



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
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To: Chair Remke and Commissioners Casher, Eskovitz, Wasserman and Wynne
From: Sukhi K. Brar, Senior Commission Counsel and Legislative Coordinator
Subject: Legislative Update
Date: May 8, 2015

The Legislature began the 2015-2016 Legislative session on December 1, 2014. This report includes a summary of the bills currently pending before the Legislature that would impact the Political Reform Act (the “Act”). Staff is recommending the Commission support AB 594 (Gordon).

Staff Recommendation

AB 594 (Gordon)

Introduced: February 24, 2015

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.

Currently, committees generally file two semi-annual statements every year covering all campaign activity for a period of six months. In election years, committees also file two pre-election reports as it gets closer to the election that provide an overall picture of that activity for each committee that is involved in the upcoming election. In addition to these reports, committees that make or receive contributions of \$1,000 or more or make independent expenditures of \$1,000 or more in the last 90 days before the election must file an additional report within 24 hours of such activity. Before 2013, this 24-hour reporting period covered only the last 16 days before an election but was expanded to the last 90 days in 2013.

Supplemental preelection reports are also required to be filed at specific times when a candidate or committee makes contributions of \$10,000 or more in connection with an election. In reality, such activity has already been disclosed on the 24-hour reports making the filing of these supplemental reelection reports unnecessary and over-burdensome. Also, contribution limits were imposed after this filing requirement and due to those limits, this report is rarely triggered. Additionally, supplemental independent expenditure reports also are required to be filed when a candidate or committee has made independent expenditures of \$1,000 or more in a calendar year.

Again, the majority of this activity will have already been captured on a 24-hour report, making this report unnecessary.

Proposed Law

The bill proposes the following changes to the Act:

1. Eliminates duplicative reports. The current filing schedules can be difficult to understand. This bill seeks to eliminate reports that are unnecessary and duplicative in order to simply the filing burdens imposed upon campaign committees. Specifically, the bill would eliminate the requirement to file supplemental preelection reports and supplemental independent expenditure reports. As explained above, the need for supplemental preelection statements and supplemental independent expenditure reports have been eliminated because with the implementation of contribution limits and the extension of the 24-hour reporting period from 16 days to 90 days a few years ago these statements have become almost entirely duplicative, burdensome and unnecessary.
2. Clarifies that the 90-day 24-hour reporting period includes the election date itself, in addition to the 90 days before the election, making those provisions consistent throughout the Act.
3. Clarifies and simplifies requirements for preelection statements. Currently, the Act's preelection reporting requirements are very complicated and difficult to understand. This bill will clarify and simplify requirements for these reports filed before the election, while still maintaining relevant and timely disclosure. The new provisions would create a filing timeline for these reports that is uniform in both odd and even years.

A previous version of this bill increased the committee qualification thresholds, the 24-hour reporting thresholds and some of the preelection reporting thresholds in order to bring such figures closer to the amounts they should be today when adjusted for inflation and to reduce burdens on committees that have very low levels of activity. Often times those who wish to run for office in smaller races and who do not plan to raise or spend large amounts of money are discouraged from participating when they realize all of the obligations that are imposed upon committees even at very low levels of activity. Raising the thresholds for committee qualification would promote an increase in participation by such individuals. Since the increased thresholds were removed from the bill, some interested groups have expressed support for the deleted provisions. Staff is supportive of those provisions as well. Should the Commission wish to support those provisions, the Commission may adopt a support if amended position on this bill.

Status: On Assembly Floor

Cost Estimate: Minor and absorbable.

Staff Recommended Position: Support or Support if Amended.

Political Reform Act Bills Pending in the Legislature

SB 21 (Hill)

Introduced: December 1, 2014

Existing Law

The Act prohibits public officials from receiving gifts in excess of \$440 in value from a single source in a calendar year, with exceptions. One exception to this gift limit is for payments made to public officials for 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.

Proposed Law

This bill would require a nonprofit organization that makes travel payments for an elected state officer or local elected officeholder to disclose the names of donors responsible for funding the payments. The bill would also require a person who receives a gift of a travel payment from any source to report the travel destination on his or her Statement of Economic Interests.

Status: In Senate Appropriations

Cost Estimate: \$178,778

SB 283 (Nielsen)

Introduced: February 19, 2015

Existing Law

The Act requires the Attorney General to prepare a ballot label, title and summary for each statewide ballot measure and to include this summary in the ballot pamphlet.

Proposed Law

This bill would require the Legislative Analyst, instead of the Attorney General prepare the ballot label, title and summary for all measures submitted to voters.

Status: In Senate Elections Committee

AB 10 (Gatto)

Introduced: December 1, 2014

Existing Law

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 his or her official position to influence a governmental decision in which the public official knows or has reason to know that he or she has a financial interest. A public official has a financial interest in a governmental decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on a business entity in which the public official has a direct or indirect investment worth \$2,000 or more, real property in which the public official has a direct or indirect interest worth \$2,000 or more, and sources of income aggregating \$500 or more in value within 12 months prior to the time when the decision is made. The Act requires certain public officials to file a Statement of Economic Interests disclosing investments, real property interests, and income within specified periods of assuming or leaving office, and annually while holding the office. The Act requires the disclosures to include information indicating, within a specified value range, the fair market value of investments or interests in real property and the aggregate value of income received from a source. The Act also requires elected officers to report behested payments of \$5,000 or more within 30 days.

Proposed Law

This bill would increase the thresholds at which a public official has a disqualifying financial interest in sources of income from \$500 to \$1,000, investments in business entities from \$2,000 to \$5,000, and in interests in real property from \$2,000 to \$10,000. The bill would also make conforming adjustments to the thresholds at which income, investments, and interests in real property must be disclosed on a public official's Statement of Economic Interests. The bill would revise the dollar amounts associated with the value ranges for reporting the value of economic interests. Additionally, this bill would require certain public officials to disclose information on the official's Statement of Economic Interests relating to governmental decisions for which the public official had a disqualifying financial interest.

The bill was recently amended to also require reporting of behested payments by not-yet-elected candidates, elected officials, and officials out of office for 12 months. Such reports would be required to be filed with the filing officer that receives the candidate's or elected officer's campaign statements or in the case of an elected officer, his or her agency.

Status: In Assembly Elections Committee on Suspense File
Cost Estimate: \$260,166

AB 700 (Gomez)

Introduced: February 25, 2015

Existing Law

The Political Reform Act imposes a disclosure requirement with respect to advertisements supporting or opposing a ballot measure when a committee pays an individual \$5,000 or more to appear in the advertisement or when the advertisement states or suggests an individual appearing in the advertisement is of a certain occupation as specified. The disclosure statement on such ads must be shown continuously on printed advertisements and televised advertisements. It must be read in a clearly audible format if the advertisement is a radio or telephone message.

Proposed Law

This bill would extend the current spokesperson disclosure statement requirements to television or video advertisements, meaning they would apply to internet or other electronic forms of communication.

Status: In Assembly Appropriations Committee

AB 834 (Salas)

Introduced: February 26, 2015

Existing Law

The Act prohibits an incumbent from sending a newsletter or other mass mailing at public expense.

Proposed Law

This bill would define a “public advertisement” as an advertisement that is paid for from the funds of a state or local public entity. This bill would prohibit a person or entity from disseminating, broadcasting, or otherwise publishing a public advertisement, within 90 days of an election if the advertisement features, a candidate who will appear on the ballot at that election.

Status: In Assembly Elections Committee

AB 910 (Harper)

Introduced: February 26, 2015

Existing Law

Existing law allows the Commission to contract with the County of San Bernardino to provide advice and enforcement of its local campaign rules.

Proposed Law

This bill would now allow the Commission to contract with any city or county to provide advice and enforcement of local campaign rules.

Status: In Assembly Elections Committee

AB 1083 (Eggman)

Introduced February 27, 2015

Existing Law

Existing law allows the Commission to contract with the County of San Bernardino to provide advice and enforcement of its local campaign rules.

Proposed Law

This bill would allow the Commission to contract with the City of Stockton to provide advice and enforcement of local campaign rules.

Status: In Assembly Appropriations Committee

AB 1200 (Gordon)

Introduced: February 27, 2015

Existing Law

Existing provisions of the Act regulate the activities of lobbyists, lobbying firms, and lobbyist employers in connection with attempts to influence legislative and administrative action and require reporting of such activity. "Administrative action" is defined in the Act to include the proposal, drafting, development, consideration, amendment, enactment or defeat by any state agency of any rule, regulation, or other action in any ratemaking proceeding or any quasi legislative proceeding.

Proposed Law

This bill would define "administrative action" to include "governmental procurement." This would make the Act's lobbyist reporting requirements applicable to actions that attempt to influence governmental procurement activities. Government procurement under the bill would include the following:

- (1) Preparing the terms, specifications, bid documents, request for proposals, or evaluating criteria for a procurement contract.
- (2) Soliciting for a procurement contract.

- (3) Evaluating a procurement contract.
- (4) Awarding, approving, denying, or disapproving a procurement contract.

Status: In Assembly Appropriations Committee

AB 1494 (Levine)

Introduced: February 27, 2015

Existing Law

The Act requires a committee that makes an independent expenditure of \$1,000 or more during the 90-day election cycle in connection with a candidate for elective state office or a state ballot measure to disclose that expenditure by filing a report online or electronically with the Secretary of State.

Proposed Law

This bill would require a committee subject to the Act's independent expenditure disclosure requirements to pay a fee dependent on the amount of independent expenditures the committee plans to make in a two-year period. The bill would require the Secretary of State to establish a fund with fee revenues and allocate those funds to the Fair Political Practices Commission and local elections offices for the purpose of increasing transparency in political campaigns and voter registration and turnout.

Status: In Assembly Elections Committee

Government Code Section 1090 Bills Pending in the Legislature

SB 330 (Mendoza)

Introduced: February 23, 2015

Existing Law

Existing law prohibits Members of the Legislature, and state, county, district, judicial district, and city officers or employees from being financially interested in a contract, as specified, made by them in their official capacity or by any body or board of which they are members, subject to specified exceptions.

Proposed Law

This bill would, on and after January 1, 2017, expand these prohibitions to deem that a public officer who is an elected member of any state or local body, board, or commission has a

prohibited financial interest in a contract pursuant to these provisions, if that public officer's spouse, child, parent, sibling, or the spouse of the child, parent, or sibling has a financial interest in any contract made by that public officer in his or her official capacity, or by any body, board, or commission of which that public officer is a member.

Status: In Senate Appropriations Committee on Suspense File
Cost Estimate: \$210, 934

SB 704 (Bates)

Introduced on February 27, 2015

Existing Law

Existing law prohibits Members of the Legislature, 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. Existing law identifies certain remote interests that are not subject to this prohibition and other situations in which an official is not deemed to be financially interested in a contract.

Proposed Law

This bill would establish an additional situation in which an official is not financially interested in a contract as applied to an owner or partner of a firm serving on an advisory board or commission to the contracting agency if the owner or partner recuses himself or herself from all participation in reviewing a project that results from a contract between the firm and the contracting agency.

Status: In Senate Appropriations

AMENDED IN ASSEMBLY APRIL 7, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 594

Introduced by Assembly Member Gordon

February 24, 2015

An act to amend Sections ~~82013~~, 82036, 82036.5, 84101, 84103, 84200.6, and 84218 of, to repeal Sections 84200.7, 84202.5, 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

AB 594, as amended, Gordon. 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, and committees to file various reports, including semiannual reports, preelection statements, and supplemental preelection statements.

This bill would recast the requirements for filing preelection statements and would repeal other reporting requirements, including supplemental preelection statements and supplemental independent expenditure reports.

The act defines “committee” as a person or combination of persons who receives contributions or makes independent expenditures of \$1,000 or more in a calendar year or who makes contributions of \$10,000 or more in a calendar year to or at the behest of candidates. 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 definition of “committee” by increasing the qualifying monetary thresholds to \$2,000 for contributions received or independent expenditures made by a person or combination of persons or \$20,000 for contributions made to or at the behest of candidates by a person or combination of persons.~~

This bill would revise the definitions of “late contributions” and “late independent expenditures” to increase the reporting threshold to \$2,000 and 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 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 82013 of the Government Code is~~
- 2 ~~amended to read:~~
- 3 82013. “Committee” means any person or combination of
- 4 persons who directly or indirectly does any of the following:
- 5 (a) ~~Receives contributions totaling two thousand dollars (\$2,000)~~
- 6 ~~or more in a calendar year.~~
- 7 (b) ~~Makes independent expenditures totaling two thousand~~
- 8 ~~dollars (\$2,000) or more in a calendar year; or~~

1 ~~(e) Makes contributions totaling twenty thousand dollars~~
2 ~~(\$20,000) or more in a calendar year to or at the behest of~~
3 ~~candidates or committees.~~

4 A person or combination of persons that becomes a committee
5 shall retain its status as a committee until such time as that status
6 is terminated pursuant to Section 84214.

7 ~~SEC. 2.~~

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

10 82036. “Late contribution” means any of the following:

11 (a) A contribution, including a loan, that totals in the aggregate
12 ~~two one thousand dollars (\$2,000)~~ (\$1,000) or more and is made
13 to or received by a candidate, a controlled committee, or a
14 committee formed or existing primarily to support or oppose a
15 candidate or measure ~~on the date of the election, or during the~~
16 90-day period preceding the date of the election, *or on the date of*
17 *the election*, at which the candidate or measure is to be voted on.
18 For purposes of the Board of Administration of the Public
19 Employees’ Retirement System and the Teachers’ Retirement
20 Board, “the date of the election” is the deadline to return ballots.

21 (b) A contribution, including a loan, that totals in the aggregate
22 ~~two one thousand dollars (\$2,000)~~ (\$1,000) or more and is made
23 to or received by a political party committee, as defined in Section
24 85205, ~~on the date of a state election or within 90 days before the~~
25 date of a state election *or on the date of the election*.

26 ~~SEC. 3.~~

27 SEC. 2. Section 82036.5 of the Government Code is amended
28 to read:

29 82036.5. “Late independent expenditure” means an independent
30 expenditure that totals in the aggregate ~~two one thousand dollars~~
31 ~~(\$2,000)~~ (\$1,000) or more and is made for or against a specific
32 candidate or measure involved in an election ~~on the date of the~~
33 ~~election or during the 90-day period preceding the date of the~~
34 election *or on the date of the election*. For purposes of the Board
35 of Administration of the Public Employees’ Retirement System
36 and the Teachers’ Retirement Board, “the date of the election” is
37 the deadline to return ballots.

38 ~~SEC. 4.~~

39 SEC. 3. Section 84101 of the Government Code is amended
40 to read:

1 84101. (a) A committee that is a committee by virtue of
2 subdivision (a) of Section 82013 shall file a statement of
3 organization. The committee shall file the original of the statement
4 of organization with the Secretary of State and shall also file a
5 copy of the statement of organization with the local filing officer,
6 if any, with whom the committee is required to file the originals
7 of its campaign reports pursuant to Section 84215. The original
8 and copy of the statement of organization shall be filed within 10
9 days after the committee has qualified as a committee. The
10 Secretary of State shall assign a number to each committee that
11 files a statement of organization and shall notify the committee of
12 the number. The Secretary of State shall send a copy of statements
13 filed pursuant to this section to the county elections official of each
14 county that he or she deems appropriate. A county elections official
15 who receives a copy of a statement of organization from the
16 Secretary of State pursuant to this section shall send a copy of the
17 statement to the clerk of each city in the county that he or she
18 deems appropriate.

19 (b) In addition to filing the statement of organization as required
20 by subdivision (a), if a committee qualifies as a committee under
21 subdivision (a) of Section 82013 before the date of an election in
22 connection with which the committee is required to file preelection
23 statements, but after the closing date of the last campaign statement
24 required to be filed before the election pursuant to Section 84200.8
25 or 84200.9, the committee shall file, by facsimile transmission,
26 online transmission, guaranteed overnight delivery, or personal
27 delivery within 24 hours of qualifying as a committee, the
28 information required to be reported in the statement of organization.
29 The information required by this subdivision shall be filed with
30 the filing officer with whom the committee is required to file the
31 originals of its campaign reports pursuant to Section 84215.

32 (c) If an independent expenditure committee qualifies as a
33 committee pursuant to subdivision (a) of Section 82013 during the
34 time period described in Section 82036.5 and makes independent
35 expenditures of ~~two~~ *one* thousand dollars ~~(\$2,000)~~ *(\$1,000)* or
36 more to support or oppose a candidate or candidates for office, the
37 committee shall file, by facsimile transmission, online transmission,
38 guaranteed overnight delivery, or personal delivery within 24 hours
39 of qualifying as a committee, the information required to be
40 reported in the statement of organization. The information required

1 by this section shall be filed with the filing officer with whom the
2 committee is required to file the original of its campaign reports
3 pursuant to Section 84215, and shall be filed at all locations
4 required for the candidate or candidates supported or opposed by
5 the independent expenditures. The filings required by this section
6 are in addition to filings that may be required by Section 84204.

7 (d) For purposes of this section, in calculating whether ~~two~~ *one*
8 thousand dollars ~~(\$2,000)~~ *(\$1,000)* in contributions has been
9 received, payments for a filing fee or for a statement of
10 qualifications to appear in a sample ballot shall not be included if
11 these payments have been made from the candidate's personal
12 funds.

13 ~~SEC. 5.~~

14 *SEC. 4.* Section 84103 of the Government Code is amended
15 to read:

16 84103. (a) If there is a change in any of the information
17 contained in a statement of organization, an amendment shall be
18 filed within 10 days to reflect the change. The committee shall file
19 the original of the amendment with the Secretary of State and shall
20 also file a copy of the amendment with the local filing officer, if
21 any, with whom the committee is required to file the originals of
22 its campaign reports pursuant to Section 84215.

23 (b) In addition to filing an amendment to a statement of
24 organization as required by subdivision (a), a committee as defined
25 in subdivision (a) of Section 82013 shall, by facsimile transmission,
26 online transmission, guaranteed overnight delivery, or personal
27 delivery within 24 hours, notify the filing officer with whom it is
28 required to file the originals of its campaign reports pursuant to
29 Section 84215 if the change requiring the amendment occurs before
30 the date of the election in connection with which the committee
31 is required to file a preelection statement, but after the closing date
32 of the last preelection statement required to be filed for the election
33 pursuant to Section 84200.8, if any of the following information
34 is changed:

- 35 (1) The name of the committee.
- 36 (2) The name of the treasurer or other principal officers.
- 37 (3) The name of any candidate or committee by which the
- 38 committee is controlled or with which it acts jointly.

1 The notification shall include the changed information, the date
2 of the change, the name of the person providing the notification,
3 and the committee's name and identification number.

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

6 ~~SEC. 6.~~

7 *SEC. 5.* Section 84200.5 of the Government Code is repealed.

8 ~~SEC. 7.~~

9 *SEC. 6.* Section 84200.5 is added to the Government Code, to
10 read:

11 84200.5. In addition to the campaign statements required by
12 Section 84200, elected officers, candidates, and committees shall
13 file preelection statements as follows:

14 (a) All candidates appearing on the ballot to be voted on at the
15 next election, their controlled committees, and committees
16 primarily formed to support or oppose an elected officer, candidate,
17 or a measure appearing on the ballot to be voted on at the next
18 election shall file the applicable preelection statements specified
19 in Section 84200.8.

20 (b) All elected state officers and candidates for elective state
21 office who are not appearing on the ballot at the next statewide
22 primary or general ~~election ballot~~, *election*, and who, during the
23 preelection reporting periods covered by Section 84200.8,
24 contribute to any committee required to report receipts,
25 expenditures, or contributions pursuant to this title, or make an
26 independent expenditure of ~~one thousand five hundred~~ dollars
27 ~~(\$1,000)~~ *(\$500)* or more in connection with the statewide primary
28 or general election, shall file the applicable preelection statements
29 specified in Section 84200.8.

30 (c) A state or county general purpose ~~recipient~~ committee
31 formed pursuant to subdivision (a) of Section 82013, other than a
32 political party committee as defined in Section 84205, shall file
33 the applicable preelection statements specified in Section 84200.8
34 if it makes contributions or independent expenditures totaling ~~one~~
35 ~~thousand five hundred~~ dollars ~~(\$1,000)~~ *(\$500)* or more in
36 connection with the statewide primary or general election during
37 the period covered by the preelection statements. However, a state
38 or county general purpose committee formed pursuant to
39 subdivision (b) or (c) of Section 82013 is not required to file the
40 preelection statements specified in Section 84200.8.

1 (d) A political party committee as defined in Section 84205
2 shall file the applicable preelection statements specified in Section
3 84200.8 in connection with a ~~statewide~~ *state* election if the
4 committee receives contributions totaling one thousand dollars
5 (\$1,000) or more, or if it makes contributions or independent
6 expenditures totaling ~~one thousand~~ *five hundred* dollars ~~(\$1,000)~~
7 *(\$500)* or more, in connection with the election during the period
8 covered by the preelection statement.

9 (e) A city general purpose committee formed pursuant to
10 subdivision (a) of Section 82013 shall file the applicable
11 preelection statements specified in Section 84200.8 if it makes
12 contributions or independent expenditures totaling ~~one thousand~~
13 *five hundred* dollars ~~(\$1,000)~~ *(\$500)* or more in connection with
14 a city election in the committee's jurisdiction during the period
15 covered by the preelection statements. However, a city general
16 purpose committee formed pursuant to subdivision (b) or (c) of
17 Section 82013 is not required to file the preelection statements
18 specified in Section 84200.8.

19 (f) ~~CalPERS and CalSTRS Elections.~~ During an election period
20 for the Board of Administration of the Public Employees'
21 Retirement System or the Teachers' Retirement Board:

22 (1) All candidates for these boards, their controlled committees,
23 and committees primarily formed to support or oppose the
24 candidates shall file the preelection statements specified in Section
25 84200.9.

26 (2) A state or county general purpose committee formed
27 pursuant to subdivision (a) of Section 82013 shall file the
28 preelection statements specified in Section 84200.9 if it makes
29 contributions or independent expenditures totaling ~~one thousand~~
30 *five hundred* dollars ~~(\$1,000)~~ *(\$500)* or more during the period
31 covered by the preelection statement to support or oppose a
32 candidate, or a committee primarily formed to support or oppose
33 a candidate on the ballot for the Board of Administration of the
34 Public Employees' Retirement System or the Teachers' Retirement
35 Board.

36 (3) However, a general purpose committee formed pursuant to
37 subdivision (b) or (c) of Section 82013 is not required to file the
38 statements specified in Section 84200.9.

1 ~~SEC. 8.~~

2 *SEC. 7.* Section 84200.6 of the Government Code is amended
3 to read:

4 84200.6. In addition to the campaign statements required by
5 Sections 84200 and 84200.5, all candidates and committees shall
6 file the following special statements and reports:

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

8 (b) Late independent expenditure reports, when required by
9 Section 84204.

10 ~~SEC. 9.~~

11 *SEC. 8.* Section 84200.7 of the Government Code is repealed.

12 ~~SEC. 10.~~

13 *SEC. 9.* Section 84202.5 of the Government Code is repealed.

14 ~~SEC. 11.~~

15 *SEC. 10.* Section 84203.5 of the Government Code is repealed.

16 ~~SEC. 12.~~

17 *SEC. 11.* Section 84218 of the Government Code is amended
18 to read:

19 84218. (a) A slate mailer organization shall file semiannual
20 campaign statements no later than July 31 for the period ending
21 June 30, and no later than January 31 for the period ending
22 December 31.

23 (b) In addition to the semiannual statements required by
24 subdivision (a), a slate mailer organization which produces a slate
25 mailer supporting or opposing candidates or measures being voted
26 on in an election shall file the statements specified in Section
27 84200.8 if, during the period covered by the preelection statement,
28 the slate mailer organization receives payments totaling ~~one~~
29 ~~thousand five hundred~~ dollars ~~(\$1,000)~~ (\$500) or more from any
30 person for the support of or opposition to candidates or ballot
31 measures in one or more slate mailers, or expends five hundred
32 dollars (\$500) or more to produce one or more slate mailers.

33 (c) A slate mailer organization shall file two copies of its
34 campaign reports with the clerk of the county in which it is
35 domiciled. A slate mailer organization is domiciled at the address
36 listed on its statement of organization unless it is domiciled outside
37 California, in which case its domicile shall be deemed to be Los
38 Angeles County for purposes of this section.

39 In addition, slate mailer organizations shall file campaign reports
40 as follows:

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

6 (2) A slate mailer organization which produces one or more
 7 slate mailers supporting or opposing candidates or measures voted
 8 on in only one county, or in more than one jurisdiction within one
 9 county, shall file campaign reports in the same manner as county
 10 general purpose committees pursuant to subdivision (c) of Section
 11 84215.

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

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

21 ~~SEC. 13.~~

22 *SEC. 12.* No reimbursement is required by this act pursuant
 23 to 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. 14.~~

32 *SEC. 13.* 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.

Introduced by Senator HillDecember 1, 2014

An act to amend Sections 87207 and 89506 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 21, as introduced, Hill. Political Reform Act of 1974: gifts of travel.

The Political Reform Act of 1974 provides for the comprehensive regulation of campaign financing and related matters, including the reporting of gifts, as defined. The act prohibits specified officers from receiving gifts 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 from any source to report the travel destination on his or her statement of economic interests.

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 87207 of the Government Code is
2 amended to read:

3 87207. (a) ~~When~~*If* income is required to be reported under
4 this article, the statement shall contain, except as provided in
5 subdivision (b):

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

10 (2) A statement whether the aggregate value of income from
11 each source, or in the case of a loan, the highest amount owed to
12 each source, was at least five hundred dollars (\$500) but did not
13 exceed one thousand dollars (\$1,000), whether it was in excess of
14 one thousand dollars (\$1,000) but was not greater than ten thousand
15 dollars (\$10,000), whether it was greater than ten thousand dollars
16 (\$10,000) but not greater than one hundred thousand dollars
17 (\$100,000), or whether it was greater than one hundred thousand
18 dollars (\$100,000).

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

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

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

26 (b) ~~When~~*If* the filer's pro rata share of income to a business
27 entity, including income to a sole proprietorship, is required to be
28 reported under this article, the statement shall contain:

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

3 (2) The name of every person from whom the business entity
4 received payments if the filer's pro rata share of gross receipts
5 from that person was equal to or greater than ten thousand dollars
6 (\$10,000) during a calendar year.

7 (c) ~~When~~*If* a payment, including an advance or reimbursement,
8 for travel is required to be reported pursuant to this section, it may
9 be reported on a separate travel reimbursement schedule which
10 shall be included in the filer's statement of economic interest. A
11 filer who chooses not to use the travel schedule shall disclose
12 payments for travel as a gift, unless it is clear from all surrounding
13 circumstances that the services provided were equal to or greater
14 in value than the payments for the travel, in which case the travel
15 may be reported as income.

16 SEC. 2. Section 89506 of the Government Code is amended
17 to read:

18 89506. (a) Payments, advances, or reimbursements; for travel,
19 including actual transportation and related lodging and subsistence
20 that is reasonably related to a legislative or governmental purpose,
21 or to an issue of state, national, or international public policy, are
22 not prohibited or limited by this chapter if either of the following
23 ~~apply~~ *applies*:

24 (1) The travel is in connection with a speech given by the elected
25 state officer, local elected officeholder, candidate for ~~elected~~
26 *elective* state office or local ~~elected~~, *elective* office, an individual
27 specified in Section 87200, member of a state board or commission,
28 or designated employee of a state or local government agency, the
29 lodging and subsistence expenses are limited to the day
30 immediately preceding, the day of, and the day immediately
31 following the speech, and the travel is within the United States.

32 (2) The travel is provided by a government, a governmental
33 agency, a foreign government, a governmental authority, a bona
34 fide public or private educational institution, as defined in Section
35 203 of the Revenue and Taxation Code, a nonprofit organization
36 that is exempt from taxation under Section 501(c)(3) of the Internal
37 Revenue Code, or by a person domiciled outside the United States
38 ~~which~~ *who* substantially satisfies the requirements for tax-exempt
39 status under Section 501(c)(3) of the Internal Revenue Code.

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

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

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

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

10 (2) Travel that is provided by the agency of a local elected
11 officeholder, an elected state officer, member of a state board or
12 commission, an individual specified in Section 87200, or a
13 designated employee.

14 (3) Travel that is reasonably necessary in connection with a
15 bona fide business, trade, or profession and that satisfies the criteria
16 for federal income tax deduction for business expenses in Sections
17 162 and 274 of the Internal Revenue Code, unless the sole or
18 predominant activity of the business, trade, or profession is making
19 speeches.

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

22 (e) This section does not apply to payments, advances, or
23 reimbursements for travel and related lodging and subsistence
24 permitted or limited by Section 170.9 of the Code of Civil
25 Procedure.

26 (f) (1) *A nonprofit organization that makes payments, advances,
27 or reimbursements that total more than ten thousand dollars
28 (\$10,000) in a calendar year, or that total more than five thousand
29 dollars (\$5,000) in a calendar year for a single person, for travel
30 by an elected state officer or local elected officeholder as described
31 in subdivision (a) shall disclose to the Commission the names of
32 the donors responsible for funding those payments, advances, or
33 reimbursements. The disclosure of donor names shall be limited
34 to donors who donated one thousand dollars (\$1,000) or more to
35 the nonprofit organization in a calendar year and who knew or
36 had reason to know that the donation would be used for a payment,
37 advance, or reimbursement for travel by an elected state officer
38 or local elected officeholder as described in subdivision (a).*

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

4 (A) The donor directed the nonprofit organization to use the
5 donation to make a payment, advance, or reimbursement for travel
6 by an elected state officer or local elected officeholder as described
7 in subdivision (a).

8 (B) The donor made the donation in response to a message or
9 solicitation for donations for the stated purpose of making a
10 payment, advance, or reimbursement for travel by an elected state
11 officer or local elected officeholder as described in subdivision
12 (a).

13 (C) The donor, or an agent, employee, or representative of the
14 donor, accompanied an elected state officer or local elected
15 officeholder for any portion of travel as described in subdivision
16 (a).

17 (3) For purposes of Sections 87103, 87207, and 89503, a
18 nonprofit organization that makes payments, advances, or
19 reimbursements for travel by an elected state officer or local
20 elected officeholder as described in subdivision (a) is the source
21 of the gift unless the nonprofit organization is acting as an
22 intermediary or agent of the donor. If the nonprofit organization
23 is acting as an intermediary or agent of the donor, all of the
24 following apply:

25 (A) The donor to the nonprofit organization is the source of the
26 gift.

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

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

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

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 SENATE MARCH 26, 2015

SENATE BILL

No. 283

Introduced by Senator Nielsen

(Coauthor: Senator Morrell)

(Coauthors: Assembly Members Chang, Chávez, Dahle, Lackey, and Olsen)

February 19, 2015

An act to amend Sections 9050, 9051, 9053, 9086, 9087, 13262, 13282, and 18602 of the Elections Code, and to amend Section 88002 of the Government Code, relating to elections.

LEGISLATIVE COUNSEL'S DIGEST

SB 283, as amended, Nielsen. Elections: ballot titles and summaries.

Existing law requires the Attorney General to provide a ballot label and a ballot title for each measure to be submitted to the voters at a statewide election. Existing law requires the Attorney General to prepare a summary of the chief purposes and points of each statewide ballot measure as part of the ballot title. Existing law, including provisions of the Political Reform Act of 1974, requires that the ballot pamphlet contain, among other things, the official summary prepared by the Attorney General.

This bill would require the Legislative Analyst, instead of the Attorney General, to prepare the ballot label and the ballot title and summary for all measures submitted to the voters of the state. The bill would also make conforming changes.

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: 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 9050 of the Elections Code is amended
2 to read:

3 9050. After the Secretary of State determines that a measure
4 will appear on the ballot at the next statewide election, the
5 Secretary of State shall promptly transmit a copy of the measure
6 to the Legislative Analyst. The Legislative Analyst shall provide
7 and return to the Secretary of State a ballot title and summary and
8 ballot label for the measure. The Legislative Analyst shall prepare
9 a ballot title and summary and ballot label for each measure
10 submitted to the voters of the whole state by a date sufficient to
11 meet the ballot pamphlet public display deadlines.

12 SEC. 2. Section 9051 of the Elections Code is amended to read:

13 9051. (a) (1) The ballot title and summary may differ from
14 the legislative, circulating, or other title and summary of the
15 measure and shall not exceed 100 words, not including the fiscal
16 impact.

17 (2) The ballot title and summary shall be amended to include a
18 summary of the Legislative Analyst’s estimate of the net state and
19 local government fiscal impact prepared pursuant to Section 9087
20 of this code and Section 88003 of the Government Code.

21 (b) The ballot label shall not contain more than 75 words and
22 shall be a condensed version of the ballot title and summary
23 including the financial impact summary prepared pursuant to
24 Section 9087 of this code and Section 88003 of the Government
25 Code.

26 (c) In preparing the ballot title and summary, the Legislative
27 Analyst shall give a true and impartial statement of the purpose of
28 the measure in such language that the ballot title and summary
29 shall neither be an argument, nor be likely to create prejudice, for
30 or against the proposed measure.

31 (d) The Legislative Analyst shall invite and consider public
32 comment in preparing each ballot title and summary.

33 SEC. 3. Section 9053 of the Elections Code is amended to read:

1 9053. A measure shall be designated on the ballot by the ballot
2 label certified to the Secretary of State by the Legislative Analyst.

3 SEC. 4. Section 9086 of the Elections Code is amended to read:

4 9086. The ballot pamphlet shall contain, as to each state
5 measure to be voted upon, the ~~following~~, *following* in the order
6 set forth in this section:

7 (a) (1) Upon the top portion of the first page, and not exceeding
8 one-third of the page, shall appear:

9 (A) Identification of the measure by number and title.

10 (B) The official summary prepared by the Legislative Analyst.

11 (C) The total number of votes cast for and against the measure
12 in both the State Senate and ~~Assembly~~, *Assembly* if the measure
13 was passed by the Legislature.

14 (2) The space in the title and summary that is used for an
15 explanatory table prepared pursuant to paragraph (2) of subdivision
16 (e) of Section 9087 of this code and Section 88003 of the
17 Government Code shall not be included when measuring the
18 amount of space the information described in paragraph (1) has
19 taken for purposes of determining compliance with the restriction
20 prohibiting the information described in paragraph (1) from
21 exceeding one-third of the page.

22 (b) Beginning at the top of the right page shall appear the
23 analysis prepared by the Legislative Analyst, provided that the
24 analysis fits on a single page. If it does not fit on a single page,
25 the analysis shall begin on the lower portion of the first left page
26 and shall continue on subsequent pages until it is completed.

27 (c) Immediately below the analysis prepared by the Legislative
28 Analyst shall appear a printed statement that refers voters to the
29 Secretary of State's Internet Web site for a list of committees
30 primarily formed to support or oppose a ballot measure, and
31 information on how to access the committee's top 10 contributors.

32 (d) Arguments for and against the measure shall be placed on
33 the next left and right pages, respectively, following the final page
34 of the analysis of the Legislative Analyst. The rebuttals shall be
35 placed immediately below the arguments.

36 (e) If no argument against the measure has been submitted, the
37 argument for the measure shall appear on the right page facing the
38 analysis.

39 (f) The complete text of each measure shall appear at the back
40 of the pamphlet. The text of the measure shall contain the

1 provisions of the proposed measure and the existing provisions of
2 law repealed or revised by the measure. The provisions of the
3 proposed measure differing from the existing provisions of law
4 affected shall be distinguished in print, so as to facilitate
5 comparison.

6 (g) The following statement shall be printed at the bottom of
7 each page where arguments appear: “Arguments printed on this
8 page are the opinions of the authors, and have not been checked
9 for accuracy by any official agency.”

10 SEC. 5. Section 9087 of the Elections Code is amended to read:

11 9087. (a) The Legislative Analyst shall prepare an impartial
12 analysis of the measure describing the measure and including a
13 fiscal analysis of the measure showing the amount of any increase
14 or decrease in revenue or cost to state or local government. If it is
15 estimated that a measure would result in increased cost to the state,
16 an analysis of the measure’s estimated impact on the state shall be
17 provided, including an estimate of the percentage of the General
18 Fund that would be expended due to the measure, using visual aids
19 when appropriate. An estimate of increased cost to the state or
20 local governments shall be set out in boldface print in the ballot
21 pamphlet.

22 (b) The analysis shall be written in clear and concise terms, so
23 as to be easily understood by the average voter, and shall avoid
24 the use of technical terms wherever possible. The analysis may
25 contain background information, including the effect of the
26 measure on existing law and the effect of enacted legislation which
27 will become effective if the measure is adopted, and shall generally
28 set forth in an impartial manner the information the average voter
29 needs to adequately understand the measure. To the extent
30 practicable, the Legislative Analyst shall use a uniform method in
31 each analysis to describe the estimated increase or decrease in
32 revenue or cost of a measure, so that the average voter may draw
33 comparisons among the fiscal impacts of measures. The condensed
34 statement of the fiscal impact summary for the measure prepared
35 by the Legislative Analyst to appear on the ballot shall contain the
36 uniform estimate of increase or decrease in revenue or cost of the
37 measure prepared pursuant to this subdivision.

38 (c) The Legislative Analyst may contract with a professional
39 writer, educational specialist, or another person for assistance in
40 writing an analysis that fulfills the requirements of this section,

1 including the requirement that the analysis be written so that it
2 will be easily understood by the average voter. The Legislative
3 Analyst may also request the assistance of a state department,
4 agency, or official in preparing his or her analysis.

5 (d) Before submitting the analysis to the Secretary of State, the
6 Legislative Analyst shall submit the analysis to a committee of
7 five persons, appointed by the Legislative Analyst, for the purpose
8 of reviewing the analysis to confirm its clarity and easy
9 comprehension to the average voter. The committee shall be drawn
10 from the public at large, and one member shall be a specialist in
11 education, one member shall be bilingual, and one member shall
12 be a professional writer. Members of the committee shall be
13 reimbursed for reasonable and necessary expenses incurred in
14 performing their duties. Within five days of the submission of the
15 analysis to the committee, the committee shall make
16 recommendations to the Legislative Analyst as it deems appropriate
17 to guarantee that the analysis can be easily understood by the
18 average voter. The Legislative Analyst shall consider the
19 committee's recommendations, and he or she shall incorporate in
20 the analysis those changes recommended by the committee that
21 he or she deems to be appropriate. The Legislative Analyst is solely
22 responsible for determining the content of the analysis required
23 by this section.

24 (e) (1) The title and summary of any measure that appears on
25 the ballot shall be amended to contain a summary of the Legislative
26 Analyst's estimate of the net state and local government fiscal
27 impact.

28 (2) For state bond measures that are submitted to the voters for
29 their approval or rejection, the summary of the Legislative
30 Analyst's estimate described in paragraph (1) shall include an
31 explanatory table of the information in the summary.

32 SEC. 6. Section 13262 of the Elections Code is amended to
33 read:

34 13262. (a) The ballot shall contain the same material as to
35 candidates and measures, and shall be printed in the same order
36 as provided for paper ballots, and may be arranged in parallel
37 columns on one or more ballot cards as required, except that the
38 column in which the voter marks his or her choices may be at the
39 left of the names of candidates and the designation of measures.

1 (b) If there are a greater number of candidates for an office or
2 for a party nomination for an office than the number whose names
3 can be placed on one pair of facing ballot pages, a series of
4 overlaying pages printed only on the same, single side shall be
5 used, and the ballot shall be clearly marked to indicate that the list
6 of candidates for the office is continued on the following page or
7 pages. If the names of candidates for the office are not required to
8 be rotated, they shall be rotated by groups of candidates in a
9 manner so that the name of each candidate shall appear on each
10 page of the ballot in approximately the same number of precincts
11 as the names of all other candidates.

12 (c) Space shall be provided on the ballot or on a separate write-in
13 ballot to permit voters to write in names not printed on the ballot
14 when authorized by law. The size of the voting square and the
15 spacing of the material may be varied to suit the conditions
16 imposed by the use of ballot cards, provided the size of the type
17 is not reduced below the minimum size requirements set forth in
18 Chapter 2 (commencing with Section 13100).

19 (d) The statement of measure submitted to the voters may be
20 abbreviated if necessary on the ballot, if each and every statement
21 of measure on that ballot is abbreviated. Any abbreviation of
22 matters to be voted on throughout the state shall be composed by
23 the Legislative Analyst.

24 SEC. 7. Section 13282 of the Elections Code is amended to
25 read:

26 13282. Whenever the Legislative Analyst prepares a ballot
27 label, the Legislative Analyst shall file a copy of the ballot label
28 with the Secretary of State. The Secretary of State shall make a
29 copy of the ballot label available for public examination before
30 the printing of the ballot label on any ballot. The public shall be
31 permitted to examine the ballot label for at least 20 days, and the
32 Secretary of State may consolidate the examination requirement
33 under this section with the public examination requirements set
34 forth in Section 9092. A voter may seek a writ of mandate requiring
35 a ballot label, or portion thereof, to be amended or deleted. The
36 provisions set forth in Section 9092 concerning the issuance of the
37 writ and the nature of the proceedings shall be applicable to this
38 section.

39 SEC. 8. Section 18602 of the Elections Code is amended to
40 read:

1 18602. A person working for the proponent or proponents of
2 a statewide initiative or referendum measure who covers or
3 otherwise obscures the summary of the measure prepared by the
4 Legislative Analyst from the view of a prospective signer is guilty
5 of a misdemeanor.

6 SEC. 9. Section 88002 of the Government Code is amended
7 to read:

8 88002. The ballot pamphlet shall contain, as to each state
9 measure to be voted upon, the following in the order set forth in
10 this section:

11 (a) (1) Upon the top portion of the first page, and not exceeding
12 one-third of the page, shall appear:

13 (A) The identification of the measure by number and title.

14 (B) The official summary prepared by the Legislative Analyst.

15 (C) The total number of votes cast for and against the measure
16 in both the State Senate and Assembly if the measure was passed
17 by the Legislature.

18 (2) The space in the title and summary that is used for an
19 explanatory table prepared pursuant to paragraph (2) of subdivision
20 (e) of Section 9087 of the Elections Code and Section 88003 of
21 this code shall not be included when measuring the amount of
22 space the information described in paragraph (1) has taken for
23 purposes of determining compliance with the restriction prohibiting
24 the information described in paragraph (1) from exceeding
25 one-third of the page.

26 (b) Beginning at the top of the right page shall appear the
27 analysis prepared by the Legislative Analyst, provided that the
28 analysis fits on a single page. If it does not fit on a single page,
29 then the analysis shall begin on the lower portion of the first left
30 page and shall continue on subsequent pages until it is completed.

31 (c) Immediately below the analysis prepared by the Legislative
32 Analyst shall appear a printed statement that refers voters to the
33 Secretary of State's Internet Web site for a list of committees
34 primarily formed to support or oppose a ballot measure, and
35 information on how to access the committee's top 10 contributors.

36 (d) Arguments for and against the measure shall be placed on
37 the next left and right pages, respectively, following the page on
38 which the analysis of the Legislative Analyst ends. The rebuttals
39 shall be placed immediately below the arguments.

1 (e) If no argument against the measure has been submitted, the
2 argument for the measure shall appear on the right page facing the
3 analysis.

4 (f) The complete text of each measure shall appear at the back
5 of the pamphlet. The text of the measure shall contain the
6 provisions of the proposed measure and the existing provisions of
7 law repealed or revised by the measure. The provisions of the
8 proposed measure differing from the existing provisions of law
9 affected shall be distinguished in print, so as to facilitate
10 comparison.

11 (g) The following statement shall be printed at the bottom of
12 each page where arguments appear: "Arguments printed on this
13 page are the opinions of the authors and have not been checked
14 for accuracy by any official agency."

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

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AMENDED IN ASSEMBLY APRIL 7, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 10

Introduced by Assembly Member Gatto

December 1, 2014

An act to amend Sections 82015, 82033, 82034, 87103, 87206, and 87207 of, and to add Sections 87206.5 and 87211 to, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 10, as amended, Gatto. Political Reform Act of 1974: *behested payments and economic interest disclosures.*

(1) The Political Reform Act of 1974 requires elected officers, candidates, and committees to file semiannual campaign statements that include, among other things, the total amount of contributions received during the period covered by the campaign statement and the total cumulative amount of contributions received. The act provides that contributions include a payment made at the behest of a candidate unless full and adequate consideration is received from the candidate or it is clear from the surrounding circumstances that the payment was made for purposes unrelated to his or her candidacy for elective office. The act provides that a payment made principally for legislative, governmental, or charitable purposes is presumed to be made for purposes unrelated to a candidate's candidacy for elective office and is neither a gift nor a contribution. The act requires a payment of this type made at the behest of a candidate who is an elected officer to 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 the payments are made.

This bill would also require candidates who are required to file campaign statements, and elected officers for one year after they leave elective office, to report within 30 days following the date on which a behested payment or payments are made for legislative, governmental, or charitable purposes that equal or exceed \$5,000 in the aggregate from the same source in the same calendar year in which the payments are made.

~~The~~

(2) *The Political Reform Act of 1974 prohibits a public official at any level of state or local government 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 that he or she has a financial interest. A public official has a financial interest in a governmental decision if it is reasonably foreseeable that the decision will have a material financial effect, distinguishable from its effect on the public generally, on a business entity in which the public official has a direct or indirect investment worth \$2,000 or more, real property in which the public official has a direct or indirect interest worth \$2,000 or more, and sources of income aggregating \$500 or more in value within 12 months prior to the time when the decision is made.*

The Political Reform Act of 1974 requires persons holding specified public offices to file disclosures of investments, real property interests, and income within specified periods of assuming or leaving office, and annually while holding the office. The act requires the disclosures to include a statement indicating, within a specified value range, the fair market value of investments or interests in real property and the aggregate value of income received from a source.

This bill would increase the thresholds at which a public official has a disqualifying financial interest in sources of income from \$500 to \$1,000, in investments in business entities from \$2,000 to \$5,000, and in interests in real property from \$2,000 to \$10,000.

The bill would make conforming adjustments to the thresholds at which income, investments, and interests in real property must be disclosed on a public official's statement of economic interests. The bill would also revise the dollar amounts associated with the value ranges for reporting the value of economic interests.

This bill would require certain public officials to disclose information on the official's statement of economic interests relating to governmental

decisions for which the public official had a disqualifying financial interest, as specified.

Existing law makes a knowing or willful violation of the act a misdemeanor and subjects offenders to criminal penalties.

By creating additional crimes, this bill would impose a state-mandated local program.

~~The~~

(3) *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~~

(4) *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.

1 (B) It is clear from the surrounding circumstances that the
2 payment was made for purposes unrelated to his or her candidacy
3 for elective office. The following types of payments are presumed
4 to be for purposes unrelated to a candidate's candidacy for elective
5 office:

6 (i) A payment made principally for personal purposes, in which
7 case it may be considered a gift under ~~the provisions of~~ Section
8 82028. Payments that are otherwise subject to the limits of Section
9 86203 are presumed to be principally for personal purposes.

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

13 (iii) A payment not covered by clause (i), made principally for
14 legislative, governmental, or charitable purposes, in which case it
15 is neither a gift nor a contribution. However, payments of this type
16 that are made at the behest of *a candidate who is required to file*
17 *a campaign statement*, a candidate who is an ~~elected officer~~ *officer,*
18 *or an elected officer for one year after he or she leaves elective*
19 *office*, shall be reported within 30 days following the date on which
20 the payment or payments equal or exceed five thousand dollars
21 (\$5,000) in the aggregate from the same source in the same
22 calendar year in which they are made. The report shall be ~~filed by~~
23 ~~the elected officer~~ *filed, for a candidate who is required to file a*
24 *campaign statement, with the officials and agencies he or she is*
25 *required to file his or her campaign statement, for an elected*
26 *officer, with the elected officer's ~~agency and~~ agency, and for an*
27 *elected officer for the one year after he or she has left elective*
28 *office, with the agency the elected officer was required to file the*
29 *statement when he or she was an elected officer. The report shall*
30 *be a public record subject to inspection and copying pursuant to*
31 ~~subdivision (a) of~~ Section 81008. The report shall contain the
32 following information: name of payor, address of payor, amount
33 of the payment, date or dates the payment or payments were made,
34 the name and address of the payee, a brief description of the goods
35 or services provided or purchased, if any, and a description of the
36 specific purpose or event for which the payment or payments were
37 made. Once the five-thousand-dollar (\$5,000) aggregate threshold
38 from a single source has been reached for a calendar year, all
39 payments for the calendar year made by that source shall be
40 disclosed within 30 days after the date the threshold was reached

1 or the payment was made, whichever occurs later. Within 30 days
2 after receipt of the report, state agencies shall forward a copy of
3 these reports to the Commission, and local agencies shall forward
4 a copy of these reports to the officer with whom *candidates for*,
5 *and* elected officers—~~of~~ *of*, that agency file their campaign
6 statements.

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

12 (i) Communications that contain express advocacy of the
13 nomination or election of the candidate or the defeat of his or her
14 opponent.

15 (ii) Communications that contain reference to the candidate’s
16 candidacy for elective office, the candidate’s election campaign,
17 or the candidate’s or his or her opponent’s qualifications for
18 elective office.

19 (iii) Solicitation of contributions to the candidate or to third
20 persons for use in support of the candidate or in opposition to his
21 or her opponent.

22 (iv) Arranging, coordinating, developing, writing, distributing,
23 preparing, or planning of any communication or activity described
24 in clause (i), (ii), or (iii).

25 (v) Recruiting or coordinating campaign activities of campaign
26 volunteers on behalf of the candidate.

27 (vi) Preparing campaign budgets.

28 (vii) Preparing campaign finance disclosure statements.

29 (viii) Communications directed to voters or potential voters as
30 part of activities encouraging or assisting persons to vote if the
31 communication contains express advocacy of the nomination or
32 election of the candidate or the defeat of his or her opponent.

33 (D) A contribution made at the behest of a candidate for a
34 different candidate or to a committee not controlled by the
35 behesting candidate is not a contribution to the behesting candidate.

36 (3) A payment made at the behest of a member of the Public
37 Utilities Commission, made principally for legislative,
38 governmental, or charitable purposes, is not a contribution.
39 However, payments of this type shall be reported within 30 days
40 following the date on which the payment or payments equal or

1 exceed five thousand dollars (\$5,000) in the aggregate from the
2 same source in the same calendar year in which they are made.
3 The report shall be filed by the member with the Public Utilities
4 Commission and shall be a public record subject to inspection and
5 copying pursuant to ~~subdivision (a)~~ of Section 81008. The report
6 shall contain the following information: name of payor, address
7 of payor, amount of the payment, date or dates the payment or
8 payments were made, the name and address of the payee, a brief
9 description of the goods or services provided or purchased, if any,
10 and a description of the specific purpose or event for which the
11 payment or payments were made. Once the five-thousand-dollar
12 (\$5,000) aggregate threshold from a single source has been reached
13 for a calendar year, all payments for the calendar year made by
14 that source shall be disclosed within 30 days after the date the
15 threshold was reached or the payment was made, whichever occurs
16 later. Within 30 days after receipt of the report, the Public Utilities
17 Commission shall forward a copy of these reports to the Fair
18 Political Practices Commission.

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

33 (d) "Contribution" further includes any transfer of anything of
34 value received by a committee from another committee, unless
35 full and adequate consideration is received.

36 (e) "Contribution" does not include amounts received pursuant
37 to an enforceable promise to the extent those amounts have been
38 previously reported as a contribution. However, the fact that those
39 amounts have been received shall be indicated in the appropriate
40 campaign statement.

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

6 (2) “Contribution” includes a payment made by a lobbyist or a
7 cohabitant of a lobbyist for costs related to a fundraising event
8 held at the home of the lobbyist, including the value of the use of
9 the home as a fundraising event venue. A payment described in
10 this paragraph shall be attributable to the lobbyist for purposes of
11 Section 85702.

12 (3) “Contribution” includes a payment made by a lobbying firm
13 for costs related to a fundraising event held at the office of the
14 lobbying firm, including the value of the use of the office as a
15 fundraising event venue.

16 (g) Notwithstanding the foregoing definition of “contribution,”
17 the term does not include volunteer personal services or payments
18 made by any individual for his or her own travel expenses if the
19 payments are made voluntarily without any understanding or
20 agreement that they shall be, directly or indirectly, repaid to him
21 or her.

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

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

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

31 (i) “Contribution” further includes a payment made by a person
32 to a multipurpose organization as defined and described in Section
33 84222.

34 **SECTION 4.**

35 *SEC. 2.* Section 82033 of the Government Code is amended
36 to read:

37 82033. “Interest in real property” includes any leasehold,
38 beneficial or ownership interest or an option to acquire such an
39 interest in real property located in the jurisdiction owned directly,
40 indirectly or beneficially by the public official, or other filer, or

1 his or her immediate family if the fair market value of the interest
 2 is ten thousand dollars (\$10,000) or more. Interests in real property
 3 of an individual includes a pro rata share of interests in real
 4 property of any business entity or trust in which the individual or
 5 immediate family owns, directly, indirectly or beneficially, a
 6 10-percent interest or greater.

7 ~~SEC. 2.~~

8 *SEC. 3.* Section 82034 of the Government Code is amended
 9 to read:

10 82034. “Investment” means any financial interest in or security
 11 issued by a business entity, including, but not limited to, common
 12 stock, preferred stock, rights, warrants, options, debt instruments,
 13 and any partnership or other ownership interest owned directly,
 14 indirectly, or beneficially by the public official, or other filer, or
 15 his or her immediate family, if the business entity or any parent,
 16 subsidiary, or otherwise related business entity has an interest in
 17 real property in the jurisdiction, or does business or plans to do
 18 business in the jurisdiction, or has done business within the
 19 jurisdiction at any time during the two years prior to the time any
 20 statement or other action is required under this title. An asset shall
 21 not be deemed an investment unless its fair market value equals
 22 or exceeds five thousand dollars (\$5,000). The term “investment”
 23 does not include a time or demand deposit in a financial institution,
 24 shares in a credit union, any insurance policy, interest in a
 25 diversified mutual fund registered with the Securities and Exchange
 26 Commission under the Investment Company Act of 1940 (*15*
 27 *U.S.C. 80a-1 et seq.*) or in a common trust fund created pursuant
 28 to Section 1585 of the Financial Code, interest in a government
 29 defined-benefit pension plan, or any bond or other debt instrument
 30 issued by any government or government agency. Investments of
 31 an individual includes a pro rata share of investments of any
 32 business entity, mutual fund, or trust in which the individual or
 33 immediate family owns, directly, indirectly, or beneficially, a
 34 10-percent interest or greater. The term “parent, subsidiary or
 35 otherwise related business entity” shall be specifically defined by
 36 regulations of the ~~commission~~. *Commission*.

37 ~~SEC. 3.~~

38 *SEC. 4.* Section 87103 of the Government Code is amended
 39 to read:

1 87103. A public official has a financial interest in a decision
2 within the meaning of Section 87100 if it is reasonably foreseeable
3 that the decision will have a material financial effect,
4 distinguishable from its effect on the public generally, on the
5 official, a member of his or her immediate family, or on any of
6 the following:

7 (a) Any business entity in which the public official has a direct
8 or indirect investment worth five thousand dollars (\$5,000) or
9 more.

10 (b) Any real property in which the public official has a direct
11 or indirect interest worth ten thousand dollars (\$10,000) or more.

12 (c) Any source of income, except gifts or loans by a commercial
13 lending institution made in the regular course of business on terms
14 available to the public without regard to official status, aggregating
15 one thousand dollars (\$1,000) or more in value provided or
16 promised to, received by, the public official within 12 months ~~prior~~
17 ~~to~~ *before* the time when the decision is made.

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

21 (e) Any donor of, or any intermediary or agent for a donor of,
22 a gift or gifts aggregating two hundred fifty dollars (\$250) or more
23 in value provided to, received by, or promised to the public official
24 within 12 months ~~prior to~~ *before* the time when the decision is
25 made. The amount of the value of gifts specified by this subdivision
26 shall be adjusted biennially by the commission to equal the same
27 amount determined by the commission pursuant to subdivision (f)
28 of Section 89503.

29 For purposes of this section, indirect investment or interest means
30 any investment or interest owned by the spouse or dependent child
31 of a public official, by an agent on behalf of a public official, or
32 by a business entity or trust in which the official, the official's
33 agents, spouse, and dependent children own directly, indirectly,
34 or beneficially a 10-percent interest or greater.

35 ~~SEC. 4.~~

36 *SEC. 5.* Section 87206 of the Government Code is amended
37 to read:

38 87206. If an investment is required to be disclosed under this
39 article, the statement shall contain all of the following:

40 (a) A statement of the nature of the investment.

1 (b) The name of the business entity in which each investment
 2 is held, and a general description of the business activity in which
 3 the business entity is engaged. ~~However, if the filer has a financial~~
 4 ~~interest in the business entity pursuant to subdivision (d) of Section~~
 5 ~~87103, If a filer is required to report on his or her statement of~~
 6 ~~economic interests a business entity investment in which the filer~~
 7 ~~is a director, officer, partner, or trustee, the filer shall provide a~~
 8 thorough and detailed description of the business entity’s activities
 9 and disclose the names of all business partners who share a
 10 financial interest in the business entity, based on criteria established
 11 by the Commission.

12 (c) A statement indicating which of the following represents
 13 the fair market value of the ~~investment~~: *investment*:

14 (1) At least five thousand dollars (\$5,000) but not greater than
 15 ten thousand dollars (\$10,000).

16 (2) Greater than ten thousand dollars (\$10,000) but not greater
 17 than one hundred thousand dollars (\$100,000).

18 (3) Greater than one hundred thousand dollars (\$100,000) but
 19 not greater than two hundred fifty thousand dollars (\$250,000).

20 (4) Greater than two hundred fifty thousand dollars (\$250,000)
 21 but not greater than five hundred thousand dollars (\$500,000).

22 (5) Greater than five hundred thousand dollars (\$500,000) but
 23 not greater than one million dollars (\$1,000,000).

24 (6) Greater than one million dollars (\$1,000,000) but not greater
 25 than two million dollars (\$2,000,000).

26 (7) Greater than two million dollars (\$2,000,000).

27 (d) In the case of a statement filed under Section 87203 or
 28 87204, if the investment was partially or wholly acquired or
 29 disposed of during the period covered by the statement, the date
 30 of acquisition or disposal.

31 ~~SEC. 5.~~

32 *SEC. 6.* Section 87206.5 is added to the Government Code, to
 33 read:

34 87206.5. (a) If an interest in real property is required to be
 35 disclosed under this article, the statement shall contain all of the
 36 following:

37 (1) A statement of the nature of the interest.

38 (2) The address or other precise location of the real property.

39 (3) A statement indicating which of the following represents
 40 the fair market value of the interest in real property:

1 (A) At least ten thousand dollars (\$10,000) but not greater than
2 two hundred fifty thousand dollars (\$250,000).

3 (B) Greater than two hundred fifty thousand dollars (\$250,000)
4 but not greater than five hundred thousand dollars (\$500,000).

5 (C) Greater than five hundred thousand dollars (\$500,000) but
6 not greater than seven hundred fifty thousand dollars (\$750,000).

7 (D) Greater than seven hundred fifty thousand dollars (\$750,000)
8 but not greater than one million dollars (\$1,000,000).

9 (E) Greater than one million dollars (\$1,000,000) but not greater
10 than two million dollars (\$2,000,000).

11 (F) Greater than two million dollars (\$2,000,000).

12 (4) In the case of a statement filed under Section 87203 or
13 87204, if the interest in real property was partially or wholly
14 acquired or disposed of during the period covered by the statement,
15 the date of acquisition or disposal.

16 (b) For purposes of disclosure under this article, “interest in real
17 property” does not include the principal residence of the filer or
18 any other property that the filer ~~utilizes~~ *uses* exclusively as the
19 personal residence of the filer.

20 ~~SEC. 6.~~

21 *SEC. 7.* Section 87207 of the Government Code is amended
22 to read:

23 87207. (a) Except as provided in subdivision (b), if income is
24 required to be reported under this article, the statement shall contain
25 all of the following:

26 (1) The name and address of each source of income aggregating
27 one thousand dollars (\$1,000) or more in value, or fifty dollars
28 (\$50) or more in value if the income was a gift, and a general
29 description of the business activity, if any, of each source.
30 ~~However, if the source of income is a business entity in which the~~
31 ~~filer has a financial interest pursuant to subdivision (d) of Section~~
32 ~~87103, the filer shall provide a thorough and detailed description~~
33 ~~of the business entity’s activities, based on criteria established by~~
34 ~~the Commission.~~

35 (2) A statement indicating which of the following represents
36 the aggregate value of income from each source, or in the case of
37 a loan, the highest amount owed to each source:

38 (A) At least one thousand dollars (\$1,000) but not greater than
39 ten thousand dollars (\$10,000).

1 (B) Greater than ten thousand dollars (\$10,000) but not greater
 2 than one hundred thousand dollars (\$100,000).

3 (C) Greater than one hundred thousand dollars (\$100,000) but
 4 not greater than two hundred fifty thousand dollars (\$250,000).

5 (D) Greater than two hundred fifty thousand dollars (\$250,000)
 6 but not greater than five hundred thousand dollars (\$500,000).

7 (E) Greater than five hundred thousand dollars (\$500,000).

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

10 (4) In the case of a gift, the amount and the date on which the
 11 gift was received.

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

14 (b) When the filer’s pro rata share of income to a business entity,
 15 including income to a sole proprietorship, is required to be reported
 16 under this article, the statement shall contain the following:

17 (1) The name, address, and a thorough and detailed description
 18 of the business activity of the business ~~entity~~. *entity based on*
 19 *criteria established by the Commission.*

20 (2) The name of every person from whom the business entity
 21 received payments if the filer’s pro rata share of gross receipts
 22 from that person was equal to or greater than ten thousand dollars
 23 (\$10,000) during a calendar year.

24 (c) When a payment, including an advance or reimbursement,
 25 for travel is required to be reported pursuant to this section, it may
 26 be reported on a separate travel reimbursement schedule ~~which~~,
 27 *which* shall be included in the filer’s statement of economic
 28 interest. A filer who chooses not to use the travel schedule shall
 29 disclose payments for travel as a gift, unless it is clear from all
 30 surrounding circumstances that the services provided were equal
 31 to or greater in value than the payments for the travel, in which
 32 case the travel may be reported as income.

33 ~~SEC. 7.~~

34 *SEC. 8.* Section 87211 is added to the Government Code, to
 35 read:

36 87211. (a) A public official who holds an office specified in
 37 Section 87200 shall disclose on his or her statement of economic
 38 interests each governmental decision for which a financial interest
 39 resulted in the public official’s disqualification from making,
 40 participating in making, or in any way attempting to use his or her

1 official position to influence that governmental decision pursuant
2 to Section 87100 or, for a Member of the Legislature, Section
3 87102.5. The disclosure shall identify the governmental decision,
4 the date that the governmental decision was made or considered,
5 the financial interest that created the conflict of interests, and any
6 other relevant information that the Commission deems appropriate.

7 (b) The disclosures required by this section are in addition to
8 any other required disclosures, including, but not limited to, the
9 requirements of Section 87105.

10 ~~SEC. 8.~~

11 *SEC. 9.* 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. 9.~~

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

AMENDED IN ASSEMBLY APRIL 14, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 700

Introduced by Assembly Members Gomez and Levine

February 25, 2015

An act to ~~add Section 84503.1 to~~ *amend Section 84511* of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 700, as amended, Gomez. Political Reform Act of 1974: advertisement 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 *a disclosure statement requirements requirement* 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 *a committee that makes an expenditure of \$5,000 or more*.

This bill would ~~impose new disclosure statement requirements for political advertisements regarding a ballot measure paid for by specified committees that are radio advertisements, prerecorded telephonic messages, or television or video advertisements that would require the identification of identifiable contributors, as defined~~ *require that if the advertisement is a television or video advertisement, the disclosure statement shall be shown continuously*.

This bill would also state the intent of the Legislature to enact legislation that would implement a California Disclose Act, ~~with provisions similar to a specified bill from the 2013–14 Regular Session of the Legislature.~~

Because a violation of the act is punishable as a misdemeanor, 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. It is the intent of the Legislature to enact*
 2 *legislation that would implement a California Disclose Act to*
 3 *ensure that advertisements that seek to persuade voters to cast a*
 4 *vote in favor or against ballot measures do not mislead voters as*
 5 *to who is funding the campaign that paid for the advertisement.*

6 *SEC. 2. Section 84511 of the Government Code is amended to*
 7 *read:*

8 84511. (a) This section applies to a committee that does either
 9 of the following:

10 (1) Makes an expenditure of five thousand dollars (\$5,000) or
 11 more to an individual for his or her appearance in an advertisement
 12 that supports or opposes the qualification, passage, or defeat of a
 13 ballot measure.

14 (2) Makes an expenditure of any amount to an individual for
 15 his or her appearance in an advertisement that supports or opposes
 16 the qualification, passage, or defeat of a ballot measure and that
 17 states or suggests that the individual is a member of an occupation
 18 that requires licensure, certification, or other specialized,
 19 documented training as a prerequisite to engage in that occupation.

1 (b) A committee described in subdivision (a) shall file, within
2 10 days of the expenditure, a report that includes all of the
3 following:

4 (1) An identification of the measure that is the subject of the
5 advertisement.

6 (2) The date of the expenditure.

7 (3) The amount of the expenditure.

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

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

11 (c) An advertisement paid for by a committee described in
12 paragraph (1) of subdivision (a) shall include a disclosure statement
13 stating “(spokesperson’s name) is being paid by this campaign or
14 its 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 telephonic message. *If the advertisement is a television or video*
18 *advertisement, the statement shall be shown continuously.*

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

27 (2) A committee may omit the disclosure statement required by
28 this subdivision if all of the following are satisfied with respect to
29 each individual identified in the report filed pursuant to subdivision
30 (b) for that advertisement:

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

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

38 ~~SECTION 1. The Legislature finds and declares all of the~~
39 ~~following:~~

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

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

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

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

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

19 ~~(4) Increasingly evade disclosure by funding advertisements~~
20 ~~designed to persuade voters without expressly advocating support~~
21 ~~or opposition.~~

22 ~~(e) The activities described in subdivision (b) cause the public~~
23 ~~to become increasingly disaffected with the democratic process,~~
24 ~~discouraging participation in elections and coloring public~~
25 ~~perceptions of the legitimacy and integrity of state and local~~
26 ~~government.~~

27 ~~(d) The people of California and their government officials have~~
28 ~~a compelling interest in knowing the true and original source of~~
29 ~~committee funding and receiving clear information identifying the~~
30 ~~largest original contributors responsible for political advertisements~~
31 ~~funded by such committees.~~

32 ~~(e) The disclosure of original contributors on advertisements~~
33 ~~serves the following important governmental and societal purposes:~~

34 ~~(1) Providing the people and government officials current and~~
35 ~~easily accessible information regarding who is funding~~
36 ~~advertisements that are intended to influence their votes on ballot~~
37 ~~measures.~~

38 ~~(2) Enabling the people and government officials to identify~~
39 ~~potential bias in advertisements to assist them in making more~~

1 informed decisions and giving proper weight to different speakers
2 and messages.

3 ~~(3) Deterring actual corruption and avoiding the appearance of~~
4 ~~corruption by providing increased transparency of contributions~~
5 ~~and expenditures.~~

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

9 ~~(5) Promoting compliance with and detecting violations of the~~
10 ~~Political Reform Act of 1974 (Title 9 (commencing with Section~~
11 ~~81000) of the Government Code), while also addressing the~~
12 ~~problems and advancing the state interests described in that act.~~

13 ~~SEC. 2. It is the intent of the Legislature to enact legislation~~
14 ~~that would implement a California Disclose Act consistent with~~
15 ~~the provisions of Senate Bill 52 of the 2013-14 Regular Session~~
16 ~~of the Legislature.~~

17 ~~SEC. 3. Section 84503.1 is added to the Government Code, to~~
18 ~~read:~~

19 ~~84503.1. (a) For purposes of this section, "identifiable~~
20 ~~contributor" means a person that is the original source of funds~~
21 ~~for contributions received by a committee that cumulatively total~~
22 ~~fifty thousand dollars (\$50,000) or more, notwithstanding the fact~~
23 ~~that the contributions were transferred, in whole or in part, through~~
24 ~~one or more other committees or persons.~~

25 ~~(b) A committee that is a candidate controlled committee as~~
26 ~~defined in Section 82016 or a political party committee as defined~~
27 ~~in Section 85205 is not subject to the disclosure statement~~
28 ~~requirements of this section.~~

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

39 ~~(d) An advertisement regarding a ballot measure that is a~~
40 ~~television or video advertisement shall include a disclosure area~~

1 with a solid black background on the entire bottom one-third of
 2 the television or video display screen at the beginning or end of
 3 the advertisement for a minimum of five seconds in the case of an
 4 advertisement that lasts 30 seconds or less or a minimum of 10
 5 seconds in the case of an advertisement that lasts longer than 30
 6 seconds. The disclosure area shall include the following text: "Paid
 7 for by [name of the committee that paid for the advertisement].
 8 This ad has major funding from [state names in descending order
 9 of identifiable contributors who have made the three largest
 10 cumulative contributions to the committee that paid for the
 11 advertisement]." The text shall be in a contrasting color in Arial
 12 Narrow equivalent font, and the type size shall be at least 4 percent
 13 of the height of the television or video display screen and shall be
 14 centered horizontally.

15 (e) The requirements of this section are in addition to any other
 16 requirements imposed by this article.

17 ~~SEC. 4.~~

18 *SEC. 3.* No reimbursement is required by this act pursuant to
 19 Section 6 of Article XIII B of the California Constitution because
 20 the only costs that may be incurred by a local agency or school
 21 district will be incurred because this act creates a new crime or
 22 infraction, eliminates a crime or infraction, or changes the penalty
 23 for a crime or infraction, within the meaning of Section 17556 of
 24 the Government Code, or changes the definition of a crime within
 25 the meaning of Section 6 of Article XIII B of the California
 26 Constitution.

27 ~~SEC. 5.~~

28 *SEC. 4.* The Legislature finds and declares that this bill furthers
 29 the purposes of the Political Reform Act of 1974 within the
 30 meaning of subdivision (a) of Section 81012 of the Government
 31 Code.

AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 834

Introduced by Assembly Member Salas

February 26, 2015

An act to ~~amend Section 82015 of~~ *add Section 89002* to the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 834, as amended, Salas. Political Reform Act of 1974: ~~contributions~~ *advertisements*.

Existing law, the Political Reform Act of 1974, provides for the comprehensive regulation of campaign conduct, including requiring certain disclosures in advertisements made for campaign purposes. Existing law also prohibits an incumbent from sending a newsletter or other mass mailing at public expense.

This bill would define a "public advertisement" as an advertisement that is paid for from the funds of a state or local public entity. This bill would prohibit a person or entity from disseminating, broadcasting, or otherwise publishing a public advertisement, as defined, within 90 days of an election if the advertisement features, as defined, a candidate who will appear on the ballot at that election.

Existing law makes a willful violation of the Political Reform Act of 1974 a misdemeanor and subject offenders to criminal penalties.

The bill would impose a state-mandated local program by creating additional crimes.

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.

~~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 provides that a payment made at the behest of a candidate is a contribution to that candidate, unless full and adequate consideration is received from the candidate or it is clear from the surrounding circumstances that the payment was made for purposes unrelated to his or her candidacy for elective office.~~

~~This bill would make a nonsubstantive change to that payment provision.~~

~~Vote: majority 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 89002 is added to the Government Code,
- 2 to read:
- 3 89002. (a) For purposes of this section, the following terms
- 4 have the following meanings:
- 5 (1) “Public advertisement” means an advertisement, including
- 6 a broadcast, billboard, or newspaper advertisement, that is paid
- 7 for from the funds of a state or local public entity.
- 8 (2) “Featuring a candidate” means containing the voice or
- 9 image of, or a statement attributable to, a candidate.
- 10 (b) A person or entity shall not disseminate, broadcast, or
- 11 otherwise publish a public advertisement featuring a candidate
- 12 for elective office within 90 days before the date of the election at
- 13 which the candidate will appear on the ballot.
- 14 SEC. 2. No reimbursement is required by this act pursuant to
- 15 Section 6 of Article XIII B of the California Constitution because

1 *the only costs that may be incurred by a local agency or school*
2 *district will be incurred because this act creates a new crime or*
3 *infraction, eliminates a crime or infraction, or changes the penalty*
4 *for a crime or infraction, within the meaning of Section 17556 of*
5 *the Government Code, or changes the definition of a crime within*
6 *the meaning of Section 6 of Article XIII B of the California*
7 *Constitution.*

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

11 ~~SECTION 1. Section 82015 of the Government Code is~~
12 ~~amended to read:~~

13 ~~82015. (a) “Contribution” means a payment, a forgiveness of~~
14 ~~a loan, a payment of a loan by a third party, or an enforceable~~
15 ~~promise to make a payment except to the extent that full and~~
16 ~~adequate consideration is received, unless it is clear from the~~
17 ~~surrounding circumstances that it is not made for political purposes.~~

18 ~~(b) (1) A payment made at the behest of a committee, as defined~~
19 ~~in subdivision (a) of Section 82013, is a contribution to the~~
20 ~~committee unless full and adequate consideration is received from~~
21 ~~the committee for making the payment.~~

22 ~~(2) A payment made at the behest of a candidate is a contribution~~
23 ~~to that candidate, unless the criteria in either subparagraph (A) or~~
24 ~~(B) are satisfied:~~

25 ~~(A) Full and adequate consideration is received from the~~
26 ~~candidate.~~

27 ~~(B) It is clear from the surrounding circumstances that the~~
28 ~~payment was made for purposes unrelated to his or her candidacy~~
29 ~~for elective office. The following types of payments are presumed~~
30 ~~to be for purposes unrelated to a candidate’s candidacy for elective~~
31 ~~office:~~

32 ~~(i) A payment made principally for personal purposes, in which~~
33 ~~case it may be considered a gift under the provisions of Section~~
34 ~~82028. Payments that are otherwise subject to the limits of Section~~
35 ~~86203 are presumed to be principally for personal purposes.~~

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

39 ~~(iii) A payment not covered by clause (i), made principally for~~
40 ~~legislative, governmental, or charitable purposes, in which case it~~

1 is neither a gift nor a contribution. However, payments of this type
2 that are made at the behest of a candidate who is an elected officer
3 shall be reported within 30 days following the date on which the
4 payment or payments equal or exceed five thousand dollars
5 (\$5,000) in the aggregate from the same source in the same
6 calendar year in which they are made. The report shall be filed by
7 the elected officer with the elected officer's agency and shall be
8 a public record subject to inspection and copying pursuant to
9 subdivision (a) of Section 81008. The report shall contain the
10 following information: name of payor, address of payor, amount
11 of the payment, date or dates the payment or payments were made,
12 the name and address of the payee, a brief description of the goods
13 or services provided or purchased, if any, and a description of the
14 specific purpose or event for which the payment or payments were
15 made. Once the five-thousand-dollar (\$5,000) aggregate threshold
16 from a single source has been reached for a calendar year, all
17 payments for the calendar year made by that source shall be
18 disclosed within 30 days after the date the threshold was reached
19 or the payment was made, whichever occurs later. Within 30 days
20 after receipt of the report, state agencies shall forward a copy of
21 these reports to the Commission, and local agencies shall forward
22 a copy of these reports to the officer with whom elected officers
23 of that agency file their campaign statements.

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

29 (i) Communications that contain express advocacy of the
30 nomination or election of the candidate or the defeat of his or her
31 opponent.

32 (ii) Communications that contain reference to the candidate's
33 candidacy for elective office, the candidate's election campaign,
34 or the candidate's or his or her opponent's qualifications for
35 elective office.

36 (iii) Solicitation of contributions to the candidate or to third
37 persons for use in support of the candidate or in opposition to his
38 or her opponent.

1 ~~(iv) Arranging, coordinating, developing, writing, distributing,~~
2 ~~preparing, or planning of any communication or activity described~~
3 ~~in clause (i), (ii), or (iii).~~

4 ~~(v) Recruiting or coordinating campaign activities of campaign~~
5 ~~volunteers on behalf of the candidate.~~

6 ~~(vi) Preparing campaign budgets.~~

7 ~~(vii) Preparing campaign finance disclosure statements.~~

8 ~~(viii) Communications directed to voters or potential voters as~~
9 ~~part of activities encouraging or assisting persons to vote if the~~
10 ~~communication contains express advocacy of the nomination or~~
11 ~~election of the candidate or the defeat of his or her opponent.~~

12 ~~(D) A contribution made at the behest of a candidate for a~~
13 ~~different candidate or to a committee not controlled by the~~
14 ~~behesting candidate is not a contribution to the behesting candidate.~~

15 ~~(3) A payment made at the behest of a member of the Public~~
16 ~~Utilities Commission, made principally for legislative,~~
17 ~~governmental, or charitable purposes, is not a contribution.~~
18 ~~However, payments of this type shall be reported within 30 days~~
19 ~~following the date on which the payment or payments equal or~~
20 ~~exceed five thousand dollars (\$5,000) in the aggregate from the~~
21 ~~same source in the same calendar year in which they are made.~~
22 ~~The report shall be filed by the member with the Public Utilities~~
23 ~~Commission and shall be a public record subject to inspection and~~
24 ~~copying pursuant to subdivision (a) of Section 81008. The report~~
25 ~~shall contain the following information: name of payor, address~~
26 ~~of payor, amount of the payment, date or dates the payment or~~
27 ~~payments were made, the name and address of the payee, a brief~~
28 ~~description of the goods or services provided or purchased, if any,~~
29 ~~and a description of the specific purpose or event for which the~~
30 ~~payment or payments were made. Once the five-thousand-dollar~~
31 ~~(\$5,000) aggregate threshold from a single source has been reached~~
32 ~~for a calendar year, all payments for the calendar year made by~~
33 ~~that source shall be disclosed within 30 days after the date the~~
34 ~~threshold was reached or the payment was made, whichever occurs~~
35 ~~later. Within 30 days after receipt of the report, the Public Utilities~~
36 ~~Commission shall forward a copy of these reports to the Fair~~
37 ~~Political Practices Commission.~~

38 ~~(e) "Contribution" includes the purchase of tickets for events~~
39 ~~such as dinners, luncheons, rallies, and similar fundraising events;~~
40 ~~the candidate's own money or property used on behalf of his or~~

1 her candidacy, other than personal funds of the candidate used to
2 pay either a filing fee for a declaration of candidacy or a candidate
3 statement prepared pursuant to Section 13307 of the Elections
4 Code; the granting of discounts or rebates not extended to the
5 public generally or the granting of discounts or rebates by television
6 and radio stations and newspapers not extended on an equal basis
7 to all candidates for the same office; the payment of compensation
8 by any person for the personal services or expenses of any other
9 person if the services are rendered or expenses incurred on behalf
10 of a candidate or committee without payment of full and adequate
11 consideration.

12 (d) ~~“Contribution” further includes any transfer of anything of~~
13 ~~value received by a committee from another committee, unless~~
14 ~~full and adequate consideration is received.~~

15 (e) ~~“Contribution” does not include amounts received pursuant~~
16 ~~to an enforceable promise to the extent those amounts have been~~
17 ~~previously reported as a contribution. However, the fact that those~~
18 ~~amounts have been received shall be indicated in the appropriate~~
19 ~~campaign statement.~~

20 (f) (1) ~~Except as provided in paragraph (2) or (3), “contribution”~~
21 ~~does not include a payment made by an occupant of a home or~~
22 ~~office for costs related to any meeting or fundraising event held~~
23 ~~in the occupant’s home or office if the costs for the meeting or~~
24 ~~fundraising event are five hundred dollars (\$500) or less.~~

25 (2) ~~“Contribution” includes a payment made by a lobbyist or a~~
26 ~~cohabitant of a lobbyist for costs related to a fundraising event~~
27 ~~held at the home of the lobbyist, including the value of the use of~~
28 ~~the home as a fundraising event venue. A payment described in~~
29 ~~this paragraph shall be attributable to the lobbyist for purposes of~~
30 ~~Section 85702.~~

31 (3) ~~“Contribution” includes a payment made by a lobbying firm~~
32 ~~for costs related to a fundraising event held at the office of the~~
33 ~~lobbying firm, including the value of the use of the office as a~~
34 ~~fundraising event venue.~~

35 (g) ~~Notwithstanding the foregoing definition of “contribution,”~~
36 ~~the term does not include volunteer personal services or payments~~
37 ~~made by any individual for his or her own travel expenses if the~~
38 ~~payments are made voluntarily without any understanding or~~
39 ~~agreement that they shall be, directly or indirectly, repaid to him~~
40 ~~or her.~~

- 1 ~~(h) “Contribution” further includes the payment of public~~
2 ~~moneys by a state or local governmental agency for a~~
3 ~~communication to the public that satisfies both of the following:~~
4 ~~(1) The communication expressly advocates the election or~~
5 ~~defeat of a clearly identified candidate or the qualification, passage,~~
6 ~~or defeat of a clearly identified measure, or, taken as a whole and~~
7 ~~in context, unambiguously urges a particular result in an election.~~
8 ~~(2) The communication is made at the behest of the affected~~
9 ~~candidate or committee.~~
10 ~~(i) “Contribution” further includes a payment made by a person~~
11 ~~to a multipurpose organization as defined and described in Section~~
12 ~~84222.~~

AMENDED IN ASSEMBLY MARCH 19, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 910

Introduced by Assembly Member Harper
(Coauthor: Assembly Member Travis Allen)
(Coauthor: Senator Bates)

February 26, 2015

An act to add and repeal Section 83123.7 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 910, as amended, Harper. Political Reform Act of 1974: local enforcement.

Existing law authorizes the Fair Political Practices Commission, upon mutual agreement between the Commission and the Board of Supervisors of the County of San Bernardino, to have primary responsibility for the impartial, effective administration, implementation, and enforcement of a local campaign finance reform ordinance of the County of San Bernardino, as specified.

This bill would authorize the Commission and the ~~Board of Supervisors of the County of Orange~~ *governing body of any city, county, or city and county*, to also enter into such an agreement, ~~as specified. specified, if the governing body of the city, county, or city and county, or a majority of voters, approves the agreement.~~ The bill would require, if an agreement is entered into, that the Commission report specified information to the Legislature regarding the performance of that agreement on or before January 1, 2019. The bill would repeal its provisions on January 1, 2020.

~~This bill would make legislative findings and declarations as to the necessity of a special statute for the County of Orange.~~

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 83123.7 is added to the Government
- 2 Code, to read:
- 3 83123.7. (a) ~~(1)~~ *For purposes of this section, “local agency”*
- 4 *means a city, county, or city and county.*
- 5 (b) (1) Upon mutual agreement between the Commission and
- 6 ~~the Board of Supervisors of the County of Orange,~~ *governing body*
- 7 *of a local agency,* the Commission is authorized to assume primary
- 8 responsibility for the impartial, effective administration,
- 9 implementation, and enforcement of a local campaign finance
- 10 ordinance ~~passed by the Board of Supervisors of the County of~~
- 11 ~~Orange. Upon agreement,~~ *of the local agency if the agreement has*
- 12 *been approved by either of the following:*
- 13 (A) *The governing body of the local agency.*
- 14 (B) *A majority of the voters in the local agency who voted on*
- 15 *the agreement.*
- 16 (2) (A) *Upon approval of an agreement pursuant to paragraph*
- 17 *(1), the Commission shall be the civil prosecutor responsible for*
- 18 *the civil enforcement of that the local campaign finance ordinance*
- 19 *of the local agency in accordance with this title.*
- 20 ~~(2) (A)~~
- 21 (B) *As the civil prosecutor of the County of Orange’s local*
- 22 *agency’s campaign finance ordinance, the Commission may do*
- 23 *all of the following with respect to the local campaign finance*
- 24 *ordinance:*
- 25 (i) *Provide advice.*
- 26 (ii) *Investigate possible violations.*

1 (iii) Bring administrative actions in accordance with this title
2 and Chapter 5 (commencing with Section 11500) of Part 1 of
3 Division 3 of Title 2.

4 (iv) Bring civil actions.

5 ~~(B)~~

6 (C) The Commission shall not be required to obtain
7 authorization from the *city or* district attorney of the ~~County of~~
8 ~~Orange~~ *local agency* to bring an administrative or civil action
9 pursuant to subparagraph ~~(A)~~. (B).

10 ~~(b)~~

11 (c) A local campaign finance ordinance of the ~~County of Orange~~
12 *local agency* enforced by the Commission pursuant to this section
13 shall comply with this title.

14 ~~(e) The Board of Supervisors of the County of Orange~~

15 (d) *The governing body of the local agency* shall consult with
16 the Commission prior to adopting and amending any local
17 campaign finance ordinance that is subsequently enforced by the
18 Commission pursuant to this section.

19 ~~(d)~~

20 (e) (1) ~~The Board of Supervisors of the County of Orange~~ *The*
21 *governing body of the local agency* and the Commission may enter
22 into any agreements necessary and appropriate to carry out the
23 provisions of this section, including agreements pertaining to any
24 necessary reimbursement of state costs with county funds for costs
25 incurred by the Commission in administering, implementing, or
26 enforcing a local campaign finance ordinance pursuant to this
27 section.

28 (2) An agreement entered into pursuant to this subdivision shall
29 not contain any form of a cancellation fee, a liquidated damages
30 provision, or other financial disincentive to the exercise of the
31 right to terminate the agreement pursuant to subdivision ~~(e)~~; (f),
32 except that the Commission may require the ~~Board of Supervisors~~
33 ~~of the County of Orange~~ *governing body of the local agency* to
34 pay the Commission for services rendered and any other
35 expenditures reasonably made by the Commission in anticipation
36 of services to be rendered pursuant to the agreement in the event
37 that the ~~Board of Supervisors of the County of Orange~~ *governing*
38 *body of the local agency* terminates the agreement.

39 ~~(e) The Board of Supervisors of the County of Orange or the~~
40 ~~Commission~~

1 (f) *The governing body of the local agency* may, at any time,
2 by ordinance or resolution, terminate ~~any~~*an* agreement made
3 pursuant to this section for the Commission to administer,
4 implement, or enforce a local campaign finance ordinance or any
5 provision thereof.

6 ~~(f)~~

7 (g) If an agreement is entered into pursuant to this section, the
8 Commission shall report to the Legislature regarding the
9 performance of that agreement on or before January 1, 2019, and
10 shall submit that report in compliance with Section 9795. The
11 Commission shall develop the report in consultation with the
12 ~~County of Orange~~ *local agency*. The report shall include, but not
13 be limited to, all of the following:

- 14 (1) The status of the agreement.
- 15 (2) The estimated annual cost savings, if any, for the ~~County of~~
16 ~~Orange~~ *local agency*.
- 17 (3) A summary of relevant annual performance metrics,
18 including measures of utilization, enforcement, and customer
19 satisfaction.
- 20 (4) Any public comments submitted to the Commission or the
21 ~~County of Orange~~ *local agency* relative to the operation of the
22 agreement.
- 23 (5) Any legislative recommendations.

24 ~~(g)~~

25 (h) This section shall remain in effect only until January 1, 2020,
26 and as of that date is repealed, unless a later enacted statute, that
27 is enacted before January 1, 2020, deletes or extends that date.

28 ~~SEC. 2. The Legislature finds and declares that a special law~~
29 ~~is necessary and that a general law cannot be made applicable~~
30 ~~within the meaning of Section 16 of Article IV of the California~~
31 ~~Constitution because of the necessity to ensure the integrity of the~~
32 ~~electoral process while reducing corruption, and the appearance~~
33 ~~of corruption, in the County of Orange.~~

34 ~~SEC. 3.~~

35 *SEC. 2.* The Legislature finds and declares that this bill furthers
36 the purposes of the Political Reform Act of 1974 within the
37 meaning of subdivision (a) of Section 81012 of the Government
38 Code.

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AMENDED IN ASSEMBLY MARCH 26, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1083

Introduced by Assembly Member Eggman

February 27, 2015

An act to ~~amend Section 83123.5~~ *add and repeal Section 83123.6* of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 1083, as amended, Eggman. Political Reform Act of 1974: local ~~campaign reform~~. *enforcement.*

~~The Political Reform Act of 1974 establishes the Fair Political Practices Commission (Commission), which has the primary responsibility for the impartial, effective administration and implementation of the act. The act authorizes,~~*Existing law authorizes the Fair Political Practices Commission, upon mutual agreement between the Commission and the Board of Supervisors of the County of San Bernardino (board), the Commission to assume Bernardino, to have primary responsibility for the impartial, effective administration, implementation, and enforcement of a local campaign finance reform ordinance passed by the board. Under the act, the Commission may be the civil prosecutor responsible for civil enforcement of that local campaign finance reform ordinance.* *of the County of San Bernardino, as specified.*

~~This bill would make technical, nonsubstantive changes to this provision of law.~~

This bill would authorize the Commission and the City Council of the City of Stockton to also enter into such an agreement, as specified. The bill would require, if an agreement is entered into, that the Commission

report specified information to the Legislature regarding the performance of that agreement on or before January 1, 2019. The bill would repeal its provisions on January 1, 2020.

This bill would make legislative findings and declarations as to the necessity of a special statute for the City of Stockton.

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: ~~majority~~²/₃. Appropriation: no. Fiscal committee: ~~no~~-yes. State-mandated local program: no.

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

1 SECTION 1. Section 83123.6 is added to the Government Code,
2 to read:

3 83123.6. (a) Upon mutual agreement between the Commission
4 and the City Council of the City of Stockton, the Commission is
5 authorized to assume primary responsibility for the impartial,
6 effective administration, implementation, and enforcement of a
7 local campaign finance reform ordinance passed by the City
8 Council of the City of Stockton. The Commission is authorized to
9 be the civil prosecutor responsible for the civil enforcement of that
10 local campaign finance reform ordinance in accordance with this
11 title. As the civil prosecutor of the City of Stockton’s local
12 campaign finance reform ordinance, the Commission may do both
13 of the following:

14 (1) Investigate possible violations of the local campaign finance
15 reform ordinance.

16 (2) Bring administrative actions in accordance with this title
17 and Chapter 5 (commencing with Section 11500) of Part 1 of
18 Division 3 of Title 2.

19 (b) Any local campaign finance reform ordinance of the City
20 of Stockton enforced by the Commission pursuant to this section
21 shall comply with this title.

22 (c) The City Council of the City of Stockton shall consult with
23 the Commission before adopting and amending any local campaign
24 finance reform ordinance that is subsequently enforced by the
25 Commission pursuant to this section.

1 (d) (1) *The City Council of the City of Stockton and the*
2 *Commission may enter into any agreements necessary and*
3 *appropriate to carry out the provisions of this section, including*
4 *agreements pertaining to any necessary reimbursement of state*
5 *costs with city funds for costs incurred by the Commission in*
6 *administering, implementing, or enforcing a local campaign*
7 *finance reform ordinance pursuant to this section.*

8 (2) *An agreement entered into pursuant to this subdivision shall*
9 *not contain any form of a cancellation fee, a liquidated damages*
10 *provision, or other financial disincentive to the exercise of the*
11 *right to terminate the agreement pursuant to subdivision (e), except*
12 *that the Commission may require the City Council of the City of*
13 *Stockton to pay the Commission for services rendered and any*
14 *other expenditures reasonably made by the Commission in*
15 *anticipation of services to be rendered pursuant to the agreement*
16 *if the City Council of the City of Stockton terminates the agreement.*

17 (e) *The City Council of the City of Stockton or the Commission*
18 *may, at any time, by ordinance or resolution, terminate any*
19 *agreement made pursuant to this section for the Commission to*
20 *administer, implement, or enforce a local campaign finance reform*
21 *ordinance or any provision thereof.*

22 (f) *If an agreement is entered into pursuant to this section, the*
23 *Commission shall report to the Legislature regarding the*
24 *performance of that agreement on or before January 1, 2019, and*
25 *shall submit that report in compliance with Section 9795. The*
26 *Commission shall develop the report in consultation with the City*
27 *Council of the City of Stockton. The report shall include, but not*
28 *be limited to, all of the following:*

29 (1) *The status of the agreement.*

30 (2) *The estimated annual cost savings, if any, for the City of*
31 *Stockton.*

32 (3) *A summary of relevant annual performance metrics,*
33 *including measures of utilization, enforcement, and customer*
34 *satisfaction.*

35 (4) *Public comments submitted to the Commission or the City*
36 *of Stockton relative to the operation of the agreement.*

37 (5) *Legislative recommendations.*

38 (g) *This section shall remain in effect only until January 1, 2020,*
39 *and as of that date is repealed, unless a later enacted statute, that*
40 *is enacted before January 1, 2020, deletes or extends that date.*

1 *SEC. 2. The Legislature finds and declares that a special law*
2 *is necessary and that a general law cannot be made applicable*
3 *within the meaning of Section 16 of Article IV of the California*
4 *Constitution because of the necessity to avoid an appearance of*
5 *corruption in the City of Stockton’s electoral process. The proposed*
6 *local campaign finance reform ordinance is intended to make it*
7 *more difficult for candidates and influential individuals and entities*
8 *to engage in quid pro quo corruption, make the financing of*
9 *campaigns for elective city offices more transparent, and to make*
10 *more information, especially financial information, regarding*
11 *candidates and their supporters available to voters. Enforcement*
12 *of the local campaign finance reform ordinance by the Commission*
13 *is needed to ensure the integrity of the ordinance.*

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

17 ~~SECTION 1. Section 83123.5 of the Government Code is~~
18 ~~amended to read:~~

19 ~~83123.5. (a) Upon mutual agreement between the Commission~~
20 ~~and the Board of Supervisors of the County of San Bernardino,~~
21 ~~the Commission may assume primary responsibility for the~~
22 ~~impartial, effective administration, implementation, and~~
23 ~~enforcement of a local campaign finance reform ordinance passed~~
24 ~~by the Board of Supervisors of the County of San Bernardino. The~~
25 ~~Commission may be the civil prosecutor responsible for the civil~~
26 ~~enforcement of that local campaign finance reform ordinance in~~
27 ~~accordance with this title. As the civil prosecutor of the County~~
28 ~~of San Bernardino’s local campaign finance reform ordinance, the~~
29 ~~Commission may do both of the following:~~

30 ~~(1) Investigate possible violations of the local campaign finance~~
31 ~~reform ordinance.~~

32 ~~(2) Bring administrative actions in accordance with this title~~
33 ~~and Chapter 5 (commencing with Section 11500) of Part 1 of~~
34 ~~Division 3 of Title 2.~~

35 ~~(b) Any local campaign finance reform ordinance of the County~~
36 ~~of San Bernardino enforced by the Commission pursuant to this~~
37 ~~section shall comply with this title.~~

38 ~~(c) The Board of Supervisors of the County of San Bernardino~~
39 ~~shall consult with the Commission prior to adopting and amending~~

1 any local campaign finance reform ordinance that is subsequently
2 enforced by the Commission pursuant to this section.

3 ~~(d) (1) The Board of Supervisors of the County of San~~
4 ~~Bernardino and the Commission may enter into any agreements~~
5 ~~necessary and appropriate to carry out the provisions of this section,~~
6 ~~including agreements pertaining to any necessary reimbursement~~
7 ~~of state costs with county funds for costs incurred by the~~
8 ~~Commission in administering, implementing, or enforcing a local~~
9 ~~campaign finance reform ordinance pursuant to this section.~~

10 ~~(2) An agreement entered into pursuant to this subdivision shall~~
11 ~~not contain any form of a cancellation fee, a liquidated damages~~
12 ~~provision, or other financial disincentive to the exercise of the~~
13 ~~right to terminate the agreement pursuant to subdivision (c), except~~
14 ~~that the Commission may require the Board of Supervisors of the~~
15 ~~County of San Bernardino to pay the Commission for services~~
16 ~~rendered and any other expenditures reasonably made by the~~
17 ~~Commission in anticipation of services to be rendered pursuant to~~
18 ~~the agreement in the event that the Board of Supervisors of the~~
19 ~~County of San Bernardino terminates the agreement.~~

20 ~~(e) The Board of Supervisors of the County of San Bernardino~~
21 ~~or the Commission may, at any time, by ordinance or resolution,~~
22 ~~terminate any agreement made pursuant to this section for the~~
23 ~~Commission to administer, implement, or enforce a local campaign~~
24 ~~finance reform ordinance or any provision thereof.~~

25 ~~(f) If an agreement is entered into pursuant to this section, the~~
26 ~~Commission shall report to the Legislature regarding the~~
27 ~~performance of that agreement on or before January 1, 2017, and~~
28 ~~shall submit that report in compliance with Section 9795. The~~
29 ~~Commission shall develop the report in consultation with the~~
30 ~~County of San Bernardino. The report shall include, but not be~~
31 ~~limited to, all of the following:~~

32 ~~(1) The status of the agreement.~~

33 ~~(2) The estimated annual cost savings, if any, for the County of~~
34 ~~San Bernardino.~~

35 ~~(3) A summary of relevant annual performance metrics,~~
36 ~~including measures of utilization, enforcement, and customer~~
37 ~~satisfaction.~~

38 ~~(4) Any public comments submitted to the Commission or the~~
39 ~~County of San Bernardino relative to the operation of the~~
40 ~~agreement.~~

- 1 ~~(5) Any legislative recommendations.~~
- 2 ~~(g) This section shall remain in effect only until January 1, 2018,~~
- 3 ~~and as of that date is repealed, unless a later enacted statute, that~~
- 4 ~~is enacted before January 1, 2018, deletes or extends that date.~~

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AMENDED IN ASSEMBLY APRIL 7, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1200

Introduced by Assembly Member Gordon

February 27, 2015

An act to amend Section 82002 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 1200, as amended, Gordon. Political Reform Act of 1974: lobbying: procurement contracts.

Existing provisions of the Political Reform Act of 1974 regulate the activities of lobbyists, lobbying firms, and lobbyist employers, as defined, in connection with attempts to influence legislative and administrative action by legislative and other state officials, including requirements that lobbyists, lobbying firms, and lobbyist employers register and file periodic reports with the Secretary of State. For purposes of these provisions, "administrative action" is defined to include the proposal, drafting, development, consideration, amendment, enactment, or defeat by any state agency of any rule, regulation, or other action in any ratemaking proceeding or any quasi-legislative proceeding.

This bill would additionally define the term "administrative action" to include ~~the awarding of specified statewide contracts by the Office of Procurement in the Department of General Services;~~ *governmental procurement, which would be defined to include various actions regarding procurement contracts,* thereby making the above-described lobbying requirements applicable to actions that attempt to influence ~~those statewide contracts;~~ *governmental procurement.*

Because a willful violation of the act’s provisions is punishable as a misdemeanor, 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 82002 of the Government Code is
2 amended to read:

3 82002. (a) “Administrative action” means any of the following:

4 (1) The proposal, drafting, development, consideration,
5 amendment, enactment, or defeat by any state agency of any rule,
6 regulation, or other action in any ratemaking proceeding or any
7 quasi-legislative proceeding, which shall include any proceeding
8 governed by Chapter 3.5 (commencing with Section 11340) of
9 Part 1 of Division 3 of Title 2.

10 (2) With regard only to placement agents, the decision by any
11 state agency to enter into a contract to invest state public retirement
12 system assets on behalf of a state public retirement system.

13 ~~(3) Proceedings involving the awarding of statewide contracts.~~

14 (3) *Governmental procurement.*

15 (b) “Ratemaking proceeding” means, for the purposes of a
16 proceeding before the Public Utilities Commission, any proceeding
17 in which it is reasonably foreseeable that a rate will be established,
18 including, but not limited to, general rate cases, performance-based
19 ratemaking, and other ratesetting mechanisms.

20 (c) “Quasi-legislative proceeding” means, for purposes of a
21 proceeding before the Public Utilities Commission, any proceeding
22 that involves consideration of the establishment of a policy that
23 will apply generally to a group or class of persons, including, but

1 not limited to, rulemakings and investigations that may establish
2 rules affecting an entire industry.

3 ~~(d) “Statewide contract” has the same meaning as that term is~~
4 ~~defined in Section 10290 of the Public Contract Code with respect~~
5 ~~to a contract subject to Chapter 2 (commencing with Section~~
6 ~~10290) of Part 2 of Division 2 of the Public Contract Code that~~
7 ~~has a total estimated cost in an amount over two hundred fifty~~
8 ~~thousand dollars (\$250,000). Commencing January 1, 2018, this~~
9 ~~minimum amount shall be adjusted in the manner provided by~~
10 ~~subdivision (b) of Section 10105 of the Public Contract Code.~~

11 *(d) “Governmental procurement” means any of the following:*

12 *(1) Preparing the terms, specifications, bid documents, request*
13 *for proposals, or evaluation criteria for a procurement contract.*

14 *(2) Soliciting for a procurement contract.*

15 *(3) Evaluating a procurement contract.*

16 *(4) Awarding, approving, denying, or disapproving a*
17 *procurement contract.*

18 *(5) Approving or denying an assignment, amendment, other*
19 *than an amendment authorized and payable under the terms of a*
20 *procurement contract as the procurement contract was finally*
21 *awarded or approved, renewal, or extension of a procurement*
22 *contract, or any other material change in a procurement contract*
23 *resulting in financial benefit to the offeror.*

24 SEC. 2. No reimbursement is required by this act pursuant to
25 Section 6 of Article XIII B of the California Constitution because
26 the only costs that may be incurred by a local agency or school
27 district will be incurred because this act creates a new crime or
28 infraction, eliminates a crime or infraction, or changes the penalty
29 for a crime or infraction, within the meaning of Section 17556 of
30 the Government Code, or changes the definition of a crime within
31 the meaning of Section 6 of Article XIII B of the California
32 Constitution.

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

AMENDED IN ASSEMBLY APRIL 22, 2015

AMENDED IN ASSEMBLY APRIL 7, 2015

CALIFORNIA LEGISLATURE—2015–16 REGULAR SESSION

ASSEMBLY BILL

No. 1494

Introduced by Assembly Member Levine
(Coauthors: Senators Allen and McGuire)

February 27, 2015

An act to amend Section 85500 of, and to add Section 12179.2 to the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 1494, as amended, Levine. Political Reform Act of 1974: independent expenditure ~~tax~~. *report annual fee*.

Existing law designates the Secretary of State as the chief elections officer of the state and requires him or her to see that elections are efficiently conducted and that state election laws are enforced. Existing law also authorizes the Secretary of State in certain circumstances to assist the county elections officer in discharging his or her duties.

The Political Reform Act of 1974 provides for the comprehensive regulation of campaign financing, including requiring the filing of reports of contributions and expenditures. Among its provisions, the act requires a committee that makes an independent expenditure, as defined, of \$1,000 or more during an election cycle in connection with a candidate for elective state office or a state ballot measure to disclose that expenditure by filing a report online or electronically with the Secretary of State.

This bill would require a committee subject to the independent expenditure disclosure requirement to ~~pay a tax at the rate of 10% of~~

~~the amount of each independent expenditure reported to the Secretary of State within 5 days of filing the report. pay to the Secretary of State, within 5 days of filing an independent expenditure report, an annual reporting fee in an amount based on the amount that the committee declares that it will spend in each 2-year election cycle, as defined. The bill would require the Secretary of State to establish a fund with the tax revenues and allocate those funds those fees to be deposited into a Civic Engagement Fund created by the bill. The bill would, upon appropriation by the Legislature, require the Secretary of State to allocate the funds in the Civic Engagement Fund for the costs of oversight of committees filing the independent expenditure reports, to the Fair Political Practices Commission and for the purpose of increasing transparency in political campaigns, and to local elections offices for the purpose of increasing transparency in political campaigns, civic engagement, and offices, through a competitive grant program, to increase voter registration and turnout.~~

Existing law makes a willful violation of the Political Reform Act of 1974 a misdemeanor and subject offenders to criminal penalties.

~~The~~This bill would impose a state-mandated local program by creating additional crimes.

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 12179.2 is added to the Government
- 2 Code, to read:
- 3 12179.2. (a) ~~The Secretary of State shall establish a fund for~~
- 4 ~~the purpose of increasing transparency in political campaigns, civic~~
- 5 ~~engagement, and voter registration and turnout and deposit~~

1 ~~revenues received pursuant to subdivision (c) of Section 85500~~
2 ~~into the fund.~~ *There is hereby created in the State Treasury the*
3 *Civic Engagement Fund. The purpose of the Civic Engagement*
4 *Fund is to provide oversight of committees filing reports under*
5 *Section 85500 and to increase transparency in political campaigns,*
6 *civic engagement, and voter registration and turnout. The Secretary*
7 *of State shall deposit revenues received pursuant to subdivision*
8 *(c) of Section 85500 into the Civic Engagement Fund. Upon*
9 *appropriation by the Legislature, the Secretary of State shall*
10 *allocate these funds for the costs of oversight of committees filing*
11 *reports under Section 85500, to the Fair Political Practices*
12 *Commission for the purpose of increasing transparency in political*
13 *campaigns, and to local elections offices, through a competitive*
14 *grant program, to increase voter registration and turnout.*

15 (b) Notwithstanding Section 10231.5, the Secretary of State
16 shall report to the Legislature and to the Department of Finance
17 by March 31 of each year on the allocation and use of fund moneys
18 specified in subdivision (a). The Secretary of State shall also post
19 this information on his or her Internet Web site.

20 SEC. 2. Section 85500 of the Government Code is amended
21 to read:

22 85500. (a) In addition to any other report required by this title,
23 a committee, including a political party committee, that is required
24 to file reports pursuant to Section 84605 and that makes
25 independent expenditures of one thousand dollars (\$1,000) or more
26 during an election cycle in connection with a candidate for elective
27 state office or state ballot measure, shall file online or electronically
28 a report with the Secretary of State disclosing the making of the
29 independent expenditure. This report shall disclose the same
30 information required by subdivision (b) of Section 84204 and shall
31 be filed within 24 hours of the time the independent expenditure
32 is made.

33 (b) An expenditure shall not be considered independent, and
34 shall be treated as a contribution from the person making the
35 expenditure to the candidate on whose behalf, or for whose benefit,
36 the expenditure is made, if the expenditure is made under any of
37 the following circumstances:

38 (1) The expenditure is made with the cooperation of, or in
39 consultation with, the candidate on whose behalf, or for whose

1 benefit, the expenditure is made, or any controlled committee or
2 any agent of the candidate.

3 (2) The expenditure is made in concert with, or at the request
4 or suggestion of, the candidate on whose behalf, or for whose
5 benefit, the expenditure is made, or any controlled committee or
6 any agent of the candidate.

7 (3) The expenditure is made under any arrangement,
8 coordination, or direction with respect to the candidate or the
9 candidate's agent and the person making the expenditure.

10 (c) (1) A committee subject to this section shall pay a tax at
11 the rate of 10 percent of the amount of each independent
12 expenditure reported pursuant to subdivision (a) to the Secretary
13 of State within 5 days of the filing of the report pursuant to
14 subdivision (a). *an annual reporting fee to the Secretary of State.*
15 *The fee shall be charged as follows:*

16 (A) *One hundred dollars (\$100) for a committee filing a report*
17 *and declaring that it will spend less than one hundred thousand*
18 *dollars (\$100,000) per two-year election cycle.*

19 (B) *One thousand dollars (\$1,000) for a committee filing a*
20 *report and declaring that it will spend less than two hundred fifty*
21 *thousand dollars (\$250,000) per two-year election cycle.*

22 (C) *Two thousand dollars (\$2,000) for a committee filing a*
23 *report and declaring that it will spend less than five hundred*
24 *thousand dollars (\$500,000) per two-year election cycle.*

25 (D) *Ten thousand dollars (\$10,000) for a committee filing a*
26 *report and declaring that it will spend less than one million dollars*
27 *(\$1,000,000) per two-year election cycle.*

28 (E) *Fifty thousand dollars (\$50,000) for a committee filing a*
29 *report and declaring that it will spend less than ten million dollars*
30 *(\$10,000,000) per two-year election cycle.*

31 (2) *The annual reporting fee shall be paid within 5 days of the*
32 *filing of the report pursuant to subdivision (a).*

33 (3) *If a committee expends more than the declared amount, in*
34 *the report filed in which the committee discloses that fact, it shall*
35 *make a new declaration and pay the increased fee less the amount*
36 *of the fee or fees already paid.*

37 (4) *For purposes of this subdivision, "two-year election cycle"*
38 *means the period of time between the immediately preceding*
39 *statewide general election and the next statewide general election.*

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.

Introduced by Senator MendozaFebruary 23, 2015

An act to amend, repeal, and add Section 1091.5 of, and to add Section 1091.7 to, the Government Code, relating to public officers.

LEGISLATIVE COUNSEL'S DIGEST

SB 330, as introduced, Mendoza. Public officers: contracts: financial interest.

(1) Existing law prohibits Members of the Legislature, and state, county, district, judicial district, and city officers or employees from being financially interested in a contract, as specified, made by them in their official capacity or by any body or board of which they are members, subject to specified exceptions.

This bill would, on and after January 1, 2017, and notwithstanding any other law, expand these prohibitions to deem that a public officer who is an elected member of any state or local body, board, or commission has a prohibited financial interest in a contract pursuant to these provisions, if that public officer's spouse, child, parent, sibling, or the spouse of the child, parent, or sibling has a financial interest in any contract made by that public officer in his or her official capacity, or by any body, board, or commission of which that public officer is a member.

(2) Existing law imposes a criminal penalty for every officer or person who willfully violates the prohibitions against making or being financially interested in contracts, as specified.

By expanding these prohibitions, this bill would create a new crime, and thus, would impose a state-mandated local program.

(3) 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 1091.5 of the Government Code is
2 amended to read:

3 1091.5. (a) An officer or employee shall not be deemed to be
4 interested in a contract if his or her interest is any of the following:

5 (1) The ownership of less than 3 percent of the shares of a
6 corporation for profit, provided that the total annual income to him
7 or her from dividends, including the value of stock dividends, from
8 the corporation does not exceed 5 percent of his or her total annual
9 income, and any other payments made to him or her by the
10 corporation do not exceed 5 percent of his or her total annual
11 income.

12 (2) That of an officer in being reimbursed for his or her actual
13 and necessary expenses incurred in the performance of official
14 duties.

15 (3) That of a recipient of public services generally provided by
16 the public body or board of which he or she is a member, on the
17 same terms and conditions as if he or she were not a member of
18 the body or board.

19 (4) That of a landlord or tenant of the contracting party if the
20 contracting party is the federal government or any federal
21 department or agency, this state or an adjoining state, any
22 department or agency of this state or an adjoining state, any county
23 or city of this state or an adjoining state, or any public corporation
24 or special, judicial, or other public district of this state or an
25 adjoining state unless the subject matter of the contract is the
26 property in which the officer or employee has the interest as
27 landlord or tenant in which event his or her interest shall be deemed
28 a remote interest within the meaning of, and subject to, the
29 provisions of Section 1091.

1 (5) That of a tenant in a public housing authority created
2 pursuant to Part 2 (commencing with Section 34200) of Division
3 24 of the Health and Safety Code in which he or she serves as a
4 member of the board of commissioners of the authority or of a
5 community development commission created pursuant to Part 1.7
6 (commencing with Section 34100) of Division 24 of the Health
7 and Safety Code.

8 (6) That of a spouse of an officer or employee of a public agency
9 in his or her spouse's employment or officeholding if his or her
10 spouse's employment or officeholding has existed for at least one
11 year prior to his or her election or appointment.

12 (7) That of a nonsalaried member of a nonprofit corporation,
13 provided that this interest is disclosed to the body or board at the
14 time of the first consideration of the contract, and provided further
15 that this interest is noted in its official records.

16 (8) That of a noncompensated officer of a nonprofit, tax-exempt
17 corporation, which, as one of its primary purposes, supports the
18 functions of the body or board or to which the body or board has
19 a legal obligation to give particular consideration, and provided
20 further that this interest is noted in its official records.

21 For purposes of this paragraph, an officer is "noncompensated"
22 even though he or she receives reimbursement from the nonprofit,
23 tax-exempt corporation for necessary travel and other actual
24 expenses incurred in performing the duties of his or her office.

25 (9) That of a person receiving salary, per diem, or reimbursement
26 for expenses from a government entity, unless the contract directly
27 involves the department of the government entity that employs the
28 officer or employee, provided that the interest is disclosed to the
29 body or board at the time of consideration of the contract, and
30 provided further that the interest is noted in its official record.

31 (10) That of an attorney of the contracting party or that of an
32 owner, officer, employee, or agent of a firm which renders, or has
33 rendered, service to the contracting party in the capacity of
34 stockbroker, insurance agent, insurance broker, real estate agent,
35 or real estate broker, if these individuals have not received and
36 will not receive remuneration, consideration, or a commission as
37 a result of the contract and if these individuals have an ownership
38 interest of less than 10 percent in the law practice or firm, stock
39 brokerage firm, insurance firm, or real estate firm.

1 (11) Except as provided in subdivision (b), that of an officer or
2 employee of, or a person having less than a 10-percent ownership
3 interest in, a bank, bank holding company, or savings and loan
4 association with which a party to the contract has a relationship
5 of borrower, depositor, debtor, or creditor.

6 (12) That of (A) a bona fide nonprofit, tax-exempt corporation
7 having among its primary purposes the conservation, preservation,
8 or restoration of park and natural lands or historical resources for
9 public benefit, which corporation enters into an agreement with a
10 public agency to provide services related to park and natural lands
11 or historical resources and which services are found by the public
12 agency, prior to entering into the agreement or as part of the
13 agreement, to be necessary to the public interest to plan for,
14 acquire, protect, conserve, improve, or restore park and natural
15 lands or historical resources for public purposes and (B) any officer,
16 director, or employee acting pursuant to the agreement on behalf
17 of the nonprofit corporation. For purposes of this paragraph,
18 “agreement” includes contracts and grants, and “park,” “natural
19 lands,” and “historical resources” shall have the meanings set forth
20 in subdivisions (d), (g), and (i) of Section 5902 of the Public
21 Resources Code. Services to be provided to the public agency may
22 include those studies and related services, acquisitions of property
23 and property interests, and any activities related to those studies
24 and acquisitions necessary for the conservation, preservation,
25 improvement, or restoration of park and natural lands or historical
26 resources.

27 (13) That of an officer, employee, or member of the Board of
28 Directors of the California Housing Finance Agency with respect
29 to a loan product or programs if the officer, employee, or member
30 participated in the planning, discussions, development, or approval
31 of the loan product or program and both of the following two
32 conditions exist:

33 (A) The loan product or program is or may be originated by any
34 lender approved by the agency.

35 (B) The loan product or program is generally available to
36 qualifying borrowers on terms and conditions that are substantially
37 the same for all qualifying borrowers at the time the loan is made.

38 (14) That of a party to a contract for public services entered into
39 by a special district that requires a person to be a landowner or a
40 representative of a landowner to serve on the board of which the

1 officer or employee is a member, on the same terms and conditions
2 as if he or she were not a member of the body or board. For
3 purposes of this paragraph, “public services” includes the powers
4 and purposes generally provided pursuant to provisions of the
5 Water Code relating to irrigation districts, California water districts,
6 water storage districts, or reclamation districts.

7 (b) An officer or employee shall not be deemed to be interested
8 in a contract made pursuant to competitive bidding under a
9 procedure established by law if his or her sole interest is that of
10 an officer, director, or employee of a bank or savings and loan
11 association with which a party to the contract has the relationship
12 of borrower or depositor, debtor or creditor.

13 (c) *This section shall be repealed on January 1, 2017.*

14 SEC. 2. Section 1091.5 is added to the Government Code, to
15 read:

16 1091.5. (a) An officer or employee shall not be deemed to be
17 interested in a contract if his or her interest is any of the following:

18 (1) The ownership of less than 3 percent of the shares of a
19 corporation for profit, provided that the total annual income to him
20 or her from dividends, including the value of stock dividends, from
21 the corporation does not exceed 5 percent of his or her total annual
22 income, and any other payments made to him or her by the
23 corporation do not exceed 5 percent of his or her total annual
24 income.

25 (2) That of an officer in being reimbursed for his or her actual
26 and necessary expenses incurred in the performance of official
27 duties.

28 (3) That of a recipient of public services generally provided by
29 the public body or board of which he or she is a member, on the
30 same terms and conditions as if he or she were not a member of
31 the body or board.

32 (4) That of a landlord or tenant of the contracting party if the
33 contracting party is the federal government or any federal
34 department or agency, this state or an adjoining state, any
35 department or agency of this state or an adjoining state, any county
36 or city of this state or an adjoining state, or any public corporation
37 or special, judicial, or other public district of this state or an
38 adjoining state unless the subject matter of the contract is the
39 property in which the officer or employee has the interest as
40 landlord or tenant in which event his or her interest shall be deemed

1 a remote interest within the meaning of, and subject to, the
2 provisions of Section 1091.

3 (5) That of a tenant in a public housing authority created
4 pursuant to Part 2 (commencing with Section 34200) of Division
5 24 of the Health and Safety Code in which he or she serves as a
6 member of the board of commissioners of the authority or of a
7 community development commission created pursuant to Part 1.7
8 (commencing with Section 34100) of Division 24 of the Health
9 and Safety Code.

10 (6) Except as provided in Section 1091.7, that of a spouse of an
11 officer or employee of a public agency in his or her spouse's
12 employment or officeholding if his or her spouse's employment
13 or officeholding has existed for at least one year prior to his or her
14 election or appointment.

15 (7) That of a nonsalaried member of a nonprofit corporation,
16 provided that this interest is disclosed to the body or board at the
17 time of the first consideration of the contract, and provided further
18 that this interest is noted in its official records.

19 (8) That of a noncompensated officer of a nonprofit, tax-exempt
20 corporation, which, as one of its primary purposes, supports the
21 functions of the body or board or to which the body or board has
22 a legal obligation to give particular consideration, and provided
23 further that this interest is noted in its official records.

24 For purposes of this paragraph, an officer is "noncompensated"
25 even though he or she receives reimbursement from the nonprofit,
26 tax-exempt corporation for necessary travel and other actual
27 expenses incurred in performing the duties of his or her office.

28 (9) That of a person receiving salary, per diem, or reimbursement
29 for expenses from a government entity, unless the contract directly
30 involves the department of the government entity that employs the
31 officer or employee, provided that the interest is disclosed to the
32 body or board at the time of consideration of the contract, and
33 provided further that the interest is noted in its official record.

34 (10) That of an attorney of the contracting party or that of an
35 owner, officer, employee, or agent of a firm which renders, or has
36 rendered, service to the contracting party in the capacity of
37 stockbroker, insurance agent, insurance broker, real estate agent,
38 or real estate broker, if these individuals have not received and
39 will not receive remuneration, consideration, or a commission as
40 a result of the contract and if these individuals have an ownership

1 interest of less than 10 percent in the law practice or firm, stock
2 brokerage firm, insurance firm, or real estate firm.

3 (11) Except as provided in subdivision (b), that of an officer or
4 employee of, or a person having less than a 10-percent ownership
5 interest in, a bank, bank holding company, or savings and loan
6 association with which a party to the contract has a relationship
7 of borrower, depositor, debtor, or creditor.

8 (12) That of (A) a bona fide nonprofit, tax-exempt corporation
9 having among its primary purposes the conservation, preservation,
10 or restoration of park and natural lands or historical resources for
11 public benefit, which corporation enters into an agreement with a
12 public agency to provide services related to park and natural lands
13 or historical resources and which services are found by the public
14 agency, prior to entering into the agreement or as part of the
15 agreement, to be necessary to the public interest to plan for,
16 acquire, protect, conserve, improve, or restore park and natural
17 lands or historical resources for public purposes and (B) any officer,
18 director, or employee acting pursuant to the agreement on behalf
19 of the nonprofit corporation. For purposes of this paragraph,
20 “agreement” includes contracts and grants, and “park,” “natural
21 lands,” and “historical resources” shall have the meanings set forth
22 in subdivisions (d), (g), and (i) of Section 5902 of the Public
23 Resources Code. Services to be provided to the public agency may
24 include those studies and related services, acquisitions of property
25 and property interests, and any activities related to those studies
26 and acquisitions necessary for the conservation, preservation,
27 improvement, or restoration of park and natural lands or historical
28 resources.

29 (13) That of an officer, employee, or member of the Board of
30 Directors of the California Housing Finance Agency with respect
31 to a loan product or programs if the officer, employee, or member
32 participated in the planning, discussions, development, or approval
33 of the loan product or program and both of the following two
34 conditions exist:

35 (A) The loan product or program is or may be originated by any
36 lender approved by the agency.

37 (B) The loan product or program is generally available to
38 qualifying borrowers on terms and conditions that are substantially
39 the same for all qualifying borrowers at the time the loan is made.

1 (14) That of a party to a contract for public services entered into
 2 by a special district that requires a person to be a landowner or a
 3 representative of a landowner to serve on the board of which the
 4 officer or employee is a member, on the same terms and conditions
 5 as if he or she were not a member of the body or board. For
 6 purposes of this paragraph, “public services” includes the powers
 7 and purposes generally provided pursuant to provisions of the
 8 Water Code relating to irrigation districts, California water districts,
 9 water storage districts, or reclamation districts.

10 (b) An officer or employee shall not be deemed to be interested
 11 in a contract made pursuant to competitive bidding under a
 12 procedure established by law if his or her sole interest is that of
 13 an officer, director, or employee of a bank or savings and loan
 14 association with which a party to the contract has the relationship
 15 of borrower or depositor, debtor or creditor.

16 (c) This section shall become operative on January 1, 2017.

17 SEC. 3. Section 1091.7 is added to the Government Code, to
 18 read:

19 1091.7. (a) Notwithstanding any other law, a public officer
 20 who is an elected member of any state or local body, board, or
 21 commission shall be deemed to have a financial interest in a
 22 contract pursuant to this article, if that public officer’s spouse,
 23 child, parent, sibling, or the spouse of the child, parent, or sibling
 24 has a financial interest in any contract made by that public officer
 25 in his or her official capacity, or by any body, board, or commission
 26 of which that public officer is a member.

27 (b) (1) The determination of a financial interest with respect to
 28 any person described in this section shall be made according to
 29 the same standards as those set forth in this article with respect to
 30 the public officer, as applicable.

31 (2) For purposes of determining a financial interest pursuant to
 32 this section, an individual lobbying on behalf of a contracting party
 33 shall be construed to be an agent of that contracting party.

34 (c) This section shall become operative on January 1, 2017.

35 SEC. 4. 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.

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AMENDED IN SENATE APRIL 30, 2015

AMENDED IN SENATE APRIL 22, 2015

AMENDED IN SENATE APRIL 6, 2015

SENATE BILL

No. 704

Introduced by Senator Gaines

February 27, 2015

An act to amend Section ~~1091.5~~ 1091 of the Government Code, relating to public officers.

LEGISLATIVE COUNSEL'S DIGEST

SB 704, as amended, Gaines. Public officers and employees: conflict of interest.

Existing law prohibits Members of the Legislature, 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. Existing law identifies certain remote interests that are not subject to this prohibition and other situations in which an official is not deemed to be financially interested in a contract. Existing law makes a willful violation of this prohibition a crime.

This bill would ~~establish an additional situation in which an official is not financially interested in a contract as applied to~~ *include in the definition of "remote interest" the interest of a person who is an owner or partner of a firm serving on an advisory board or commission to the contracting agency, if the duties of the advisory board or commission do not include providing advice with respect to seeking or awarding contracts, and if the owner or partner recuses himself or herself from*

all participation in reviewing a project that results from a contract between the firm and the contracting agency.

Vote: majority. 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 1091 of the Government Code is amended
2 to read:

3 1091. (a) An officer shall not be deemed to be interested in a
4 contract entered into by a body or board of which the officer is a
5 member within the meaning of this article if the officer has only
6 a remote interest in the contract and if the fact of that interest is
7 disclosed to the body or board of which the officer is a member
8 and noted in its official records, and thereafter the body or board
9 authorizes, approves, or ratifies the contract in good faith by a vote
10 of its membership sufficient for the purpose without counting the
11 vote or votes of the officer or member with the remote interest.

12 (b) As used in this article, “remote interest” means any of the
13 following:

14 (1) That of an officer or employee of a nonprofit entity exempt
15 from taxation pursuant to Section 501(c)(3) of the Internal Revenue
16 Code (26 U.S.C. Sec. 501(c)(3)), pursuant to Section 501(c)(5) of
17 the Internal Revenue Code (26 U.S.C. Sec. 501(c)(5)), or a
18 nonprofit corporation, except as provided in paragraph (8) of
19 subdivision (a) of Section 1091.5.

20 (2) That of an employee or agent of the contracting party, if the
21 contracting party has 10 or more other employees and if the officer
22 was an employee or agent of that contracting party for at least three
23 years prior to the officer initially accepting his or her office and
24 the officer owns less than 3 percent of the shares of stock of the
25 contracting party; and the employee or agent is not an officer or
26 director of the contracting party and did not directly participate in
27 formulating the bid of the contracting party.

28 For purposes of this paragraph, time of employment with the
29 contracting party by the officer shall be counted in computing the
30 three-year period specified in this paragraph even though the
31 contracting party has been converted from one form of business
32 organization to a different form of business organization within
33 three years of the initial taking of office by the officer. Time of

1 employment in that case shall be counted only if, after the transfer
2 or change in organization, the real or ultimate ownership of the
3 contracting party is the same or substantially similar to that which
4 existed before the transfer or change in organization. For purposes
5 of this paragraph, stockholders, bondholders, partners, or other
6 persons holding an interest in the contracting party are regarded
7 as having the “real or ultimate ownership” of the contracting party.

8 (3) That of an employee or agent of the contracting party, if all
9 of the following conditions are met:

10 (A) The agency of which the person is an officer is a local public
11 agency located in a county with a population of less than 4,000,000.

12 (B) The contract is competitively bid and is not for personal
13 services.

14 (C) The employee or agent is not in a primary management
15 capacity with the contracting party, is not an officer or director of
16 the contracting party, and holds no ownership interest in the
17 contracting party.

18 (D) The contracting party has 10 or more other employees.

19 (E) The employee or agent did not directly participate in
20 formulating the bid of the contracting party.

21 (F) The contracting party is the lowest responsible bidder.

22 (4) That of a parent in the earnings of his or her minor child for
23 personal services.

24 (5) That of a landlord or tenant of the contracting party.

25 (6) That of an attorney of the contracting party or that of an
26 owner, officer, employee, or agent of a firm that renders, or has
27 rendered, service to the contracting party in the capacity of
28 stockbroker, insurance agent, insurance broker, real estate agent,
29 or real estate broker, if these individuals have not received and
30 will not receive remuneration, consideration, or a commission as
31 a result of the contract and if these individuals have an ownership
32 interest of 10 percent or more in the law practice or firm, stock
33 brokerage firm, insurance firm, or real estate firm.

34 (7) That of a member of a nonprofit corporation formed under
35 the Food and Agricultural Code or a nonprofit corporation formed
36 under the Corporations Code for the sole purpose of engaging in
37 the merchandising of agricultural products or the supplying of
38 water.

39 (8) That of a supplier of goods or services when those goods or
40 services have been supplied to the contracting party by the officer

1 for at least five years prior to his or her election or appointment
2 to office.

3 (9) That of a person subject to the provisions of Section 1090
4 in any contract or agreement entered into pursuant to the provisions
5 of the California Land Conservation Act of 1965.

6 (10) Except as provided in subdivision (b) of Section 1091.5,
7 that of a director of, or a person having an ownership interest of,
8 10 percent or more in a bank, bank holding company, or savings
9 and loan association with which a party to the contract has a
10 relationship of borrower or depositor, debtor or creditor.

11 (11) That of an engineer, geologist, or architect employed by a
12 consulting engineering or architectural firm. This paragraph applies
13 only to an employee of a consulting firm who does not serve in a
14 primary management capacity, and does not apply to an officer or
15 director of a consulting firm.

16 (12) That of an elected officer otherwise subject to Section 1090,
17 in any housing assistance payment contract entered into pursuant
18 to Section 8 of the United States Housing Act of 1937 (42 U.S.C.
19 Sec. 1437f) as amended, provided that the housing assistance
20 payment contract was in existence before Section 1090 became
21 applicable to the officer and will be renewed or extended only as
22 to the existing tenant, or, in a jurisdiction in which the rental
23 vacancy rate is less than 5 percent, as to new tenants in a unit
24 previously under a Section 8 contract. This section applies to any
25 person who became a public official on or after November 1, 1986.

26 (13) That of a person receiving salary, per diem, or
27 reimbursement for expenses from a government entity.

28 (14) That of a person owning less than 3 percent of the shares
29 of a contracting party that is a for-profit corporation, provided that
30 the ownership of the shares derived from the person's employment
31 with that corporation.

32 (15) That of a party to litigation involving the body or board of
33 which the officer is a member in connection with an agreement in
34 which all of the following apply:

35 (A) The agreement is entered into as part of a settlement of
36 litigation in which the body or board is represented by legal
37 counsel.

38 (B) After a review of the merits of the agreement and other
39 relevant facts and circumstances, a court of competent jurisdiction
40 finds that the agreement serves the public interest.

1 (C) The interested member has recused himself or herself from
2 all participation, direct or indirect, in the making of the agreement
3 on behalf of the body or board.

4 (16) That of a person who is an officer or employee of an
5 investor-owned utility that is regulated by the Public Utilities
6 Commission with respect to a contract between the investor-owned
7 utility and a state, county, district, judicial district, or city body or
8 board of which the person is a member, if the contract requires the
9 investor-owned utility to provide energy efficiency rebates or other
10 type of program to encourage energy efficiency that benefits the
11 public when all of the following apply:

12 (A) The contract is funded by utility consumers pursuant to
13 regulations of the Public Utilities Commission.

14 (B) The contract provides no individual benefit to the person
15 that is not also provided to the public, and the investor-owned
16 utility receives no direct financial profit from the contract.

17 (C) The person has recused himself or herself from all
18 participation in making the contract on behalf of the state, county,
19 district, judicial district, or city body or board of which he or she
20 is a member.

21 (D) The contract implements a program authorized by the Public
22 Utilities Commission.

23 *(17) That of an owner or partner of a firm serving on an*
24 *advisory board or commission to the contracting agency if the*
25 *duties of the advisory board or commission do not include*
26 *providing advice with respect to seeking or awarding contracts*
27 *and if the owner or partner recuses himself or herself from all*
28 *participation in reviewing a project that results from a contract*
29 *between the firm and the contracting agency.*

30 (c) This section is not applicable to any officer interested in a
31 contract who influences or attempts to influence another member
32 of the body or board of which he or she is a member to enter into
33 the contract.

34 (d) The willful failure of an officer to disclose the fact of his or
35 her interest in a contract pursuant to this section is punishable as
36 provided in Section 1097. That violation does not void the contract
37 unless the contracting party had knowledge of the fact of the remote
38 interest of the officer at the time the contract was executed.

39 ~~SECTION 1. Section 1091.5 of the Government Code is~~
40 ~~amended to read:~~

- 1 ~~1091.5.—(a) An officer or employee shall not be deemed to be~~
2 ~~interested in a contract if his or her interest is any of the following:~~
- 3 ~~(1) The ownership of less than 3 percent of the shares of a~~
4 ~~corporation for profit, provided that the total annual income to him~~
5 ~~or her from dividends, including the value of stock dividends, from~~
6 ~~the corporation does not exceed 5 percent of his or her total annual~~
7 ~~income, and any other payments made to him or her by the~~
8 ~~corporation do not exceed 5 percent of his or her total annual~~
9 ~~income.~~
- 10 ~~(2) That of an officer in being reimbursed for his or her actual~~
11 ~~and necessary expenses incurred in the performance of official~~
12 ~~duties.~~
- 13 ~~(3) That of a recipient of public services generally provided by~~
14 ~~the public body or board of which he or she is a member, on the~~
15 ~~same terms and conditions as if he or she were not a member of~~
16 ~~the body or board.~~
- 17 ~~(4) That of a landlord or tenant of the contracting party if the~~
18 ~~contracting party is the federal government or any federal~~
19 ~~department or agency, this state or an adjoining state, any~~
20 ~~department or agency of this state or an adjoining state, any county~~
21 ~~or city of this state or an adjoining state, or any public corporation~~
22 ~~or special, judicial, or other public district of this state or an~~
23 ~~adjoining state unless the subject matter of the contract is the~~
24 ~~property in which the officer or employee has the interest as~~
25 ~~landlord or tenant in which event his or her interest shall be deemed~~
26 ~~a remote interest within the meaning of, and subject to, the~~
27 ~~provisions of Section 1091.~~
- 28 ~~(5) That of a tenant in a public housing authority created~~
29 ~~pursuant to Part 2 (commencing with Section 34200) of Division~~
30 ~~24 of the Health and Safety Code in which he or she serves as a~~
31 ~~member of the board of commissioners of the authority or of a~~
32 ~~community development commission created pursuant to Part 1.7~~
33 ~~(commencing with Section 34100) of Division 24 of the Health~~
34 ~~and Safety Code.~~
- 35 ~~(6) That of a spouse of an officer or employee of a public agency~~
36 ~~in his or her spouse's employment or officeholding if his or her~~
37 ~~spouse's employment or officeholding has existed for at least one~~
38 ~~year prior to his or her election or appointment.~~
- 39 ~~(7) That of a nonsalaried member of a nonprofit corporation,~~
40 ~~provided that this interest is disclosed to the body or board at the~~

1 time of the first consideration of the contract, and provided further
2 that this interest is noted in its official records.

3 ~~(8) That of a noncompensated officer of a nonprofit, tax-exempt~~
4 ~~corporation, which, as one of its primary purposes, supports the~~
5 ~~functions of the body or board or to which the body or board has~~
6 ~~a legal obligation to give particular consideration, and provided~~
7 ~~further that this interest is noted in its official records.~~

8 For purposes of this paragraph, an officer is “noncompensated”
9 even though he or she receives reimbursement from the nonprofit,
10 tax-exempt corporation for necessary travel and other actual
11 expenses incurred in performing the duties of his or her office.

12 ~~(9) That of a person receiving salary, per diem, or reimbursement~~
13 ~~for expenses from a government entity, unless the contract directly~~
14 ~~involves the department of the government entity that employs the~~
15 ~~officer or employee, provided that the interest is disclosed to the~~
16 ~~body or board at the time of consideration of the contract, and~~
17 ~~provided further that the interest is noted in its official record.~~

18 ~~(10) That of an attorney of the contracting party or that of an~~
19 ~~owner, officer, employee, or agent of a firm which renders, or has~~
20 ~~rendered, service to the contracting party in the capacity of~~
21 ~~stockbroker, insurance agent, insurance broker, real estate agent,~~
22 ~~or real estate broker, if these individuals have not received and~~
23 ~~will not receive remuneration, consideration, or a commission as~~
24 ~~a result of the contract and if these individuals have an ownership~~
25 ~~interest of less than 10 percent in the law practice or firm, stock~~
26 ~~brokerage firm, insurance firm, or real estate firm.~~

27 ~~(11) Except as provided in subdivision (b), that of an officer or~~
28 ~~employee of, or a person having less than a 10-percent ownership~~
29 ~~interest in, a bank, bank holding company, or savings and loan~~
30 ~~association with which a party to the contract has a relationship~~
31 ~~of borrower, depositor, debtor, or creditor.~~

32 ~~(12) That of (A) a bona fide nonprofit, tax-exempt corporation~~
33 ~~having among its primary purposes the conservation, preservation,~~
34 ~~or restoration of park and natural lands or historical resources for~~
35 ~~public benefit, which corporation enters into an agreement with a~~
36 ~~public agency to provide services related to park and natural lands~~
37 ~~or historical resources and which services are found by the public~~
38 ~~agency, prior to entering into the agreement or as part of the~~
39 ~~agreement, to be necessary to the public interest to plan for,~~
40 ~~acquire, protect, conserve, improve, or restore park and natural~~

1 lands or historical resources for public purposes and (B) any officer,
 2 director, or employee acting pursuant to the agreement on behalf
 3 of the nonprofit corporation. For purposes of this paragraph,
 4 “agreement” includes contracts and grants, and “park,” “natural
 5 lands,” and “historical resources” shall have the meanings set forth
 6 in subdivisions (d), (g), and (i) of Section 5902 of the Public
 7 Resources Code. Services to be provided to the public agency may
 8 include those studies and related services, acquisitions of property
 9 and property interests, and any activities related to those studies
 10 and acquisitions necessary for the conservation, preservation,
 11 improvement, or restoration of park and natural lands or historical
 12 resources.

13 (13) That of an officer, employee, or member of the Board of
 14 Directors of the California Housing Finance Agency with respect
 15 to a loan product or programs if the officer, employee, or member
 16 participated in the planning, discussions, development, or approval
 17 of the loan product or program and both of the following two
 18 conditions exist:

19 (A) The loan product or program is or may be originated by any
 20 lender approved by the agency.

21 (B) The loan product or program is generally available to
 22 qualifying borrowers on terms and conditions that are substantially
 23 the same for all qualifying borrowers at the time the loan is made.

24 (14) That of a party to a contract for public services entered into
 25 by a special district that requires a person to be a landowner or a
 26 representative of a landowner to serve on the board of which the
 27 officer or employee is a member, on the same terms and conditions
 28 as if he or she were not a member of the body or board. For
 29 purposes of this paragraph, “public services” includes the powers
 30 and purposes generally provided pursuant to provisions of the
 31 Water Code relating to irrigation districts, California water districts,
 32 water storage districts, or reclamation districts.

33 (15) That of an owner or partner of a firm serving on an advisory
 34 board or commission to the contracting agency if the owner or
 35 partner recuses himself or herself from all participation in
 36 reviewing a project that results from a contract between the firm
 37 and the contracting agency.

38 (b) An officer or employee shall not be deemed to be interested
 39 in a contract made pursuant to competitive bidding under a
 40 procedure established by law if his or her sole interest is that of

- 1 ~~an officer, director, or employee of a bank or savings and loan~~
- 2 ~~association with which a party to the contract has the relationship~~
- 3 ~~of borrower or depositor, debtor or creditor.~~

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