



State of Washington PUBLIC DISCLOSURE COMMISSION

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August 14, 2014

TO: Commission Members
FROM: Andrea McNamara Doyle, Executive Director
RE: PDC Agency-Request Legislation

AGENDA ITEM

At the retreat on August 21, the Commission is scheduled to discuss and make decisions about which, if any, legislative proposals to submit as agency-request legislation for the 2015 legislative session. Commission rules provide that any Commission recommendations regarding changes to Chapter 42.17A RCW require an affirmative vote of at least three members of the Commission.¹ Submissions are due to the Governor's Office by September 19 (for proposals with fiscal impact) or October 1 (proposals without fiscal impact).

BACKGROUND

To date, the Commission has identified the following topics for possible agency-request legislation next session:

- Re-introducing some or all of the elements in PDC-request legislation from the 2013 & 2014 sessions.
- Modifying certain personal financial affairs statement (F-1) reporting requirements.
- Modifying statutory requirements to reduce PDC operating costs.

This memorandum provides background information for each of these topics and sets out Staff's recommendations.

Re-introducing previous PDC-request bill

The second of two measures requested by the PDC in 2013-14 addressed several timing provisions within different parts of the PDC law, including rulemaking, personal financial affairs statement reporting modifications, and 21-day pre-election contribution reports and limits ([HB 1377/SB 5257](#)).

¹ WAC 390-12-050 (3) states: "The passage of any motion adopting, amending or repealing any rule, or recommending changes to the act shall require a majority vote of the members of the commission as distinguished from a quorum of the commissioners."

Staff recommends that you consider re-introducing just two portions of HB 1377/SB 5257 (Section 2 regarding reporting modification changes, and Section 4 repealing RCW 42.17A.420), although perhaps in separate bills this year.² The first portion, related to extending the validity of a reporting modification from one to three years, continues to be a high priority in the Staff's judgment. It makes good sense on a policy level, and seems additionally sensible as an efficiency measure. A second portion of the previous bill, repealing RCW 42.17A.420, should be re-introduced because it is prudent to conform the statutes to the Ninth Circuit Court of Appeals decision which held that it is unconstitutional to place limits on contributions to ballot measure committees during the final 21 days before an election.

Personal Financial Affairs Statement Reporting Requirements

At the July meeting, the Commission considered draft legislation to implement a number of recommendations stemming from your review of the Personal Financial Affairs Statement (F-1). The proposed changes include:

- Changing the value disclosed for investments from the *highest value during the reporting period* to the *year-end value*;
- Changing the disclosure threshold for investments from \$2,000 to \$5,000;
- Allowing ownership of multiple mutual funds within a mutual fund family to be disclosed by the family name rather listing each mutual fund; and
- Restructuring the dollar ranges (Codes A – E) to the following new ranges (Codes A – H):
 - Code A Less than \$30,000
 - Code B \$ 30,000 to <\$60,000
 - Code C \$ 60,000 to <\$100,000
 - Code D \$100,000 to <\$200,000
 - Code E \$200,000 to <\$500,000
 - Code F \$500,000 to <\$750,000
 - Code G \$750,000 to <\$1,000,000
 - Code H \$1,000,000 or more

Based on discussions at the July meeting, Staff has prepared a revised draft to address the point in time that should be used for reporting the value of investments that do not have a “*year-end*” value because they were not held at the end of a calendar year (See Section 1 of the attached Z-draft).

Modifying statutory requirements to reduce PDC operating costs

In working through the budget development exercise, Staff has identified several statutory requirements for which a more efficient, less costly alternative exists to achieve a substantially similar policy objective. Making some modest statutory changes would allow PDC to re-direct limited resources to other core functions without jeopardizing the goals of the original requirements.

Staff suggests the Commission consider proposing the following four changes, which are included in the attached draft bill re: reducing the operating costs of the public disclosure commission:

² For example, assuming you decide to pursue the other F-1 changes identified during your F-1 review over this past year, or a bill focused on reducing PDC operating costs, the reporting modification amendment in HB 1377/SB 5257 could be included within those measures.

- Allow some or all F-1 filers to report the location of their residence without providing the street address or legal description; or alternatively, authorize the initial and renewal requests for modifications to be considered in a brief adjudicative proceeding (1 Commissioner hearing) rather than by the full Commission. This change would reduce the number of F-1 modification requests by approximately half or, alternatively, would reduce the Staff and Commission time required to process the residential address modification requests.
- Reduce how often PDC must prepare and publish reports to the Governor concerning the effectiveness of RCW 42.17A and its enforcement, from annually to biennially [or periodically], and include required performance measures in this same report instead of the separate report due every July 1. This change would reduce by half the time spent preparing the reports, and would allow use of complete fiscal year data for performance measures.
- Harmonize the Commission's existing duties and powers to conduct audits by clarifying that the Commission may, within available resources, conduct audits and field investigations.
- Replace statutory requirements for *signatures* with *certifications* for certain reports and clarify that PDC's electronic filing systems must allow for certification in lieu of physical signatures.

Attachments: [HB 1377/SB 5257](#) & [Bill Report for SB 5257](#)
Z-draft 007.1/15 (Revised 8/14) Concerning financial affairs statements
Draft language for An Act Relating to reducing operating costs of the public disclosure commission

SENATE BILL 5257

State of Washington

63rd Legislature

2013 Regular Session

By Senators Roach, Benton, Rivers, Conway, and Fraser; by request of Public Disclosure Commission

Read first time 01/24/13. Referred to Committee on Governmental Operations.

1 AN ACT Relating to modifying time frames applicable to certain
2 public disclosure commission requirements; amending RCW 42.17A.120 and
3 42.17A.265; reenacting and amending RCW 42.17A.110; and repealing RCW
4 42.17A.420.

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

6 **Sec. 1.** RCW 42.17A.110 and 2011 1st sp.s. c 43 s 448 and 2011 c 60
7 s 20 are each reenacted and amended to read as follows:

8 The commission may:

9 (1) Adopt, amend, and rescind suitable administrative rules to
10 carry out the policies and purposes of this chapter, which rules shall
11 be adopted under chapter 34.05 RCW. Any rule relating to campaign
12 finance, political advertising, or related forms that would otherwise
13 take effect after June 30th of a general election year shall take
14 effect no earlier than the day following the general election in that
15 year, except that: (a) The commission may readopt an emergency rule
16 adopted prior to June 30th when necessary to enable the rule to remain
17 in effect through the next general election and when done in accordance
18 with the requirements of RCW 34.05.350(2); and (b) the commission may

1 adopt emergency rules to implement legislation that takes effect after
2 June 30th in a general election year;

3 (2) Appoint an executive director and set, within the limits
4 established by the office of financial management under RCW 43.03.028,
5 the executive director's compensation. The executive director shall
6 perform such duties and have such powers as the commission may
7 prescribe and delegate to implement and enforce this chapter
8 efficiently and effectively. The commission shall not delegate its
9 authority to adopt, amend, or rescind rules nor may it delegate
10 authority to determine whether an actual violation of this chapter has
11 occurred or to assess penalties for such violations;

12 (3) Prepare and publish reports and technical studies as in its
13 judgment will tend to promote the purposes of this chapter, including
14 reports and statistics concerning campaign financing, lobbying,
15 financial interests of elected officials, and enforcement of this
16 chapter;

17 (4) Conduct, as it deems appropriate, audits and field
18 investigations;

19 (5) Make public the time and date of any formal hearing set to
20 determine whether a violation has occurred, the question or questions
21 to be considered, and the results thereof;

22 (6) Administer oaths and affirmations, issue subpoenas, and compel
23 attendance, take evidence, and require the production of any records
24 relevant to any investigation authorized under this chapter, or any
25 other proceeding under this chapter;

26 (7) Adopt a code of fair campaign practices;

27 (8) Adopt rules relieving candidates or political committees of
28 obligations to comply with the election campaign provisions of this
29 chapter, if they have not received contributions nor made expenditures
30 in connection with any election campaign of more than five thousand
31 dollars;

32 (9) Adopt rules prescribing reasonable requirements for keeping
33 accounts of, and reporting on a quarterly basis, costs incurred by
34 state agencies, counties, cities, and other municipalities and
35 political subdivisions in preparing, publishing, and distributing
36 legislative information. For the purposes of this subsection,
37 "legislative information" means books, pamphlets, reports, and other
38 materials prepared, published, or distributed at substantial cost, a

1 substantial purpose of which is to influence the passage or defeat of
2 any legislation. The state auditor in his or her regular examination
3 of each agency under chapter 43.09 RCW shall review the rules,
4 accounts, and reports and make appropriate findings, comments, and
5 recommendations concerning those agencies; and

6 (10) Develop and provide to filers a system for certification of
7 reports required under this chapter which are transmitted by facsimile
8 or electronically to the commission. Implementation of the program is
9 contingent on the availability of funds.

10 **Sec. 2.** RCW 42.17A.120 and 2010 c 204 s 304 are each amended to
11 read as follows:

12 (1) The commission may suspend or modify any of the reporting
13 requirements of this chapter if it finds that literal application of
14 this chapter works a manifestly unreasonable hardship in a particular
15 case and the suspension or modification will not frustrate the purposes
16 of this chapter. The commission may suspend or modify reporting
17 requirements only after a hearing is held and the suspension or
18 modification receives approval from a majority of the commission. A
19 suspension or modification of the financial affairs reporting
20 requirements contained in RCW 42.17A.710 may be approved for an elected
21 official's term of office, or for up to three years for an executive
22 state officer, where no material change in the applicant's
23 circumstances is anticipated. The commission shall act to suspend or
24 modify any reporting requirements:

25 (a) Only if it determines that facts exist that are clear and
26 convincing proof of the findings required under this section; and

27 (b) Only to the extent necessary to substantially relieve the
28 hardship.

29 (2) A manifestly unreasonable hardship exists if reporting the name
30 of an entity required to be reported under RCW 42.17A.710(1)(g)(ii)
31 would be likely to adversely affect the competitive position of any
32 entity in which the person filing the report, or any member of his or
33 her immediate family, holds any office, directorship, general
34 partnership interest, or an ownership interest of ten percent or more.

35 (3) Requests for renewals of reporting modifications may be heard
36 in a brief adjudicative proceeding as set forth in RCW 34.05.482
37 through 34.05.494 and in accordance with the standards established in

1 this section. No initial request may be heard in a brief adjudicative
2 proceeding. No request for renewal may be heard in a brief
3 adjudicative proceeding if the initial request was granted more than
4 three years previously or if the applicant is holding an office or
5 position of employment different from the office or position held when
6 the initial request was granted.

7 (4) Any citizen has standing to bring an action in Thurston county
8 superior court to contest the propriety of any order entered under this
9 section within one year from the date of the entry of the order.

10 (5) The commission shall adopt rules governing the proceedings.

11 **Sec. 3.** RCW 42.17A.265 and 2010 c 204 s 414 are each amended to
12 read as follows:

13 (1) Treasurers shall prepare and deliver to the commission a
14 special report when a contribution or aggregate of contributions totals
15 one thousand dollars or more, is from a single person or entity, and is
16 received during a special reporting period.

17 (2) A political committee shall prepare and deliver to the
18 commission a special report when it makes a contribution or an
19 aggregate of contributions to a single entity that totals one thousand
20 dollars or more during a special reporting period.

21 (3) An aggregate of contributions includes only those contributions
22 made to or received from a single entity during any one special
23 reporting period. Any subsequent contribution of any size made to or
24 received from the same person or entity during the special reporting
25 period must also be reported.

26 (4) Special reporting periods, for purposes of this section,
27 include:

28 (a) The period (~~beginning on the day after the last report~~
29 ~~required by RCW 42.17A.235 and 42.17A.240 to be filed before a primary~~
30 ~~and concluding on the end of the day before that~~) twenty-one days
31 preceding a primary election;

32 (b) The period twenty-one days preceding a general election; and

33 (c) An aggregate of contributions includes only those contributions
34 received from a single entity during any one special reporting period
35 or made by the contributing political committee to a single entity
36 during any one special reporting period.

1 (5) If a campaign treasurer files a special report under this
2 section for one or more contributions received from a single entity
3 during a special reporting period, the treasurer shall also file a
4 special report under this section for each subsequent contribution of
5 any size which is received from that entity during the special
6 reporting period. If a political committee files a special report
7 under this section for a contribution or contributions made to a single
8 entity during a special reporting period, the political committee shall
9 also file a special report for each subsequent contribution of any size
10 which is made to that entity during the special reporting period.

11 (6) Special reports required by this section shall be delivered
12 electronically or in written form(~~(, including but not limited to~~
13 ~~mailgram, telegram, or nightletter. The special report may be~~
14 ~~transmitted orally by telephone to the commission if the written form~~
15 ~~of the report is postmarked and mailed to the commission or the~~
16 ~~electronic filing is transferred to the commission within the delivery~~
17 ~~periods established in (a) and (b) of this subsection)) by electronic
18 mail or facsimile.~~

19 (a) The special report required of a contribution recipient under
20 subsection (1) of this section shall be delivered to the commission
21 within (~~forty-eight~~) twenty-four hours of the time, or on the first
22 working day after: The contribution of one thousand dollars or more is
23 received by the candidate or treasurer; the aggregate received by the
24 candidate or treasurer first equals one thousand dollars or more; or
25 any subsequent contribution from the same source is received by the
26 candidate or treasurer.

27 (b) The special report required of a contributor under subsection
28 (2) of this section or RCW 42.17A.625 shall be delivered to the
29 commission, and the candidate or political committee to whom the
30 contribution or contributions are made, within twenty-four hours of the
31 time, or on the first working day after: The contribution is made; the
32 aggregate of contributions made first equals one thousand dollars or
33 more; or any subsequent contribution to the same person or entity is
34 made.

35 (7) The special report shall include:

36 (a) The amount of the contribution or contributions;

37 (b) The date or dates of receipt;

38 (c) The name and address of the donor;

- 1 (d) The name and address of the recipient; and
2 (e) Any other information the commission may by rule require.
3 (8) Contributions reported under this section shall also be
4 reported as required by other provisions of this chapter.
5 (9) The commission shall prepare daily a summary of the special
6 reports made under this section and RCW 42.17A.625.
7 (10) Contributions governed by this section include, but are not
8 limited to, contributions made or received indirectly through a third
9 party or entity whether the contributions are or are not reported to
10 the commission as earmarked contributions under RCW 42.17A.270.

11 NEW SECTION. **Sec. 4.** RCW 42.17A.420 (Reportable contributions--
12 Preelection limitations) and 2010 c 204 s 604 are each repealed.

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HOUSE BILL REPORT

SB 5257

As Reported by House Committee On: Government Operations & Elections

Title: An act relating to modifying time frames applicable to certain public disclosure commission requirements.

Brief Description: Modifying time frames applicable to certain public disclosure commission requirements.

Sponsors: Senators Roach, Benton, Rivers, Conway and Fraser; by request of Public Disclosure Commission.

Brief History:

Committee Activity:

Government Operations & Elections: 3/20/13, 3/26/13 [DPA].

Brief Summary of Bill (As Amended by Committee)

- Allows the Public Disclosure Commission to readopt certain emergency rules and to adopt emergency rules to implement legislation that takes effect after June 30.
- Changes special reporting requirements from six days to 21 days before a primary election.
- Allows for suspension of personal financial affairs reporting for the term of office of an elected official and up to three years for an executive state officer.
- Repeals provisions that prohibit large contributions within 21 days of a general election.

HOUSE COMMITTEE ON GOVERNMENT OPERATIONS & ELECTIONS

Majority Report: Do pass as amended. Signed by 11 members: Representatives Hunt, Chair; Bergquist, Vice Chair; Buys, Ranking Minority Member; Taylor, Assistant Ranking Minority Member; Alexander, Carlyle, Fitzgibbon, Kristiansen, Manweller, Orwall and Van De Wege.

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.

Staff: Marsha Reilly (786-7135).

Background:

In 1972 the voters passed Initiative 276, which required the disclosure of campaign finances, lobbyist activities, financial affairs of elective officers and candidates, and access to public records. The initiative created the Public Disclosure Commission (PDC), a five-member, bipartisan citizen commission, to enforce the provisions of the campaign finance disclosure law.

The Fair Campaign Practices Act was enacted following the passage of Initiative 134. The initiative imposed campaign contribution limits on elections for statewide and legislative office, further regulated independent expenditures, restricted the use of public funds for political purposes, and required public officials to report gifts received in excess of \$50.

Rule-making.

The PDC has the authority to adopt, amend, and rescind administrative rules following the procedures of the Administrative Procedures Act (APA). However, certain rules that would normally take effect after June 30 may not take effect until the day after the general election in that year in order to provide consistency during an election cycle. The PDC may also suspend or modify any of the campaign finance reporting requirements when it finds that such reporting is an unreasonable hardship in a particular case. Reporting modifications may only be made for a single report.

Reporting.

There are various reporting provisions under campaign finance laws. Political committees must report contributions and expenditures to the PDC on a monthly basis as long as contributions or expenditures exceed \$200 since the last report. In addition to the regular, monthly reports, special reports are required six days before a primary election and 21 days before a general election to report contributions of \$1,000 or more in the aggregate from a single source. The reports may be filed electronically; in written form, including mailgram, telegram, or nightletter; or by telephone.

Conflict of Interest Reporting.

Elected officials, candidates, and executive state officers, including legislative and gubernatorial professional staff, certain state agency heads, and board and commission members, are required to file personal financial affairs statements before April 15 for the previous calendar year. Filers must report financial information in order to disclose possible conflicts of interest.

Pre-election Contribution Limits.

Contributions exceeding \$50,000 for any campaign for statewide office, or exceeding \$5,000 for any other campaign made within 21 days of a general election, are prohibited. This, however, does not apply to contributions made by, or accepted from, a bona fide political party, excluding the county central committee or legislative district committee. However, a recent court decision held that this provision is an unconstitutional violation of the first amendment, noting that large contributions are required to be disclosed within 24 to 48 hours under the special reporting provisions of the law.

Summary of Amended Bill:

Rule-making.

Emergency rules adopted by the PDC prior to June 30 may be readopted when necessary to enable the rule to remain in effect through the next general election. The PDC may also adopt emergency rules to implement legislation that takes effect after June 30 in a general election year.

Reporting.

The special reporting required to report contributions of \$1,000 or more received or made six days before a primary election is extended to 21 days. All special reporting must be made electronically or in written form by electronic mail or facsimile.

Conflict of Interest Reporting.

The PDC may suspend or modify personal financial affairs reporting requirements from yearly to the term of office for an elected official and up to three years for an executive state officer when no material change in financial circumstances are anticipated.

Pre-election Contribution Limits.

The provisions that prohibit receipt of large contributions within 21 days of a general election are repealed.

Amended Bill Compared to Original Bill:

The amended bill preserves the ability for the special reports required for contributions of \$1,000 or more to be submitted by telephone to the PDC as long as the written or electronic reports are mailed or transmitted within 48 hours.

Appropriation: None.

Fiscal Note: Available.

Effective Date of Amended Bill: The bill takes effect 90 days after adjournment of the session in which the bill is passed.

Staff Summary of Public Testimony:

(In support) The bill is requested by the PDC and adjusts rules so that they are the same for the primary as for the general election. Since many races are decided in the primary, the provision is one that makes sense. The purpose of the bill is to modernize and harmonize campaign finance statutes and the timeframes within those statutes. Repealing the law regarding large contributions received within 21 days of an election does not change other laws regarding contributions.

(Opposed) None.

Persons Testifying: Senator Roach, prime sponsor; and Andrea McNamara Doyle, Public Disclosure Commission.

Persons Signed In To Testify But Not Testifying: None.

BILL REQUEST - CODE REVISER'S OFFICE

BILL REQ. #: Z-0007.1/15

ATTY/TYPIST: SCG:bbp

BRIEF DESCRIPTION: Concerning financial affairs statement reporting requirements for elected and appointed officials, candidates, and appointees.

DRAFT AFTER DISCUSSION AT 7-24-14 COMMISSION MEETING

AN ACT Relating to financial affairs statement reporting requirements for elected and appointed officials, candidates, and appointees; and amending RCW 42.17A.710.

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

Sec. 1. RCW 42.17A.710 and 2010 c 204 s 903 are each amended to read as follows:

(1) The statement of financial affairs required by RCW 42.17A.700 shall disclose the following information for the reporting individual and each member of his or her immediate family:

(a) Occupation, name of employer, and business address;

(b)(i) Each bank account, savings account, and insurance policy in which a direct financial interest was held that exceeds twenty thousand dollars at any time during the reporting period and its highest value during the reporting period; and (ii) Each other item of intangible personal property in which a direct financial interest was held that exceeds ~~((two))~~ five thousand dollars during the reporting period ~~((; the name, address, and nature of the entity; and the nature and highest value of each direct financial interest during the~~

reporting period)). For each reportable interest under this subsection (1)(b)(ii), the disclosure must include the name and nature of the direct financial interest and its value. For purposes of reporting the value of any reportable direct financial interests held on December 31 of the reporting period, the year-end value may be used. When reporting the value of any reportable direct financial interest not held on December 31 of the reporting period, the highest value during the reporting period must be used. Ownership of shares of multiple mutual funds within the same mutual fund family may be disclosed by reporting the mutual fund family name;

(c) The name and address of each creditor to whom the value of two thousand dollars or more was owed; the original amount of each debt to each creditor; the amount of each debt owed to each creditor as of the date of filing; the terms of repayment of each debt; and the security given, if any, for each such debt. Debts arising from a "retail installment transaction" as defined in chapter 63.14 RCW (retail installment sales act) need not be reported;

(d) Every public or private office, directorship, and position held as trustee;

(e) All persons for whom any legislation, rule, rate, or standard has been prepared, promoted, or opposed for current or deferred compensation. For the purposes of this subsection, "compensation" does not include payments made to the person reporting by the governmental entity for which the person serves as an elected official or state executive officer or professional staff member for his or her service in office; the description of such actual or proposed legislation, rules, rates, or standards; and the amount of current or deferred compensation paid or promised to be paid;

(f) The name and address of each governmental entity, corporation, partnership, joint venture, sole proprietorship, association, union, or other business or commercial entity from whom compensation has been received in any form of a total value of two thousand dollars or more; the value of the compensation; and the consideration given or performed in exchange for the compensation;

(g) The name of any corporation, partnership, joint venture, association, union, or other entity in which is held any office, directorship, or any general partnership interest, or an ownership interest of ten percent or more; the name or title of that office, directorship, or partnership; the nature of ownership interest; and: (i) With respect to a governmental unit in which the official seeks or holds any office or position, if the entity has received compensation in any form during the preceding twelve months from the governmental unit, the value of the compensation and the consideration given or performed in exchange for the compensation; and (ii) the name of each governmental unit, corporation, partnership, joint venture, sole proprietorship, association, union, or other business or commercial entity from which the entity has received compensation in any form in the amount of ten thousand dollars or more during the preceding twelve months and the consideration given or performed in exchange for the compensation. As used in (g)(ii) of this subsection, "compensation" does not include payment for water and other utility services at rates approved by the Washington state utilities and transportation commission or the legislative authority of the public entity providing the service. With respect to any bank or commercial lending institution in which is held any office, directorship, partnership interest, or ownership interest, it shall only be necessary to report either the name, address, and occupation of every director and officer of the bank or commercial lending institution and the average monthly balance of each account held during the preceding twelve months by the bank or commercial lending institution from the governmental entity for which the individual is an official or candidate or professional staff member, or all interest paid by a borrower on loans from and all interest paid to a depositor by the bank or commercial lending institution if the interest exceeds two thousand four hundred dollars;

(h) A list, including legal or other sufficient descriptions as prescribed by the commission, of all real property in the state of Washington, the assessed valuation of which exceeds ten thousand dollars in which any direct financial interest was acquired during the preceding calendar year, and a statement of the amount and nature of

the financial interest and of the consideration given in exchange for that interest;

(i) A list, including legal or other sufficient descriptions as prescribed by the commission, of all real property in the state of Washington, the assessed valuation of which exceeds ten thousand dollars in which any direct financial interest was divested during the preceding calendar year, and a statement of the amount and nature of the consideration received in exchange for that interest, and the name and address of the person furnishing the consideration;

(j) A list, including legal or other sufficient descriptions as prescribed by the commission, of all real property in the state of Washington, the assessed valuation of which exceeds ten thousand dollars in which a direct financial interest was held. If a description of the property has been included in a report previously filed, the property may be listed, for purposes of this subsection (1)(j), by reference to the previously filed report;

(k) A list, including legal or other sufficient descriptions as prescribed by the commission, of all real property in the state of Washington, the assessed valuation of which exceeds twenty thousand dollars, in which a corporation, partnership, firm, enterprise, or other entity had a direct financial interest, in which corporation, partnership, firm, or enterprise a ten percent or greater ownership interest was held;

(l) A list of each occasion, specifying date, donor, and amount, at which food and beverage in excess of fifty dollars was accepted under RCW 42.52.150(5);

(m) A list of each occasion, specifying date, donor, and amount, at which items specified in RCW 42.52.010(~~((+10))~~) (9) (d) and (f) were accepted; and

(n) Such other information as the commission may deem necessary in order to properly carry out the purposes and policies of this chapter, as the commission shall prescribe by rule.

(2)(a) Where an amount is required to be reported under subsection (1)(a) through (m) of this section, it (~~shall be sufficient to comply with the requirement to report whether the amount is less than four~~

~~thousand dollars, at least four thousand dollars but less than twenty thousand dollars, at least twenty thousand dollars but less than forty thousand dollars, at least forty thousand dollars but less than one hundred thousand dollars, or one hundred thousand dollars or more))~~
may be reported as provided in (b) of this subsection.

(b)

<u>Code A</u>	<u>Less than \$30,000</u>
<u>Code B</u>	<u>At least \$30,000 but less than \$60,000</u>
<u>Code C</u>	<u>At least \$60,000 but less than \$100,000</u>
<u>Code D</u>	<u>At least \$100,000 but less than \$200,000</u>
<u>Code E</u>	<u>At least \$200,000 but less than \$500,000</u>
<u>Code F</u>	<u>At least \$500,000 but less than \$750,000</u>
<u>Code G</u>	<u>At least \$750,000 but less than \$1,000,000</u>
<u>Code H</u>	<u>\$1,000,000 or more</u>

(c) An amount of stock may be reported by number of shares instead of by market value.

(d) No provision of this subsection (2) may be interpreted to prevent any person from filing more information or more detailed information than required.

(3) Items of value given to an official's or employee's spouse, domestic partner, or family member are attributable to the official or employee, except the item is not attributable if an independent business, family, or social relationship exists between the donor and the spouse, domestic partner, or family member.

1 **DRAFT 8/14/14**

2 An Act Relating to reducing the operating costs of the public
3 disclosure commission

4

5

RCW 42.17A.710

Contents of report.

6 (1) The statement of financial affairs required by
7 RCW 42.17A.700 shall disclose the following information for the
8 reporting individual and each member of his or her immediate
9 family:

10 (a) Occupation, name of employer, and business address;

11 (b) Each bank account, savings account, and insurance
12 policy in which a direct financial interest was held that
13 exceeds *twenty thousand dollars at any time during the
14 reporting period; each other item of intangible personal
15 property in which a direct financial interest was held that
16 exceeds *two thousand dollars during the reporting period; the
17 name, address, and nature of the entity; and the nature and
18 highest value of each direct financial interest during the
19 reporting period;

20 (c) The name and address of each creditor to whom the value
21 of *two thousand dollars or more was owed; the original amount
22 of each debt to each creditor; the amount of each debt owed to
23 each creditor as of the date of filing; the terms of repayment
24 of each debt; and the security given, if any, for each such
25 debt. Debts arising from a "retail installment transaction" as
26 defined in chapter 63.14 RCW (retail installment sales act) need
27 not be reported;

1 (d) Every public or private office, directorship, and
2 position held as trustee;

3 (e) All persons for whom any legislation, rule, rate, or
4 standard has been prepared, promoted, or opposed for current or
5 deferred compensation. For the purposes of this subsection,
6 "compensation" does not include payments made to the person
7 reporting by the governmental entity for which the person serves
8 as an elected official or state executive officer or
9 professional staff member for his or her service in office; the
10 description of such actual or proposed legislation, rules,
11 rates, or standards; and the amount of current or deferred
12 compensation paid or promised to be paid;

13 (f) The name and address of each governmental entity,
14 corporation, partnership, joint venture, sole proprietorship,
15 association, union, or other business or commercial entity from
16 whom compensation has been received in any form of a total value
17 of two thousand dollars or more; the value of the compensation;
18 and the consideration given or performed in exchange for the
19 compensation;

20 (g) The name of any corporation, partnership, joint
21 venture, association, union, or other entity in which is held
22 any office, directorship, or any general partnership interest,
23 or an ownership interest of ten percent or more; the name or
24 title of that office, directorship, or partnership; the nature
25 of ownership interest; and: (i) With respect to a governmental
26 unit in which the official seeks or holds any office or
27 position, if the entity has received compensation in any form
28 during the preceding twelve months from the governmental unit,
29 the value of the compensation and the consideration given or
30 performed in exchange for the compensation; and (ii) the name of
31 each governmental unit, corporation, partnership, joint venture,
32 sole proprietorship, association, union, or other business or

1 commercial entity from which the entity has received
2 compensation in any form in the amount of *ten thousand dollars
3 or more during the preceding twelve months and the consideration
4 given or performed in exchange for the compensation. As used in
5 (g)(ii) of this subsection, "compensation" does not include
6 payment for water and other utility services at rates approved
7 by the Washington state utilities and transportation commission
8 or the legislative authority of the public entity providing the
9 service. With respect to any bank or commercial lending
10 institution in which is held any office, directorship,
11 partnership interest, or ownership interest, it shall only be
12 necessary to report either the name, address, and occupation of
13 every director and officer of the bank or commercial lending
14 institution and the average monthly balance of each account held
15 during the preceding twelve months by the bank or commercial
16 lending institution from the governmental entity for which the
17 individual is an official or candidate or professional staff
18 member, or all interest paid by a borrower on loans from and all
19 interest paid to a depositor by the bank or commercial lending
20 institution if the interest exceeds *two thousand four hundred
21 dollars;

22 (h) A list, including legal or other sufficient
23 descriptions as prescribed by the commission, of all real
24 property in the state of Washington, the assessed valuation of
25 which exceeds *ten thousand dollars in which any direct
26 financial interest was acquired during the preceding calendar
27 year, and a statement of the amount and nature of the financial
28 interest and of the consideration given in exchange for that
29 interest;

30 (i) A list, including legal or other sufficient
31 descriptions as prescribed by the commission, of all real
32 property in the state of Washington, the assessed valuation of

1 which exceeds *ten thousand dollars in which any direct
2 financial interest was divested during the preceding calendar
3 year, and a statement of the amount and nature of the
4 consideration received in exchange for that interest, and the
5 name and address of the person furnishing the consideration;

6 (j) A list, including legal or other sufficient
7 descriptions as prescribed by the commission, of all real
8 property in the state of Washington, the assessed valuation of
9 which exceeds *ten thousand dollars in which a direct financial
10 interest was held. If a description of the property has been
11 included in a report previously filed, the property may be
12 listed, for purposes of this subsection (1)(j), by reference to
13 the previously filed report;

14 (k) A list, including legal or other sufficient
15 descriptions as prescribed by the commission, of all real
16 property in the state of Washington, the assessed valuation of
17 which exceeds *twenty thousand dollars, in which a corporation,
18 partnership, firm, enterprise, or other entity had a direct
19 financial interest, in which corporation, partnership, firm, or
20 enterprise a ten percent or greater ownership interest was held.

21 **OPTION 1:** For purposes of reporting the legal or other
22 descriptions required under subsections (1)(h)-(k) of this
23 section for residential property in which the reporting
24 individual or any member of his or her immediate family resides,
25 it is sufficient to report the location of the residence by its
26 mailing jurisdiction such as city, town, or county, without
27 identifying the legal description or street address;

28 (l) A list of each occasion, specifying date, donor, and
29 amount, at which food and beverage in excess of fifty dollars
30 was accepted under RCW 42.52.150(5);

1 (m) A list of each occasion, specifying date, donor, and
2 amount, at which items specified in **RCW 42.52.010(10) (d) and
3 (f) were accepted; and

4 (n) Such other information as the commission may deem
5 necessary in order to properly carry out the purposes and
6 policies of this chapter, as the commission shall prescribe by
7 rule.

8 (2) Where an amount is required to be reported under
9 subsection (1)(a) through (m) of this section, it shall be
10 sufficient to comply with the requirement to report whether the
11 amount is less than *four thousand dollars, at least *four
12 thousand dollars but less than *twenty thousand dollars, at
13 least *twenty thousand dollars but less than *forty thousand
14 dollars, at least *forty thousand dollars but less than *one
15 hundred thousand dollars, or *one hundred thousand dollars or
16 more. An amount of stock may be reported by number of shares
17 instead of by market value. No provision of this subsection may
18 be interpreted to prevent any person from filing more
19 information or more detailed information than required.

20 (3) Items of value given to an official's or employee's
21 spouse, domestic partner, or family member are attributable to
22 the official or employee, except the item is not attributable if
23 an independent business, family, or social relationship exists
24 between the donor and the spouse, domestic partner, or family
25 member.

26

27

28

RCW 42.17A.120

Suspension or modification of reporting requirements.

1 (1) The commission may suspend or modify any of the
2 reporting requirements of this chapter if it finds that literal
3 application of this chapter works a manifestly unreasonable
4 hardship in a particular case and the suspension or modification
5 will not frustrate the purposes of this chapter. The commission
6 may suspend or modify reporting requirements only after a
7 hearing is held and the suspension or modification receives
8 approval from a majority of the commission. The commission shall
9 act to suspend or modify any reporting requirements:

10 (a) Only if it determines that facts exist that are clear
11 and convincing proof of the findings required under this
12 section; and

13 (b) Only to the extent necessary to substantially relieve
14 the hardship.

15 (2) A manifestly unreasonable hardship exists if reporting
16 the name of an entity required to be reported under RCW
17 42.17A.710(1)(g)(ii) would be likely to adversely affect the
18 competitive position of any entity in which the person filing
19 the report, or any member of his or her immediate family, holds
20 any office, directorship, general partnership interest, or an
21 ownership interest of ten percent or more.

22 **OPTION 2:**

23 (3) Requests for **renewals of** reporting modifications may be
24 heard in a brief adjudicative proceeding as set forth in RCW
25 34.05.482 through 34.05.494 and in accordance with the standards
26 established in this section. **No initial request may be heard in**
27 **a brief adjudicative proceeding, except initial requests by an**
28 **applicant seeking relief from the requirements of RCW**
29 **42.17A.710(1)(h)-(k) to disclose the location of real property**

1 in which the applicant or an immediate family member resides
2 when the applicant's request is based on concerns for personal
3 safety. No request for renewal may be heard in a brief
4 adjudicative proceeding if the initial request was granted more
5 than three years previously or if the applicant is holding an
6 office or position of employment different from the office or
7 position held when the initial request was granted.

8 (4) Any citizen has standing to bring an action in Thurston
9 county superior court to contest the propriety of any order
10 entered under this section within one year from the date of the
11 entry of the order.

12 (5) The commission shall adopt rules governing the
13 proceedings.

14
15

16 ***OPTION 3: [does not require a statutory***
17 ***change]***

18 Using the authority in RCW 42.17A.710(1)(h)-(k) to "prescribe"
19 the "sufficient description" of real property, amend WAC 390-24-
20 200 to eliminate the need for some or all F-1 filers to provide
21 a street address or legal description.

RCW 42.17A.065

Access performance measures.

1 ~~((By July 1st of each year, t))~~The commission shall
2 calculate the following performance measures at least annually,
3 ~~((provide a copy of the performance measures to the governor and
4 appropriate legislative committees,))~~ and make the ~~((performance
5 measures))~~ results available to the public on its website:

6 (1) The average number of days that elapse between the
7 commission's receipt of reports filed under
8 RCW 42.17A.205, 42.17A.225, 42.17A.235, and 42.17A.255 and the
9 time that the report, a copy of the report, or a copy of the
10 data or information included in the report, is first accessible
11 to the general public (a) in the commission's office, and (b)
12 via the commission's web site;

13 (2) The average number of days that elapse between the
14 commission's receipt of reports filed under RCW 42.17A.265 and
15 the time that the report, a copy of the report, or a copy of the
16 data or information included in the report, is first accessible
17 to the general public (a) in the commission's office, and (b)
18 via the commission's web site;

19 (3) The average number of days that elapse between the
20 commission's receipt of reports filed under
21 RCW 42.17A.600, 42.17A.615, 42.17A.625, and 42.17A.630 and the
22 time that the report, a copy of the report, or a copy of the
23 data or information included in the report, is first accessible
24 to the general public (a) in the commission's office, and (b)
25 via the commission's web site;

26 (4) The percentage of candidates, categorized as statewide,
27 legislative, or local, that have used each of the following
28 methods to file reports under RCW 42.17A.235 or 42.17A.265: (a)
29 Hard copy paper format; or (b) electronic format via the

1 Internet;

2 (5) The percentage of continuing political committees that
3 have used each of the following methods to file reports under
4 RCW 42.17A.225 or 42.17A.265: (a) Hard copy paper format; or (b)
5 electronic format via the Internet; and

6 (6) The percentage of lobbyists and lobbyists' employers
7 that have used each of the following methods to file reports
8 under RCW 42.17A.600, 42.17A.615, 42.17A.625, or 42.17A.630: (a)
9 Hard copy paper format; or (b) electronic format via the
10 Internet.

11

Commission – Duties.

1 The commission shall:

2 (1) Develop and provide forms for the reports and
3 statements required to be made under this chapter;

4 (2) Prepare and publish a manual setting forth recommended
5 uniform methods of bookkeeping and reporting for use by persons
6 required to make reports and statements under this chapter;

7 (3) Compile and maintain a current list of all filed
8 reports and statements;

9 (4) Investigate whether properly completed statements and
10 reports have been filed within the times required by this
11 chapter;

12 (5) Upon complaint or upon its own motion, investigate and
13 report apparent violations of this chapter to the appropriate
14 law enforcement authorities ~~((;~~

15 ~~(6) Conduct a sufficient number of audits and field~~
16 ~~investigations to provide a statistically valid finding~~
17 ~~regarding the degree of compliance with the provisions of this~~
18 ~~chapter by all required filers)). Any documents, records,~~
19 ~~reports, computer files, papers, or materials provided to the~~
20 ~~commission for use in conducting audits and investigations must~~
21 ~~be returned to the candidate, campaign, or political committee~~
22 ~~from which they were received within one week of the~~
23 ~~commission's completion of an audit or field investigation;~~

24 ~~(7) (6) Prepare and publish ((an annual)) a biennial [or~~
25 ~~periodic] report to the governor and the legislature as to the~~
26 ~~effectiveness of this chapter and its enforcement by appropriate~~
27 ~~law enforcement authorities, which shall include the performance~~
28 ~~measurements required by RCW 42.17A.065;~~

29 ~~(8) (7) Enforce this chapter according to the powers~~

1 granted it by law;

2 ~~(9)~~ (8) Adopt rules governing the arrangement, handling,
3 indexing, and disclosing of those reports required by this
4 chapter to be filed with a county auditor or county elections
5 official. The rules shall:

6 (a) Ensure ease of access by the public to the reports; and

7 (b) Include, but not be limited to, requirements for
8 indexing the reports by the names of candidates or political
9 committees and by the ballot proposition for or against which a
10 political committee is receiving contributions or making
11 expenditures;

12 ~~(10)~~ (9) Adopt rules to carry out the policies of chapter
13 348, Laws of 2006. The adoption of these rules is not subject to
14 the time restrictions of RCW 42.17A.110(1);

15 ~~(11)~~ (10) Adopt administrative rules establishing
16 requirements for filer participation in any system designed and
17 implemented by the commission for the electronic filing of
18 reports; and

19 ~~(12)~~ (11) Maintain and make available to the public and
20 political committees of this state a toll-free telephone number.

21

Commission – Additional powers (as amended by 2011 c 60).

1 The commission may:

2 (1) Adopt, amend, and rescind suitable administrative rules
3 to carry out the policies and purposes of this chapter, which
4 rules shall be adopted under chapter 34.05 RCW. Any rule
5 relating to campaign finance, political advertising, or related
6 forms that would otherwise take effect after June 30th of a
7 general election year shall take effect no earlier than the day
8 following the general election in that year;

9 (2) Appoint an executive director and set, within the
10 limits established by the *department of personnel under RCW
11 43.03.028, the executive director's compensation. The executive
12 director shall perform such duties and have such powers as the
13 commission may prescribe and delegate to implement and enforce
14 this chapter efficiently and effectively. The commission shall
15 not delegate its authority to adopt, amend, or rescind rules nor
16 may it delegate authority to determine whether an actual
17 violation of this chapter has occurred or to assess penalties
18 for such violations;

19 (3) Prepare and publish reports and technical studies as in
20 its judgment will tend to promote the purposes of this chapter,
21 including reports and statistics concerning campaign financing,
22 lobbying, financial interests of elected officials, and
23 enforcement of this chapter;

24 (4) Conduct, as it deems appropriate within available
25 resources, audits and field investigations;

26 (5) Make public the time and date of any formal hearing set
27 to determine whether a violation has occurred, the question or
28 questions to be considered, and the results thereof;

29 (6) Administer oaths and affirmations, issue subpoenas, and

1 compel attendance, take evidence, and require the production of
2 any records relevant to any investigation authorized under this
3 chapter, or any other proceeding under this chapter;

4 (7) Adopt a code of fair campaign practices;

5 (8) Adopt rules relieving candidates or political
6 committees of obligations to comply with the election campaign
7 provisions of this chapter, if they have not received
8 contributions nor made expenditures in connection with any
9 election campaign of more than **five thousand dollars;

10 (9) Adopt rules prescribing reasonable requirements for
11 keeping accounts of, and reporting on a quarterly basis, costs
12 incurred by state agencies, counties, cities, and other
13 municipalities and political subdivisions in preparing,
14 publishing, and distributing legislative information. For the
15 purposes of this subsection, "legislative information" means
16 books, pamphlets, reports, and other materials prepared,
17 published, or distributed at substantial cost, a substantial
18 purpose of which is to influence the passage or defeat of any
19 legislation. The state auditor in his or her regular examination
20 of each agency under chapter 43.09 RCW shall review the rules,
21 accounts, and reports and make appropriate findings, comments,
22 and recommendations concerning those agencies; and

23 (10) Develop and provide to filers a system for
24 ~~((certification of))~~ certifying, without a signature, reports
25 required under this chapter which are transmitted by facsimile
26 or electronically to the commission. Implementation of the
27 program is contingent on the availability of funds.

28 REPEAL EARLIER DOUBLE AMENDMENT OF: RCW 42.17A.110

29

RCW 42.17A.615

Reporting by lobbyists – Rules.

1 (1) Any lobbyist registered under RCW 42.17A.600 and any
2 person who lobbies shall file with the commission monthly
3 reports of his or her lobbying activities. The reports shall be
4 made in the form and manner prescribed by the commission and
5 must be **((signed)) certified** by the lobbyist. The monthly report
6 shall be filed within fifteen days after the last day of the
7 calendar month covered by the report.

8 (2) The monthly report shall contain:

9 (a) The totals of all expenditures for lobbying activities
10 made or incurred by the lobbyist or on behalf of the lobbyist by
11 the lobbyist's employer during the period covered by the report.
12 Expenditure totals for lobbying activities shall be segregated
13 according to financial category, including compensation; food
14 and refreshments; living accommodations; advertising; travel;
15 contributions; and other expenses or services. Each individual
16 expenditure of more than twenty-five dollars for entertainment
17 shall be identified by date, place, amount, and the names of all
18 persons taking part in the entertainment, along with the dollar
19 amount attributable to each person, including the lobbyist's
20 portion.

21 (b) In the case of a lobbyist employed by more than one
22 employer, the proportionate amount of expenditures in each
23 category incurred on behalf of each of the lobbyist's employers.

24 (c) An itemized listing of each contribution of money or of
25 tangible or intangible personal property, whether contributed by
26 the lobbyist personally or delivered or transmitted by the
27 lobbyist, to any candidate, elected official, or officer or
28 employee of any agency, or any political committee supporting or
29 opposing any ballot proposition, or for or on behalf of any

1 candidate, elected official, or officer or employee of any
2 agency, or any political committee supporting or opposing any
3 ballot proposition. All contributions made to, or for the
4 benefit of, any candidate, elected official, or officer or
5 employee of any agency, or any political committee supporting or
6 opposing any ballot proposition shall be identified by date,
7 amount, and the name of the candidate, elected official, or
8 officer or employee of any agency, or any political committee
9 supporting or opposing any ballot proposition receiving, or to
10 be benefited by each such contribution.

11 (d) The subject matter of proposed legislation or other
12 legislative activity or rule making under chapter 34.05 RCW, the
13 state administrative procedure act, and the state agency
14 considering the same, which the lobbyist has been engaged in
15 supporting or opposing during the reporting period, unless
16 exempt under RCW 42.17A.610(2).

17 (e) A listing of each payment for an item specified in RCW
18 42.52.150(5) in excess of fifty dollars and each item specified
19 in *RCW 42.52.010(10) (d) and (f) made to a state elected
20 official, state officer, or state employee. Each item shall be
21 identified by recipient, date, and approximate value of the
22 item.

23 (f) The total expenditures paid or incurred during the
24 reporting period by the lobbyist for lobbying purposes, whether
25 through or on behalf of a lobbyist or otherwise, for (i)
26 political advertising as defined in RCW 42.17A.005; and (ii)
27 public relations, telemarketing, polling, or similar activities
28 if the activities, directly or indirectly, are intended,
29 designed, or calculated to influence legislation or the adoption
30 or rejection of a rule, standard, or rate by an agency under the
31 administrative procedure act. The report shall specify the
32 amount, the person to whom the amount was paid, and a brief

1 description of the activity.

2 (3) Lobbyists are not required to report the following:

3 (a) Unreimbursed personal living and travel expenses not
4 incurred directly for lobbying;

5 (b) Any expenses incurred for his or her own living
6 accommodations;

7 (c) Any expenses incurred for his or her own travel to and
8 from hearings of the legislature;

9 (d) Any expenses incurred for telephone, and any office
10 expenses, including rent and salaries and wages paid for staff
11 and secretarial assistance.

12 (4) The commission may adopt rules to vary the content of
13 lobbyist reports to address specific circumstances, consistent
14 with this section. Lobbyist reports are subject to audit by the
15 commission.

16

RCW 42.17A.645

Employment of legislators, board or commission members, or state employees – Statement, contents.

1 If any person registered or required to be registered as a
2 lobbyist, or any employer of any person registered or required
3 to be registered as a lobbyist, employs a member or an employee
4 of the legislature, a member of a state board or commission, or
5 a full-time state employee, and that new employee remains in the
6 partial employ of the state, the new employer must file within
7 fifteen days after employment a **certified** statement with the
8 commission(~~(, signed under oath,)~~) setting out the nature of the
9 employment, the name of the person employed, and the amount of
10 pay or consideration.

11