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HOUSE BILL 1833

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State of Washington

65th Legislature

2017 Regular Session

By Representatives Dolan, Doglio, Jenkins, and Ortiz-Self; by request of Public Disclosure Commission

Read first time 01/31/17. Referred to Committee on State Govt, Elections & IT.

1 AN ACT Relating to financial reporting by elected and appointed  
2 officials, candidates, and appointees; and amending RCW 42.17A.120,  
3 42.17A.700, 42.17A.710, and 42.17A.755.

4 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

5 **Sec. 1.** RCW 42.17A.120 and 2010 c 204 s 304 are each amended to  
6 read as follows:

7 (1) The commission may suspend or modify any of the reporting  
8 requirements of this chapter if it finds that literal application of  
9 this chapter works a manifestly unreasonable hardship in a particular  
10 case and the suspension or modification will not frustrate the  
11 purposes of this chapter. The commission may suspend or modify  
12 reporting requirements only after a hearing is held and the  
13 suspension or modification receives approval from a majority of the  
14 commission. A suspension or modification of the financial affairs  
15 reporting requirements in RCW 42.17A.710 may be approved for an  
16 elected official's term of office, or for up to three years for an  
17 executive state officer, where no material change in the applicant's  
18 circumstances is anticipated. The commission shall act to suspend or  
19 modify any reporting requirements:

20 (a) Only if it determines that facts exist that are clear and  
21 convincing proof of the findings required under this section; and

1 (b) Only to the extent necessary to substantially relieve the  
2 hardship.

3 (2) A manifestly unreasonable hardship exists if reporting the  
4 name of an entity required to be reported under RCW  
5 42.17A.710(1)(g)(ii) would be likely to adversely affect the  
6 competitive position of any entity in which the person filing the  
7 report, or any member of his or her immediate family, holds any  
8 office, directorship, general partnership interest, or an ownership  
9 interest of ten percent or more.

10 (3) Requests for ~~((renewals of))~~ reporting modifications may be  
11 heard in a brief adjudicative proceeding as set forth in RCW  
12 34.05.482 through 34.05.494 and in accordance with the standards  
13 established in this section. ~~((No initial request may be heard in a  
14 brief adjudicative proceeding. No request for renewal may be heard in  
15 a brief adjudicative proceeding if the initial request was granted  
16 more than three years previously or if the applicant is holding an  
17 office or position of employment different from the office or  
18 position held when the initial request was granted.))~~

19 (4) Any citizen has standing to bring an action in Thurston  
20 county superior court to contest the propriety of any order entered  
21 under this section within one year from the date of the entry of the  
22 order.

23 (5) The commission shall adopt rules governing the proceedings.

24 **Sec. 2.** RCW 42.17A.700 and 2010 c 204 s 901 are each amended to  
25 read as follows:

26 (1) After January 1st and before April 15th of each year, every  
27 elected official and every executive state officer shall file with  
28 the commission a statement of financial affairs for the preceding  
29 calendar year. However, any local elected official whose term of  
30 office ends on December 31st shall file the statement required to be  
31 filed by this section for the final year of his or her term.

32 (2) Within two weeks of becoming a candidate, every candidate  
33 shall file with the commission a statement of financial affairs for  
34 the preceding twelve months.

35 (3)(a) Within two weeks of appointment, every person appointed to  
36 a vacancy in an elective office or executive state officer position  
37 during the months of January through November shall file with the  
38 commission a statement of financial affairs for the preceding twelve  
39 months.

1       **(b) No later than January 15th, a person appointed to a vacancy**  
2 **in an elective office or executive state officer position during the**  
3 **month of December shall file with the commission a statement of**  
4 **financial affairs for the period beginning twelve months prior to the**  
5 **appointment and ending December 31st of the year in which the**  
6 **appointment occurred. This initial report also satisfies the filing**  
7 **requirement set out in subsection (1) of this section.**

8       (4) A statement of a candidate or appointee filed during the  
9 period from January 1st to April 15th shall cover the period from  
10 January 1st of the preceding calendar year to the time of candidacy  
11 or appointment if the filing of the statement would relieve the  
12 individual of a prior obligation to file a statement covering the  
13 entire preceding calendar year.

14       (5) No individual may be required to file more than once in any  
15 calendar year.

16       (6) Each statement of financial affairs filed under this section  
17 shall be sworn as to its truth and accuracy.

18       (7) Every elected official and every executive state officer  
19 shall file with their statement of financial affairs a statement  
20 certifying that they have read and are familiar with RCW 42.17A.555  
21 or 42.52.180, whichever is applicable.

22       (8) For the purposes of this section, the term "executive state  
23 officer" includes those listed in RCW 42.17A.705.

24       (9) This section does not apply to incumbents or candidates for a  
25 federal office or the office of precinct committee officer.

26       **Sec. 3.** RCW 42.17A.710 and 2010 c 204 s 903 are each amended to  
27 read as follows:

28       (1) The statement of financial affairs required by RCW 42.17A.700  
29 shall disclose the following information for the reporting individual  
30 and each member of his or her immediate family:

31       (a) Occupation, name of employer, and business address;

32       (b)(i) Each bank account, savings account, and insurance policy  
33 in which a direct financial interest was held that exceeds (~~twenty~~)  
34 twenty-four thousand dollars at any time during the reporting period,  
35 and its highest value during the reporting period; and

36       (ii) Each other item of intangible personal property in which a  
37 direct financial interest was held that exceeds (~~two~~) five thousand  
38 dollars during the reporting period(~~the name, address, and nature~~  
39 ~~of the entity; and the nature and highest value of each direct~~

1 ~~financial interest during the reporting period~~). For each reportable  
2 interest under this subsection (1)(b)(ii), the disclosure must  
3 include the name and nature of the direct financial interest and its  
4 value. For purposes of reporting the value of any reportable direct  
5 financial interest held on December 31st of the reporting period, the  
6 year-end value may be used. When reporting the value of any  
7 reportable direct financial interest not held on December 31st of the  
8 reporting period, the highest value during the reporting period must  
9 be used. Ownership of shares of multiple mutual funds within the same  
10 mutual fund family may be disclosed by reporting the mutual fund  
11 family name;

12 (c) The name and address of each creditor to whom the value of  
13 two thousand four hundred dollars or more was owed; the original  
14 amount of each debt to each creditor; the amount of each debt owed to  
15 each creditor as of the date of filing; the terms of repayment of  
16 each debt; and the security given, if any, for each such debt. Debts  
17 arising from a "retail installment transaction" as defined in chapter  
18 63.14 RCW (retail installment sales act) need not be reported;

19 (d) Every public or private office, directorship, and position  
20 held as trustee;

21 (e) All persons for whom any legislation, rule, rate, or standard  
22 has been prepared, promoted, or opposed for current or deferred  
23 compensation. For the purposes of this subsection, "compensation"  
24 does not include payments made to the person reporting by the  
25 governmental entity for which the person serves as an elected  
26 official or state executive officer or professional staff member for  
27 his or her service in office; the description of such actual or  
28 proposed legislation, rules, rates, or standards; and the amount of  
29 current or deferred compensation paid or promised to be paid;

30 (f) The name and address of each governmental entity,  
31 corporation, partnership, joint venture, sole proprietorship,  
32 association, union, or other business or commercial entity from whom  
33 compensation has been received in any form of a total value of two  
34 thousand four hundred dollars or more; the value of the compensation;  
35 and the consideration given or performed in exchange for the  
36 compensation;

37 (g) The name of any corporation, partnership, joint venture,  
38 association, union, or other entity in which is held any office,  
39 directorship, or any general partnership interest, or an ownership  
40 interest of ten percent or more; the name or title of that office,

1 directorship, or partnership; the nature of ownership interest; and:  
2 (i) With respect to a governmental unit in which the official seeks  
3 or holds any office or position, if the entity has received  
4 compensation in any form during the preceding twelve months from the  
5 governmental unit, the value of the compensation and the  
6 consideration given or performed in exchange for the compensation;  
7 and (ii) the name of each governmental unit, corporation,  
8 partnership, joint venture, sole proprietorship, association, union,  
9 or other business or commercial entity from which the entity has  
10 received compensation in any form in the amount of (~~ten~~) twelve  
11 thousand dollars or more during the preceding twelve months and the  
12 consideration given or performed in exchange for the compensation. As  
13 used in (g)(ii) of this subsection, "compensation" does not include  
14 payment for water and other utility services at rates approved by the  
15 Washington state utilities and transportation commission or the  
16 legislative authority of the public entity providing the service.  
17 With respect to any bank or commercial lending institution in which  
18 is held any office, directorship, partnership interest, or ownership  
19 interest, it shall only be necessary to report either the name,  
20 address, and occupation of every director and officer of the bank or  
21 commercial lending institution and the average monthly balance of  
22 each account held during the preceding twelve months by the bank or  
23 commercial lending institution from the governmental entity for which  
24 the individual is an official or candidate or professional staff  
25 member, or all interest paid by a borrower on loans from and all  
26 interest paid to a depositor by the bank or commercial lending  
27 institution if the interest exceeds two thousand (~~four~~) nine  
28 hundred dollars;

29 (h) Except as provided in subsection (2) of this section, a list,  
30 including legal or other sufficient descriptions as prescribed by the  
31 commission, of all real property in the state of Washington, the  
32 assessed valuation of which exceeds (~~ten~~) twelve thousand dollars  
33 in which any direct financial interest was acquired during the  
34 preceding calendar year, and a statement of the amount and nature of  
35 the financial interest and of the consideration given in exchange for  
36 that interest;

37 (i) Except as provided in subsection (2) of this section, a list,  
38 including legal or other sufficient descriptions as prescribed by the  
39 commission, of all real property in the state of Washington, the  
40 assessed valuation of which exceeds (~~ten~~) twelve thousand dollars

1 in which any direct financial interest was divested during the  
2 preceding calendar year, and a statement of the amount and nature of  
3 the consideration received in exchange for that interest, and the  
4 name and address of the person furnishing the consideration;

5 (j) Except as provided in subsection (2) of this section, a list,  
6 including legal or other sufficient descriptions as prescribed by the  
7 commission, of all real property in the state of Washington, the  
8 assessed valuation of which exceeds (~~ten~~) twelve thousand dollars  
9 in which a direct financial interest was held. If a description of  
10 the property has been included in a report previously filed, the  
11 property may be listed, for purposes of this subsection (1)(j), by  
12 reference to the previously filed report;

13 (k) Except as provided in subsection (2) of this section, a list,  
14 including legal or other sufficient descriptions as prescribed by the  
15 commission, of all real property in the state of Washington, the  
16 assessed valuation of which exceeds (~~twenty~~) twenty-four thousand  
17 dollars, in which a corporation, partnership, firm, enterprise, or  
18 other entity had a direct financial interest, in which corporation,  
19 partnership, firm, or enterprise a ten percent or greater ownership  
20 interest was held;

21 (l) A list of each occasion, specifying date, donor, and amount,  
22 at which food and beverage in excess of fifty dollars was accepted  
23 under RCW 42.52.150(5);

24 (m) A list of each occasion, specifying date, donor, and amount,  
25 at which items specified in RCW 42.52.010(~~(+10)~~) (9) (d) and (f)  
26 were accepted; and

27 (n) Such other information as the commission may deem necessary  
28 in order to properly carry out the purposes and policies of this  
29 chapter, as the commission shall prescribe by rule.

30 (2) When judges, prosecutors, sheriffs, or their immediate family  
31 members are required to disclose real property that is the personal  
32 residence of the judge, prosecutor, or sheriff, subsection (1)(h)  
33 through (k) of this section may be satisfied by listing the city or  
34 town for the mailing address where the property is located.

35 (3)(a) Where an amount is required to be reported under  
36 subsection (1)(a) through (m) of this section, it (~~shall be~~  
37 ~~sufficient to comply with the requirement to report whether the~~  
38 ~~amount is less than four thousand dollars, at least four thousand~~  
39 ~~dollars but less than twenty thousand dollars, at least twenty~~  
40 ~~thousand dollars but less than forty thousand dollars, at least forty~~

1 ~~thousand dollars but less than one hundred thousand dollars, or one~~  
2 ~~hundred thousand dollars or more~~) may be reported as provided in (b)  
3 of this subsection.

4 (b)

5 <u>Code A</u>	<u>Less than \$30,000</u>
6 <u>Code B</u>	<u>At least \$30,000 but less than \$60,000</u>
7 <u>Code C</u>	<u>At least \$60,000 but less than \$100,000</u>
8 <u>Code D</u>	<u>At least \$100,000 but less than \$200,000</u>
9 <u>Code E</u>	<u>At least \$200,000 but less than \$500,000</u>
10 <u>Code F</u>	<u>At least \$500,000 but less than \$750,000</u>
11 <u>Code G</u>	<u>At least \$750,000 but less than \$1,000,000</u>
12 <u>Code H</u>	<u>\$1,000,000 or more</u>

13 (c) An amount of stock may be reported by number of shares  
14 instead of by market value.

15 (d) No provision of this subsection (3) may be interpreted to  
16 prevent any person from filing more information or more detailed  
17 information than required.

18 ~~((+3))~~ (4) Items of value given to an official's or employee's  
19 spouse, domestic partner, or family member are attributable to the  
20 official or employee, except the item is not attributable if an  
21 independent business, family, or social relationship exists between  
22 the donor and the spouse, domestic partner, or family member.

23 **Sec. 4.** RCW 42.17A.755 and 2011 c 145 s 7 are each amended to  
24 read as follows:

25 (1) The commission may (a) determine whether an actual violation  
26 of this chapter has occurred; and (b) issue and enforce an  
27 appropriate order following such a determination.

28 (2) The commission, in cases where it chooses to determine  
29 whether an actual violation has occurred, shall hold a hearing  
30 pursuant to the administrative procedure act, chapter 34.05 RCW, to  
31 make a determination. Any order that the commission issues under this  
32 section shall be pursuant to such a hearing.

33 (3) In lieu of holding a hearing or issuing an order under this  
34 section, the commission may refer the matter to the attorney general  
35 or other enforcement agency as provided in RCW 42.17A.105.

1 (4) The person against whom an order is directed under this  
2 section shall be designated as the respondent. The order may require  
3 the respondent to cease and desist from the activity that constitutes  
4 a violation and in addition, or alternatively, may impose one or more  
5 of the remedies provided in RCW 42.17A.750(1) (b) through ~~((e))~~  
6 (f). The commission may order the respondent to take specific action  
7 to comply with this chapter. The commission may assess a penalty in  
8 an amount not to exceed ten thousand dollars.

9 (5) The commission has the authority to waive a fine for a first-  
10 time violation. A second violation of the same rule by the same  
11 person or individual, regardless if the person or individual  
12 committed the violation for a different political committee, shall  
13 result in a fine. Succeeding violations of the same rule shall result  
14 in successively increased fines.

15 (6) An order issued by the commission under this section shall be  
16 subject to judicial review under the administrative procedure act,  
17 chapter 34.05 RCW. If the commission's order is not satisfied and no  
18 petition for review is filed within thirty days, the commission may  
19 petition a court of competent jurisdiction of any county in which a  
20 petition for review could be filed under that section, for an order  
21 of enforcement. Proceedings in connection with the commission's  
22 petition shall be in accordance with RCW 42.17A.760.

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