

SENATE BILL REPORT

SB 5153

As Reported by Senate Committee On:

Government Operations & Security, January 27, 2015

Note: Senate Resolution 8609 adopted January 27, 2015, renamed the Committee on Government Operations & State Security to Committee on Government Operations & Security

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

Brief Description: Increasing transparency of campaign contributions.

Sponsors: Senators Billig, Roach, Sheldon, Fain, Liias, Mullet, Fraser, Dandel, McCoy, Rolfes, Cleveland, Darneille, Habib, Padden, Nelson, Benton, Chase, Keiser, Jayapal, Hasegawa and Frockt.

Brief History:

Committee Activity: Government Operations & Security (Note: Senate Resolution 8609 adopted January 27, 2015, renamed the Committee on Government Operations & State Security to Committee on Government Operations & Security): 1/20/15, 1/27/15 [DP].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Majority Report: Do pass.

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

Staff: Samuel Brown (786-7470)

Background: 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 by the committee;

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.

- 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;
- 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.

Summary of Bill: All organizations making contributions or expenditures in Washington election campaigns above specified thresholds must file organizational statements with the PDC and disclose certain contributors, regardless of the organization's primary purpose.

Separate reporting standards are created for incidental committees, defined as organizations, including 501(c)(4), 501(c)(6), and 527 tax-exempt nonprofit organizations, that incidentally make expenditures in political campaigns. Incidental committees are treated as a subset of political committees and must file a statement of organization and monthly reports with the PDC only if the incidental committee receives contributions or makes expenditures in amounts of at least \$25,000 for a statewide office or statewide ballot measure or \$5,000 for all other campaigns. An incidental committee does not need to report a contribution to the PDC if a contributor donates less than \$2,000 to the committee in aggregate over the course of an election campaign.

The PDC may modify incidental committee reporting requirements in cases of manifestly unreasonable hardship. By December 31, 2015, the PDC must adopt rules for the dissolution of incidental committees.

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: This bill is about bringing dark money into the light. Washington has election disclosure laws, but there are some loopholes. Nationally,

nonprofit organizations have been spending large amounts of money while hiding donors. In 2013 and 2014, this phenomenon came to Washington, and our laws did not require groups to disclose donor information. Groups across the political spectrum engage in these tactics. This bill levels the playing field by requiring nonprofits to play by the same rules as other political committees. The bill reduces corruption and provides transparency. This is the same bill as last year, but with some refinements. Groups with lots of smaller donors wouldn't have to disclose those donors' identities.

We want to ensure the integrity and transparency of electoral processes in the state, and believe this bill advances that goal. It is good for the state and the electorate to shed light on organizations that have sidestepped legal requirements. The public has a right to know who is spending money. Dark money needs to end; this is not just a Democrat or Republican issue. We also need to look at the funneling of money through front groups. The ability to know what is going on is one of the paramount duties of news organizations, and this will better help us accomplish our goal.

OTHER: While the PDC itself hasn't taken a formal position on the bill, it is generally very supportive of changes that result in disclosure of more meaningful information, respond to changes in how campaigns are conducted, improve clarity, and reduce misunderstanding. It is not unusual for the PDC to receive complaints on a regular basis about unregistered political committee activity, and find after investigation that the group doesn't meet the primary purpose test and is not a political committee. This is a similar approach to what other states and cities are trying. The bill brings bright-line clarity for these groups, but invites court scrutiny. Groups will still be able to spend right up to thresholds without triggering the reporting requirements.

Persons Testifying: PRO: Senator Billig, prime sponsor; Alice Woldt, Fix Democracy First!, Executive Director; Steve Zemke, King County Democrats; Rowland Thompson, Allied Daily Newspapers.

OTHER: Andrea Doyle, PDC.