



City of Seattle

Ethics and Elections Commission

November 15, 2019

BY E-MAIL ONLY

Councilmember M. Lorena González
Seattle City Hall
Seattle, WA 98104

*Re: Proposed legislation limiting foreign-influenced corporate contributions
and large contributions to independent expenditure committees*

Dear Councilmember González:

Thank you for soliciting the views of the Seattle Ethics and Elections Commission on your proposed legislation limiting foreign-influenced corporate contributions and large contributions to independent expenditure committees. At its August 13, 2019 meeting, the Commission took extensive public comment on the legislation, was briefed on the bill by John Bonifaz of Free Speech for People, and discussed several letters of support from leading legal scholars. On October 30, you attended the Commission meeting and took questions on your proposal. At the close of its October 30 meeting, the Commission directed me to send you this letter expressing its strong support for the goals and objectives of your draft legislation and briefly summarizing its discussion at the two meetings.

To a person, the Commissioners applauded you for introducing this legislation to limit large donations in our City elections. Independent spending rose to more than \$4 million this year, after topping \$1 million for the first time in 2017. More than a third of this year's \$4 million spending was fueled by a single contributor to an independent expenditure committee.

While the Commission expressed support for your proposal, they did flag two issues that they hope are considered as your bill progresses through the legislative process. First, they were concerned with the addition of a new type of committee – a “limited contribution committee” – that would be exempt from the \$5,000 contribution cap otherwise applicable to independent expenditure committees. The Commission wanted to underscore that it did not have sufficient time to consider and discuss the addition, but some Commissioners expressed concerns that drawing distinctions between different types of contributor committees could create challenges for the City in defending the ordinance against the inevitable constitutional challenges.

Second, some Commissioners had questions about setting the threshold for a foreign-influenced corporation at one percent foreign ownership. While there was consensus that one percent does give a shareholder a not-insignificant voice in a corporation's management, there was concern about policing this threshold, since many

publicly traded company shares are held by brokerages, with the identity of the ultimate owner unknown to the corporation.¹

Finally, some Commissioners noted that the passage of this ordinance would place additional burdens on staff resources. There was interest in ensuring that any new burdens on the Commission come with the resources to ensure the Commission can discharge its duties with the same high level of work that the Commission has established a reputation for over the last 40 years.

The Commission stands ready to provide additional feedback on this important piece of legislation, should either you or any of your colleagues request further review at the Commission level.

Very truly yours,



Wayne Barnett
Executive Director

cc: Seattle Ethics and Elections Commission

¹ Commissioner Shordt disclosed that he is employed by T-Mobile USA, Inc., which would appear to qualify as a foreign-influenced corporation under the proposed definition.