

Ordinance No. 124018

Council Bill No. 117548

AN ORDINANCE relating to campaign contribution limits; amending Sections 2.04.370, 2.04.375, and 2.04.480 of the Seattle Municipal Code; and mandating that the Seattle Ethics and Elections Commission Director report on the effect of this ordinance.

Related Legislation File:

Date Introduced and Referred: <u>August 13, 2012</u>	To: (committee): <u>Government Performance and Finance</u>
Date Re-referred:	To: (committee):
Date Re-referred:	To: (committee):
Date of Final Action: <u>10.15.12</u>	Date Presented to Mayor: <u>10.15.12</u>
Date Signed by Mayor: <u>10/17/12</u>	Date Returned to City Clerk: <u>10/18/12</u>
Published by Title Only <input checked="" type="checkbox"/>	Date Vetoed by Mayor:
Published in Full Text <input type="checkbox"/>	
Date Veto Published:	Date Passed Over Veto:
Date Veto Sustained:	Date Returned Without Signature:

The City of Seattle - Legislative Department

Council Bill/Ordinance sponsored by:

[Signature]
[Signature]

Committee Action:

Date	Recommendation	Vote
<u>9/19/12</u>	<u>PASS as Amended</u>	In Favor <u>6</u> TB, NL, RK, MQ, JG, SB, Opposed <u>2</u> BH, TR Abstain <u>1</u> SC

This file is complete and ready for presentation to Full Council.

Full Council Action:

Date	Decision	Vote
<u>10.15.12</u>	<u>Passed</u>	<u>7-2</u>
	No: SC , SC	TR

Law Department

CITY OF SEATTLE
ORDINANCE 124018
COUNCIL BILL 117548

AN ORDINANCE relating to campaign contribution limits; amending Sections 2.04.370, 2.04.375, and 2.04.480 of the Seattle Municipal Code; and mandating that the Seattle Ethics and Elections Commission Director report on the effect of this ordinance.

WHEREAS, Section 2.04.150 of the Seattle Municipal Code states that it is the policy of the City of Seattle that the people have the right to expect from their elected representatives the utmost of integrity, honesty and fairness in their dealings; and

WHEREAS, Section 2.04.150 of the Seattle Municipal Code further states that public confidence in municipal government is essential and must be promoted by all possible means; and

WHEREAS, the City of Seattle seeks to minimize the actual and perceived influence of campaign contributions on aspiring and existing elected public officials; and

WHEREAS, the City of Seattle seeks to reduce the potential for actual and perceived corruption resulting from off-year campaign contributions to elected public officials; and

WHEREAS, the City of Seattle seeks to protect individual First Amendment rights by ensuring that donor intent is honored with respect to contributions being made for a specific election or campaign; and

WHEREAS, it is the desire of the Mayor, City Council and City Attorney to advance these policy principles and goals through the administration and regulation of municipal elections by the Seattle Ethics and Elections Commission; and

WHEREAS, on June 6, 2012, the Seattle Ethics and Elections Commission unanimously voted to endorse and recommend the City Council pursue regulatory actions that limit the time in which candidates can solicit or receive campaign contributions and limit transfers of surplus campaign funds to future campaigns; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The definition of "Election Cycle" in Section 2.04.010 of the Seattle Municipal Code, which section was last amended by Ordinance 123070, is amended as follows:

"Election cycle" means (a) in the case of a City general election, except as provided in subsection (b) below, that period that begins on the first day of January in the year prior to the



1 ((May during the year following the previous)) general election for the office the candidate is
2 seeking and ends on the thirtieth day of April of the year following the general election for the
3 office the candidate is seeking; or (b) in the case of an election to fill an unexpired term,
4 "election cycle" means the period beginning on the earlier of the day the vacancy or the day the
5 impending vacancy is publicly announced and ending five months after the election.

6 Section 2. Section 2.04.370 of the Seattle Municipal Code, which section was last
7 amended by Ordinance 123070, is amended as follows:

8 **Mandatory Limits on Contributions**

9 A. No person shall make a contribution to any candidate for Mayor, member of the City
10 Council, or City Attorney of the City, except in the election cycle for that candidate as defined in
11 Section 2.04.010((7)).

12 B. No person shall contribute more than \$((600))700 to any candidate for Mayor,
13 member of the City Council, or City Attorney of the city, in any election cycle.

14 C. A candidate for Mayor, member of the City Council, or City Attorney of the City, may
15 only accept or receive a campaign contribution during an election cycle as defined in Section
16 2.04.010((7)).

17 D. No candidate for Mayor, member of the City Council or City Attorney of the City
18 shall solicit or receive campaign contributions of more than \$((600))700 from any person in any
19 election cycle.((; provided))

20 E. ((1. a.)) The limitations imposed by this section 2.04.370 shall not apply to:

21 1. ((a)) A candidate's contributions of his or her own resources to his or her own
22 campaign((;)) or contributions to the candidate's campaign by the candidate or the candidate's
23 spouse or state registered domestic partner of their jointly owned assets;

24 ((b. The limitations imposed by this section apply to contributions of the candidate's
25 spouse's or state registered domestic partner's separate property;))



1 2. ~~((The limitations imposed by this section shall not apply to independent))~~ Independent
2 expenditures as defined by this Chapter 2.04; ~~((chapter and))~~

3 3. ~~((The limitations imposed by this section shall not apply to the))~~ The value of in-kind
4 labor; and

5 4. ~~((The limitations imposed by this section shall not apply to~~
6 ~~contributions))~~ Contributions consisting of the rendering of clerical or computer services on
7 behalf of a candidate or an authorized political committee, to the extent that the services are for
8 the purpose of ensuring compliance with City, county, or state election or public disclosure laws.

9 F. The limitations imposed by this section shall apply to contributions of the candidate's
10 spouse's or state registered domestic partner's separate property.

11 Section 3. Section 2.04.375 of the Seattle Municipal Code, which section was last
12 amended by Ordinance 123070, is amended as follows:

13 **Reporting and disposition of campaign funds after election.**

14 A. 1. Each candidate or supporting committee for a candidate~~((s))~~ shall cease receipt of
15 campaign contributions and dispose of the funds remaining in the campaign account in
16 accordance with subsection B below, on or before the 30th day of April in the year following the
17 date of the election for the office the candidate sought, except for special elections. In the case of
18 a special election, each candidate or supporting committee for a candidate shall cease receipt of
19 campaign contributions and dispose of the funds remaining in the campaign account, in
20 accordance with subsection B below, on or before the 30th day of the fifth month after the
21 special election for the office the candidate sought. By the tenth day of May in the year after the
22 election for the office the candidate sought, each candidate or supporting committee for a
23 candidate shall file a final report reflecting the disposition of the remaining funds, except for
24 special elections. In the case of a special election, each candidate or supporting committee for a
25
26
27
28



1 candidate shall file that final report by the tenth day of the sixth month after the special election
2 for the office the candidate sought.

3 2. If a candidate or supporting committee for a candidate for City office has campaign
4 debt outstanding on April 30th in the year following the date of the general election for the office
5 the candidate sought, or on the 30th day of the fifth month after the special election for the office
6 the candidate sought, the debt may be transferred to a new campaign of the same candidate for
7 the same office.

8 3. Except for supporting committees for candidates that are governed by subsection A1 of
9 this section and continuing political committees, each political committee (hereafter in this
10 subsection A3 "committee") shall cease receipt of contributions and dispose of the funds
11 remaining in the campaign account, in accordance with subsection B below, on or before the
12 30th day of April in the year following the date of the election for which the committee received
13 contributions or made expenditures, except for special elections. In the case of a special election,
14 each committee shall cease receipt of contributions and dispose of the funds remaining in the
15 campaign account, in accordance with subsection B below, on or before the 30th day of the fifth
16 month after the special election for which the committee received contributions or made
17 expenditures. By the tenth day of May in the year after the election for which the committee
18 received contributions or made expenditures, each committee shall file a final report reflecting
19 the disposition of the remaining funds, except for special elections. In the case of a special
20 election, each committee shall file that final report by the tenth day of the sixth month after the
21 special election for which the committee received contributions or made expenditures.

22 4. Except for supporting committees for candidates that are governed by subsection A2 of
23 this section and continuing political committees, if a political committee (hereafter in this
24 subsection A4 "committee") has campaign debt outstanding on April 30th in the year following
25 the date of the general election for which the committee received contributions or made
26



1 expenditures, or on the 30th day of the fifth month after the special election for which the
2 committee received contributions or made expenditures, the debt may be transferred to another
3 political committee or to a continuing political committee, which shall, until such debt has been
4 paid or forgiven, file the reports that would have been required of the committee transferring the
5 debt had that committee not filed its final report under subsection A3 of this section.

6 B. The surplus funds, including each capital asset for which the candidate or political
7 committee paid \$200 or more, or reported as an in-kind contribution with a value of \$200 or
8 more, may be disposed of only in one or more of the following ways:

9 1. Return the surplus to contributors in respective amounts not to exceed each
10 contributor's original contribution;

11 2. Transfer the surplus to the personal account of a candidate, or of a treasurer or other
12 individual as reimbursement for lost earnings incurred as a result of the election campaign. Such
13 lost earnings shall be verifiable as unpaid salary or, when the candidate, treasurer or individual is
14 not salaried, as an amount not to exceed income received by the candidate, treasurer, or
15 individual for services rendered during an appropriate corresponding time period. All lost
16 earnings incurred shall be documented, and a record thereof shall be maintained by the
17 candidate, treasurer, or individual or by the political committee as the lost earnings accrue. The
18 committee shall maintain such information as a part of the campaign records;

19 3. Transfer the surplus to a political party or to a caucus of the state legislature;

20 4. Donate the surplus to a charitable organization registered in accordance with RCW
21 Chapter 19.09;

22 5. Transmit the surplus to the state treasurer for deposit in the general fund;

23 6. ~~((Hold the cash surplus in the campaign depository or depositories designated in
24 accordance with RCW 42.17.050 and in the case of capital assets hold them in the custody of the
25 candidate or officer of the campaign committee for possible use in a future election campaign for~~



1 the same office last sought by the candidate or for a future election campaign for a ballot
2 proposition on the same topic, and report the transfer of such funds or assets as a disposition in
3 accordance with Section 2.04.260 and RCW 42.17.090. If the candidate subsequently announces
4 or publicly files for office, or if a ballot proposition political committee is established for a future
5 proposition on the same topic, information as appropriate shall be reported in accordance with
6 Sections 2.04.170 through 2.04.260 and RCW 42.17.040 through 42.17.090. If a subsequent
7 office is not sought, or if a subsequent election campaign for a ballot proposition on the same
8 topic does not occur, the surplus held shall be disposed of in accordance with the requirements of
9 this chapter;

10 7-)) A candidate who was elected to the office sought, or that candidate's political
11 committee, may ~~((hold))~~ transfer the surplus campaign funds ~~((in a separate))~~ to an account
12 created under Section 2.04.480 for that individual's nonreimbursed expenses of that public office
13 ~~((and report any such disposition in accordance with 2.04.480(F)))~~. This transfer shall be treated
14 as a contribution for purposes of Section 2.04.480. ~~((The separate account required under this~~
15 ~~subsection shall not be used for deposits of campaign funds that are not surplus or of office funds~~
16 ~~solicited or received under Section 2.04.480))~~;

17 ~~((8))~~7. A ballot proposition political committee may become a continuing political
18 committee and use the funds to support or oppose candidates and ballot propositions and must
19 report in accordance with Sections 2.04.230 through 2.04.290. ~~((; or~~

20 9. ~~With the written approval of the contributor, a candidate or the candidate's political~~
21 ~~committee may use or permit the use of contributions, whether or not surplus, solicited for or~~
22 ~~received by the candidate or the candidate's political committee from that contributor to further~~
23 ~~the candidacy of the individual for an office other than the office designated on the statement of~~
24 ~~organization. If the contributor does not approve the use of his or her contribution to further the~~
25 ~~candidacy of the individual for an office other than the office designated on the statement of~~



1 ~~organization at the time of the contribution, the contribution must be considered surplus funds~~
2 ~~and disposed of in accordance with this chapter.))~~

3 Section 4. Section 2.04.480 of the Seattle Municipal Code, which section was last
4 amended by Ordinance 123070, is amended as follows:

5 A. Each elected official, upon election to office, may each establish an individual
6 account for the deposit of contributions solicited and received for the purpose of defraying non-
7 reimbursed public office related expenses. Such accounts shall be called public office funds.

8 B. Contributions to public office funds shall not be transferred to a political committee
9 nor used to promote or oppose a candidate or ballot issue.

10 C. No person shall make a public office fund contribution to a candidate for City office
11 who is not an Elected Official before that candidate is elected to City office or to a person
12 appointed to fill a vacancy in a City elected office who is not an Elected Official before the
13 person is appointed to City office. No candidate for City office who is not an Elected Official
14 shall accept a public office fund contribution before that candidate is elected to City office and
15 no person appointed to fill a vacancy in a City elected office who is not an Elected Official shall
16 accept a public office fund contribution before the person is appointed to fill the vacancy in the
17 City elected office.

18 D. No person shall make a public office fund contribution of more than Two Hundred
19 Fifty Dollars (\$250) to each City Elected Official in any calendar year.

20 E. No City Elected Official shall accept or receive a public office fund contribution of
21 more than Two Hundred Fifty Dollars (\$250) from any person in any calendar year, provided
22 that this limitation shall not apply to the Elected Official's contributions of his or her own
23 resources to his or her own office fund or to any transfer of funds pursuant to subsection
24 2.04.375.B.6.



1 F. Within two (2) weeks of receiving his or her first public office fund contribution, the
2 Elected Official shall establish a separate account and file a report of organization to the City
3 Clerk as provided in SMC Sections 2.04.160 and 2.04.170. On the tenth (10th) day of each
4 month following a month in which a public office fund contribution was received or an
5 expenditure was made, the Elected Official shall file reports with the City Clerk in compliance
6 with SMC Sections 2.04.180 through 2.04.260, except that the Two Hundred Dollar (\$200)
7 transaction criteria stated in SMC Section 2.04.250 B3 shall not apply. The late filing provisions
8 of SMC Section 2.04.330 shall apply.

9 G. Any funds which remain in a public office fund after all permissible public office
10 related expenses have been paid may only be disposed of in one (1) or more of the following
11 ways:

12 1. Returned to contributors in respective amounts not to exceed each contributor's
13 original contribution; or

14 2. Donated to a charitable organization registered in accordance with Chapter 19.09
15 RCW; or

16 3. Transferred to the Commission for deposit into the City general fund.

17 Section 5. Transitional Provisions.

18 Transitional Provisions. The Seattle Ethics and Elections Commission shall administer
19 and enforce the amended provisions of Section 2.04.010, 2.04.370 and 2.04.375 of the Seattle
20 Municipal Code for the 2013 and 2015 election cycles accordingly as follows:

21 A. Any contributions solicited or received prior to the effective date of this ordinance
22 outside of the amended period of time defined as the "election cycle" for the 2013 and 2015
23 elections may be retained and used in accordance with the provisions of Chapter 2.04 of the
24 Seattle Municipal Code.



1 B. Any remaining funds from prior election cycles held in surplus funds accounts on
2 the effective date of this ordinance shall be disposed of within 60 days of the effective date
3 pursuant to the provisions of SMC 2.04.375 as amended by this ordinance.

4 Section 6. The Seattle Ethics and Elections Commission's Executive Director shall
5 include in each post-election report through 2019, published pursuant to 2.04.060.H, information
6 showing the effects, if any, of this ordinance on contributions to and expenditures by candidates
7 and political committees.

8 Section 7. This ordinance shall take effect and be in force 30 days after its approval by
9 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
10 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

11 Passed by the City Council the 15th day of October, 2012, and
12 signed by me in open session in authentication of its passage this
13 15th day of October, 2012.

14
15 
16 _____
17 President _____ of the City Council

18 Approved by me this 17th day of October, 2012.

19
20 
21 _____
22 Michael McGinn, Mayor



1 Filed by me this 18th day of October, 2012.

2
3 

4 Monica Martinez Simmons, City Clerk

5 (Seal)

6
7
8
9
10
11
12
13
14
15
16
17
18
19
20
21
22
23
24
25
26
27
28



Divided Report for Council Bill 117548

On September 19, the Government Performance and Finance Committee (GPFC) discussed and considered Council Bill 117548 which would amend the Seattle Municipal Code (SMC) and provide for the following:

- Revise the definition of “election cycle” by establishing January 1 of the year a City office appears on the general election ballot as the starting point and April 30 of the following year as the end date for campaign fundraising. The amended definition would create a fundraising blackout period for all candidates until an election cycle officially begins.
- Eliminate the post-campaign option of transferring unspent campaign funds to “surplus fund accounts” and thereby prohibiting the use of unspent funds from one campaign for future use in another campaign.

The bill was originally introduced on August 13 and was discussed in committee on August 15 and September 5. The September 19 committee meeting was attended by all nine councilmembers. Several amendments were discussed and voted on by the committee. The only amendment to pass was proposed by Councilmember Harrell modifying the election cycle from beginning on January 1 of the election year to January 1 of the year prior to the election. The net-effect of this amendment is to extend the permitted fundraising period from 10 ½ months before a general election to 22 ½ months. The amendment passed 5-4 with Councilmembers Clark, Conlin, Godden, Harrell and Rasmussen voting for and Councilmembers Bagshaw, Burgess, Licata and O’Brien voting against.

Two other amendments were voted on, proposed separately by Councilmembers Harrell and Rasmussen, that would have amended the bill by restoring the post-campaign option of creating surplus fund accounts while implementing new requirements for obtaining written permission to clarify donor intent for the use of unspent campaign funds. Both these amendments failed in 5-4 votes with Councilmembers Bagshaw, Burgess, Conlin, Licata and O’Brien voting against while Councilmembers Clark, Godden, Harrell and Rasmussen voted for. Other amendments were moved, but subsequently withdrawn after discussion.

The final amended bill passed out of committee by a 6-2 vote (1 abstain) with Councilmembers Bagshaw, Burgess, Conlin, Godden, Licata and O’Brien voting for, Councilmembers Harrell and Rasmussen voting against and Councilmember Clark abstaining. Councilmember Harrell requested that a divided report be prepared in advance of Full Council action anticipated on October 1.

Majority Position (Bagshaw, Burgess, Conlin, Godden, Licata and O’Brien):

When this proposal was first conceived of in April, we identified the following goals to pursue:

- 1) Protect individual First Amendment rights by ensuring that donor intent is honored with respect to specific contributions being made for a specific election and campaign;



- 2) Minimize the actual and perceived influence of campaign donations on public officials;
and
- 3) Reduce the potential for actual and perceived corruption as a result of off-year campaign contributions.

While these goals have been the basis for crafting this legislation, it is also clear that we would welcome any outcome where these new regulatory provisions improve the electoral process and encourage broader participation from the public in local campaigns. We are confident that this bill will have a lasting and positive impact.

Limiting Fundraising to 22 ½ Months

By narrowing the time period that candidates can raise money, we will reduce the practice of around the clock fundraising and take a tangible step to minimize public cynicism aimed at government and elected officials. Sixteen states, including our state, outright ban incumbents or candidates from raising money for their campaigns while the legislature is in session. Another thirteen states ban lobbyists from making contributions to incumbents or candidates during that same period of time. These laws are clearly intended to minimize the appearance of conflict or influence of campaign donations on elected officials while they are making public policy decisions. There is no reason that local government should not strive to meet that standard as well.

Banning fundraising for the first two years while in office is more than appropriate to minimize actual or perceived influence of campaign donations and minimize the risk of corruption among public officials. But some of our colleagues and members of the public have raised concerns about unintended, negative consequences on potential challengers for elected office. There is a fear that limiting the fundraising period would unfairly advantage incumbents while leaving less time for challengers to begin their campaigns and raise sufficient funds to run a credible campaign. Though such concerns could be valid, they are unfounded. Since 2007, there have been 59 non-incumbent candidates that have filed for City elective office. Not one filed their C-1 candidate registration form to begin fundraising before January 1 of the year prior to the general election and 85% of non-incumbents filed after January 1 of the year of the election as originally proposed in the legislation. Past practice does not support the conclusion that a 22 ½ month fundraising window would compromise challengers. Furthermore, anecdotal information provided by staff from San Diego and Los Angeles, where fundraising windows have existed for over a decade, suggest little evidence to support the assertion that challengers are compromised. There is simply little to no downside to enacting this provision.

Banning Surplus Funds Accounts

Current law allows for several ways to dispose of unspent campaign funds. Recent practice suggests that increasingly, incumbents are “rolling over” these unspent funds for future re-election campaigns through the use of surplus funds accounts. Incumbents up for re-election in 2015 have amassed more than \$370K in surplus funds compared with only \$35K in rollovers in 2001. As these funds grow, it highlights the need to consider the issue of donor intent and whether a contributor should be given an opportunity to make an affirmative decision to support a candidate financially for re-election. Someone that donated to a candidate four years ago may



or may not share the same sentiment of support four years later. We believe the cleanest and most straightforward way to remedy this issue is to eliminate the surplus funds accounts and require candidates wishing to use these contributions for another election to return the donations and re-solicit the funds in the future.

Furthermore, the transfer of these unspent funds to future re-election campaigns are already treated and recognized by the Ethics and Elections Commission (SEEC) as "contributions" to the new campaign. Following this logic, a contribution for a new campaign should be subject to the newly created fundraising window. Therefore, these funds technically cannot be raised or solicited until after the fundraising window opens, 22 ½ months before the general election. To allow the rollover of unspent funds to a re-election campaign before the fundraising window opens for that election would violate the first provision of this bill.

Much has been made of the possibility that eliminating surplus funds could render Seattle's local elections more competitive or potentially encourage more candidates to run for public office. We would not be troubled by this outcome. Seattle and its Ethics and Elections Commission has been a national leader in advancing measures related to electoral transparency, fairness, financial disclosure and campaign conduct. Our ethics code is also one the strongest in the nation to protect the integrity of our local government and ensure its accountability to the residents of our city. Council Bill 117548 strives to continue advancing these goals. We urge passage of bill by the Full Council.

Minority Position (Harrell and Rasmussen):

Everyone on this Council supports protecting First Amendment rights, preserving donor intent, minimizing actual or the risk of corruption in City government and encouraging competitive local elections. Whether we want to advance these objectives is not the question before us. The real question is whether the regulatory provisions in this bill are necessary and will the legal vulnerabilities and risks of enacting these measures prove to be more costly than the benefits attained from passage of this legislation?

From the beginning, we have been skeptical that this effort was a solution in search of a problem. In spite of several requests to the sponsors, no examples have been given nor have any cases been cited which indicate that our current ethics and election laws are not effective. In fact, the opposite is true.

We have seen examples in the last few years that when individuals have violated our election laws, or have appeared to violate them, investigations begin which have resulted in prosecution or discipline of individuals. In some cases, if the person is an incumbent, the violations have been a key reason for them losing to a challenger. In other words, our system works the way it was intended to.

Seattle has some of the strongest campaign financial disclosure laws in the country and our ethics code is often cited as a model for other jurisdictions. The City has a low individual contribution limit of \$700 per individual and all contributions are posted in great detail on the Seattle Ethics and Elections Commission (SEEC) website. The stated goals for preserving the



First Amendment rights of donors and combating corruption are unwarranted and unnecessary. We believe the stated goals are a subterfuge for the primary goal of this legislation which is to eliminate campaign surpluses being able to be used for subsequent elections which we will discuss later in our statement.

We appreciate that a majority of our colleagues agreed with us in amending the campaign fundraising window from 10 ½ months to 22 ½ months. The expanded window recognizes the practical implications of overly restricting challengers and incumbents alike from running competitive campaigns and having the necessary time to run a grassroots oriented candidacy. The expanded window also minimizes (though not entirely) the heightened risk of a self-financing candidate from an overwhelming advantage over the rest of the field. We are not opposed to implementing the window provision in the bill, but we still find it to be unnecessary given our existing laws and moreover ineffective at addressing the stated goals. The City Council is in session for an entire calendar year. If you believe that campaign contributions have the potential for inappropriate influence on elected officials while they are making public policy decisions, then a 22 ½ month fundraising window does little to mitigate that concern. Alternatively, if you believe as we do, that the necessary protections are already in place through the ethics code and current campaign finance laws, then no window is necessary.

The second provision related to banning surplus funds accounts is far more problematic. City law makes clear the various methods of disposing unspent campaign funds. The Seattle Municipal Code states that rolling over funds for future elections is permitted. If donor intent is the problem we are intending to address, then simply improving our disclosure of the options for disposing unspent funds to donors and obtaining written consent to rollover funds is a preferable solution. The current legislation does nothing to determine donor intent and instead, presupposes an action not requested by the donor. Our solution requires that the candidate determine actual donor intent, which is the stated goal. We offered various methods to achieve this objective, but unfortunately these amendments failed in a series of 4-5 votes. Given that our proposals were more narrowly tailored at addressing the issue of donor intent, but were rejected, we conclude that perhaps this may not have been the primary goal for the majority of our colleagues.

This leaves the notion of encouraging competitive local elections on the table. We have heard some of our colleagues state very publicly that the goal of this legislation is to “level the playing field” for challengers against incumbents. We agree, this is a worthwhile endeavor and believe a broader examination of this question is not only appropriate but timely given the recent public dialogue around district elections. However, it has become abundantly clear through our own City Attorney’s office that banning the rollover of surplus funds to eliminate the “war chests” amassed by incumbents to make local elections more competitive would likely be viewed as unconstitutional and a violation of the First Amendment. Even a cursory review of existing case law should give us pause for advancing any campaign finance regulatory measure intended to “level the playing field” given the pattern of actions by Courts across the country. We believe that moving forward without more careful and stronger consideration of the legal considerations appears to be a misuse of legislative powers and urge the Full Council to vote “no” on the bill.



FISCAL NOTE FOR NON-CAPITAL PROJECTS

Department:	Contact Person/Phone:	CBO Analyst/Phone:
Legislative	Mike Fong/5-1675	N/A

Legislation Title: AN ORDINANCE relating to campaign contribution limits; amending Sections 2.04.370, 2.04.375, and 2.04.480 of the Seattle Municipal Code; and mandating that the Seattle Ethics and Elections Commission Director report on the effect of this ordinance.

Summary of the Legislation: This ordinance would implement the following changes to the Seattle Municipal Code:

- 1) Re-define the period known as an "election cycle" to begin on January 1 of the year of a general election to April 30 of the following year;
- 2) Eliminate the option of holding unexpended left-over campaign funds in a surplus account for use in a future election campaign;
- 3) Clarify that unexpended left-over campaign funds may be transferred to an office fund for non-reimbursable expenses while in public office;
- 4) Codifying SEEC administrative action pursuant to Ordinance No. 120321 that authorized the Commission to increase the individual campaign contribution limit to \$700 for the 2007 election cycle; and
- 5) Require the Seattle Ethics and Elections Commission Director to report on the effects of this ordinance after each election until 2019.

Background:

In April of this year, Councilmembers O'Brien, Burgess and Clark sent a memo to the Seattle Ethics and Elections Commission (SEEC) requesting their consideration of potential changes to the City's elections code related to campaign financing. Emerging local and national trends related to money in politics and a desire to strengthen provisions that guard against corruption (perceived or actual) led to the emergence of a package of possible campaign regulatory measures. The SEEC considered and evaluated a range of options and provided the Council with recommendations via letter on June 14, 2012. This ordinance seeks to:

- 1) Protect individual First Amendment rights by ensuring that donor intent is honored with respect to contributions being made for a specific election and campaign;
- 2) Minimize the actual and perceived influence of campaign donors on public officials; and
- 3) Reduce the potential for actual and perceived corruption as a result of off-year campaign contributions linked to business that donors have before the City.



Please check one of the following:

This legislation does not have any financial implications.

(Please skip to "Other Implications" section at the end of the document and answer questions a-h. Earlier sections that are left blank should be deleted. Please delete the instructions provided in parentheses at the end of each question.)

This legislation has financial implications.

(If the legislation has direct fiscal impacts (e.g., appropriations, revenue, positions), fill out the relevant sections below. If the financial implications are indirect or longer-term, describe them in narrative in the "Other Implications" Section. Please delete the instructions provided in parentheses at the end of each title and question.)

Other Implications:

- a) **Does the legislation have indirect financial implications, or long-term implications?**
No. The SEEC director has indicated that implementing the regulatory provisions of this ordinance will require no additional financial or staffing resources.
- b) **What is the financial cost of not implementing the legislation?**
N/A
- c) **Does this legislation affect any departments besides the originating department?**
No.
- d) **What are the possible alternatives to the legislation that could achieve the same or similar objectives?**
N/A at this time.
- e) **Is a public hearing required for this legislation?**
No.
- f) **Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?**
No.
- g) **Does this legislation affect a piece of property?**
No.
- h) **Other Issues:**
N/A



CITY OF SEATTLE

ORDINANCE _____

COUNCIL BILL 117548

AN ORDINANCE relating to campaign contribution limits; amending Sections 2.04.370, 2.04.375, and 2.04.480 of the Seattle Municipal Code; and mandating that the Seattle Ethics and Elections Commission Director report on the effect of this ordinance.

WHEREAS, Section 2.04.150 of the Seattle Municipal Code states that it is the policy of the City of Seattle that the people have the right to expect from their elected representatives the utmost of integrity, honesty and fairness in their dealings; and

WHEREAS, Section 2.04.150 of the Seattle Municipal Code further states that public confidence in municipal government is essential and must be promoted by all possible means; and

WHEREAS, the City of Seattle seeks to minimize the actual and perceived influence of campaign contributions on aspiring and existing elected public officials; and

WHEREAS, the City of Seattle seeks to reduce the potential for actual and perceived corruption resulting from off-year campaign contributions to elected public officials; and

WHEREAS, the City of Seattle seeks to protect individual First Amendment rights by ensuring that donor intent is honored with respect to contributions being made for a specific election or campaign; and

WHEREAS, it is the desire of the Mayor, City Council and City Attorney to advance these policy principles and goals through the administration and regulation of municipal elections by the Seattle Ethics and Elections Commission; and

WHEREAS, on June 6, 2012, the Seattle Ethics and Elections Commission unanimously voted to endorse and recommend the City Council pursue regulatory actions that limit the time in which candidates can solicit or receive campaign contributions and limit transfers of surplus campaign funds to future campaigns; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The definition of "Election Cycle" in Section 2.04.010 of the Seattle Municipal Code, which section was last amended by Ordinance 123070, is amended as follows:

"Election cycle" means (a) in the case of a City general election, except as provided in subsection (b) below, that period that begins on the first day of January in the year of the ((May

THIS VERSION IS NOT ADOPTED



1 ~~during the year following the previous~~) general election for the office the candidate is seeking
2 and ends on the thirtieth day of April of the year following the general election for the office the
3 candidate is seeking; or (b) in the case of an election to fill an unexpired term, "election cycle"
4 means the period beginning on the earlier of the day the vacancy or the day the impending
5 vacancy is publicly announced and ending five months after the election.

6 Section 2. Section 2.04.370 of the Seattle Municipal Code, which section was last
7 amended by Ordinance 123070, is amended as follows:

8 **Mandatory Limits on Contributions**

9 A. No person shall make a contribution to any candidate for Mayor, member of the City
10 Council, or City Attorney of the City, except in the election cycle for that candidate as defined in
11 Section 2.04.010(~~(7)~~).

12 B. No person shall contribute more than \$(~~600~~)700 to any candidate for Mayor,
13 member of the City Council, or City Attorney of the city, in any election cycle.

14 C. A candidate for Mayor, member of the City Council, or City Attorney of the City, may
15 only accept or receive a campaign contribution during an election cycle as defined in Section
16 2.04.010(~~(7)~~).

17 D. No candidate for Mayor, member of the City Council or City Attorney of the City
18 shall solicit or receive campaign contributions of more than \$(~~600~~)700 from any person in any
19 election cycle. (~~provided~~)

20 E. (~~1. a.~~) The limitations imposed by this section 2.04.370 shall not apply to:

21 1. ((a)) A candidate's contributions of his or her own resources to his or her own
22 campaign(~~s~~) or contributions to the candidate's campaign by the candidate or the candidate's
23 spouse or state registered domestic partner of their jointly owned assets;

24 (~~b. The limitations imposed by this section apply to contributions of the candidate's~~
25 ~~spouse's or state registered domestic partner's separate property;~~)



1 2. ~~((The limitations imposed by this section shall not apply to independent))~~ Independent
2 expenditures as defined by this Chapter 2.04; ~~((chapter and))~~

3 3. ~~((The limitations imposed by this section shall not apply to the))~~ The value of in-kind
4 labor; and

5 4. ~~((The limitations imposed by this section shall not apply to~~
6 ~~contributions))~~ Contributions consisting of the rendering of clerical or computer services on
7 behalf of a candidate or an authorized political committee, to the extent that the services are for
8 the purpose of ensuring compliance with City, county, or state election or public disclosure laws.

9 F. The limitations imposed by this section shall apply to contributions of the candidate's
10 spouse's or state registered domestic partner's separate property.

11 Section 3. Section 2.04.375 of the Seattle Municipal Code, which section was last
12 amended by Ordinance 123070, is amended as follows:

13 **Reporting and disposition of campaign funds after election.**

14 A. 1. Each candidate or supporting committee for a candidate~~((s))~~ shall cease receipt of
15 campaign contributions and dispose of the funds remaining in the campaign account in
16 accordance with subsection B below, on or before the 30th day of April in the year following the
17 date of the election for the office the candidate sought, except for special elections. In the case of
18 a special election, each candidate or supporting committee for a candidate shall cease receipt of
19 campaign contributions and dispose of the funds remaining in the campaign account, in
20 accordance with subsection B below, on or before the 30th day of the fifth month after the
21 special election for the office the candidate sought. By the tenth day of May in the year after the
22 election for the office the candidate sought, each candidate or supporting committee for a
23 candidate shall file a final report reflecting the disposition of the remaining funds, except for
24 special elections. In the case of a special election, each candidate or supporting committee for a
25
26
27
28



1 candidate shall file that final report by the tenth day of the sixth month after the special election
2 for the office the candidate sought.

3 2. If a candidate or supporting committee for a candidate for City office has campaign
4 debt outstanding on April 30th in the year following the date of the general election for the office
5 the candidate sought, or on the 30th day of the fifth month after the special election for the office
6 the candidate sought, the debt may be transferred to a new campaign of the same candidate for
7 the same office.

8 3. Except for supporting committees for candidates that are governed by subsection A1 of
9 this section and continuing political committees, each political committee (hereafter in this
10 subsection A3 "committee") shall cease receipt of contributions and dispose of the funds
11 remaining in the campaign account, in accordance with subsection B below, on or before the
12 30th day of April in the year following the date of the election for which the committee received
13 contributions or made expenditures, except for special elections. In the case of a special election,
14 each committee shall cease receipt of contributions and dispose of the funds remaining in the
15 campaign account, in accordance with subsection B below, on or before the 30th day of the fifth
16 month after the special election for which the committee received contributions or made
17 expenditures. By the tenth day of May in the year after the election for which the committee
18 received contributions or made expenditures, each committee shall file a final report reflecting
19 the disposition of the remaining funds, except for special elections. In the case of a special
20 election, each committee shall file that final report by the tenth day of the sixth month after the
21 special election for which the committee received contributions or made expenditures.

22 4. Except for supporting committees for candidates that are governed by subsection A2 of
23 this section and continuing political committees, if a political committee (hereafter in this
24 subsection A4 "committee") has campaign debt outstanding on April 30th in the year following
25 the date of the general election for which the committee received contributions or made
26

THIS VERSION IS NOT ADOPTED



1 expenditures, or on the 30th day of the fifth month after the special election for which the
2 committee received contributions or made expenditures, the debt may be transferred to another
3 political committee or to a continuing political committee, which shall, until such debt has been
4 paid or forgiven, file the reports that would have been required of the committee transferring the
5 debt had that committee not filed its final report under subsection A3 of this section.

6 B. The surplus funds, including each capital asset for which the candidate or political
7 committee paid \$200 or more, or reported as an in-kind contribution with a value of \$200 or
8 more, may be disposed of only in one or more of the following ways:

9 1. Return the surplus to contributors in respective amounts not to exceed each
10 contributor's original contribution;

11 2. Transfer the surplus to the personal account of a candidate, or of a treasurer or other
12 individual as reimbursement for lost earnings incurred as a result of the election campaign. Such
13 lost earnings shall be verifiable as unpaid salary or, when the candidate, treasurer or individual is
14 not salaried, as an amount not to exceed income received by the candidate, treasurer, or
15 individual for services rendered during an appropriate corresponding time period. All lost
16 earnings incurred shall be documented, and a record thereof shall be maintained by the
17 candidate, treasurer, or individual or by the political committee as the lost earnings accrue. The
18 committee shall maintain such information as a part of the campaign records;

19 3. Transfer the surplus to a political party or to a caucus of the state legislature;

20 4. Donate the surplus to a charitable organization registered in accordance with RCW
21 Chapter 19.09;

22 5. Transmit the surplus to the state treasurer for deposit in the general fund;

23 6. ~~((Hold the cash surplus in the campaign depository or depositories designated in
24 accordance with RCW 42.17.050 and in the case of capital assets hold them in the custody of the
25 candidate or officer of the campaign committee for possible use in a future election campaign for~~

THIS VERSION IS NOT ADOPTED



1 the same office last sought by the candidate or for a future election campaign for a ballot
2 proposition on the same topic, and report the transfer of such funds or assets as a disposition in
3 accordance with Section 2.04.260 and RCW 42.17.090. If the candidate subsequently announces
4 or publicly files for office, or if a ballot proposition political committee is established for a future
5 proposition on the same topic, information as appropriate shall be reported in accordance with
6 Sections 2.04.170 through 2.04.260 and RCW 42.17.040 through 42.17.090. If a subsequent
7 office is not sought, or if a subsequent election campaign for a ballot proposition on the same
8 topic does not occur, the surplus held shall be disposed of in accordance with the requirements of
9 this chapter;

10 7.) A candidate who was elected to the office sought, or that candidate's political
11 committee, may ~~((hold))~~ transfer the surplus campaign funds ~~((in a separate))~~ to an account
12 created under Section 2.04.480 for that individual's nonreimbursed expenses of that public office
13 ~~((and report any such disposition in accordance with 2.04.480(F)))~~. This transfer shall be treated
14 as a contribution for purposes of Section 2.04.480. ~~((The separate account required under this~~
15 ~~subsection shall not be used for deposits of campaign funds that are not surplus or of office funds~~
16 ~~solicited or received under Section 2.04.480))~~;

17 ~~((8))~~7. A ballot proposition political committee may become a continuing political
18 committee and use the funds to support or oppose candidates and ballot propositions and must
19 report in accordance with Sections 2.04.230 through 2.04.290, ~~((; or~~

20 9. ~~With the written approval of the contributor, a candidate or the candidate's political~~
21 ~~committee may use or permit the use of contributions, whether or not surplus, solicited for or~~
22 ~~received by the candidate or the candidate's political committee from that contributor to further~~
23 ~~the candidacy of the individual for an office other than the office designated on the statement of~~
24 ~~organization. If the contributor does not approve the use of his or her contribution to further the~~
25 ~~candidacy of the individual for an office other than the office designated on the statement of~~



1 ~~organization at the time of the contribution, the contribution must be considered surplus funds~~
2 ~~and disposed of in accordance with this chapter.))~~

3 Section 4. Section 2.04.480 of the Seattle Municipal Code, which section was last
4 amended by Ordinance 123070, is amended as follows:

5 A. Each elected official, upon election to office, may each establish an individual
6 account for the deposit of contributions solicited and received for the purpose of defraying non-
7 reimbursed public office related expenses. Such accounts shall be called public office funds.

8 B. Contributions to public office funds shall not be transferred to a political committee
9 nor used to promote or oppose a candidate or ballot issue.

10 C. No person shall make a public office fund contribution to a candidate for City office
11 who is not an Elected Official before that candidate is elected to City office or to a person
12 appointed to fill a vacancy in a City elected office who is not an Elected Official before the
13 person is appointed to City office. No candidate for City office who is not an Elected Official
14 shall accept a public office fund contribution before that candidate is elected to City office and
15 no person appointed to fill a vacancy in a City elected office who is not an Elected Official shall
16 accept a public office fund contribution before the person is appointed to fill the vacancy in the
17 City elected office.

18 D. No person shall make a public office fund contribution of more than Two Hundred
19 Fifty Dollars (\$250) to each City Elected Official in any calendar year.

20 E. No City Elected Official shall accept or receive a public office fund contribution of
21 more than Two Hundred Fifty Dollars (\$250) from any person in any calendar year, provided
22 that this limitation shall not apply to the Elected Official's contributions of his or her own
23 resources to his or her own office fund or to any transfer of funds pursuant to subsection

24 2.04.375.B.6.



1 F. Within two (2) weeks of receiving his or her first public office fund contribution, the
2 Elected Official shall establish a separate account and file a report of organization to the City
3 Clerk as provided in SMC Sections 2.04.160 and 2.04.170. On the tenth (10th) day of each
4 month following a month in which a public office fund contribution was received or an
5 expenditure was made, the Elected Official shall file reports with the City Clerk in compliance
6 with SMC Sections 2.04.180 through 2.04.260, except that the Two Hundred Dollar (\$200)
7 transaction criteria stated in SMC Section 2.04.250 B3 shall not apply. The late filing provisions
8 of SMC Section 2.04.330 shall apply.

9 G. Any funds which remain in a public office fund after all permissible public office
10 related expenses have been paid may only be disposed of in one (1) or more of the following
11 ways:

- 12 1. Returned to contributors in respective amounts not to exceed each contributor's
13 original contribution; or
- 14 2. Donated to a charitable organization registered in accordance with Chapter 19.09
15 RCW; or
- 16 3. Transferred to the Commission for deposit into the City general fund.

17 Section 5. Transitional Provisions.

18 Transitional Provisions. The Seattle Ethics and Elections Commission shall administer
19 and enforce the amended provisions of Section 2.04.010, 2.04.370 and 2.04.375 of the Seattle
20 Municipal Code for the 2013 and 2015 election cycles accordingly as follows:

21 A. Any contributions solicited or received prior to the effective date of this ordinance
22 outside of the amended period of time defined as the "election cycle" for the 2013 and 2015
23 elections may be retained and used in accordance with the provisions of Chapter 2.04 of the
24 Seattle Municipal Code.



1 B. Any remaining funds from prior election cycles held in surplus funds accounts on
2 the effective date of this ordinance shall be disposed of within 60 days of the effective date
3 pursuant to the provisions of SMC 2.04.375 as amended by this ordinance.

4 Section 6. The Seattle Ethics and Elections Commission's Executive Director shall
5 include in each post-election report through 2019, published pursuant to 2.04.060.H, information
6 showing the effects, if any, of this ordinance on contributions to and expenditures by candidates
7 and political committees.

8 Section 7. This ordinance shall take effect and be in force 30 days after its approval by
9 the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it
10 shall take effect as provided by Seattle Municipal Code Section 1.04.020.

11 Passed by the City Council the ____ day of _____, 2012, and
12 signed by me in open session in authentication of its passage this
13 ____ day of _____, 2012.

14 _____
15 _____
16 _____
17 President _____ of the City Council

18 Approved by me this ____ day of _____, 2012.

19 _____
20 _____
21 _____
22 Michael McGinn, Mayor

THIS VERSION IS NOT ADOPTED



- 1
- 2
- 3
- 4
- 5
- 6
- 7
- 8
- 9
- 10
- 11
- 12
- 13
- 14
- 15
- 16
- 17
- 18
- 19
- 20
- 21
- 22
- 23
- 24
- 25
- 26
- 27
- 28

Filed by me this _____ day of _____, 2012.

Monica Martinez Simmons, City Clerk

(Seal)

THIS VERSION IS NOT ADOPTED



STATE OF WASHINGTON – KING COUNTY

--SS.

289896
CITY OF SEATTLE, CLERKS OFFICE

No.

Affidavit of Publication

The undersigned, on oath states that he is an authorized representative of The Daily Journal of Commerce, a daily newspaper, which newspaper is a legal newspaper of general circulation and it is now and has been for more than six months prior to the date of publication hereinafter referred to, published in the English language continuously as a daily newspaper in Seattle, King County, Washington, and it is now and during all of said time was printed in an office maintained at the aforesaid place of publication of this newspaper. The Daily Journal of Commerce was on the 12th day of June, 1941, approved as a legal newspaper by the Superior Court of King County.

The notice in the exact form annexed, was published in regular issues of The Daily Journal of Commerce, which was regularly distributed to its subscribers during the below stated period. The annexed notice, a

CT:ORDINANCE 124018

was published on

10/26/12

The amount of the fee charged for the foregoing publication is the sum of \$558.00 which amount has been paid in full.



Affidavit of Publication

Jamels Coleby

Subscribed and sworn to before me on
10/26/2012 *[Signature]*

Notary public for the State of Washington,
residing in Seattle

CITY OF SEATTLE
ORDINANCE 124018
COUNCIL BILL 117548

AN ORDINANCE relating to campaign contribution limits; amending Sections 2.04.370, 2.04.375, and 2.04.480 of the Seattle Municipal Code; and mandating that the Seattle Ethics and Elections Commission Director report on the effect of this ordinance.

WHEREAS, Section 2.04.150 of the Seattle Municipal Code states that it is the policy of the City of Seattle that the people have the right to expect from their elected representatives the utmost of integrity, honesty and fairness in their dealings; and

WHEREAS, Section 2.04.150 of the Seattle Municipal Code further states that public confidence in municipal government is essential and must be promoted by all possible means; and

WHEREAS, the City of Seattle seeks to minimize the actual and perceived influence of campaign contributions on aspiring and existing elected public officials; and

WHEREAS, the City of Seattle seeks to reduce the potential for actual and perceived corruption resulting from off-year campaign contributions to elected public officials; and

WHEREAS, the City of Seattle seeks to protect individual First Amendment rights by ensuring that donor intent is honored with respect to contributions being made for a specific election or campaign; and

WHEREAS, it is the desire of the Mayor, City Council and City Attorney to advance these policy principles and goals through the administration and regulation of municipal elections by the Seattle Ethics and Elections Commission; and

WHEREAS, on June 6, 2012, the Seattle Ethics and Elections Commission unanimously voted to endorse and recommend the City Council pursue regulatory actions that limit the time in which candidates can solicit or receive campaign contributions and limit transfers of surplus campaign funds to future campaigns; NOW, THEREFORE,

BE IT ORDAINED BY THE CITY OF SEATTLE AS FOLLOWS:

Section 1. The definition of "Election Cycle" in Section 2.04.010 of the Seattle Municipal Code, which section was last amended by Ordinance 123070, is amended as follows:

"Election cycle" means (a) in the case of a City general election, except as provided in subsection (b) below, that period that begins on the first day of January in the year prior to the (May during the year following the previous) general election for the office the candidate is seeking and ends on the thirtieth day of April of the year following the general election for the office the candidate is seeking; or (b) in the case of an election to fill an unexpired term, "election cycle" means the period beginning on the earlier of the day the vacancy or the day the impending vacancy is publicly announced and ending five months after the election.

Section 2. Section 2.04.370 of the Seattle Municipal Code, which section was last amended by Ordinance 123070, is amended as follows:

Mandatory Limits on Contributions

A. No person shall make a contribution to any candidate for Mayor, member of the City Council, or City Attorney of the City, except in the election cycle for that candidate as defined in Section 2.04.010((7)).

B. No person shall contribute more than \$((600)700) to any candidate for Mayor, member of the City Council, or City Attorney of the city, in any election cycle.

C. A candidate for Mayor, member of the City Council, or City Attorney of the City, may only accept or receive a campaign contribution during an election cycle as defined in Section 2.04.010((7)).

D. No candidate for Mayor, member of the City Council or City Attorney of the City shall solicit or receive campaign contributions of more than \$((600)700) from any person in any election cycle, ((provided))

E. ((t.a.)) The limitations imposed by this section 2.04.370 shall not apply to;

1. ((a)) A candidate's contributions of his or her own resources to his or her own campaign ((;)) or contributions to the candidate's campaign by the candidate or the candidate's spouse or state registered domestic partner of their jointly owned assets;

((b. The limitations imposed by this section apply to contributions of the candidate's spouse's or state registered domestic partner's separate property.))

2. ((The limitations imposed by this section shall not apply to independent)) Independent expenditures as defined by this Chapter 2.04; ((chapter and))

3. ((The limitations imposed by this section shall not apply to the)) The value of in-kind labor; and

4. ((The limitations imposed by this section shall not apply to contributions)) Contributions consisting of the rendering of clerical or computer services on behalf of a candidate or an authorized political committee, to the extent that the services are for the purpose of ensuring compliance with City, county, or state election or public disclosure laws.

F. The limitations imposed by this section shall apply to contributions of the candidate's spouse's or state registered domestic partner's separate property.

Section 3. Section 2.04.375 of the Seattle Municipal Code, which section was last amended by Ordinance 123070, is amended as follows:

Reporting and disposition of campaign funds after election.

A. 1. Each candidate or supporting committee for a candidate ((;)) shall cease receipt of campaign contributions and dispose of the funds remaining in the campaign account in accordance with subsection B below, on or before the 30th day of April in the year following the date of the election for the office the candidate sought, except for special elections. In the case of a special election, each candidate or supporting committee for a candidate shall cease receipt of campaign con-

tributions and dispose of the funds remaining in the campaign account, in accordance with subsection B below, on or before the 30th day of the fifth month after the special election for the office the candidate sought. By the tenth day of May in the year after the election for the office the candidate sought, each candidate or supporting committee for a candidate shall file a final report reflecting the disposition of the remaining funds, except for special elections. In the case of a special election, each candidate or supporting committee for a candidate shall file that final report by the tenth day of the sixth month after the special election for the office the candidate sought.

2. If a candidate or supporting committee for a candidate for City office has campaign debt outstanding on April 30th in the year following the date of the general election for the office the candidate sought, or on the 30th day of the fifth month after the special election for the office the candidate sought, the debt may be transferred to a new campaign of the same candidate for the same office.

3. Except for supporting committees for candidates that are governed by subsection A1 of this section and continuing political committees, each political committee (hereafter in this subsection A3 "committee") shall cease receipt of contributions and dispose of the funds remaining in the campaign account, in accordance with subsection B below, on or before the 30th day of April in the year following the date of the election for which the committee received contributions or made expenditures, except for special elections. In the case of a special election, each committee shall cease receipt of contributions and dispose of the funds remaining in the campaign account, in accordance with subsection B below, on or before the 30th day of the fifth month after the special election for which the committee received contributions or made expenditures. By the tenth day of May in the year after the election for which the committee received contributions or made expenditures, each committee shall file a final report reflecting the disposition of the remaining funds, except for special elections. In the case of a special election, each committee shall file that final report by the tenth day of the sixth month after the special election for which the committee received contributions or made expenditures.

4. Except for supporting committees for candidates that are governed by subsection A2 of this section and continuing political committees, if a political committee (hereafter in this subsection A4 "committee") has campaign debt outstanding on April 30th in the year following the date of the general election for which the committee received contributions or made expenditures, or on the 30th day of the fifth month after the special election for which the committee received contributions or made expenditures, the debt may be transferred to another political committee or to a continuing political committee, which shall, until such debt has been paid or forgiven, file the reports that would have been required of the committee transferring the debt had that committee not filed its final report under subsection A3 of this section.

B. The surplus funds, including each capital asset for which the candidate or political committee paid \$200 or more, or reported as an in-kind contribution with a value of \$200 or more, may be disposed of only in one or more of the following ways:

1. Return the surplus to contributors in respective amounts not to exceed each contributor's original contribution;

2. Transfer the surplus to the personal account of a candidate, or of a treasurer or other individual as reimbursement for lost earnings incurred as a result of the election campaign. Such lost earnings shall be verifiable as unpaid salary or, when the candidate, treasurer or individual is not salaried, as an amount not to exceed income received by the candidate, treasurer, or individual for services rendered during an appropriate corresponding time period. All lost earnings incurred shall be documented, and a record thereof shall be maintained by the candidate, treasurer, or individual or by the political committee as the lost earnings accrue. The committee shall maintain such information as a part of the campaign records;

3. Transfer the surplus to a political party or to a caucus of the state legislature;

4. Donate the surplus to a charitable organization registered in accordance with RCW Chapter 19.09;

5. Transmit the surplus to the state treasurer for deposit in the general fund;

6. ((Hold the cash surplus in the campaign depository or depositories designated in accordance with RCW 42.17.050 and in the case of capital assets hold them in the custody of the candidate or officer of the campaign committee for possible use in a future election campaign for the same office last sought by the candidate or for a future election campaign for a ballot proposition on the same topic, and report the transfer of such funds or assets as a disposition in accordance with Section 2.04.260 and RCW 42.17.090. If the candidate subsequently announces or publicly files for office, or if a ballot proposition political committee is established for a future proposition on the same topic, information as appropriate shall be reported in accordance with Sections 2.04.170 through 2.04.260 and RCW 42.17.040 through 42.17.090. If a subsequent election campaign for a ballot proposition on the same topic does not occur, the surplus held shall be disposed of in accordance with the requirements of this chapter;

7.)) A candidate who was elected to the office sought, or that candidate's political committee, may ((hold)) transfer the surplus campaign funds ((in a separate)) to an account created under Section 2.04.480 for that individual's nonreimbursed expenses of that public office ((and report any such disposition in accordance with 2.04.480(F)). This transfer shall be treated as a contribution for purposes of Section 2.04.480. ((The separate account required under this subsection shall not be used for deposits of campaign funds that are not surplus or of office funds solicited or received under Section 2.04.480));

((8)) A ballot proposition political committee may become a continuing political committee and use the funds to support or oppose candidates and ballot propositions and must report in accordance with Sections 2.04.230 through 2.04.290. ((c-

9. With the written approval of the contributor, a candidate or the candidate's political committee may use or permit the use of contributions, whether or not surplus, solicited for or received by the candidate or the candidate's political committee from that contributor to further the candidacy of the individual for an office other than the office designated on the statement of organization. If the contributor does not approve the use of his or her contribution to further the candidacy of the individual for an office other than the office designated on the statement of organization at the time of the contribution, the contribution must be considered surplus funds and disposed of in accordance with this chapter.))

Section 4. Section 2.04.480 of the Seattle Municipal Code, which section was last amended by Ordinance 123070, is amended as follows:

A. Each elected official, upon election to office, may each establish an individual account for the deposit of contributions solicited and received for the purpose of defraying non-reimbursed public office related expenses. Such accounts shall be called public office funds.

B. Contributions to public office funds shall not be transferred to a political committee nor used to promote or oppose a candidate or ballot issue.

C. No person shall make a public office fund contribution to a candidate for City office who is not an Elected Official before that candidate is elected to City office or to a person appointed to fill a vacancy in a City elected office who is not an Elected Official before the person is appointed to City office. No candidate for City office who is not an Elected Official shall accept a public office fund contribution before that candidate is elected to City office and no person appointed to fill a vacancy in a City elected office who is not an Elected Official shall accept a public office fund contribution before the person is appointed to fill the vacancy in the City elected office.

D. No person shall make a public office fund contribution of more than Two Hundred Fifty Dollars (\$250) to each City Elected Official in any calendar year.

E. No City Elected Official shall accept or receive a public office fund contribution of more than Two Hundred Fifty Dollars (\$250) from any person in any calendar year, provided that this limitation shall not apply to the Elected Official's contributions of his or her own resources to his or her own office fund or to any transfer of funds pursuant to subsection 2.04.375.B.6.

F. Within two (2) weeks of receiving his or her first public office fund contribution, the Elected Official shall establish a separate account and file a report of organization to the City Clerk as provided in SMC Sections 2.04.160 and 2.04.170. On the tenth (10th) day of each month following a month in which a public office fund contribution was received or an expenditure was made, the Elected Official shall file reports with the City Clerk in compliance with SMC Sections 2.04.180 through 2.04.260, except that the Two Hundred Dollar (\$200) transaction criteria stated in SMC Section 2.04.250 B3 shall not apply. The late filing provisions of SMC Section 2.04.330 shall apply.

G. Any funds which remain in a public office fund after all permissible public office related expenses have been paid may only be disposed of in one (1) or more of the following ways:

1. Returned to contributors in respective amounts not to exceed each contributor's original contribution; or

2. Donated to a charitable organization registered in accordance with Chapter 19.09 RCW; or

3. Transferred to the Commission for deposit into the City general fund.

Section 5. Transitional Provisions.

Transitional Provisions. The Seattle Ethics and Elections Commission shall administer and enforce the amended provisions of Section 2.04.010, 2.04.370 and 2.04.375 of the Seattle Municipal Code for the 2013 and 2015 election cycles accordingly as follows:

A. Any contributions solicited or received prior to the effective date of this ordinance outside of the amended period of time defined as the "election cycle" for the 2013 and 2015 elections may be retained and used in accordance with the provisions of Chapter 2.04 of the Seattle Municipal Code.

B. Any remaining funds from prior election cycles held in surplus funds accounts on the effective date of this ordinance shall be disposed of within 60 days of the effective date pursuant to the provisions of SMC 2.04.375 as amended by this ordinance.

Section 6. The Seattle Ethics and Elections Commission's Executive Director shall include in each post-election report through 2019, published pursuant to 2.04.060.H, information showing the effects, if any, of this ordinance on contributions to and expenditures by candidates and political committees.

Section 7. This ordinance shall take effect and be in force 30 days after its approval by the Mayor, but if not approved and returned by the Mayor within ten days after presentation, it shall take effect as provided by Seattle Municipal Code Section 1.04.020.

Passed by the City Council the 15th day of October, 2012, and signed by me in open session in authentication of its passage this

15th day of October, 2012.

President of the City Council

Approved by me this 17th day of October, 2012.

Michael McGinn, Mayor

Filed by me this 18th day of October, 2012.

(Seal) Monica Martinez Simmons, City Clerk

Date of publication in the Seattle Daily Journal of Commerce, October 26, 2012.

10/26(289896)