



STATE OF CALIFORNIA  
FAIR POLITICAL PRACTICES COMMISSION  
1102 Q Street • Suite 3000 • Sacramento, CA 95811  
(916) 322-5660 • Fax (916) 322-0886

**To:** Chair Miadich and Commissioner Baker  
**From:** Lindsey Nakano, Legislative Counsel  
**Subject:** **Legislative Update – October 2021**  
**Date:** October 7, 2021

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## General Update

Five Commission-related bills were passed by the Legislature and signed by the Governor this year, all of which were formally supported or sponsored by the Commission. The Legislature is now on Interim Study Recess and will reconvene on January 3, 2022.

During the recess period, staff is working on researching and developing legislative concepts for 2022.

## 2021 Chaptered Bill Summary

### **[AB 319](#) (Valladares) – Campaign contributions: foreign contribution prohibitions.**

Summary: AB 319 prohibits a foreign government or principal from making contributions, expenditures, or independent expenditures in connection with the election of a candidate to state or local office, and prohibits a person or a committee from soliciting or accepting those contributions.

FPPC Position: Support

Cost Estimate: Minor and absorbable

### **[AB 378](#) (Bauer-Kahan) – Gendered language cleanup.**

Summary: AB 378 removes gendered language from certain portions of the Government Code and other codes, including from the Political Reform Act.

FPPC Position: Support

Cost Estimate: Minor and absorbable

**AB 1367 (Low) – Campaign funds: egregious personal use of campaign funds.**

Summary: AB 1367 increases penalties for egregious personal use of campaign funds to two times the amount of the unlawful expenditure.

FPPC Position: Sponsor

Cost Estimate: Minor and absorbable

**AB 1590 (Committee on Elections) – PRA omnibus bill.**

Summary: AB 1590 transfers the responsibility for collecting the \$150 penalty for failure to pay the annual \$50 committee fee from the FPPC to the Secretary of State. Under existing law, the SOS is responsible for collecting the original \$50 fee, and referrals for nonpayment are sent to the FPPC. AB 1590 also makes other nonsubstantive changes to the PRA.

FPPC Position: Support

Cost Estimate: Minor and absorbable

**SB 686 (Glazer) – Campaign disclosure: limited liability companies.**

Summary: SB 686 requires an LLC, if it qualifies as a committee or committee sponsor, to file a statement of members with the Secretary of State. The bill requires the statement of members to include certain information about the LLC, including a list of all persons who have a membership interest in the LLC of at least 10% or who made a cumulative capital contribution of at least \$10,000 to the LLC after it qualified as a committee or sponsor of a committee, or within the 12 months before it qualified.

FPPC Position: Sponsor

Cost Estimate: FPPC – 1 Special Investigator (\$126,000 for the first year) and \$119,000 ongoing); SOS – One-time cost of \$561,000 and \$121,000 ongoing

## **2022 Legislative Concepts Outline**

### **1. Digital Political Advertisement Transparency (from the Final Report of the Digital Transparency Task Force)**

- a. Create a new state archive for digital political advertisements.
- b. Commission an advertisement disclaimer study to examine what kinds of disclaimers are most effective.

### **2. Automatic Recurring Contributions**

- a. Prohibit candidates and committees from signing up donors for recurring contributions without the donor's affirmative consent.

### **3. Lobbying Reports and Audits**

- a. Require lobbying reports to disclose additional information about lobbying activity.
- b. Transfer the duty to conduct mandatory audits of lobbying entities from the FTB to the FPPC.

### **4. Electronic Filing of Statements of Economic Interest**

- a. Require a statement of economic interest filed by a public official, for whom the Commission is the filing officer, to be filed with the Commission using the Commission's electronic filing system.

### **5. Increase Transparency of Committee Bank Accounts**

- a. Various Options:
  - i. Long-arm statute to reach out-of-state persons and bank accounts
  - ii. Label bank accounts so the purpose of the account is in the name
  - iii. Disclose bank account numbers in committee filings (redacted when public)
  - iv. Require at least two people to be authorized signers on committee bank accounts

## **6. State or Local Agency Misuse of Public Funds for Campaign Activity**

- a. Prohibit a state agency or local government agency from spending public money on a public communication that clearly identifies a candidate or ballot measure, with specified exceptions.

## **7. FPPC Special Investigator Authority**

- a. Authorize FPPC Special Investigators to access state summary criminal history information.

## **8. Gift Limit Reconciliation**

- a. Reconcile the \$520 gift limit with the \$500 income threshold for conflicts of interest, which, under the current limits, can result in situations where an official could legally accept a gift, even though that gift could create a conflict of interest under the Act.

## **9. Minor Changes to Campaign Advertisement Disclosure and Display Requirements**

- a. Avoid penalties for over-disclosure on ads by allowing committees to include the full disclaimer directly on the ad itself, instead of just the “who funded this ad?” hyperlink, which is the current requirement.
- b. Combine substantially similar advertisement display requirements by combining the requirements for independent expenditure ads paid for by political parties and candidates with other substantially similar requirements in the Act.