HOUSE BILL 2697

State of Washington 64th Legislature 2016 Regular Session

By Representative S. Hunt

Read first time 01/18/16. Referred to Committee on State Government.

- 1 AN ACT Relating to campaign finance reporting requirements;
- 2 amending RCW 42.17A.055, 42.17A.235, 42.17A.245, 42.17A.250,
- 3 42.17A.255, 42.17A.260, 42.17A.265, 42.17A.430, 42.17A.600,
- 4 42.17A.615, 42.17A.630, and 42.17A.700; and reenacting and amending
- 5 RCW 42.17A.005.
- 6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 7 Sec. 1. RCW 42.17A.005 and 2011 c 145 s 2 and 2011 c 60 s 19 are 8 each reenacted and amended to read as follows:
- 9 The definitions in this section apply throughout this chapter 10 unless the context clearly requires otherwise.
- 11 (1) "Actual malice" means to act with knowledge of falsity or 12 with reckless disregard as to truth or falsity.
- 13 (2) "Agency" includes all state agencies and all local agencies.
- 14 "State agency" includes every state office, department, division,
- 15 bureau, board, commission, or other state agency. "Local agency"
- 16 includes every county, city, town, municipal corporation, quasi-
- 17 municipal corporation, or special purpose district, or any office,
- 18 department, division, bureau, board, commission, or agency thereof,
- 19 or other local public agency.
- 20 (3) "Authorized committee" means the political committee
- 21 authorized by a candidate, or by the public official against whom

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recall charges have been filed, to accept contributions or make expenditures on behalf of the candidate or public official.

- (4) "Ballot proposition" means any "measure" as defined by RCW 29A.04.091, or any initiative, recall, or referendum proposition proposed to be submitted to the voters of the state or any municipal corporation, political subdivision, or other voting constituency from and after the time when the proposition has been initially filed with the appropriate election officer of that constituency before its circulation for signatures.
- 10 (5) "Benefit" means a commercial, proprietary, financial, 11 economic, or monetary advantage, or the avoidance of a commercial, 12 proprietary, financial, economic, or monetary disadvantage.
 - (6) "Bona fide political party" means:

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- 14 (a) An organization that has been recognized as a minor political party by the secretary of state;
 - (b) The governing body of the state organization of a major political party, as defined in RCW 29A.04.086, that is the body authorized by the charter or bylaws of the party to exercise authority on behalf of the state party; or
- 20 (c) The county central committee or legislative district 21 committee of a major political party. There may be only one 22 legislative district committee for each party in each legislative 23 district.
- (7) "Candidate" means any individual who seeks nomination for election or election to public office. An individual seeks nomination or election when he or she first:
 - (a) Receives contributions or makes expenditures or reserves space or facilities with intent to promote his or her candidacy for office;
 - (b) Announces publicly or files for office;
- 31 (c) Purchases commercial advertising space or broadcast time to 32 promote his or her candidacy; or
- 33 (d) Gives his or her consent to another person to take on behalf 34 of the individual any of the actions in (a) or (c) of this 35 subsection.
- 36 (8) "Caucus political committee" means a political committee 37 organized and maintained by the members of a major political party in 38 the state senate or state house of representatives.
- 39 (9) "Commercial advertiser" means any person who sells the 40 service of communicating messages or producing printed material for

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- 1 broadcast or distribution to the general public or segments of the
- 2 general public whether through the use of newspapers, magazines,
- 3 television and radio stations, billboard companies, direct mail
- 4 advertising companies, printing companies, or otherwise.
- 5 (10) "Commission" means the agency established under RCW 42.17A.100.
- 7 (11) "Compensation" unless the context requires a narrower 8 meaning, includes payment in any form for real or personal property 9 or services of any kind. For the purpose of compliance with RCW 10 42.17A.710, "compensation" does not include per diem allowances or 11 other payments made by a governmental entity to reimburse a public 12 official for expenses incurred while the official is engaged in the 13 official business of the governmental entity.
- 14 (12) "Continuing political committee" means a political committee 15 that is an organization of continuing existence not established in 16 anticipation of any particular election campaign.
 - (13)(a) "Contribution" includes:

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- (i) A loan, gift, deposit, subscription, forgiveness of indebtedness, donation, advance, pledge, payment, transfer of funds between political committees, or anything of value, including personal and professional services for less than full consideration;
- (ii) An expenditure made by a person in cooperation, consultation, or concert with, or at the request or suggestion of, a candidate, a political committee, the person or persons named on the candidate's or committee's registration form who direct expenditures on behalf of the candidate or committee, or their agents;
- (iii) The financing by a person of the dissemination, distribution, or republication, in whole or in part, of broadcast, written, graphic, or other form of political advertising or electioneering communication prepared by a candidate, a political committee, or its authorized agent;
- (iv) Sums paid for tickets to fund-raising events such as dinners and parties, except for the actual cost of the consumables furnished at the event.
 - (b) "Contribution" does not include:
- 36 (i) Standard interest on money deposited in a political 37 committee's account;
- 38 (ii) Ordinary home hospitality;
- 39 (iii) A contribution received by a candidate or political 40 committee that is returned to the contributor within five business

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1 days of the date on which it is received by the candidate or 2 political committee;

- (iv) A news item, feature, commentary, or editorial in a regularly scheduled news medium that is of primary interest to the general public, that is in a news medium controlled by a person whose business is that news medium, and that is not controlled by a candidate or a political committee;
- (v) An internal political communication primarily limited to the members of or contributors to a political party organization or political committee, or to the officers, management staff, or stockholders of a corporation or similar enterprise, or to the members of a labor organization or other membership organization;
- (vi) The rendering of personal services of the sort commonly performed by volunteer campaign workers, or incidental expenses personally incurred by volunteer campaign workers not in excess of fifty dollars personally paid for by the worker. "Volunteer services," for the purposes of this subsection, means services or labor for which the individual is not compensated by any person;
- (vii) Messages in the form of reader boards, banners, or yard or window signs displayed on a person's own property or property occupied by a person. However, a facility used for such political advertising for which a rental charge is normally made must be reported as an in-kind contribution and counts towards any applicable contribution limit of the person providing the facility;
 - (viii) Legal or accounting services rendered to or on behalf of:
- (A) A political party or caucus political committee if the person paying for the services is the regular employer of the person rendering such services; or
- (B) A candidate or an authorized committee if the person paying for the services is the regular employer of the individual rendering the services and if the services are solely for the purpose of ensuring compliance with state election or public disclosure laws; or
- (ix) The performance of ministerial functions by a person on behalf of two or more candidates or political committees either as volunteer services defined in (b)(vi) of this subsection or for payment by the candidate or political committee for whom the services are performed as long as:
 - (A) The person performs solely ministerial functions;
- (B) A person who is paid by two or more candidates or political committees is identified by the candidates and political committees

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on whose behalf services are performed as part of their respective statements of organization under RCW 42.17A.205; and

(C) The person does not disclose, except as required by law, any information regarding a candidate's or committee's plans, projects, activities, or needs, or regarding a candidate's or committee's contributions or expenditures that is not already publicly available from campaign reports filed with the commission, or otherwise engage in activity that constitutes a contribution under (a)(ii) of this subsection.

A person who performs ministerial functions under this subsection (13)(b)(ix) is not considered an agent of the candidate or committee as long as he or she has no authority to authorize expenditures or make decisions on behalf of the candidate or committee:

- (x) In the absence of coordination as described in (a)(iii) of this subsection, the financing by a person of the dissemination, distribution, or republication of a portion of electronic political advertising prepared by a candidate, a political committee or its authorized agent, if the republished portion, by itself, does not promote or oppose the subject of the original political advertising.
- (c) Contributions other than money or its equivalent are deemed to have a monetary value equivalent to the fair market value of the contribution. Services or property or rights furnished at less than their fair market value for the purpose of assisting any candidate or political committee are deemed a contribution. Such a contribution must be reported as an in-kind contribution at its fair market value and counts towards any applicable contribution limit of the provider.
- (14) "Depository" means a bank, mutual savings bank, savings and loan association, or credit union doing business in this state.
- (15) "Elected official" means any person elected at a general or special election to any public office, and any person appointed to fill a vacancy in any such office.
- (16) "Election" includes any primary, general, or special election for public office and any election in which a ballot proposition is submitted to the voters. An election in which the qualifications for voting include other than those requirements set forth in Article VI, section 1 (Amendment 63) of the Constitution of the state of Washington shall not be considered an election for purposes of this chapter.

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1 (17) "Election campaign" means any campaign in support of or in 2 opposition to a candidate for election to public office and any 3 campaign in support of, or in opposition to, a ballot proposition.

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- (18) "Election cycle" means the period beginning on the first day of January after the date of the last previous general election for the office that the candidate seeks and ending on December 31st after the next election for the office. In the case of a special election to fill a vacancy in an office, "election cycle" means the period beginning on the day the vacancy occurs and ending on December 31st after the special election.
- (19)(a) "Electioneering communication" means any broadcast, cable, or satellite television or radio transmission, United States postal service mailing, billboard, newspaper, or periodical that:
- (i) Clearly identifies a candidate for a state, local, or judicial office either by specifically naming the candidate, or identifying the candidate without using the candidate's name;
- (ii) Is broadcast, transmitted, mailed, erected, distributed, or otherwise published within sixty days before any election for that office in the jurisdiction in which the candidate is seeking election; and
- (iii) Either alone, or in combination with one or more communications identifying the candidate by the same sponsor during the sixty days before an election, has a fair market value of one thousand dollars or more.
 - (b) "Electioneering communication" does not include:
- (i) Usual and customary advertising of a business owned by a candidate, even if the candidate is mentioned in the advertising when the candidate has been regularly mentioned in that advertising appearing at least twelve months preceding his or her becoming a candidate;
- 31 (ii) Advertising for candidate debates or forums when the 32 advertising is paid for by or on behalf of the debate or forum 33 sponsor, so long as two or more candidates for the same position have 34 been invited to participate in the debate or forum;
- 35 (iii) A news item, feature, commentary, or editorial in a 36 regularly scheduled news medium that is:
 - (A) Of primary interest to the general public;
- 38 (B) In a news medium controlled by a person whose business is 39 that news medium; and

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- 1 (C) Not a medium controlled by a candidate or a political committee;
 - (iv) Slate cards and sample ballots;

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- (v) Advertising for books, films, dissertations, or similar works(A) written by a candidate when the candidate entered into a contract for such publications or media at least twelve months before becoming a candidate, or (B) written about a candidate;
 - (vi) Public service announcements;
- (vii) A mailed internal political communication primarily limited to the members of or contributors to a political party organization or political committee, or to the officers, management staff, or stockholders of a corporation or similar enterprise, or to the members of a labor organization or other membership organization;
- 14 (viii) An expenditure by or contribution to the authorized 15 committee of a candidate for state, local, or judicial office; or
- 16 (ix) Any other communication exempted by the commission through 17 rule consistent with the intent of this chapter.
- 18 "Expenditure" includes a payment, contribution, (20)subscription, distribution, loan, advance, deposit, or gift of money 19 or anything of value, and includes a contract, promise, or agreement, 20 21 whether or not legally enforceable, to make an expenditure. "Expenditure" also includes a promise to pay, a payment, or a 22 transfer of anything of value in exchange for goods, services, 23 property, facilities, or anything of value for the purpose of 24 25 assisting, benefiting, or honoring any public official or candidate, 26 or assisting in furthering or opposing any election campaign. For the 27 purposes of this chapter, agreements to make expenditures, contracts, and promises to pay may be reported as estimated obligations until 28 29 actual payment is made. "Expenditure" shall not include the partial or complete repayment by a candidate or political committee of the 30 31 principal of a loan, the receipt of which loan has been properly 32 reported.
- 33 (21) "Final report" means the report described as a final report 34 in RCW 42.17A.235(2).
- 35 (22) "General election" for the purposes of RCW 42.17A.405 means 36 the election that results in the election of a person to a state or 37 local office. It does not include a primary.
 - (23) "Gift" has the definition in RCW 42.52.010.
- 39 (24) "Immediate family" includes the spouse or domestic partner, 40 dependent children, and other dependent relatives, if living in the

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- household. For the purposes of the definition of "intermediary" this section, "immediate family" means an individual's spouse or domestic partner, and child, stepchild, grandchild, parent, stepparent, grandparent, brother, half brother, sister, or half sister of the individual and the spouse or the domestic partner of any such person and a child, stepchild, grandchild, parent, stepparent, grandparent, brother, half brother, sister, or sister of the individual's spouse or domestic partner and the spouse or the domestic partner of any such person.
- 10 (25) "Incumbent" means a person who is in present possession of 11 an elected office.

- (26) "Independent expenditure" means an expenditure that has each of the following elements:
- (a) It is made in support of or in opposition to a candidate for office by a person who is not (i) a candidate for that office, (ii) an authorized committee of that candidate for that office, (iii) a person who has received the candidate's encouragement or approval to make the expenditure, if the expenditure pays in whole or in part for political advertising supporting that candidate or promoting the defeat of any other candidate or candidates for that office, or (iv) a person with whom the candidate has collaborated for the purpose of making the expenditure, if the expenditure pays in whole or in part for political advertising supporting that candidate or promoting the defeat of any other candidate or candidates for that office;
- (b) The expenditure pays in whole or in part for political advertising that either specifically names the candidate supported or opposed, or clearly and beyond any doubt identifies the candidate without using the candidate's name; and
- (c) The expenditure, alone or in conjunction with another expenditure or other expenditures of the same person in support of or opposition to that candidate, has a value of eight hundred dollars or more. A series of expenditures, each of which is under eight hundred dollars, constitutes one independent expenditure if their cumulative value is eight hundred dollars or more.
- (27)(a) "Intermediary" means an individual who transmits a contribution to a candidate or committee from another person unless the contribution is from the individual's employer, immediate family, or an association to which the individual belongs.
- 39 (b) A treasurer or a candidate is not an intermediary for 40 purposes of the committee that the treasurer or candidate serves.

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1 (c) A professional fund-raiser is not an intermediary if the 2 fund-raiser is compensated for fund-raising services at the usual and 3 customary rate.

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- (d) A volunteer hosting a fund-raising event at the individual's home is not an intermediary for purposes of that event.
- (28) "Legislation" means bills, resolutions, motions, amendments, nominations, and other matters pending or proposed in either house of the state legislature, and includes any other matter that may be the subject of action by either house or any committee of the legislature and all bills and resolutions that, having passed both houses, are pending approval by the governor.
- (29) "Legislative office" means the office of a member of the state house of representatives or the office of a member of the state senate.
- (30) "Lobby" and "lobbying" each mean attempting to influence the passage or defeat of any legislation by the legislature of the state of Washington, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency under the state administrative procedure act, chapter 34.05 RCW. Neither "lobby" nor "lobbying" includes an association's or other organization's act of communicating with the members of that association or organization.
- 23 (31) "Lobbyist" includes any person who lobbies either in his or 24 her own or another's behalf.
 - (32) "Lobbyist's employer" means the person or persons by whom a lobbyist is employed and all persons by whom he or she is compensated for acting as a lobbyist.
 - (33) "Ministerial functions" means an act or duty carried out as part of the duties of an administrative office without exercise of personal judgment or discretion.
- 31 (34) "Participate" means that, with respect to a particular 32 election, an entity:
- 33 (a) Makes either a monetary or in-kind contribution to a 34 candidate;
- 35 (b) Makes an independent expenditure or electioneering 36 communication in support of or opposition to a candidate;
- 37 (c) Endorses a candidate before contributions are made by a 38 subsidiary corporation or local unit with respect to that candidate 39 or that candidate's opponent;

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(d) Makes a recommendation regarding whether a candidate should be supported or opposed before a contribution is made by a subsidiary corporation or local unit with respect to that candidate or that candidate's opponent; or

- (e) Directly or indirectly collaborates or consults with a subsidiary corporation or local unit on matters relating to the support of or opposition to a candidate, including, but not limited to, the amount of a contribution, when a contribution should be given, and what assistance, services or independent expenditures, or electioneering communications, if any, will be made or should be made in support of or opposition to a candidate.
- (35) "Person" includes an individual, partnership, joint venture, public or private corporation, association, federal, state, or local governmental entity or agency however constituted, candidate, committee, political committee, political party, executive committee thereof, or any other organization or group of persons, however organized.
- (36) "Political advertising" includes any advertising displays, newspaper ads, billboards, signs, brochures, articles, tabloids, flyers, letters, radio or television presentations, or other means of mass communication, used for the purpose of appealing, directly or indirectly, for votes or for financial or other support or opposition in any election campaign.
- (37) "Political committee" means any person (except a candidate or an individual dealing with his or her own funds or property) having the expectation of receiving contributions or making expenditures in support of, or opposition to, any candidate or any ballot proposition.
- (38) "Primary" for the purposes of RCW 42.17A.405 means the procedure for nominating a candidate to state or local office under chapter 29A.52 RCW or any other primary for an election that uses, in large measure, the procedures established in chapter 29A.52 RCW.
- (39) "Public office" means any federal, state, judicial, county, city, town, school district, port district, special district, or other state political subdivision elective office.
 - (40) "Public record" has the definition in RCW 42.56.010.
- 37 (41) "Recall campaign" means the period of time beginning on the 38 date of the filing of recall charges under RCW 29A.56.120 and ending 39 thirty days after the recall election.

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(42)(a) "Sponsor" for purposes of an electioneering communications, independent expenditures, or political advertising means the person paying for the electioneering communication, independent expenditure, or political advertising. If a person acts as an agent for another or is reimbursed by another for the payment, the original source of the payment is the sponsor.

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- 7 (b) "Sponsor," for purposes of a political committee, means any 8 person, except an authorized committee, to whom any of the following 9 applies:
- 10 (i) The committee receives eighty percent or more of its 11 contributions either from the person or from the person's members, 12 officers, employees, or shareholders;
- (ii) The person collects contributions for the committee by use of payroll deductions or dues from its members, officers, or employees.
- 16 (43) "Sponsored committee" means a committee, other than an 17 authorized committee, that has one or more sponsors.
- 18 (44) "State office" means state legislative office or the office 19 of governor, lieutenant governor, secretary of state, attorney 20 general, commissioner of public lands, insurance commissioner, 21 superintendent of public instruction, state auditor, or state 22 treasurer.
- 23 (45) "State official" means a person who holds a state office.
- (46) "Surplus funds" mean, in the case of a political committee 24 25 or candidate, the balance of contributions that remain in the possession or control of that committee or candidate subsequent to 26 the election for which the contributions were received, and that are 27 in excess of the amount necessary to pay remaining debts incurred by 28 29 the committee or candidate with respect to that election. In the case of a continuing political committee, "surplus funds" mean those 30 31 contributions remaining in the possession or control of the committee 32 that are in excess of the amount necessary to pay all remaining debts when it makes its final report under RCW 42.17A.255. 33
- 34 (47) "Treasurer" and "deputy treasurer" mean the individuals 35 appointed by a candidate or political committee, pursuant to RCW 36 42.17A.210, to perform the duties specified in that section.
- 37 **Sec. 2.** RCW 42.17A.055 and 2013 c 166 s 2 are each amended to 38 read as follows:

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- 1 (1) The commission shall make available to candidates, public officials, and political committees that are required to file reports under this chapter an electronic filing alternative for submitting financial affairs reports, contribution reports, and expenditure reports.
- 6 (2) The commission shall make available to lobbyists and 7 lobbyists' employers required to file reports under RCW 42.17A.600, 8 42.17A.615, 42.17A.625, or 42.17A.630 an electronic filing 9 alternative for submitting these reports.
- 10 (3) ((State)) Agencies required to report under RCW 42.17A.635 11 must file all reports electronically.
- 12 (4) The commission shall make available to candidates, public 13 officials, political committees, lobbyists, and lobbyists' employers 14 an electronic copy of the appropriate reporting forms at no charge.
- 15 **Sec. 3.** RCW 42.17A.235 and 2015 c 54 s 1 are each amended to 16 read as follows:

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- (1) In addition to the information required under RCW 42.17A.205 and 42.17A.210, on the day the treasurer is designated, each candidate or political committee must file with the commission a report of all contributions received and expenditures made prior to that date, if any.
- (2) Each treasurer shall file with the commission a report containing the information required by RCW 42.17A.240 at the following intervals:
 - (a) On the twenty-first day and the seventh day immediately preceding the date on which the election is held;
 - (b) On the tenth day of the first month after the election; and
 - (c) On the tenth day of each month in which no other reports are required to be filed under this section only if the committee has 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 such report exceed two hundred dollars.

The report filed twenty-one days before the election shall report all contributions received and expenditures made as of the end of one business day before the date of the report. The report filed seven days before the election shall report all contributions received and expenditures made as of the end of one business day before the date of the report. Reports filed on the tenth day of the month shall

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report all contributions received and expenditures made from the closing date of the last report filed through the last day of the month preceding the date of the current report.

- (3) For the period beginning the first day of the fourth month preceding the date of the special election, or for the period beginning the first day of the fifth month before the date of the general election, and ending on the date of that special or general election, each Monday the treasurer shall file with the commission a report of each bank deposit made during the previous seven calendar days. The report shall contain the name of each person contributing the funds and the amount contributed by each person. However, persons who contribute no more than twenty-five dollars in the aggregate are not required to be identified in the report. A copy of the report shall be retained by the treasurer for his or her records. In the event of deposits made by a deputy treasurer, the copy shall be forwarded to the treasurer for his or her records. Each report shall be certified as correct by the treasurer or deputy treasurer making the deposit.
- (4)(a) The treasurer or candidate shall maintain books of account accurately reflecting all contributions and expenditures on a current basis within five business days of receipt or expenditure. During the eight days immediately preceding the date of the election the books of account shall be kept current within one business day. As specified in the committee's statement of organization filed under RCW 42.17A.205, the books of account must be open for public inspection by appointment at the designated place for inspections between 8:00 a.m. and 8:00 p.m. on any day from the eighth day immediately before the election through the day immediately before the election, other than Saturday, Sunday, or a legal holiday. It is a violation of this chapter for a candidate or political committee to refuse to allow and keep an appointment for an inspection to be conducted during these authorized times and days. The appointment must be allowed at an authorized time and day for such inspections that is within twenty-four hours of the time and day that is requested for the inspection.
 - (b) At the time of making the appointment, a person wishing to inspect the books of account must provide the treasurer the name and telephone number of the person wishing to inspect the books of account. The person inspecting the books of account must show photo identification before the inspection begins.

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1 (c) A treasurer may refuse to show the books of account to any 2 person who does not make an appointment or provide the required 3 identification.

- (5) Copies of all reports filed pursuant to this section shall be readily available for public inspection by appointment, pursuant to subsection (4) of this section, at the principal headquarters or, if there is no headquarters, at the address of the treasurer or such other place as may be authorized by the commission.
- (6) Each treasurer of a surplus funds account authorized by RCW 42.17A.430(7) shall file with the commission a report containing the information required by RCW 42.17A.240 on the tenth of each month only if the expenditures in the preceding calendar month or the total expenditures made since the last report exceed two hundred dollars. The report must report all surplus funds transfers received and expenditures made from the closing date of the last report filed through the last day of the month preceding the date of the current report.
- 18 <u>(7)</u> The treasurer or candidate shall preserve books of account, 19 bills, receipts, and all other financial records of the campaign or 20 political committee for not less than five calendar years following 21 the year during which the transaction occurred.
- $((\frac{7}{}))$ (8) All reports filed pursuant to subsection (1) or (2) of this section shall be certified as correct by the candidate and the treasurer.
 - ((+8)) (9) When there is no outstanding debt or obligation, the campaign fund is closed, and the campaign is concluded in all respects or in the case of a political committee, the committee has ceased to function and has dissolved, the treasurer shall file a final report. Upon submitting a final report, the duties of the treasurer shall cease and there is no obligation to make any further reports.
- **Sec. 4.** RCW 42.17A.245 and 2011 c 145 s 4 are each amended to 33 read as follows:
- (1) Each candidate or political committee ((that expended five thousand dollars or more in the preceding year or expects to expend five thousand dollars or more in the current year)) shall file all contribution reports and expenditure reports required by this chapter by the electronic alternative provided by the commission under RCW 42.17A.055. ((The commission may make exceptions on a case-by-case

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- basis for candidates whose authorized committees lack the
 technological ability to file reports using the electronic
 alternative provided by the commission.))
 - (2) <u>Each treasurer of a surplus funds account shall file all expenditure reports required by this chapter by the electronic alternative provided by the commission under RCW 42.17A.055.</u>
- 7 (3) Beginning June 30, 2016, each candidate and political 8 committee shall file all statements of organization required by this 9 chapter by the electronic alternative provided by the commission.
- 10 (4) The commission may make exceptions on a case-by-case basis,
 11 for a person who demonstrates the technological inability to file
 12 reports using the electronic means provided or approved by the
 13 commission.
- 14 <u>(5)</u> Failure ((by a candidate or political committee)) to comply 15 with this section is a violation of this chapter.
- 16 **Sec. 5.** RCW 42.17A.250 and 2010 c 204 s 411 are each amended to read as follows:
 - (1) ((An out-of-state)) A political committee organized ((for the purpose of supporting or opposing candidates or ballot propositions in another state that is not otherwise required to report under RCW 42.17A.205 through 42.17A.240 shall report as required in this section when it makes an expenditure supporting or opposing a Washington state candidate or political committee. The committee shall file with the commission a statement disclosing:
 - (a) Its name and address;

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- 26 (b) The purposes of the out-of-state committee;
 - (c) The names, addresses, and titles of its officers or, if it has no officers, the names, addresses, and the titles of its responsible leaders;
 - (d) The name, office sought, and party affiliation of each candidate in the state of Washington whom the out-of-state committee is supporting or opposing and, if the committee is supporting or opposing the entire ticket of any party, the name of the party;
- (e) The ballot proposition supported or opposed in the state of Washington, if any, and whether the committee is in favor of or opposed to that proposition;
 - (f) The name and address of each person residing in the state of Washington or corporation that has a place of business in the state of Washington who has made one or more contributions in the aggregate

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of more than twenty-five dollars to the out-of-state committee during the current calendar year, together with the money value and date of the contributions;

- (g) The name, address, and employer of each person or corporation residing outside the state of Washington who has made one or more contributions in the aggregate of more than two thousand five hundred fifty dollars to the out-of-state committee during the current calendar year, together with the money value and date of the contributions. Annually, the commission must modify the two thousand five hundred fifty dollar limit in this subsection based on percentage change in the implicit price deflator for personal consumption expenditures for the United States as published for the most recent twelve-month period by the bureau of economic analysis of the federal department of commerce;
- (h) The name and address of each person in the state of Washington to whom an expenditure was made by the out-of-state committee with respect to a candidate or political committee in the aggregate amount of more than fifty dollars, the amount, date, and purpose of the expenditure, and the total sum of the expenditures; and
- 21 (i) Any other information as the commission may prescribe by rule 22 in keeping with the policies and purposes of this chapter.
 - (2) Each statement shall be filed no later than the tenth day of the month following any month in which a contribution or other expenditure reportable under subsection (1) of this section is made. An out-of-state committee incurring an obligation to file additional statements in a calendar year may satisfy the obligation by timely filing reports that supplement previously filed information)) outside the state of Washington is subject to the same requirements under this chapter as a political committee organized in the state of Washington.
 - Sec. 6. RCW 42.17A.255 and 2011 c 60 s 24 are each amended to read as follows:
- (1) For the purposes of this section the term "independent expenditure" means any expenditure that is made in support of or in opposition to any candidate or ballot proposition and is not otherwise required to be reported pursuant to RCW 42.17A.220, 42.17A.235, and 42.17A.240. "Independent expenditure" include: An internal political communication primarily limited to the

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contributors to a political party organization or political action committee, or the officers, management staff, and stockholders of a corporation or similar enterprise, or the members of organization or other membership organization; or the rendering of personal services of the sort commonly performed by volunteer campaign workers, or incidental expenses personally incurred by volunteer campaign workers not in excess of fifty dollars personally paid for by the worker. "Volunteer services," for the purposes of this section, means services or labor for which the individual is not compensated by any person.

- (2) Within five days after the date of making an independent expenditure that by itself or when added to all other such independent expenditures made during the same election campaign by the same person equals one hundred dollars or more, or within five days after the date of making an independent expenditure for which no reasonable estimate of monetary value is practicable, whichever occurs first, the person who made the independent expenditure shall file with the commission an initial report of all independent expenditures made during the campaign prior to and including such date.
- (3) At the following intervals each person who is required to file an initial report pursuant to subsection (2) of this section shall file with the commission a further report of the independent expenditures made since the date of the last report:
- (a) On the twenty-first day and the seventh day preceding the date on which the election is held; and
 - (b) On the tenth day of the first month after the election; and
- (c) On the tenth day of each month in which no other reports are required to be filed pursuant to this section. However, the further reports required by this subsection (3) shall only be filed if the reporting person has made an independent expenditure since the date of the last previous report filed.

The report filed pursuant to paragraph (a) of this subsection (3) shall be the final report, and upon submitting such final report the duties of the reporting person shall cease, and there shall be no obligation to make any further reports.

- 37 (4) All reports filed pursuant to this section shall be certified 38 as correct by the reporting person.
- 39 (5) Each report required by subsections (2) and (3) of this 40 section shall disclose for the period beginning at the end of the

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- 1 period for the last previous report filed or, in the case of an initial report, beginning at the time of the first independent 2 expenditure, and ending not more than one business day before the 3 date the report is due: 4
 - (a) The name and address of the person filing the report;

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- (b) The name and address of each person to whom an independent expenditure was made in the aggregate amount of more than fifty dollars, and the amount, date, and purpose of each such expenditure. If no reasonable estimate of the monetary value of a particular independent expenditure is practicable, it is sufficient to report instead a precise description of services, property, or rights furnished through the expenditure and where appropriate to attach a copy of the item produced or distributed by the expenditure;
- 14 (c) The total sum of all independent expenditures made during the 15 campaign to date; and
- (d) Such other information as shall be required by the commission by rule in conformance with the policies and purposes of this 18 chapter.
- 19 (6) Independent expenditures must be reported electronically using software provided or approved by the commission. The commission 20 may make exceptions, on a case-by-case basis, for a person who 21 demonstrates the technological inability to file reports using the 22 23 electronic means provided or approved by the commission.
 - Sec. 7. RCW 42.17A.260 and 2010 c 204 s 413 are each amended to read as follows:
- (1) The sponsor of political advertising who, within twenty-one 26 27 days of an election, publishes, mails, or otherwise presents to the public political advertising supporting or opposing a candidate or 28 ballot proposition that qualifies as an independent expenditure with 29 30 a fair market value of one thousand dollars or more shall ((deliver)) 31 <u>file</u>, ((either)) electronically ((or in written form)), a special report to the commission within twenty-four hours of, or on the first 32 working day after, the date the political advertising is first 33 published, mailed, or otherwise presented to the public. 34
 - (2) If a sponsor is required to file a special report under this section, the sponsor shall also ((deliver to the commission)), within the delivery period established in subsection (1) of this section, file a special report for each subsequent independent expenditure of any size supporting or opposing the same candidate who was the

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- subject of the previous independent expenditure, supporting or opposing that candidate's opponent, or supporting or opposing the same ballot proposition that was the subject of the previous independent expenditure.
 - (3) The special report must include:

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- (a) The name and address of the person making the expenditure;
- 7 (b) The name and address of the person to whom the expenditure 8 was made;
 - (c) A detailed description of the expenditure;
- 10 (d) The date the expenditure was made and the date the political advertising was first published or otherwise presented to the public;
 - (e) The amount of the expenditure;
- 13 (f) The name of the candidate supported or opposed by the
 14 expenditure, the office being sought by the candidate, and whether
 15 the expenditure supports or opposes the candidate; or the name of the
 16 ballot proposition supported or opposed by the expenditure and
 17 whether the expenditure supports or opposes the ballot proposition;
 18 and
- 19 (g) Any other information the commission may require by rule.
- 20 (4) All persons required to report under RCW 42.17A.225, 21 42.17A.235, 42.17A.240, 42.17A.255, and 42.17A.305 are subject to the 22 requirements of this section. The commission may determine that 23 reports filed pursuant to this section also satisfy the requirements of RCW 42.17A.255.
 - (5) The sponsor of independent expenditures supporting a candidate or opposing that candidate's opponent required to report under this section shall file with each required report an affidavit or declaration of the person responsible for making the independent expenditure that the expenditure was not made in cooperation, consultation, or concert with, or at the request or suggestion of, the candidate, the candidate's authorized committee, or the candidate's agent, or with the encouragement or approval of the candidate, the candidate's authorized committee, or the candidate, the candidate's authorized committee, or the candidate's agent.
- 35 **Sec. 8.** RCW 42.17A.265 and 2010 c 204 s 414 are each amended to read as follows:
- 37 (1)(a) Treasurers shall ((prepare and deliver to)) electronically
 38 file with the commission a special report when a contribution or
 39 aggregate of contributions totals one thousand dollars or more, is

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1 from a single person or entity, and is received during a special 2 reporting period.

- (b) Treasurers shall electronically file with the commission a special report when a contribution of twenty-five thousand dollars or more is received from a single entity outside of a special reporting period.
- (2)(a) A political committee shall ((prepare and deliver to)) electronically file with the commission a special report when it makes a contribution or an aggregate of contributions to a single entity that totals one thousand dollars or more during a special reporting period.
- (b) A political committee shall electronically file with the commission a special report when it makes a contribution of twenty-five thousand dollars or more outside of a special reporting period.
- (3) An aggregate of contributions includes only those contributions made to or received from a single entity during any one special reporting period. Any subsequent contribution of any size made to or received from the same person or entity during the special reporting period must also be reported.
- (4) Special reporting periods, for purposes of this section, include:
- (a) ((The period beginning on the day after the last report required by RCW 42.17A.235 and 42.17A.240 to be filed before a primary and concluding on the end of the day before that primary;
- $\frac{\text{(b)}}{\text{)}}$) The period twenty-one days preceding a primary election or general election; and
- (((c))) <u>(b)</u> An aggregate of contributions includes only those contributions received from a single entity during any one special reporting period or made by the contributing political committee to a single entity during any one special reporting period.
- (5) If a campaign treasurer files a special report under this section for one or more contributions received from a single entity during a special reporting period, the treasurer shall also file a special report under this section for each subsequent contribution of any size which is received from that entity during the special reporting period. If a political committee files a special report under this section for a contribution or contributions made to a single entity during a special reporting period, the political committee shall also file a special report for each subsequent

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contribution of any size which is made to that entity during the special reporting period.

- (6) ((Special reports required by this section shall be delivered electronically or in written form, including but not limited to mailgram, telegram, or nightletter. The special report may be transmitted orally by telephone to the commission if the written form of the report is postmarked and mailed to the commission or the electronic filing is transferred to the commission within the delivery periods established in (a) and (b) of this subsection.))
- (a) The special report required of a contribution recipient under subsection (1)(a) of this section shall be ((delivered to)) electronically filed with the commission within forty-eight hours of the time, or on the first working day after: The contribution of one thousand dollars or more is received by the candidate or treasurer; the aggregate received by the candidate or treasurer first equals one thousand dollars or more; or any subsequent contribution from the same source is received by the candidate or treasurer.
- (b) The special report required of a contributor under subsection (2)(a) of this section or RCW 42.17A.625 shall be ((delivered to)) electronically filed with the commission, and the candidate or political committee to whom the contribution or contributions are made, within twenty-four hours of the time, or on the first working day after: The contribution is made; the aggregate of contributions made first equals one thousand dollars or more; or any subsequent contribution to the same person or entity is made.
 - (7) The special report shall include:
 - (a) The amount of the contribution or contributions;
 - (b) The date or dates of receipt;

- (c) The name and address of the donor;
 - (d) The name and address of the recipient; and
 - (e) Any other information the commission may by rule require.
- 32 (8) Contributions reported under this section shall also be 33 reported as required by other provisions of this chapter.
 - (9) ((The commission shall prepare daily a summary of the special reports made under this section and RCW 42.17A.625.
 - (10))) Contributions governed by this section include, but are not limited to, contributions made or received indirectly through a third party or entity whether the contributions are or are not reported to the commission as earmarked contributions under RCW 42.17A.270.

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Sec. 9. RCW 42.17A.430 and 2010 c 204 s 606 are each amended to 2 read as follows:

The surplus funds of a candidate or a candidate's authorized committee may only be disposed of in any one or more of the following ways:

- (1) Return the surplus to a contributor in an amount not to exceed that contributor's original contribution;
- (2) Using surplus, reimburse the candidate for lost earnings incurred as a result of that candidate's election campaign. Lost earnings shall be verifiable as unpaid salary or, when the candidate is not salaried, as an amount not to exceed income received by the candidate for services rendered during an appropriate, corresponding time period. All lost earnings incurred shall be documented and a record thereof shall be maintained by the candidate or the candidate's authorized committee. The committee shall maintain a copy of this record in accordance with RCW 42.17A.235((+6)) (5);
- (3) Transfer the surplus without limit to a political party or to a caucus political committee;
- (4) Donate the surplus to a charitable organization registered in accordance with chapter 19.09 RCW;
- (5) Transmit the surplus to the state treasurer for deposit in the general fund, the Washington state legacy project, state library, and archives account under RCW 43.07.380, or the legislative international trade account under RCW 43.15.050, as specified by the candidate or political committee; or
- (6) Hold the surplus in the depository or depositories designated in accordance with RCW 42.17A.215 for possible use in a future election campaign for the same office last sought by the candidate and report any such disposition in accordance with RCW 42.17A.240. If the candidate subsequently announces or publicly files for office, the appropriate information must be reported to the commission in accordance with RCW 42.17A.205 through 42.17A.240. If a subsequent office is not sought the surplus held shall be disposed of in accordance with the requirements of this section.
- (7) Hold the surplus campaign funds in a separate account for nonreimbursed public office-related expenses or as provided in this section, and report any such disposition in accordance with RCW 42.17A.235(6) and 42.17A.240. The separate account required under this subsection shall not be used for deposits of campaign funds that are not surplus.

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- 1 (8) No candidate or authorized committee may transfer funds to 2 any other candidate or other political committee.
- The disposal of surplus funds under this section shall not be 3 considered a contribution for purposes of this chapter. 4
- 5 Sec. 10. RCW 42.17A.600 and 2010 c 204 s 801 are each amended to read as follows: 6
 - (1) Before lobbying, or within thirty days after being employed as a lobbyist, whichever occurs first, a lobbyist shall register by filing with the commission a lobbyist registration statement, in such detail as the commission shall prescribe, that includes the following information:
- 12 (a) The lobbyist's name, permanent business address, and any temporary residential and business addresses in Thurston county 13 during the legislative session; 14
- (b) The name, address and occupation or business of 15 the lobbyist's employer; 16
 - (c) The duration of the lobbyist's employment;

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- (d) The compensation to be received for lobbying, the amount to 18 be paid for expenses, and what expenses are to be reimbursed; 19
- 20 (e) Whether the lobbyist is employed solely as a lobbyist or whether the lobbyist is a regular employee performing services for 21 his or her employer which include but are not limited to the 22 23 influencing of legislation;
 - (f) The general subject or subjects to be lobbied;
- 25 (g) A written authorization from each of the lobbyist's employers 26 confirming such employment;
- 27 (h) The name and address of the person who will have custody of the accounts, bills, receipts, books, papers, and documents required 28 to be kept under this chapter; 29
- 30 (i) If the lobbyist's employer is an entity (including, but not limited to, business and trade associations) whose members include, 31 or which as a representative entity undertakes lobbying activities 32 for, businesses, groups, associations, or organizations, the name and 33 34 address of each member of such entity or person represented by such 35 entity whose fees, dues, payments, or other consideration paid to such entity during either of the prior two years have exceeded five 36 37 hundred dollars or who is obligated to or has agreed to pay fees, dues, payments, or other consideration exceeding five hundred dollars 38 to such entity during the current year.

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- (2) Any lobbyist who receives or is to receive compensation from more than one person for lobbying shall file a separate notice of representation for each person. However, if two or more persons are jointly paying or contributing to the payment of the lobbyist, the lobbyist may file a single statement detailing the name, business address, and occupation of each person paying or contributing and the respective amounts to be paid or contributed.
- (3) Whenever a change, modification, or termination of the lobbyist's employment occurs, the lobbyist shall file with the commission an amended registration statement within one week of the change, modification, or termination.
- (4) Each registered lobbyist shall file a new registration statement, revised as appropriate, on the second Monday in January of each odd-numbered year. Failure to do so terminates the lobbyist's registration.
- 16 (5) Beginning January 1, 2017, each lobbyist shall file all 17 registration statements by the electronic alternative provided by the 18 commission.
- **Sec. 11.** RCW 42.17A.615 and 2010 c 204 s 804 are each amended to 20 read as follows:
 - (1) Any lobbyist registered under RCW 42.17A.600 and any person who lobbies shall file with the commission monthly reports of his or her lobbying activities. The reports shall be made in the form and manner prescribed by the commission and must be signed by the lobbyist. The monthly report shall be filed within fifteen days after the last day of the calendar month covered by the report.
 - (2) The monthly report shall contain:

(a) The totals of all expenditures for lobbying activities made or incurred by the lobbyist or on behalf of the lobbyist by the lobbyist's employer during the period covered by the report. Expenditure totals for lobbying activities shall be segregated according to financial category, including compensation; food and refreshments; living accommodations; advertising; travel; contributions; and other expenses or services. Each individual expenditure of more than twenty-five dollars for entertainment shall be identified by date, place, amount, and the names of all persons taking part in the entertainment, along with the dollar amount attributable to each person, including the lobbyist's portion.

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(b) In the case of a lobbyist employed by more than one employer, the proportionate amount of expenditures in each category incurred on behalf of each of the lobbyist's employers.

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- (c) An itemized listing of each contribution of money or of 4 tangible or intangible personal property, whether contributed by the 5 6 lobbyist personally or delivered or transmitted by the lobbyist, to 7 any candidate, elected official, or officer or employee of any agency, or any political committee supporting or opposing any ballot 8 proposition, or for or on behalf of any candidate, elected official, 9 or officer or employee of any agency, or any political committee 10 11 supporting or opposing any ballot proposition. All contributions made 12 to, or for the benefit of, any candidate, elected official, or 13 officer or employee of any agency, or any political committee supporting or opposing any ballot proposition shall be identified by 14 date, amount, and the name of the candidate, elected official, or 15 16 officer or employee of any agency, or any political committee 17 supporting or opposing any ballot proposition receiving, or to be 18 benefited by each such contribution.
- 19 (d) The subject matter of proposed legislation or other 20 legislative activity or rule making under chapter 34.05 RCW, the 21 state administrative procedure act, and the state agency considering 22 the same, which the lobbyist has been engaged in supporting or 23 opposing during the reporting period, unless exempt under RCW 24 42.17A.610(2).
 - (e) A listing of each payment for an item specified in RCW 42.52.150(5) in excess of fifty dollars and each item specified in RCW $42.52.010((\frac{10}{10}))$ (9) (d) and (f) made to a state elected official, state officer, or state employee. Each item shall be identified by recipient, date, and approximate value of the item.
 - (f) The total expenditures paid or incurred during the reporting period by the lobbyist for lobbying purposes, whether through or on behalf of a lobbyist or otherwise, for (i) political advertising as defined in RCW 42.17A.005; and (ii) public relations, telemarketing, polling, or similar activities if the activities, directly or indirectly, are intended, designed, or calculated to influence legislation or the adoption or rejection of a rule, standard, or rate by an agency under the administrative procedure act. The report shall specify the amount, the person to whom the amount was paid, and a brief description of the activity.
 - (3) Lobbyists are not required to report the following:

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- 1 (a) Unreimbursed personal living and travel expenses not incurred 2 directly for lobbying;
- 3 (b) Any expenses incurred for his or her own living 4 accommodations;

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- (c) Any expenses incurred for his or her own travel to and from hearings of the legislature;
- 7 (d) Any expenses incurred for telephone, and any office expenses, 8 including rent and salaries and wages paid for staff and secretarial 9 assistance.
- 10 (4) The commission may adopt rules to vary the content of 11 lobbyist reports to address specific circumstances, consistent with 12 this section. Lobbyist reports are subject to audit by the 13 commission.
- 14 <u>(5) Beginning January 1, 2017, each lobbyist shall file the</u> 15 <u>monthly report by the electronic alternative provided by the</u> 16 commission.
- 17 **Sec. 12.** RCW 42.17A.630 and 2010 c 204 s 807 are each amended to 18 read as follows:
 - (1) Every employer of a lobbyist registered under this chapter during the preceding calendar year and every person other than an individual that made contributions aggregating to more than sixteen thousand dollars or independent expenditures aggregating to more than eight hundred dollars during the preceding calendar year shall file with the commission on or before the last day of February of each year a statement disclosing for the preceding calendar year the following information:
 - (a) The name of each state elected official and the name of each candidate for state office who was elected to the office and any member of the immediate family of those persons to whom the person reporting has paid any compensation in the amount of eight hundred dollars or more during the preceding calendar year for personal employment or professional services, including professional services rendered by a corporation, partnership, joint venture, association, union, or other entity in which the person holds any office, directorship, or any general partnership interest, or an ownership interest of ten percent or more, the value of the compensation in accordance with the reporting provisions set out in RCW 42.17A.710(2), and the consideration given or performed in exchange for the compensation.

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(b) The name of each state elected official, successful candidate for state office, or members of his or her immediate family to whom the person reporting made expenditures, directly or indirectly, either through a lobbyist or otherwise, the amount of the expenditures and the purpose for the expenditures. For the purposes of this subsection, "expenditure" shall not include any expenditure made by the employer in the ordinary course of business if the expenditure is not made for the purpose of influencing, honoring, or benefiting the elected official, successful candidate, or member of his immediate family, as an elected official or candidate.

- (c) The total expenditures made by the person reporting for lobbying purposes, whether through or on behalf of a registered lobbyist or otherwise.
- (d) All contributions made to a political committee supporting or opposing a candidate for state office, or to a political committee supporting or opposing a statewide ballot proposition. Such contributions shall be identified by the name and the address of the recipient and the aggregate amount contributed to each such recipient.
- (e) The name and address of each registered lobbyist employed by the person reporting and the total expenditures made by the person reporting for each lobbyist for lobbying purposes.
- (f) The names, offices sought, and party affiliations of candidates for state offices supported or opposed by independent expenditures of the person reporting and the amount of each such expenditure.
- (g) The identifying proposition number and a brief description of any statewide ballot proposition supported or opposed by expenditures not reported under (d) of this subsection and the amount of each such expenditure.
 - (h) Any other information the commission prescribes by rule.
- (2)(a) Except as provided in (b) of this subsection, an employer of a lobbyist registered under this chapter shall file a special report with the commission if the employer makes a contribution or contributions aggregating more than one hundred dollars in a calendar month to any one of the following: A candidate, elected official, officer or employee of an agency, or political committee. The report shall identify the date and amount of each such contribution and the name of the candidate, elected official, agency officer or employee, or political committee receiving the contribution or to be benefited

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- 1 by the contribution. The report shall be filed on a form prescribed
- 2 by the commission and shall be filed within fifteen days after the
- 3 last day of the calendar month during which the contribution was 4 made.
- 5 (b) The provisions of (a) of this subsection do not apply to a 6 contribution that is made through a registered lobbyist and 7 reportable under RCW 42.17A.425.
- 8 (3) Beginning January 1, 2017, each employer of a lobbyist shall 9 file reports using the electronic alternative provided by the
- 10 commission.

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- 11 **Sec. 13.** RCW 42.17A.700 and 2010 c 204 s 901 are each amended to 12 read as follows:
 - (1) After January 1st and before April 15th of each year, every elected official and every executive state officer shall file with the commission a statement of financial affairs for the preceding calendar year. However, any local elected official whose term of office ends on December 31st shall file the statement required to be filed by this section for the final year of his or her term.
- 19 (2) Within two weeks of becoming a candidate, every candidate 20 shall file with the commission a statement of financial affairs for 21 the preceding twelve months.
 - (3) Within two weeks of appointment, every person appointed to a vacancy in an elective office or executive state officer position shall file with the commission a statement of financial affairs for the preceding twelve months.
 - (4) A statement of a candidate or appointee filed during the period from January 1st to April 15th shall cover the period from January 1st of the preceding calendar year to the time of candidacy or appointment if the filing of the statement would relieve the individual of a prior obligation to file a statement covering the entire preceding calendar year.
- 32 (5) No individual may be required to file more than once in any 33 calendar year.
- 34 (6) Each statement of financial affairs filed under this section 35 shall be sworn as to its truth and accuracy.
- 36 (7) Every elected official and every executive state officer 37 shall file with their statement of financial affairs a statement 38 certifying that they have read and are familiar with RCW 42.17A.555 39 or 42.52.180, whichever is applicable.

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(8) Beginning June 30, 2016, elected officials, executive state officers, appointees, and candidates shall file personal financial affairs statements by the electronic alternative provided by the commission. The commission may make exceptions on a case-by-case basis, for a person who demonstrates the technological inability to file reports using the electronic means provided or approved by the commission.

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- 8 <u>(9)</u> For the purposes of this section, the term "executive state officer" includes those listed in RCW 42.17A.705.
- $((\frac{9}{}))$ (10) This section does not apply to incumbents or candidates for a federal office or the office of precinct committee officer.

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