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## Government Operations & Elections Committee

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### HB 1005

**Brief Description:** Concerning responsibilities and funding of the public disclosure commission.

**Sponsors:** Representatives Moeller, Wylie, Reykdal, Appleton, Ryu, Morrell, McCoy, Seaquist, Moscoso, Hudgins, Ormsby and Pollet.

#### Brief Summary of Bill

- Eliminates the Legislative Ethics Board and the Executive Ethics Board and transfers duties to the Public Disclosure Commission.
- Requires lobbyists, lobbyist employers, and government entities to file lobbying reports over the Internet.
- Assesses a yearly fee to political committees, lobbyists, lobbyist employers, government entities, and elected officials that receive a salary and file personal financial disclosure statements.

**Hearing Date:** 1/22/13

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

#### **Background:**

##### Campaign Finance Disclosure and Reporting

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.

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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.*

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.

### Ethics Enforcement

In 1993 the Legislature created the Commission on Ethics in Government and Campaign Practices (Commission). The Commission issued a detailed report recommending enactment of new ethics rules governing state officials and state employees, as well as numerous changes to the Public Disclosure Act and to other laws dealing with political campaigns. The Commission recommended that new or revised ethics rules be adopted; the new rules be consolidated into a single code of ethics; the new code apply to all state officials and employees of the executive, legislative, and judicial branches of state government; and each branch have its own ethics commission which would hear and determine complaints, impose sanctions, recommend disciplinary action, and issue advisory opinions.

In response to the Commission's recommendation, the Legislature enacted the Ethics in Public Service Act in 1994. The law established new and revised ethics rules; consolidated ethics rules in a single Revised Code of Washington chapter; and applied the new chapter to all state officials and employees of the executive, legislative, and judicial branches of state government. New ethics boards in the executive and legislative branches were created and the authority of the Commission on Judicial Conduct was expanded. Each of these entities, as well as the Attorney General, have broad powers to enforce the ethics chapter.

The Executive Ethics Board is composed of five members, each appointed by the Governor. The members must include: one classified civil service employee; one state officer or state employee in an exempt position; one citizen selected from a list of three persons submitted by the Attorney General; one citizen selected from a list of names of three persons submitted by the State Auditor; and one citizen member selected by the Governor. Members serve a single five-year term. No more than three members may be identified with the same political party. The members would elect a chair who could be any member of the Board. The Attorney General provides staff to the Board.

The Legislative Ethics Board is composed of nine members. Two senators, one from each caucus, appointed by the President of the Senate, and two representatives, one from each caucus, appointed by the Speaker of the House of Representatives serve on the Board, as well as five citizen members. Four citizen members are selected by the Governor, one each from a list of three individuals submitted by each of the four legislative caucuses. One citizen member is selected by three of the four other citizen members of the Board. Legislative members serve two-year terms, and citizen members serve four-year terms.

The PDC is composed of five members appointed by the Governor with the consent of the Senate. No more than three members may be identified with the same political party. Members of the PDC are prohibited from participating in political activities through holding office, supporting a candidate or proposition, making contributions to a candidate or proposition, participating in any election campaign, and lobbying. The PDC enforces campaign finance and disclosure laws, including lobbying activities, use of public resources for campaigns, and disclosure of personal financial affairs of state officers.

## **Summary of Bill:**

### Campaign Finance Disclosure and Reporting

Agencies required to report lobbying expenditures must file all required reports to the PDC electronically over the internet. Beginning January 1, 2014, all lobbyists and lobbyists' employers required to report lobbying activities must file the required reports electronically over the internet.

**Annual Fees.** Beginning January 1, 2014, an annual fee must be paid to the PDC for data development costs and purchase and maintenance of computer hardware and software to maintain electronic filing of reports required by the PDC. Fees are as follows:

- \$200 for political committees required to file reports;
- \$200 for every lobbyist who has a total reportable accrued compensation of \$10,000 or more from the previous calendar year;
- \$200 for every lobbyist employer who has a total reportable accrued expenses and payments for lobbying was \$10,000 or more from the previous calendar year;
- \$150 for government entities that employ more than 50 full time equivalent employees;
- \$150 for local governments that employ a lobbyist;
- \$200 for every elected official required to file personal financial affairs statements and who receives a salary or compensation of \$10,000 or more for each calendar year for duties performed related to that office individual; and
- No person or individual must pay more than one fee in a calendar year.

**Account Created.** The Public Disclosure Electronic Filing Account (Account) is created in the custody of the state treasurer. Receipts collected under the act must be deposited into the Account and may be used only for costs incurred as a result of the design, development, implementation, and maintenance of computer hardware and software to accommodate electronic filing and a database and query system compatible with current systems that result in readily available data to the public for review and analysis. Only the executive director of the PDC, or his or her designee, may authorize expenditures from the Account. The Account is subject to allotment procedures, but an appropriation is not required for expenditures.

### Ethics Enforcement

The Executive and Legislative ethics boards are each eliminated and their responsibilities for enforcement and training of ethics laws are transferred to the PDC. The composition of the PDC is changed from five members to seven members under the same appointment procedures. No

more than four members may be from the same political party. Commission members are no longer barred from making contributions to a candidate or to a ballot proposition, but must report such contributions to PDC at the time the contribution is made and such contributions must be posted on the PDC's web site.

**Appropriation:** None.

**Fiscal Note:** Preliminary fiscal note available.

**Effective Date:** The bill contains multiple effective dates.