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**State Government & Tribal Affairs**  
**Committee**

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**ESSB 5021**

**Brief Description:** Enhancing election campaign disclosure requirements to promote greater transparency for the public.

**Sponsors:** Senate Committee on Government Operations, Tribal Relations & Elections (originally sponsored by Senators Pridemore, Kline, Kohl-Welles, Keiser, Prentice, Tom, Chase, White, Nelson, Haugen and McAuliffe).

**Brief Summary of Engrossed Substitute Bill**

- Lowers the dollar threshold of what constitutes an electioneering communication from \$5,000 to \$1,000.
- Adds definitions for "sponsor" and "sponsored committee."
- Adds restrictions on the naming of political committees.
- Restricts contributions from one political committee to another political committee.
- Adds criminal penalties.
- Increases the maximum fine that may be assessed by the Public Disclosure Commission.

**Hearing Date:** 3/16/11

**Staff:** Marsha Reilly (786-7135).

**Background:**

Public Disclosure Commission.

In 1972 the voters passed Initiative 276, which required the disclosure of campaign finances, lobbyist activities, financial affairs of elective officers and candidates, and access to public

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records. The initiative created the Public Disclosure Commission (PDC), a five-member, bipartisan citizen commission, to enforce the provisions of the campaign finance disclosure law. The PDC has the authority to develop procedures, adopt rules, investigate complaints, and enforce the laws relating to campaign disclosure and contributions, including the imposing of civil penalties.

### Electioneering Communications.

An electioneering communication is any broadcast, cable, or satellite television or radio transmission, postal service mailing, billboard, newspaper, or periodical that identifies a candidate, appears within 60 days before an election, and has a fair market value of \$5,000 or more, either alone or in combination with other communications regarding the same candidate by the same sponsor.

### Political Committee Filing and Reporting.

Every political committee is required to file a statement of organization with the PDC within two weeks of its organization, or within two weeks after the date the committee expects to either receive contributions or make expenditures in any election campaign, whichever is earlier. Generally, political committees must submit monthly reports to the PDC detailing expenditures made or contributions received, as long as total contributions received or expenditures made exceed \$200. Committees that expended \$10,000 in the preceding year or expect to expend \$10,000 or more in the current year are required to file reports electronically.

### Penalties.

The courts may impose several civil remedies or sanctions for violation of the contribution and disclosure laws. The maximum penalty that may be imposed by a court is \$10,000 for each violation. A party who violates the maximum campaign contribution limits may be subject to a penalty of either \$10,000 or three times the amount of the illegal contribution, whichever is greater. If a court finds that a violation probably affected the outcome of an election, the court may declare the election void and a special election must be held within 60 days. In the case of a violation by a lobbyist, the court may revoke or suspend a lobbyist's registration and may prohibit the person from receiving compensation or making expenditures for lobbying. A court can issue a penalty of \$10 a day for each day that a statement or report is not filed beyond the proper deadline. Failure to report a contribution or expenditure may result in a penalty equivalent to the amount of contribution or expenditure not reported. A court may use injunctive relief or may compel any action necessary to enforce compliance with the disclosure requirements.

If the PDC handles a violation administratively, it may order the respondent to cease and desist from the violating activity and may impose a civil penalty of up to \$1,700 for an individual violation, and an aggregate penalty of up to \$4,200 for multiple violations included in a single complaint or hearing. If the respondent does not comply with the order or petition for review, the PDC may seek enforcement through a court.

### **Summary of Bill:**

The fair market value of an electioneering communication is lowered from \$5,000 to \$1,000.

The term "sponsor" for purposes of a political committee is defined as any person, except a candidate committee, to whom any of the following applies:

- the committee receives 80 percent or more of its contributions either from the person or from the person's members, officers, employees, or shareholders;
- the person collects contributions for the committee by use of payroll deductions or dues from its members, officers, or employees;
- the person provides, alone or in combination with other organizations, all or nearly all of the administrative services for the committee; or
- the person sets, alone or in combination with other organizations, the policies for soliciting contributions or making expenditures of committee funds.

A "sponsored committee" is defined as a committee, other than a controlled committee, that has one or more sponsors.

No two political committees may have the same name, and the name of a sponsored committee must include the name of the person who is the sponsor of the committee. If more than one person meets the definition of sponsor, only one name must be included in the name of the committee. A person may sponsor only one political committee for the same elected office or ballot measure for an election cycle.

Candidate or political committees that expend \$5,000 or more in the preceding year, or expect to expend \$5,000 in the current year must file contribution and expenditure reports electronically.

Political committees may only make an expenditure to another political committee if the contributing committee has received 10 contributions of \$10 or more from at least 10 registered voters in the state.

Criminal penalties are added for intentional violations of the chapter. A person who intentionally violates a provision of the chapter is guilty of a misdemeanor; a person who, within a five year period intentionally violates three or more provisions of this chapter is guilty of a gross misdemeanor; and a person who intentionally procures or offers any false or forged document to be filed, registered, or recorded with the PDC under the chapter provisions is guilty of a class C felony. In addition, the penalty amount that the PDC may assess is increased to \$10,000, while the restrictions limiting an individual penalty assessed by the PDC of \$1,700 and multiple violations in a single complaint of \$4,200 is removed.

**Appropriation:** None.

**Fiscal Note:** Available.

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