# PROPOSED RULE MAKING
# (RCW 34.05.320)

**CR-102 (7/22/01)**
**Do NOT use for expedited rule making**

Agency: Public Disclosure Commission

☒ Original Notice
☐ Supplemental Notice to WSR _____
☐ Continuance of WSR _____

☒ Preproposal Statement of Inquiry was filed as WSR 03-13-104; or
☐ Expedited Rule Making -- Proposed notice was filed as WSR _____; or
☐ Proposal is exempt under RCW 34.05.310(4).

(a) Title of rule: (Describe Subject) Title 390 WAC – Rules relating to out-of-state or federal political committees (WAC 390-16-050 and 055), Electronic filing (WAC 390-19-030), reporting of campaign expenditures (WAC 390-16-037, 041 and 205) and small contributors of twenty-five dollars or less (new rule WAC 390-17-105).

Purpose: To clarify reporting requirements for candidates and political committees.

Other identifying information:

(b) Statutory authority for adoption: RCW 42.17.370

Statute being implemented: chapter 42.17 RCW

(c) Summary: The proposed rule amendment to WAC 390-16-050 and repeal of WAC 390-16-055 conforms to statutory provisions of House Bill 1294, which became effective on July 27, 2003. The proposed rule amendment to WAC 390-19-030 reflects the new statutory threshold level for electronic filing and establishes an additional benchmark for filers. The proposed amendments to WAC 390-16-037, WAC 390-16-041 and WAC 390-16-205 would provide clarification and examples to filers on reporting campaign expenditures. New WAC 390-17-105 implements requirements of a King County Superior Court permanent injunction regarding small contributors.

Reasons supporting proposal: The proposed amendments and new rule will clarify the statutory requirements under chapter 42.17 RCW and provide guidance to those entities required to disclose campaign contributions and expenditures.

| (d) Name of Agency Personnel Responsible for: | | Office Location | Telephone |
|---|---|---|---|
| 1. Drafting..... | Doug Ellis | PDC 711 /Capitol Way, Rm 206, Olympia | (360) 664-2735 |
| 2. Implementation.... | Doug Ellis | PDC 711 /Capitol Way, Rm 206, Olympia | (360) 664-2735 |
| 3. Enforcement..... | Phil Stutzman | PDC 711 /Capitol Way, Rm 206, Olympia | (360) 664-8853 |

(e) Name of proponent (person or organization):

☐ Private
☐ Public
☒ Governmental

(f) Agency comments or recommendations, if any, as to statutory language, implementation, enforcement and fiscal matters:
None

(g) Is rule necessary because of:

| | | | |
|---|---|---|---|
| Federal Law? | ☐ Yes | ☒ No | If yes, ATTACH COPY OF TEXT |
| Federal Court Decision? | ☐ Yes | ☒ No | Citation: Washington Education Association Political Action Committee v. Public Disclosure Commission, King County Superior Court, NO. 01-2-29388-5KNT |
| State Court Decision? | ☒ Yes | ☐ No | |

(h) HEARING LOCATION:
Commission Hearing Room
Evergreen Plaza Building
711 Capitol Way, Room 206
Olympia, WA

Date: December 10, 2003 Time: 9 a.m.

Assistance for persons with disabilities: Contact Ruthann Bryant by Telephone

TDD ( ) _____ or (360) 753-1111

Submit written comments to:
Doug Ellis (dellis@pdc.wa.gov)
Public Disclosure Commission
PO Box 40908
Olympia, WA 98504-0908
FAX (360) 753-1112 By (date) December 2, 2003

DATE OF INTENDED ADOPTION: December 10, 2003

NAME (TYPE OR PRINT)
Susan Harris

SIGNATURE
Susan Harris

TITLE
Assistant Director

DATE
11/3/03

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CODE REVISER'S OFFICE
STATE OF WASHINGTON
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NOV 4 2003

TIME 932 AM PM

WSR 03-22-066

(COMPLETE REVERSE SIDE)

(j) Short explanation of rule, its purpose, and anticipated effects:
The proposed rule amendments to WAC 390-16-050 and repeal of WAC 390-16-055 reflect changes to PDC form C-5 and would eliminate the forfeiture rule. The proposed amendments would implement the provisions House Bill 1294 which became effective on July 27, 2003.

Proposed amendments to WAC 390-19-030 reflect the new threshold level for mandatory electronic filing on January 1, 2004 and establishes an additional benchmark for determining when a filer can reasonably "expect to expend" an amount equal to or more than $10,000.

New WAC 390-17-105 is in response to a King County Superior Court injunction enjoining the Commission from taking action to enforce RCW 42.17.680(4) by requiring employers to disclose the names or signatures of such individuals who have made contributions in the amount of twenty-five dollars or less during the year.

Proposed amendments to WAC 390-16-037, WAC 390-16-041 and WAC 390-16-205 clarify the reporting requirements to provide a detailed breakdown of campaign expenditures and provides examples of how these campaign expenditures should be reported on PDC forms.

Does proposal change existing rules? ☒ YES ☐ NO If yes, describe changes:
The proposed rule changes clarify and provide guidance to individuals, candidates and political committees on the statutory requirements of chapter 42.17 RCW.

(k) Has a small business economic impact statement been prepared under chapter 19.85 RCW?

☐ Yes. Attach copy of small business economic impact statement.
A copy of the statement may be obtained by writing to:

telephoning: ( )
faxing: ( )

☒ No. Explain why no statement was prepared
The implementation of this rule has minimal impact small businesses.

(l) Does RCW 34.05.328 apply to this rule adoption? ☐ Yes ☒ No
Please explain:
The PDC is not an agency listed in subsection (5)(a)(i) of section 201. Further, the PDC does not voluntarily make section 201 applicable to this rule adoption pursuant to subsection (5)(a)(ii) of section 201, and to date JARRC has not made section 201 applicable to this rule adoption.

AMENDATORY SECTION (Amending Order 74, filed 4/26/76)

**WAC 390-16-205 Expenditures by agents, employees--Reporting.** Expenditures made on behalf of a candidate or political committee by any person, agency, firm, organization, etc. employed or retained for the purpose of organizing, directing, managing or assisting the candidate's or committee's efforts shall be deemed expenditures by the candidate or committee. In accordance with WAC 390-16-037, such expenditures shall be reported by the candidate or committee as if made or incurred by the candidate or committee directly.

Example A: If a campaign committee pays a consultant $5,000 to prepare and mail a political advertising brochure, all costs associated with the project shall be itemized by identifying each service provided, vendor utilized and amount attributable to each:

| Vendor Name | Purpose | Amount |
|---|---|---|
| Jones Consulting | | $5,000 |
| | ABC Graphics | $1,200 |
| | XYZ Printing Co. (5,000 pieces) | $3,000 |
| | Your Mailhouse | $800 |

Or, if Jones Consulting completes the project through a combination of services provided by its principals or employees and subcontractors:

| Vendor Name | Purpose | Amount |
|---|---|---|
| Jones Consulting | | $5,000 |
| | Graphic design | $1,200 |
| | XYZ Printing Co. (5,000 pieces) | $3,000 |
| | Your Mailhouse | $800 |

Example B: If a campaign committee pays a consultant to perform tasks such as fund-raising, survey design or campaign plan development, and the consultant does not subcontract with other vendors, the expense shall be reported as follows:

| Vendor Name | Purpose | Amount |
|---|---|---|
| Jones Consulting | Fund-raising, survey design campaign plan development | $5,000 |