H-0794.1

HOUSE BILL 1360

By Representatives Miloscia, Chase, McDermott, Hasegawa, Pettigrew, Ormsby, Kaqi, Appleton, McIntire and Goodman

60th Legislature

2007 Regular Session

Read first time 01/17/2007. Referred to Committee on State Government & Tribal Affairs.

- 1 AN ACT Relating to public financing of campaigns; amending RCW
- 2 42.17.390, 42.17.020, 42.17.095, 42.52.180, 42.17.128, and 42.17.130;
- 3 adding new sections to chapter 42.17 RCW; creating new sections; and
- 4 prescribing penalties.

State of Washington

- 5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:
- 6 <u>NEW SECTION.</u> **Sec. 1.** The purpose of this act is to create a
- 7 system of clean elections for state office campaigns through public
- 8 financing, thereby focusing campaigns on issues and away from the
- 9 sources of campaign contributions. Public financing of campaigns will
- 10 limit the influence of large contributors and special interests in
- 11 political campaigns.
- 12 <u>NEW SECTION.</u> **Sec. 2.** CITIZENS PUBLIC CAMPAIGN FUND. The citizens
- 13 public campaign fund is created in the state treasury. All receipts
- 14 required to be deposited into the fund under sections 3 through 15 of
- 15 this act must be deposited into the fund. Expenditures from the fund
- 16 may be used only for the purposes of the citizens public campaign act,
- 17 sections 3 through 15 of this act. Only the commission may authorize

p. 1 HB 1360

- 1 expenditures from this fund. The fund is subject to allotment
- 2 procedures under chapter 43.88 RCW, but an appropriation is not
- 3 required for expenditures.

7

8

9

18

19

34

- NEW SECTION. Sec. 3. VOLUNTARY LIMITS ON CONTRIBUTIONS FOR POLITICAL CAMPAIGNS. A participating candidate and a participating candidate's authorized committee shall:
 - (1) Not accept contributions from a political committee, a bona fide political party, a caucus political committee, a union, a corporation, or any other group or entity;
- 10 (2) Not expend more than a total of five hundred dollars of the 11 candidate's personal money for a candidate for the legislature or more 12 than one thousand dollars for a candidate for statewide office and only 13 during the qualifying period;
- 14 (3) Receive and expend seed money according to the provisions of section 6 of this act;
- 16 (4) Collect the minimum number of qualifying contributions under 17 section 4 of this act;
 - (5) Expend only funds received from the citizens public campaign fund after being certified as a publicly funded candidate;
- 20 (6) Sign a joint statement with the treasurer of the publicly 21 financed candidate's authorized committee, under oath, promising to 22 comply with the requirements of this chapter; and
- 23 (7) Comply with the provisions of this chapter to the extent 24 required for publicly funded candidates as prescribed by the 25 commission.
- NEW SECTION. Sec. 4. APPLICATION FOR CERTIFICATION. A candidate who wishes to receive public campaign funds must:
- (1) File an application with the commission declaring his or her intent to participate in the program as candidate for political office.

 The application must be filed before or during the qualifying period.

 The application must identify the candidate, the office that the candidate plans to seek, and the candidate's party, if any. In the application, the candidate shall affirm that only one political
- 35 contributions, expenditures, and obligations for the publicly financed

committee, identified with its treasurer, shall handle all

candidate and that the candidate will comply with the requirements of this act and rules adopted by the commission; and

- (2) Obtain the minimum number of qualifying contributions by the end of the qualifying period. Candidates for the legislature must obtain at least two hundred qualifying contributions, candidates for governor must obtain at least four thousand qualifying contributions, and candidates for other state executive offices must obtain at least one thousand five hundred qualifying contributions. No payment, gift, or anything of value may be given for a qualifying contribution. A qualifying contribution must be:
- 11 (a) Made by a resident who at the time of the contribution resides 12 in the electoral district of the office the candidate is seeking;
- 13 (b) Made by a person who is not given anything of value in exchange 14 for the qualifying contribution;
 - (c) In the sum of five dollars, exactly;

1 2

3

4

5

6 7

8

10

15

18

22

23

24

2526

27

28

2930

31

32

33

34

- 16 (d) Received during the qualifying period by the candidate or on 17 behalf of the candidate; and
 - (e) Made by check, money order, or credit card.
- NEW SECTION. Sec. 5. APPLICATION REQUIREMENTS. (1) Upon receipt of the application, the commission shall determine whether or not the candidate has complied with the following requirements:
 - (a) Signed and filed an application to participate;
 - (b) Submitted a report itemizing the qualifying contributions received. The report must include the name, address, telephone number, and county of residence for each person who made a contribution and the date the contribution was made, and any other information required by the commission;
 - (c) Submitted a check or money order equal to the total qualifying contributions received by the candidate and made out to the citizens public campaign fund; and
 - (d) Submitted affidavits signed by persons collecting qualifying contributions stating that, to the best of his or her knowledge, the contribution was made by a resident in the electoral district of the office the participating candidate is seeking.
- 35 (2) Once the requirements of subsection (1) of this section are 36 met, the commission must verify that a sample of the contributors were

p. 3 HB 1360

residing in the electoral district of the office the participating candidate is seeking.

1 2

3

4

5

6 7

8

25

26

27

2829

30

31

32

3334

35

36

- (3) If the requirements of subsection (2) of this section are met, the commission must certify the candidate for public financing. If the commission denies certification, it must provide written reasons why certification is denied. Any candidate who is denied certification may reapply one time within fourteen days of the commission's decision by submitting the required information or the number of qualifying contributions needed to complete the certification.
- 10 (4) A candidate who is certified as a publicly financed candidate 11 may use that designation in campaign materials and will be so 12 designated in the state voters' pamphlet.
- NEW SECTION. Sec. 6. SEED MONEY CONTRIBUTIONS. 13 A publicly financed candidate may accept contributions of no more than one hundred 14 dollars and only from individuals for seed money. 15 Seed money is 16 limited to twelve thousand dollars for candidates for the legislature, 17 forty thousand dollars for candidates for governor, and twenty-five thousand dollars for candidates for other state executive offices. 18 Seed money may be raised and spent only during the qualifying period 19 20 and may only be used for the purpose of raising qualifying 21 contributions. The candidate's personal money is considered seed money 22 and may only be spent during the qualifying period. Any seed money not 23 spent by the end of the qualifying period must be paid to the citizens 24 public campaign fund.
 - NEW SECTION. Sec. 7. CONTROLS ON A PUBLICLY FINANCED CANDIDATE'S CAMPAIGN ACCOUNT. (1) A publicly financed candidate and the publicly financed candidate's authorized committee shall conduct all financial activity through a single campaign account. A participating candidate shall not make any deposits into the campaign account other than those permitted by this act.
 - (2) A publicly financed candidate and the treasurer of the publicly financed candidate's authorized committee shall pay money from the publicly financed candidate's campaign account directly to any person providing goods or services valued over one hundred dollars to the campaign and shall identify, on reports filed under RCW 42.17.080, the full name and street address of the person and the nature of the goods

and services and compensation for which payment has been made. An authorized committee may establish one or more petty cash accounts, that in aggregate must not exceed one thousand dollars at any time. A single expenditure may not be made from a petty cash account exceeding one hundred dollars. Expenditures from any petty cash account must also be included in reports filed under RCW 42.17.080.

NEW SECTION. Sec. 8. LIMITATIONS ON USE OF PUBLIC FUNDS. Money in the account of a publicly financed candidate's authorized committee may only be used for expenses directly related to the candidate's campaign. It may not be used to pay fines or civil penalties, for costs or legal fees related to representation before the commission, or for defense of an enforcement action under this chapter. Nothing in this chapter prevents a publicly financed candidate from having a legal defense fund.

NEW SECTION. Sec. 9. REVOCATION. A publicly financed candidate may revoke, in writing to the commission, a decision to participate in the public financing program within five days of being certified as a publicly financed candidate. After a timely revocation, that candidate may accept and expend money outside the limits of this act. Within twenty-four hours after revocation, a candidate must return to the commission all money received from the citizens public campaign fund.

NEW SECTION. Sec. 10. PUBLIC CAMPAIGN FUNDING. (1) Within five business days after a publicly financed candidate's name is approved to appear on the primary election ballot in a contested election, the commission shall distribute to the account of the authorized committee of each candidate who qualifies for public campaign funding revenue from the citizens public campaign fund as follows:

- (a) For state legislative offices, twenty-five thousand dollars;
- (b) For the office of governor, five hundred thousand dollars; and
- (c) For other state executive offices, fifty thousand dollars.
- (2) Within five business days after a publicly financed candidate's name is approved to appear on the general election ballot in a contested election, the commission shall distribute to the account of the authorized committee of each candidate who qualifies for public

p. 5 HB 1360

campaign funding revenue from the citizens public campaign fund as follows:

(a) For state legislative offices, thirty thousand dollars;

3

6 7

8

10

1112

13

14

18

19 20

21

2223

24

2526

27

28

29

3031

32

3334

3536

37

- 4 (b) For the office of governor, seven hundred fifty thousand 5 dollars; and
 - (c) For other state executive offices, sixty thousand dollars.
 - (3) Publicly financed candidates who are uncontested shall receive funds equal to the amount of qualifying contributions raised by that candidate's committee.
 - (4) Within ten days of election certification, a publicly financed candidate shall return to the citizens public campaign fund any amount distributed for an election that is unspent and uncommitted at the date of the election, or at the time the individual ceased to be a candidate.
- 15 (5) The commission shall distribute funds to publicly financed 16 candidates in a manner that ensures accountability and safeguards the 17 integrity of the fund.
 - NEW SECTION. Sec. 11. EQUAL FUNDING OF CANDIDATES. (1) When a report is filed during a primary or general election period, or other information comes to the attention of the commission, indicating that a nonparticipating candidate has raised more money than his or her publicly financed candidate has received in public funding, the commission shall authorize and allocate additional funds from the citizens public campaign fund to the account of the authorized committee of the publicly financed candidate seeking the same office as the nonparticipating candidate. A publicly financed candidate may receive funds equal to the difference between the total amount raised by the nonparticipating candidate and the amount received by the publicly financed candidate, but no more than five times the amount distributed under section 10 of this act. If there are multiple nonparticipating candidates who have raised more money than the publicly financed candidate has received, the publicly financed candidate shall receive funds based on the difference between the total amount raised by the nonparticipating candidate who has raised the most money and the amount received by the publicly financed candidate.
 - (2)(a) Independent expenditures and electioneering communications made against a publicly financed candidate shall be considered as

нв 1360 р. 6

contributions to each opposing candidate and the commission shall provide funds pursuant to subsection (1) of this section to the publicly financed candidate.

1 2

- (b) Independent expenditures and electioneering communications made in favor of one or more nonparticipating opponents of a publicly financed candidate shall be treated as contributions to those nonparticipating candidates and the commission shall provide funds pursuant to subsection (1) of this section to the publicly financed candidate.
- (c) Independent expenditures and electioneering communications made in favor of a publicly financed candidate shall be considered, for every opposing publicly financed candidate, as though the independent expenditures or electioneering communications were a contribution to a nonparticipating opponent and the commission shall provide funds pursuant to subsection (1) of this section to the publicly financed candidate being opposed.
- (d) Expenditures or electioneering communications made by a nonparticipating candidate before the primary or general election period that consist of a contract, promise, or agreement to make an expenditure during that primary or general election period resulting in an extension of credit shall be considered as though made during the primary or general election period respectively, and the commission shall provide funds pursuant to subsection (1) of this section.
- (e) Expenditures or electioneering communications for or against a publicly financed candidate promoting or opposing two or more candidates who are not running for the same office shall be allocated by the commission among candidates for different offices based on the relative size or length and relative prominence of the reference to candidates for different offices.
- (f) For purposes of this section, expenditures made by a nonparticipating candidate and independent expenditures and electioneering communications are deemed to have been made on the day the expenditure, independent expenditure, or electioneering communication appears and not the day it is paid.
- (3) If adequate funding is not available to fully equalize the total amount raised by a nonparticipating candidate, the commission may authorize a lesser amount based on available funding.

p. 7 HB 1360

NEW SECTION. Sec. 12. REPORTS. (1)(a) Any nonparticipating candidate who has a publicly financed opponent shall report total income, expenses, and obligations to the commission electronically within twenty-four hours after the total amount of campaign expenditures or obligations made, or funds raised or borrowed, exceeds eighty percent of the amount authorized for publicly financed candidates under section 10 of this act.

1 2

- (b) Any person making independent expenditures or electioneering communications in excess of three thousand dollars in support of or opposition to a publicly financed candidate, or in support of a candidate opposing a publicly financed candidate, shall report the total funds received, spent, or obligated for those expenditures to the commission electronically within twenty-four hours after the total amount of expenditures or obligations made, or funds raised or borrowed, for the purpose of making the independent expenditures or electioneering communications, exceeds the amount authorized for the publicly financed candidate under section 10 of this act.
- (c) Once a nonparticipating candidate or person making an independent expenditure or electioneering communication files the reports required under (a) and (b) of this subsection, he or she shall comply with an expedited reporting schedule by filing additional reports after receiving each additional amount in excess of one thousand dollars or after making or obligating to make each additional expenditure or expenditures in excess of one thousand dollars.
- (d) The commission shall adopt, in rule, procedures for the reporting requirements of this subsection.
- (2) Publicly financed candidates shall report in accordance with procedures developed by the commission. A publicly financed candidate who revokes his or her participation in the program, who ceases to be a candidate, or who loses an election shall file a final report with the commission and return any unspent revenues received from the citizens public campaign fund. In developing reporting procedures for publicly financed candidates, the commission shall use existing campaign reporting procedures when practical.
- (3) The commission shall ensure prompt public access to the reports received under this section.

NEW SECTION. Sec. 13. PUBLIC DEBATES. Publicly financed candidates in contested races must participate in two public debates during a primary election period and two public debates during a general election period. The debates shall be conducted at times decided by the commission and in accordance with rules prescribed by the commission. Nonparticipating candidates shall be invited to participate in the debates.

- NEW SECTION. Sec. 14. RETURN OF MONEY TO THE CITIZENS PUBLIC CAMPAIGN FUND. (1) At the end of the primary election period, a publicly financed candidate who has received money under this act shall return to the citizens public campaign fund all money in the account of the candidate's authorized committee above an amount sufficient to pay any unpaid bills for expenditures made during the primary election period and for goods or services directed to the primary election.
- (2) At the end of the general election period, a publicly funded candidate shall return to the citizens public campaign fund all money in the account of the candidate's authorized committee above an amount sufficient to pay any unpaid bills for expenditures made before the general election period and for goods and services directed to the general election.
- (3) At the end of the general election period, a successful publicly funded candidate may hold in surplus up to five hundred dollars for the following purposes:
- (a) Nonreimbursed public office-related expenses held in a separate account. Dispositions must be reported in accordance with RCW 42.17.090. The separate account required under this subsection may not be used for deposits of campaign funds that are not surplus; and
- (b) A future election campaign for the same office last sought by the candidate. Dispositions must be reported in accordance with RCW 42.17.090. If the candidate subsequently announces or publicly files for office, information as appropriate must be reported to the commission in accordance with RCW 42.17.040 through 42.17.090. If a subsequent office is not sought the surplus held must be returned to the citizens public campaign fund.
- (4) A publicly financed candidate shall pay all uncontested and unpaid bills referred to in this section no later than thirty days after the primary or general election. A publicly financed candidate

p. 9 HB 1360

- 1 shall make monthly reports to the commission concerning the status of
- 2 the dispute over any contested bills. Any money in a candidate's
- 3 campaign account after payment of bills must be returned promptly to
- 4 the citizens public campaign fund.

22

23

24

25

26

27

2829

30

31

32

- NEW SECTION. Sec. 15. INFLATION AND OTHER ADJUSTMENTS OF DOLLAR VALUES. (1) Every two years the commission shall modify the dollar values specified in this act, in the manner specified by RCW 42.17.370 to account for inflation. Whenever a dollar value is so adjusted, this act will be interpreted to apply to the inflation-adjusted value.
- (2) Based on the results of the elections in the year 2004 or any 10 presidential election thereafter, and within six months after the 11 election, the commission may adopt rules reallocating funds available 12 to all candidates between the primary and general election by selecting 13 a fraction for primary election matching limits that is between one-14 15 third and one-half of the matching limits for the election cycle. For 16 each office, the primary election matching limit will be modified to be 17 the sum of the primary and general elections matching limits multiplied 18 by the selected fraction, and the general election matching limit will 19 be modified to be the same sum.
- 20 **Sec. 16.** RCW 42.17.390 and 2006 c 315 s 2 are each amended to read 21 as follows:
 - One or more of the following civil remedies and sanctions may be imposed by court order in addition to any other remedies provided by law:
 - (1) If the court finds that the violation of any provision of this chapter by any candidate or political committee probably affected the outcome of any election, the result of said election may be held void and a special election held within sixty days of such finding. Any action to void an election shall be commenced within one year of the date of the election in question. It is intended that this remedy be imposed freely in all appropriate cases to protect the right of the electorate to an informed and knowledgeable vote.
- 33 (2) If any lobbyist or sponsor of any grass roots lobbying campaign 34 violates any of the provisions of this chapter, his or her registration 35 may be revoked or suspended and he or she may be enjoined from

receiving compensation or making expenditures for lobbying: PROVIDED, HOWEVER, That imposition of such sanction shall not excuse said lobbyist from filing statements and reports required by this chapter.

1 2

- (3) Any person who violates any of the provisions of this chapter may be subject to a civil penalty of not more than ten thousand dollars for each such violation. However, a person or entity who violates RCW 42.17.640 may be subject to a civil penalty of ten thousand dollars or three times the amount of the contribution illegally made or accepted, whichever is greater.
- (4) Any person who fails to file a properly completed statement or report within the time required by this chapter may be subject to a civil penalty of ten dollars per day for each day each such delinquency continues.
- (5) Any person who fails to report a contribution or expenditure as required by this chapter may be subject to a civil penalty equivalent to the amount not reported as required.
- (6) The court may enjoin any person to prevent the doing of any act herein prohibited, or to compel the performance of any act required herein.
- (7)(a) The civil penalty for a violation of a contribution or expenditure limit established under section 3 of this act by or on behalf of a publicly financed candidate is ten times the amount by which the expenditures or contributions exceed the applicable limit. If the violation occurs within five days of an election, the civil penalty is twenty times the amount by which the expenditures or contributions exceed the applicable limit. A publicly financed candidate found to have knowingly committed a violation of the expenditure or contribution limits under section 3 of this act shall pay the applicable fines, turn over all money in the candidate's authorized committee account to the citizens public campaign fund, and will cease to be a publicly financed candidate.
- (b) In addition to any other penalties imposed by law, the civil penalty for a violation by or on behalf of a publicly financed candidate of a reporting requirement imposed by this chapter is one hundred dollars per day. A civil penalty imposed under this subsection (7)(b) may not exceed twice the amount of expenditures or contributions not reported in a timely manner. The candidate and the candidate's

p. 11 HB 1360

- 1 <u>authorized committee are jointly and severally responsible for a civil</u>
- 2 penalty imposed under this subsection.

18

19 20

21

2223

24

2526

27

28

32

- 3 (c) All civil penalties collected under this subsection will be
- 4 <u>deposited into the citizens public campaign fund.</u>
- 5 **Sec. 17.** RCW 42.17.020 and 2005 c 445 s 6 are each amended to read 6 as follows:
- 7 The definitions in this section apply throughout this chapter 8 unless the context clearly requires otherwise.
- 9 (1) "Actual malice" means to act with knowledge of falsity or with 10 reckless disregard as to truth or falsity.
- 11 (2) "Agency" includes all state agencies and all local agencies.
 12 "State agency" includes every state office, department, division,
 13 bureau, board, commission, or other state agency. "Local agency"
 14 includes every county, city, town, municipal corporation, quasi15 municipal corporation, or special purpose district, or any office,
 16 department, division, bureau, board, commission, or agency thereof, or
 17 other local public agency.
 - (3) "Authorized committee" means the political committee authorized by a candidate, or by the public official against whom recall charges have been filed, to accept contributions or make expenditures on behalf of the candidate or public official.
 - (4) "Ballot proposition" means any "measure" as defined by RCW 29A.04.091, or any initiative, recall, or referendum proposition proposed to be submitted to the voters of the state or any municipal corporation, political subdivision, or other voting constituency from and after the time when the proposition has been initially filed with the appropriate election officer of that constituency prior to its circulation for signatures.
- 29 (5) "Benefit" means a commercial, proprietary, financial, economic, 30 or monetary advantage, or the avoidance of a commercial, proprietary, 31 financial, economic, or monetary disadvantage.
 - (6) "Bona fide political party" means:
- 33 (a) An organization that has filed a valid certificate of 34 nomination with the secretary of state under chapter 29A.20 RCW;
- 35 (b) The governing body of the state organization of a major 36 political party, as defined in RCW 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.
- (7) (("Depository" means a bank designated by a candidate or political committee pursuant to RCW 42.17.050.
- (8) "Treasurer" and "deputy treasurer" mean the individuals appointed by a candidate or political committee, pursuant to RCW 42.17.050, to perform the duties specified in that section.
- (9)) "Candidate" means any individual who seeks nomination for election or election to public office. An individual seeks nomination or election when he or she first:
- (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;

1 2

- (c) Purchases commercial advertising space or broadcast time to promote his or her candidacy; or
- (d) Gives his or her consent to another person to take on behalf of the individual any of the actions in (a) or (c) of this subsection.
- $((\frac{10}{10}))$ <u>(8)</u> "Caucus political committee" means a political committee organized and maintained by the members of a major political party in the state senate or state house of representatives.
- (((11))) (9) "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.
- $((\frac{12}{12}))$ (10) "Commission" means the agency established under RCW 31 42.17.350.
 - ((\(\frac{(13)}{13}\))) (11) "Compensation" unless the context requires a narrower meaning, includes payment in any form for real or personal property or services of any kind: PROVIDED, That for the purpose of compliance with RCW 42.17.241, the term "compensation" shall not include per diem allowances or other payments made by a governmental entity to reimburse a public official for expenses incurred while the official is engaged in the official business of the governmental entity.

p. 13 HB 1360

1 ((\frac{(14)}{)}) (12) "Contested election" means an election in which there
2 are two or more candidates running for the same office.

(13) "Continuing political committee" means a political committee that is an organization of continuing existence not established in anticipation of any particular election campaign.

 $((\frac{15}{15}))$ (14)(a) "Contribution" includes:

3

4 5

6 7

8

10 11

12

13

14

15 16

17

18

19

2021

22

25

2627

28

29

3031

32

33

- (i) A loan, gift, deposit, subscription, forgiveness of indebtedness, donation, advance, pledge, payment, transfer of funds between political committees, or anything of value, including personal 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, or other form of political advertising or electioneering communication prepared by a candidate, a political committee, or its authorized agent;
- (iv) Sums paid for tickets to fund-raising events such as dinners and parties, except for the actual cost of the consumables furnished at the event.
 - (b) "Contribution" does not include:
- 23 (i) Standard interest on money deposited in a political committee's account;
 - (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;

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

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

- (A) A political party or caucus political committee if the person paying for the services is the regular employer of the person rendering such services; or
- (B) A candidate or an authorized committee if the person paying for the services is the regular employer of the individual rendering the services and if the services are solely for the purpose of ensuring compliance with state election or public disclosure laws.
- (c) Contributions other than money or its equivalent are deemed to have a monetary value equivalent to the fair market value of the contribution. Services or property or rights furnished at less than their fair market value for the purpose of assisting any candidate or political committee are deemed a contribution. Such a contribution must be reported as an in-kind contribution at its fair market value and counts towards any applicable contribution limit of the provider.
- (15) "Depository" means a bank designated by a candidate or political committee under RCW 42.17.050.
- (16) "Elected official" means any person elected at a general or special election to any public office, and any person appointed to fill a vacancy in any such office.
- (17) "Election" includes any primary, general, or special election for public office and any election in which a ballot proposition is submitted to the voters: PROVIDED, That an election in which the qualifications for voting include other than those requirements set forth in Article VI, section 1 (Amendment 63) of the Constitution of

p. 15 HB 1360

the state of Washington shall not be considered an election for purposes of this chapter.

- (18) "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.
- (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 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 30th after the special election.
- (20) "Electioneering communication" means any broadcast, cable, or satellite television or radio transmission, United States postal service mailing, billboard, newspaper, or periodical that:
- (a) Clearly identifies a candidate for a state, local, or judicial office either by specifically naming the candidate, or identifying the candidate without using the candidate's name;
- (b) Is broadcast, transmitted, mailed, erected, distributed, or otherwise published within sixty days before any election for that office in the jurisdiction in which the candidate is seeking election; and
- (c) Either alone, or in combination with one or more communications identifying the candidate by the same sponsor during the sixty days before an election, has a fair market value of five thousand dollars or more.
 - (21) "Electioneering communication" does not include:
- (a) Usual and customary advertising of a business owned by a candidate, even if the candidate is mentioned in the advertising when the candidate has been regularly mentioned in that advertising appearing at least twelve months preceding his or her becoming a candidate;
- (b) Advertising for candidate debates or forums when the advertising is paid for by or on behalf of the debate or forum sponsor, so long as two or more candidates for the same position have been invited to participate in the debate or forum;
- 37 (c) A news item, feature, commentary, or editorial in a regularly 38 scheduled news medium that is:

- (i) Of primary interest to the general public;
- 2 (ii) In a news medium controlled by a person whose business is that 3 news medium; and
 - (iii) Not a medium controlled by a candidate or a political committee;
 - (d) Slate cards and sample ballots;

- (e) Advertising for books, films, dissertations, or similar works(i) written by a candidate when the candidate entered into a contract for such publications or media at least twelve months before becoming a candidate, or (ii) written about a candidate;
 - (f) Public service announcements;
- (g) A mailed 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;
- (h) An expenditure by or contribution to the authorized committee of a candidate for state, local, or judicial office; or
- (i) Any other communication exempted by the commission through rule consistent with the intent of this chapter.
- (22) "Expenditure" includes a payment, contribution, subscription, distribution, loan, advance, deposit, or gift of money or anything of value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure. The term "expenditure" also includes a promise to pay, a payment, or a transfer of anything of value in exchange for goods, services, property, facilities, or anything of value for the purpose of assisting, benefiting, or honoring any public official or candidate, or assisting in furthering or opposing any election campaign. For the purposes of this chapter, agreements to make expenditures, contracts, and promises to pay may be reported as estimated obligations until actual payment is made. The term "expenditure" shall not include the partial or complete repayment by a candidate or political committee of the principal of a loan, the receipt of which loan has been properly reported.
- (23) "Exploratory period" means the period beginning the day after the previous general election for the office being sought and ending the day before the start of the qualifying period for that office.

p. 17 HB 1360

(24) "Final report" means the report described as a final report in 2 RCW 42.17.080(2).

 $((\frac{24}{1}))$ (25) "General election" for the purposes of RCW 42.17.640 means the election that results in the election of a person to a state office. It does not include a primary.

 $((\frac{25}{1}))$ (26) "General election period" means the period beginning on the day after the primary election and ending the day of the general election. For a recall election, the "general election period" extends from the day after the end of the qualifying period to the day of the recall election.

(27) "Gift," is as defined in RCW 42.52.010.

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

 $((\frac{27}{27}))$ <u>(29)</u> "Incumbent" means a person who is in present possession of an elected office.

 $((\frac{(28)}{(28)}))$ "Independent expenditure" means an expenditure that has each of the following elements:

- (a) It is made in support of or in opposition to a candidate for 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 who has received the candidate's encouragement or approval to make the expenditure, if the expenditure pays in whole or in part for political advertising supporting that candidate or promoting the defeat of any other candidate or candidates for that office, or (iv) a person with whom the candidate has collaborated for the purpose of making the expenditure, if the expenditure pays in whole or in part for political advertising supporting that candidate or promoting the defeat of any other candidate or candidates for that office;
- (b) The expenditure pays in whole or in part for political advertising that either specifically names the candidate supported or

opposed, or clearly and beyond any doubt identifies the candidate without using the candidate's name; and

- (c) The expenditure, alone or in conjunction with another expenditure or other expenditures of the same person in support of or opposition to that candidate, has a value of five hundred dollars or more. A series of expenditures, each of which is under five hundred dollars, constitutes one independent expenditure if their cumulative value is five hundred dollars or more.
- $((\frac{(29)}{)})$ (31)(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.
- 14 (b) A treasurer or a candidate is not an intermediary for purposes 15 of the committee that the treasurer or candidate serves.
 - (c) A professional fund-raiser is not an intermediary if the fund-raiser is compensated for fund-raising services at the usual and customary rate.
 - (d) A volunteer hosting a fund-raising event at the individual's home is not an intermediary for purposes of that event.
 - (((30))) (32) "Legislation" means bills, resolutions, motions, amendments, nominations, and other matters pending or proposed in either house of the state legislature, and includes any other matter 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.
 - (((31))) <u>(33)</u> "Lobby" and "lobbying" each mean attempting to influence the passage or defeat of any legislation by the legislature of the state of Washington, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency under the state Administrative Procedure Act, chapter 34.05 RCW. Neither "lobby" nor "lobbying" includes an association's or other organization's act of communicating with the members of that association or organization.
- $((\frac{34}{32}))$ "Lobbyist" includes any person who lobbies either in 36 his or her own or another's behalf.
- (((33))) (35) "Lobbyist's employer" means the person or persons by

p. 19 HB 1360

whom a lobbyist is employed and all persons by whom he or she is compensated for acting as a lobbyist.

- (((34))) (36) "Nonparticipating candidate" means a candidate who is on the ballot but has chosen not to apply for public funds from the citizens public campaign fund or a candidate who is on the ballot and has applied but has not been certified to receive public funds from the citizens public campaign fund.
- (37) "Participate" means that, with respect to a particular election, an entity:
 - (a) Makes either a monetary or in-kind contribution to a candidate;
 - (b) Makes an independent expenditure or electioneering communication in support of or opposition to a candidate;
 - (c) Endorses a candidate prior to contributions being made by a subsidiary corporation or local unit with respect to that candidate or that candidate's opponent;
 - (d) Makes a recommendation regarding whether a candidate should be supported or opposed prior to a contribution being made by a subsidiary corporation or local unit with respect to that candidate or that candidate's opponent; or
 - (e) Directly or indirectly collaborates or consults with a subsidiary corporation or local unit on matters relating to the support of or opposition to a candidate, including, but not limited to, the amount of a contribution, when a contribution should be given, and what assistance, services or independent expenditures, or electioneering communications, if any, will be made or should be made in support of or opposition to a candidate.
 - $((\frac{35}{10}))$ (38) "Person" includes an individual, partnership, joint venture, public or private corporation, association, federal, state, or local governmental entity or agency however constituted, candidate, committee, political committee, political party, executive committee thereof, or any other organization or group of persons, however organized.
- ((\(\frac{(36)}{)}\)) (39) "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.

 $((\frac{37}{1}))$ (40) "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 or opposition in any election campaign.

 $((\frac{38}{38}))$ (41) "Political committee" means any person (except a candidate or an individual dealing with his or her own funds or property) having the expectation of receiving contributions or making expenditures in support of, or opposition to, any candidate or any ballot proposition.

 $((\frac{39}{10}))$ $(\frac{42}{10})$ "Primary" for the purposes of RCW 42.17.640 means the procedure for nominating a candidate to state office under chapter 29A.52 RCW or any other primary for an election that uses, in large measure, the procedures established in chapter 29A.52 RCW.

((40))) (43) "Primary period" means the nine-week period before and ending on the day of the primary election. There is no primary period for a recall election.

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

((\(\frac{41+}{1}\))) (45) "Public record" includes any writing containing information relating to the conduct of government or the performance of any governmental or proprietary function prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics. For the office of the secretary of the senate and the office of the chief clerk of the house of representatives, public records means legislative records as defined in RCW 40.14.100 and also means the following: All budget and financial records; personnel leave, travel, and payroll records; records of legislative sessions; reports submitted to the legislature; and any other record designated a public record by any official action of the senate or the house of representatives.

((\(\frac{42}{1}\))) (46) "Qualifying contribution" means a contribution of exactly five dollars, made by a resident who at the time of the contribution resides in the electoral district of the office the candidate is seeking, and is received during the qualifying period.

p. 21 HB 1360

(47) "Qualifying period" means the period beginning one hundred twenty days before the first day a candidate may file for office and ending on the close of the regular filing period for the office.

- (48) "Recall campaign" means the period of time beginning on the date of the filing of recall charges under RCW 29A.56.120 and ending thirty days after the recall election.
- ((\(\frac{43}{1}\))) (49) "Seed money" means a contribution of no more than one hundred dollars, made by an individual, and received during the qualifying period.
- (50) "Sponsor of an electioneering communications, 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.
- ((44))) (51) "State legislative office" means the office of a member of the state house of representatives or the office of a member of the state senate.
 - ((45)) (52) "State office" means state legislative office or the office of governor, lieutenant governor, secretary of state, attorney general, commissioner of public lands, insurance commissioner, superintendent of public instruction, state auditor, or state treasurer.
- $((\frac{46}{1}))$ (53) "State official" means a person who holds a state office.
 - ((\(\frac{47}{47}\)) (54) "Surplus funds" mean, in the case of a political committee or candidate, the balance of contributions that remain in the possession or control of that committee or candidate subsequent to the election for which the contributions were received, and that are in excess of the amount necessary to pay remaining debts incurred by the committee or candidate prior to that election. In the case of a continuing political committee, "surplus funds" mean those contributions remaining in the possession or control of the committee that are in excess of the amount necessary to pay all remaining debts when it makes its final report under RCW 42.17.065.
- 36 (((48))) (55) "Treasurer" and "deputy treasurer" mean the 37 individuals appointed by a candidate or political committee, under RCW 38 42.17.050, to perform the duties specified in RCW 42.17.050.

- 1 (56) "Uncontested election" means an election in which a candidate running for a specified office has no opponent.
- "Writing" handwriting, typewriting, printing, 3 (57)means photostating, photographing, and every other means of recording any 4 form of communication or representation, including, but not limited to, 5 letters, words, pictures, sounds, or symbols, or combination thereof, 6 7 and all papers, maps, magnetic or paper tapes, photographic films and prints, motion picture, film and video recordings, magnetic or punched 8 cards, discs, drums, diskettes, sound recordings, and other documents 9 10 including existing data compilations from which information may be
- 12 As used in this chapter, the singular shall take the plural and any 13 gender, the other, as the context requires.

obtained or translated.

11

16

17

18

19 20

21

2223

24

2526

27

28

2930

- 14 **Sec. 18.** RCW 42.17.095 and 2005 c 467 s 1 are each amended to read 15 as follows:
 - The surplus funds of a candidate, or of a political committee supporting or opposing a candidate, may only be disposed of in any one or more of the following ways:
 - (1) Return the surplus to a contributor in an amount not to exceed that contributor's original contribution;
 - (2) Transfer the surplus to the candidate's personal account as reimbursement for lost earnings incurred as a result of that candidate's election campaign. Such lost earnings shall be verifiable as unpaid salary or, when the candidate is not salaried, as an amount not to exceed income received by the candidate for services rendered during an appropriate, corresponding time period. All lost earnings incurred shall be documented and a record thereof shall be maintained by the candidate or the candidate's political committee. The committee shall include a copy of such record when its expenditure for such reimbursement is reported pursuant to RCW 42.17.090;
- 31 (3) Transfer the surplus without limit to a political party or to a caucus political committee;
- 33 (4) Donate the surplus to a charitable organization registered in accordance with chapter 19.09 RCW;
- 35 (5) Transmit the surplus to the state treasurer for deposit in the 36 general fund, the oral history, state library, and archives account

p. 23 HB 1360

under RCW 43.07.380, or the legislative international trade account under RCW ((44.04.270)) 43.15.050, as specified by the candidate or political committee; ((or))

- (6) Hold the surplus in the ((campaign)) depository or depositories designated in accordance with RCW 42.17.050 for possible use in a future election campaign for the same office last sought by the candidate and report any such disposition in accordance with RCW 42.17.090: PROVIDED, That if the candidate subsequently announces or publicly files for office, information as appropriate is reported to the commission in accordance with RCW 42.17.040 through 42.17.090. If a subsequent office is not sought the surplus held shall be disposed of in accordance with the requirements of this section((\cdot,\cdot));
- (7) Hold the surplus campaign funds in a separate account for nonreimbursed public office-related expenses or as provided in this section, and report any such disposition in accordance with RCW 42.17.090. The separate account required under this subsection shall not be used for deposits of campaign funds that are not $surplus((\cdot, \cdot))$:
- (8) Notwithstanding subsections (1) through (7) of this section, for those candidates certified for public campaign funding, all surplus campaign funds must be transferred to the citizens public campaign fund; or
- 22 <u>(9)</u> No candidate or authorized committee may transfer funds to any 23 other candidate or other political committee.
- The disposal of surplus funds under this section shall not be considered a contribution for purposes of this chapter.
- **Sec. 19.** RCW 42.52.180 and 1995 c 397 s 30 are each amended to 27 read as follows:
 - (1) No state officer or state employee may use or authorize the use of facilities of an agency, directly or indirectly, for the purpose of assisting a campaign for election of a person to an office or for the promotion of or opposition to a ballot proposition. Knowing acquiescence by a person with authority to direct, control, or influence the actions of the state officer or state employee using public resources in violation of this section constitutes a violation of this section. Facilities of an agency include, but are not limited to, use of stationery, postage, machines, and equipment, use of state

employees of the agency during working hours, vehicles, office space, publications of the agency, and clientele lists of persons served by the agency.

- (2) This section shall not apply to the following activities:
- (a) Action taken at an open public meeting by members of an elected legislative body to express a collective decision, or to actually vote upon a motion, proposal, resolution, order, or ordinance, or to support or oppose a ballot proposition as long as (i) required notice of the meeting includes the title and number of the ballot proposition, and (ii) members of the legislative body or members of the public are afforded an approximately equal opportunity for the expression of an opposing view;
- (b) A statement by an elected official in support of or in opposition to any ballot proposition at an open press conference or in response to a specific inquiry. For the purposes of this subsection, it is not a violation of this section for an elected official to respond to an inquiry regarding a ballot proposition, to make incidental remarks concerning a ballot proposition in an official communication, or otherwise comment on a ballot proposition without an actual, measurable expenditure of public funds. The ethics boards shall adopt by rule a definition of measurable expenditure;
- (c) Activities that are part of the normal and regular conduct of the office or agency; ((and))
 - (d) De minimis use of public facilities by statewide elected officials and legislators incidental to the preparation or delivery of permissible communications, including written and verbal communications initiated by them of their views on ballot propositions that foreseeably may affect a matter that falls within their constitutional or statutory responsibilities; and
- (e) Activities that are undertaken by a public agency in implementation of sections 2 through 15 of this act, the citizens public campaign act.
- 33 (3) As to state officers and employees, this section operates to the exclusion of RCW 42.17.130.
- **Sec. 20.** RCW 42.17.128 and 1993 c 2 s 24 are each amended to read as follows:
- 37 Except as provided in sections 2 through 15 of this act, the

p. 25 HB 1360

- 1 <u>citizens public campaign act, public funds</u>, whether derived through
- 2 taxes, fees, penalties, or any other sources, shall not be used to
- 3 finance political campaigns for state or local office.

Sec. 21. RCW 42.17.130 and 2006 c 215 s 2 are each amended to read 5 as follows:

Except as provided in sections 2 through 15 of this act, the citizens public campaign act, no elective official nor any employee of his (({or her})) or her office nor any person appointed to or employed by any public office or agency may use or authorize the use of any of the facilities of a public office or agency, directly or indirectly, for the purpose of assisting a campaign for election of any person to any office or for the promotion of or opposition to any ballot proposition. Facilities of a public office or agency include, but are not limited to, use of stationery, postage, machines, and equipment, use of employees of the office or agency during working hours, vehicles, office space, publications of the office or agency, and clientele lists of persons served by the office or agency. However, this does not apply to the following activities:

- (1) Action taken at an open public meeting by members of an elected legislative body or by an elected board, council, or commission of a special purpose district including, but not limited to, fire districts, public hospital districts, library districts, park districts, port districts, public utility districts, school districts, sewer districts, and water districts, to express a collective decision, or to actually vote upon a motion, proposal, resolution, order, or ordinance, or to support or oppose a ballot proposition so long as (a) any required notice of the meeting includes the title and number of the ballot proposition, and (b) members of the legislative body, members of the board, council, or commission of the special purpose district, or members of the public are afforded an approximately equal opportunity for the expression of an opposing view;
- (2) A statement by an elected official in support of or in opposition to any ballot proposition at an open press conference or in response to a specific inquiry;
- 35 (3) Activities which are part of the normal and regular conduct of 36 the office or agency.

- NEW SECTION. Sec. 22. Sections 2 through 15 of this act may be known as the citizens public campaign act.
- 3 <u>NEW SECTION.</u> **Sec. 23.** Sections 2 through 15 of this act are each 4 added to chapter 42.17 RCW.
- 5 <u>NEW SECTION.</u> **Sec. 24.** Captions used in this act are not part of law.
- NEW SECTION. Sec. 25. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act or the application of the provision to other persons or circumstances is not affected.

--- END ---

p. 27 HB 1360