

SENATE BILL REPORT

HB 1397

As Reported by Senate Committee On:
Government Operations & Security, March 31, 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: Passed House: 3/09/15, 78-20.

Committee Activity: Government Operations & Security: 3/26/15, 3/31/15 [DPA, w/oRec].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Majority Report: Do pass as amended.

Signed by Senators Roach, Chair; Benton, Vice Chair; Pearson, Vice Chair; Liias, Ranking Minority Member; Habib and McCoy.

Minority Report: That it be referred without recommendation.

Signed by Senator Dandel.

Staff: Samuel Brown (786-7470)

Background: The Public Disclosure Commission (PDC) was created by Initiative 276 in 1972. The PDC is empowered to provide timely 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.

Every elected official and executive state officer must file a statement of financial affairs, known as an F-1 statement, for the preceding calendar year with the PDC between January 1 and April 15. The F-1 statement requires disclosure of financial and personal information relating to the filer and the filer's immediate family. Dollar code ranges are given to identify the value of the filer and filer's immediate family's assets. Required items for disclosure include the following:

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- the filer and filer's immediate family members' occupation, name of employer, and business address;
- compensation for preparing, promoting, or opposing legislation or agency rules, rates, or standards;
- real property holdings;
- bank accounts, insurance policies, stocks, mutual funds, and other intangible personal property holdings;
- any ownership interests of 10 percent or greater in private entities, and, if applicable, compensation;
- any gifts of food or beverage in excess of \$50; and
- any other information deemed necessary by the PDC.

The PDC may grant a reporting modification and waive completion of any part of the F-1 reporting requirement where the requirement imposes extreme hardship on the filer and the modification would not frustrate the PDC's purposes of increased disclosure and access. The waiver, which lasts for one year, may only be granted after a hearing on the request.

Summary of Bill (Recommended Amendments): Changes are made to laws governing the content of F-1 statements.

Reporting Modifications. The PDC may grant an F-1 reporting modification for the length of an elected official's time in office or, in the case of an appointed official, for up to three years, where no material change in the circumstances forming the basis for the hardship exemption is anticipated.

Investment Disclosure. Stocks, bonds, and other intangible assets need be reported on the F-1 statement when valued at \$5,000 or more, rather than the current level of \$2,000 or more. Such investments may be reported using the year-end value, rather than the peak value during the reporting period.

Inflation-adjusted thresholds adopted by the PDC by rule are also incorporated into law.

EFFECT OF CHANGES MADE BY GOVERNMENT OPERATIONS & SECURITY COMMITTEE (Recommended Amendments): The PDC may grant an F-1 reporting modification for an elected official's time in office, rather than term of office.

The provision allowing the residence of a judge, prosecuting attorney, or sheriff to be identified on the F-1 form by city and county, rather than street address, is removed.

The modifications to the dollar code ranges used to identify the value of assets on the F-1 form are removed.

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 on House Bill: PRO: This is a bipartisan update bill that formalizes actions taken under the PDC's rulemaking authority. Recategorization of asset values promotes transparency. In 2014 the PDC processed 75 applications for reporting modifications. Nearly 45 percent were from judges, law enforcement officials, prosecutors, candidates for those positions, or their spouses requesting modification of the address reporting requirement. Only one other person requested this modification. Those most likely to have this issue are also the most likely to be taking other measures outside the request to maintain the confidentiality of their address.

Someone came to my door and threw sulfuric acid in my face. I was taken to Harborview; the acid burned through the carpet and ate holes in my concrete driveway. This wasn't the first time someone's come to my door. They obtained my address in some fashion, and in response I've moved from my house of 27 years and am now a participant in the address confidentiality program. I've taken every step I can take to scrub my name from as many resources as possible. If I were required to list my residential address in the F-1, I believe my safety would be degraded, in spite of the steps I've taken to improve it.

Persons Testifying: PRO: Representative Holy, prime sponsor; Andrea McNamara Doyle, PDC; Brett Buckley, District and Municipal Court Judges Assn., Board of Judicial Administration.

Persons Signed in to Testify But Not Testifying: No one.