



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
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To: Chair Miadich, Commissioners Cardenas, Hatch, and Hayward

From: Phillip Ung, Director, Legislative and External Affairs

Subject: Statement of Economic Interests Legislation Recommendations

Date: December 9, 2019

Background

The Commission has successfully implemented the Statement of Economic Interests (SEI) electronic filing system. Over the last three years, the Commission has received thousands of e-filed SEIs resulting in ease of use and improved compliance for the filer and efficiencies for the Commission. More importantly, access to e-filed SEIs are easier and more efficient for the public to access. Although each year more and more public officials use the e-filing system, its use is currently voluntary. Staff recommends requiring SEIs filed with the FPPC be filed through the e-filing system. Staff also recommends the codification of parts of Regulation 18753 which specifies additional positions under Section 87200 including county and city treasurers and other officials who manage public investments.

The Commission is required by statute to adjust the gift limit each odd numbered year according to inflation. The gift limit current stands at \$500. Staff has projected the 2021 cost-of-living adjustment will result in the gift limit exceeding \$500, thus exceeding the “income” disclosure threshold. Staff believes the gift limit exceeding the “income” disclosure would lead to reasonably foreseeable scenarios that would produce absurd legal results since a gift is considered income under the Act. To prevent this situation, staff is proposing to set the statutory gift limit at \$500 and to repeal the automatic cost-of-living adjustment.

Lastly, staff is proposing non-substantive reorganization and recasting of the sections and articles of Chapter 7. From 2016 through 2017, the Commission embarked on a project to reorganize and recast the entire Political Reform Act to improve readability and organization. As a result of the project, the staff retained a Legislative Counsel version of a reorganized Political Reform Act that could be used when substantive amendments are occurring within each chapter. Staff believes coupling the non-substantive reorganization of Chapter 7 with the substantive and meaningful amendments proposed above will result in general improvements in Act.

Fiscal Impact

Requiring e-filing with the Commission for most 87200 filers may result in potential cost savings and efficiencies in agency’s the filing duty responsibilities.

Authorizing the Commission to serve as a clearinghouse for all SEIs filed statewide may result in significant fiscal impacts to the Commission including updating the e-filing system and the potential need for additional staff.

All other SEI legislative proposals may result in no fiscal impact or can be absorbed within current budget allocations.

Staff Recommendation

1. Recommend the Commission direct staff to submit proposals to Legislative Counsel;
2. Adopt a sponsorship position; and
3. Authorize Commission staff to retain an author or authors for bill introduction.



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New Legislation Proposals for 2020

Number	Legislative Goal	Provisions to be Amended	Type of Proposal	Underlying Internal Reason	Analysis of Proposal/Options
SEI-1	Require E-filing with the FPPC for most 87200 filers	New	Substantive	The FPPC has successfully launched online filing for Form 700s. However, there is no specific requirement that candidates and elected officials listed in 87200 file electronically with the Commission.	Mandating e-filing for most 87200 filers would increase efficiency and cost savings for the Commission as staff would no longer have to administer with paper filings and scanning records.
SEI-2	Require the FPPC be the clearinghouse for all Statement of Economic Interests in the State	New	Substantive	The process of submitting and retaining Statement of Economic Interests were originally designed before the advent of the internet and based on a decentralized, paper-based model. This pre-internet model is costly, inefficient, and, at times, confusing for public officials.	Mandating an online portal to host all SEIs filed statewide, including local and state, be filed (i.e. by fillable PDF or through the e-filing system) may result in significant new responsibilities for the Commission and may require additional staff to administer the new requirement. The Commission would not serve as the filing officer for any new jurisdictions or agencies.
SEI-3	Clean up SEI provisions to improve interpretation, compliance, and enforcement.	87500	Technical and Substantive	The use of electronic filing for Form 700s has highlighted outdated provisions within the Act that should be updated.	Staff has developed a list of technical and minor changes to the Act that can assist with the continued rollout of the e-filing system.

SEI-4	Cap Statutory Gift Limit at \$500 and eliminate the COLA for gifts	89503	Substantive	In 2020, the Commission is expected to raise the gift limit to more than \$500 which will then exceed the "Income" disclosure threshold.	There are reasonably foreseeable situations that would produce absurd legal results if the gift limit is allowed to exceed the income disclosure threshold.
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