

# Multiple Agency Fiscal Note Summary

<b>Bill Number:</b> 2938 S HB AMH SHEA H4815.2	<b>Title:</b> Campaign finance
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## Estimated Cash Receipts

Agency Name	2017-19		2019-21		2021-23	
	GF- State	Total	GF- State	Total	GF- State	Total
Public Disclosure Commission	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Office of State Treasurer	Non-zero but indeterminate cost and/or savings. Please see discussion.					
Office of Attorney General	0	47,699	0	47,990	0	47,990
<b>Total \$</b>	<b>0</b>	<b>47,699</b>	<b>0</b>	<b>47,990</b>	<b>0</b>	<b>47,990</b>

## Estimated Expenditures

Agency Name	2017-19			2019-21			2021-23		
	FTEs	GF-State	Total	FTEs	GF-State	Total	FTEs	GF-State	Total
Administrative Office of the Courts	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Public Disclosure Commission	6.1	1,307,918	1,307,918	11.3	2,315,066	2,315,066	11.3	2,315,066	2,315,066
Office of State Treasurer	.0	0	0	.0	0	0	.0	0	0
Office of Attorney General	.2	0	47,699	.2	0	47,990	.2	0	47,990
<b>Total</b>	<b>6.3</b>	<b>\$1,307,918</b>	<b>\$1,355,617</b>	<b>11.5</b>	<b>\$2,315,066</b>	<b>\$2,363,056</b>	<b>11.5</b>	<b>\$2,315,066</b>	<b>\$2,363,056</b>

Local Gov. Courts *	Non-zero but indeterminate cost and/or savings. Please see discussion.								
Loc School dist-SPI									
Local Gov. Other **									
Local Gov. Total									

## Estimated Capital Budget Impact

NONE

<b>Prepared by:</b> Gwen Stamey, OFM	<b>Phone:</b> (360) 902-9810	<b>Date Published:</b> Final 2/26/2018
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\* See Office of the Administrator for the Courts judicial fiscal note

\*\* See local government fiscal note

FNPID: 52653

FNS029 Multi Agency rollup

# Judicial Impact Fiscal Note

<b>Bill Number:</b> 2938 S HB AMH SHEA H4815.2	<b>Title:</b> Campaign finance	<b>Agency:</b> 055-Administrative Office of the Courts
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## Part I: Estimates

☐ No Fiscal Impact

### Estimated Cash Receipts to:

Account	FY 2018	FY 2019	2017-19	2019-21	2021-23
Counties					
Cities					
<b>Total \$</b>					

### Estimated Expenditures from:

<b>Non-zero but indeterminate cost. Please see discussion.</b>
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*The revenue and expenditure estimates on this page represent the most likely fiscal impact. Responsibility for expenditures may be subject to the provisions of RCW 43.135.060.*

Check applicable boxes and follow corresponding instructions:

- ☐ If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.
- ☒ If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).
- ☐ Capital budget impact, complete Part IV.

Legislative Contact	Sean Flynn	Phone: 360-786-7124	Date: 02/14/2018
Agency Preparation:	Renee Lewis	Phone: 360-704-4012	Date: 02/20/2018
Agency Approval:	Ramsey Radwan	Phone: 360-357-2406	Date: 02/20/2018
OFM Review:	Ramona Nabors	Phone: (360) 902-0547	Date: 02/21/2018

Request # 2938 SHB-1

**Part II: Narrative Explanation**

**II. A - Brief Description Of What The Measure Does That Has Fiscal Impact on the Courts**

Please see attached Judicial Impact Note (JIN).

**II. B - Cash Receipts Impact**

**II. C - Expenditures**

Please see attached Judicial Impact Note (JIN).

**Part III: Expenditure Detail**

**Part IV: Capital Budget Impact**

## **Part II: Narrative Explanation**

This bill would modify and amend statutes related to campaign finance disclosure and the authority of the Public Disclosure Commission (PDC).

The bill would:

- Raise the PDC's penalty limit from \$10,000 to \$50,000;
- Change the procedures for filing a citizen's action to enforce the state campaign finance and disclosure laws;
- Change the penalties awarded in campaign finance and disclosure cases, including defendants paying costs in successful citizen's actions;
- Create an account for the administration of state campaign finance and disclosure law, and requires all penalties from enforcement actions under such law to be deposited in the account;
- Increase the reporting threshold for campaign debt from \$250 to \$500; and
- Provide a \$250,000 General Fund State appropriation to the PDC.

The substitute bill differs from the original bill by expanding the intent provisions in Section 1. Several more sections in RCW 42.17A are amended. These do not change the judicial impact.

### **Part II.A – Brief Description of what the Measure does that has fiscal impact on the Courts**

Section 5(4) through 5(8) – Would amend RCW 42.17A.765 to provide direction to courts regarding process, imposition of costs and fees, and dismissal.

Section 6 – Would amend RCW 42.17A adding a new section to create a new two-year time-limited cause of action.

### **II.B - Cash Receipt Impact**

None.

### **II.C – Expenditures**

Indeterminate, but expected to be minimal. This bill could potentially decrease court actions as the bill provides for intermediate administrative process prior to legal action.

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2938 S HB AMH SHEA H4815.2	<b>Title:</b> Campaign finance	<b>Agency:</b> 082-Public Disclosure Commission
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

### Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	1.0	11.3	6.1	11.3	11.3
<b>Account</b>					
General Fund-State 001-1	87,410	1,220,508	1,307,918	2,315,066	2,315,066
<b>Total \$</b>	87,410	1,220,508	1,307,918	2,315,066	2,315,066

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

☒

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☐

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☒

Requires new rule making, complete Part V.

Legislative Contact: Sean Flynn	Phone: 360-786-7124	Date: 02/14/2018
Agency Preparation: Barbara Sandahl	Phone: 360-586-1042	Date: 02/23/2018
Agency Approval: Chad Johnson	Phone: 360 407-8130	Date: 02/23/2018
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/26/2018

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Section 6: Requires a continuing political committee that intends to dissolve to file with the commission the intent to dissolve and the commission must post the notice on the commission web site.

Section 7: Requires a candidate committee that intends to dissolve to file with the commission the intent to dissolve. The commission must post the notice on the commission web site. There will be numerous candidate committees that will dissolve annually, as there are approximately 750 candidates in even numbered election years that are required to file a C-1 report, and approximately 2,000 in odd numbered election years that are required to file a C-1 reports).

Section 13: Requires the commission to within 90 days either:

1. Dismiss the complaint for lack of jurisdiction or lack of apparent violation;
2. Otherwise resolve the complaint through alternative procedures based on evidence of remediable violations and/or corrective action that was timely undertaken;
3. Initiate a formal investigation; or
4. Conduct further preliminary investigation for possible referral of the matter to the AG if necessary.

Section 13 and section 15 both define specific processes for acting on alleged violations including specific timelines.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

The fines that PDC collected in the past were deposited into the general fund. This bill requires those fines be deposited, in the future, into the Public Disclosure Transparency Account (not yet created).

HB 2938 Section 13 provides the Public Disclosure Commission to assess fines up to \$10,000 per violation. The agency is unsure of how many violations or what types of violations may occur making the cash receipt assumptions indeterminate

For illustration purposes, the PDC has collected these amounts for fines – FY 18, to date, collected \$47,084

FY 17 collected \$20,281

FY 16 Collected \$50,974

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

Expenditures:

Section 6: Costs and fiscal impacts for the dissolution of a continuing political committee.

There are currently (2018) 623 "continuing political committees" who have self-identified as such on the Political Committee Registration (C-1PC) report who may choose to dissolve at some point. There are another 282 bona fide political party committees who file reports similarly to the continuing committees who also may choose to dissolve at some point. In addition, there are another 82 statewide and local initiative committees that we assume will fall into this category as well.

There will be new complaints filed with the PDC that are received within the 60-day window for continuing political committees, political party committees and state and local initiative committees that have notified the

PDC of their intent to dissolve.

There will be a number of continuing political committees, political party committees and state and local initiative committees dissolving every year that may include: (a) single year committees or ballot committees at both the state and local level; (b) continuing political committees that have been inactive for several years, but have cash on hand (on line #18 of the C-4 report) and have not filed a "Final report"; (c) continuing political committees, including political party committees.

There may potentially be work associated with reviewing the C-3 and C-4 reports filed by continuing political committees, political party committees and state and local initiative committees to determine if the committee complies, if the committee followed the requirements for dissolution, including and pending complaints and complaint/history, and if the committee has any outstanding penalty history both with the PDC (through DES and Alliance One), and the Attorney General's Office or Superior Court.

1 Regulatory Analyst FTE will be required to conduct the required review to determine if the dissolution of the continuing political committee, political party committees and state and local initiative committees is warranted/approved/acknowledged. We will also require a 0.5 Compliance Coordinator FTE to set up a case ticket for each continuing political committee, political party committees and state and local initiative committees that is requesting to dissolve, and correspond with the committee including providing information about the required dissolution procedures/steps, and to notify the regulatory analyst when 60-day window is approaching

Attorney General Costs related to section 6: An increase of a .05 FTE (\$11,998) AAG will be required for FY 2019 to provide guidance on the dissolution of continuing political committees, political party committees and state and local initiative committees as well as an increase of costs associated with more compliance and enforcement cases due to the 60-day requirement of dissolution. For each FY following we anticipate a .025 FTE (\$5,999) for additional AAG costs or determination of further investigation needed.

Section 6 total: FY18 \$12,084 – FY19 \$162,136 – FY20 and Ongoing \$160,273

Section 7: Costs and fiscal impacts for the dissolution of a candidate committee:

There will new complaints filed with the PDC that are received within the 60-day window for candidate committees that have notified the PDC of their intent to dissolve.

There will likely be numerous candidate committees that need to dissolve annually, since there are approximately 750 candidates in even numbered election years that are required to file a C-1 report, and approximately 2,000 in odd numbered election years that are required to file a C-1 reports).

The candidate committees include: (a) candidates who lost in the primary and general election; (b) candidates that are no longer seeking office or re-election; (c) candidates under the Full Reporting option and possibly candidates under the Mini reporting option; and (d) candidates that have been inactive for several years, but have cash on hand on line #18 of the C-4 report and have not filed a "Final report".

There are potential costs related to reviewing the C-3 and C-4 reports filed by candidate committees to determine if the filer is complying, and if the filer followed the requirements for dissolution, including and pending complaints and complaint/history, and if the filer has any outstanding penalty history both with the PDC (through DES and Alliance One), and the Attorney General's Office or Superior Court.

1 Regulatory Analyst FTE will be required to conduct the required review to determine if the dissolution of the candidate committee is warranted/approved/acknowledged. The PDC will also require a 0.5 Compliance Coordinator FTE to set up a case ticket for each candidate committee that is requesting to dissolve, and correspond with the candidate committee including providing information about the required dissolution procedures/steps, and to notify RA when 90-day window is approaching.

Attorney General Costs: An increase of a .05 FTE (\$11,998) AAG will be required for FY 2019 to provide guidance on the dissolution of candidate committees as well as an increase of costs associated with more compliance and enforcement cases due to the 60-day requirement of dissolution. For each FY following we

anticipate an .025 FTE (\$5,999) for additional AAG costs or determination of further investigation needed.

Section 7 total: FY18 \$12,084 – FY19 \$162,136 – FY20 and Ongoing \$160,273

Sections 13 and 15:

Sec. 13 is amended to further clarify and define the process and parameters whereby the citizens of Washington State and members of the regulated community can expect the commission to act in a fair and open manner.

Sec. 15 articulates the intent for the commission to retain its authority to act in all but limited circumstances.

Each new complaint requires a minimum of 1-2 hours for a Compliance Coordinator to set up a case ticket, process the complaint, notify the Respondent, and confirm with the Respondent. This is followed by the initial review of the information provided by the Complainant and Respondent.

Based on the 90-day time frame to review/assess new complaints as listed in this proposed bill, and 260 work days in a calendar year, staff is estimating that at least two cases per day (this does not include the enforcement cases for F1, C1 and F1 and C1 cases which takes a compliance coordinator 3-4 month exclusively working on these cases) would need to be reviewed and assessed to determine whether to recommend that the Executive Director on behalf of the Commission:

- Dismiss the complaint for lack of jurisdiction or lack of apparent violation;
- Otherwise resolve the complaint through alternative procedures based on evidence of remediable violations and/or corrective action that was timely undertaken; or
- Initiate a formal investigation.
- Conduct further preliminary investigation for possible referral of the matter to the AG if necessary.

Based on 800 complaint cases having been opened in CY 2017, staff is projecting that 10-20% of the cases opened in each year will likely be retained by the PDC instead of the Attorney General's Office assuming primary jurisdiction. This will allow the PDC to make fuller use of its authority to use alternative resolutions such as formal warning letters.

The factors staff are using to make these projections for the increase in investigations included evidence of a material violation(s), corrective action not being timely undertaken by the Respondent, or if additional information is necessary to determine if remediable violations occurred.

Staff is estimating that between 55 and 140 additional investigations will need to be opened and conducted.

Three additional Regulatory Analysts (RA3) and one Compliance Coordinator are required to assist with the anticipated increase in compliance and enforcement cases because of this section, for the following:

- 1.5 RA FTE's to assess and evaluate all incoming complaints within 90 days, and classify accordingly.
- 1.5 RA FTE's to conduct the required formal investigation for the estimated 55-106 additional investigations that will need to be conducted.
- 1 Compliance Coordinator FTE to set up a case ticket for each Respondent, process the complaint, notify the Respondent about the complaint, request a response, and send a confirmation notice to the Complainant.

Attorney General Costs: An increase of a .10 FTE (\$23,850) AAG will be required for FY 2019 to provide guidance on the implementation of HB 2938 as well as an increase of costs associated with more compliance and enforcement cases due to the 90 -day requirement of case resolution. For each FY following we anticipate an .05 FTE (\$11,998) for additional AAG costs or determination of further investigation needed.

For Filer Assistance:

The legislation would create a new classification of violations and would preclude complainants from bringing an action in the name of the state if the commission determines that a violation was remedial. For a violation to be considered remedial, the respondent must take corrective action within five days of being notified of the error by the PDC. The PDC expects that many the violations alleged by complainants would fall into this new category and assumes that the broad dispensation given to filers who act quickly to fix smaller errors would make the remediation option popular among respondents.

Fixing filing errors often requires respondents to seek help from a PDC filer assistance specialist. The average resolution time for the 4,800 filer assistance requests received in FY 2017 was 33 hours. The legislation would



increase the number of those requests and put additional priority on quick response, necessitating additional staff resources.

In addition, the legislation will create additional demand for filer assistance by creating a new process for committee dissolutions. The bill requires that when a campaign is concluded in all respects or a committee has ceased to function, the committee must notify the PDC that it intends to dissolve. After 60 days, provided certain conditions are met, the PDC must issue an acknowledgement of the dissolution. The commission expects that up to 2,000 candidate and political committees could need to complete this process annually. Those committees likely would need assistance with dissolution or to correct deficiencies discovered by PDC staff or the public during the 60-day cooling off period proposed by the bill.

The PDC currently has two filer assistance specialists. It would need two additional Filer Assistant FTEs to provide immediate access for filers seeking help with correcting remediable violations and to handle the growth in filer assistance requests that the dissolution process will create.

#### For Customer Service

The PDC would need time to build an electronic application that could handle committee dissolutions, and that application would not be available by the effective date of this legislation. The agency would initially process all committee dissolution notices manually. The PDC expects that up to 2,000 candidate and political committees would need to complete the dissolution process annually. Data entry staff would scan and post the notices to the website, track timelines and compliance of committee intending to dissolve, and issue acknowledgement of the dissolution after the prescribed time. Once a database to support an electronic filing option is available, data entry would retroactively enter the paper declarations to ensure complete disclosure for the public. Data entry also would manually enter information for committees that continue to file their dissolution notices on paper. The PDC currently has two Customer Service Specialist 1 positions that process approximately 5,400 paper-filed reports a year, or about 2,700 each. Data entry work for the proposed dissolution process would be more time intensive than the work required for existing PDC reports because of the tracking and follow-up work required. The PDC would need one additional Customer Service Specialist 1 FTE to continue to meet the agency's performance goal of having all forms available to the public within 1 day.

#### For Information Technology:

Section 13 and section 15 define specific processes for acting on alleged violations including specific timelines. The PDC has determined that the successful implementation of these processes will require additions and improvements to systems used for both internal tracking and public disclosure. As the primary entity in all but limited circumstances, the PDC will need to substantially improve the transparency of its processes so that information regarding the status of an alleged violation and/or action is available to the public in near real-time. The PDC will need to develop additional data sets that will be added to the agency's growing list of over 5 million records. This needs to include both tracking information related to commission action and additional detail regarding the reporting of regulated entities. The successful implementation also requires enhanced reporting for both the public and regulated entities as well as PDC investigators so that matters can be handled in a timely manner.

FY 2018 and in each FY thereafter: 1.0 Information Technology Specialist 4 (ITS4) will be required for ongoing development and maintenance of reporting systems, open data publishing and web based disclosure systems to provide transparency in the administration of Sec. 13 and Sec. 15.

FY 2018 and in each FY thereafter: 0.3 Information Technology Specialist 4 (ITS4) will be required for maintenance of systems necessary to support new sections related to committee registration/dissolution including reporting and auditing systems necessary for staff to track and process requests, and investigate allegations.

FY 2018 and in each FY thereafter: \$15,000 technology cost to increase service tier for existing case management system to support enhanced reporting and for ongoing maintenance of extension to existing campaign finance system for submitting, tracking, publishing and managing the committee dissolution process.

FY 2019: \$85,000 to contract for development of extension to existing campaign finance system for submitting, tracking, publishing and managing the committee dissolution process, to contract for improvements to existing

case management system integration, and to improve existing intake forms.

The following IT projects are what the PDC will have to do to accomplish what is required in the bill:

1. Develop and maintain internal reports and auditing tools necessary to implement committee dissolution process including case management integration to process dissolution requests in the timeframes prescribed.
2. Develop an extension to the existing campaign finance system to allow committees to declare their intent for dissolution. This includes: validation that the committees campaign finance records on file indicate that they meet the requirements for resolution and/or necessary corrective action; authentication and electronic signing; automatic posting to the agency website; process automation for cooling-off period; automatic status updates when dissolution is contested; audit capabilities for staff; integration with existing case management system.
3. Implement changes in PDC campaign finance reporting system to new rules regarding debt reporting, necessary third-party API changes and coordination of changes to third-party reporting systems.
4. Increase the service tier of its current case management system. This is a third-party software as a service. The service pricing is tiered based on features and the PDC will require enhanced reporting to provide better tracking and disclosure.
5. Develop reports in the case management system to be used by PDC staff to process complaints in a timelier manner necessary to meet the timelines as defined in the bill.
6. Contract with a third party to enhance the current integration between the case management system and the PDC website. This integration will provide greater transparency by making more information available as well as allowing interested parties to subscribe to updates on commission actions based on their interests.
7. Contract with a third party to improve existing complaint intake forms so that complainants can more easily provide complete and accurate information and PDC staff can review and respond in a timelier manner.
8. Enhancement and ongoing maintenance of open data program to ensure the public and regulated community have transparent access to information regarding commission action and the ability to verify that commission action is fair and equitable.
9. Enhancement and ongoing maintenance of reporting systems to ensure that PDC staff can review and investigate allegations within the timelines set forth in the bill.
10. Enhancement and ongoing maintenance of the PDC website as the primary vehicle for the disclosure of information to the public and the regulated community. This includes summary reporting and easy to use interfaces to provide broad access and transparency. That matters can be handled in a timely manner.

Section 13 and 15 total: FY18 \$102,408 – FY19 \$1,232,900 – FY20 and Ongoing \$1,162,534

The agency would have expenditures from the newly created Public Disclosure Transparency account but the revenues are indeterminate creating an indeterminate impact for expenditures on that funding source.

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	1.0	11.3	6.1	11.3	11.3
A-Salaries and Wages	63,161	782,364	845,525	1,614,384	1,614,384
B-Employee Benefits	24,249	302,296	326,545	614,688	614,688
C-Professional Service Contracts		75,000	75,000		
E-Goods and Other Services		60,848	60,848	85,994	85,994
G-Travel					
J-Capital Outlays					
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	\$87,410	\$1,220,508	\$1,307,918	\$2,315,066	\$2,315,066

**III. B - Detail:** List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
Customer Service Specialist 1	36,648	0.1	1.0	0.5	1.0	1.0
Information Technology Specialist 4	78,932	0.1	1.3	0.7	1.3	1.3
Political Finance Specialist 1	49,370	0.2	2.0	1.1	2.0	2.0
Political Finance Specialist 4	56,844	0.2	2.0	1.1	2.0	2.0
Regulatory Analyst 3	85,005	0.4	5.0	2.7	5.0	5.0
<b>Total FTEs</b>		1.0	11.3	6.1	11.3	11.3

## Part IV: Capital Budget Impact

## Part V: New Rule Making Required

Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.

Sec. 2 (45) RCW 42.17A.005 Possible rule making for "Remedial" violations

Sec. 6 RCW 42.17A.225 Possible rule making for continuing political party committees dissolution

Sec. 7 RCW 42.17A.235 Possible rule making for a candidate or political committee dissolution

Sec. 13 RCW 42.17A.755 Rule making for remedial and technical violations and stipulations of allegations

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2938 S HB AMH SHEA H4815.2	<b>Title:</b> Campaign finance	<b>Agency:</b> 090-Office of State Treasurer
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## Part I: Estimates

☐

No Fiscal Impact

### Estimated Cash Receipts to:

Non-zero but indeterminate cost. Please see discussion.

### Estimated Expenditures from:

NONE

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

☐

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☒

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

<b>Legislative Contact:</b> Sean Flynn	<b>Phone:</b> 360-786-7124	<b>Date:</b> 02/14/2018
<b>Agency Preparation:</b> Dan Mason	<b>Phone:</b> 360-902-9090	<b>Date:</b> 02/14/2018
<b>Agency Approval:</b> Dan Mason	<b>Phone:</b> 360-902-9090	<b>Date:</b> 02/14/2018
<b>OFM Review:</b> Ramona Nabors	<b>Phone:</b> (360) 902-0547	<b>Date:</b> 02/15/2018

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

SHB 2938 AMH SHEA H4815.2 creates the public disclosure transparency account, coupled with the general fund as the recipient of the earnings from investments.

### II. B - Cash receipts Impact

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

Projected cash flows are currently unavailable; therefore, estimated earnings from investments are indeterminable. Earnings for an account are a function of the average daily balance of the account and the earnings rate of the investment portfolio. Two accounts with the same overall level of receipts, disbursements, and transfers can have different average daily balances, and hence different earnings. Based on the November 2017 revenue forecast, assume approximately \$9,200 in FY 18, \$16,800 in FY 19, \$26,800 in FY 20 and \$29,300 in FY 21 in net earnings would be gained or lost annually for every \$1 million shift in average daily cash balances.

There may be an impact on the debt service limitation calculation. Any change to the earnings credited to the general fund will change, by an equal amount, general state revenues.

### II. C - Expenditures

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

## Part III: Expenditure Detail

### III. A - Expenditures by Object Or Purpose

NONE

## Part IV: Capital Budget Impact

## Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

# Individual State Agency Fiscal Note

<b>Bill Number:</b> 2938 S HB AMH SHEA H4815.2	<b>Title:</b> Campaign finance	<b>Agency:</b> 100-Office of Attorney General
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## Part I: Estimates

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No Fiscal Impact

### Estimated Cash Receipts to:

ACCOUNT	FY 2018	FY 2019	2017-19	2019-21	2021-23
Legal Services Revolving Account-State 405-1		47,699	47,699	47,990	47,990
<b>Total \$</b>		47,699	47,699	47,990	47,990

### Estimated Expenditures from:

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years	0.0	0.4	0.2	0.2	0.2
<b>Account</b>					
Legal Services Revolving Account-State 405-1	0	47,699	47,699	47,990	47,990
<b>Total \$</b>	0	47,699	47,699	47,990	47,990

### Estimated Capital Budget Impact:

NONE

*The cash receipts and expenditure estimates on this page represent the most likely fiscal impact. Factors impacting the precision of these estimates, and alternate ranges (if appropriate), are explained in Part II.*

Check applicable boxes and follow corresponding instructions:

☐

If fiscal impact is greater than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete entire fiscal note form Parts I-V.

☒

If fiscal impact is less than \$50,000 per fiscal year in the current biennium or in subsequent biennia, complete this page only (Part I).

☐

Capital budget impact, complete Part IV.

☐

Requires new rule making, complete Part V.

Legislative Contact: Sean Flynn	Phone: 360-786-7124	Date: 02/14/2018
Agency Preparation: Andrew Logerwell	Phone: (360) 570-3406	Date: 02/19/2018
Agency Approval: Deborah Feinstein	Phone: 360-709-6463	Date: 02/19/2018
OFM Review: Gwen Stamey	Phone: (360) 902-9810	Date: 02/20/2018

## Part II: Narrative Explanation

### II. A - Brief Description Of What The Measure Does That Has Fiscal Impact

*Briefly describe by section number, the significant provisions of the bill, and any related workload or policy assumptions, that have revenue or expenditure impact on the responding agency.*

Costs identified in this fiscal note do not include costs currently assumed to be indeterminate.

Section 1 contains the legislative intent.

Section 2 amends 42.17A.005 to include new terms relevant to the bill.

Section 3 amends 42.17A.055 to require the Public Disclosure Commission (PDC) to note outages on their website and to note significant reporting dates and at the same time requires filers to include a valid email address.

Section 4 amends 42.17A.110 to strike the PDC's ability to adopt rules to require agencies and local governments to do reporting.

Section 5 amends 42.17A.220 to specify when funds are 'received' when that is done via a credit card or like transaction.

Section 6 amends 42.17A.225 to more specifically cover a political action committee that dissolves.

Section 7 amends 42.17A.235 in relation to dissolved PACs and filing amended reports.

Section 8 amends 42.17A.240 to remove the \$100 floor of reporting and to change the debt reporting requirement.

Section 9 amends 42.17A.255 to remove the definition of an independent expenditure and folds in certain measures as requiring independent expenditures depending on the scope of the measure and the amount spent.

Section 10 amends 42.17A.265 to require a committee treasurer to file a special report when a contribution or aggregate of contributions is more than three times the contribution limit per election from a single person or entity.

Section 11 amends 42.17A.450 by removing 'husband and wife' and substituting the word 'spouses'.

Section 12 amends 42.17A.750 to state that when assessing a civil penalty for RCW 42.17A.405, the Court may consider the nature of the violation and any relevant circumstances including several listed factors.

Section 13 amends 42.17A.755 to allow the Commission to initiate or respond to a complaint and allows the director to resolve technical errors.

Section 14 amends 42.17A.765 to only allow the AGO to bring a civil action if the matter is referred to the AGO by the Commission and requires the AGO to post on its website why a matter is delayed if is not commenced within 45 days.

Section 15 adds a new chapter to 42.17A to allow for citizen actions.

Section 16 adds a new chapter to 42.17A to allow for an award or attorney's fees and treble damages.

Section 17 adds a new chapter to 42.17A to create an account in the custody of the treasurer.

Section 18 creates a new section to appropriate funds to the PDC to fund the program.

Section 19 is the severance clause.

## **II. B - Cash receipts Impact**

*Briefly describe and quantify the cash receipts impact of the legislation on the responding agency, identifying the cash receipts provisions by section number and when appropriate the detail of the revenue sources. Briefly describe the factual basis of the assumptions and the method by which the cash receipts impact is derived. Explain how workload assumptions translate into estimates. Distinguish between one time and ongoing functions.*

Cash receipts for legal services are assumed to equal the Legal Service Revolving Account (LSRA) cost estimates. These will be billed through the revolving account to the client agency.

The client agency is PDC. The AGO will bill the client for legal services rendered.

These cash receipts represent the AGO's authority to bill and are not a direct appropriation to the AGO. The direct appropriation is reflected in the client agency's fiscal note. Appropriation authority is necessary in the AGO budget.

PDC is expected to be billed:

FY 2019: 0.20 Assistant Attorney General (AAG) and 0.10 Legal Assistant (LA) at a cost of \$47,699.

FY 2020 and in each FY thereafter: 0.10 AAG and 0.05 LA at a cost of \$23,995.

## **II. C - Expenditures**

*Briefly describe the agency expenditures necessary to implement this legislation (or savings resulting from this legislation), identifying by section number the provisions of the legislation that result in the expenditures (or savings). Briefly describe the factual basis of the assumptions and the method by which the expenditure impact is derived. Explain how workload assumptions translate into cost estimates. Distinguish between one time and ongoing functions.*

AGO Agency Assumptions:

1. Legal services associated with the enactment of this bill will begin on July 1, 2018.
2. Scheduled pay raises in July 2018 and January 2019 are included in these projections.
3. The AGO Campaign Finance Unit's (CFU) does not believe this bill will require additional legal services, but neither will it decrease current staffing needs. CFU's workload will not materially decrease if the unit receives fewer citizen action notices because CFU focuses on cases initiated by the AGO or referred to it by the PDC. A small number of significant cases is enough to occupy the CFU division full-time.

Assumptions for the AGO Government Compliance & Enforcement (GCE) Legal Services for PDC:

1. The AGO will bill PDC for legal services based on the enactment of this bill. GCE provides advice and litigation support.
2. The citizen action process authorized under current law allows a person to initiate a legal action in court on behalf of the state to enforce alleged violations of RCW 42.17A, provided the appropriate notices have been



provided to the AGO and local prosecutors, and provided neither office has filed a lawsuit relating those alleged violations. While there are many changes to RCW 42.17A in this bill, one of the most significant changes requires a person to file a complaint with the PDC prior to initiating the citizen action process. This bill provides that a person will not be able to initiate a legal action if, within 90 days of receiving the complaint, the PDC has taken certain actions on the complaint including resolving the complaint as a “remediable or technical violation” as defined in the bill, initiating an investigation, or referring the matter to the AGO. This bill authorizes the PDC to adopt rules relating to their authority to resolve cases.

3. This bill contains provisions relating to the dissolution of continuing political committees and candidate committees. These provisions impose a new requirement upon the PDC to review and acknowledge the dissolutions of these committees, where certain requirements have been met. GCE will provide advice to the PDC relating to the rule-making described above, advice concerning the committee dissolution procedure described above, and other advice concerning the implementation of the bill. GCE assumes an increase of 180 Assistant Attorney General (AAG) hours (0.1 AAG) in FY 2019 for legal advice.

4. As a result of the requirement to file complaints with the PDC before initiating citizen action and the new requirements concerning the dissolution of committees, GCE assumes the PDC will experience a substantial increase in the number of complaints. Based on past experience, GCE assumes that the majority of these new complaints will be resolved by the PDC staff without the need for litigation. Beginning in FY 2019, GCE assumes an increase of approximately 6 litigation referrals each fiscal year as a result of this bill. Each of the 6 new litigation referrals will utilize 30 AAG hours of work (annual increase of 180 AAG hours, or 0.1 AAG).

5. Total workload impact:

FY 2019: 0.2 AAG and 0.1 Legal Assistant (LA) at a cost of \$47,699.

FY 2020 and in each FY thereafter: 0.1 AAG and 0.05 LA at a cost of \$23,995.

### Part III: Expenditure Detail

#### III. A - Expenditures by Object Or Purpose

	FY 2018	FY 2019	2017-19	2019-21	2021-23
FTE Staff Years		0.4	0.2	0.2	0.2
A-Salaries and Wages		29,173	29,173	28,676	28,676
B-Employee Benefits		10,125	10,125	9,904	9,904
C-Professional Service Contracts					
E-Goods and Other Services		7,536	7,536	8,954	8,954
G-Travel		340	340	336	336
J-Capital Outlays		525	525	120	120
M-Inter Agency/Fund Transfers					
N-Grants, Benefits & Client Services					
P-Debt Service					
S-Interagency Reimbursements					
T-Intra-Agency Reimbursements					
9-					
<b>Total:</b>	\$0	\$47,699	\$47,699	\$47,990	\$47,990

#### III. B - Detail: List FTEs by classification and corresponding annual compensation. Totals need to agree with total FTEs in Part I and Part IIIA

Job Classification	Salary	FY 2018	FY 2019	2017-19	2019-21	2021-23
Assistant Attorney General	101,400		0.2	0.1	0.1	0.1
Legal Assistant III	50,496		0.1	0.1	0.1	0.1
Management Analyst 5	76,860		0.1	0.0		
<b>Total FTEs</b>			0.4	0.2	0.2	0.2

### III. C - Expenditures By Program (optional)

Program	FY 2018	FY 2019	2017-19	2019-21	2021-23
Government Compliance & Enforcement (GCE)		47,699	47,699	47,990	47,990
Total \$		47,699	47,699	47,990	47,990

### Part IV: Capital Budget Impact

None.

### Part V: New Rule Making Required

*Identify provisions of the measure that require the agency to adopt new administrative rules or repeal/revise existing rules.*

None.