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## State Government & Tribal Relations Committee

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### HB 1885

**Brief Description:** Strengthening campaign finance disclosure by prohibiting campaign contributions and expenditures by foreign-influenced corporations.

**Sponsors:** Representatives Mena, Ramos, Gregerson, Stearns, Ortiz-Self, Bateman, Alvarado, Callan, Senn, Reed, Reeves, Ormsby, Peterson, Kloba, Macri, Street, Chopp, Doglio, Fosse, Orwall, Goodman, Thai, Riccelli, Pollet and Shavers.

#### Brief Summary of Bill

- Repeals the prohibition on contributions and expenditures by foreign nationals, and the corresponding certification requirements, and replaces it with a prohibition on contributions and expenditures by foreign-influenced corporations.
- Requires corporations that make contributions and expenditures to certify with the Public Disclosure Commission that they are not foreign-influenced corporations.
- Defines "foreign-influenced corporation" as a for-profit corporation or limited liability company in which a single foreign investor has 1 percent or more of the company's ownership interests, or multiple foreign investors collectively have 5 percent or more of the company's ownership interests.

**Hearing Date:** 1/9/24

**Staff:** Jason Zolle (786-7124).

**Background:**

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*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.*

## 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.*

Foreign nationals are prohibited from making campaign contributions and expenditures, and from sponsoring electioneering communications and political advertising, in Washington. State law defines "foreign national" in the same way as federal law.

All candidates and political committees engaging in Washington elections, including out-of-state committees, must 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 Public Disclosure Commission (PDC) upon request. Each contributions and expenditures report filed with the PDC by a candidate or political committee must include 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:**

### Repeal and Replace of the Prohibitions Surrounding Foreigners.

The prohibition on contributions and expenditures by foreign nationals, and the corresponding certification requirements, are repealed. Reports filed with the PDC no longer must state that foreign nationals did not finance or were not involved in decision-making related to contributions and expenditures, or that a candidate or committee has received certifications to that effect from certain contributors.

Instead, foreign-influenced corporations are prohibited from making contributions and expenditures. A "foreign-influenced corporation" is a for-profit corporation or limited liability company in which either:

- a single foreign owner holds, owns, controls, or otherwise has direct or indirect beneficial ownership of 1 percent or more of the total ownership interests in the

corporation;

- two or more foreign owners hold, own, control, or otherwise have direct or indirect beneficial ownership of 5 percent or more of the total ownership interests in the corporation; or
- a foreign owner participates directly or indirectly in the corporation's decision-making regarding political activities in the United States.

A corporation or limited liability company must certify with the PDC that it is not a foreign-influenced corporation within seven business days after making a contribution or expenditure. The statement must be signed by the corporation's chief executive officer under penalty of perjury. Certifications must also be provided to candidates or committees who receive a contribution or independent expenditure.

**Appropriation:** None.

**Fiscal Note:** Available.

**Effective Date:** The bill takes effect on January 1, 2025.