

**CHAIRMAN SCHNUR'S ADVISORY TASK FORCE ON THE POLITICAL  
REFORM ACT**

**TENTATIVE PROPOSALS**

**January 19, 2011**

**I. ELECTRONIC FILING & STATE/LOCAL CONSISTENCY**

1. Electronic Filing:

A. Aim – A single, statewide electronic filing system for state and local candidate and non-candidate committee campaign disclosures that consolidates all state-required campaign data into one searchable database.

B. Phased-In Implementation:

1. FPPC and Secretary of State to establish two working groups – one would be comprised of IT experts to provide further detail regarding the methods, technology requirements, and costs of a consolidated state electronic filing network, and a separate working group comprised of state and local filing officers would provide insights into operational issues and approached to be considered with implementation of a new system. We recommend that these task forces include members of the public, and encourage both user and general public comments.

2. Require all state committees to file electronically, without regard to the amount of money raised or spent. Require major donors at the state and local level that meet the requisite contribution/expenditure threshold (see 6F below) also to file electronically at the state level.

3. Implement a statewide database with expanded filing and public search capabilities. Encourage Secretary of State to set up a much more user friendly system so that public is able to use the database more easily.

4. Create a consolidated statewide network by setting up a process to import state-required committee disclosures from local jurisdictions that have their own e-filing systems into the statewide database.

5. Set up a system for Form 410 Committee Statements of Organization (the

basic registration document) to be filed electronically by all filers. (See also recommendation 3.D.)

6. The Secretary of State should exercise her delegated authority under Government Code sections 84606 and 84605 (i) and (j) to make electronic filings for state committees the filings of record and the official versions of campaign reports for audit and other legal purposes. Local ethics agencies that operate under charter authority should be able to make such determinations for electronic filings within their jurisdictions. Legislation should be enacted to delegate to the Secretary of State and the FPPC to review and recommend the appropriate approach making electronic filings the filings of record and the official versions of campaign reports for audit and other legal purposes for local jurisdictions that are subject to state general law.

C. The State Legislature should be encouraged to move forward on legislation that would provide adequate appropriations to realize these goals.

2. State/Local Consistency:

A. Acknowledge the “new landscape” of the system which in 1974 was a state system with state requirements and in 2010 is a state system with robust local ethics agencies with well-developed local filing requirements, enforcement, etc. This may involve changing GC 81009.5 to allow more local flexibility to require different local reporting rules while accommodating 1A and 1B (above): statewide electronic filing objectives

B. Promote periodic state & local coordination to harmonize definitional terms in local law with the Political Reform Act.

C. See 6C -- Consult with local ethics agencies in larger jurisdictions to discuss whether large local jurisdictions should adopt other, state level thresholds.

## II. SIMPLIFY THE PROCESS

### 3. Simplify Campaign Reports:

- A. Move toward a data-driven system for reporting without any substantial sacrificing of filing details.
- B. See 5.A. Change filing schedules to allow state committee filers to choose more frequent filings (such as monthly filings in even-numbered years) and eliminate special reports such as the 465 & 495 for such filers or to choose quarterly filings with continued, more limited, special reports.
- C. Consolidate reporting to three principal reporting forms: 460s (consolidating 425, 450 & 470 forms); 461s and a single, consolidated Late Report that can be used for filing late contribution reports, late independent expenditure reports, and Issue Advocacy Reports.
- D. Require Committee Statements of Organization to be filed electronically. (See also recommendation 1.B.5.)
- E. Revise FPPC rules for campaign filings by multi-purpose organizations so that there is a single standard and clear transparency in reporting the donors to the organizations. We recommend that the Commission consider a last-in, first-out (“LIFO”) formula for identifying a multi-purpose organization’s donors.
- F. The FPPC should establish a task force to review the current expenditure codes on the principal campaign report form 460, so that the public has easier access to the data and there is more uniform reporting among treasurers and committees.
- G. Require online training of campaign treasurers, similar to the training required of lobbyists, to better ensure that campaign treasurers are aware of the basic reporting rules, basic legal prohibitions (such as campaign funds laundering), and require a first time treasurer to acknowledge on the Form 410 that he/she has read the restrictions. This is currently required of all lobbyists each two-year session under Section 86103.

4. Committee Classifications & Termination:

- A. See 3B – Changing filing schedules for state committee filers should substantially eliminate the need for classifying committees as “primarily formed” and “general purpose” committees with different filing schedules and detail.
- B. See 8C & D. By redefining sponsorship to “connected committee” (see 8C & 8D below), require all ballot measure, independent expenditures and non-connected committees to retain “major funding” top two donor disclosures.
- C. See 1E – Classifying a committee as multi-jurisdictional with state filing responsibility and link to jurisdictions in which the committee has engaged in a certain level of campaign activity.
- D. Eliminate requirement for FPPC approval to extend time for termination of committees that have debts.

5. Filing Schedules:

- A. See 3B – Allow state committees (including state candidate-controlled, state PACs, party committees, and state ballot measure committees) to choose to file monthly campaign reporting in even numbered years (to benefit from exclusion from filing locally if they meet a threshold for overall activity or late activity in a local jurisdiction), or alternatively to choose to file quarterly reports in both even and odd-numbered years for these committees.
- B. Quarterly filings for all other state and local committees in both odd and even numbered years.
- C. One pre-election report if committees have a threshold of contributions received or expenditures made (\$2,500) relative to candidates or measures on the ballot.
- D. 24-hour reports for threshold contributions and expenditures on behalf of candidates and measures (\$1,000 at local level; \$2,500 at state level) for the period 45 days before the election to election day. The extended late contribution reporting on a 24-hour basis would be less than the current 90-day election cycle period and more than the current 16-day pre-election late contribution period. The 45 day period is consistent with the current Issue Advocacy 24-hour reporting period.

- E. In place of the existing 10-day \$5,000 reports filed by state candidate and ballot measure committees more than 90 days before the election, require 24-hour reporting at any time by state ballot measure committees that receive \$100,000 contributions from a single source.
- F. For state committees that choose to file monthly reports, eliminate 10-day candidate and ballot measure and Umberg reports & 90-day election cycle reports.
- G. Reorganize chapter 4 to clearly delineate who, what and where filing requirements by candidate or committee type.

6. Committee & Contribution Thresholds:

- A. Raise committee qualification thresholds at state and local level to \$2,000
- B. See 2 C -- Consult with local ethics agencies in larger jurisdictions to discuss whether large local jurisdictions should adopt other, state-level thresholds.
- C. 24 Hour Reporting (late contribution reports; late independent expenditure reports): (1) State: \$2,500. (2) Local: \$1,000.
- D. Contribution Disclosure: State and local: More than \$100.
- E. Major Donor: Raise to \$20,000 in a calendar year for two or more contributions.
- F. Electronic Filing: Initially, all state committees would file electronically. In addition, local major donors of \$20,000 in a calendar year should be required to file electronically at the state level.
- G. Change “every two year” COLA adjustments for chapter 5 contribution limits to every 4 years to eliminate mid-election cycle adjustments for state candidates (constitutional officers, State Senate & Board of Equalization offices).
- H. The FPPC should evaluate efficacy of statutory or regulatory definition of “bundler” to allow for disclosure of major bundlers of campaign contributions.

7. Expenditure Disclosure:

A. Include date of expenditure on 460, schedule E.

B. Expenditure Disclosure: (1) State and Local: More than \$200

C. Sub-vendor: (1) \$500. (2) Credit Card: More than \$200. (3) Eliminate postage and petition circulator/GOTV worker compensation disclosure for sub-sub vendors, not prime contractors.

### III. INCREASE DISCLOSURE AND TRANSPARENCY

#### 8. Regular Disclaimers:

- A. Adopt FEC “Paid for by...,” “Authorized by/Not Authorized by...” disclaimers for mass mailing, media advertising, telephone bank and other media advertisements.
- B. Require disclaimers on all types of campaign materials except those for which it isn’t feasible or readily legible (very small or billboard ads).
- C. Apply more limited disclaimer requirements (as currently established for radio advertisements and now for Internet advertisements) to radio broadcast communications.
- D. Sponsorship Disclaimer – Require sponsor name in name of “connected committees,” by re-defining “sponsor” in Section 82048.7. “Connected committees” (a term of FEC art) are those connected to a corporation or business, a labor union, or a trade association and that meet the tests of Section 82048.7(b)(2) & (b)(3) for sponsorship. Delete sponsor disclaimer categories for other committees.
- E. Major Funders Disclaimer – Simplify “top two” donor disclosures to pierce top two name if committees trade money. Require top two donor disclosures for all ballot measure and IE committees. Require top two donor disclosures for all non-connected committees (see 8C above). Include reference to the Secretary of State’s website to identify, in greater detail, the committee’s contributors.
- F. Require the payor’s web address, if any, in the disclaimer.
- G. For ballot measures that are in qualification process, require the Secretary of State’s ballot measure identification number in the disclaimer.
- H. Locate all disclaimer and naming rules in the same sub-chapter of chapter 4 (i.e., 84305, 84305.5, 84310, 84503, 84506.)

9. “Robocalls”:

- A. Coordinate with PUC to obtain FPPC authority to regulate political “robocalls.”
- B. Allow political “robocalls” without live operator requirement as a first step in making policy decisions about political “robocalls,” as the current federal and State laws and regulations do not achieve any other result other than driving political “robocalls” out of state.
- C. Require committee that pays for “robocalls” to maintain copies including digital copies as record of the committee available for audit – as applies to the phonebank record retention requirement.

10. Slate Mailers:

- A. Enlarge disclaimer as proposed and change language as proposed.

Part I: Current disclaimer location

THIS DOCUMENT WAS PREPARED BY (name of slate mailer organization or committee primarily formed to support or oppose one or more ballot measures). This is a commercial publication and appearance does not necessarily imply endorsement of other candidates or measures. **NOT AN OFFICIAL POLITICAL PARTY ORGANIZATION.** Funding details can be found at [SOS.ca.gov](http://SOS.ca.gov)

Part II: Located on same page as candidate/measure denoted by asterisk

\*Appearance is paid for and authorized by each candidate and ballot measure which is designated by an \*.  
@ Appearance indicated by a @ has been paid for by a person other than the candidate or ballot measure supported or opposed.

- B. Require an appropriate symbol other than an asterisk for any candidate or measure endorsement that is paid for by a third party as an IE.
- C. Require disclaimer in the same language if a substantial portion of the language of slate (e.g., if slate is 100% Vietnamese, have a Vietnamese language disclaimer).
- D. Require slate mailer organization’s web address, if any, in the disclaimer.



#### IV. RAISING PUBLIC CONFIDENCE

##### 11. Conflict of Interest:

- A. Change disclosure and conflict-of-interest thresholds to \$10,000 for real property and non-Schedule A-2 investment interests.
- B. Retain income disclosure and disqualification threshold at \$500.
- C. Retain gift disclosure threshold at \$50 and set gift limit at \$250 per calendar year and eliminate biennial COLA adjustment of gift limit.
- D. Modify PRA to allow FPPC, by regulation, to define “investment” to account for evolving forms of investments.
- E. Amend Chapter 6 to require gift notices to indicate that reimbursement or return of a gift must be made within 30 days of its receipt.

##### 12. Revolving Door:

- A. Standardize state and local lifetime ban rules.
- B. Standardize one-year disqualification rule at state and local levels. Consider changing the one-year disqualification rule to two-years.
- C. Apply the revolving door rules to legislative employees and designated employees of other state and local agencies.
- D. Consider eliminating exception to one-year and lifetime ban rules for unpaid appearances by otherwise-disqualified former public officials.
- E. Prohibit departing public officials from taking with private parties that were party to a governmental proceeding for a period of two years after departing government employment if the public official made or participated in making a decision benefitting the party.