

SENATE BILL REPORT

SB 5219

As of February 5, 2017

Title: An act relating to increasing transparency of contributions by creating the Washington state DISCLOSE act of 2017.

Brief Description: Increasing transparency of contributions by creating the Washington state DISCLOSE act of 2017.

Sponsors: Senators Billig, Palumbo, Mullet, Carlyle, Pedersen, Darneille, Hasegawa, Conway, Rolfes, Frockt, Kuderer, Chase, Keiser and Hunt.

Brief History:

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

Brief Summary of Bill

- Requires organizations incidentally participating in Washington political campaigns to file organizational statements and periodic disclosure statements with the Public Disclosure Commission (PDC) if participation meets certain monetary thresholds.
- Requires the PDC's website to link to information on section 527 tax-exempt organizations and from contributor entries to lobbyist disclosure forms, where applicable.

SENATE COMMITTEE ON STATE GOVERNMENT

Staff: Samuel Brown (786-7470)

Background: The Public Disclosure Commission. The PDC was created by the passage of 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.

Political Committees. 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

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committee first has the expectation of receiving contributions or making expenditures, a political committee must file a statement of organization with 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;
- 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 both the committee and another committee or candidate; and
- other information that the PDC may prescribe by rule.

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 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 nonprofit organizations, regardless of primary purpose, making contributions or expenditures in Washington election campaigns above specified thresholds must file organizational statements with the PDC and disclose certain contributors.

Incidental Committees. Separate reporting standards are created for incidental committees, defined as nonprofit organizations that incidentally make expenditures in political campaigns. Section 527 tax-exempt nonprofit organizations currently filing disclosure statements with the PDC, Internal Revenue Service, or Federal Election Commission (FEC) and organizations currently filing lobbyist disclosure statements electronically with the PDC are excluded from the definition of incidental committees. Incidental committees must file a statement of organization with the PDC only if the incidental committee receives contributions or makes expenditures of at least \$25,000 for an election campaign, other than to an affiliated committee, and receives a contribution of at least \$10,000. An incidental committee's statement of organization must include the following:

- the name and address of the committee, its officers, its treasurer, and any affiliated persons or committees;
- the names of any candidates supported or opposed by the committee;
- any ballot measures supported or opposed by the committee; and
- any other information required by the PDC consistent with the purposes of campaign finance laws.

Incidental Committee Reporting Requirements. Incidental committees must disclose specified contributions, defined below, to the PDC at the following intervals:

- the time the committee files its statement of organization;
- 21 days before an election;
- seven days before an election; and
- by the tenth day of the first month after an election.

Those specified contributions are the ten largest contributions received of at least \$10,000 in aggregate from a single source during the calendar year, including any contributions tied for tenth largest, and all contributions of at least \$100,000 in aggregate from a single source, if any. The PDC may modify reporting requirements for incidental committees in cases of hardship. Incidental committees need only disclose expenditures made to support or oppose a campaign or another political or incidental committee. An incidental committee must file a monthly contribution and expenditure report only if it has received a specified contribution which has not been previously disclosed.

Other Provisions. The PDC must provide a link on its website to a searchable database of 527 tax-exempt organizations from the FEC's website. The PDC must provide for individual contributor entries in contribution reports on its website to link to applicable lobbying disclosure statements if the contributor has filed a lobbying disclosure statement. By December 31, 2017, the PDC must adopt rules for the dissolution of incidental committees.

Appropriation: None.

Fiscal Note: Available.

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: PRO: Campaign consultants have said if they want to hide money, they would funnel it through a 501(c)(4) organization. These organizations can raise and spend money without disclosing who their donors are. There are examples of this behavior all over the place and the political spectrum. We don't even know all the cases where this happens because disclosure is not required. Thresholds in the bill are intended to make it less burdensome for smaller organizations. This will strengthen democracy and level the playing field. Some nonprofits do not tell their donors that their money is being used for campaigns. This bill does not limit speech, it just says the spending can't be secret. As a consumer, I have a right to know what businesses I patronize are supporting. Money in politics is a huge problem in voters' minds.

CON: We're working toward getting language that would make us neutral on the bill, but this could still impact small local associations. The problem is ultimately the speed of PDC enforcement. By the time penalties are enforced, the election is over and people have been influenced.

Persons Testifying: 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: No one.