



PUBLIC DISCLOSURE COMMISSION

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To: Members, Washington State Public Disclosure Commission
From: Lori Anderson, Communications & Training Officer
Date: July 17, 2014
Re: July 24, 2014 Meeting – Continued Rule Making Related to the F-1 Review

AGENDA ITEM

The Commission is scheduled to review its Personal Financial Affairs Statement (F-1)-related rule-making activity and consider approving draft language for an additional potential rule amendment.

BACKGROUND

Inflationary Adjustments

In June, the Commission began the process of making inflationary adjustments to the F-1 dollar amounts of reporting thresholds and code values as recommended by stakeholders and staff. At this point, the next step in the process is to hold a public hearing on the four rule amendments.

Adjustments to the F-1 dollar amounts have implications for certain major contributor and lobbyist employer reporting requirements. The major contributors' and lobbyist employers' disclosure requirements set out at RCWs 42.17A.630 apply the F-1 dollar ranges (Codes A through E) and current \$2,000 compensation disclosure threshold to major contributors and lobbyist employers who pay compensation to state officials and/or their immediate family members. Consequently, to fully implement the adjusted F-1 dollar amounts, additional rule making is needed to adjust these same amounts where they appear in WAC 390-16-071 Annual report of major contributors and persons making independent expenditures (PDC Form C-7) and WAC 390-20-110 Lobbyist employer's report form (PDC Form L-3).

Staff has prepared proposed draft amendments to WACs 390-16-071 and 39-20-110 for your review. The amendments import the proposed F-1 dollar amount adjustments into the relevant sections of the C-7 and L-3 forms.

Definition of "Officer"

In October 2012, the Commission approved draft language for new WAC 390-24-150 Definition – Officer. The draft language proposes converting to rule Interpretive Statement 91-01, which defines who is an "officer" for the purposes of the RCW 42.17A.710(1)(g) and WAC 390-24-010 [the F-1 Supplement]. At that time, Commissioner Degginger noted that additional

terms on the F-1 form also could be better clarified, which became the impetus for further F-1-related discussion during the Commission's 2013 retreat and the resulting F-1 review. Staff has waited to schedule a hearing for the Commission to consider adopting new WAC 390-24-150 until it was known whether other rule making would result from the review. Relevant meeting minutes and the approved draft language are attached.

COMMISSION ACTION

Staff is requesting that the Commission approve the proposed draft language to amend WAC 390-16-071 Annual report of major contributors and persons making independent expenditures and WAC 390-20-110 Forms for lobbyist employers report.

All approved drafts will be filed with the Code Reviser and noted for hearing in September. In addition to the draft language considered at the July 24, 2014 meeting, the package will include previously approved draft language for:

- proposed new WAC 390-24-150 Definition of Officer; and amendments to:
- WAC 390-24-010 Forms for statement of financial affairs [F-1];
- WAC 390-24-020 Forms for amending statement of financial affairs [F-1A];
- WAC 390-24-202 Report of compensation from sales commissions; and
- WAC 390-24-301 Changes in dollar amounts of reporting thresholds and code values.

Attachments: October 25, 2012 Commission meeting minutes excerpt and approved draft language for proposed new WAC 390-24-150
Draft language for proposed amendments to WACs 390-16-071 and 390-20-110

schedule a hearing in 2013.

Motion 12-89

Moved by Commissioner Sehlin, seconded by Commissioner Degginger that:

The Commission adopt amended emergency rule WAC 390-05-400 as proposed and move forward with permanent rule making.

The motion passed unanimously.

- Discussion and possible approval of draft language for new WAC 390-24-150 Definition – Officer

Ms. Anderson presented draft rule language to clarify the meaning and use of the term “officer” for purposes of Personal Financial Affairs (F-1) filing requirements.

The definition of officer is currently in Interpretation 91-01. As a result of review of all Interpretations as part of the recodification of RCW 42.17, and the Administrative Procedure Act encouragement to move long-standing interpretations into rules, staff recommended moving this interpretation into a rule.

Staff asked the Commission to approve the draft language as presented. A public hearing will be scheduled.

Commissioner Degginger noted that there may be some additional terms on the F-1 form that would benefit from clarification and that he would discuss those with staff at another time.

Motion 12-90

Moved by Commissioner Sehlin, seconded by Commissioner Degginger that:

The Commission approve the draft rule language as proposed by staff.

The motion passed unanimously.

- Discussion and possible approval of draft language for new enforcement rule in WAC 390-37 Factors relevant to penalty assessments, including aggravating/mitigating circumstances.

Nancy Krier continued the discussion from the September Commission meeting regarding penalty authority. The Commission continued to look at memorializing some factors used when assessing penalties.

Ms. Krier presented a list of mitigating and aggravating factors used by other agencies for comparison. She also summarized the current Commission practice for brief and full adjudicative proceedings.

Ms. Krier presented two possible approaches for a new rule for the Commission’s consideration, draft

WAC 390-24-150 Definition – Officer.

(1) For the purposes of RCW 42.17A.710(1)(g) and WAC 390-24-010, the term “officer” means and includes:

- (a) president, vice-president, secretary, treasurer, or some derivation thereof;
- (b) one who holds a corporate office, or
- (c) an individual who holds a position described as an officer in a corporation’s bylaws or who is appointed by the board of directors in accordance with the bylaws.

(2) An individual who has been given the title of “officer” to denote a managerial job classification is not an officer for the purposes of RCW 42.17A.710(1)(g) and WAC 390-24-010.

WAC 390-20-110 Forms for lobbyist employers report. The official form for statement by employers of registered lobbyists as required by RCW 42.17.180 is designated "L-3," revised ~~((1/09))~~ 11/14. Copies of this form are available on the commission's website, www.pdc.wa.gov, and at the Commission Office 711 Capitol Way, Room 206, Evergreen Plaza Building, PO Box 40908, Olympia, Washington, 98504-0908. Any paper attachments shall be on 8-1/2" x 11" white paper.

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Employer's Lobbying Expenses

L3

11/14

THIS SPACE FOR OFFICE USE

1. Employer's Name (Use complete company, association, union or entity name.)

Attention (Identify person to whom inquiries about the information below should be directed; NOT the lobbyist.)

Mailing Address Telephone

() -

City State Zip + 4 E-Mail Address

Year Report Covers

THIS REPORT MUST BE FILED BY THE LAST DAY OF FEBRUARY. Include expenditures made and accrued during the previous calendar year for lobbying the Washington State Legislature and/or any state agency. Complete all sections. Use "none" or "0" when applicable.

2. Identify each of your lobbyists/lobbying firms below. **In column 1**, show the full amount of salary or fee each earned for lobbying. **In column 2**, show the full amount paid (plus obligated) for other lobbying related expenses that were made by or through the lobbyist and reported by the lobbyist on the monthly L-2 report (e.g., contributions to legislative candidates, reimbursement for entertainment expenses, etc.). Compute the subtotals across and down the columns; put the grand total of expenses incurred by or through lobbyists in the space designated.

Names of Registered Lobbyists (if payments were to lobbying firm, list firm name)	Col 1-Salary	Col 2-Other	Total Amount
	\$	\$	\$
Total From Attached Page			
Total Expenses By or Through Lobbyists			\$

Information continued on attached pages

DO NOT INCLUDE EXPENDITURES ALREADY ACCOUNTED FOR IN ITEM 2 ABOVE when completing Items 3 through 7 below.

3. Other expenditures made by the employer for lobbying purposes. **Show total expenditures made/accrued:**

a. to vendors on behalf of or in support of registered lobbyists (e.g., entertainment credit card purchases); \$

b. to or on behalf of expert witnesses or others retained to provide lobbying services who offer specialized knowledge or expertise that assists the employer's lobbying effort; _____

c. for entertainment, tickets, passes, travel expenses (e.g., transportation, meals, lodging, etc.) and enrollment or course fees provided to legislators, state officials, state employees and members of their immediate families; (Also complete Item 9.) _____

d. for composing, designing, producing and distributing informational materials for use primarily to influence legislation; and _____

e. for grass roots lobbying expenses, including those previously reported by employer on Form L-6, and payments for lobbying communications to clients/customers (other than to corporate stockholders and members of an organization or union). _____

4. Political contributions to candidates for legislative or statewide executive office, committees supporting or opposing these candidates, or committees supporting or opposing statewide ballot measures. (Also complete Item 10.)

a. Contributions made directly by the employer, including those previously reported on PDC Form L-3c. _____

b. If contributions were made by a political committee associated, affiliated or sponsored by the employer, show the PAC name below. (Information reported by the PAC on C-4 reports need not be again included as part of this L-3 report.) _____

Name of PAC _____

5. Independent expenditures supporting or opposing a candidate for legislative or statewide executive office or a statewide ballot measure. (Also complete Item 11.) _____

6. Expenditures to or on behalf of legislators, state officials, or their spouse, registered domestic partner and dependents for the purpose of influencing, honoring or benefiting the legislator or official. (Normal course of business payments are not reportable.) (Also complete Item 14.) _____

7. Other lobbying-related expenditures, whether through or on behalf of a registered lobbyist. Attach list itemizing each expense (i.e., show date, recipient, purpose and amount). Do not include payments accounted for above. _____

Total Lobbying Expenses \$

(Items 2 thru 7)

8. This report must be certified by the president, secretary-treasurer or similar office of lobbying employer.

<p>Certification: I certify that this report is true, complete and correct to the best of my knowledge.</p> <p>Printed Name and Title of Officer:</p>	<p>Signature of Employer Officer Date</p>
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Employer's Name	Year report covers:
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9. Entertainment, tickets, passes, travel expenses (including transportation, meals, lodging, etc.) and enrollment or course fees provided to legislators, state officials, state employees and members of their immediate families. See instruction manual for details.

Name and Title	Cost or Value	Date and Description of Expense
	\$	

Information continued on attached pages

10. Contributions (not reported by the lobbyist) totaling over \$25 to a legislative or statewide executive office candidate, a committee formed to support or oppose one of these candidates or a committee supporting or opposing a statewide ballot measure. Do not list employer-affiliated PAC contributions.

Name of Recipient	Amount	Date (and, if In-Kind, Description)
	\$	

Information continued on attached pages

11. Independent expenditures in support of or opposition to a) a legislative or statewide executive office candidate or b) a statewide ballot proposition. **See instruction manual for definition of "independent expenditure."**

Candidate's Name, Office Sought & Party or Ballot Proposition Number & Brief Description	Amount	Date and Description of Expense (Note if Support or Oppose)
	\$	

Information continued on attached pages

12. Compensation of \$2,400 or more during the preceding calendar year for employment or professional services paid to state elected officials, successful candidates for state office and each member of their immediate family.

Name	Relationship to Candidate or Elected Official if Member of Family	Amount (Code)**	Description of Consideration or Services Exchanged for Compensation

Information continued on attached pages

13. Compensation of \$2,400 or more during the preceding calendar year for professional services paid to any corporation, partnership, joint venture, association or other entity in which state elected official, successful state candidate or member of their immediate family hold office, partnership, directorship or ownership interest of 10% or more.

Firm Name	Person's Name	Amount (Code)**	Description of Consideration or Services Exchanged for Compensation

Information continued on attached pages

14. Any expenditure, not otherwise reported, made directly or indirectly to a state elected official, successful candidate for state office or member of their immediate family, if made to honor, influence or benefit the person because of his or her official position.

Name	Amount	Date and Purpose
	\$	

Information continued on attached pages

****DOLLAR**
CODE AMOUNT
 A - \$1 to \$4,499
 B - \$4,500 to \$23,999
 C - \$24,000 to \$47,999

****DOLLAR**
CODE AMOUNT
 D - \$48,000 to \$119,999
 E - \$120,000 or more

INFORMATION CONTINUED

(Use this page if you need additional space for Items 10 or 11)

L3

Employer's Name

Year report covers:

10. Contributions

Name of Recipient

Amount

Date (and, if In-Kind, Description)

\$

11. Independent expenditures

Candidate's Name, Office Sought & Party or
Ballot Proposition Number & Brief Description

Amount

Date and Description of Expense
(Note if Support or Oppose)

\$

INFORMATION CONTINUED

(Use this page if you need additional space for Items 12 thru 14)

L3

Employer's Name		Year report covers:	
12. Compensation of \$2,400 or more for employment, etc.			
Name	Relationship to Candidate or Elected Official if Member of Family	Amount (Code)**	Description of Consideration or Services Exchanged for Compensation
13. Compensation of \$2,400 or more for professional services			
Firm Name	Person's Name	Amount (Code)**	Description of Consideration or Services Exchanged for Compensation
14. Any expenditure not otherwise reported			
Name	Amount	Date and Purpose	
	\$		

****DOLLAR**
CODE AMOUNT

- A - \$1 to \$4,499
- B - \$4,500 to \$23,999
- C - \$24,000 to \$47,999

****DOLLAR**
CODE AMOUNT

- D - \$48,000 to \$119,999
- E - \$120,000 or more

WAC 390-16-071 Annual report of major contributors and persons

making independent expenditures. (1) Any person, other than an individual (a) who made contributions to state office candidates and statewide ballot proposition committees totaling more than the aggregate amount during the preceding calendar year for contributions referenced in WAC 390-05-400, code section .180(1), or (b) who made independent expenditures regarding state office candidates and statewide ballot propositions totaling more than the aggregate amount during the preceding calendar year for independent expenditures referenced in WAC 390-05-400, code section .180(1), shall file with the commission an annual report required pursuant to RCW 42.17A.630. This report shall not be required of a lobbyist employer filing an annual L-3 report pursuant to RCW 42.17A.630 or of a candidate's authorized committee or a political committee provided the information has been properly reported pursuant to RCW 42.17A.235 and 42.17A.240.

(2) The report is entitled "Special Political Expenditures" and is designated "C-7" revised ((12/08) 11/14. Copies of this form are available on the Commission's website, www.pdc.wa.gov, and at the Commission Office, Room 206, Evergreen Plaza Building, Olympia, Washington 98504. Any attachments shall be on 8-1/2" x 11" white paper.



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Special Political Expenditures

C7

11/14

PDC OFFICE USE

1. Name (Use complete company, association, union or entity name.)

Attention (Identify person to whom inquiries about the information below should be directed.)

Mailing Address

Telephone

() -

City

State

Zip + 4

THIS REPORT MUST BE FILED BY THE LAST DAY OF FEBRUARY. Disclose all payments or expenditures the reporting entity made and accrued during the previous calendar year for the types of activities described below. Complete all sections. Use "none" or "0" when applicable. Follow the directions on the attached instructions.

Summary of Expenditures

Amount

2. Political contributions to candidates for legislative or statewide executive office, committees supporting or opposing these candidates, or committees supporting or opposing statewide ballot measures. Also complete Item 8.

a. Aggregate contributions made by the filer.

b. If contributions were made by a political committee associated, affiliated or sponsored by the employer, show the PAC name below. (Information reported by the PAC on C-4 reports need not be again included as part of this report.)

Name of PAC _____

3. Independent expenditures supporting or opposing a candidate for legislative or statewide executive office or a statewide ballot measure. Show aggregate amount. Also complete Item 9.

4. Expenditures for entertainment, gifts, tickets, passes, transportation and travel expenses (including meals, lodging and related expenses) provided to legislators, state officials, state employees and members of their immediate families. Show aggregate amount. Also complete Item 10.

5. Expenditures to or on behalf of legislators, state officials, their spouses and dependents for the purpose of influencing, honoring or benefiting the legislator or official. Show aggregate amount. Also complete Item 13.

6. Other expenditures related to lobbying state officials, whether payment is made to, through or on behalf of a registered lobbyist. Attach list itemizing each expense. Show date, recipient, purpose and amount.

7. Total Reportable Expenses

(Items 2 thru 6)

Itemized Expenditures

8. Contributions totaling over \$25 to a legislative or statewide executive office candidate, a committee formed to support or oppose one of these candidates or a committee supporting or opposing a statewide ballot measure.

Name of Recipient

Amount

Date

\$

Information continued on attached pages

9. Independent expenditures in support of or opposition to a) a legislative or statewide executive office candidate or b) a statewide ballot measure. See instructions for definition of "independent expenditure."

Candidate's Name, Office Sought & Party or Ballot Measure & Brief Description	Amount \$	Date and Description of Expense (Note if Support or Oppose)
<input type="checkbox"/> Information continued on attached pages		

10. Entertainment, gifts, tickets, passes, transportation and travel expenses (including meals, lodging and related expenses) provided to legislators, state officials, state employees and members of their immediate families.

Name and Title	Cost or Value \$	Date and Description of Entertainment, Gift or Travel
<input type="checkbox"/> Information continued on attached pages		

11. Compensation of \$2,400 or more during the preceding calendar year for employment or professional services paid to state elected officials, successful candidates for state office and each member of their immediate family.

Name	Relationship to Candidate or Official, if Family Member	Amount (Code)	Description of Consideration or Services Exchanged for Compensation
<input type="checkbox"/> Information continued on attached pages			

12. Compensation of \$2,400 or more during the preceding calendar year for professional services paid to any corporation, partnership, joint venture, association or other entity in which state elected official, successful state candidate or member of their immediate family hold office, partnership, directorship or ownership interest of 10% or more.

Firm Name	Person's Name	Amount (Code)	Description of Consideration or Services Exchanged for Compensation
<input type="checkbox"/> Information continued on attached pages			

13. Any expenditure, not otherwise reported, made directly or indirectly to a state elected official, successful candidate for state office or member of their immediate family, if made to honor, influence or benefit the person because of his or her official position.

Name	Amount \$	Date and Description of Expense
<input type="checkbox"/> Information continued on attached pages		

14. This report must be certified by the president, secretary-treasurer or similar officer of reporting entity.

<p>Certification: I certify that this report is true, complete and correct to the best of my knowledge.</p>	<p>Signature of Officer</p>	<p>Date</p>
<p>Printed Name and Title of Officer:</p>		