

Approved 3-20-91
Date

MINUTES OF THE House COMMITTEE ON Elections

The meeting was called to order by Representative Tom Sawyer at
Chairperson

9:10 a.m./p.m. on Tuesday, March 19th, 1991 in room 521-S of the Capitol.

All members were present except: Representative Mary Jane Johnson, excused
Representative Ed McKechnie, excused

Committee staff present:

Pat Mah, Research
Arden Ensley, Revisor
Ellie Luthye, Committee Secretary

Conferees appearing before the committee:

Michael Woolf, Common Cause
Myrna Stringer, League of Women Voters of Kansas

The House Elections Committee was called to order by Chairman Tom Sawyer at 9:10 a.m. on Tuesday, March 19th, 1991.

The minutes of the meeting on March 13th were presented for approval or correction. Representative Parkinson made a motion to approve the minutes, seconded by Representative Macy and the motion carried.

The Chair opened hearings on HB 2169, enacting the campaign limitation and funding act.

Michael Woolf, Common Cause, appeared in support of HB 2169 and presented written testimony and a chart showing the limits, grant amounts and qualification thresholds contained in the Act. (Attachment 1). He stated HB 2169 corrected several of the problems with the way campaigns are financed, whether these problems are real or perceived by the public.

Following his testimony he stood for questions from the committee.

The Chair next called on Myrna Stringer, League of Women Voters of Kansas, who spoke in support of HB 2169. She stated the League feels Kansas has an opportunity to enact some meaningful campaign finance reform with this bill. (Attachment 2)

Following this testimony the Chair adjourned the House Elections Committee at 10:00 a.m. with the next meeting being Wednesday, March 20th, Room 521-S at 9:00 a.m.



COMMON CAUSE / KANSAS

701 Jackson, Room B-6 • Topeka, Kansas 66603 • (913) 235-3022

TESTIMONY IN SUPPORT OF HOUSE BILL 2169
TO THE HOUSE ELECTIONS COMMITTEE
BY MICHAEL WOOLF, EXECUTIVE DIRECTOR

Thank you Mr. Chairman, and members of the Committee for allowing me to testify today in support of House Bill 2169 which would establish the Campaign Expenditure Limitation and Funding Act.

For the past three years, campaign finance has been a major issue before this Committee. The goal of any major, comprehensive reform is to make elections more competitive; so voters have a real choice on election day, and to reduce the role of special interest group money in the election process; to increase public confidence of our government and to reduce the influence of special interest lobbies, whether that influence is real or perceived.

The difficulty arises in trying to achieve those two goals. House Bill 2454 is a good example of this. Originally the bill prohibited candidates from accepting PAC money. Later political parties were also prohibited from accepting these funds. Then both provisions were removed from the bill. The Committee then decided to prohibit PACs from giving to political parties only, and that provision was later removed. The bill is basically back to current law in the area of campaign finance.

Common Cause has recommended that the Legislature enact an aggregate PAC limit, which would prohibit a candidate from accepting more money from PACs than the candidate accepts from individuals, and a ban on direct corporation and direct union contributions. The combination of these two proposals would constitute substantial reform, and I believe that it is a compromise that is achievable this session.

But if you want comprehensive reform, a limit must be placed on the total amount that can be spent on an election and a substitute must be offered for these special interest group contributions. This is the only system that I know of that will stop the escalating cost of campaigns, level the playing field between incumbents and challengers, and sufficiently reduce the role of special interest groups.

House Bill 2169 seeks to address all of these problems and inequities. The Campaign Expenditure Limitation and Funding Act sets up a system where candidates for statewide and legislative office, who volunteer to participate, would be bound by an overall cap on the amount of money that they can spend on their campaign.

Participants would also be banned from accepting contributions from special interest groups, and these candidates would be subject to

limits on the amount of money that they can contribute to their own campaign.

In return for agreeing to these limits, a qualifying candidate, with a viable opponent, would receive a grant from the Election Campaign Fund created by the Act. The money in the fund would come from a check-off program on Kansas income tax forms, similar to that on federal forms for the presidential campaigns, and also from direct legislative appropriations if necessary.

Mr. Chairman, I would now like to go through the bill in a little more detail to describe exactly how this system would work.

Section 2 ties the definitions of the Campaign Finance Act to this proposal and includes a few additional definitions specifically for the Act. Subsection (d) defines a "qualifying contribution" as a contribution from an individual, living in Kansas, which is contributed during the election year and in an amount not to exceed \$500 for statewide candidates or \$100 for legislative candidates. The role of qualifying contributions will be described in later sections.

Section 3 requires an additional disclosure report to be filed. This will give the Public Disclosure Commission the information they need to determine whether a candidate is eligible for a grant from the Election Campaign Fund.

Section 4 establishes the Election Campaign Fund which would receive its revenue from a \$3.00 checkoff on Kansas income tax forms. Since the checkoff may not provide enough revenue to fully finance the fund, direct appropriations are also provided for. Section 4 also details that expenditures from the fund can only be made with vouchers approved by the Chair of the Commission.

Section 5 sets up the application procedures. When an individual becomes a candidate, either by petition or by paying the filing fee, that candidate would also file a statement of intent to accept or reject a grant. If the candidate intends to accept a grant, he or she will swear to abide by all contribution and expenditure limits included in the Act.

Section 6 establishes the qualification procedures before a candidate can receive the grant money. A candidate for statewide office must raise 5% of the applicable expenditure limit (listed in Section 8) in qualifying contributions. A legislative candidate must raise 10% of the expenditure limit in qualifying contributions with 80% of the total coming from within the district.

The candidate seeking the grant must also be opposed by someone who has qualified to receive a grant or who has raised 25% of the applicable expenditure limit.

So a candidate for the House of Representatives, who wishes to participate in this system, must raise \$1,250 in contributions of \$100 or less from individual Kansans, a \$1,000 of which must come from within the district.

This candidate must also be opposed by someone who has either agreed to accept the grant and met those same qualifications or who has rejected this system and has raised 25% of the expenditure limit, which would be \$3,125, and that money could be from any source (PACs, corporations, the candidate's own money, etc.).

After those two requirements are met, a candidate is eligible to receive a grant.

Section 7 sets up the contribution limits for candidates who agree to participate in this system. Such a candidate is prohibited from accepting contributions from any source other than the fund, individuals, political parties or the candidate himself or herself. Also, a candidate could not contribute more than 200% of the amount an individual can contribute. For House candidates that would be \$1,000. Subsection (c) also sets the amount of the grant at 65% of the applicable expenditure limit. For House candidates the amount of the grant would be \$8,125.

Section 8 lists the expenditure limits for the various offices. These range from \$1.5 million for governor to \$12,500 for House candidates in the primary and an equal amount for the general election.

Subsection (c) also allows a candidate who rejects the grant to voluntarily agree to abide by the contribution and expenditure limits. The need for this is apparent in the next section.

Section 9 concerns supplemental grants for candidates participating in this system. Section 9(a) attempts to keep the playing field even between candidates who accept the grant and those who reject it. It also provides an incentive for candidates to participate in this voluntary system. It provides that if candidate "A" accepts a grant and is opposed by candidate "B" who rejects the grant and does not voluntarily agree to abide by the limits, then candidate "A" is eligible to receive an additional grant of 50% of the original grant for statewide office or 100% for legislative candidates.

Section 9(b) attempts to level the playing field when an outside group makes an independent expenditure in a campaign. This subsection provides that if aggregate independent expenditures are made which equal 10% of the expenditure limit, then the candidate who is negatively affected by such expenditure is eligible for an additional

grant which matches the independent expenditure dollar for dollar up to a maximum of 25% of the expenditure limit.

Section 10 allows certain items to be excluded when computing the expenditure limits.

Section 11 concerns the Commission's determination of whether a candidate is eligible to receive a grant, and exactly how those funds will be disbursed to the candidate.

Since public funds are involved, Section 12 specifies that grant money can only be used for legitimate campaign purposes spelled out in this section. These expenditures are intended to benefit the candidate's candidacy and not the candidate personally.

Section 13 concerns the return of unused grant money. This section gives the state a vested interest in grant funds until they are spent for legitimate campaign purposes. Any unspent grant funds would revert back to the state by the filing deadline of the next campaign finance report.

Section 14 prohibits any person from spending grant funds except to advance the qualifying candidate's candidacy or from using grant money that should be returned to the state. It also prohibits a candidate from spending grant money if he or she has violated the pledge to abide by the contribution and expenditure limits.

Section 15 requires a candidate to provide the commission with sufficient proof of payment of grant funds to ensure that this money was used for its intended purposes.

Section 16 allows the Commission to adopt rules and regulations necessary to administer the act. It also allows a candidate to use the statement of intent to accept a grant as security for a loan for the campaign. If the loan is used for allowable expenditures, the candidate can repay the loan with grant funds.

I would also like to call attention to a timeline that I have attached to my testimony that shows all of the deadlines and due dates that would have applied if this system had been in place during the last election.

Also attached is a chart showing the limits, grant amounts and qualification thresholds contained in the Act. I have also included an estimate of what this system would cost, based on the 1988 and 1990 elections, an estimate of how much money the checkoff would raise, a list of how much money would be available per registered voter and the participation rates of other states with an election campaign checkoff.

In closing, Mr. Chairman, HB 2169 corrects several of the problems with the way the campaigns are financed, whether those problems are real or perceived by the public:

1. It allows us to stop the escalating cost of campaigns.
2. It decreases the reliance on special interest money.
3. It levels the playing field between incumbents and challengers and between wealthy candidates and candidates of moderate means.
4. It opens up the system to more individuals who wish to serve but can't raise enough money to compete.
5. It reduces a candidate's time raising money.
6. It encourages the participation of small individual, in-district, contributors.
7. It provides clean, untainted campaign funds.
8. It reduces the influence of out of state organizations.
9. It limits the amount a candidate can put into his or her own campaign.
10. It discourages expensive, independent expenditures.

I realize that this is a sweeping and very controversial proposal, but we believe that it is a system whose time has come.

TIMELINE

December 31, 1989:

Cutoff date for annual Campaign Finance Report. [CFA]

January 1, 1990:

Commission must provide written estimate of the amount necessary to fully fund all eligible candidates. [4(e)(2)]

Candidates can begin collecting qualifying contributions. [2(d)(1)(D)]

Candidates, from this date on, must either not accept special interest contributions or return all special interest contributions that are received between this date and the deadline for filing a statement of intent. [7(b)]

January 10, 1990:

Annual report due, covers Dec. 1, 1988 to Dec. 31, 1989 [CFA]

June 11, 1990 (Usually June 10, but it falls on a Sunday):

Filing fee must be paid or nomination petitions must be filed. [K.S.A. 25-205]

Statement of Intent due. [5(a)]

Deadline to voluntarily abide by contribution and expenditure limits [8(c)]

Additional Campaign Finance Report due. [Sec.3]

June 21, 1990 (10 days after deadline for filing nomination petitions):

Commission must certify eligibility to receive a primary election grant. [11(b)]

June 26, 1990 (15 days after deadline for filing nomination petitions):

Deadline for filing written request to review the determination of the commission. [11(1)]

Deadline to rescind acceptance of a primary grant. [5(d)(1)]

Deadline to rescind voluntary abidance of contribution and expenditure limits for primary election. [8(c)(1)]

July 26, 1990:

Cutoff date for pre-primary report. [CFA]

July 30, 1990:

Pre-primary report due. [CFA]

August 7, 1990:

Primary Election

August 17, 1990 (10 days after primary election):

Commission must certify eligibility to receive a general election grant. [11(c)]

August 21, 1990 (15 days after primary election):
Deadline for filing written request to review the determination of
the commission. [11(i)]
Deadline to rescind acceptance of general grant. [5(d)(2)]
Deadline to rescind voluntary abidance of expenditure limits for
general election. [8(c)(2)]

August 31, 1990:
Cutoff date for primary election expenditures. [8(b)(1)]

October 25, 1990:
Cutoff date for pre-general election report. [CFA]

October 30, 1990:
Pre-general election report due. [CFA]
Proof of payment for primary grant due. [15(a)]
Unspent primary grant funds revert to state. [13(a)(2)]

November 6, 1990:
General Election

December 31, 1990:
Cutoff date for annual report. [CFA]
Cutoff date for general election expenditures. [8(b)(2)]

January 10, 1991:
Annual report due. [CFA]
Proof of payment for general grant due. [15(a)]
Unspent general grant funds revert to state. [13(a)(2)]

* Notes: Number in brackets refers to section in the Act.
[CFA] refers to the Campaign Finance Act.

LIMITS, GRANT AMOUNTS, AND QUALIFICATION THRESHOLDS

| Candidate | Expenditure Limits | Grant | Candidate Qualifying Contrib. |
|-----------|------------------------------|----------------------------------|-------------------------------|
| Governor | 500,000 / 1,000,000 | 325,000 / 650,000 | 25,000 / 50,000 |
| A.G. | 250,000 / 500,000 | 162,500 / 325,000 | 12,500 / 25,000 |
| Statewide | 100,000 / 150,000 | 65,000 / 97,500 | 5,000 / 7,500 |
| Senate | 25,000 / 25,000 | 16,250 / 16,250 | 2,500 / 2,500 |
| House | 12,500 / 12,500 | 8,125 / 8,125 | 1,250 / 1,250 |
| Candidate | Opponent Qualifying Contrib. | Candidate or Spouse Contribution | Individual Contribution |
| Governor | 125,000 / 250,000 | 4,000 | 2,000 |
| A.G. | 62,500 / 125,000 | 4,000 | 2,000 |
| Statewide | 25,000 / 37,500 | 4,000 | 2,000 |
| Senate | 6,250 / 6,250 | 2,000 | 1,000 |
| House | 3,125 / 3,125 | 1,000 | 500 |

ESTIMATED CHECK-OFF FUNDS THAT WOULD HAVE BEEN NEEDED FOR THE 1988 ELECTION

I have assumed for this estimate that all incumbents could raise the necessary amount from individuals to qualify for a grant. For an incumbent to receive a grant, however, his opponent must either qualify for a grant or have raised 25% of the expenditure limit.

I have therefore gone through each contest and determined or estimated whether each candidate could have qualified for the grant had such a system been in place. I have also assumed that every candidate who was eligible for a grant would accept the maximum amount.

Senate Primary

Qualifying Candidates--10
 Maximum Grant--\$16,250
 Total Needed--\$162,500

Senate General

Qualifying Candidates--54
 Maximum Grant--\$16,250
 Total Needed--\$877,500

TOTAL SENATE--\$1,040,000

House Primary

Qualifying Candidates--30
 Maximum Grant--\$8,125
 Total Needed--\$243,750

House General

Qualifying Candidates--123
 Maximum Grant--\$8,125
 Total Needed--\$999,375

TOTAL HOUSE--\$1,243,125

1990 STATEWIDE CANDIDATES

Governor: Primary

Qualifying Candidates--5
 Maximum Grant--\$325,000
 Total Needed--\$1,625,000

Governor: General

Qualifying Candidates--2
 Maximum Grant--\$650,000
 Total Needed--\$1,300,000

Secretary of State: Primary

Qualifying Candidates--0
 Maximum Grant--\$65,000
 Total Needed-- -0-

Secretary of State: General

Qualifying Candidates--0
 Maximum Grant--\$97,500
 Total Needed--\$ -0-

Attorney General: General

Qualifying Candidates--2
 Maximum Grant--\$325,000
 Total Needed--\$650,000

Insurance Commissioner: Primary

Qualifying Candidates--2
 Maximum Grant--\$65,000
 Total Needed--\$130,000

Insurance Commissioner: General

Qualifying Candidates--2
 Maximum Grant--\$97,500
 Total Needed--\$195,000

State Treasurer: General

Qualifying Candidates--2
 Maximum Grant--\$97,500
 Total Needed--\$195,000

TOTAL STATEWIDE: \$4,095,000

CHECK-OFF DOLLARS AVAILABLE

| | |
|---|----------------|
| Total Income Tax Returns Filed: | 1,150,000 |
| Number Out of State: | <u>168,600</u> |
| Difference: | 981,400 |
| Joint Returns: | <u>601,500</u> |
| Total Returns Available for check-off: | 1,582,900 |

20% participation would produce \$949,740/year.

Note: Wisconsin invests their funds and the interest is very substantial.

GENERAL ELECTION EXPENDITURE LIMIT RATIO

(Money available per registered voter for each office)*

| | |
|-------------------|--------------------------------------|
| Governor: | \$0.87 |
| Attorney General: | \$0.43 |
| Other Statewide: | \$0.13 |
| State Senate: | \$0.87 (registered voters/40=28,850) |
| State House: | \$1.35 (registered voters/125=9,232) |

Note: Senate races in 1988 would have been widely varied:
District 29--11,825 votes cast = \$2.11/voter
District 5--50,228 votes cast = \$0.50/voter
This should be cleaned up some by reapportionment.

*Total registered as of 8/1/89: 1,153,870

HIGHEST PARTICIPATION RATE OF OTHER STATES

| | | | |
|------------|--------------|-------------|--------------|
| Michigan | 28.3% (1977) | Minnesota | 19.8% (1977) |
| New Jersey | 41.7% (1980) | N. Carolina | 15.5% (1983) |
| Hawaii | 54.0% (1984) | Utah | 27.5% (1979) |
| Idaho | 22.6% (1981) | Wisconsin | 19.7% (1980) |
| Iowa | 17.0% (1980) | Kentucky | 16.5% (1977) |

LWVK LEAGUE OF WOMEN VOTERS OF KANSAS

919½ South Kansas Avenue, Topeka, Kansas 66612 (913) 234-5152

HOUSE BILL 2169

Statement to:
House Elections Committee
Tom Sawyer, Chairman

League of Women Voters has worked for Campaign Finance Reform for a very long time, particularly at the national level.

Kansas has an opportunity to enact some meaningful campaign finance reform with House Bill 2169.

The key components which League of Women Voters supports are, public financing for candidates who volunteer to accept spending limitations; limiting the power of special interest groups; and limiting the influence of out of district or out of state individuals.

The effect of these limits will be to give elections back to the voters, who presently stay away from the polls in droves.

League of Women Voters' goal has always been citizen participation in the political process from ease of registration through active participation in political campaigns of each persons choosing, to voting as an informed citizen on election day.

It is said your interest follows your money and public financing would, we believe, spark more interest in issues and candidates and in voting. Elected officials need to be accountable, but so do voters, and more direct participation will bring about better informed voters.

I do have some questions of clarification:

Section 7 (a) Does 200% of the amount an individual may contribute to a candidate mean from both the candidate and spouse combined or each singly?

Section 7 (c) Is that 65% in the primary and 65% in the general?

Section 11 (b) 10 calendar days is a work week. Would that be a problem in a primary like we just had?

Section 11 (h) should there be a time limit i.e. "no later than"?

Section 11 (i) 5 days after what--delivery by mail?

Section 13 (a) (2) Should there be "no later than" language?

Section 14 (d) Misdemeanor against candidate or treasurer?

Section 17 same question.

League of Women Voters supports HB 2169 and urges this committee to report it favorably for passage.

Thank you.

House Elections Committee
Attachment 2
3-19-91
Myrna Stringer
League of Women Voters of Kansas