

SENATE BILL REPORT

SB 6152

As Reported by Senate Committee On:
State Government, Tribal Relations & Elections, January 29, 2020

Title: An act relating to certification of the level of foreign national ownership for corporations that participate in Washington state elections.

Brief Description: Concerning certification of the level of foreign national ownership for corporations that participate in Washington state elections. [**Revised for 1st Substitute:** Concerning the level of foreign national ownership and control of entities that participate in Washington state elections.]

Sponsors: Senators Salomon, Billig, Hunt, Nguyen, McCoy, Lovelett, Kuderer, Rolfes, Lias, Van De Wege, Das and Wilson, C.

Brief History:

Committee Activity: State Government, Tribal Relations & Elections: 1/17/20, 1/29/20 [DPS, DNP, w/oRec].

Brief Summary of First Substitute Bill

- Requires certain campaign finance reports to contain certifications from each entity making a contribution that the entity's ownership comprises less than 50 percent foreign nationals.

SENATE COMMITTEE ON STATE GOVERNMENT, TRIBAL RELATIONS & ELECTIONS

Majority Report: That Substitute Senate Bill No. 6152 be substituted therefor, and the substitute bill do pass.

Signed by Senators Hunt, Chair; Kuderer, Vice Chair; Hasegawa and Takko.

Minority Report: Do not pass.

Signed by Senator Hawkins.

Minority Report: That it be referred without recommendation.

Signed by Senators Zeiger, Ranking Member; Muzzall, Assistant Ranking Member.

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.

Staff: Samuel Brown (786-7470)

Background: Campaign Finance Reports. Candidates and political committees must file periodic reports with the Public Disclosure Commission detailing recent activity. Different reports may be required based on the candidate or committee's status and location. Washington candidates and political committees must file a report known as the C-4, after the form used to file the report, describing contributions of more than \$25 received and expenditures made monthly, and biweekly in the month before an election. Incidental committees must file C-4 reports if campaign activity exceeds certain thresholds. Each C-4 report must include:

- the name and address of each person who has contributed more than \$25 to the candidate or committee, and the aggregate value of all contributions made by that person;
- the name and address of each political committee to which money was transferred;
- the name and address of each person to whom the candidate or committee made an expenditure of more than \$50 and the amount, date, and purpose of each expenditure;
- the name and address of each person compensated for soliciting signatures on initiative or referendum petitions, and the amount of compensation;
- information about lenders used and creditors owed more than \$250, or more than \$50 for more than 30 days; and
- information about the disposition of any surplus funds.

Political committees based outside the state must file a report known as the C-5 following every month in which the committee makes a contribution or other expenditure in Washington. Each C-5 report must include:

- the name and address of the committee and any officers or leaders;
- the committee's purposes;
- each candidate or ballot measure the committee supports or opposes;
- the name and address of any Washington resident contributing \$25 or more to the committee;
- the name and address of any person outside the state of Washington contributing \$2,680 or more to the committee; and
- information on any campaign expenditures in Washington of over \$50 or more.

Independent Expenditures. Independent expenditures are made independently of a candidate or that candidate's authorized committee for political advertising which, alone or combined with other spending by the same person or committee, have a cumulative value of at least \$1,000. Persons making independent expenditures must file a report, known as the C-6, monthly and biweekly in the month before an election. Each C-6 report must include:

- the name and contact information of the filer;
- the name and address of any recipients of independent expenditures of at least \$50, and a description of the services provided; and
- the total sum of independent expenditures during the campaign by the filer.

Foreign Agents Registration Act. Foreign nationals are prohibited from contributing to federal campaigns. The federal Foreign Agents Registration Act, enacted in 1938, requires persons acting as agents of foreign entities in a political or quasi-political capacity, such as lobbying, to make periodic disclosure of their relationship with the foreign entity. Agents of

foreign entities must also disclose activities conducted on behalf of the foreign entity, receipts, and disbursements in support of those activities.

Summary of Bill (First Substitute): Each C-4, C-5, and C-6 report must contain a certification from each entity making a contribution to the filer that the entity's ownership comprises less than 50 percent foreign nationals.

Foreign nationals are defined to include persons who are not United States citizens or permanent residents, foreign governments and political parties, and businesses organized under the laws or with a principal place of business in a foreign country.

EFFECT OF CHANGES MADE BY STATE GOVERNMENT, TRIBAL RELATIONS & ELECTIONS COMMITTEE (First Substitute): Each C-4, C-5, and C-6 report must contain a certification from each entity making a contribution to the filer that the entity's ownership comprises less than 50 percent foreign nationals.

Additional business structures are added to the definition of "foreign national."

Appropriation: None.

Fiscal Note: Not requested.

Creates Committee/Commission/Task Force that includes Legislative members: No.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Staff Summary of Public Testimony on Original Bill: *The committee recommended a different version of the bill than what was heard.* PRO: We need to regulate the influence of money in our elections. A series of cases have diminished our ability to regulate money in politics, saying corporations have as much right to speak as any human person, because they are made up of citizens. If corporations are made up of primarily foreign citizens, they should not be able to donate to campaigns. This creates an enforcement mechanism that the PDC would be able to oversee. The limit is set at a percentage that is still effective, but defensible against a court challenge.

Persons Testifying: PRO: Senator Jesse Salomon, Prime Sponsor.

Persons Signed In To Testify But Not Testifying: No one.