



PUBLIC DISCLOSURE COMMISSION

711 Capitol Way Rm. 206, PO Box 40908 • Olympia, Washington 98504-0908 • (360) 753-1111 • FAX (360) 753-1112
Toll Free 1-877-601-2828 • E-mail: pdcc@pdcc.wa.gov • Website: www.pdcc.wa.gov

To: Members, Washington State Public Disclosure Commission
From: Lori Anderson, Communications & Training Officer
Date: September 15, 2016
Re: Rule Making Discussion and Possible Approval of Draft Language – Disclosing Surplus Funds Accounts and Candidates' Joint Campaign Expenditures

A discussion of possible rule making is scheduled for the September 22 meeting. In particular, the Commission will discuss and possibly approve language that 1) will require candidates to each pay their share of joint campaign expenses when the expenditure is made and 2) establish a reporting schedule for surplus funds accounts.

DRAFT RULES

WAC 390-16-234 Transfers of surplus and nonsurplus candidate funds:

The Commission has expressed interest in curtailing the practice of one candidate paying the entire amount of a joint campaign expense and being reimbursed afterwards by the other participating candidates. Ideally, each candidate should pay the vendor directly, however there are situations that do not allow for separate payments, such as an online purchase.

The draft amendment to WAC 390-16-234 disallows reimbursement and allows a candidate to transfer campaign funds to another candidate up to one business day before the joint expense will be paid. The amendment also requires a return of excess funds within one business day after the joint expense was paid.

WAC 390-16-236 Surplus funds accounts – Disclosure.

Staff has drafted a new rule that will require a surplus funds account to be registered with the Commission within two weeks of when the account is opened. The draft rule also requires monthly expenditure reports to be filed, with the exception from reporting surplus funds expenditures until more than \$200 is spent that RCW 42.17A provides for candidates and political committees.

COMMISSION ACTION

Staff requests the Commission approve the draft language proposed for WACs 390-16-234 and 390-16-236.

Members, Washington State Public Disclosure Commission
September 15, 2016
Draft Rules - Page 2

The schedules for State Register publication and regular Commission meetings accommodate a December rules hearing for any drafts the Commission approves in September.

Attachment: Draft language for proposed amendment to WAC 390-16-234
Draft language for proposed new WAC 390-16-236

WAC 390-16-234 Transfers of surplus and nonsurplus candidate funds. (1) ~~((One candidate may reimburse another for the former's proportionate share of documented and properly reported joint campaign expenses without the transaction constituting a "transfer" within the meaning of RCW 42.17A.430.))~~ Candidates are encouraged to directly pay to a vendor their proportionate share of joint campaign expenses. When separate, direct payments are not possible, one candidate may transfer campaign funds to another candidate without violating RCW 42.17A.430(8): Provided, That:

(a) The transferred funds are used exclusively for the joint expenditure;

(b) The amount may not exceed the prorated share attributable to the candidate who transfers the funds;

(c) The funds are transferred before the expenditure is made, but no earlier than one business day before the day the expenditure is made; and

(d) Any transferred funds not used for the joint expenditure are returned no later than one business day after the expenditure is made.

(2) Candidate surplus funds may be transferred without limit to a bona fide political party or to a caucus political committee.

(3) Except as provided in subsections (1) and (2) of this section, no candidate or candidate's authorized committee may transfer surplus or nonsurplus funds to any other candidate or political committee.

NEW SECTION

WAC 390-16-236 Surplus funds accounts—Disclosure. (1) Registering a surplus funds account.

(a) Any person who opens an account into which surplus funds will be deposited shall register the account by filing PDC Form C-1, Candidate Registration with the public disclosure commission. The committee name on the C-1 will be the name used by the campaign committee that raised the surplus funds followed by the designation, "surplus funds account." The C-1 must identify by name the treasurer of the account and the bank or depository where the account is held.

(b) The C-1 must be filed within two weeks after the date the account is opened.

(2) Depositing surplus funds.

(a) After a surplus funds account is established, a candidate may deposit into the account all surplus funds from subsequent campaigns.

(b) Only surplus funds may be deposited in a surplus funds account.

(c) A candidate who deposits surplus funds into a surplus funds account discloses an expenditure of campaign funds with the description "transfer to surplus funds account," the amount transferred, and the date the transfer occurred.

(3) Disclosing surplus funds expenditures.

(a) The treasurer shall file with the commission a report on the tenth day of each month detailing expenditures made in the preceding calendar month. This report need only be filed if the total expenditures made since the last such report exceeded two hundred dollars. The report shall be on PDC Form C-4, Campaign Summary Receipt & Expenditures.

(b) The treasurer shall file reports as required by (a) of this subsection until the account is closed, at which time a final report shall be filed.

(c) All reports filed disclosing expenditures from the surplus funds account shall be certified as correct by the treasurer.