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Testimony introducing LD 413, “An Act to Apply the Same Auditing Standards to All Candidates and Political Action Committees.”

Presented by Representative Walter Riseman House District 69 to the Committee on Veterans on Legal Affairs on Wednesday, February 24, 2021.

Good Afternoon Senator Luchini, and Representative Caiazzo and other distinguished members of the Committee on Veterans and Legal Affairs. I am Representative Walter Riseman from Harrison and I represent House District 69. Today I am testifying today in support of LD 413, “An Act to Apply the Same Auditing Standards to All Candidates and Political Action Committees.”

Most likely we can agree that on a state level we have spent more on political campaigning than in any other election cycle in Maine History. Let’s look at some startling statistics about our last state election.¹

- **\$95,000,000 on the US. Senate race.**
- **\$12,800,000 on 2020 State Legislative races.**
- **1,060,000 registered voters.**
- **\$101 spent on each voter.**

The point with this: regardless of the money spent on political campaigns, the state’s voter participation rate remains fairly stable at 76%, 3rd in the nation.² Good work Mainers!

Now the questions are: **How does that money get raised and how does it get expended?**

Contributions:

Political contributions come from three sources, private, government money, such as clean election funds, or political action committee funds. Private sources and government funds are subject to important laws and rules that provide oversight to ensure compliance to acceptable campaign standards. PAC money is allowed to be less transparent as to the origination of funds. In 2020 it was reported by *FollowTheMoney.org* that \$3,612,278 came from public subsidy funds while **\$4,995, 191 came from party related sources.**³

¹ Source: 2020 and 2018 election data.

² Source: <https://worldpopulationreview.com/state-rankings/voter-turnout-by-state>

³ Source: [Home - FollowTheMoney.org](https://www.followthemoney.org/)

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Expenditures of Campaign Funds:

Campaign finance laws and rules are in place to protect the public right-to-know and prevent corruption or the appearance of corruption in political campaigns. “Current disclosure requirements for government-funded campaigns are at the forefront of providing reasonable standards and rules that ensure that campaign expenditures are lawful, accurate, and timely. The public has a reasonable expectation that reporting will be accurate, thorough, and timely. Setting a standard for audits will clearly convey to all campaigns and PAC’s the importance of careful bookkeeping, proper document retention, and other best practices of campaign reporting.”⁴ The current system has two pieces, a compliance review and an audit process, both administered by the Maine Ethics Commission.

A compliance review is conducted for all candidates but not all PACs. The **compliance review** is simply a check that finance reporting is complete. **An audit** is a more comprehensive and in-depth analysis of financial transactions by selecting a sample of activity to ensure the expenditures are campaign related and follow the MEC expenditure guidelines. Under current statute, this only includes clean election candidates and 20% of them are randomly audited.

Audits work. . .Auditing between 2012 and 2016 showed an increasing level of compliance.⁵ The most common examples of significant deficiencies include:

- Not reporting unpaid debts,
- Incorrect vendor specified,
- Not keeping satisfactory documentation.

Past Conclusions and Remarks:

A review of the past history of the compliance and audit processes for clean election candidates provides a track record of providing accountability in our elections. It has done the job in furthering the integrity of the election process. I believe it is time to expand on the effort to bring further improvements to the process by expanding this activity to all candidates and PACs.

In the 129th legislature a bill very similar to this was considered and approved by the legislature. Unfortunately, it excluded PACs. Regardless, however it died on the appropriations table when the legislature concluded its business in November. It should be noted that it contained a fiscal note that assumed all candidates and PACs would be subjected to a random audit.

Under the provisions of this new bill, it grants rule making authority to the Ethics Commission to consider the auditing levels. It is quite possible that in rule making the commission could lower the threshold from 20% random audits for clean election candidates to 10% random audits for all candidates and PACs.

The importance of providing expanded oversight to all candidates and PACs for audits is emphasized by earlier testimony showing the increased expense levels and the potential exposure to intended or unintended violations of the election process. We have a duty to ensure the public that we are committed to increasing the accountability, transparency and integrity of our election process.

I encourage the committee to vote unanimously an OTP for this bill. I am available to answer questions. Thank you for your time.

⁴ Previous testimony from Maine Citizens For Clean Elections, March 25, 2019

⁵ Previous testimony from Maine Ethics Commission dated March 25, 2019