Via Email

March 23, 2026

The Honorable Tina Kotek
Office of the Governor
900 Court Street, Suite 254
Salem, OR 97301-4047

RE: Opposition to HB 4018

Dear Governor Kotek,

Campaign Legal Center ("CLC") respectfully requests that you veto HB 4018, a bill that would substantially weaken critical campaign finance reforms enacted two years ago in Oregon.

CLC is a nonpartisan legal organization dedicated to solving the wide range of challenges facing American democracy. Since the organization's founding in 2002, CLC has participated in every major campaign finance case before the U.S. Supreme Court, as well as in numerous other federal and state court cases. CLC fights for every American's freedom to vote and participate meaningfully in the democratic process, particularly Americans who have faced political barriers because of race, ethnicity or economic status.

In 2024, Oregon enacted groundbreaking campaign finance reforms that, among other things, established contribution limits to candidates for elected office in the state and required transparency for the original sources of big money spent on state elections. These reforms are strongly supported across the political spectrum: In 2020, Oregonians resoundingly passed Measure 107—with over 78% voting in favor—amending the Oregon constitution to explicitly permit political contribution limits and transparency for political spending in the state.[1] Indeed, across the

[1] *November 3, 2020 General Election Abstract of Votes*, *Measure 107*, Or. Sec'y of State, https://records.sos.state.or.us/ORSOSWebDrawer/Recordhtml/13735450 (last visited March 19, 2026).

country, Americans—both Democrats and Republicans—identify "the role of money in politics" as one of the biggest problems in our country.[2]

Unfortunately, while HB 4018 has been described as a bill to implement technical fixes to improve and strengthen HB 4024, several of the proposed policies would undermine those historic reforms, fail to accomplish the bill's stated goal, or introduce new ambiguities in the law. Indeed, both state and national media outlets have reported on the problems created by HB 4018.[3]

First, HB 4018 would weaken laws intended to prevent corruption and provide voters with information about who is spending big money to influence their vote. For example, Section 13 of the bill would substantially undermine the law's anti-proliferation provisions. Specifically, by requiring related entities to share a contribution limit only if one of the entities was created "for the sole purpose of evading the [bill's] contribution limits," the bill would make it exceptionally difficult to enforce the anti-proliferation provisions. In other words, wealthy special interests could easily exploit this loophole by creating many entities—with relatively trivial secondary purposes—to multiply their contributions, rendering contribution limits illusory. We are not aware of any other jurisdiction that uses this "sole purpose" standard.

Proponents of this bill have argued that proliferation will not be a problem because wealthy special interests supposedly will not take advantage of this loophole. The experiences of other states demonstrate this is incorrect:

- New York long suffered from the so-called "LLC Loophole," under which state law both treated LLCs as individuals—rather than corporations or partnerships—and failed to require multiple LLCs controlled by the same person to share a contribution limit. Prior to legislation closing this loophole in 2019, there were numerous examples of wealthy special interests controlling multiple LLCs to multiply their contributions, including one entity that used 27 LLCs to make $4.3 million in contributions in one election cycle.[4]

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[2] Pew Research Center, *Americans Continue to View Several Economic Issues as Top National Problems* (Feb. 20, 2025), https://www.pewresearch.org/politics/2025/02/20/americans-continue-to-view-several-economic-issues-as-top-national-problems/ (finding that 72% of Americans, including 78% of Democrats and 66% of Republicans, believe "the role of money in politics" is a "very big problem in the country today").

[3] *See, e.g.*, Editorial Board, *Legislators Keep the Gravy Train Rolling*, THE OREGONIAN (Mar. 8, 2026), https://www.oregonlive.com/opinion/2026/03/editorial-legislators-keep-the-gravy-train-rolling.html; Rob Davis, *Oregon Voters Overwhelmingly Said Yes to Limiting Money in Politics. Then Politicians Had Their Say.*, PROPUBLICA (Mar. 13, 2026), https://www.propublica.org/article/oregon-campaign-finance-reform-legislature-loopholes.

[4] Lawrence Norden, *Close New York's Biggest Campaign Finance Loophole*, Brennan Center for Justice (Apr. 9, 2015), https://www.brennancenter.org/our-work/analysis-opinion/close-new-yorks-biggest-campaign-finance-loophole.

- New Hampshire has similarly experienced the severe consequences of an "LLC Loophole." Reporting from the 2020 gubernatorial election noted multiple examples of both candidates receiving excessive contributions through a single person's control of multiple LLCs.[5]

- In recent years, media reporting in Missouri has uncovered wealthy special interests controlling several political committees to multiply contributions in light of the state's ambiguity about how to treat committees controlled by the same person. One example included six political committees controlled by the same lobbying firm, all of which received large contributions from the firm's clients and made ostensibly separate contributions to the same candidates.[6]

Similarly, Section 10 of HB 4018 would, at best, raise serious questions as to whether coordinated expenditures are considered a contribution to a candidate, potentially creating a glaring loophole in all of the contribution limits by deleting the provision of Oregon law that explicitly provides that a coordinated expenditure is a contribution. While the Secretary of State has stated his intent to interpret other provisions of the law to cover coordinated expenditures as a contribution, there is no reason to eliminate explicit coverage in favor of implicit coverage of coordinated expenditures, particularly when a future Secretary may take a different position. A campaign finance system that fails to cover coordinated expenditures as a form of contributions functionally has no contribution limits, because coordinating expenditures with a candidate is no different from writing that candidate a check. We are not aware of any other jurisdiction that has deleted a provision explicitly including coordinated expenditures as contributions in favor of implicit coverage elsewhere in the law.

Second, the bill fails to fix notable problems that were present in HB 4024 when enacted. For example, HB 4024's anti-proliferation provisions provided that multiple entities are considered to be one entity for purposes of contribution limits where they are established, financed, maintained, or controlled by the same person or group of persons but also created an exception where such groups have the "authority to make independent decisions as to which candidates, if any, to support or oppose."[7] But whether entities have the independent "authority" to make these decisions matters much less than whether such entities, in fact, act independently of each other, and HB 4018 fails to fix this problem.

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[5] Josh Rogers & Casey McDermott, *Feltes Says He's Not Taking 'Corporate Contributions,' But Records Show Otherwise*, New Hampshire Public Radio (Feb. 21, 2020), https://www.nhpr.org/politics/2020-02-21/feltes-says-hes-not-taking-corporate-contributions-but-records-show-otherwise.

[6] Jason Hancock, *'Exploiting a Loophole': PACs Tied to Missouri Lobbyist Draw New Criticism*, Missouri Independent (Nov. 23, 2021), https://missouriindependent.com/2021/11/23/exploiting-a-loophole-pacs-tied-to-missouri-lobbyist-draw-new-criticism/; *see also* Rudi Keller, *'A Little Goofy': Loopholes Allow Millions to Flow Around Missouri Campaign Donation Limits* (Nov. 15, 2024), https://missouriindependent.com/2024/11/15/a-little-goofy-loopholes-allow-millions-to-flow-around-missouri-campaign-donation-limits/.

[7] HB 4024 (2024), §§ 3(1)(c), 4(14)(b).

Third, the bill introduces new inconsistencies and unclarity in some provisions, likely creating new ambiguities that future legislation or the Secretary of State would be required to address. For example, Section 2 of the bill appears to create a firewall requirement for entities that make both coordinated and independent expenditures to ensure that any purported independent expenditures are, in fact, independent of a candidate. However, as drafted, the provision nonsensically provides that "an in-kind contribution to, or coordinated expenditure with, a candidate … may not be deemed to be coordinated" where the firewall is complied with.

While we agree with many stakeholders that the Legislature should consider legislation to help implement and strengthen the critically important reforms adopted two years ago in HB 4024, several of the policies contained in HB 4018 would hinder rather than advance those reforms. We thus urge you to veto HB 4018.

We appreciate the opportunity to submit this letter and would welcome discussing this bill further with you or your staff.

Respectfully submitted,

/s/ Patrick Llewellyn
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