



PUBLIC DISCLOSURE COMMISSION

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To: Members, Washington State Public Disclosure Commission
From: Lori Anderson, Communications & Training Officer
Date: September 19, 2013
Re: Rule Making – Continued Discussion – Possible Updates to WAC 390-16-041 Forms –
Summary of total contributions and expenditures

Background:

Earlier this year, staff became aware that the Summary of Total Contributions & Expenditures Report (C-4 form) still instructs campaigns to report expenditures made *indirectly* for signature gathering, despite that this requirement had been found unconstitutional several years ago. WIN v. Rippie, 9th Circuit (2000). Correction of this form was added to the Commission's July – December rule making agenda.

In July, the Commission discussed other potential changes to the C-4 expenditure codes. Part of the discussion centered around how the codes were originally instituted by the Commission as a way to streamline reporting and how they evolved with the advent of electronic filing to allow for basic analysis and display of contribution and expenditure data in the form of pie charts on the PDC's website. The Commissioners expressed interest in adding a new Online Advertising code and Commissioner Ranade voiced concern that the Independent Expenditure code skewed the analysis by not showing the type of underlying expenditure, such as broadcast advertising, research, etc.

Staff solicited stakeholder comments and received a recommendation to split the Broadcast Advertising code into two: radio and television.

Discussion:

Disclosure of independent expenditures –

Before 2002, any in-state or out-of-state political committee showed independent expenditures only on a C-4 or C-5 report. C-4 filers would check a box on the front of the C-4 indicating that they had made independent expenditures and the details were disclosed on the Schedule A to the C-4. The checkbox was significant because the PDC staff would then manually compile those reports into summaries and statistical reports. Only persons spending \$100 or more on an independent expenditure who had no other disclosure requirement (such as the C-4 or C-5) were required to file the Independent Expenditure report (C-6).

Since June 2002, all sponsors of political ads appearing within 21 days of an election and valued at \$1,000 or more are required to file the C-6, in addition to any other disclosure requirement

(such as the C-4 or C-5) the sponsor has. The majority of independent spending is therefore now captured on the C-6 report. The C-6 data is segregated in the PDC's searchable database. The PDC staff no longer manually compiles independent expenditure reports.

The segregated C-6 data does not show the type of underlying expenditure either. It does show the ratio of independent spending to direct spending by the campaigns, the same thing that having the Independent Expenditure code accomplishes now.

Electronic filing –

The PDC's electronic filing software (ORCA) contains over 30 "accounts" that the user selects from to report expenditures. These accounts are mapped to the expenditure codes and displayed in the charts on the PDC's website. For example, expenditures entered in ORCA using the accounts for office supplies, payroll taxes, rent, and wages are automatically mapped to and displayed under the General Operation and Overhead code in the chart on the PDC's website.

Next Steps:

The suggested changes to the codes – expanding the advertising codes and refining independent expenditures to show what was purchased – will require not just amending the C-4 form but also a significant amount of staff time programming the changes in the ORCA software. Staff will continue to collaborate on the proposed changes and present draft proposed amendments to the Commission for approval at a future meeting.