

HOUSE COMMITTEE ON RULES AND REORGANIZATION

June 14, 1993      Hearing Room E 1:30 p.m.      Tapes 84 - 86

MEMBERS PRESENT: Rep. John Watt, Chair Rep. Lonnie Roberts, Vice-Chair  
Rep. Dave McTeague Rep. Cedric Hayden Rep. Michael Payne Rep. Eldon  
Johnson Rep. Fred Girod Rep. Avel Gordly Rep. Delna Jones

STAFF PRESENT:            Adrienne Sexton, Committee Administrator Bryan  
Boehringer, Committee Clerk

MEASURES CONSIDERED: SJR 2 - Proposes amendment to Oregon  
Constitution concerning reapportionment. SB 269-A - Relating  
to apportionment and congressional districts. SB 416-A - Relating  
to campaign finance; appropriating money.

[--- Unable To Translate Graphic ---]

These minutes contain materials which paraphrase and/or summarize  
statements made during this session. Only text enclosed in  
quotation marks report a speaker's exact words. For complete contents  
of the proceedings, please refer to the tapes. [--- Unable To Translate  
Graphic ---]

TAPE 84, SIDE A

005      CHAIR WATT: Calls the meeting to order at 1:45 p.m.

PUBLIC HEARING ON SB 416 A Witnesses: Sen. Grattan Kerans, District 20  
Joel Ario, Oregon State Public Interest Research Group (OSPIRG) Steve  
Lanning, American Federation of Labor - Council on

Industrial Organizations (AFL-CIO) Rich Peppers, Oregon Public Employees  
Union (OPEU) Peter Toll, Oregon Newspaper Publishers Peter Grundfossen,  
Association of Oregon Housing Authorities David Fidanque, American Civil  
Liberties Union of Oregon (ACLU)

008      ADRIENNE SEXTON, COMMITTEE ADMINISTRATOR: SB 416 A  
prohibits pass-throughs; establishes voluntary expenditure  
limits; sets

contributions limits; bans direct contributions by labor organizations

and corporations; provides partial public financing; adds two new

contribution and expenditure reports (C&E) for legislative and statewide  
candidates; prohibits personal use of excess campaign funds; modifies

the current political contribution tax credit; and defines "independent  
expenditures." Discusses the fiscal impact statement. 050 SEN.

GRATTAN KERANS, DISTRICT 20: Submits and reviews testimony in  
support of 416 A. (EXHIBIT A)

078      CHAIR WATT: Asks about the reasoning for the Oregon campaign  
finance limitation law being struck down.

080 SEN. KERANS: Explains that the Oregon Supreme Court held that money equates to free speech in the political arena. Limitations are

unconstitutional.

089 REP. GIROD: Asks about the constitutionality of the legislation.

090 SEN. KERANS: Explains that the bill is very solid, and that the information received from Legislative Counsel seems to indicate no

constitutional problems.

095 REP. GIROD: Explains that Legislative Counsel had notified him that pass-throughs and campaign contribution limits were probably

unconstitutional.

102 SEN. KERANS: Discusses the legal opinions of Legislative Counsel. Continues with testimony on SB 416 A.

196 REP. ROBERTS: Asks about the limitations of contributions regarding unions and corporations.

200 SEN. KERANS: Explains that the cap is on the business funds, and not on PACs formed by unions and corporations.

202 REP. ROBERTS: Discusses the purpose of Political Action Committees (PACs).

214 SEN. KERANS: Discusses the history of the tax credit.

225 REP. ROBERTS: Asks about the left over campaign funds, for those who are defeated or who choose not to run again.

227 SEN. KERANS: Explains that you can't take the money for personal use.

236 REP. ROBERTS: Asks about the use of remaining campaign funds that may be construed as pass-throughs.

242 SEN. KERANS: Explains that the problem with pass-throughs is the people that are outside of the relationship with the legislature.

251 REP. ROBERTS: Asks about using the left over funds to support other candidates.

255 SEN. KERANS: Explains that using the campaign funds in that way would be considered as pass-through.

268 REP. GIROD: Asks about the use of the tax credit.

275 SEN. KERANS: Explains that repealing the tax credit would not help the campaign finance control process. 288 REP. GIROD: Asks if most of the PAC money comes from the \$100 tax credit.

290 SEN. KERANS: Explains that repealing the tax credit would not

change the dynamics between PACs and individuals.

321 REP. GIROD: Asks about independent expenditure campaigns and third party candidates.

331 SEN. KERANS: Explains the differences in independent expenditure campaigns.

372 REP. GIROD: Asks who will benefit the most from this bill.

374 SEN. KERANS: Explains that this is a challengers bill. This bill does not really benefit the incumbents.

428 REP. GIROD: Discusses party lines and name familiarity issues.

442 SEN. KERANS: Explains that the committee could change the finance limits if they can justify the changes.

463 REP. PAYNE: Discusses the voluntary spending limits.

471 SEN. KERANS: Explains when the voluntary limits are valid, and when the limits no longer apply.

480 REP. PAYNE: Discusses the contributions by the party caucus and personal contributions.

490 SEN. KERANS: Explains that the goal was to have the money come from parties rather than lobbies.

TAPE 85, SIDE A

035 SEN. KERANS: Continues with testimony. Discusses the contributions of PACs in the state of Oregon.

054 REP. PAYNE: Asks about limiting the party contributions.

055 SEN. KERANS: Explains that there would be no problems with that type of limitation.

057 REP. D. JONES: Asks about the effect that term limits will have on the campaign expenditures. Asks about the effect of the third party that is now in the state.

059 SEN. KERANS: Explains that the campaigns will be dominated by the PACs and the big givers.

065 REP. D. JONES: Discusses the differences in the way elections will work under term limits.

075 SEN. KERANS: Explains that the problems stem from the open races.

094 REP. D. JONES: Discusses the individuals who choose to not participate in party politics.

100 SEN. KERANS: Explains that the committee could reduce the amount that parties can contribute. Explains the rationale behind the limits on the parties.

117 REP. MCTEAGUE: Asks about the initiative petition to bring

about campaign finance reform.

120 SEN. KERANS: Explains that the bill is very similar, except for the public financing element. The limits are a little bit lower, and more

restrictive.

138 REP. MCTEAGUE: Asks about notification in the voters pamphlet of expenditure limit violations.

142 SEN. KERANS: Explains that there would be a notice in the voters pamphlet.

150 REP. MCTEAGUE: Discusses indexing the expenditure limits. Asks about immediate reporting.

177 SEN. KERANS: Explains the requirements in the bill. Explains the pay back option. Discusses the independent expenditure provision.

230 REP. D. JONES: Asks about the success of the program on the national level.

232 SEN. KERANS: Explains the success on the national level.

250 REP. GIROD: Asks about the restrictions hindering lower income candidates.

255 SEN. KERANS: Explains that the harm is already occurring, and the bill will help improve the situation.

294 CHAIR WATT: Asks about the testimony from the affected PACs.

312 SEN. KERANS: Explains that most of the feedback from the PACs has been negative in nature.

341 JOEL ARIO, OREGON STUDENT PUBLIC INTEREST RESEARCH GROUP: Testifies in support of SB 416 A.

373 REP. D. JONES: Asks about some comparisons between individual contributions and affiliation with certain groups.

380 ARIO: Discusses motivation for individual contributions.

401 REP. D. JONES: Explains that there were individual contributions through PACs in the past.

411 ARIO: Discusses the costs for running for office. Discusses the percentage of PAC contributions in campaigns.

TAPE 84, SIDE B

031 ARIO: Continues with testimony.

069 CHAIR WATT: Asks about the narrow focus of issues when the money is coming from PAC contributions.

073 ARIO: Discusses the purpose of PACs and individual contributions.

113 REP. GIROD: Asks about eliminating the tax credit.

119 ARIO: Explains that OSPIRG is in support of restricting the amount of the tax credit.

198 REP. D. JONES: Discusses the economic reasons for tax credits.

209 ARIO: Discusses impacts on the system.

227 REP. GIROD: Explains that it is impossible to rule out third party involvement in a campaign.

236 ARIO: Explains the use of the independent expenditure.

258 REP. PAYNE: Discusses possibly restricting the personal contribution limits further. Asks about the public's opinion of the OSPIRG plan.

271 ARIO: Explains that most of the public does not know that we do not have campaign limits.

285 CHAIR WATT: Asks where are the people that are appalled with the campaign finance situation.

302 ARIO: Explains that most people have given up hope on the legislature taking action.

320 CHAIR WATT: Asks what the legislature can do to regain some credibility.

326 ARIO: Discusses the need for positive results to come from the work of the Legislature.

366 CHAIR WATT: Asks Ario what his group will do if this bill passes.

373 ARIO: Explains that if this bill passed in its current form, his group would not support an initiative petition.

377 REP. ROBERTS: Asks about the level of public awareness on the campaign finance situation. Asks about indexing the contributions.

385 ARIO: Explains the problems with indexing the contributions.

TAPE 85, SIDE B

032 REP. GIROD: Discusses some of the problems with the independent expenditure tracking.

041 ARIO: Discusses the independent expenditure. Discusses wealthy contributors.

085 REP. PAYNE: Asks about the initiative process.

090 ARIO: Explains that petitions might be available in mid August.

111 REP. GORDLY: Asks what the other coalition is that supports this initiative.

115 ARIO: Explains that the other coalitions are OSPIRG, the American Party, Oregon Common Cause, and the League of Women Voters.

136 STEVE LANNING, AMERICAN FEDERATION OF LABOR - COUNCIL ON INDUSTRIAL ORGANIZATIONS: Submits and reviews testimony in opposition of SB 416

A. (EXHIBIT B)

177 CHAIR WATT: Asks about the nickel-a-month fee for membership.

183 REP. D. JONES: Discusses the federal law that requires organizations to separate political funds from membership dues.

211 REP. GIROD: What would you like out of spending reforms?

216 LANNING: Describes what AFL-CIO would like to see in this bill.

241 REP. PAYNE: Your members contribute 60 cents a year. Would you object to \$10.00 voluntary contribution?

245 LANNING: The monies are two different types. The 5 cents a month is union money. Discusses encouraging political participation.

268 REP. GIROD: Discusses the free speech issue.

273 REP. ROBERTS: Asks about the \$50 dollar cut off for reporting.

279 ADRIENNE SEXTON, COMMITTEE ADMINISTRATOR: Explains that the reporting continues.

281 REP. ROBERTS: Discusses the importance of the reporting function to the Secretary of the State.

297 LANNING: Explains the role of the agency where it comes to political funds.

310 REP. ROBERTS: Discusses AFL-CIO's restrictions in the use of their political funds.

318 RICH PEPPERS, OREGON PUBLIC EMPLOYEES UNION: Submits and reviews testimony in support of SB 416 A. (EXHIBIT C) Discusses objections to

some provisions of the bill. Suggests possible amendments.

405 CHAIR WATT: Asks about contribution requirements for members.

408 PEPPERS: Explains that the process is automatic with some exceptions. Continues with testimony.

433 REP. MCTEAGUE: Discusses direct contributions by corporations.

440 PEPPERS: Discusses the public perception problem.

452 REP. D. JONES: Discusses OPEU's support of pass-throughs and the concerns with the individual tax credit.

TAPE 86, SIDE A

041 REP. PAYNE: Asks which option would be more preferable to the union members.

048 PEPPERS: Explains that the lower limits would be the more preferable option.

059 PETER TOLL, OREGON NEWSPAPER PUBLISHERS: Submits and reviews testimony in support of SB 416 A. (EXHIBIT D) Explains the amendment.

073 REP. GIROD: Asks for clarification.

078 TOLL: Explains the classification of the candidates.

101 PETER GRUNDFOSSEN, ASSOCIATION OF OREGON HOUSING AUTHORITIES: Testifies in support of SB 416 A.

147 REP. D. JONES: Asks about the rationale for his group supporting this bill.

152 GRUNDFOSSEN: There is no direct connection to another group. Explains that his association felt that this was a good government bill.

169 REP. HAYDEN: Discusses the effectiveness of the human service lobby.

182 GRUNDFOSSEN: Discusses the effectiveness of the different lobbies. Explains the perceptions of some of the different lobby groups.

Discusses creating a level playing field.

196 REP. GIROD: Asks how the playing field is not level.

197 GRUNDFOSSEN: The commercial lobbies are beating the smaller ones.

228 REP. D. JONES: Discusses the problems with attempting to change perceptions.

253 DAVID FIDANQUE, AMERICAN CIVIL LIBERTIES UNION OF OREGON: Testifies in opposition to SB 416 A. Explains that the ACLU believes that limiting

campaign financing threatens freedom of speech.

282 REP. GIROD: Asks about the organizations view on pass throughs.

287 FIDANQUE: Explains that the group has not looked at pass-throughs real carefully.

320 REP. PAYNE: Asks about the ACLU's opposition to Federal limits.

323 FIDANQUE: Explains that the ACLU is opposed to the Federal limits.

328 CHAIR WATT: Adjourns the meeting at 3:56 p.m.

Submitted by:

Reviewed by:

Bryan Boehringer  
Committee Administrator

Adrienne Sexton Committee Clerk

EXHIBIT LOG:

A - Testimony on SB 416 - Sen. Grattan Kerans - 5 pages B - Testimony  
on SB 416 - Steve Lanning - 3 pages C - Testimony on SB 416 - Rich  
Peppers - 2 pages D - Testimony on SB 416 - Peter Toll - 1 page