



PERFORMANCE AUDIT REPORT

Out-of-State Campaign Contributions

**A Report to the Legislative Post Audit Committee
By the Legislative Division of Post Audit
State of Kansas
May 1987**

Legislative Post Audit Committee

Legislative Division of Post Audit

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OBTAINING AUDIT INFORMATION

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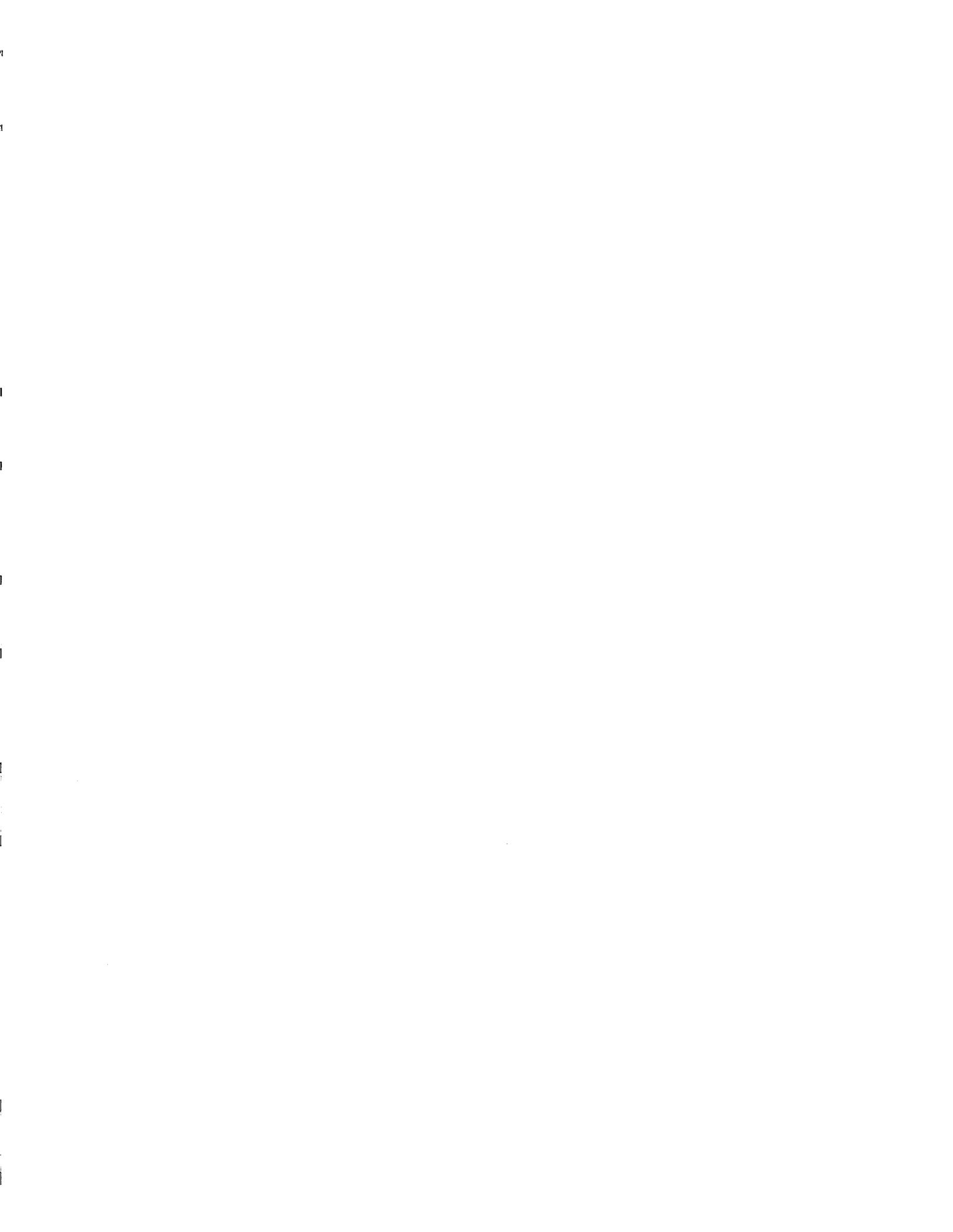
OUT-OF-STATE CAMPAIGN CONTRIBUTIONS

Summary of Legislative Post Audit's Findings

To what extent are out-of-State political action committees involved in financing election campaigns in Kansas? Out-of-State political action committees play a relatively small role in financing Kansas election campaigns. In 1984 and 1986, these committees contributed \$347,000 to winning legislative candidates and to winning and losing Statewide candidates. This amount represents 4.7 percent of the \$7.3 million contributed to these candidates. The total amount contributed by out-of-State political action committees to winning State representatives increased by 36.9 percent between 1984 and 1986, but these contributions as a percentage of the candidates' total contributions increased only from 7.3 percent to 7.8 percent. Only seven contributions by out-of-State committees were the maximum allowed; most were well below the limits specified by State law. Appendix A lists the 93 out-of-State political action committees that contributed to Kansas candidates in 1984 and 1986, along with the amounts they contributed.

What are the differences in the information available for in-State and out-of-State campaign contributions? Registered political action committees, whether in-State or out-of-State, are required to report identical information, including details about their affiliations and their campaign finance activities. Unregistered out-of-State committees are required to report far less information. The Public Disclosure Commission's rules and regulations require these committees to report only certain categories of contributors: Kansas residents and employees, and persons who specifically earmark their contributions for use in Kansas. Out-of-State contributors who do not earmark their contributions are not disclosed. In practice, the Commission is collecting even less information from unregistered out-of-State committees than its rules and regulations require. The audit recommends that the Commission develop new reporting forms to collect the required information.

How do Kansas' laws, regulations, and policies in this area compare with other states? Kansas allows candidates to accept contributions from more sources than surrounding states, but these contributions have maximum limits and have to be itemized and reported at lower dollar amounts. Kansas' reporting requirements for out-of-State political action committees are less stringent than those in surrounding states. As a result, more information about these committees is generally available in those states. Colorado, Nebraska, and Oklahoma obtain more information by requiring all political action committees to register with the state, while Missouri requires even unregistered committees to provide more information than Kansas.



OUT-OF-STATE CAMPAIGN CONTRIBUTIONS

Candidates for State elected offices are required to file campaign finance reports with the Secretary of State's Office as specified in the Campaign Finance Act. Such reports must identify the individuals or groups contributing more than \$50 to the candidate's election campaign. The Act also places limits on amounts that individuals can contribute, either directly or through a political committee, specifically for a candidate's campaign.

Legislative concerns have been raised recently about the extent to which out-of-State political action committees are making campaign contributions to Kansas candidates. Through contributions to such committees, individual contributors may not be identifiable. Part of the concern is that there is a potential for large sums of money to be contributed to State candidates through out-of-State political action committees, beyond the amounts specified in the Campaign Finance Act. The audit addresses the following specific questions:

1. **To what extent are out-of-State political action committees involved in financing election campaigns in Kansas?**
2. **What are the differences in the information available for in-State and out-of-State campaign contributions?**
3. **How do Kansas' laws, regulations, and policies in this area compare with other states?**

To answer these questions, the auditors examined campaign records for the last two elections. They reviewed statutes, rules, and regulations, and interviewed officials of the Kansas Public Disclosure Commission. They also contacted surrounding states about their campaign finance laws.

In general, the auditors found that out-of-State political action committees play a relatively small role in financing Kansas campaigns. Kansas law requires political action committees to disclose information about their campaign contributions and expenditures, but less information is required from out-of-State political action committees that are not registered in Kansas. In addition, the Public Disclosure Commission asks for even less information from these unregistered out-of-State committees than the law or its own regulation requires. Finally, the auditors found that Kansas' campaign finance laws are more restrictive than those in surrounding states in some areas, but that more information is available in other states about out-of-state political action committees.

Following a brief discussion of the Campaign Finance Act, the remainder of the audit addresses the three questions.

Background on the Kansas Campaign Finance Act

The Kansas Campaign Finance Act governs elections for State offices. It places limits on campaign contributions by individuals and groups, and establishes campaign reporting and disclosure requirements. Some of the key requirements are described in the paragraphs on the next page.

A candidate for a State office must appoint a campaign treasurer who, in turn, must transmit campaign finance reports to the Secretary of State's Office three times during an election. These reports list all contributions and receipts received by the campaign that are in excess of \$50. All campaign expenditures in excess of \$50 must also be identified. For legislative candidates, campaign contributions from a single source are generally limited to \$750 for the primary election and \$750 for the general election, for a maximum contribution of \$1,500. Candidates to Statewide office have higher limits: \$3,000 for a primary election and an additional \$3,000 for a general election, for a maximum of \$6,000.

Although the Campaign Finance Act limits individuals' or groups' contributions to specific candidates, it places no limits on the amount that can be contributed to political action committees. Such committees are established for the purpose of making contributions to political candidates. They can be set up to represent a specific business or industry, fund a specific candidate, promote a specific ideology, or the like. Political action committees cannot contribute more to individual candidates than the limits specified in the law. However, if an individual earmarks a contribution to a political action committee for a specific candidate, that contribution will count toward the individual's limit, rather than the political action committee's limit.

Out-of-State political action committees can be either registered or unregistered. Registered committees are subject to the same reporting requirements as candidates. Unregistered political committees are required to provide a verified statement that discloses some information about the committee to each candidate it makes a contribution to. Both registered and unregistered political action committees will be discussed more fully in the remainder of the audit.

The Public Disclosure Commission enforces the provisions of the Campaign Finance Act. When campaign finance reports are filed with the Secretary of State, the Commission staff reviews them for timeliness and accuracy. If a report is not filed on time, a failure-to-file notice is sent to the campaign treasurer, who has five days to file the report. If a report has errors, a notice of errors and omissions is sent to the campaign treasurer, and an amended report must be filed. The Commission also conducts audits and investigations as needed, and is empowered to levy civil penalties for violations of the Act. In addition, the Act provides for criminal penalties for intentional violations of the Act.

To What Extent Are Out-of-State Political Action Committees Involved in Financing Election Campaigns in Kansas?

To answer this question, the auditors reviewed the campaign finance reports of the winning Kansas Senate candidates in the 1984 election, the winning House candidates in both the 1984 and 1986 elections, and both winners and losers in the 1986 Statewide general election. The auditors also reviewed the campaign finance reports of the out-of-State political action committees that are registered in Kansas. At the time of the audit, the data for the 1984 election had been reviewed and audited by the Kansas Public Disclosure Commission, but the review of the 1986 data had not yet been completed. In addition to campaign finance reports, the auditors also reviewed annual reports of the Public Disclosure Commission for 1985 and 1986.

In general, the auditors found that out-of-State political action committees play a relatively small role in financing the election campaigns of Kansas candidates. The amount of contributions from out-of-State committees has increased over the last two years. However, the total amounts contributed to individual candidates are still generally well below the limits specified by law.

Out-of-State Political Action Committees Contributed \$347,000 To Winning Legislative Candidates and to General Election Candidates for Statewide Office in 1984 and 1986

In their review of campaign finance records, the auditors identified 93 different out-of-State political action committees that gave money to Kansas candidates. Thirty-five out-of-State committees made contributions to winning senators in the 1984 election, 30 contributed to winning representatives in the 1986 election, and 79 contributed to winning and losing general election candidates for Statewide offices in 1986. In all, the 93 committees gave a total of just under \$347,000 to these candidates in the last two elections. This amount represents 4.7 percent of the total contributions of \$7.3 million these candidates received. On average, each political action committee contributed about \$3,700 to finance Kansas campaigns.

The following table shows the amounts contributed to Kansas candidates, by type of office.

Campaign Contributions by Out-of-State Political Action Committees			
<u>Office^(a)</u>	<u>Average Total Campaign Contributions</u>	<u>Average Out-of-State PAC Contributions To Campaign</u>	<u>Average % Out-of-State PAC to Total Contributions</u>
State Senator	\$ 21,153	\$ 1,925	9.1%
State Representative	10,027	781	7.8
Attorney General	586,520	21,418	3.7
Governor/Lt. Governor	1,645,303	54,064	3.3
State Treasurer	71,788	2,350	3.3
Insurance Commissioner ^(b)	165,024	5,250	3.2
Secretary of State	216,711	5,768	2.7

(a) These numbers are the averages for winning senators in 1984, winning representatives in 1986, and winning and losing Statewide general election candidates in 1986.

(b) The figure is for the winning Insurance Commissioner candidate. The losing candidate had only \$50 in total contributions, and this amount was not averaged in with the winning candidate's totals.

As the table shows, winning State senators received an average of \$1,925, or 9.1 percent of their average total contributions, from out-of-State political action committees. Seventeen senators received more than \$2,000 from out-of-State committees (the largest amount received was \$4,050), while five received less than \$500. One of these five senators received no contributions. In all, 19 senators received more than 10 percent of their contributions from out-of-State political

action committees. The highest percentage for any one senator was 21.6 percent of total contributions.

State representatives generally received smaller contributions from out-of-State political action committees. Their average contributions from these committees amounted to \$781 in 1986, or 7.8 percent of their average total contributions. Ten representatives received more than \$2,000 from out-of-State political action committees (the largest amount received was \$3,275). On the other hand, 56 representatives received less than \$500 from out-of-State political action committees, and five of these received no contributions. In all, 37 representatives got more than 10 percent of their contributions from out-of-State political action committees, while 36 received less than five percent of their contributions from these groups. The highest percentage for any one representative was 31.2 percent of total contributions.

Statewide candidates received a higher dollar amount in contributions from out-of-State political action committees, but these contributions represented a much lower percentage of total contributions. For example, candidates for governor received an average of \$54,000 from out-of-State political action committees, but these contributions were only 3.3 percent of their total contributions.

Appendix A lists all out-of-State political action committees that contributed to Kansas candidates in the last two elections. The appendix shows how much each committee contributed to Statewide candidates, senators, and representatives, the number of contributions made to each group, and the average amount.

Contributions By Out-of-State Political Action Committees Have Grown Since 1984

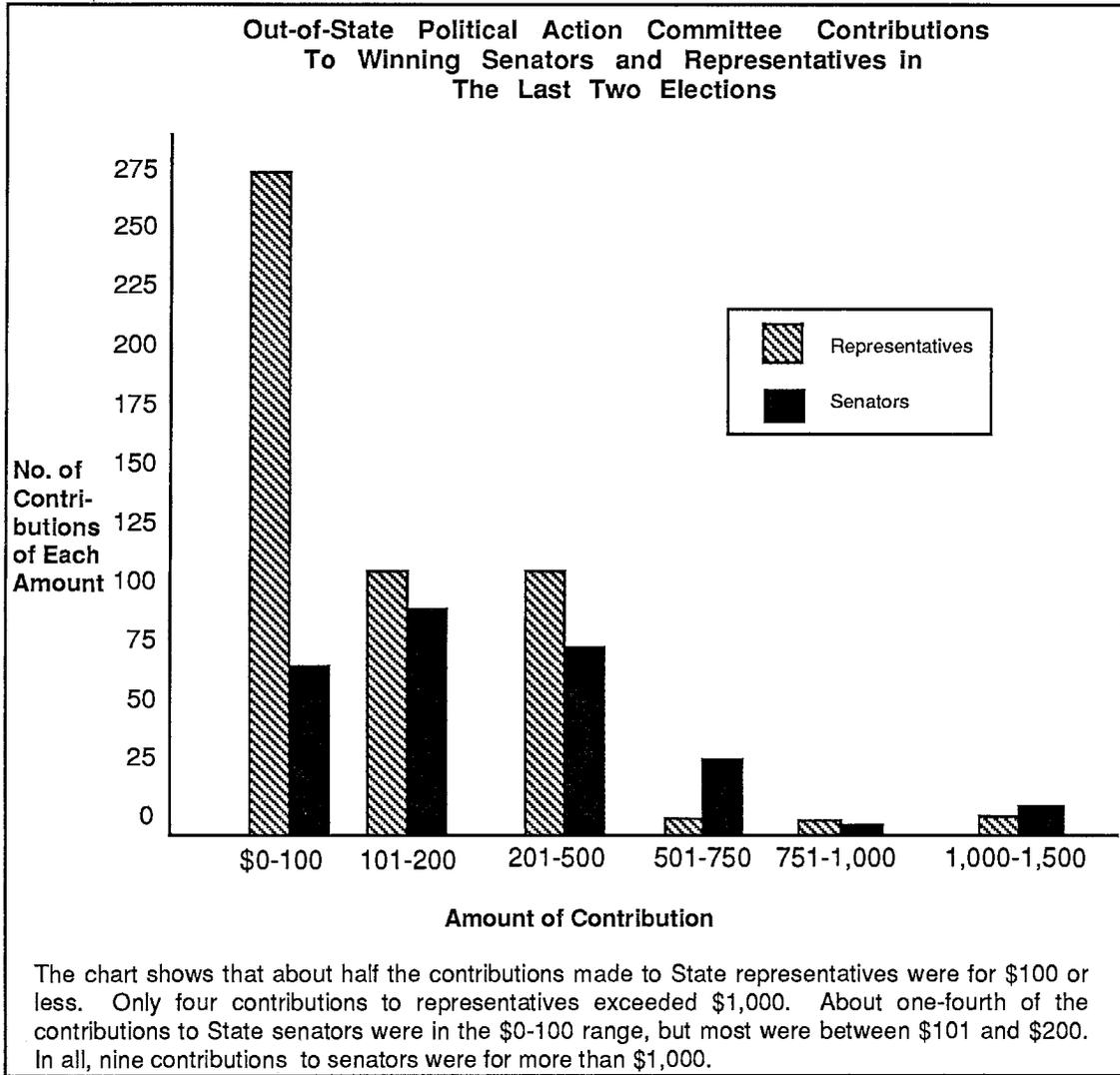
To determine whether the level of out-of-State political action committee activity in Kansas elections has been growing, the auditors reviewed the winning State representative candidate files for the 1984 election. In that year, 34 out-of-State political action committees contributed just over \$71,000 to winning State representatives. In the 1986 election, 30 out-of-State political action committees contributed more than \$97,000 to winning State representatives. This increase of \$26,000 between 1984 and 1986 represents a 36.9 percent growth in contributions.

During that same period, total contributions to winning representatives increased from \$970,000 to \$1.25 million, a growth of 29.2 percent. Out-of-State political action committees contributed 7.3 percent of the winning representatives' total contributions in 1984. This figure rose to 7.8 percent by 1986.

Committee Contributions To Individual Candidates Are Generally Below The Limits Allowed By Law

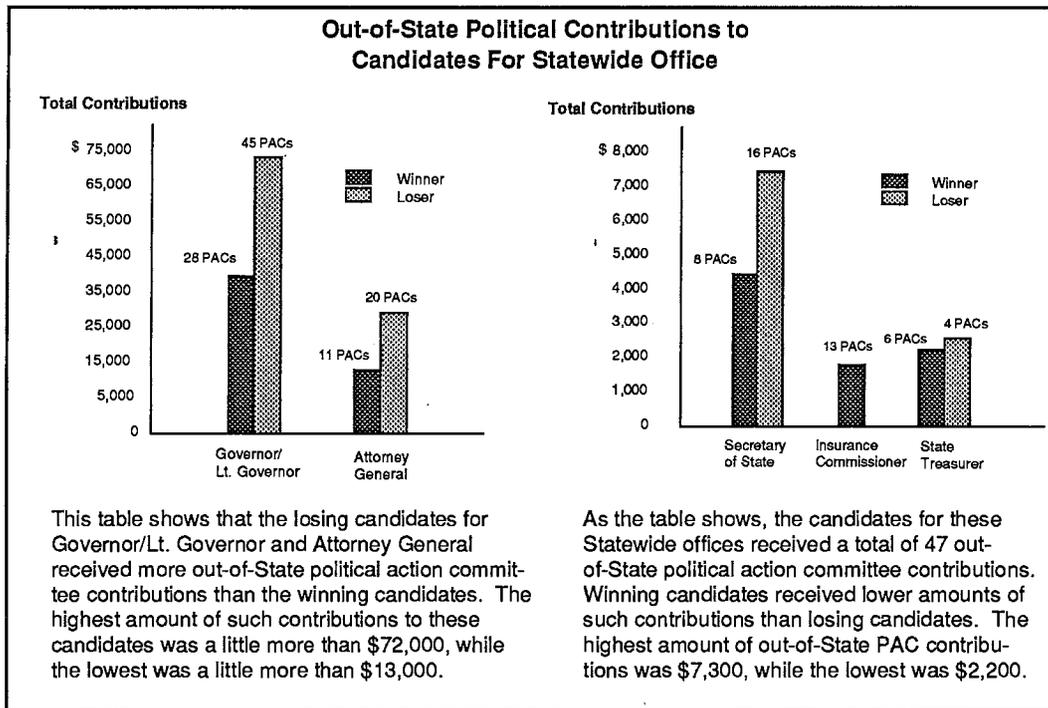
The Campaign Finance Act generally limits the total contributions candidates can receive from any one source. In their review of campaign finance records, the auditors found that most contributions from out-of-State political action committees were relatively small; only seven contributions were the maximum allowed by law. Finally, a few out-of-State political action committees gave contributions to a majority of the candidates seeking office, but most appeared to target selected candidates for contributions. These findings are discussed in the sections that follow.

Most candidates received relatively small contributions from out-of-State political action committees. The following chart shows the contributions made by out-of-State political action committees to winning senators and representatives. It indicates that most of the contributions legislative candidates received were well within the \$1,500 maximum contribution limit specified by State law.



Four out-of-State political action committees made seven contributions that were the maximum allowed by law, but most other contributions were well within the limits. The auditors found that two maximum contributions of \$1,500 went to winning State senators, and five contributions of \$6,000 went to Statewide candidates. No State representative received the maximum allowable contribution. Of the 35 out-of-State political action committees that contributed to State senators in the 1984 election, 20 made average contributions of \$200 or less. The highest average contribution was \$753, while the lowest was \$70. Similarly, of the 30 out-of-State political action

committees that contributed to State representatives in the 1986 election, 18 made average contributions of \$200 or less to the candidates. The highest average contribution was \$417.



A few out-of-State political action committees contributed to a majority of candidates, but most targeted contributions to specific candidates. For example, in 1984 one out-of-State committee contributed to 36 of the 40 winning State senators, and another contributed to 25 senators. In 1986, two out-of-State political committees (not the same ones as in the 1984 election) contributed to more than half the winning representatives. In the Statewide races that same year, 10 committees gave contributions to both the winning and losing candidates for particular State offices.

More frequently, out-of-State political action committees appeared to target their contributions to specific candidates. In all, 11 of 35 out-of-State committees contributed to only one or two senators in the 1984 election, and eight of 30 committees contributed to just one State representative in the 1986 election. In addition, 69 committees gave contributions to only one of the candidates for a Statewide office.

What Are the Differences in the Information Available for In-State and Out-of-State Campaign Contributions?

Candidates for State offices are allowed to accept contributions from a variety of sources, including individuals, unions, corporations, and political action committees. Of these, only political action committees are subject to reporting requirements under current State law. As a result, this audit focused on the information provided by such committees. To determine what differences exist

between the information provided by in-State and out-of-State political action committees, the auditors reviewed statutes, regulations, and advisory opinions, interviewed staff of the Public Disclosure Commission, and examined Commission records and reporting forms.

In general, the auditors found that the reporting requirements for registered in-State and out-of-State political action committees are identical, but unregistered out-of-State committees are required to report far less information about themselves and their financial activities. The Public Disclosure Commission has promulgated rules and regulations that require unregistered out-of-State committees to report only certain categories of contributions. In practice, the Commission is collecting even less information from these committees than its rules and regulations require. These findings are discussed in the sections that follow.

Registered Political Action Committees, Whether In-State or Out-of-State, Are Required to Report Identical Information

Kansas statutes describe three types of political action committees: registered in-State committees, registered out-of-State committees, and unregistered out-of-State committees. Political action committees based in Kansas are required to register with the State; out-of-State committees have the option of registering or remaining unregistered. One reason an out-of-State committee might not register is because unregistered political action committees are required to disclose little information about the sources of their contributions. On the other hand, some out-of-State political action committees might find it more convenient to register because registered committees file only one set of campaign finance reports, while unregistered committees file a separate verified statement for each contribution they make.

Under the Campaign Finance Act, reporting requirements for registered out-of-State political action committees are identical to those for registered in-State committees. These registered committees must file a statement of organization with the Public Disclosure Commission and submit three campaign finance reports for each election they participate in. As the following table shows, a registered political action committee must report its full name and address, its purpose or affiliated

In-State Registered Political Action Committee Funding Sources

As part of their audit work, the auditors reviewed campaign finance reports for a sample of in-State registered political action committees.

Of 15 committees examined, four received contributions from out-of-State sources in the 1986 election. The total out-of-State contributions to these committees amounted to \$10,500, or just under three percent of total committee receipts. About 90 percent of these contributions were made to one committee by various out-of-State corporations.

That same committee was the only one that received any funding from an out-of-State political action committee. Thus, in addition to the out-of-State corporate funds, it received \$1,000 from an employee committee based in Dallas.

Not only were the in-State political action committees primarily funded from Kansas sources, most expenditures were also made in Kansas. In 1986, just over 18 percent of the in-State committees' expenditures, or \$56,600, went to non-Kansas recipients. Ninety-five percent of those funds were donated by the Kansas Medical political action committee to a national medical political action committee in Washington, D.C. Only \$200 was a direct out-of-State campaign expenditure.

organizations, and the names and addresses of its chairman and treasurer. On its campaign finance reports, the committee must list the name and address of each contributor who gave more than \$50 to the committee, along with the date and amount of the contribution. Any other receipts must also be identified. In addition, the committee must list all expenditures greater than \$50. Smaller contributions and expenditures do not have to be listed separately; they can be presented in the aggregate.

Statutory Reporting Requirements for Political Action Committees			
<u>Statutory Reporting Requirements</u>	<u>Registered In-State Committees</u>	<u>Registered Out-of-State Committees</u>	<u>Unregistered Out-of-State Committees</u>
1. Name and address of PAC	yes	yes	yes
2. Name and address of chairman and treasurer	yes	yes	yes
3. Affiliated organizations or purpose of PAC	yes	yes	no
4. Contributions received over \$50, itemized	yes	yes	yes
5. All receipts, itemized	yes	yes	no
6. Expenditures over \$50, itemized	yes	yes	no
7. Aggregate amount of all unitemized expenditures	yes	yes	no
8. Total receipts and expenditures	yes	yes	no
9. Aggregate amount of all contributions received during the last 12 months	no	no	yes

Unregistered Out-of-State Political Action Committees Are Required to Report Far Less Information

As the table shows, out-of-State political action committees that choose not to register in Kansas have far fewer reporting requirements than registered committees. They do not have to fill out the statements of organization and campaign finance reports completed by registered committees. Also, unregistered out-of-State committees are not required to itemize their receipts and expenditures, report their total receipts and expenditures, or provide information about their purposes or their affiliations.

The main reporting requirement for unregistered committees is that they complete a verified statement for each contribution they make in Kansas. The political action committee provides this verified statement to the candidate to be included in the candidate's campaign finance report. The Campaign Finance Act requires that each verified statement identify the chairman and treasurer of the committee, as well as the amount given to the candidate. The Act also requires that the statement list the persons and organizations who contributed more than \$50 to the committee during the previous 12 months, and show all other contributions in the aggregate.

State Regulations Require Unregistered Political Action Committees to Report Only Certain Categories of Contributions

In its administrative regulations, the Public Disclosure Commission has set out the specific categories of contributions that unregistered committees are required

to report on their verified statements. The regulations require unregistered committees to report all contributions greater than \$50 from the following sources:

- Kansas residents
- Kansas employees
- contributors who specifically earmarked their contributions for use in Kansas

In addition, the regulations require that all other contributions from these sources (those of \$50 or less) be reported in the aggregate.

The regulations do not require unregistered committees to report contributions that were not earmarked for use in Kansas. This means that out-of-State contributors who make donations to out-of-State political action committees without specifying where and how the money is to be used do not have to be disclosed.

In Practice, Public Disclosure Commission Forms Ask For Less Information Than State Regulations Require

The verified statement form developed by the Public Disclosure Commission asks unregistered out-of-State political action committees to list all Kansas residents who contributed more than \$50 to the committee in the last 12 months. It does not ask for a list of Kansas employees who contributed more than \$50 to the committee nor for a list of other contributors who earmarked their contributions to be used in Kansas elections, as required by State regulations. As a result, the Commission is not collecting information that should be available about these contributors.

In addition, the verified statement form asks the political action committee to provide the "aggregate amount of all contributions made to this fund to be used in Kansas within the preceding 12 months." The wording of this question is ambiguous, and the form contains little explanatory information to assist the person filling it out. In addition, the question does not conform with regulatory requirements. In particular, the question asks the political action committee to provide an aggregate of all contributions, while the regulations require the committee to provide an aggregate of all contributions not already itemized (those of \$50 or less).

How Do Kansas' Laws, Regulations, and Policies in This Area Compare With Other States?

To answer this question, the auditors interviewed officials in the surrounding states about their campaign finance laws. In general, they found that Kansas allows candidates to accept contributions from more sources than some other states, but these contributions have maximum limits and have to be itemized at lower dollar amounts. In addition, they found that Kansas' reporting requirements differ significantly from those in surrounding states. These different reporting requirements mean that more information about out-of-state political action committees is generally available in those states.

Comparison of State Campaign Finance Laws

	<u>Colorado</u>	<u>Missouri</u>	<u>Nebraska</u>	<u>Oklahoma</u>	<u>Iowa</u>	<u>Kansas</u>
Who can contribute:						
individuals?	yes	yes	yes	yes	yes	yes
unions?	yes	yes	yes	yes	no	yes
corporations?	yes	yes	yes	no	no	yes
regulated industries?	no	yes	yes	n/a	no	yes
political committees	yes	yes	yes	yes	yes	yes
Contribution limits?	none	none	none	\$5,000	none	\$1,500 (a)
Contributions or Expenditures are itemized						
Over what amount?	\$25	\$100	\$100	\$200 (b)	\$5-200	\$50
Do all PACs have to register in the State?	yes	no (c)	if raise or spend >\$1,000 in state (d)	yes	no (e)	no (e)

- (a) This is for legislative candidates for both primary and general elections. Statewide candidate limits are \$3,000 for each of the primary and general elections, for a total of \$6,000.
- (b) All expenditures have to be itemized in Oklahoma. In Iowa, contributions over \$25 - \$200 must be itemized, depending on office. Expenditures over \$5 are itemized.
- (c) Out-of-State PACs must register unless they spend <\$5,000 in Missouri or receive <20% of their funds from Missouri residents. If these conditions are met, the PAC can file an out-of-state committee report.
- (d) If an out-of-state committee is registered elsewhere, then, on a case-by-case basis, the Nebraska Accountability and Disclosure Commission waives the registration requirements for that committee in Nebraska.
- (e) Out-of-state PACs can either register, or file as an out-of-state committee.

Kansas allows limited campaign contributions from many sources, but requires itemized listings of the contributions at relatively low dollar amounts. As the table shows, Kansas law permits candidates to accept campaign contributions from individuals, corporations, unions, utilities, and political action committees. Some of the surrounding states prohibit contributions from one or more of these sources. For example, Oklahoma and Iowa do not allow candidates to accept contributions from corporations. Iowa also prohibits labor union contributions. Finally, Colorado and Iowa do not allow campaign contributions from regulated industries, such as utilities.

Although Kansas allows contributions from many sources, it limits the amount of a contribution from any one source to a maximum of \$1,500 for legislative candidates and \$6,000 for Statewide candidates. Oklahoma is the only other state that limits the dollar amount of campaign contributions. No campaign contribution limits exist in Colorado, Missouri, Nebraska, or Iowa.

Kansas law also requires all contributions and expenditures greater than \$50 to be itemized or listed separately. Other states do not require itemized listings unless a contribution or expenditure exceeds higher dollar amounts. For example, Missouri and Nebraska require itemized contributions and expenditures for amounts greater than \$100, and Oklahoma requires itemized contributions for amounts greater than \$200.

Reporting requirements vary among the states. As the table indicates, Kansas' laws governing political action committees are somewhat less restrictive than those in some of the surrounding states. For instance, both Colorado and Oklahoma require each in-state and out-of-state political action committee that makes contributions in their states to register. In Nebraska, out-of-state political action committees that raise or spend more than \$1,000 in that state must register.

The Missouri and Iowa campaign finance laws are more similar to the Kansas law. In Missouri, an out-of-state political action committee must register unless it meets one of two conditions: the total amount of money contributed by Missouri residents is less than 20 percent of the committee's total contributions, or total contributions and expenditures made on behalf of Missouri candidates do not exceed \$5,000. If one of these conditions is met, the committee can file an out-of-state committee report without registering. In Iowa, an out-of-state political action committee has the option of registering or remaining unregistered. If it remains unregistered, it is required to file verified statements similar to those used in Kansas.

These different reporting requirements mean that, in the surrounding states, more information is generally available about political action committees. Several of the surrounding states obtain more information by requiring out-of-state political action committees to register with the state. When a political action committee is registered with a state, it is required to disclose a significant amount of information. The information required is comparable to that required of political action committees registered in Kansas. Thus, in Colorado, Nebraska, and Oklahoma, all out-of-state political action committees must submit information on their affiliations, provide reports on all receipts and expenditures, and prepare statements of organization listing the officers of the committee.

In Missouri, certain out-of-state political action committees register with the state, but those that meet one of the two conditions described above submit out-of-state committee reports. These reports are somewhat similar to the verified statements used in Kansas, but they contain more information about the committee than is required by Kansas. The Missouri out-of-state committee report requires the out-of-state committee to list its affiliation with any union, business organization, or the like. In addition, the total dollar amount of funds received by the committee in the current calendar year, the total dollar amount of contributions made by Missouri residents, and an itemized listing of all Missouri residents making contributions over \$200 must be reported.

As described earlier in the audit, the Kansas verified statement asks only for a list of Kansas residents who contributed more than \$50 to the political action committee and the aggregate amount of contributions made to the committee on behalf of Kansas candidates during the preceding 12 months. As indicated earlier in the report, this information is less than that required by statute. Even the information required by Kansas statute, however, is less than what is available from the Missouri verified statement.

Conclusion

Out-of-State political action committees contributed less than 10 percent of the funds used to finance winning Kansas legislative campaigns in 1984 and 1986. For winning representatives at least, these contributions increased between 1984 and 1986. In general, political action committees' contributions to candidates were below the limits specified by the Campaign Finance Act. Only seven contributions were the maximum allowed by law.

State laws and regulations require unregistered out-of-State political action committees to disclose less information than registered committees, but the Public Disclosure Commission collects even less information than required.

The Kansas campaign finance laws limit the amount of contributions that candidates can receive from any one source, and require that contributions be itemized above a lower dollar amount than most surrounding states. However, Kansas' reporting requirements are generally less stringent than those in the surrounding states, and more information about out-of-state political action committees is available in some states.

Recommendation

To ensure that the information collected from out-of-State unregistered political action committees conforms to State laws and regulations, the Public Disclosure Commission should develop a new verified statement form. This form should, at a minimum, require unregistered out-of-State political action committees to report all contributions greater than \$50 from Kansas residents and employees, and persons who earmarked their contributions for use in Kansas, as well as the aggregate amount of all other contributions from these sources. The Commission should also consider providing more specific written instructions to help unregistered political action committees accurately fill the form out.

APPENDIX A

This appendix presents a list of the out-of-State political action committees that gave money to winning senators in 1984, winning representatives in 1986, and winning and losing Statewide office candidates in 1986. The appendix lists the name of the committee, its location, when available, the total number of contributions made by the committee to the category of candidate, and the average amount of contribution made to the candidates receiving contributions.

Contributions by Out-of-State Political Action Committees

Political Action Committee	State	(1)	Total PAC Contr.	Statewide-1986		Senators-1984		Representatives-1986	
				No. of Contrib.	Average Contrib.	No. of Contrib.	Average Contrib.	No. of Contrib.	Average Contrib.
REGISTERED:									
Build PAC	MO		\$ 2,150	0	\$ 0	4	\$ 138	14	\$ 114
Charter Corp. PAC	MO		300	0	0	2	150	0	0
Dean Operations PAC	MO		5,450	3	1,250	4	275	6	100
Derby Refining PAC (2)	KS		400	0	0	2	200	0	0
EN PAC (KN Energy)	NE		1,950	2	750	5	90	0	0
ERC Public Affairs Program (3)	KS		1,075	5	144	1	180	3	58
HALLPAC	MO		41,485	7	2,143	36	386	55	229
JC Nicholls PAC #2	MO		8,800	6	1,317	4	225	0	0
Kansas AMOCO PAC (4)	KS		37,300	4	1,000	19	753	53	358
Kansas City Life Employees PAC	MO		4,900	3	1,500	1	200	1	200
Kansas City Power PAC (4)	KS		11,950	4	750	15	317	30	140
MLPAC (Marion Laboratories)	MO		4,600	6	533	3	133	4	250
Mesa Petroleum State PAC	TX		15,502	2	738	16	97	88	142
SAFE PAC (Santa Fe Industries)	IL		4,500	0	0	25	180	0	0
Texaco Political Involvement Committee (4)	KS		5,750	1	500	0	0	19	276
Transportation Political Education League	OH		20,000	4	1,700	14	479	30	217
UNREGISTERED:									
Enron (Internorth Co.)	NE		15,050	4	563	14	114	76	147
AT&T MOKAN Pol. Action Comm.	MO		9,300	2	1,100	5	100	49	135
CIMPAC (Construction Industry of Missouri)	MO		4,750	3	750	2	200	19	111
Union Pacific Fund for Effective Government	NY		1,900	0	0	12	158	0	0
Campaign America	VA		15,250	4	2,500	6	750	3	250
Monsanto Citizens Fund			900	0	0	3	300	0	0
Republic State Candidate Committee			2,250	0	0	3	750	0	0
National Rifle Assn. Political Victory Fund	DC		5,300	1	3,000	1	100	8	275
Heavy Constructors PAC	MO		22,000	5	2,840	6	667	18	211
Brotherhood of Locomotive Eng. Legis. League	OH		3,770	2	650	12	117	15	71
General Motors Civic Involvement Program	MI		3,075	1	1,000	6	183	8	122
United Mine Workers COMPAC	DC		2,200	1	500	1	500	6	200
Western Retail Implement and Hardware	MO		1,250	0	0	0	0	3	417
Sheet Metal Workers International Assn.	DC		700	1	700	0	0	0	0
Sheetmetal Workers Legislative Action Comm.	MO		2,550	4	575	0	0	4	63
Chrysler Political Support Comm.			300	1	200	0	0	1	100
Arco PAC			1,100	1	1,000	0	0	1	100
Communication Workers of America PAC	DC		400	1	400	0	0	0	0
Communication Workers Districts 6, 7 PAC	MO		11,200	3	2,883	3	400	5	270
ICWU Education LIVE	OH		400	1	400	0	0	0	0
Boilermakers Internat'l Brotherhood			1,400	1	1,300	0	0	1	100
Glaziers Local 558	MO		750	3	233	0	0	1	50
IBEW local 124 Voluntary Political Fund	MO		1,350	1	1,100	0	0	1	250
IBEW local 53 Voluntary Political Fund			2,750	2	1,375	0	0	0	0
IBEW Political Education Committee	DC		6,200	3	2,000	1	200	0	0
Pipefitters Association 533	MO		5,150	3	1,633	0	0	1	250
MHM PAC	MO		100	0	0	0	0	1	100
IBP PAC (Iowa Beef Packers)			1,800	0	0	9	200	0	0
Burlington Northern Employees Voluntary Fund			1,750	0	0	7	250	0	0
Pfizer PAC Employees			700	0	0	2	350	0	0
BRAC Railway & Airline Clerks	MD		1,350	1	1,000	5	70	0	0
3M PAC	MN		200	0	0	2	100	0	0
GOPAC (Republican Party Committee)			1,500	0	0	2	750	0	0
Commerce Banc PAC	MO		200	1	200	0	0	0	0
Hartford Insurance Group PAC			500	1	500	0	0	0	0
AETNA Life PAC	CT		500	1	500	0	0	0	0
The Fund for America's Future			2,500	1	2,500	0	0	0	0
Centerre Bank of KC PAC			400	2	200	0	0	0	0
Black & Veatch Good Govt. Fund			1,000	1	1,000	0	0	0	0
Puritan Bennett PAC			200	1	200	0	0	0	0
Campaign California State PAC			1,000	1	1,000	0	0	0	0
American Insurance Assoc. PAC	TX		500	1	500	0	0	0	0
Life Insurance PAC	DC		100	1	100	0	0	0	0
Women's Campaign Fund	NH		500	1	500	0	0	0	0
Construction and General Laborers			100	1	100	0	0	0	0
Operating Eng. Local 101 Political Fund	MO		2,900	3	967	0	0	0	0
Kansas City Building Trades PAC local 101	MO		2,850	4	713	0	0	0	0
UAW Region #5 PAC (Auto workers)	MO		5,500	2	2,750	0	0	0	0
Laborers Political League Education Fund	DC		1,200	1	1,200	0	0	0	0
Iron Workers Political Action League	DC		1,000	1	1,000	0	0	0	0

United Union of Roofers	DC	900	3	300	0	0	0	0
United Union of Roofers & Waterproofers	MO	700	2	350	0	0	0	0
United Association of Journeymen		1,000	1	1,000	0	0	0	0
IBPAT signpainters #820		500	2	250	0	0	0	0
Dole for Senate Committee		3,000	1	3,000	0	0	0	0
Avon Fund for Responsible Government	NY	100	1	100	0	0	0	0
UNIPAC	MO	100	1	100	0	0	0	0
Public Securities PAC	MO	3,000	1	3,000	0	0	0	0
United Steelworkers St. Louis - legislative PAC	MO	8,000	1	8,000	0	0	0	0
ILGWU State and Local Election Fund		500	1	500	0	0	0	0
American Postal Workers Union		1,000	1	1,000	0	0	0	0
AFSCME (public employees group)		3,000	1	3,000	0	0	0	0
Political Education for Postmasters		100	1	100	0	0	0	0
Association of Trial Lawyers of America		100	1	100	0	0	0	0
Engineers Political Education Comm. Educ. Fund	DC	1,000	1	1,000	0	0	0	0
Midwest Mechanical Contractors	MO	250	1	250	0	0	0	0
Service Corp International PAC	TX	500	1	500	0	0	0	0
BLNPAC Bankers Life		300	1	300	0	0	0	0
HUM PAC (Humana, Inc.)		750	1	750	0	0	0	0
UNIMO PAC United Bancshares		250	1	250	0	0	0	0
KCPAC (Arthur Young)		500	1	500	0	0	0	0
AFCO		50	1	50	0	0	0	0
Shriver PAC		100	1	100	0	0	0	0
Yellow Freight System PAC		2,000	1	2,000	0	0	0	0
Health Insurance PAC	DC	100	1	100	0	0	0	0
Utilicorp United Emp. PAC	MO	250	1	250	0	0	0	0
Democratic Governor's Association	DC	3,000	1	3,000	0	0	0	0

TOTAL OUT-OF-STATE COMMITTEE CONTRIBUTIONS \$ 346,757

NOTES:

1. Verified statements were not yet available for all unregistered PACs. Some information was therefore unavailable.
2. Derby Refining PAC apparently has a separate PAC set up for Kansas candidates.
3. ERC Public Affairs Program dollars are from payroll deductions and all contributions are designated for specific candidates.
4. Kansas AMOCO, KC Power PAC, and Texaco Political Involvement Committee all have Kansas addresses, but all of the money in the PACs come from non-Kansas corporate sources.

APPENDIX B

This appendix shows a copy of the verified statement form that must be submitted by an out-of-State unregistered political action committee to each candidate it makes a contribution to.

POLITICAL ACTION COMMITTEE VERIFIED STATEMENT

The following information is provided in compliance with K.S.A. 25-4172 and the Kansas Public Disclosure Commission of the State of Kansas.

1. The names and addresses of the Chairperson and Treasurer listed below are the responsible individuals for the _____
Political Action Committee

which has made a contribution of _____ to _____
amount Recipient of

Contribution

Name of Chairperson Name of Treasurer

Mailing Address Mailing Address

2. Check Appropriate Blank

_____ No individuals residing in Kansas contributed in excess of \$50 to the political fund from which this contribution originated in the preceding twelve months.

_____ Individuals residing in Kansas who contributed in excess of \$50 to the political fund from which this contribution originated in the preceding twelve months are listed on the attached sheet.

3. The aggregate amount of all contributions made to this fund to be used in Kansas within the preceding twelve months was _____
amount

Verification:

State of _____)
County of _____) ss

I, _____, do swear (or affirm) that the information in this Verified Statement is complete, true and correct.

Signature & Title

Subscribed and sworn to (affirmed) before me this _____ day of _____,
19____.

(Notary Public)

(Seal)

My Appointment Expires _____, 19____.

APPENDIX C

Copies of the draft audit report were sent on May 13, 1987, to the Secretary of State and to the Kansas Public Disclosure Commission. These agencies' written responses are included in this appendix.



Bill Graves
Secretary of State

2nd Floor, State Capitol
Topeka, KS 66612-1594
(913) 296-2236

STATE OF KANSAS

May 18, 1987



Mr. Meredith Williams
Legislative Post Auditor
109 West 9th, Suite 301
Mills Building
Topeka, Kansas 66612

Dear Meredith:

Thank you for the opportunity to review the audit report on Out-of-State-Campaign-Contributions.

Having read the report, I have no comments, corrections, or clarifications.

Please contact me if I may be of service to you in any regard.

Sincerely,

A handwritten signature in cursive script, appearing to read "Bill Graves".

BILL GRAVES
Secretary of State

BG:md

STATE OF KANSAS

KANSAS PUBLIC DISCLOSURE COMMISSION

109 W. NINTH
TOPEKA, KANSAS 66612
PHONE: (913) 296-4219

May 20, 1987

Meredith Williams, Legislative Post Auditor
Legislative Division of Post Audit
109 West 9th, Mills Building
Topeka, Kansas 66612



Dear Mr. Williams:

I have reviewed, in its entirety, the performance audit report, Out-of-State Campaign Contributors, and feel no substantive changes need be made.

Ellyn Rullestad and Curt Winegarner are to be commended for the thorough and efficient work they performed.

Sincerely,

Carol E. Williams
Administrative Assistant

CEW:d1w

