

## CHAPTER 367

[Engrossed Substitute Senate Bill No. 3367]  
PUBLIC DISCLOSURE—CAMPAIGN FINANCING

AN ACT Relating to the public disclosure law; amending RCW 42.17.020, 42.17.030, 42.17.050, 42.17.060, 42.17.070, 42.17.100, 42.17.125, 42.17.155, 42.17.170, 42.17.200, 42.17.370, 42.17.395, and 42.17.405; and prescribing penalties.

Be it enacted by the Legislature of the State of Washington:

**\*Sec. 1. Section 2, chapter 1, Laws of 1973 as last amended by section 5, chapter 34, Laws of 1984 and RCW 42.17.020 are each amended to read as follows:**

(1) "Agency" includes all state agencies and all local agencies. "State agency" includes every state office, department, division, bureau, board, commission, or other state agency. "Local agency" includes every county, city, town, municipal corporation, quasi-municipal corporation, or special purpose district, or any office, department, division, bureau, board, commission, or agency thereof, or other local public agency.

(2) "Ballot proposition" means any "measure" as defined by RCW 29.01.110, or any initiative, recall, or referendum proposition proposed to be submitted to the voters of the state or any municipal corporation, political subdivision, or other voting constituency from and after the time when the proposition has been initially filed with the appropriate election officer of that constituency prior to its circulation for signatures.

(3) "Campaign depository" means a bank designated by a candidate or political committee pursuant to RCW 42.17.050.

(4) "Campaign treasurer" and "deputy campaign treasurer" mean the individuals appointed by a candidate or political committee, pursuant to RCW 42.17.050, to perform the duties specified in that section.

(5) "Candidate" means any individual who seeks election to public office. An individual shall be deemed to seek election when he first:

(a) Receives contributions or makes expenditures or reserves space or facilities with intent to promote his candidacy for office; or

(b) Announces publicly or files for office.

(6) "Commercial advertiser" means any person who sells the service of communicating messages or producing printed material for broadcast or distribution to the general public or segments of the general public whether through the use of newspapers, magazines, television and radio stations, billboard companies, direct mail advertising companies, printing companies, or otherwise.

(7) "Commission" means the agency established under RCW 42.17.350.

(8) "Compensation" unless the context requires a narrower meaning, includes payment in any form for real or personal property or services of any

kind: **PROVIDED, That for the purpose of compliance with RCW 42.17-.241, the term "compensation" shall not include per diem allowances or other payments made by a governmental entity to reimburse a public official for expenses incurred while the official is engaged in the official business of the governmental entity.**

(9) "**Continuing political committee**" means a political committee that is an organization of continuing existence not established in anticipation of any particular election campaign.

(10) "**Contribution**" includes a loan, gift, deposit, subscription, forgiveness of indebtedness, donation, advance, pledge, payment, transfer of funds between political committees, or transfer of anything of value, including personal and professional services for less than full consideration, but does not include interest on moneys deposited in a political committee's account, ordinary home hospitality and the rendering of "part-time" personal services of the sort commonly performed by volunteer campaign workers, or incidental expenses personally incurred by volunteer campaign workers not in excess of twenty-five dollars personally paid for by the worker. "Part-time" services, for the purposes of this chapter, means services in addition to regular full-time employment, or, in the case of an unemployed person, services not in excess of twenty hours per week, excluding weekends. For the purposes of this chapter, contributions other than money or its equivalents shall be deemed to have a money value equivalent to the fair market value of the contribution. Sums paid for tickets to fund-raising events such as dinners and parties are contributions; however, the amount of any such contribution may be reduced for the purpose of complying with the reporting requirements of this chapter, by the actual cost of consumables furnished in connection with the purchase of the tickets, and only the excess over the actual cost of the consumables shall be deemed a contribution.

(11) "**Elected official**" means any person elected at a general or special election to any public office, and any person appointed to fill a vacancy in any such office.

(12) "**Election**" includes any primary, general, or special election for public office and any election in which a ballot proposition is submitted to the voters: **PROVIDED, That an election in which the qualifications for voting include other than those requirements set forth in Article VI, section 1 (Amendment 63) of the Constitution of the state of Washington shall not be considered an election for purposes of this chapter.**

(13) "**Election campaign**" means any campaign in support of or in opposition to a candidate for election to public office and any campaign in support of, or in opposition to, a ballot proposition. An election campaign begins when the initial filing obligation in RCW 42.17.040 or 42.17.050 is incurred and ends when the final report for the campaign is filed.

(14) "**Expenditure**" includes a payment, contribution, subscription, distribution, loan, advance, deposit, or gift of money or anything of value, and

*includes a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure. The term "expenditure" also includes a promise to pay, a payment, or a transfer of anything of value in exchange for goods, services, property, facilities, or anything of value for the purpose of assisting, benefiting, or honoring any public official or candidate, or assisting in furthering or opposing any election campaign. For the purposes of this chapter, agreements to make expenditures, contracts, and promises to pay may be reported as estimated obligations until actual payment is made. The term "expenditure" shall not include the partial or complete repayment by a candidate or political committee of the principal of a loan, the receipt of which loan has been properly reported, or payment of service charges against a political committee's campaign account.*

*(15) "Final report" means the report described as a final report in RCW 42.17.080(2).*

*(16) "Immediate family" includes the spouse, dependent children, and other dependent relatives, if living in the household.*

*(17) "Legislation" means bills, resolutions, motions, amendments, nominations, and other matters pending or proposed in either house of the state legislature, and includes any other matter that may be the subject of action by either house or any committee of the legislature and all bills and resolutions that, having passed both houses, are pending approval by the governor.*

*(18) "Lobby" and "lobbying" each mean attempting to influence the passage or defeat of any legislation by the legislature of the state of Washington, or the adoption or rejection of any rule, standard, rate, or other legislative enactment of any state agency under the state administrative procedure acts, chapter 34.04 RCW and chapter 28B.19 RCW.*

*(19) "Lobbyist" includes any person who lobbies either in his own or another's behalf.*

*(20) "Lobbyist's employer" means the person or persons by whom a lobbyist is employed and all persons by whom he is compensated for acting as a lobbyist.*

*(21) "Person" includes an individual, partnership, joint venture, public or private corporation, association, federal, state, or local governmental entity or agency however constituted, candidate, committee, political committee, political party, executive committee thereof, or any other organization or group of persons, however organized.*

*(22) "Person in interest" means the person who is the subject of a record or any representative designated by that person, except that if that person is under a legal disability, the term "person in interest" means and includes the parent or duly appointed legal representative.*

*(23) "Political advertising" includes any advertising displays, newspaper ads, billboards, signs, brochures, articles, tabloids, flyers, letters, radio or television presentations, or other means of mass communication, used for the*

*purpose of appealing, directly or indirectly, for votes or for financial or other support in any election campaign.*

*(24) "Political committee" means any person (except a candidate or an individual dealing with his own funds or property) having the expectation of receiving contributions or making expenditures in support of, or opposition to, any candidate or any ballot proposition.*

*(25) "Public office" means any federal, state, county, city, town, school district, port district, special district, or other state political subdivision elective office.*

*(26) "Public record" includes any writing containing information relating to the conduct of government or the performance of any governmental or proprietary function prepared, owned, used, or retained by any state or local agency regardless of physical form or characteristics.*

*(27) "Surplus funds" mean, in the case of a political committee or candidate, the balance of contributions that remain in the possession or control of that committee or candidate subsequent to the election for which the contributions were received, and that are in excess of the amount necessary to pay remaining debts incurred by the committee or candidate prior to that election. In the case of a continuing political committee, "surplus funds" mean those contributions remaining in the possession or control of the committee that are in excess of the amount necessary to pay all remaining debts when it makes its final report under RCW 42.17.065.*

*(28) "Writing" means handwriting, typewriting, printing, photostating, photographing, and every other means of recording any form of communication or representation, including letters, words, pictures, sounds, or symbols, or combination thereof, and all papers, maps, magnetic or paper tapes, photographic films and prints, magnetic or punched cards, discs, drums, and other documents.*

*As used in this chapter, the singular shall take the plural and any gender, the other, as the context requires.*

*\*Sec. 1 was vetoed, see message at end of chapter.*

Sec. 2. Section 3, chapter 1, Laws of 1973 as amended by section 2, chapter 313, Laws of 1977 ex. sess. and RCW 42.17.030 are each amended to read as follows:

(1) The provisions of this chapter relating to the financing of election campaigns shall apply in all election campaigns other than (a) for precinct committeeman; (b) for a federal elective office; and (c) for an office ~~((the constituency of which))~~ of a political subdivision of the state that does not encompass a whole county and ((which)) that contains ((less)) fewer than five thousand registered voters as of the date of the most recent general election in ~~((such district))~~ the subdivision.

(2) The exemption in subsection (1)(c) of this section does not apply in any jurisdiction from which a "petition for disclosure" containing the valid signatures of fifteen percent of the number of registered voters, as of the

date of the most recent general election in the jurisdiction, is filed with the commission. The commission shall prescribe by rule the form of the petition. After the signatures are gathered, the petition shall be presented to the auditor or elections officer of the county, or counties, in which the jurisdiction is located. The auditor or elections officer shall verify the signatures and certify to the commission that the petition contains no fewer than the required number of valid signatures. The commission, upon receipt of a valid petition, shall order every candidate, political committee, or person making independent expenditures in election campaigns in the jurisdiction to comply with the campaign finance reporting provisions of this chapter within fourteen days of the date of the order. The order of the commission is valid for any election occurring in the jurisdiction for a two-year period following its issuance.

(3) The exemption in subsection (1)(c) of this section does not apply in any jurisdiction that by ordinance, resolution, or other official action has petitioned the commission to void the exemption with respect to election campaigns in the jurisdiction. A copy of the action shall be sent to the commission. If the commission finds the petition to be a valid action of the appropriate governing body or authority, the commission shall issue an order voiding the exemption for that jurisdiction. The commission, upon approval of the action, shall order every candidate, political committee, or person making independent expenditures in the jurisdiction to comply with the campaign finance reporting provisions of this chapter within fourteen days of the date of the order. The order applies to all elections in the jurisdiction for two years after its issuance.

(4) Any petition for disclosure, ordinance, resolution, or official action of an agency petitioning the commission to void the exemption in subsection (1)(c) of this section shall not be considered unless it has been filed with the commission:

(a) In the case of a ballot measure, at least sixty days before the date of any election in which campaign finance reporting is to be required;

(b) In the case of a candidate, at least sixty days before the first day on which a person may file a declaration of candidacy for any election in which campaign finance reporting is to be required.

(5) Any person exempted from reporting under this section may at his or her option file the statements and reports.

Sec. 3. Section 5, chapter 1, Laws of 1973 as amended by section 2, chapter 147, Laws of 1982 and RCW 42.17.050 are each amended to read as follows:

(1) Each candidate, within two weeks after becoming a candidate, and each political committee, at the time it is required to file a statement of organization, shall designate and file with the commission and the appropriate county elections officer the names and addresses of:

(a) One legally competent individual, who may be the candidate, to serve as a campaign treasurer; and

(b) A bank, mutual savings bank, savings and loan association, or credit union doing business in this state to serve as campaign depository and the name of the account or accounts therein maintained.

(2) A candidate, a political committee, or a campaign treasurer may appoint as many deputy campaign treasurers as is considered necessary and may designate not more than one additional campaign depository in each other county in which the campaign is conducted. The candidate or political committee shall file the names and addresses of the deputy campaign treasurers and additional campaign depositories with the commission and the appropriate county elections officer.

(3) A candidate may not knowingly establish, use, direct, or control more than one political committee for the purpose of supporting that candidate during a particular election campaign. This does not prohibit: (a) In addition to a candidate's having his or her own political committee, the candidate's participation in a political committee established to support a slate of candidates which includes the candidate; or (b) joint fund-raising efforts by candidates when a separate political committee is established for that purpose and all contributions are disbursed to and accounted for on a pro rata basis by the benefiting candidates.

(4) (a) A candidate or political committee may at any time remove a campaign treasurer or deputy campaign treasurer or change a designated campaign depository.

(b) In the event of the death, resignation, removal, or change of a campaign treasurer, deputy campaign treasurer, or depository, the candidate or political committee shall designate and file with the commission and the appropriate county elections officer the name and address of any successor.

~~((4))~~ (5) No campaign treasurer, deputy campaign treasurer, or campaign depository may be deemed to be in compliance with the provisions of this chapter until his name and address is filed with the commission and the appropriate county elections officer.

Sec. 4. Section 6, chapter 1, Laws of 1973 as last amended by section 3, chapter 147, Laws of 1982 and RCW 42.17.060 are each amended to read as follows:

(1) All monetary contributions received by a candidate or political committee shall be deposited by the campaign treasurer or deputy treasurer in a campaign depository in an account established and designated for that purpose. Such deposits shall be made within five business days of receipt of the contribution.

(2) Political committees which support or oppose more than one candidate or ballot proposition, or exist for more than one purpose, may maintain multiple separate bank accounts within the same designated depository

for such purpose: PROVIDED, That each such account shall bear the same name followed by an appropriate designation which accurately identifies its separate purpose: AND PROVIDED FURTHER, That transfers of funds which must be reported under RCW 42.17.090(1)(d), as now or hereafter amended, may not be made from more than one such account.

(3) Nothing in this section prohibits a candidate or political committee from investing funds on hand in a campaign depository in bonds, certificates, or savings accounts or other similar savings instruments in financial institutions other than the campaign depository: PROVIDED, That the commission and the appropriate county elections officer is notified in writing of the initiation and the termination of the investment: PROVIDED FURTHER, That the principal of such investment when terminated together with all interest, dividends, and income derived from the investment are deposited in the campaign depository in the account from which the investment was made and properly reported to the commission and the appropriate county elections officer prior to any further disposition or expenditure thereof.

(4) Accumulated unidentified contributions, other than those made by persons whose names must be maintained on a separate and private list by a political committee's campaign treasurer pursuant to RCW 42.17.090(1)(b), which total in excess of one percent of the total accumulated contributions received in the current calendar year or three hundred dollars (whichever is more), may not be deposited, used, or expended, but shall be returned to the donor, if his identity can be ascertained. If the donor cannot be ascertained, the contribution shall escheat to the state, and shall be paid to the state treasurer for deposit in the state general fund.

(5) A contribution of more than fifty dollars in currency may not be accepted unless a receipt, signed by the contributor and by the candidate, campaign treasurer, or deputy campaign treasurer, is prepared and made a part of the campaign's or political committee's financial records.

Sec. 5. Section 7, chapter 1, Laws of 1973 and RCW 42.17.070 are each amended to read as follows:

No expenditures (~~staff~~) may be made or incurred by any candidate or political committee except on the authority of the campaign treasurer or the candidate, and a record of all such expenditures shall be maintained by the campaign treasurer.

No expenditure of more than fifty dollars may be made in currency unless a receipt, signed by the recipient and by the candidate or campaign treasurer, is prepared and made a part of the campaign's or political committee's financial records.

Sec. 6. Section 10, chapter 1, Laws of 1973 as last amended by section 9, chapter 147, Laws of 1982 and RCW 42.17.100 are each amended to read as follows:

(1) ~~((a))~~ For the purposes of this ~~((subsection-(1)))~~ section the term "independent campaign expenditure" means any expenditure ~~((which))~~ that is made in support of or in opposition to any candidate or ballot proposition and is not otherwise required to be reported pursuant to RCW 42.17.060, 42.17.065, 42.17.080, or 42.17.090.

~~((b))~~ (2) Within five days after the date of making an independent campaign expenditure ~~((which))~~ that by itself or when added to all other such independent campaign expenditures made during the same election campaign by the same person equals one hundred dollars or more, or within five days after the date of making an independent campaign expenditure for which no reasonable estimate of monetary value is practicable, whichever occurs first, the person who made ~~((such))~~ the independent campaign expenditure shall file with the commission and the county auditor of the county of residence for the candidate supported or opposed by the independent campaign expenditure (or in the case of an expenditure made in support of or in opposition to a local ballot proposition, the county of residence for the person making the expenditure) an initial report of all independent campaign expenditures made during ~~((such))~~ the campaign prior to and including such date.

~~((c))~~ (3) At the following intervals each person who is required to file an initial report pursuant to subsection ~~((1)(b))~~ (2) of this section shall file with the commission and the county auditor of the county of residence for the candidate supported or opposed by the independent campaign expenditure (or in the case of an expenditure made in support of or in opposition to a ballot proposition, the county of residence for the person making the expenditure) a further report of the independent campaign expenditures made since the date of the last report:

~~((i))~~ (a) On the twenty-first day preceding the primary and the seventh day preceding the date on which the election is held; and

~~((ii))~~ (b) Within twenty-one days after the date of the election; and

~~((iii))~~ (c) On the tenth day of each month in which no other reports are required to be filed pursuant to this ~~((subsection-(1)-PROVIDED, That such))~~ section. However, the further reports required by this subsection ~~((1)(c))~~ (3) shall only be filed if the reporting person has made an independent campaign expenditure since the date of the last previous report filed.

The report filed pursuant to paragraph ~~((ii))~~ (a) of this subsection ~~((1)(c))~~ (3) shall be the final report, and upon submitting such final report the duties of the reporting person shall cease, and there shall be no obligation to make any further reports.

~~((d))~~ (4) All reports filed pursuant to this ~~((subsection-(1)))~~ section shall be certified as correct by the reporting person.

~~((e))~~ (5) Each report required by subsections ~~((1)(b))~~ (2) and ~~((1)(c))~~ (3) of this ~~((subsection-(1)))~~ section shall disclose for the period



beginning at the end of the period for the last previous report filed or, in the case of an initial report, beginning at the time of the first independent campaign expenditure, and ending not more than five days prior to the date the report is due:

((i)) (i) The name and address of the person filing the report;

((ii)) (b) The name and address of each person to whom an independent campaign expenditure was made in the aggregate amount of twenty-five dollars or more, and the amount, date, and purpose of each such expenditure (~~(-PROVIDED, That)~~). If no reasonable estimate of the monetary value of a particular independent campaign expenditure is practicable, it ((shall be)) is sufficient to report instead a precise description of services, property, or rights furnished through the expenditure and where appropriate to attach a copy of the item produced or distributed by the expenditure;

((iii)) (c) The total sum of all independent campaign expenditures made during the campaign to date; and

((iv)) (d) Such other information as shall be required by the commission by ((regulation)) rule in conformance with the policies and purposes of this chapter.

~~((2) (a) Any person who contributes in the aggregate amount of one hundred dollars or more during the preceding twelve-month period to any political committee not domiciled in the state of Washington or not otherwise required to report under this chapter, if the person reasonably expects such political committee to make contributions in respect to any election covered by this chapter, shall file with the commission a report signed by the contributor disclosing the contributor's name and address, the date, nature, purpose, amount, and recipient of such contribution, and any instructions given as to the use or disbursement of such contribution:~~

~~(b) The initial report shall be filed with the commission within five days after the date on which the aggregate contribution amount of one hundred dollars or more is reached, and each subsequent report shall be filed within five days after each subsequent contribution is made to the same such political committee:))~~

Sec. 7. Section 6, chapter 336, Laws of 1977 ex. sess. and RCW 42.17.125 are each amended to read as follows:

Contributions received and reported in accordance with RCW 42.17.060 through 42.17.090 may only be transferred to ((a candidate's)) the personal account of a candidate, or of a campaign treasurer or other individual or expended for ((a candidate's)) such individual's personal use under the following circumstances:

(1) Reimbursement for or loans to cover lost earnings incurred as a result of campaigning or services performed for the committee. Such lost earnings shall be verifiable as unpaid salary, or when the ((candidate)) individual is not salaried, as an amount not to exceed income received by the

~~((candidate))~~ individual 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))~~ individual or the ~~((candidate's))~~ individuals's political committee. The committee shall include a copy of such record when its expenditure for such reimbursement is reported pursuant to RCW 42.17.090.

(2) Reimbursement for direct out-of-pocket election campaign and postelection campaign related expenses made by the ~~((candidate))~~ individual. To receive reimbursement from ~~((his))~~ the political committee, the ~~((candidate))~~ individual shall provide the committee with written documentation as to the amount, date, and description of each expense, and the committee shall include a copy of such information when its expenditure for such reimbursement is reported pursuant to RCW 42.17.090.

(3) Repayment of loans made by the ~~((candidate))~~ individual to political committees, which repayment shall be reported pursuant to RCW 42.17.090.

Sec. 8. Section 21, chapter 294, Laws of 1975 1st ex. sess. as amended by section 11, chapter 147, Laws of 1982 and RCW 42.17.155 are each amended to read as follows:

~~((+))~~ Each lobbyist shall at the time he registers submit to the commission a recent photograph of himself of a size and format as determined by rule of the commission, together with the name of the lobbyist's employer, the length of his employment as a lobbyist before the legislature, a brief biographical description, and any other information he may wish to submit not to exceed fifty words in length~~((:))~~. Such photograph and information ~~((to))~~ shall be published at least annually in a booklet form by the commission for distribution to legislators and the public.

~~((2))~~ ~~There is established a fund to be known as the "lobbyists' booklet revolving fund" which shall consist of all receipts from sales of the booklets described in subsection (1) of this section. This fund shall be used for expenses of production and sale of such booklets and for no other purpose.~~

Sec. 9. Section 17, chapter 1, Laws of 1973 as last amended by section 13, chapter 147, Laws of 1982 and RCW 42.17.170 are each amended to read as follows:

(1) Any lobbyist registered under RCW 42.17.150 and any person who lobbies shall file with the commission periodic reports of his activities signed by the lobbyist. The reports shall be made in the form and manner prescribed by the commission. They shall be due monthly and shall be filed within fifteen days after the last day of the calendar month covered by the report.

(2) Each such monthly periodic report shall contain:

(a) The totals of all expenditures made or incurred by such lobbyist or on behalf of such lobbyist by the lobbyist's employer during the period covered by the report, which totals shall be segregated according to financial

category, including compensation; food and refreshments; living accommodations; advertising; travel; contributions; and other expenses or services. Each individual expenditure of more than twenty-five dollars for entertainment shall be identified by date, place, amount, and the names of all persons in the group partaking in or of such entertainment including any portion thereof attributable to the lobbyist's participation therein but without allocating any portion of such expenditure to individual participants.

Notwithstanding the foregoing, lobbyists are not required to report the following:

(i) Unreimbursed personal living and travel expenses not incurred directly for lobbying;

(ii) Any expenses incurred for his or her own living accommodations;

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

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

(b) In the case of a lobbyist employed by more than one employer, the proportionate amount of such expenditures in each category incurred on behalf of each of his employers.

(c) An itemized listing of each such expenditure in the nature of a contribution of money or of tangible or intangible personal property to any candidate, elected official, or officer or employee of any agency, or any political committee supporting or opposing any ballot proposition, or for or on behalf of any candidate, elected official, or officer or employee of any agency, or any political committee supporting or opposing any ballot proposition. All contributions made to, or for the benefit of, any candidate, elected official, or officer or employee of any agency, or any political committee supporting or opposing any ballot proposition shall be identified by date, amount, and the name of the candidate, elected official, or officer or employee of any agency, or any political committee supporting or opposing any ballot proposition receiving, or to be benefited by each such contribution.

(d) The subject matter of proposed legislation or other legislative activity or rule-making under chapter 34.04 RCW and chapter 28B.19 RCW (the state administrative procedure acts) and the state agency considering the same, which the lobbyist has been engaged in supporting or opposing during the reporting period.

(e) Such other information relevant to lobbying activities as the commission shall by rule prescribe. Information supporting such activities as are required to be reported is subject to audit by the commission.

Sec. 10. Section 20, chapter 1, Laws of 1973 and RCW 42.17.200 are each amended to read as follows:

(1) Any person who has made expenditures, not reported under other sections of this chapter, exceeding five hundred dollars in the aggregate

within any three-month period or exceeding two hundred dollars in the aggregate within any one-month period in presenting a program addressed to the public, a substantial portion of which is intended, designed, or calculated primarily to influence legislation shall be required to register and report, as provided in subsection (2) of this section, as a sponsor of a grass roots lobbying campaign.

(2) Within thirty days after becoming a sponsor of a grass roots lobbying campaign, the sponsor shall register by filing with the commission a registration statement, in such detail as the commission shall prescribe, showing:

(a) The sponsor's name, address, and business or occupation, and, if the sponsor is not an individual, the names, addresses, and titles of the controlling persons responsible for managing the sponsor's affairs(-);

(b) The names, addresses, and business or occupation of all persons organizing and managing the campaign, or hired to assist the campaign, including any public relations or advertising firms participating in the campaign, and the terms of compensation for all such persons(-);

(c) The names and addresses of ((a)) each person(s) contributing twenty-five dollars or more to the campaign, and the aggregate amount contributed ((by each contributor));

(d) The purpose of the campaign, including the specific legislation, rules, rates, standards, or proposals ((which)) that are the subject matter of the campaign(-);

(e) The totals of all expenditures made or incurred to date on behalf of the campaign, which totals shall be segregated according to financial category, including but not limited to the following: Advertising, segregated by media, and in the case of large expenditures (as provided by rule of the commission), by outlet; contributions; entertainment, including food and refreshments; office expenses including rent and the salaries and wages paid for staff and secretarial assistance, or the proportionate amount thereof paid or incurred for lobbying campaign activities; consultants; and printing and mailing expenses.

(3) Every sponsor who has registered under this section shall file monthly reports with the commission, which reports shall be filed by the tenth day of the month for the activity during the preceding month. The reports shall update the information contained in the sponsor's registration statement and in prior reports and shall show contributions received and totals of expenditures made during the month, in the same manner as provided for in the registration statement.

(4) When the campaign has been terminated, the sponsor shall file a notice of termination with the final monthly report, which notice shall state the totals of all contributions and expenditures made on behalf of the campaign, in the same manner as provided for in the registration statement.

Sec. 11. Section 37, chapter 1, Laws of 1973 as last amended by section 7, chapter 34, Laws of 1984 and RCW 42.17.370 are each amended to read as follows:

The commission is empowered to:

(1) Adopt, promulgate, amend, and rescind suitable administrative rules to carry out the policies and purposes of this chapter, which rules shall be adopted under chapter 34.04 RCW;

(2) Appoint and set, within the limits established by the committee on salaries under RCW 43.03.028, the compensation of an executive director who shall perform such duties and have such powers as the commission may prescribe and delegate to implement and enforce this chapter efficiently and effectively. The commission shall not delegate its authority to adopt, amend, or rescind rules nor shall it delegate authority to determine whether an actual violation of this chapter has occurred or to assess penalties for such violations;

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

~~((3))~~ (4) Make from time to time, on its own motion, audits and field investigations;

~~((4))~~ (5) Make public the time and date of any formal hearing set to determine whether a violation has occurred, the question or questions to be considered, and the results thereof;

~~((5))~~ (6) Administer oaths and affirmations, issue subpoenas, and compel attendance, take evidence and require the production of any books, papers, correspondence, memorandums, or other records ~~((that the commission deems))~~ relevant or material for the purpose of any investigation authorized under this chapter, or any other proceeding under this chapter;

~~((6))~~ (7) Adopt and promulgate a code of fair campaign practices;

~~((7))~~ (8) Relieve, by rule, candidates or political committees of obligations to comply with the provisions of this chapter relating to election campaigns, if they have not received contributions nor made expenditures in connection with any election campaign of more than one thousand dollars; ~~((and~~

~~((8))~~ (9) Adopt rules prescribing reasonable requirements for keeping accounts of and reporting on a quarterly basis costs incurred by state agencies, counties, cities, and other municipalities and political subdivisions in preparing, publishing, and distributing legislative information. The term "legislative information," for the purposes of this subsection, means books, pamphlets, reports, and other materials prepared, published, or distributed at substantial cost, a substantial purpose of which is to influence the passage or defeat of any legislation. The state auditor in his regular examination of each agency under chapter 43.09 RCW shall review the rules, accounts, and

reports and make appropriate findings, comments, and recommendations in his examination reports concerning those agencies((-));

~~((9))~~ (10) After hearing, by order approved and ratified by a majority of the membership of the commission, suspend or modify any of the reporting requirements of this chapter in a particular case if it finds that literal application of this chapter works a manifestly unreasonable hardship and if it also finds that the suspension or modification will not frustrate the purposes of the chapter. The commission shall find that a manifestly unreasonable hardship exists if reporting the name of an entity required to be reported under RCW 42.17.241(1)(g)(ii) would be likely to adversely affect the competitive position of any entity in which the person filing the report or any member of his immediate family holds any office, directorship, general partnership interest, or an ownership interest of ten percent or more. Any suspension or modification shall be only to the extent necessary to substantially relieve the hardship. The commission shall act to suspend or modify any reporting requirements only if it determines that facts exist that are clear and convincing proof of the findings required under this section. Any citizen has standing to bring an action in Thurston county superior court to contest the propriety of any order entered under this section within one year from the date of the entry of the order; and

(11) Revise, at least once every five years but no more often than every two years, the monetary reporting thresholds and reporting code values of this chapter. The revisions shall be only for the purpose of recognizing economic changes as reflected by an inflationary index recommended by the office of financial management. The revisions shall be guided by the change in the index for the period commencing with the month of December preceding the last revision and concluding with the month of December preceding the month the revision is adopted. As to each of the three general categories of this chapter (reports of campaign finance, reports of lobbyist activity, and reports of the financial affairs of elected and appointed officials), the revisions shall equally affect all thresholds within each category. Revisions shall be adopted as rules under chapter 34.04 RCW. The first revision authorized by this subsection shall reflect economic changes from the time of the last legislative enactment affecting the respective code or threshold through December 1985.

Sec. 12. Section 12, chapter 112, Laws of 1975-'76 2nd ex. sess. as amended by section 16, chapter 147, Laws of 1982 and RCW 42.17.395 are each amended to read as follows:

(1) The commission may (a) determine whether an actual violation of this chapter has occurred; and (b) issue and enforce an appropriate order following such determination.

(2) The commission, in cases where it chooses to determine whether an actual violation of this chapter has occurred, shall hold a contested case hearing pursuant to the administrative procedure act (chapter 34.04 RCW)

to make such determination. Any order (~~which~~) that the commission issues under this section shall be pursuant to such hearing.

(3) In lieu of holding a hearing or issuing an order under this section, the commission may refer the matter to the attorney general or other enforcement agency as provided in RCW 42.17.360.

(4) The person against whom an order is directed under this section shall be designated as the respondent. (~~Such~~) The order may require the respondent to cease and desist from the activity (~~which~~) that constitutes a violation and in addition, or alternatively, may impose one or more of the remedies provided in RCW 42.17.390(1) (b), (c), (d), or (e): PROVIDED, That no individual penalty assessed by the commission may exceed (~~two hundred fifty~~) one thousand dollars, and in any case where multiple violations are involved in a single complaint or hearing, the maximum aggregate penalty may not exceed two thousand five hundred dollars.

(5) An order issued by the commission under this section shall be subject to judicial review under the administrative procedure act (chapter 34.04 RCW). If the commission's order is not satisfied and no petition for review is filed within thirty days as provided in RCW 34.04.130, the commission may petition a court of competent jurisdiction of any county in which a petition for review could be filed under that section, for an order of enforcement. Proceedings in connection with the commission's petition shall be in accordance with RCW 42.17.397, as now or hereafter amended.

Sec. 13. Section 1, chapter 60, Laws of 1982 and RCW 42.17.405 are each amended to read as follows:

(1) (~~During the period between March 26, 1982, and January 1, 1986~~) Except as provided in subsections (2) and (3) of this section, the reporting provisions of this chapter ((are suspended as they pertain)) do not apply to candidates, elected officials, and agencies in jurisdictions with less than one thousand registered voters as of the date of the most recent general election in the jurisdiction((~~The suspension also applies~~), to political committees formed to support or oppose ballot propositions in such jurisdictions, ((and)) or to persons making independent expenditures in support of or opposition to such ballot propositions.

(2) The (~~suspension shall not~~) reporting provisions of this chapter apply in any jurisdiction from which a "petition for disclosure" containing the valid signatures of five percent of the number of registered voters, as of the date of the most recent general election in the jurisdiction, is filed with the commission. The commission shall by rule prescribe the form of the petition. After the signatures are gathered, the petition shall be presented to the auditor or elections officer of the county, or counties, in which the jurisdiction is located. The auditor or elections officer shall verify the signatures and certify to the commission that the petition contains no less than the required number of valid signatures. The commission, upon receipt of a valid petition, shall order every incumbent elected official and candidate in the

jurisdiction to file the required statement and reports within thirty days of the date of the order.

(3) The ~~((suspension shall not))~~ reporting provisions of this chapter apply in any jurisdiction which by ordinance, resolution, or other official action has petitioned the commission to ~~((void the suspension with respect))~~ make the provisions applicable to elected officials and candidates of the jurisdiction. A copy of the action shall be sent to the commission. If the commission finds the petition to be a valid action of the appropriate governing body or authority, the commission shall issue an appropriate order ~~((voiding the suspension for that jurisdiction))~~. The commission, upon approval of the action, shall order every incumbent elected official and candidate in the jurisdiction to file the required statement and reports within thirty days of the date of the order.

(4) Any person exempted from reporting by ~~((the suspension under))~~ subsection (1) of this section may at his or her option file the statement and reports.

Passed the Senate April 27, 1985.

Passed the House April 27, 1985.

Approved by the Governor May 20, 1985, with the exception of certain items which are vetoed.

Filed in Office of Secretary of State May 20, 1985.

Note: Governor's explanation of partial veto is as follows:

"I am returning herewith without my approval as to Section 1, Substitute Senate Bill No. 3367:

"AN ACT Relating to the public disclosure law."

Section 1 amends the definition of "election campaign." While there may need to be more clarity in this definition, I do not believe the proposed change is appropriate. Under the proposed new definitions an "election campaign" would begin when the initial campaign committee organization form is filed. It would not end until a final report showing a \$0 balance in the campaign fund is filed. In my opinion, this would mean an unacceptably long "election campaign" since most campaign committees do not file final reports after each November election.

With the exception of Section 1, Substitute Senate Bill No. 3367 is approved."

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## CHAPTER 368

[Substitute Senate Bill No. 3354]

### INDUSTRIAL INSURANCE—MEDICAL AID—HEALTH CARE COST CONTAINMENT

AN ACT Relating to the medical aid fund; amending RCW 51.36.080, 51.44.020, 51.44-.110, and 43.88.180; creating new sections; and providing an effective date.

Be it enacted by the Legislature of the State of Washington:

\*NEW SECTION. Sec. 1. The legislature finds that: