

# SENATE BILL REPORT

## SB 5791

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As Reported by Senate Committee On:  
State Government, February 17, 2017

**Title:** An act relating to improving the accountability and efficiency of the public disclosure commission's operations and requirements.

**Brief Description:** Improving the accountability and efficiency of the public disclosure commission's operations and requirements.

**Sponsors:** Senators Braun, Palumbo, Miloscia, Rivers, Zeiger, Padden and Wilson.

**Brief History:**

**Committee Activity:** State Government: 2/15/17, 2/17/17 [DP, DNP].

**Brief Summary of Bill**

- Terminates current terms of current Public Disclosure Commissioners and requires legislative caucuses to appoint new commissioners, with appointees selecting a chair.
- Modifies disclosure requirements regarding campaign debts and on electioneering communication and independent expenditures.
- Removes prohibition on large aggregate contributions 21 days before an election.
- Requires prompt disclosure of all contributions of \$10,000 or more in aggregate to a candidate or political committee within the 60 days before a primary or general election.

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### SENATE COMMITTEE ON STATE GOVERNMENT

**Majority Report:** Do pass.

Signed by Senators Miloscia, Chair; Zeiger, Vice Chair; Pearson.

**Minority Report:** Do not pass.

Signed by Senators Hunt, Ranking Minority Member; Kuderer.

**Staff:** Samuel Brown (786-7470)

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

**Background:** Public Disclosure Commission (PDC). The PDC was created by Initiative 276 in 1972. The PDC is empowered to provide timely public access to information about the financing of political campaigns, lobbyist expenditures, and the financial affairs of public officials and candidates, and to ensure compliance with contribution limits and other campaign finance restrictions. The PDC is composed of five members appointed by the Governor, with the consent of the Senate, to single five-year terms. No more than three members may be from the same political party. Members are appointed to five-year terms.

Campaign Finance Reporting. Candidates and political committees must file periodic reports with the PDC detailing contributions of more than \$25 received and expenditures made. This report is known as the C-4, after the form used to file the report. Candidates and committees must file a C-4 report monthly if receiving a contribution or if they made an expenditure in the preceding calendar month, and the total contributions received or total expenditures made since the last report exceed \$200, and by 21 days and by 7 days before the election. C-4 filers must also disclose information about debts, obligations, or other liabilities of more than \$250; or of more than \$50 which have been outstanding for at least 30 days.

Advertising Disclosures. All written political advertising must include the sponsor's name and address. Broadcasted political advertising must include the sponsor's name. All electioneering communications and political advertising undertaken as an independent expenditure by a person or entity other than a party organization must include a statement indicating that the advertisement is not authorized by any candidate, and information about who paid for the advertisement. If an advertisement is an electioneering communication or independent expenditure sponsored by a political committee, the top five contributors of at least \$700 to the sponsor must be listed.

Late Contribution Limits. Aggregate contributions of more than \$50,000 to any campaign for statewide office, or \$5,000 for any other campaign, are prohibited within 21 days of a general election, except when made by a bona fide political party. However, in the 2012 case *Family PAC v. McKenna*, the Ninth Circuit Court of Appeals declared that this statute was unconstitutional as applied to ballot measure campaigns.

**Summary of Bill:** PDC Membership. The terms of existing PDC commissioners are terminated on July 31, 2017. By September 1, 2017, each of the two largest caucuses in each house shall appoint a commissioner. Those four appointees must appoint the fifth member, the chair, by January 1, 2018. The chair must be appointed by the vote of at least three of the four legislatively-appointed commissioners. If no chair is appointed, the position of chair shall rotate annually among the legislatively-appointed commissioners in the order of their appointment until a chair is appointed.

Disclosure Requirements. C-4 reports are not required to disclose debts, obligations, or other liabilities owed by the filer of between \$50 and \$250 that are outstanding for over 30 days. Electioneering communications and independent expenditures must include a statement informing the public that more information can be found at the PDC's website.

Large Contributions. The prohibition on aggregate contributions of more than \$50,000 to any campaign for statewide office or \$5,000 for any other campaign within 21 days of a general election, except by a bona fide political party, is removed.

Special Reporting Periods. The period of 60 days before a primary or general election is denoted as a special reporting period. During the special reporting period, political committee treasurers and candidate campaign committee treasurers must report contributions from a single source in the aggregate of \$10,000 or more to the PDC within 24 hours or on the next business day. Subsequent contributions from the same source must also be reported. Reports must include the amount of the contribution, date of receipt, donor and recipient name and address, and other information as required by the PDC by rule. The PDC must prepare a daily summary of special reports.

**Appropriation:** None.

**Fiscal Note:** Requested on February 13, 2017.

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

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

**Staff Summary of Public Testimony:** PRO: The PDC helps build trust between elected officials and the public, and we should make sure it's a nonpartisan commission that doesn't take sides. Additional changes in the bill are consistent with court rulings and practices in other areas. Large contributions should be disclosed in a more timely manner than they are now. This will add transparency and accountability to the election process, improving the public's right to know. There is precedent for structuring the commission in the way the bill requires. This will help answer constituent questions by providing a link to the PDC website. Updating PDC statutes to reflect the dynamic nature of recent elections is needed.

**Persons Testifying:** PRO: Senator John Braun, Prime Sponsor; Steve Gano, Gano and Associates; Mark Johnson, Washington Retail Association; Bob Battles, Association of Washington Business; Amber Carter, Amber Carter Government Relations; Charlie Brown, Cascade Government Affairs.

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