

HOUSE COMMITTEE ON STATE AND FEDERAL AFFAIRS

February 15, 1991                                   Hearing Room E 8:30 a.m.                                   Tapes 38 - 40  
MEMBERS PRESENT: Rep. Bill Markham, Chair Rep. Larry Sowa, Vice-Chair  
Rep. Marie Bell Rep. Mary Alice Ford Rep. Tom Novick Rep. Carolyn Oakley  
Rep. Lonnie Roberts MEMBER EXCUSED:               None VISITING MEMBER:    Rep.  
William Dwyer, District 42 Rep. Randy Miller, District 24 Rep. Carl  
Hosticka, District 40 STAFF PRESENT:             Randall Jones, Committee  
Administrator Carolyn Cobb, Committee Assistant MEASURES  
CONSIDERED:           HB 2465 - Requires Disclosure of Amount Paid Person For  
Obtaining Signatures, PH, WS HB 2469 - Requires Secretary of State To  
Certify and File Financial Estimate, PH, WS HB 2490 - Requires  
Candidates and Political Committees to file Additional Statement, PH, WS  
HB 2510 - Prohibits Candidates and Political Committees From Using  
Political Contributions to Pay Election Law Civil Penalties, PH, WS HB  
2525 - Requires Voters' Pamphlet be Mailed to Each Post-Office Mailing  
Address No Later Than 25th Day Before Election, PH, WS

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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 38, SIDE A

003 CHAIR MARKHAM: Calls meeting to order at 8:38 a.m.

007 MOTION: REP. NOVICK moved to introduce LC 1257-6 dated  
2/5/91 (EXHIBIT House Committee on State and Federal Affairs February  
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A) and LC 3051-2 dated 2/8/91 (EXHIBIT B) as committee bills.

011 CHAIR MARKHAM: Hearing no objection, it is so ordered.

HB 2465 - REQUIRES DISCLOSURE OF AMOUNT PAID PERSON FOR OBTAINING  
SIGNATURES ON PROSPECTIVE PETITION - PUBLIC HEARING Witness: William  
Dwyer, State Representative, District 24

023 WILLIAM DWYER, STATE REPRESENTATIVE, DISTRICT 24: Submits and  
discusses LC dash one amendment dated 2/14/91 (EXHIBIT C).

HB 2465 - REQUIRES DISCLOSURE OF AMOUNT PAID PERSON FOR OBTAINING  
SIGNATURES ON PROSPECTIVE PETITION - WORK SESSION

046 MOTION: REP. SOWA moved to adopt the dash one LC amendments dated  
2/14/91 to HB 2465 (EXHIBIT C). VOTE: In a roll call vote, the motion  
carried, with Rep. Bell, Rep. Ford, Rep. Novick, Rep. Oakley, Rep.  
Roberts, Rep. Sowa, and Chair Markham voting AYE. 057 REP. SOWA: If  
we move this bill will that require the words "circulators will be paid"  
and then the amount paid, on each initiative petition? 061 REP.  
DWYER: It will be required when they file the original petition and it  
will also be part of the petition process. 075 REP. SOWA: My point  
is, if we can pass this legislation without requiring that those words  
be on each initiative, then the petitioners could amend their statement  
at a later date and still be within the law. 083 REP. DWYER: It says  
on page 3, line 1, "Each sheet of signatures on an initiative petition  
shall contain the caption of the ballot title and the entire disclosure  
required by subsection (3) of this section." so it will be on each  
petition. 091 REP. BELL: I feel we don't want to get away from having

every petition circulated exactly like the original that is on file.

099 REP. NOVICK: The cover sheet is for disclosure. My view is that in many cases there is someone hired as a paid campaign manager, or some people may be paid bonuses for signatures above a stated goal. Perhaps the Secretary of State should be given some procedures to deal with that. 115 REP. BELL: Once we start making this big business, who is to say someone won't give kickbacks to the signers. I think we should keep this as narrow as possible. 120 REP. ROBERTS: All the public has to know is that they are getting paid, I feel it is an invasion of privacy to know how much they are getting paid.

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129 REP. DWYER: The present law does not require stating who is paying them.

133 REP. ROBERTS: Who is paying is more important than how much is being paid.

134 REP. OAKLEY: What happens when the filers of an initiative intend to obtain signatures solely with volunteers, but they realize at the end they are short of signatures and will have to pay someone?

140 REP. DVVYER: It doesn't address that issue because generally those kinds of decisions are not made in mid-stream.

162 REP. OAKLEY: What would happen if you were filing an initiative and you did disclose in the initial filing that you may use paid signature collectors, could you file an amended filing? 169 REP. DWYER: The bill would need an amendment to authorize that.

180 REP. FORD: Discusses changes she would like to see made in the wording of the bill.

233 REP. SOWA: Comments that Rep. Ford's suggested changes would change exiting law, not just the measure. Describes present forms for filing an initiative petition.

274 JACK GRAHAM, DIRECTOR, ELECTIONS DIVISION: In starting the process with the prospectus indicating there are no paid circulators, if subsequently they decide to use paid circulators, they can file a revised statement with the Secretary of State and print new signature sheets, and that would not invalidate signatures collected before the change was made.

296 REP. SOWA: If I have several thousand petitions out and change my mind, what do you do about the petitions that are in circulation?

301 GRAHAM: If anyone signs after the change is made, we can identify that by the date of the signature, and those signatures would not be valid.

312 CHAIR MARKHAM: Can you go both ways?

316 GRAHAM: You could have both paid and unpaid collectors.

TAPE 39, SIDE A

025 REP. BELL: Discusses Rep. Ford's suggested changes in the wording of the bill.

030 REP. FORD: I do think we need to amend the bill because if there are 150 people on the committee that is paying for the signature collection, you are not going to list all those names.

033 CHAIR MARKHAM: Are we in accord here that you can have paid and unpaid signature collectors at the same time?

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035 REP. DWYER: As long as it is disclosed, you can have them both going at the same time.

040 GRAHAM: All signature sheets must indicate if there are one or more paid circulators.

052 CHAIR MARKHAM: We want to add to the bill a requirement to disclose by whom they are being paid. Are we going to require disclosure of the amount per signature being paid?

057 REP. SOWA: It should just require disclosure that some petitioners will be paid, but also it should require a filing with the Secretary of State's office stating how much is being paid and who is paying.

091 CHAIR MARKHAM: Recommends the author of the bill get together with committee members and work out possible amendments.

HB 2469 - REQUIRES SECRETARY OF STATE TO CERTIFY AND FILE FINANCIAL ESTIMATE FOR STATE MEASURE - PUBLIC HEARING Witnesses: William Dwyer, State Representative, District 42 Jack Graham, Director, Elections Division Michael Ryan, Executive Assistant, State Treasurer's Office

102 WILLIAM DWYER:, STATE REPRESENTATIVE, DISTRICT 42: This measure reaffirms the people's right to the initiative and referendum process regardless of whether the bureaucrats properly discharge their duties.

122 JACK GRAHAM, DIRECTOR, ELECTIONS DIVISION: Submits and reviews LC dash two amendments (EXHIBIT D).

157 CHAIR MARKHAM: Did you disclose on the ballot how much Ballot Measure 5 was going to cost?

161 GRAHAM:: There was an estimate, but it was a ballpark figure. -Resumes explanation of LC dash two amendments.

171 REP. BELL: While an administrative impact of \$100,000 may be small to the state, it is a great deal of money for small local governments.

177 GRAHAM:: You raise an interesting point, maybe we should add some language that says it applies only to administrative impact on state agencies. 191 CHAIR MARKHAM: How are you going to get the impact

statewide on local governments?

197 GRAHAM: We are proposing we add an aggregate estimate for local governments, but it would be substantive program costs, not administrative costs.

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202 REP. BELL: I feel comfortable with subsections 2 and 3 as long as the limitation in subsection 3 applies only to administrative costs on the state level. 210 REP. DWYER: You could insert "state" between "only" and "administrative".

218 GRAHAM: I would suggest the words "state agency". Resumes explanation of proposed amendments.

292 REP. ROBERTS: How are you going to get notices out so interested parties can become involved?

297 GRAHAM: It would be the same as the process presently being followed for the explanatory statement. 306 REP. BELL: What is the reasoning for not sooner than 100th day?

310 GRAHAM: The draft is to be completed by the 100th day. -They can submit their draft statements before the 100th day, they cannot do it later than the 100th day. -If we held the hearing earlier, some interested people would be caught by surprise. -Resumes explanation of proposed amendments.

TAPE 38, SIDE B

055 REP. DWYER: I am not sure whether or not the amendments that were applicable to HB 2465-1 will be applicable and should become part of this bill also.

068 REP. SOWA: Is that amendment necessary. It has entirely to do with the process after the signatures have been gathered and verified.

075 REP. DWYER: That may be true in terms of section 5, but I do believe it does create new provisions.

100 REP. BELL: What if someone disagrees with the content of an explanatory statement?

107 GRAHAM: Reviews the explanatory statement process. The court has not often changed the substance.

113 MICHAEL RYAN, EXECUTIVE ASSISTANT, STATE TREASURER'S OFFICE: Our office participated in the drafting of this and we want to open up the process to the public. We suggest a deletion on page 3, line 2 through line 4. -Describes how the process works. -If the language here specifically prohibits public comments and public participation in those advanced type of sessions, I suggest a period be inserted behind the word "public" on line 2 and the remainder of that sentence be deleted through the word "participation" on line 4.

147 GRAHAM:: We are in agreement.

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158 CHAIR MARKHAM: Would you review the local government part.

160 GRAHAM: Current statutory language does not allow the explanatory committee to address the extended impact to local governments. It is required to estimate the impact on state government only. -There can sometimes be as much or more impact on local governments than on state government. The present requirement misleads the public. -What is proposed is to disclose an aggregate impact on local governments, not broken down by district or municipality.

HB 2469 - REQUIRES SECRETARY OF STATE TO CERTIFY AND FILE FINANCIAL ESTIMATE FOR STATE MEASURE - WORK SESSION

198 MOTION: REP. SOWA moved to amend the dash two LC amendments dated 2/12/91 to HB 2469 (EXHIBIT D), by on page 1, line 21, to after the word "only" insert the words "state agency"; and on page 3, line 2, after the word "public" place a period and delete the remainder of that sentence.

221 CHAIR MARKHAM: Hearing no objections, they are so adopted.

224 MOTION: REP. FORD moved to adopt the dash two LC amendments dated 2/12/91 to HB 2469 (EXHIBIT D) as amended. 228 CHAIR MARKHAM: Hearing no objections, they are so adopted. 231 MOTION: REP. FORD moved HB 2469 as amended to the floor with a "do pass" recommendation. VOTE: In a roll call vote, the motion carried, with Rep. Bell, Rep. Ford, Rep. Novick, Rep. Oakley, Rep. Sowa, and Chair Markham voting AYE. Rep. Roberts is excused. 256 CHAIR MARKHAM: Recesses meeting at 9:53 a.m. -Reconvenes meeting at 10:10 a.m.

HB 2490 - REQUIRES CANDIDATES AND POLITICAL COMMITTEES TO FILE ADDITIONAL STATEMENT OF CONTRIBUTIONS AND EXPENDITURES - PUBLIC HEARING Witnesses: Randy Miller, State Representative, District 24 Jack Graham, Director, Elections Division

269 RANDALL JONES, COMMITTEE ADMINISTRATOR: Reviews HB 2490.

280 REP. NOVICK: The second part of the bill troubles me in that there are eight or nine different vehicles for campaign finance reform that look at the whole picture and I am reluctant to deal with little pieces of the issue.

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293 CHAIR MARKHAM: If a political party has a fund, they cannot contribute to a candidate's PAC under this bill? 302 REP. ROBERTS: This measure will increase the cost of government in a time of budget restraint. Unless you can prove you need another reporting date, I would not support this bill. 320 REP. SOWA: There is already a third reporting date if you take in a check over \$500. 352 CHAIR MARKHAM: What happens to a person who gets a \$1,000 check, does the Elections

Division check on the date? 360 JACK GRAHAM, DIRECTOR, ELECTIONS DIVISION: No, generally we do not since we do not have sufficient staff time. We try to establish when the contribution was actually received, not the date of the check. 371 CHAIR MARKHAM: If you made an overpayment to a supplier and received a refund, how do you report it? 376 GRAHAM: You would report that under the present system as a contribution. We are going to adjust the reporting form to provide for non-contribution receipts. 416 REP. BELL: What is needed is accessibility to the names of contributors to a PAC, so it is known where the money came from.

TAPE 39, SIDE B

026 REP. ROBERTS: I am concerned this bill would advantage incumbents.

040 REP. NOVICK: The Secretary of State does not have a position on this bill?

045 GRAHAM: That is correct, I only came to talk about the conflict administratively in the way the dates are set up.

056 RANDY MILLER, STATE REPRESENTATIVE, DISTRICT 24: It is not correct that incumbents would be advantaged by this bill. The thrust of this bill is to advance disclosure. 134 REP. ROBERTS: I don't have a problem with a no pass-through provision, only the additional -reporting. 144 REP. MILLER: The voters are entitled to know who contributed and where the money went. 148 REP. BELL: Even CPA's are worried about the election law and campaign reporting. We have got to be very careful not to add any more barriers to people entering the political process. House Committee on State and Federal Affairs February 15, 1991 - Page 8

165 REP. MILLER: I think we all have some anxiety about making these reports.

176 REP. BELL: Does the bill really accomplish enough to merit the extra administration required?

180 REP. MILLER: This is an added requirement, but it doesn't overly burden the candidate.

197 REP. SOWA: What is intended by the words in Section 8 on? Can PACs or political party committees be formed and make in-kind contributions to a candidate's campaign?

219 REP. MILLER: This measure does not interfere with the opportunity for a PAC to make independent expenditures. This measure might result in more independent actions, but at least we would know the source of those actions.

232 REP. SOWA: Does this prevent a PAC from using a name that does not really identify its backers?

246 REP. MILLER: This bill certainly does not address that.

272 JACK GRAHAM, DIRECTOR, ELECTIONS DIVISION: The one problem that it creates administratively and for anyone filing, is that there is an overlap of the first and second reports. Temporary employees are hired now to complete the examination. It creates a problem for the filer in that they would not have the results of the first examination and the

opportunity to amend before the second is due. I would suggest a change in the dates.

303 REP. NOVICK: If this had been in effect at the last election, you would have received an additional 200 submissions or more?

309 GRAHAM: We would have received closer to about 400. -Explains revised reporting schedule under the measure.

HB 2525 - REQUIRES VOTERS' PAMPHLET BE MAILED TO EACH POST-OFFICE MAILING ADDRESS NO LATER THAN 25TH DAY BEFORE ELECTTON - PUBLIC HEARTNG  
Witnesses: Carl Hosticka, State Representative, District 40 Jack Graham, Director, Elections Division

390 CARL HOSTICKA, STATE REPRESENTATIVE, DISTRICT 40: The proposed amendments labeled HB 2525-1 (EXHIBIT E) seem appropriate. 412 REP. ROBERTS: Why the fiscal impact statement of \$40,000? 417 RANDALL JONES, COMMITTEE ADMINISTRATOR: Legislative Fiscal has revised that figure to \$40,000 for the years 1991/93 and \$10,000 for the years 199 3/95.

TAPE 40, SIDE A House Committee oa SB te and Federal Affairs February 15, 1991- Page 9

020 REP. HOSIICKA: Discussions I have had with the Secretary of State indicate these kinds of changes in the process of printing the voters' pamphlet are things that have been contemplated regardless of the time change that HB 2525 deals with. I don't see this fiscal impact as a direct result of HB 2525.

031 CHAIR MARKHAM: Can a mail-out ballot and the voters pamphlet be mailed together?

034 REP. HOSTICKA: I believe the ballots are mailed by the county clerks and the voters' pamphlet by the Secretary of State. The question that is raised by the amendments is, if you are going to have an expedited procedure, do you want to have a delay of five days before you can start preparing the voters' pamphlet in order to submit some statements. -If someone is quoted in the voters' pamphlet statement under current law, the notarized statement saying the quote was authorized can be filed five days after you file the voters' pamphlet statement. The Secretary of State's amendment says they have to be filed at the same time. I don't have any objection to their amendments.

059 JACK GRAHAM, DIRECTOR, ELECTIONS DIVISION: The Secretary of State has been talking about doing something similar to this bill. He wants to accomplish an earlier distribution of the voters' pamphlet whether the bill passes or not. -Additional automation is needed to replace manual procedures,

088 REP. ROBERTS: You need some up-front money to install automation?

092 GRAHAM: The first year there would be about \$30,000 for automation and about \$10,000 for some specialized staff or subcontracting. 102 REP. ROBERTS: How do you derive the other funds?

105 GRAHAM: Other funds are fees. -The 1990 primary election voters' pamphlet filing deadline was March 8th, and the material was due at State Printer on March 19th, giving the Secretary of State's office eleven days to prepare 3,600 pages. -In compressing the time frame, significant errors could occur if our office does not have the benefit of some automation. 137 REP. HOSTICKA: Suggests candidates submit

voters' pamphlet material on computer disk in a desk top publishing format to speed preparation process and save money. 143 DICK SOHRT, STATE PRINTER: The voters' pamphlet schedule takes into account the filing deadlines and the statutory requirements. -Describes the time schedule for production of the voters' pamphlet. -The vendors are given only nineteen days to produce the pamphlet, therefore of the three capable of doing the job, one will not bid. Reducing the time-frame further, may mean no vendor will bid. -Automating of typesetting helps, but cutting down ten days would be difficult. -If material was submitted in computer form, that definitely would be an advantage. . These minutes contain materials which paraphrase and/or summarize statements made during this session Only text enclosed in quotation marks report exact words For complete contents of the proceedings, please refer to the Taper Howe Committee on State and Federal Affairs February 15, 1991- Page 10

188 REP. ROBERTS: You need some investment in technology?

193 SOHRT: No the state printer has the technology.

HB 2525 - REQUIRES VOTERS' PAMPHLET BE MAILED TO EACH POST-OFFICE MAILING ADDRESS NO LATER THAN 25TH DAY BEFORE ELECTION - WORK SESSION

200 MOTION: REP. ROBERTS moved to adopt the dash one LC amendments dated 2/13/91 to HB 2525 (EXHIBIT E).

204 CHAIR MARKHAM: Hearing no objections, the motion carries and the LC dash one amendments are adopted.

207 MOTION: REP. ROBERTS moved HB 2525 to the floor as amended with a "do pass" recommendation. 220 REP. FORD: I am supportive of the bill, but if it goes out of committee without referral to the Ways and Means Committee where I am fighting for dollars for services, I will have to vote no out of committee. 220 VOTE: In a roll call vote, the motion carried, with Rep. Bell, Rep. Novick, Rep. Oakley, Rep. Roberts, Rep. Sowa, and Chair Markham voting AYE. Rep. Ford voting NAY.

HB 2469 - REQUIRES SECRETARY OF STATE TO CERTIFY AND FILE FINANCIAL ESTIMATE FOR STATE MEASURE - WORK SESSION

239 REP. OAKLEY: Requests unanimous consent that the rules be suspended to allow Rep. Roberts to be recorded as voting on the motion to send HB 2469-3 to the floor with a "do pass" recommendation.

247 CHAIR MARKHAM: Hearing no objections, it is so ordered. Rep. Roberts, how do you vote?

249 REP. ROBERTS: I vote AYE.

HB - 2510 PROHIBITS CANDIDATES AND POLITICAL COMMITTEES FROM USING POLITICAL CONTRIBUTIONS TO PAY ELECTION LAW CIVIL PENALTIES - PUBLIC HEARING Witness: Jack Graham, Director, Elections Division

257 REP. ROBERTS: Rep. Oakley and I would like to have a window of up to \$200 in fines before the penalty is applied, which would give the benefit of the doubt for small mistakes.

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279 REP. FORD: If the candidate doesn't have the money to pay the fine, will they twist arms to donate fund outside of the public records?

303 REP. NOVICK: Expresses concerned about putting the Department of Revenue in the position of policing this act. 314 CHAIR MARKHAM: Going to suggest deleting subsection 5, of section 3.

322 REP. BELL: Could that same thing be done by altering the format of the reporting form to include fines paid out of campaign funds?

342 JACK GRAHAM, DIRECTOR, ELECTIONS DIVISION: In the current reporting process you have to state the purpose for which the expenditure is made, but not the source of those particular funds. There would have to be an additional provision if you wish to have the source of the funds identified.

Submitted by:      Reviewed by: Carolyn Cobb              Randall Jones  
Assistant            Administrator

EXHIBIT LOG:

A - Draft LC 1257-6 - Rep. Novick - 4 pages B - Draft LC 3051-2 - Rep. Novick - 4 pages C - Amendments to HB 2465 - Rep. Dwyer - 1 page D - Amendments to HB 2469 - Jack Graham - 4 pages E - Amendments to HB 2525 - Rep. Hosticka - 2 pages

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