

HOUSE BILL REPORT

HB 1317

As Reported by House Committee On:
State Government & Tribal Relations

Title: An act relating to improving transparency in grassroots lobbying disclosure.

Brief Description: Concerning grassroots lobbying disclosure.

Sponsors: Representatives Pollet and Gregerson; by request of Public Disclosure Commission.

Brief History:

Committee Activity:

State Government & Tribal Relations: 1/24/23, 1/31/23 [DP].

Brief Summary of Bill

- Adjusts the timeframe for a sponsor of a grass roots campaign to file with the Public Disclosure Commission from 30 days after becoming a sponsor to within five business days, or within 24 hours during a legislative session.
- Removes the requirement for sponsors of grass roots campaigns to report the donors to the campaign's general treasury fund.
- Specifies disclosure requirements for advertisements for grass roots campaigns, which closely align with existing statutory requirements for other political advertisements.

HOUSE COMMITTEE ON STATE GOVERNMENT & TRIBAL RELATIONS

Majority Report: Do pass. Signed by 4 members: Representatives Ramos, Chair; Stearns, Vice Chair; Gregerson and Mena.

Minority Report: Without recommendation. Signed by 3 members: Representatives Abbarno, Ranking Minority Member; Christian, Assistant Ranking Minority Member; Low.

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

Staff: Desiree Omli (786-7105).

Background:

Campaign Finance Generally.

Washington's campaign finance and disclosure law was first enacted by voter initiative in 1972. The law regulates campaign contributions and certain election-related expenditures and requires the disclosure of campaign financing, lobbyist activity, and the financial affairs of elected officials, candidates, and executive state officers. The Public Disclosure Commission (PDC) enforces campaign finance and disclosure laws and has the authority to develop procedures, adopt rules, investigate complaints, and impose civil penalties for violations.

Grass Roots Campaigns—Disclosures.

A person must register as a sponsor of a grass roots lobbying campaign if that person made expenditures not already reported by a registered lobbyist, candidate, or political committee, exceeding \$1,400 in the aggregate within any three-month period or exceeding \$700 in the aggregate within any one-month period of presenting a campaign to the public that is substantially intended to influence legislation. The current threshold amounts are subject to the inflationary index. A person who meets this criteria must file a registration statement with the PDC within 30 days after qualifying as a sponsor of a grass roots lobbying campaign and disclose the:

- sponsor's name, address, and business or occupation;
- names, addresses, and business or occupation of all persons organizing and managing the campaign or hired to assist the campaign;
- names and addresses of each person contributing \$25 or more to the campaign as well as the aggregate amount contributed;
- purpose of the campaign; and
- totals of all expenditures made or incurred on behalf of the campaign;

Political Advertising—Independent Expenditures.

For all political advertising (ad), a political committee that is not a bona fide party must include the name of its top five contributors if the ad qualifies as an independent expenditure, electioneering communication, or supports or opposes a ballot measure, and the ad costs at least \$1,000. If the top five contributors includes any political committees, the sponsor of the advertisement must also list the top three donors to the political committees.

Written ads must include the sponsor's name, address, and any party preference, and must be located in an area set apart from the ad text. For print ads and websites, the information must be displayed on the first page or fold of a multipage or multifold ad and be in at least 10-point font. For billboards and posters, the information must be in a font size that is at least 10 percent of the largest size type used in the ad. Written ads may not be in screen or half-tone text.

Television ads or ads using another medium that includes a visual image must include the sponsor's name and any party preference and the following statement either clearly spoken or appearing in print: "No candidate authorized this ad. Paid for by (name, city, state)." If in print, the print must be visible for at least four seconds, in a font size that is more than four percent of the visual screen height, on a solid black background with the font being a reasonable color contrast to the background, and on the entire bottom one-third of the television or visual or bottom one-fourth of the screen if the sponsor does not have or is otherwise not required to list its top five contributors.

Radio ads and other mediums that do not include a visual image must clearly speak the following statement: "No candidate authorized this ad. Paid for by (name, city, state)."

Summary of Bill:

Grass Roots Campaigns—Disclosures.

The qualification of who is a sponsor of a grass roots campaign for registration purposes is updated to specify that it includes any person who has made a qualifying expenditure, a substantial portion of which is primarily to solicit, urge, or encourage the public to influence legislation.

The timeframe for filing as a sponsor of a grass roots campaign is adjusted to be triggered by a campaign being presented to the public, rather than triggering on sponsorship, and requires that the sponsor file either:

1. within 24 hours of the initial presentation of the campaign to the public during the period:
 - a. beginning on the thirtieth day before a regular legislative session convenes and continuing through the date of final adjournment of that regular session; or
 - b. beginning on the date that a special legislative session has been called or 30 days before the special session is scheduled to convene, whichever is later, and continuing through the adjournment of that special session; or
2. within five business days of the initial presentation of the campaign to the public during any other period.

In addition to the sponsor's name, address, and business or occupation, the sponsor of a grass roots lobbying campaign must disclose their employer and the employer of all persons organizing and managing the campaign or hired to assist the campaign.

For each source of funding for the campaign of \$25 or more, additional information must be disclosed depending on the use of general treasury funds or special solicitations and other funds. For general treasury funds, the name and address of each business, union, group, association, or other organization using such funds for the campaign must be disclosed. The requirement to disclose donors to a campaign's general treasury fund is removed. However,

if that entity undertakes a special solicitation of its members or other persons for the campaign, or it otherwise receives funds for the campaign, it must report the names, addresses, and business or occupation and employer of all persons organizing and managing the campaign or hired to assist the campaign. For special solicitations and other funds, the name, address, and occupation and employer of a person whose funds were used to pay for the campaign, along with the amount must be reported.

The PDC is authorized to adopt rules to require the disclosure of other information not already specified.

Advertising and Mass Communication—Grass Roots Campaigns.

Any advertising or other mass communication produced as part of a grass roots campaign must follow the same rules for disclosure of the top five contributors as is required of political advertisements that are considered independent expenditures, as well as rules for the disclosure of the top three donors to political committees who are among the top five contributors where applicable.

Any advertising or other mass communication produced as part of a grass roots campaign must also follow the same rules for written ads, radio ads, and visual ads as is required of other political advertisements under statute, except that ads for grass roots campaigns do not have to include the statement: "No candidate authorized this ad. Paid for by (name, city, state)."

The PDC may adopt rules to prevent ways to circumvent the purpose of the required disclosures for political advertisements, in conformance with the policies and purposes of campaign finance laws.

Appropriation: None.

Fiscal Note: Not requested.

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

Staff Summary of Public Testimony:

(In support) Grass roots lobbying is indirect lobbying where someone reaches out to the public to encourage them to reach out to a legislator to influence legislation. In 2021 people received grass roots campaign fliers, but no one could figure out who the sponsor was. This shined light on a loophole in the campaign finance laws; grassroots campaigns do not have to file with the PDC for 30 days after they publish the campaign. This could span the course of a large part of the legislative session. This bill was developed over two years, in consulting with the PDC, and follows the same rules for political advertisement disclosure.

This does not change the requirement to file, but if someone is going to spend a significant amount of money to influence the public, it should meet the same standards as the public would expect for political advertisement and other disclosure requirements. Further, the concerns of nonprofits are addressed by clarifying that a sponsor does not need to disclose general fund donors, only special solicitation donors. Requiring a grass roots campaign to register at the time it is presenting the campaign to the public leads to more transparency.

(Opposed) Concerns arise when this extends to businesses that teach everyday people about how to participate in legislative public hearings and educates people about how to participate and engage with government. This bill discourages everyday people from participating in the political process.

Persons Testifying: (In support) Representative Gerry Pollet, prime sponsor; Cindy Madigan, League of Women Voters of Washington; and Peter Lavallee and Kim Bradford, Public Disclosure Commission.

(Opposed) Nancy Churchill.

Persons Signed In To Testify But Not Testifying: Carol Sullivan, League of Women Voters of Washington; Katherine Humphrey; Aaron Lang; Julie Barrett, Conservative Ladies of Washington; and Conner Edwards.