

HOUSE BILL REPORT

HB 2552

As Reported By House Committee On:
Finance

Title: An act relating to funding public disclosure activities.

Brief Description: Creating the public disclosure account.

Sponsors: Representatives Dunshee and Edmonds.

Brief History:

Committee Activity:

Finance: 2/1/00, 2/7/00 [DPS].

Brief Summary of Substitute Bill

- Creates a public disclosure account as a dedicated account;
- Imposes a 4 percent tax on campaign contributions to generate revenues for the public disclosure account; and
- Refers these provisions to the voters for approval.

HOUSE COMMITTEE ON FINANCE

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 7 members: Representatives Dunshee, Democratic Co-Chair; Thomas, Republican Co-Chair; Reardon, Democratic Vice Chair; Conway; Dickerson; Santos and Veloria.

Minority Report: Do not pass. Signed by 4 members: Representatives Cairnes, Republican Vice Chair; Carrell; Cox and Pennington.

Staff: Linda Brooks (786-7153).

Background:

Voters approved Initiative 276 in 1972. Among other provisions, Initiative 276 required:

- candidates and political committees to file statements of organization and to make periodic reports of contributions and expenditures;
- public officials to file financial statements; and
- persons lobbying the Legislature or state agencies to register and make periodic reports of their expenditures.

The Public Disclosure Commission (PDC) was created to receive these filings and reports and to enforce these provisions.

In 1999 the Legislature appropriated \$3,220,000 to the PDC for the 1999-2001 biennium. This appropriation was from the state general fund.

Summary of Substitute Bill:

A public disclosure account is created. The Legislature may only appropriate moneys from the public disclosure account to support public disclosure activities.

A 4 percent tax is imposed on campaign contributions. Tax revenues are deposited into the public disclosure account. The Department of Revenue administers the tax.

At the start of each fiscal biennium, money is transferred from the state general fund into the public disclosure account whenever the account balance is below a threshold amount. The threshold amount equals \$4,000,000 for FY 01-03. This threshold amount is increased by a growth factor for subsequent biennia.

These provisions only take effect if approved by the voters at the next general election.

Substitute Bill Compared to Original Bill: The 1 percent tax on lobbyists' expenditures is deleted. Clarification is made that revenues from the 4 percent tax on campaign contributions are deposited into the public disclosure account.

Appropriation: None.

Fiscal Note: Requested for substitute bill.

Effective Date of Substitute Bill: The bill takes effect on July 1, 2001.

Testimony For: (Original bill) The PDC is horribly underfunded. This bill proposes to institute a user-fee system to support the PDC. Although the PDC takes no position on whether lobbyists and campaign contributions should be taxed, there is much to admire in this bill. The bill recognizes the PDC's unique responsibility for regulating candidates and persons who are seeking to influence public policy. The level of funding that this bill would provide would enable the PDC to utilize the latest technology available to make its filing system very user-friendly, and it would also make data on file with the PDC easily searchable.

(Concerns) (Original bill) The PDC would like to request two technical changes. The bill should say that monies in the public disclosure account may only be appropriated to support activities of the PDC. Also, it should be clarified that the 1 percent tax on lobbyists' expenditures includes compensation paid to lobbyists. [The substitute bill incorporates an amendment that deleted the 1 percent tax on lobbyists' expenditures.]

Testimony Against: (Original bill) We understand the funding problem and share concerns about adequate funding. However, the work that the PDC does benefits everyone, not just lobbyists and candidates. Funding for the PDC should come from the state's general fund.

Testified: (Original Bill) Representative Dunshee, prime sponsor; Vicki Rippie, Public Disclosure Commission; and Rick Slunaker, Associated General Contractors of Washington.