



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
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To: Chair Remke and Commissioners Audero, Casher, Wasserman, and Wynne
From: Phillip Ung, Legislative and External Affairs Director
Subject: Legislative Update – February 2016
Date: February 8, 2016

The Legislature began the second year of the 2015-2016 Legislative Session on January 4, 2016. January 31st was the last day for each house to pass bills introduced in their house in 2015, and bills that were not approved by the house of origin by that date can no longer move through the process. February 19th is the last day for bills to be introduced. FPPC staff will have a clearer picture of legislation after that date.

This report includes a summary of the four bills currently pending before the Legislature that would impact the Political Reform Act and Government Code Section 1090. There are additional proposals that may be introduced before the deadline, and staff will update the Commission with that information at the March meeting.

1. [AB 700](#) (Gomez): Advertisement disclosure

Status: Senate Rules Committee

FPPC Position: None currently

Fiscal Estimate: \$350,000

Introduced: February 25, 2015

Amended: January 14, 2016

Last Action: Passed Assembly (60-15); referred to Senate Rules Committee for committee assignment (01/27/16)

Summary:

The Political Reform Act provides comprehensive regulations for campaign finance disclosure requiring committees that support or oppose ballot measures to use the name or phrase that clearly identifies the economic or other special interest of its donors of \$50,000 or more. If major donors share a common employer, then the employer is disclosed.

The bill would repeal then redefine and recast the Act's advertisement provisions. The bill prescribes the disclosure statements, location, and format criteria required for television, radio, telephone, and internet advertisements with some exemptions; excludes apparel, sky writing, and certain electronic media. The bill requires the disclosure of top contributors as defined. Certain committees, including independent expenditures are exempt from the top contributor disclosure.

AB 700 received three substantial amendments in a single week in January prior to being approved by the Assembly Appropriations Committee and the Assembly Floor. AB 700 was approved by the Assembly (60 ayes – 15 noes). Commission staff has reached out to the author's office and sponsors to discuss recent amendments and to discuss future amendments.

2. [AB 1200](#) (Gordon): Lobbying: procurement contracts

Status: Inactive File

FPPC Position: None currently

Fiscal Estimate: \$872,000 (two years), \$760,000 (ongoing)

Introduced: February 27, 2015

Amended: August 26, 2015

Last Action: Order to inactive file (09/11/15)

Summary:

The Political Reform Act regulates the activities of lobbyists, lobbying firms, and lobbying employers who attempt to influence legislative and administrative actions. This includes placement agents who attempt to influence investment decisions of CalPERS, CalSTRS, and the UC Retirement Systems. The Act requires lobbying entities to register and file disclosure reports with the Secretary of State.

AB 1200 proposes to establish reporting, disclosure, and other lobbying requirements on persons who attempt to influence government procurement decisions if total estimated costs of the procurement exceed \$250,000. This requirement would only include persons who are contracted to provide such services, not in-house employees.

AB 1200 was unable to garner enough support in the State Senate at the end of the 2015 session. The author will be making further amendments to the bill to include provisions requested by interest groups and to address concerns about procurement challenges. The author plans to take the bill up for a vote on the Senate floor in February or March. If approved by the Senate, the bill is required to go back to the Assembly for concurrence in amendments.

3. [AB 1582](#) (Travis Allen): Conflict of interests: post-secondary educational institutions

Status: Assembly Higher Education Committee

FPPC Position: None currently

Fiscal Estimate: Not yet requested

Introduced: January 5, 2016

Last Action: Introduced

Summary:

The Political Reform Act requires every governmental agency to adopt and promulgate a conflict of interest code with specified information. The Education Code prohibits a faculty member or academic department from demanding anything of value for the selection of coursework, but

permits royalties and compensation for course materials that include an instructor's writing or other work.

The bill requires the conflict of interest code of each public college and university to require instructors and employees to disclose any item of value, any royalties, or compensation the employee receives from adopting course materials for coursework or instruction.

Staff has provided the author's office comment on the bill. It should be noted that current FPPC regulation has a specific exception under conflicts for instructors that is broader than merely selecting books. (Regulation 18704(d)(5).) Under the regulation, any "teaching decision" is not decision-making under the Act. For this reason, teachers and professors generally are not subject to the conflict of interest rules or required to file a Form 700 (unless they also are administrators with institution wide responsibility). The proposed legislation would override the Commission's current regulatory scheme. Staff will continue to discuss these issues with the author.

4. [AB 1697](#) (Bonilla): Disclosure of contributions

Status: Assembly Rules

FPPC Position: None currently

Fiscal Estimate: Not yet requested

Introduced: January 21, 2016

Last Action: Introduced

Summary:

Candidates for state elective office and committees in support or opposition to a ballot measure who file electronically are currently required to file 24-hour reports disclosing the receipt of \$1,000 or more during the 90 days prior to an election and including the date of the election. During all other times of the year, these entities are required to file a report with the Secretary of State within 10 business days of any contribution of \$5,000 or more.

This bill requires these committees to file Form 497 (24-hour Contribution Reports) for each \$1,000 contribution they receive within 24 hours during the 90-day period prior to an election and within 5 days at other times. In addition, this bill would require most state general purpose committees to file within 24 hours or five days when they receive a contribution of \$1,000 or more (because they make contributions to state candidates or measures).

Staff has met with the author's office to discuss the legislation and expressed concern about the effect of this marked extension of the \$1,000 activity-based filing requirement and whether this is the best means to get "instantaneous" disclosure of all transactions if that is the goal of the legislation.