

# HOUSE BILL REPORT

## HB 2016

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

**Title:** An act relating to campaign contribution and disclosure laws.

**Brief Description:** Concerning campaign contribution and disclosure laws.

**Sponsors:** Representatives Flannigan, Appleton, Hurst, Miloscia and Hunt.

**Brief History:**

**Committee Activity:**

State Government & Tribal Affairs: 2/12/09, 2/19/09 [DPS]; 1/26/10, 1/29/10 [DP2S].

**Brief Summary of Second Substitute Bill**

- Reorganizes and recodifies chapter 42.17 RCW.
- Requires the listing of the controlling entity for independent expenditures and electioneering communications if the sponsor is a political committee.
- Allows bona fide political parties to use exempt funds for independent expenditures and electioneering communications.

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### HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL AFFAIRS

**Majority Report:** The second substitute bill be substituted therefor and the second 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 3 members: Representatives Armstrong, Ranking Minority Member; Alexander and Taylor.

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

**Background:**

Reorganization.

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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.*

Initiative 276, passed by the voters in 1972, established disclosure of campaign finances, lobbyist activities, financial affairs of elective officers and candidates, and access to public records. That initiative also created the Public Disclosure Commission (PDC), a five-member, bi-partisan citizen commission, to enforce the provisions of the campaign finance disclosure law.

Twenty years later, in 1992, the Fair Campaign Practices Act was enacted following passage of Initiative 134. Initiative 134 imposed campaign contribution limits on elections for statewide and legislative office, further regulated independent expenditures, restricted the use of public funds for political purposes, and required public officials to report gifts received in excess of \$50.

Since the enactment of these initiatives numerous changes and additions have been made, including the enactment of Substitute House Bill 1133 in 2005 resulting in a recodification of the public records portion of the Public Disclosure Act into chapter 42.56 RCW.

#### Political Advertising.

Provisions for reporting political advertising (ad) and electioneering communications were enacted by the Legislature in 2005. Political advertising undertaken as an independent expenditure by a person or entity other than a party organization, and all electioneering communications must include a statement indicating that the ad is not authorized by any candidate, as well as information on who paid for the ad. If an ad is an independent expenditure or electioneering communication sponsored by a political committee, the top five contributors must be listed.

#### Contribution Limits.

The dollar amount that a person may give to a candidate is governed by law. These dollar amounts are adjusted for inflation every two years by the PDC. A political party has different limits than a person. Certain contributions are exempt from any limits, including contributions for the purpose of voter registration, get-out-the vote campaigns, or expenditures by a political committee for its own internal organization or fundraising without direct association with individual candidates. Any expenditure or contribution for independent expenditure or electioneering communication made by a political party for a candidate is considered to be a contribution to that candidate.

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

#### Reorganization.

Chapter 42.17 RCW is reorganized and language is clarified. Obsolete provisions relating to the information technology plan and electronic filing are removed. The provisions repealed in RCW 42.17.131, 42.17.362, 42.17.365, 42.17.375, 42.17.562, 42.17.620, and 42.17.647 are included in other statutes. The contribution dollar amounts are updated and technical changes are made to clarify language.

#### Definitions.

The definition for "bona fide political party" is changed as it relates to minor parties. A minor political party is an organization that has been recognized as such by the Secretary of State. In addition to a bank, a "depository" means a mutual savings bank, savings and loan association, or credit union doing business in this state. The definition for "person in interest" is moved from chapter 42.17 RCW to chapter 42.56 RCW as the term is applicable to the public records statutes. The definition for "writing" is removed.

#### Political Advertising.

Requirements pertaining to independent expenditures and electioneering communications that require listing of the top five contributors are modified. If the sponsor of a communication is a political committee established, maintained, or controlled directly, or indirectly through the formation of one or more political committees, by an individual, corporation, union, association, or other entity, the full name of that individual or entity must be listed.

#### Contribution Limits.

An expenditure or contribution for independent expenditures or electioneering communications are exempt from contribution limits.

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

The second substitute incorporates changes made to statute in 2009, clarifies the language relating to the listing of a sponsor of a political ad, clarifies language relating to exempting independent expenditures and electioneering communications, and changes the effective date to January 1, 2012.

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**Appropriation:** None.

**Fiscal Note:** Not requested.

**Effective Date of Second Substitute Bill:** The bill takes effect January 1, 2012, except for sections 505, relating to political advertising, and 602, relating to contribution limits, which take effect immediately.

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

(In support) The bill provides transparency to the process where it is needed. The PDC supports the underlying language and recodification of the bill, is neutral on policy changes made to RCW 42.17.640, and has not taken a position on the amendments to RCW 42.17.105. We consider these amendments to be policy decisions best left to the Legislature.

(With concerns) The problem is with so-called "shadow" political action committees (PAC). When contributions are passed through a daisy-chain of PACs, the result is that voters receive information on PACs, rather than an individual or an organization identified as the contributor. The PDC has the legal authority under current statutes to adopt a rule that will

require that identification of the top five contributors not include political committees, therefore section 505 of the bill should not be adopted as drafted.

(Opposed) None.

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

(With concerns) Bob Shirley.

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