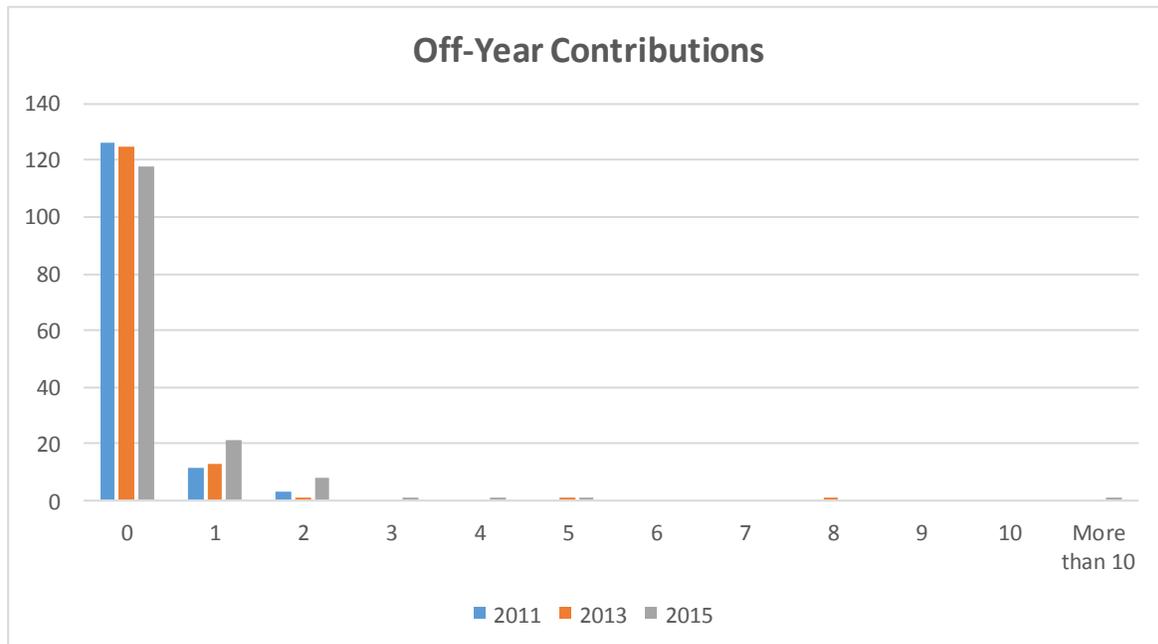
Of the 211 candidate committees in 2012 (72 for state senate, 139 for state house), 68 committees, or 32.2%, did not report any contributions. Five committees reported only a single contribution over the election cycle, while eleven reported two contributions, eight reported three contributions, and sixteen reported four contributions. Fifty committees reported more than ten contributions.

Finally, of the 194 candidate committees in 2014 (68 for state senate, 126 for state house), 70 committees, or 36.1%, did not report any contributions. Ten committees reported only a single contribution during this volatile election years, while five reported two contributions, thirteen reported three contributions, and five reported four contributions. Fifty-four committees reported more than ten contributions.

The results indicate that, in a typical election year, one-third of all legislative campaign committees in North Dakota do not report a single contribution to the Secretary of State. All contributions of \$200 or less, whether from a North Dakotan or some out-of-state political action committee, are kept hidden.

Figure 2 shows the number of reported contributions in the off-election years of 2011, 2013, and 2015 by individual legislative committee. As can be seen, an overwhelming majority did not report any contributions in 2011 because they either did not raise any money or all contributions were in amounts of \$200 or less. Of the 140 candidate committees (46 for state senate, 94 for state house), 126 committees, or 90.0%, did not report any contributions. Eleven committees reported only a single contribution while three reported two contributions.

**Figure 2: Number of Reported Contributions by Legislative Campaign Committee, 2011, 2013, and 2015**



North Dakota Secretary of State, 2010-2015

Of the 141 candidate committees in 2013 (46 for state senate, 95 for state house), 125 committees, or 88.7%, did not report any contributions at all. Thirteen committees reported a single contribution while one reported two contributions, one reported four contributions, and one reported five contributions.

Finally, of the 151 candidate committees in 2015 (53 for state senate, 98 for state house), 118 committees, or 78.1%, did not report any contributions. Twenty-one committees reported a single contribution while eight reported two contributions, one reported three contributions, one reported four contributions, one reported five contributions, and one reported twenty-eight contributions.

The data presented so far suggests that the \$200 threshold has a notable impact upon transparency in North Dakota legislative campaigns, though the extent of this impact remains unclear. It does seem odd that so many campaign committees received so few contributions, particularly during election years. Unfortunately, citizens have been placed in a difficult position: they do not have enough information to decide whether small contributions are actually worth worrying about. Put another way, North Dakota voters don't know what they don't know about legislative fundraising.

However, certain aspects of North Dakota politics indicate that the \$200 threshold should be a concern for voters.

First, there is evidence that small contributions of \$200 or less play an important role in elections for statewide offices, such as Governor or a position on the Public Service Commission. While campaign committees for statewide office do not have to identify the source of contributions of \$200 or less, they are required to report the

aggregate amount of such contributions to the Secretary of State. A recent study of statewide campaign committees<sup>viii</sup> demonstrated that, on average, the percent of total contributions derived by statewide candidates through small contributions ranged from a low of 9.71% in 2013 to a high of 28.96% in 2012. Thus, in a typical year, statewide candidate committees did not have to identify the sources of more than one-fifth of all contributions.

Second, a search through online reports by out-of-state political action committees (PACs) indicates that some PACs do, indeed, make contributions of \$200 or less to North Dakota legislative campaign committees. This search produced five examples of PAC contributions being distributed via small contributions to multiple legislative campaign committees. Copies of the reports can be found in the Appendix.

Celgene PAC is a political action committee with an emphasis on issues affecting biopharmaceutical companies. According to their *2014 Second Half Political Contributions Report*,<sup>ix</sup> the Celgene PAC made contributions to 10 committees for candidates running for state house in North Dakota and 7 committees for candidates running for state senate. These included 13 contributions of \$200 and 4 contributions of \$150. Four of the campaign committees receiving Celgene PAC funds had reported 'No Reportable Contributions for Reporting Period' to the North Dakota Secretary of State.

The Johnson & Johnson Political Action Committee is a political action committee with a focus upon "...the importance of medical innovation" as well as "...the interests of the Company."<sup>x</sup> According to their 2010 report, the Johnson & Johnson PAC made contributions to 13 committees for candidates for North Dakota state house and 7 committees for candidates for state senate. These included 20 contributions of \$150.

According to their 2012 report, the Johnson & Johnson PAC made contributions to 8 committees for state house and 4 committees for state senate.<sup>xi</sup> These included 12 contributions of \$200.

LillyPAC is a political action committee that also tends to pharmaceutical matters. According to their 2010 report,<sup>xii</sup> LillyPAC contributed to 1 committee for state house and 9 committees for state senate. These included 1 contribution of \$500, 1 contribution of \$100, and 8 contributions of \$200. One committee receiving LillyPAC money had reported raising 'No Reportable Contributions for Reporting Period' to the Secretary of State.

According to their 2011 report,<sup>xiii</sup> LillyPAC made contributions to 2 committees for state house. These included 2 contributions of \$200. Both committees had reported raising 'No Reportable Contributions for Reporting Period' to the Secretary of State.

In 2012,<sup>xiv</sup> LillyPAC made contributions to 4 committee for state house and 2 committees for state senate. These included 6 contributions of \$200.

In 2014,<sup>xv</sup> LillyPAC contributed to 8 committee for state house and 2 committees for state senate. These included 2 contributions of \$500 and 8 contributions of \$200.

The Monsanto Citizenship Fund (MCF) is a political action committee with a focus upon agricultural concerns. According to their 2010 report,<sup>xvi</sup> the MCF contributed to 34 committees for state house and 15 committees for state senate. These included 1 contribution of \$50, 24 contributions of \$100, and 24 contributions of \$200.

Finally, the Tesoro Political Action Committee focuses upon the oil industry as well as the energy sector. According to their 2014 report,<sup>xvii</sup> Tesoro PAC made

contributions to 39 committees for state house and 19 committees for state senate. These included 1 contribution of \$1,000, 2 contributions of \$600, 2 contributions of \$500, 7 contributions of \$400, 14 contributions of \$200, and 32 contributions of \$100. One of these committees had reported raising 'No Reportable Contributions for Reporting Period' to the Secretary of State.

These five examples indicate that out-of-state political action committees regularly send thousands of dollars into the North Dakota electoral system through small contributions. However, as long as these contributions are \$200 or less, legislative campaign committees are not obliged to report their existence to the Secretary of State.

## **Conclusion**

This study provides an overview of campaign finance transparency in North Dakota legislative races. It finds that the state's campaign laws have left its citizens in a difficult position: since legislative campaign committees do not report contributions of \$200 or less, citizens cannot determine whether such contributions are meaningful in terms of the elections themselves or the subsequent behavior of individual legislators within the Legislative Assembly. Indeed, without information on small contributions, citizens cannot place the larger, reported contributions in any meaningful context. Thus, North Dakota voters must be considered uninformed about certain crucial aspects of legislative elections.

The study also reviewed online reports from several political action committees and found instances whereby contributions of \$200 or less were made by PACs to a

variety of legislative campaign committees. While it would be interesting to see whether small contributions by PACs to legislative candidates was a widespread practice, there is no data for such an analysis. Campaign financing in North Dakota is not sufficiently transparent for such an analysis.

## Endnotes

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- <sup>i</sup> See the National Conference on State Legislatures at <http://www.ncsl.org/research/elections-and-campaigns/state-limits-on-contributions-to-candidates.aspx>, the Campaign Disclosure Project at <http://www.campaigndisclosure.org/>, and the National Institute on Money in State Politics at <http://www.followthemoney.org/> for further information.
- <sup>ii</sup> North Dakota requires all candidate committees for statewide to report the names of people and organizations who contribute more than \$200 to their campaigns. These statewide committees do not have to give the names and address of those contributing \$200 or less. Instead, the aggregate total of all such contributions must be included in reports to the Secretary of State's office.  
See [https://www.ndsu.edu/fileadmin/centers/publicpolicy/ND\\_Campaign\\_finance\\_study.pdf](https://www.ndsu.edu/fileadmin/centers/publicpolicy/ND_Campaign_finance_study.pdf) for further information.
- Candidates for Congress are overseen by federal regulations.
- <sup>iii</sup> See [http://www.nytimes.com/interactive/2014/11/24/us/north-dakota-oil-boom-politics.html?\\_r=0](http://www.nytimes.com/interactive/2014/11/24/us/north-dakota-oil-boom-politics.html?_r=0) and <https://www.publicintegrity.org/2014/07/21/15107/how-oil-and-gas-firms-gained-influence-and-transformed-north-dakota>
- <sup>iv</sup> See <http://www.thedickinsonpress.com/content/attorneys-argue-about-campaign-contributions-coal-interests-psc-members-lawsuits-seeking> and <http://www.followthemoney.org/research/blog/51-million-elected-utility-regulators-score-big-bucks/>
- <sup>v</sup> See <https://apps.nd.gov/sec/emspubli/gp/cfdisclosureptsearchbyrpt.htm?type=byRpt>.
- <sup>vi</sup> See <http://www.legis.nd.gov/general-information/north-dakota-century-code>.
- <sup>vii</sup> See <https://www.ndsu.edu/centers/publicpolicy/>.
- <sup>viii</sup> See [https://www.ndsu.edu/fileadmin/centers/publicpolicy/ND\\_Campaign\\_finance\\_study.pdf](https://www.ndsu.edu/fileadmin/centers/publicpolicy/ND_Campaign_finance_study.pdf).
- <sup>ix</sup> See <https://www.celgene.com/content/uploads/2014-2half-political-contribution-report.pdf>.
- <sup>x</sup> See [http://files.shareholder.com/downloads/JNJ/2470029721x0x489339/79ae345a-97be-476e-a529-d77f660c0507/2010\\_Political\\_Contributions.pdf](http://files.shareholder.com/downloads/JNJ/2470029721x0x489339/79ae345a-97be-476e-a529-d77f660c0507/2010_Political_Contributions.pdf).
- <sup>xi</sup> See [http://files.shareholder.com/downloads/JNJ/2470029721x0x633178/fd992271-fe65-45ef-bd08-9ee9cc5fff21/2012%20Political%20Contributions\\_Final.pdf](http://files.shareholder.com/downloads/JNJ/2470029721x0x633178/fd992271-fe65-45ef-bd08-9ee9cc5fff21/2012%20Political%20Contributions_Final.pdf).
- <sup>xii</sup> See <https://www.lilly.com/Assets/pdf/2010-Lilly-Political-Contributions.pdf>.
- <sup>xiii</sup> See <https://www.lilly.com/Assets/pdf/2011-Lilly-Political-Contributions.pdf>.
- <sup>xiv</sup> See <https://www.lilly.com/Assets/pdf/2012-Lilly-Political-Contributions.pdf>.
- <sup>xv</sup> See <https://www.lilly.com/Assets/pdf/LillyPAC-2014-Annual-Report.pdf>.
- <sup>xvi</sup> See <http://www.monsanto.com/sitecollectiondocuments/mcf-contributions-2010.pdf>.
- <sup>xvii</sup> See <https://tsocorpsite.files.wordpress.com/2015/09/tso-corp-2014-election-cycle-contributions-to-state-candidates1.pdf>.