

HOUSE BILL REPORT

HB 1474

As Reported by House Committee On:
State Government & Tribal Affairs

Title: An act relating to collecting fees to accommodate electronic filing and disclosure of campaign finance reports.

Brief Description: Providing for electronic filing and disclosure of campaign finance reports.

Sponsors: Representative Moeller.

Brief History:

Committee Activity:

State Government & Tribal Affairs: 2/9/11, 2/14/11 [DPS].

Brief Summary of Substitute Bill

- Requires lobbyists, lobbyist employers, and state agencies to file lobbying reports over the Internet.
- Assesses a one-time fee to lobbyists, lobbyist employers, and agencies for the purpose of developing and implementing a system for reporting lobbying disclosure reports.
- Assesses a yearly fee to political committees, lobbyists, lobbyist employers required to file reports, and to elected officials that receive a salary and are required to file personal financial affairs statements.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 6 members: Representatives Hunt, Chair; Darneille, Dunshee, Hurst, McCoy and Miloscia.

Minority Report: Do not pass. Signed by 3 members: Representatives Taylor, Ranking Minority Member; Overstreet, Assistant Ranking Minority Member; Alexander.

Staff: Marsha Reilly (786-7135).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Background:

The Public Disclosure Commission (PDC) was created and empowered by an initiative of the people to provide timely and meaningful public access to information about the financing of political campaigns, lobbyist expenditures, and the financial affairs of public officials and candidates, and to ensure compliance with contribution limits and other campaign finance restrictions.

In 1999 electronic filing was made available to candidates, public officials, and political committees for filing financial affairs reports, contribution reports, and expenditure reports. By 2002 electronic filing was mandatory. Electronic filing was made available to lobbyists and lobbyist employers for submitting their reports in 2002, although it is not mandatory. Electronic filing includes, but is not limited to, filing by diskette, modem, satellite, or over the Internet.

Funding was made available to the PDC in the fiscal year 2008 budget for a feasibility study to determine the cost to design, develop, implement, and maintain an application to accommodate electronic filing by lobbyists, lobbyist employers, and public agencies; and a database and query system compatible with current computer architecture, technology, and operating systems.

Summary of Substitute Bill:

Agencies required to report lobbying expenditures must file all required reports to the PDC electronically over the Internet. Beginning July 1, 2012, all lobbyists and lobbyist employers required to report lobbying activities must file the required reports electronically over the Internet.

Initial Fees.

Lobbyists and lobbyist employers who are registered or required to report for calendar year 2011 must pay an initial fee to the PDC for the development and implementation of an electronic filing system. Fees must be used to establish the software and hardware needed to establish an electronic filing system for lobbyists and lobbyist employers. Fees are as follows:

- \$250 for each lobbyist earning \$10,000 or more for the previous calendar year, or \$10,000 or more for the current calendar year;
- \$500 for each lobbyist employer whose expenses and payments for lobbying are \$10,000 or more for the previous calendar year, or are expected to be \$10,000 or more for the current calendar year;
- \$150 for every state agency that has more than 50 full-time employees; and
- \$150 for every local government that employs a lobbyist.

Annual Fees.

Beginning January 1, 2012, an annual fee must be paid to the PDC for data development costs and purchasing and maintenance of computer hardware and software to maintain electronic filing of reports required by the PDC. Fees are as follows:

- \$200 for political committees required to file reports;
- \$200 for every lobbyist and lobbyist employer required to file reports;
- \$150 for state agencies that have 50 or more full-time equivalent employees;
- \$150 for local governments that employ a lobbyist; and
- \$200 for elected officials who receive a salary and are required to file personal financial affairs statements.

No person or individual must pay more than one fee in a calendar year.

Account Created.

The Public Disclosure Electronic Filing Account (Account) is created in the custody of the State Treasurer. Receipts collected under the act must be deposited into the Account and may be used only for costs incurred as a result of the design, development, implementation, and maintenance of computer hardware and software to accommodate electronic filing and a database and query system compatible with current systems that result in readily available data to the public for review and analysis. Only the Executive Director of the PDC, or his or her designee, may authorize expenditures from the Account. The Account is subject to allotment procedures, but an appropriation is not required for expenditures.

Substitute Bill Compared to Original Bill:

The substitute bill limits the filing fee for those who are required to file personal financial affairs statements to elected officials who receive a salary.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Substitute Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed, except for section 2, relating to electronic filing, section 4, relating to annual fees, section 5, relating to adoption of rules, and section 7, relating to the creation of the public disclosure electronic filing account, which take effect January 1, 2012.

Staff Summary of Public Testimony:

(In support) The one-time fee will help develop the software needed for a searchable database that will enable lobbyists and lobbyist employers to file electronically. The ongoing fee will help to maintain the systems that the PDC operates. It is important that the public have access to the information in a readily accessible format. The PDC has not been able to properly fund electronic filing and a searchable database for lobbying. The fee is for a service, and it should not be based on ability to pay.

(Neutral) While the PDC is neutral on the bill, there is concern regarding the fees for some candidates, smaller committees, and people who volunteer to serve on boards that do not receive compensation and are required to file personal financial affairs statements. Currently, it is not possible to access a database to find out lobbyist expenditures.

(Opposed) There is concern about the way in which the fees are proposed. This is a fee on speech and the political process. The service is not optional, it is required. One is required to file and required to pay a fee. There could be implications on free speech and equal protection. It adversely affects grassroots lobbying.

(Commented) Washington Public Campaigns generally supports the bill for electronic filing and believes that the PDC should have adequate funding. The fee structure is problematic in that it should be adjusted according to how much money is spent.

Persons Testifying: (In support) Representative Moeller, prime sponsor; and Steve Gano, Steve Gano and Associates.

(Neutral) Doug Ellis, Public Disclosure Commission.

(Opposed) Rebecca Faust.

(Commented) Craig Salins, Washington Public Campaigns.

Persons Signed In To Testify But Not Testifying: None.