
State Government Committee

HB 2945

Brief Description: Enacting the Citizens' Clean Elections Act.

Sponsors: Representatives Miloscia, Kagi, Pettigrew, Chase, Dunshee, Romero, Murray, Santos, Hunt and Rockefeller.

Brief Summary of Bill
<ul style="list-style-type: none">Establishes the Clean Elections Act that institutes public financing of political campaigns for state-wide and legislative office; lowers contribution limits; and requires all candidates for elected office to comply with contribution limits.

Hearing Date: 1/30/04

Staff: Marsha Reilly (786-7135).

Background:

The Fair Campaign Practices Act was enacted following passage of Initiative 134 in 1992. The initiative imposed campaign contribution limits on elections for state office, further regulated independent expenditures, restricted the use of public funds for political purposes, and required public officials to report gifts received in excess of \$50. The act also prohibited the use of public funds to finance political campaigns. The stated purposes of the initiative were: (1) to give individuals and interest groups equal opportunities to influence elective and governmental processes; (2) to reduce the influence of large organizational contributors; and (3) to restore public trust in governmental institutions and the electoral process.

Current campaign finance laws limit individual campaign contributions by an individual, a union or business, or a political action committee to a candidate for state legislative office to \$675, and to a candidate for governor, lieutenant governor, secretary of state, attorney general, commissioner of public lands, insurance commissioner, superintendent of public instruction, state auditor and state treasurer to \$1,350. The limit applies for each election that the candidate appears on the ballot. Limits are also imposed on political parties, ranging from \$0.34 to \$0.68 per registered voter in the candidate's district.

Mandatory limits on campaign spending have been held to restrict political speech, thereby violating the First Amendment, by the U.S. Supreme Court in *Buckley v. Valeo* (1976) and the state Supreme Court in *Bare v. Gorton* (1974). However, campaign spending limits that are voluntary, rather than mandatory, are permitted.

Summary of Bill:

The Clean Elections Act is created. The Act does three major things: 1) establishes public financing for state office; 2) lowers existing contribution limits; and 3) extends requirements for contribution limits to all elected offices.

Public Financing of Campaigns

Program Requirements

Candidates for state office or state legislative office may elect to participate in the public financing program. The requirements of the program prohibit a candidate from: 1) accepting individual contributions in excess of \$25 for each election cycle; 2) accepting contributions from a political committee, a continuing political committee, a bona fide political party, or a caucus political committee; and 3) expending more than \$500 of the candidate's personal money.

Qualification

To participate in the program, a candidate is required to collect 100 qualifying contributions of no more than \$25 each during the "qualifying period." The "qualifying period" is defined as the period beginning on the first day of August in the year before an election, for an election for state office other than legislative, or on the first day of January of an election year for an election for state legislative office, and ending on the close of the regular filing period for the office. A qualifying contribution must be made by a registered voter who is registered in the candidate's district

At the time a candidate collects qualifying contributions, a four-part form must be completed that includes the printed name, registration address, and signature of the contributor, who the contribution is for, the date, and the printed name and signature of the solicitor. One copy of the form is given as a receipt to the contributor, one copy is retained by the candidate, and two copies are forwarded to the PDC..

Certification

The Public Disclosure Commission (PDC) is responsible for certifying candidates who make application for the program. Candidates must forward a list of names of persons who made qualifying contributions, the qualifying contributions, and the two copies of the required form to the PDC no later than one week after the end of the qualifying period. The PDC must deposit all contributions into the Citizens' Clean Election Fund and forward the copies of the qualifying contribution forms to the appropriate county auditors. Within ten days, the county auditors must provide a report to the commission identifying any disqualified contributions due to slips that are unsigned or not dated or that the auditor is not able to identify as a registered voter in the electoral district of the candidate. The PDC must notify the candidate within 7 days of any problems with the application, disqualification or of approval for funding.

Funding

Approved candidates may accept individual contributions totaling no more than \$25 from one contributor for each election cycle. For every \$25 raised, the candidate will receive \$200 in match from the Citizens' Clean Election Fund up to an amount of \$40,000 for the primary election and \$40,000 for the general election. On the first business day of each month during the primary, candidates will forward a list of names and addresses of each contributor and the amount each contributed for the previous month. The candidate's treasurer must certify that the list is true and

accurate and the PDC will verify that no more than \$25 in aggregate was received from any one individual and that no single contribution exceeds \$25. The PDC will arrange payment from the Citizens Clean Election Fund to the account of the participating candidate.

The same process is followed for the general election.

All financial activity of a candidate must be conducted through a single account. The candidate and the candidate's treasurer must sign a joint statement under oath promising to comply with the requirements for clean elections funding. All money owed must be paid from the account directly to the person providing the goods or services. Candidates must comply with reporting requirements under 42.17.080 RCW. Moneys in the account may not be used to pay fines or civil penalties, legal fees, or enforcement action. A candidate is not prohibited from having a legal defense fund.

At the end of each election period, all participating candidates must return all money remaining in the account, less any amount still owing, to the clean elections fund. At the end of the general election period, a successful candidate may hold in surplus up to \$500 that may be used for nonreimbursed public office-related expenses or future election campaigns for the same office.

Equal Funding of Candidates

When it comes to the attention of the PDC that a nonparticipating candidate for the same office as a participating candidate has raised 50 percent more money than a participating candidate, additional funds may be authorized to the participating candidate to match what the nonparticipating candidate has raised up to a maximum amount of \$40,000 for each election.

Citizens Clean Election Fund

The clean elections fund is funded through an additional tax on cigarettes and by any civil penalties resulting from violations of the act. A fund is created in the custody of the state treasurer as a fund separate from the state general fund. An appropriation is not required for expenditures from the fund and any interest earnings and other income received from investment will remain in the fund.

Every year, the PDC must project the receipt and expenditure of money over the next four years. When the PDC determines that the fund contains more money than is needed to meet current debts plus expected expenses, the state treasurer will be notified and will transfer the excess money to the state general fund. When it is determined that the fund will not contain sufficient money to meet current and expected obligations, the PDC will notify the legislature of the projected deficiency. The legislature is required to appropriate sufficient money from the general fund to meet the deficiency.

If the legislature fails to appropriate sufficient money to the fund, the PDC shall announce the deficiency and may specify decreases in 1) the amount of match for every \$25 in contributions; 2) the amount of equalization money; and 3) the total amount of matching funds. Under emergency conditions, as announced by the PDC, participating candidates may accept private contributions in excess of \$25, but not more than allowed for nonparticipating candidates.

Contribution Limits

Statute is amended to lower contribution limits as follows:

- contributions by persons are changed from the current limit of \$675 to \$100;
- contributions by a bona fide political party or caucus political committee are changed from \$0.68 to \$0.25 times the number of eligible registered voters in the candidates jurisdiction;
- contributions from a county central committee or a legislative district committee are changed from \$0.34 to \$0.15 times the number of eligible registered voters in the candidates jurisdiction.

Contribution limits specified under RCW 42.17.640 are applicable for all elected office.

Appropriation: None.

Fiscal Note: Not requested.

Effective Date: The bill takes effect 90 days after adjournment of session in which bill is passed.