



FAIR POLITICAL PRACTICES COMMISSION

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To: Chair Remke and Commissioners Casher, Eskovitz, Wasserman and Wynne

From: Erin V. Peth, Executive Director
Sukhi K. Brar, Senior Commission Counsel and Legislative Coordinator

Subject: Legislative Update

Date: August 7, 2014

This report includes a summary of bills currently pending before the Legislature that would impact the Political Reform Act (the "Act"). The last day for the Legislature to act on bills during this Legislative Session is August 31, 2014.

Political Reform Act Bills Pending in the Legislature

SB 2 (Lieu)

Introduced: December 3, 2012

Existing Law

The Act provides for the comprehensive regulation of campaign financing by requiring the reporting of campaign contributions and expenditures, and imposing other reporting and recordkeeping requirements on campaign committees.

The Act also regulates advertisements, which are defined as any general or public advertisement that is authorized and paid for by a person or committee for the purpose of supporting or opposing a candidate for elective office or a ballot measure. The Act places certain disclosure requirements on advertisements for or against any ballot measure, including that the advertisement disclose up to two persons who have made cumulative contributions of \$50,000 or more. The Act places more specific disclosure

requirements on broadcast or mass mailing advertisements that are paid for by independent expenditures that support or oppose a candidate or ballot measure. In addition to other penalties imposed by the Act, a fine of up to triple the amount of the cost of an advertisement can be imposed on a person who violates the disclosure requirements for advertisements.

The Act regulates mass mailings, known as slate mailers that support or oppose multiple candidates or ballot measures for an election. The Act requires that each slate mailer identify the slate mailer organization, or committee primarily formed to support or oppose one or more ballot measures, that is sending the slate mailer. Slate mailers must contain other specified information in specified formatting. The Act requires that each candidate and each ballot measure proponent that has paid to appear in the slate mailer be designated by an asterisk.

Proposed Law

This bill would require that television, video, or audio broadcast advertisements that are authorized by a candidate include a specified disclosure statement made by the candidate. The bill would increase the maximum penalty for a violation of the advertisement provisions to six times the amount of the costs of the advertisement. The bill would also increase fine ceilings for other violations of the Act.

This bill would require that a candidate or ballot measure appearing in a slate mailer as a result of a payment made by a third party be designated by an “@” and would require the notice to voters included on a slate mailer be revised to describe this new requirement.

This bill would require that a slate mailer that is produced in a language other than English provide the required notice to voters in that same language. The bill would require that a slate mailer provide the notice in both English and another language if a substantial portion of a slate mailer is produced in the other language.

This bill would reduce the amount of time within which a ballot measure committee must reference itself as a committee for or against a numbered proposition to within ten days of the designation of the numerical order of propositions by the Secretary of State.

Previously, staff recommended the Commission support this bill if the audit provisions were amended in a way that did not conflict with audit language in AB 800 because the bill's other provisions further the purposes of the Act by requiring that candidates make disclosure statements on their own advertisements and increasing disclosure on slate mailers by informing voters when a third party has paid for a candidate or ballot measure to appear on a slate mailer. Staff recommended the Commission support this bill if amended, and the bill has been amended to reflect staff's concerns. The Commission adopted staff's recommendation at its June 2013 meeting and voted to support the bill.

Status: Assembly Inactive File.
Commission Position: Support.
Fiscal Impact: Minor and absorbable.

SB 52 (Leno)

Introduced: December 20, 2012

Existing Law

The Act regulates advertisements, which are defined as any general or public advertisement that is authorized and paid for by a person or committee for the purpose of supporting or opposing a candidate for elective office or a ballot measure. The Act places certain disclosure requirements on advertisements for or against any ballot measure, including that the advertisement disclose up to two persons who have made cumulative contributions of \$50,000 or more. The Act places more specific disclosure requirements on broadcast or mass mailing advertisements that are paid for by independent expenditures that support or oppose a candidate or ballot measure. In addition to other penalties imposed by the Act, a fine of up to triple the amount of the cost of an advertisement can be imposed on a person who violates the disclosure requirements for advertisements.

The Act requires a person who makes a payment or promise of payment totaling \$50,000 or more for a communication that identifies, but does not advocate the election or defeat of, a candidate for elective state office, and that is disseminated within 45 days of an election, to file an online or electronic disclosure report with the Secretary of State within 48 hours.

Proposed Law

This bill would repeal and recast several definitions would impose entirely new disclosure statement requirements for political advertisements regarding ballot measures that are radio advertisements, prerecorded telephonic messages, television or video advertisements, or mass mailing or print advertisements. The bill would also require top donor reporting on advertisements for advertisements done by general purpose committees that are not political party committee or candidate controlled ballot measure committees.

The bill would require the Commission to promulgate regulations related to the reporting and tracking of funds transferred by an identifiable contributor to committees and persons by January 1, 2016 and to promulgate regulations prohibiting a recipient of funds transferred by an identifiable contributor from depositing the funds until any applicable reports required by the new required regulations have been received by the recipient.

Status: Assembly Appropriations Suspense File.
Fiscal Impact: \$574,514.

SB 831 (Hill)

Introduced: January 6, 2014

Existing Law

Under the Act, a payment made at the behest of a candidate for elective office is considered a contribution unless the payment is made for purposes unrelated to the candidate's candidacy. A payment is presumed to be unrelated to a candidate's candidacy if it is made principally for legislative, governmental, or charitable purposes. Payments principally for legislative, governmental, or charitable purposes made at the behest of a candidate who is an elected officer must be reported within 30 days following the date on which the payment or payments equal or exceed \$5,000 in the aggregate from the same source in the same calendar year in which they are made.

The Act prohibits specified officers from receiving gifts, as defined, in excess of \$440 in value from a single source in a calendar year. The Act exempts gift payments for the actual costs of specified types of travel that are reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international public policy from the annual limit on the value of gifts from a single source.

The Act requires that contributions deposited into a campaign account be held in trust for expenses associated with the election of the candidate or for expenses associated with holding office. Expenditures must be reasonably related to a political purpose when associated with election of the candidate and must reasonably relate to a legislative or governmental purpose when associated with holding office. Expenditures which confer a substantial personal benefit must be directly related to a political, legislative, or governmental purpose. The Act authorizes the use of campaign funds to make donations or loans to bona fide charitable, educational, civic, religious, or similar tax-exempt nonprofit organizations. The Act imposes additional limitations on certain expenditures, including those relating to automotive expenses, travel expenses, tickets for entertainment or sporting events, personal gifts, and real property expenses.

Proposed Law

This bill would prohibit an elected officer from requesting that a payment be made, or a person from making a payment, at the behest of the elected officer to a 501(c)(4) nonprofit organization that the elected officer knows or has reason to know is owned or controlled by the elected officer or an immediate family member of the elected officer. The bill would prohibit an elected officer or a committee controlled by the elected officer from making an expenditure of campaign funds to a 501(c)(4) nonprofit organization owned or controlled by the elected officer or an immediate family member of the elected officer. Additionally, the bill would require a nonprofit that funds travel for elected

officials to disclose the identity of donors whose funds were used to pay for the travel once those payments meet certain dollar thresholds if such funds were solicited by the nonprofit for the use of payment for travel for elected officials, a donor directed the funds to be used for elected officials' travel or a donor to a nonprofit accompanies an elected official on any part of travel paid for by the nonprofit. This bill would also limit the expenditure of campaign funds for specific items such as country club memberships, household food items, tuition payments, and payments to a health club or recreational facility.

Staff has provided technical assistance to the author with drafting certain provisions in the bill in order to ensure that the new provisions are not in conflict with existing provisions in the Act that are not being amended.

Status: Assembly Appropriations Suspense File.

Fiscal Impact: \$174,706.

SB 952 (Torres)

Introduced: February 6, 2014

Existing Law

Government Code Section 1090 prohibits Members of the Legislature, and state, county, district, judicial district, and city officers or employees from being financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. State, county, district, judicial district, and city officers or employees are also prohibited by law from being purchasers at any sale or vendors at any purchase made by them in their official capacity. Existing law also prohibits the Treasurer, Controller, county and city officers, and their deputies and clerks from purchasing or selling, or in any manner receiving for their own or any other person's use or benefit any state, county, or city warrants, scrip, orders, demands, claims, or other evidences of indebtedness against the state, a county, or city. A willful violation of these prohibitions is a crime punishable by fine or imprisonment in the state prison, and forever disqualifies the offending public officer or person from holding any office in the state.

Proposed Law

This bill would prohibit an individual from aiding or abetting a public officer or person in violating these prohibitions, and expand these penalties to also apply to the individual who willfully aids or abets.

Status: Assembly Floor.

Fiscal Impact: None yet completed.

SB 1103 (Padilla)

Introduced: February 19, 2014

Existing Law

The Act requires an individual to file a statement of intention to be a candidate for an elective office, signed under penalty of perjury, prior to soliciting or receiving a contribution or loan.

Proposed Law

This bill would provide that, if an individual files a statement of intention to be a candidate for elective state office, the filing of a subsequent statement of intention to be a candidate for a different elective state office that is to be voted upon at the same election would effect a revocation of the prior statement of intention to be a candidate except under certain circumstances and the individual would thereafter be prohibited from soliciting or receiving a contribution or loan for the elective state office for which he or she previously filed a statement of intention to be a candidate. A revocation, under the bill would become effective 31 days after the filing of the subsequent statement of intention, and any remaining funds that have not been transferred after that date would become surplus funds. The bill would prohibit an individual from filing, and the Secretary of State from accepting, a statement of intention to be a candidate for an Assembly, Senate, or other constitutional office at an election other than the next election or next two regularly scheduled elections at which that office will appear on the ballot, except as specified.

Staff has provided technical guidance to the author's office on how the provisions in this bill would potentially be implemented.

Status: Assembly Appropriations.

Fiscal Impact: Minor and absorbable.

SB 1104 (Padilla)

Introduced: February 19, 2014

Existing Law

The Act regulates certain communications, including mass mailings, slate mailers, and advertisements, by requiring those items to include specified information and disclosures.

Proposed Law

This bill would require a candidate for elective state office, a slate mailer organization, or a committee that authorizes an expenditure for a campaign communication to file an

electronic copy of the campaign communication with the Secretary of State. The Secretary of State would be required to maintain an archive of the filed campaign communications and to make them available for public inspection.

Status: Assembly Appropriations Suspense File.

Fiscal Impact: \$90,133.

SB 1441 (Lara)

Introduced: February 21, 2014

Existing Law

The Act prohibits a lobbyist from making and an elected state officer or candidate for elective state office from accepting a contribution if the lobbyist is registered to lobby the governmental agency for which the candidate is seeking election or the governmental agency of the elected state officer. Currently, there is an exception from the prohibition on lobbyist contributions in the Act that allows a lobbyist to hold a campaign fundraiser or meeting for an elected state officer or candidate for elective state office if the cost is \$500 or less and the event is held at a home or office of a lobbyist.

Proposed Law

This bill would include lobbyist home fundraisers within the definition of contribution, in effect banning lobbyist in home fundraisers for lobbyists that are registered to lobby the government agency for which the candidate is seeking election or the governmental agency of the elected officer. The bill would also apply the same prohibition to lobbyist employers holding fundraisers at their offices.

Staff has provided the author's office with technical assistance in the drafting of this bill.

Status: Assembly Floor.

Fiscal Impact: Minor and absorbable.

SB 1442 (Lara)

Introduced: February 21, 2014

Existing Law

The Act provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures and imposing other reporting and recordkeeping requirements on campaign committees. The Act requires elected officers, candidates, committees, and slate mailer organizations to file various reports, including semiannual reports, preelection statements, and supplemental preelection statements. The Act defines "late contributions" and "late independent

expenditures” to include certain contributions and independent expenditures, respectively that are made within 90 days before the date of the election.

Proposed Law

This bill would require elected state officers, candidates for elective state office, and committees formed to support or oppose a candidate for elective state office or one or more statewide ballot measures to file quarterly statements each year instead of semiannual statements. The bill would repeal some types of existing reports that are or would no longer be needed because they overlap with other reports. Repealed reports would include supplemental preelection statements, supplemental independent expenditure reports, and odd-numbered year reports.

This bill would revise definitions of “late contribution” and “late independent expenditure” to specify that those terms also include contributions and independent expenditures that are made on the date of the election.

Staff has provided technical assistance with the drafting of this bill.

Status: Assembly Appropriations Suspense File.

Fiscal Impact: \$147,321.

SB 1443 (De Leon)

Introduced: February 21, 2014

Existing Law

The Act prohibits a lobbyist or lobbying firm from making gifts to any person of more than \$10 a month and prohibits an elected state officer, elected officer of a local agency, or other designated employee from accepting gifts from any single source of \$250. The Commission is required to adjust the \$250 gift limit in accordance with changes in the Consumer Price Index every two years and therefore the gift limit is currently at \$440.

Proposed Law

This bill would prohibit lobbyists from making gifts to any person of any amount and would lower the current gift limit to \$200, while giving the Commission discretion to adjust this amount in each odd numbered year based on changes in the Consumer Price Index. Further, the bill would prohibit certain types of gifts including tickets to specified venues and events or a gift comprised of specified recreational activities.

Staff has provided technical assistance with the drafting of this bill.

Status: Assembly Floor.

Fiscal Impact: Minor and absorbable.

AB 510 (Ammiano)

Introduced: February 20, 2013.

Existing Law

The Act currently requires a committee that makes an expenditure of \$5,000 or more to an individual for his or her appearance in an advertisement to support or oppose the qualification, passage, or defeat of a ballot measure to file a report within ten days, and to include a statement in the advertisement that notifies viewers that the individual was paid to appear in the advertisement.

Proposed Law

This bill would impose additional requirements on a committee that makes an expenditure of any amount to an individual for his or her appearance in an advertisement that supports or opposes the qualification, passage, or defeat of a ballot measure and that states or suggests that the individual is a member of an occupation that requires licensure, certification, or other specialized, documented training as a prerequisite to engage in that occupation. The bill would require the committee to file a report that identifies, among other things, the individual's occupation. The bill would require the committee to include a specified disclosure statement in the advertisement indicating that individuals are compensated spokespersons and not necessarily employed in the occupations portrayed. The Committee is permitted to omit this statement if the committee maintains proper documentation showing that the individuals are employed in the occupations portrayed in the advertisement and the Committee makes this documentation available to the Commission immediately upon request.

Staff has provided technical assistance with amendments to this bill.

Status: Senate Floor.

Fiscal Impact: \$38,444.

AB 1431 (Gonzalez)

Introduced: January 6, 2014.

Existing Law

Existing law provides for election of officials of school districts and community college districts.

Proposed Law

This bill would amend the Act to prohibit an administrator of a school district or community college from knowingly soliciting, accepting, or receiving a political contribution from any person for the campaign of an elected official of the district employing the administrator, or any candidate for that office unless it is for their own campaign for office. An elected official of a school district or community college district, or a candidate for an office of a school district or community college district, would also be prohibited from requesting an administrator of the school district or community college district to solicit, accept, or receive a contribution for the campaign of that elected official or candidate.

Status: Senate Floor.

Fiscal Impact: Minor and absorbable.

AB 1666 (Garcia)

Introduced: February 12, 2014

Existing Law

The Act provides for the comprehensive regulation of campaign financing and prohibits the use of campaign funds to pay or reimburse fines, penalties, judgments, or settlements, except as specified.

Penal Code Section 86 subjects any member of the Legislature or any member of the legislative body of a city, county, city and county, school district, or other special district who asks for or receives a bribe in exchange for influence over his or her official action to imprisonment in a state prison and imposes prescribed restitution fines based on whether a bribe has actually been received.

Proposed Law

This bill would increase the restitution fines to twice the original amount and prohibit the use of campaign funds to pay for the restitution fines.

Status: Senate Floor.

Fiscal Impact: Minor and absorbable.

AB 1673 (Garcia)

Introduced: February 12, 2014

Existing Law

The Act defines “Contribution” as a payment, a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment, except to the extent that full and adequate consideration is received, unless it is clear from the surrounding circumstances that it is not made for political purposes.

The Act prohibits lobbyists from making campaign contributions, however the Act also allows for a payment made by an occupant of a home or office (including a lobbyist) for costs related to any meeting or fundraising event held in the occupant’s home or office if the costs for the meeting or fundraising event are \$500 or less to be excluded from the definition of contribution.

Proposed Law

This bill would revise the definition of “contribution” by stating that “contribution” does not include a payment made by an occupant of a home or an office for costs related to any meeting or fundraising event held in the occupant’s home or office if the costs for the meeting or fundraising event are \$500 or less and the occupant is not a lobbyist, lobbying firm, or lobbyist employer.

Status: Senate Floor.

Fiscal Impact: Minor and absorbable.

AB 1692 (Garcia)

Introduced: February 13, 2014

Existing Law

The Act provides that all contributions deposited into a campaign account are deemed to be held in trust for expenses associated with the election of the candidate or for expenses associated with holding offices. The Act provides that an expenditure to seek or hold office is within the lawful execution of this trust if it is reasonably related to a political, legislative, or governmental purpose. Expenditures that confer a substantial personal benefit must be directly related to a political, legislative, or governmental purpose.

The Act also authorizes certain candidates and elective officers to establish a separate legal defense fund campaign account to defray attorney’s fees and other related legal costs incurred in the defense of the candidate or elective officer who is subject to one or more civil, criminal, or administrative proceedings arising directly out of the conduct of an election campaign, the electoral process, or the performance of the officers’ governmental activities and duties.

Proposed Law

This bill would prohibit an expenditure of campaign funds of any amount to pay a fine, penalty, judgment, or settlement relating to an expenditure of campaign funds that resulted in a personal benefit to the candidate or officer if it is determined that the expenditure was not reasonably related to a political, legislative, or governmental purpose. The bill would also impose the same limitation with respect to a fine, penalty, judgment, or settlement relating to an expenditure of campaign funds that resulted in a substantial personal benefit to the candidate or officer if it is determined that the expenditure was not directly related to a political, legislative, or governmental purpose.

Status: Senate Floor.

Fiscal Impact: Minor and absorbable.

AB 1716 (Garcia)

Introduced: February 13, 2014

Existing Law

The Act prohibits a former state administrative official from participating in judicial, quasi-judicial, or other proceedings before a court or state administrative agency in which the State is a party or has a direct and substantial interest and in which the former state administrative official participated, subject to limited exceptions. This is commonly known as the revolving door “permanent ban.”

Proposed Law

This bill would impose these restrictions, subject to the same exemptions, on local administrative officials with respect to judicial, quasi-judicial, or other proceedings before a court, local government agency, or state administrative agency.

Staff has provided proposed technical amendments to the author’s office on this bill.

Status: Senate Appropriations Suspense File.

Fiscal Impact: \$140,000.

AB 1728 (Garcia)

Introduced: February 14, 2014

Existing Law

The Act prohibits an officer of an agency from accepting, soliciting, or directing a contribution of more than \$250 from any party, or his or her agent, or from any participant, or his or her agent, while a proceeding involving a license, permit, or other

entitlement for use is pending before the agency and for 3 months following the date a final decision is rendered in the proceeding, if the officer knows or has reason to know that the participant has a financial interest. The Act also requires an officer to disclose on the record a contribution of more than \$250 from a party or participant received within the 12 months preceding a decision in a proceeding and would prohibit the official from making, participating in making, or otherwise using his or her official position to influence a decision in a proceeding in which the official knows or has reason to know that the party or participant has a financial interest in the decision.

The Act defines an “agency,” for these purposes, to mean any state or local government agency, except certain entities, including local governmental agencies whose members are directly elected by the voters. The Act defines a “participant,” for these purposes, as a person who is not a party but who actively supports or opposes a particular decision in a proceeding involving a license, permit, or other entitlement for use and who has a financial interest in the decision. The Act defines a “license, permit, or other entitlement for use,” for these purposes, to include, among other things, all contracts except competitively bid, labor, or personal employment contracts.

Proposed Law

This bill would revise the definition of “agency” to include a local government agency formed pursuant to provisions of the Water Code. The bill would revise the definition of “license, permit, or other entitlement for use” with respect to proceedings before a local government agency formed pursuant to the Water Code to apply to all contracts that are not competitively bid. The bill would deem the financial interests of a person who compensates a participant to actively support or oppose a particular decision in a proceeding on his or her behalf to also be a financial interest of the participant.

Status: Senate Appropriations Suspense File.

Fiscal Impact: \$115,331.

AB 2320 (Fong)

Introduced: February 21, 2014

Existing Law

The Act prohibits a spouse or domestic partner of an elected officer or a candidate for elective office from receiving compensation from campaign funds held by a controlled committee of the officer or candidate for services rendered in connection with fundraising.

Proposed Law

This bill would instead prohibit a spouse or domestic partner of an elected officer or a candidate for elective office from receiving compensation, in exchange for any services

rendered, from campaign funds held by a controlled committee of the officer or candidate.

Status: Senate Floor.

Fiscal Impact: Minor and absorbable.

AB 2661 (Bradford)

Introduced: February 21, 2014

Existing Law

Existing law establishes the State Energy Resources Conservation and Development Commission, commonly known as the Energy Commission. Current law imposes a prohibition against receiving a substantial portion of income from specified energy-related entities in the 2 years preceding appointment to the Energy Commission. Members of the Energy Commission are prohibited from being employed by an electric utility or applicant or, within 2 years after the member ceases to be a member of the Energy Commission, a person who engages in the sale or manufacture of a major component of a facility. Members of the Energy Commission are also prohibited from holding any other elected or appointed public office or position, except as specified. Existing law prohibits persons with specified relationships to a member or employee of the Energy Commission from appearing in proceedings and other matters in which the Energy Commission is a party or has a direct and substantial interest.

Proposed Law

This bill would repeal these qualifications and conflict-of-interest requirements for members and employees of the Energy Commission that are currently outside of the Act and recast them within the Act. The bill would authorize the Commission to exempt a member or employee of the Energy Commission from the application of certain of these provisions after a finding that the member's or employee's interest is not sufficiently substantial to affect the integrity of services expected from the member or employee.

Staff has provided technical assistance to the author with the drafting of this bill.

Status: Senate Appropriations Suspense File.

Fiscal Impact: \$57,189.

AB 2692 (Fong)

Introduced: February 21, 2014

Existing Law

The Act requires that an expenditure of campaign funds that confers a substantial personal benefit be directly related to a political, legislative, or governmental purpose. The Act defines “substantial personal benefit” to mean an expenditure of campaign funds that results in a direct personal benefit with a value of more than \$200 to a candidate, an elected officer, or an individual with authority to approve the expenditure of campaign funds held by a committee. The Act authorizes the Commission to issue an order imposing various administrative remedies if the Commission determines that a violation of the act has occurred, including a monetary penalty of up to \$5,000 per violation payable to the General Fund.

Proposed Law

This bill would provide that if the Commission determines in an administrative action that an expenditure has been made that confers a substantial personal benefit but is not directly related to a political, legislative, or governmental purpose, in violation of the Act, the individual who received the substantial personal benefit shall pay to the state General Fund, in addition to any administrative penalty imposed by the Commission, an amount equal to the substantial personal benefit that he or she received.

Status: Senate Floor.

Fiscal Impact: Minor and absorbable.

AMENDED IN ASSEMBLY AUGUST 14, 2013

AMENDED IN ASSEMBLY AUGUST 6, 2013

AMENDED IN SENATE MAY 15, 2013

AMENDED IN SENATE MAY 6, 2013

AMENDED IN SENATE APRIL 23, 2013

AMENDED IN SENATE APRIL 17, 2013

AMENDED IN SENATE FEBRUARY 25, 2013

SENATE BILL

No. 2

Introduced by Senators Lieu and Yee

December 3, 2012

An act to amend Sections 84107, 84305.5, 84510, 85704, 91000, 91005, and 91005.5 of, and to add Section 84503.5 to, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 2, as amended, Lieu. Political Reform Act of 1974.

(1) Existing law, the Political Reform Act of 1974, provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures and imposing other reporting and recordkeeping requirements on campaign committees. The act also imposes administrative, civil, and criminal fines and penalties for violations of its provisions.

This bill would increase certain administrative, civil, and criminal fines and penalties imposed by the act, as specified.

(2) The act also regulates advertisements, which are defined as any general or public advertisement that is authorized and paid for by a

person or committee for the purpose of supporting or opposing a candidate for elective office or a ballot measure or ballot measures. The act places certain disclosure requirements on advertisements. In addition to other penalties imposed by the act, a fine of up to triple the amount of the cost of an advertisement can be imposed on a person who violates the disclosure requirements for advertisements.

This bill would require that television, video, or audio broadcast advertisements supporting or opposing a candidate or soliciting contributions in support of that purpose that are authorized by a candidate include a specified disclosure statement made by the candidate.

The bill would increase the maximum penalty for a violation of these provisions to 6 times the amount of the costs of the advertisement.

(3) The act regulates mass mailings, known as slate mailers, that support or oppose multiple candidates or ballot measures for an election. The act requires that each slate mailer identify the slate mailer organization or committee primarily formed to support or oppose one or more ballot measures that is sending the slate mailer, and to contain other specified information in specified formatting. The act requires that each candidate and each ballot measure that has paid to appear in the slate mailer be designated by an asterisk.

This bill would additionally require that a candidate or ballot measure appearing in the slate mailer as a result of a payment made by a 3rd party be designated by an “@,” “*,” and would require the notice to voters included on a slate mailer be revised to describe this new requirement. The bill would require that a slate mailer that is produced in a language other than English provide the notice to voters in that same language. The bill would require that a slate mailer provide the notice in both English and another language if a substantial portion of a slate mailer is produced in the other language.

(4) The act requires a ballot measure committee, within 30 days of designating the numerical order of propositions appearing on the ballot, to identify itself as committee for or against that numbered proposition in all required references.

This bill would reduce the amount of time in which a ballot measure committee must reference itself as a committee for or against a numbered proposition to within 10 days of designating the numerical order of propositions.

(5) The act makes a knowing or willful violation of its provisions a misdemeanor and subjects offenders to criminal penalties.

By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(6) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a 2/3 vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 84107 of the Government Code is
2 amended to read:

3 84107. Within 10 days of the designation of the numerical
4 order of propositions appearing on the ballot, any committee which
5 is primarily formed to support or oppose a ballot measure, shall,
6 if supporting the measure, include the statement, “a committee for
7 Proposition _____,” or, if opposing the measure, include the
8 statement, “a committee against Proposition _____,” in any reference
9 to the committee required by law.

10 SEC. 2. Section 84305.5 of the Government Code is amended
11 to read:

12 84305.5. (a) No slate mailer organization or committee
13 primarily formed to support or oppose one or more ballot measures
14 shall send a slate mailer unless:

15 (1) The name, street address, and city of the slate mailer
16 organization or committee primarily formed to support or oppose
17 one or more ballot measures are shown on the outside of each piece
18 of slate mail and on at least one of the inserts included with each
19 piece of slate mail in no less than 8-point roman type which shall
20 be in a color or print which contrasts with the background so as
21 to be easily legible. A post office box may be stated in lieu of a
22 street address if the street address of the slate mailer organization
23 or the committee primarily formed to support or oppose one or

1 more ballot measure is a matter of public record with the Secretary
2 of State’s Political Reform Division.

3 (2) At the top or bottom of the front side or surface of at least
4 one insert or at the top or bottom of one side or surface of a
5 postcard or other self-mailer, there is a notice in at least 8-point
6 roman boldface type, which shall be in a color or print which
7 contrasts with the background so as to be easily legible, and in a
8 printed or drawn box and set apart from any other printed matter.
9 The notice shall consist of the following statement:

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NOTICE TO VOTERS

THIS DOCUMENT WAS PREPARED BY (name of slate mailer organization or committee primarily formed to support or oppose one or more ballot measures), NOT AN OFFICIAL POLITICAL PARTY ORGANIZATION. Appearance in this mailer does not necessarily imply endorsement of others appearing in this mailer, nor does it imply endorsement of, or opposition to, any issues set forth in this mailer. Each item designated by an * has been paid for and authorized by the candidate or ballot measure indicated. Each item designated by an-@ ** has been paid for by a person other than the candidate or ballot measure.

25 (3) The name, street address, city, and Internet Web site address,
26 if any, of the slate mailer organization or committee primarily
27 formed to support or oppose one or more ballot measures as
28 required by paragraph (1) and the notice required by paragraph
29 (2) may appear on the same side or surface of an insert.

30 (4) Each candidate and each ballot measure that has paid to
31 appear in the slate mailer is designated by an *. Each candidate
32 and ballot measure whose appearance has been paid for by a third
33 party is designated by an-@ **. Any candidate or ballot measure
34 that has not paid to appear in the slate mailer, and whose
35 appearance has not been paid for by a third party, is not designated
36 by an * or-@ **.

37 The * and-@ ** required by this subdivision shall be of the same
38 type size, type style, color or contrast, and legibility as is used for
39 the name of the candidate or the ballot measure name or number
40 and position advocated to which the * or-@ ** designation applies

1 except that in no case shall the * and-@ ** be required to be larger
2 than 10-point boldface type. The designation shall immediately
3 follow the name of the candidate, or the name or number and
4 position advocated on the ballot measure where the designation
5 appears in the slate of candidates and measures. If there is no slate
6 listing, the designation shall appear at least once in at least 8-point
7 boldface type, immediately following the name of the candidate,
8 or the name or number and position advocated on the ballot
9 measure.

10 (5) The name of any candidate appearing in the slate mailer
11 who is a member of a political party differing from the political
12 party which the mailer appears by representation or indicia to
13 represent is accompanied, immediately below the name, by the
14 party designation of the candidate, in no less than 9-point roman
15 type which shall be in a color or print that contrasts with the
16 background so as to be easily legible. The designation shall not
17 be required in the case of candidates for nonpartisan office.

18 (6) If a slate mailer is produced entirely in a language other than
19 English, the notice to voters required pursuant to paragraph (2)
20 shall be produced in that language. If a substantial portion of a
21 slate mailer, as determined by the Commission by regulation, is
22 in a language other than English, the notice to voters required
23 pursuant to paragraph (2) shall be produced in both English and
24 the other language.

25 (b) For purposes of the designations required by paragraph (4)
26 of subdivision (a), the payment of any sum made reportable by
27 subdivision (c) of Section 84219 by or at the behest of a candidate
28 or committee, whose name or position appears in the mailer, to
29 the slate mailer organization or committee primarily formed to
30 support or oppose one or more ballot measures, shall constitute a
31 payment to appear, requiring the * designation. The payment shall
32 also be deemed to constitute authorization to appear in the mailer.

33 SEC. 3. Section 84503.5 is added to the Government Code, to
34 read:

35 84503.5. (a) A television or video broadcast advertisement
36 that supports or opposes a candidate or solicits contributions in
37 support of that purpose shall, if the advertisement is authorized by
38 a candidate or an agent of the candidate, include a statement in
39 which the candidate identifies himself or herself and states that
40 the candidate has approved the message. The candidate statement

1 shall be made using an unobscured, full-screen video of the
2 candidate making the statement, or by using an unobscured,
3 full-screen, and clearly identifiable photographic image of the
4 candidate that is displayed during an audio voiceover of the
5 candidate reading the statement.

6 (b) An audio broadcast advertisement that supports or opposes
7 a candidate or solicits contributions in support of that purpose
8 shall, if the advertisement is authorized by a candidate or an agent
9 of the candidate, include an audio statement in which the candidate
10 identifies himself or herself and states that the candidate has
11 approved the message.

12 SEC. 4. Section 84510 of the Government Code is amended
13 to read:

14 84510. (a) In addition to the remedies provided for in Chapter
15 11 (commencing with Section 91000) of this title, any person who
16 violates this article is liable in a civil or administrative action
17 brought by the commission or any person for a fine up to six times
18 the cost of the advertisement, including placement costs.

19 (b) The remedies provided in subdivision (a) shall also apply
20 to any person who purposely causes any other person to violate
21 any provision of this article or who aids and abets any other person
22 in a violation.

23 (c) If a judgment is entered against the defendant or defendants
24 in an action brought under this section, the plaintiff shall receive
25 50 percent of the amount recovered. The remaining 50 percent
26 shall be deposited in the General Fund of the state. In an action
27 brought by a local civil prosecutor, 50 percent shall be deposited
28 in the account of the agency bringing the action and 50 percent
29 shall be paid to the General Fund of the state.

30 SEC. 5. Section 85704 of the Government Code is amended
31 to read:

32 85704. A person may not make any contribution to a committee
33 on the condition or with the agreement that it will be contributed
34 to any particular candidate or ballot measure committee unless the
35 contribution is fully disclosed pursuant to Section 84302. ~~A person
36 who makes a contribution to a committee that violates this section~~
37 *committee that fails to fully disclose a contribution pursuant to*
38 *Section 84302 shall pay to the General Fund of the state the*
39 *amount of the contribution and pay to the Political Disclosure,*

1 Accountability, Transparency, and Access Fund a fine in the
2 amount of 15 percent of the contribution.

3 SEC. 6. Section 91000 of the Government Code is amended
4 to read:

5 91000. (a) Any person who knowingly or willfully violates
6 any provision of this title is guilty of a misdemeanor.

7 (b) In addition to other penalties provided by law, a fine of up
8 to the greater of fifteen thousand dollars (\$15,000) or five times
9 the amount the person failed to report properly or unlawfully
10 contributed, expended, gave, or received may be imposed upon
11 conviction for each violation.

12 (c) Prosecution for violation of this title must be commenced
13 within four years after the date on which the violation occurred.

14 SEC. 7. Section 91005 of the Government Code is amended
15 to read:

16 91005. (a) Any person who makes or receives a contribution,
17 gift, or expenditure in violation of Section 84300, 84304, 86203,
18 or 86204 is liable in a civil action brought by the civil prosecutor
19 or by a person residing within the jurisdiction for an amount up to
20 one thousand five hundred dollars (\$1,500) or five times the
21 amount of the unlawful contribution, gift, or expenditure,
22 whichever amount is greater.

23 (b) Any designated employee or public official specified in
24 Section 87200, except an elected state officer, who realizes an
25 economic benefit as a result of a violation of Section 87100 or of
26 a disqualification provision of a conflict of interest code is liable
27 in a civil action brought by the civil prosecutor or by a person
28 residing within the jurisdiction for an amount up to three times the
29 value of the benefit.

30 SEC. 8. Section 91005.5 of the Government Code is amended
31 to read:

32 91005.5. Any person who violates any provision of this title,
33 except Sections 84305, 84307, and 89001, for which no specific
34 civil penalty is provided, shall be liable in a civil action brought
35 by the commission or the district attorney pursuant to subdivision
36 (b) of Section 91001, or the elected city attorney pursuant to
37 Section 91001.5, for an amount up to seven thousand dollars
38 (\$7,000) per violation.

39 No civil action alleging a violation of this title may be filed
40 against a person pursuant to this section if the criminal prosecutor

1 is maintaining a criminal action against that person pursuant to
2 Section 91000.

3 The provisions of this section shall be applicable only as to
4 violations occurring after the effective date of this section.

5 SEC. 9. No reimbursement is required by this act pursuant to
6 Section 6 of Article XIII B of the California Constitution because
7 the only costs that may be incurred by a local agency or school
8 district will be incurred because this act creates a new crime or
9 infraction, eliminates a crime or infraction, or changes the penalty
10 for a crime or infraction, within the meaning of Section 17556 of
11 the Government Code, or changes the definition of a crime within
12 the meaning of Section 6 of Article XIII B of the California
13 Constitution.

14 SEC. 10. The Legislature finds and declares that this bill
15 furthers the purposes of the Political Reform Act of 1974 within
16 the meaning of subdivision (a) of Section 81012 of the Government
17 Code.

AMENDED IN ASSEMBLY AUGUST 4, 2014

AMENDED IN ASSEMBLY JULY 1, 2014

AMENDED IN ASSEMBLY JUNE 18, 2014

AMENDED IN SENATE MAY 16, 2013

AMENDED IN SENATE MAY 7, 2013

AMENDED IN SENATE APRIL 24, 2013

AMENDED IN SENATE APRIL 1, 2013

SENATE BILL

No. 52

Introduced by Senators Leno and Hill

(Principal coauthors: Senators Correa and DeSaulnier)

(Principal coauthor: Assembly Member Fong)

(Coauthors: Senators Block, Hancock, and Wolk)

(Coauthors: Assembly Members Ammiano, Buchanan, and Wiecekowski)

December 20, 2012

An act to amend Sections 84503, 84504, 84505, 84506, and ~~84508~~ 84511 of, to add Sections 84503.1, 84503.2, 84503.3, 84503.4, and 84503.5 to, ~~to repeal Sections 84502 and 84504 of,~~ and to repeal and add Sections 84501; *and* 84502, ~~and 84503~~ of, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 52, as amended, Leno. Political Reform Act of 1974: campaign disclosures.

Existing law, the Political Reform Act of 1974, provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures and imposing

other reporting and recordkeeping requirements on campaign committees. Existing law additionally imposes disclosure statement requirements with respect to advertisements supporting or opposing a candidate or ballot measure paid for by donors making contributions of specified amounts or by independent expenditures and defines several terms and phrases for these purposes. Existing law makes a knowing or willful violation of the Political Reform Act of 1974 a misdemeanor and subjects offenders to criminal penalties.

This bill would repeal and recast several definitions. The bill would ~~repeal~~ *modify* a committee identification requirement and a disclosure statement requirement relating to advertisements for or against any ballot measure paid for by a committee. The bill would impose new disclosure statement requirements for political advertisements regarding a ballot measure that are radio advertisements, prerecorded telephonic messages, television or video advertisements, or mass mailing or print advertisements that would require the identification of identifiable contributors, ballot measures, and other funding details, as specified. By introducing new disclosure requirements, the violation of which would be a misdemeanor, the bill would create a new crime, thereby imposing a state-mandated local program.

Existing law creates the Fair Political Practices Commission, and gives it primary responsibility for the impartial, effective administration and implementation of the Political Reform Act of 1974.

The bill would require the Fair Political Practices Commission to promulgate regulations related to the reporting and tracking of funds transferred by an identifiable contributor to committees and persons by January 1, 2016. The bill would ~~authorize~~ *require* the Commission to promulgate regulations ~~to require disclosures on all forms of advertisements regarding ballot measures not covered by the act, as specified.~~ *prohibiting a recipient of funds transferred by an identifiable contributor from depositing the funds until required applicable reports have been received by the recipient.*

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes

upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. This act shall be known as the California Disclose
2 Act.

3 SEC. 2. The Legislature finds and declares all of the following:

4 (a) Ever-increasing amounts of funds are raised and spent in
5 support of and opposition to state and local ballot measures,
6 especially in the form of advertisements. The outcomes of such
7 elections are disproportionately impacted by campaign expenditures
8 in support of and opposition to those measures.

9 (b) Ever-increasing amounts of funds are spent on campaigns
10 by persons who do one or more of the following:

11 (1) Frequently use their wealth to fund local and state ballot
12 measures designed to advance their own economic interests.

13 (2) Increasingly avoid having their identities disclosed in
14 election-related advertisements by channeling funds through one
15 or more persons before those funds are received by a committee,
16 thereby undermining the purpose and intent of laws requiring
17 disclosure on such advertisements.

18 (3) Spend extraordinary amounts of money running
19 election-related advertisements while hiding behind dubious and
20 misleading names, including, but not limited to, advertisements
21 by primarily formed committees and general purpose committees.

22 (4) Increasingly evade disclosure by funding advertisements
23 designed to persuade voters without expressly advocating support
24 or opposition.

25 (c) The activities described in subdivision (b) cause the public
26 to become increasingly disaffected with the democratic process,
27 discouraging participation in elections and coloring public
28 perceptions of the legitimacy and integrity of state and local
29 government.

30 (d) The people of California and their government officials have
31 a compelling interest in knowing the true and original source of
32 committee funding and receiving clear information identifying the

1 largest original contributors responsible for political advertisements
2 funded by such committees.

3 (e) The disclosure of original contributors on advertisements
4 serves the following important governmental and societal purposes:

5 (1) Providing the people and government officials current and
6 easily accessible information regarding who is funding
7 advertisements that are intended to influence their votes on ballot
8 measures.

9 (2) Enabling the people and government officials to identify
10 potential bias in advertisements to assist them in making more
11 informed decisions and giving proper weight to different speakers
12 and messages.

13 (3) Deterring actual corruption and avoiding the appearance of
14 corruption by providing increased transparency of contributions
15 and expenditures.

16 (4) Improving the people's confidence in the democratic process
17 and increasing their motivation to actively participate in that
18 process by regular voting and other forms of civic engagement.

19 (5) Promoting compliance with and detecting violations of the
20 Political Reform Act of 1974 (Title 9 (commencing with Section
21 81000) of the Government Code), while also addressing the
22 problems and advancing the state interests described in that act.

23 SEC. 3. Section 84501 of the Government Code is repealed.

24 SEC. 4. Section 84501 is added to the Government Code, to
25 read:

26 84501. For purposes of this article, the following terms have
27 the following meanings:

28 (a) (1) "Advertisement" means any general or public
29 communication that is either of the following:

30 (A) Authorized and paid for by a committee for the purpose of
31 supporting or opposing a candidate for elective office *or one or*
32 *more ballot measures.*

33 (B) A ballot measure advocacy communication ~~supporting or~~
34 ~~opposing the qualification, passage, or defeat of a ballot measure.~~
35 *that satisfies all of the following:*

36 (i) *It is disseminated, broadcast, or otherwise communicated*
37 *within 45 days before an election.*

38 (ii) *It concerns a clearly referenced ballot measure that will*
39 *appear on the ballot at the election.*

1 (iii) *A reasonable person would interpret the overall message*
2 *of the communication as expressing support of or opposition to*
3 *the ballot measure.*

4 (2) “Advertisement” does not include any of the following:

5 (A) A communication from an organization, other than a
6 political party, to its members.

7 (B) A campaign button smaller than 10 inches in diameter; a
8 bumper sticker smaller than 60 square inches; or a small tangible
9 promotional item, including, but not limited to, a pen, pin, or key
10 chain, upon which the disclosures required by this article cannot
11 be conveniently printed or displayed.

12 (C) Clothing apparel.

13 (D) Sky writing.

14 (E) An electronic media communication, if inclusion of the
15 disclosures required by this article is impracticable or would
16 severely interfere with the committee’s ability to convey the
17 intended message because of the nature of the technology used to
18 make the communication.

19 (F) Any other communication as determined by regulations of
20 the Commission.

21 (b) “Cumulative contributions” means the cumulative amount
22 of contributions received by a committee beginning 12 months
23 prior to the date the committee made its first expenditure for the
24 purpose of supporting or opposing a candidate for elective office
25 or for the purpose of qualification, passage, or defeat of a ballot
26 measure, and ending seven days before the time the advertisement
27 is disseminated or broadcast.

28 (c) “Identifiable contributor” means a person that is the original
29 source of funds for contributions received by a committee that
30 cumulatively total fifty thousand dollars (\$50,000) or more,
31 notwithstanding the fact that the contributions were transferred,
32 in whole or in part, through one or more other committees or
33 persons.

34 SEC. 5. Section 84502 of the Government Code is repealed.

35 SEC. 6. Section 84502 is added to the Government Code, to
36 read:

37 84502. (a) On or before January 1, 2016, the Commission
38 shall promulgate regulations, in furtherance of the purposes of this
39 article, related to the reporting and tracking of funds transferred
40 by an identifiable contributor to committees and other persons.

1 (b) *The Commission shall promulgate regulations prohibiting*
2 *a recipient of funds transferred by an identifiable contributor from*
3 *depositing the funds until any applicable reports required by the*
4 *regulations promulgated pursuant to subdivision (a) have been*
5 *received by the recipient.*

6 (c) *In any action for a violation of this article brought by the*
7 *Commission against a recipient of funds transferred by an*
8 *identifiable contributor, it is a complete defense that information*
9 *provided by the identifiable contributor was incorrect and the*
10 *recipient did not know or did not have reason to know it was*
11 *incorrect.*

12 ~~SEC. 7. Section 84503 of the Government Code is repealed.~~

13 SEC. 7. *Section 84503 of the Government Code is amended to*
14 *read:*

15 84503. (a) ~~Any~~ *Except for advertisements described in Sections*
16 *84503.1, 84503.2, and 84503.3, any advertisement for or against*
17 *any ballot measure shall include a disclosure statement identifying*
18 *any person whose cumulative contributions are fifty thousand*
19 *dollars (\$50,000) or more.*

20 (b) *If there are more than two donors of fifty thousand dollars*
21 *(\$50,000) or more, the committee is only required to disclose the*
22 *highest and second highest in that order. In the event that more*
23 *than two donors meet this disclosure threshold at identical*
24 *contribution levels, the highest and second highest shall be selected*
25 *according to chronological sequence.*

26 SEC. 8. *Section 84503.1 is added to the Government Code, to*
27 *read:*

28 84503.1. (a) *An advertisement regarding a ballot measure,*
29 *disseminated by a political party or candidate-controlled*
30 *committee, that is a radio advertisement or prerecorded telephonic*
31 *message shall include a disclosure statement at the beginning or*
32 *end of the advertisement read in a clearly spoken manner and in*
33 *a pitch and tone substantially similar to the rest of the*
34 *advertisement that reads as follows: "Paid for by [name of the*
35 *committee that paid for the advertisement]."*

36 (b) (1) *An advertisement regarding a ballot measure,*
37 *disseminated by a committee other than a political party or*
38 *candidate-controlled committee, that is a radio advertisement or*
39 *prerecorded telephonic message shall include a disclosure*
40 *statement at the beginning or end of the advertisement read in a*

1 clearly spoken manner and in a pitch and tone substantially similar
2 to the rest of the advertisement that reads as follows: “This ad has
3 major funding from [state names in descending order of identifiable
4 contributors who have made the two largest cumulative
5 contributions to the committee that paid for the advertisement].
6 Paid for by [name of the committee that paid for the
7 advertisement].”

8 (2) If there is only one identifiable contributor or the
9 advertisement lasts 15 seconds or less, the disclosure statement
10 required by paragraph (1) shall be adjusted to read as follows:
11 “This ad has major funding from [state name of identifiable
12 contributor who made the largest cumulative contributions to the
13 committee that paid for the advertisement]. Paid for by [name of
14 the committee that paid for the advertisement].”

15 (3) If there are no identifiable contributors to the committee
16 that paid for the advertisement, the advertisement may replace the
17 disclosure statement required by paragraph (1) with the following:
18 “Paid for by [name of the committee that paid for the
19 advertisement].”

20 (4) If the content of the advertisement names each of the
21 identifiable contributors required to be named pursuant to
22 paragraphs (1) and (2) as top funders of the advertisement, it may
23 replace the disclosure statement required by paragraph (1) with
24 the following: “Paid for by [name of the committee that paid for
25 the advertisement].”

26 SEC. 9. Section 84503.2 is added to the Government Code, to
27 read:

28 84503.2. (a) An advertisement regarding a ballot measure,
29 disseminated by a political party or candidate-controlled
30 committee, that is a television or video advertisement shall include
31 a disclosure area with a solid black background on the entire
32 bottom one-third of the television or video display screen at the
33 beginning or end of the advertisement for a minimum of five
34 seconds in the case of an advertisement that lasts 30 seconds or
35 less or a minimum of 10 seconds in the case of an advertisement
36 that lasts longer than 30 seconds. The disclosure area shall include
37 the following text: “Paid for by [name of the committee that paid
38 for the advertisement].” The text shall be in a contrasting color
39 in Arial Narrow equivalent font, and the type size shall be at least

1 4 percent of the height of the television or video display screen
2 and shall be centered horizontally.

3 (b) An advertisement regarding a ballot measure, disseminated
4 by a committee other than a political party or candidate-controlled
5 committee, that is a television or video advertisement shall include
6 a disclosure area with a solid black background on the entire
7 bottom one-third of the television or video display screen at the
8 beginning or end of the advertisement for a minimum of five
9 seconds in the case of an advertisement that lasts 30 seconds or
10 less or a minimum of 10 seconds in the case of an advertisement
11 that lasts longer than 30 seconds. The disclosure area shall include
12 all of the following:

13 (1) The text “Ad Paid for by a Committee whose Top Funders
14 are:”. The text shall be located at the top of the disclosure area
15 and centered horizontally, shall be in a contrasting color in Arial
16 Narrow equivalent font, and the type size shall be equivalent to 3
17 percent of the height of the television or video display screen.

18 (2) Immediately below the text described in paragraph (1), the
19 names of the identifiable contributors who have made the three
20 largest cumulative contributions to the committee that paid for the
21 advertisement. The identifiable contributors shall each be disclosed
22 on a separate horizontal line, in descending order, beginning with
23 the identifiable contributor who made the largest cumulative
24 contributions on the first line. The name of each of the identifiable
25 contributors shall be centered horizontally in the disclosure area.
26 The text shall be in a contrasting color in Arial Narrow equivalent
27 font, and the type size shall be at least 4 percent of the height of
28 the television or video display screen. If using a type size of 4
29 percent of the height of the television or video display screen
30 causes the name of any of the identifiable contributors to exceed
31 the width of the screen, the type sizes of the names of all the
32 identifiable contributors shall be reduced until the names of the
33 identifiable contributors fit on the width of the screen, but in no
34 case shall the type size be smaller than 2.5 percent of the height
35 of the screen.

36 (3) The text “Paid for by [name of the committee that paid for
37 the advertisement].” The text shall be in a contrasting color in
38 Arial Narrow equivalent font, and the type size shall be equivalent
39 to 2 percent of the height of the television or video display screen.
40 The text shall be left-aligned and located in a position that is

1 vertically at least 2 percent of the height of the television or video
2 display screen away from the bottom left of the television or video
3 display screen.

4 (4) If there are fewer than three identifiable contributors to the
5 committee that paid for the advertisement, the disclosure statement
6 required by this subdivision shall be adjusted accordingly to
7 disclose only those that qualify as identifiable contributors, if any.
8 If the committee does not have any identifiable contributors, the
9 text required by paragraph (1) shall be adjusted to read “Ad Paid
10 for by” and the name of the committee shall be printed immediately
11 below it, centered horizontally. The text shall be in a contrasting
12 color in Arial Narrow equivalent font, and the type size shall be
13 at least 4 percent of the height of the television or video display
14 screen.

15 (5) In addition to the requirements specified in paragraphs (1)
16 to (4), inclusive, committees subject to Section 84223 shall include
17 the text “Funding Details At [insert Commission Internet Web site
18 address with information required to be posted pursuant to Section
19 84223].” The text shall be in a contrasting color in Arial Narrow
20 equivalent font, and the type size shall be equivalent to 2.5 percent
21 of the height of the television or video display screen. The text
22 shall be right-aligned and located in a position that is at least 2.5
23 percent of the height of the television or video display screen away
24 from the bottom right of the television or video display screen.

25 SEC. 10. Section 84503.3 is added to the Government Code,
26 to read:

27 84503.3. (a) An advertisement regarding a ballot measure,
28 disseminated by a political party or candidate-controlled
29 committee, that is a mass mailing or a print advertisement designed
30 to be distributed personally shall include a disclosure area on the
31 outside display surface of the mass mailing or print advertisement
32 that reads as follows: “Paid for by [name of the committee that
33 paid for the advertisement].” The text shall be in an Arial Narrow
34 equivalent font with a type size of at least 10-point in a color or
35 print that contrasts with the background so that it is easily read.

36 (b) An advertisement regarding a ballot measure, disseminated
37 by a committee other than a political party or candidate-controlled
38 committee, that is a mass mailing or a print advertisement designed
39 to be distributed personally shall include a disclosure area on the

1 largest page of the mass mailing or print advertisement that
2 satisfies all of the following requirements:

3 (1) The disclosure area shall have a solid white background so
4 as to be easily legible, and shall be in a printed or drawn box on
5 the bottom of the page that is set apart from any other printed
6 matter. All text in the disclosure area shall be black in color. The
7 text in the disclosure area shall be written in the same direction
8 as the text or graphics on the majority of the page that has the
9 disclosure.

10 (2) The text “Ad Paid for by a Committee whose Top Funders
11 are:” shall be located at the top of the disclosure area and centered
12 horizontally in the disclosure area. The text shall be in an Arial
13 Narrow equivalent font with a type size of at least 12-point for
14 advertisements smaller than 93 square inches and at least 14-point
15 for advertisements that are equal to, or larger than, 93 square
16 inches.

17 (3) Immediately below the text described in paragraph (2) shall
18 be the names of the identifiable contributors who have made the
19 three largest cumulative contributions to the committee that paid
20 for the advertisement. The identifiable contributors shall each be
21 disclosed on a separate horizontal line, in descending order,
22 beginning with the identifiable contributor who made the largest
23 cumulative contributions on the first line. The name of each of the
24 identifiable contributors shall be centered horizontally in the
25 disclosure area. The text shall identify each identifiable contributor
26 in an Arial Narrow equivalent font with a type size of at least
27 10-point for advertisements smaller than 93 square inches and at
28 least 12-point for advertisements that are equal to, or larger than,
29 93 square inches.

30 (A) If the advertisement is four inches tall or less, it need only
31 show the names of the identifiable contributors who have made
32 the two largest cumulative contributions.

33 (B) If the advertisement is three inches tall or less, it need only
34 show the name of the identifiable contributor who made the largest
35 cumulative contributions, and the text required by paragraph (2)
36 shall read “Ad Paid for by a Committee whose Top Funder is.”

37 (4) The text “Paid for by [name of the committee that paid for
38 the advertisement]” shall be located at the bottom of the disclosure
39 area and shall be in an Arial Narrow equivalent font with at least
40 8-point type size for pages smaller than 93 square inches and at

1 least 10-point type size for pages that are equal to, or larger than,
2 93 square inches.

3 (5) If there are fewer than three identifiable contributors to the
4 committee that paid for the advertisement, the disclosure shall be
5 adjusted accordingly to disclose the qualifying identifiable
6 contributors, if any. If the committee does not have any identifiable
7 contributors, the disclosures described in paragraphs (2) and (3)
8 are not required.

9 (6) In addition to the requirements specified in paragraphs (1)
10 to (5), inclusive, committees subject to Section 84223 shall include,
11 immediately below the text described in paragraph (3), the text
12 “Funding Details At [insert Commission Internet Web site address
13 with information required to be posted pursuant to Section
14 84223].” The text shall be in an Arial Narrow equivalent font with
15 at least 10-point type size for advertisements smaller than 93
16 square inches and at least 12-point type size for advertisements
17 that are equal to, or larger than, 93 square inches. This text shall
18 not be required if the advertisement is five inches tall or less.

19 SEC. 8. Section 84503 is added to the Government Code, to
20 read:

21 84503. (a) An advertisement regarding a ballot measure,
22 disseminated by a political party or candidate-controlled committee,
23 that is a radio advertisement or prerecorded telephonic message
24 shall include a disclosure statement at the beginning or end of the
25 advertisement read in a clearly spoken manner and in a pitch and
26 tone substantially similar to the rest of the advertisement that reads
27 as follows: “Paid for by [name of the committee that paid for the
28 advertisement].”

29 (b) (1) An advertisement regarding a ballot measure,
30 disseminated by a committee other than a political party or
31 candidate-controlled committee, that is a radio advertisement or
32 prerecorded telephonic message shall include a disclosure statement
33 at the beginning or end of the advertisement read in a clearly
34 spoken manner and in a pitch and tone substantially similar to the
35 rest of the advertisement that reads as follows: “This ad has major
36 funding from [state names in descending order of identifiable
37 contributors who have made the two largest cumulative
38 contributions to the committee that paid for the advertisement].
39 Paid for by [name of the committee that paid for the
40 advertisement].”

1 ~~(2) If there is only one identifiable contributor or the~~
2 ~~advertisement lasts 15 seconds or less, the disclosure statement~~
3 ~~required by paragraph (1) shall be adjusted to read as follows:~~
4 ~~“This ad has major funding from [state name of identifiable~~
5 ~~contributor who made the largest cumulative contributions to the~~
6 ~~committee that paid for the advertisement]. Paid for by [name of~~
7 ~~the committee that paid for the advertisement].”~~

8 ~~(3) If there are no identifiable contributors to the committee that~~
9 ~~paid for the advertisement, the advertisement may replace the~~
10 ~~disclosure statement required by paragraph (1) with the following:~~
11 ~~“Paid for by [name of the committee that paid for the~~
12 ~~advertisement].”~~

13 ~~(4) If the content of the advertisement names each of the~~
14 ~~identifiable contributors required to be named pursuant to~~
15 ~~paragraphs (1) and (2) as top funders of the advertisement, it may~~
16 ~~replace the disclosure statement required by paragraph (1) with~~
17 ~~the following: “Paid for by [name of the committee that paid for~~
18 ~~the advertisement].”~~

19 ~~SEC. 9.— Section 84503.1 is added to the Government Code, to~~
20 ~~read:~~

21 ~~84503.1. (a) An advertisement regarding a ballot measure,~~
22 ~~disseminated by a political party or candidate-controlled committee,~~
23 ~~that is a television or video advertisement shall include a disclosure~~
24 ~~area with a solid black background on the entire bottom one-third~~
25 ~~of the television or video display screen at the beginning or end~~
26 ~~of the advertisement for a minimum of five seconds in the case of~~
27 ~~an advertisement that lasts 30 seconds or less or a minimum of 10~~
28 ~~seconds in the case of an advertisement that lasts longer than 30~~
29 ~~seconds. The disclosure area shall include the following text: “Paid~~
30 ~~for by [name of the committee that paid for the advertisement].”~~
31 ~~The text shall be in a contrasting color in Arial Narrow equivalent~~
32 ~~type, and the type size shall be at least 4 percent of the height of~~
33 ~~the television or video display screen and shall be centered~~
34 ~~horizontally.~~

35 ~~(b) An advertisement regarding a ballot measure, disseminated~~
36 ~~by a committee other than a political party or candidate-controlled~~
37 ~~committee, that is a television or video advertisement shall include~~
38 ~~a disclosure area with a solid black background on the entire~~
39 ~~bottom one-third of the television or video display screen at the~~
40 ~~beginning or end of the advertisement for a minimum of five~~

1 seconds in the case of an advertisement that lasts 30 seconds or
2 less or a minimum of 10 seconds in the case of an advertisement
3 that lasts longer than 30 seconds. The disclosure area shall include
4 all of the following:

5 (1) The text “Ad Paid for by a Committee whose Top Funders
6 are:”. The text shall be located at the top of the disclosure area and
7 centered horizontally, shall be in a contrasting color in Arial
8 Narrow equivalent type, and the type size shall be at least 4 percent
9 of the height of the television or video display screen.

10 (2) Immediately below the text described in paragraph (1), the
11 names of the identifiable contributors who have made the three
12 largest cumulative contributions to the committee that paid for the
13 advertisement. The identifiable contributors shall each be disclosed
14 on a separate horizontal line, in descending order, beginning with
15 the identifiable contributor who made the largest cumulative
16 contributions on the first line. The name of each of the identifiable
17 contributors shall be centered horizontally in the disclosure area.
18 The text shall be in a contrasting color in Arial Narrow equivalent
19 type, and the type size shall be at least 4 percent of the height of
20 the television or video display screen.

21 (3) The text “Funding Details At [insert Commission Internet
22 Web site address with information required to be posted pursuant
23 to Section 84223].” The text shall be in a contrasting color in Arial
24 Narrow equivalent type, and the type size shall be at least 2.5
25 percent of the height of the television or video display screen. The
26 text shall be right-aligned and located in a position that is at least
27 2.5 percent of the height of the television or video display screen
28 away from the bottom right of the television or video display
29 screen.

30 (4) The text “Paid for by [name of the committee that paid for
31 the advertisement].” The text shall be in a contrasting color in
32 Arial Narrow equivalent type, and the type size shall be at least 4
33 percent of the height of the television or video display screen. The
34 text shall be left-aligned and located in a position that is vertically
35 at least 2 percent of the height of the television or video display
36 screen away from the bottom left of the television or video display
37 screen.

38 (5) If there are fewer than three identifiable contributors to the
39 committee that paid for the advertisement, the disclosure statement
40 required by this subdivision shall be adjusted accordingly to

1 disclose only those that qualify as identifiable contributors, if any.
2 If the committee does not have any identifiable contributors, the
3 text required by paragraph (1) shall be adjusted to read “Ad Paid
4 for by” and the name of the committee shall be printed immediately
5 below it, centered horizontally. The text shall be in a contrasting
6 color in Arial Narrow equivalent type, and the type size shall be
7 at least 4 percent of the height of the television or video display
8 screen.

9 SEC. 10. Section 84503.2 is added to the Government Code,
10 to read:

11 84503.2. (a) An advertisement regarding a ballot measure,
12 disseminated by a political party or candidate-controlled committee,
13 that is a mass mailing or a print advertisement designed to be
14 distributed personally shall include a disclosure area on the outside
15 display surface of the mass mailing or print advertisement that
16 reads as follows: “Paid for by [name of the committee that paid
17 for the advertisement].” The text shall be in an Arial Narrow
18 equivalent type with a type size of at least 10-point in a color or
19 print that contrasts with the background so that it is easily read.

20 (b) An advertisement regarding a ballot measure, disseminated
21 by a committee other than a political party or candidate-controlled
22 committee, that is a mass mailing or a print advertisement designed
23 to be distributed personally shall include a disclosure area on the
24 largest page of the mass mailing or print advertisement that satisfies
25 all of the following requirements:

26 (1) The disclosure area shall have a solid white background so
27 as to be easily legible, and shall be in a printed or drawn box on
28 the bottom of the page that is set apart from any other printed
29 matter. All text in the disclosure area shall be black in color. The
30 text in the disclosure area shall be written in the same direction as
31 the text or graphics on the majority of the page that has the
32 disclosure.

33 (2) The text “Ad Paid for by a Committee whose Top Funders
34 are” shall be located at the top of the disclosure area and centered
35 horizontally in the disclosure area. The text shall be in an Arial
36 Narrow equivalent type with a type size of at least 12-point for
37 advertisements smaller than 93 square inches and at least 14-point
38 for advertisements that are equal to, or larger than, 93 square
39 inches.

1 ~~(3) Immediately below the text described in paragraph (2) shall~~
2 ~~be the names of the identifiable contributors who have made the~~
3 ~~three largest cumulative contributions to the committee that paid~~
4 ~~for the advertisement. The identifiable contributors shall each be~~
5 ~~disclosed on a separate horizontal line, in descending order,~~
6 ~~beginning with the identifiable contributor who made the largest~~
7 ~~cumulative contributions on the first line. The name of each of the~~
8 ~~identifiable contributors shall be centered horizontally in the~~
9 ~~disclosure area. The text shall identify each identifiable contributor~~
10 ~~in an Arial Narrow equivalent type with a type size of at least~~
11 ~~10-point for advertisements smaller than 93 square inches and at~~
12 ~~least 12-point for advertisements that are equal to, or larger than,~~
13 ~~93 square inches.~~

14 ~~(A) If the advertisement is four inches tall or less, it need only~~
15 ~~show the names of the identifiable contributors who have made~~
16 ~~the two largest cumulative contributions.~~

17 ~~(B) If the advertisement is three inches tall or less, it need only~~
18 ~~show the name of the identifiable contributor who made the largest~~
19 ~~cumulative contributions, and the text required by paragraph (2)~~
20 ~~shall read “Ad Paid for by a Committee whose Top Funder is.”~~

21 ~~(4) Immediately below the text described in paragraph (3), the~~
22 ~~text “Funding Details At [insert Commission Internet Web site~~
23 ~~address with information required to be posted pursuant to Section~~
24 ~~84223].” The text shall be in an Arial Narrow equivalent type with~~
25 ~~at least 10-point type size for advertisements smaller than 93 square~~
26 ~~inches and at least 12-point type size for advertisements that are~~
27 ~~equal to, or larger than, 93 square inches. This text shall not be~~
28 ~~required if the advertisement is five inches tall or less.~~

29 ~~(5) The text “Paid for by [name of the committee that paid for~~
30 ~~the advertisement]” shall be located at the bottom of the disclosure~~
31 ~~area and shall be in an Arial Narrow equivalent type with at least~~
32 ~~8-point type size for pages smaller than 93 square inches and at~~
33 ~~least 10-point type size for pages that are equal to, or larger than,~~
34 ~~93 square inches.~~

35 ~~(6) If there are fewer than three identifiable contributors to the~~
36 ~~committee that paid for the advertisement, the disclosure shall be~~
37 ~~adjusted accordingly to disclose the qualifying identifiable~~
38 ~~contributors, if any. If the committee does not have any identifiable~~
39 ~~contributors, the disclosures described in paragraphs (2) and (3)~~
40 ~~are not required.~~

1 ~~SEC. 11.~~ Section 84503.3 is added to the Government Code, to
2 read:

3 ~~84503.3.~~ The Commission may promulgate regulations to
4 require disclosures on all forms of advertisements regarding ballot
5 measures not covered by this article, including, but not limited to,
6 electronic media advertisements and billboards. If feasible, the
7 regulations shall require the listing of the name of the committee
8 and as many of the three identifiable contributors that made the
9 largest cumulative contributions as possible in a conspicuous
10 manner, unless the committee that paid for the advertisement is a
11 political party or candidate-controlled committee, in which case
12 only the name of the committee must be shown. This disclosure
13 area shall occupy no more than 10 percent of the advertisement.

14 ~~SEC. 12.~~

15 *SEC. 11.* Section 84503.4 is added to the Government Code,
16 to read:

17 84503.4. (a) The disclosure of the name of an identifiable
18 contributor required by this article need not include such legal
19 terms as “incorporated,” “committee,” “political action committee,”
20 or “corporation,” or their abbreviations, unless the term is part of
21 the contributor’s name in common usage or parlance.

22 (b) If this article requires the disclosure of the name of an
23 identifiable contributor that is a sponsored committee that has a
24 single sponsor, only the name of the committee’s sponsoring
25 organization shall be disclosed.

26 (c) If the identifiable contributor is the parent of a subsidiary
27 corporation whose economic interest is more directly impacted
28 than the parent by a measure that is the subject of the
29 advertisement, then the subsidiary’s name shall be disclosed.
30 Disclosure of the parent’s name is optional, but shall not replace
31 the required disclosure of other identifiable contributors otherwise
32 required by this article.

33 (d) All disclosure text required by this article shall be displayed
34 in the capitalization shown in this article, such as “Ad Paid for by
35 a Committee whose Top Funders are:”. Names of identifiable
36 contributors and committees shall be displayed in title capitalization
37 (e.g. “John Smith”), except for names that are acronyms (e.g.
38 “ACME Hunting Supplies”).

1 ~~SEC. 13.~~

2 *SEC. 12.* Section 84503.5 is added to the Government Code,
3 to read:

4 84503.5. If the order of the identifiable contributors required
5 to be displayed in an advertisement pursuant to this article changes,
6 the disclosure in the advertisement shall be updated as follows:

7 (a) A television, radio, or other electronic media advertisement
8 shall be updated to reflect the new ordering of identifiable
9 contributors within seven business days, or five business days if
10 the change in the order of identifiable contributors occurs within
11 30 days of an election.

12 (b) A print media advertisement, including nonelectronic
13 billboards, shall be updated to reflect the new ordering of
14 identifiable contributors prior to placing a new or modified order
15 for additional printing of the advertisement.

16 ~~SEC. 14.~~ Section 84504 of the Government Code is repealed.

17 *SEC. 13.* Section 84504 of the Government Code is amended
18 to read:

19 ~~84504. (a) Any committee that supports or opposes one or~~
20 ~~more ballot measures shall name and identify itself using a name~~
21 ~~or phrase that clearly identifies the economic or other special~~
22 ~~interest of its major donors of fifty thousand dollars (\$50,000) or~~
23 ~~more in any reference to the committee required by law, including,~~
24 ~~but not limited, to its statement of organization filed pursuant to~~
25 ~~Section 84101.~~

26 (b) ~~If the major donors of fifty thousand dollars (\$50,000) or~~
27 ~~more share a common employer, the identity of the employer shall~~
28 ~~also be disclosed.~~

29 (c)

30 ~~84504. (a) Any committee which that~~ supports or opposes a
31 ballot measure, shall print or broadcast its name as provided in
32 this ~~section~~ *article* as part of any advertisement or other paid public
33 statement.

34 (d)

35 (b) If candidates or their controlled committees, as a group or
36 individually, meet the contribution thresholds for a person, they
37 shall be identified by the controlling candidate's name.

38 ~~SEC. 15.~~

39 *SEC. 14.* Section 84505 of the Government Code is amended
40 to read:

1 84505. In addition to the requirements of Sections 84503,
2 84503.1, 84503.2, and 84503.3, the committee paying for an
3 advertisement or persons acting in concert with that committee
4 shall be prohibited from creating or using a noncandidate-controlled
5 committee or a nonsponsored committee to avoid, or that results
6 in the avoidance of, the disclosure of any individual, industry,
7 business entity, controlled committee, or sponsored committee as
8 a major funding source.

9 ~~SEC. 16.~~

10 *SEC. 15.* Section 84506 of the Government Code is amended
11 to read:

12 84506. (a) An advertisement supporting or opposing a
13 candidate; *or a ballot measure and* that is paid for by an
14 independent expenditure; shall include, *except as provided in*
15 *Sections 84503.1, 84503.2, and 84503.3,* a disclosure statement
16 that identifies both of the following:

17 (1) The name of the committee making the independent
18 expenditure.

19 (2) The names of the persons from whom the committee making
20 the independent expenditure has received its two highest
21 cumulative contributions of fifty thousand dollars (\$50,000) or
22 more during the 12-month period prior to the expenditure. If the
23 committee can show, on the basis that contributions are spent in
24 the order they are received, that contributions received from the
25 two highest contributors have been used for expenditures unrelated
26 to the candidate or ballot measure featured in the communication,
27 the committee shall disclose the contributors making the next
28 largest cumulative contributions of fifty thousand dollars (\$50,000)
29 or more.

30 (b) If an acronym is used to identify any committee names
31 required by this section, the names of any sponsoring organization
32 of the committee shall be printed on print advertisements or spoken
33 in broadcast advertisements.

34 ~~SEC. 17.~~ Section 84508 of the Government Code is amended
35 to read:

36 ~~84508.~~ ~~If disclosure of two major donors is required by Section~~
37 ~~84506, the committee shall be required to disclose, in addition to~~
38 ~~the committee name, only its highest major contributor in any~~
39 ~~advertisement which is:~~

40 (a) ~~An electronic broadcast of 15 seconds or less, or~~

1 ~~(b) A newspaper, magazine, or other public print media~~
2 ~~advertisement which is 20 square inches or less.~~

3 *SEC. 16. Section 84511 of the Government Code is amended*
4 *to read:*

5 84511. (a) A committee that makes an expenditure of five
6 thousand dollars (\$5,000) or more to an individual for his or her
7 appearance in an advertisement to support or oppose the
8 qualification, passage or defeat of a ballot measure shall file a
9 report within 10 days of the expenditure. The report shall identify
10 the measure, the date of the expenditure, the name of the recipient,
11 and the amount expended.

12 (b) The advertisement shall include the statement
13 “(spokesperson’s name) is being paid by this campaign or its
14 donors” in highly visible roman font shown continuously if the
15 advertisement consists of printed ~~or televised~~ material, or spoken
16 in a clearly audible format if the advertisement is a radio broadcast
17 or telephone message. *If the advertisement is a television or video*
18 *advertisement, the statement shall be shown continuously, except*
19 *when the disclosure statement required by Section 84503.2 is being*
20 *shown.*

21 ~~SEC. 18.~~

22 *SEC. 17.* No reimbursement is required by this act pursuant to
23 Section 6 of Article XIII B of the California Constitution because
24 the only costs that may be incurred by a local agency or school
25 district will be incurred because this act creates a new crime or
26 infraction, eliminates a crime or infraction, or changes the penalty
27 for a crime or infraction, within the meaning of Section 17556 of
28 the Government Code, or changes the definition of a crime within
29 the meaning of Section 6 of Article XIII B of the California
30 Constitution.

31 ~~SEC. 19.~~

32 *SEC. 18.* The Legislature finds and declares that this bill
33 furthers the purposes of the Political Reform Act of 1974 within
34 the meaning of subdivision (a) of Section 81012 of the Government
35 Code.

AMENDED IN ASSEMBLY AUGUST 7, 2014

AMENDED IN ASSEMBLY JULY 1, 2014

AMENDED IN ASSEMBLY JUNE 18, 2014

AMENDED IN SENATE MAY 27, 2014

AMENDED IN SENATE MAY 14, 2014

AMENDED IN SENATE APRIL 10, 2014

AMENDED IN SENATE MARCH 20, 2014

SENATE BILL

No. 831

Introduced by Senator Hill

(Principal coauthor: Senator Beall)

(Principal coauthors: Assembly Members Garcia and Levine)

January 6, 2014

An act to amend Sections 87207, 89506, 89513, 89515, 89516, and 89517 of, and to add Sections 87106 and 89515.5 to, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 831, as amended, Hill. Political Reform Act of 1974.

(1) The Political Reform Act of 1974 provides for the comprehensive regulation of campaign financing and related matters, including the reporting of campaign contributions, as defined. Under existing law, a payment made at the behest of a candidate for elective office is considered a contribution unless the payment is made for purposes unrelated to the candidate's candidacy, and a payment is presumed to be unrelated to a candidate's candidacy if it is made principally for legislative, governmental, or charitable purposes.

The bill would prohibit an elected officer from requesting that a payment be made, or a person from making a payment, at the behest of the elected officer to a nonprofit organization that *is exempt from taxation under Section 501(c)(4) of the Internal Revenue Code and that the elected officer knows or has reason to know is owned or controlled by that officer or specified family members of the officer, except as specified.* The bill would provide that an elected officer is deemed to have complied with that requirement if the Commission determines that the elected officer has made a reasonable effort to ascertain whether a nonprofit organization is owned or controlled by any of the specified persons.

(2) The act prohibits specified officers from receiving gifts, as defined, in excess of \$440 in value from a single source in a calendar year. The act exempts gift payments for the actual costs of specified types of travel that are reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international public policy, from the annual limit on the value of gifts from a single source.

This bill would require a nonprofit organization that pays for these types of travel *for an elected state officer or local elected officeholder* to disclose the names of donors responsible for funding the payments, as specified. The bill would require a person who receives a gift of a travel payment to report the travel destination on his or her statement of economic interests.

(3) The act requires that contributions deposited into a campaign account be held in trust for expenses associated with the election of the candidate or for expenses associated with holding office. The act provides that an expenditure to seek office is within the lawful execution of this trust if it is reasonably related to a political purpose and an expenditure associated with holding office is within the lawful execution of this trust if it is reasonably related to a legislative or governmental purpose. Expenditures that confer a substantial personal benefit must be directly related to a political, legislative, or governmental purpose. The act authorizes the use of campaign funds to make donations or loans to bona fide charitable, educational, civic, religious, or similar tax-exempt nonprofit organizations. The act imposes additional limitations on certain expenditures, including those relating to automotive expenses, travel expenses, tickets for entertainment or sporting events, personal gifts, and real property expenses.

The bill would prohibit an elected officer or a committee controlled by the elected officer from making an expenditure of campaign funds to a nonprofit organization *that is exempt from taxation under Section 501(c)(4) of the Internal Revenue Code and that is owned or controlled by the officer or specified family members of the officer, as specified.*

This bill would also limit the expenditure of campaign funds for other purposes, as specified, including personal vacations, payments for membership dues for a country club, health club, or other recreational facility, specified tuition payments, utility payments, vehicle use that is not directly related to an election campaign, and certain gifts for specified family members of a candidate, elected officer, or other individuals with the authority to approve the expenditure of campaign funds held by a committee.

(4) A violation of the act's provisions is punishable as a misdemeanor. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(5) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 87106 is added to the Government Code,
2 to read:
3 87106. (a) An elected officer shall not request that a payment
4 be made, and a person shall not make a payment at the behest of
5 the elected officer, as described in Section 82015, to a nonprofit
6 organization that the elected officer knows or has reason to know
7 is owned or controlled by that officer or a family member of the
8 elected officer.

1 (b) An elected officer is deemed to have complied with the
2 requirements of subdivision (a) if the Commission determines that
3 the elected officer has made a reasonable effort to ascertain whether
4 a nonprofit organization is owned or controlled by any individual
5 described in subdivision (a).

6 (c) For purposes of this section, a nonprofit organization is
7 owned or controlled by an elected officer or family member of the
8 elected officer if the elected officer or family member of the elected
9 officer, or a member of that person's immediate family, is a
10 director, officer, partner, or trustee of, or holds any position of
11 management with, the nonprofit organization, and is paid for his
12 or her services.

13 (d) For purposes of this section, ~~“family”~~ *the following terms*
14 *have the following meanings:*

15 (1) *“Family member of the elected officer”* means the spouse,
16 child, sibling, or parent of an elected officer.

17 (2) *“Nonprofit organization”* means an organization that is
18 exempt from taxation under Section 501(c)(4) of the Internal
19 Revenue Code.

20 (e) This section shall not apply to behested payments made to
21 a nonprofit organization that is formed for the purpose of
22 coordinating or performing disaster relief services.

23 SEC. 2. Section 87207 of the Government Code is amended
24 to read:

25 87207. (a) If income is required to be reported under this
26 article, the statement shall contain, except as provided in
27 subdivision (b):

28 (1) The name and address of each source of income aggregating
29 five hundred dollars (\$500) or more in value, or fifty dollars (\$50)
30 or more in value if the income was a gift, and a general description
31 of the business activity, if any, of each source.

32 (2) A statement whether the aggregate value of income from
33 each source, or in the case of a loan, the highest amount owed to
34 each source, was at least five hundred dollars (\$500) but did not
35 exceed one thousand dollars (\$1,000), whether it was in excess of
36 one thousand dollars (\$1,000) but was not greater than ten thousand
37 dollars (\$10,000), whether it was greater than ten thousand dollars
38 (\$10,000) but not greater than one hundred thousand dollars
39 (\$100,000), or whether it was greater than one hundred thousand
40 dollars (\$100,000).

1 (3) A description of the consideration, if any, for which the
2 income was received.

3 (4) In the case of a gift, the amount and the date on which the
4 gift was received, and the travel destination for purposes of a gift
5 that is a travel payment, advance, or reimbursement.

6 (5) In the case of a loan, the annual interest rate, the security,
7 if any, given for the loan, and the term of the loan.

8 (b) If the filer's pro rata share of income to a business entity,
9 including income to a sole proprietorship, is required to be reported
10 under this article, the statement shall contain:

11 (1) The name, address, and a general description of the business
12 activity of the business entity.

13 (2) The name of every person from whom the business entity
14 received payments if the filer's pro rata share of gross receipts
15 from that person was equal to or greater than ten thousand dollars
16 (\$10,000) during a calendar year.

17 (c) If a payment, including an advance or reimbursement, for
18 travel is required to be reported pursuant to this section, it may be
19 reported on a separate travel reimbursement schedule which shall
20 be included in the filer's statement of economic interest. A filer
21 who chooses not to use the travel schedule shall disclose payments
22 for travel as a gift, unless it is clear from all surrounding
23 circumstances that the services provided were equal to or greater
24 in value than the payments for the travel, in which case the travel
25 may be reported as income.

26 SEC. 3. Section 89506 of the Government Code is amended
27 to read:

28 89506. (a) Payments, advances, or reimbursements for travel,
29 including actual transportation and related lodging and subsistence
30 that is reasonably related to a legislative or governmental purpose,
31 or to an issue of state, national, or international public policy, are
32 not prohibited or limited by this chapter if either of the following
33 applies:

34 (1) The travel is in connection with a speech given by the elected
35 state officer, local elected officeholder, candidate for elective state
36 office or local elective office, an individual specified in Section
37 87200, member of a state board or commission, or designated
38 employee of a state or local government agency, the lodging and
39 subsistence expenses are limited to the day immediately preceding,

1 the day of, and the day immediately following the speech, and the
2 travel is within the United States.

3 (2) The travel is provided by a government, a governmental
4 agency, a foreign government, a governmental authority, a bona
5 fide public or private educational institution, as defined in Section
6 203 of the Revenue and Taxation Code, a nonprofit organization
7 that is exempt from taxation under Section 501(c)(3) of the Internal
8 Revenue Code, or by a person domiciled outside the United States
9 who substantially satisfies the requirements for tax-exempt status
10 under Section 501(c)(3) of the Internal Revenue Code.

11 (b) Gifts of travel not described in subdivision (a) are subject
12 to the limits in Section 89503.

13 (c) Subdivision (a) applies only to travel that is reported on the
14 recipient's statement of economic interests.

15 (d) For purposes of this section, a gift of travel does not include
16 any of the following:

17 (1) Travel that is paid for from campaign funds, as permitted
18 by Article 4 (commencing with Section 89510), or that is a
19 contribution.

20 (2) Travel that is provided by the agency of a local elected
21 officeholder, an elected state officer, member of a state board or
22 commission, an individual specified in Section 87200, or a
23 designated employee.

24 (3) Travel that is reasonably necessary in connection with a
25 bona fide business, trade, or profession and that satisfies the criteria
26 for federal income tax deduction for business expenses in Sections
27 162 and 274 of the Internal Revenue Code, unless the sole or
28 predominant activity of the business, trade, or profession is making
29 speeches.

30 (4) Travel that is excluded from the definition of a gift by any
31 other provision of this title.

32 (e) This section does not apply to payments, advances, or
33 reimbursements for travel and related lodging and subsistence
34 permitted or limited by Section 170.9 of the Code of Civil
35 Procedure.

36 (f) (1) A nonprofit organization that makes payments, advances,
37 or reimbursements that total more than ten thousand dollars
38 (\$10,000) in a calendar year, or that total more than five thousand
39 dollars (\$5,000) in a calendar year for a single person, for travel
40 *by an elected state officer or local elected officeholder as described*

1 in subdivision (a) shall disclose to the Commission the names of
2 the donors responsible for funding those payments, advances, or
3 reimbursements. The disclosure of donor names shall be limited
4 to donors who donated one thousand dollars (\$1,000) or more to
5 the nonprofit organization in a calendar year and who knew or had
6 reason to know that the donation would be used for a payment,
7 advance, or reimbursement for travel *by an elected state officer*
8 *or local elected officeholder* as described in subdivision (a).

9 (2) A donor knows or has reason to know that his or her donation
10 will be used in the manner described in paragraph (1) under any
11 of the following conditions:

12 (A) The donor directed the nonprofit organization to use the
13 donation to make a payment, advance, or reimbursement for travel
14 *by an elected state officer or local elected officeholder* as described
15 in subdivision (a).

16 (B) The donor made the donation in response to a message or
17 solicitation for donations for the stated purpose of making a
18 payment, advance, or reimbursement for travel *by an elected state*
19 *officer or local elected officeholder* as described in subdivision
20 (a).

21 ~~(C) The nonprofit organization made payments, advances, or~~
22 ~~reimbursements that totaled more than ten thousand dollars~~
23 ~~(\$10,000) in a calendar year, or that totaled more than five thousand~~
24 ~~dollars (\$5,000) in a calendar year for a single person, for travel~~
25 ~~described in subdivision (a) in the current calendar year or any of~~
26 ~~the immediately preceding four calendar years. The nonprofit~~
27 ~~organization shall disclose donors identified pursuant to this~~
28 ~~subparagraph only to the extent that donations made pursuant to~~
29 ~~subparagraphs (A) and (B) are less than the amount of the~~
30 ~~payments, advances, or reimbursements made by the organization.~~
31 ~~The nonprofit organization shall not report a donor identified~~
32 ~~pursuant to this subparagraph if the organization has evidence~~
33 ~~indicating that the donor restricted or otherwise did not intend the~~
34 ~~donation to be used for a payment, advance, or reimbursement for~~
35 ~~travel described in subdivision (a).~~

36 (C) *The donor, or an agent, employee, or representative of the*
37 *donor, accompanied an elected state officer or local elected*
38 *officeholder for any portion of travel as described in subdivision*
39 *(a).*

1 (3) For purposes of Sections 87103, 87207, and 89503, a
2 nonprofit organization that makes payments, advances, or
3 reimbursements for travel by an elected state officer or local
4 elected officeholder as described in subdivision (a) is the source
5 of the gift unless the nonprofit organization is acting as an
6 intermediary or agent of the donor. If the nonprofit organization
7 is acting as an intermediary or agent of the donor, all of the
8 following apply:

9 (A) The donor to the nonprofit organization is the source of the
10 gift.

11 (B) The donor shall be identified as a financial interest under
12 Section 87103.

13 (C) The gift shall be reported as required by Section 87207.

14 (D) The gift shall be subject to the limitations on gifts specified
15 in Section 89503.

16 SEC. 4. Section 89513 of the Government Code is amended
17 to read:

18 89513. This section governs the use of campaign funds for the
19 specific expenditures set forth in this section. It is the intent of the
20 Legislature that this section guide the interpretation of the standard
21 imposed by Section 89512 as applied to other expenditures not
22 specifically set forth in this section.

23 (a) (1) Campaign funds shall not be used to pay or reimburse
24 a candidate, elected officer, or any individual or individuals with
25 authority to approve the expenditure of campaign funds held by a
26 committee, or employees or staff of the committee or the elected
27 officer's governmental agency, for travel expenses and necessary
28 accommodations, except when these expenditures are directly
29 related to a political, legislative, or governmental purpose.

30 (2) For purposes of this section, payments or reimbursements
31 for travel and necessary accommodations shall be considered
32 directly related to a political, legislative, or governmental purpose
33 if the payments would meet standards similar to the standards of
34 the Internal Revenue Service pursuant to Sections 162 and 274 of
35 the Internal Revenue Code for deductions of travel expenses under
36 the federal income tax law.

37 (3) For purposes of this section, payments or reimbursement
38 for travel by the household of a candidate or elected officer when
39 traveling to the same destination in order to accompany the

1 candidate or elected officer shall be considered for the same
2 purpose as the candidate's or elected officer's travel.

3 (4) If campaign funds are used to pay or reimburse a candidate,
4 elected officer, his or her representative, or a member of the
5 candidate's household for travel expenses and necessary
6 accommodations, the expenditure shall be reported as required by
7 Section 84211.

8 (5) If campaign funds are used to pay or reimburse for travel
9 expenses and necessary accommodations, any mileage credit that
10 is earned or awarded pursuant to an airline bonus mileage program
11 shall be deemed personally earned by or awarded to the individual
12 traveler. Neither the earning or awarding of mileage credit, nor
13 the redeeming of credit for actual travel, shall be subject to
14 reporting pursuant to Section 84211.

15 (6) Campaign funds shall not be used to make a payment for a
16 personal vacation for a candidate; elected officer; immediate family
17 member of a candidate or elected officer; or an officer, director,
18 employee, or member of the staff of a candidate, elected officer,
19 or committee.

20 (b) (1) Campaign funds shall not be used to pay for or reimburse
21 the cost of professional services unless the services are directly
22 related to a political, legislative, or governmental purpose.

23 (2) Expenditures by a committee to pay for professional services
24 reasonably required by the committee to assist it in the performance
25 of its administrative functions are directly related to a political,
26 legislative, or governmental purpose.

27 (3) Campaign funds shall not be used to pay health-related
28 expenses for a candidate, elected officer, or any individual or
29 individuals with authority to approve the expenditure of campaign
30 funds held by a committee, or members of his or her household.
31 "Health-related expenses" includes, but is not limited to,
32 examinations by physicians, dentists, psychiatrists, psychologists,
33 or counselors; expenses for medications, treatments, or medical
34 equipment; and expenses for hospitalization and special dietary
35 foods. However, campaign funds may be used to pay employer
36 costs of health care benefits of a bona fide employee or independent
37 contractor of the committee.

38 (4) Campaign funds shall not be used to make a payment for
39 membership dues for a country club, health club, or other
40 recreational facility.

1 (5) Campaign funds shall not be used to make tuition payments,
2 unless the payments are directly related to a political, legislative,
3 or governmental purpose.

4 (c) Campaign funds shall not be used to pay or reimburse fines,
5 penalties, judgments, or settlements, except those resulting from
6 either of the following:

7 (1) Parking citations incurred in the performance of an activity
8 that was directly related to a political, legislative, or governmental
9 purpose.

10 (2) Any other action for which payment of attorney's fees from
11 contributions would be permitted pursuant to this title.

12 (d) Campaign funds shall not be used to purchase clothing to
13 be worn by a candidate or elected officer.

14 (e) (1) Except where otherwise prohibited by law, campaign
15 funds may be used to purchase or reimburse for the costs of
16 purchase of tickets to political fundraising events for the attendance
17 of a candidate, elected officer, or his or her immediate family, or
18 an officer, director, employee, or staff of the committee or the
19 elected officer's governmental agency.

20 (2) Campaign funds shall not be used to pay for or reimburse
21 for the costs of ~~admission to a sporting event, concert, theater, or~~
22 ~~other form of entertainment~~ *tickets for entertainment or sporting*
23 *events* for the candidate, elected officer, or members of his or her
24 immediate family, or an officer, director, employee, or staff of the
25 committee, unless their attendance at the event is directly related
26 ~~to the election campaign of the candidate or elected officer.~~ *a*
27 *political, legislative, or governmental purpose.*

28 (3) The purchase of tickets for entertainment or sporting events
29 for the benefit of persons other than the candidate, elected officer,
30 or his or her immediate family are governed by subdivision (f).

31 (f) (1) Campaign funds shall not be used to make a gift to a
32 spouse, child, sibling, or parent of a candidate, elected officer, or
33 other individual with authority to approve the expenditure of
34 campaign funds held by a committee, except for a gift of nominal
35 value that is substantially similar to a gift made to other persons
36 and that is directly related to a political, legislative, or
37 governmental purpose. Campaign funds shall not be used to make
38 personal gifts to any other person not described in this paragraph
39 unless the gift is directly related to a political, legislative, or

1 governmental purpose. The refund of a campaign contribution
2 does not constitute the making of a gift.

3 (2) This section does not prohibit the use of campaign funds to
4 reimburse or otherwise compensate a public employee for services
5 rendered to a candidate or committee while on vacation, leave, or
6 otherwise outside of compensated public time.

7 (3) An election victory celebration or similar campaign event,
8 or gifts with a total cumulative value of less than two hundred fifty
9 dollars (\$250) in a single year made to an individual employee, a
10 committee worker, or an employee of the elected officer's agency,
11 are considered to be directly related to a political, legislative, or
12 governmental purpose. For purposes of this paragraph, a gift to a
13 member of a person's immediate family shall be deemed to be a
14 gift to that person.

15 (g) Campaign funds shall not be used to make loans other than
16 to organizations pursuant to Section 89515, or, unless otherwise
17 prohibited, to a candidate for elective office, political party, or
18 committee.

19 SEC. 5. Section 89515 of the Government Code is amended
20 to read:

21 89515. Campaign funds may be used to make donations or
22 loans to bona fide charitable, educational, civic, religious, or similar
23 tax-exempt, nonprofit organizations, if no substantial part of the
24 proceeds will have a material financial effect on the candidate,
25 campaign treasurer, or any individual or individuals with authority
26 to approve the expenditure of campaign funds held by a committee,
27 or member of his or her immediate family, and if the donation or
28 loan bears a reasonable relation to a political, legislative, or
29 governmental purpose, except as prohibited by Section 89515.5.

30 SEC. 6. Section 89515.5 is added to the Government Code, to
31 read:

32 89515.5. (a) An expenditure of campaign funds by an elected
33 officer or committee controlled by the elected officer to a nonprofit
34 organization that the elected officer knows or has reason to know
35 is owned or controlled by the elected officer or a family member
36 of the elected officer is deemed to serve the primary purpose of
37 conferring a personal financial benefit on the recipient and is
38 prohibited as being unrelated to a political, legislative, or
39 governmental purpose and inconsistent with the trust imposed by
40 Section 89510.

1 (b) An elected officer is deemed to have complied with the
2 requirements of subdivision (a) if the Commission determines that
3 the elected officer has made a reasonable effort to ascertain whether
4 a nonprofit organization is owned or controlled by any individual
5 described in subdivision (a).

6 (c) For purposes of this section, a nonprofit organization is
7 owned or controlled by an elected officer or family member of the
8 elected officer if the elected officer or family member of the elected
9 officer, or a member of that person's immediate family, is a
10 director, officer, partner, or trustee of, or holds any position of
11 management with, the nonprofit organization and is paid for his
12 or her services.

13 (d) For purposes of this section, ~~“family”~~ *the following terms*
14 *have the following meanings:*

15 (1) *“Family member of the elected officer”* means the spouse,
16 child, sibling, or parent of an elected officer.

17 (2) *“Nonprofit organization”* means an organization that is
18 exempt from taxation under Section 501(c)(4) of the Internal
19 Revenue Code.

20 SEC. 7. Section 89516 of the Government Code is amended
21 to read:

22 89516. Notwithstanding Sections 89512 and 89513, this section
23 governs the use of campaign funds for vehicle expenses.

24 (a) Campaign funds shall not be used to purchase a vehicle
25 unless both of the following apply:

26 (1) Title to the vehicle is held by the committee and not the
27 candidate, elected officer, campaign treasurer, or any other
28 individual or individuals with authority to approve the expenditure
29 of campaign funds held by a committee, or a member of his or her
30 immediate family.

31 (2) The use of the vehicle is directly related to an election
32 campaign.

33 (b) Campaign funds shall not be used to lease a vehicle unless
34 both of the following apply:

35 (1) The lessee is the committee, or a state or local government
36 agency, and not the candidate, elected officer, or a member of his
37 or her immediate family; or the lessor is a state or local government
38 agency.

39 (2) The use of the vehicle is directly related to an election
40 campaign.

1 (c) Campaign funds may be used to pay for or reimburse the
2 operating costs, including, but not limited to, insurance,
3 maintenance, and repairs, for any vehicle for which campaign
4 funds may be spent pursuant to this section.

5 (d) Campaign funds may be used to reimburse a candidate,
6 elected officer, his or her immediate family, or any individual or
7 individuals with authority to approve the expenditure of campaign
8 funds held by a committee, or an employee or member of the staff
9 of the committee or of the elected officer's governmental agency,
10 for the use of his or her vehicle at the rate approved by the Internal
11 Revenue Service pursuant to Section 162 of the Internal Revenue
12 Code in connection with deductible mileage expenses under the
13 federal income tax law, if both of the following requirements are
14 met:

15 (1) The vehicle use for which reimbursement is sought is directly
16 related to an election campaign.

17 (2) The specific purpose and mileage in connection with each
18 expenditure is documented in a manner approved by the Internal
19 Revenue Service in connection with deductible mileage expenses.

20 (e) For purposes of this section, use of a vehicle is considered
21 to be directly related to an election campaign as long as its use for
22 other purposes is only incidental to its use for an election campaign.

23 SEC. 8. Section 89517 of the Government Code is amended
24 to read:

25 89517. (a) Campaign funds shall not be used for payment or
26 reimbursement for the lease of real property, for a utility bill for
27 real property, or for the purchase, lease, or refurbishment of any
28 appliance or equipment, where the lessee or sublessor is, or the
29 legal title resides in, in whole or in part, a candidate, elected officer,
30 campaign treasurer, or any individual or individuals with authority
31 to approve the expenditure of campaign funds, or member of his
32 or her immediate family.

33 (b) Campaign funds shall not be used to purchase real property.
34 Except as prohibited by subdivision (a), campaign funds may be
35 used to lease real property for up to one year at a time if the use
36 of that property is directly related to political, legislative, or
37 governmental purposes and the lessee or sublessor is not, or the
38 legal title does not reside in, in whole or in part, a candidate, elected
39 officer, campaign treasurer, or any individual or individuals with

1 authority to approve the expenditure of campaign funds, or a
2 member of his or her immediate family.

3 (c) For purposes of this section, real property, appliance, or
4 equipment is considered to be directly related to a political,
5 legislative, or governmental purpose if its use for other purposes
6 is only incidental to its use for political, legislative, or
7 governmental purposes and the lessee or sublessor of the real
8 property is not, or the legal title for the real property does not reside
9 in, in whole or in part, a candidate, elected officer, campaign
10 treasurer, or any individual or individuals with authority to approve
11 the expenditure of campaign funds, or a member of his or her
12 immediate family.

13 SEC. 9. No reimbursement is required by this act pursuant to
14 Section 6 of Article XIII B of the California Constitution because
15 the only costs that may be incurred by a local agency or school
16 district will be incurred because this act creates a new crime or
17 infraction, eliminates a crime or infraction, or changes the penalty
18 for a crime or infraction, within the meaning of Section 17556 of
19 the Government Code, or changes the definition of a crime within
20 the meaning of Section 6 of Article XIII B of the California
21 Constitution.

22 SEC. 10. The Legislature finds and declares that this bill
23 furthers the purposes of the Political Reform Act of 1974 within
24 the meaning of subdivision (a) of Section 81012 of the Government
25 Code.

AMENDED IN ASSEMBLY JUNE 17, 2014

SENATE BILL

No. 952

Introduced by Senator Torres
(Principal coauthor: Assembly Member Rodriguez)

February 6, 2014

An act to amend Sections 1090, 1093, and 1097 of the Government Code, relating to public officers and employees.

LEGISLATIVE COUNSEL'S DIGEST

SB 952, as amended, Torres. Prohibited financial interests: aiding and abetting.

Existing law prohibits Members of the ~~Legislature~~, *Legislature* and state, county, district, judicial district, and city officers or ~~employees~~ *employees*, from being financially interested in any contract made by them in their official capacity, or by any body or board of which they are members. Existing law also prohibits state, county, district, judicial district, and city officers or ~~employees~~ *employees*, from being purchasers at any sale or vendors at any purchase made by them in their official capacity. Existing law also prohibits the Treasurer, Controller, county and city officers, and their deputies and clerks from purchasing or selling, or in any manner receiving for their own or any other person's use or benefit any state, county, or city warrants, scrip, orders, demands, claims, or other evidences of indebtedness against the state, a county, or city. A willful violation of these prohibitions is a crime punishable by fine or imprisonment in the state prison, and forever disqualifies the offending public officer or person from holding any office in the state.

This bill would prohibit an individual from aiding or abetting a public officer or person in violating these prohibitions, and expand these penalties to also apply to the individual who willfully aids or abets.

This bill would also make technical, nonsubstantive changes.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 1090 of the Government Code is amended
2 to read:

3 1090. (a) Members of the Legislature, state, county, district,
4 judicial district, and city officers or employees shall not be
5 financially interested in any contract made by them in their official
6 capacity, or by any body or board of which they are members. Nor
7 shall state, county, district, judicial district, and city officers or
8 employees be purchasers at any sale or vendors at any purchase
9 made by them in their official capacity.

10 (b) An individual shall not aid or abet a Member of the
11 Legislature or a state, county, district, judicial district, or city
12 officer or employee in violating subdivision (a).

13 (c) As used in this article, "district" means any agency of the
14 state formed pursuant to general law or special act, for the local
15 performance of governmental or proprietary functions within
16 limited boundaries.

17 SEC. 2. Section 1093 of the Government Code is amended to
18 read:

19 1093. (a) The Treasurer and Controller, county and city
20 officers, and their deputies and clerks shall not purchase or sell,
21 or in any manner receive for their own or any other person's use
22 or benefit any state, county or city warrants, scrip, orders, demands,
23 claims, or other evidences of indebtedness against the state, or any
24 county or city thereof.

25 (b) An individual shall not aid or abet the Treasurer, Controller,
26 a county or city officer, or their deputy or clerk in violating
27 subdivision (a).

28 (c) This section shall not apply to evidences of indebtedness
29 issued to or held by an officer, deputy, or clerk for services

1 rendered by them, nor to evidences of the funded indebtedness of
2 the state, county, or city.

3 SEC. 3. Section 1097 of the Government Code is amended to
4 read:

5 1097. (a) Every officer or person prohibited by the laws of
6 this state from making or being interested in contracts, or from
7 becoming a vendor or purchaser at sales, or from purchasing ~~scrip~~,
8 *scrip* or other evidences of indebtedness, including any member
9 of the governing board of a school district, who willfully violates
10 any of the provisions of those laws, is punishable by a fine of not
11 more than one thousand dollars (\$1,000), or by imprisonment in
12 the state prison, and is forever disqualified from holding any office
13 in this state.

14 (b) An individual who willfully aids or abets an officer or person
15 in violating a prohibition by the laws of this state from making or
16 being interested in contracts, or from becoming a vendor or
17 purchaser at sales, or from purchasing scrip, or other evidences of
18 indebtedness, including any member of the governing board of a
19 school district, is punishable by a fine of not more than one
20 thousand dollars (\$1,000), or by imprisonment in the state prison,
21 and is forever disqualified from holding any office in this state.

22 SEC. 4. No reimbursement is required by this act pursuant to
23 Section 6 of Article XIII B of the California Constitution because
24 the only costs that may be incurred by a local agency or school
25 district will be incurred because this act creates a new crime or
26 infraction, eliminates a crime or infraction, or changes the penalty
27 for a crime or infraction, within the meaning of Section 17556 of
28 the Government Code, or changes the definition of a crime within
29 the meaning of Section 6 of Article XIII B of the California
30 Constitution.

AMENDED IN ASSEMBLY AUGUST 7, 2014

AMENDED IN ASSEMBLY JULY 1, 2014

AMENDED IN ASSEMBLY JUNE 17, 2014

AMENDED IN SENATE MAY 27, 2014

AMENDED IN SENATE MAY 15, 2014

SENATE BILL

No. 1103

Introduced by Senator Padilla

February 19, 2014

An act to add Section 85201.5 to the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 1103, as amended, Padilla. Political Reform Act of 1974: candidacy for elective state office.

The Political Reform Act of 1974 requires an individual to file a statement of intention to be a candidate for an elective office, signed under penalty of perjury, prior to soliciting or receiving a contribution or loan. The act requires the individual to establish one campaign contribution account, as specified, upon filing the statement of intention to be a candidate.

This bill would provide that, if an individual files a statement of intention to be a candidate for elective state office, the filing of a subsequent statement of intention to be a candidate for a different elective state office ~~that is to be voted upon at the same election~~ would effect a revocation of the prior statement of intention to be a candidate, *except as provided*, and the individual would thereafter be prohibited from soliciting or receiving a contribution or loan for the elective state

office for which he or she previously filed a statement of intention to be a candidate. The bill would prohibit an individual from filing, and the Secretary of State from accepting, a statement of intention to be a candidate for an Assembly, Senate, or other constitutional office at an election other than the next election or next 2 regularly scheduled elections at which that office will appear on the ballot, as specified. ~~This bill would prohibit an elected state officer or candidate for elective state office who has filed statements of intention to be a candidate for multiple elective state offices that are to be voted upon at separate elections from having more than 2 campaign contribution accounts open simultaneously for purposes of receiving contributions in connection with those elective state offices.~~

A violation of the act's provisions is punishable as a misdemeanor. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 85201.5 is added to the Government
 2 Code, to read:
 3 85201.5. (a) ~~¶(1)~~ (A) *Except as provided in paragraph (2),*
 4 *if* an individual has previously filed a statement of intention to be
 5 a candidate for an elective state office pursuant to Section 85200,
 6 the subsequent filing of a statement of intention to be a candidate
 7 for a different elective state office ~~to be voted upon at the same~~
 8 ~~election~~ shall constitute a revocation of the previously filed
 9 statement of intention to be a candidate, and the individual shall
 10 not thereafter solicit or receive a contribution or loan for the

1 elective state office for which he or she previously filed a statement
2 of intention to be a candidate.

3 *(B) A revocation pursuant to this paragraph shall become*
4 *effective 31 days after the filing of a subsequent statement of*
5 *intention to be a candidate for a different elective state office.*

6 *(C) If a revocation pursuant to this paragraph becomes effective,*
7 *any remaining funds in the campaign contribution account*
8 *associated with the revoked statement of intention to be a candidate*
9 *shall be treated as surplus funds pursuant to Section 89519.*

10 *(2) If a candidate for the office of Member of the Assembly files*
11 *a subsequent statement of intention to be a candidate for the office*
12 *of state Senator or any office identified in subdivision (f) of Section*
13 *14 of Article V of the California Constitution, and that office is to*
14 *be voted upon at a separate election, the filing of the subsequent*
15 *statement of intention to be a candidate shall not constitute a*
16 *revocation of the previously filed statement of intention to be a*
17 *candidate.*

18 (b) An individual shall not file, and the Secretary of State shall
19 not accept, either of the following:

20 (1) A statement of intention to be a candidate for the office of
21 Member of the Assembly at an election other than the next two
22 regularly scheduled elections at which that office will appear on
23 the ballot.

24 (2) A statement of intention to be a candidate for an elective
25 state office other than the office of Member of the Assembly at an
26 election other than the next regularly scheduled election at which
27 that elective state office will appear on the ballot.

28 ~~(e) Notwithstanding Section 85201, an elected state officer or~~
29 ~~candidate for elective state office who has filed statements of~~
30 ~~intention to be a candidate for multiple elective state offices that~~
31 ~~are to be voted upon at separate elections shall in no event have~~
32 ~~more than two campaign contribution accounts open~~
33 ~~simultaneously for purposes of receiving contributions in~~
34 ~~connection with those elective state offices.~~

35 SEC. 2. No reimbursement is required by this act pursuant to
36 Section 6 of Article XIII B of the California Constitution because
37 the only costs that may be incurred by a local agency or school
38 district will be incurred because this act creates a new crime or
39 infraction, eliminates a crime or infraction, or changes the penalty
40 for a crime or infraction, within the meaning of Section 17556 of

1 the Government Code, or changes the definition of a crime within
2 the meaning of Section 6 of Article XIII B of the California
3 Constitution.

4 SEC. 3. The Legislature finds and declares that this bill furthers
5 the purposes of the Political Reform Act of 1974 within the
6 meaning of subdivision (a) of Section 81012 of the Government
7 Code.

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AMENDED IN ASSEMBLY AUGUST 4, 2014

AMENDED IN ASSEMBLY JUNE 15, 2014

AMENDED IN SENATE MAY 15, 2014

SENATE BILL

No. 1104

Introduced by Senator Padilla

February 19, 2014

An act to add Article 6 (commencing with Section 84550) to Chapter 4 of Title 9 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 1104, as amended, Padilla. Political Reform Act of 1974: campaign communication disclosure.

The Political Reform Act of 1974 regulates certain communications, including mass mailings, slate mailers, and advertisements, by requiring those items to include specified information and disclosures.

This bill would require a candidate for elective state office, a slate mailer organization, or a committee that authorizes an expenditure for a campaign communication, as defined, to file an electronic copy of the campaign communication with the Secretary of State, as specified. *This bill would make this requirement operative on July 1, 2017, or on a date determined by the Secretary of State, whichever occurs earlier.* The bill would require the Secretary of State to maintain an archive of the filed campaign communications and to make the campaign communications available for public inspection on his or her Internet Web site, *as specified.* ~~This bill would make these changes operative on July 1, 2017.~~ *This bill would permit the Secretary of State to promulgate regulations to implement these provisions.*

A violation of the act’s provisions is punishable as a misdemeanor. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a 2/3 vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Article 6 (commencing with Section 84550) is
2 added to Chapter 4 of Title 9 of the Government Code, to read:

3

4 Article 6. Campaign Communication Disclosures

5

6 84550. (a) For purposes of this section, the following terms
7 have the following meanings:

8 (1) “Campaign communication” means an advertisement, as
9 defined in Section 84501, that advocates support for or opposition
10 to a candidate for elective state office or a statewide ballot measure;
11 a mass mailing, as defined in Section 82041.5, that advocates
12 support for or opposition to a candidate for elective state office or
13 a statewide ballot measure; or a slate mailer, as defined in Section
14 82048.3, that advocates support for or opposition to a candidate
15 for elective state office or a statewide ballot measure.

16 (2) “Elective state office” has the same meaning as set forth in
17 Section 82024, but does not include a member elected to the Board
18 of Administration of the Public Employees’ Retirement System
19 or a member elected to the Teachers’ Retirement Board.

20 (b) (1) A candidate for elective state office, a slate mailer
21 organization, or a committee that authorizes an expenditure for a

1 campaign communication shall file an electronic copy of the
2 campaign communication with the Secretary of State as follows:

3 ~~(1) (A)~~

4 (A) (i) A campaign communication that is distributed by postal
5 mail during the period from 90 days prior to the election at which
6 the candidate or measure that is the subject of the campaign
7 communication will appear on the ballot to the day of the election,
8 inclusive, shall be filed not later than 72 hours after the first
9 distribution of the campaign communication.

10 ~~(B)~~

11 (ii) A campaign communication that is distributed in a manner
12 other than by postal mail during the period from 90 days prior to
13 the election at which the candidate or measure that is the subject
14 of the campaign communication will appear on the ballot to the
15 day of the election, inclusive, shall be filed not later than 24 hours
16 after the first distribution of the campaign communication.

17 ~~(2)~~

18 (B) A campaign communication that is distributed at any time
19 other than that described in ~~paragraph (1)~~ subparagraph (A) shall
20 be filed not later than five business days after the first distribution
21 of the campaign communication.

22 (2) A candidate for elective state office, a slate mailer
23 organization, or a committee that files an electronic copy of a
24 campaign communication with the Secretary of State pursuant to
25 this subdivision shall identify in the filing the date the
26 communication was first distributed.

27 (3) This subdivision shall become operative on July 1, 2017, or
28 on a date determined by the Secretary of State, whichever occurs
29 earlier.

30 (c) The Secretary of State shall maintain ~~an archive~~ electronic
31 records of all campaign communications that are filed pursuant
32 to this section and shall make the campaign communications
33 available for public inspection on his or her Internet Web site: *as*
34 *follows:*

35 (1) A campaign communication that is filed by a candidate who
36 is subsequently elected to the office sought shall be available for
37 public inspection for the period during which the elected candidate
38 serves in that office.

39 (2) (A) Except as provided in subparagraph (B), a campaign
40 communication that is filed other than by a candidate who is

1 *subsequently elected to the office sought shall be available for*
2 *public inspection for a period determined by regulations of the*
3 *Secretary of State, which in no event shall be less than five years.*

4 *(B) In the absence of regulations by the Secretary of State*
5 *establishing a period of public inspection, a campaign*
6 *communication that is filed other than by a candidate who is*
7 *subsequently elected to the office sought shall be available for*
8 *public inspection for a period of five years.*

9 *(d) Electronic records maintained pursuant to this section shall*
10 *be subject to the State Records Management Act (Article 7*
11 *(commencing with Section 12270) of Chapter 3 of Part 2 of*
12 *Division 3 of Title 2).*

13 *(e) The Secretary of State may promulgate regulations to*
14 *implement this section.*

15 ~~*(d) This section shall become operative on July 1, 2017.*~~

16 SEC. 2. No reimbursement is required by this act pursuant to
17 Section 6 of Article XIII B of the California Constitution because
18 the only costs that may be incurred by a local agency or school
19 district will be incurred because this act creates a new crime or
20 infraction, eliminates a crime or infraction, or changes the penalty
21 for a crime or infraction, within the meaning of Section 17556 of
22 the Government Code, or changes the definition of a crime within
23 the meaning of Section 6 of Article XIII B of the California
24 Constitution.

25 SEC. 3. The Legislature finds and declares that this bill furthers
26 the purposes of the Political Reform Act of 1974 within the
27 meaning of subdivision (a) of Section 81012 of the Government
28 Code.

AMENDED IN SENATE APRIL 3, 2014

SENATE BILL

No. 1441

**Introduced by Senators Lara, Corbett, De León, Hill, Monning,
Roth, Steinberg, and Torres**

February 21, 2014

An act to amend Section ~~89503~~ 82015 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 1441, as amended, Lara. Political Reform Act of 1974: ~~gifts.~~
contributions.

Existing law, the Political Reform Act of 1974, provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures and imposing other reporting and recordkeeping requirements on campaign committees. "Contribution" is defined for purposes of the act as a payment, a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment, except to the extent that full and adequate consideration is received, unless it is clear from the surrounding circumstances that it is not made for political purposes. The definition does not include a payment made by an occupant of a home or office for costs related to any meeting or fundraising event held in the occupant's home or office if the costs for the meeting or fundraising event are \$500 or less.

The act prohibits a lobbyist from making, and an elected state officer or candidate for elective state office from accepting, a contribution if the lobbyist is registered to lobby the governmental agency for which the candidate is seeking election or the governmental agency of the elected state officer.

This bill would revise the definition of “contribution” to include a payment made by a lobbyist or a cohabitant of a lobbyist for costs related to a fundraising event held at the home of the lobbyist, as specified. The bill would make these payments attributable to the lobbyist for purposes of the prohibition against a lobbyist making a contribution to specified candidates and elected officers.

The bill would also revise the definition of “contribution” to include a payment made by a lobbying firm for costs related to a fundraising event held at the office of the lobbying firm.

A violation of the act’s provisions is punishable as a misdemeanor. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

~~The Political Reform Act of 1974 places limits on the value of gifts that may be received by elected state officers, elected officers of local government agencies, candidates for those offices, members of state board or commissions, and designated employees of state or local government agencies. Under the act, those individuals may not accept gifts from a single source in a calendar year with a total value of more than \$250, with specified exceptions. The act directs the Fair Political Practices Commission to adjust this limit biennially to reflect changes in the Consumer Price Index.~~

~~This bill would make nonsubstantive changes to those provisions.~~

~~Vote: majority $\frac{2}{3}$. Appropriation: no. Fiscal committee: ~~no~~-yes. State-mandated local program: ~~no~~-yes.~~

The people of the State of California do enact as follows:

- 1 *SECTION 1. Section 82015 of the Government Code is*
- 2 *amended to read:*

1 82015. (a) “Contribution” means a payment, a forgiveness of
2 a loan, a payment of a loan by a third party, or an enforceable
3 promise to make a payment, except to the extent that full and
4 adequate consideration is received, unless it is clear from the
5 surrounding circumstances that it is not made for political purposes.

6 (b) (1) A payment made at the behest of a committee, as defined
7 in subdivision (a) of Section 82013, is a contribution to the
8 committee, unless full and adequate consideration is received from
9 the committee for making the payment.

10 (2) A payment made at the behest of a candidate is a contribution
11 to the candidate, unless the criteria in either subparagraph (A) or
12 (B) are satisfied:

13 (A) Full and adequate consideration is received from the
14 candidate.

15 (B) It is clear from the surrounding circumstances that the
16 payment was made for purposes unrelated to his or her candidacy
17 for elective office. The following types of payments are presumed
18 to be for purposes unrelated to a candidate’s candidacy for elective
19 office:

20 (i) A payment made principally for personal purposes, in which
21 case it may be considered a gift under the provisions of Section
22 82028. Payments that are otherwise subject to the limits of Section
23 86203 are presumed to be principally for personal purposes.

24 (ii) A payment made by a state, local, or federal governmental
25 agency or by a nonprofit organization that is exempt from taxation
26 under Section 501(c)(3) of the Internal Revenue Code.

27 (iii) A payment not covered by clause (i), made principally for
28 legislative, governmental, or charitable purposes, in which case it
29 is neither a gift nor a contribution. However, payments of this type
30 that are made at the behest of a candidate who is an elected officer
31 shall be reported within 30 days following the date on which the
32 payment or payments equal or exceed five thousand dollars
33 (\$5,000) in the aggregate from the same source in the same
34 calendar year in which they are made. The report shall be filed by
35 the elected officer with the elected officer’s agency and shall be
36 a public record subject to inspection and copying pursuant to
37 subdivision (a) of Section 81008. The report shall contain the
38 following information: name of payor, address of payor, amount
39 of the payment, date or dates the payment or payments were made,
40 the name and address of the payee, a brief description of the goods

1 or services provided or purchased, if any, and a description of the
2 specific purpose or event for which the payment or payments were
3 made. Once the five-thousand-dollar (\$5,000) aggregate threshold
4 from a single source has been reached for a calendar year, all
5 payments for the calendar year made by that source ~~must~~ *shall* be
6 disclosed within 30 days after the date the threshold was reached
7 or the payment was made, whichever occurs later. Within 30 days
8 after receipt of the report, state agencies shall forward a copy of
9 these reports to the ~~Fair Political Practices~~ Commission, and local
10 agencies shall forward a copy of these reports to the officer with
11 whom elected officers of that agency file their campaign
12 statements.

13 (C) For purposes of subparagraph (B), a payment is made for
14 purposes related to a candidate's candidacy for elective office if
15 all or a portion of the payment is used for election-related activities.
16 For purposes of this subparagraph, "election-related activities"
17 shall include, but are not limited to, the following:

18 (i) Communications that contain express advocacy of the
19 nomination or election of the candidate or the defeat of his or her
20 opponent.

21 (ii) Communications that contain reference to the candidate's
22 candidacy for elective office, the candidate's election campaign,
23 or the candidate's or his or her opponent's qualifications for
24 elective office.

25 (iii) Solicitation of contributions to the candidate or to third
26 persons for use in support of the candidate or in opposition to his
27 or her opponent.

28 (iv) Arranging, coordinating, developing, writing, distributing,
29 preparing, or planning of any communication or activity described
30 in clause (i), (ii), or (iii).

31 (v) Recruiting or coordinating campaign activities of campaign
32 volunteers on behalf of the candidate.

33 (vi) Preparing campaign budgets.

34 (vii) Preparing campaign finance disclosure statements.

35 (viii) Communications directed to voters or potential voters as
36 part of activities encouraging or assisting persons to vote if the
37 communication contains express advocacy of the nomination or
38 election of the candidate or the defeat of his or her opponent.

1 (D) A contribution made at the behest of a candidate for a
2 different candidate or to a committee not controlled by the
3 behesting candidate is not a contribution to the behesting candidate.

4 (3) A payment made at the behest of a member of the Public
5 Utilities Commission, made principally for legislative,
6 governmental, or charitable purposes, is not a contribution.
7 However, payments of this type shall be reported within 30 days
8 following the date on which the payment or payments equal or
9 exceed five thousand dollars (\$5,000) in the aggregate from the
10 same source in the same calendar year in which they are made.
11 The report shall be filed by the member with the Public Utilities
12 Commission and shall be a public record subject to inspection and
13 copying pursuant to subdivision (a) of Section 81008. The report
14 shall contain the following information: name of payor, address
15 of payor, amount of the payment, date or dates the payment or
16 payments were made, the name and address of the payee, a brief
17 description of the goods or services provided or purchased, if any,
18 and a description of the specific purpose or event for which the
19 payment or payments were made. Once the five-thousand-dollar
20 (\$5,000) aggregate threshold from a single source has been reached
21 for a calendar year, all payments for the calendar year made by
22 that source ~~must~~ *shall* be disclosed within 30 days after the date
23 the threshold was reached or the payment was made, whichever
24 occurs later. Within 30 days after receipt of the report, the Public
25 Utilities Commission shall forward a copy of these reports to the
26 Fair Political Practices Commission.

27 (c) “Contribution” includes the purchase of tickets for events
28 such as dinners, luncheons, rallies, and similar fundraising events;
29 the candidate’s own money or property used on behalf of his or
30 her candidacy, other than personal funds of the candidate used to
31 pay either a filing fee for a declaration of candidacy or a candidate
32 statement prepared pursuant to Section 13307 of the Elections
33 Code; the granting of discounts or rebates not extended to the
34 public generally or the granting of discounts or rebates by television
35 and radio stations and newspapers not extended on an equal basis
36 to all candidates for the same office; *and* the payment of
37 compensation by any person for the personal services or expenses
38 of any other person if the services are rendered or expenses incurred
39 on behalf of a candidate or committee without payment of full and
40 adequate consideration.

1 (d) “Contribution” further includes any transfer of anything of
2 value received by a committee from another committee, unless
3 full and adequate consideration is received.

4 (e) “Contribution” does not include amounts received pursuant
5 to an enforceable promise to the extent those amounts have been
6 previously reported as a contribution. However, the fact that those
7 amounts have been received shall be indicated in the appropriate
8 campaign statement.

9 (f) ~~“Contribution”~~*(1) Except as provided in paragraph (2) or*
10 *(3), “contribution” does not include a payment made by an*
11 *occupant of a home or office for costs related to any meeting or*
12 *fundraising event held in the occupant’s home or office if the costs*
13 *for the meeting or fundraising event are five hundred dollars (\$500)*
14 *or less.*

15 *(2) “Contribution” includes a payment made by a lobbyist or*
16 *a cohabitant of a lobbyist for costs related to a fundraising event*
17 *held at the home of the lobbyist, including the value of the use of*
18 *the home as a fundraising event venue. A payment described in*
19 *this paragraph shall be attributable to the lobbyist for purposes*
20 *of Section 85702.*

21 *(3) “Contribution” includes a payment made by a lobbying firm*
22 *for costs related to a fundraising event held at the office of the*
23 *lobbying firm, including the value of the use of the office as a*
24 *fundraising event venue.*

25 (g) Notwithstanding the foregoing definition of “contribution,”
26 the term does not include volunteer personal services or payments
27 made by any individual for his or her own travel expenses if the
28 payments are made voluntarily without any understanding or
29 agreement that they shall be, directly or indirectly, repaid to him
30 or her.

31 (h) “Contribution” further includes the payment of public
32 moneys by a state or local governmental agency for a
33 communication to the public that satisfies both of the following:

34 (1) The communication expressly advocates the election or
35 defeat of a clearly identified candidate or the qualification, passage,
36 or defeat of a clearly identified measure, or, taken as a whole and
37 in context, unambiguously urges a particular result in an election.

38 (2) The communication is made at the behest of the affected
39 candidate or committee.

1 *SEC. 2. No reimbursement is required by this act pursuant to*
2 *Section 6 of Article XIII B of the California Constitution because*
3 *the only costs that may be incurred by a local agency or school*
4 *district will be incurred because this act creates a new crime or*
5 *infraction, eliminates a crime or infraction, or changes the penalty*
6 *for a crime or infraction, within the meaning of Section 17556 of*
7 *the Government Code, or changes the definition of a crime within*
8 *the meaning of Section 6 of Article XIII B of the California*
9 *Constitution.*

10 *SEC. 3. The Legislature finds and declares that this bill*
11 *furtheres the purposes of the Political Reform Act of 1974 within*
12 *the meaning of subdivision (a) of Section 81012 of the Government*
13 *Code.*

14 ~~SECTION 1. Section 89503 of the Government Code is~~
15 ~~amended to read:~~

16 ~~89503. (a) An elected state officer, elected officer of a local~~
17 ~~government agency, or other individual specified in Section 87200~~
18 ~~shall not accept gifts from any single source in any calendar year~~
19 ~~with a total value of more than two hundred fifty dollars (\$250).~~

20 ~~(b) (1) A candidate for elective state office, judicial office, or~~
21 ~~elective office in a local government agency shall not accept gifts~~
22 ~~from any single source in any calendar year with a total value of~~
23 ~~more than two hundred fifty dollars (\$250). A person is a candidate~~
24 ~~for purposes of this subdivision when the person has filed a~~
25 ~~statement of organization as a committee for election to a state or~~
26 ~~local office, a declaration of intent, or a declaration of candidacy,~~
27 ~~whichever occurs first. A person is not a candidate for purposes~~
28 ~~of this subdivision after he or she is sworn into the elective office,~~
29 ~~or, if the person lost the election, after the person has terminated~~
30 ~~his or her campaign statement filing obligations for that office~~
31 ~~pursuant to Section 84214 or after certification of the election~~
32 ~~results, whichever occurs first.~~

33 ~~(2) Paragraph (1) shall not apply to any person who is a~~
34 ~~candidate as described in paragraph (1) for judicial office on or~~
35 ~~before December 31, 1996.~~

36 ~~(c) A member of a state board or commission or designated~~
37 ~~employee of a state or local government agency shall not accept~~
38 ~~gifts from any single source in any calendar year with a total value~~
39 ~~of more than two hundred fifty dollars (\$250) if the member or~~

- 1 ~~employee would be required to report the receipt of income or~~
2 ~~gifts from that source on his or her statement of economic interests.~~
3 ~~(d) This section shall not apply to a person in his or her capacity~~
4 ~~as a judge. This section shall not apply to a person in his or her~~
5 ~~capacity as a part-time member of the governing board of any~~
6 ~~public institution of higher education unless that position is an~~
7 ~~elective office.~~
8 ~~(e) This section shall not prohibit or limit the following:~~
9 ~~(1) Payments, advances, or reimbursements for travel and related~~
10 ~~lodging and subsistence permitted by Section 89506.~~
11 ~~(2) Wedding gifts and gifts exchanged between individuals on~~
12 ~~birthdays, holidays, and other similar occasions, provided that the~~
13 ~~gifts exchanged are not substantially disproportionate in value.~~
14 ~~(f) Beginning on January 1, 1993, the Commission shall adjust~~
15 ~~the gift limitation in this section on January 1 of each~~
16 ~~odd-numbered year to reflect changes in the Consumer Price Index,~~
17 ~~rounded to the nearest ten dollars (\$10).~~
18 ~~(g) The limitations in this section are in addition to the~~
19 ~~limitations on gifts in Section 86203.~~

AMENDED IN ASSEMBLY AUGUST 4, 2014

AMENDED IN ASSEMBLY JULY 1, 2014

AMENDED IN SENATE MAY 12, 2014

AMENDED IN SENATE MARCH 27, 2014

SENATE BILL

No. 1442

**Introduced by Senators Lara, Corbett, De León, Hill, Monning,
Roth, Steinberg, and Torres**

February 21, 2014

An act to amend Sections 82036, 82036.5, 82048.4, 84101, 84103, 84200, 84200.6, 84215, 84218, and 84252 of, to add Sections 84200.3 and 84620 to, to repeal Sections 84200.7, 84202.3, 84202.5, 84202.7, and 84203.5 of, and to repeal and add Section 84200.5 of, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 1442, as amended, Lara. Political Reform Act of 1974: campaign statements.

Existing law, the Political Reform Act of 1974, provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures and imposing other reporting and recordkeeping requirements on campaign committees. The act requires elected officers, candidates, committees, and slate mailer organizations to file various reports, including semiannual reports, preelection statements, and supplemental preelection statements. The act requires the Secretary of State, in consultation with the Fair Political Practices Commission, to develop online and electronic filing processes for specified entities.

This bill would require elected state officers, candidates for elective state office *and their controlled committees*, committees primarily formed to support or oppose a candidate for elective state office or a statewide ballot measure, and state general purpose committees to file quarterly statements each year instead of semiannual statements, as specified. The bill would recast or repeal other specified reporting requirements, including supplemental preelection statements, supplemental independent expenditure reports, and odd-numbered year reports.

This bill would require the Secretary of State, in consultation with the Fair Political Practices Commission, to develop a statewide Internet-based system for the electronic filing and public display of all records filed by or for specified entities.

The act defines “late contributions” and “late independent expenditures” for purposes of the act to include certain contributions and independent expenditures, respectively, that are made within 90 days before the date of the election.

This bill would revise the definitions to specify that those terms also include contributions and independent expenditures that are made on the date of the election.

The bill would also make conforming changes.

A violation of the act’s provisions is punishable as a misdemeanor. By expanding the scope of a crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 82036 of the Government Code is
2 amended to read:

3 82036. “Late contribution” means any of the following:

4 (a) A contribution, including a loan, that totals in the aggregate
5 one thousand dollars (\$1,000) or more and is made to or received
6 by a candidate, a controlled committee, or a committee formed or
7 existing primarily to support or oppose a candidate or measure on
8 the date of the election, or during the 90-day period preceding the
9 date of the election, at which the candidate or measure is to be
10 voted on. For purposes of the Board of Administration of the Public
11 Employees’ Retirement System and the Teachers’ Retirement
12 Board, “the date of the election” is the deadline to return ballots.

13 (b) A contribution, including a loan, that totals in the aggregate
14 one thousand dollars (\$1,000) or more and is made to or received
15 by a political party committee, as defined in Section 85205, on the
16 date of a state election or within 90 days before the date of a state
17 election.

18 SEC. 2. Section 82036.5 of the Government Code is amended
19 to read:

20 82036.5. “Late independent expenditure” means an independent
21 expenditure that totals in the aggregate one thousand dollars
22 (\$1,000) or more and is made for or against a specific candidate
23 or measure involved in an election on the date of the election or
24 during the 90-day period preceding the date of the election. For
25 purposes of the Board of Administration of the Public Employees’
26 Retirement System and the Teachers’ Retirement Board, “the date
27 of the election” is the deadline to return ballots.

28 SEC. 3. Section 82048.4 of the Government Code is amended
29 to read:

30 82048.4. (a) “Slate mailer organization” means, except as
31 provided in subdivision (b), a person who, directly or indirectly,
32 does all of the following:

33 (1) Is involved in the production of one or more slate mailers
34 and exercises control over the selection of the candidates and
35 measures to be supported or opposed in the slate mailers.

36 (2) Receives or is promised payments totaling five hundred
37 dollars (\$500) or more in a calendar year for the production of one
38 or more slate mailers.

1 (b) “Slate mailer organization” does not include any of the
2 following:

3 (1) A candidate or officeholder or a candidate’s or officeholder’s
4 controlled committee.

5 (2) An official committee of a political party.

6 (3) A legislative caucus committee.

7 (4) A committee primarily formed to support or oppose a
8 candidate, officeholder, or ballot measure.

9 (c) The production and distribution of slate mailers by a slate
10 mailer organization shall not be considered making contributions
11 or expenditures for purposes of subdivision (b) or (c) of Section
12 82013. If a slate mailer organization makes contributions or
13 expenditures other than by producing or distributing slate mailers,
14 and it reports those contributions and expenditures pursuant to
15 Sections 84218 and 84219, no additional campaign reports shall
16 be required of the slate mailer organization pursuant to Section
17 84200, 84200.3, or 84200.5.

18 SEC. 4. Section 84101 of the Government Code is amended
19 to read:

20 84101. (a) A committee that is a committee by virtue of
21 subdivision (a) of Section 82013 shall file a statement of
22 organization. The committee shall file the original of the statement
23 of organization with the Secretary of State and shall also file a
24 copy of the statement of organization with the local filing officer,
25 if any, with whom the committee is required to file the originals
26 of its campaign reports pursuant to Section 84215. The original
27 and copy of the statement of organization shall be filed within 10
28 days after the committee has qualified as a committee. The
29 Secretary of State shall assign a number to each committee that
30 files a statement of organization and shall notify the committee of
31 the number. The Secretary of State shall send a copy of statements
32 filed pursuant to this section to the county elections official of each
33 county that he or she deems appropriate. A county elections official
34 who receives a copy of a statement of organization from the
35 Secretary of State pursuant to this section shall send a copy of the
36 statement to the clerk of each city in the county that he or she
37 deems appropriate.

38 (b) In addition to filing the statement of organization as required
39 by subdivision (a), if a committee qualifies as a committee under
40 subdivision (a) of Section 82013 before the date of an election in

1 connection with which the committee is required to file preelection
2 statements, but after the closing date of the last campaign statement
3 required to be filed before the election pursuant to Section 84200.8
4 or 84200.9, the committee shall file, by facsimile transmission,
5 online transmission, guaranteed overnight delivery, or personal
6 delivery within 24 hours of qualifying as a committee, the
7 information required to be reported in the statement of organization.
8 The information required by this subdivision shall be filed with
9 the filing officer with whom the committee is required to file the
10 originals of its campaign reports pursuant to Section 84215.

11 (c) If an independent expenditure committee qualifies as a
12 committee pursuant to subdivision (a) of Section 82013 during the
13 time period described in Section 82036.5 and makes independent
14 expenditures of one thousand dollars (\$1,000) or more to support
15 or oppose a candidate or candidates for office, the committee shall
16 file, by facsimile transmission, online transmission, guaranteed
17 overnight delivery, or personal delivery within 24 hours of
18 qualifying as a committee, the information required to be reported
19 in the statement of organization. The information required by this
20 section shall be filed with the filing officer with whom the
21 committee is required to file the original of its campaign reports
22 pursuant to Section 84215, and shall be filed at all locations
23 required for the candidate or candidates supported or opposed by
24 the independent expenditures. The filings required by this section
25 are in addition to filings that may be required by Section 84204.

26 (d) For purposes of this section, in calculating whether one
27 thousand dollars (\$1,000) in contributions has been received,
28 payments for a filing fee or for a statement of qualifications to
29 appear in a sample ballot shall not be included if these payments
30 have been made from the candidate's personal funds.

31 SEC. 5. Section 84103 of the Government Code is amended
32 to read:

33 84103. (a) If there is a change in any of the information
34 contained in a statement of organization, an amendment shall be
35 filed within 10 days to reflect the change. The committee shall file
36 the original of the amendment with the Secretary of State and shall
37 also file a copy of the amendment with the local filing officer, if
38 any, with whom the committee is required to file the originals of
39 its campaign reports pursuant to Section 84215.

1 (b) In addition to filing an amendment to a statement of
2 organization as required by subdivision (a), a committee as defined
3 in subdivision (a) of Section 82013 shall, by facsimile transmission,
4 online transmission, guaranteed overnight delivery, or personal
5 delivery within 24 hours, notify the filing officer with whom it is
6 required to file the originals of its campaign reports pursuant to
7 Section 84215 if the change requiring the amendment occurs before
8 the date of the election in connection with which the committee
9 is required to file a preelection statement, but after the closing date
10 of the last preelection statement required to be filed for the election
11 pursuant to Section 84200.8, if any of the following information
12 is changed:

13 (1) The name of the committee.

14 (2) The name of the treasurer or other principal officers.

15 (3) The name of any candidate or committee by which the
16 committee is controlled or with which it acts jointly.

17 The notification shall include the changed information, the date
18 of the change, the name of the person providing the notification,
19 and the committee's name and identification number.

20 A committee may file a notification online only if the appropriate
21 filing officer is capable of receiving the notification in that manner.

22 SEC. 6. Section 84200 of the Government Code is amended
23 to read:

24 84200. (a) Except as otherwise provided in this section, elected
25 officers, candidates, and committees pursuant to subdivision (a)
26 of Section 82013 shall file semiannual statements each year no
27 later than July 31 for the period ending June 30, and no later than
28 January 31 for the period ending December 31.

29 (1) A candidate who, during the past six months, has filed a
30 declaration pursuant to Section 84206 shall not be required to file
31 a semiannual statement for that six-month period.

32 (2) Elected officers whose salaries are less than two hundred
33 dollars (\$200) a month, judges, judicial candidates, and their
34 controlled committees shall not file semiannual statements pursuant
35 to this subdivision for any six-month period in which they have
36 not made or received any contributions or made any expenditures.

37 (3) A judge who is not listed on the ballot for reelection to, or
38 recall from, any elective office during a calendar year shall not
39 file semiannual statements pursuant to this subdivision for any
40 six-month period in that year if both of the following apply:

1 (A) The judge has not received any contributions.

2 (B) The only expenditures made by the judge during the calendar
3 year are contributions from the judge's personal funds to other
4 candidates or committees totaling less than one thousand dollars
5 (\$1,000).

6 (b) All committees pursuant to subdivision (b) or (c) of Section
7 82013 shall file campaign statements each year no later than July
8 31 for the period ending June 30, and no later than January 31 for
9 the period ending December 31, if they have made contributions
10 or independent expenditures, including payments to a slate mailer
11 organization, during the six-month period before the closing date
12 of the statements.

13 (c) This section does not apply to an elected state officer, a
14 candidate for elective state office, or a committee that is subject
15 to Section 84200.3.

16 SEC. 7. Section 84200.3 is added to the Government Code, to
17 read:

18 84200.3. (a) Except as provided in subdivision (b), elected
19 state officers, candidates for elective state office *and their*
20 *controlled committees*, committees primarily formed to support
21 or oppose a candidate for elective state office or a statewide ballot
22 measure, and committees formed pursuant to subdivision (a) of
23 Section 82013 that are state general purpose committees pursuant
24 to subdivision (b) of Section 82027.5 shall file quarterly campaign
25 statements each year, as follows:

26 (1) No later than April 7 for the period commencing January 1
27 and ending March 31.

28 (2) No later than July 31 for the period commencing April 1
29 and ending June 30.

30 (3) No later than October 7 for the period commencing July 1
31 and ending September 30.

32 (4) No later than January 31 for the period commencing October
33 1 and ending December 31.

34 (b) A committee formed pursuant to subdivision (b) or (c) of
35 Section 82013 that is a state general purpose committee pursuant
36 to subdivision (b) of Section 82027.5 shall file quarterly campaign
37 statements as required by subdivision (a), unless the committee
38 has not made contributions or independent expenditures during
39 the reporting period.

40 SEC. 8. Section 84200.5 of the Government Code is repealed.

1 SEC. 9. Section 84200.5 is added to the Government Code, to
2 read:

3 84200.5. (a) Elected state officers, candidates for elective state
4 office, and committees filing quarterly campaign statements
5 pursuant to Section 84200.3; shall additionally file one preelection
6 statement and, as appropriate, a runoff preelection statement, as
7 follows:

8 (1) Candidates for elective state office being voted upon in a
9 state election, controlled committees of those candidates, and
10 committees primarily formed to support or oppose a candidate for
11 elective state office or a state ballot measure being voted on in that
12 election shall file the appropriate preelection statements specified
13 in subdivisions (b) and (c) of Section 84200.8.

14 (2) An elected state officer or candidate for elective state office
15 who, during the applicable reporting period covered by subdivision
16 (b) or (c) of Section 84200.8, makes a contribution to any
17 committee required to report receipts, expenditures, or
18 contributions pursuant to this title, or makes an independent
19 expenditure, in connection with a state election, shall file the
20 applicable preelection statements specified in subdivisions (b) and
21 (c) of Section 84200.8.

22 (3) (A) A state general purpose committee formed pursuant to
23 subdivision (a) of Section 82013, other than a political party
24 committee, as defined in Section 85205, shall file the applicable
25 preelection statements specified in subdivisions (b) and (c) of
26 Section 84200.8 if it makes contributions or independent
27 expenditures totaling five hundred dollars (\$500) or more during
28 the period covered by the preelection statement.

29 (B) A state general purpose committee formed pursuant to
30 subdivision (b) or (c) of Section 82013 is not required to file the
31 preelection statements specified in Section 84200.8.

32 (4) A political party committee, as defined in Section 85205,
33 shall file the applicable preelection statements specified in
34 subdivisions (b) and (c) of Section 84200.8 in connection with a
35 state election if the committee receives contributions totaling one
36 thousand dollars (\$1,000) or more, or if it makes contributions or
37 independent expenditures totaling five hundred dollars (\$500) or
38 more, during the period covered by the preelection statement.

39 (b) Local elected officers, candidates for local elective office,
40 and committees filing semiannual statements pursuant to Section

1 84200, shall file two preelection statements and, as appropriate, a
2 runoff preelection statement, as follows:

3 (1) Candidates for county, multicounty district, or city elective
4 office being voted upon in an election, controlled committees of
5 those candidates, and committees primarily formed to support or
6 oppose a candidate or measure being voted on in a county,
7 multicounty district, or city election shall file the preelection
8 statements specified in Section 84200.8.

9 (2) (A) A county general purpose committee formed pursuant
10 to subdivision (a) of Section 82013 shall file the preelection
11 statements specified in Section 84200.8 if it makes contributions
12 or independent expenditures totaling five hundred dollars (\$500)
13 or more in connection with a county election during the period
14 covered by the preelection statements.

15 (B) A county general purpose committee formed pursuant to
16 subdivision (b) or (c) of Section 82013 is not required to file the
17 preelection statements specified in Section 84200.8.

18 (3) City general purpose committees shall file the preelection
19 statements specified in Section 84200.8 if they make contributions
20 or independent expenditures totaling five hundred dollars (\$500)
21 or more in connection with a city election during the period covered
22 by the preelection statement.

23 (c) For elections for the Board of Administration of the Public
24 Employees' Retirement System or the Teachers' Retirement Board,
25 candidates and committees shall file preelection statements, as
26 follows:-

27 (1) During an election period for the Board of Administration
28 of the Public Employees' Retirement System or the ~~Teacher's~~
29 *Teachers'* Retirement Board, all candidates for these boards, their
30 controlled committees, and committees primarily formed to support
31 or oppose the candidates shall file the preelection statements
32 specified in Section 84200.9.

33 (2) During an election period for the Board of Administration
34 of the Public Employees' Retirement System or the Teachers'
35 Retirement Board, a state or county general purpose committee
36 formed pursuant to subdivision (a) of Section 82013 shall file the
37 preelection statements specified in Section 84200.9 if it makes
38 contributions or independent expenditures totaling five hundred
39 dollars (\$500) or more during the period covered by the preelection
40 statement to support or oppose a candidate, or a committee

1 primarily formed to support or oppose a candidate, on the ballot
2 for the Board of Administration of the Public Employees'
3 Retirement System or the Teachers' Retirement Board. A state or
4 county general purpose committee formed pursuant to subdivision
5 (b) or (c) of Section 82013 is not required to file the statements
6 specified in Section 84200.9.

7 SEC. 10. Section 84200.6 of the Government Code is amended
8 to read:

9 84200.6. In addition to the campaign statements required by
10 Sections 84200, 84200.3, and 84200.5, all candidates and
11 committees shall file the following special statements and reports:

12 (a) Late contribution reports, when required by Section 84203.

13 (b) Late independent expenditure reports, when required by
14 Section 84204.

15 SEC. 11. Section 84200.7 of the Government Code is repealed.

16 SEC. 12. Section 84202.3 of the Government Code is repealed.

17 SEC. 13. Section 84202.5 of the Government Code is repealed.

18 SEC. 14. Section 84202.7 of the Government Code is repealed.

19 SEC. 15. Section 84203.5 of the Government Code is repealed.

20 SEC. 16. Section 84215 of the Government Code is amended
21 to read:

22 84215. All candidates and elected officers and their controlled
23 committees, except as provided in subdivisions (d) and (e) of this
24 section and subdivision (h) of Section 84605, shall file one copy
25 of the campaign statements required by Sections 84200 and
26 84200.3 with the elections official of the county in which the
27 candidate or elected official is domiciled, as defined in subdivision
28 (b) of Section 349 of the Elections Code. In addition, campaign
29 statements shall be filed at the following places:

30 (a) Statewide elected officers, including members of the State
31 Board of Equalization; Members of the Legislature; Supreme Court
32 justices, court of appeal justices, and superior court judges;
33 candidates for those offices and their controlled committees;
34 committees formed or existing primarily to support or oppose these
35 candidates, elected officers, justices and judges, or statewide
36 measures, or the qualification of state ballot measures; and all state
37 general purpose committees and filers not specified in subdivisions
38 (b) to (e), inclusive, shall file a campaign statement by online or
39 electronic means, as specified in Section 84605, and shall file the

1 original and one copy of the campaign statement in paper format
2 with the Secretary of State.

3 (b) Elected officers in jurisdictions other than legislative
4 districts, State Board of Equalization districts, or appellate court
5 districts that contain parts of two or more counties, candidates for
6 these offices, their controlled committees, and committees formed
7 or existing primarily to support or oppose candidates or local
8 measures to be voted upon in one of these jurisdictions shall file
9 the original and one copy with the elections official of the county
10 with the largest number of registered voters in the jurisdiction.

11 (c) County elected officers, candidates for these offices, their
12 controlled committees, committees formed or existing primarily
13 to support or oppose candidates or local measures to be voted upon
14 in any number of jurisdictions within one county, other than those
15 specified in subdivision (d), and county general purpose
16 committees shall file the original and one copy with the elections
17 official of the county, subject to subdivision (j) of Section 84615
18 with respect to statements filed online or electronically.

19 (d) City elected officers, candidates for city office, their
20 controlled committees, committees formed or existing primarily
21 to support or oppose candidates or local measures to be voted upon
22 in one city, and city general purpose committees shall file the
23 original and one copy with the clerk of the city and are not required
24 to file with the local elections official of the county in which they
25 are domiciled, subject to subdivision (j) of Section 84615 with
26 respect to statements filed online or electronically.

27 (e) Elected members of the Board of Administration of the
28 Public Employees' Retirement System, elected members of the
29 Teachers' Retirement Board, candidates for these offices, their
30 controlled committees, and committees formed or existing
31 primarily to support or oppose these candidates or elected members
32 shall file the original and one copy with the Secretary of State, and
33 a copy shall be filed at the relevant board's office in Sacramento.
34 These elected officers, candidates, and committees need not file
35 with the elections official of the county in which they are
36 domiciled.

37 (f) Notwithstanding any other provision of this section, a
38 committee, candidate, or elected officer is not required to file more
39 than the original and one copy, or one copy, of a campaign

1 statement with any one county elections official or city clerk or
2 with the Secretary of State.

3 (g) If a committee is required to file campaign statements
4 required by Section 84200, 84200.3, or 84200.5 in places
5 designated in subdivisions (a) to (d), inclusive, it shall continue to
6 file these statements in those places, in addition to any other places
7 required by this title, until the end of the calendar year.

8 SEC. 17. Section 84218 of the Government Code is amended
9 to read:

10 84218. (a) A slate mailer organization shall file semiannual
11 campaign statements no later than July 31 for the period ending
12 June 30, and no later than January 31 for the period ending
13 December 31.

14 (b) In addition to the semiannual statements required by
15 subdivision (a), a slate mailer organization which produces a slate
16 mailer supporting or opposing candidates or measures being voted
17 on in an election shall file the statements specified in Section
18 84200.8 if, during the period covered by the preelection statement,
19 the slate mailer organization receives payments totaling five
20 hundred dollars (\$500) or more from any person for the support
21 of or opposition to candidates or ballot measures in one or more
22 slate mailers, or expends five hundred dollars (\$500) or more to
23 produce one or more slate mailers.

24 (c) A slate mailer organization shall file two copies of its
25 campaign reports with the clerk of the county in which it is
26 domiciled. A slate mailer organization is domiciled at the address
27 listed on its statement of organization unless it is domiciled outside
28 California, in which case its domicile shall be deemed to be Los
29 Angeles County for purposes of this section.

30 In addition, slate mailer organizations shall file campaign reports
31 as follows:

32 (1) A slate mailer organization which produces one or more
33 slate mailers supporting or opposing candidates or measures voted
34 on in a state election, or in more than one county, shall file
35 campaign reports in the same manner as state general purpose
36 committees pursuant to subdivision (a) of Section 84215.

37 (2) A slate mailer organization which produces one or more
38 slate mailers supporting or opposing candidates or measures voted
39 on in only one county, or in more than one jurisdiction within one
40 county, shall file campaign reports in the same manner as county

1 general purpose committees pursuant to subdivision (c) of Section
2 84215.

3 (3) A slate mailer organization which produces one or more
4 slate mailers supporting or opposing candidates or measures voted
5 on in only one city shall file campaign reports in the same manner
6 as city general purpose committees pursuant to subdivision (d) of
7 Section 84215.

8 (4) Notwithstanding the above, no slate mailer organization
9 shall be required to file more than the original and one copy, or
10 two copies, of a campaign report with any one county or city clerk
11 or with the Secretary of State.

12 SEC. 18. Section 84252 of the Government Code is amended
13 to read:

14 84252. A committee primarily formed to support or oppose a
15 LAFCO proposal shall file all statements required under this
16 chapter except that, in lieu of the statements required by Section
17 84200, the committee shall file monthly campaign statements from
18 the time circulation of a petition begins until a measure is placed
19 on the ballot or, if a measure is not placed on the ballot, until the
20 committee is terminated pursuant to Section 84214. The committee
21 shall file an original and one copy of each statement on the 15th
22 day of each calendar month, covering the prior calendar month,
23 with the clerk of the county in which the measure may be voted
24 on. If the petition results in a measure that is placed on the ballot,
25 the committee thereafter shall file campaign statements required
26 by this chapter.

27 SEC. 19. Section 84620 is added to the Government Code, to
28 read:

29 84620. (a) The Secretary of State, in consultation with the
30 Commission, shall develop a statewide Internet-based system for
31 the electronic filing and public display of all records filed with the
32 Secretary of State pursuant to this title, including, but not limited
33 to, statements of organization, campaign statements, reports,
34 registrations, and certifications filed by or for any of the following:

- 35 (1) An officeholder account or legal defense fund.
36 (2) A committee that is primarily formed to support or oppose
37 one or more candidates for elective state office or one or more
38 statewide ballot measures, including, but not limited to, major
39 donor and independent expenditure committees formed pursuant
40 to subdivisions (b) and (c) of Section 82013.

1 (3) A slate mailer organization.

2 (4) A lobbyist, lobbying firm, or lobbyist employer.

3 (5) A multipurpose organization that is required to file any report
4 pursuant to this title.

5 (b) The system developed pursuant to subdivision (a) shall
6 provide both of the following:

7 (1) Search capabilities that are data-driven and user-friendly for
8 members of the public.

9 (2) Regular availability of all filings in a raw, machine-readable
10 data format that may be downloaded by members of the public.

11 SEC. 20. No reimbursement is required by this act pursuant to
12 Section 6 of Article XIII B of the California Constitution because
13 the only costs that may be incurred by a local agency or school
14 district will be incurred because this act creates a new crime or
15 infraction, eliminates a crime or infraction, or changes the penalty
16 for a crime or infraction, within the meaning of Section 17556 of
17 the Government Code, or changes the definition of a crime within
18 the meaning of Section 6 of Article XIII B of the California
19 Constitution.

20 SEC. 21. It is the intent of the Legislature to enact legislation
21 that would provide for monthly filing of campaign statements,
22 instead of the quarterly filing established by this act, after the
23 Secretary of State implements the Internet-based system required
24 by Section 20 of this act.

25 SEC. 22. The Legislature finds and declares that this bill
26 furthers the purposes of the Political Reform Act of 1974 within
27 the meaning of subdivision (a) of Section 81012 of the Government
28 Code.

AMENDED IN ASSEMBLY JULY 1, 2014

AMENDED IN SENATE APRIL 10, 2014

SENATE BILL

No. 1443

**Introduced by Senators De León, Corbett, Hill, Lara, Monning,
Roth, Steinberg, and Torres**

February 21, 2014

An act to amend Sections 86203, 87103, and 89503 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 1443, as amended, De León. Political Reform Act of 1974: gift limitations.

The Political Reform Act of 1974 provides for the comprehensive regulation of the lobbying industry and imposes various restrictions on public officials for the purpose of avoiding conflicts of interests. The act prohibits a lobbyist or lobbying firm from making gifts to any person aggregating more than \$10 in a calendar month and prohibits an elected state officer, elected officer of a local government agency, or other designated individual from accepting gifts from any single source in any calendar year with a total value of more than \$250. Existing law requires the Fair Political Practices Commission to adjust the gift limitation amount on January 1 of each odd-numbered year to reflect changes in the Consumer Price Index. ~~The act also imposes administrative, civil, and criminal fines and penalties for violations of its provisions.~~

This bill would prohibit a lobbyist or lobbying firm from making a gift of any amount. The bill would prohibit an elected state officer, elected officer of a local government agency, or other designated individual from accepting gifts from a single source in a calendar year

with a total value of more than \$200 and would authorize the Fair Political Practices Commission to increase the gift limitation amount each odd-numbered year based upon changes in the Consumer Price Index. The bill would further prohibit a candidate for elective state office, elected state officer, or legislative official from receiving a gift of tickets to specified venues and events or a gift comprised of specified recreational activities. ~~By creating additional crimes, the bill would impose a state-mandated local program.~~

The act prohibits a public official at any level of state or local government from making, participating in making, or in any way attempting to use the official's position to influence a governmental decision in which the official knows or has reason to know that he or she has a financial interest. The act provides that the public official has a financial interest in a decision if it is reasonably foreseeable that the decision will have a material financial effect on the official, the official's immediate family, or other prescribed persons, including a donor of a gift or gifts aggregating \$250 or more in value within the 12 months preceding the decision. The act requires the Commission to adjust the gift value amount to equal the above-described limitation amount on the value of gifts from a single source in a calendar year.

This bill would reduce to \$200 the aggregate value of gifts that create a financial interest for a public official in the gift's donor. The bill would also require the Commission to adjust this amount to equal the amount of any adjustment made by the Commission to the above-described gift limitation on the value of gifts from single source in a calendar year.

Violation of the act is punishable as a misdemeanor. By creating additional crimes, the bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 86203 of the Government Code is
2 amended to read:

3 86203. A lobbyist or lobbying firm shall not make gifts to any
4 person, act as an agent or intermediary in the making of a gift, or
5 arrange for the making of a gift by another person.

6 SEC. 2. Section 87103 of the Government Code is amended to
7 read:

8 87103. A public official has a financial interest in a decision
9 within the meaning of Section 87100 if it is reasonably foreseeable
10 that the decision will have a material financial effect,
11 distinguishable from its effect on the public generally, on the
12 official, a member of his or her immediate family, or on any of
13 the following:

14 (a) Any business entity in which the public official has a direct
15 or indirect investment worth two thousand dollars (\$2,000) or
16 more.

17 (b) Any real property in which the public official has a direct
18 or indirect interest worth two thousand dollars (\$2,000) or more.

19 (c) Any source of income, except gifts or loans by a commercial
20 lending institution made in the regular course of business on terms
21 available to the public without regard to official status, aggregating
22 five hundred dollars (\$500) or more in value provided or promised
23 to, received by, the public official within 12 months prior to the
24 time when the decision is made.

25 (d) Any business entity in which the public official is a director,
26 officer, partner, trustee, employee, or holds any position of
27 management.

28 (e) Any donor of, or any intermediary or agent for a donor of,
29 a gift or gifts aggregating two hundred-fifty dollars-(\$250) (\$200)
30 or more in value provided to, received by, or promised to the public
31 official within 12 months prior to the time when the decision is
32 made. ~~The amount of the value of gifts specified by this subdivision~~
33 ~~shall be adjusted biennially by the commission to equal the same~~
34 ~~amount determined by the commission pursuant to subdivision (f)~~
35 ~~of Section 89503. If the Commission adjusts the gift limitation~~

1 amount pursuant to subdivision (f) of Section 89503, the
2 Commission shall adjust the value of gifts specified in this
3 subdivision to equal the same amount.

4 For purposes of this section, indirect investment or interest means
5 any investment or interest owned by the spouse or dependent child
6 of a public official, by an agent on behalf of a public official, or
7 by a business entity or trust in which the official, the official's
8 agents, spouse, and dependent children own directly, indirectly,
9 or beneficially a 10-percent interest or greater.

10 ~~SEC. 2.~~

11 SEC. 3. Section 89503 of the Government Code is amended
12 to read:

13 89503. (a) An elected state officer, elected officer of a local
14 government agency, or other individual specified in Section 87200
15 shall not accept gifts from a single source in a calendar year with
16 a total value of more than two hundred dollars (\$200).

17 (b) (1) A candidate for elective state office, for judicial office,
18 or for elective office in a local government agency shall not accept
19 gifts from a single source in a calendar year with a total value of
20 more than two hundred dollars (\$200). A person shall be deemed
21 a candidate for purposes of this subdivision when the person has
22 filed a statement of organization as a committee for election to a
23 state or local office, a declaration of intent, or a declaration of
24 candidacy, whichever occurs first. A person shall not be deemed
25 a candidate for purposes of this subdivision after he or she is sworn
26 into the elective office, or, if the person lost the election, after the
27 person has terminated his or her campaign statement filing
28 obligations for that office pursuant to Section 84214 or after
29 certification of the election results, whichever is earlier.

30 (2) Paragraph (1) does not apply to a person who is a candidate,
31 as described in paragraph (1), for judicial office on or before
32 December 31, 1996.

33 (c) A member of a state board or commission or designated
34 employee of a state or local government agency shall not accept
35 gifts from a single source in a calendar year with a total value of
36 more than two hundred dollars (\$200) if the member or employee
37 would be required to report the receipt of income or gifts from that
38 source on his or her statement of economic interests.

39 (d) This section does not apply to a person in his or her capacity
40 as judge. This section does not apply to a person in his or her

1 capacity as a part-time member of the governing board of a public
2 institution of higher education, unless that position is an elective
3 office.

4 (e) This section does not prohibit or limit any of the following:

5 (1) Payments, advances, or reimbursements for travel and related
6 lodging and subsistence permitted by Section 89506.

7 (2) Wedding gifts and gifts exchanged between individuals on
8 birthdays, holidays, and other similar occasions, provided that the
9 gifts exchanged are not substantially disproportionate in value.

10 (f) On January 1 of each odd-numbered year, beginning on
11 January 1, 2015, the Commission may, at its discretion, increase
12 the gift limitation amount specified in subdivisions (a), (b), and
13 (c). The Commission shall not increase the gift limitation amount
14 more than once in an odd-numbered year or by an amount that
15 exceeds changes reflected in the Consumer Price Index.

16 (g) (1) In addition to the gift limitation amount set forth in this
17 section, a candidate for elective state office, an elected state officer,
18 or a legislative official shall not accept a gift of tickets or the
19 equivalent of tickets to any of the following events or venues:

20 (A) A professional concert or other professional entertainment
21 event.

22 (B) A professional sporting event.

23 (C) An amateur sporting event for which the value of the ticket
24 received exceeds fifty dollars (\$50).

25 (D) A racetrack event.

26 (E) A theme park, amusement park, or other similar venue.

27 (F) An amateur theater, concert, or other entertainment event
28 for which the value of the ticket received exceeds fifty dollars
29 (\$50).

30 (2) For purposes of this subdivision, “professional” means an
31 event with performers who are compensated for the event or who
32 engage in the performance activity as their vocation.

33 (h) In addition to the gift limitation amount set forth in this
34 section, a candidate for elective state office, an elected state officer,
35 or a legislative official shall not accept a gift of any of the
36 following:

37 (1) Golfing green fees, complimentary golf course access, or
38 the equivalent.

39 (2) Skiing, hunting, or fishing trips or other recreational outings.

1 (3) Spa treatments, spa access fees, or other equivalent
2 complimentary beauty or cosmetic services.

3 (4) Cash, gift cards, or cash equivalents.

4 (i) The limitations in this section are in addition to the limitations
5 on gifts in Section 86203.

6 ~~SEC. 3.~~

7 *SEC. 4.* No reimbursement is required by this act pursuant to
8 Section 6 of Article XIII B of the California Constitution because
9 the only costs that may be incurred by a local agency or school
10 district will be incurred because this act creates a new crime or
11 infraction, eliminates a crime or infraction, or changes the penalty
12 for a crime or infraction, within the meaning of Section 17556 of
13 the Government Code, or changes the definition of a crime within
14 the meaning of Section 6 of Article XIII B of the California
15 Constitution.

16 ~~SEC. 4.~~

17 *SEC. 5.* The Legislature finds and declares that this bill furthers
18 the purposes of the Political Reform Act of 1974 within the
19 meaning of subdivision (a) of Section 81012 of the Government
20 Code.

AMENDED IN SENATE MAY 28, 2014
AMENDED IN ASSEMBLY JANUARY 6, 2014
AMENDED IN ASSEMBLY MARCH 14, 2013
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 510

Introduced by Assembly Member Ammiano

February 20, 2013

An act to repeal and add Section 84511 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 510, as amended, Ammiano. Political Reform Act of 1974: advertisement disclosures.

The Political Reform Act of 1974 requires a committee that makes an expenditure of \$5,000 or more to an individual for his or her appearance in an advertisement to support or oppose the qualification, passage, or defeat of a ballot measure to file a report, as specified, and to include in the advertisement a statement regarding payment of the individual by the committee or its donors.

This bill would impose additional requirements on a committee that makes an expenditure of any amount to an individual for his or her appearance in an advertisement that supports or opposes the qualification, passage, or defeat of a ballot measure and that states or suggests that the individual is a member of an occupation that requires licensure, certification, or other specialized, documented training as a prerequisite to engage in that occupation. The bill would also require the committee to file a report that identifies, among other things, the individual's occupation. The bill would require the committee to include

a specified disclosure statement in the advertisement indicating that the individuals are compensated spokespersons and not necessarily employed in the occupations portrayed. ~~The bill would authorize a committee to petition the Fair Political Practices Commission for a waiver of the disclosure statement requirement, which the Commission would be required to grant if prescribed conditions are satisfied portrayed, except as specified.~~

A violation of the act’s provisions is punishable as a misdemeanor. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 84511 of the Government Code is
- 2 repealed.
- 3 SEC. 2. Section 84511 is added to the Government Code, to
- 4 read:
- 5 84511. (a) This section applies to a committee that does either
- 6 of the following:
- 7 (1) Makes an expenditure of five thousand dollars (\$5,000) or
- 8 more to an individual for his or her appearance in an advertisement
- 9 that supports or opposes the qualification, passage, or defeat of a
- 10 ballot measure.
- 11 (2) Makes an expenditure of any amount to an individual for
- 12 his or her appearance in an advertisement that supports or opposes
- 13 the qualification, passage, or defeat of a ballot measure and that
- 14 states or suggests that the individual is a member of an occupation

1 that requires licensure, certification, or other specialized,
2 documented training as a prerequisite to engage in that occupation.

3 (b) A committee described in subdivision (a) shall file, within
4 10 days of the expenditure, a report that includes all of the
5 following:

6 (1) An identification of the measure that is the subject of the
7 advertisement.

8 (2) The date of the expenditure.

9 (3) The amount of the expenditure.

10 (4) The name of the recipient of the expenditure.

11 (5) For a committee described in paragraph (2) of subdivision
12 (a), the occupation of the recipient of the expenditure.

13 (c) An advertisement paid for by a committee described in
14 paragraph (1) of subdivision (a) shall include a disclosure statement
15 stating “(spokesperson’s name) is being paid by this campaign or
16 its donors” in highly visible roman font shown continuously if the
17 advertisement consists of printed or televised material, or spoken
18 in a clearly audible format if the advertisement is a radio broadcast
19 or telephonic message.

20 (d) (1) An advertisement paid for by a committee described in
21 paragraph (2) of subdivision (a) shall include a disclosure statement
22 stating “Persons portraying members of an occupation in this
23 advertisement are compensated spokespersons not necessarily
24 employed in those occupations” in highly visible roman font shown
25 continuously if the advertisement consists of printed or televised
26 material, or spoken in a clearly audible format if the advertisement
27 is a radio broadcast or telephonic message.

28 (2) A committee may ~~petition the Commission for a waiver of~~
29 ~~omit~~ the disclosure statement required by this ~~subdivision~~. ~~The~~
30 ~~Commission shall grant the waiver~~ *subdivision* if all of the
31 following are satisfied with respect to each individual identified
32 in the report filed pursuant to subdivision (b) for that advertisement:

33 (A) The occupation identified in the report is substantially
34 similar to the occupation portrayed in the advertisement.

35 (B) The committee ~~submits~~ *maintains* credible documentation
36 of the appropriate license, certification, or other training ~~to the~~
37 ~~Commission~~ as evidence that the individual may engage in the
38 occupation identified in the report and portrayed in the
39 advertisement *and makes that documentation immediately available*
40 *to the Commission upon request.*

1 SEC. 3. No reimbursement is required by this act pursuant to
2 Section 6 of Article XIII B of the California Constitution because
3 the only costs that may be incurred by a local agency or school
4 district will be incurred because this act creates a new crime or
5 infraction, eliminates a crime or infraction, or changes the penalty
6 for a crime or infraction, within the meaning of Section 17556 of
7 the Government Code, or changes the definition of a crime within
8 the meaning of Section 6 of Article XIII B of the California
9 Constitution.

10 SEC. 4. The Legislature finds and declares that this bill furthers
11 the purposes of the Political Reform Act of 1974 within the
12 meaning of subdivision (a) of Section 81012 of the Government
13 Code.

AMENDED IN SENATE JUNE 18, 2014

AMENDED IN ASSEMBLY MAY 5, 2014

AMENDED IN ASSEMBLY APRIL 8, 2014

AMENDED IN ASSEMBLY MARCH 19, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1431

Introduced by Assembly Member Gonzalez

(Principal coauthor: Senator Hueso)

(Coauthors: Assembly Members Garcia and Quirk-Silva)

January 6, 2014

An act to add Section 85705 to the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 1431, as amended, Gonzalez. Campaign contributions: school district and community college district administrators.

The Political Reform Act of 1974 establishes certain limits on the amount of contributions that a person or group can make to a candidate for elective state office, or to a committee.

This bill would prohibit an administrator of a school district or community college district, *as defined*, from knowingly soliciting, accepting, or receiving a contribution for the campaign of an elected official of the district employing the administrator, or any candidate for an office of the school district or community college district employing the administrator. The bill would clarify that this prohibition does not apply to an administrator who is soliciting, accepting, or receiving a

contribution for his or her own campaign for an office of a school district or community college district.

Existing law makes a knowing or willful violation of the Political Reform Act of 1974 a misdemeanor and subjects offenders to criminal penalties. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a 2/3 vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 85705 is added to the Government Code,
- 2 to read:
- 3 85705. (a) *As used in this section:*
- 4 (1) *“Administrator of a community college district” includes*
- 5 *the following:*
- 6 (A) *The Superintendent, Chancellor, or President of a*
- 7 *community college district.*
- 8 (B) *A district level community college district official who*
- 9 *reports directly to the Superintendent, Chancellor, or President*
- 10 *of a community college district.*
- 11 (2) *“Administrator of a school district” includes the following:*
- 12 (A) *The Superintendent of a school district.*
- 13 (B) *A district level school district official who reports directly*
- 14 *to the Superintendent.*
- 15 (b) *An administrator of a school district or community college*
- 16 *district shall not knowingly solicit, accept, or receive a contribution*
- 17 *for the campaign of an elected official of the school district or*
- 18 *community college district employing the administrator, or any*

1 candidate for an office of the school district or community college
2 district employing the administrator.

3 ~~(b)~~

4 (c) This section does not prohibit an administrator of a school
5 district or community college district from soliciting, accepting,
6 or receiving a contribution for his or her own campaign for an
7 office of the school district or community college district.

8 SEC. 2. No reimbursement is required by this act pursuant to
9 Section 6 of Article XIII B of the California Constitution because
10 the only costs that may be incurred by a local agency or school
11 district will be incurred because this act creates a new crime or
12 infraction, eliminates a crime or infraction, or changes the penalty
13 for a crime or infraction, within the meaning of Section 17556 of
14 the Government Code, or changes the definition of a crime within
15 the meaning of Section 6 of Article XIII B of the California
16 Constitution.

17 SEC. 3. The Legislature finds and declares that this bill furthers
18 the purposes of the Political Reform Act of 1974 within the
19 meaning of subdivision (a) of Section 81012 of the Government
20 Code.

AMENDED IN ASSEMBLY MAY 1, 2014

AMENDED IN ASSEMBLY APRIL 8, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1666

Introduced by Assembly Member Garcia
(Coauthor: Assembly Member Gatto)
(Coauthor: Senator Padilla)

February 12, 2014

An act to amend Section 89513 of the Government Code, and to amend Section 86 of the Penal Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 1666, as amended, Garcia. Political Reform Act of 1974: campaign funds: bribery fines.

Existing law, the Political Reform Act of 1974, provides for the comprehensive regulation of campaign financing and prohibits the use of campaign funds to pay or reimburse fines, penalties, judgments, or settlements, except as specified. Existing law makes a knowing or willful violation of the Political Reform Act of 1974 a misdemeanor and subjects offenders to criminal penalties.

Existing law subjects any member of the Legislature or any member of the legislative body of a city, county, city and county, school district, or other special district who asks for or receives a bribe in exchange for influence over his or her official action to imprisonment in a state prison and imposes prescribed restitution fines based on whether a bribe has actually been received.

This bill would increase the restitution fines to twice the original amount and prohibit the use of campaign funds to pay for the restitution fines. By introducing a new prohibition, the violation of which would be a misdemeanor, the bill would create a crime, thereby imposing a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
 State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 89513 of the Government Code is
- 2 amended to read:
- 3 89513. This section governs the use of campaign funds for the
- 4 specific expenditures set forth in this section. It is the intent of the
- 5 Legislature that this section shall guide the interpretation of the
- 6 standard imposed by Section 89512 as applied to other expenditures
- 7 not specifically set forth in this section.
- 8 (a) (1) Campaign funds shall not be used to pay or reimburse
- 9 the candidate, the elected officer, or any individual or individuals
- 10 with authority to approve the expenditure of campaign funds held
- 11 by a committee, or employees or staff of the committee, or the
- 12 elected officer’s governmental agency for travel expenses and
- 13 necessary accommodations except when these expenditures are
- 14 directly related to a political, legislative, or governmental purpose.
- 15 (2) For the purposes of this section, payments or reimbursements
- 16 for travel and necessary accommodations shall be considered as
- 17 directly related to a political, legislative, or governmental purpose
- 18 if the payments would meet standards similar to the standards of
- 19 the Internal Revenue Service pursuant to Sections 162 and 274 of

1 the Internal Revenue Code for deductions of travel expenses under
2 the federal income tax law.

3 (3) For the purposes of this section, payments or reimbursement
4 for travel by the household of a candidate or elected officer when
5 traveling to the same destination in order to accompany the
6 candidate or elected officer shall be considered for the same
7 purpose as the candidate’s or elected officer’s travel.

8 (4) Whenever campaign funds are used to pay or reimburse a
9 candidate, elected officer, his or her representative, or a member
10 of the candidate’s household for travel expenses and necessary
11 accommodations, the expenditure shall be reported as required by
12 Section 84211.

13 (5) Whenever campaign funds are used to pay or reimburse for
14 travel expenses and necessary accommodations, any mileage credit
15 that is earned or awarded pursuant to an airline bonus mileage
16 program shall be deemed personally earned by or awarded to the
17 individual traveler. Neither the earning or awarding of mileage
18 credit, nor the redeeming of credit for actual travel, shall be subject
19 to reporting pursuant to Section 84211.

20 (b) (1) Campaign funds shall not be used to pay for or reimburse
21 the cost of professional services unless the services are directly
22 related to a political, legislative, or governmental purpose.

23 (2) Expenditures by a committee to pay for professional services
24 reasonably required by the committee to assist it in the performance
25 of its administrative functions are directly related to a political,
26 legislative, or governmental purpose.

27 (3) Campaign funds shall not be used to pay health-related
28 expenses for a candidate, elected officer, or any individual or
29 individuals with authority to approve the expenditure of campaign
30 funds held by a committee, or members of his or her household.
31 “Health-related expenses” includes, but is not limited to,
32 examinations by physicians, dentists, psychiatrists, psychologists,
33 or counselors, expenses for medications, treatments or medical
34 equipment, and expenses for hospitalization, health club dues, and
35 special dietary foods. However, campaign funds may be used to
36 pay employer costs of health care benefits of a bona fide employee
37 or independent contractor of the committee.

38 (c) (1) Campaign funds shall not be used to pay or reimburse
39 fines, penalties, judgments, or settlements, except those resulting
40 from either of the following:

1 (A) Parking citations incurred in the performance of an activity
2 that was directly related to a political, legislative, or governmental
3 purpose.

4 (B) Any other action for which payment of attorney's fees from
5 contributions would be permitted pursuant to this title.

6 (2) Campaign funds shall not be used to pay a restitution fine
7 imposed under Section 86 of the Penal Code.

8 (d) Campaign funds shall not be used for campaign, business,
9 or casual clothing except specialty clothing that is not suitable for
10 everyday use, including, but not limited to, formal wear, if this
11 attire is to be worn by the candidate or elected officer and is directly
12 related to a political, legislative, or governmental purpose.

13 (e) (1) Except where otherwise prohibited by law, campaign
14 funds may be used to purchase or reimburse for the costs of
15 purchase of tickets to political fundraising events for the attendance
16 of a candidate, elected officer, or his or her immediate family, or
17 an officer, director, employee, or staff of the committee or the
18 elected officer's governmental agency.

19 (2) Campaign funds shall not be used to pay for or reimburse
20 for the costs of tickets for entertainment or sporting events for the
21 candidate, elected officer, or members of his or her immediate
22 family, or an officer, director, employee, or staff of the committee,
23 unless their attendance at the event is directly related to a political,
24 legislative, or governmental purpose.

25 (3) The purchase of tickets for entertainment or sporting events
26 for the benefit of persons other than the candidate, elected officer,
27 or his or her immediate family are governed by subdivision (f).

28 (f) (1) Campaign funds shall not be used to make personal gifts
29 unless the gift is directly related to a political, legislative, or
30 governmental purpose. The refund of a campaign contribution
31 does not constitute the making of a gift.

32 (2) Nothing in this section shall prohibit the use of campaign
33 funds to reimburse or otherwise compensate a public employee
34 for services rendered to a candidate or committee while on
35 vacation, leave, or otherwise outside of compensated public time.

36 (3) An election victory celebration or similar campaign event,
37 or gifts with a total cumulative value of less than two hundred fifty
38 dollars (\$250) in a single year made to an individual employee, a
39 committee worker, or an employee of the elected officer's agency,
40 are considered to be directly related to a political, legislative, or

1 governmental purpose. For purposes of this paragraph, a gift to a
2 member of a person's immediate family shall be deemed to be a
3 gift to that person.

4 (g) Campaign funds shall not be used to make loans other than
5 to organizations pursuant to Section 89515, or, unless otherwise
6 prohibited, to a candidate for elective office, political party, or
7 committee.

8 SEC. 2. Section 86 of the Penal Code is amended to read:

9 86. Every Member of either house of the Legislature, or any
10 member of the legislative body of a city, county, city and county,
11 school district, or other special district, who asks, receives, or
12 agrees to receive, any bribe, upon any understanding that his or
13 her official vote, opinion, judgment, or action shall be influenced
14 thereby, or shall give, in any particular manner, or upon any
15 particular side of any question or matter upon which he or she may
16 be required to act in his or her official capacity, or gives, or offers
17 or promises to give, any official vote in consideration that another
18 Member of the Legislature, or another member of the legislative
19 body of a city, county, city and county, school district, or other
20 special district shall give this vote either upon the same or another
21 question, is punishable by imprisonment in the state prison for
22 two, three, or four years and, in cases in which no bribe has been
23 actually received, by a restitution fine of not less than four thousand
24 dollars (\$4,000) or not more than twenty thousand dollars (\$20,000)
25 or, in cases in which a bribe was actually received, by a restitution
26 fine of at least the actual amount of the bribe received or four
27 thousand dollars (\$4,000), whichever is greater, or any larger
28 amount of not more than double the amount of any bribe received
29 or twenty thousand dollars (\$20,000), whichever is greater.

30 In imposing a fine under this section, the court shall consider
31 the defendant's ability to pay the fine.

32 SEC. 3. No reimbursement is required by this act pursuant to
33 Section 6 of Article XIII B of the California Constitution because
34 the only costs that may be incurred by a local agency or school
35 district will be incurred because this act creates a new crime or
36 infraction, eliminates a crime or infraction, or changes the penalty
37 for a crime or infraction, within the meaning of Section 17556 of
38 the Government Code, or changes the definition of a crime within
39 the meaning of Section 6 of Article XIII B of the California
40 Constitution.

1 SEC. 4. The Legislature finds and declares that this bill furthers
2 the purposes of the Political Reform Act of 1974 within the
3 meaning of subdivision (a) of Section 81012 of the Government
4 Code.

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AMENDED IN ASSEMBLY APRIL 9, 2014
AMENDED IN ASSEMBLY MARCH 10, 2014
CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1673

Introduced by Assembly Member Garcia

February 12, 2014

An act to amend Section 82015 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 1673, as amended, Garcia. Political Reform Act of 1974: contributions.

Existing law, the Political Reform Act of 1974, provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures and imposing other reporting and recordkeeping requirements on campaign committees. "Contribution" is defined for purposes of the act as a payment, a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment, except to the extent that full and adequate consideration is received, unless it is clear from the surrounding circumstances that it is not made for political purposes. The definition does not include a payment made by an occupant of a home or office for costs related to any meeting or fundraising event held in the occupant's home or office if the costs for the meeting or fundraising event are \$500 or less.

This bill would revise the definition of "contribution" to exclude a lobbyist, lobbying firm, or lobbyist employer from the exemption authorizing a payment of \$500 or less by the occupant of a home *or*

office for costs related to a meeting or fundraising event at the home *or office*, thereby making those payments by a lobbyist, *lobbying* firm, or lobbyist employer a contribution for purposes of the act.

A violation of the act’s provisions is punishable as a misdemeanor. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 82015 of the Government Code is
2 amended to read:

3 82015. (a) “Contribution” means a payment, a forgiveness of
4 a loan, a payment of a loan by a third party, or an enforceable
5 promise to make a payment, except to the extent that full and
6 adequate consideration is received, unless it is clear from the
7 surrounding circumstances that it is not made for political purposes.

8 (b) (1) A payment made at the behest of a committee as defined
9 in subdivision (a) of Section 82013 is a contribution to the
10 committee, unless full and adequate consideration is received from
11 the committee for making the payment.

12 (2) A payment made at the behest of a candidate is a contribution
13 to the candidate, unless the criteria in either subparagraph (A) or
14 (B) are satisfied:

15 (A) Full and adequate consideration is received from the
16 candidate.

17 (B) It is clear from the surrounding circumstances that the
18 payment was made for purposes unrelated to his or her candidacy
19 for elective office. The following types of payments are presumed

1 to be for purposes unrelated to a candidate’s candidacy for elective
2 office:

3 (i) A payment made principally for personal purposes, in which
4 case it may be considered a gift under the provisions of Section
5 82028. Payments that are otherwise subject to the limits of Section
6 86203 are presumed to be principally for personal purposes.

7 (ii) A payment made by a state, local, or federal governmental
8 agency or by a nonprofit organization that is exempt from taxation
9 under Section 501(c)(3) of the Internal Revenue Code.

10 (iii) A payment not covered by clause (i), made principally for
11 legislative, governmental, or charitable purposes, in which case it
12 is neither a gift nor a contribution. However, payments of this type
13 that are made at the behest of a candidate who is an elected officer
14 shall be reported within 30 days following the date on which the
15 payment or payments equal or exceed five thousand dollars
16 (\$5,000) in the aggregate from the same source in the same
17 calendar year in which they are made. The report shall be filed by
18 the elected officer with the elected officer’s agency and shall be
19 a public record subject to inspection and copying pursuant to
20 ~~subdivision (a) of~~ Section 81008. The report shall contain the
21 following information: name of payor, address of payor, amount
22 of the payment, date or dates the payment or payments were made,
23 the name and address of the payee, a brief description of the goods
24 or services provided or purchased, if any, and a description of the
25 specific purpose or event for which the payment or payments were
26 made. Once the five-thousand-dollar (\$5,000) aggregate threshold
27 from a single source has been reached for a calendar year, all
28 payments for the calendar year made by that source shall be
29 disclosed within 30 days after the date the threshold was reached
30 or the payment was made, whichever occurs later. Within 30 days
31 after receipt of the report, state agencies shall forward a copy of
32 these reports to the Commission, and local agencies shall forward
33 a copy of these reports to the officer with whom elected officers
34 of that agency file their campaign statements.

35 (C) For purposes of subparagraph (B), a payment is made for
36 purposes related to a candidate’s candidacy for elective office if
37 all or a portion of the payment is used for election-related activities.
38 For purposes of this subparagraph, “election-related activities”
39 shall include, but are not limited to, the following:

- 1 (i) Communications that contain express advocacy of the
- 2 nomination or election of the candidate or the defeat of his or her
- 3 opponent.
- 4 (ii) Communications that contain reference to the candidate’s
- 5 candidacy for elective office, the candidate’s election campaign,
- 6 or the candidate’s or his or her opponent’s qualifications for
- 7 elective office.
- 8 (iii) Solicitation of contributions to the candidate or to third
- 9 persons for use in support of the candidate or in opposition to his
- 10 or her opponent.
- 11 (iv) Arranging, coordinating, developing, writing, distributing,
- 12 preparing, or planning of any communication or activity described
- 13 in clause (i), (ii), or (iii).
- 14 (v) Recruiting or coordinating campaign activities of campaign
- 15 volunteers on behalf of the candidate.
- 16 (vi) Preparing campaign budgets.
- 17 (vii) Preparing campaign finance disclosure statements.
- 18 (viii) Communications directed to voters or potential voters as
- 19 part of activities encouraging or assisting persons to vote if the
- 20 communication contains express advocacy of the nomination or
- 21 election of the candidate or the defeat of his or her opponent.
- 22 (D) A contribution made at the behest of a candidate for a
- 23 different candidate or to a committee not controlled by the
- 24 behesting candidate is not a contribution to the behesting candidate.
- 25 (3) A payment made at the behest of a member of the Public
- 26 Utilities Commission, made principally for legislative,
- 27 governmental, or charitable purposes, is not a contribution.
- 28 However, payments of this type shall be reported within 30 days
- 29 following the date on which the payment or payments equal or
- 30 exceed five thousand dollars (\$5,000) in the aggregate from the
- 31 same source in the same calendar year in which they are made.
- 32 The report shall be filed by the member with the Public Utilities
- 33 Commission and shall be a public record subject to inspection and
- 34 copying pursuant to ~~subdivision (a)~~ of Section 81008. The report
- 35 shall contain the following information: name of payor, address
- 36 of payor, amount of the payment, date or dates the payment or
- 37 payments were made, the name and address of the payee, a brief
- 38 description of the goods or services provided or purchased, if any,
- 39 and a description of the specific purpose or event for which the
- 40 payment or payments were made. Once the five-thousand-dollar

1 (\$5,000) aggregate threshold from a single source has been reached
2 for a calendar year, all payments for the calendar year made by
3 that source shall be disclosed within 30 days after the date the
4 threshold was reached or the payment was made, whichever occurs
5 later. Within 30 days after receipt of the report, the Public Utilities
6 Commission shall forward a copy of these reports to the Fair
7 Political Practices Commission.

8 (c) “Contribution” includes the purchase of tickets for events
9 such as dinners, luncheons, rallies, and similar fundraising events;
10 the candidate’s own money or property used on behalf of his or
11 her candidacy other than personal funds of the candidate used to
12 pay either a filing fee for a declaration of candidacy or a candidate
13 statement prepared pursuant to Section 13307 of the Elections
14 Code; the granting of discounts or rebates not extended to the
15 public generally or the granting of discounts or rebates by television
16 and radio stations and newspapers not extended on an equal basis
17 to all candidates for the same office; the payment of compensation
18 by any person for the personal services or expenses of any other
19 person if the services are rendered or expenses incurred on behalf
20 of a candidate or committee without payment of full and adequate
21 consideration.

22 (d) “Contribution” further includes any transfer of anything of
23 value received by a committee from another committee, unless
24 full and adequate consideration is received.

25 (e) “Contribution” does not include amounts received pursuant
26 to an enforceable promise to the extent those amounts have been
27 previously reported as a contribution. However, the fact that those
28 amounts have been received shall be indicated in the appropriate
29 campaign statement.

30 (f) ~~(1)~~ “Contribution” does not include a payment made by an
31 occupant of *a home* or an office for costs related to any meeting
32 or fundraising event held in the occupant’s *home* or office if the
33 costs for the meeting or fundraising event are five hundred dollars
34 (\$500) or less *and the occupant is not a lobbyist, lobbying firm,*
35 *or lobbyist employer.*

36 ~~(2) “Contribution” does not include a payment made by an~~
37 ~~occupant of a home who is not a lobbyist, lobbying firm, or lobbyist~~
38 ~~employer for costs related to any meeting or fundraising event~~
39 ~~held in the occupant’s home if the costs for the meeting or~~
40 ~~fundraising event are five hundred dollars (\$500) or less.~~

1 (g) Notwithstanding the foregoing definition of “contribution,”
2 the term does not include volunteer personal services or payments
3 made by any individual for his or her own travel expenses if the
4 payments are made voluntarily without any understanding or
5 agreement that they shall be, directly or indirectly, repaid to him
6 or her.

7 (h) “Contribution” further includes the payment of public
8 moneys by a state or local governmental agency for a
9 communication to the public that satisfies both of the following:

10 (1) The communication expressly advocates the election or
11 defeat of a clearly identified candidate or the qualification, passage,
12 or defeat of a clearly identified measure, or, taken as a whole and
13 in context, unambiguously urges a particular result in an election.

14 (2) The communication is made at the behest of the affected
15 candidate or committee.

16 SEC. 2. No reimbursement is required by this act pursuant to
17 Section 6 of Article XIII B of the California Constitution because
18 the only costs that may be incurred by a local agency or school
19 district will be incurred because this act creates a new crime or
20 infraction, eliminates a crime or infraction, or changes the penalty
21 for a crime or infraction, within the meaning of Section 17556 of
22 the Government Code, or changes the definition of a crime within
23 the meaning of Section 6 of Article XIII B of the California
24 Constitution.

25 SEC. 3. The Legislature finds and declares that this bill furthers
26 the purposes of the Political Reform Act of 1974 within the
27 meaning of subdivision (a) of Section 81012 of the Government
28 Code.

AMENDED IN ASSEMBLY APRIL 8, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1692

Introduced by Assembly Member Garcia

February 13, 2014

An act to amend Sections 85304, 85304.5, 89511, 89512, 89513, and 89519 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL’S DIGEST

AB 1692, as amended, Garcia. Political Reform Act of 1974.

(1) The Political Reform Act of 1974 provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures, as defined, and imposing other reporting and recordkeeping requirements on campaign committees, as defined. The Fair Political Practices Commission administers and enforces the act. A violation of the act’s provisions is punishable as a misdemeanor.

The act authorizes certain candidates and elective officers to establish a separate legal defense fund campaign account to defray attorney’s fees and other related legal costs incurred in the defense of the candidate or elective officer who is subject to one or more civil, criminal, or administrative proceedings arising directly out of the conduct of an election campaign, the electoral process, or the performance of the officers’ governmental activities and duties, as specified.

This bill would define the phrase “attorney’s fees and other related legal costs” for purposes of legal defense funds to include only attorney’s fees and other legal costs related to the defense of the candidate or officer and administrative costs directly related to

compliance with the act. The definition would exclude certain other costs, including payment or reimbursement for a fine, penalty, judgment or settlement, except as specified.

The act provides that all contributions deposited into a campaign account are deemed to be held in trust for expenses associated with the election of the candidate or for expenses associated with holding offices. The act provides that an expenditure to seek or hold office is within the lawful execution of this trust if it is reasonably related to a political, legislative, or governmental purpose. Expenditures that confer a substantial personal benefit must be directly related to a political, legislative, or governmental purpose. The act prohibits the use of campaign funds for fines, penalties, judgments, or settlements, except for certain parking fines and for actions for which attorney's fees may be paid with contributions under the act.

The bill would prohibit an expenditure of campaign funds of more than \$200 for a fine, penalty, judgment, or settlement relating to an expenditure of campaign funds that resulted in a personal benefit to the candidate or officer if it is determined that the expenditure was not reasonably related to a political, legislative, or governmental purpose. The bill would also ~~impose the \$200 limitation with respect to~~ *prohibit an expenditure of campaign funds* for a fine, penalty, judgment, or settlement relating to an expenditure of campaign funds that resulted in a substantial personal benefit to the candidate or officer if it is determined that the expenditure was not directly related to a political, legislative, or governmental purpose. The bill would also apply the above-described definition for "attorney's fees and other costs" for purposes of the article concerning campaign fund expenditures.

(2) By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(3) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.
State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 85304 of the Government Code is
2 amended to read:
3 85304. (a) A candidate for elective state office or an elected
4 state officer may establish a separate account to defray attorney’s
5 fees and other related legal costs incurred for the candidate’s or
6 officer’s legal defense if the candidate or officer is subject to one
7 or more civil or criminal proceedings or administrative proceedings
8 arising directly out of the conduct of an election campaign, the
9 electoral process, or the performance of the officer’s governmental
10 activities and duties. These funds may be used only to defray those
11 attorney fees and other related legal costs.
12 (b) A candidate may receive contributions to this account that
13 are not subject to the contribution limits set forth in this article.
14 However, all contributions shall be reported in a manner prescribed
15 by the commission.
16 (c) Once the legal dispute is resolved, the candidate shall dispose
17 of any funds remaining after all expenses associated with the
18 dispute are discharged for one or more of the purposes set forth in
19 paragraphs (1) to (5), inclusive, of subdivision (b) of Section
20 89519.
21 (d) (1) For purposes of this section and Section 85304.5,
22 “attorney’s fees and other related legal costs” includes only the
23 following:
24 (A) Attorney’s fees and other legal costs related to the defense
25 of the candidate or officer.
26 (B) Administrative costs directly related to compliance with the
27 requirements of this title.
28 (2) “Attorney’s fees and other related legal costs” does not
29 include expenses for fundraising, media or political consulting
30 fees, mass mailing or other advertising, or, except as expressly
31 authorized by subdivision (c) of Section 89513, a payment or
32 reimbursement for a fine, penalty, judgment or settlement, or a
33 payment to return or disgorge contributions made to any other
34 committee controlled by the candidate or officer.

1 SEC. 2. Section 85304.5 of the Government Code is amended
2 to read:

3 85304.5. (a) A candidate for elective office other than an
4 elective state office or an elected officer other than an elected state
5 officer may establish a separate account pursuant to subdivision
6 (a) of Section 85304 and may use these funds only to defray
7 attorney’s fees and other related legal costs.

8 (b) A candidate for an elective office other than an elective state
9 office may receive contributions to the separate account subject
10 to any limitations provided by local ordinance. However, all
11 contributions to these separate accounts shall be reported in a
12 manner prescribed by the commission.

13 (c) Once the legal dispute is resolved, the candidate or elected
14 officer shall dispose of any funds remaining in the separate
15 accounts after all expenses associated with the dispute are
16 discharged for one or more of the purposes set forth in paragraphs
17 (1) to (5), inclusive, of subdivision (b) of Section 89519.

18 (d) For purposes of this section, “attorney’s fees and other
19 related legal costs” has the same meaning as in Section 85304.

20 SEC. 3. Section 89511 of the Government Code is amended
21 to read:

22 89511. (a) This article applies to campaign funds held by
23 candidates for elective office, elected officers, controlled
24 committees, ballot measure committees, committees opposed to
25 a candidate or measure, and any committee which qualifies as a
26 committee pursuant to subdivision (a) of Section 82013.

27 (b) (1) For purposes of this chapter, “campaign funds” includes
28 any contributions, cash, cash equivalents, and other assets received
29 or possessed by a committee as defined by subdivision (a) of
30 Section 82013.

31 (2) For purposes of this chapter, “committee” means a controlled
32 committee, ballot measure committee, committee opposed to a
33 candidate or measure, and any committee which qualifies as a
34 committee pursuant to subdivision (a) of Section 82013.

35 (3) For purposes of this chapter, “substantial personal benefit”
36 means an expenditure of campaign funds which results in a direct
37 personal benefit with a value of more than two hundred dollars
38 (\$200) to a candidate, elected officer, or any individual or
39 individuals with authority to approve the expenditure of campaign
40 funds held by a committee.

1 (4) For purposes of this article, “household” includes the
2 candidate’s or elected officer’s spouse, dependent children, and
3 parents who reside with the candidate or elected officer.

4 (5) (A) For purposes of this article, “attorney’s fees and other
5 costs” includes only the following:

6 (i) Attorney’s fees and other legal costs related to the defense
7 of the candidate or officer.

8 (ii) Administrative costs directly related to compliance with the
9 requirements of this title.

10 (B) “Attorney’s fees and other costs” does not include expenses
11 for fundraising, media or political consulting fees, mass mailing
12 or other advertising, or, except as expressly authorized by
13 subdivision (c) of Section 89513, a payment or reimbursement for
14 a fine, penalty, judgment or settlement, or a payment to return or
15 disgorge contributions made to any other committee controlled by
16 the candidate or officer.

17 SEC. 4. Section 89512 of the Government Code is amended
18 to read:

19 89512. (a) An expenditure to seek office is within the lawful
20 execution of the trust imposed by Section 89510 if it is reasonably
21 related to a political purpose. An expenditure associated with
22 holding office is within the lawful execution of the trust imposed
23 by Section 89510 if it is reasonably related to a legislative or
24 governmental purpose. Expenditures which confer a substantial
25 personal benefit shall be directly related to a political, legislative,
26 or governmental purpose.

27 (b) Except as expressly authorized by this article, an expenditure
28 for a fine, penalty, judgment, or settlement is not within the lawful
29 execution of the trust imposed by Section 89510.

30 SEC. 5. Section 89513 of the Government Code is amended
31 to read:

32 89513. This section governs the use of campaign funds for the
33 specific expenditures set forth in this section. It is the intent of the
34 Legislature that this section shall guide the interpretation of the
35 standard imposed by Section 89512 as applied to other expenditures
36 not specifically set forth in this section.

37 (a) (1) Campaign funds shall not be used to pay or reimburse
38 the candidate, the elected officer, or any individual or individuals
39 with authority to approve the expenditure of campaign funds held
40 by a committee, or employees or staff of the committee or the

1 elected officer’s governmental agency for travel expenses and
2 necessary accommodations except when these expenditures are
3 directly related to a political, legislative, or governmental purpose.

4 (2) For the purposes of this section, payments or reimbursements
5 for travel and necessary accommodations shall be considered as
6 directly related to a political, legislative, or governmental purpose
7 if the payments would meet standards similar to the standards of
8 the Internal Revenue Service pursuant to Sections 162 and 274 of
9 the Internal Revenue Code for deductions of travel expenses under
10 the federal income tax law.

11 (3) For the purposes of this section, payments or reimbursement
12 for travel by the household of a candidate or elected officer when
13 traveling to the same destination in order to accompany the
14 candidate or elected officer shall be considered for the same
15 purpose as the candidate’s or elected officer’s travel.

16 (4) Whenever campaign funds are used to pay or reimburse a
17 candidate, elected officer, his or her representative, or a member
18 of the candidate’s household for travel expenses and necessary
19 accommodations, the expenditure shall be reported as required by
20 Section 84211.

21 (5) Whenever campaign funds are used to pay or reimburse for
22 travel expenses and necessary accommodations, any mileage credit
23 that is earned or awarded pursuant to an airline bonus mileage
24 program shall be deemed personally earned by or awarded to the
25 individual traveler. Neither the earning or awarding of mileage
26 credit, nor the redeeming of credit for actual travel, shall be subject
27 to reporting pursuant to Section 84211.

28 (b) (1) Campaign funds shall not be used to pay for or reimburse
29 the cost of professional services unless the services are directly
30 related to a political, legislative, or governmental purpose.

31 (2) Expenditures by a committee to pay for professional services
32 reasonably required by the committee to assist it in the performance
33 of its administrative functions are directly related to a political,
34 legislative, or governmental purpose.

35 (3) Campaign funds shall not be used to pay health-related
36 expenses for a candidate, elected officer, or any individual or
37 individuals with authority to approve the expenditure of campaign
38 funds held by a committee, or members of his or her household.
39 “Health-related expenses” includes, but is not limited to,
40 examinations by physicians, dentists, psychiatrists, psychologists,

1 or counselors, expenses for medications, treatments or medical
2 equipment, and expenses for hospitalization, health club dues, and
3 special dietary foods. However, campaign funds may be used to
4 pay employer costs of health care benefits of a bona fide employee
5 or independent contractor of the committee.

6 (c) Campaign funds shall not be used to pay or reimburse fines,
7 penalties, judgments, or settlements, except those resulting from
8 either of the following:

9 (1) Parking citations incurred in the performance of an activity
10 that was directly related to a political, legislative, or governmental
11 purpose.

12 (2) Any other action for which payment of attorney's fees from
13 contributions would be permitted pursuant to this title. However,
14 ~~an expenditure of campaign funds shall in no event exceed two~~
15 ~~hundred dollars (\$200) for payment of~~ *campaign funds shall not*
16 *be used to pay* a fine, penalty, judgment, or settlement relating to
17 an expenditure of campaign funds that resulted in either of the
18 following:

19 (A) A personal benefit to the candidate or officer if it is
20 determined that the expenditure was not reasonably related to a
21 political, legislative, or governmental purpose.

22 (B) A substantial personal benefit to the candidate or officer if
23 it is determined that the expenditure was not directly related to a
24 political, legislative, or governmental, purpose.

25 (d) Campaign funds shall not be used for campaign, business,
26 or casual clothing except specialty clothing that is not suitable for
27 everyday use, including, but not limited to, formal wear, if this
28 attire is to be worn by the candidate or elected officer and is directly
29 related to a political, legislative, or governmental purpose.

30 (e) (1) Except where otherwise prohibited by law, campaign
31 funds may be used to purchase or reimburse for the costs of
32 purchase of tickets to political fundraising events for the attendance
33 of a candidate, elected officer, or his or her immediate family, or
34 an officer, director, employee, or staff of the committee or the
35 elected officer's governmental agency.

36 (2) Campaign funds shall not be used to pay for or reimburse
37 for the costs of tickets for entertainment or sporting events for the
38 candidate, elected officer, or members of his or her immediate
39 family, or an officer, director, employee, or staff of the committee,

1 unless their attendance at the event is directly related to a political,
2 legislative, or governmental purpose.

3 (3) The purchase of tickets for entertainment or sporting events
4 for the benefit of persons other than the candidate, elected officer,
5 or his or her immediate family are governed by subdivision (f).

6 (f) (1) Campaign funds shall not be used to make personal gifts
7 unless the gift is directly related to a political, legislative, or
8 governmental purpose. The refund of a campaign contribution
9 does not constitute the making of a gift.

10 (2) Nothing in this section shall prohibit the use of campaign
11 funds to reimburse or otherwise compensate a public employee
12 for services rendered to a candidate or committee while on
13 vacation, leave, or otherwise outside of compensated public time.

14 (3) An election victory celebration or similar campaign event,
15 or gifts with a total cumulative value of less than two hundred fifty
16 dollars (\$250) in a single year made to an individual employee, a
17 committee worker, or an employee of the elected officer’s agency,
18 are considered to be directly related to a political, legislative, or
19 governmental purpose. For purposes of this paragraph, a gift to a
20 member of a person’s immediate family shall be deemed to be a
21 gift to that person.

22 (g) Campaign funds shall not be used to make loans other than
23 to organizations pursuant to Section 89515, or, unless otherwise
24 prohibited, to a candidate for elective office, political party, or
25 committee.

26 ~~SEC. 6. Section 89519 of the Government Code is amended~~
27 ~~to read:~~

28 ~~89519. (a) Upon leaving any elected office, or at the end of~~
29 ~~the postelection reporting period following the defeat of a candidate~~
30 ~~for elective office, whichever occurs last, campaign funds raised~~
31 ~~after January 1, 1989, under the control of the former candidate~~
32 ~~or elected officer shall be considered surplus campaign funds and~~
33 ~~shall be disclosed pursuant to Chapter 4 (commencing with Section~~
34 ~~84100).~~

35 ~~(b) Surplus campaign funds shall be used only for the following~~
36 ~~purposes:~~

37 ~~(1) The payment of outstanding campaign debts or elected~~
38 ~~officer’s expenses.~~

39 ~~(2) The repayment of contributions.~~

1 ~~(3) Donations to any bona fide charitable, educational, civic,~~
2 ~~religious, or similar tax-exempt, nonprofit organization, where no~~
3 ~~substantial part of the proceeds will have a material financial effect~~
4 ~~on the former candidate or elected officer, any member of his or~~
5 ~~her immediate family, or his or her campaign treasurer.~~

6 ~~(4) Contributions to a political party committee, provided the~~
7 ~~campaign funds are not used to support or oppose candidates for~~
8 ~~elective office. However, the campaign funds may be used by a~~
9 ~~political party committee to conduct partisan voter registration,~~
10 ~~partisan get-out-the-vote activities, and slate mailers as that term~~
11 ~~is defined in Section 82048.3.~~

12 ~~(5) Contributions to support or oppose any candidate for federal~~
13 ~~office, any candidate for elective office in a state other than~~
14 ~~California, or any ballot measure.~~

15 ~~(6) The payment for professional services reasonably required~~
16 ~~by the committee to assist in the performance of its administrative~~
17 ~~functions, including payment for attorney's fees and other costs~~
18 ~~for litigation which arises directly out of a candidate's or elected~~
19 ~~officer's activities, duties, or status as a candidate or elected officer,~~
20 ~~including, but not limited to, an action to enjoin defamation,~~
21 ~~defense of an action brought of a violation of state or local~~
22 ~~campaign, disclosure, or election laws, and an action from an~~
23 ~~election contest or recount.~~

24 ~~(e) For purposes of this section, the payment for, or the~~
25 ~~reimbursement to the state of, the costs of installing and monitoring~~
26 ~~an electronic security system in the home or office, or both, of a~~
27 ~~candidate or elected officer who has received threats to his or her~~
28 ~~physical safety shall be deemed an outstanding campaign debt or~~
29 ~~elected officer's expense, provided that the threats arise from his~~
30 ~~or her activities, duties, or status as a candidate or elected officer~~
31 ~~and that the threats have been reported to and verified by an~~
32 ~~appropriate law enforcement agency. Verification shall be~~
33 ~~determined solely by the law enforcement agency to which the~~
34 ~~threat was reported. The candidate or elected officer shall report~~
35 ~~any expenditure of campaign funds made pursuant to this section~~
36 ~~to the commission. The report to the commission shall include the~~
37 ~~date that the candidate or elected officer informed the law~~
38 ~~enforcement agency of the threat, the name and the telephone~~
39 ~~number of the law enforcement agency, and a brief description of~~
40 ~~the threat. No more than five thousand dollars (\$5,000) in surplus~~

1 ~~campaign funds may be used, cumulatively, by a candidate or~~
2 ~~elected officer pursuant to this subdivision. Payments made~~
3 ~~pursuant to this subdivision shall be made during the two years~~
4 ~~immediately following the date upon which the campaign funds~~
5 ~~become surplus campaign funds. The candidate or elected officer~~
6 ~~shall reimburse the surplus fund account for the fair market value~~
7 ~~of the security system no later than two years immediately~~
8 ~~following the date upon which the campaign funds became surplus~~
9 ~~campaign funds. The campaign funds become surplus campaign~~
10 ~~funds upon sale of the property on which the system is installed,~~
11 ~~or prior to the closing of the surplus campaign fund account,~~
12 ~~whichever comes first. The electronic security system shall be the~~
13 ~~property of the campaign committee of the candidate or elected~~
14 ~~officer.~~

15 *SEC. 6. Section 89519 of the Government Code, as amended*
16 *by Chapter 9 of the Statutes of 2014, is amended to read:*

17 89519. (a) Upon the 90th day after leaving an elective office,
18 or the 90th day following the end of the postelection reporting
19 period following the defeat of a candidate for elective office,
20 whichever occurs last, campaign funds under the control of the
21 former candidate or elected officer shall be considered surplus
22 campaign funds and shall be disclosed pursuant to Chapter 4
23 (commencing with Section 84100).

24 (b) Surplus campaign funds shall be used only for the following
25 purposes:

26 (1) The payment of outstanding campaign debts or elected
27 officer's expenses.

28 (2) The repayment of contributions.

29 (3) Donations to a bona fide charitable, educational, civic,
30 religious, or similar tax-exempt, nonprofit organization, where no
31 substantial part of the proceeds will have a material financial effect
32 on the former candidate or elected officer, any member of his or
33 her immediate family, or his or her campaign treasurer.

34 (4) Contributions to a political party committee, provided the
35 campaign funds are not used to support or oppose candidates for
36 elective office. However, the campaign funds may be used by a
37 political party committee to conduct partisan voter registration,
38 partisan get-out-the-vote activities, and slate mailers as that term
39 is defined in Section 82048.3.

1 (5) Contributions to support or oppose a candidate for federal
2 office, a candidate for elective office in a state other than
3 California, or a ballot measure.

4 (6) The payment for professional services reasonably required
5 by the committee to assist in the performance of its administrative
6 functions, including payment for attorney's fees *and other costs*
7 for litigation that arises directly out of a candidate's or elected
8 officer's activities, duties, or status as a candidate or elected officer,
9 including, but not limited to, an action to enjoin defamation,
10 defense of an action brought for a violation of state or local
11 campaign, disclosure, or election laws, and an action from an
12 election contest or recount.

13 (c) For purposes of this section, the payment for, or the
14 reimbursement to the state of, the costs of installing and monitoring
15 an electronic security system in the home or office, or both, of a
16 candidate or elected officer who has received threats to his or her
17 physical safety shall be deemed an outstanding campaign debt or
18 elected officer's expense, provided that the threats arise from his
19 or her activities, duties, or status as a candidate or elected officer
20 and that the threats have been reported to and verified by an
21 appropriate law enforcement agency. Verification shall be
22 determined solely by the law enforcement agency to which the
23 threat was reported. The candidate or elected officer shall report
24 an expenditure of campaign funds made pursuant to this section
25 to the Commission. The report to the Commission shall include
26 the date that the candidate or elected officer informed the law
27 enforcement agency of the threat, the name and the telephone
28 number of the law enforcement agency, and a brief description of
29 the threat. No more than five thousand dollars (\$5,000) in surplus
30 campaign funds may be used, cumulatively, by a candidate or
31 elected officer pursuant to this subdivision. Payments made
32 pursuant to this subdivision shall be made during the two years
33 immediately following the date upon which the campaign funds
34 become surplus campaign funds. The candidate or elected officer
35 shall reimburse the surplus fund account for the fair market value
36 of the security system no later than two years immediately
37 following the date upon which the campaign funds became surplus
38 campaign funds. The campaign funds become surplus campaign
39 funds upon sale of the property on which the system is installed,
40 or prior to the closing of the surplus campaign fund account,

1 whichever comes first. The electronic security system shall be the
2 property of the campaign committee of the candidate or elected
3 officer.

4 SEC. 7. No reimbursement is required by this act pursuant to
5 Section 6 of Article XIII B of the California Constitution because
6 the only costs that may be incurred by a local agency or school
7 district will be incurred because this act creates a new crime or
8 infraction, eliminates a crime or infraction, or changes the penalty
9 for a crime or infraction, within the meaning of Section 17556 of
10 the Government Code, or changes the definition of a crime within
11 the meaning of Section 6 of Article XIII B of the California
12 Constitution.

13 SEC. 8. The Legislature finds and declares that this bill furthers
14 the purposes of the Political Reform Act of 1974 within the
15 meaning of subdivision (a) of Section 81012 of the Government
16 Code.

ASSEMBLY BILL

No. 1716

Introduced by Assembly Member Garcia

February 13, 2014

An act to amend Section 87400 of, and to add Section 87406.5 to, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 1716, as introduced, Garcia. Political Reform Act of 1974: Postemployment activity restrictions.

(1) The Political Reform Act of 1974 prohibits a former state administrative officials, as defined, from participating in judicial, quasi-judicial, or other proceedings before a court or state administrative agency in which the State is a party or has a direct and substantial interest and in which the former state administrative official participated, subject to limited exceptions, as specified.

This bill would impose these restrictions, subject to the same exemptions, on local administrative officials, as defined, with respect to judicial, quasi-judicial, or other proceedings before a court, local government agency, or state administrative agency, as specified.

(2) Violations of the act are punishable as a misdemeanor. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(3) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a 2/3 vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 87400 of the Government Code is
2 amended to read:

3 87400. Unless the contrary is stated or clearly appears from
4 the context, the definitions set forth in this section shall govern
5 the interpretation of this article.

6 ~~(a) “State administrative agency” means every state office,~~
7 ~~department, division, bureau, board and commission, but does not~~
8 ~~include the Legislature, the courts or any agency in the judicial~~
9 ~~branch of government.~~

10 ~~(b) “State administrative official” means every member, officer,~~
11 ~~employee or consultant of a state administrative agency who as~~
12 ~~part of his or her official responsibilities engages in any judicial,~~
13 ~~quasi-judicial or other proceeding in other than a purely clerical,~~
14 ~~secretarial or ministerial capacity.~~

15 ~~(c)~~
16 ~~(a) (1) “Judicial, quasi-judicial, or other proceeding” means~~
17 ~~any proceeding, application, request for a ruling or other~~
18 ~~determination, contract, claim, controversy, investigation, charge,~~
19 ~~accusation, arrest, or other particular matter involving a specific~~
20 ~~party or parties in any court or state administrative agency,~~
21 ~~including but not limited to any proceeding governed by Chapter~~
22 ~~5 (commencing with Section 11500) of Division 3 of Title 2 of~~
23 ~~the Government Code.~~

24 ~~(2) For purposes of Section 87404 and 87406.5, “Judicial,~~
25 ~~quasi-judicial, or other proceeding” shall additionally apply to~~
26 ~~matters described in paragraph (1) that are before a local~~
27 ~~government agency.~~

28 ~~(b) “Local administrative official” means every member, officer,~~
29 ~~employee or consultant of a local government agency who as part~~
30 ~~of his or her official responsibilities engages in any judicial,~~

1 *quasi-judicial, or other proceeding in other than a purely clerical,*
2 *secretarial or ministerial capacity.*

3 ~~(d)~~

4 (c) “Participated” means to have taken part personally and
5 substantially through decision, approval, disapproval, formal
6 written recommendation, rendering advice on a substantial basis,
7 investigation or use of confidential information as an officer or
8 employee, but excluding approval, disapproval or rendering of
9 legal advisory opinions to departmental or agency staff which do
10 not involve a specific party or parties.

11 (d) “State administrative agency” means every state office,
12 department, division, bureau, board and commission, but does not
13 include the Legislature, the courts or any agency in the judicial
14 branch of government.

15 (e) “State administrative official” means every member, officer,
16 employee or consultant of a state administrative agency who as
17 part of his or her official responsibilities engages in any judicial,
18 quasi-judicial, or other proceeding in other than a purely clerical,
19 secretarial or ministerial capacity.

20 SEC. 2. Section 87406.5 is added to the Government Code, to
21 read:

22 87406.5. (a) A former local administrative official, after the
23 termination of his or her employment or term of office, shall not
24 for compensation do either of the following:

25 (1) Act as agent or attorney for, or otherwise represent, any
26 other person, other than the former official’s local government
27 agency, before any court, local government agency, or state
28 administrative agency, or any officer or employee of those courts
29 or agencies by making any formal or informal appearance, or by
30 making any oral or written communication with the intent to
31 influence, in connection with any judicial, quasi-judicial, or other
32 proceeding if both of the following apply:

33 (A) The former local administrative official’s local government
34 agency is a party or has a direct and substantial interest.

35 (B) The proceeding is one in which the former local
36 administrative official participated.

37 (2) Aid, advise, counsel, consult or assist in representing any
38 other person, except the local government agency, in any
39 proceeding in which the official would be prohibited from
40 appearing under paragraph (1).

1 (b) The prohibitions contained in subdivision (a) shall not apply
2 to any of the following:

3 (1) To prevent a former local administrative official from
4 making or providing a statement, which is based on the former
5 local administrative official’s own special knowledge in the
6 particular area that is the subject of the statement, provided that
7 no compensation is received other than that regularly provided for
8 by law or regulation for witnesses.

9 (2) To communications made solely for the purpose of
10 furnishing information by a former local administrative official if
11 the court, local government agency, or state administrative agency
12 to which the communication is directed makes each of the
13 following findings in writing:

14 (A) That the former local administrative official has outstanding
15 and otherwise unavailable qualifications.

16 (B) That the former local administrative official is acting with
17 respect to a particular matter which requires such qualifications.

18 (C) That the public interest would be served by the participation
19 of the former local administrative official; or

20 (3) With respect to appearances or communications in a
21 proceeding in which a court, local government agency, or state
22 administrative agency has issued a final order, decree, decision,
23 or judgment but has retained jurisdiction if the local government
24 agency of former employment gives its consent by determining
25 each of the following:

26 (A) That at least five years have elapsed since the termination
27 of the former local administrative official’s employment or term
28 of office.

29 (B) That the public interest would not be harmed.

30 (c) The requirements imposed by this section shall not apply to
31 any person who left government service prior to the effective date
32 of this section with respect to that prior service.

33 SEC. 3. No reimbursement is required by this act pursuant to
34 Section 6 of Article XIII B of the California Constitution because
35 the only costs that may be incurred by a local agency or school
36 district will be incurred because this act creates a new crime or
37 infraction, eliminates a crime or infraction, or changes the penalty
38 for a crime or infraction, within the meaning of Section 17556 of
39 the Government Code, or changes the definition of a crime within

1 the meaning of Section 6 of Article XIII B of the California
2 Constitution.
3 SEC. 4. The Legislature finds and declares that this bill furthers
4 the purposes of the Political Reform Act of 1974 within the
5 meaning of subdivision (a) of Section 81012 of the Government
6 Code.

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AMENDED IN ASSEMBLY APRIL 8, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 1728

Introduced by Assembly Member Garcia

February 14, 2014

An act to amend Section 84308 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 1728, as amended, Garcia. Political Reform Act of 1974.

(1) The Political Reform Act of 1974 prohibits an officer of an agency from accepting, soliciting, or directing a contribution of more than \$250 from any party, or his or her agent, or from any participant, or his or her agent, while a proceeding involving a license, permit, or other entitlement for use is pending before the agency and for 3 months following the date a final decision is rendered in the proceeding, if the officer knows or has reason to know that the participant has a financial interest, as defined. The act also requires an officer to disclose on the record a contribution of more than \$250 from a party or participant received within the 12 months preceding a decision in a proceeding and would prohibit the official from making, participating in making, or otherwise using his or her official position to influence a decision in a proceeding in which the official knows or has reason to know that the party or participant has a financial interest in the decision.

The act defines an "agency," for these purposes, to mean any state or local government agency, except certain entities, including local governmental agencies whose members are directly elected by the voters. ~~The act defines a "participant," for these purposes, as a person who is not a party but who actively supports or opposes a particular~~

decision in a proceeding involving a license, permit, or other entitlement for use and who has a financial interest in the decision. The act defines a “license, permit, or other entitlement for use,” for these purposes, to include, among other things, all contracts except competitively bid, labor, or personal employment contracts.

This bill would revise the definition of “agency” to include a local government agency formed pursuant to provisions of the Water Code. The bill would revise the definition of “license, permit, or other entitlement for use” with respect to proceedings before a local government agency formed pursuant to the Water Code to apply to all contracts that are not competitively bid. ~~The bill would deem the financial interests of a person who compensates a participant to actively support or oppose a particular decision in a proceeding on his or her behalf to also be a financial interest of the participant.~~

(2) Violations of the act are punishable as a misdemeanor. By expanding the scope of an existing crime, this bill imposes a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

(3) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 84308 of the Government Code is
2 amended to read:

3 84308. (a) The definitions set forth in this subdivision shall
4 govern the interpretation of this section.

5 (1) “Party” means any person who files an application for, or
6 is the subject of, a proceeding involving a license, permit, or other
7 entitlement for use.

1 (2) “Participant” means any person who is not a party but who
2 actively supports or opposes a particular decision in a proceeding
3 involving a license, permit, or other entitlement for use and who
4 has a financial interest in the decision, as described in Article 1
5 (commencing with Section 87100) of Chapter 7. A person actively
6 supports or opposes a particular decision in a proceeding if he or
7 she lobbies in person the officers or employees of the agency,
8 testifies in person before the agency, or otherwise acts to influence
9 officers of the agency.

10 (3) “Agency” means an agency as defined in Section 82003
11 except that it does not include the courts or any agency in the
12 judicial branch of government, local governmental agencies whose
13 members are directly elected by the voters except local government
14 agencies formed pursuant to provisions of the Water Code, the
15 Legislature, the Board of Equalization, or constitutional officers.
16 However, this section applies to any person who is a member of
17 an exempted agency but is acting as a voting member of another
18 agency.

19 (4) “Officer” means any elected or appointed officer of an
20 agency, any alternate to an elected or appointed officer of an
21 agency, and any candidate for elective office in an agency.

22 (5) “License, permit, or other entitlement for use” means all
23 business, professional, trade, and land use licenses and permits
24 and all other entitlements for use, including all entitlements for
25 land use, all contracts (other than competitively bid, labor, or
26 personal employment contracts), and all franchises. For purposes
27 of proceedings before an agency formed pursuant to provisions of
28 the Water Code, “license, permit, or other entitlement for use”
29 applies to all contracts except contracts that are competitively bid.

30 (6) “Contribution” includes contributions to candidates and
31 committees in federal, state, or local elections.

32 (b) No officer of an agency shall accept, solicit, or direct a
33 contribution of more than two hundred fifty dollars (\$250) from
34 any party, or his or her agent, or from any participant, or his or her
35 agent, while a proceeding involving a license, permit, or other
36 entitlement for use is pending before the agency and for three
37 months following the date a final decision is rendered in the
38 proceeding if the officer knows or has reason to know that the
39 participant has a financial interest, as that term is used in Article
40 1 (commencing with Section 87100) of Chapter 7. This prohibition

1 shall apply regardless of whether the officer accepts, solicits, or
2 directs the contribution for himself or herself, or on behalf of any
3 other officer, or on behalf of any candidate for office or on behalf
4 of any committee.

5 (c) Prior to rendering any decision in a proceeding involving a
6 license, permit, or other entitlement for use pending before an
7 agency, each officer of the agency who received a contribution
8 within the preceding 12 months in an amount of more than two
9 hundred fifty dollars (\$250) from a party or from any participant
10 shall disclose that fact on the record of the proceeding. No officer
11 of an agency shall make, participate in making, or in any way
12 attempt to use his or her official position to influence the decision
13 in a proceeding involving a license, permit, or other entitlement
14 for use pending before the agency if the officer has willfully or
15 knowingly received a contribution in an amount of more than two
16 hundred fifty dollars (\$250) within the preceding 12 months from
17 a party or his or her agent, or from any participant, or his or her
18 agent if the officer knows or has reason to know that the participant
19 has a financial interest in the decision, as that term is described
20 with respect to public officials in Article 1 (commencing with
21 Section 87100) of Chapter 7.

22 If an officer receives a contribution which would otherwise
23 require disqualification under this section, returns the contribution
24 within 30 days from the time he or she knows, or should have
25 known, about the contribution and the proceeding involving a
26 license, permit, or other entitlement for use, he or she shall be
27 permitted to participate in the proceeding.

28 (d) A party to a proceeding before an agency involving a license,
29 permit, or other entitlement for use shall disclose on the record of
30 the proceeding any contribution in an amount of more than two
31 hundred fifty dollars (\$250) made within the preceding 12 months
32 by the party, or his or her agent, to any officer of the agency. No
33 party, or his or her agent, to a proceeding involving a license,
34 permit, or other entitlement for use pending before any agency
35 and no participant, or his or her agent, in the proceeding shall make
36 a contribution of more than two hundred fifty dollars (\$250) to
37 any officer of that agency during the proceeding and for three
38 months following the date a final decision is rendered by the
39 agency in the proceeding. When a closed corporation is a party to,
40 or a participant in, a proceeding involving a license, permit, or

1 other entitlement for use pending before an agency, the majority
2 shareholder is subject to the disclosure and prohibition
3 requirements specified in subdivisions (b), (c), and this subdivision.

4 ~~(e) For purposes of this section, a financial interest as described,
5 with respect to public officials, in Article 1(commencing with
6 Section 87100) of Chapter 7 of a person on whose behalf a
7 participant receives compensation to actively support or oppose a
8 particular decision in a proceeding is deemed to be a financial
9 interest of the participant.~~

10 (f)

11 (e) Nothing in this section shall be construed to imply that any
12 contribution subject to being reported under this title shall not be
13 so reported.

14 SEC. 2. No reimbursement is required by this act pursuant to
15 Section 6 of Article XIII B of the California Constitution because
16 the only costs that may be incurred by a local agency or school
17 district will be incurred because this act creates a new crime or
18 infraction, eliminates a crime or infraction, or changes the penalty
19 for a crime or infraction, within the meaning of Section 17556 of
20 the Government Code, or changes the definition of a crime within
21 the meaning of Section 6 of Article XIII B of the California
22 Constitution.

23 SEC. 3. The Legislature finds and declares that this bill furthers
24 the purposes of the Political Reform Act of 1974 within the
25 meaning of subdivision (a) of Section 81012 of the Government
26 Code.

ASSEMBLY BILL

No. 2320

Introduced by Assembly Member Fong

February 21, 2014

An act to amend Section 84307.5 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 2320, as introduced, Fong. Political Reform Act of 1974: campaign funds.

Existing provisions of the Political Reform Act of 1974 prohibit a spouse or domestic partner of an elected officer or a candidate for elective office from receiving compensation from campaign funds held by a controlled committee of the officer or candidate for services rendered in connection with fundraising, as specified.

This bill would instead prohibit a spouse or domestic partner of an elected officer or a candidate for elective office from receiving compensation, in exchange for any services rendered, from campaign funds held by a controlled committee of the officer or candidate.

A violation of the act's provisions is punishable as a misdemeanor. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes

upon a 2/3 vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

1 SECTION 1. Section 84307.5 of the Government Code is
2 amended to read:

3 84307.5. A spouse or domestic partner of an elected officer or
4 a candidate for elective office shall not receive, *in exchange for*
5 *services rendered*, compensation from campaign funds held by a
6 controlled committee of the elected officer or candidate for elective
7 office ~~for services rendered in connection with fundraising for the~~
8 ~~benefit of the elected officer or candidate for elective office.~~

9 SEC. 2. No reimbursement is required by this act pursuant to
10 Section 6 of Article XIII B of the California Constitution because
11 the only costs that may be incurred by a local agency or school
12 district will be incurred because this act creates a new crime or
13 infraction, eliminates a crime or infraction, or changes the penalty
14 for a crime or infraction, within the meaning of Section 17556 of
15 the Government Code, or changes the definition of a crime within
16 the meaning of Section 6 of Article XIII B of the California
17 Constitution.

18 SEC. 3. The Legislature finds and declares that this bill furthers
19 the purposes of the Political Reform Act of 1974 within the
20 meaning of subdivision (a) of Section 81012 of the Government
21 Code.

AMENDED IN ASSEMBLY APRIL 30, 2014

AMENDED IN ASSEMBLY MARCH 28, 2014

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 2661

Introduced by Assembly Member Bradford

February 21, 2014

An act to add Article 3.7 (commencing with Section 87375) to Chapter 7 of Title 9 of the Government Code, and to repeal and add Section 25205 of the Public Resources Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 2661, as amended, Bradford. Political Reform Act of 1974: conflicts of ~~interests~~: *interest*: Energy Commission.

The Political Reform Act of 1974 prohibits a public official from making, participating in making, or in any way attempting to use his or her official position to influence a governmental decision in which the public official knows or has reason to know he or she has a financial interest. The act also imposes certain restrictions on the postgovernmental employment and activities of certain public officials. The act is administered and enforced by the Fair Political Practices Commission.

Existing law establishes the State Energy Resources Conservation and Development Commission, commonly known as the Energy Commission. Existing law prescribes certain qualifications for members of the Energy Commission, including a prohibition against receiving a substantial portion of income from specified energy-related entities in the 2 years preceding appointment to the Energy Commission. Existing

law prohibits members of the Energy Commission from being employed by an electric utility or applicant or, within 2 years after the member ceases to be a member of the Energy Commission, a person who engages in the sale or manufacture of a major component of a facility. Existing law prohibits a member of the Energy Commission from holding any other elected or appointed public office or position, except as specified. Existing law prohibits persons with specified relationships to a member or employee of the Energy Commission from appearing in proceedings and other matters in which the Energy Commission is a party or has a direct and substantial interest.

This bill would repeal these qualification and conflict-of-interest requirements for members and employees of the Energy Commission and recast them within the act. The bill would authorize the Fair Political Practices Commission to exempt a member or employee of the Energy Commission from the application of certain of these provisions ~~after a finding if it finds~~ that the member's or employee's interest is not sufficiently substantial to affect the integrity of services expected from the member or employee, as specified.

A violation of the act is punishable as a misdemeanor. By expanding the definition of an existing crime, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. Article 3.7 (commencing with Section 87375) is
- 2 added to Chapter 7 of Title 9 of the Government Code, to read:

1 Article 3.7. Energy Commission Conflicts of ~~Interests~~ *Interest*

2
3 87375. (a) For purposes of this section, the following terms
4 have the following meanings:

5 (1) “Community choice aggregator” has the same meaning as
6 set forth in Section 331.1 of the Public Utilities Code.

7 (2) “Electrical corporation” has the same meaning as set forth
8 in Section 218 of the Public Utilities Code.

9 (3) “Electric service provider” has the same meaning as set forth
10 in Section 218.3 of the Public Utilities Code.

11 (4) “Energy Commission” means the State Energy Resources
12 Conservation and Development Commission established pursuant
13 to Section 25200 of the Public Resources Code.

14 (5) “Facility” means the structure or equipment necessary for
15 generating, transmitting, or distributing electricity, including
16 electric transmission lines and thermal, wind, hydroelectric, and
17 photovoltaic plants.

18 (6) Notwithstanding paragraph (2) of subdivision (b) of Section
19 82030, for purposes of this section, “income” includes salary and
20 reimbursement for expenses or per diem, and social security,
21 disability, or other similar benefit payments received from a state,
22 local, or federal government agency, and reimbursement for travel
23 expenses and per diem received from a bona fide nonprofit entity
24 exempt from taxation under Section 501(c)(3) of the Internal
25 Revenue Code.

26 (7) “Load serving entity” means ~~a person, including an electrical~~
27 ~~corporation, electric service provider, or community choice~~
28 ~~aggregator, who sells or provides, or is authorized to sell or~~
29 ~~provide, or a person who has received a substantial portion of his~~
30 ~~or her income, directly or indirectly, from selling or providing~~
31 electricity to end users located in the state.

32 (8) “Major component” means any product or equipment integral
33 to facility construction or operation or to electrical generation,
34 transmission, or distribution.

35 (9) “Person” has the same meaning as set forth in Section 82047
36 and includes a city, county, public district or agency, the state or
37 any department or agency thereof, and the United States or any
38 department or agency thereof.

39 (b) An individual shall not be a member of the Energy
40 Commission if, during the two years prior to appointment to the

1 Energy Commission, the individual received a substantial portion
 2 of his or her income, directly or indirectly, from any of the
 3 following:

- 4 (1) A load serving entity.
- 5 (2) A person engaged in, or authorized to engage in, generating,
 6 ~~transmitting, or distributing electricity in the state.~~ *who has*
 7 *received a substantial portion of his or her income, directly or*
 8 *indirectly, from either of the following:*

9 (A) *Generating, transmitting, or distributing electricity in the*
 10 *state.*

11 ~~(3)~~
 12 (B) ~~A person who engages in the~~ *The sale or manufacture of*
 13 *any major component of a facility located in the state.*

14 (c) Except as provided in Section 25202 of the Public Resources
 15 Code, and subject to the prohibitions of Section 1099 of the
 16 Government Code, a member of the Energy Commission shall not
 17 hold any other elected or appointed public office or position.

18 (d) A member or employee of the Energy Commission shall not
 19 maintain a relationship as a partner, employer, employee, or
 20 consultant with a person who acts as an attorney, agent, or
 21 employee for a person other than the state in connection with a
 22 judicial or other proceeding, hearing, application, request for ruling,
 23 or other determination; contract; claim; controversy; study; plan;
 24 or other particular matter in which the Energy Commission is a
 25 party or has a direct and substantial interest.

26 (e) If the Fair Political Practices Commission finds that the
 27 interest of a member or employee of the Energy Commission, as
 28 appropriate, in income described in subdivision (b), in holding an
 29 office or position described in subdivision (c) that is not otherwise
 30 prohibited by Section 1099, or in a relationship described in
 31 subdivision (d) is not sufficiently substantial to affect the integrity
 32 of services that the state may expect from the member or employee
 33 with respect to the Energy Commission, the subdivision to which
 34 the Fair Political Practices Commission's findings pertain shall
 35 not apply to that member or employee in that instance.

36 SEC. 2. Section 25205 of the Public Resources Code is
 37 repealed.

38 SEC. 3. Section 25205 is added to the Public Resources Code,
 39 to read:

1 25205. Members and employees of the commission shall be
2 subject to Section 87375 of the Government Code.

3 SEC. 4. No reimbursement is required by this act pursuant to
4 Section 6 of Article XIII B of the California Constitution because
5 the only costs that may be incurred by a local agency or school
6 district will be incurred because this act creates a new crime or
7 infraction, eliminates a crime or infraction, or changes the penalty
8 for a crime or infraction, within the meaning of Section 17556 of
9 the Government Code, or changes the definition of a crime within
10 the meaning of Section 6 of Article XIII B of the California
11 Constitution.

12 SEC. 5. The Legislature finds and declares that this bill furthers
13 the purposes of the Political Reform Act of 1974 within the
14 meaning of subdivision (a) of Section 81012 of the Government
15 Code.

ASSEMBLY BILL

No. 2692

Introduced by Assembly Member Fong

February 21, 2014

An act to add Section 89521.5 to the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 2692, as introduced, Fong. Political Reform Act of 1974: expenditures.

The Political Reform Act of 1974 regulates the expenditure of campaign funds held by a committee. The act requires that an expenditure of campaign funds that confers a substantial personal benefit be directly related to a political, legislative, or governmental purpose. The act defines "substantial personal benefit" to mean an expenditure of campaign funds that results in a direct personal benefit with a value of more than \$200 to a candidate, an elected officer, or an individual with authority to approve the expenditure of campaign funds held by a committee.

The act is administered and enforced by the Fair Political Practices Commission. The Commission is authorized to hold administrative hearings, as prescribed, to determine if a violation of the act has occurred. The act authorizes the Commission to issue an order imposing various administrative remedies if the Commission determines that a violation of the act has occurred, including a monetary penalty of up to \$5,000 per violation payable to the General Fund.

This bill would provide that if the Commission determines in an administrative action that an expenditure has been made that confers a substantial personal benefit but is not directly related to a political,

legislative, or governmental purpose, in violation of the act, the individual who received the substantial personal benefit shall pay to the state General Fund, in addition to any administrative penalty imposed by the Commission, an amount equal to the substantial personal benefit that he or she received.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a 2/3 vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

Vote: 2/3. Appropriation: no. Fiscal committee: yes.

State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 89521.5 is added to the Government
2 Code, to read:
3 89521.5. (a) If the Commission determines, in an
4 administrative action brought pursuant to Chapter 3 (commencing
5 with Section 83100), that an expenditure has been made that
6 confers a substantial personal benefit but is not directly related to
7 a political, legislative, or governmental purpose, in violation of
8 Section 89512 or subdivision (b) of Section 89512.5, the individual
9 who received the substantial personal benefit shall pay to the
10 General Fund of the state an amount equal to the substantial
11 personal benefit that he or she received.
12 (b) An amount paid to the General Fund pursuant to subdivision
13 (a) shall be in addition to any penalty imposed by the Commission
14 pursuant to Section 83116.
15 SEC. 2. The Legislature finds and declares that this bill furthers
16 the purposes of the Political Reform Act of 1974 within the
17 meaning of subdivision (a) of Section 81012 of the Government
18 Code.

O