

SENATE BILL REPORT

SB 5309

As Reported by Senate Committee On:

Government Operations & Security, February 19, 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 improving efficiency of public disclosure commission operations and requirements.

Brief Description: Improving efficiency of public disclosure commission operations and requirements.

Sponsors: Senators Roach, Lias, Danel, McCoy, Pearson, Keiser and Benton; by request of Public Disclosure Commission.

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): 1/26/15, 2/19/15 [DPS].

SENATE COMMITTEE ON GOVERNMENT OPERATIONS & SECURITY

Majority Report: That Substitute Senate Bill No. 5309 be substituted therefor, and the substitute bill do pass.

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

Staff: Samuel Brown (786-7470)

Background: Public Disclosure Commission (PDC) Operational Requirements. The 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. As part of this mission, the PDC must publish a report each July 1 describing the effectiveness and enforcement of campaign finance laws under a variety of performance measures.

Other PDC functions are discretionary, including the ability to adopt administrative rules such as a code of fair campaign practices, the ability to prepare and publish reports and

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technical studies promoting the full disclosure of campaign contributions, and the ability to carry out audits and field investigations as the PDC deems appropriate.

Late Contribution Limits. Aggregate contributions of more than \$50,000 to any campaign for statewide office, or \$5,000 for any other campaign, are prohibited within 21 days of a general election, except when made by a bona fide political party. However, in the 2012 case of *Family PAC v. McKenna*, the Ninth Circuit Court of Appeals declared that this statute was unconstitutional as applied to ballot measure campaigns.

Personal Financial Affairs Statements. 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:

- 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 Substitute): Several changes are made to PDC operations, requirements, and duties.

Performance Reports. The PDC's annual report describing the effectiveness and enforcement of campaign finance laws may be published at any date, rather than by July 1.

Audits. Audits may be performed within available resources.

Signature Requirements. The PDC may develop a system enabling filers to certify, without a signature, the contents of reports filed by fax or electronically.

Reporting Modifications. The PDC may grant an F-1 reporting modification for the length of an elected official's term of 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.

Large Contributions. The prohibition on aggregate contributions of more than \$5,000 for a ballot measure campaign within 21 days of a general election, except by a bona fide political party, is removed.

Modifications are made to the laws governing the content of F-1 statements.

Investment Disclosure. Stocks, bonds, and other intangible assets must 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.

Dollar Code Ranges. The dollar code ranges used to identify the value of assets are modified as follows:

	Existing Range	Modified Range
Code A	\$0 – \$3,999	\$0 – \$29,999
Code B	\$4,000 – \$19,999	\$30,000 – \$59,999
Code C	\$20,000 – \$39,999	\$60,000 – \$99,999
Code D	\$40,000 – \$99,999	\$100,000 – \$199,999
Code E	\$100,000 or more	\$200,000 – \$499,999
Code F	(none)	\$500,000 – \$749,999
Code G	(none)	\$750,000 – \$999,999
Code H	(none)	\$1 million or more

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

EFFECT OF CHANGES MADE BY GOVERNMENT OPERATIONS & SECURITY COMMITTEE (Recommended Substitute): The prohibition on aggregate contributions of more than \$50,000 to any campaign for statewide office within 21 days of an election, except by a bona fide political party, is restored.

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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 Original Bill: PRO: The bill stems from PDC efforts to make the most efficient possible use of its resources by determining which functions could be reduced or changed with the least possible impact to agency customers. These can't be done without a statutory change. The bill provides a more cost-effective way to file performance measures because the current statute doesn't sync with the release of fiscal year data. The PDC's view is that the provision dealing with large contributions is of less significance now than it was before current contribution limits were in place, and litigation risks warrant removing it from the statute.

Persons Testifying: PRO: Andrea McNamara Doyle, PDC.