

HOUSE BILL REPORT

HB 1379

As Reported by House Committee On: State Government & Tribal Relations

Title: An act relating to disclosure of contributions from political committees to other political committees.

Brief Description: Concerning disclosure of contributions from political committees to other political committees.

Sponsors: Representatives Pellicciotti, Hudgins, Appleton, Gregerson, Pollet, Macri, Valdez, Kloba, Bergquist, Tarleton, Doglio, Frame, Goodman, Reeves and Fey.

Brief History:

Committee Activity:

State Government & Tribal Relations: 1/25/19, 2/1/19 [DPS].

Brief Summary of Substitute Bill

- Modifies the method for determining the top five contributors that political committees must disclose in certain political advertisements.
- Adds specificity to certain display requirements for all required disclosures in political advertisements, including disclosure of the top five contributors.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL RELATIONS

Majority Report: The substitute bill be substituted therefor and the substitute bill do pass. Signed by 9 members: Representatives Gregerson, Chair; Pellicciotti, Vice Chair; Walsh, Ranking Minority Member; Goehner, Assistant Ranking Minority Member; Appleton, Dolan, Hudgins, Mosbrucker and Smith.

Staff: Jason Zolle (786-7124).

Background:

The Fair Campaign Practices Act requires political advertisements to include certain disclosures. Advertisements are considered political if they are used for the purpose of

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appealing for votes, donations, or other support or opposition in an election campaign for a candidate or ballot proposition.

Political advertisements on the radio or television must include the sponsor's name, and written ads must include the sponsor's name and address. It is illegal for the sponsor to use an assumed name.

Additional disclosure requirements apply when the advertisement is an independent expenditure or an electioneering communication sponsored by a person or entity other than a political party. When applied to advertisements, an independent expenditure is, generally speaking, an advertisement supporting or opposing a candidate that is sponsored by a person who does not have the candidate's approval to make the advertisement and is worth at least \$500 or \$1000 (depending on the office). An electioneering communication is, generally speaking, an advertisement run within 60 days of an election that clearly identifies a candidate for office and is worth at least \$1000. These advertisements must include the statement "No candidate authorized this advertisement. It is paid for by [the sponsor's name and address]."

If the sponsor is a political committee—that is, a person or entity other than a candidate who receives contributions to spend money in support of, or in opposition to, any candidate or ballot proposition—the advertisement must include a statement disclosing the committee's top five contributors. The top five contributors are the five persons or entities that made the largest contributions to the committee totaling over \$700 during the 12 months before the date of the advertisement. In addition, a political committee that was established or controlled by an individual or entity must disclose the full name of that individual or entity in the advertisement.

Political advertising by a political committee that supports or opposes ballot measures must also include information about the top five contributors if the advertisement costs \$1000 or more.

In a written political advertisement, all required disclosures must:

- appear on the first page or fold;
- be in at least 10-point size type, or be at least 10 percent of the largest type used in the advertisement, whichever is larger;
- use continuous tone rather than half tone printing; and
- be set apart from any other printed matter.

In a television or other video advertisement, all required disclosures must:

- be clearly spoken; or
- appear in large print for at least four seconds in letters greater than 4 percent of the visual screen height, with a reasonable color contrast with the background.

Summary of Substitute Bill:

The method for determining the top five contributors that must be disclosed in certain political advertisements by political committees is modified.

First, the sponsor must identify the five persons or entities that made the largest contributions totaling \$1000 or more to the sponsor within the 12 months before the advertisement is debited. If any of those five persons or entities is a political committee, the sponsor must then identify the five persons or entities that made the largest contributions to *those* political committees in the preceding 12 months. Again, if any of those five persons or entities is a political committee, the process continues, until the sponsor has identified the top five persons or entities *other than* political committees that have contributed the most to all political committees involved with the advertisement. Any of those top five persons or entities that contributed more than \$1000 total in the previous year must be disclosed. In this process of identifying the top five contributors, contributions that are earmarked, tracked, and used for purposes other than the advertisement at issue are not counted.

The Public Disclosure Commission (PDC) is authorized to adopt rules to prevent circumvention of the top five contributors disclosure requirement and to effectuate its purposes. A sponsor is not liable for miscalculating the top five contributors because the persons or entities making the largest contributions failed to report their contributions to the PDC.

Certain visual display requirements for all necessary disclosures are also made more specific. In a written advertisement, no text may be before, after, or immediately adjacent to any required disclosures. In a television or other video advertisement, all required disclosures must appear on a solid black background that takes up the entire bottom one-third of the screen—or if listing the top five contributors is not required, the bottom one-fourth of the screen.

Substitute Bill Compared to Original Bill:

The substitute bill raises the threshold for identifying and disclosing the top five contributors from \$700 to \$1000. The substitute bill also removes superseded language and corrects an internal inconsistency.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) Last year the state worked to get "dark money" out of politics by requiring more disclosure of donors by political action committees (PACs). But most voters will not go to the Public Disclosure Commission's website to look at PAC disclosures—people look at the

advertisements. When voters see an advertisement that says "Brought to you by [name] PAC," the top contributor to that PAC may be another PAC about which voters cannot find much information. Some PACs intentionally move money around to other PACs to conceal their donors. Friendly named PACs manipulate the system to hide who is behind the donation. The goal of this bill is to close a loophole and better identify who is contributing to an advertisement so voters can base their votes on who is contributing. The public has a right to know who is putting money into elections.

(Opposed) There are concerns with the mechanisms of how the top five calculation would work under this bill. There are unintended consequences to listing donors "downstream" of an advertisement. When a person gives to an entity, the donor's intent is to give to that entity only. When a donor gives money to PAC #1, and PAC #1 gives money to a candidate, it is inaccurate to say that the donor gave money to the candidate. A donor may end up being listed in an advertisement as a contributor to a candidate the donor actually opposes. This bill could potentially lead to more manipulation of the system.

Persons Testifying: (In support) Representative Pellicciotti, prime sponsor; Cindy Black, Fix Democracy First; Madeline Bishop, League of Women Voters; and Toni Stefnik.

(Opposed) Jan Himebaugh, Building Industry Association of Washington.

Persons Signed In To Testify But Not Testifying: None.