

State of Washington PUBLIC DISCLOSURE COMMISSION

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June 7, 2025

Delivered electronically to <u>info@enterprisewashington.org</u> and <u>mlamb@carneylaw.com</u>

Subject: PDC Case 167443 Regarding Enterprise Washington

Enterprise Washington c/o Mark Lamb, Carney Badley Spellman:

The Public Disclosure Commission (PDC) has completed its review of the complaint filed by Jim Lazar on February 9, 2025. The complaint alleged that Enterprise Washington may have violated RCW 42.17A.205, .235, and .240 by failing to register as a political committee and report its political advertising expenditures that allegedly encouraged the public to oppose increases in state spending.

However, the activities described in the complaint appeared to more closely resemble those of a grassroots lobbying campaign than those of a political committee sponsoring political advertising, which is limited to supporting or opposing candidates or ballot propositions in election campaigns. Therefore, based on the description of alleged violations, PDC staff reviewed the complaint as an allegation that Enterprise Washington may have violated RCW 42.17A.640 and WAC 390-20-125 by failing to timely register and report expenditures of a grassroots lobbying campaign that allegedly encouraged the public to influence the 2025-2027 budget as it was being created during the 2025 legislation session.

Applicable Laws and Rules

RCW 42.17A.640 requires persons to register and report as a sponsor of a grass roots lobbying campaign when the person's expenditures exceed \$1,500 in any one-month period or \$3,000 in any three-month period in presenting a campaign to the public, a substantial portion of which is intended, designed, or calculated primarily to solicit, urge, or encourage the public to influence legislation.

WAC 390-20-125 makes PDC Form L-6 the official report for registration and reporting by sponsors of grass roots lobbying campaigns. The rule states that grass roots lobbying, also known as indirect lobbying, involves an appeal to the public to influence legislation in ways stated or implied by the sponsor of the grass roots lobbying campaign. The rule states that grass roots (indirect) lobbying is distinguished from direct lobbying of a legislator, state official, or state agency, which may require registration and reporting separately, pursuant to RCW 42.17A.600 and 42.17A.615.

Background and Findings

Enterprise Washington is a nonprofit organization based in Lacey, Washington, dedicated to
empowering its business and association members to engage effectively in public affairs and the
political process. Its mission is to foster a more business-friendly legislature in Olympia by
providing research and strategies to help its members leverage their political resources and
maximize their impact on the legislative process.

Complaint and Staff Findings

- The essence of the complaint was that Enterprise Washington sponsored advertising that sought to solicit, urge, or encourage the public to influence lower spending in the 2025-2027 budget and that Enterprise Washington failed to report this effort as a grassroots lobbying campaign.
- The advertisements did not mention the 2025-2027 budget bill by name or number; however, the ads were sponsored during the 2025 legislative session while the legislature was considering spending priorities and developing its 2025-2027 budget and explained how Washington's budgets have outpaced revenue growth in recent budgeting cycles.
- The advertisements cited in the complaint appeared on Enterprise Washington's website, on a website located at www.budgetbreakdown.org, and as paid advertisements during the 2025 Super Bowl.

Response and Staff Findings

- The Respondent described its advertisements as a long-term educational project to inform the public about recent budgeting history in Washington State and to provide recipients with access to government-generated information about those budgets.
- The Respondent noted that its Budget Breakdown education effort did not include a "call to action" to influence specific legislation.
- Enterprise Washington described its advertisements, that ran on numerous media outlets across the state, as a legitimate public education effort that is neither political advertising nor a grassroots lobbying campaign.

Summary and Resolution

Enterprise Washington's effort did not include a "call to action" that would have clearly met the definition of grassroots lobbying by acting to "solicit, urge, or encourage the public to influence legislation." Instead, the educational effort focused on the state's recent budgeting history, comparing revenue growth to state spending in key areas. While some might perceive this educational effort as an implied "call to action," PDC staff concluded the effort stopped short of encouraging intervention in the legislative process or addressing specific legislative priorities.

Reminder

PDC staff is reminding you about the importance of carefully assessing whether an effort qualifies as a reportable grassroots lobbying campaign in accordance with PDC statutes and rules. While it does not appear that, in this instance, your activities qualified as a reportable grassroots lobbying campaign, staff is encouraging you to carefully review future efforts and to reach out if you have questions about the

reportability of your activities. The absence of reference to specific legislation does not, in and of itself, disqualify a campaign from being grassroots lobbying. The legislative process is fluid, and proposals can take multiple shapes over the course of a session. If the intent of the campaign is to influence outcomes of that process by mobilizing the public, <u>the campaign</u> is subject to the grassroots lobbying reporting requirements.

Based on this information, the PDC has dismissed this matter in accordance with RCW 42.17A.755(1).

If you have questions, you may contact Phil Stutzman at 1-360-753-1111, toll-free at 1-877-601-2828 or by e-mail at pdc.wa.gov.

Sincerely, Endorsed by,

Electronically signed by Phil Stutzman Electronically signed by Kim Bradford

Phil Stutzman, Kim Bradford
Compliance Officer Deputy Director
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For Peter Frey Lavallee Executive Director

cc: Enterprise Washington, Tyler Mason, Executive Director, Paul Graves, President Jim Lazar, Complainant