

SENATE ETHICS, ELECTIONS, AND CAMPAIGN FINANCE COMMITTEE

April 20, 1993                      Hearing Room B 3:00 p.m.                      Tapes 45 and 46  
MEMBERS PRESENT: Senator Grattan Kerans, Chair Senator Joan Dukes  
Senator Rod Johnson Senator Dick Springer MEMBERS EXCUSED:                      Senator  
Neil Bryant STAFF PRESENT:                      Annette Talbott, Committee Counsel Tamara  
Brickman, Committee Assistant MEASURES CONSIDERED:                      Work Session SB  
416 Public Hearing and Work Session SB 609 - 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. TAPE 45, SIDE A

004 CHAIR KERANS: Calls meeting to order at 3:22 p.m.

WORK SESSION ON SB 416

012 CHAIR KERANS: Refers to the computer engrossed version of SB 416,  
including the SB 416-2 amendments for working purposes. Asks if there  
are any differences in SB 416-2 that are different from the intent of  
the last work session on SB 416 on 4113193. (EXHIBITS C and E)

017 ANNETTE TALBOTT, Committee Counsel: Responds and explains that  
Legislative Counsel has several questions. Comments that she has flagged  
those questions "to make sure that the decisions that they made in that  
regard are accurate, according to what the committee intended. They are  
just clarifications." 024 CHAIR KERANS: Asks Committee Counsel to  
work from the engrossed copy and address the problems that Legislative  
Counsel found. 030 TALBOTT: Discusses page 1 section 2. Comments that  
it is the pass through language from the SB 416-1 amendment. Discusses  
the public financing section, page 6 section 10. Discusses the insertion  
of the word "different" in section 10. Discusses subsection 3, which  
deals with public financing in the general election, and she explains  
the way the language works. (EXHIBIT E) 060 CHAIR KERANS: Discusses  
the matching process in public financing. Senate Ethics, Elections, and  
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068 TALBOTT: Comments that the language with regard to "having to have  
an opponent is now in section 7 page 5 lines 4 and 5" which is one of  
the qualifications for eligibility for public financing. Discusses the  
clarification of the committees intent to allow money from individuals  
to be matched for public financing not money from PACs. Discusses the  
changes on page 7 lines 9-13 which "reflect the amendment that the first  
\$50 (for a legislative race) of a \$250 contribution would count as a  
match for purposes of public financing. That additional \$200 would take  
away from what potential amount you could get in public financing. There  
wouldn't be a whole lot of benefit in getting contributions larger than  
the amount specified. " (EXHIBIT E) 094 CHAIR KERANS: Discusses what  
the effect of counting contributions exceeding the \$50 contribution  
against the amount a person could qualify for in publica financing.

099 TALBOTT: Discusses section 14 in which Legislative Counsel "added a  
provision in regards to the Attorney General being able to have the same  
powers as the Secretary of State in the instance where the Secretary of  
State is...investigating themselves as a candidate or another candidate  
for the Secretary of State."

105 CHAIR KERANS: Asks if the default is to the Attorney General in  
Secretary of State races.

107 TALBOTT: Responds to Chair Kerans' question.

110 SEN. DUKES: Asks where it states the Secretary of State's race.

115 TALBOTT: "It's not in section 14 but it is referenced. "

116 CHAIR KERANS: "That's the default process." 117 TALBOTT:  
Explains that the reference is in the amendment on page 4 lines  
20-25. (EXHIBIT C)

149 CHAIR KERANS: "We assume we want to have that in. If there is no  
objection let's direct Counsel to include it if we don't find it (in the  
engrossed copy)." 151 SEN. DUKES: Comments that she believes the same  
provisions should also apply if the Secretary of State is running for  
"some other" office. 154 CHAIR KERANS: "Is there any objection to  
conceptually adding to the staff's engrossed version that language found  
on page 4 of the dash 2 amendments lines 20-25 and further add when the  
secretary is himself or herself a candidate for other office that's  
covered by the act that the default for investigation be back to the  
Attorney General?" Hearing no objections, from the members present,  
Chair Kerans asks that language found in the SB 416-2 amendments on page  
4 be further amended and added to the computer engrossed version.

166 TALBOTT: Discusses the provision on page 9 lines 10-15 (of the  
engrossed version) which is the diminimus rule. Discusses the  
substantive change on page 11 which addresses the amendment "the  
committee made in regards to prohibiting the direct contribution by a  
labor organization which is in line 12.. .In lines 22- 25 is the \$500 to  
any one political committee." (EXHIBIT E)

186 CHAIR KERANS: "Are we taking those words out or putting those  
words in?"

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statements made during this session. Only text enclosed in quotation  
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187 TALBOTT: Comments that the strike out are deletions. Comments that  
section 26 prohibits "specifically a corporation or labor organization  
from contributing directly." Explains section 23 subsection 4 on page  
11, which is the reference to the caucus committees. Comments that there  
are several conforming amendments on the next several pages in regards  
to the "candidates immediate family on the contribution of your own  
funds." Explains how the computer engrossed version of the bill should  
read, in regards to the arrows, strike outs, underlines, italics, etc.  
Discusses section 26 on the prohibitions on corporations giving direct  
contributions, and she explains the exceptions from the Federal law  
(which are in subsection 2, lines 29-32, page 13). (EXHIBIT E)

230 CHAIR KERANS: Discusses additional language taken from the FEC  
included in subsection 2. (EXHIBIT E) 236 TALBOTT: Discusses section  
27, which is the "transfer language." Explains that "the transfer  
language proposes that...in sub 2, 11-12 would say that you cannot  
transfer your funds from one race to another until you have returned any  
contributions that exceeded the amount for the race that you're  
transferring to."

255 CHAIR KERANS: Asks the Secretary of State's office is "that passes

your test. The intent of it does, according to the representative of the Secretary of State's office."

258 TALBOTT: Explains what subsection 3 does. Subsection 3 deals with payments from the Campaign Integrity Fund. Comments that an issue with Legislative Counsel is "how far out do you want someone to be able to receive payments from the Integrity Fund. Forseeably they could, two years before the election they were running for, try to file." Comments that she believes that Legislative Counsel has prohibited that by the language. The first time a candidate could file would be the first pre-election report, which is post filing day." Comments that they could delete subsection 3. (EXHIBIT E)

279 CHAIR KERANS: Discusses subsection 3. (EXHIBIT E)

288 TALBOTT: Asks if it is the intent of the committee to leave subsection 3 in.

289 CHAIR KERANS: Explains why subsection 3 should remain. (EXHIBIT E)

298 TALBOTT: Addresses section 28 and explains that it is the bundling language. (EXHIBIT E)

304 CHAIR KERANS: "That's very good. Especially the part about bonafide joint fund raising, supporting two or more candidates, and some of those other joint activities which we sometimes engage in which are not bundling, but rather putting the names of all the county delegation on a single fund raiser, and then divy up the proceeds."

310 TALBOTT; Explains that "nothing in the section would prohibit that." Discusses section 29 in regards to excess campaign funds. "The basic premise is that you can't use them for personal use, but you can use them for any other lawful purpose, including your ordinary necessary expenses as an office holder." Discusses section 30 with regard to filing a new statement of organization; and section 31 with regard to a person with a term of office which exceeds more than two years. "That would pick up judges. That's the way it's drafted. If the committee does not want to..." (EXHIBIT E)

344 CHAIR KERANS: "Do we care if judges are there? As a general rule there won't be so I don't think there's going to be that much activity, but why not the same disclosure as there is then?" .

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350 TODD JONES, Assistant to the Secretary of State: Explains that the the fiscal analysis is based on statewide elected officials referenced in the bill. Comments that he does not know what the fiscal impact would be by including judges. 358 CHAIR KERANS: "If there is no objection, we'll exclude judges from the provisions of that. Hearing none (from the members present) we'll drop them out of ~ll~and leave it the way we found it." (EXHIBIT E)

360 SEN. DUKES: "What do judges get to do now?"

363 TALBOTT: Explains that this addressed the issue of when the

candidate has to file an annual C&E. "Section 31, then you only want to apply to people who are subject to expenditure limits." (EXHIBIT E)

CHAIR KERANS: "Right.

370 TALBOTT: Refers to section 32 which deals with the tax credit issue. (EXHIBIT E)

377 CHAIR KERANS: Discusses the issue of the political contribution tax credit eligibility for federal and local candidates.

404 TALBOTT: Comments that section 33 and 34 are new sections. "The old section 30 was deleted because there is no longer a change that need to occur in that section. The new section 35 was deleted in terms of the requirement to file a new statement of organization. The new section 36, on page 21, addresses the issue of inspection of books and allowing a candidate to inspect a political committee who has made an independent expenditure opposing that candidate. Section 38 is the new definition section. This has specifically added exclusions that the committee talked about from the definition of contribution and expenditure." Discusses C&E issues. (EXHIBIT E) 440 CHAIR KERANS: Discusses the issue regarding the exclusions. 450 TALBOTT: Discusses the new definition of independent expenditure is on page 26, lines 14-21. (EXHIBIT E) 473 CHAIR KERANS: Asks if a person wants to use their own resources "or those who are similarly situated who are outside this definition are free to raise and spend whatever their resources they have to elect or defeat a candidate independent of that candidate's own campaign?" TALBOTT: "Absolutely. " CHAIR KERANS: "And we can tell with this language which is which and which isn't." 483 TALBOTT: Remarks that she believes so and discusses Legislative Counsel's addition of the definition of agent. Discusses the new definition of political committee found on page 27. (EXHIBIT E)

TAPE 46, SIDE A

034 TALBOTT: Discusses the clarification of the issue of "the primary or incidental purpose of which. Some court cases that had held that that was way too broad, in terms of who it would capture under the first .

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amendment. It's specifically limited to receiving contributions or making expenditures for particular purposes. The language in the remainder from sections 39-45 addresses the contribution and expenditure reporting sections." (EXHIBIT E)

042 CHAIR KERANS: "Those conform to our chart?" (EXHIBIT D, from 411 3/93)

043 TALBOTT: "They do conform to the chart and they clarify that the new C&Es are only for candidates who are subject to contribution and expenditure limitations. They are for public information only." Remarks that section 46 is a conforming amendment with the regional primary issue. Discusses that page 43 "addresses the issue of how you disclose an in-kind contribution." Comments that this was a part of HB 3084. Discusses section 48, which gives original jurisdiction of this act to

the Oregon Supreme Court.

064 CHAIR KERANS: "Do we have a severability clause?"

065 TALBOTT: Comments that there is. Discusses the remaining sections 49-53, which address the operative dates. (EXHIBIT E) 066 MOTION: CHAIR KERANS: MOVES to ADOPT the computer engrossed version of SB 416-2, engrossed by committee staff, dated 4/20/93. The MOTION includes the conceptual amendment regarding the Attorney General having the same enforcement powers as the Secretary of State, when the Secretary of State is a candidate in a race; and the clarification that Sections 30 and 31 apply only to candidates subject to expenditure limitations. VOTE: Hearing no objections the MOTION IS ADOPTED. 079 CHAIR KERANS: Discusses the analysis statement. (EXHIBITS A and F) 085 TALBOTT: Explains that the assumption on the chart is 60%. 087 CHAIR KERANS: Discusses the revenue analysis chart versus the chart prepared by the committee in regards to savings. (EXHIBITS A and F) 094 TALBOTT: "That 10% difference looks like the difference between \$2.6 million and \$3.7 million. The two alternative ways...to address that would be to modify who is eligible for the tax credit or to put an income cap on it." 104 CHAIR KERANS: Continues to discuss the differences between the revenue analysis statement and the Oregon Political Contribution Tax Credit chart. Discusses placing an income cap on those eligible to receive the tax credit for further reductions in impact. (EXHIBITS A and F) 140 TALBOTT: Discusses the subject of placing an income cap on eligibility for tax credits. Discusses specific income groups.

154 CHAIR KERANS: Continues to discuss income caps for tax credits as a means to reduce the impact. 174 MOTION: CHAIR KERANS: MOVES "in order to restore the bill to revenue positive, that we limit the tax credit eligibility to those individuals with adjusted gross incomes of \$100,000 or less.

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VOTE: Hearing no objection the MOTION IS ADOPTED.

179 CHAIR KERANS: References specific figures with regards to the motion. Discusses, for the record, the intent of SB 416. (EXHIBIT H) 331 CHAIR KERANS: "If there is no objection then I think we can stand on that in the event that we are called upon to defend. Is there objection? Hearing none (from the members present) then we accept that and enter it into the record." (EXHIBIT H) 365 SEN. JOHNSON: Explains the reasons why he does not support SB 416. 386 MOTION: CHAIR KERANS: MOVES SB 416 AS AMENDED to the FLOOR with a DO PASS recommendation. VOTE: In a roll call vote members voting AYE: Sen. Dukes, Sen. Springer, Chair Kerans; Voting NAY: Sen. Johnson; EXCUSED: Sen. Bryant. CHAIR KERANS: The MOTION IS ADOPTED.

PUBLIC HEARING ON SB 609

412 TALBOTT: Comments that the Secretary of State's office spoke to the bill when it was a part of SB 269. Explains that SB 609 became a separate bill due to a fiscal impact. Discusses the fiscal impact. (EXHIBIT G) .~ . 479 CHAIR KERANS: Discusses where staff for the task force would be come from.

480 TALBOTT: In regards to "savings" comments that staff could come from existing staff and that it would be an issue of per diem cost and the cost of supplies.

TAPE 45, SIDE B

WORK SESSION ON SB 609

036 CHAIR KERANS: Discusses striking the FTE and doing it from within existing personnel, which will be assigned to someone in the interim. Discusses how much time the task force will need to spend and how often it will need to meet. 053 TALBOTT: Explains that on page 2, line 41 there is a requirement for an annual report to the legislative committee. 055 CHAIR KERANS: "I think we can probably strike that."

057 SEN. JOHNSON: Discusses when the next redistricting is going to occur. Asks if it is necessary to have this "in place this far ahead of time?"

060 CHAIR KERANS: "Not at the cost that the fiscal impact." Explains the bill's purpose in the arena of redistricting.

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073 MOTION: CHAIR KERANS: MOVES a conceptual amendment to strike personnel and require that it be done within existing personnel in the interim, that they meet no more than semi-annually. Moves to strike the annual report and "specifically say it's limited only to the per diem. VOTE: Hearing no objections the MOTION IS ADOPTED. 082 MOTION: CHAIR KERANS: MOVES to REFER SB 609 to the Ways and Means Committee by SUBSEQUENT REFERRAL. VOTE: In a roll call vote all members present vote AYE. 091 CHAIR KERANS: Adjourns meeting at 4:25 p.m.

Submitted by:

Reviewed by:

Tamara Brickman  
Counsel

Annette Talbott Assistant

EXHIBIT LOG A - Oregon's Political Contribution Tax Credit Chart - Committee Staff - 2 pages B - SB 416 Fiscal Impact prepared by the Secretary of State - Committee Staff- 5 pages C - SB 416-2 Amendments dated 4/20/93 - Committee Staff- 28 pages D - Preliminary Staff Measure Summary of SB 416 as Amended - Committee Staff - 2 pages E - Computer Engrossed SB 416-2 - Committee Staff- 45 pages F - Revenue Analysis of SB 416 - Committee Staff- 1 page G - Fiscal Analysis of SB 609 - Committee Staff- 1 page H - Statement of Intent for SB 416 by Senator Grattan Kerans - Committee Staff- 2 pages

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