

HOUSE BILL REPORT

HB 2358

As Passed House:

February 7, 2006

Title: An act relating to penalties for violation of chapter 42.17 RCW, the public disclosure and fair campaign practices act.

Brief Description: Regarding penalties for violations of the public disclosure act.

Sponsors: By Representatives Haigh, Hunt, Nixon, McDermott, Miloscia, Moeller, Chase, Morrell, Springer, Wallace, Ormsby and Schual-Berke; by request of Public Disclosure Commission.

Brief History:

Committee Activity:

State Government Operations & Accountability: 1/11/06, 1/17/06 [DP].

Floor Activity:

Passed House: 2/7/06, 94-3.

Brief Summary of Bill

- Increases the maximum penalty amounts that may be assessed by the Public Disclosure Commission (Commission).
- Adjusts the maximum penalty amounts that may be assessed by the Commission every two years according to inflation.

HOUSE COMMITTEE ON STATE GOVERNMENT OPERATIONS & ACCOUNTABILITY

Majority Report: Do pass. Signed by Representatives Haigh, Chair; Green, Vice Chair; Nixon, Ranking Minority Member; Clements, Assistant Ranking Minority Member; Hunt, McDermott, Miloscia, Schindler and Sump.

Staff: Marsha Reilly (786-7135).

Background:

The Public Disclosure Act (Act) covers campaign financing, maximum campaign contribution limits, political advertising, lobbying, and the financial affairs of public officials. Once the Public Disclosure Commission (PDC) is aware of a possible Act violation, it may pursue

administrative remedies or may refer the matter to the Office of the Attorney General (AG) or other law enforcement agencies.

If the remedy or sanction is imposed by a court, the maximum penalty is \$10,000 for each violation. A party who violates the maximum campaign contribution limits may be subject to a penalty of either \$10,000 or three times the amount of the illegal contribution, whichever is greater. If a court finds that a violation probably affected the outcome of an election, the court may declare the election void and a special election must be held within 60 days. If a lobbyist violates the Act, the court may revoke or suspend the lobbyist's registration and may prohibit the person from receiving compensation or making expenditures for lobbying. A court can issue a penalty of \$10 a day for each day that a statement or report is not filed beyond the proper deadline. Failure to report a contribution or expenditure can result in a penalty equivalent to the amount of contribution or expenditure. A court may use injunctive relief or may compel any action necessary to enforce compliance with the disclosure requirements.

If the PDC handles a violation administratively, it must hold a hearing, pursuant to the Act, to determine if a violation occurred, and any order issued pursuant to the hearing is subject to judicial review. If the PDC does find a violation, it may order the respondent to cease and desist from the violating activity and may impose a civil penalty of up to \$1,000 for an individual violation, and an aggregate penalty of up to \$2,500 for multiple violations included in a single complaint or hearing. If the respondent does not comply with the order or petition for review, the PDC may seek enforcement through a court.

Any person may bring an action in court in the name of the state for an alleged violation of the Act. First, the person must notify the AG and prosecuting attorney of the reasons the person believes a violation has occurred. If the AG and prosecuting attorney have not commenced an action within 45 days after this first notice, the person must give a second notice that he or she will commence a citizen's action within 10 days.

Summary of Bill:

The maximum individual penalty that may be assessed by the PDC is increased from \$1,000 to \$1,700. The maximum aggregate penalty for multiple violations in a single complaint that may be assessed by the PDC is increased from \$2,500 to \$4,200. These penalty amounts will be increased or decreased each even-numbered calendar year based on economic conditions in the inflationary index recommended by the Office of Financial Management.

Appropriation: None.

Fiscal Note: Not requested.

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

Testimony For: The PDC supports this legislation. The bill has been refined to where it was in 1985. It modifies the current maximum fine to have the same impact as it did in 1985. It will keep its currency as the PDC adjusts its other limits. The Attorney General and the Governor have indicated their support of the bill.

Testimony Against: None.

Persons Testifying: Representative Haigh, prime sponsor; and Vicki Rippie, Public Disclosure Commission.

Persons Signed In To Testify But Not Testifying: None.