

HOUSE BILL REPORT

HB 1330

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

Title: An act relating to adjusting the threshold for requiring candidate contribution certifications relating to foreign nationals.

Brief Description: Adjusting the threshold for requiring candidate contribution certifications relating to foreign nationals.

Sponsors: Representatives Christian, Pollet, Schmidt, Couture, Low and Doglio.

Brief History:

Committee Activity:

State Government & Tribal Relations: 1/24/23, 1/31/23 [DP].

Brief Summary of Bill

- Provides that candidates and political committees must receive a certification that no foreign national was involved in a campaign contribution only when the donor gives at least \$2,500.
- Requires candidates and political committees to certify in their reports to the Public Disclosure Commission that they have received a certification that no foreign national was involved only for contributions totaling at least \$2,500.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL RELATIONS

Majority Report: Do pass. Signed by 7 members: Representatives Ramos, Chair; Stearns, Vice Chair; Abbarno, Ranking Minority Member; Christian, Assistant Ranking Minority Member; Gregerson, Low and Mena.

Staff: Matthew Williamson (786-7291) and Jason Zolle (786-7124).

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not part of the legislation nor does it constitute a statement of legislative intent.

Background:

State Campaign Finance Regulation.

In 1972 the people passed Initiative Measure No. 276 to create a framework for public disclosure in several aspects of state government, including the financing of political campaigns. This law created the Public Disclosure Commission (PDC) to oversee newly enacted campaign finance laws. Current law requires candidates and political committees to disclose certain information about the contributions they receive and expenditures they make.

For purposes of these requirements, a political committee is an individual, except for a candidate, or group of people, however organized, that expects to receive contributions or make expenditures in support of or in opposition to a candidate or ballot proposition.

Contributions and Expenditure Reports.

Political committees, candidates, and incidental committees must file periodic reports with the PDC that detail all contributions received and expenditures made as a committee.

Required information includes the name and address of each person who has made one or more contributions during the reporting period, subject to exceptions for small pledges or contributions and certain payments to incidental committees. The reports must also include information about expenditures of more than \$50.

Special Reports.

The 21 days preceding a general election and the days leading up to a primary election after the last contributions and expenditures report is due are considered special reporting periods. During these periods, a candidate or political committee must file a special report with the PDC when it receives a contribution or aggregate of contributions from a single person or entity that totals \$1,000 or more. A special report must also be filed when a political committee makes a contribution or aggregate of contributions to a single entity that totals \$1,000 or more.

Out-of-State Political Committees.

Political committees based outside of Washington that are organized for the purpose of supporting or opposing campaigns in another state are required to file a statement with the PDC when they make an expenditure supporting or opposing a Washington candidate or political committee. That statement must include:

- the name and address of each Washington resident or corporation that has contributed more than \$25 in the calendar year; and
- the name, address, and employer of each person or corporation outside of Washington that has contributed more than \$2,680 in the calendar year.

Restrictions on Campaign Contributions from Foreign Nationals.

Federal Restrictions.

Under federal law, foreign nationals are prohibited from directly or indirectly contributing

or donating money in connection with a federal, state, or local election or to a committee of a political party. It is unlawful for a person to solicit, accept, or receive such a contribution or donation. Foreign nationals also may not make an expenditure, independent expenditure, or disbursement for an electioneering communication.

"Foreign national" is defined as:

- an individual who is not a citizen or lawful permanent resident of the United States;
- a government or political party of a foreign government; and
- any entity or combination of persons organized under the laws of, or having its principal place of business in, a foreign country.

State Restrictions.

In 2020 the Legislature passed Substitute Senate Bill 6152 (Act). This Act prohibits foreign nationals from making campaign contributions and expenditures, and from sponsoring electioneering communications and political advertising in Washington. The Act defines "foreign nationals" identically to the definition in federal law.

Furthermore, the Act established a requirement that all candidates and political committees engaging in Washington elections, including out-of-state committees, obtain from any partnership, association, corporation, or other group that makes a contribution to the candidate or committee, a certification that foreign nationals were not involved in any way in the financing or decision making regarding the contribution. Candidates and committees are required to retain these certifications for at least three years after the applicable election, and copies of the certifications must be provided to the PDC upon request.

The Act also requires that each contributions and expenditures report filed with the PDC by a candidate or political committee includes a statement that the candidate or committee has received a certification from each partnership, association, corporation, or other group that made a contribution.

Summary of Bill:

The bill establishes a \$2,500 threshold for donor certifications that no foreign national is involved in a campaign contribution. Accordingly, candidates and political committees, including out-of-state committees, are required to receive certifications only from donors that make one or more contributions that total at least \$2,500 to the candidate or committee.

Candidates and committees are required to certify in their PDC reports, including special reports, that they have received certifications only from donors that contribute at least \$2,500.

Appropriation: None.

Fiscal Note: Available.

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

Staff Summary of Public Testimony:

(In support) The current certifications are an unnecessary burden on campaigns that do not actually address a serious issue. This bill represents an effective compromise between the feasibility of collecting certifications and the desire to regulate foreign money in elections. The PDC did not even collect these certifications in the most recent round of campaign audits. This bill is a bipartisan effort that streamlines disclosures without compromising the requirements. Contributions limits may go up in the next few years, which would mean the \$2,500 threshold would capture more contributions.

(Opposed) None.

(Other) The PDC is interested in regulating foreign contributions. The certification requirement is a useful tool that ensures campaigns know that the money they receive is not being provided by foreign nationals. The concern with this bill is that it is not entirely clear who the \$2,500 threshold would capture. The bill could be amended to more clearly outline which donations should be exempted from the certification requirements.

Persons Testifying: (In support) Representative Leonard Christian, prime sponsor; Conner Edwards; Jason Michaud; Janet Miller; and Representative Peter Abbarno.

(Other) Sean Flynn and Kim Bradford, Public Disclosure Commission.

Persons Signed In To Testify But Not Testifying: Deborah Pedersen; and Sandra Bensley, Sierra Heights Consulting NW.