AN ACT concerning certain public officers and employees; relating to use of unexpended campaign funds; relating to the reporting of lobbyist expenses related to such public officers and employees; amending K.S.A. 25-4142, 25-4148, 25-4151, 25-4157a and 46-269 and K.S.A. 2003 Supp. 25-4143 and repealing the existing sections.

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

Section 1. K.S.A. 25-4142 is hereby amended to read as follows: 25-4142. K.S.A. 25-4119e, 25-4119f, 25-4119g, 25-4142 through 25-4187 and K.S.A. 25-4153b sections 8 and 9, and amendments thereto, shall be known and may be cited as the campaign finance act.

Sec. 2. K.S.A. 2003 Supp. 25-4143 is hereby amended to read as follows: 25-4143. As used in the campaign finance act, unless the context otherwise requires:

(a) "Candidate" means an individual who: (1) Appoints a treasurer or a candidate committee;

(2) makes a public announcement of intention to seek nomination or election to state or local office;

(3) makes any expenditure or accepts any contribution for such person's nomination or election to any state or local office; or

(4) $\,$ files a declaration or petition to become a candidate for state or local office.

(b) "Candidate committee" means a committee appointed by a candidate to receive contributions and make expenditures for the candidate.

(c) "Clearly identified candidate" means a candidate who has been identified by the:

(1) Use of the name of the candidate;

(2) use of a photograph or drawing of the candidate; or

(3) unambiguous reference to the candidate whether or not the name, photograph or drawing of such candidate is used.

(d) "Commission" means the governmental ethics commission.

(e) (1) "Contribution" means:

(A) Any advance, conveyance, deposit, distribution, gift, loan or payment of money or any other thing of value given to a candidate, candidate committee, party committee or political committee for the express purpose of nominating, electing or defeating a clearly identified candidate for a state or local office.

(B) Any advance, conveyance, deposit, distribution, gift, loan or payment of money or any other thing of value made to expressly advocate the nomination, election or defeat of a clearly identified candidate for a state or local office;

(C) a transfer of funds between any two or more candidate committees, party committees or political committees;

(D) the payment, by any person other than a candidate, candidate committee, party committee or political committee, of compensation to an individual for the personal services rendered without charge to or for a candidate's campaign or to or for any such committee;

(E) the purchase of tickets or admissions to, or advertisements in journals or programs for, testimonial events;

(F) a mailing of materials designed to expressly advocate the nomination, election or defeat of a clearly identified candidate, which is made and paid for by a party committee with the consent of such candidate.

(2) "Contribution" does not include:

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

(B) costs to a volunteer related to the rendering of volunteer services not exceeding a fair market value of \$50 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;

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

(E) the transfer of campaign funds to a bona fide successor committee or candidacy in accordance with K.S.A. 25-4157a and amendments thereto.

 $(f) \quad ``Election'' means:$

(1) A primary or general election for state or local office; and

(2) a convention or caucus of a political party held to nominate a candidate for state or local office.

(g) (1) "Expenditure" means:

(A) Any purchase, payment, distribution, loan, advance, deposit or gift of money or any other thing of value made by a candidate, candidate committee, party committee or political committee for the express purpose of nominating, electing or defeating a clearly identified candidate for a state or local office.

(B) Any purchase, payment, distribution, loan, advance, deposit or gift of money or any other thing of value made to expressly advocate the nomination, election or defeat of a clearly identified candidate for a state or local office:

(C) any contract to make an expenditure;

(D) a transfer of funds between any two or more candidate committees, party committees or political committees; or

payment of a candidate's filing fees. "Expenditure" does not include: (\mathbf{E})

(2)

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

costs to a volunteer incidental to the rendering of volunteer serv-(B) ices not exceeding a fair market value of \$50 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:

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

(E) any communication by an incumbent elected state or local officer with one or more individuals unless the primary purpose thereof is to expressly advocate the nomination, election or defeat of a clearly identified candidate.

"Expressly advocate the nomination, election or defeat of a clearly (h)identified candidate" means any communication which uses phrases including, but not limited to:

"Vote for the secretary of state"; (1)

"re-elect your senator"; (2)

"support the democratic nominee"; (3)

"cast your ballot for the republican challenger for governor"; (4)

(5)"Smith for senate":

"Bob Jones in '98" (6)

"vote against Old Hickory"; (7)

"defeat" accompanied by a picture of one or more candidates; or (8)"Smith's the one." (9)

"Party committee" means: (i)

The state committee of a political party regulated by article 3 of (1)chapter 25 of the Kansas Statutes Annotated, and amendments thereto;

 $(\hat{2})$ the county central committee or the state committee of a political party regulated under article 38 of chapter 25 of the Kansas Statutes Annotated, and amendments thereto;

(3) the bona fide national organization or committee of those political parties regulated by the Kansas Statutes Annotated;

(4) not more than one political committee established by the state committee of any such political party and designated as a recognized political committee for the senate;

(5) not more than one political committee established by the state committee of any such political party and designated as a recognized political committee for the house of representatives; or

not more than one political committee per congressional district (6)established by the state committee of a political party regulated under article 38 of chapter 25 of the Kansas Statutes Annotated, and amendments thereto, and designated as a congressional district party committee.

(j) "Person" means any individual, committee, corporation, partner-

ship, trust, organization or association.(k) (1) "Political committee" means any combination of two or more individuals or any person other than an individual, a major purpose of which is to expressly advocate the nomination, election or defeat of a clearly identified candidate for state or local office or make contributions to or expenditures for the nomination, election or defeat of a clearly identified candidate for state or local office.

(2) "Political committee" shall not include a candidate committee or a party committee.

(1)"Receipt" means a contribution or any other money or thing of value, but not including volunteer services provided without compensation, received by a treasurer in the treasurer's official capacity.

"Public office" means a state or local office. "Local office" means: (m)

(n)

(1) A member of the governing body of a city of the first class;

(2)an elected office of:

(A)A unified school district having 35,000 or more pupils regularly enrolled in the preceding school year;

(B) a county; or

(C) the board of public utilities. (m) (o) "State office" means any state office as defined in K.S.A. 25-2505, and amendments thereto.

"Testimonial event" means an event held for the benefit of $\frac{(\mathbf{n})}{(p)}$ an individual who is a candidate to raise contributions for such candidate's campaign. Testimonial events include but are not limited to dinners, luncheons, rallies, barbecues and picnics.

"Treasurer" means a treasurer of a candidate or of a candidate $(\mathbf{o})(q)$ committee, a party committee or a political committee appointed under the campaign finance act or a treasurer of a combination of individuals or a person other than an individual which is subject to paragraph (2) of subsection (a) of K.S.A. 25-4172, and amendments thereto.

(p) "Local office" means a member of the governing body of a city of the first class, any elected office of a unified school district having 35,000 or more pupils regularly enrolled in the preceding school year, a county or of the board of public utilities.

Sec. 3. 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) 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;

January 10 of the year after an election year, which report shall (3)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:

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

the name and address of each person who has made one or more (2)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.

(i) Any report required by this section may be signed by the candidate in lieu of the candidate's treasurer or the treasurer of the candidate's committee.

Sec. 4. K.S.A. 25-4151 is hereby amended to read as follows: 25-4151. (a) Every report or statement made under the campaign finance 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 intentional failure to file this document or intentionally filing a false document is a class A misdemeanor."

(Date)

(Signature)

Every report or statement shall be dated and signed by: (1) The treasurer *or candidate* for any report required by K.S.A. 25-4148; (2) the candidate, for any report required by K.S.A. 25-4144; or (3) the chairperson of the committee, for any statement required by K.S.A. 25-4145. If the form is not available, the report or statement to which it relates shall be made as required, but in such form as the person signing such report or statement to be replaced after filing by a report or statement on the forms provided by the commission.

(b) Records in support of every report or statement filed under the campaign finance act shall be maintained and preserved by the person who files it for a period of time to be designated by the commission.

(c) Delay in filing a report or statement beyond the time required by law shall not prevent the acceptance of the report or statement.

(d) No treasurer shall accept or permit to be accepted any contributions or make or permit to be made any expenditures unless all reports or statements required of such treasurer prior to the time of such contributions or expenditures have been filed.

Sec. 5. K.S.A. 25-4157a is hereby amended to read as follows: 25-4157a. (a) No moneys received by any candidate or candidate committee of any candidate as a contribution under this act shall be used or be made available for the personal use of the candidate and no such moneys shall be used by such candidate or the candidate committee of such candidate except for:

(1) Legitimate campaign purposes;

(2) expenses of holding political office;

(3) contributions to the party committees of the political party of which such candidate is a member;

(4) any membership dues or donations paid to a community service, *charitable* or civic organization in the name of the candidate or candidate committee of any candidate;

(5) expenses incurred in the purchase of tickets to meals and special events sponsored by any organization the major purpose of which is to promote or facilitate the social, business, commercial or economic well being of the local community; or

(6) expenses incurred in the purchase and mailing of greeting cards to voters and constituents.

For the purpose of this subsection, expenditures for "personal use" shall include expenditures to defray normal living expenses for the candidate or the candidate's family and expenditures for the personal benefit of the candidate having no direct connection with or effect upon the campaign of the candidate or the holding of public office.

(b) No moneys received by any candidate or candidate committee of any candidate as a contribution shall be used to pay interest or any other finance charges upon moneys loaned to the campaign by such candidate or the spouse of such candidate.

(c) No candidate or candidate committee shall accept from any other candidate or candidate committee for any candidate for local, state or national office, any moneys received by such candidate or candidate committee as a campaign contribution. The provisions of this subsection shall not be construed to prohibit:

(1) A candidate or candidate committee from accepting moneys from another candidate or candidate committee if such moneys constitute a reimbursement for one candidate's proportional share of the cost of any campaign activity participated in by both candidates involved. Such reimbursement shall not exceed an amount equal to the proportional share of the cost directly benefiting and attributable to the personal campaign of the candidate making such reimbursement; or

(2) A candidate or candidate committee from transferring campaign funds to a bona fide successor committee or candidacy established by the candidate.

(d) At the time of the termination of any campaign and prior to the filing of a termination report in accordance with K.S.A. 25-4157, and amendments thereto, all residual funds otherwise not obligated for the payment of expenses incurred in such campaign or the holding of office shall be contributed to a charitable organization, as defined by the laws of the state, contributed to a party committee or returned as a refund in

whole or in part to any contributor or contributors from whom received or paid into the general fund of the state. At the time of the termination of any campaign and prior to the filing of a termination report in accordance with K.S.A. 25-4157, and amendments thereto, all residual funds not otherwise obligated for the payment of expenses incurred in such campaign or the holding of office, or any portion of such funds, shall be:

(1) Contributed to a charitable organization, as defined by the laws of the state; or

(2) contributed to a party committee; or

(3) returned as a refund in whole or in part to any contributor or contributors from whom such funds were received; or

(4) paid into the general fund of the state; or

(5) transferred to a bona fide successor committee or candidacy established by the candidate; or

(6) transferred for the purpose of retiring the remaining debt to the original committee or candidacy from which funds were transferred pursuant to paragraph (2) of subsection (e).

Whenever a transfer to a bona fide successor committee or candidacy is made pursuant to paragraph (5), all moneys shall be transferred to the bona fide successor committee or candidacy.

(e) For the purposes of this section, "bona fide successor committee or candidacy" means:

(1) The candidate's campaign committee or candidacy for a public office initiated at the termination of the original candidacy; or

(2) the candidate's campaign committee or candidacy initiated at the time of the transfer of all moneys to a new campaign committee or candidacy for public office when there is debt in the original campaign at the time of the transfer and the candidate does not terminate the original campaign committee or candidacy.

Sec. 6. K.S.A. 46-269 is hereby amended to read as follows: 46-269. Each report required to be filed by K.S.A. 46-268, and amendments thereto, is a public record and shall be open to public inspection upon request. Such report shall disclose the following:

(a) The full name and address of each person who has paid compensation for lobbying to the lobbyist or has paid for expenses of lobbying by the lobbyist during the period reported.

(b) The aggregate amount or value of all expenditures made, except for expenses of general office overhead, by the lobbyist or by the lobbyist's employer for or in direct relation to lobbying during the reporting period, if such expenditures exceed \$100. Individual expenditures of less than \$2 shall not be required to be reported under this subsection. Every lobbyist shall keep detailed accounts of all expenditures required to be reported pursuant to K.S.A. 46-268, and amendments thereto. Such expenditures shall be reported according to the following categories of expenditures:

(1) Food and beverages provided as hospitality;

(2) entertainment, gifts, honoraria or payments;

(3) mass media communications;

(4) recreation provided as hospitality;

(5) communications for the purpose of influencing legislative or executive action; and

(6) all other reportable expenditures made in the performance of services as a lobbyist.

With regard to expenditures for entertainment or hospitality which is primarily recreation, food and beverages, only amounts expended on a state officer or employee or on such officer or employee's spouse shall be considered to be for or in direct relation to lobbying. Notwithstanding the requirements of this subsection and subsection (d), no lobbyist shall be responsible to report any expenditure by the lobbyist's employer of which such person has no knowledge.

(c) (1) In addition to the information reported pursuant to subsection (b), each lobbyist expending an aggregate amount of \$100 or more for lobbying in any reporting period shall report any gift, entertainment or hospitality provided to members of the legislature, members of the judicial branch of government and any employees of the legislature or judicial branch of government. Such report shall disclose the full name of the legislator, member of the judicial branch and employee who received such gift, entertainment or hospitality and the amount expended on such gift, entertainment or hospitality.

(2) No report shall be required to be filed pursuant to this subsection (c) for the following:

(A) Meals, the provision of which is motivated by a personal or family relationship;

(B) meals provided at public events in which the person is attending in an official capacity;

(C) meals provided to a person subject to this section when it is obvious such meals are not being provided because of the person's official position;

 $(D) \quad \mbox{food such as soft drinks, coffee or snack foods not offered as part of a meal; and$

(E) hospitality in the form of food and beverages provided at a meeting, seminar or event organized by any national, nonprofit or nonpartisan organization for the purpose of serving, informing or educating and strengthening state legislatures and attended by legislators of other states when the presence of the legislator of this state at such meeting, seminar or event serves a legitimate state purpose or interest; (F) entertainment or hospitality in the form of recreation, food and

(F) entertainment or hospitality in the form of recreation, food and beverages provided at an event to which the following have been invited:(i) All members of the legislature or all members of either house of

(i) An members of the registrature of an members of either house of the legislature; or

(ii) all members of a political party caucus of the legislature or all members of a political party caucus of either house of the legislature; or
(iii) all members of a committee of the legislature or a committee of

(iii) all members of a commutee of the legislature of a commutee either house of the legislature. (d) Except as provided by subsection (c) whenever an individual lo

(d) Except as provided by subsection (c), whenever an individual lobbyist contributes to a single special event, such lobbyist shall report only the aggregate amount or value of the expenditure contributed by such lobbyist.

(e) Whenever more than one lobbyist is employed by a single employer, the reports required by this section relating to such employer shall be made by only one such lobbyist and that lobbyist shall be the lobbyist who is most directly connected with the particular expenditure or gift, honoraria or payment. No expenditure or gift, honoraria or payment required to be reported by this section shall be reported by more than one lobbyist.

(f) All accounts, records and documents of the lobbyist which relate to every expenditure reported or which should have been reported shall be maintained and preserved by the lobbyist for a period of five years from the date of the filing of such report or statement and may be inspected under conditions determined by the commission.

(1) For the period commencing on July 1, 2000, and ending on January 22, 2004, registered lobbyists shall have maintained any vendor receipts for food and beverages provided as hospitality. A vendor receipt supporting the provision of food and beverages as hospitality shall be deemed to be sufficient if such vendor receipt shows:

(A) The date when such food and beverages were provided;

(B) the place at which such food and beverages were provided; and

(C) the total cost of the food and beverages provided.

If the vendor's policy is not to provide a receipt containing the information required by this paragraph, the lobbyist's records shall note that fact. In such case, the lobbyist shall maintain the receipt provided by the vendor and records containing the information required by this paragraph.

In addition, a list of the individuals to whom such food and beverages were provided shall be maintained by the lobbyist.

(2) On and after January 23, 2004, any vendor receipt for food and beverages provided as hospitality shall be deemed to be sufficient as a record, if such receipt shows:

(A) The date when such food and beverages were provided;

(B) the place at which such food and beverages were provided; and

(C) the total cost of the food and beverages provided.

An itemization showing the items consumed shall be required on such receipt unless the vendor's policy is not to provide an itemized receipt to any of such vendor's customers. In such case, the lobbyist's records shall note that fact. Also, the lobbyist shall maintain the receipt provided by the vendor and records containing the information required by this paragraph.

In addition, a list of the individuals to whom such food and beverages were provided shall be maintained by the lobbyist.

New Sec. 7. (a) Upon transferring money to a bona fide successor committee or candidacy as defined by paragraph (2) of subsection (e) of K.S.A. 25-4157a, and amendments thereto, the candidate may only accept contributions to the original candidacy sufficient to retire the debt. Such contributions shall be subject to the contribution limits for the original office sought as set forth in K.S.A. 25-4153, and amendments thereto. Once the candidate must terminate the candidacy pursuant to the provisions set forth in subsection (d) of K.S.A. 25-4157a, and amendments thereto.

 $(b) \;\;$ This section shall be part of and supplemental to the campaign finance act.

New Sec. 8. (a) For the period commencing on January 1, 1976, and ending on the day preceding the effective date of this act, any candidate who transferred campaign funds to a bona fide successor candidacy, as such term is defined in K.S.A. 25-4157a, and amendments thereto, shall be deemed to have made such transfer in compliance with the provisions of the campaign finance act in existence at the time of such transfer regardless of when the original campaign fund is closed after the date such transfer is made and such transfer is hereby validated.

(b) This section shall be part of and supplemental to the campaign finance act.

Sec. 9. K.S.A. 25-4142, 25-4148, 25-4151, 25-4157a and 46-269 and K.S.A. 2003 Supp. 25-4143 are hereby repealed.

Sec. 10. This act shall take effect and be in force from and after its publication in the Kansas register.

I hereby certify that the above BILL originated in the SENATE, and passed that body

SENATE adopted

Conference Committee Report ____

President of the Senate.

Secretary of the Senate.

Passed the HOUSE as amended

HOUSE adopted Conference Committee Report ____

Speaker of the House.

Chief Clerk of the House.

Approved _

Governor.

Veto Message from the Governor House Substitute for Senate Bill 376

Pursuant to Article 2, §14 of the Kansas Constitution, I veto Senate Bill 376. Open government is essential to our democracy. Over the year's, transparency has been a bedrock principle of our state's campaign finance and ethics laws. As a public official, and a former member of the Governmental Ethics Commission, I believe the public is entitled to know what interest groups are seeking to influence state government by purchasing drinks, meals, and entertainment for elected officials, and how much those groups are spending. Senate Bill 376 would dim that transparency by removing a provision in current law that requires lobbyists to file reports when they purchase hospitality and or entertainment for legislative committees and when they pay expenses for legislators to attend conferences out of state. I believe the repeal of both provisions would deprive the public of important information.

Having said that, I want to make it clear that I support provisions in Senate Bill 376 to clarify the circumstances under which candidates for public office may transfer campaign funds. I encourage the Legislature to revisit that issue in separate legislation

Proponents of Senate Bill 376 have said it is also need to clarify that legislators whose districts have been altered by redistricting can spend campaign funds in existing accounts. However, I have been assured by both the Office of the Attorney General and the Governmental Ethics Commission that a veto of SB 376 would not create problems for any legislators whose districts were changed as a result of the 2002 Legislative redistricting. Any candidate who is running for the same seat, even if their district number changed as a result of redistricting, will be able to use existing funds to run for re-election.

Kathleen Sebelius, Governor

Date: May 20, 2004