Initiative Measure No.

1464

Initiative Measure No. 1464 concerns campaign finance laws and lobbyists.

This measure would create a campaign-finance system; allow residents to direct state funds to candidates; repeal the non-resident sales-tax exemption; restrict lobbying employment by certain former public employees; and add enforcement requirements.

Should this measure be enacted into law?

[ ] Yes

[ ] No

Explanatory Statement

Written by the Office of the Attorney General

The Law as it Presently Exists

Candidates for elected offices pay for their campaigns through private contributions and their own money. State law limits some contribution amounts. These limits apply to contributions from individuals, corporations, unions, and political action committees. The contribution limit for legislative candidates is $1,000 per election. For statewide offices and judicial offices the contribution limit is $2,000 per election.

State law prohibits the use of public funds to finance political campaigns for state or school district offices. The statute does allow local governments to publicly finance local political campaigns under certain circumstances.

Political campaigns are required to report contributions and spending to the Public Disclosure Commission (PDC). Political advertising must also disclose the top five contributors to the campaign. Reports of contributions and expenditures are available to the public, including on the PDC's web site. Candidates are prohibited from coordinating their spending with other groups that support their campaigns.

Candidates are generally prohibited from using contributions for personal use. Campaigns may reimburse candidates for earnings lost as a result of campaigning and for direct out-of-pocket campaign expenses. If a candidate loans money to his or her campaign, the campaign may repay those loans up to a limit.

State law provides several ways campaigns may dispose of surplus funds when a campaign is over. Surplus funds may be returned to donors. They may also be used to reimburse the candidate for lost earnings. They may be transferred to a political party or caucus campaign committee, but may not be transferred to another candidate or political committee. They may also be donated to charity or to the state. The campaign may hold the funds for possible future use in another campaign for the same office. Finally, surplus funds may be used for expenses incurred in holding a public office that are not otherwise reimbursed.

The PDC enforces campaign contribution and expenditure laws. The PDC can do this through administrative orders. The PDC may also refer charges to the Attorney General, who may bring actions in superior court to enforce the law. An individual or entity found to have violated the law is subject to financial penalties and liability for the state's investigative costs and attorney fees.

Lobbyists are currently required to register with the PDC. Lobbyists are required to identify themselves and their employers, the amount they are paid, and the subjects on which they lobby. Lobbyists are also required to file monthly reports about their activities and compensation. They must also report all contributions they make to candidates, elected officials, and others.

Lobbyists and employers of lobbyists are required to inform the PDC if they employ certain people who remain employed by the state. These include members of the legislature, members of a state board or commission, and full-time state employees. The state ethics act prohibits all state employees from being paid by private parties for performing (or failing to perform) their job duties. State employees are not allowed to receive any outside compensation that is incompatible with their jobs.

People who don't live in Washington are exempt from paying sales taxes on items they buy in Washington for use out of state. This exemption applies only if they live in states or Canadian provinces that do not have their own sales taxes or that exempt Washington residents from their sales taxes.

The Effect of the Proposed Measure if Approved

This measure would make a number of changes to the laws governing elections and lobbying.

It would establish a new program under which registered voters and certain other eligible Washington residents could make donations to campaigns for certain elected offices using public funds. The law calls such donations "democracy credit contributions." Each individual could designate up to three such "contributions" of $50 each to qualified candidates they select every election. The PDC could raise both the number and size of contributions in the future.

All Washington registered voters could choose candidates to receive contributions from public funds. Starting in 2020 the PDC may also verify others as eligible to choose candidates to receive such contributions. Only those eligible to make campaign contributions under state and federal law could be verified by the PDC as eligible. The right to designate contributions from public funds cannot be transferred, and selling the right to designate contributions would be a crime.

"Democracy credit contributions" would come from state funds. The measure would repeal the nonresident sales tax exemption and require nonresidents to pay the sales tax on retail purchases in the state. Revenue from those sales would be dedicated to funding the new program. Some revenue could also be used to enforce campaign finance laws. The measure would repeal the law that currently

prohibits using state funds for political campaigns.

The new public financing program would first apply only to candidates for the state legislature. In the future, the PDC could expand the program to statewide elected offices and to judicial offices. It could later be expanded to apply to candidates for federal office if the Attorney General concludes that such an expansion would be lawful. At first the program would apply only to elections held in even-numbered years. The PDC could later expand it to elections held in odd-numbered years.

To be eligible to receive public funding, candidates must meet certain qualifications. Candidates must collect at least 75 private contributions of at least $10. Candidates must promise not to ask for or accept private donations that exceed half of the maximum limit for the office they seek (e.g., if the law limits individual contributions for a particular office to $1,000, the candidate could only accept contributions up to $500). Candidates must also promise not to use more than $5,000 of their personal funds on their campaign. Candidates could use public funds only for specified campaign purposes. The total amount of public funds that any candidate could receive would be limited. Initial limits would be $150,000 total for candidates for the state House of Representatives and $250,000 for state Senate candidates. Those limits could change in the future. Candidates would stop being eligible to receive contributions if their campaign ends or if they violate program rules. At the end of a campaign, candidates would be required to give back to the state the proportionate part of the campaign's surplus funds that came from program contributions.

In addition to creating the new program concerning public financing of campaigns, the measure would change several state laws regarding campaign finance and lobbying.

The initiative would limit lobbyists' ability to hire officials who previously worked in state or local government. This includes elected officials, appointed officials, and public employees. They could not accept employment or receive compensation from any lobbyist who lobbied on any matter in which the official had any decision-making role for three years after the official left office or five years after the lobbying, whichever is sooner.

It would also restrict lobbying by former state or local elected or appointed officials. They could not be paid to lobby their prior office within three years of leaving office. And it would prohibit officers of a candidate's campaign from being paid to lobby the office to which their candidate was elected until three years after working for the campaign.

The initiative would add new restrictions on certain campaign contributions. Public contractors and prospective public contractors would have a lower contribution limit for contributing to candidates for an office having a decision-making role over the contract. The same would be true for lobbyists making contributions to candidates for offices responsible for matters they lobby about. Their contributions to such candidates would be limited to $100 per election. They would also be prohibited from gathering contributions from other people and giving them to the candidate. They would not be allowed to solicit other people for contributions for the candidate of more than $100 each or $500 total. They would also be prohibited from soliciting contributions for the candidate from their employees. And they would be prohibited from doing business with the candidate.

The measure would provide new ways to enforce the new and existing campaign finance laws. The penalties for candidates or campaigns that recklessly or intentionally violate campaign finance laws would be increased. The PDC would be authorized to require violators to take actions to remedy their violations, in addition to paying money. Penalty money would be directed half to the state treasury generally and half to the PDC. The half directed to the PDC would be designated for enforcement of campaign finance laws. The initiative would allow the PDC to assess costs of investigation and attorney fees against people who intentionally violate campaign finance laws. It would broaden the range of people who might be required to pay penalties for violations and restrict the use of campaign funds to pay penalties. It would shorten the notice period for private parties intending to file lawsuits alleging violations of campaign finance laws during the 60 days before an election. It would require the PDC to establish a telephone hotline for receiving tips of violations and require certain people to post notices of the hotline. It would establish new requirements for the PDC's web site. It would change requirements for online filing of reports with the PDC by government agencies and lobbyists.

The measure would also change the requirement for identifying the top five contributors in political advertising and other campaign communications. If the top five contributors include a political committee, then the top five contributors to the political committee must be identified and disclosed as if they had contributed directly to the sponsor of the advertising or communication.

The measure would modify the law against coordination of campaigns by candidates and other entities. It would create a presumption that candidates coordinate spending with others under certain circumstances.

Fiscal Impact Statement

Written by the Office of Financial Management
For more information visit **www.ofm.wa.gov/ballot**

Summary

During the first six fiscal years, the estimated net new revenues to the state General Fund from the repeal of the nonresident retail sales tax exemption is $173.2 million. The estimated net impact of transfers and expenditures from the state General Fund is $171.5 million. Of this amount, $165.0 million represents transfers from the state General Fund to the Campaign Financing and Enforcement Fund for the Democracy Credit Program. Revenue for the Performance Audits of Government Account would increase by $279,000. Local tax revenue would increase by $67.3 million.

General Assumptions

- The effective date of the initiative is December 8, 2016.
- Unless otherwise noted, estimates use the state's fiscal year (FY) of July 1 through June 30. For example, FY 2018 is July 1, 2017, through June 30, 2018.
- FY 2017 is a partial fiscal year: from December 8, 2016, through June 30, 2017.
- One full-time equivalent (FTE) employee equates to 2,080 hours of work for one calendar year.

State Revenue Assumptions

- Businesses will fully comply with the elimination of the retail sales tax exemption for nonresidents beginning February 1, 2017.
- FY 2017 state retail sales tax revenue reflects four months of collections, from March 2017 through June 2017.

State revenue impacts

Initiative 1464 (I-1464) repeals a retail sales tax exemption for certain nonresidents on purchases of tangible personal property, digital goods and digital codes that will not be used in the state. This would increase sales tax revenues deposited in the state General Fund and the Performance Audits of Government Account. Revenues deposited in the state General Fund may be used for any government purpose such as education; social, health and environmental services; and other general government activities.

In addition, the repeal of the nonresident retail sales tax exemption could affect the amount of goods purchased. This could cause price elasticity, which would affect state business and occupation (B&O) tax revenue. Price elasticity is a method used to calculate the change in consumption of a good when price increases or decreases. Due to price elasticity, state B&O tax revenue could decrease with the repeal of the retail sales tax exemption for nonresidents.

Table 1 provides estimates of the new revenue to the state General Fund, reflecting both increased sales tax revenue and decreased B&O tax revenue.

(See Table 1 on page 23)

A portion of state retail sales tax revenue is deposited in the state Performance Audits of Government Account (Performance Audit Account). Table 2 provides estimates of the increased retail sales tax revenue over the next six fiscal years to this account. State revenues deposited in the Performance Audit Account are used by the Washington State Auditor to conduct comprehensive performance audits required under RCW 43.09.470.

(See Table 2 on page 23)

State Transfer and Expenditure Assumptions

- FY 2017 expenditures are for January 2017 through June 2017 only.
- 25 percent of the amount transferred to the Campaign Financing and Enforcement Fund (Fund) would be appropriated to cover Public Disclosure Commission (PDC) agency costs. If the amount needed from the Fund for PDC expenses is less than 25 percent of the transfer amount, the remaining amount would be available for the Democracy Credit Program.

Transfers to the Campaign Financing and Enforcement Fund

I-1464 creates the Campaign Financing and Enforcement Fund (Fund). Funds in the account are subject to legislative appropriation and must be used for the Democracy Credit Program and the democracy credit contributions created by I-1464 and to support activities of the PDC.

The Department of Revenue (DOR) would estimate the amount of state revenue resulting from repealing the nonresident retail sales tax exemption and then certify the estimated amount to the State Treasurer. The DOR would make these estimates and certifications on March 1, 2017, and again on June 1, 2017. Subsequently, the DOR would make the estimate and certification by June 1 each year thereafter.

For FY 2017, the State Treasurer is required to transfer $15.0 million from the state General Fund to the Fund. Beginning in FY 2018 and for each fiscal year thereafter, the State Treasurer must transfer $30.0 million from the state General Fund to the Fund.

If repeal of the nonresident retail sales tax generates less revenue than what the State Treasurer is required to transfer, additional state General Fund dollars equal to the difference must be transferred. At least 75 percent of the money in the Fund must be used for democracy credit contribu-

tions. The remaining 25 percent may be appropriated by the Legislature to the PDC for program operating costs.

Table 3 shows the required transfers under I-1464 to the Fund and the net impact to the state General Fund before additional state expenditures.

(See Table 3 on page 23)

State Expenditures

I-1464 would change current campaign finance disclosure laws, set new contribution limits and create the Democracy Credit Program. These changes would result in additional expenditures for the PDC and the Office of the Attorney General (ATG). The greater workload for these agencies would result in higher expenditures, though costs would decrease in the future. The DOR would have higher expenditures in the first two years of implementation. Table 4 summarizes these estimated expenditures by fiscal year.

(See Table 4 on page 23)

Public Disclosure Commission

The PDC would have higher expenditures to implement and operate the Democracy Credit Program and to implement and enforce new lobbying and campaign finance requirements. Table 5 summarizes these estimated expenditures.

(See Table 5 on page 24)

Based on PDC estimated expenditures and the assumption that up to 25 percent of the Fund transfer amount shown in Table 3 would be used to cover these expenditures, there would be a need for additional state General Fund expenditures in FY 2018 of $1.2 million.

Expenditures for additional staff

Staff expenditures include campaign finance specialists, investigators, regulatory analysts, a records and rules coordinator, a graphic designer, communications consultants, budget and fiscal analysts, IT specialists, customer service specialists, managers and administrative assistants. As the PDC's current office space is not large enough to accommodate current and new staff, it would need to lease additional office space in Thurston County.

Expenditures for new lobbying and campaign finance requirements

I-1464 establishes new restrictions on lobbying and lobbyists, on campaign contributions and expenditures, and on disclosure of campaign finance information. It would permit anonymous reporting of violations, requiring the PDC to maintain a telephone tip hotline. I-1464 also requires the PDC and the ATG to prioritize timely enforcement of campaign finance laws and rules.

Expenditures for the Democracy Credit Program

Each even-numbered year, the PDC would mail personalized materials about the program to each registered voter. Currently, there are more than 4 million registered voters in Washington. After the first mailing, and up to 10 days before the general election, the PDC would mail program materials to each newly registered voter. I-1464 sets detailed requirements for what must be included in the mailing. These requirements, and the large number of voters who will receive the materials, contribute to the cost of conducting the mailing. The mailing would require expenditures for paper, printing informational materials and official PDC envelopes, and postage.

Section 16 of I-1464 directs the PDC to contract for the development and implementation of a secure electronic system for conducting all technical aspects of the program. The system must be internet accessible and run on computers and mobile devices. Eligible individuals would use it to make secure democracy credit contributions. Building the system would cost an estimated $2.0 million. This estimate includes contracts with a qualified information technology development firm, IT consultant services, IT quality assurance services and the first year of system maintenance.

The PDC would also have higher expenditures for hiring additional staff to operate the program, conducting the required public outreach and education efforts, maintaining a website for the program that complies with the initiative, maintaining a telephone hotline, auditing the campaign finances of at least 2 percent of the state candidates participating in the program, developing administrative rules and enforcing program requirements. These expenses are included in Table 4 – FTE Costs and Other Costs.

Office of the Attorney General

As the provider of legal services to the PDC, the ATG would have additional expenditures for legal advice, litigation costs and rule making related to the new enforcement mechanisms provided to the PDC, including:

- Increases in the number of complaints for rules violations submitted to the PDC.
- Increases in the number of citizen action complaints to the PDC.
- Rule making to take effect for the 2017 campaign season.

Table 6 provides estimates of the costs of providing these legal services to implement the initiative.

(See Table 6 on page 24)

Section 14(2) of I-1464 requires the ATG to provide an opinion about whether the program can be lawfully expanded

in FY 2022. About 90 hours of an Assistant Attorney General's time (0.05 FTE) to develop and issue the legal opinion is estimated.

Department of Revenue

The DOR would incur expenditures of $64,000 in FY 2017 and $19,000 in FY 2018 to implement repeal of the nonresident sales tax exemption. These expenditures would be used to create a special notice to and provide assistance for affected taxpayers.

Local government revenue

Local governments assess a local retail sales tax on purchases. Local government revenue would increase from the repeal of the nonresident sales tax exemption. Table 7 provides estimates of increased retail sales tax revenues to local governments.

(See Table 7 on page 24)

Local government expenditures

No local government expenditures are expected.

Table 1 – Estimated new revenue deposited in the state General Fund

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Increases in retail sales tax revenue	$9,912,000	$30,813,000	$31,868,000	$32,917,000	$33,904,000	$35,241,000
Decreases in B&O tax revenue	($83,000)	($258,000)	($267,000)	($275,000)	($284,000)	($295,000)
Net new state General Fund revenue	$9,829,000	$30,555,000	$31,601,000	$32,642,000	$33,620,000	$34,946,000

Table 2 – Estimated new revenue deposited in the Performance Audit Account

FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
$16,000	$49,000	$51,000	$53,000	$54,000	$56,000

Table 3 – Estimated transfers to the Campaign Financing and Enforcement Fund and net impact to the state General Fund

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
Net new state General Fund revenue (from Table 1)	$9,829,000	$30,555,000	31,601,000	$32,642,000	$33,620,000	$34,946,000
Required transfer to the Campaign Financing and Enforcement Fund	$15,000,000	$30,000,000	$30,000,000	$30,000,000	$30,000,000	$30,000,000
Net impact to the state General Fund	($5,171,000)	$555,000	$1,601,000	$2,642,000	$3,620,000	$4,946,000

Table 4 – Estimated state expenditures for I-1464

	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022
PDC (including ATG costs)	$2,086,000	$8,867,000	$3,983,000	$6,344,000	$3,563,000	$6,385,000
DOR	$64,000	$19,000	$0	$0	$0	$0
Total	**$2,150,000**	**$8,886,000**	**$3,983,000**	**$6,344,000**	**$3,563,000**	**$6,385,000**

Table 5 – PDC's estimated expenditures for staff (FTE) and expenditures by fiscal year						
	FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
FTEs	37.0	37.0	37.0	34.0	34.0	34.0
Agency costs	$1,548,000	$7,844,000	$3,068,000	$5,429,000	$2,648,000	$5,459,000
ATG costs	$538,000	$1,023,000	$915,000	$915,000	$915,000	$926,000
Total Costs	**$2,086,000**	**$8,867,000**	**$3,983,000**	**$6,344,000**	**$3,563,000**	**$6,385,000**

Table 6 – ATG's estimated expenditures for staff (FTEs) to provide legal services to the PDC						
	FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
FTEs	4.0	7.5	6.8	6.8	6.8	6.8
Dollar costs (from Table 5 paid by the PDC)	$538,000	$1,023,000	$915,000	$915,000	$915,000	$926,000

Table 7 – Estimated local government retail sales tax revenue					
FY 2017	**FY 2018**	**FY 2019**	**FY 2020**	**FY 2021**	**FY 2022**
$3,817,000	$11,865,000	$12,272,000	$12,676,000	$13,056,000	$13,570,000

Argument for

Big money interests and lobbyists have too much control over our political system, while regular people have very little. Initiative 1464 implements concrete, achievable reforms to make politicians and government more accountable to the people.

Transparency and Accountability
Initiative 1464 sheds light on dark money and SuperPACs by requiring political ads say who is really paying for them. It requires online public reporting of lobbyist activity, spending and compensation.

Limits Big Money Influence
Initiative 1464 bars lobbyists and public contractors from making big campaign contributions. It stops the revolving door of government officials taking jobs as lobbyists as soon as they leave office. It toughens enforcement of ethics and campaign finance laws, and strengthens penalties for those who break them.

Empowers Voters
Initiative 1464 gives regular people a stronger voice by enabling each person to decide if they want to direct some of their own tax dollars to support candidates of their choice. This also helps new types of candidates run for office even if they aren't wealthy or well-connected to big donors.

A Big Step for Washington
If we want things to change, we have to reform the campaign finance system so regular people have more power in politics. Initiative 1464 makes commonsense reforms proven to work in other states and pays for itself by closing a tax loophole. We can't fix every problem or get all money out of politics, but if we do nothing, nothing will change. This is a big step in the right direction.

Rebuttal of argument against

Initiative 1464 requires transparency and accountability, limits big money influence, strengthens rules on all lobbyists and politicians, and empowers each taxpayer to decide *whether* or *not* to direct funds to candidates. The fiscal impact statement and Washington Budget and Policy Center agree: It doesn't take money from schools and doesn't hurt jobs. Sadly, the lobbyists who wrote the arguments against 1464 are not required to tell the truth. Read about 1464 and decide for yourself.

Written by

Ann Murphy, President, League of Women Voters of Washington; **Ben Stuckart,** President, Spokane City Council; **Greg Moon,** Republican, co-founder, Seattle Tea Party Patriots; **Noel Frame,** State Representative, 36th Legislative District, Democrat; **Alice Woldt,** former Director, Fix Democracy First, Faith Action Network; **Terry Bergeson,** former State Superintendent of Public Instruction

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Argument against

Initiative 1464 uses your tax dollars to tilt the political system in favor of politicians and out of state special interests, while depriving our schools of resources to fully fund education. *We shouldn't put politicians before our kids.*

Benefits Politicians and Political Consultants

The initiative allows politicians to pay themselves for "lost wages" using public funds. Taxpayer dollars will be used to *pay politicians to run for office*. The system will be ripe for abuse. It's no surprise the initiative is sponsored by politicians and political consultants who will personally benefit from the use of taxpayer funds. It is funded by billionaires and out-of-state special interests trying to create an uneven playing field in their favor.

Wrong Priorities

Our state is under court order to fully fund education and is subject to a $100,000 per day fine. Instead of funding our schools, the initiative gives *$285 million in taxpayer money to political consultants and politicians* to spend on mudslinging and negative attack ads.

The initiative allows people living in Washington who are *non-citizens* to contribute taxpayer dollars to politicians, even though they can't vote.

Hurts Small Businesses, But Exempts Special Interests

The initiative hurts Washington small businesses by raising $285 million in taxes on their customers over the next ten years. *This will hurt tourism and kill jobs.* The initiative also restricts free speech for minority-owned small businesses but provides exemptions for corporate lobbyists. Powerful special interests get special treatment. Vote *no* on this bad idea.

Rebuttal of argument for

Despite claims by I-1464's out-of-state backers, Washington is already nationally recognized as being a leader on transparency and ethical reporting. I-1464 would wreck that. The initiative pours money into politics, giving $285 million in taxpayer dollars to politicians instead of our schools. It will raise taxes on Washington businesses, hurt our tourism industry and attack the rights of minority small business owners while providing loopholes for corporate lobbyists. Reject this bad idea.

Written by

Brian Sonntag, former Washington State Auditor, Democrat; **Rob McKenna,** former Washington State Attorney General, Republican; **Sam Jackson,** Democratic Party activist concerned about education funding, Seattle; **Slade Gorton,** former U.S. Senator and Attorney General; **Darlene Johnson,** small business owner, Clark County; **Sam Reed,** former Washington State Secretary of State, Olympia

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Complete Text
Initiative Measure No. 1464

AN ACT Relating to accountability of Washington's system of electoral politics to the people; amending RCW 42.17A.400, 42.17A.430, 42.17A.445, 42.17A.645, 42.17A.470, 42.17A.050, 42.17A.750, 42.17A.755, 42.17A.765, and 42.17A.125; adding new sections to chapter 42.17A RCW; adding a new section to chapter 82.32 RCW; creating new sections; repealing RCW 82.08.0273 and 42.17A.550; prescribing penalties; and making appropriations.

BE IT ENACTED BY THE PEOPLE OF THE STATE OF WASHINGTON:

NEW SECTION. **Sec. 1.** This act may be known and cited as the Washington government accountability act.

NEW SECTION. **Sec. 2.** (1) The people find and declare that accountability to the people is of the utmost importance in Washington's system of electoral politics. Today, that system is tainted with a perception of corruption, insufficient participation by citizens (who believe they have an insignificant role to play in our democracy), inadequate disclosure of relevant information to the public on political advertising and paid lobbying, and inadequate enforcement of the laws intended to address these concerns.

(2) The Washington government accountability act is intended to increase accountability to the public in Washington's system of electoral politics by:

(a) Preventing corruption and the perception of corruption in government by strengthening campaign contribution limits, establishing additional restrictions on campaign financing, and prohibiting certain government officials and employees from receiving compensation to lobby state government;

(b) Promoting citizen participation and open political discussion by establishing an effective system for citizen financing of election campaigns;

(c) Better informing the electorate by improving public disclosure of information related to political advertising and lobbying; and

(d) Improving enforcement of the laws governing electoral politics by facilitating the reporting of violations, expanding enforcement authority, providing resources for enforcement efforts, and increasing potential penalties for violators.

CAMPAIGN CONTRIBUTION LIMITS AND OTHER RESTRICTIONS

Sec. 3. RCW 42.17A.400 and 2010 c 204 s 601 are each amended to read as follows:

(1) The people of the state of Washington find and declare that:

(a) The financial strength of certain individuals or organizations should not permit them to exercise ((~~a disproportionate or~~)) controlling or otherwise improper influence on the election of candidates.

(b) Rapidly increasing political campaign costs have led many candidates to raise larger percentages of money from or in coordination with special interests with a specific financial stake in matters before state government. This has caused the public perception that decisions of elected officials are being improperly influenced by monetary contributions, including coordinated expenditures.

(((~~(c) Candidates are raising less money in small contributions from individuals and more money from special interests. This has created the public perception that individuals have an insignificant role to play in the political process.~~)))

(2) By limiting campaign contributions, the people intend to:

(a) Ensure that individuals and interest groups have a fair ((~~and equal~~)) opportunity to influence elective and governmental processes;

(b) Reduce the ((~~influence of large organizational contributors~~)) perception of corruption; and

(c) ((~~Restore~~)) Strengthen public trust in governmental institutions and the electoral process.

NEW SECTION. **Sec. 4.** (1) A public contractor or prospective public contractor, an entity such a contractor owns or in which such a contractor has a controlling interest, a person who owns or has a controlling interest in such a contractor if the contractor is not an individual, or a director or equivalent, officer or equivalent, or immediate family member of such a contractor may not:

(a) Contribute more than one hundred dollars per election to a candidate for an office having a decision-making role in the negotiation, awarding, execution, performance, or enforcement of the contractor's qualifying contract or contracts;

(b) Deliver or transmit a contribution to such a candidate from another person;

(c) Solicit contributions for such a candidate in amounts exceeding one hundred dollars individually or five hundred dollars in the aggregate for each election;

(d) Solicit contributions for such a candidate from the contractor's employees, subcontractors, clients, or close family members; or

(e) Engage in a private business transaction or private business relationship with such a candidate or an entity in which such a candidate has a substantial financial interest, unless it is clear beyond a reasonable doubt that the business transaction or relationship is not part of any design to gain or maintain influence over the candidate.

(2) A person registered or required to be registered as a lobbyist, an entity such a lobbyist owns or in which such a lobbyist has a controlling interest, a person who owns or has a controlling interest in such a lobbyist if the lobbyist is not an individual, or a director or equivalent, officer or equivalent, or immediate family member of such a lobbyist may not:

(a) Contribute more than one hundred dollars per election to a candidate for an office having a decision-making role on any legislation, rule, standard, rate, or other enactment, whether actual or potential, about which the person lobbied in the past four years;

(b) Deliver or transmit a contribution to such a candidate from another person;

(c) Solicit contributions for such a candidate in amounts

exceeding one hundred dollars individually or five hundred dollars in the aggregate for each election;

(d) Solicit contributions for such a candidate from the lobbyist's employees, clients, or close family members; or

(e) Engage in a private business transaction or private business relationship with such a candidate or an entity in which such a candidate has a substantial financial interest, unless it is clear beyond a reasonable doubt that the business transaction or relationship is not part of any design to gain or maintain influence over the candidate.

(3) For purposes of this section, an employee's involvement with the making or directing of contributions from his or her employer, or from a separate segregated fund or political committee established and maintained by the employee's employer, if part of the employee's normal duties, does not qualify as transmittal or solicitation by the employee.

(4) A person may not solicit or accept contributions if the person knows or has reason to know that the contributions exceed the limitations provided in this section.

(5) For purposes of this section:

(a) "Close family member" of an individual means:

(i) The individual's immediate family, as defined in this chapter;

(ii) The individual's spouse, domestic partner, child, stepchild, grandchild, parent, stepparent, grandparent, brother, half brother, sister, or half sister;

(iii) A child, stepchild, grandchild, parent, stepparent, grandparent, brother, half brother, sister, or half sister of the individual's spouse or domestic partner; or

(iv) The spouse or domestic partner of any person described in (a)(ii) or (iii) of this subsection (5).

(b) "Prospective public contractor" means a person who, directly or as a subcontractor, has a pending application or has manifested a specific intent to apply for or otherwise seek out a contract or contracts that will be governed by Title 39 RCW and will include the payment of public funds from a government entity of at least one hundred thousand dollars in the aggregate to any and all counterparties. This definition does not include the employees of such a person or, if the person is a union, the members of that union.

(c) "Public contractor" means a person who, during the current election cycle for the relevant public office, directly or as a subcontractor, has had a contractual relationship or contractual relationships governed by Title 39 RCW, involving the payment of public funds from a government entity of at least one hundred thousand dollars in the aggregate to any and all counterparties. This definition does not include the employees of such a person or, if the person is a union, the members of that union.

(6) The commission is authorized to adopt rules, as needed, to enforce and prevent circumvention of this section.

NEW SECTION. **Sec. 5.** (1) An expenditure in support of a candidate or opposing a candidate's opponent, other than an expenditure for the purposes described in RCW 42.17A.005(13)(b), is presumed to be made in coordination with that candidate or the candidate's agent (whether the candidate's authorized political committee, a registered person who directs the candidate's or committee's expenditures, or their agents), and is thus presumed to be a contribution as defined in this chapter, under any one of the following circumstances occurring after the effective date of this section:

(a) The candidate or agent had specific previous knowledge of the expenditure;

(b) The person making the expenditure is an immediate family member, partner, or employee of the candidate;

(c) The expenditure was made in cooperation, consultation, or concert with, or at the request or suggestion of, an immediate family member, partner, or employee of the candidate; or

(d) Within two years prior to the expenditure being made and within the same election cycle:

(i) The candidate or agent, and the person making the expenditure, attended a meeting at which campaign-related strategy or planning related to the candidate's election was discussed;

(ii) The candidate or agent contributed to a political committee making the expenditure, the candidate or agent solicited one or more third parties to make contributions to a political committee making the expenditure, or the candidate or agent solicited contributions at an event organized by or hosted by a political committee making the expenditure;

(iii) The candidate or agent, and the person making the expenditure, shared office space; or

(iv) The candidate or agent, and the person making the expenditure, had the same agent or coordinated with the same person for nonministerial campaign-related purposes.

(2) Any presumption established under this section is rebuttable. If an alleged violation of this chapter is premised on a presumption of coordination under this section, once the basis for the presumption has been proved by a preponderance of the evidence in light of all the evidence presented by all parties, the burden of proof is then on the presumptive violator to disprove the presumed coordination by a preponderance of the evidence, again taking into account all the evidence presented by all parties.

(3) Notwithstanding any provisions of this section, and regardless of whether a presumption has been established, any relevant documents or supporting facts may be used to demonstrate coordination of an expenditure.

(4) By September 1, 2017, and on an ongoing basis, the commission shall publish guidance on best practices that, if followed, will effectively rebut a presumption of coordination, including through the documentation of an effective firewall, and any alternative screening procedures the commission deems sufficient. A presumptive violator may rebut a presumption established under this section by presenting a prima facie case that the commission's then-current guidance was followed. In order to resurrect the presumption, the burden of proof is then on the commission, attorney general, or prosecuting attorney to prove by a preponderance of the evidence, taking into account all the evidence presented by all parties, that the commission's then-current guidance was not followed.

(5) This section does not apply in a citizen action under RCW 42.17A.755(4). In such an action, a presumption of coordination under this section may not be used to demonstrate a violation.

(6) The commission is authorized to adopt rules, as needed, to enforce and prevent circumvention of this section.

Sec. 6. RCW 42.17A.430 and 2010 c 204 s 606 are each amended to read as follows:

All of the ((~~The~~)) surplus funds of a candidate or a candidate's authorized committee ((~~may only~~)) must be promptly disposed of as provided in this section. If the candidate received public funds from the democracy credit program established under section 9 of this act, then the candidate must transfer to the commission a certain percentage of the candidate's surplus funds, equal to the percentage of the total amount in contributions the candidate received that were public funds from the democracy credit program. Otherwise, the surplus funds must be disposed of in any one or more of the following ways:

(1) Return the surplus to a contributor in an amount not to exceed that contributor's original contribution;

(2) Using surplus, reimburse the candidate for lost earnings incurred as a result of that candidate's election campaign. Lost earnings shall be verifiable as unpaid salary for the specific time period of the election campaign or, when the candidate is not salaried, as an amount not to exceed income received by the candidate for services rendered during an appropriate, corresponding time period. Any reimbursement may not exceed an amount equal to the estimated median household income for the state as determined by the office of financial management and calculated pro rata by the commission in relation to such time period. All lost earnings incurred shall be documented and a record thereof shall be maintained by the candidate or the candidate's authorized committee. The committee shall maintain a copy of this record in accordance with RCW 42.17A.235((~~(6)~~)) (5);

(3) Transfer the surplus without limit to a political party or to a caucus political committee;

(4) Donate the surplus to a charitable organization registered in accordance with chapter 19.09 RCW;

(5) Transmit the surplus to the state treasurer for deposit in the general fund, the campaign financing and enforcement fund created in section 18 of this act, the Washington state legacy project, state library, and archives account under RCW 43.07.380, or the legislative international trade account under RCW 43.15.050, as specified by the candidate or political committee; or

(6) ((~~Hold the surplus in the depository or depositories designated in accordance with RCW 42.17A.215 for possible use in a future election campaign for the same office last sought by the candidate and report any such disposition in accordance with RCW 42.17A.240. If the candidate subsequently announces or publicly files for office, the appropriate information must be reported to the commission in accordance with RCW 42.17A.205 through 42.17A.240. If a subsequent office is not sought the surplus held shall be disposed of in accordance with the requirements of this section.~~

(~~7~~))) Hold the surplus campaign funds in a separate account for nonreimbursed public office-related expenses or as provided in this section, and report any such disposition in accordance with RCW 42.17A.240. The separate account required under this subsection shall not be used for deposits of campaign funds that are not surplus.

(((~~8~~))) No candidate or authorized committee may transfer funds to any other candidate or other political committee.

The disposal of surplus funds under this section shall not be considered a contribution for purposes of this chapter.

Sec. 7. RCW 42.17A.445 and 2010 c 204 s 608 are each amended to read as follows:

Contributions received and reported in accordance with RCW 42.17A.220 through 42.17A.240 and 42.17A.425 may only be paid to a candidate, or a treasurer or other individual or expended for such individual's personal use under the following circumstances:

(1) Reimbursement for or payments to cover lost earnings incurred as a result of campaigning or services performed for the political committee. Lost earnings shall be verifiable as unpaid salary for the specific time period of the election campaign, or when the individual is not salaried, as an amount not to exceed income received by the individual for services rendered during an appropriate, corresponding time period. Any reimbursement may not exceed an amount equal to the estimated median household income for the state as determined by the office of financial management and calculated pro rata by the commission in relation to such time period. All lost earnings incurred shall be documented and a record shall be maintained by the candidate or the candidate's authorized committee in accordance with RCW 42.17A.235.

(2) Reimbursement for direct out-of-pocket election campaign and postelection campaign related expenses made by the individual. To receive reimbursement from the political committee, the individual shall provide the political committee with written documentation as to the amount, date, and description of each expense, and the political committee shall include a copy of such information when its expenditure for such reimbursement is reported pursuant to RCW 42.17A.240.

(3) Repayment of loans made by the individual to political committees shall be reported pursuant to RCW 42.17A.240. However, contributions may not be used to reimburse a candidate for loans totaling more than four thousand seven hundred dollars made by the candidate to the candidate's own authorized committee.

Sec. 8. RCW 42.17A.645 and 2010 c 204 s 810 are each amended to read as follows:

(1) An elected official, appointed official, or public employee, in state or local government, may not accept employment or receive compensation from any person who, after the effective date of this section, was registered or required to be registered as a lobbyist and lobbied on any legislation, rule, standard, rate, or other enactment in which the official or employee had any decision-making role, until three years after the official's tenure or employee's relevant public em-

ployment has ended, or five years after the lobbying, whichever is sooner.

(2) An elected or appointed official, serving in state or local government after the effective date of this section, may not receive compensation for lobbying the same office, agency, department, legislative body, or like unit of state or local government in which they are elected or appointed until three years after that person's termination of service in that unit of state or local government.

(3) An officer of a candidate's campaign who performed, after the effective date of this section, nonministerial functions for a candidate who was elected to office may not accept employment or receive compensation for lobbying that elected official during the official's tenure, until three years after the campaign officer's performance.

(4) If any person registered or required to be registered as a lobbyist, or any employer of any person registered or required to be registered as a lobbyist, employs a member or an employee of the legislature, a member of a state board or commission, or a full-time state employee, and that new employee remains in the partial employ of the state, the new employer must file within fifteen days after employment a statement with the commission, signed under oath, setting out the nature of the employment, the name of the person employed, and the amount of pay or consideration.

CITIZEN FINANCING OF ELECTIONS

NEW SECTION. **Sec. 9.** The democracy credit program is hereby established within the commission. The purposes of the program are to promote broad, diverse, fair, and undistorted citizen influence and participation in electoral politics; encourage citizens with meaningful voter support to run for office, and facilitate the process by which they connect with voters; minimize the perception of corruption in government; better inform the public about candidates running for office; and promote meaningful and open discussion of political issues in the context of electoral politics. The commission shall seek to further these purposes whenever it enacts rules to govern the program pursuant to the authority granted in this chapter.

NEW SECTION. **Sec. 10.** The definitions in this section apply throughout this subchapter unless the context clearly requires otherwise:

(1) "Contribution period" means the time period, to be determined by the commission by rule, during which an eligible individual may make a democracy credit contribution for a given election year. Unless the commission determines otherwise, the contribution period shall begin on April 1st of the relevant election year.

(2) "Democracy credit contribution" means a campaign contribution made by an eligible individual from the program fund to a qualified state candidate, pursuant to the rules of the program.

(3) "Eligible individual" means an individual properly registered to vote in the state, or an individual verified by the commission for participation in the program pursuant to section 16 of this act.

(4) "Program" means the democracy credit program.

(5) "Program fund" or "program funds" means the funds of the commission that the commission has allocated to the democracy credit program specifically for use as democracy credit contributions, including funds appropriated and allocated pursuant to section 18 of this act.

(6) "Qualified state candidate" means a candidate for state office whose status as a candidate eligible to receive democracy credit contributions has been certified by the commission.

(7) "Qualifying contribution" means a contribution to a candidate that is not, in the aggregate from any contributor, in excess of fifty percent of any applicable contribution limit under state law, other than limits on contributions from bona fide political parties or caucus political committees, or that is not, in the aggregate from any contributor, in excess of an alternative amount set by rule that the commission determines is necessary to promote the purposes of the program.

NEW SECTION. **Sec. 11.** (1) For elections in even-numbered years, the commission shall, at least ten business days before the beginning of the contribution period, send by postal mail to each eligible individual, using the address specified on the individual's voter registration or verification materials, personalized materials for the program. Thereafter, until one week before the general election of that year, unless no program funds remain available for democracy credit contributions, the commission shall send personalized materials to each individual who becomes an eligible individual, within ten business days of the individual obtaining status as an eligible individual.

(2) The personalized materials sent to each eligible individual must:

(a) Be addressed to the name of the eligible individual;

(b) Be sent in an official commission envelope;

(c) Provide information about the purposes and workings of the program, instructions on how to access the section of the commission's web site where complete information about the program can be found, and the telephone number for the commission's program assistance hotline or other similar means for contacting the commission for assistance;

(d) Clearly inform the recipient of the program's rules and penalties;

(e) Provide a unique and nonsequential pin code, or equivalently secure verification credential, for each of the democracy credit contributions that the eligible individual may make during the contribution period; and

(f) Provide instructions for how to make a democracy credit contribution.

(3) The secretary of state's office and all county elections departments shall work closely with the commission and any involved contractors to ensure that the commission has access to continuously accurate voter registration information.

NEW SECTION. **Sec. 12.** (1) For elections in each even-numbered year, each eligible individual is authorized to make up to three democracy credit contributions during the contribution period, subject to the availability of program funds. The amount of each democracy credit contribution is fifty dollars. The commission shall set the contribution peri-

od by rule to promote ease of program administration and to promote the purposes of the program under section 9 of this act. The commission may also adjust the number of authorized democracy credit contributions and the contribution amount, including setting different amounts by office, if necessary to promote program participation by candidates or eligible individuals, or if necessary to incentivize candidates to spend significant time appealing to eligible individuals. In making such adjustments, the commission must consider the historical costs of running viable campaigns, the anticipated availability of program funds, and the anticipated number of qualified state candidates.

(2) A democracy credit contribution shall be treated as a contribution made by the eligible individual. The value of a democracy credit contribution is not income or a monetary asset of the eligible individual. A person may not transfer to another person the ability to make a democracy credit contribution or the verification credentials required to make a democracy credit contribution. Except as required to make a reasonable accommodation for a disability or as otherwise allowed by law, a democracy credit contribution may not be authorized by proxy, power of attorney, or agent. Any county elections department shall provide assistance in making democracy credit contributions to eligible individuals who visit the department.

(3) To make a democracy credit contribution, an eligible individual must, using the electronic authorization system developed by the commission under section 16 of this act, attest to understanding the rules and penalties of the program and provide the following information:

(a) Personal identifying information, as required by the commission to ensure accuracy and prevent fraud and abuse, which unless determined otherwise by the commission must include name and residential or mailing address as recorded in the eligible individual's voter registration or verification materials, date of birth, and whichever of the following the individual used to register to vote in the state or to be verified as an eligible individual: Social security number or Washington driver's license, permit, or identicard number;

(b) The unique pin code or equivalently secure verification credential provided by the commission for the democracy credit contribution to be made; and

(c) The identity of the qualified state candidate to whom the eligible individual wishes to make the democracy credit contribution.

(4) As necessary to promote the purposes of the program under section 9 of this act, the commission may allow eligible individuals to request and receive from the commission a paper form that may be used, as an alternative to the electronic process detailed under subsection (3) of this section, to make a democracy credit contribution. Before the implementation of any such forms, the commission must develop rules to govern their use.

(5) Upon receiving the information required for a democracy credit contribution, and upon confirming that the provided information is valid, that sufficient program funds are available, and that the contemplated contribution is permitted, the commission shall transfer the democracy credit contribution from the program fund to the candidate committee of the qualified state candidate chosen by the eligible individual. The commission may set by rule a minimum number of days that must elapse before the contribution is transferred from the program fund, as necessary to prevent mistake, fraud, and abuse.

(6) A candidate committee may reject a democracy credit contribution. The commission shall notify any eligible individual whose democracy credit contribution has been rejected and reissue the information and verification credentials necessary to allow that individual to make that democracy credit contribution to another qualified state candidate.

(7) The commission shall, using the information available to it and to the extent practicable, minimize any administrative burdens on candidate committees resulting from the application of general reporting requirements to democracy credit contributions.

NEW SECTION. **Sec. 13.** (1) In 2018, 2020, and 2022, only a candidate running for state legislative office may be a qualified state candidate. The commission shall determine the additional offices for which a candidate may be a qualified state candidate in 2024 and each even-numbered year thereafter, with the purpose of expanding the program to as many offices as possible while ensuring sufficient program funds for such expansion, and prioritizing the offices of governor, secretary of state, attorney general, commissioner of public lands, and justice of the supreme court.

(2) To become a qualified state candidate, a candidate must submit, within a period to be determined by the commission by rule, a registration form to be developed by the commission. The form must be signed by the candidate and any treasurer for the candidate's campaign committee. To be certified by the commission as a qualified state candidate, the candidate seeking registration must:

(a) Indicate willingness to receive democracy credit contributions and an understanding and acceptance of program rules and penalties;

(b) Demonstrate collection of the required number of qualifying contributions from unique natural persons residing in the geographic district or area electing the office being sought, of at least ten dollars each, during a period to be determined by the commission by rule; and

(c) Attest that the candidate:

(i) Will not use personal funds in connection with the candidate's election in excess of applicable program limits;

(ii) Will not solicit, accept, direct, or otherwise coordinate receipt or spending of funds in connection with the candidate's election other than personal funds in accordance with this subsection (2)(c)(i), democracy credit contributions, and qualifying contributions, except at times when the candidate would be eligible for democracy credit contributions but no program funds are available for that purpose;

(iii) Will not solicit, accept, direct, or otherwise coordinate receipt or spending of funds, other than democracy credit contributions and qualifying contributions, in connection with any other election;

(iv) Has not at the time of submitting the statement accepted or spent funds in connection with the candidate's election other than personal funds in accordance with (c)(i) of this subsection (2) and qualifying contributions, or has (A) been reimbursed any amount of personal funds spent in excess of the limits in (c)(i) of this subsection (2), and (B) refunded any amounts received in excess of the limits on qualifying contributions to each original contributor or, to the extent refunding to the original contributor is not possible, then to the program fund;

(v) Will not make contributions to another political committee using funds received as democracy credit contributions;

(vi) Will promptly make available to the commission at any time the books of account associated with the campaign; and

(vii) Will abide by any additional requirements that the commission has set by rule, which the commission shall adopt as needed to prevent circumvention and otherwise promote the purposes of the program under section 9 of this act.

(3) Once the filing period set forth in RCW 29A.24.050 ends, a candidate may not become or remain a qualified state candidate unless he or she has properly filed a declaration of candidacy pursuant to chapter 29A.24 RCW.

(4) A qualified state candidate running for state legislative office may not use personal funds exceeding five thousand dollars in the aggregate for campaign purposes. The commission shall determine a limit on the use of personal funds for all other state candidates by office, in amounts that account for the reasonable costs of starting a viable campaign while promoting campaigns that are based on widespread underlying community support. The commission may adjust these limits over time, including for legislative office, based on changed circumstances that make such adjustment necessary to account for campaign startup costs or to promote campaigns based on widespread underlying community support.

(5) The number of qualifying contributions of at least ten dollars each required under subsection (2) of this section to become a qualified state candidate is seventy-five for a candidate for state legislative office. The commission shall determine the required number for all other state candidates by office, in amounts that promote program participation while preventing fraud and preventing waste of public funds on candidates unable to obtain meaningful public support. The commission may adjust these numbers over time, including the numbers for legislative office, based on changed circumstances that make such adjustment necessary to promote program participation, prevent fraud, prevent waste of public funds, or otherwise promote the purposes of the program.

(6) If the commission receives a valid registration form from a state candidate, it shall verify the submitted information, and if all required information has been received and verified, shall certify the candidate's registration as a qualified state candidate who may receive democracy credit contributions during the contribution period in accordance with program rules. The commission shall then promptly update all online materials to reflect this change in status.

(7) A qualified state candidate is eligible to receive no more than the following in the aggregate in democracy credit contributions for a single election year: For a candidate for state representative, one hundred fifty thousand dollars; for a candidate for state senator, two hundred fifty thousand dollars. The commission shall determine the limits applicable to candidates for all other state offices, in amounts that promote program participation while also promoting equitable availability of program funds among qualified state candidates. The commission may adjust these limits over time, including the limits for state representative and state senator, based on changed circumstances that make such adjustment necessary to promote program participation or to promote the equitable availability of program funds among qualified state candidates.

(8)(a) A qualified state candidate may use democracy credit contribution proceeds only:

(i) For campaign costs or campaign debts for the relevant election; and

(ii) During the election cycle and, as set by commission rule, for a reasonable period following the election.

(b) A qualified state candidate may not use democracy credit contribution proceeds to pay:

(i) The candidate or candidate's immediate family member, except to reimburse for actual out-of-pocket campaign expenses;

(ii) Any entity in which the candidate or an immediate family member holds in aggregate a ten percent or greater ownership interest;

(iii) Any amount over fair market value for any services, goods, facilities, or things of value;

(iv) Any penalty or fine; or

(v) Any inaugural costs or postelection officeholder costs.

(9) A candidate loses status as a qualified state candidate by publicly announcing withdrawal, abandoning the race, losing a primary election, losing or winning a general election, becoming ineligible for the office sought, if the commission finds the candidate has recklessly or intentionally committed a material violation of election laws or program requirements, or if the candidate is otherwise disqualified for violating this chapter pursuant to rules set by the commission. A candidate who loses status as a qualified state candidate shall, within a reasonable period as set by commission rule, pay all debts and obligations, account to the commission, and remit to the program fund a certain percentage of remaining funds, equal to the percentage of the total amount in contributions the candidate received that came from democracy credit contributions. If the commission at any time rescinds qualified state candidate status based on a violation of program requirements, the candidate shall also pay a penalty to the program fund to be set by the commission by rule.

NEW SECTION. **Sec. 14.** (1) Beginning in 2021, the commission shall consider whether there are sufficient program funds to expand the program to cover elections that occur in odd-numbered years. If the commission determines that such expansion would further the purposes of the program

under section 9 of this act, it shall implement the expansion.

(2) In 2022, the commission shall request an opinion from the attorney general as to whether the program can be lawfully expanded to include federal candidates for the offices of United States representative for the state of Washington and United States senator for the state of Washington. The attorney general shall provide the requested opinion.

(a) If the attorney general opines that such expansion can be done lawfully, and the commission then determines that such expansion would further the purposes of the program under section 9 of this act, the commission shall implement the expansion.

(b) If the attorney general opines that such expansion cannot be done lawfully, the commission shall wait for a material change in circumstances and then request another opinion, which is subject to (a) and (b) of this subsection (2).

(c) If the program is expanded to include federal candidates, the commission shall adopt reasonable rules governing the qualification and participation of such candidates and, notwithstanding RCW 42.17A.485, the commission may allow eligible individuals to receive direct refunds from the program fund for contributions to such candidates.

NEW SECTION. **Sec. 15.** (1) A person who knowingly offers to make a democracy credit contribution in exchange for cash or any other consideration, or who knowingly offers to buy or sell a democracy credit contribution, the ability to make a democracy credit contribution, or personalized information contained in program materials is guilty of a gross misdemeanor.

(2) A person who makes a democracy credit contribution in exchange for cash or any other consideration, or who buys or sells a democracy credit contribution, the ability to make a democracy credit contribution, or personalized information contained in program materials is guilty of a class C felony.

NEW SECTION. **Sec. 16.** (1) The commission shall contract for the development and management of a private and secure electronic system that controls and administers all technical aspects of the program, as well as a public online portal, accessible by normal and secure means, such as by common internet browsers on computers and mobile phones or other common devices with internet access, through which eligible individuals may make democracy credit contributions. When awarding such a contract, the commission shall give preference to any contractor with demonstrated experience and success in developing technologies similar to those being contracted for. No contractor, subcontractor, or associated entity may sell, license, or otherwise distribute data, metadata, or any information acquired through these contracts to any entity other than the commission, the public as required by this chapter, or entities approved by the commission.

(2) The commission shall implement the program on an ongoing basis, including by:

(a) Continuously managing the spending of all program funds with a goal of promoting the long-term success and sustainability of the program;

(b) Promoting awareness and understanding of the program with the goal of maximizing widespread and diverse citizen and candidate participation in the program;

(c) Supervising the management of the system and portal described in subsection (1) of this section;

(d) Maintaining a dedicated informational web site for the program, designed to facilitate viewing on the full range of common screen sizes of internet devices, that educates the public about the program and program fund availability; provides an interactive, easily searchable and current list of qualified state candidates, sortable by name, office sought, and party; and provides an up-to-date and interactive system detailing information about the use and receipt of democracy credit contributions in that election year, as well as the option to download without cost a bulk data file containing that information;

(e) Publishing appropriate guidebooks for candidates and eligible individuals, and translations of the informational web site and key program materials into languages spoken by a significant number of state residents, as determined by the commission;

(f) Maintaining a program telephone hotline through which residents may receive information about the program, request assistance with program issues, and submit complaints about problems related to democracy credit contributions or personalized materials;

(g) During each contribution period, auditing the books of account of at least two percent of qualified state candidates, to be chosen by random selection;

(h) Releasing a comprehensive report to the public every odd-numbered year detailing the status of the program and its use during the previous even-numbered election year; and

(i) Enforcing program requirements and investigating potential violations of such requirements, including by reviewing the books of account associated with the campaign of any qualified state candidate when appropriate.

(3) The commission shall adopt regulations to govern the program, designed to effectuate the provisions of sections 9 through 15 of this act, prevent circumvention and fraud, promote accessibility and participation, address violations of program requirements, and otherwise promote the purposes of the program. The commission's regulations may include special civil penalties or other remedies for violations of program requirements.

(4) By December 1, 2019, the commission shall develop and adopt regulations to allow any adult natural person who is a bona fide resident of the state, not eligible to register to vote under state law, but eligible under state and federal law to donate to a candidate campaign, to request to be verified by the commission as an eligible individual for participation in the program in the year 2020 and thereafter. The commission shall develop a process to reasonably ensure that an individual who no longer meets the requirements necessary to be an eligible individual does not make a democracy credit contribution until the individual again meets such requirements.

Sec. 17. RCW 42.17A.470 and 1993 c 2 s 13 are each

amended to read as follows:

(1) A person, other than an individual, may not be an intermediary or an agent for a contribution.

(2) An individual may not make a contribution on behalf of another person or entity, or while acting as the intermediary or agent of another person or entity, without disclosing to the recipient of the contribution both his or her full name, street address, occupation, name of employer, if any, or place of business if self-employed, and the same information for each contributor for whom the individual serves as intermediary or agent.

(3) In the democracy credit program established under section 9 of this act, the commission publicly administers contributions by eligible individuals, and is neither an intermediary nor an agent as those terms are used in this section.

NEW SECTION. **Sec. 18.** (1) The campaign financing and enforcement fund is created in the state treasury. Money in the account may be spent only after appropriation. Expenditures from the account may be used only for the program or for the commission's other authorized activities. Money deposited into the account must be used only for these purposes.

(2) The commission shall allocate any and all amounts appropriated to the commission from the campaign financing and enforcement fund to either (a) the program, including for use as democracy credit contributions and for program administration, or (b) the commission's ongoing activities, with at least three-fourths each fiscal year being allocated to the program.

NEW SECTION. **Sec. 19.** A new section is added to chapter 82.32 RCW to read as follows:

(1) On or around March 1, 2017, the department shall estimate the amount in state revenue that has resulted from the repeal under section 30 of this act of the sales tax exemption for nonresidents under RCW 82.08.0273, and certify the estimated amount to the state treasurer. By April 1, 2017, the state treasurer shall transfer seven million five hundred thousand dollars of the certified amount, or the certified amount if it is less than seven million five hundred thousand dollars, into the campaign financing and enforcement fund created in section 18 of this act. If the certified amount is less than seven million five hundred thousand dollars for any reason, the treasurer shall transfer the amount of the difference into the campaign financing and enforcement fund from the general fund.

(2) On or around June 1, 2017, the department shall estimate the remaining amount in state revenue for the current fiscal year resulting from the repeal of the sales tax exemption for nonresidents, and certify the estimated amount to the state treasurer. By July 1, 2017, the state treasurer shall transfer seven million five hundred thousand dollars of the certified amount, or the certified amount if it is less than seven million five hundred thousand dollars, into the campaign financing and enforcement fund. If the certified amount is less than seven million five hundred thousand dollars for any reason, the treasurer shall transfer the amount of the difference into the campaign financing and enforcement fund from the general fund.

(3) By June 1, 2018, and June 1st of every year thereafter, the department shall annually estimate the amount in state revenue for the current fiscal year resulting from the repeal of the sales tax exemption for nonresidents, and certify the estimated amount to the state treasurer. Adjustments to these annual estimated amounts should be based on changes in overall amounts of sales tax revenues generated statewide. By July 1, 2018, and by July 1st of every year thereafter, the state treasurer shall transfer thirty million dollars of the certified amount, or the certified amount if it is less than thirty million dollars, into the campaign financing and enforcement fund. If the certified amount is less than thirty million dollars for any reason, the treasurer shall transfer the difference into the campaign financing and enforcement fund from the general fund.

NEW SECTION. **Sec. 20.** For each time, between the effective date of this section and one calendar month after the end of the next ensuing fiscal biennium, which commences on July 1, 2017, and ends on June 30, 2019, that a sum shall be deposited into the campaign financing and enforcement fund pursuant to section 19 of this act, the sum deposited is hereby appropriated from that fund to the commission for use in accordance with section 18 of this act. From the fiscal year ending June 30, 2017, the sum of fifteen million dollars is appropriated, with seven million five hundred thousand dollars appropriated on April 1, 2017, and seven million five hundred thousand dollars appropriated on July 1, 2017. From the fiscal year ending on June 30, 2018, the sum of thirty million dollars is appropriated. From the fiscal year ending on June 30, 2019, the sum of thirty million dollars is appropriated.

DISCLOSURE

NEW SECTION. **Sec. 21.** (1) For any requirement of including "top five contributors" information under RCW 42.17A.320 or any other part of this chapter, the persons or entities making the largest contributions shall be determined solely as follows:

(a) The sponsor must first identify the five persons or entities making the largest contributions in excess of seven hundred dollars reportable under this chapter during the twelve-month period preceding the date on which the advertisement is initially to be published or otherwise presented to the public;

(b) For any political committee that qualifies as one of the top five contributors identified under (a) of this subsection, the top five contributors to that political committee during the same period must then be identified, and so on, until the individuals or entities other than political committees that have contributed the most to all political committees involved with the advertisement have been identified; and

(c) The sponsor's advertisement must then list the top five individuals or entities other than political committees contributing in excess of seven hundred dollars and making the largest aggregate contributions among all those identified under (a) and (b) of this subsection.

(2) Contributions to the sponsor that are earmarked,

tracked, and used for purposes other than the advertisement in question should not be counted in identifying the top five contributors under subsection (1) of this section.

(3) The commission is authorized to adopt rules, as needed, to prevent circumvention and effectuate the purposes of top five contributors information requirements, which are intended to inform voters about the individuals and entities sponsoring political advertisements.

Sec. 22. RCW 42.17A.050 and 2010 c 204 s 201 are each amended to read as follows:

The commission shall operate a web site or contract for the operation of a web site that allows access to reports, copies of reports, or copies of data and information submitted in reports, filed with the commission under RCW 42.17A.205, 42.17A.225, 42.17A.235, 42.17A.255, 42.17A.265, 42.17A.600, 42.17A.615, 42.17A.625, and 42.17A.630. By January 1, 2018, the web site must allow users to search, including by the names of persons, offices, and agencies involved, and by the amounts of money involved, and allow users to download in bulk machine-readable format, the information reported under RCW 42.17A.600 and 42.17A.615. In addition, the commission shall attempt to make available via the web site other public records submitted to or generated by the commission that are required by this chapter to be available for public use or inspection.

ENFORCEMENT AND ADMINISTRATION

Sec. 23. RCW 42.17A.750 and 2013 c 166 s 1 are each amended to read as follows:

(1) In addition to the penalties in subsection (2) of this section, and any other remedies provided by law, one or more of the following civil remedies and sanctions may be imposed by court order in addition to any other remedies provided by law:

(a) If the court finds that the violation of any provision of this chapter by any candidate or political committee probably affected the outcome of any election, the result of that election may be held void and a special election held within sixty days of the finding. Any action to void an election shall be commenced within one year of the date of the election in question. It is intended that this remedy be imposed freely in all appropriate cases to protect the right of the electorate to an informed and knowledgeable vote.

(b) If any lobbyist or sponsor of any grass roots lobbying campaign violates any of the provisions of this chapter, his or her registration may be revoked or suspended and he or she may be enjoined from receiving compensation or making expenditures for lobbying. The imposition of a sanction shall not excuse the lobbyist from filing statements and reports required by this chapter.

(c) A person who negligently violates any of the provisions of this chapter may be subject to a civil penalty of not more than ten thousand dollars for each violation. A person who recklessly or intentionally violates any of the provisions of this chapter may be subject to a civil penalty of not more than fifty thousand dollars for each violation. However, a person or entity who violates RCW 42.17A.405 may be subject to a civil penalty of up to ten thousand dollars for a negligent violation, fifty thousand dollars for a reckless or intentional violation, or three times the amount of the contribution illegally made or accepted, whichever is ((~~greater~~)) greatest.

(d) A person who fails to file a properly completed statement or report within the time required by this chapter may be subject to a civil penalty of ((~~ten~~)) up to fifty dollars per day for each day each delinquency continues.

(e) Each state agency director who knowingly fails to file statements required by RCW 42.17A.635 shall be subject to personal liability in the form of a civil penalty in the amount of ((~~one~~)) five hundred dollars per statement. These penalties are in addition to any other civil remedies or sanctions imposed on the agency.

(f) A person who fails to report a contribution or expenditure as required by this chapter may be subject to a civil penalty equivalent to the amount not reported as required.

(g) Any state agency official, officer, or employee who is responsible for or knowingly directs or expends public funds in violation of RCW 42.17A.635 (2) or (3) may be subject to personal liability in the form of a civil penalty in an amount that is at least equivalent to the amount of public funds expended in the violation.

(h) The court may enjoin any person to prevent the doing of any act herein prohibited, or to compel the performance of any act required herein.

(2) The commission may refer the following violations for criminal prosecution:

(a) A person who, with actual malice, violates a provision of this chapter is guilty of a misdemeanor under chapter 9.92 RCW;

(b) A person who, within a five-year period, with actual malice, violates three or more provisions of this chapter is guilty of a gross misdemeanor under chapter 9.92 RCW; and

(c) A person who, with actual malice, procures or offers any false or forged document to be filed, registered, or recorded with the commission under this chapter is guilty of a class C felony under chapter 9.94A RCW.

Sec. 24. RCW 42.17A.755 and 2011 c 145 s 7 are each amended to read as follows:

(1) The commission may (a) determine whether an actual violation of this chapter has occurred; and (b) issue and enforce an appropriate order following such a determination.

(2) The commission, in cases where it chooses to determine whether an actual violation has occurred, shall hold a hearing pursuant to the administrative procedure act, chapter 34.05 RCW, to make a determination. Any order that the commission issues under this section shall be pursuant to such a hearing.

(3) In lieu of holding a hearing or issuing an order under this section, the commission may refer the matter to the attorney general or other enforcement agency as provided in RCW 42.17A.105.

(4) The person against whom an order is directed under this section shall be designated as the respondent. The order may require the respondent to cease and desist from or to take affirmative steps to remedy the activity that constitutes a violation and in addition, or alternatively, may impose

one or more of the remedies provided in RCW 42.17A.750(1)(b) through (((e))) (g). ((~~The commission may assess a penalty in an amount not to exceed ten thousand dollars.~~))

(5) The commission has the authority to waive a fine for a first-time violation. A second violation of the same rule by the same person or individual, regardless if the person or individual committed the violation for a different political committee, shall result in a fine. Succeeding violations of the same rule shall result in successively increased fines.

(6) An order issued by the commission under this section shall be subject to judicial review under the administrative procedure act, chapter 34.05 RCW. If the commission's order is not satisfied and no petition for review is filed within thirty days, the commission may petition a court of competent jurisdiction of any county in which a petition for review could be filed under that section, for an order of enforcement. Proceedings in connection with the commission's petition shall be in accordance with RCW 42.17A.760.

(7) The commission is directed to consider timely enforcement of this chapter to be of the utmost importance. The commission is directed to use the full extent of its enforcement authority under this chapter to identify and address violations without delay, including by enjoining ongoing or impending violations, before each relevant election whenever possible.

(8) Any penalties imposed by the commission and collected in accordance with this section are awarded half to the state and half directly to the commission, which must use the funds for the purpose of preventing and investigating potential violations of this chapter. If the violation is found to have been intentional, the commission may also assess all related costs of investigation and enforcement, including attorneys' fees. If damages are assessed against a lobbyist, the judgment may be awarded not only against the lobbyist but also, jointly, severally, or both, against any employer or employers of the lobbyist joined as defendants who are found to have acted recklessly or intentionally in relation to the violation.

Sec. 25. RCW 42.17A.765 and 2010 c 204 s 1004 are each amended to read as follows:

(1) The attorney general and the prosecuting authorities of political subdivisions of this state may bring civil actions in the name of the state for any appropriate civil remedy for violations of this chapter, including but not limited to the special remedies provided in RCW 42.17A.750. In such civil actions, any amounts awarded for violations of this chapter are awarded half to the state and half directly to the commission, which must use the funds for the purpose of preventing and investigating potential violations of this chapter.

(2) The attorney general and the prosecuting authorities of political subdivisions of this state may investigate or cause to be investigated the activities of any person who there is reason to believe is or has been acting in violation of this chapter, and may require any such person or any other person reasonably believed to have information concerning the activities of such person to appear at a time and place designated in the county in which such person resides or is found, to give such information under oath and to produce all accounts, bills, receipts, books, paper and documents which may be relevant or material to any investigation authorized under this chapter.

(3) When the attorney general or the prosecuting authority of any political subdivision of this state requires the attendance of any person to obtain such information or produce the accounts, bills, receipts, books, papers, and documents that may be relevant or material to any investigation authorized under this chapter, he or she shall issue an order setting forth the time when and the place where attendance is required and shall cause the same to be delivered to or sent by registered mail to the person at least fourteen days before the date fixed for attendance. The order shall have the same force and effect as a subpoena, shall be effective statewide, and, upon application of the attorney general or the prosecuting authority, obedience to the order may be enforced by any superior court judge in the county where the person receiving it resides or is found, in the same manner as though the order were a subpoena. The court, after hearing, for good cause, and upon application of any person aggrieved by the order, shall have the right to alter, amend, revise, suspend, or postpone all or any part of its provisions. In any case where the order is not enforced by the court according to its terms, the reasons for the court's actions shall be clearly stated in writing, and the action shall be subject to review by the appellate courts by certiorari or other appropriate proceeding.

(4) A person who has notified the attorney general and the prosecuting attorney in the county in which the violation occurred in writing that there is reason to believe that some provision of this chapter is being or has been violated may himself or herself bring ((~~in the name of the state any of the actions~~)) a civil lawsuit on behalf of the state against the alleged violator (hereinafter referred to as a citizen's action) for any of the remedies authorized under this chapter.

(a) This citizen action may be brought only if:

(i) The attorney general and the prosecuting attorney have failed to commence an action hereunder within forty-five days after the notice;

(ii) The person has thereafter further notified the attorney general and prosecuting attorney that the person will commence a citizen's action within ten days upon their failure to do so;

(iii) The attorney general and the prosecuting attorney have in fact failed to bring such action within ten days of receipt of said second notice; and

(iv) The citizen's action is filed within two years after the date when the alleged violation occurred.

(b) In case of an alleged ongoing or impending violation of this chapter occurring within sixty days before an election and having the potential to affect the outcome, the citizen action may be brought during that period without regard to (a) of this subsection, including for injunctive relief and any other remedy authorized by law, but only if:

(i) The person has notified the attorney general and prosecuting attorney that the person will commence a citizen's

action within ten days upon their failure to do so; and

(ii) The attorney general and the prosecuting attorney have in fact failed to bring such action within ten days of receipt of said notice.

(c) If the person who brings the citizen's action prevails, the judgment awarded shall escheat to the state, but he or she shall be entitled to be reimbursed by the state of Washington for reasonable costs and attorneys' fees he or she has incurred. In the case of a citizen's action that is dismissed and that the court also finds was brought without reasonable cause, the court may order the person commencing the action to pay all costs of trial and reasonable attorneys' fees incurred by the defendant.

(5) In any action brought under this section in which a violation is found, the court may award to the state all costs of investigation and trial, including reasonable attorneys' fees to be fixed by the court. If the violation is found to have been intentional, the amount of the judgment, which shall for this purpose include the costs, may in the court's discretion be trebled as punitive damages. If damages or trebled damages are awarded in such an action brought against a lobbyist, the judgment may be awarded not only against the lobbyist but also jointly, severally, or both against ((~~the lobbyist, and the lobbyist's~~)) any employer or employers of the lobbyist joined as defendants((~~, jointly, severally, or both~~)) who are found to have acted recklessly or intentionally in relation to the violation. If the defendant prevails against the attorney general or prosecuting attorney, he or she shall be awarded all costs of trial, and may in the court's discretion be awarded reasonable attorneys' fees to be fixed by the court to be paid by the state of Washington.

(6) The attorney general and the prosecuting authorities of political subdivisions of this state are directed to consider timely enforcement of this chapter to be of the utmost importance. The attorney general and prosecuting authorities are directed to use the full extent of their enforcement authority under this chapter to identify and address violations without delay, including by obtaining injunctions to stop any ongoing or impending violations, before each relevant election whenever possible.

NEW SECTION. **Sec. 26.** (1) A person may not use contributions to pay a penalty or other amount that is owed as a result of violating this chapter or that is owed under this section, except to the extent that the person cannot otherwise pay and the amount cannot be collected under subsection (2) of this section.

(2) If a political committee or other entity is found liable for violating this chapter, and a penalty or other amount assessed against the entity cannot be collected other than by the entity's use of contributions, the following additional persons are personally liable for the amount owed if such persons recklessly or intentionally contributed to the violation through action or inaction and justice so requires the imposition of liability:

(a) For a violation by a political committee, then an officer of the committee or a person who directed the activities of the committee;

(b) For a violation by a corporation, then a director or officer of the corporation;

(c) For a violation by a political committee, corporation, or other entity, then a person occupying a similar position of authority or control.

(3) For purposes of this section, a person acts recklessly when he or she knows of and disregards a substantial risk that a violation may occur and his or her disregard of such substantial risk is a gross deviation from conduct that a reasonable person would exercise in the same situation.

NEW SECTION. **Sec. 27.** (1) The commission shall maintain and make available to the public a telephone hotline for the submission of tips regarding potential violations of this chapter. Persons submitting such tips must be given the option of remaining anonymous. The commission has discretion to determine whether to investigate any tip.

(2) Any elected office, lobbyist, or political committee, if it has employees, must prominently post a notice of the hotline established in subsection (1) of this section in a place where all employees have reasonable access to it. The notice must clearly indicate that the hotline is available to submit anonymous tips on potential violations of campaign finance and disclosure laws. The commission shall establish and make available a sample notice that qualifies if posted in accordance with the commission's instructions.

NEW SECTION. **Sec. 28.** A new section is added to chapter 42.17A RCW to read as follows:

(1) By January 1, 2018, all agencies required to report under RCW 42.17A.635 must file all reports required by this chapter electronically over the internet as provided by the commission under RCW 42.17A.055.

(2) By January 1, 2018, all lobbyists and lobbyists' employers required to file reports under RCW 42.17A.600, 42.17A.615, 42.17A.625, or 42.17A.630 must file all reports required by this chapter electronically over the internet as provided by the commission under RCW 42.17A.055.

(3) The commission shall oversee and ensure the design, development, implementation, and maintenance of computer hardware and software or other applications to accommodate electronic filing of the reports required by this section and a database and query system compatible with current architecture, technology, and operating systems that result in readily available data to the public for review and analysis. The commission is encouraged to engage stakeholders in the design and development of the system.

Sec. 29. RCW 42.17A.125 and 2011 c 60 s 21 are each amended to read as follows:

(1) At the beginning of each even-numbered calendar year, the commission shall, based on changes in economic conditions as reflected in the inflationary index recommended by the office of financial management, increase or decrease the dollar amounts in RCW 42.17A.005(26), 42.17A.320, 42.17A.405, 42.17A.410, 42.17A.445(3), 42.17A.475, ((~~and~~)) 42.17A.630(1) ((~~based on changes in economic conditions as reflected in the inflationary index recommended by the office of financial management~~)), 42.17A.750, 42.17A.765, sections 4, 13(4), and 21 of this act, as lawfully amended by

the commission over time. The new dollar amounts established by the commission under this section shall be rounded off to amounts as judged most convenient for public understanding and so as to be within ten percent of the target amount equal to the base amount provided in this chapter, as amended, multiplied by the increase in the inflationary index since ((~~July 2008~~)) the most recent amendment to the base amount.

(2) The commission may revise, at least once every five years but no more often than every two years, the monetary reporting thresholds and reporting code values of this chapter. The revisions shall be only for the purpose of recognizing economic changes as reflected by an inflationary index recommended by the office of financial management, or to provide more detailed information to the public. The inflationary revisions shall be guided by the change in the index for the period commencing with the month of December preceding the last revision and concluding with the month of December preceding the month the revision is adopted. As to each of the three general categories of this chapter, reports of campaign finance, reports of lobbyist activity, and reports of the financial affairs of elected and appointed officials, the inflationary revisions shall equally affect all thresholds within each category. The inflationary revisions authorized by this subsection shall reflect economic changes from the time of the last legislative enactment affecting the respective code or threshold.

(3) Revisions made in accordance with subsections (1) and (2) of this section shall be adopted as rules under chapter 34.05 RCW.

NEW SECTION. **Sec. 30.** The following acts or parts of acts are each repealed:

(1)RCW 82.08.0273 (Exemptions—Sales to nonresidents of tangible personal property, digital goods, and digital codes for use outside the state—Proof of nonresident status—Penalties) and 2014 c 140 s 17, 2011 c 7 s 1, 2010 c 106 s 215, 2009 c 535 s 512, 2007 c 135 s 2, 2003 c 53 s 399, 1993 c 444 s 1, 1988 c 96 s 1, 1982 1st ex.s. c 5 s 1, & 1980 c 37 s 39; and

(2)RCW 42.17A.550 (Use of public funds for political purposes) and 2008 c 29 s 1 & 1993 c 2 s 24.

CONSTRUCTION

NEW SECTION. **Sec. 31.** (1) Each component of this act accomplishes important purposes and warrants implementation standing alone, even without regard to the other components of this act.

(2) The invalidity of any one provision, section, or other portion of this act shall not limit the application of the remainder of this act to the fullest extent allowed under the law, to accomplish the purposes of this act. If any provision of this act or its application to any person or circumstance is held invalid, the remainder of the act, or the application of the provision to other persons or circumstances, shall not be affected.

(3) The invalidity of (a) a type of contribution limit or other restriction, (b) the application of such a restriction to a type of person, (c) a program or a program parameter or segment, (d) the participation in such a program by a type of person, (e) a penalty or portion of a penalty, (f) the imposition of such a penalty on a type of person, or (g) a funding provision, shall not affect the validity of any other restrictions, programs, parameters, segments, penalties, funding provisions, or other provisions, and shall not affect application to any other person or participant.

NEW SECTION. **Sec. 32.** The provisions of this act are to be liberally construed to effectuate the policies and purposes of this act.

NEW SECTION. **Sec. 33.** Sections 4 and 5 of this act are each added to chapter 42.17A RCW and codified with the subchapter heading of "campaign contribution limits and other restrictions."

NEW SECTION. **Sec. 34.** Sections 9 through 16 and 18 of this act are each added to chapter 42.17A RCW and codified with the subchapter heading of "citizen financing of elections."

NEW SECTION. **Sec. 35.** Section 21 of this act is added to chapter 42.17A RCW and codified with the subchapter heading of "political advertising and electioneering communications."

NEW SECTION. **Sec. 36.** Section 26 of this act is added to chapter 42.17A RCW and codified with the subchapter heading of "enforcement."

NEW SECTION. **Sec. 37.** Section 27 of this act is added to chapter 42.17A RCW and codified with the subchapter heading of "administration."

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