



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

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## 1. Existing Conditions

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

## 2. Clean Campaigns Acts

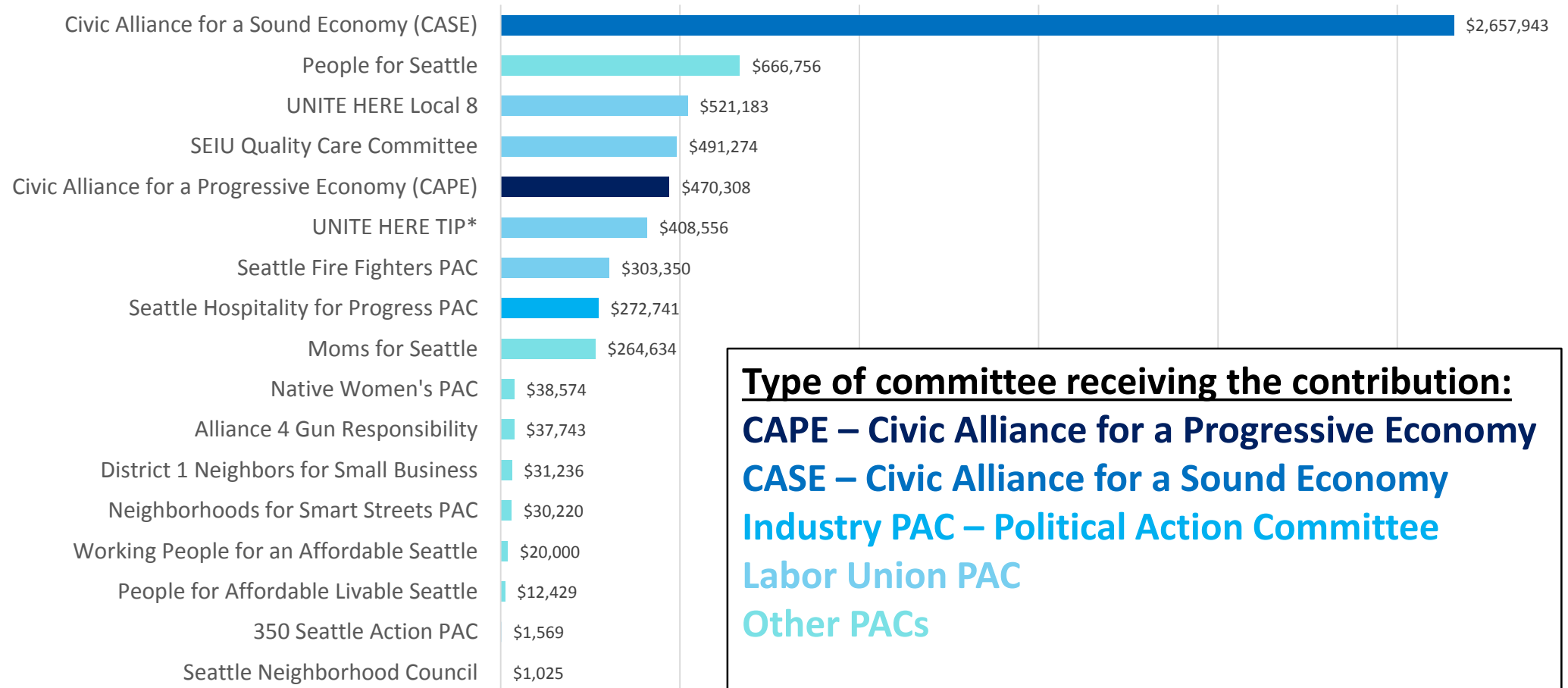
- a. Limit contributions to independent expenditure committees (CB 119730)
- b. Prohibit contributions by foreign-influenced corporations (CB 119731)
- c. Require greater transparency in political advertising (CB 119732)

# Spending in City Council races

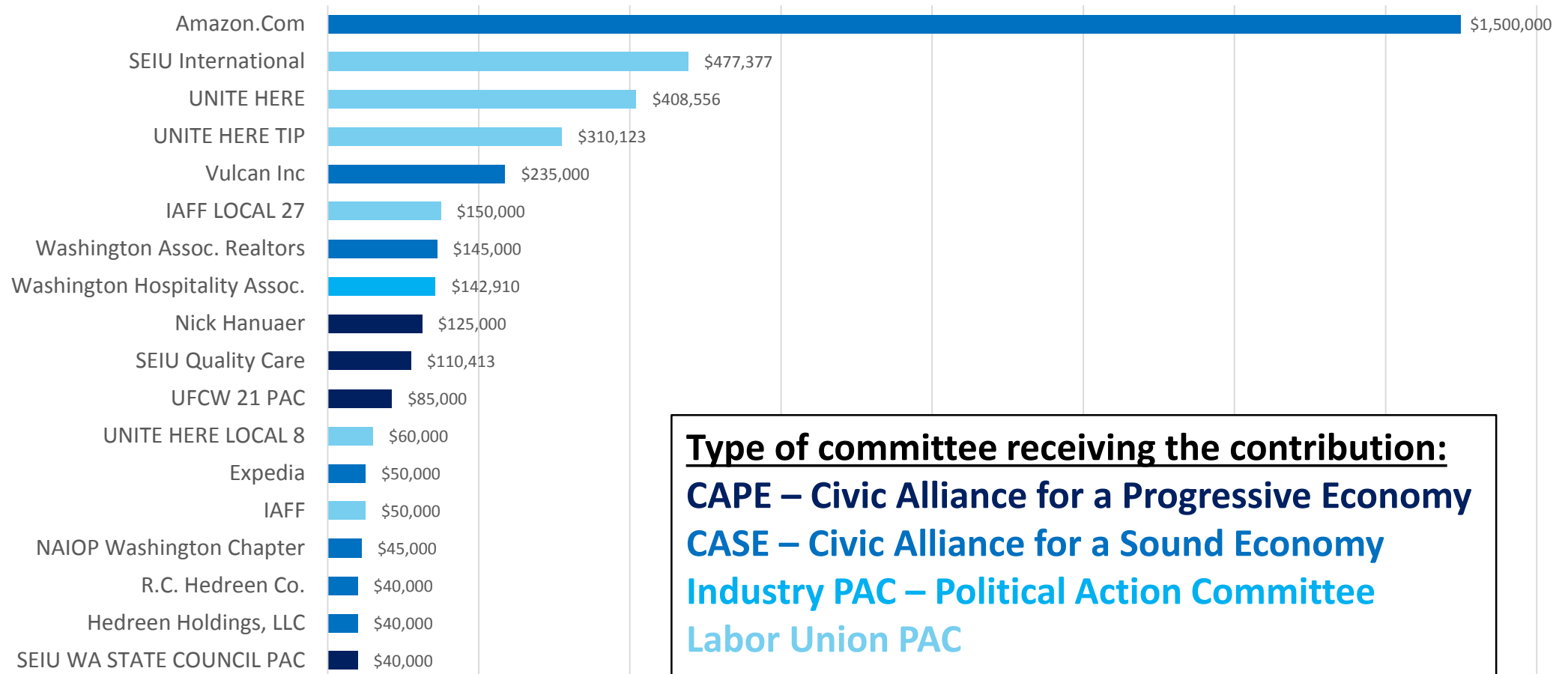
Year	City Council races	Independent Expenditures	Cash and in-kind contributions to Council candidates	Democracy Voucher contributions to Council candidates	Total Contributions and Expenditures	\$ per Race	% of \$ by Independent Expenditure
2009	4	\$134,495	\$1,600,056	N/A	\$1,734,551	\$433,638	7.8%
2011	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/](http://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

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**“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

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- 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

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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

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- 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)

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**“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)

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**“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)

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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)

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**“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)

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- 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)

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- 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?