

SENATE ETHICS, ELECTIONS, AND CAMPAIGN FINANCE COMMITTEE

April 13, 1993 Hearing Room B 3:00 p.m. Tapes 41 and 42
MEMBERS PRESENT: Senator Grattan Kerans, Chair Senator Neil Bryant
Senator Joan Dukes Senator Rod Johnson Senator Dick Springer STAFF
PRESENT: Annette Talbott, Committee Counsel Tamara Brickman,
Committee Assistant MEASURES CONSIDERED: Work Session SB 416

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. 41, SIDE A

004 CHAIR KERANS: Calls meeting to order at 3:13 p.m.

009 CHAIR KERANS: Refers to the decision making memo on campaign finance reform. (EXHIBIT C, from 411/93) Begins the discussion on page 3, starting with the question in the partial public financing section dealing the "appropriate penalty for a candidate who exceeds the applicable limit." Discusses options for "disincentives" for people to exceed the limits. 021 ANNETTE TALBOTT, Committee Counsel: Suggests a tiered system of penalties with a difference in the amount of penalties for those who "knowingly" exceeded versus those who "you can't prove knowingly" exceeded the limits. Discusses the thresholds that the bill currently sets. 028 SEN. BRYANT: "Could we have some De minimis rule, too?" 029 CHAIR KERANS: "We assume that's within their discretion." 030 TALBOTT: Explains that there is a diminimus rule in the federal elections law. 032 CHAIR KERANS: "Do you want to set a specific standard?" SEN. BRYANT: Asks how the Secretary of State operates. 034 CHAIR KERANS: Comments that they have discretion to come to a conclusion. Discusses the Secretary of State's role. Senate Ethics, Elections, and Campaign Finance Committee April 13, 1993 - Page 2

038 COLLEEN SEALOCK, Director, Elections Division: Comments that they do not have any rule in regards to campaign finance and it depends on the method of penalty that they are looking. Discusses the Secretary of State's role and the diminimus rule. 046 CHAIR KERANS: Explains the suggestion to have a two tiered system for the knowingly versus other violations and the diminimus rule. 054 TALBOTT: "So that the Secretary of State would have the rule making authority to promulgate a diminimus rule?" 056 CHAIR KERANS: "Yes, and have the ability to go beyond the twice payment for knowingly above the simple payback to twice if it is demonstrated that it was done knowingly." 060 TALBOTT: Explains that section 15 currently requires a payback in the amount that was exceeded and if knowingly the amount is twice the amount exceeded. "The question was whether or not you would want to make it twice the amount and treble for knowingly." (EXHIBIT C, from 411 193) 064 CHAIR KERANS: Discusses the reasons for leaving the bill as written, but adding a diminimus rule. Asks the committee if there is any objection to leaving the bill as written in section 15. Hearing no objections the decision is to leave the bill as written in regards to penalties for exceeding the applicable limits. Begins the discussion of the technical amendments on page 3, regarding when public funds should be paid to candidates and whether "any money the candidate would otherwise be entitled to be held back." Comments that he would say no on the second question. (EXHIBIT C, from 411193) 077 TALBOTT: Discusses the schedule bar graph chart as well and refers to the written interpretation of the chart. Discusses the Secretary of State's concerns

with adding additional reports. (EXHIBITS D and E) 095 CHAIR KERANS: "Let's cut to the chase. We talked about having an alternative and their choice was alternative 1." 096 TALBOTT: And that inserts two additional reports that are informational only reports. Discusses the two additional reports. 104 CHAIR KERANS: "And that those would then be the times for the disbursement of those public funds." 105 TALBOTT: Discusses the timing and when they would have that information filed.

108 TODD JONES, Assistant to the Secretary of State: Discusses the reasons why they prefer alternative 1, which is in the middle of the bar graph. "This allows us to have a C&E much earlier in the process, so we can issue public monies if people have become eligible for them earlier. It would be 10 days after the first pre-election is due is the earliest that a check could be issued." (EXHIBIT D)

117 TALBOTT: "They wanted to allow 10 days from the time that the report was filed."

119 JONES: "It's 10 days from the 54th day the 44th day would be the earliest that a check would conceivably be issued. Then it would be 10 days thereafter following the last due date for a C&E, which corresponds...with the length of the audit period, I believe."

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126 TALBOTT: Comments that that would be a request for public matching funds.

130 CHAIR KERANS: Asks the committee if there is an objection to adding the two additional reports in alternative 1, for the purposes of disbursing funds for the Campaign Integrity Fund. Hearing no objections the committee adds the reporting structure found in alternative 1 on EXHIBIT D. (EXHIBIT D)

139 CHAIR KERANS: Discusses political contribution tax credits, starting with the question found regarding whether or not tax credits should be dependent upon the candidate's agreement to limit expenditures. Discusses the question on whether political contribution tax credits should be given to political committees in support or opposition to ballot measures; whether or not the term "exclusively" be in the definition of ballot measure. Comments that he would say yes to all three questions. In regards to the last two questions on ballot measures asks "they ought to be exclusively in the same kind of pass through language, can we do that on those?" (EXHIBIT C, form 4/1193)

153 TALBOTT: Comments that there is no "pass-through" language in regards to ballot measure political committees. Refers to the pass-through chart. (EXHIBIT A, from 416193)

154 CHAIR KERANS: "So they could pass through from measure to measure. Could they make a contribution to a candidate?"

156 TALBOTT: "In other words, pass through to ballot measure committees to get to a candidate?" (pass through chart EXHIBIT)

159 CHAIR KERANS: "Ballot measure political committees contributor, it says candidate or personal campaign committee, it says yes."

162 TALBOTT: "Are you trying to get at them from passing through to a candidate or passing between ballot measure and ballot measure?" CHAIR KERANS: Comments that he is not as concerned with ballot measures passing through to each other, but he is concerned with pass-throughs from ballot measure political committees to candidates. 175 CHAIR KERANS: Asks the committee members what their consensus is.

180 SEN. JOHNSON: Refers to a bill he has sponsored that would limit the political contribution tax credit "that are made to people for whom the donor can vote." Discusses the concept behind his suggestion. Comments that he is not necessarily in favor of tax credits for ballot measures.

197 SEN. SPRINGER: Comments that he would defer to Chair Kerans' suggestions in regards to ballot measure pass-throughs. 198 CHAIR KERANS: Comments the committees consensus on using the word "exclusively" in ballot measure definition. Discusses the suggestion to allow tax credits to contributions to ballot measure political committees and pass-throughs between ballot measure political committees, but that there should be a "segregation" between ballot measure political committees and candidates in regard to pass-throughs.

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204 CHAIR KERANS: Discusses the question "should a person who contributes to a political committee which only supports candidates who agree to the applicable voluntary expenditure limit be eligible for the tax credit?" Begins the discussion of the issue on the contribution of personal funds, section 25. "Should the contributions of the candidate's immediate family also count against the amounts set out in this section?" (EXHIBIT C, from 411193)

224 SEN. DUKES: Comments that if the committee limits contributions that those limits should apply to everyone.

241 CHAIR KERANS: "The answer would be to impose the same limitations on members of the candidate's immediate family."

SEN. DUKES: "That's my hope."

245 TALBOTT: To clarify she asks if the limitations that would be imposed are the same as in section 23, or if he is referring to section 25 (which deals with how much a candidate's own money that can be contributed).

251 CHAIR KERANS: "We've actually raised both."

253 TALBOTT: Explains section 25, in regards to contribution of personal funds by a candidate to her/his own campaign.

269 CHAIR KERANS: In regards to section 25, remarks that the money referred to is from the candidate's personal funds and not from the

family. " I think their own family should be limited by the limitations of section 23." 279 TALBOTT: "The issue is raising that much money from related persons." 282 CHAIR KERANS: "Right because you could easily roll it all up right there." 283 TALBOTT: "And particularly a candidate's spouse, who often times has joint bank accounts. Because the limits in section 23 generally for contribution limits are relatively low then you have put that limit already on those family members." 290 SEN. DUKES: Discusses section 25. "It seems to me all we're doing is saying if you have one person in a race, who is independently wealthy, then we're not going to worry about these limits. Is there some reason we can't limit how much a candidate can contribute to their own campaign?" 304 TALBOTT: Discusses the interpretation Supreme Court decisions equating it with a "quantity of your speech. It's equivalent to the expenditure limitation and why the court argues that there can only be a voluntary one." 311 SEN. DUKES: "But that's spending that's not contributions." 313 TALBOTT: Explains her interpretation of the court's decision. "It's the flip side of the same coin in the sense that if you give money to your own campaign, you contributed, then you're going to turn around and expend it."

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321 SEN. DUKES: "So the candidate has the right to contribute as much as they want to their own campaign but not to someone else's?" TALBOTT: "Correct. " 324 SEN. DUKES: Asks what the "distinguishing mark" of a person's own campaign is. CHAIR KERANS: "Political voice on your own behalf." 326 TALBOTT: Explains that although there can be limits on the amount a person can give to a candidate, there can be no limit on independent expenditures by an individual. 342 SEN. DUKES: "What do we do with the political tax credit? If we're limiting the political tax credit only to people who contribute to campaigns who have agreed to all of these limits and we have exempted folks who are running against someone who wants to contribute lots of their own money, than those limits. There's a balancing piece here. If I can contribute as much as I want to my own campaign and Sen. Bryant and I are running against each other and he can't do that he may want lots of people to contribute to his campaign to make up the difference and we're now telling those folks that they can't get campaign tax credits if they contribute to his campaign. That seems to put him at a slight disadvantage." 356 TALBOTT: Explains her understanding of how the bill would work. "If candidate A contributed more than \$25,000 to their campaign, candidate B (who is running against candidate A) would then be exempt from the contribution limits under section 23. They wouldn't be automatically deciding to waive their voluntary expenditure limit agreement. They would merely be able to raise contributions in larger amounts." 369 CHAIR KERANS: Explains the reasoning for this proposal. 374 SEN. DUKES: Continues the discussion on whether or not a person who is not subject to the contribution limits, due to an opponent's expenditure of amounts listed in section 25, would still be eligible to have contributors qualify for tax credits. 391 TALBOTT: Explains that candidate A, who has raised large amounts of money not subject to contribution limits because of expenditures of large amounts of candidate B's own money, would still be eligible to have contributors qualify for tax credits if candidate A stays under the voluntary expenditure limit cap. 394 SEN. DUKES: "But I'm assuming he may not

want to because I've just put all this money into my campaign... "

396 TALBOTT: "That would be the decision at that threshold point.

CHAIR KERANS: "That may be a disadvantage to him."

398 SEN. DUKES: "If we exempted him from one part, why not exempt him..."

399 CHAIR KERANS: "Then we've defeated the whole idea of the voluntary expenditure limitation and the partial public financing of his campaign." Continues the discussion on the issue and asks, Ms. Talbott, in regards to the tax credit. . . .

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449 TALBOTT: Discusses the questions of whether a candidate, exempt from the contribution limits in section 23, would also be exempt from the limits in regard to matching dollars in section 10. Discusses the suggestion by Sen. Bryant in regards to the first \$50 of any contribution being applicable for matching dollars.

465 CHAIR KERANS: "So he'd go out and 50 \$1,000 checks he'd get 50 X \$50 in matching funds to move him toward the limit. . .allow him to catch up, but only to the expenditure limitation. This is a method of just giving him a jump start to catch you. If you then turn around and say OK I'll see your 90 and raise you another 100, well he's out of luck at that point." 479 SEN. DUKES: "Because once he's agreed to the expenditure limitations, if he breaks it then he's (subject) to penalties."

CHAIR KERANS: "That's right..."

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036 CHAIR KERANS: "The answer is should the contributions of the candidate's immediate family also count against the amounts set out in the section. The answer has got to be yes." Begins a discussion of the question in the decision making memo "if a candidate exceeds those amounts, what should occur...I think we reached a consensus on that if I'm not mistaken." (EXHIBIT C, from 411193)

042 SEN. BRYANT: Asks how immediate family is defined "in this case."

043 TALBOTT: Reads the definition from the Federal Elections Campaign Act (FECA).

048 CHAIR KERANS: Discusses that the intention is to allow only the candidate to "dip into his funds." Asks to leave the definition the same as in FECA. "Conversion of campaign assets I think we already agreed to, didn't we? Yes. We took Mr. Kiesling's (SB 143) section 17 for that." Begins the discussion on the question "is it appropriate to make candidates account for the disposition of equipment (the type subject to depreciation under the tax code) purchased with campaign funds? There is just so much we can chase and that is not one of them." (EXHIBIT C, from 4/1/93) 065 SEN. BRYANT: "On excess campaign funds then we can use that to still buy computers for our legislative office.?" CHAIR KERANS:

"That's correct." SEN. BRYANT: "Are we placing a maximum amount of the excess funds that we can keep?" 069 TALBOTT: Explains that SB 143 and FECA do not have a maximum amount. Explains the provisions on conversion of campaign assets contained in SB 143 and FECA. 092 CHAIR KERANS: Comments that he believes the concept that the committee adopted from section 17 of SB 143 "was probably the best thing to do." Discusses the issue of "personal use" in relation to conversion of campaign assets. Discusses the issue of whether the candidate should have the "right to inspect the books of an independent committee that has made an expenditure expressly advocating the defeat of the candidate, section 31." .

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117 TALBOTT: "Upon further inspection of that, I believe that it may be broad enough now. " Comments that she had a discussion with the Secretary of State's office on that subject. Remarks that she will check to make sure the language is broad enough if the committee desires to have that occur. 123 CHAIR KERANS: Continues the discussion on allowing a candidate to inspect the books of an independent campaign. Discusses the issue of additional C & E reports. "I already put a no next to earlier C & E report we went past that when we adopted the matrix." Begins the discussion of the third question under Additional C & E Reports from the memo. (EXHIBIT C, from 4/1/93 and EXHIBIT D, from today's hearing) 129 TALBOTT: Comments that Secretary of State's office and local governments would prefer that additional C&E requirements would "apply to the offices where you have the statewide offices, state representative, and state senate, so that county races don't have to be subject to it." 132 CHAIR KERANS: "That's a yes." Begins a discussion on the Voters' Pamphlet Provisions from the memo. Discusses the issue of whether a statement should be printed in the pamphlet indicating the decision of the candidate to voluntarily limit expenditures. "I think we've said earlier yes to that." (EXHIBIT C, from 4/1/93) TALBOTT: "It's in the bill 140 CHAIR KERANS: Discusses whether the price of the voters' pamphlet should increase. 145 JONES: Comments that SB 1072 addresses several issues involving the Voters' Pamphlet.

150 CHAIR KERANS: Comments that the committee will deal with the price issues of the Voters' Pamphlet in SB 1072. Begins a discussion on the question "should candidates who do not agree with the voluntary expenditure limits pay the actual cost of the space in the voters' pamphlet as opposed to the statutorily listed cost?" Comments that he would say yes.

SEN. BRYANT: "What is that cost?"

154 CHAIR KERANS: Comments that it is \$1000.

159 TALBOTT: "There was a concern about allowing people who don't have adequate funds, basically who don't have a lot of money in themselves, that wouldn't necessarily be able to get in the voters' pamphlet. Say a small campaign that runs less than \$500 in expenditures for their whole campaign, would they be able to then afford to get in the voters' pamphlet? I don't know if the Secretary of State has any way to get around that."

166 CHAIR KERANS: "Well if that person were going to spend less than \$500, they would simply sign up for the limits. The only reason they wouldn't sign up for the limit is they have some philosophical...objection to public financing of political campaigns...that's not an unlikely situation."

175 JONES: Comments that SB 1072 has a proposal to allow every candidate, free of charge, a limited amount of information in the voters' pamphlet. If a candidate requested an additional amount then there would be a fee charged. 182 SEN. DUKES: Comments on the ability to get into the voters' pamphlet by collecting signatures for ballot measures. Asks if the same thing can be done as a candidate.

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CHAIR KERANS: Comments that a candidate can not do that.

SEN. DUKES: Comments that it would be a "non-monetary" way for someone to get into the voters' pamphlet who objected to voluntary expenditure limits.

192 CHAIR KERANS: Comments that the committee should deal with all of the voters' pamphlet issues in SB 1072. Refers to the questions regarding HB 3305 and HB 3306. (EXHIBIT C, from 4/11/93) 198 SEN.

BRYANT: "If on the cost of voters' pamphlet I think the candidate would need to know in advance, what that full cost is so they can make an intelligent decision and not be surprised after they violate it."

202 TALBOTT: "So that that be part of their agreement on the voluntary expenditure form, for instance." Explains HB 3305 and HB 3306.

208 CHAIR KERANS: Discusses HB 3305. Comments that he likes the idea and asks if there is any objection to considering it with SB 416 as a policy issue. 220 SEN. BRYANT: "Is there a way to tie that in to your integrity fund?" 221 CHAIR KERANS: Comments that "we ought to make it uniform." Discusses the policy issue regarding HB 3305, as an amendment to SB 416. Asks if it is going to increase the cost of the voters' pamphlet. 231 SEALOCK: Comments that a fiscal impact has not been done on HB 3305 or HB 3306. Discusses the concern about the number of words per question and the "layout" problems. 243 SEN. JOHNSON: "Is there any question about the constitutionality of forcing a candidate to talk about some panel decides they want him to talk about?"

257 SEALOCK: Comments that they have not looked at the constitutional issues.

254 SEN. JOHNSON: Comments that he thinks that there is a real question about it.

255 CHAIR KERANS: Remarks that if the person was charged the full price to get the answer in the pamphlet might be a problem. Discusses the issue of the state setting the terms because the voters' pamphlet is subsidized by the state. 263 SEN. JOHNSON: "I disagree." 264 CHAIR KERANS: Asks to carry HB 3305 over to SB 1072, but finish the fiscal impact so the committee can take a look at it. Begins the discussion regarding access to public broadcasting. "Anybody have any idea how to get past the FCC on requiring candidate debates on.." (EXHIBIT C, from 4/1/93)

277 SEN. BRYANT: "I think we're preempted by the federal statutes."

278 TALBOTT: Discusses Ms. Duncan's (OPB) concerns. Ms. Duncan test) fied on access to public broadcasting at the hearing on 4/8/93 in regards to SB 213 .

280 CHAIR KERANS: Comments that he is "willing to leave that one alone."

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290 SEN. SPRINGER: "We have a whole world of television that has nothing to do with broadcast."

CHAIR KERANS: "You mean cable."

SEN. SPRINGER: "Is there any role for the state now that Congress has authorized local governments to get into that field..."

297 CHAIR KERANS: "As a practical matter, I think it's best to stay away from mandates on elements of the media. " 301 SEN. SPRINGER: "As a condition of doing business?" 302 CHAIR KERANS: Discusses his concerns.

310 SEN. SPRINGER: Comments that he is not sure what was given to the "state's as opposed to anyone else. I'm just guessing whether or not we can take those folks under something like the PUC...some local jurisdictions choose not to have any franchise."

318 CHAIR KERANS: Begins a discussion on the section in the decision making memo title "Operative Dates and Other Misc. " Comments "those folks who now have a positive balance would have...to get down to zero in order to start over again under the bill. The second would be yes. Rather than starting at the circuit, I think it would be better to go to the (Supreme Court) for adjudication." Asks the committee if there is any objection. Hearing no objection the decision is to have candidates who "wish to avail themselves of the public financing in section 10" would need to start with a zero balance on January 1, 1994, and original jurisdiction will be given to the Oregon Supreme Court. (EXHIBIT C, from 411193) Begins the discussion of the memo dated 4113193, in regards to bundling. (EXHIBIT A)

342 TALBOTT: Discusses the "Bundling Conceptual Amendment" attached to the memo. Discuss intermediates and conduits. (EXHIBIT A)

366 CHAIR KERANS: "If the person is not one of these interdicted individuals or groups then it is OK to act at your direction as a member of your finance committee. If however, you have someone who is a registered lobbyist or is an officer, employer, or agent of a political committee, then that person may not act." 378 MOTION: CHAIR KERANS: MOVES the adoption of the "Bundling Conceptual Amendment. (EXHIBIT A)

380 TALBOTT: Comments that for purposes of the working draft the Secretary of State's office could look over the amendment and that Legislative would subject it to form and style. 387 VOTE: CHAIR KERANS: Hearing no objections THE MOTION IS ADOPTED. All members are

present. 390 TALBOTT: Discusses item II on the memo. Addresses the issue of "what happens after the general election cycle with different campaigns, depending upon whether they have a zero balance, a deficit, or surplus. Explains that currently because there are no contribution limits there is "nothing to track on your principal campaign committee balance, in terms of making sure you haven't exceed any of those applicable limits." (EXHIBITS A and B) .

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456 SEN. DUKES: Asks a question in regards to the new committee formed by a senatorial candidate, who had a zero balance, at the end of the campaign and beginning of the new campaign. "The new committee that you've created is then exempt from that annual report?"

458 TALBOTT: "Yes. It's an issue that arose in...~ hat could be perceived as, at least for disclosure purposes, as a loophole."

464 CHAIR KERANS: Discusses why he would not want a "3 year blackout period." Comments that there ought to be annual reporting on September 1.

TAPE 41, SIDE B

034 TALBOTT: "So if you're raising money for a future election, then you would have to..."

035 CHAIR KERANS: "You have to meet the supplemental requirement. You got to make an annual filing."

037 TALBOTT: Comments that they will need to work on the words. "It's going to be basically called an annual report."

038 SEN. DUKES: "Why don't you just simplify it and say all campaign committees that have a balance you might have a balance that you've shifted to another campaign. You may not be raising money, but you've still got it."

041 TALBOTT: "I think you'll capture that when we walk through the other two. We'll leave it up to Legislative Counsel to figure out how to draft it." Discusses the issue when a person has a deficit that person could continue to raise funds to cover those "net outstanding debts," and continue to raise money to cover the debt until September 1. Discusses the differences between state representatives and state senators. (EXHIBIT A) 054 CHAIR KERANS: "The idea being this is a way to discourage deficit campaigning." Continues to discuss the issue of what would be required of a candidate with a deficit. 070 TALBOTT: "Surplus works the same way. That allows the surplus to be spent for lawful purposes, which is the current law, until September 1" for state representative. 073 CHAIR KERANS: "September 1 prior to the next election for state senator." 074 TALBOTT: "Correct. "

076 CHAIR KERANS: "The question of what we just discussed by setting those time limits, but requiring the annual report for campaigns, any objection to that?" Hearing no objection he states "we've got an agreement to that."

080 SEN. SPRINGER: "Are we speaking only of candidates' committees?"

081 TALBOTT: Comments that is what they are considering "at this point." "Because you (the committee) added a limit on what an individual can give to a political committee I haven't had an opportunity to discuss whether or not that's a problem for the Secretary of State's office. That's on a calendar year as opposed to .. . - 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. - Senate Ethics, Elections, and Campaign Finance Committee April 13, 1993 - Page 11

an election cycle."

093 TALBOTT: Comments that there are "several bills that address the issue of when post election fund raising can be cut off." Remarks that the chair had expressed interest in making it December 1 "and then requiring all reported contributions to be filed so that pre-session you would know."

099 CHAIR KERANS: Discusses his suggestion. "I actually go the other way. I am convinced by the Secretary when he said that all pre-session contributions should be reported pre-session. That's a matter of good book work. The question is where do we put the cut off for purposes of the postelection C&E and the cut off of fund raising prior to session?" Comments they should be the same date.

114 TALBOTT: Explains that currently the period is the 21st day after the election through December 1 is the supplemental to the post-election report.

118 CHAIR KERANS: Comments that fund raising that is not reported should not be allowed until the annual report of the following year.

119 TALBOTT: Explains how the report currently works.

126 CHAIR KERANS: Discusses with the Secretary of State's office when the reporting date should be for the post-election report. "Why don't we make the accounting period the 45th day and due on the 55th day?"

140 TALBOTT: "You could at that point cut off the accounting period at a date certain."

143 CHAIR KERANS: Suggests making them both the same. "Let's say that the accounting period for post election is December 31. The fund raising stops December 31 and that the report has to be in the normal 10 days later?" Explains the reasoning for this suggestion. Asks the committee if there is any objection. Hearing no objection the committee decides to have the accounting period for the post- election report and the cut off for fund raising end on December 31 and require the report to be in 10 days later. 164 TALBOTT: Discusses the issue of "Excess Campaign Funds" from the memo dated 4/13/93. "Permissible use of excess campaign funds would be to repay to a candidate any loan the proceeds of which were used in connection with the candidates campaign." (EXHIBIT A)

171 CHAIR KERANS: "Yes we think so." Asks if the committee has any objection to including that. Hearing no objection the committee decides to include that provision in the provision dealing with excess campaign funds. 178 SEN. BRYANT: Asks a question in dealing with independent

expenditures against candidate A (in the last 3 weeks) in a contested race where both candidates A and B have agreed to voluntary expenditure limits. 206 CHAIR KERANS: Responds to Sen. Bryant's question of candidate A exceeding the limits only because of an independent expenditure. 219 TALBOTT: Discusses the issue of what type of penalties there are for violating independent expenditures. 224 SEN. DUKES: Asks if the civil penalties could be taken out of the money the candidate is raising.

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226 CHAIR KERANS: Discusses the issue of penalties.

250 TALBOTT: Comments the general penalty for violation of ORS 260 is up to \$10,000.

254 SEN. BRYANT: Asks what if it a ~truly independent contribution."

256 CHAIR KERANS: Comments that the candidate would be "up against it." Discusses that it would be the same as letters to the editor, etc. Discusses what the committee is "trying to address."

272 SEN. BRYANT: Continues the discussion in regards to the independent expenditure against candidate A.

278 CHAIR KERANS: Begins discussion on the topic of prohibiting "corporations from threatening or forcing employees to donate money to candidates at the corporation's direction." (EXHIBIT A) 281 TALBOTT: Explains that the provision is in the FECA.

CHAIR KERANS: "I would suggest that we do that." 292 SEALOCK: Comments that she believes it is prohibited under the undue influence class chapter ORS 266.065, which is a class C felony. 296 CHAIR KERANS: Addresses the issue of "addresses the filing of vacancies of offices in special elections in SB 416." (EXHIBIT A)

297 TALBOTT: "Do you want to allow that same kind of voluntary expenditure limit and contribution limits for those kinds of elections?"

302 CHAIR KERANS: Asks what special elections those are. Asks if there are special elections for filling a vacancy. 305 TALBOTT: Comments that the committee didn't need to consider that issue because there are only special elections for congressional vacancies.

310 CHAIR KERANS: "What is 'Testing the Waters'? Is this the exploratory committee?" (EXHIBIT A) TALBOTT: "Yes. " 311 CHAIR

KERANS: "I'm not going to chase that one." Begins the discussion of the concept "issue of transferring from one race to another race with lower contribution limits." Explains what the concept addresses. (EXHIBIT A)

327 TALBOTT: Discusses the issue which deals with someone who would do this for purposes "of raising larger contributions and then try to use that money to run for a race that has lower contribution rates." Comments that the Secretary of State's office "wanted to make sure that there be an adequate deterrent from that occurring." Discusses possible deterrents. One would be a person would have to give back the excess amount of contributions. For instance if a person were running for Governor and received a \$500 contribution, but at a later time switched to a state representative race (where the limit is \$250) the candidate

would have to give back \$250.

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. Senate Ethics, Elections, and Campaign Finance Committee April 13, 1993 - Page 13

348 CHAIR KERANS: Comments that is "exactly what ought to happen...Let's include that." Discusses the work plan on SB 416.

402 CHAIR KERANS: Adjourns the meeting at 4:35 p.m.

Submitted by:

Reviewed by:

Tamara Brickman

Annette Talbott Assistant
Counsel EXHIBIT LOG A - Memo on

Additional Issues to Consider for Campaign Finance 4/13/93 - Committee Staff- 5 pages B - Chart on the Proposed Method to Transition Between Campaigns - Committee Staff - 1 page C - Senate Election Ethics Act of 1991 - Committee Staff- 7 pages D - Bar Chart with Alternatives on Accounting, Filing, and Review Periods - Committee Staff- 1 page E - Contribution and Expenditure Reports (Description of Sec. of State's graph) - Committee Staff - 2 pages

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