

SENATE BILL REPORT

SB 6097

As of January 23, 2014

Title: An act relating to facilitating and regulating contributions via text message to political campaigns.

Brief Description: Facilitating and regulating contributions via text message to political campaigns.

Sponsors: Senators Billig, Hasegawa and Kline.

Brief History:

Committee Activity: Governmental Operations: 1/23/14.

SENATE COMMITTEE ON GOVERNMENTAL OPERATIONS

Staff: Samuel Brown (786-7470)

Background: Campaign Finance and Disclosure in Washington. The Public Disclosure Commission (PDC) was created by Initiative 276 in 1972. The PDC is empowered to provide timely 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.

Under Washington law, all contributions to a candidate or political committee must be deposited within five days of receipt. Contributions of \$95 or greater must be made by a written instrument, such as a check. Candidates and political committees must collect and disclose the name and address of the contributor for all contributions of \$25 or greater to the PDC. For contributions of \$100 or greater, the occupation and employer of the contributor must also be collected and disclosed. The PDC is empowered to biennially adjust the limits on contributions an individual may make to a candidate or a political party. In 2014 those amounts are as follows:

| Recipient of Contribution | 2014 Contribution Limit |
|--|--------------------------------|
| Candidate for state office, judicial office, or special purpose district | \$1,900 |
| Candidate for other elective office | \$950 |
| Political party | \$5,000 |
| Caucus political committee | \$950 |

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.

Donations and Contributions by Text Message. Nonprofit organizations have begun receiving donations from individuals via wireless telephone text messages. Under the typical model, a wireless telephone subscriber sends a text message to make a donation. A third-party vendor, known as a connection aggregator, receives the message and notifies the individual subscriber's wireless carrier to apply the pledged donation amount to the subscriber's next bill. The subscriber pays their bill to the wireless carrier. The wireless carrier then pays the connection aggregator, who distributes the donation to the designated recipient organization. The connection aggregator typically retains a percentage of the contribution as a fee for their services.

Several jurisdictions began allowing candidates and political committees to receive contributions by text message. In June 2012, the Federal Election Commission (FEC) issued an advisory opinion approving procedures allowing candidates in federal election campaigns to receive contributions via text message. FEC regulations include the following provisions:

- contributions must be between \$10 and \$20 per transaction;
- contributions may not exceed \$50 per month per phone per campaign;
- no contributor names or addresses associated with a mobile phone account are provided to a candidate or committee for contributions of less than \$50 per month; and
- committees have access to a tally of contributions allowing them to identify phone numbers contributing amounts in excess of \$200, the threshold for reporting contributions to the FEC in federal election campaigns.

Additionally Texas, Maryland, and California enacted legislation or engaged in administrative rulemaking to allow candidates or political committees to receive contributions by text message.

Summary of Bill: The PDC must adopt rules regarding text message campaign contributions by January 31, 2015. The rules must mandate at least the following components:

1. an individual making a contribution by text message must verify:
 - a. that the contributor is at least 18 years old and an American citizen;
 - b. that the contributor is an authorized user on the account used; and
 - c. that the contribution is made by the contributor as an individual, rather than on behalf of another person or organization;
2. the maximum amount permitted for an individual text message contribution is \$10; and
3. an individual may not contribute more than \$50 to a campaign per election cycle, or, if the recipient is a continuing political committee, \$50 per calendar year.

Political committees and candidates may report text message contributions as one lump sum if the campaign treasurer retains a separate and private list of text message contributor information. Contributions by text message are exempt from individual contribution limits. Text message contributions are considered received when actual possession of the funds is obtained by the recipient.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

Effective Date: The bill takes effect on January 31, 2015.

Staff Summary of Public Testimony: PRO: Washington has excellent campaign finance laws, but they need to be refined to keep up with new technologies. Many young people use their phones as a primary source of commerce and do not have checkbooks or even credit cards. This bill will bring fairness, accessibility, and modernization to our campaign finance system. The PDC has discussed text message donations, but this law provides needed technical changes to enable them.

Persons Testifying: PRO: Senator Billig, prime sponsor.