

Approved: MARCH 24, 1994
Date

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS

The meeting was called to order by Chairman Lana Oleen at 11:05 a.m. on February 25, 1994 in Room 254-E of the Capitol.

All members were present except:
Sens. Praeger and Vidricksen were excused

Committee staff present: Mary Galligan, Legislative Research Department
Jeanne Eudaley, Committee Secretary

Conferees appearing before the committee:
See attached agenda

Others attending: See attached list

Sen. Oleen announced the hearing for SB 658 and asked Mary Galligan to brief the bill for the committee. Sen. Gooch asked for clarification on the question of where the inaugural funds would go, after all the inaugural bills were paid. Sen. Oleen answered the way the bill reads, it would go to the general fund. She stated there is no reporting mechanism on the state level for inaugural contributions, and since there are large amounts of money involved, she stated she believes there should be an accounting as a matter of public record. She hopes the current governor and the previous two will provide input to the committee and told that she has talked by phone with former Gov. Mike Hayden, who had responded to the letter she sent to Governors Finney, Hayden, Carlin and Bennett. She will pass the information from that phone conversation to the committee. She stated the Republican and Democratic parties have also been invited to provide information to the committee. Written testimony (Attachment 1) from Kim Wells, State Chairman of the Republican Party, has been distributed to the committee. She stated the bill is fashioned after another states' law, and announced that the bill will be in the committee so that a full discussion can take place and amendments may be drafted. She introduced the following proponents, who gave testimony supporting the bill:

Carol Williams, Executive Director, Commission on Governmental Standards & Conduct, (Attachment 2);
Carol McDowell, representing former Gov. John Carlin, (Attachment 3) Note: Ms. McDowell did not have written testimony, but submitted it at a later date.
Carla Stovall, private citizen, (Attachment 4).

Ms. Williams recounted that when Governor Bennett was elected in 1974, questions were asked by lobbyists and other groups about contributions to the inaugural. Again in 1978 and Gov. Carlin's inaugural, questions were raised regarding contributions, amounts, etc, and no records had been kept up to that time. The language in the bill was fashioned from the New Jersey law. She also stated a bill has been introduced on the federal level this year. She emphasized that the commission has no position on the bill, as that is a policy decision to be made by the legislature. Sen. Ramirez raised a question on the maximum, anonymous amount (\$10.00), then asked Ms. Williams what happens to the money that is left over from an inaugural. Ms. Williams responded that she does not know, as there has been no record keeping. Sen. Hensley stated the purpose of the funds is to underwrite the inaugural and questions limiting the maximum amount to \$500.00. Sen. Jones stated the purpose of an inaugural is a statewide celebration. He reminded the committee that a campaign was just completed, the party is in debt, and then another campaign must begin to raise money for the inaugural. He stated this will create another problem for a recently-elected governor. Ms. Williams responded the limitations are arbitrary, but she felt that public disclosure is important. Sen. Oleen stated the party is usually in debt after the election and she believes it is important to have separate reporting systems. She commented on the advisory opinions referred to in Ms. Williams' testimony and pointed out that creating an inaugural fund would point out the money raised is for the event and does not benefit anyone personally. A question was raised as to the \$500.00 limitation referenced in the bill. Ms. Williams responded the \$500 limit was used in the New Jersey legislation; the House, county, and city candidates have a \$500.00 limit; senators have a

CONTINUATION SHEET

MINUTES OF THE SENATE COMMITTEE ON FEDERAL AND STATE AFFAIRS, Room 254-E
Statehouse, at 11:05 a.m. on February 25, 1994.

\$1,000 limit.

Ms. McDowell urged the committee to support the bill and stated that disclosure is healthy. Another benefit from this bill is that it creates a historical record for those planning the event in the future. She stated Gov. Carlin's inaugural cost approximately \$150,000, with some expenses paid through selling tickets, use of volunteers, etc. She stated Gov. Carlin wanted as many Kansans to attend the events and kept the price of the tickets reasonable. She did voice concern on the \$500 limit and suggested it be placed at \$2,000 per contribution. Ms. Stovall testified that the creation of the inaugural fund will help restore confidence in candidates and urged the \$300 penalty be increased. She also urged the committee for full funding for the Commission on Governmental Standards and Conduct and complimented the commission for its responsibility in monitoring campaign finances, conflict of interest and lobbying laws. Sen. Hensley suggested the residual money could be given to the Commission, and Ms. McDowell suggested it could also go to the adjutant general's budget since the inaugural involves personnel from that agency. Sen. Oleen stated the bill provides that penalties go to the Commission on Governmental Standards and Conduct. Sen. Parkinson stated \$200,000 is a lot of money to raise in a short period of time, and Ms. McDowell answered the railroads contributed the train and expenses, and there were a lot of in-kind contributions of food, beverages, etc. She also stated it is challenging to control activities, because volunteers are running the event. She stated she has no knowledge of abuse, but believes full disclosure is good. Sen. Papay believes it is important where the money goes, not so much who gives it. Sen. Oleen stated it is important to report, as the contributions are going for a gubernatorial inaugural, whose honoree appoints boards and commissions and it is important to set parameters. She stated the committee has the option of going from no limit to however much they deem appropriate. Sen. Hensley agreed with Ms. McDowell, and stated the inaugural is for the entire state, the tickets should be reasonable so that more people may attend; that the purpose of accepting contributions is to underwrite the inaugural. Sen. Oleen continued the hearing to Monday.

Sen. Oleen called committees' attention to the Minutes for February 4 and 8, 1994. . Sen. Gooch made a motion the Minutes be approved, and it was seconded by Sen. Jones; the motion passed.

Sen. Oleen called the committees' attention to SB 723, regarding private detectives and the firearms act and asked the committee for questions they have on the bill. Sen. Ramirez asked if any committee members had received input or support for the bill. He stated he does not believe there is an outcry for the bill. Sen. Oleen stated the bill creates a fee agency; that it is the product of a lot of work and asked John Kite of the KBI for information on the background of the bill. He stated the private detective association had filed a lawsuit with the attorney general and the bill is a result of the lawsuit. He stated a panel consisting of representatives from the KBI, attorney general's office and private detectives had input and researched, then came to a consensus on the bill. He stated they worked for several months and feel they have meant the obligations and are comfortable with the bill. Sen. Oleen asked Mr. Kite to be available on Monday for further questions on the bill.

Sen. Oleen introduced pages from her district who are assisting the committee today.

Meeting adjourned at 12:00.

GUEST LIST

COMMITTEE: Senate Federal & State Affairs

DATE: Feb. 25, 1994

[illegible]

Attach: 1

K A N S A S
R E P U B L I C A N ★ P A R T Y

KIM B. WELLS
CHAIRMAN

JANET BOISSEAU
VICE CHAIRMAN

DUANE NIGHTINGALE
TREASURER

SARA ULLMANN
SECRETARY

February 24, 1994

The Honorable Lana Oleen
Chair, Federal and State Affairs Committee
Kansas State Senate
State Capitol
Topeka, Kansas 66612

Dear Senator Oleen and Members of the Committee:

On behalf of the Kansas Republican Party, I want to thank you for requesting my opinion with respect to Senate Bill 658.

You are to be commended for introducing legislation which would regulate and make public political fund-raising activity relating to gubernatorial inaugurations. SB 658 lifts the veil of secrecy from inaugural fund-raising committees by mandating public disclosure of all contributions.

In other states, inaugural committees raise and expend funds through a variety of means, including using either the candidate's own campaign committee or the state Republican or Democratic Party's accounts. Either of these options would suffice as well, should the committee choose to amend the bill. I am not, however, suggesting such an amendment.

Any time a candidate, a candidate's committee, or a candidate's inaugural committee raises funds for any purpose, it is viewed by the public as being raised for the same purpose: political activity in support of one's own election or administration. With this in mind, I believe it is only appropriate that the same contribution limits for candidates for Governor should also apply to the committees of Governors-elect.

Because, clearly, the most effective way to regulate funding of political activity is to require that all contributions and expenditures be subject to public scrutiny, and to make all campaign reporting requirements apply to inaugural activities as well.

Again, thank you for the opportunity to present my opinions on this important topic.

Sincerely,



Kim B. Wells
State Chairman

Senate Fed + State
Feb. 25, 1994

**KANSAS COMMISSION ON GOVERNMENTAL STANDARDS AND CONDUCT****Testimony Before Senate Federal and State Affairs Committee
Senate Bill 658
by Carol Williams, Executive Director**

Senate Bill 658 which is before you this morning would require inaugural committees to maintain and report all financial activity occurring for the inaugural event in the same manner and format as candidates and committees that currently fall within the purview of the Campaign Finance Act.

The Commission does not take a position on this bill. I am appearing before you this morning to provide some background information on how the Commission has interpreted inaugural events in the past, and to answer any questions you might have on the reporting of inaugural financial activity.

In Advisory Opinion No. 74-55 the Commission opined that since donations given to an inaugural committee do not accrue to the personal financial benefit of a specific state officer, that donations made by registered lobbyists to this event would not be construed as lobbying expenditures.

In Advisory Opinion No 78-38, the Commission stated that in analyzing the definition of contribution contained in the Campaign Finance Act, as long as the donations to the inaugural fund were intended to be used, and were, in fact, solely used for that purpose, donations to the event would not constitute contributions under the Campaign Finance Act.

Based on these two opinions, inaugural events are not reportable under either campaign finance or lobbying laws. Therefore, there has never been any public disclosure made of any of the monies received by or expenditures made on behalf of any inaugural committee since the inception of the Commission in 1974. If these events became money making ventures, the public has never been privy to what became of the residual funds from any inaugural.

After each gubernatorial election, the Commission receives many calls and inquiries from individuals wanting to have access to information concerning the financing of the inaugural event. Many individuals have been quite frustrated that there is no accountability or disclosure of this event.

Senate Fed + State
Feb. 25, 1994
Attachment 2

As drafted, SB 658 would require periodic reports to be filed on behalf of any gubernatorial inaugural committee. These reports would contain an itemization of all contributions and expenditures received by the committee over \$50. No person would be permitted to contribute more than \$500 to the inaugural (person is defined in the Campaign Finance Act to be any individual, committee, corporation, partnership, trust, organization or association). Any residual funds after the event would have to be remitted to the State General Fund.

Attach. 3

CAROL DUFFY McDOWELL
ATTORNEY AT LAW

41 SW PEPPER TREE LANE
TOPEKA, KANSAS 66611-0255
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March 1, 1994

The Honorable Lana Oleen, Chair
Senate Committee on Federal
and State Affairs
Room 143-N - State Capitol
Topeka, Kansas 66612

Dear Madam Chair,

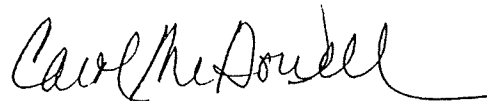
Thank you for giving me the opportunity to appear
before your committee on behalf of former Governor,
John Carlin, and myself, to express support for S.B. 658.

Your bill would help to ensure public accountability;
provide a needed structure for inaugural fundraising and
accounting; and create an historical record for use by the
public and by future inaugural committees.

While I share your concern that contributions be
limited to specified amounts, I think the \$500.00 cap
contained in the bill may be so low that ticket prices will
be out of the reach of many Kansans. Increasing the cap to
\$2,000.00 (the maximum amount which may be contributed to a
candidate for Governor, per election) should permit
inaugural planners to raise sufficient funds between the
general election and the inaugural to significantly
underwrite the costs of traditional inaugural activities.

Thank you again for permitting me to appear before your
committee, for your introduction and support of this
legislation, and for the many courtesies you have extended
to me.

Sincerely,




Carol Duffy McDowell

CDMc/hma

cc: John Carlin

Senate Fed + State
Feb. 25, 1994
Attachment 3



 Printed on Recycled Paper

TESTIMONY OF CARLA STOVALL
SB 658
SENATE FEDERAL AND STATE AFFAIRS COMMITTEE
FEBRUARY 25, 1994

I believe that those of you who are in public service and those of us who aspire to that calling must do all that we can to restore the people's faith and confidence in their elected officials. The concept behind the Campaign Finance Act is us certainly one venue of insuring that no elected official is unduly influenced by those who have contributed financially to his/her campaign.

I think there are a number of things that are critical to more completely addressing this area. First, I call upon the legislature to fully fund the Kansas Commission on Governmental Standards and Conduct, which is the watchdog organization charged to monitor and enforce compliance with the law by candidates and office holders. The governor's budget recommendation was a full \$209,000 below the request of the Commission and we cannot expect the commission to adequately perform their responsibilities with minimal funding. The result is giving only lip service to the value of ensuring compliance with the finance law.

Second, passage of Senate Bill 658 is a significant step to eliminating the speculation and suspicions which surround a gubernatorial inaugural committee's unchecked taking and spending policy. Establishing limits on the amounts of contributions and requiring the reporting of contributions and expenditures is critical to ensuring the spirit of the Campaign Finance Law is not violated by disallowing undue influence over the newly elected head of state.

Some technical points regarding the bill. It must be clear that the "commission" referred to within the confines in SB 658 is the Kansas Commission on Governmental Standards and Conduct as it is not spelled out. I assume that this bill, if enacted, will be placed within the Campaign Finance Act and it would then be clear that the responsibilities belong to the Commission on Governmental Standards and Conduct.

I question why, in subsection (j)(1), the limitation of \$300 is established as the maximum penalty for the late filing of reports. If we are making a strong statement about the importance of the information contained in the reports then a more substantial penalty should be assessed.

It needs to be clear that the responsibility to investigate and enforce the provisions in this bill fall initially to the Kansas Commission. I would like to see clear language indicating that the Commission can request assistance from the Attorney General's office and that the Attorney General can initiate an

Senate Fed + State
Feb. 25, 1994
Attachment 4

investigation on his/her own initiative when evidence exists to warrant the investigation and the Commission is unwilling or unable to do so.

I applaud the Committee for introducing this bill that could go a long way toward eliminating the distrust and suspicion which surround the inaugural committees and without which the taking and spending of the newly elected governor is unlimited and unchecked.