

Ethics Commission



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**FAX COVER SHEET**

DATE: January 26, 2011

TO: Members, Fair Political Practices Commission

FROM: San Francisco Ethics Commission

NUMBER OF PAGES FOLLOWING THIS COVER SHEET: 3

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MESSAGE: Additional public comment from the San Francisco Ethics Commission regarding the January 28, 2011 Agenda item #2 **"Final Report and Discussion of Proposals by the Chairman's Advisory Task Force on the Political Reform Act."**



## ETHICS COMMISSION CITY AND COUNTY OF SAN FRANCISCO

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Date: January 26, 2011

To: Members, Fair Political Practices Commission

From: John St. Croix, Executive Director, San Francisco Ethics Commission

By: Shaista Shaikh, Assistant Deputy Director  
Steven Massey, Information Technology Officer

Re: Comments regarding FPPC Task Force's proposed reform topics dated  
January 19, 2011

On November 17, 2010, the FPPC Chairman's Task Force on the Political Reform Act recommended changes to update and clarify the Political Reform Act. The San Francisco Ethics Commission responded to the proposed changes including the electronic filing proposal, urging the Task Force to support eliminating the paper filing requirement and making the electronic document the official document of record. On January 19, 2011, the Task Force made its final proposals to the FPPC. Below are our comments regarding the Task Force's January 19 proposals.

Summary of San Francisco Ethics Commission's comments regarding the Task Force's January 19, 2011 proposal:

- Immediately pursue proposal to make electronic filings the filings of record and pursue this proposal independently of other electronic filing-related proposals;
- Do not adopt a two-tiered threshold and reporting system for state and local committees;
- Do not permit committees to decide for themselves their filing schedules, forms or thresholds;
- Consolidate filing forms but do not change data formats;
- Eliminate Major Donor filing requirements;
- Do not change expenditure codes;
- Do not extend the Late Reporting Period from the current 16-day period to a 45-day period;
- Keep the committee qualification threshold at \$1,000; and
- Keep contribution and expenditure itemization thresholds at \$100 or more.

### I. Electronic Filing Proposals

We urge the FPPC to make recommendation 1(B)(6)--making electronic filings the document of record--a top priority. As we have stated in prior comments to both the Task Force and the FPPC, many local jurisdictions have efficient and capable electronic filing systems available today that could implement paperless filing without any system modifications or appropriations. We believe that local jurisdictions should be able to self-determine if a system is operating effectively to warrant the elimination of paper filing. With over a decade of testing

electronic filing, further delay in implementing paperless filing would serve no public benefit, continue to be unnecessarily burdensome on filers and filing officers, and inhibit much needed enhancements to the neglected CAL data format. We also recommend that the FPPC pursue this proposal separately from proposals 1(B)(1-5), which are long-term proposals and require significant planning and budget appropriations—while 1(B)(1-5) are strongly worth pursuing, they are unlikely to be obtained in the near-term. The pursuit of proposal 1(B)(6) should not be thwarted in the meantime; instead, it should herald any other changes to the Political Reform Act.

## **II. Thresholds, Filing Deadlines and Reporting Proposals**

### ***A. There should not be a two-tiered threshold and reporting system***

We recommend that the FPPC not adopt recommendations 5(D) and 6(C), which propose different thresholds for 24-Hour Reports for state and local committees. We recommend that the reporting threshold for 24-Hour Reports remain at \$1,000 for all committees. Adopting different thresholds for state and local committees adds to the complexity of campaign finance regulation and compliance, creates confusion among filers and members of the public, and complicates the administration and enforcement of the law.

### ***B. There should not be options in filing schedules, forms or thresholds***

We recommend against the adoption of proposals 3(B) and 5(A), which would allow filers the option of choosing for themselves their filing schedules, forms, and thresholds. Providing filers the option to choose for themselves will cause confusion for filers, filing officers and the public alike. Allowing such options will make it difficult for filing officers to provide advice/outreach, enforce non-filings and assess late fees because there will be uncertainty about what schedules and forms each committee chose to follow. Not only will the public have a difficult time reviewing and comparing inconsistent filings, but filing officers will have difficulties administering and enforcing the law.

### ***C. Forms should be consolidated but data format should not be changed***

While we agree with recommendation 3(C) that filing requirements be simplified by consolidating forms, it is important to note that the data format for forms should not be changed because changes to data formats will require funds and time to upgrade electronic filing systems. We believe that the Forms 425, 450 and 470 can easily be consolidated with the Form 460 without changing the data fields for Form 460.

### ***D. Eliminate Major Donor filing requirements***

We do not agree with recommendations 6(E) and 6(F), which call for raising the Major Donor qualification threshold to \$20,000 and require Local Major Donors to electronically file at the State level. We do not see the purpose of requiring Local Major Donors to file electronically at the State level when other Local committees are not required to file electronically at the State level.

Instead, we recommend that filings required of Major Donors be eliminated. Contributions made by Major Donors are reported by recipient committees on the Form 460 and if the contribution is made during the 16-day period before the election, also on Late Reports. Filings by Major Donors do not provide any additional disclosure for researchers or filing officers.

### ***E. Expenditure codes should not be changed***

At this juncture, we do not support the recommendation articulated in proposal 3(F) to possibly change expenditure codes on Form 460 because the codes will no longer be comparable to prior years' data, thereby complicating research and enforcement efforts.

***F. The Late Reporting Period should not be extended from the current 16-day period to a 45-day period***

We do not support recommendation 5(D) to extend the current 16-day period for Late Reports to a 45-day period because a longer Late Reporting Period is not only burdensome, it is also unnecessarily duplicative. We recommend that the FPPC keep the pre-election filing requirement covering through the 17<sup>th</sup> day before the election.

***G. The committee qualification threshold should remain at \$1,000***

We do not support recommendation 6(A) to raise the committee qualification threshold to \$2,000. We recommend that the qualification threshold remain at \$1,000.

***H. Contribution and expenditure itemization thresholds should remain at \$100 or more***

We do not support recommendations 6(D) or 7(B) to raise itemization thresholds. We recommend that the language adopted to describe thresholds be consistent throughout the Political Reform Act so that there is not confusion about thresholds. For example, the proposed "*more than* \$100" and "*more than* \$200" language is different from current thresholds of "\$100 or more" for contribution and expenditure itemization, "1,000 or more" for committee qualification threshold, "\$1,000 or more" for certain special reports such as the Late Reports and Form 465, and so forth.

### **III. Conclusion**

We make our recommendations in the interest of adopting simplified and less confusing requirements without sacrificing disclosure. Below we summarize our recommendations as presented in our November 30, 2010 memorandum to the FPPC Task Force.

"We strongly recommend that the FPPC consider the immediate elimination of the paper filing requirement, recognize electronic filing as the official document of record, and eliminate duplicative reporting requirements. Reporting requirements can be simplified and streamlined without revisions to forms. Short-term simplifications to filing requirements including consistency in qualification thresholds, reporting thresholds, and filing deadlines and forms, are crucial because the long-term goal is to achieve a data-driven system that is uniform throughout the state. Such consistency is necessary to achieve a simplified and easy-to-understand process, which addresses the concerns of the regulated community and public."

Thank you for your consideration of our concerns. We look forward to a continuing dialog as we address changes in campaign finance requirements.