



SEATTLE CITY COUNCIL | POSITION 9

COUNCILMEMBER M. LORENA GONZÁLEZ

VIA ELECTRONIC MAIL ONLY

August 7, 2019

Chair Brendan Donckers
Seattle Ethics and Elections Commission
PO Box 94729
Seattle, Washington 98124-4729

Re: Proposed Legislation to Limit Independent Expenditure Contributions and Amending Reporting Requirements

Dear Chair Donckers:

Thank you for your ongoing service and leadership on the Seattle Ethics and Elections Commission (Commission). As you know, the Commission is an independent committee of seven citizen volunteers that is responsible for interpreting and applying the Seattle Ethics, Elections, Election Pamphlet, Whistleblower Protection Codes and the City's Lobbying Regulations. As a former Commissioner, I deeply respect and appreciate the vital role that you and your colleagues play in protecting our democracy. With the above in mind, I am writing to formally request the Commission's opinion on the attached draft legislation that would limit independent expenditures by foreign influenced corporations and clarify reporting requirements in our City of Seattle elections.

This proposed legislation, if passed by the Seattle City Council, would amend the City's regulations regarding campaign finance limits and reporting of campaign expenditures. My proposed legislation would address three critical gaps in the City's existing election regulations that, if not addressed, could undermine the integrity of the City's elections and the intent of our publicly financed campaign laws, as follows:

1. Defining "foreign-influenced corporations, foreign investors and foreign owners";
2. Limiting contributions for "independent expenditure committees"; and,
3. Amending disclosure requirements for "qualified public communications".

Prohibiting Foreign-Influence in City Elections

My proposed legislation would create a definition for foreign-influenced corporations, foreign investors and foreign owners. In doing so, this proposed legislation would require corporations making contributions to campaigns to certify that they are not foreign-influenced corporations. This legislation would also prohibit independent expenditure committees from accepting contributions from foreign-influenced corporations. As defined in 8 U.S.C. § 1101(a)(20), a

foreign national is “an individual who is not a citizen of the United States, and not lawfully admitted for permanent residence,” and therefore cannot make any contribution, donation of money or other thing of value, or any expenditure, independent expenditure, or disbursement in connection with a federal, state or local election in the United States.¹ However, through ownership of a U.S.-based corporation, foreign shareholders may indirectly make contributions in our local elections. **My proposed legislation would amend our Seattle Municipal Code to include the definition of “foreign-influenced corporations” to close the gap of foreign influence in our local elections and make sure that our local elections are funded by constituents and not foreign parties.**

Reasonably Limiting Contributions To Independent Expenditure Committees

My draft legislation would also limit contributions for “independent expenditure committees” and set a \$5,000 cap on contributions by a person to independent expenditure committees for use in elections in the City of Seattle in any electoral cycle. Through the Democracy Voucher program, the City has already enacted contribution limits of \$250 for participating candidates. However, this contribution limit only applies to people donating directly to a candidate’s campaign but does not apply to donations made to independent expenditure committees. While an individual may have already reached their \$250 contribution limit, they may still contribute to an independent expenditure committee in support of their preferred candidate and, thus, effectively allow a person to legally exceed the existing \$250 contribution limit. This is an inequity and gap in our electoral system as people with more financial means can further influence an election by donating to independent expenditure committees.

It is true that independent expenditure committees can “express advocacy”² on behalf of a candidate or issue, so long as the independent expenditure committee does not coordinate with the campaign. My proposed legislation does not seek to prohibit that advocacy but would impose reasonable limitations, like those that currently apply to people donating directly to candidate campaigns, therefore further leveling the playing field between those with significant financial means and those who rely solely on democracy vouchers. Setting a cap on contributions to independent expenditure committees means we get closer to “getting big money out of politics” and achieve our goals of civic engagement for all.

Requiring Disclosures for Qualified Public Communications

Lastly, my proposed legislation creates a new definition for a “qualified public communication.” As currently defined, paid advertisements that are intended to communicate a message relating to a political matter of local importance, such as legislation or an elected official’s position on legislation, would be required to provide disclosures and maintain records in a manner that is consistent with regulations applicable to “paid advertisements.” Currently, our election laws do not regulate “qualified public communications”. This means that people may engage in broad, paid-for, grassroots lobbying without any requirements to maintain records or transparency to members of the public who may receive qualified public communications. I believe it is

essential to our democracy for members of the electorate to know who is attempting to influence the development, adoption or rejection of local legislative actions.

The reporting requirements proposed in my draft legislation would add greater transparency to our electoral process without adding undue burdens on campaigns. Campaigns already collect information like name, address, and employer of donors for public disclosure and this legislation will require adding reporting and certification pursuant to SMC 2.04.270D to ensure donors are not funneling dollars that represent foreign interests into local campaigns. The proposed reporting requirements will also bring greater transparency and accountability to political advertising and “qualified public communication” by creating a duty to report by commercial advertisers and a requirement to maintain records and documents no less than four years from the time a qualifying public communication appears, the details of services rendered, including rates charged to campaigns and political committees, and the candidate or legislative issue relevant to the public communication.

For your convenience, I have attached a copy of the draft legislation for the Commission’s consideration at its upcoming meeting on August 13, 2019

I look forward to working with the Commission as we continue to protect the integrity of Seattle’s democracy by addressing these gaps in our existing elections and campaign finance laws.

Please do not hesitate to reach out to my office with any questions or concerns.

Sincerely,

A handwritten signature in black ink, appearing to read 'M. Lorena González', with a stylized, cursive script.

Councilmember M. Lorena González

Seattle City Council, Position 9 // Citywide

Chair: Gender Equity, Safe Communities, New Americans & Education Committee

Vice-Chair: Finance & Neighborhoods