

Memo

To: Seattle Ethics and Elections Commission

From: Wayne Barnett, Executive Director

Date: May 30, 2018

Re: Law and Rules regarding reporting subvendors

I am expecting one of the treasurers active in Seattle campaigns to address you at the June meeting on staff's interpretation of our law and rules as requiring him to report the ultimate recipient of campaign funds. In March, this treasurer amended a report first filed in October of last year to show payments to a subvendor totaling \$75,000 for "Multi-Channel Digital ads." The report filed in October showed the digital firms – Google, Facebook, and others – which had ultimately carried the digital ads. We've told the treasurer that the form of the original report was accurate, and he disputes this interpretation.

To assist you in analyzing this treasurer's issue, here are the relevant Code sections and rule:

SMC 2.04.260 Treasurer's report – Contents.

A. Each report...shall disclose:

...

6. The name and address of each person to whom one or more expenditures were made in the aggregate amount of more than \$50 during the reporting period, and the amount, date, and purpose of such expenditure.

SMC 2.04.010 Definitions

"Expenditure" means a payment, contribution, subscription, distribution, loan, advance, deposit, or gift of money or anything of value, and includes a contract, promise, or agreement, whether or not legally enforceable, to make an expenditure. "Expenditure" also includes a promise to pay; and a payment or transfer of anything of value in exchange for goods, services, property, facilities, or anything of value for the purpose of assisting, benefiting or honoring any public official or candidate, or assisting in furthering or opposing any election campaign. For purposes of this chapter, expenditures other than money or its equivalent shall be deemed to have a monetary value equal to the fair market value of the expenditure. "Expenditure" shall not include: (a) the partial or complete repayment by a candidate or political committee of the principal of a loan, the receipt of which loan has been properly reported, or (b) the value of in-kind labor, or (c) fines or any amounts returned to

the election campaign account as a result of any penalties imposed on a candidate for violating this chapter.

Elections Code Rule 7C Payments to Subvendors and Subcontractors

Expenditures made on behalf of a candidate or political committee by any person, agency, firm, organization, etc. employed or retained for the purpose of organizing, directing, managing or assisting the candidate's or the committee's efforts shall be deemed expenditures by the candidate or committee. Such expenditures shall be reported by the candidate or committee as if made or incurred by the candidate or committee directly. For example, when payments to a consultant, in the aggregate, exceed \$50, the following shall be reported: (1) the purpose of the consultant's work; (2) the consultant's name and address; (3) the amount paid to the consultant; and (4) the names and addresses of the entities to whom the consultant made payments in excess of \$50, the purpose of the payments and the amounts of the payments.

Elections Code Rule 7E Descriptions of Expenditures

Treasurers shall provide a description of each expenditure, with a narrative description of each expenditure in excess of \$5,000. Expenditures by credit or debit card shall be reported as if the campaign paid the vendor directly, i.e. the name and address of the vendor that accepted the credit/debit card payment, and the purpose of the expenditure to that vendor shall be reported.