

SENATE BILL REPORT

SB 5108

As Reported by Senate Committee On:
State Government
State Government, Tribal Relations & Elections, January 26, 2018

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

Brief Description: Concerning contributions from political committees to other political committees. [**Revised for 1st Substitute:** Prohibiting political action committees from receiving a majority of their funds from one or a combination of political committees.]

Sponsors: Senators Billig, Miloscia, Hunt, Palumbo, Lias, Fain, Saldaña, Pedersen, Carlyle, Keiser, Cleveland, Mullet, Conway and Kuderer.

Brief History:

Committee Activity: State Government: 1/25/17.

State Government, Tribal Relations & Elections: 1/12/18, 1/26/18 [DPS, DNP, w/oRec].

Brief Summary of First Substitute Bill

- Requires disclosure on electioneering communications or independent expenditures sponsored by a political committee of the top five individuals or entities other than political committees which contributed at least \$700 to the advertisement.

SENATE COMMITTEE ON STATE GOVERNMENT

Staff: Samuel Brown (786-7470)

SENATE COMMITTEE ON STATE GOVERNMENT, TRIBAL RELATIONS & ELECTIONS

Majority Report: That Substitute Senate Bill No. 5108 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hunt, Chair; Kuderer, Vice Chair; Saldaña.

Minority Report: Do not pass.

Signed by Senator Miloscia, Ranking Member.

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.

Minority Report: That it be referred without recommendation.

Signed by Senator Zeiger.

Staff: Samuel Brown (786-7470)

Background: Public Disclosure Commission (PDC). The PDC was created by Initiative 276 in 1972 and 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. The PDC is composed of five members appointed by the Governor, with the confirmation of the Senate, to single five-year terms. No more than three members may be from the same political party. Members are appointed to five-year terms.

Political Advertising Disclosures. All written political advertising must include the sponsor's name and address. Broadcasted political advertising must include the sponsor's name. All electioneering communications and political advertising undertaken as an independent expenditure by a person or entity other than a party organization must include a statement indicating that the advertisement is not authorized by any candidate, and information about who paid for the advertisement. If an advertisement is an electioneering communication or independent expenditure sponsored by a political committee, the top five contributors of at least \$700 to the sponsor must be listed. 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.

Summary of Bill: The bill as referred to committee not considered.

Summary of Bill (First Substitute): Any electioneering communication or independent expenditure sponsored by a political committee must list the top five individuals or entities other than political committees which contributed at least \$700 in aggregate to the sponsor during the 12 months before the advertisement is distributed. Contributions earmarked, tracked, and used for purposes other than the advertisement need not be counted in determining the top five contributors to the advertisement. The PDC may adopt rules as needed to prevent circumvention of political advertisement sponsor identification requirements.

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill (State Government): *Testimony from 2017 Regular Session.* PRO: Campaign operatives have found a way around the top five sponsor disclosure requirement, one of the best provisions in our campaign finance law, to obscure true campaign donors. This will prevent that. Disclosure creates informed voters, who are essential for a healthy democracy. This makes donors accountable for the content of

political advertising. Voters know what is really going on, and this has done great harm to citizen enthusiasm and engagement. It should be obvious who is paying for political advertising.

CON: Enforcement of the bill will be tricky. If a committee does not track something immediately, it could inadvertently put them out of compliance. The bill should be amended to accommodate vertically integrated groups with state and local committees. The bill does not just cover committees with the sole purpose of hiding their donors.

Persons Testifying (State Government): PRO: Senator Andy Billig, Prime Sponsor; Kathy Sakahara, League of Women Voters.

CON: Jan Himebaugh, Building Industry Association of Washington.

Persons Signed In To Testify But Not Testifying (State Government): No one.

Staff Summary of Public Testimony on First Substitute (State Government, Tribal Relations & Elections): PRO: One of the best features of our state's campaign finance laws is the top five donor disclosure requirement. However, smart campaign operatives have created shadow PACs until the top five donors are PACs with meaningless names. The goal of the bill is to restore the top five donor requirement to its original effect.

CON: The measure as introduced last year is a better, more workable solution for this situation. This will be very difficult to implement logistically—how do committees track the donations back and at what point does it end?

Persons Testifying (State Government, Tribal Relations & Elections): PRO: Senator Andy Billig, Prime Sponsor.

CON: Jan Himebaugh, Building Industry Association of Washington.

Persons Signed In To Testify But Not Testifying (State Government, Tribal Relations & Elections): No one.