Session of 2001

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## **HOUSE BILL No. 2261**

By Committee on Ethics and Elections

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AN ACT concerning elections; enacting the Kansas clean money campaign reform act; amending K.S.A. 25-4148 and repealing the existing section.

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

New Section 1. Sections 1 to 18, inclusive, and amendments thereto, shall be known and may be cited as the Kansas clean money campaign reform act.

New Sec. 2. Unless the context clearly requires otherwise, the definitions in K.S.A. 25-4143, and amendments thereto, shall apply to this act. In addition, as used in this act, unless the context otherwise requires:

- "Fund" means the clean money election campaign fund.
- "Grant" means a contribution from the clean money election cam-(b) paign fund.
- (c) "Legislative office" means a member of the Kansas house of representatives or Kansas senate.
  - "Qualifying contribution" means:
- A contribution contributed to a candidate or such candidate's candidate committee for statewide office in the amount of \$100 or less;
- a contribution contributed to a candidate or such candidate's candidate committee for legislative office in the amount of \$50 or less;
- a contribution by and from a qualified voter residing or registered to vote in the state of Kansas; or
- a contribution received on or after January 1 of an election year in which the recipient is a candidate for office.
  - "Qualifying contribution" does not mean:
  - A loan, pledge, or in-kind contribution; (A)
- any contribution or contributions in which the aggregate amount contributed to a candidate and such candidate's candidate committee exceeds the limits of paragraph (A) or (B) of subsection (d)(1) of this section, and amendments thereto.
- "Receipt and expenditure report" means a report of accounts of all contributions and other receipts received and all expenditures made by or on behalf of the treasurer's candidate or committee as required under the campaign finance act.

- (f) "Statewide office" means the governor, lieutenant governor, secretary of state, attorney general, state treasurer and insurance commissioner.
- $\left(g\right)$  "Commission" means the Kansas commission on governmental standards and conduct.
  - (h) (1) "Independent expenditure" means:
- (A) Any purchase, payment, distribution, loan, advance, deposit or gift of money or any other thing of value that has the effect of directly or indirectly influencing the nomination or election of any individual to state office or providing information which has the effect of directly or indirectly influencing the nomination or election of any individual to state office;
  - (B) any contract to make an independent expenditure;
- (C) a transfer of funds between any two or more candidate committees, party committees or political committees; or
  - (D) payment of a candidate's filing fees.
  - (2) Independent expenditure does not mean:
  - A) The value of volunteer services provided without compensation;
- (B) costs to a volunteer incidental to the rendering of volunteer services not exceeding a fair market value of \$500 during an allocable election period as provided in K.S.A. 25-4149, and amendments thereto;
- (C) payment by a candidate or candidate's spouse for personal meals, lodging and travel by personal automobile of the candidate or candidate's spouse while campaigning or payment of such costs by the treasurer of a candidate or candidate committee;
- (D) the value of goods donated to events such as testimonial events, bake sales, garage sales and auctions by any individual not exceeding fair market value of \$500 per event;
- (E) any communication by an incumbent elected state officer with one or more individuals unless the primary purpose thereof is to directly or indirectly influence the nomination or election of any candidate or providing information which has the effect of directly or indirectly influencing the nomination or election of any candidate;
- (F) costs associated with any news story, commentary or editorial distributed in the ordinary course of business by a broadcasting station, newspaper, other periodical publication or by internet communication;
- $\left( G\right) \ \ costs$  associated with nonpartisan activities designed to encourage individuals to register to vote or to vote; or
- (H) costs associated with internal organizational communications of business, labor, professional or other associations.
- New Sec. 3. (a) Each individual filing an income tax return for any taxable year who has a state income tax liability or is entitled to an income tax refund or other payment from the department of revenue may des-

ignate an amount of \$4 (\$8 for individuals filing a joint return) to be deposited into the clean money election campaign fund which is hereby established in the state treasury.

- (b) Such designation shall not increase a taxpayer's liability or decrease a refund or other payment to the taxpayer from the department of revenue.
- (c) The department of revenue shall place on the top ½ of the first page of all tax returns to be filed the following language:

## KANSAS CLEAN MONEY ELECTION CAMPAIGN FUND

Do you want \$4 to go to this fund?	Yes	No
If joint return, does your spouse want \$4 to go to this fund?	Yes	No
Note: Checking "Yes" will not increase your tax or reduce your refund.		

- (d) The director of taxation of the department of revenue shall determine annually the total amount designated for use in the Kansas clean money election campaign fund pursuant to this section and shall report such amount to the state treasurer who shall credit the entire amount thereof to such fund. All expenditures from such fund shall be made in accordance with appropriation acts upon warrants of the director of accounts and reports issued pursuant to vouchers approved by the chairperson of the Kansas commission on governmental standards and conduct or the chairperson's designee.
- (e) For each fiscal year in which an election for legislative or statewide office is required by law, the legislature shall appropriate from the state general fund, an amount sufficient to fully fund all candidates eligible to receive grants pursuant to this act. The commission shall provide the director of taxation of the department of revenue with a written estimate of the amount necessary to fully fund all eligible candidates no later than January 1 of any such election year. If insufficient funds are appropriated by the legislature to pay such sums, the finance council, upon the request of the commission, shall transfer sufficient moneys from the appropriation for contingencies to make all payments authorized by the provisions of this act.
- New Sec. 4. (a) Each candidate for statewide or legislative office shall file a statement of intent to accept or reject a grant from the fund. The statement shall be filed no later than the deadline for filing nomination petitions.
- (b) A candidate who intends to accept a grant shall swear or affirm that the candidate and the candidate's authorized agent or agents have complied with and will continue to comply with all applicable contribution and expenditure limits at all times to which the limits apply to the candidate's candidacy for the office sought.
- (c) A candidate who intends to accept a grant shall designate in the statement of intent whether the candidate will accept or reject a grant in

 either the primary or the general election. A candidate may designate both.

- (d) A candidate who designated the primary and not the general election in the statement of intent may designate the general election no later than 15 calendar days after the date of the primary election.
  - (e) A candidate may rescind the acceptance in the statement of intent:
- (1) For a primary election grant no later than 15 calendar days after the deadline for filing nomination petitions; or
- (2) for a general election grant no later than 15 calendar days after the date of the primary election.
- New Sec. 5. (a) The commission shall approve the payment of a primary or a general election grant or both a primary election grant and a general election grant if an eligible candidate meets all of the following requirements:
- (1) The candidate has filed a timely statement of intent to accept the grant;
- (2) the candidate is certified to appear on the ballot for the election and office for which the grant is sought;
  - (3) the candidate is opposed by a candidate for the same office:
  - (A) Who has qualified to receive a grant; or
- (B) whose campaign finance reports or notification provided for in subsection (b) indicate that the opposing candidate has received, expended or has cash on hand of at least 25% of the applicable expenditure limit;
- (4) the financial reports filed by or on behalf of the candidate as of the date of qualification indicates that the candidate has received:
- (A) In the case of candidates for statewide office, qualifying contributions equal to at least 5% of the expenditure limits; or
- (B) in the case of candidates for legislative office, qualifying contributions equal to at least 10% of the expenditure limits.
- (b) A candidate whose report indicates that the candidate has not received, expended or has cash on hand of at least 25% of the applicable expenditure limit shall notify the commission within 48 hours of the date in which the contribution or contributions were received or expenditure or expenditures were made which caused the candidate to have received, expended, or have cash on hand of at least 25% of the applicable expenditure limit.
- New Sec. 6. (a) A candidate filing a statement of intent to accept a grant shall not receive a contribution or contributions from the candidate's own funds that exceed 200% of the qualifying contribution which an individual may contribute to a candidate for that office, or from those funds of the candidate's spouse that exceed 200% of the qualifying contribution an individual may contribute to a candidate for that office.

- (b) A candidate filing a statement of intent to accept a grant shall not receive a contribution or contributions from any committee, corporation, union, partnership, trust, organization, association, recognized political committee, political committee or political party committee. If such contributions are received before the candidate files a statement of intent to accept a grant, the candidate shall return such contributions to be eligible for a grant.
- (c) A qualifying candidate for statewide office filing a statement of intent to accept a grant may receive a primary election grant, a general election grant, or both a primary election grant and a general election grant equal to 95% of the applicable expenditure limit. A qualifying candidate for legislative office filing a statement of intent to accept a grant may receive a primary election grant, a general election grant, or both a primary election grant and a general election grant equal to 90% of the applicable expenditure limit. A qualifying candidate, in an uncontested primary for statewide or legislative office, filing a statement of intent to accept a grant may receive a primary election grant equal to 25% of the amount provided in a contested primary if the qualifying candidate will have a contested general election.
- New Sec. 7. (a) Neither a candidate for statewide or legislative office who files a statement of intent to accept a grant from the fund nor such candidate's agent shall make an expenditure or expenditures in excess of the following amounts:
- (1) For the pair of candidates of governor and lieutenant governor, \$710,000 in the primary election and \$1,420,000 in the general election;
- (2) for a candidate for other statewide office, \$135,000 in the primary election and \$265,000 in the general election;
- (3) for a candidate for state senator, \$25,000 in the primary election and \$25,000 in the general election;
- (4) for a candidate for state representative, \$15,000 in the primary election and \$15,000 in the general election.
  - (b) (1) For purposes of the expenditure limits:
- (A) An expenditure made by the date of the primary election of the general election year shall be considered a primary election expenditure;
- (B) an expenditure made from midnight on the date of a primary election through and including December 31 of the general election year shall be considered a general election expenditure.
- (2) Notwithstanding the provisions of paragraphs (A) and (B), if payments are made, but the goods or services are not used during the period purchased, the payments shall be considered expenditures for the time period when they are used or during which benefit is derived from them. Payment for goods and services used in both time periods shall be prorated.

- (c) A candidate filing a statement of intent to reject a grant from the fund may file an affidavit agreeing to voluntarily comply with the applicable contribution and expenditure limits no later than the deadline for filing nomination petitions. An affidavit filed under this section shall be binding unless rescinded:
- (1) No later than 15 calendar days after the deadline for filing nomination petitions in the case of primary expenditure limits; or
- (2) no later than 15 calendar days after the date of the primary election in the case of general election expenditure limits.
- New Sec. 8. (a) (1) If the commission determines that a candidate for statewide office who is eligible to receive a grant is opposed by a candidate who has rejected a grant and who has not agreed voluntarily to limit contributions and expenditures under subsection (c) of section 7, and amendments thereto, the candidate who is eligible to receive the grant also shall be eligible for an additional grant equal to 50% of the applicable grant amount; or
- (2) if the commission determines a candidate for a legislative office who is eligible to receive a grant is opposed by a candidate who has rejected a grant and who has not agreed voluntarily to limit contributions and expenditures under subsection (c) of section 7, and amendments thereto, the candidate who is eligible to receive the grant also shall be eligible for an additional grant equal to 100% of the applicable grant amount.
- (b) If aggregate independent expenditures are made in an amount greater than 10% of the applicable expenditure limit in support of or in opposition to a candidate for such office, the candidate who is affected negatively by such expenditure and who is eligible to receive a grant, also shall be eligible for additional grant funds equal to the amount of such expenditure up to a maximum amount of 25% of the applicable expenditure limit for either the primary election or general election as appropriate.
- (c) The expenditure limit for a candidate who receives the additional grant described in this section shall be raised in an amount equal to the amount of the additional grant.
- New Sec. 9. A candidate or campaign treasurer may exclude the following items when computing expenditure limits:
  - (a) A contribution or contributions returned to the contributor;
  - (b) repayment of a loan to the campaign;
  - (c) expenses incurred as a direct result of an election recount; and
  - (d) a refund of a deposit paid.
- New Sec. 10. (a) The commission immediately shall review the statements of intent, nomination petitions, and receipt and expenditure reports of candidates to determine the eligibility of candidates who have

filed statements of intent to accept a grant.

- (b) The commission shall certify whether a candidate is eligible to receive a primary election grant no later than 10 calendar days after the deadline for filing nomination petitions.
- (c) The commission shall certify whether a candidate is eligible to receive a general election grant no later than 10 calendar days after the date of the primary election.
- (d) A separate determination shall be made for a primary and a general election grant.
- (e) The certification by the commission shall indicate whether a candidate is eligible to receive a grant and the amount of the grant the candidate is eligible to receive.
- (f) If a candidate who has filed a statement of intent to accept a grant is not eligible to receive a grant, the certification shall state the reasons why the candidate is not eligible to receive a grant and what action, if any, the candidate may take to qualify for a grant.
- (g) The commission immediately shall certify a candidate who becomes eligible after the dates specified in subsections (b) and (c) but before the date of the primary election or general election for which the funds are sought.
- (h) Immediately after the commission certifies a candidate for a grant, the commission shall deliver a copy of such certification along with a voucher approved by the chairperson of the commission or the chairperson's designee to the department of revenue. Upon receipt of the certification and voucher, the department of revenue shall issue a check immediately to the certified candidate or candidate committee for the amount indicated on the voucher. The department of revenue shall deliver such check and certification immediately to the treasurer of the certified candidate or candidate committee.
- (i) A candidate may file a written request to review the determination of the commission no later than five calendar days after such determination.
- New Sec. 11. All grant funds shall be deposited in a bank account designated as the candidate's campaign fund by the treasurer of the candidate or the candidate committee.
- New Sec. 12. (a) (1) Grant funds disbursed under this act shall remain the property of the state until disbursed for lawful campaign purposes.
- (2) Grant funds that are unspent by a candidate on the eighth day preceding the general election for a primary election grant or January 10 of the year after the election year for a general election grant shall revert to the state. A deposit or refund derived from grant funds that are received by a candidate after the eighth day preceding the general election

for a primary election grant or January 10 of the year after the election year for a general election grant shall revert to the state. All reversions shall be returned to the department of revenue which shall deposit the money in the clean money election campaign fund.

(b) Return of grant funds after the withdrawal date set forth in subsection (d) of section 4, and amendments thereto, shall not remove applicable contribution and expenditure limits.

New Sec. 13. (a) A person shall not expend, authorize the expenditure of, or incur an obligation to expend a grant for a purpose other than to advance the candidacy by lawful means of the specific candidate or candidates who qualify for the grant.

- (b) A person shall not expend, authorize the expenditure of or incur an obligation to expend a grant after the date of an election where the grant is subject to return to the state under subsection (a)(1) of section 12, and amendments thereto.
- (c) A candidate shall not expend, authorize the expenditure of or incur an obligation to expend a grant if the candidate violates the pledge required under subsection (b) of section 4, and amendments thereto.
- (d) Every report or statement made under the Kansas clean money campaign reform act shall be made on forms prescribed by the commission, and contain substantially the following:
- "I declare that this (report)(statement) including any accompanying schedules and statements, has been examined by me and to the best of my knowledge and belief is true, correct and complete. I understand that the failure to file this document or filing a false document is a class A misdemeanor."

(Date) (Signature)

Every report or statement shall be dated and signed by the treasurer.

New Sec. 14. (a) The candidate or the candidate's treasurer shall deliver or transmit to the commission sufficient proof of payment of all disbursements made from grant funds no later than the eighth day preceding the general election for a primary grant and no later than January 10 of the year after the election for a general election grant.

- (b) The commission shall determine what constitutes sufficient proof of payment.
- (c) The commission may conduct a random audit of the accounts and records of a candidate filing a statement of intent to accept a grant.

New Sec. 15. (a) A candidate or a candidate's treasurer may use the candidate's statement of intent to accept a grant as security for a loan made for campaign purposes from a financial institution that ordinarily makes loans in the courses of its business.

(b) To the extent that proceeds of a loan obtained under the provi-

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sions of subsection (a) of this section are used for a purpose set forth in subsection (b) of section 11, and amendments thereto, repayment of such a loan may be made from grant funds.

New Sec. 16. (a) At least seven days prior to making an independent expenditure, any person who makes independent expenditures in an aggregate amount of \$1,000 or more within the time period beginning 60 days prior to a primary election and ending on the day of the general election following such primary election, shall make and file a statement prescribed by this section. Such statement shall be filed in the office of the secretary of state. Every statement shall include:

- (1) The name and address of the person; and
- (2) the name and address of a responsible individual, if the person is not an individual.
- (b) Any person required to file a statement pursuant to subsection (a) also shall file reports containing the information required by K.S.A. 25-4148, and amendments thereto. Such reports shall be filed at the times and in the manner provided by K.S.A. 25-4148, and amendments thereto.

New Sec. 17. It is a violation of this act for any candidate knowingly to accept more benefits than those to which such candidate is entitled, spend more than the amount of clean money funding such candidate has received or misuse such benefits of clean money funding. If it is determined that the violation was intentional and involved an amount that had or could have been expected to have a significant impact on the outcome of the election, the candidate may be fined up to \$25,000 or imprisoned for up to five years, or both. Any other violation of any provision of the Kansas clean money campaign reform act is a class A misdemeanor.

New Sec. 18. The commission shall adopt rules and regulations for the administration of the Kansas clean money campaign reform act. For purposes of civil enforcement, conducting hearings, rendering advisory opinions and other powers, the commission shall retain all authority granted pursuant to the campaign finance act.

Sec. 19. K.S.A. 25-4148 is hereby amended to read as follows: 25-4148. (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 name of 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) For candidates for legislative and statewide offices as defined by section 2, and amendments thereto, on the day which is the last day for filing nomination petitions. Such report shall be for the period beginning January 1 of the election year and ending eight days before the day which is the last day for filing nomination petitions. For all other candidates, 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; 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 the political committee as reflected by the statement of purpose of such organization.
- (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, 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.
  - Sec. 20. K.S.A. 25-4148 is hereby repealed.

HB 2261

Sec. 21. This act shall take effect and be in force from and after January 1, 2002, and its publication in the statute book.