

Approved: 1-26-98
Date

MINUTES OF THE SENATE ELECTIONS AND LOCAL GOVERNMENT COMMITTEE.

The meeting was called to order by Chairperson Janice Hardenburger at 1:30 p.m. on January 15, 1998 in Room 529-S of the Capitol.

All members were present except: Senator Vidricksen
Senator Steineger

Committee staff present: Dennis Hodgins, Legislative Research Department
Mike Heim, Legislative Research Department
Theresa Kiernan, Revisor of Statutes
Graceanna Wood, Committee Secretary

Conferees appearing before the committee: Helen Stephens, Kansas Sheriff's Association
Senator Anthony Hensley, Senate Minority Leader

Others attending: See attached list

Chairman Hardenburger introduced Helen Stephens, representing the Kansas Sheriff's Association.

Helen Stephens requested changes to KSA 19-824 regarding uniforms being distinguishable from the uniforms of other law enforcement agencies. (Attachment 1)

Senator Becker moved and seconded by Senator Petty to introduce the bill as proposed. The motion carried.

Chairman Hardenburger advised the Committee that every bill that is presented on independent expenditures would be heard but will delay action on these bills because it is a complicated subject.

Chairman Hardenburger opened the hearings on SB 391.

Senator Hensley a sponsor of the bill, testified that changes are needed to repair the damaged campaign finance system. (Attachment 2)

Senator Hensley offered an amendment to the bill which changes the expenditures in an aggregate amount from \$100 to \$1000. (Attachment 3)

Senator Huelskamp asked for the reason for the \$1000 cut off. Senator Hensley responded that smaller contributors should not have to file a disclosure report. He also said the money amount should be decided on what makes sense. One hundred dollars seems rather minimal, and \$1000 is a place to start. He said the Governor's bill started at \$2500.

Senator Huelskamp asked if defining types of elections would also include issue elections. Senator Hensley said his intent was to focus on state candidate elections.

Senator Huelskamp posed a hypothetical situation; if, for example, the Governor flew to a location using his campaign money and was involved in a State Senator or State House race, would he have to report an independent expenditure if it went over the threshold. Senator Hensley said he thought that the expenditure should be reported as an in-kind contribution. If he spent money on fuel and flew out to the State Senator's District to campaign for or against the State Senator, this would strictly be a political trip, and would have to be reported as an independent contribution.

Senator Huelskamp asked if the restriction on disclosure requirement applied to internal organizational communication. Senator Hensley stated in the bill that the list of expenditures do not include "costs associated with internal organizational communications of business, labor, professional or other associations." He pointed out that his bill is different than the Governor's bill on Sections (f), (g), and (h). Senator Huelskamp asked if mass mailings to union members would be considered internal communication. Senator Hensley said yes.

Senator Becker remarked that Senator Hensley's testimony indicated nothing about how money was given to

CONTINUATION SHEET

Minutes of the Senate Elections and Local Government Committee, January 15, 1998

candidates running for the Legislature. Senator Hensley advised that the Democratic party expenditures and contributions had been fully disclosed.

Senator Lawrence posed a hypothetical situation; if a comment on her campaign was sent out, and she had to answer it and there was no time to send in a disclosure, would this bill affect this situation. Senator Hensley answered that the seven day requirement would be necessary if she intended to spend any money.

Chairman Hardenburger suggested legislators needed to clean up language in the statutes concerning registered mail vs certified mail.

Senator Hensley stated that the Democratic Senate caucus announced three bills in early November. It was of interest to the caucus members to try to keep the reform measures down to a reasonable number. Senator Hensley also stated he would like to focus on this issue because it is critical for the people of Kansas to have the right to know. He also supports full subpoena power to the Ethics Commission. He said the Insurance Commissioner is a regulator and an "arms distance" between the regulator and the regulated must be maintained. Senator Hensley said he would again support prohibiting campaign contributions from people regulated by the Insurance Department.

Chairman Hardenburger introduced Carol Williams from the Kansas Commission on Governmental Standards and Conduct. Carol Williams stated her testimony was based on the printed bill, and not on Senator Hensley's amended version. She brought to Committee's attention that if the bill is considered by the Committee, it would be imperative to go into sub-section (d) on page 2 and change \$100 to \$1000. (Attachment 4)

Senator Becker posed a hypothetical question; if teachers in a certain school district decided they needed someone in their school district who would support them and information was sent out internally in that regard, would they have to report? Carol Williams, KCGSC, advised if it was distributed internally it would not be required to be reported.

Chairman Hardenburger advised hearings on SB 391 would be continued on Thursday, January 22, 1998.

Meeting was adjourned at 2:30 p.m.

Next meeting will be at 1:30 p.m. January 20, 1998.

ELECTIONS & LOCAL GOVERNMENT COMMITTEE GUEST LIST

DATE: JANUARY 15, 1998

NAME	REPRESENTING
Helen Stephens	KSA
Pete McGeie	PM's ^{and} Associates
MICHAEL WELTON	(SELF) CHRISTIAN CONVICTION of KS
Charlie Smithson	KCGSC
Paul Williams	KCGS
Bruce Dimmitt	Kansans For Life + Independent
JEANNE GARDON	KFL
B. Luetke-Stahlman	Intern ACLU
John Lewis	Myself
Brad Bryant	Sec. of state
Janelle Wilhite	Budget
Jacey Farmer	KASB
John Schwart	Minority Leader's Office (Dem)
Harrisa Lafayette	Ks Assn of B. Castles
Mike	Winkler Journal
John Hanna	AP
Shirley Kessinger	Harris News Service

KANSAS SHERIFFS ASSOCIATION

January 15, 1998

Madam Chairman and Members of the Committee:

I am Helen Stephens, representing the Kansas Sheriffs Association.

We are here to request a bill regarding sheriff's uniforms, as follows:

Proposed change to KSA 19-824:

The uniform required herein shall be readily distinguishable from the uniform of other law enforcement agencies in the state of Kansas. Each sheriff shall designate the color and design of the uniform to be worn by his/her department and shall register the same with the Attorney General at least 30 days prior to any proposed changes. The Attorney General may reject or veto uniform designations by giving written notification to the sheriff within thirty (30) days after receipt of said registration.

Thank you for your consideration. I would stand for questions.

Elec. & Local Gov.
Date: 1-15-98
Attachment: # 1

Senate Bill 391 - Public disclosure of independent contributions and expenditures

January 15, 1998

Anthony Hensley, Senate Democratic Leader

Senator Hardenburger and committee members: I testify today in support of SB 391, a bill that would require full disclosure of money raised and spent by independent groups to influence voters in Kansas elections.

As leader of the Senate Democrats, I am grateful to you, Senator Hardenburger, of how quickly you have acted to hold a hearing on this bill. We believe it is in the interest of all Kansans to move as quickly as possible to pass this legislation.

Kansans have become skeptical of their elected officials because of a damaged campaign finance system. They believe both political parties are to blame in that they believe both Republicans and Democrats have tried to evade state and federal campaign finance laws. It is important that we work together to allay their fears and regain their confidence.

We must take action that will restore the peoples' faith in our damaged campaign finance system.

It is no news that independent expenditures are a growing trend in campaigns throughout the country, and Kansas is not immune from this trend. Last year, Kansas news media reported that Triad Management Services, Inc., spent nearly \$1 million in the last ten days of the 1996 campaign to defeat Democratic candidates Jill Docking, Sally Thompson, John Frieden, Judy Hancock and Randy Rathbun.

Triad Management Services, Inc., is a political media consultant operation based in Washington, D.C., headed by a former staffer of Oliver North. Triad used two non-profit shell organizations to fund the expenditures. Kansas voters were bombarded by television and radio ads in the last ten days of the campaign sponsored by "Citizens for Reform" and "Citizens for the Republic Education Fund". These ads accused Democratic candidates of being tax-and-spend liberals opposed to the balance budget amendment.

Triad's heaviest last-minute advertising blitz was in the Brownback-Docking race. It is estimated that Triad spent \$410,000 to finance the television and radio ads against Docking - a significant sum of money in a campaign in which Brownback himself spent \$2.2 million.

Elec. & Local Gov.
Date: 1-15-98
Attachment: # 2

At no time during or after the 1996 election was Triad and its two shells required to publicly disclose where the nearly \$1 million came from. However, news reports have alleged that Koch Industries of Wichita was a major source of that money. Obviously, the public will never know if an international corporation based in Kansas with strong interest in influencing federal legislation paid heavily and anonymously to influence a Kansas federal election.

As recent as Tuesday this week, the outcome of a California state legislative race was heavily influenced by an independent group calling itself, "The Campaign for Working Families". It spent \$100,000 to label a Republican candidate's record "clearly outside the party's pro-family, pro-life mainstream" with "positions in support of unfettered abortion, include partial-birth abortion, racial preferences and special rights for homosexuals."

As recent as today's Congressional publication Roll Call, a new group calling itself "Americans for Job Security" is planning to spend \$100 million over the next five years on undisclosed "issue ads" pushing a conservative agenda.

A November 9th editorial in the Topeka Capital-Journal best defines the problem SB 391 will correct:

"Those unidentifiable committees with the benign sounding names are often fronts for special interests or political parties. They buy ads - usually attack ads on an opponent - without ever having to identify themselves. There is no accountability for where these ads come from."

SB 391 is a "right to know" bill. The voters of Kansas have the right to know who is raising and spending money to influence their vote for or against candidates for public office.

The thirteen Senate Democrats are joined in support on this issue by Governor Bill Graves. In Monday's State of the State message, the Governor stated:

"I ask you to help restore the confidence of people in their government by enacting meaningful ethics legislation... I strongly encourage... requiring disclosure of third party dollars spent in the election process..."

“The issue of third party spending is an issue of disclosure. It is not an issue of restricting citizen’s rights. All we ask for is information on the source of their money and how it was spent. Kansans have the right to know who is trying to influence them in the political process.”

Obviously, SB 391 will not apply to federal elections or the Triad-type of situations that influence voters with last-minute media ads. However, I was very encouraged to read in the Topeka Capital-Journal that Congressman Jim Ryun will support public disclosure of independent expenditures at the federal level. Ryun said the law should be changed so citizens know who is attempting to influence their election day decisions. “From the standpoint of disclosure the public is entitled to know,” said Ryun.

Congressman Ryun’s support for this campaign finance reform is important for several reasons. First, he is the first among the Kansas congressional delegation to support disclosure in federal elections. Second, Ryun’s own 1996 campaign was the recipient of Triad’s undisclosed \$133,000 last-minute media blitz against his opponent, John Frieden.

Third, and to me most significant, is Ryun’s concern about his own campaign’s accountability. Triad ran their ads without his prior knowledge or approval. Federal law prohibits Triad and other groups from coordinating their activities with the candidates they are attempting to help.

Then we hear all of the excuses. Candidates say, “I didn’t know they were going to run that ad,” or “I had nothing to do with what they said about my opponent.” I ask you, where is the accountability in elections? As candidates, we should clean up our own act. We should take the responsibility to stop Triad or other groups which are not required to disclose their money from running ads for us or against our opponent.

I strongly urge Congressman Ryun to push full disclosure of independent contributions and expenditures in federal elections while we do the same in state elections.

I urge the members of this committee to pass SB 391.

Subpoenas for groups with links to Kansan

Senate committee requests material from those that helped him.

By JAMES KUHNHENN
Staff Writer

KC Star
4/10/97

WASHINGTON — Bowing to Democrats, a Senate committee on Wednesday issued subpoenas for documents from political organizations affiliated with the Republican Party, including two groups linked to Sen. Sam Brownback's 1996 campaign.

One of the subpoenas is for Triad Management Services, a Washington, D.C., political fund-raising firm that ran a sophisticated brokerage operation that linked wealthy donors to conservative Republican candidates.

Another is for Citizens for the Republic Education Fund, a tax-exempt group run by Triad officials that spent at least \$200,000 in last-minute ads against Brownback's Democratic opponent, Jill Docking.



Brownback

The Governmental Affairs Committee also subpoenaed the records of Citizens for Reform, another tax-exempt group tied to Triad that ran an ad campaign against Judy Hancock, the Democratic candidate in Kansas' 3rd District congressional race.

Wednesday's development was part of an agreement between committee Republicans and Democrats to issue 10 subpoenas as part of their investigation into last year's political fund-raising practices. Four of the 10 are aimed at the Dole for President campaign, Clinton/Gore '96, the Democratic National Committee and the Republican National Committee.

The remaining six target organizations with ties to the Republican Party. All but Triad were tax-exempt groups.

Until Wednesday, the only subpoenas involving Re-
See **SENATE, A-12**, Col. 1

Senate panel seeks documents from political groups

Continued from A-1

publican fund raising had been directed at Massachusetts businessman Simon Fireman, who was convicted of laundering contributions to the Dole campaign and others through his employees.

The inquiry into Triad activities is especially noteworthy because Brownback has emerged as a key member of the Governmental Affairs Committee. The freshman senator already has attracted attention because of transactions involving his millionaire in-laws and political action committees that have to his primary campaign.

Brownback, who has nurtured a reputation as a campaign finance reformer, said last week he was being unfairly targeted for activities neither illegal nor improper.

"I'm being singled out, I think, as part of a broader scheme to discredit people on the Governmental Affairs Committee," he said.

Triad, which collects fees for its between services, is a new species in political financing. Run by a former top political aide to Oliver North, Triad launched Citizens for Reform and Citizens for the Republic to combat organized labor's anti-Republican ads.

In so doing, it creatively sidestepped federal election laws that require disclosure of political contributors and limit individual gifts.

"For years, the unions have been a 'rapid fire' to the Democratic

party," Triad President Carolyn Malenick said in a promotional video. "If we need to move or have \$100,000 put into a congressional race tomorrow, where're we going to find it? There's never been the rapid fire for the Republican Party."

Later, an announcer intones: "Triad is an effective, comprehensive and new way for Republican donors to make their campaign contributions go further."

Trouble is, Triad's donor list is secret; so are the contributors to the two tax-exempt groups.

Brownback and Rep. Vince Snowbarger, who defeated Hancock, have said they do not know who paid for the ad campaigns and that they were broadcast without their knowledge.

Citizens for Reform and Citizens for the Republic ran ads against congressional Democratic candidates in at least seven states.

In addition to Triad and its two related groups, Democrats sought and obtained permission to issue subpoenas for records from former Republican National Committee Chairman Haley Barbour's National Policy Forum, Americans for Tax Reform and the Coalition for Our Children's Future.

Democrats prepared those subpoena requests in February. Five others, prepared at the same time, were not included in Wednesday's list. They include requests for records from the Christian Coali-

tion, the National Right to Life Committee and the American Defense Institute. These subpoenas are under negotiation.

Contribution turnaround

Triad's role in Kansas did not begin and end with those highly effective, last-minute ads in the fall general election campaign.

It first appeared quietly back in June when, according to a Republican activist familiar with Triad's activities, Malenick expressed an interest in Brownback's campaign.

"I knew Triad wanted to be active in the Brownback campaign and that there were people who wanted to give him support," said the activist, who requested anonymity. "My impression was that it was people related to him."

Last month, *The Kansas City Star* reported that Brownback's in-laws, John and Ruth Stauffer of Topeka, contributed between \$2,500 and \$5,000 during a three-week period in July to each of seven political action committees, which in turn contributed similar amounts to Brownback.

Since then, a search of Federal Election Commission records has revealed an eighth PAC, whose transactions had not been recorded in the commission's data base.

The Stauffers contributed a total of \$37,500 to those eight PACs. The PACs, within days, sent \$36,000 to Brownback.

Because of the secrecy involved

with Triad "clients," no public record exists that shows whether the Stauffers used the firm as a broker to direct contributions to PACs friendly to Brownback.

The Stauffers and Malenick did not return repeated telephone calls for this article. John Stauffer last month denied any complicity with the PACs that contributed to his son-in-law's campaign.

According to a review of election commission records, however, the PACs receiving the Stauffer money were many of the ones that received thousands of dollars from a individuals the Triad promotional video identifies as Triad clients.

One of those groups, the Free Congress PAC, received \$5,000 from the Stauffers on July 16. On the same day, the PAC wrote a \$4,500 check to the Brownback campaign. According to the PAC's report, the contribution went to "Sam Brownback for Senate, c/o Triad Mgmt. Svcs. Inc."

Brownback confident

It is illegal to knowingly funnel money through PACs to avoid federal limits on individual contributions to a specific candidates.

But it is unclear how federal campaign regulators would view the role of a go-between.

"This is another scheme that helps people evade the law," said Larry Sabato, co-author of *Dirty Little Secrets*, a book about money in politics. "It's really an extraordi-

narily revealing case study about how there are no rules any more."

Mark Braden, a lawyer who has counseled Triad, said that in directing a contributor to a particular PAC, the money would not have been earmarked for a candidate.

"The catechism," he said, "was 'no quid pro quo.'"

Asked if the Stauffers had used Triad, Braden said the firm does not identify its clients. And Brownback said he did not know if his in-laws were Triad clients.

"I didn't introduce them to them," he said in an interview. "And I don't know if anybody else did."

Brownback said he is confident his campaign and his in-laws did nothing wrong. The timing of his in-laws' donations and the similar PAC contributions to his campaign, he said, was a result of a compressed primary period that rendered July the crucial month in his campaign against Republican interim Sen. Sheila Frahm.

Legal, secret donations

Citizens for the Republic Education Fund was a dormant, nonprofit, tax-exempt political organization until Malenick and other Triad directors helped resurrect it last summer.

Incorporation papers list Malenick as president and its purpose as "collecting and disseminating data on public policy issues facing the American worker in his or

her work place."

As a nonprofit organization and not a PAC, the education fund could operate outside election laws.

Braden said it was entirely legal for Triad clients to secretly donate money to the fund. Stauffer said last month he had "no recollection" of giving money to Citizens for the Republic Education Fund.

The major restriction it faced: it could distribute "issue ads" for or against a candidate, but it was prohibited from expressly advocating their victory or defeat.

"Jill Docking, liberal Democrat," one education fund ad in Kansas stated. "When it comes to taxes, spending and balancing the budget, Jill Docking will be a vote for Bill Clinton in the Senate... Sam Brownback, conservative Republican, tax fighter, strong supporter of the balanced budget amendment..."

Brownback noted that his Democratic opponent also benefited from "educational" ads paid for by labor groups and teachers.

Campaign watchdog groups agree that organized labor advertising pushed the legal limits last year but see a crucial difference.

"The public understood that labor unions were paying for it," said Charles Lewis, executive director of the Center for Public Integrity. "In this case, the public doesn't know who's paying."

Staff writer Steve Kraske contributed to this article.

Date: Sun 11-9-97

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EDITORIALS

CAMPAIGN FINANCE REFORM

State takes the lead

Kansas has an opportunity to set an example in the realm of campaign finance reform. Last week, Senate Minority Leader Anthony Hensley, D-Topeka, proposed some major changes in state campaign finance laws, and several of the proposals have support from Republican leaders.

First of all, Hensley's proposal would give the state ethics commission real subpoena powers, rather than the 30-day notice law on the books now. The proposal, which has failed in the past, has been supported by Gov. Bill Graves and Senate President Dick Bond and Senate Majority Leader Tim Emert.

W. Charles Smithson, the ethics commission's attorney, quite correctly refers to the current law as "the 30-day bonfire rule." Telling someone they have to provide certain records in 30 days only allows them ample time to destroy records.

Hensley summed it up well: "When the state agency that regulates pest control in our state has full subpoena power and the ethics commission does not, we are not serious about campaign finance reform."

Hensley's proposal does get serious.

In addition to the subpoena powers, it also would require independent groups that "directly or indirectly" try to influence the outcome of state elections to report their expenditures and list their contributors.

■ Sen. Anthony Hensley has the right idea, but to get real reform, the same rules need to be enacted at the federal level.

Those unidentifiable committees with the benign sounding names are often fronts for special interests or political parties. They buy ads — usually attack ads on an opponent — without ever having to identify themselves. There is no accountability for where these ads come from.

A similar proposal supported by the governor last year didn't go anywhere.

Hensley's reform proposal also includes a bill backed by Insurance Commissioner Kathleen Sebelius last year that would prohibit people who work for the insurance industry from contributing money to candidates for that office.

As Hensley said in unveiling his plans, this goes beyond partisan politics. The public is fed up with all talk and no action; it is turned off by the influence of special interests; it is disillusioned with elected officials of both major parties.

The only problem with Hensley's proposal is that it would apply only to state candidates and races. The greatest need for reform is on the federal level.

Thursday, November 6, 1997

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Topeka/Kansas

THE CAPITAL-JOURNAL

POLITICS

Frieden says Ryun knew of ads

Defeated candidate says
mystery money was
used to pay for 12th-
hour pro-Ryun ads.

By JIM McLEAN
The Capital-Journal

The Democrat whom Republican Jim Ryun defeated in last year's race for Congress said Wednesday that a secretly funded group based in Washington, D.C., spent \$145,000 to help Ryun in the final days of the campaign.

Topeka lawyer John Frieden said the information was given to him by a staff member for the U.S. House committee investigating fund-raising abuses in the 1996 elections.

Frieden said the ads were paid for by Citizens for Reform, a group affili-

ated with Triad Management. A former aide to Oliver North who heads Triad has advertised the group as the GOP's "rapid fire" answer to the labor groups that traditionally help Democratic candidates.

Even though Triad's last-minute efforts on behalf of Republican candidates across the country weren't illegal, they were controversial because voters didn't know who was paying for them. Federal law doesn't require independent groups that spend money to "educate" voters to disclose their contributors or list their expenditures.

A bipartisan reform bill stalled in the U.S. Senate would require such groups to list their contributors.

Frieden said the ads run by Triad in the 2nd District race misled voters about his positions on the balanced budget amendment, taxes and a host of other issues. But he said they hit so late in the campaign that he couldn't

effectively respond to them.

"This isn't sour grapes," Frieden said. "But if soft money can operate that way and candidates don't have the integrity to stop it, the entire campaign finance system is basically worthless."

In a statement released late Wednesday, Ryun said he had nothing to do with the ads.

"I saw a couple of commercials that someone else was running during the campaign, but I never knew who was responsible for them," Ryun said.

Frieden doesn't believe it.

"It just defies common sense," Frieden said. "Oliver North's group isn't going to run campaign ads in this district unless someone in the Ryun organization was contacted."

Ryun spokesman Jay Rinehart called Frieden's accusation "completely false."

The disclosure of the role played by Triad in the Frieden/Ryun race



John Frieden

came on the same day the Wichita Eagle reported that Triad spent \$100,000 to help Rep. Todd Tiahrt win a tight contest against Democratic challenger Randy Rathbun in the state's 4th Congressional District.

Last week, the Washington Post reported that investigators for the Senate's investigative committee on campaign finance had uncovered evidence that a group connected to the family that owns Wichita's Koch Industries had contributed \$1.3 million to Triad.

A spokesman for the giant oil and natural gas company declined to comment on the report.

In addition to Ryun and Tiahrt, Triad also produced commercials that helped Republican Sen. Sam Brownback and 3rd District Republican Congressman Vince Snowbarger defeat their Democratic challengers.

Both Brownback and Snowbarger have said they had nothing to do with the commercials produced by Triad on their behalf.

2-7

Ryun says interest groups should disclose contributors

By JIM McLEAN
The Capital-Journal

TCS
12-21-97

Breaking from some of his Republican colleagues, Rep. Jim Ryun says independent groups that attempt to influence elections should be required to disclose their contributors.

Candidates must list their financial supporters. But independent groups can spend virtually unlimited amounts of money on media campaigns to help or hurt candidates. Such groups don't have to disclose the sources of their funding.

Ryun, who represents the 2nd District, which includes Topeka and much of eastern Kansas, said the law should be changed so citizens know who is attempting to influence their Election Day decisions.

"From the standpoint of disclosure, the public is entitled to know," Ryun said during a recent interview in his Topeka district office.

Other members of the Kansas congressional delegation, including Republican Sens. Sam Brownback and Pat



Rep. Jim Ryun

Ryun

Continued from page 1-A

Roberts, have said free-speech protections in the Constitution prohibit Congress from regulating independent groups.

Ryun said he supports disclosure even though he, too, has some constitutional concerns.

Ryun's position is all the more noteworthy given the fact he received significant support in 1996 from a secretive Washington-based group called Triad Management Services Inc.

Triad spent approximately \$1 million to help Ryun and other Republican congressional candidates in Kansas last year, according to investigators for a Senate committee.

The group paid for commercials designed to help Ryun defeat Topeka lawyer John Frieden. The \$133,000 media blitz unleashed in the final days of the campaign was aimed at persuading voters Ryun was a conservative tax cutter and Frieden was a liberal free spender. The ads helped Ryun pull away in what that point had been a tight race.

Congressional investigators say they believe Koch Industries was the source of much of the money Triad

"I would see things that were on television, but I really didn't have contact with them. And I am very glad I didn't."

— REP. JIM RYUN

spent in Kansas. Headquartered in Wichita, Koch is a massive company. Its chairman, billionaire Charles Koch, is a well-known supporter of conservative political causes.

The company repeatedly has declined to comment on its connection, if any, to Triad.

Federal law places some restrictions on organizations like Triad. It restricts them from explicitly urging voters to support or vote against specific candidates, and it prohibits them from coordinating their activities with the candidates they are attempting to help.

Ryun said neither he nor others in his campaign had any contact with Triad.

"I would see things that were on television, but I really didn't have contact with them," Ryun said. "And

I am very glad I didn't."

The same might not be true in Brownback's case.

There have been reports there was contact between Triad and Brownback's campaign.

The Washington Post reported that a Triad staffer visited Brownback's headquarters before a memo went out to contributors listing the campaign as the organization's top priority. The Post also reported that Brownback hosted a breakfast for Triad donors at the Republican National Convention and that a

senior staff person for the group helped the Kansas senator make fund-raising calls.

Triad's attorney said the staffer made the calls on her own time.

Though Ryun said he favors disclosure by unaffiliated political groups, he said he hasn't decided which one of several campaign finance proposals to support.

Last fall, efforts to force a Senate vote on a reform proposal failed amid partisan wrangling.

When Congress reconvenes after the first of the year, a House commit-

tee investigating allegations of campaign-finance abuses in congressional elections and in the presidential contest is expected to resume its hearings.

Ryun said he was unhappy with Attorney General Janet Reno for not appointing a special prosecutor to

investigate the fund-raising activities of the Clinton-Gore campaign.

But in a session last week with The Topeka Capital-Journal's editorial board, Ryun stopped short of accusing Reno of yielding to pressure from the White House.

"You'd have to ask her," he said.

Continued on page 15-A, col. 1

2-8

SENATE BILL No. 391

By Senators Hensley, Barone, Biggs, Downey, Feleciano, Gilstrap, Gooch, Goodwin, Jones, Karr, Lee, Petty and Steineger

11-5

10 AN ACT concerning campaign finance; requiring the reporting of certain
11 information; amending K.S.A. 25-4150 and K.S.A. 1997 Supp. 25-4152
12 and repealing the existing sections.

13
14 Be it enacted by the Legislature of the State of Kansas:

15 Section 1. K.S.A. 25-4150 is hereby amended to read as follows:
16 25-4150. (a) The purpose of this section is to maintain the integrity of the
17 election process, inform the electorate of sponsors of efforts to influence
18 elections and foster a climate of honesty perceptible to the public by re-
19 quiring persons who make independent expenditures in an attempt to
20 influence the outcome of elections in this state to disclose publicly the
21 name of the person making such expenditures, the source of such person's
22 money and how such money is expended.

23 (b) Except as specifically provided by this section, the words and
24 phrases used in this section shall have the same meaning ascribed thereto
25 by K.S.A. 25-4143, and amendments thereto.

26 (c) When used in this section:

27 (1) "Person" means a person as defined by K.S.A. 25-4143, and
28 amendments thereto, who makes expenditures in an aggregate amount of
29 \$100 or more within a calendar year.

30 (2) "Expenditure" means:

31 (A) Any purchase, payment, distribution, loan, advance, deposit or
32 gift of money or any other thing of value made for the purpose of:

33 (i) Directly or indirectly influencing the nomination or election of any
34 candidate; (ii) providing information which has the effect of directly or
35 indirectly influencing the nomination or election of any candidate; or (iii)
36 influencing the outcome of any election;

37 (B) any contract to make an expenditure;

38 (C) a transfer of funds between any two or more candidate commit-
39 tees, party committees or political committees; and

40 (D) payment of a candidate's filing fees.

41 (3) "Expenditure" does not include:

42 (A) The value of volunteer services provided without compensation;

43 (B) costs to a volunteer incidental to the rendering of volunteer serv-

[subsection (d)

[\$1000

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1 ices not exceeding a fair market value of \$50 during an allocable election
2 period as provided in K.S.A. 25-4149 and amendments thereto;

3 (C) payment by a candidate or candidate's spouse for personal meals,
4 lodging and travel by personal automobile of the candidate or candidate's
5 spouse while campaigning or payment of such costs by the treasurer of a
6 candidate or candidate committee;

7 (D) the value of goods donated to events such as testimonial events,
8 bake sales, garage sales and auctions by any person not exceeding fair
9 market value of \$50 per event;

10 (E) any communication by an incumbent elected state or local officer
11 with one or more individuals unless the primary purpose thereof is to
12 directly or indirectly influence the nomination or election of any candidate
13 or providing information which has the effect of directly or indirectly
14 influencing the nomination or election of any candidate;

15 (F) costs associated with any news story, commentary or editorial
16 distributed in the ordinary course of business by a broadcasting station,
17 newspaper, other periodical publication or by internet communication;

18 (G) costs associated with nonpartisan activities designed to encourage
19 individuals to register to vote or to vote; or

20 (H) costs associated with internal organizational communications of
21 business, labor, professional or other associations.

(e.) 22 (d) Every person, other than a candidate or a candidate committee,
23 party committee or political committee, who makes contributions or ex-
24 penditures, other than by contribution to a candidate or a candidate com-
25 mittee, party committee or political committee, in an aggregate amount
26 of \$100 or more within a calendar year shall make statements containing
27 the information required by K.S.A. 25-4148 and amendments thereto,
28 and file them in the office or offices required so that each such statement
29 is in such office or offices on the day specified in K.S.A. 25-4148 and
30 amendments thereto. If such contributions or expenditures are made to
31 support or oppose a candidate for state office, other than that of an officer
32 elected on a state-wide basis such statement shall be filed in both the
33 office of the secretary of state and in the office of the county election
34 officer of the county in which the candidate is a resident. If such contri-
35 butions or expenditures are made to support or oppose a candidate for
36 statewide office such statement shall be filed only in the office of the
37 secretary of state. If such contributions or expenditures are made to sup-
38 port or oppose a candidate for local office such statement shall be filed
39 in the office of the county election officer of the county in which the
40 candidate is a resident. Reports made under this section need not be
41 cumulative.

42 Sec. 2. K.S.A. 1997 Supp. 25-4152 is hereby amended to read as
43 follows: 25-4152. (a) The commission shall send a notice by registered or

(d) At least seven days prior to making an expenditure, any person shall make and file a statement prescribed by this section. Such statement shall be filed in the office of the secretary of state. If the expenditure is to support or oppose any candidate for local office, such statement shall be filed in the office of the county clerk of the county in which such person is on the ballot. Every statement shall include:

- (1) The name and address of the person;
- (2) the name and address of the chairperson of the organization, if the person is not an individual;
- (3) the name and address of affiliated or connected organizations; and
- (4) the full name of any organization with which the person is connected or affiliated or, name or description sufficiently describing the affiliation or, if the person is not connected or affiliated with any one organization, the trade, profession or primary interest of contributors of the person.

1 certified mail to any person failing to file any report or statement required
2 by K.S.A. 25-4144, 25-4145 ~~or 25-4148~~, 25-4148 ~~or 25-4150~~, and amend-
3 ments thereto, and to the candidate appointing any treasurer failing to
4 file any such report, within the time period prescribed therefor. The no-
5 tice shall state that the required report or statement has not been filed
6 with either the office of secretary of state or county election officer or
7 both. The person failing to file any report or statement, and the candidate
8 appointing any such person, shall be responsible for the filing of such
9 report or statement. The notice *also* shall ~~also~~ state that such person shall
10 have 15 days from the date such notice is deposited in the mail to comply
11 with the registration and reporting requirements before a civil penalty
12 shall be imposed for each day that the required documents remain un-
13 filed. If such person fails to comply within the prescribed period, such
14 person shall pay to the state a civil penalty of \$10 per day for each day
15 that such report or statement remains unfiled, except that no such civil
16 penalty shall exceed \$300. The commission may waive, for good cause,
17 payment of any civil penalty imposed by this section.

18 (b) Civil penalties provided for by this section shall be paid to the
19 state treasurer, who shall deposit the same in the state treasury to the
20 credit of the Kansas commission on governmental standards and conduct
21 fee fund.

22 (c) If a person fails to pay a civil penalty provided for by this section,
23 it shall be the duty of the attorney general or county or district attorney
24 to bring an action to recover such civil penalty in the district court of the
25 county in which such person resides.

26 Sec. 3. K.S.A. 25-4150 and K.S.A. 1997 Supp. 25-4152 are hereby
27 repealed.

28 Sec. 4. This act shall take effect and be in force from and after its
29 publication in the statute book.

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andidate for local office. An individual who vacates the position of treasurer by reason of removal or resignation shall substantiate the accuracy of such person's records to the succeeding treasurer. No resignation of a treasurer shall be effective until a written statement of resignation of such treasurer has been filed with the secretary of state if the treasurer is that of a candidate or committee involving a candidate for state office or with the county election officer if the treasurer is that of a candidate or committee involving a candidate for local office. No removal of a treasurer of a candidate or candidate committee shall be effective until a written statement of such removal from the candidate has been filed with the secretary of state if the candidate is a candidate for state office or with the county election officer if the candidate is a candidate for local office. No removal of a treasurer of a party committee or political committee shall be effective until a written statement of such removal from the party committee or political committee has been filed with the secretary of state if such committee is a party committee or a political committee the major purpose of which is to support or oppose a candidate for state office or with the county election officer if such committee is a political committee the major purpose of which is to support or oppose a candidate for local office. The succeeding treasurer shall not be held responsible for the accuracy of the predecessor treasurer's records.

(b) No contribution or other receipt shall be received or expenditure made, by or on behalf of a candidate, pair of candidates or candidate committee, except receipt or payment of a filing fee:

(1) Until such candidate appoints a treasurer and makes the report required by K.S.A. 25-4144 and amendments thereto; and

(2) unless by or through such treasurer.

(c) No contribution or other receipt shall be received or expenditure made by or on behalf of a party committee or political committee:

(1) Until the chairperson of the party committee or a political committee has filed a statement of organization required by K.S.A. 25-4145 and amendments thereto; and

(2) unless by or through the treasurer of such committee.

History: L. 1981, ch. 171, § 5; L. 1990, ch. 122, § 3; L. 1995, ch. 203, § 2; July 1.

Governmental Standards and Conduct Comm. Opinions:
Lieutenant governor's right to claim any interest in gubernatorial campaign funds discussed. 93-40.

Conditions for termination of political campaign and final distribution of campaign funds; limitations. 93-43.

Removal of treasurer due to imposition of a civil penalty. 96-5.

25-4148. Reports required of treasurer; when filed; contents. (a) Every treasurer shall file a report prescribed by this section. Reports filed by treasurers for candidates for state office, other than officers elected on a state-wide basis, shall be filed in both the office of the secretary of state and in the office of the county election officer of the county in which the candidate is a resident. Reports filed by treasurers for candidates for state-wide office shall be filed only with the secretary of state. Reports filed by treasurers for candidates for local office shall be filed in the office of the county election officer of the county in which the candidate is on the ballot. Except as otherwise provided by subsection (h), all such reports shall be filed in time to be received in the offices required on or before each of the following days:

(1) The eighth day preceding the primary election, which report shall be for the period beginning on January 1 of the election year for the office the candidate is seeking and ending 12 days before the primary election, inclusive;

(2) the eighth day preceding a general election, which report shall be for the period beginning 11 days before the primary election and ending 12 days before the general election, inclusive;

(3) January 10 of the year after an election year, which report shall be for the period beginning 11 days before the general election and ending on December 31, inclusive;

(4) for any calendar year when no election is held, a report shall be filed on the next January 10 for the preceding calendar year;

(5) a treasurer shall file only the annual report required by subsection (4) for those years when the candidate is not participating in a primary or general election.

(b) Each report required by this section shall state:

(1) Cash on hand on the first day of the reporting period;

(2) the name and address of each person who has made one or more contributions in an aggregate amount or value in excess of \$50 during the election period together with the amount and date of such contributions, including the name and address of every lender, guarantor and endorser

when a contribution is in the form of an advance or loan;

(3) the aggregate amount of all proceeds from bona fide sales of political materials such as, but not limited to, political campaign pins, buttons, badges, flags, emblems, hats, banners and literature;

(4) the aggregate amount of contributions for which the name and address of the contributor is not known;

(5) each contribution, rebate, refund or other receipt not otherwise listed;

(6) the total of all receipts;

(7) the name and address of each person to whom expenditures have been made in an aggregate amount or value in excess of \$50, with the amount, date, and purpose of each and the names and addresses of all persons to whom any loan or advance has been made; when an expenditure is made by payment to an advertising agency, public relations firm or political consultants for disbursement to vendors, the report of such expenditure shall show in detail the name of each such vendor and the amount, date and purpose of the payments to each;

(8) the name and address of each person from whom an in-kind contribution was received or who has paid for personal services provided without charge to or for any candidate, candidate committee, party committee or political committee, if the contribution is in excess of \$50 and is not otherwise reported under subsection (b)(7), and the amount, date and purpose of the contribution;

(9) the aggregate of all expenditures not otherwise reported under this section; and

(10) the total of expenditures.

(c) Treasurers of candidates and of candidate committees shall be required to itemize, as provided in subsection (b)(2), only the purchase of tickets or admissions to testimonial events by a person who purchases such tickets or admissions in an aggregate amount or value in excess of \$50 per event, or who purchases such a ticket or admission at a cost exceeding \$25 per ticket or admission. All other purchases of tickets or admissions to testimonial events shall be reported in an aggregate amount and shall not be subject to the limitations specified in K.S.A. 25-4154, and amendments thereto.

(d) If a contribution or other receipt from a political committee is required to be reported under subsection (b), the report shall include the full name of the organization with which the political

committee is connected or affiliated or, name or description sufficiently describing the affiliation or, if the committee is not connected or affiliated with any one organization, the trade, profession or primary interest of contributors of the political committee.

(e) The commission may require any treasurer to file an amended report for any period for which the original report filed by such treasurer contains material errors or omissions, and notice of the errors or omissions shall be part of the public record. The amended report shall be filed within 30 days after notice by the commission.

(f) The commission may require any treasurer to file a report for any period for which the required report is not on file, and notice of the failure to file shall be part of the public record. Such report shall be filed within five days after notice by the commission.

(g) For the purpose of any report required to be filed pursuant to subsection (a) by the treasurer of any candidate seeking nomination by convention or caucus or by the treasurer of the candidate's committee or by the treasurer of any party committee or political committee of which the primary purpose is supporting or opposing the nomination of any such candidate, the date of the convention or caucus shall be considered the date of the primary election.

(h) If a report is sent by certified or registered mail on or before the day it is due, the mailing shall constitute receipt by that office.

History: L. 1981, ch. 171, § 7; L. 1984, ch. 145, § 6; L. 1989, ch. 111, § 4; L. 1990, ch. 122, § 4; L. 1997, ch. 12, § 1; July 1.

Governmental Standards and Conduct Comm. Opinions:

County-city consolidated government; candidate contribution limitations; transfer of funds from prior account. 97-16.

25-4152. Failure to file certain reports; notice; civil penalties; waiver or collection of penalties. (a) The commission shall send a notice by registered or certified mail to any person failing to file any report or statement required by K.S.A. 25-4144, 25-4145 or 25-4148, and amendments thereto, and to the candidate appointing any treasurer failing to file any such report, within the time period prescribed therefor. The notice shall state that the required report or statement has not been filed with either the office of secretary of state or county election officer or both. The person failing to file any report or statement, and the candidate appointing any such person, shall be responsible



KANSAS COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT

Testimony before Senate Elections and Local Government in Support of Senate Bill 391 by Carol Williams, Executive Director

Senate Bill 391 which is before you this afternoon amends K.S.A. 25-4150 and K.S.A. 1997 Supp. 25-4152, which are provisions of the Campaign Finance Act. The Commission supports passage of Senate Bill 391.

The provisions in this bill would require any person who makes an independent expenditure in the amount of \$100 or more in a calendar year to directly or indirectly influence the nomination or election of any individual to state or local office, or provide information which has the effect of directly or indirectly influencing the nomination or election of any individual to state or local office to file a receipts and expenditures report with the Commission. Reports would be required to be filed on the same dates as other candidates and political committees.

A person, as defined in the Campaign Finance Act, is an individual, committee, corporation, partnership, trust, organization or association.

Under current law, any person who makes an independent expenditure in the amount of \$100 or more to support or oppose a candidate for state or local office must file a receipts and expenditures report on the same dates as other candidates and political committees.

In the 1996 elections, Kansans witnessed an increase in "issue" or "educational" campaign advertising. These "issue" advertisements did not directly support or oppose a particular candidate but merely pointed out where a candidate stood on a particular issue. Therefore, since these ads did not directly support or oppose a particular candidate, the persons placing these ads did not have to disclose where their money came from or the cost of these advertisements.

Senate Bill 391 would require any person that intends to spend money in Kansas in an attempt to influence Kansas voters in a state or local election to disclose their contributions and expenditures like all state and local candidates and political parties are required by law to do.

Elec. & Local Gov.

Date: 1-15

Attachment: # 4