

SENATE BILL REPORT

SB 6098

As Reported by Senate Committee On:
Governmental Operations, February 3, 2014

Title: An act relating to increasing transparency of campaign contributions.

Brief Description: Increasing transparency of campaign contributions.

Sponsors: Senators Billig, Roach, Hasegawa, Benton, Rolfes, Kohl-Welles, Frockt and Fraser.

Brief History:

Committee Activity: Governmental Operations: 1/27/14, 2/03/14 [DP].

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Majority Report: Do pass.

Signed by Senators Roach, Chair; Hasegawa, Ranking Member; Conway, Dandel and McCoy.

Staff: Samuel Brown (786-7470)

Background: Political Committees. An organization is considered a political committee if one of its primary purposes is to affect governmental decision making by supporting or opposing candidates or ballot measures.

Within two weeks after organization or two weeks after the committee first has the expectation of receiving contributions or making expenditures, a political committee must file a statement of organization with the Public Disclosure Commission (PDC) stating the following information:

- the committee's name and address, as well as those of any affiliated committees or persons, and their relationship or affiliation;
- the names, addresses, and titles of its officers or leaders;
- the name and address of the committee's treasurer and depository;
- whether the committee is a continuing political committee;
- the candidates, parties, and ballot measures supported or opposed;
- how the committee intends to dispose of surplus funds, if any, at dissolution;
- the address of the place and the hours during which the committee will make its account books and reports available for public inspection;

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.

- the name, address, and title of each person who authorizes expenditures or makes decisions on behalf of the committee;
- the name, address, and title of each person who performs ministerial functions on behalf of the committee and another committee or candidate; and
- other information that the PDC may prescribe by rule.

Political committees organized outside Washington must file organizational statements with the PDC, but are required to make more limited disclosures.

Political committees must file reports with the PDC detailing contributions of more than \$25 received and expenditures made at the following intervals:

- on the tenth day of the month if the candidate received a contribution or made an expenditure in the preceding calendar month and either the total contributions received or total expenditures made since the last report exceed \$200;
- 21 days before the election;
- seven days before the election; and
- on the tenth day of the month following the election.

A political committee may make a contribution to another political committee only when the contributing political committee received contributions of \$10 or more each from at least ten persons registered to vote in Washington.

Electioneering Communications. A political advertisement is an electioneering communication if it meets four requirements:

- the advertisement is made via broadcast, cable, or satellite television, or via radio transmission, postal service mailing, billboard, newspaper, or periodical;
- the advertisement clearly identifies a candidate for state, local, or judicial office;
- the advertisement is made within 60 days before any election for the office in the jurisdiction where the candidate is seeking election; and
- alone or in combination with other communications identifying the candidate by the same sponsor during the 60 days before an election, the advertisement has a fair market value of \$1,000 or more.

Within 24 hours or on the first working day after when the electioneering communication is distributed, the sponsor must electronically report to the PDC information such as the sources of funds used for the electioneering communication, including general treasury funds or special solicitations. Electioneering communications must also contain the name of the sponsor and a list of the five persons or entities making the largest contributions of over \$700 for the advertisement unless the form makes such identification impractical.

Summary of Bill: Political and Incidental Committees. Incidental committees are defined as organizations, including 501(c)(4), 501(c)(6), and 527 tax-exempt nonprofit organizations, that are a subset of political committees and incidentally make expenditures in political campaigns. Incidental committees must file a statement of organization and monthly reports with the PDC only if the committee receives contributions or makes expenditures in amounts of at least:

- \$100,000 for a statewide office or statewide ballot measure; or
- \$20,000 for all other campaigns.

An incidental committee does not need to report a contribution to the PDC if:

- the contributor designates the contribution as not to be used for campaign purposes;
- the contribution is maintained in a separate bank account from money used for campaign purposes; and
- the contribution is never commingled with any bank accounts used for campaign purposes.

The PDC may modify incidental committee reporting requirements in cases of manifestly unreasonable hardship. By December 31, 2014, the PDC must adopt rules for the dissolution of incidental committees.

Political committees located outside Washington must file contribution and expenditure reports and statements of organization in the same manner as political committees located in Washington.

Electioneering Communications. The definition of electioneering communication is expanded to include advertisements about ballot measures and advertisements made 90 days before an election or during the period between the primary and general elections.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony: PRO: The main thing this bill does is bring dark money into the light. This bill will simplify the law. We have excellent campaign finance law, but there is one big loophole. Nationally, there are groups making big donations without disclosing donors, and that came to Washington State this year. The Grocery Manufacturers Association spent \$11 million to oppose Initiative 522. They were not primarily a campaign organization, so under Washington law, they did not need to disclose their donors. An organization called Working Washington spent \$250,000 on the SeaTac minimum wage initiative and did not have to disclose their donors. This bill will level the playing field to say that those organizations must play by the same rules as all political committees, and if they make a big contribution, they must disclose their donors.

This bill is about transparency, which reduces corruption, holds people accountable, and gives us a healthier democracy. When we moved the primaries earlier, this created a gap where laws for electioneering communications do not apply.

OTHER: The PDC has not taken a position on this bill, but is generally supportive of changes that provide more meaningful information to the public. The bill's legislative findings are consistent with national media reports demonstrating the evolution of campaign finance strategies. Part of existing confusion and frustration comes from the sometimes

difficult test to apply to define a political committee. The PDC is interested in working with the Legislature to see effective, legally defensible changes to campaign finance law.

Persons Testifying: PRO: Senator Billig, prime sponsor.

OTHER: Andrea McNamara Doyle, PDC.