It is hereby declared by the sovereign people to be the public policy of the state of Washington:

… That the public’s right to know of the financing of political campaigns and lobbying and the financial affairs of elected officials and candidates far outweighs any right that these matters remain secret and private.

— RCW 42.17A
Declaration of Policy
The Public Disclosure Commission remains as committed as ever to its mission of promoting confidence in the political process. It’s what drives us to continue to find new ways to provide the public with access to information about campaign contributions and expenditures, assist filers to meet reporting obligations and ensure a timely response to potential violations of campaign laws.

This year’s annual report contains a wealth of data about campaign finance in Washington state, along with measures of how the PDC is doing at meeting our commitments to lead the nation in fostering full disclosure of money in politics. What may not be as readily apparent from data alone are the efforts required to ensure that those activities continue seamlessly — even during the challenging conditions created by the COVID-19 emergency midway through Fiscal Year 2020.

Prior forward-thinking investments allowed our staff to quickly move to an all-remote operation with no disruption to our ability to serve the public and regulated community.

We accelerated plans to give staff members secure remote access to data while our Olympia offices remain closed, and transferred PDC phone lines to a new system that allows staff members to field calls from the public from their homes. We also moved Commission meetings, enforcement case reviews and filer trainings to online formats.

Commission meetings went virtual starting in March, in keeping with the governor’s proclamation aimed at minimizing in-person contact. Members of the public and interested parties with business before the Commission are able to participate remotely and watch the meeting in real time.

Training workshops for candidates and political committees, previously held primarily at our Olympia office, also are taking place online. Participants in far-flung parts of the state have expressed appreciation for this new format that allows them to, in the short term, stay safe and in the future avoid commuting to our Olympia location for training.

We know the pandemic emergency also has posed challenges for the candidates, elected officials and lobbyists that we regulate. The PDC has worked to develop guidance to assist with the transition to socially distanced campaigning and lobbying, and to ease reporting obligations where possible. Appointed and elected officials facing an April 15 deadline to submit Personal Financial Affairs (F-1) statements were able to file partial reports if the pandemic prohibited them from obtaining necessary financial information, and amend later when complete information was available.

Harnessing the power of technology is not new work for the PDC. In January 2020, we launched a new online application that walks F-1 filers step-by-step through reporting requirements, using a series of questions, drop-down menus and other features. It is designed to simplify the user experience, prevent errors and answer questions about who must file, and when.

That new system also allowed us to make good on a long-time goal of the Commission’s: To provide the public with online access to F-1 statements.

The PDC also wants to bring better visibility to the growing world of digital political advertising.

In January, the PDC hosted its “Big Data, Big Dollars” forum, which drew experts from around the country to Olympia to shed light on the emerging issues of digital political advertising — including how to ensure transparency as this form of advertising gains popularity. Our work in that area continues as we research the viability of an online political advertising tracking system.

Looking ahead, we know the revenue losses prompted by the pandemic have created the need for all of state government to scrutinize budgets. While the PDC anticipates a period of belt-tightening, we plan to work with our partners in the Legislature and governor’s office to ensure that we can maintain the momentum we’ve built over the past few years.

With enough resources, flexibility and creativity, we will continue to deliver on the voter mandate as expressed in the overwhelming support of Initiative 276 in 1972 to shine a light on money in politics and help ensure an informed public.

David Ammons
Public Disclosure Commission Chair
DECEMBER 2020
PROMOTE CONFIDENCE IN THE POLITICAL PROCESS

Campaign for lieutenant governor. He spent the 2020 primary, then launched a write-in campaign that topped $76 million during Fiscal Year 2020. That’s up from just over $70 million during the previous fiscal year. The total spending figure includes compensation of lobbyists — who are employed to influence legislation and rule-making — as well as expenses and contributions made to candidates and campaigns. Amazon’s $1.9 million in political contributions — much of it focused on the 2019 City of Seat- tle races — far outpaced total expenditures by other lobbyist employers.

Top lobbyist employers
For fiscal year 2020
- LOBBYIST COMPENSATION
- LOBBYING EXPENSES AND CONTRIBUTIONS
  - Amazon.com Services, Inc. $1,932,669
  - SEIU 775 $1,178,971
  - Microsoft Corp. $1,143,532
  - WA Health Care Assn. $947,273
  - Western States Petroleum Assn. $916,044
  - Puget Sound Energy Inc. $835,640
  - WA Federation of State Employees $793,037
  - Public School Employees of WA $719,911
  - Delta Dental of WA $482,502
  - WA Education Assn. $455,103

**Independent expenditures**
Groups spent more than $16 million in the 2020 election cycle to support and oppose candidate campaigns. That spending, which is done independently of the campaigns themselves, rang in $1.7 million lower than in 2016, the most recent previous election year featuring a race for governor and other statewide offices. About 30 percent of the more than $16 million in independent expenditures in 2020 came from the New Direction Political Action Committee (PAC), in support of Democratic legislative candidates and in opposition to Republican candidates. For example, in the hotly contested race for the state Senate in the 28th Legislative District, the PAC spent more than $450,000 in support of Democrat T’wina Nobles, and more than $570,000 against her opponent, incumbent Republican Steven O’Ban.

Another closely watched race between two Democrats in the 5th Legislative District drew heavy spending from Washington Cares, a political action committee backed by labor groups. Washington Cares spent nearly $764,000 supporting challenger Ingrid Anderson in her race to unseat incumbent Sen. Mark Mullet. Washington Cares spent nearly $550,000 opposing Mullet.

**Lobbying expenses**
Tech companies, unions, health care and energy industries fueled lobbying spending that topped $76 million during Fiscal Year 2020. That’s up from just over $70 million during the previous fiscal year. The total spending figure includes compensation of lobbyists — who are employed to influence legislation and rule-making — as well as expenses and contributions made to candidates and campaigns. Amazon’s $1.9 million in political contributions — much of it focused on the 2019 City of Seat- tle races — far outpaced total expenditures by other lobbyist employers.

**Campaign finances**
Contributions to candidates and political committees for 2020 elections topped $142 million, while total spending was nearly $139 million as of December 2020. Those figures were down from 2016 — the most recent prior election year featuring races for governor and other statewide offices — although post-election reporting in 2021 could narrow the gap. Four years ago, contributions exceeded $165 million, and spending was nearly $170 million. The top spenders in 2020 included both gubernatorial candidates. Incumbent Jay Inslee, seeking a third term as governor, spent more than twice what his challenger Loren Culp spent in pursuit of the state’s highest office. But at just over $7.5 million, Inslee spent less to retain his seat this year than in 2016, when he spent nearly $10 million to defeat William Bryant.

Total candidate expenditures of over $10.7 million by Inslee and Culp rank the 2020 governor’s race as the fourth costliest on record, just behind the 2016 gubernatorial race where candidate spending totaled more than $13 million. Joshua Freed also ran for governor in 2016. Together, Paul and his opponent, Bill Bruch, spent more than $795,000. Ballot measures did not dominate election spending as they have in recent years. Several committees worked to support and oppose Referendum 90, the challenge of a state law that requires schools districts to teach sexual health education. In all, the committees reported spending a little more than $12 million on the measure, which led to voters approving the law.
Creating a more user-friendly website

A study of PDC website users completed in Fiscal Year 2020 will help inform an upcoming major website redesign project. A total of 139 current and potential website users responded to a survey about the PDC website. Survey participants told us they liked the ability to obtain campaign finance information from the PDC in one convenient online location. But they asked for improved search and navigation tools. A focus group of lobbyists, researchers, candidate campaigns and members of the public also completed formal usability studies in which they were assigned a series of tasks and asked to use pdc.wa.gov to accomplish those tasks.

They were then asked to rate their impressions of website features and offer feedback on needed improvements. Again, these users appreciated the wealth of information available. But they told us they need easier-to-use tools to locate and analyze the information, along with better explanations of terminology and easier-to-read instructions.

Those findings will guide the website redesign project in Fiscal Year 2021.

Filing system upgrades help campaigns and elected officials get it right

The PDC continues to employ technology to provide the public faster access to campaign finance information, greater accuracy of that information and improved ease of use for the regulated community. In January 2020, the agency launched a new electronic application for officials to use to submit their Personal Financial Affair (F-1) statements. These statements are filed annually by candidates, elected officials, state board and commission members, state agency directors and legislative and gubernatorial professional staff.

The new application, developed in-house, was the product of more than seven months of planning and development. It guides F-1 filers step-by-step through the reporting, using a series of questions, drop-down menus and other features. Filers must answer each question to proceed through the application, preventing errors or misunderstandings of reporting requirements.

A total of 5,566 F-1 reports were filed during the first six months of 2020. Reports filed in 2020 and in future years are available to the public online. Older reports remain available by public records request.

Work also continues on improvements to our ORCA (Online Reporting of Campaign Activity) software, used to report campaign contributions and expenditures. An ORCA software update was released in spring 2020. Future development of a web-based application will improve the functionality and reliability of the system.

The PDC began making records available through the Open Data portal in 2017. Currently, it contains more than 7 million records.
Expanding outreach and education

The PDC’s filer assistance and outreach teams answer thousands of questions from filers and members of the public each year — most within 24 hours of receipt. The agency’s electronic helpdesk — reachable through the website’s homepage and via email — allowed a seamless transition to service during the emergency closure of the PDC’s Olympia office in March 2020.

The PDC acted quickly to accommodate challenges that stemmed from the pandemic and to make filers aware of those accommodations. While we could not alter the April 15 due date set by statute for Personal Financial Affairs (F-1) Statements, we did offer filers the option of noting that they were filing a partial report because they were unable to access financial information due to the pandemic. Those filers agreed to amend their report when the information was available.

The PDC posted a steady stream of filer tips for campaigns affected by the pandemic. Website guidance covered topics such as hosting virtual fundraisers, handling bank deposits and conducting public inspection of campaign books electronically.

Training sessions for candidates, campaign treasurers and lobbyists began Fiscal Year 2020 in our Olympia office. But starting in March, the emergency closure of those offices required staff members to pivot to offering online training. Participants from outside the Puget Sound region said the virtual training is more convenient, because it eliminates travel time.

During Fiscal Year 2020, 87 participants attended in-person classes, and another 126 attended online. The outreach and education team updated video versions of two popular classes, one offering an overview of campaign finance regulations for candidates and committees and the other providing instructions on using ORCA campaign finance software.

While those two new videos attracted more than 800 views during the 2020 campaign season, another video training, posted in April 2020, explains how to use the new F-1 online application. It drew nearly 700 views.

The Legislature mandated electronic filing of PDC reports when possible beginning in May 2019. The agency took a staged approach to the implementation of the law, beginning with the filer groups that already had the highest percentage of electronic filing.

By the end of Fiscal Year 2020, all reports that could be electronically filed were being submitted that way, with few exceptions. State law allows for filers to request hardship exemptions when they can demonstrate a lack of technological ability. PDC staff had granted more than 40 such exemptions as of November 2020, most of them to F-1 filers who were retiring from office and submitting a final report.

The passage of a state law governing foreign involvement in 2020 campaigns was made in response to foreign influence in previous elections. The new law prohibits contributions, expenditures, political advertising and electioneering communications that are financed in any part by a foreign national or involve decision-making by a foreign national. It builds on the federal prohibition against foreign national spending in federal, state, or local elections.

For any contributions made on or after June 11, 2020, Washington state candidates and political committees must collect a statement from businesses, associations, organizations, unions and other groups certifying that the contributions they make do not include foreign national funding or involvement. Those statements are retained as part of a campaign’s records. Sponsors of political advertising also must attest to the expenditure not being financed or influenced by a foreign national.

In May 2020, the Commission adopted emergency rules to assist campaigns with compliance. The agency also made updates to certification statements in its reporting systems and forms to reflect the new law, and issued guidance to campaigns to answer common questions.

Rates of electronic filing by calendar year

<table>
<thead>
<tr>
<th>Financial disclosure filers</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Percentage</td>
<td>76</td>
<td>76</td>
<td>99</td>
</tr>
<tr>
<td>Lobbyists</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage</td>
<td>96</td>
<td>99</td>
<td>100</td>
</tr>
<tr>
<td>Political committees</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage</td>
<td>93</td>
<td>96</td>
<td>99</td>
</tr>
<tr>
<td>Candidates</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Percentage</td>
<td>99</td>
<td>99</td>
<td>99</td>
</tr>
</tbody>
</table>

The new law increased the percentage of electronic filings for candidates, political committees and lobbyists in 2020, compared to previous years.

New law governing foreign involvement in campaigns

The new law was designed to prevent foreign influence in local elections. The law prohibits contributions, expenditures, political advertising and electioneering communications from foreign nationals. State law allows for filers to request hardship exemptions when they can demonstrate a lack of technological ability. PDC staff had granted more than 40 such exemptions as of November 2020, most of them to F-1 filers who were retiring from office and submitting a final report.
Clearing the backlog

The PDC enforcement team resolved more cases than they opened in FY 2020, continuing to make way through a historic backlog that had accumulated prior to a 2018 change in state law that put limits on citizen action lawsuits.

Staff members opened 336 cases based on complaints from the public and closed 436 cases. The number of closures fell from a high of 661 in FY 2019 as the team, having previously resolved the most straight-forward cases, turned to the more complex matters.

The rate of case opening relative to complaints also fell as the agency began to realize the full benefits of increased enforcement staff capacity that allows for more timely analysis of alleged violations at the point of receipt.

The agency did not conduct group enforcement in FY 2020 for failure to file Financial Affairs Disclosure (F-1) reports and candidate registrations (C-1), instead focusing efforts on trying to resolve as many cases as possible prior to the election.

The strategy resulted in an improved case closure time, with 75 percent of cases resolved within 90 days compared to 64 percent in the previous fiscal year. The cases resolved outside of the 90-day window included formal investigations and cases opened prior to June 2019, both of which are exempt from statutory deadlines.

How the 436 cases were resolved

<table>
<thead>
<tr>
<th>Case</th>
<th>Resolution Method</th>
</tr>
</thead>
<tbody>
<tr>
<td>Court action commenced</td>
<td></td>
</tr>
<tr>
<td>before the complaint was</td>
<td></td>
</tr>
<tr>
<td>resolved</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Case closed with no</td>
<td></td>
</tr>
<tr>
<td>evidence of violation</td>
<td></td>
</tr>
<tr>
<td>128</td>
<td></td>
</tr>
<tr>
<td>Case closed with request for</td>
<td></td>
</tr>
<tr>
<td>technical correction</td>
<td></td>
</tr>
<tr>
<td>14</td>
<td></td>
</tr>
<tr>
<td>Case closed as remediable</td>
<td></td>
</tr>
<tr>
<td>1</td>
<td></td>
</tr>
<tr>
<td>Case referred to Attorney</td>
<td></td>
</tr>
<tr>
<td>General</td>
<td></td>
</tr>
<tr>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Case closed with reminder</td>
<td></td>
</tr>
<tr>
<td>169</td>
<td></td>
</tr>
<tr>
<td>Case resolved through</td>
<td></td>
</tr>
<tr>
<td>Statement of Understanding</td>
<td></td>
</tr>
<tr>
<td>36</td>
<td></td>
</tr>
<tr>
<td>Case closed with written</td>
<td></td>
</tr>
<tr>
<td>warning</td>
<td></td>
</tr>
<tr>
<td>67</td>
<td></td>
</tr>
<tr>
<td>Commission found violation</td>
<td></td>
</tr>
<tr>
<td>and imposed fine</td>
<td></td>
</tr>
<tr>
<td>13</td>
<td></td>
</tr>
<tr>
<td>Case resolved through</td>
<td></td>
</tr>
<tr>
<td>complaint publication</td>
<td></td>
</tr>
<tr>
<td>2</td>
<td></td>
</tr>
</tbody>
</table>

Compliance-generated case trends

<table>
<thead>
<tr>
<th>Year</th>
<th>Complaints Received</th>
<th>Cases Opened</th>
<th>Cases Closed</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>648</td>
<td>591</td>
<td>324</td>
</tr>
<tr>
<td>2019</td>
<td>414</td>
<td>351</td>
<td>661</td>
</tr>
<tr>
<td>2020</td>
<td>508</td>
<td>336</td>
<td>436</td>
</tr>
<tr>
<td>FY 2019</td>
<td>648</td>
<td>591</td>
<td>324</td>
</tr>
<tr>
<td>FY 2019</td>
<td>414</td>
<td>351</td>
<td>661</td>
</tr>
<tr>
<td>FY 2019</td>
<td>508</td>
<td>336</td>
<td>436</td>
</tr>
</tbody>
</table>

Enforcement actions

Cases heard by the Commission during Fiscal Year 2020 included:

**PDC Case 43080**
Grant County Republican Central Committee

The Grant County Republican Central Committee agreed to a $6,500 penalty for failing to meet deadlines for reporting contributions received and expenditures made over several election cycles.

The committee, after receiving notice that a complaint had been filed, worked with the PDC to catch up on filings dating back to 2015.

The late reports accounted for just over $120,000 in contributions and more than $50,000 in expenditures; most expenditures went toward committee administrative expenses rather than contributions to candidates.

The Commission agreed to suspend half of the $6,500 penalty, provided the committee does not commit further violations within four years.

**PDC Case 6333**
Karen Jensen and Citizens for a Better Enumclaw

These were two related complaints. One complaint alleged that Darrel Dickson, a candidate for Enumclaw City Council, was involved in helping design and facilitate two mailings sponsored by Karen Jensen and Citizens for a Better Enumclaw (CBE) as Independent Expenditures.

This resulted in an over-limit in-kind contribution by Jensen and CBE to Dickson’s 2015 re-election campaign, and in Jensen failing to report making the contribution.

The in-kind contributions exceeded the $950 limit by more than $1,800.

The Commission imposed a penalty of $2,000 with $1,000 suspended on Jensen and CBE. It also found that Dickson accepted and failed to report over-limit in-kind contributions, and imposed a penalty of $4,000 with $2,000 suspended on him.
American Federation of State, County and Municipal Employees, AFL-CIO (AFSCME)

A complaint alleged that AFSCME failed to file on time Out-of-State Committee Contribution Reports (C-5) reports disclosing $250,000 in monetary contributions made to three political committees in Washington state during calendar years 2015 and 2016. Those reports are required of out-of-state committees following any month they make contributions of more than $50 to support or oppose Washington campaigns.

The union noted that the 2015 and 2016 contributions were reported to the IRS, and that they were available to the public on the IRS website. The complaint also alleged that the union failed to file timely reports disclosing contributions received from AFSCME International into AFSCME’s segregated account during the period Oct. 1, 2014 through Aug. 31, 2018. AFSCME corrected the mistakes after the complaint was filed.

The Commission accepted a Stipulation of Facts and assessed a civil penalty of $5,250, with $2,000 suspended.

Our Olympic Communities
Enterprise Washington

The Commission found Our Olympic Communities Enterprise Washington failed to file on-time Independent Expenditure (C-6) reports disclosing $151,772.81 in Committee expenditures. The money was spent on electioneering communications and advertisements that supported Tim Sheldon and opposed Irene Bowling in a state Senate race. The Commission assessed a total civil penalty of $14,000, with $7,000 suspended.

The PDC invested considerable time during Fiscal Year 2020 investigating complaints against three tech giants — Facebook, Twitter and Google — that were subsequently referred to the Attorney General's Office for further action. The complaints alleged that the companies violated state campaign finance laws by failing to promptly make required information about Washington state political ads available to the public. For Google and Facebook, it was the second time they faced legal action by the state for failing to comply with the state’s commercial advertiser law. Google and Facebook paid $217,000 and $238,000, respectively, to settle the earlier cases.
Strong fiscal stewardship continues

The PDC spent $5.4 million in FY 2020, up from $4.62 million in the previous fiscal year. The largest expenditure covered wages and benefits for the PDC’s 31 employees. Legal fees for services from the Attorney General’s office made up the second-largest category, while fees for services provided by other state agencies were the third-highest expenditure. Agency spending is classified by function:

- **Access**: Providing campaign finance information to the public and assistance for the regulated community
- **Enforcement**: Ensuring compliance with laws and regulations
- **Policy**: Developing and overseeing guidance for PDC implementation of state law

In FY 2020, the PDC extended its categorization of expenditures to non-personnel areas. A closer examination of contracts and subscriptions that had previously been lumped into operations resulted in a better breakdown of spending by function area. Nearly half of expenditures — 44 percent — are attributed to providing access, and about a third — 32 percent — are spent on enforcement. This includes more than $700,000 for legal fees incurred by the state Attorney General’s Office (AGO) for enforcement of campaign finance laws. Another 18 percent of expenditures — including $125,000 in AGO costs — went toward assistance in policy development. Only 6 percent of expenses are attributed to operations.

## Agency leadership

The PDC is governed by a five-member Commission appointed by the governor, with no more than three commissioners from the same political party. The Commission hires the executive director and provides budget and policy guidance for the agency.

For enforcement matters, commissioners act as a quasi-judicial body, presiding over hearings, determining whether violations have occurred and, if warranted, setting appropriate penalties.

### Strategic plan: 2017–2020

**Promoting confidence in the political process**

- **Empower the public to “follow the money” in politics:**
  - Provide real-time access to meaningful data
  - Ensure compliance with campaign finance laws and regulations
  - Pursue proactive and equitable enforcement
  - Enhance outreach

- **Help regulated community achieve and maintain compliance:**
  - Provide expert guidance
  - Facilitate e-filing for all disclosures with accessible, technologically up-to-date options
  - Understand and anticipate filer needs
  - Provide additional training opportunities and methods

- **Continue to build a better, more agile, and more responsive organization:**
  - Exercise flexible and nimble resource allocation
  - Seek enhanced funding/staffing to identify and respond to emerging trends and issues
  - Implement timely process improvements
  - Plan for succession needs

- **Attract and retain a talented and dedicated workforce:**
  - Sustain a culture of clean and open government, as embodied in the agency’s grassroots heritage
  - Provide and encourage opportunities for growth
  - Accommodate work/life integration

**Vision:** The PDC will lead the nation in fostering full disclosure of money in politics.