PUBLIC DISCLOSURE COMMISSION
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To: Members, Washington State Public Disclosure Commission
From: Lori Anderson, Communications & Training Officer
Date: February 19, 2015
Re: Request for Rule Making Regarding Disclosing Transfers of Contributions Received for One Office to a Campaign for a Different Office

AGENDA ITEM

Senator Pam Roach requests that the Commission take action to increase transparency of a candidate's transfer of contributions received for one office to the candidate's campaign for a different office.

BACKGROUND

A candidate is allowed to transfer money raised for one campaign to a campaign for a different office, provided the contributor first gives written approval for the transfer. RCW 42.17A.490(2). The Commission instructs candidates to use the "last in, last out" accounting principle to determine the source of each contribution that they seek to transfer. Written authorizations are kept with the campaign books of account and only submitted to the Commission upon its request.

Candidates are allowed to transfer surplus funds *or* active campaign funds (unspent money raised for a campaign that the candidate ends before the election). Staff believes that surplus transfers are the more common of the two. Each has different disclosure requirements that are dictated by contribution limits.

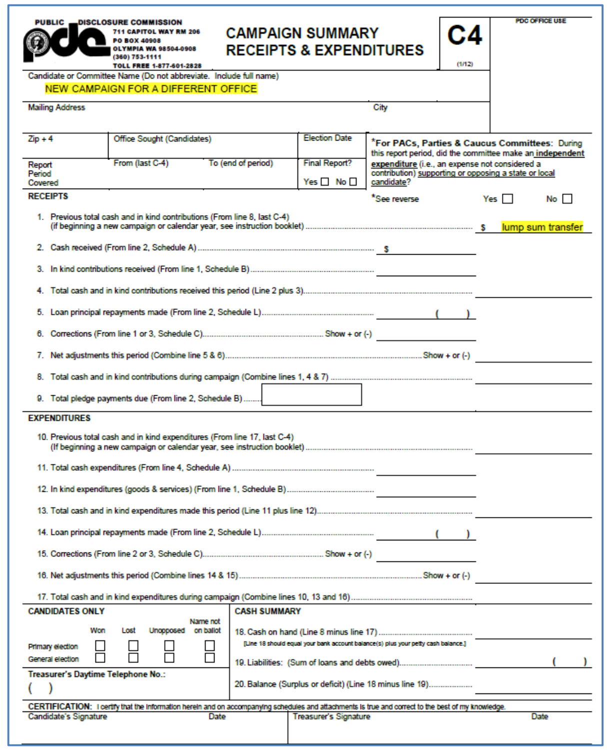
Transferring Surplus Contributions:

Surplus contributions are those that remain on hand after the election for which they were received and are not needed to satisfy debt/obligations. A candidate may use surplus contributions in a later campaign for an office different from the one for which the money was raised, as authorized by RCW 42.17A.490(2).

A "per election" limit is applied to the contributor when the contribution is originally given. Once the election is held and any remaining contributions become surplus, those funds may be transferred to a new campaign without affecting the original contributor's limit for contributions to the new campaign.

Transferred surplus is disclosed as a lump sum without individual contributor attribution. As shown in the illustration here, the new committee discloses the lump sum amount on line 1 of its C-4 report. [WAC 390-16-230](#).

A candidate who registers a campaign, accepts and deposits primary election campaign contributions, and then decides to discontinue the campaign before the primary may keep any unspent contributions until after the election, at which time the funds become surplus. However, when a candidate discontinues a campaign, the candidate is required to refund general election contributions. [WAC 390-17-300](#).



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CAMPAIGN SUMMARY
RECEIPTS & EXPENDITURES

C4 (1/12)

PDC OFFICE USE

Candidate or Committee Name (Do not abbreviate. Include full name)
NEW CAMPAIGN FOR A DIFFERENT OFFICE

Mailing Address | City

Zip + 4 | Office Sought (Candidates) | Election Date

Report Period Covered | From (last C-4) | To (end of period) | Final Report? Yes ☐ No ☐

*For PACs, Parties & Caucus Committees: During this report period, did the committee make an independent expenditure (i.e., an expense not considered a contribution) supporting or opposing a state or local candidate?
*See reverse Yes ☐ No ☐

RECEIPTS

1. Previous total cash and in kind contributions (From line 8, last C-4) (if beginning a new campaign or calendar year, see instruction booklet) .... $ lump sum transfer
2. Cash received (From line 2, Schedule A) .... $
3. In kind contributions received (From line 1, Schedule B) ....
4. Total cash and in kind contributions received this period (Line 2 plus 3) ....
5. Loan principal repayments made (From line 2, Schedule L) .... ( )
6. Corrections (From line 1 or 3, Schedule C) .... Show + or (-)
7. Net adjustments this period (Combine line 5 & 6) .... Show + or (-)
8. Total cash and in kind contributions during campaign (Combine lines 1, 4 & 7) ....
9. Total pledge payments due (From line 2, Schedule B) ....

EXPENDITURES

10. Previous total cash and in kind expenditures (From line 17, last C-4) (If beginning a new campaign or calendar year, see instruction booklet) ....
11. Total cash expenditures (From line 4, Schedule A) ....
12. In kind expenditures (goods & services) (From line 1, Schedule B) ....
13. Total cash and in kind expenditures made this period (Line 11 plus line 12) ....
14. Loan principal repayments made (From line 2, Schedule L) .... ( )
15. Corrections (From line 2 or 3, Schedule C) .... Show + or (-)
16. Net adjustments this period (Combine lines 14 & 15) .... Show + or (-)
17. Total cash and in kind expenditures during campaign (Combine lines 10, 13 and 16) ....

CANDIDATES ONLY

	Won	Lost	Unopposed	Name not on ballot
Primary election	☐	☐	☐	☐
General election	☐	☐	☐	☐

Treasurer's Daytime Telephone No.:
( )

CASH SUMMARY

18. Cash on hand (Line 8 minus line 17) ....
[Line 18 should equal your bank account balance(s) plus your petty cash balance.]
19. Liabilities: (Sum of loans and debts owed) .... ( )
20. Balance (Surplus or deficit) (Line 18 minus line 19) ....

CERTIFICATION: I certify that the information herein and on accompanying schedules and attachments is true and correct to the best of my knowledge.

Candidate's Signature | Date | Treasurer's Signature | Date

Transferring Contributions from a Discontinued Campaign:

A candidate who registers a campaign for one office and ultimately decides to declare and run for a different office is allowed to move the unspent money from the discontinued campaign to a new campaign, as authorized by RCW 42.17A.490(2), *before it becomes surplus*. In this scenario, the contributor's limit for the new campaign is applied to the transferred amount because the candidate is simply moving the contribution from one active campaign to another.

The candidate has two disclosure requirements in this scenario:

- The discontinued campaign reports **expenditures** – typically a lump sum – that reflect the amount(s) moved from the discontinued campaign to the new race. These expenditures reduce the discontinued campaign's cash on hand balance; and
- The new campaign reports each **contribution,** for which permission has been received to transfer, as a separate line item on a C-3 report. The received date is the date that the money was transferred.

These reports would be due at the same time, if the transfers were made prior to June of the election year. For transfers occurring in June or later, the C-3 would be due the Monday following the deposit and the C-4 would be due on the 10th of the month following the month in which each transfer occurred. The illustration on the next page are examples of the expenditure and contribution reports that the two committees would file.

CASH RECEIPTS AND EXPENDITURE — SCHEDULE **A** to C4 (1/04)

Candidate or Committee Name (Do not abbreviate. Use full name.): DISCONTINUED COMMITTEE

Report Date: 01/01/2015 01/31/2015

1. CASH RECEIPTS (Contributions) which have been reported on C3. List each deposit made since last C4 report was submitted.

Date of deposit	Amount	Date of deposit	Amount	Date of deposit	Amount	Total deposits
						$

2. TOTAL CASH RECEIPTS — Enter also on line 2 of C4 $

CODES FOR CLASSIFYING EXPENDITURES: If one of the following codes is used to describe an expenditure, no other description is generally needed.
The exceptions are:

1) **If expenditures are in-kind or earmarked contributions to a candidate or committee or independent expenditures that benefit a candidate or committee, identify the candidate or committee in the Description block;**
2) When reporting payments to vendors for travel expenses, identify the traveler and travel purpose in the Description block; and
3) If expenditures are made directly or indirectly to compensate a person or entity for soliciting signatures on a statewide initiative or referendum petition, use code "V" and provide the following information in the Description block: name and address of each person/entity compensated, amount paid each during the reporting period, and cumulative total paid all persons to date to gather signatures.

CODE DEFINITIONS ON NEXT PAGE

C - Contributions (monetary, in-kind & transfers)
I - Independent Expenditures
L - Literature, Brochures, Printing
B - Broadcast Advertising (Radio, TV)
N - Newspaper and Periodical Advertising
O - Other Advertising (yard signs, buttons, etc.)
V - Voter Signature Gathering
P - Postage, Mailing Permits
S - Surveys and Polls
F - Fundraising Event Expenses
T - Travel, Accommodations, Meals
M - Management/Consulting Services
W - Wages, Salaries, Benefits
G - General Operation and Overhead

3. **EXPENDITURES**
a) Expenditures of $50 or less, including those from petty cash, need not be itemized. Add up these expenditures and show the total in the amount column on the first line below..
b) Itemize each expenditure of more than $50 by date paid, name and address of vendor, code/description, and amount.
c) For each payment to a candidate, campaign worker, PR firm, advertising agency, consultant or credit card company, provide a detailed breakdown in the Description block of expenses included in the payment..

Date Paid	Vendor or Recipient (Name and Address)	Code	Purpose of Expense and/or Description	Amount
N/A	Expenses of $50 or less	N/A	N/A	
1/15/2015	NEW CAMPAIGN FOR A DIFFERENT OFFICE		Transferring contributions	$ 3,800.00

Total from attached pages $

4. TOTAL CASH EXPENDITURES — Enter also on line 11 of C4 $

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CASH RECEIPTS MONETARY CONTRIBUTIONS — **C3** (1/12)

THIS SPACE FOR OFFICE USE

Candidate or Committee Name (Do not abbreviate. Use full name.): NEW CAMPAIGN FOR A DIFFERENT OFFICE

Mailing Address

City | Zip + 4 | Office Sought (candidates) | Election Date

1. MONETARY CONTRIBUTIONS DEPOSITED IN ACCOUNT

Date Received		Amount	Total
	a. Anonymous	$	$
	b. Candidate's personal funds deposited in the bank (include candidate loans in 1c)		
	c. Loans, notes, security agreements. Attach Schedule L		
	d. Miscellaneous receipts (interest, refunds, auctions, other). Attach explanation		
	e. Small contributions $25.00 or less not itemized and number of persons giving ____ (persons)		

2. CONTRIBUTIONS OVER $25.00

Date Received	Contributor's Name, Address, City, State, Zip	Contributions of more than $100:* Employer's Name, City and State / Occupation	PRI	GEN	Amount	Aggregate* Total
1/15/2015	ROCKY BEECH	retired	X		$ 950.00	$ 950.00
1/15/2015	SANDY BEECH	retired	X		$ 950.00	$ 950.00
1/15/2015	WOODY FORREST	retired	X		$ 950.00	$ 950.00
1/15/2015	SADIE FORREST	retired	X		$ 950.00	$ 950.00
					$	$

☐ Check here if additional pages are attached

Sub-total $ 3,800.00
Amount from attached pages

*See reverse for details.

3. TOTAL FUNDS RECEIVED AND DEPOSITED OR CREDITED TO ACCOUNT
Sum of parts 1 and 2 above. Enter this amount in line 1, Schedule A to C4 — $ 3,800.00

4. Date of Deposit

I certify that this report is true and complete to the best of my knowledge
Treasurer's Signature Date

Treasurer's Daytime Telephone No.: ( ) -

COMMISSION ACTION

Senator Roach requests that the Commission require additional disclosure for these transferred contributions so that the public is able to discern whether contributions disclosed by the new committee are transfers from a previous campaign for a different office or new contributions direct from the contributor for the current office sought. She has previously noted that including some form of a check box or code on the reporting forms would achieve the additional transparency she believes is appropriate for these types of fund transfers.

Staff has interpreted the request as one for rule making, since the disclosure forms are rules. Any rules the Commission adopts related to campaign finance disclosure must take effect on or before June 30 or wait until after the general election. Taking into account the Commission's regular meeting schedule and the State Register closing and distribution dates, permanent rules could be adopted and be in effect by the deadline, barring unexpected hurdles. Any form changes translate to ORCA filing software program updates, which may take beyond June to complete.