

Amendment 1 to Council Bill 119701: Split Council Bill 119701 into three bills

Councilmember González

Council Bill 119701 addresses three aspects of the City's campaign finance regulations to reduce corruption or the appearance of corruption in the electoral system. These include:

1. limits on contributions to independent expenditure committees;
2. prohibitions on contributions and independent expenditures by foreign-influenced corporations;
and
3. increased requirements for reporting on commercial advertising regarding political campaigns
and other political issues;

This amendment would direct Central Staff to split Council Bill 119701 into three bills, each addressing one of those issues. Those bills would be introduced at the January 6 City Council meeting for discussion in committee on January 7.

Amendment 2 to Council Bill 119701: Limited Contributor Committee definition and limits

Councilmember González

Council Bill 119701 limits contributions to independent expenditure committees in order to avoid corruption and the appearance of corruption that can result from unlimited contributions to independent expenditure committees. It would allow “limited contributor committees” to contribute an unlimited amount of money to independent expenditure committees in order to allow organizations that collect many small contributions to contribute.

This amendment would (1) add a cap on the maximum amount that a limited contributor committee can contribute to an independent expenditure committee, (2) lower the maximum amount that an individual can contribute to a limited contributor committee, and (3) lower the number of contributions that a limited contributor committee needs to receive in order to be considered a limited contributor committee. It would also require limited contributor committees to certify that they meet the requirements to be considered a limited contributor committee.

The intent of this amendment is to clarify that limited contributor committees are collectives of small-dollar donors and not allow unlimited contributions to independent expenditure committees. There is nothing that would prohibit a limited contributor committee from making its own independent expenditures at whatever level it deems appropriate.

Language added to CB 119701 is shown with a double underline.

Language removed from CB 119701 is shown with a ~~double strikeout~~.

A. Amend the definition of “Limited contributor committee” in Section 2.04.010 as follows:

“Limited contributor committee” means a political committee that meets all the following criteria:

1. Has been in existence for at least nine months;
2. Receives contributions from at least 100 persons. ~~the greater of:~~
 - ~~a. At least 150 persons, if making expenditures in support of or in opposition to district City Council campaigns;~~
 - ~~b. At least 400 persons, if making expenditures in support of or in opposition to an at large City Council candidate or candidate for City Attorney; or~~
 - ~~c. At least 600 persons, if making expenditures in support of or in opposition to candidates for Mayor; and~~

3. The total amount of contributions that the committee has received in the preceding two years consists exclusively of contributions that are either:

a. From individuals, where no one individual has contributed more than \$100 per calendar year; or ~~Less than \$500 per person per calendar year, or~~

b. From ~~a committee that~~ one or more persons that each provide to the committee a certification, on a form developed by the Executive Director and signed under penalty of perjury, that the person itself meets the criteria in subsections 1, 2 and 3.a of this definition.

B. Require that limited contributor committees file a report regarding their status as limited contributor committees by adding a subsection 2.04.260.A.13. as follows:

2.04.260 Treasurer's reports—Contents((+))

A. Each report required under Section 2.04.250 shall disclose:

* * *

12. Investments made of campaign funds under Section 2.04.215 and interest dividends and/or other income received.

13. For a limited contributor committee, certification on a form developed by the Executive Director and signed under penalty of perjury, that the committee meets the definition of a limited contributor committee as defined under subsection 2.04.010.

* * *

C. Add a limit on contributions to independent expenditure committees from limited contributor committees in Section 2.04.400 as follows:

2.04.400 Limits on contributions to independent expenditure committees

A. In any election cycle, no person other than a limited contributor committee shall contribute more than \$5,000 to an independent expenditure committee that has conveyed,

implicitly or explicitly, that contributions to the committee may be used in elections for or against candidates for the offices of Mayor, City Council, or City Attorney of the City of Seattle.

B. In any election cycle, no limited contributor committee shall contribute more than \$10,000 to an independent expenditure committee that has conveyed, implicitly or explicitly, that contributions to the committee may be used in elections for or against candidates for the offices of Mayor, City Council, or City Attorney of the City of Seattle.

~~B.C.~~ No foreign-influenced corporation shall make an independent expenditure in elections for or against candidates for the offices of Mayor, City Council, or City Attorney of the City of Seattle, or a contribution to an independent expenditure committee that has conveyed, implicitly or explicitly, that contributions to the committee may be used in elections for or against candidates for the offices of Mayor, City Council, or City Attorney of The City of Seattle.

~~C.D.~~ An independent expenditure committee may dedicate any contributions that do not comply with the restrictions of subsections 2.04.400.A. or 2.04.400.B. for use in elections outside the Seattle or for other lawful purposes.

Amendment 3 to Council Bill 119701: Prohibit contributions from foreign-influenced corporations to campaigns

Councilmember González

Council Bill 119701 prohibits contributions from foreign-influenced corporations to independent expenditure committees. It is silent on contributions from foreign-influenced corporations on campaigns. This amendment would prohibit foreign-influenced corporations from making contributions to campaigns, thereby limit the risk of foreign influence in Seattle's elections.

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Language removed from CB 119701 is shown with a ~~double-strikeout~~.

Amend Section 2.04.370 to add a new subsection E, and renumber the following sections, as follows:

2.04.370 Mandatory limitations on contributions to candidates

A. No person shall make a contribution to any candidate for Mayor, member of the City Council, or City Attorney of the City((;)) except in the election cycle for that candidate as defined in Section 2.04.010.

B. No person shall contribute more than \$500 to any candidate for Mayor, member of the City Council, or City Attorney of the ((city)) City, in any election cycle.

C. A candidate for Mayor, member of the City Council, or City Attorney of the City((;)) may only accept or receive a campaign contribution during an election cycle as defined in Section 2.04.010.

D. No candidate for Mayor, member of the City Council, or City Attorney of the City shall solicit or receive campaign contributions of more than \$500 from any person in any election cycle.

E. No candidate for Mayor, member of the City Council, or City Attorney of the City shall solicit or receive campaign contributions from a foreign-influenced corporation.

~~E.F.~~ The limitations imposed by this ((section)) Section 2.04.370 shall not apply to:

Amendment 3 to Council Bill 119701: Foreign contributions to campaigns

1. A candidate's contributions of ~~((his or her))~~ the candidate's own resources to ~~((his or her))~~ the candidate's own campaign, or contributions to the candidate's campaign by the candidate or the candidate's spouse or state registered domestic partner of their jointly owned assets;

2. Independent expenditures as defined by this Chapter 2.04 except as provided by Section 2.04.400;

3. The value of in-kind labor; and

4. Contributions consisting of the rendering of clerical or computer services on behalf of a candidate or an authorized political committee, to the extent that the services are for the purpose of ensuring compliance with City, county, or state election or public disclosure laws.

~~F.G.~~ F.G. The limitations imposed by ~~((this section))~~ Section 2.04.370 shall apply to contributions of the candidate's spouse's or state registered domestic partner's separate property.

~~G.H.~~ G.H. The limitations in this Section 2.04.370 shall be adjusted commencing before the 2019 election cycle, and prior to each election cycle thereafter, by the Commission to account for inflation or deflation using the consumer price index for urban wage earners and clerical workers, CPI-W, or a successor index, for the period since the effective date of this measure or the prior adjustment, as calculated by the United States Department of Labor. The declaration of the Washington State Department of Labor and Industries ~~((each))~~ every September 30, regarding the rate by which Washington State's minimum wage rate is to be increased effective the following January 1, shall be the authoritative determination of the rate or percentage of increase or decrease to be adjusted, except that the Commission may round off the new figures to amounts judged most convenient for public understanding.

Amendment 4 to Council Bill 119701: Increase civil penalties for illegal campaign finance contributions
Councilmember González

Seattle Municipal Code Section 2.04.500 contains the enforcement provisions for violations of the City's campaign finance regulations. Violations of the regulations may result in fines up to \$5,000 and repayment of any illegal contributions. Illegal campaign contributions may result in additional penalties, including repayment of the illegal contribution and a fine equal to double the contribution. Council Bill 119701 does not amend this section, and as drafted these additional penalties do not apply to contributions to independent expenditure committees above the proposed limit or contributions from foreign-influenced corporations to independent expenditure committees. This amendment would add these two types of illegal contributions to the types of illegal contributions subject to higher penalties.

This amendment would require changes to the title of the bill, and would require a new bill be introduced. If the Committee's direction is to move forward with Amendment 1, this amendment could be incorporated into the new bills.

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Amend Section 2.04.500 to add the new Section 2.04.400 to the sections of Chapter 2.04 that are subject to possible increased penalties, as follows:

2.04.500 - Civil remedies and sanctions.

A. 1. Upon determining pursuant to Sections 2.04.070 through 2.04.090 that a violation has occurred, the Commission may issue an order requiring the party to take particular action in order to comply with the law, and in addition, or alternatively, may impose sanctions up to \$5,000 for each violation.

2. Upon determining that a contribution was illegally made or accepted, in addition to the remedies in subsection A1, the Commission may order the return of a contribution illegally made, and impose a penalty of two times the amount of a contribution illegally made or accepted by a person who violates Section 2.04.180, 2.04.200, 2.04.210, 2.04.215, 2.04.240, 2.04.270, 2.04.290, 2.04.300, 2.04.370, 2.04.400, or 2.04.480.

3. Upon determining that a report was filed excessively late, in addition to the remedies in subsection A1, the Commission may impose a penalty of two times the amount of each deposit or

Amendment 4 to Council Bill 119701: Civil penalties

expenditure for each deposit or expenditure that was reported excessively late. A report is excessively late if it was due more than 21 days before the election in which the candidate or ballot proposition appeared on the ballot, but was not filed at least 21 days before that election. A report is also excessively late if it was due within 21 days before the election in which the candidate or ballot proposition appeared on the ballot, but was not timely filed.

4. In addition to the actions in subsections A1, A2, and A3 above, the Commission may forward the determination of violation to the Seattle City Attorney or the King County Prosecutor for prosecution. If the court finds that the violation of any provision of this chapter by any candidate or political committee probably affected the outcome of any election, the result of the election may be held void and a special election held within 60 days of such finding. Any action to void an election shall be commenced within one year of the date of the election in question. It is intended that this remedy be imposed freely in all appropriate cases to protect the right of the electorate to an informed and knowledgeable vote.

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Amendment 5 to Council Bill 119701: Make additional findings

Councilmember González

Council Bill 119701 includes thirteen legislative findings. The record regarding the bill has been expanded since it was first drafted, and the Council should make additional findings to reflect that record. This amendment would add additional legislative findings to Council Bill 119701.

If amendment 1 is passed, and Council Bill 119701 is split into three bills, the findings would be divided into their constituent parts.

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Section 1. The City Council makes the following findings of fact:

A. Independent expenditure committees, also known as “Super PACs”, and similar independent spending groups are a growing phenomenon in local elections in Seattle, ~~and~~ in Washington State, and nationwide.

B. Large contributions to independent expenditure committees pose the risk of corruption or the appearance of corruption, including quid pro quo corruption, even if the independent expenditure committees do not coordinate with political campaigns.

C. Current laws allow donors to circumvent limits on contributions to candidates by making unlimited contributions to independent expenditure committees supporting those candidates.

D. In recent years, large contributions to independent expenditure committees by real estate interests, technology companies, real estate development companies, and other industries have increased the appearance of corruption in city elections.

E. In 2015, a real estate development executive attempted to blackmail a Seattle City Council candidate by using the threat of \$200,000 in negative independent expenditures, and

offered to block those expenditures if the candidate would settle a lawsuit pending against the real estate development company.

F. Multiple grand juries have returned criminal indictments alleging that contributions were made to independent expenditure committees in exchange for favorable official action.

G. According to data collected by the Seattle Ethics and Elections Commission, total independent expenditures in city elections have rapidly increased, with independent expenditures on City Council elections vaulting from \$0 in 2011 and just \$3,577 in 2013 to \$4,254,629 in 2019, even as most seats are now district, rather than at large.

~~D-H.~~ Independent expenditures in Seattle's 2017 election were more than double the amount of independent expenditures in 2013, the previous year with a Mayoral election, according to data collected by the Seattle Ethics and Elections Commission.

~~E. [RESERVED]~~ I. Independent Expenditures in Seattle's 2019 election for seven district City Council seats were more than five times the amount of independent expenditures in 2015, a year when all nine City Council seats were up for election.

J. Many of the largest independent expenditures are made by independent expenditure committees that are funded by individuals and corporations that make enormous contributions of six or seven figures, with a single contributor making a contribution of \$1.5 million in the 2019 City Council election, which amounted to one-third of all independent expenditures made for that election.

K. Surveys of public opinion consistently demonstrate that large individual or corporate contributions to independent expenditure committees create an appearance of corruption.

~~F. L.~~ To protect the integrity of Seattle’s democracy and prevent corruption or the appearance of corruption, in particular quid pro quo corruption, it is necessary to place limits on contributions to independent expenditure committees.

M. The people of Seattle wish to protect their democratic self-governance.

N. While the City of Seattle welcomes immigrants, visitors, and investors from around the world, its elections should be decided by the people of Seattle and not by foreign investors or the business entities over which they exert influence.

O. Actors seeking to violate federal laws prohibiting foreign spending in U.S. elections have used U.S. business entities to funnel funds into U.S. elections, including in San Diego, where in 2017, a businessman was convicted in federal court of unlawfully funneling foreign funding into local elections through third parties and shell corporations in order to support politicians who might support his real estate development plans; and in New York, where, in 2019, four individuals have been indicted on charges stemming from a scheme in which they laundered foreign money into U.S. elections via shell corporations and straw donors.

P. The U.S. Court of Appeals for the Ninth Circuit has acknowledged the validity of legislation to protect the country’s political processes after recognizing the susceptibility of the elections process to foreign interference,” including in municipal elections. (United States v. Singh, 924 F. 3d 1030, 1043 (May 16, 2019)).

~~E. Q.~~ The United States government has concluded that the 2016 presidential election was subject to extensive foreign involvement, as set forth in the U.S. Director of National Intelligence’s January 2017 report on “Assessing Russian Activities and Intentions in Recent US Elections” and in Special Counsel Robert Mueller’s “Report on the Investigation into Russian Interference in The 2016 Presidential Election,” publicly released on April 18, 2019.

~~H.R.~~ The United States government has concluded that Russia, China, Iran, and other foreign actors are engaged in ongoing campaigns to undermine democratic institutions, as set forth in the joint statement “Combating Foreign Influence in U.S. Elections,” issued by the Office of the Director of National Intelligence (ODNI), Department of Justice (DOJ), Federal Bureau of Investigation (FBI), and Department of Homeland Security (DHS) on October 19, 2018.

~~I.S.~~ The FBI has concluded that foreign influence operations include “criminal efforts to suppress voting and provide illegal campaign financing,” as set forth in FBI Director Christopher Wray’s press briefing on election security on August 2, 2018.

~~I.T.~~ The United States Congress and the U.S. Supreme Court have recognized the need to protect U.S. elections (including local elections) from foreign influence through the ban on contributions and expenditures by foreign nationals imposed by 52 U.S.C. 30121 and upheld by the Supreme Court in *Bluman v. Federal Election Commission*, 800 F. Supp. 2d 281 (D.D.C. 2011).

[U. It has been affirmed by the Supreme Court that “the United States has a compelling interest... in limiting the participation of foreign citizens in activities of American democratic self-government, and in thereby preventing foreign influence over the U.S. political process.” \(Bluman v. Federal Election Commission, 8000 F. Supp. 2d 281 \(D.D.C. 2011\), aff’d 575 U.S. 1104 \(2012\)\)](#)

~~K.V.~~ Current law does not adequately protect against foreign interference through corporate political spending by U.S. corporations with significant foreign ownership, as explained by Federal Election Commissioner Ellen Weintraub in her July 19, 2017, statement

“How Our Broken Campaign Finance System Could Allow Foreign Governments to Buy Influence in Our Elections and What We Can Do About It.”

~~W.~~ The U.S. Securities and Exchange Commission, major capital investors, corporate managers, and corporate governance experts broadly agree that ownership or control of Federal law and academic literature on corporate governance recognize that a single shareholder owning one percent or more of shares ~~may be in a position to~~ can confer substantial influence on corporate decision-making.

~~M.X.~~ Corporations with foreign ownership have been increasingly politically active in recent years, including in local elections in Seattle and around the country.

Y. Business entities have a fiduciary duty to their shareholders, including shareholders around the world, and generally prioritize the interests of such shareholders, which may diverge substantially from the interests of the citizens of the City of Seattle and of citizens of the United States.

Z. Political spending by foreign-influenced business entities, even when they are simply acting in the perceived interests of their investors rather than being purposefully used to funnel foreign money into local elections, can weaken, interfere with, or disrupt Seattle’s democratic self-government and the faith that the electorate has in its elected officials.

AA. To protect the integrity of Seattle’s democratic self-government, it is necessary to prevent foreign-influenced business entities from influencing Seattle elections by spending money in local candidate elections or contributing to independent expenditure committees.

BB. The public has an interest in knowing the source, funding, and nature of paid advertisements that are intended to influence legislation on political matters of local importance, and these should be fully disclosed to the public.