

SENATE BILL REPORT

SB 5284

As of January 24, 2023

Title: An act relating to improving transparency in campaign finance disclosure.

Brief Description: Concerning campaign finance disclosure.

Sponsors: Senators Nguyen, Billig, Frame, Hunt, Keiser, Kuderer, Shewmake and Wilson, C.;
by request of Public Disclosure Commission.

Brief History:

Committee Activity: State Government & Elections: 1/24/23.

Brief Summary of Bill

- Requires political and incidental committees formed after the first of the last full month before an election to file statements of organization within three business days of organization.
- Requires that candidates and committees file an additional contribution and expenditure report four weeks before an election.
- Expands the special reporting period for large contributions.
- Requires that purchasers of political advertising disclose to commercial advertisers when the purchase includes political advertising or electioneering communications.
- Modifies registration and disclosure requirements for grass roots lobbying campaigns.
- Makes the public disclosure transparency account a nonappropriated account.

SENATE COMMITTEE ON STATE GOVERNMENT & ELECTIONS

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 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 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.

Filing Requirements. All political committees and candidates that receive contributions and make expenditures must file a statement of organization with the PDC and periodically report to the PDC on their contribution and expenditure activities. An initial report is due the same day the statement of organization is filed. The statement of organization must be filed within two weeks of a political committee's organization, or within three days of organization if within 21 days before an election. Subsequent reports are due 21 days and 7 days before the election, one month after the election, and each month the committee receives or spends at least \$200.

Special Reporting Periods. Political committees must file special reports to the PDC of all contributions received from a single source or made to a single entity with an aggregate value of \$1,000 or more in the period 21 days before a general election or 7 days before a primary election. The special report must be filed within 48-hours, or by the next working day, if the committee is the recipient, and within 24-hours, or the next working day, if the committee is the donor. The special report must include the amount and date of the contributions, the names and addresses of the donor and recipient, and a certification that foreign nationals did not finance or make decisions regarding the contribution.

Commercial Advertisers. Commercial advertisers provide the service of communicating messages to the public through any of a number of media. Any commercial advertiser which accepts or provides political advertising or electioneering communications must maintain books of account, which must specify:

- sponsor names and addresses;
- the exact nature and extent of services rendered; and
- the total cost and manner of payment for services.

This information must be delivered to the PDC on request, and be open for public inspection during regular business hours during the campaign and for at least three years after the election.

Grassroots Lobbying Campaigns. Grassroots lobbying is a program addressed to the general public, a substantial portion of which is intended, designed, or calculated primarily to influence state legislation. Any person or entity making grassroots lobbying expenditures not reported by a registered lobbyist, a candidate, or a political committee of over \$700 in the aggregate in a one-month period, or over \$1,400 in the aggregate in any three-month period, must file a grassroots lobbying report with the PDC.

Grassroots lobbying campaigns must file an initial report within 30 days of becoming a

sponsor of a grassroots lobbying campaign, and monthly reports on the 10th of each month until the campaign ends. Registration and reports must include the names, addresses, and businesses or occupations of all sponsors, organizers, and managers, the names and addresses of all contributors of \$25 or more to the campaign, the campaign's purpose, including specific legislation the campaign is intending to influence, and the values of all of the campaign's expenditures.

Top Five Donor Disclosures. Political advertising 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, must include a list of the top five contributors of at least \$1,000 to the sponsor in the previous 12 months. If any of the top five listed contributors is a political committee, the sponsor must also identify the top three contributors other than political committees that gave more than \$1,000 to any of those committees during the same period. Collectively, these requirements are referred to as the "Top Five" donor disclosure requirements.

Public Disclosure Transparency Account. Awards from campaign finance enforcement actions conducted on behalf of the state are deposited in the Public Disclosure Transparency Account, in the custody of the state treasurer. Money in the account is subject to appropriation and must be used for implementation and administration of campaign finance and disclosure laws.

Summary of Bill: Filing Deadlines. Any political or incidental committee organized within the period between the first day of the last full month before an election and election day must file its statement of organization with the PDC within three business days.

Contribution and expenditure reports must be filed on the 27th, 20th, and 6th day immediately before an election, rather than the 21st and 7th day immediately before an election.

Special Reporting Periods. The amount of aggregate contributions from a single source triggering a special report is the contribution limit for non-legislative state candidates, currently \$2,000, rather than fixed at \$1,000. The special reporting period is expanded to begin the first day of the first full month before an election.

Commercial Advertisers. Any purchaser of a political advertisement or electioneering communication from a commercial advertiser must disclose to the commercial advertiser upon request that the advertisement is political or an electioneering communication, and the name of the sponsor of the advertisement. The purchaser's failure to provide the information does not relieve the commercial advertiser of its disclosure obligations.

Grassroots Lobbying Campaigns. Sponsors of grassroots lobbying campaigns must register with the PDC:

- if between 30 days before the start of a regular or scheduled special legislative session

- and final adjournment, within 24 hours of the campaign's first public presentation; or
- at all other times, within five days of the campaign's first public presentation.

The grassroots lobbying campaign's registration must disclose:

- the employer for each person controlling, organizing, or managing the campaign;
- the name and address of each entity contributing at least \$25 in general treasury funds to the campaign; and
- the occupation and employer of each person contributing at least \$25 to the campaign from a special solicitation.

All advertising or mass communications undertaken by a grassroots lobbying campaign must include the sponsor's name and, for written communications, address. Any advertising undertaken by a grassroots campaign costing \$1,000 or more must comply with the Top Five donor disclosure requirements.

Public Disclosure Transparency Account. The Public Disclosure Transparency Account is converted into a non-appropriated account. Only the PDC may authorize expenditures. Money in the account may only be used for projects to improve usability, transparency, and accessibility of PDC reporting systems.

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 is a PDC request bill that will help the public access campaign information in a way that is mindful of the technology we use that didn't exist when disclosure laws were passed in 1972. It will require grassroots campaigns to be registered with the PDC a maximum of 24 hours after starting mailings so that people can go to the PDC website and see information about who is sending them campaign information and who is funding it. The current grassroots lobbying reporting system is woefully inadequate to provide any useful oversight. There is a paucity of information on the form and a campaign can be stood up to kill a bill completely anonymously. The bill will add an additional C-4 report, recognizing that many people in Washington vote early and ensure that voters can make more informed decisions. A more informed electorate enhances democracy. Improvements to the reporting system will allow candidates to compete more equitably for public office. The time frame for filing last-minute reports will be expanded to 48 hours from 24 hours to relieve some burden. Turning the Public Disclosure Transparency Account into a non-appropriated account will allow necessary improvements that cannot be achieved by relying on the appropriations cycle.

CON: The job of campaign treasurer is already hard enough, and the additional C-4 report required in this bill will make it harder. There are no reasons to warrant adding an additional C-4 report. This won't help to better inform voters. Treasurers already file C-3 contribution reports on a weekly basis, which contain the information voters are more interested in. Requiring an additional C-4 report will prevent treasurers from doing their core tasks. This is a solution in search of a problem. Campaign treasurers also request a fix on the foreign certification requirement, which doesn't accomplish anything productive.

OTHER: Campaign treasurers have an overwhelming job. Political committees will have to start hiring professional treasurers to keep up with the work added by this bill. Adding an extra report is a solution in search of a problem.

Persons Testifying: PRO: Senator Joe Nguyen, Prime Sponsor; Cindy Madigan, League of Women Voters of Washington; Paul Queary, The Washington Observer; Peter Lavalley, Public Disclosure Commission; Sean Flynn, Public Disclosure Commission.

CON: Conner Edwards, Campaign Treasurer; Jeff Pack, Me; Jason Michaud.

OTHER: Tim Eyman.

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