

HOUSE BILL REPORT

HB 2697

As Reported by House Committee On:
State Government

Title: An act relating to campaign finance reporting requirements.

Brief Description: Concerning campaign finance reporting requirements.

Sponsors: Representative S. Hunt.

Brief History:

Committee Activity:

State Government: 1/20/16, 1/21/16 [DP].

Brief Summary of Bill

- Excludes payment for republishing portions of political advertisements as a reportable campaign contribution.
- Requires political committees to report to the Public Disclosure Commission (PDC) on contributions and expenditures over \$25,000.
- Requires out-of-state political committees to comply with the same campaign finance reporting requirements as in-state political committees.
- Requires political committees to report to the PDC on all surplus fund receipts or expenditures over \$200 in any month.
- Requires campaign finance reporting to be filed electronically with the PDC.

HOUSE COMMITTEE ON STATE GOVERNMENT

Majority Report: Do pass. Signed by 6 members: Representatives S. Hunt, Chair; Bergquist, Vice Chair; Holy, Ranking Minority Member; Frame, Hawkins and Moscoso.

Minority Report: Without recommendation. Signed by 1 member: Representative Van Werven, Assistant Ranking Minority Member.

Staff: Sean Flynn (786-7124).

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:

Campaign Finance and Public Disclosure.

Washington's campaign finance and disclosure law was enacted by initiative in 1972. The law requires the disclosure of campaign finances, lobbyist activities, and financial affairs of elective officers and candidates. The Public Disclosure Commission (PDC) was created 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.

Contributions. Under the campaign finance and disclosure law, election candidates and political committees organized to receive contributions and make expenditures to support or oppose any political candidate or ballot measure must periodically report to the PDC on their contribution and expenditure activities. A contribution includes any donation, payment, loan, service, or anything of value, as well as financing of a political advertisement or electioneering communication prepared by a candidate or political committee. There are various specific exceptions to the definition of a contribution, including a news commentary or editorial, volunteer and ministerial services, certain professional legal and accounting services, political signs on private property, and internal communications within a political party.

Reporting. Political committees must file an initial statement of organization with the PDC and must periodically report on their contribution and expenditure activities. Reports are due 21 days and seven days before the election, one month after the election, and any other month the committee receives or spends at least \$200.

A political committee must file special reports within certain periods if it receives aggregate contributions totaling at least \$1,000 from a single entity or makes contributions to a single entity totaling at least \$1,000. For a primary, the special reporting period covers the time between the last regular reporting period and the day before the primary. For a general election, the period covers 21 days before the election.

An out-of-state political committee must file a statement with the PDC when it makes an expenditure supporting or opposing a candidate or political committee in the state.

Surplus Funds. Political committees and candidates are limited in how they may dispose of surplus funds that are leftover from a campaign. Surplus funds may be returned to the donor, used to reimburse the candidate for lost earnings, transferred to a political party, donated to a charitable organization or the state, or held for future campaigns by the same candidate. Surplus funds are not transferrable to another candidate or political committee.

Electronic Filing. Political committees that annually spend \$5,000 or more must file electronic reports to the PDC. State and local agencies that report lobbying activities must file electronically as well.

Other reporting requirements for political committees and independent expenditures may be filed electronically or in written form. Lobbyists required to report lobbying activities may file reports electronically or in written form.

Summary of Bill:

Contributions. The definition of a contribution excludes paying for the republication of a portion of electronic political advertising prepared by a candidate or political committee, if the republished portion does not promote or oppose the subject of the political advertising.

Reporting. Political committees must file a report for any contribution received by a single entity over \$25,000, or contribution made over \$25,000, outside of a special reporting period. The special reporting period for a primary is the time 21 days before the primary.

Any political committee outside the state is subject to the same reporting requirements as a state political committee.

Surplus Funds. Political committees must file a report on all surplus fund receipts or expenditures over \$200 in any month. A political committee must hold the financial records of its surplus funds for five years.

Electronic Filing. All campaign finance reporting must be filed electronically with the PDC, including: political committee and candidate reports, reports on independent expenditures, lobbyist reports, and reports by elected officials and state officers.

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 omnibus bill has several policies. The bill provides fairness by treating out-of-state the same as in-state committees for purposes of reporting on campaign activities within the state. The bill also fairly exempts reporting requirements when someone has republished a portion of a political advertisement that does not include a campaign message.

The bill also enhances transparency by requiring immediate reporting of contributions over \$25,000, and requiring reporting for expenditures from a surplus funds account. The electronic filing requirement also increases disclosure and transparency.

(Opposed) None.

Persons Testifying: Representative S. Hunt, prime sponsor; and Evelyn Lopez, Public Discloser Commission.

Persons Signed In To Testify But Not Testifying: None.