

# HOUSE BILL REPORT

## HB 1436

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**As Reported by House Committee On:**  
State Government & Tribal Affairs  
General Government Appropriations

**Title:** An act relating to electronic filing of lobbying reports required by chapter 42.17 RCW by lobbyists, lobbyists' employers, and agencies

**Brief Description:** Regarding electronic filing of lobbying reports.

**Sponsors:** Representatives Moeller and Hunt.

**Brief History:**

**Committee Activity:**

State Government & Tribal Affairs: 2/5/09, 2/20/09 [DPS];

General Government Appropriations: 1/26/10, 2/5/10 [DP2S].

**Brief Summary of Second Substitute Bill**

- Requires lobbyists, lobbyist employers, and state agencies to file lobbying reports over the Internet.
- Applies a one-time fee to lobbyists, lobbyist employers, and agencies for the purpose of developing and implementing a system for reporting lobbying disclosure reports.

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### HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

**Majority Report:** The substitute bill be substituted therefor and the substitute bill do pass. Signed by 5 members: Representatives Hunt, Chair; Appleton, Vice Chair; Flannigan, Hurst and Miloscia.

**Minority Report:** Do not pass. Signed by 2 members: Representatives Armstrong, Ranking Minority Member; Alexander.

**Staff:** Marsha Reilly (786-7135).

**Background:**

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*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.*

The Public Disclosure Commission (PDC) was created and empowered by an initiative of the people to provide timely and meaningful 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.

In 1999 electronic filing was made available to candidates, public officials, and political committees for filing financial affairs reports, contribution reports, and expenditure reports. By 2002 electronic filing was mandatory. Electronic filing was made available to lobbyists and lobbyist employers for submitting their reports in 2002, although it is not mandatory. Electronic filing includes, but is not limited to, filing by diskette, modem, satellite, or over the Internet.

Funding was made available to the PDC in the fiscal year 2008 budget for a feasibility study to determine the cost to design, develop, implement, and maintain an application to accommodate electronic filing by lobbyists, lobbyist employers, public agencies and a database and query system compatible with current computer architecture, technology, and operating systems.

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### **Summary of Substitute Bill:**

Beginning January 1, 2012, lobbyists whose reportable compensation was \$10,000 or more in 2011, or is expected to be \$10,000 in 2012, must file the required disclosure reports electronically over the Internet. Beginning January 1, 2012, all agencies required to file lobbying reports must file the reports electronically over the Internet. Beginning January 1, 2013, lobbyist employers whose reportable expenses and payments for lobbying was \$10,000 or more in 2012, or is expected to be \$10,000 or more in 2013, must file the required disclosure reports electronically over the Internet.

Effective August 1, 2009, lobbyists, lobbyist employers, and agencies must pay a one-time fee to the PDC for development and implementation of an electronic filing system for reporting lobbying disclosure reports. For lobbyists who earn \$10,000 to \$24,999 the fee is \$100; from \$25,000 to \$49,999 the fee is \$300; from \$50,000 to \$99,999 the fee is \$600; and \$100,000 and over the fee is \$800. Lobbyist employers whose expenses and payments are from \$10,000 to \$24,999 pay a fee of \$100; from \$25,000 to \$49,999 the fee is \$300; from \$50,000 to \$99,999 the fee is \$600; and \$100,000 and over the fee is \$800. Agencies required to report lobbying expenses must pay a fee of \$150.

The fees collected must be deposited into the Lobbying Electronic Filing Account (Account) created in the custody of the State Treasurer. Expenditures from the Account may be used only for costs incurred for the design, development, implementation and maintenance of an application to accommodate electronic filing for lobbying reports, and a database and query system compatible with current systems.

### **Substitute Bill Compared to Original Bill:**

The substitute bill changes lobbyists' fees based on an earnings scale as follows: \$10,000 to \$24,999 pay a fee of \$100; \$25,000 to \$49,999 pay a fee of \$300; \$50,000 to \$99,999 pay a fee of \$600; and \$100,000 and over pay a fee of \$800. The substitute bill changes lobbyist employers' fees based on an expenses and payments schedule as follows: \$10,000 to \$24,999 pay a fee of \$100; \$25,000 to \$49,999 pay a fee of \$300; \$50,000 to \$99,999 pay a fee of \$600; and \$100,000 and over pay a fee of \$800. All agencies required to file reports under RCW 42.17.190 pay a fee of \$150.

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**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

**Staff Summary of Public Testimony:**

(In support) This is the final brick in the PDC wall to provide transparency and accountability to citizens. Lobbyists are depended upon for much information, and there needs to be transparency. Currently, one would have to look up each individual lobbyist to find out who gives money to whom.

The PDC strongly supports the bill. This is the final brick in filling the hole in money in politics. This will make it easier to follow the money. The filing system will be more robust, streamlined, and capable of searching data. It will take years to complete this system without the bill. This is a justified fee. It will help lobbyists research what his or her colleagues are doing. Public confidence is important, and confidence in lobbyists' dealings with public officials in imperative.

(With concerns) The fee structure is of concern for smaller lobbyists, particularly those who lobby for nonprofits. Nonprofit employers of lobbyists and those who lobby for nonprofits will not be able to afford the fees. State agencies should pay more. One suggestion is to base the fee on how much lobbyists and lobbyist employers are spending on legislators. Some lobbyists and lobbyist employers do not have a big budget, and this may be a violation of the constitution.

(Opposed) The idea of moving to technology and filing reports online is good. However, local governments should not be excluded. Some prefer to file disclosure reports by mail. Because online reporting was not available, some use an Excel program which can be downloaded and posted into the program.

**Persons Testifying:** (In support) Representative Moeller, prime sponsor; Vicki Rippie and Michael Smith, Public Disclosure Commission; Steve Gano, Gano and Associates;

(With concerns) Lew McMurrin; and Bob Cooper, Evergreen Public Affairs.

(Opposed) Ron Newbury.

**Persons Signed In To Testify But Not Testifying:** None.

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## HOUSE COMMITTEE ON GENERAL GOVERNMENT APPROPRIATIONS

**Majority Report:** The second substitute bill be substituted therefor and the second substitute bill do pass. Signed by 8 members: Representatives Darneille, Chair; Takko, Vice Chair; Dunshee, Hudgins, Kenney, Sells, Van De Wege and Williams.

**Minority Report:** Do not pass. Signed by 5 members: Representatives McCune, Ranking Minority Member; Blake, Klippert, Pedersen and Short.

**Staff:** Steve Smith (786-7178).

### **Summary of Recommendation of Committee On General Government Appropriations Compared to Recommendation of Committee On State Government & Tribal Affairs:**

Sliding scale fees, rather than flat rate fees, are charged from lobbyists, lobbyist employers, and state agencies. The second substitute bill also moves the effective dates forward one year.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date of Second Substitute Bill:** The bill takes effect 90 days after adjournment of the session in which the bill is passed.

### **Staff Summary of Public Testimony:**

(In support) The bill accomplishes its objectives. It's a modest one-time fee to set up a new electronic filing system for lobbyists. Currently, it's not possible to search the PDC database for information. Also, you can't see the money that lobbyists spent entertaining legislators. The information is not readily available. Access to information on policy influence is important to good government.

(Opposed) One lobbyist represents nonprofit organizations and makes \$3,050 per month. Client organizations struggle to pay the lobbyist fees in this tough economy. This bill is a tax on first amendment rights. The fees in this bill are excessive, especially in the substitute bill. Times are hard and other cost-of-living expenses are going up for lobbyists with moderate incomes. The bill should be adjusted to allow small lobbyists to continue to represent clients. More sunshine on the lobbying process is better. One lobbyist is happy to file electronically if the PDC can accept the report. It is hard to draw a line between lobbying activities and non-lobbying activities for the purpose of reporting. Political campaigns are not charged for filing. To raise revenues, a loan could be taken out or a fee could be set on paper filing only. This system would discourage people from reporting the actual amount they received. There is no need for a database that is searchable by lobbyist; the purpose is to search by legislator.

**Persons Testifying:** (In support) Representative Moeller, prime sponsor; and Doug Ellis, Public Disclosure Commission.

(Opposed) Ron Newbry; Brad Tower; and Bob Cooper.

**Persons Signed In To Testify But Not Testifying:** None.