



## State of Washington PUBLIC DISCLOSURE COMMISSION

To: Commission members  
From: Kim Bradford, Deputy Director  
Re: Inflationary adjustments to RCW 42.17A

The Commission identified inflationary adjustments of dollar amounts in RCW 42.17A as a potential area of rulemaking in the first half of 2022. Staff is providing background on recent changes to the process and proposing a couple of options for the Commission to consider.

### **Background**

State law allows the Commission to revise contribution limits and reporting thresholds based on inflationary indexes recommended by the Office of Financial Management (RCW 42.17A.125).

Prior to 2019, revisions were primarily focused on four areas of campaign finance law: the threshold for independent expenditure reporting, contribution limits for candidates and political committees, the cap on repayment of candidate loans, and threshold for C-7 reporting by businesses and other entities that spend large sums on campaigns that are not otherwise reported in lobbying disclosures. The Commission last adjusted those amounts in 2016 by amending WAC 390-05-400.

Prior to that, the Commission also had made inflationary adjustments to amounts relating to lobbying activity (WAC 390-20-150, last revised in 2014) and amounts involved in financial affairs (F-1) reporting (WAC 390-24-301, last revised for inflation in 2015). The statute allowed the Commission to consider those other areas – as well as any part of RCW 42.17A – for revisions but such consideration was not required.

The PDC's agency-request legislation (SHB 1195) in 2019 made changes to the scope and method for inflationary adjustments. First, it expanded the dollar amounts the Commission is required to consider for revision to all statutory limits, reporting thresholds and code values in RCW 42.17A. It also tied each potential adjustment to the changes in inflation that have happened since its last legislative enactment. Those dates vary considerably from section to section, and even from amount to amount.

This expansion of scope, as well as the requirement to calculate based on various years, creates a tight timeline for comprehensive adjustments if the goal is to finish by June 30, the statutory deadline for rule changes affecting 2022 campaigns. Staff will need to review the chapter to identify all thresholds, limits and code values, research each one to determine what year the Legislature last modified it, and consult with OFM on inflationary changes prior to filing the CR-102 that notifies the public of the proposed revisions and gives them time to comment prior to a public hearing.

## Recommendations

Staff is recommending the Commission consider two options:

- A staged approach that begins with amending WAC 390-05-400 to update contribution limits and other campaign-specific thresholds for the 2022 election cycle.

Attached is an analysis from OFM showing inflationary changes in just those limits and thresholds. Staff added the last-minute contribution reporting threshold in RCW 42.17A.265 for the Commission's consideration given the policy of setting a higher threshold to focus reporting on truly large contributions expressed in the agency's 2022 request legislation.

The Commission could then review other thresholds and limits later this year. Any dollar figures relating to lobbying or financial affairs reporting could be adjusted in the fall in advance of the January start of F-1 annual reporting and the legislative session.

- Another option is to take additional time for a thorough review of all thresholds and limits, with a comprehensive adoption of inflationary adjustments early next year after the next December CPI-U index is available.

This approach has the benefit of not only consolidating the Commission's changes, which promotes public and filer understanding and provides more time for technical implementation where necessary, but also would allow changes to reflect the current period of high inflation.

As shown on the attachment, only a few of the WAC 390-05-400 limits and thresholds are currently due for large bumps. More likely would be due for sizable increases after accounting for current inflation. Acting now on some limits, as suggested in the staged option, would forestall any further action on those particular limits until 2024.

## PDC Thresholds adjusted for Inflation

Office of Financial Management, Forecasting and Research Division

Section of 42.17A	Set point in statute	Year of last legislative enactment	CPI-U Index December Preceding Enactment	CPI-U Index December 2021	Raw Adjusted Threshold	Rounded Adjusted Threshold	Current limit in WAC 390-05-400	Description
.005(30)	\$1,000	2012	234.812	304.856	\$1,298.30	\$1,300	\$1,000	Independent Expenditure threshold
.405(2)&(3)	\$800	2010	225.596	304.856	\$1,081.07	\$1,080	\$1,000	Contribution limit for local and leg candidates
.405(2)&(3)	\$1,600	2010	225.596	304.856	\$2,162.14	\$2,160	\$2,000	Contribution limit for statewide executive candidates
.405(4)&(5)	\$0.40	2010	225.596	304.856	\$0.54		\$0.50	Party and caucus contribution limit for leg candidates
.405(4)&(5)	\$0.80	2010	225.596	304.856	\$1.08		\$1.00	Party and caucus contribution limit for statewide candidates
.405(7)	\$800	2010	225.596	304.856	\$1,081.07	\$1,080	\$1,000	Contribution limit for caucus committees
.405(7)	\$4,000	2010	225.596	304.856	\$5,405.34	\$5,410	\$5,500	Contribution limit for party committees
.405(12)	\$10	1993	140.200	301.493	\$21.50		\$10	Amt of contribution, received 10 times, that qualifies a committee to give to a state office candidate
.410	\$1,600	2010	225.596	304.856	\$2,162.14	\$2,160	\$2,000	Judicial contribution limit
.445	\$4,700	2012	234.812	304.856	\$6,102.00	\$6,100	\$6,000	Candidate loan repayment limit
.475	\$100	2019	273.293	304.856	\$111.55	\$110	\$100	Contributions by written instrument
.630	\$16,000	2012	234.812	304.856	\$20,772.77	\$20,770	\$20,000	C-7 reporting threshold
.630	\$800	2012	234.812	304.856	\$1,038.64	\$1,040	\$1,000	C-7 reporting threshold
.265	\$1,000	2002	186.100	304.856	\$1,638.13	\$1,640	\$1,000	Last-minute contribution threshold

Note: Prior to 1998, the CPI-U was only available in "Half1", "Half2", and "Annual" indexes. As a result, the calculation for .405(12) is based on "Half2" indexes for 1992 and 2021.