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**HOUSE BILL 1755**

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**State of Washington 68th Legislature 2023 Regular Session**

**By** Representatives Farivar, Duerr, Berry, Alvarado, Reed, Ramel, Reeves, Pollet, and Macri

AN ACT Relating to establishing the democracy voucher program for contributions to state legislative candidates; amending RCW 42.17A.430, 42.17A.470, and 42.17A.785; adding new sections to chapter 42.17A RCW; and prescribing penalties.

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

NEW SECTION. **Sec.**  (1) The democracy voucher program is hereby established within the commission.

(2) The purposes of the program are to:

(a) Promote broad, diverse, fair, and undistorted citizen influence and participation in electoral politics;

(b) Encourage citizens with meaningful voter support to run for office, and facilitate the process by which they connect with voters;

(c) Minimize the perception of corruption in government;

(d) Better inform the public about candidates running for office; and

(e) Promote meaningful and open discussion of political issues in the context of electoral politics.

(3) The commission shall seek to further these purposes whenever it enacts rules to govern the program pursuant to the authority granted in this chapter.

NEW SECTION. **Sec.**  The definitions in this section apply throughout this subchapter unless the context clearly requires otherwise.

(1) "Contribution period" means the period of time, to be determined by the commission by rule, during which an eligible individual may make a democracy voucher contribution for a given election year. Unless the commission determines otherwise, the contribution period shall begin on April 1st of the relevant election year.

(2) "Democracy voucher contribution" means a campaign contribution made by an eligible individual from the program fund to a qualified state candidate, pursuant to the rules of the program.

(3) "Eligible individual" means an individual properly registered to vote in the state, or an individual otherwise eligible to make campaign contributions.

(4) "Program" means the democracy voucher program.

(5) "Program fund" or "program funds" means the funds of the commission that the commission has allocated to the democracy voucher program specifically for use as democracy voucher contributions.

(6) "Qualified state candidate" means a candidate for state legislative office whose status as a candidate eligible to receive democracy voucher contributions has been certified by the commission.

(7) "Qualifying contribution" means a contribution to a candidate that is not, in the aggregate from any contributor, in excess of 50 percent of any applicable contribution limit under state law, other than limits on contributions from bona fide political parties or caucus political committees, or that is not, in the aggregate from any contributor, in excess of an alternative amount set by rule that the commission determines is necessary to promote the purposes of the program.

NEW SECTION. **Sec.**  (1) For elections in even-numbered years, the commission shall, at least 10 business days before the beginning of the contribution period, send by postal mail to each eligible individual, using the address specified on the individual's voter registration or verification materials, personalized materials for the program. Thereafter, until one week before the general election of that year, unless no program funds remain available for democracy voucher contributions, the commission shall send personalized materials to each individual who becomes an eligible individual, within 10 business days of the individual obtaining status as an eligible individual.

(2) The personalized materials sent to each eligible individual must:

(a) Be addressed to the name of the eligible individual;

(b) Be sent in an official commission envelope;

(c) Provide information about the purposes and workings of the program, instructions on how to access the section of the commission's website where complete information about the program can be found, and the telephone number for the commission's program assistance hotline or other similar means for contacting the commission for assistance;

(d) Clearly inform the recipient of the program's rules and penalties;

(e) Provide a unique and nonsequential pin code, or equivalently secure verification credential, for each of the democracy voucher contributions that the eligible individual may make during the contribution period; and

(f) Provide instructions for how to make a democracy voucher contribution.

(3) The secretary of state's office and all county elections departments shall work closely with the commission and any involved contractors to ensure that the commission has access to continuously accurate voter registration information.

NEW SECTION. **Sec.**  (1) For elections in each even-numbered year, each eligible individual is authorized to make up to four democracy voucher contributions during the contribution period, subject to the availability of program funds. The amount of each democracy voucher contribution is $25, subject to adjustment by the commission as provided under this subsection. The commission shall set the contribution period by rule to promote ease of program administration and to promote the purposes of the program under section 1 of this act. The commission may also adjust the number of authorized democracy voucher contributions and the contribution amount, including setting different amounts by office, if necessary to promote program participation by candidates or eligible individuals, or if necessary to incentivize candidates to spend significant time appealing to eligible individuals. In making such adjustments, the commission must consider the historical costs of running viable campaigns, the anticipated availability of program funds, and the anticipated number of qualified state candidates.

(2) A democracy voucher contribution shall be treated as a contribution made by the eligible individual. The value of a democracy voucher contribution is not income or a monetary asset of the eligible individual. A person may not transfer to another person the ability to make a democracy voucher contribution or the verification credentials required to make a democracy voucher contribution. Except as required to make a reasonable accommodation for a disability or as otherwise allowed by law, a democracy voucher contribution may not be authorized by proxy, power of attorney, or agent. Any county elections department shall provide assistance in making democracy voucher contributions to eligible individuals who visit the department.

(3) To make a democracy voucher contribution, an eligible individual must, using the electronic authorization system developed by the commission under section 7 of this act, attest to understanding the rules and penalties of the program and provide the following information:

(a) Personal identifying information, as required by the commission by rule to ensure accuracy and prevent fraud and abuse, which unless determined otherwise by the commission must include the name and residential or mailing address as recorded in the eligible individual's voter registration or verification materials, date of birth, and whichever of the following the individual used to register to vote in the state or to be verified as an eligible individual: Social security number or Washington driver's license, permit, or identicard number;

(b) The unique pin code or equivalently secure verification credential provided by the commission for the democracy voucher contribution to be made; and

(c) The identity of the qualified state candidate to whom the eligible individual wishes to make the democracy voucher contribution.

(4) As necessary to promote the purposes of the program under section 1 of this act, the commission may allow eligible individuals to request and receive from the commission a paper form that may be used, as an alternative to the electronic process detailed under subsection (3) of this section, to make a democracy voucher contribution. Before the implementation of any such forms, the commission must develop rules to govern their use.

(5) Upon receiving the information required for a democracy voucher contribution, and upon confirming that the provided information is valid, that sufficient program funds are available, and that the contemplated contribution is permitted, the commission shall transfer the democracy voucher contribution from the program fund to the candidate committee of the qualified state candidate chosen by the eligible individual. The commission may set by rule a minimum number of days that must elapse before the contribution is transferred from the program fund, as necessary to prevent mistake, fraud, and abuse.

(6) A candidate committee may reject a democracy voucher contribution. The commission shall notify any eligible individual whose democracy voucher contribution has been rejected and reissue the information and verification credentials necessary to allow that individual to make that democracy voucher contribution to another qualified state candidate.

(7) The commission shall, using the information available to it and to the extent practicable, minimize any administrative burdens on candidate committees resulting from the application of general reporting requirements to democracy voucher contributions.

NEW SECTION. **Sec.**  (1) To become a qualified state candidate, a candidate must submit, within a period to be determined by the commission by rule, a registration form to be developed by the commission. The form must be signed by the candidate and any treasurer for the candidate's campaign committee. To be certified by the commission as a qualified state candidate, the candidate seeking registration must:

(a) Indicate willingness to receive democracy voucher contributions and an understanding and acceptance of program rules and penalties;

(b) Demonstrate collection of at least 150 qualifying contributions from unique natural persons residing in the legislative district of the seat being sought, of at least $10 each, during a period to be determined by the commission by rule; and

(c) Attest that the candidate:

(i) Will not use personal funds in connection with the candidate's election in excess of applicable program limits;

(ii) Will not solicit, accept, direct, or otherwise coordinate receipt or spending of funds in connection with the candidate's election other than personal funds in accordance with (c)(i) of this subsection, democracy voucher contributions, and qualifying contributions, except at times when the candidate would be eligible for democracy voucher contributions but no program funds are available for that purpose;

(iii) Will not solicit, accept, direct, or otherwise coordinate receipt or spending of funds, other than democracy voucher contributions and qualifying contributions, in connection with any other election;

(iv) Has not at the time of submitting the statement accepted or spent funds in connection with the candidate's election other than personal funds in accordance with (c)(i) of this subsection and qualifying contributions, or has: (A) Been reimbursed any amount of personal funds spent in excess of the limits in (c)(i) of this subsection, and (B) refunded any amounts received in excess of the limits on qualifying contributions to each original contributor or, to the extent refunding to the original contributor is not possible, then to the program fund;

(v) Will not make contributions to another political committee using funds received as democracy voucher contributions;

(vi) Will promptly make available to the commission at any time the books of account associated with the campaign; and

(vii) Will abide by any additional requirements that the commission has set by rule, which the commission shall adopt as needed to prevent circumvention and otherwise promote the purposes of the program under section 1 of this act.

(2) Once the filing period set forth in RCW 29A.24.050 ends, a candidate may not become or remain a qualified state candidate unless he or she has properly filed a declaration of candidacy pursuant to chapter 29A.24 RCW.

(3) A qualified state candidate running for state legislative office may not use personal funds exceeding $5,000 in the aggregate for campaign purposes. The commission shall determine a limit on the use of personal funds for all other state candidates by office, in amounts that account for the reasonable costs of starting a viable campaign while promoting campaigns that are based on widespread underlying community support. The commission may adjust these limits over time, including for legislative office, based on changed circumstances that make such adjustment necessary to account for campaign start-up costs or to promote campaigns based on widespread underlying community support.

(4) The commission may adjust the number of qualifying contributions required to become a qualified state candidate over time based on changed circumstances that make such adjustment necessary to promote program participation, prevent fraud, prevent waste of public funds, or otherwise promote the purposes of the program.

(5) If the commission receives a valid registration form from a state candidate, it shall verify the submitted information and, if all required information has been received and verified, shall certify the candidate's registration as a qualified state candidate who may receive democracy voucher contributions during the contribution period in accordance with program rules. The commission shall then promptly update all online materials to reflect this change in status.

(6) A qualified state candidate is eligible to receive no more than $100,000 in the aggregate in democracy voucher contributions for a single election year. The commission may adjust this limit over time based on changed circumstances that make such adjustment necessary to promote program participation or to promote the equitable availability of program funds among qualified state candidates.

(7)(a) A qualified state candidate may use democracy voucher contribution proceeds only:

(i) For campaign costs or campaign debts for the relevant election; and

(ii) During the election cycle and, as set by commission rule, for a reasonable period following the election.

(b) A qualified state candidate may not use democracy voucher contribution proceeds to pay:

(i) The candidate or candidate's immediate family member, except to reimburse for actual out-of-pocket campaign expenses;

(ii) Any entity in which the candidate or an immediate family member holds in aggregate a 10 percent or greater ownership interest;

(iii) Any amount over fair market value for any services, goods, facilities, or things of value;

(iv) Any penalty or fine; or

(v) Any postelection officeholder costs.

(8) A candidate loses status as a qualified state candidate by publicly announcing withdrawal, abandoning the race, losing a primary election, losing or winning a general election, or becoming ineligible for the office sought, if the commission finds the candidate has recklessly or intentionally committed a material violation of election laws or program requirements, or if the candidate is otherwise disqualified for violating this chapter pursuant to rules set by the commission. A candidate who loses status as a qualified state candidate shall, within a reasonable period as set by commission rule, pay all debts and obligations, account to the commission, and remit to the program fund a certain percentage of remaining funds, equal to the percentage of the total amount in contributions the candidate received that came from democracy voucher contributions. If the commission at any time rescinds qualified state candidate status based on a violation of program requirements, the candidate shall also pay a penalty to the program fund to be set by the commission by rule.

NEW SECTION. **Sec.**  A person who knowingly offers to make a democracy voucher contribution in exchange for cash or any other consideration, or who knowingly offers to buy or sell a democracy voucher contribution, the ability to make a democracy voucher contribution, or personalized information contained in program materials is guilty of a gross misdemeanor.

NEW SECTION. **Sec.**  (1) The commission shall contract for the development and management of a private and secure electronic system that controls and administers all technical aspects of the program, as well as a public online portal, accessible by normal and secure means, such as by common internet browsers on computers and mobile phones or other common devices with internet access, through which eligible individuals may make democracy voucher contributions. When awarding such a contract, the commission shall give preference to any contractor with demonstrated experience and success in developing technologies similar to those being contracted for. No contractor, subcontractor, or associated entity may sell, license, or otherwise distribute data, metadata, or any information acquired through these contracts to any entity other than the commission, the public as required by this chapter, or entities approved by the commission.

(2) The commission shall implement the program on an ongoing basis, including by:

(a) Continuously managing the spending of all program funds with a goal of promoting the long-term success and sustainability of the program;

(b) Promoting awareness and understanding of the program with the goal of maximizing widespread and diverse citizen and candidate participation in the program;

(c) Supervising the management of the system and portal described in subsection (1) of this section;

(d) Maintaining a dedicated informational website for the program, designed to facilitate viewing on the full range of common screen sizes of internet devices, that educates the public about the program and program fund availability; provides an interactive, easily searchable and current list of qualified state candidates, sortable by name, office sought, and party; and provides an up-to-date and interactive system detailing information about the use and receipt of democracy voucher contributions in that election year, as well as the option to download without cost a bulk data file containing that information;

(e) Publishing appropriate guidebooks for candidates and eligible individuals, and translations of the informational website and key program materials into languages spoken by a significant number of state residents, as determined by the commission;

(f) Maintaining a program telephone hotline through which residents may receive information about the program, request assistance with program issues, and submit complaints about problems related to democracy voucher contributions or personalized materials;

(g) During each contribution period, auditing the books of account of at least two percent of qualified state candidates, to be chosen by random selection;

(h) Releasing a comprehensive report to the public every odd-numbered year detailing the status of the program and its use during the previous even-numbered election year; and

(i) Enforcing program requirements and investigating potential violations of such requirements, including by reviewing the books of account associated with the campaign of any qualified state candidate when appropriate.

(3) The commission shall adopt regulations to govern the program, designed to effectuate the provisions of sections 1 through 6 of this act, prevent circumvention and fraud, promote accessibility and participation, address violations of program requirements, and otherwise promote the purposes of the program. The commission's regulations may include special civil penalties or other remedies for violations of program requirements.

(4) By December 1, 2025, the commission shall develop and adopt regulations to allow any adult natural person who is a bona fide resident of the state, not eligible to register to vote under state law, but eligible under state and federal law to donate to a candidate campaign, to request to be verified by the commission as an eligible individual for participation in the program in the year 2026 and thereafter. The commission shall develop a process to reasonably ensure that an individual who no longer meets the requirements necessary to be an eligible individual does not make a democracy voucher contribution until the individual again meets such requirements.

NEW SECTION. **Sec.**  A candidate who received public funds from the democracy voucher program established under section 1 of this act must transfer to the commission a percentage of the candidate's surplus funds equal to the percentage of the total amount in contributions the candidate received that were public funds from the democracy voucher program. The commission shall adopt rules to implement this section.

NEW SECTION. **Sec.**  The provisions of this act are to be liberally construed to effectuate the policies and purposes of this act.

**Sec.**  RCW 42.17A.430 and 2010 c 204 s 606 are each amended to read as follows:

(1) The surplus funds of a candidate or a candidate's authorized committee may only be disposed of in any one or more of the following ways:

((~~(1)~~)) (a) Return the surplus to a contributor in an amount not to exceed that contributor's original contribution;

((~~(2)~~)) (b) Using surplus, reimburse the candidate for lost earnings incurred as a result of that candidate's election campaign. 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 authorized committee. The committee shall maintain a copy of this record in accordance with RCW 42.17A.235((~~(6)~~))(7);

((~~(3)~~)) (c) Transfer the surplus without limit to a political party or to a caucus political committee;

((~~(4)~~)) (d) Donate the surplus to a charitable organization registered in accordance with chapter 19.09 RCW;

((~~(5)~~)) (e) Transmit the surplus to the state treasurer for deposit in the general fund, the Washington state legacy project, state library, and archives account under RCW 43.07.380, or the legislative international trade account under RCW 43.15.050, as specified by the candidate or political committee; ((~~or~~

~~(6)~~)) (f) Hold the surplus in the depository or depositories designated in accordance with RCW 42.17A.215 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 42.17A.240. If the candidate subsequently announces or publicly files for office, the appropriate information must be reported to the commission in accordance with RCW 42.17A.205 through 42.17A.240. If a subsequent office is not sought the surplus held shall be disposed of in accordance with the requirements of this section((~~.~~)); or

((~~(7)~~)) (g) 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 42.17A.240. The separate account required under this subsection (1)(g) shall not be used for deposits of campaign funds that are not surplus.

((~~(8)~~)) (2) No candidate or authorized committee may transfer funds to any other candidate or other political committee.

(3) The disposal of surplus funds under this section shall not be considered a contribution for purposes of this chapter.

(4) The surplus funds of a candidate receiving public funds from the democracy voucher program established under section 1 of this act must be disposed of in accordance with section 8 of this act.

**Sec.**  RCW 42.17A.470 and 1993 c 2 s 13 are each amended to read as follows:

(1) A person, other than an individual, may not be an intermediary or an agent for a contribution.

(2) An individual may not make a contribution on behalf of another person or entity, or while acting as the intermediary or agent of another person or entity, without disclosing to the recipient of the contribution both his or her full name, street address, occupation, name of employer, if any, or place of business if self-employed, and the same information for each contributor for whom the individual serves as intermediary or agent.

(3) In the democracy voucher program established under section 1 of this act, the commission publicly administers contributions by eligible individuals, and is neither an intermediary nor an agent as those terms are used in this section.

**Sec.**  RCW 42.17A.785 and 2018 c 304 s 18 are each amended to read as follows:

The public disclosure transparency account is created in the state treasury. All receipts from penalties collected pursuant to enforcement actions or settlements under this chapter, including any fees or costs, must be deposited into the account. Moneys in the account may be spent only after appropriation. Moneys in the account may be used only for the implementation of chapter 304, Laws of 2018, the cost to the commission to administer the democracy voucher program established under section 1 of this act except that moneys in the account may not be used for the cost of democracy vouchers allocated to voters for the purpose of making democracy voucher contributions during the contribution period defined in section 2 of this act, and duties under this chapter((~~, and~~)). Moneys in the account may not be used to supplant general fund appropriations to the commission.

NEW SECTION. **Sec.**  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.

NEW SECTION. **Sec.**  Sections 1 through 9 of this act are each added to chapter 42.17A RCW and codified with the subchapter heading of "citizen financing of elections."

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