S-1096.1

SUBSTITUTE SENATE BILL 5034

State of Washington 59th Legislature 2005 Regular Session

By Senate Committee on Government Operations & Elections (originally sponsored by Senator Kastama; by request of Public Disclosure Commission)

READ FIRST TIME 02/03/05.

AN ACT Relating to disclosure of and restrictions on campaign funding; amending RCW 42.17.020, 42.17.103, 42.17.110, 42.17.510, and 42.17.530; reenacting and amending RCW 42.17.640; adding new sections to chapter 42.17 RCW; creating a new section; repealing RCW 42.17.505; and providing an effective date.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

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PART I - FINDINGS AND INTENT

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<u>NEW SECTION.</u> Sec. 1. The legislature finds that:

9 (1) Timely disclosure to voters of the identity and sources of 10 funding for electioneering communications is vitally important to the 11 integrity of state, local, and judicial elections.

Electioneering communications identify 12 (2)that political office and 13 candidates for state, local, or judicial that are distributed sixty days before an election for those offices are 14 15 intended to influence voters and the outcome of those elections.

16 (3) The state has a compelling interest in providing voters 17 information about electioneering communications in political campaigns 18 concerning candidates for state, local, or judicial office so that 1 voters can be fully informed as to the: (a) Source of support or 2 opposition to those candidates; and (b) identity of persons attempting 3 to influence the outcome of state, local, and judicial candidate 4 elections.

5 (4) Nondisclosure of financial information about advertising that 6 masquerades as relating only to issues and not to candidate campaigns 7 fosters corruption or the appearance of corruption. These consequences 8 can be substantially avoided by full disclosure of the identity and 9 funding of those persons paying for such advertising.

(5) The United States supreme court held in *McConnell et al. v.* 10 Federal Elections Commission, 540 U.S. 93, 124 S.Ct. 619, 157 L.Ed.2d 11 12 491 (2003) that speakers seeking to influence elections do not possess 13 inviolable free speech right to engage in electioneering an 14 communications regarding elections, including when issue advocacy is the functional equivalent of express advocacy. 15 Therefore, such 16 election campaign communications can be regulated and the source of 17 funding disclosed.

18 (6) The state also has a sufficiently compelling interest in 19 preventing corruption in political campaigns to justify and restore 20 contribution limits and restrictions on the use of soft money in RCW 21 42.17.640. Those interests include restoring restrictions on the use 22 of such funds for electioneering communications, as well as the laws 23 preventing circumvention of those limits and restrictions.

24 <u>NEW SECTION.</u> Sec. 2. Based upon the findings in section 1 of this 25 act, this act is narrowly tailored to accomplish the following and is 26 intended to:

(1) Improve the disclosure to voters of information concerning persons and entities seeking to influence state, local, and judicial campaigns through reasonable and effective mechanisms, including improving disclosure of the source, identity, and funding of electioneering communications concerning state, local, and judicial candidate campaigns;

33 (2) Regulate electioneering communications that mention state, 34 local, and judicial candidates and that are broadcast, mailed, erected, 35 distributed, or otherwise published right before the election so that 36 the public knows who is paying for such communications;

(3) Reenact and amend the contribution limits in RCW 42.17.640 (6) 1 2 and (14) and the restrictions on the use of soft money, including as applied to electioneering communications, as those limits and 3 restrictions were in effect following the passage of chapter 2, Laws of 4 5 1993 (Initiative No. 134) and before the state supreme court decision in Washington State Republican Party v. Washington State Public 6 7 Disclosure Commission, 141 Wn.2d 245, 4 P.3d 808 (2000). The commission is authorized to fully restore the implementation of the 8 limits and restrictions of RCW 42.17.640 (6) and (14) in light of 9 10 McConnell et al. v. Federal Elections Commission, 540 U.S. 93, 124 S.Ct. 619, 157 L.Ed.2d 491 (2003). The United States supreme court 11 upheld the disclosure and regulation of electioneering communications 12 13 in political campaigns, including but not limited to issue advocacy that is the functional equivalent of express advocacy; 14

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PART II - ELECTIONEERING COMMUNICATIONS

(4) Authorize the commission to adopt rules to implement this act.

17 <u>NEW SECTION.</u> Sec. 3. (1) A payment for or promise to pay for any 18 electioneering communication shall be reported to the commission by the 19 sponsor on forms the commission shall develop by rule to include, at a 20 minimum, the following information:

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(a) Name and address of the sponsor;

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(b) Source of funds for the communication, including:

23 (i) General treasury funds. The name and address of businesses, unions, groups, associations, or other organizations using general 24 25 treasury funds for the communication, however, if a business, union, group, association, or other organization undertakes a 26 special solicitation of its members or other persons for an electioneering 27 communication, or it otherwise receives funds for an electioneering 28 29 communication, that entity shall report pursuant to (b)(ii) of this 30 subsection;

(ii) Special solicitations and other funds. The name, address, and, for individuals, occupation and employer, of a person whose funds were used to pay for the electioneering communication, along with the amount, if such funds from the person have exceeded two hundred fifty dollars in the aggregate for the electioneering communication; and 1 (iii) Any other source information required or exempted by the 2 commission by rule;

3 (c) Name and address of the person to whom an electioneering4 communication related expenditure was made;

5 (d) A detailed description of each expenditure of more than one6 hundred dollars;

7 (e) The date the expenditure was made and the date the
8 electioneering communication was first broadcast, transmitted, mailed,
9 erected, distributed, or otherwise published;

10 (f) The amount of the expenditure;

11 (g) The name of each candidate clearly identified in the 12 electioneering communication, the office being sought by each 13 candidate, and the amount of the expenditure attributable to each 14 candidate; and

15 (h) Any other information the commission may require or exempt by 16 rule.

(2) Electioneering communications shall be reported as follows: The sponsor of an electioneering communication shall report to the commission within twenty-four hours of, or on the first working day after, the date the electioneering communication is broadcast, transmitted, mailed, erected, distributed, or otherwise published.

(3) Electioneering communications shall be reported electronically
by the sponsor using software provided or approved by the commission.
The commission may make exceptions on a case-by-case basis for a
sponsor who lacks the technological ability to file reports using the
electronic means provided or approved by the commission.

(4) All persons required to report under RCW 42.17.065, 42.17.080, 42.17.090, and 42.17.100 are subject to the requirements of this section, although the commission may determine by rule that persons filing according to those sections may be exempt from reporting some of the information otherwise required by this section. The commission may determine that reports filed pursuant to this section also satisfy the requirements of RCW 42.17.100 and 42.17.103.

34 (5) Failure of any sponsor to report electronically under this35 section shall be a violation of this chapter.

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NEW SECTION. Sec. 4. (1) An electioneering communication made by

1 a person in cooperation, consultation, or concert with, or at the 2 request or suggestion of, a candidate, a candidate's authorized 3 committee, or their agents is a contribution to the candidate.

4 (2) An electioneering communication made by a person in 5 cooperation, consultation, or concert with, or at the request or 6 suggestion of, a political committee or its agents is a contribution to 7 the political committee.

8 (3) If an electioneering communication is not a contribution 9 pursuant to subsection (1) or (2) of this section, the sponsor shall 10 file an affidavit or declaration so stating at the time the sponsor is 11 required to report the electioneering communication expense under 12 section 3 of this act.

13 <u>NEW SECTION.</u> Sec. 5. (1) The sponsor of an electioneering 14 communication shall preserve all financial records relating to the 15 communication, including books of account, bills, receipts, contributor 16 information, and ledgers, for not less than five calendar years 17 following the year in which the communication was broadcast, 18 transmitted, mailed, erected, or otherwise published.

(2) All reports filed under section 3 of this act shall be 19 20 certified as correct by the sponsor. If the sponsor is an individual using his or her own funds to pay for the communication, the 21 certification shall be signed by the individual. If the sponsor is a 22 23 political committee, the certification shall be signed by the committee 24 treasurer. If the sponsor is another entity, the certification shall be signed by the individual responsible for authorizing the expenditure 25 26 on the entity's behalf.

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PART III - AMENDMENTS TO AND REENACTMENT OF CURRENT LAWS

28 **Sec. 6.** RCW 42.17.020 and 2002 c 75 s 1 are each amended to read 29 as follows:

30 <u>The definitions in this section apply throughout this chapter</u> 31 <u>unless the context clearly requires otherwise.</u>

(1) <u>"Actual malice" means to act with knowledge of falsity or with</u>
 reckless disregard as to truth or falsity.

34 (2) "Agency" includes all state agencies and all local agencies.
 35 "State agency" includes every state office, department, division,

bureau, board, commission, or other state agency. "Local agency" includes every county, city, town, municipal corporation, quasimunicipal corporation, or special purpose district, or any office, department, division, bureau, board, commission, or agency thereof, or other local public agency.

6 (((2))) (<u>3</u>) "Authorized committee" means the political committee 7 authorized by a candidate, or by the public official against whom 8 recall charges have been filed, to accept contributions or make 9 expenditures on behalf of the candidate or public official.

10 (((3))) (4) "Ballot proposition" means any "measure" as defined by 11 RCW ((29.01.110)) 29A.04.091, or any initiative, recall, or referendum 12 proposition proposed to be submitted to the voters of the state or any 13 municipal corporation, political subdivision, or other voting 14 constituency from and after the time when the proposition has been 15 initially filed with the appropriate election officer of that 16 constituency prior to its circulation for signatures.

17 (((4))) (5) "Benefit" means a commercial, proprietary, financial, 18 economic, or monetary advantage, or the avoidance of a commercial, 19 proprietary, financial, economic, or monetary disadvantage.

(((5))) <u>(6)</u> "Bona fide political party" means:

(a) An organization that has filed a valid certificate of nomination with the secretary of state under chapter ((29.24)) 29A.20 RCW;

(b) The governing body of the state organization of a major
political party, as defined in RCW ((29.01.090)) 29A.04.086, that is
the body authorized by the charter or bylaws of the party to exercise
authority on behalf of the state party; or

(c) The county central committee or legislative district committee of a major political party. There may be only one legislative district committee for each party in each legislative district.

31 (((-6))) (7) "Depository" means a bank designated by a candidate or 32 political committee pursuant to RCW 42.17.050.

33 (((7))) <u>(8)</u> "Treasurer" and "deputy treasurer" mean the individuals 34 appointed by a candidate or political committee, pursuant to RCW 35 42.17.050, to perform the duties specified in that section.

36 (((8))) <u>(9)</u> "Candidate" means any individual who seeks nomination 37 for election or election to public office. An individual seeks 38 nomination or election when he or she first:

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(a) Receives contributions or makes expenditures or reserves space
 or facilities with intent to promote his or her candidacy for office;

(b) Announces publicly or files for office;

4 (c) Purchases commercial advertising space or broadcast time to 5 promote his or her candidacy; or

6 (d) Gives his or her consent to another person to take on behalf of 7 the individual any of the actions in (a) or (c) of this subsection.

8 (((9))) <u>(10)</u> "Caucus political committee" means a political 9 committee organized and maintained by the members of a major political 10 party in the state senate or state house of representatives.

(((10))) (11) "Commercial advertiser" means any person who sells the service of communicating messages or producing printed material for broadcast or distribution to the general public or segments of the general public whether through the use of newspapers, magazines, television and radio stations, billboard companies, direct mail advertising companies, printing companies, or otherwise.

17 (((11))) <u>(12)</u> "Commission" means the agency established under RCW 18 42.17.350.

19 (((12))) (13) "Compensation" unless the context requires a narrower 20 meaning, includes payment in any form for real or personal property or 21 services of any kind: PROVIDED, That for the purpose of compliance 22 with RCW 42.17.241, the term "compensation" shall not include per diem 23 allowances or other payments made by a governmental entity to reimburse 24 a public official for expenses incurred while the official is engaged 25 in the official business of the governmental entity.

26 (((13))) <u>(14)</u> "Continuing political committee" means a political 27 committee that is an organization of continuing existence not 28 established in anticipation of any particular election campaign.

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(((11)))) <u>(15)</u>(a) "Contribution" includes:

30 (i) A loan, gift, deposit, subscription, forgiveness of
31 indebtedness, donation, advance, pledge, payment, transfer of funds
32 between political committees, or anything of value, including personal
33 and professional services for less than full consideration;

(ii) An expenditure made by a person in cooperation, consultation,
 or concert with, or at the request or suggestion of, a candidate, a
 political committee, or their agents;

(iii) The financing by a person of the dissemination, distribution,or republication, in whole or in part, of broadcast, written, graphic,

1 or other form of political advertising <u>or electioneering communication</u> 2 prepared by a candidate, a political committee, or its authorized 3 agent;

4 (iv) Sums paid for tickets to fund-raising events such as dinners
5 and parties, except for the actual cost of the consumables furnished at
6 the event.

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(b) "Contribution" does not include:

8 (i) Standard interest on money deposited in a political committee's9 account;

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(ii) Ordinary home hospitality;

(iii) A contribution received by a candidate or political committee that is returned to the contributor within five business days of the date on which it is received by the candidate or political committee;

(iv) A news item, feature, commentary, or editorial in a regularly scheduled news medium that is of primary interest to the general public, that is in a news medium controlled by a person whose business is that news medium, and that is not controlled by a candidate or a political committee;

(v) An internal political communication primarily limited to the members of or contributors to a political party organization or political committee, or to the officers, management staff, or stockholders of a corporation or similar enterprise, or to the members of a labor organization or other membership organization;

(vi) The rendering of personal services of the sort commonly performed by volunteer campaign workers, or incidental expenses personally incurred by volunteer campaign workers not in excess of fifty dollars personally paid for by the worker. "Volunteer services," for the purposes of this section, means services or labor for which the individual is not compensated by any person;

30 (vii) Messages in the form of reader boards, banners, or yard or 31 window signs displayed on a person's own property or property occupied 32 by a person. However, a facility used for such political advertising 33 for which a rental charge is normally made must be reported as an in-34 kind contribution and counts towards any applicable contribution limit 35 of the person providing the facility;

36 (viii) Legal or accounting services rendered to or on behalf of:

37 (A) A political party or caucus political committee if the person

1 paying for the services is the regular employer of the person rendering 2 such services; or

3 (B) A candidate or an authorized committee if the person paying for 4 the services is the regular employer of the individual rendering the 5 services and if the services are solely for the purpose of ensuring 6 compliance with state election or public disclosure laws.

7 (c) Contributions other than money or its equivalent are deemed to 8 have a monetary value equivalent to the fair market value of the 9 contribution. Services or property or rights furnished at less than 10 their fair market value for the purpose of assisting any candidate or 11 political committee are deemed a contribution. Such a contribution 12 must be reported as an in-kind contribution at its fair market value 13 and counts towards any applicable contribution limit of the provider.

14 (((15))) <u>(16)</u> "Elected official" means any person elected at a 15 general or special election to any public office, and any person 16 appointed to fill a vacancy in any such office.

17 (((16))) (17) "Election" includes any primary, general, or special 18 election for public office and any election in which a ballot 19 proposition is submitted to the voters: PROVIDED, That an election in 20 which the qualifications for voting include other than those 21 requirements set forth in Article VI, section 1 (Amendment 63) of the 22 Constitution of the state of Washington shall not be considered an 23 election for purposes of this chapter.

(((17))) <u>(18)</u> "Election campaign" means any campaign in support of
 or in opposition to a candidate for election to public office and any
 campaign in support of, or in opposition to, a ballot proposition.

(((18))) (19) "Election cycle" means the period beginning on the first day of December after the date of the last previous general election for the office that the candidate seeks and ending on November 30 30th after the next election for the office. In the case of a special election to fill a vacancy in an office, "election cycle" means the period beginning on the day the vacancy occurs and ending on November 30 30th after the special election.

34 (((19))) <u>(20) "Electioneering communication" means any broadcast,</u> 35 <u>cable, or satellite television or radio transmission, United States</u> 36 <u>postal service mailing, billboard, newspaper, or periodical that:</u>

37 (a) Clearly identifies a candidate for a state, local, or judicial

office either by specifically naming the candidate, or identifying the 1 2 candidate without using the candidate's name; (b) Is broadcast, transmitted, mailed, erected, distributed, or 3 otherwise published within sixty days before any election for that 4 office in the jurisdiction in which the candidate is seeking election; 5 6 and 7 (c) Either alone, or in combination with one or more communications identifying the candidate by the same sponsor during the sixty days 8 before an election, has a fair market value of five thousand dollars or 9 10 more. (21) "Electioneering communication" does not include: 11 (a) Usual and customary advertising of a business owned by a 12 13 candidate, even if the candidate is mentioned in the advertising when 14 the candidate has been regularly mentioned in that advertising appearing at least twelve months preceding his or her becoming a 15 16 candidate; 17 (b) Advertising for candidate debates or forums when the advertising is paid for by or on behalf of the debate or forum sponsor, 18 so long as two or more candidates for the same position have been 19 invited to participate in the debate or forum; 20 21 (c) A news item, feature, commentary, or editorial in a regularly 22 scheduled news medium that is: 23 (i) Of primary interest to the general public; 24 (ii) In a news medium controlled by a person whose business is that 25 news medium; and (iii) Not a medium controlled by a candidate or a political 26 27 committee; (d) Slate cards and sample ballots; 28 (e) Advertising for books, films, dissertations, or similar works 29 (i) written by a candidate when the candidate entered into a contract 30 for such publications or media at least twelve months before becoming 31 <u>a candidate, or (ii) written about a candidate;</u> 32 (f) Public service announcements; 33 (q) A mailed internal political communication primarily limited to 34 the members of or contributors to a political party organization or 35 political committee, or to the officers, management staff, or 36 37 stockholders of a corporation or similar enterprise, or to the members of a labor organization or other membership organization; 38

1 (h) An expenditure by or contribution to the authorized committee

2 3 of a candidate for state, local, or judicial office; or (i) Any other communication exempted by the commission through rule

4 consistent with the intent of this chapter.

(22) "Expenditure" includes a payment, contribution, subscription, 5 distribution, loan, advance, deposit, or gift of money or anything of 6 7 value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure. The term "expenditure" 8 9 also includes a promise to pay, a payment, or a transfer of anything of 10 value in exchange for goods, services, property, facilities, or anything of value for the purpose of assisting, benefiting, or honoring 11 12 any public official or candidate, or assisting in furthering or opposing any election campaign. For the purposes of this chapter, 13 14 agreements to make expenditures, contracts, and promises to pay may be reported as estimated obligations until actual payment is made. 15 The term "expenditure" shall not include the partial or complete repayment 16 17 by a candidate or political committee of the principal of a loan, the receipt of which loan has been properly reported. 18

19 (((20))) <u>(23)</u> "Final report" means the report described as a final 20 report in RCW 42.17.080(2).

21 $((\frac{21}{1}))$ (24) "General election" for the purposes of RCW 42.17.640 22 means the election that results in the election of a person to a state 23 office. It does not include a primary.

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(((22))) <u>(25)</u> "Gift," is as defined in RCW 42.52.010.

25 (((23))) (26) "Immediate family" includes the spouse, dependent children, and other dependent relatives, if living in the household. 26 27 For the purposes of RCW 42.17.640 through 42.17.790, "immediate family" means an individual's spouse, and child, stepchild, grandchild, parent, 28 stepparent, grandparent, brother, half brother, sister, or half sister 29 of the individual and the spouse of any such person and a child, 30 31 stepchild, grandchild, parent, stepparent, grandparent, brother, half 32 brother, sister, or half sister of the individual's spouse and the 33 spouse of any such person.

34 (((24))) (27) "Incumbent" means a person who is in present 35 possession of an elected office.

36 (28) "Independent expenditure" means an expenditure that has each 37 of the following elements:

(a) It is made in support of or in opposition to a candidate for 1 2 office by a person who is not (i) a candidate for that office, (ii) an authorized committee of that candidate for that office, (iii) a person 3 who has received the candidate's encouragement or approval to make the 4 5 expenditure, if the expenditure pays in whole or in part for political advertising supporting that candidate or promoting the defeat of any б 7 other candidate or candidates for that office, or (iv) a person with whom the candidate has collaborated for the purpose of making the 8 expenditure, if the expenditure pays in whole or in part for political 9 advertising supporting that candidate or promoting the defeat of any 10 other candidate or candidates for that office; 11

12 (b) The expenditure pays in whole or in part for political 13 advertising that either specifically names the candidate supported or 14 opposed, or clearly and beyond any doubt identifies the candidate 15 without using the candidate's name; and

16 (c) The expenditure, alone or in conjunction with another 17 expenditure or other expenditures of the same person in support of or 18 opposition to that candidate, has a value of five hundred dollars or 19 more. A series of expenditures, each of which is under five hundred 20 dollars, constitutes one independent expenditure if their cumulative 21 value is five hundred dollars or more.

(((25))) <u>(29)</u>(a) "Intermediary" means an individual who transmits a contribution to a candidate or committee from another person unless the contribution is from the individual's employer, immediate family as defined for purposes of RCW 42.17.640 through 42.17.790, or an association to which the individual belongs.

(b) A treasurer or a candidate is not an intermediary for purposesof the committee that the treasurer or candidate serves.

(c) A professional fund-raiser is not an intermediary if the fundand raiser is compensated for fund-raising services at the usual and customary rate.

32 (d) A volunteer hosting a fund-raising event at the individual's33 home is not an intermediary for purposes of that event.

34 (((26))) <u>(30)</u> "Legislation" means bills, resolutions, motions, 35 amendments, nominations, and other matters pending or proposed in 36 either house of the state legislature, and includes any other matter 37 that may be the subject of action by either house or any committee of the legislature and all bills and resolutions that, having passed both
 houses, are pending approval by the governor.

(((27))) (31) "Lobby" and "lobbying" each mean attempting to 3 influence the passage or defeat of any legislation by the legislature 4 5 of the state of Washington, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency б 7 under the state Administrative Procedure Act, chapter 34.05 RCW. Neither "lobby" nor "lobbying" includes an association's or other 8 organization's act of communicating with the 9 members of that 10 association or organization.

11 (((28))) <u>(32)</u> "Lobbyist" includes any person who lobbies either in 12 his or her own or another's behalf.

13 (((29))) (33) "Lobbyist's employer" means the person or persons by 14 whom a lobbyist is employed and all persons by whom he or she is 15 compensated for acting as a lobbyist.

16 (((30))) (34) "Person" includes an individual, partnership, joint 17 venture, public or private corporation, association, federal, state, or 18 local governmental entity or agency however constituted, candidate, 19 committee, political committee, political party, executive committee 20 thereof, or any other organization or group of persons, however 21 organized.

(((31))) <u>(35)</u> "Person in interest" means the person who is the subject of a record or any representative designated by that person, except that if that person is under a legal disability, the term "person in interest" means and includes the parent or duly appointed legal representative.

(((32))) <u>(36)</u> "Political advertising" includes any advertising displays, newspaper ads, billboards, signs, brochures, articles, tabloids, flyers, letters, radio or television presentations, or other means of mass communication, used for the purpose of appealing, directly or indirectly, for votes or for financial or other support <u>or</u> <u>opposition</u> in any election campaign.

33 (((33))) <u>(37)</u> "Political committee" means any person (except a 34 candidate or an individual dealing with his or her own funds or 35 property) having the expectation of receiving contributions or making 36 expenditures in support of, or opposition to, any candidate or any 37 ballot proposition. 1 (((34))) (38) "Primary" for the purposes of RCW 42.17.640 means the 2 procedure for nominating a candidate to state office under chapter 3 ((29.18 or 29.21)) 29A.52 RCW or any other primary for an election that 4 uses, in large measure, the procedures established in chapter ((29.18 5 or 29.21)) 29A.52 RCW.

6 (((35))) (39) "Public office" means any federal, state, judicial,
7 county, city, town, school district, port district, special district,
8 or other state political subdivision elective office.

((((36))) (40) "Public record" includes any writing containing 9 information relating to the conduct of government or the performance of 10 any governmental or proprietary function prepared, owned, used, or 11 12 retained by any state or local agency regardless of physical form or 13 characteristics. For the office of the secretary of the senate and the 14 office of the chief clerk of the house of representatives, public records means legislative records as defined in RCW 40.14.100 and also 15 All budget and financial records; personnel 16 means the following: 17 leave, travel, and payroll records; records of legislative sessions; reports submitted to the legislature; and any other record designated 18 19 a public record by any official action of the senate or the house of 20 representatives.

21 (((37))) (41) "Recall campaign" means the period of time beginning 22 on the date of the filing of recall charges under RCW ((29.82.015))23 <u>29A.56.120</u> and ending thirty days after the recall election.

(((38))) <u>(42) "Sponsor of an electioneering communications,</u> independent expenditures, or political advertising" means the person paying for the electioneering communication, independent expenditure, or political advertising. If a person acts as an agent for another or is reimbursed by another for the payment, the original source of the payment is the sponsor.

30 (43) "State legislative office" means the office of a member of the 31 state house of representatives or the office of a member of the state 32 senate.

33 (((39))) <u>(44)</u> "State office" means state legislative office or the 34 office of governor, lieutenant governor, secretary of state, attorney 35 general, commissioner of public lands, insurance commissioner, 36 superintendent of public instruction, state auditor, or state 37 treasurer.

1 (((40))) (45) "State official" means a person who holds a state 2 office.

(((41))) (46) "Surplus funds" mean, in the case of a political 3 committee or candidate, the balance of contributions that remain in the 4 5 possession or control of that committee or candidate subsequent to the election for which the contributions were received, and that are in 6 7 excess of the amount necessary to pay remaining debts incurred by the committee or candidate prior to that election. 8 In the case of a "surplus 9 continuing political committee, funds" mean those contributions remaining in the possession or control of the committee 10 that are in excess of the amount necessary to pay all remaining debts 11 when it makes its final report under RCW 42.17.065. 12

13 ((((42))) <u>(47)</u> "Writing" means handwriting, typewriting, printing, photostating, photographing, and every other means of recording any 14 form of communication or representation, including, but not limited to, 15 16 letters, words, pictures, sounds, or symbols, or combination thereof, 17 and all papers, maps, magnetic or paper tapes, photographic films and prints, motion picture, film and video recordings, magnetic or punched 18 19 cards, discs, drums, diskettes, sound recordings, and other documents including existing data compilations from which information may be 20 21 obtained or translated.

As used in this chapter, the singular shall take the plural and any gender, the other, as the context requires.

24 Sec. 7. RCW 42.17.103 and 2001 c 54 s 1 are each amended to read 25 as follows:

26 (1) The sponsor of political advertising who, within twenty-one days of an election, publishes, mails, or otherwise presents to the 27 28 public political advertising supporting or opposing a candidate or 29 ballot proposition that qualifies as an independent expenditure with a 30 fair market value of one thousand dollars or more shall deliver, either 31 electronically or in written form, a special report to the commission within twenty-four hours of, or on the first working day after, the 32 date the political advertising is first published, mailed, or otherwise 33 34 presented to the public.

35 (2) If a sponsor is required to file a special report under this 36 section, the sponsor shall also deliver to the commission within the 37 delivery period established in subsection (1) of this section a special 1 report for each subsequent independent expenditure of any size 2 supporting or opposing the same candidate who was the subject of the 3 previous independent expenditure, supporting or opposing that 4 candidate's opponent, or supporting or opposing the same ballot 5 proposition that was the subject of the previous independent 6 expenditure.

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(3) The special report must include at least:

8 (a) The name and address of the person making the expenditure;

9 (b) The name and address of the person to whom the expenditure was 10 made;

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(c) A detailed description of the expenditure;

12 (d) The date the expenditure was made and the date the political 13 advertising was first published or otherwise presented to the public; 14 (e) The amount of the expenditure;

15 (f) The name of the candidate supported or opposed by the 16 expenditure, the office being sought by the candidate, and whether the 17 expenditure supports or opposes the candidate; or the name of the 18 ballot proposition supported or opposed by the expenditure and whether 19 the expenditure supports or opposes the ballot proposition; and

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(g) Any other information the commission may require by rule.

(4) All persons required to report under RCW <u>42.17.065</u>, 42.17.080,
42.17.090, ((and)) 42.17.100, and section 3 of this act are subject to
the requirements of this section. The commission may determine that
reports filed pursuant to this section also satisfy the requirements of
RCW 42.17.100.

(5) The sponsor of independent expenditures supporting a candidate 26 27 or opposing that candidate's opponent required to report under this section shall file with each required report an affidavit or 28 declaration of the person responsible for making the independent 29 expenditure that the expenditure was not made in cooperation, 30 31 consultation, or concert with, or at the request or suggestion of, the 32 candidate, the candidate's authorized committee, or the candidate's agent, or with the encouragement or approval of the candidate, the 33 34 candidate's authorized committee, or the candidate's agent.

35 **Sec. 8.** RCW 42.17.110 and 1975-'76 2nd ex.s. c 112 s 5 are each 36 amended to read as follows:

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(1) Each commercial advertiser who has accepted or provided

political advertising <u>or electioneering communications</u> during the election campaign shall maintain open for public inspection during the campaign and for a period of no less than three years after the date of the applicable election, during normal business hours, documents and books of account which shall specify:

6 (a) The names and addresses of persons from whom it accepted 7 political advertising <u>or electioneering communications</u>;

8 (b) The exact nature and extent of the ((advertising)) services9 rendered; and

10 (c) The consideration and the manner of paying that consideration 11 for such services.

(2) Each commercial advertiser which must comply with subsection
(1) of this section shall deliver to the commission, upon its request,
copies of such information as must be maintained open for public
inspection pursuant to subsection (1) of this section.

16 **Sec. 9.** RCW 42.17.510 and 1995 c 397 s 19 are each amended to read 17 as follows:

All written political advertising, whether relating 18 (1) to candidates or ballot propositions, shall include the sponsor's name and 19 20 address. All radio and television political advertising, whether 21 relating to candidates or ballot propositions, shall include the The use of an assumed name for the sponsor of 22 sponsor's name. 23 electioneering communications, independent expenditures, or political advertising shall be unlawful. ((The party with which a candidate 24 files)) For partisan office, if a candidate has expressed a party or 25 26 independent preference on the declaration of candidacy, that party or independent designation shall be clearly identified in electioneering 27 communications, independent expenditures, or political advertising 28 ((for partisan office)). 29

(2) In addition to the materials required by subsection (1) of this 30 31 section, all political advertising undertaken as an independent expenditure by a person or entity other than a party organization, and 32 all electioneering communications, must include the following statement 33 ((on)) as part of the communication "NOTICE TO VOTERS (Required by 34 This advertisement is not authorized or approved by any 35 law): 36 candidate. It is paid for by (name, address, city, state)." If the 37 advertisement undertaken as an independent expenditure or electioneering communication is undertaken by a nonindividual other than a party organization, then the following notation must also be included: "Top Five Contributors," followed by a listing of the names of the five persons or entities making the largest contributions reportable under this chapter during the twelve-month period before the date of the advertisement or communication.

7 (3) The statements and listings of contributors required by8 subsections (1) and (2) of this section shall:

9 (a) Appear on the first page or fold of the written <u>advertisement</u> 10 <u>or</u> communication in at least ten-point type, or in type at least ten 11 percent of the largest size type used in a written <u>advertisement or</u> 12 communication directed at more than one voter, such as a billboard or 13 poster, whichever is larger;

(b) Not be subject to the half-tone or screening process;

14 15

(c) Be set apart from any other printed matter; and

16 (d) Be clearly spoken on any broadcast advertisement <u>or</u> 17 <u>communication</u>.

(4) Political yard signs are exempt from the requirement 18 of subsections (1) and (2) of this section that the name and address of 19 20 the sponsor of political advertising be listed on the advertising. In 21 addition, the public disclosure commission shall, by rule, exempt from 22 the identification requirements of subsections (1) and (2) of this 23 section forms of political advertising such as campaign buttons, 24 balloons, pens, pencils, sky-writing, inscriptions, and other forms of 25 advertising where identification is impractical.

(5) For the purposes of this section, "yard sign" means any outdoor
 sign with dimensions no greater than eight feet by four feet.

28 **Sec. 10.** RCW 42.17.530 and 1999 c 304 s 2 are each amended to read 29 as follows:

30 (1) It is a violation of this chapter for a person to sponsor with 31 actual malice:

32 (a) Political advertising <u>or an electioneering communication</u> that 33 contains a false statement of material fact about a candidate for 34 public office. However, this subsection (1)(a) does not apply to 35 statements made by a candidate or the candidate's agent about the 36 candidate himself or herself;

1 (b) Political advertising <u>or an electioneering communication</u> that 2 falsely represents that a candidate is the incumbent for the office 3 sought when in fact the candidate is not the incumbent;

4 (c) Political advertising <u>or an electioneering communication</u> that 5 makes either directly or indirectly, a false claim stating or implying 6 the support or endorsement of any person or organization when in fact 7 the candidate does not have such support or endorsement.

8 (2) Any violation of this section shall be proven by clear and 9 convincing evidence.

10 Sec. 11. RCW 42.17.640 and 2001 c 208 s 1 are each reenacted and 11 amended to read as follows:

12 (1) No person, other than a bona fide political party or a caucus 13 political committee, may make contributions to a candidate for a state legislative office that in the aggregate exceed ((five)) seven hundred 14 dollars or to a candidate for a state office other than a state 15 legislative office that in the aggregate exceed one thousand four 16 17 hundred dollars for each election in which the candidate is on the ballot or appears as a write-in candidate. Contributions made with 18 respect to a primary may not be made after the date of the primary. 19 20 However, contributions to a candidate or a candidate's authorized 21 committee may be made with respect to a primary until thirty days after the primary, subject to the following limitations: (a) The candidate 22 23 lost the primary; (b) the candidate's authorized committee has 24 insufficient funds to pay debts outstanding as of the date of the primary; and (c) the contributions may only be raised and spent to 25 26 satisfy the outstanding debt. Contributions made with respect to a 27 general election may not be made after the final day of the applicable 28 election cycle.

(2) No person, other than a bona fide political party or a caucus 29 30 political committee, may make contributions to a state official against 31 whom recall charges have been filed, or to a political committee having the expectation of making expenditures in support of the recall of the 32 33 state official, during a recall campaign that in the aggregate exceed 34 ((five)) seven hundred dollars if for a state legislative office or one 35 thousand four hundred dollars if for a state office other than a state 36 legislative office.

(3)(a) Notwithstanding subsection (1) of this section, no bona fide 1 2 political party or caucus political committee may make contributions to a candidate during an election cycle that in the aggregate exceed (i) 3 ((fifty)) seventy cents multiplied by the number of eligible registered 4 5 voters in the jurisdiction from which the candidate is elected if the contributor is a caucus political committee or the governing body of a 6 7 state organization, or (ii) ((twenty-five)) thirty-five cents multiplied by the number of registered voters in the jurisdiction from 8 which the candidate is elected if the contributor is a county central 9 10 committee or a legislative district committee.

(b) No candidate may accept contributions from a county central committee or a legislative district committee during an election cycle that when combined with contributions from other county central committees or legislative district committees would in the aggregate exceed ((twenty-five)) thirty-five cents times the number of registered voters in the jurisdiction from which the candidate is elected.

17 (4)(a) Notwithstanding subsection (2) of this section, no bona fide political party or caucus political committee may make contributions to 18 a state official against whom recall charges have been filed, or to a 19 political committee having the expectation of making expenditures in 20 21 support of the state official, during a recall campaign that in the 22 aggregate exceed (i) ((fifty)) seventy cents multiplied by the number of eligible registered voters in the jurisdiction entitled to recall 23 24 the state official if the contributor is a caucus political committee 25 or the governing body of a state organization, or (ii) ((twenty-five)) thirty-five cents multiplied by the number of registered voters in the 26 27 jurisdiction from which the candidate is elected if the contributor is a county central committee or a legislative district committee. 28

(b) No state official against whom recall charges have been filed, 29 no authorized committee of the official, and no political committee 30 having the expectation of making expenditures in support of the recall 31 32 of a state official may accept contributions from a county central committee or a legislative district committee during an election cycle 33 that when combined with contributions from other county central 34 committees or legislative district committees would in the aggregate 35 exceed ((twenty-five)) thirty-five cents multiplied by the number of 36 37 registered voters in the jurisdiction from which the candidate is 38 elected.

1 (5) For purposes of determining contribution limits under 2 subsections (3) and (4) of this section, the number of eligible 3 registered voters in a jurisdiction is the number at the time of the 4 most recent general election in the jurisdiction.

(6) Notwithstanding subsections (1) through (4) of this section, no 5 person other than an individual, bona fide political party, or caucus 6 7 political committee may make contributions reportable under this chapter to a caucus political committee that in the aggregate exceed 8 ((five)) seven hundred dollars in a calendar year or to a bona fide 9 political party that in the aggregate exceed ((two)) three thousand 10 five hundred dollars in a calendar year. This subsection does not 11 12 apply to loans made in the ordinary course of business.

13 (7) For the purposes of RCW 42.17.640 through 42.17.790, a 14 contribution to the authorized political committee of a candidate, or 15 of a state official against whom recall charges have been filed, is 16 considered to be a contribution to the candidate or state official.

17 (8) A contribution received within the twelve-month period after a 18 recall election concerning a state office is considered to be a 19 contribution during that recall campaign if the contribution is used to 20 pay a debt or obligation incurred to influence the outcome of that 21 recall campaign.

(9) The contributions allowed by subsection (2) of this section are in addition to those allowed by subsection (1) of this section, and the contributions allowed by subsection (4) of this section are in addition to those allowed by subsection (3) of this section.

(10) RCW 42.17.640 through 42.17.790 apply to a special election conducted to fill a vacancy in a state office. However, the contributions made to a candidate or received by a candidate for a primary or special election conducted to fill such a vacancy shall not be counted toward any of the limitations that apply to the candidate or to contributions made to the candidate for any other primary or election.

(11) Notwithstanding the other subsections of this section, no corporation or business entity not doing business in Washington state, no labor union with fewer than ten members who reside in Washington state, and no political committee that has not received contributions of ten dollars or more from at least ten persons registered to vote in Washington state during the preceding one hundred eighty days may make

1 contributions reportable under this chapter to a candidate, to a state 2 official against whom recall charges have been filed, or to a political 3 committee having the expectation of making expenditures in support of 4 the recall of the official. This subsection does not apply to loans 5 made in the ordinary course of business.

(12) Notwithstanding the other subsections of this section, no 6 7 county central committee or legislative district committee may make contributions reportable under this chapter to a candidate, state 8 9 official against whom recall charges have been filed, or political committee having the expectation of making expenditures in support of 10 the recall of a state official if the county central committee or 11 12 legislative district committee is outside of the jurisdiction entitled 13 to elect the candidate or recall the state official.

14 (13) No person may accept contributions that exceed the 15 contribution limitations provided in this section.

16 (14) The following contributions are exempt from the contribution 17 limits of this section:

(a) An expenditure or contribution earmarked for voter
registration, for absentee ballot information, for precinct caucuses,
for get-out-the-vote campaigns, for precinct judges or inspectors, for
sample ballots, or for ballot counting, all without promotion of or
political advertising for individual candidates; or

(b) An expenditure by a political committee for its own internal organization or fund raising without direct association with individual candidates.

26

PART IV - TECHNICAL PROVISIONS

27 <u>NEW SECTION.</u> **Sec. 12.** RCW 42.17.505 (Definitions) and 1988 c 199 28 s 1 are each repealed.

29 <u>NEW SECTION.</u> **Sec. 13.** Part headings used in this act are not any 30 part of the law.

31 <u>NEW SECTION.</u> Sec. 14. (1) Sections 1 through 5 of this act are 32 each added to chapter 42.17 RCW to be codified with the subchapter 33 heading of "Reporting of Electioneering Communications."

(2) The code reviser must change the subchapter heading "Political
 Advertising" to "Political Advertising and Electioneering
 Communications" in chapter 42.17 RCW.

4 <u>NEW SECTION.</u> Sec. 15. If any provision of this act or its 5 application to any person or circumstance is held invalid, the 6 remainder of the act or the application of the provision to other 7 persons or circumstances is not affected.

8 <u>NEW SECTION.</u> Sec. 16. This act takes effect January 1, 2006.

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