

SENATE BILL REPORT

SB 5221

As Passed Senate, February 20, 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: Senators Palumbo, Rivers, Billig, Wellman, Rolfes, Frockt, Hasegawa, Hunt, Kuderer, Mullet, Pedersen and Saldaña.

Brief History:

Committee Activity: State Government, Tribal Relations & Elections: 1/18/19, 1/30/19 [DP, w/oRec].

Floor Activity:

Passed Senate: 2/20/19, 33-14.

Brief Summary of Bill

- Requires sponsor 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.
- Requires sponsor disclosures on visual media advertisements to be on a solid black background and printed in a contrasting color, with other text set off from the disclosure.

SENATE COMMITTEE ON STATE GOVERNMENT, TRIBAL RELATIONS & ELECTIONS

Majority Report: Do pass.

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

Minority Report: That it be referred without recommendation.

Signed by Senators Zeiger, Ranking Member; Bailey and Hawkins.

Staff: Samuel Brown (786-7470)

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.

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, 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: Top Five Donor Determination. 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. Sponsors are not liable for violations of the disclosure requirements where donors fail to report to the PDC contributions made to the donor.

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.

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: This fixes a loophole that obscures who actually pays for mailers. Creating a PAC-to-PAC shell game leads to more negative campaigning because advertising sponsors do not have to disclose who paid for the advertising. This will stop disguising and fooling the public. There are a lot of ads every year that mislead voters. One additional change could be to direct that the top five contributors be listed in order. This follows the spirit of the voter-approved initiative. We hear that corporations do not want their consumers knowing where they spend on campaigns. People have a right to know so they can vote with their dollars. We have seen a huge influx of these new organizations forming to funnel money around, and having top donors listed on advertising is good for transparency.

CON: We have concerns about the mechanics of this bill. It could lead to unintended consequences and less transparency. We believe the way to solve this is to identify a threshold when a donor takes a certain amount of money from a single source to require this.

Persons Testifying: PRO: Senator Guy Palumbo, Prime Sponsor; Steve Zemke, citizen; Andrew Villeneuve, Northwest Progressive Institute; Kathy Sakahara, League of Women Voters; Cindy Black, Fix Democracy First.

CON: Jan Himebaugh, Building Industry Association of Washington.

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