



SEATTLE CITY COUNCIL  
**CENTRAL STAFF**

# Clean Campaigns Bill (Council Bill 119701)

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GENDER EQUITY, SAFE COMMUNITIES, NEW AMERICANS, AND EDUCATION COMMITTEE

DECEMBER 11, 2019

# Agenda

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## 1. Existing Conditions

- a. Spending in Seattle elections
- b. Summary of Seattle's current campaign finance regulations

## 2. Clean Campaigns Proposal (CB 119701)

- a. Limits contributions to independent expenditure committees
- b. Prohibits foreign contributions
- c. Requires transparency in political advertising

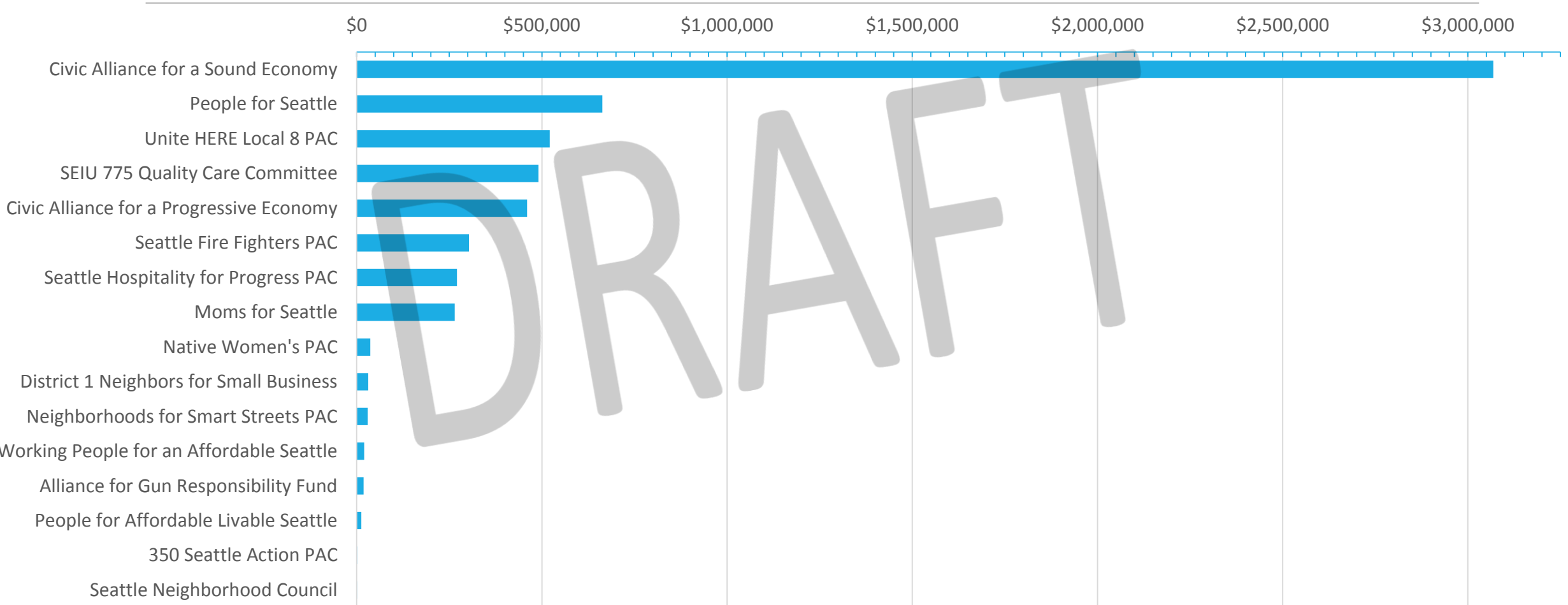
# Spending for or against General Election City Council candidates

Year	City Council Races	Independent Expenditures (IEs) for or against candidates	Cash and In-Kind Contributions to Candidates	Democracy Voucher Contributions to Candidates	Total \$ Spent For or Against General Election Candidates	% of Spending for or against General Election Candidates by IEs	Total Spending in All Races
2011	5	\$0	\$1,672,288	N/A	\$1,672,288	0.0%	\$2,875,209
2013	4	\$3,577	\$933,866	N/A	\$937,443	0.4%	\$3,723,741
2015	9	\$669,340	\$2,707,044	N/A	\$3,376,384	19.8%	\$6,141,227
2017	2	\$225,867	\$323,416	\$964,550	\$1,513,833	14.9%	\$6,992,677
2019	7	<b>\$4,047,134</b>	<b>\$1,819,300</b>	<b>\$1,427,737</b>	<b>\$7,294,171</b>	<b>55.5%</b>	<b>\$13,687,258</b>

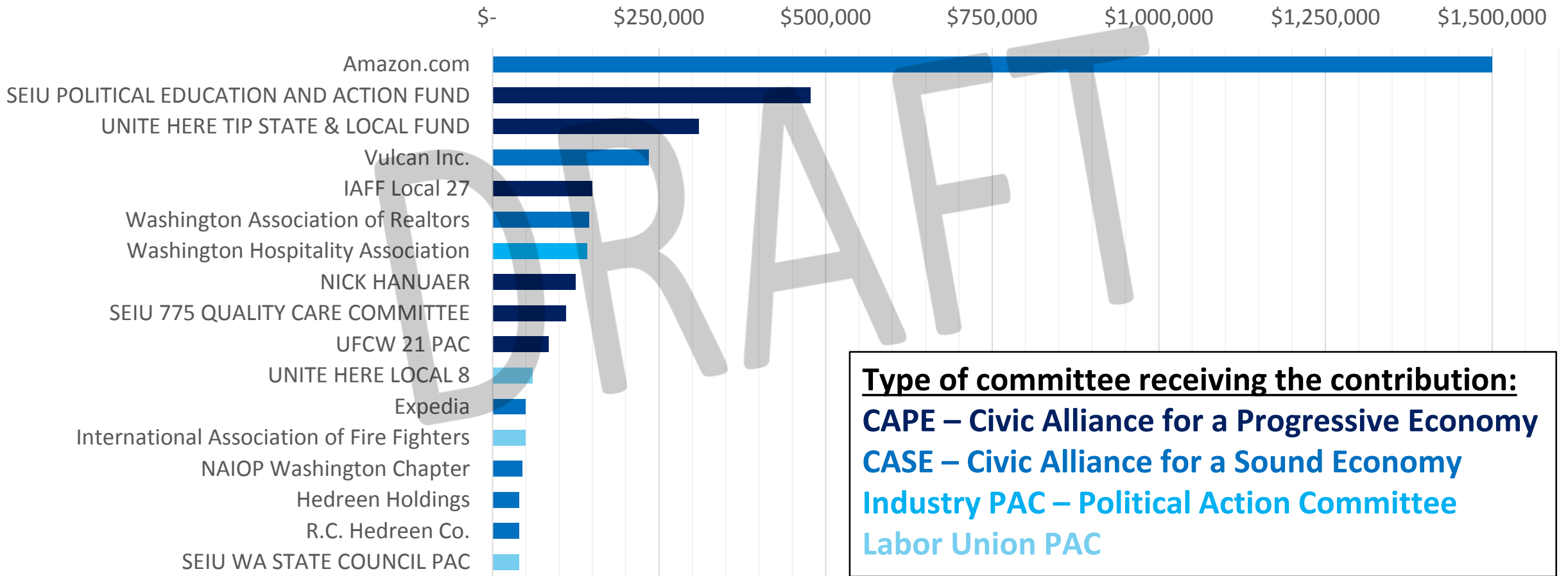
Source: Seattle Ethics and Elections Commission, [www.seattle.gov/ethics/](http://www.seattle.gov/ethics/)

Numbers as of December 3, 2019. Expenditures include both primary and general election expenditures for and against the general election candidates. Spending was deemed to be “for” a general election candidate if they were either for the general election candidate, or against their general election opponent at any point during a campaign. Total spending in all races includes spending by IE Committees that was not directed at a particular candidate, including the IE Committee’s staffing and fundraising expenses. Of the money spent by IE committees, one third was spent on overhead.

# Total Contributions to 2019 Independent Expenditure Committees



# Top 15 Contributors to Independent Expenditure Committees in 2019



# Key Terms

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**“Person”**: individual, partnership, joint venture, public or private corporation, association, government, candidate, committee, political committee, continuing political committee, political party, or any other organization or group of persons

**“Contribution”**: transfer of anything of value that is less than full consideration

**“Political committee”**: any person planning to receive contributions or make expenditures in support of or opposition to a candidate or ballot proposition

**“Independent expenditure”**: expenditure on behalf of or opposing a campaign, when:

- It is made independent of a campaign
- Is made without consent, collusion, or cooperation of a campaign
- Is not a contribution

# Seattle's Campaign Contribution Limits

	Candidates Collecting Democracy Vouchers		Candidates Not Collecting Democracy Vouchers	
Maximum Contribution	Councilmembers	\$250	All Candidates	\$500
	City Attorney	\$250		
	Mayor	\$500		

- No limits on contributions to political committees
- Contributions to candidates and political committees must be disclosed
- Campaigns may not participate in independent expenditures

# Foreign Contributions

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- No Seattle regulations regarding foreign contributions.
- Federal law prohibits contributions from foreign nationals\* and foreign principals\*\* in connection with any election – federal, state or local.
- Domestic subsidiaries of foreign corporations are eligible to contribute if the foreign parent doesn't finance election-related contributions or expenditures.

\* Green card holders may contribute

\*\* A “foreign principal” is a group organized under the laws of another country or having its principal place of business in a foreign country, including foreign governments, political parties, partnerships, associations, and corporations.



# Political Advertising

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Commercial advertisers must maintain documents and books of account, including:

- Names and addresses of persons placing an advertisement
- Nature and extent of the advertising
- Cost and method of payment

Documents and books of account must be open for public inspection:

- During normal business hours
- During election and for at least three years after the election

Requirements only apply for campaigns, not legislative activity.

# Penalties

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- Violations of election campaign contribution regulations: up to \$5,000 and return of contribution
- Illegal contributions: greater of up to two times the contribution amount OR \$5,000 and return of the contribution
- May be sent for prosecution
- Court may void the election if the violation probably affected the election.

# Clean Campaigns: Independent Expenditures Definitions

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**“Independent Expenditure Committee”**: political committee that makes (1) an independent expenditure or (2) contributions to other independent expenditure committees, greater than \$1,000 or more in an election cycle.

**“Limited Contribution Committee”**: A political committee that:

- Has existed for at least 9 months;
- Receives contributions of at least 150 persons if spending on district council races;
- Receives contributions of at least 400 persons if spending on at-large council and city attorney races;
- Receives contributions of at least 600 persons if spending on mayoral races; and
- Only accept contributions less than \$500 or from other limited contribution committees.

# Clean Campaigns: Independent Expenditures Regulations

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- Contributions to independent expenditure committees for Seattle campaigns limited to \$5,000 per person.
- No limit on contributions from limited contributor committees.

# Clean Campaigns: Foreign Contributions

## Definitions

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**“Foreign Investor”**: foreign government; foreign political party; company operating in foreign country or incorporated under foreign laws; or individual that is neither a citizen nor a permanent resident

**“Foreign Owner”**: foreign investor, or corporation where a foreign investor holds

**“Foreign-Influenced Corporation”**:

- Single foreign owner controls 1% or more; or
- Two or more foreign owners control 5% or more; or
- Foreign owner participates directly or indirectly in corporate decision-making regarding political activities

# Clean Campaigns: Foreign Contributions Definitions

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**“Chief Executive Officer”**: highest-ranking officer or decision-maker in a corporation

**“Corporation”**: a corporation, company, limited liability company, limited partnership, business trust, business association, other similar entity

# Clean Campaigns: Foreign Contributions Regulations

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- Foreign-influenced corporations may not (1) make Independent Expenditures or (2) contribute to independent expenditure committees.
- Corporations making Independent Expenditures or contributing to independent expenditure committees must certify they are not foreign-influenced.

# Clean Campaigns: Political Advertising

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- Defines “**Qualified Public Communication**” (QPC) as a paid advertisement intended to influence political decisions
- Requires documents and books of account be kept for QPCs for four years after the QPC occurs.
- Requires reporting:
  - Leaders of corporations placing QPCs
  - Rates charged for advertisement
  - Subject of advertisement (names of candidates, election, legislative issue)
  - Names of candidates, candidate committees, treasurers



# Questions?