

# HOUSE BILL REPORT

## ESSB 5108

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**As Reported by House Committee On:**  
State Government, Elections & Information Technology

**Title:** An act relating to contributions from political committees to other political committees.

**Brief Description:** Concerning disclosure of contributions from political committees to other political committees.

**Sponsors:** Senate Committee on State Government, Tribal Relations & Elections (originally sponsored by Senators Billig, Miloscia, Hunt, Palumbo, Lias, Fain, Saldaña, Pedersen, Carlyle, Keiser, Cleveland, Mullet, Conway and Kuderer).

**Brief History:**

**Committee Activity:**

State Government, Elections & Information Technology: 2/20/18, 2/21/18 [DP].

**Brief Summary of Engrossed Substitute Bill**

- Requires the disclosure of the top five contributors to a political advertisement to include only the top five individuals or entities, other than political committees, that contributed to the advertisement.
- Provides additional formatting requirements for the disclosure requirement published on visual medial advertisements, including the disclosure to appear on a black background on the bottom one-third of the display screen.

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**HOUSE COMMITTEE ON STATE GOVERNMENT, ELECTIONS & INFORMATION TECHNOLOGY**

**Majority Report:** Do pass. Signed by 5 members: Representatives Hudgins, Chair; Dolan, Vice Chair; Appleton, Gregerson and Pellicciotti.

**Minority Report:** Do not pass. Signed by 4 members: Representatives McDonald, Ranking Minority Member; Kraft, Assistant Ranking Minority Member; Irwin and Johnson.

**Staff:** Sean Flynn (786-7124).

**Background:**

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*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.*

*Campaign Finance and Disclosure Law.* 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.

*Political Advertising Publication Disclosures.* The campaign finance and disclosure law imposes certain regulations on the publication of political advertisements used to support or oppose any election campaign. Special reporting requirements also exist for sponsors of certain political advertisements, known as electioneering communications, published within 60 days of an election.

The regulations require the sponsor of any written or broadcast political advertisement to be identified in the advertisement. Political advertisements sponsored by a political committee supporting or opposing a ballot measure that cost over \$1,000 must include the committee's top five contributors over \$700 for the 12-month period preceding the advertisement. Political advertisements that are funded as independent expenditures or that qualify as electioneering communications, and are not sponsored by a party organization, must include a statement that no candidate authorized the advertisement and, if sponsored by a political committee, must include the committee's top five contributors.

The publication disclosure requirements for political advertisements that are funded as independent expenditures or that qualify as electioneering communications include certain formatting regulations. The disclosure requirements in written advertisements must appear on the front of the publication in no smaller than 10 point font. For television or other visual media advertisements, the disclosure requirements must appear for at least four seconds, in letters over 4 percent of the visual screen, and with a reasonable color contrast to the background.

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### **Summary of Bill:**

The determination of the top five contributors required for disclosure in a political advertisement sponsored by a political committee is specified to include first the top contributions made by individuals or entities. If another political committee is one of the top five contributors to the sponsor, that committee must identify its top five individuals or entities who contributed. The requirement continues until the top individuals and entities who contributed to all political committees involved as top contributors in the advertisements are identified. The political advertisement then must include in the top five list the top contributors of those individuals or entities. Contributions earmarked, tracked, and used for purposes other than the advertisement should not be included in the top five contributor list.

The sponsor of a political advertisement is not liable for violating the requirements of the top five contributor list where the top contributors fail to report their contributions to the PDC.

The PDC may adopt rules as needed to prevent circumvention of political advertisement sponsor identification requirements.

In addition to the formatting regulations for the disclosure requirement for television or other visual media political advertisements, the disclosure must appear on a black background on the bottom one-third of the display screen. If the sponsor does not have its top five contributors, or is otherwise not required to disclose its top five contributors, the sponsor disclosure must appear on the bottom one-fourth of the display screen.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**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 bill will restore the original intent of the law to ensure transparency in campaign financing. People want to know who pays for the political advertisements produced in campaigns. Political committees currently use a loophole in the law to obscure the disclosure of their donors. In order to avoid disclosing its donors, a political committee can collect contributions, then transfer all that money to a second political committee. When that second committee sponsors a political advertisement it only has to list the original committee as its top donor. All the donors to that original committee are not disclosed. This bill will help to expose the "shadow" political committees that are created to circumvent disclosure requirements. This will help make political spending more transparent and accessible to the public.

(Opposed) This idea was rejected by voter initiative in 2016. The bill has practical implementation problems in tracking the money required to report. The sponsor would be required to continually track the donations to the contributing political committee in order to meet the reporting requirements in this bill. Sometimes, the contributing political committee is a large national organization, whose donors have little interest or affect in local campaigns.

**Persons Testifying:** (In support) Senator Billig, prime sponsor; and Toby Nixon, Washington Coalition for Open Government.

(Opposed) Jan Himebaugh, Building Industry Association of Washington.

**Persons Signed In To Testify But Not Testifying:** None.