Date: April 25, 2012

To: Seattle Ethics and Elections Commission

From: Councilmember Mike O’Brien
Councilmember Tim Burgess
Councilmember Sally Clark

Subject: Request to Evaluate Local Campaign Finance Reform Measures

Concern about the negative influence of money in politics is growing across our country. Total contributions to federal candidates in the last presidential election cycle, 2008, exceeded $5 billion, the highest ever. That amount could be higher this year.

Locally, your 2011 election report showed average contribution sizes reached an all time high ($221), the number of small contributions (< $100) fell to an all-time low (32%) and roll-overs and unexpended funds reached a new high.

Last fall, the Council passed Resolution 31337 outlining several issues for study, including how local elections are financed.

Mike Fong, Council Central Staff, has spent the last few months working with Jeff Slayton in the City Attorney’s office and your staff examining historical local election financing data and the feasibility of various campaign regulatory reform measures. At the same time, we have watched with interest your ongoing discussions regarding the application of SEEC Administrative Rule 11 as it relates to the rollover of surplus campaign funds. Given the timeliness and overlapping nature of these conversations, we have identified a set of potential policy goals and a possible proposal for reform for the Commission’s review and comment. We encourage you to also offer your insight on whether the recent patterns in fundraising are the start of a trend and warrant proposals such as those proposed here.

Potential Policy Goals

We have identified three potential policy goals to achieve through regulatory campaign finance reform:

1) Protect individual First Amendment rights by ensuring that donor intent is honored with respect to contributions being made for a specific election and campaign;

2) Minimize the actual and perceived influence of campaign donations on public officials; and
3) Reduce the potential for actual and perceived corruption as a result of off-year campaign contributions.

**Change of Law Considerations**

Our proposal focuses on two specific campaign finance regulatory changes:

1) Limit the time period that candidates seeking local office can solicit or accept campaign contributions to January 1 of the election year to April 30 of the following year; and

2) Cap the maximum amount of campaign surplus funds that can be rolled over to a future campaign at $5,000.

The following illustrates the proposed changes to current law:

<table>
<thead>
<tr>
<th>Current Law</th>
<th>Proposed</th>
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<tbody>
<tr>
<td><strong>Candidate Fundraising Period</strong></td>
<td>May 1 three years prior to election date to April 30 of the year following the election. (example: May 1, 2012 – April 30, 2016 for November 2015 election)</td>
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<td><strong>Total Amount of Time for Fundraising</strong></td>
<td>4 years</td>
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<td><strong>Maximum Amount Permitted for Rolling Over Surplus Funds</strong></td>
<td>Unlimited</td>
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<td><strong>Regulatory Provisions Associated with Rolling Over Surplus Funds</strong></td>
<td>Rule 11</td>
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<td><strong>Implementation: Rollovers</strong></td>
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<td><strong>Implementation: Fundraising Period</strong></td>
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The limited fundraising window is similar to current laws in Los Angeles and San Diego. The cap on rolling over surplus funds is similar to the law in the State of Alaska. We have attached the relevant sections of the Los Angeles Municipal Code, San Diego Municipal Code and the Alaska Statute. We have also attached charts that reflect local historical campaign fundraising data to help inform this discussion.

Policy Questions for Consideration and Alternative Options
We would like the Commission to consider and address the following:

1) Do the two provisions proposed (either or both), meaningfully advance our policy goals? Are there additional thoughts related to these two proposed regulatory changes that you would offer to the Council for our consideration?

2) If the Commission agrees conceptually with the notion of limiting the “window” for candidate fundraising, then:
   a. Is January 1 of the election year a reasonable start date for the permitted fundraising period?
   b. Should the regulatory rule apply to both incumbents and challengers?
   c. If the fundraising window were to be adopted, should there be any changes to the deadline for retiring debt or rolling over debt to a future campaign?
   d. Is it appropriate to make the new regulatory rule effective immediately for the 2013 election cycle even though candidates have already started to raise funds?

3) If the Commission agrees conceptually with the notion of limiting the rollover of surplus funds to future campaigns, then:
   a. Is the Alaska model of capping surplus funds the appropriate approach? Is the $5,000 amount the correct amount? Or, should the rollover of surplus funds be prohibited entirely?
   b. If a dollar amount cap were to be applied to surplus funds, do you agree Rule 11 should continue to apply? In particular, with regard to surplus funds being subject to the $700 individual contribution limit?
   c. Do you believe that candidate committees with current surplus funds should be grandfathered and allowed to roll over these funds to future election cycles?
   d. Should a surplus rollover cap apply to all candidates running for City offices, including candidates that may have surplus funds from non-City campaigns (example: Port Commission, State Legislature, County Council)?
   e. Could a City cap on surplus funds limit the ability for City of Seattle officeholders to be competitive in other non-City races? While this may not be a direct or immediate “harm” to the City, could willingness to run and serve as part of a career path be affected?

Thank you for your consideration of these issues. We look forward to your counsel.
Attachments

1) Los Angeles Municipal Code Section 49.7.7

2) City of San Diego Municipal Code Section 27.2938

3) State of Alaska Statute Section 15.13.116

4) City of Seattle (all candidates) fundraising totals by election cycle (2001 to 2011)
   a. Before January 1 of the election year; and
   b. After January 1 of the election year

5) City of Seattle total rollover funds available for all candidates (2001-2015)