

Approved: 3-9-93
Date

MINUTES OF THE HOUSE COMMITTEE ON GOVERNMENTAL ORGANIZATION AND ELECTIONS.

The meeting was called to order by Chairperson Marvin Smith at 9:00 a.m. on February 25, 1993 in Room 521-S of the Capitol.

All members were present except: Representative Ed McKechnie (Excused)

Committee staff present: Carolyn Rampey, Legislative Research Department
Dennis Hodgins, Legislative Research Department
Arden Ensley, Revisor of Statutes
Nancy Kippes, Committee Secretary

Conferees appearing before the committee:

Representative Rocky Nichols
Michael Woolf, Common Cause of Kansas

Others attending: See attached list

Hearing on:

HB 2395 - income tax credit for contributions to candidates for public office.

Representative Rocky Nichols testified in support of HB 2395 which establishes a \$50 tax credit for campaign contributions made from individuals to state and local parties or candidates for state or local offices (Attachment 1). In addition, he handed out a list showing other states having tax credits (Attachment 2).

Michael Woolf, Common Cause of Kansas, provided testimony in support of HB 2395, advising this bill would help level percentages of contributions coming from PACs, corporations, unions, businesses and out of state organizations with those contributions from individuals (Attachment 3).

HB 2396 - individual income tax check off for election campaign finance.

Representative Rocky Nichols testified in support of HB 2396, setting up an optional one dollar check-off for contributions to be split equally between Kansas Commission on Governmental Standards and Conduct and recognized political parties (Attachment 4).

Representative Macy moved favorable passage of HB 2396. Representative Hochhauser seconded. Motion failed on call for division. Upon request, Representative Bowden, Representative Macy, Representative Gilbert, Representative Ballard and Representative Hochhauser are recorded as voting yes.

Representative O'Connor moved approval of the minutes for February 24, 1993 as submitted. Representative Gilbert seconded. Motion carried.

The meeting was adjourned at 10:10 a.m. The next meeting is scheduled for March 9, 1993.

GUEST LIST

COMMITTEE: House Governmental Organization & Elections DATE: 2-27-73

[illegible]

ROCKY NICHOLS
STATE REPRESENTATIVE, FIFTY-EIGHTH DISTRICT
SHAWNEE COUNTY
2330 S.E. VIRGINIA
TOPEKA, KANSAS 66605
913-357-6262



OFFICE: STATEHOUSE
TOPEKA, KS 66612

TOPEKA

HOUSE OF
REPRESENTATIVES

February 24, 1993

**Testimony on HB 2395:
Tax Credit for Individual Campaign Contributions**

Chairman Smith and members of the committee:

House Bill 2395 establishes a \$50 tax credit for campaign contributions made from individuals to state and local parties or candidates for state or local offices. In addition, the total aggregate tax credits for contributions are capped at \$250, \$50 per candidate or party with a limit of five different contributions that can be credited.

This limited tax credit stands as a commitment from the Kansas Legislature to the people of our state that we are trying to limit the influence of Political Action Committees (PACs), while at the same time building up grass roots support from the people of Kansas (the individuals who receive the tax credit).

The United States Supreme court ruled in the case of Buckley v. Valeo that PACs, lobbies, etc., have the right to petition, correspond and contribute to elected officials, just as any other individual or corporation would. However, it is the government's right (some would say obligation) to regulate the differences between PACs and individual contributions, thus limiting PACs sphere of influence.

The people of Kansas demand and deserve changes that empower individual citizens in the area of campaign financing. Building up grassroots involvement from the people is the natural counterbalance to the influence that PACs have in Kansas politics.

The people of Kansas are not content with the status quo, as evident by Ross Perot's very strong support in Kansas. Perot's vote totals in Kansas were the third highest that he received all over the nation.

I urge your support of HB 2395, and I would stand for questions.

*Attachment 1
House Gov't Org + Elections*

2-25-93

Table 7-1 State Political Finance Regulation

State	Disclosure requirements	Contribution limits (individuals)	Contribution limits (organizations)	Tax credits/ deductions	Independent election agency
Alabama	Yes	No	Yes	No	No
Alaska	Yes	Yes	Yes	No	Yes
Arizona	Yes	Yes	Yes	Yes ^a	No
Arkansas	Yes	Yes	Yes	No	Yes ^b
California	Yes	Yes ^c	Yes ^c	Yes ^d	Yes
Colorado	Yes	No	No	No	No
Connecticut	Yes	Yes	Yes	No	Yes
Delaware	Yes	Yes	Yes	No	Yes
Florida	Yes	Yes	Yes	No	Yes
Georgia	Yes	Yes	Yes	No	Yes
Hawaii	Yes	Yes	Yes	Yes ^a	Yes
Idaho	Yes	No	No	No	No
Illinois	Yes	No ^e	No	No	Yes
Indiana	Yes	No	Yes	No	Yes
Iowa	Yes	No	Yes	No	Yes
Kansas	Yes	Yes	Yes	No	Yes
Kentucky	Yes	Yes	Yes	No	Yes
Louisiana	Yes	Yes	Yes	No	Yes
Maine	Yes	Yes	Yes	No	Yes
Maryland	Yes	Yes	Yes	No	Yes

continued

Attachment 2
House Govt Org + Elec
2-25-93

Table 7-1 (continued)

State	Disclosure requirements	Contribution limits (individuals)	Contribution limits (organizations)	Tax credits/ deductions	Independent election agency
Massachusetts	Yes	Yes	Yes	No	Yes
Michigan	Yes	Yes	Yes	No	No
Minnesota	Yes	Yes	Yes	Yes ^d	Yes
Mississippi	Yes	No	Yes	No	No
Missouri	Yes	No	No	No	No
Montana	Yes	Yes	Yes	Yes ^a	Yes
Nebraska	Yes	No	No	No	Yes
Nevada	Yes	No	No	No	No
New Hampshire	Yes	Yes	Yes	No	No
New Jersey	Yes	Yes ^f	Yes ^f	No	Yes
New Mexico	Yes	No	No	No	No
New York	Yes	Yes	Yes	No	Yes
North Carolina	Yes	Yes	Yes	Yes ^a	Yes
North Dakota	Yes	No	Yes	No	No
Ohio	Yes	No	Yes	No	Yes
Oklahoma	Yes	Yes	Yes	No	Yes
Oregon	Yes	No	No	Yes ^d	No
Pennsylvania	Yes	No	Yes	No	No
Rhode Island	Yes	Yes	Yes	No	Yes
South Carolina	Yes ^g	No	No	No	Yes
<hr/>					
South Dakota	Yes	Yes	Yes	No	No
Tennessee	Yes	No	Yes	No	Yes
Texas	Yes	No	Yes	No	No
Utah	Yes	No	No	No	No
Vermont	Yes	Yes	Yes	No	No
Virginia	Yes	No	No	No	Yes
Washington	Yes	Yes	Yes	No	Yes
West Virginia	Yes	Yes	Yes	No	No
Wisconsin	Yes	Yes	Yes	No	Yes
Wyoming	Yes ^g	Yes	Yes	No	No

Sources: National Clearinghouse on Election Administration, Federal Election Commission, *Campaign Finance Law 90* (Washington, D.C.: Federal Election Commission, 1990); "State Campaign Finance Laws: The 1990 Legislative Session," *Campaign Practices Reports*, July 23, 1990; Frederick M. Herrmann, 1990 *Campaign Finance Update: Legislation and Litigation* (Los Angeles, Calif.: Citizens' Research Foundation, 1990); Ronald D. Michaelson, 1989 *Campaign Finance Update: Legislation and Litigation* (Los Angeles, Calif.: Citizens' Research Foundation, 1990); Ronald D. Michaelson, 1988 *Campaign Finance Update: Legislation and Litigation* (Lexington, Ky.: Council on Governmental Ethics Laws (COGEL), 1988).

^a Tax deduction.

^b A campaign finance initiative passed by Arkansas voters in November 1990 created a five-member Arkansas Ethics Commission effective as of January 1 1991, to administer both the new campaign finance statute and a public ethics law passed by voters in 1988.

^c For legislative campaigns only, but under litigation.

^d Tax credit.

^e The one restriction on Illinois involves a prohibition from making political donations by any individual who owns 5 percent or more of the stock in a horse racing organization.

^f New Jersey's individual and organizational contribution limits apply only to the state's publicly funded gubernatorial election. No contribution limit currently exist in state legislative races.

^g Unlike the other forty-eight states, which require both pre- and post-election reporting, South Carolina and Wyoming mandate only post-election filing. South Carolina does require that, two weeks prior to the election, candidates make a list of those contributing \$100 or more available upon request. However one must request such a list of the candidate's headquarters; it is not filed with the state.

Table 7-2 Public Financing and Tax-Assisted Funding in State Elections

State	System		Benefits			Elections		Expenditure limits	Year enacted
	Checkoff	Add-on	Governor	Other offices	Parties	General	Primary		
Alabama		X			X				1983
Arizona		X			X				1988
California		X			X				1982
Florida		^a	X	X		X	X	X	1991
Hawaii	X		X	X		X	X	X	1978-1979
Idaho	X				X				1975
Indiana		^b			X				1977
Iowa	X				X				1973
Kentucky	X				X				1976
Maine		X			X				1973
Maryland		X ^c	X			X	X	X	1974
Massachusetts		X	X	X		X	X		1975
Michigan	X		X			X	X		1976
Minnesota	X		X	X		X		X	1974
Montana		X	X	X		X			1975
New Hampshire		^d	X	X		X			1987
New Jersey	X		X			X	X	X	1974
North Carolina	X	X ^e	X	X	X	X		X	1975-1988
Ohio	X				X				1987
Oregon		X ^f			X				1987
Rhode Island		^g	X		X	X			1973-1988
Utah	X				X				1973
Virginia		X			X				1982
Wisconsin	X		X	X		X		X	1977

Sources: Citizens' Research Foundation.

Notes: Oklahoma enacted legislation, but its program has been discontinued. Some party funding may go to candidates in specific election campaigns, but in most states, parties are prohibited from engaging in primary election activity.

^a In 1991, Florida passed a law creating a public financing program funded through a tax on filing fees and on contributions from political action committees.

^b Indiana uses fees for customized license plates for funding subsidies to the major political parties

^c In 1982, Maryland suspended its add-on but will disburse previously collected funds in the 1994 gubernatorial election.

^d In 1989, New Hampshire enacted a filing fee waiver for state and federal candidates.

^e In 1988, North Carolina enacted a "candidates financing fund" with an add-on system that operates separately from the "political parties fund" checkoff established in 1975.

^f In 1987, the Oregon legislature enacted an income-tax-based political party add-on, long after a tax checkoff ended in 1981 because of a "sunset" provision; this program was automatically terminated effective tax year 1989 when minimum levels of participation set forth by statute were not met.

^g In 1988, Rhode Island enacted a gubernatorial election fund to be financed by general appropriations in lieu of sufficient checkoff participation.



COMMON CAUSE / KANSAS

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

TESTIMONY IN SUPPORT OF HOUSE BILL 2395

by Michael Woolf, Executive Director
February 25, 1993

Thank your Mr. Chairman, Members of the Committee, for allowing me to testify today in support of House Bill 2395 which would establish a tax credit for small individual campaign and political party contributions. This credit would be limited to no more than \$50 per candidate or political party and no person could claim more than five credits.

Common Cause supports this proposal as a way to increase contributions from individual citizens who would not normally give to candidates or parties. This is the way many people believe campaigns should be financed; instead of most of the money coming from wealthy individuals, PACs, and other special interests.

The federal government allowed a tax credit such as this up until 1986 when it was eliminated. Currently, Oregon is the only state that employs such a tax credit.

In the 1992 House elections 61% of all contributions came from PACs, corporations, unions, businesses and out of state organizations; only 26% came from individuals. The 1992 Senate figures are similar with 55% from special interest groups and 32% from individuals. Political parties only contributed 2% and 4% respectively. These figures do not include in-kind contributions.

House Bill 2395, if enacted, would help to level these percentages by decreasing the reliance on special interest group contributions, encouraging individual contributions, and providing political parties with funds to strengthen their efforts.

*Attachment 3
House Govt. Org. + Elec.
2-25-93*

ROCKY NICHOLS

STATE REPRESENTATIVE, FIFTY-EIGHTH DISTRICT
SHAWNEE COUNTY

HOME:

2329 S.E. VIRGINIA
TOPEKA, KANSAS 66605
(913) 357-6262



TOPEKA

HOUSE OF
REPRESENTATIVES

COMMITTEE ASSIGNMENTS

MEMBER: LABOR & INDUSTRY
PUBLIC HEALTH & WELFARE
ECONOMIC DEVELOPMENT

OFFICE:

STATEHOUSE—282-W
TOPEKA, KANSAS 66612-1504
(913) 296-7675

February 25, 1993

**Testimony on HB 2396:
Optional \$1 Tax Check-off for Good Government**

Chairman Smith and members of the committee:

House Bill 2396 sets up an optional one dollar "Good Government Check-off", with the revenues to be split up equally between the Kansas Commission on Governmental Standards and Conduct and recognized political parties with voter registration of over 100,000 people in Kansas.

The important aspect to remember with HB 2396 is that the check-off is **optional**, and the one dollar of additional tax liability is used to help fund our state's campaign financing watchdog, the Governmental Standards and Conduct Commission, as well as build the grass roots of political parties.

In our continuing debate about lessening the influence of PACs we should not lose sight of the PACs common enemies, political parties and individual voters. It requires a two pronged effort to carry out the publics will in curbing PAC power--- limits on PAC contributions and increased avenues for party and individual involvement. As you can see on the hand out, several states already have check-offs, with others using different forms of funding for political parties.

I strongly believe when the voters of Kansas elected all of us in November that they put their faith in us to fight for their best interests, not the narrow special interests that PACs represent. Now we must make a good faith effort to show that they made the right decision. They empowered us, now we should empower them.

I urge your support of HB 2396, and I would stand for questions.

*Attachment 4
House Gov't Org + Elec
2-25-93*