

SENATE BILL REPORT

SB 5864

AS REPORTED BY COMMITTEE ON GOVERNMENTAL OPERATIONS,
MARCH 5, 1991

Brief Description: Regulating political contributions and advertising.

SPONSORS: Senators L. Smith, Hayner, Thorsness, Roach, Metcalf, Saling, West, von Reichbauer, Oke, Sellar, Matson, Amondson, McCaslin, Cantu, Johnson, Erwin, Rasmussen, Anderson, Craswell, Nelson, Patterson, Barr and McDonald.

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Majority Report: That Substitute Senate Bill No. 5864 be substituted therefor, and the substitute bill do pass.

Signed by Senators McCaslin, Chairman; Roach, Vice Chairman; and Matson.

Minority Report: Do not pass.

Signed by Senators Madsen and Sutherland.

Staff: Barbara Howard (786-7410)

Hearing Dates: March 5, 1991

BACKGROUND:

Passage of the Public Disclosure Act (Initiative 276) in 1972 signaled the first major reform in this state of public disclosure and limits on campaign financing in many years. Beginning in 1974, the Congress adopted significant amendments to the Federal Election Campaign Act. Other states have also revised their campaign finance laws, emphasizing greater limits on contributions and expenditures, as well as enhancing requirements for reporting to the Public Disclosure Commission.

SUMMARY:

Legislative intent is specific to ensure that individuals and interest groups have fair opportunity to participate in the elective process and to reduce the influence of large organizational contributors.

A number of revisions are made in key terms relating to campaign finance, including "authorized committee," "bona fide political party," "candidate," "contribution," "election cycle," "independent expenditure," and "person."

Contribution Limitations. No person other than a political party or legislative caucus may contribute more than \$500 to any one candidate or state official against whom recall

charges have been filed during an election cycle. No political party or legislative caucus may contribute more than the total of 50 cents per eligible voter in the election jurisdiction to any candidate or state official under recall charges.

No corporation, partnership, labor organization, political committee or other nonindividual may make reportable contributions to any candidate or state official under recall charges. No such entity may contribute more than \$500 to a legislative caucus, or more than \$1,000 to a political party in any calendar year.

Contributions by a husband and wife are considered separate, and contributions by children under 18 are considered contributions by their parents. Contributions are attributed to the donor, whether made directly or through an intermediary.

An employer or labor organization is prohibited from increasing the salary of an officer or employee if such increase or any part of it is intended as a campaign contribution. Employers and labor organizations are also prohibited from discriminating against their officers or employees on the basis of political contributions or other campaign activity. No state official may solicit a contribution from an employee, nor may an official or employee provide an advantage or disadvantage in employment for campaign activity.

The Public Disclosure Commission must increase or decrease all dollar amounts to reflect changes in the inflationary index used for financial reporting thresholds.

A person other than an individual may not be an intermediary for a contribution, nor may an individual make a contribution on behalf of another. A labor organization may not use agency shop fees of nonmembers for contributions or expenditures unless authorized by that person.

No person residing or domiciled outside the state of Washington may contribute to a candidate or an authorized committee. No political party may make a contribution to a candidate for statewide office or for the State Legislature in the aggregate exceeding \$50,000 in the last 21 days preceding a general election.

Limits and Receipt and Use of Contributions by Candidates. No state official or employee of such official or legislator may solicit or accept contributions to a public office fund, any campaign fund, or to retire any campaign debt in the period from the 15th day before a regular session through 30 days past final adjournment, nor during a special legislative session.

Loans are considered contributions unless they are personal or commercial loans for the regular course of business. No one may solicit money or other property from a candidate,

committee or political party for an endorsement, article or other news media communication. A candidate committee may not use contributions for a campaign for another office, unless the contributor gives written approval for the change. No candidate or authorized committee may transfer funds to any other candidate or other political party.

Contributions may not be used to reimburse a candidate for loans totaling more than \$3,000 made by the candidate for the candidate's own campaign.

During the 12 months before the expiration of a state legislator's term, public mailings are prohibited except for responses to constituents. One mailing is allowed within 30 days of the beginning of a regular session and one within 60 days after the end of the session.

Miscellaneous Provisions. All political advertising undertaken as an independent expenditure must include a statement that the advertising is not authorized or approved by the candidate, and showing names and addresses of persons who paid for it. In the case of nonindividuals, the names of the top five contributors must be listed. Other limitations are imposed on the size of type and other printing formats.

The penalty for exceeding contribution limitations is \$10,000 or three times the amount of the illegal contribution. The Public Disclosure Commission must conduct a sufficient number of audits and field investigations to provide a statistically valid finding regarding the degree of compliance with these limitations.

The section authorizing public office funds is repealed.

The measure carries a referendum clause.

EFFECT OF PROPOSED SUBSTITUTE:

Makes various technical and editorial corrections.

Appropriation: Unspecified to the Public Disclosure Commission

Revenue: none

Fiscal Note: requested March 4, 1991

Effective Date: Subject to the required referendum, December 1, 1992.

TESTIMONY FOR:

Limits the influence of special interest groups and enhances the role of individual contributors to political campaigns. Eliminates abusive practices such as office slush funds and out-of-state contributions. Enhances the ability of newcomers to challenge incumbents.

TESTIMONY AGAINST:

Permits too much influence by political party and legislative caucuses. Doesn't limit individual contributions to party organizations. Telling people how to spend their money raises constitutional concerns.

TESTIFIED: Senator L. Smith (pro); Marcus Boldt (pro); Calvin Castle (pro); Chuck Sauvage, Common Cause (con); Michele Radosevich, Washington State Trial Lawyers Association (con); Jerry Sheehan, ACLU (con)