



SEATTLE CITY COUNCIL
CENTRAL STAFF

Clean Campaigns Acts (Council Bills 119730, 119731, 119732)

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SELECT COMMITTEE ON CAMPAIGN FINANCE REFORM

JANUARY 7, 2020

Agenda

1. Existing Conditions

- a. Spending in Seattle elections
- b. Summary of Seattle's current campaign finance regulations

2. Clean Campaigns Acts

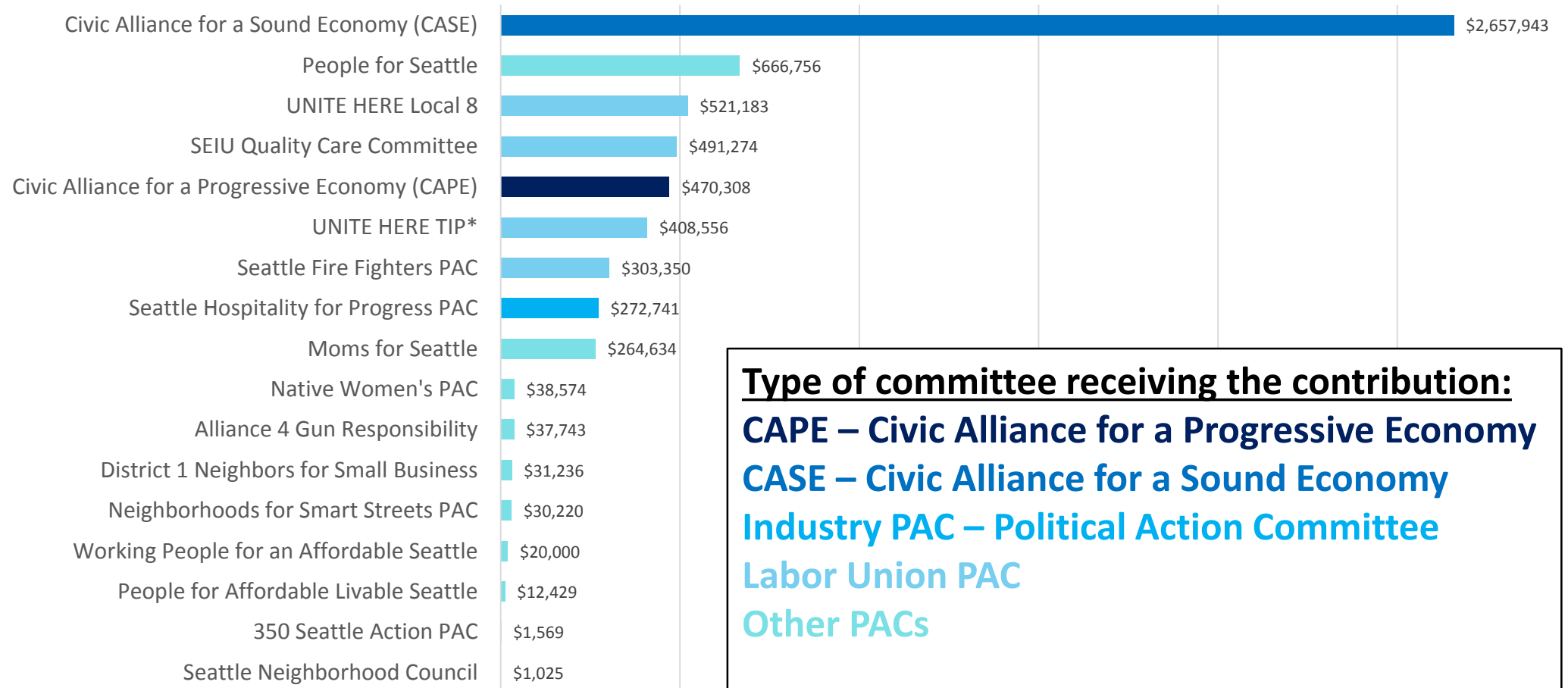
- a. Limit contributions to independent expenditure committees (CB 119730)
- b. Prohibit contributions by foreign-influenced corporations (CB 119731)
- c. Require greater transparency in political advertising (CB 119732)

Spending in City Council races

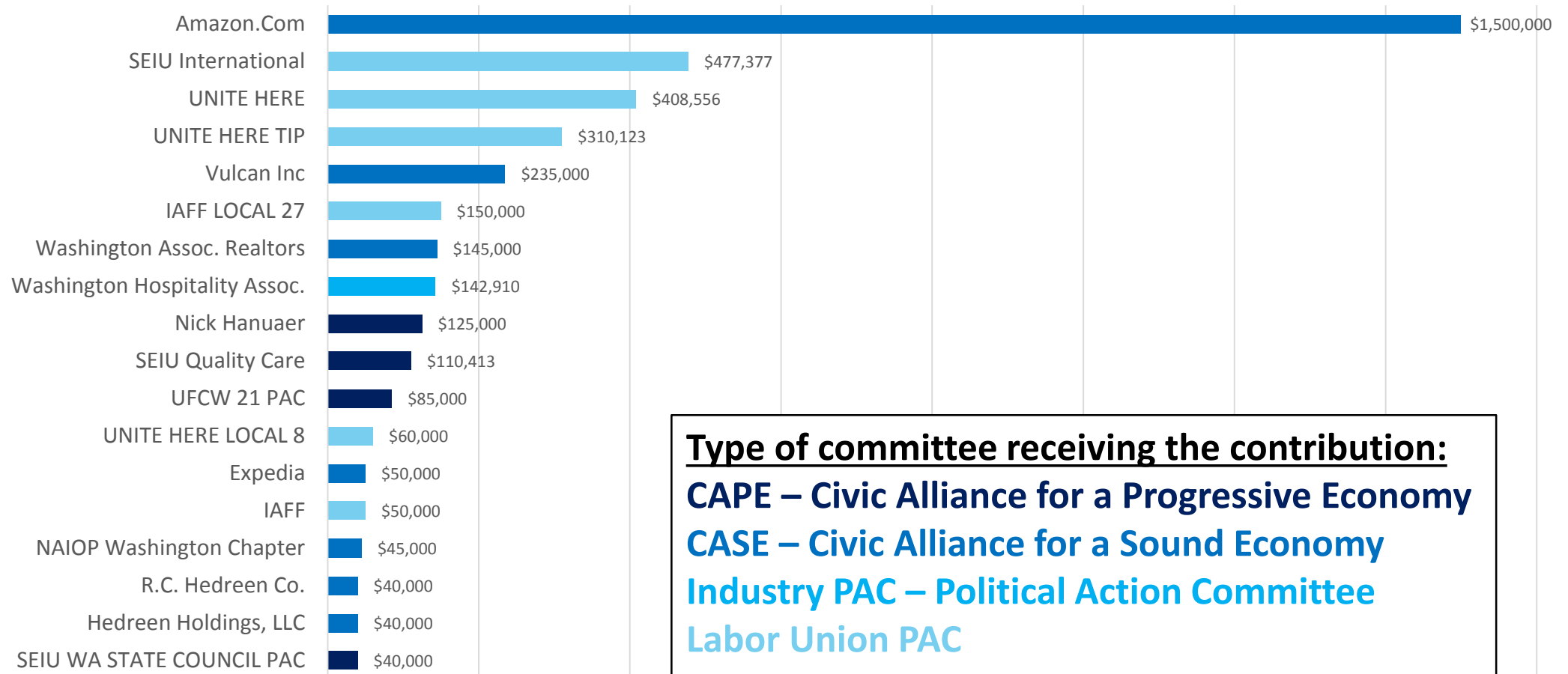
Year	City Council races	Independent Expenditures	Cash and in-kind contributions to Council candidates	Democracy Voucher contributions to Council candidates	Total Contributions and Expenditures	\$ per Race	% of \$ by Independent Expenditure
2009	4	\$134,495	\$1,600,056	N/A	\$1,734,551	\$433,638	7.8%
2011	5	\$0	\$1,762,815	N/A	\$1,762,815	\$352,563	0.0%
2013	4	\$3,577	\$953,916	N/A	\$957,493	\$239,373	0.4%
2015	9	\$784,365	\$3,644,498	N/A	\$4,428,863	\$492,096	17.7%
2017	2	\$358,894	\$589,268	\$991,700	\$1,580,968	\$790,484	22.7%
2019	7	\$4,254,629	\$2,807,297	\$2,454,475	\$9,516,401	\$1,359,486	44.7%

Source: Seattle Ethics and Elections Commission, www.seattle.gov/ethics/, Seattle City Council Central Staff Numbers as of December 11, 2019.

Total Contributions to 2019 Political Committees



Top Contributors to Political Committees that made Independent Expenditures in 2019



Key Terms

“Person”: individual, partnership, joint venture, public or private corporation, association, government, candidate, committee, political committee, continuing political committee, political party, or any other organization or group of persons

“Contribution”: transfer of anything of value that is less than full consideration

“Political committee”: any person planning to receive contributions or make expenditures in support of or opposition to a candidate or ballot proposition

“Independent expenditure” (IE): expenditure on behalf of or opposing a campaign, when:

- It is made independent of a campaign
- Is made without consent, collusion, or cooperation of a campaign
- Is not a contribution

Seattle's Campaign Contribution Limits

	Candidates Collecting Democracy Vouchers		Candidates Not Collecting Democracy Vouchers	
Maximum Contribution	Councilmembers	\$250	All Candidates	\$500
	City Attorney	\$250		
	Mayor	\$500		

- No limits on contributions to political committees
- Contributions to candidates and political committees must be disclosed
- Campaigns may not participate in IEs

Foreign Contributions

- No Seattle regulations regarding foreign contributions.
- Federal law prohibits contributions from foreign nationals* and foreign principals** in connection with any election – federal, state or local.
- Domestic subsidiaries of foreign corporations are eligible to contribute if the foreign parent doesn't finance election-related contributions or expenditures.

* Green card holders may contribute

** A “foreign principal” is a group organized under the laws of another country or having its principal place of business in a foreign country, including foreign governments, political parties, partnerships, associations, and corporations.

Political Advertising

Commercial advertisers must maintain documents and books of account, including:

- Names and addresses of persons placing an advertisement
- Nature and extent of the advertising
- Cost and method of payment

Documents and books of account must be open for public inspection:

- During normal business hours
- During election and for at least three years after the election

Requirements only apply for campaigns, not legislative activity.

Penalties

- Civil penalties for violations of election campaign contribution regulations: up to \$5,000 and return of contribution
- Civil penalties for illegal contributions: greater of up to two times the contribution amount OR \$5,000 and return of the contribution
- May be sent for prosecution
- Court may void the election if the violation probably affected the election.

Independent Expenditures (CB 119730)

“Independent Expenditure Committee”: political committee that makes (1) an IE or (2) contributes over \$1,000 to other independent expenditure committees in an election cycle.

- Contributions to independent expenditure committees for use in Seattle campaigns would be limited to \$5,000 per person.

Independent Expenditures (CB 119730)

“Limited Contributor Committee” (LCC): A political committee that:

- Has existed for at least 9 months;
- Receives contributions from at least:
 - 150 persons if contributing toward district council races;
 - 400 persons if contributing toward at-large council and city attorney races;
 - 600 persons if contributing toward mayoral races; and
- Only accept contributions less than \$500 or from other limited contributor committees.
- No limits on contributions from LCCs to other political committees.

Amendment 1 to CB 119730 (Councilmember González)

1. Amend the definition of “Limited Contributor Committee” as follows:

“Limited Contributor Committee”: A political committee that:

- Has existed for at least 9 months;
- Receives contributions from at least 100 persons; and
- Only accept contributions less than \$100 or from other LCCs.

2. Require LCCs to certify that they meet the definition

3. Limit contributions from LCCs to \$10,000

Foreign-Influenced Corporations (CB 119731)

“Foreign Investor”: foreign government; foreign political party; company headquartered in a foreign country or incorporated under foreign laws; or an individual that is neither a citizen nor a permanent resident of the United States

“Foreign Owner”: foreign investor, or corporation where a foreign investor holds

“Foreign-Influenced Corporation”:

- Single foreign owner owns 1% or more of the corporation; or
- Two or more foreign owners own 5% or more; or
- Foreign owner participates directly or indirectly in corporate decision-making regarding political activities

“Chief Executive Officer”: highest-ranking officer or decision-maker in a corporation

“Corporation”: a corporation, company, limited liability company, limited partnership, business trust, business association, other similar entity

Foreign-Influenced Corporations (CB 119731)

- Foreign-influenced corporations would not be permitted to:
 1. Contribute to campaigns for elected office;
 2. Make independent expenditures; or
 3. Contribute to independent expenditure committees.
- Corporations that contribute to a campaign, make an independent expenditure, or contribute to an independent expenditure committee would be required to certify they are not foreign-influenced.

Political Advertising (CB 119732)

- Would define “**Qualified Public Communication**” (QPC) as a paid advertisement intended to influence political decisions.
- Commercial advertisers would be required to maintain documents and books of account for QPCs for four years after the QPC occurs.
- Would require advertisers to keep documents and books of account that include:
 - The advertisement
 - Leaders of corporations placing QPCs
 - Rates charged for advertisements
 - Subjects of advertisement (names of candidates, election, legislative issue)
 - Names of candidates, candidate committees, treasurers

Questions?