

HOUSE BILL REPORT

HB 1397

As Passed House:
March 9, 2015

Title: An act relating to financial reporting by elected and appointed officials, candidates, and appointees.

Brief Description: Concerning personal financial affairs statement reporting requirements for elected and appointed officials, candidates, and appointees.

Sponsors: Representatives Holy, Bergquist, Appleton, Van Werven and McBride; by request of Public Disclosure Commission.

Brief History:

Committee Activity:

State Government: 2/4/15, 2/5/15 [DP].

Floor Activity:

Passed House: 3/9/15, 78-20.

Brief Summary of Bill

- Adjusts the personal financial affairs dollar thresholds for reporting purposes.
- Allows suspension or modification of reporting personal financial affairs where no material change is anticipated.
- Exempts judges, prosecutors, sheriffs, or their immediate family members from disclosing the mailing address of the real property in which they reside.
- Changes reporting of investments and real estate to year-end value rather than highest value during the reporting period.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: Do pass. Signed by 7 members: Representatives S. Hunt, Chair; Bergquist, Vice Chair; Holy, Ranking Minority Member; Van Werven, Assistant Ranking Minority Member; Appleton, Gregory and Hawkins.

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 campaign finance disclosure law requires elected officials, executive state officers, and certain legislative employees to file statements of financial affairs for the preceding calendar year to the Public Disclosure Commission (PDC). A financial disclosure statement discloses information on a number of subjects for the person who files the statement and his or her immediate family, including investments and real estate. In certain instances such matters must be reported only if the value exceeds a specified amount. The reporting of a value for these items is done using ranges of dollar values, rather than specific dollar amounts, for instance:

- code A is less than \$4,000;
- code B is at least \$4,000 but less than \$20,000;
- code C is at least \$20,000 but less than \$40,000;
- code D is at least \$40,000 but less than \$100,000 and;
- code E is \$100,000 or more.

The PDC may suspend or modify a reporting requirement if, after a hearing and a majority vote, it finds that reporting results in an unreasonable hardship.

Summary of Bill:

The dollar thresholds for reporting personal financial affairs are changed as follows:

- bank accounts, savings accounts, and insurance policies from \$20,000 to \$24,000;
- intangible personal property from \$2,000 to \$5,000;
- amounts owed creditors from \$2,000 to \$2,400;
- compensation from a governmental entity, corporation, partnership, joint venture, sole proprietorship, association, union, or other business or commercial entity \$2,000 to \$2,400;
- real property \$10,000 to \$12,000; and
- financial interest in real property held by a corporation, partnership, firm, etc., in which the filer has financial interest of 10 percent or more \$20,000 to \$24,000.

The dollar value of the reporting ranges is changed as follows:

- code A is less than \$30,000;
- code B is at least \$30,000 but less than \$60,000;
- code C is at least \$60,000 but less than \$100,000;
- code D is at least \$100,000 but less than \$200,000;
- code E is at least \$200,000 but less than \$500,000;
- code F is at least \$500,000 but less than \$750,000;
- code G is at least \$750,000 but less than \$1,000,000; and
- code H is \$1,000,000 or more.

Reporting of intangible personal property requires inclusion of the name and nature of the direct financial interest. Ownership of shares of multiple mutual funds within the same mutual fund family may be disclosed by the mutual fund family name. In reporting investments and real estate, the year-end value may be reported rather than the highest value during the reporting period.

Judges, prosecutors, sheriffs, or their immediate family members are exempted from disclosing the mailing address of the real property in which they reside. Disclosure requirements are satisfied by listing the city or town where the property is located.

A suspension or modification of reporting personal financial affairs may be approved for an elected official's term of office, or for up to three years for an executive state officer where no material change is anticipated.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) This bill changes the thresholds for reporting personal financial affairs. It is a transparency bill. This is an attempt to respond to a variety of concerns related to the personal financial affairs report. There are 5,000 to 7,000 people that file the report annually. The proposed amendments are a product of a lengthy review that would increase the effectiveness of the PDC and provide more meaning to the public. The adjustments are an appropriate balance of the right to know with the burdens imposed. The requirements need to be modernized to reflect current values.

The security measures in the bill are appreciated. Unfortunately, judges put themselves in harm's way just by being judges. They receive death threats and are often the victims of retaliatory attacks. This is a common sense measure.

(Opposed) The dollar values need to be updated. Property records can be obtained easily and it is more likely a person would get an address from those records than from the PDC. This information should be open and judges and others should rely on the system to protect them. Accountability is needed because these people are making important decisions.

Persons Testifying: (In support) Representative Holy, prime sponsor; Andrea Doyle, Public Disclosure Commission; and Mellani McAleenan, Board for Judicial Administration.

(Opposed) Rowland Thompson, Allied Daily Newspapers.

Persons Signed In To Testify But Not Testifying: None.