

SENATE BILL REPORT

ESHB 1379

As Reported by Senate Committee On:
State Government, Tribal Relations & Elections, March 29, 2019

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

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

Sponsors: House Committee on State Government & Tribal Relations (originally sponsored by Representatives Pellicciotti, Hudgins, Appleton, Gregerson, Pollet, Macri, Valdez, Kloba, Bergquist, Tarleton, Doglio, Frame, Goodman, Reeves and Fey).

Brief History: Passed House: 3/08/19, 91-5.

Committee Activity: State Government, Tribal Relations & Elections: 3/20/19, 3/29/19 [DPA, DNP].

Brief Summary of Amended Bill

- Raises the threshold for disclosing the top five contributors to a political advertisement sponsored by a political committee from \$700 to \$1000.
- Provides that when political advertisements must disclose the sponsor's top five contributors, if any of those five contributors are political committees, the sponsor must also disclose the top three donors to those contributors, alongside the statement "Top Three Donors to PAC Contributors."
- Specifies certain display requirements for all required disclosures in political advertisements.

SENATE COMMITTEE ON STATE GOVERNMENT, TRIBAL RELATIONS & ELECTIONS

Majority Report: Do pass as amended.

Signed by Senators Hunt, Chair; Kuderer, Vice Chair; Hasegawa and Takko.

Minority Report: Do not pass.

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.

Signed by Senators Zeiger, Ranking Member; Bailey.

Staff: Samuel Brown (786-7470)

Background: Public Disclosure Commission. The Public Disclosure Commission (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, 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.

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 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, defined as an organization where one of its primary purposes is to affect governmental decision-making by supporting or opposing candidates or ballot measures, the top five contributors of at least \$700 to the sponsor in the previous 12 months before the advertisement must be listed.

In a written political advertisement, all required disclosures must:

- appear on the first page or fold;
- be in at least 10-point size type, or be at least 10 percent of the largest type used in the advertisement, whichever is larger;
- use continuous tone rather than half tone printing; and
- be set apart from any other printed matter.

In a television or other video advertisement, all required disclosures must:

- be clearly spoken; or
- appear in large print for at least four seconds in letters greater than 4 percent of the visual screen height, with a reasonable color contrast with the background.

Summary of Amended Bill: Top Donor Determination and Identification. Political committees that sponsor a political advertisement must identify and disclose the top five contributors that donate \$1000, rather than \$700, during the 12 months before the date that the advertisement is initially to be presented to the public.

If any of those five contributors is a political committee, the sponsor must also identify the top three contributors that gave more than \$1000 to any of those committees during the same period. The political advertisement must display the name of those top three contributors alongside the statement "Top Three Donors to PAC Contributors." Contributions earmarked, tracked, and used for purposes other than the advertisement need not be counted in determining the top contributors to the advertisement or donors to top contributors.

The PDC may adopt rules as needed to prevent circumvention of political advertisement sponsor identification requirements. Sponsors are not liable for violations of the disclosure requirements where contributors or donors fail to report contributions to the PDC.

Sponsor Identification on Advertisements. Sponsor and top five contributor identification on televised or visual media advertisements must be on a black background, and printed in a contrasting color, taking up:

- the bottom third of the screen if the top five contributors must be disclosed, or
- the bottom quarter of the screen if the sponsor does not have or is not required to list its top five contributors.

No text may be before, after, or adjacent to sponsor and top five contributor identifications on political advertising.

EFFECT OF STATE GOVERNMENT, TRIBAL RELATIONS & ELECTIONS COMMITTEE AMENDMENT(S): The "Top Three Donors to PAC Contributors" disclosure must list persons or entities other than political committees.

The threshold value of contributions to be considered a top five contributor or listed as one of the "Top Three Donors to PAC Contributors" is the same as the threshold value to be considered an independent expenditure.

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 on Engrossed Substitute House Bill: *The committee recommended a different version of the bill than what was heard.* PRO: Legislation passed last session encouraged people to use political committees to participate in elections, and it is important to ensure public disclosure of contributions to political committees. Increasing the threshold for top five donors creates a rational relationship with the threshold for independent expenditures. Mandating this third level of disclosure would require creation of a shell political committee to conceal contributions, which would be a story in the media. When votes can be influenced by hidden special interests, citizens get discouraged and stop participating. We have seen a huge increase in organizations participating in campaigns with no transparency. The people of Washington deserve to know who is funding campaigns.

CON: This is a better, more practical and functional application of the concept than the Senate bill, but we have concerns about donor intent. Donors may inadvertently be downstream contributors to advertisements they do not influence or know about.

Persons Testifying: PRO: Representative Mike Pellicciotti, Prime Sponsor; Madeline Bishop, citizen; Cindy Black, Fix Democracy First.

CON: Jan Himebaugh, Building Industry Association of Washington.

Persons Signed In To Testify But Not Testifying: No one.