



FAIR POLITICAL PRACTICES COMMISSION

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To: Chair Ravel and Commissioners Eskovitz, Garrett, Montgomery, and Rotunda
From: Tara Stock, Legislative Coordinator
Subject: Legislative Report
Date: May 7, 2012

The deadlines for policy committees to hear bills have passed, and the deadline for fiscal committees to hear bills introduced in their house is May 25, 2012. AB 2054 (Fong), listed as a “spot” bill in the March 26, 2012, legislative report has been removed as it was amended to no longer affect the Act or the Commission.

Pending Legislation – Positions Not Yet Adopted by Commission

Since the April 5, 2012, hearing, SB 1426 (Blakeslee), which was previously a “spot” bill, was amended to substantively affect the Act. AB 2609 (Hueso), which did not previously affect the Act, was also amended and now affects the Act. At its April 5, 2012, hearing, the Commission decided to delay the adoption of a position on AB 2239 (Norby), which repeals the current contribution limits and requires 24-hour reporting of contributions and expenditures of \$100 or more. The Commission directed staff to conduct research related to other states that do not have contribution limits but require prompt reporting. The attached memo outlines those findings. Summaries of these bills and positions as recommended by staff are below.

SB 1426 (Blakeslee) Gifts from Lobbying Entities

Existing Law

A lobbyist or a lobbying firm may not make gifts aggregating more than \$10 in a calendar month to an elected state officer, a candidate for elective state office, or a legislative official of any agency required to be listed on the registration statement of the lobbying firm or the lobbyist employer. No elected state officer, candidate for elective state office, or legislative official may accept gifts from any single source, including a lobbyist employer, in any calendar year aggregating more than \$420.

Proposed Law

This bill would prohibit all lobbying entities (lobbyists, lobbying firms, and lobbyist employers) from giving to an elected state officer or a member of the officer’s immediate family, and prohibit an elected state officer from accepting, the following gifts: 1) A theme park or amusement park ticket; 2) A professional sporting event ticket; 3) A collegiate or other amateur sporting event ticket with a face value exceeding \$25; 4) A theater, concert, or other entertainment ticket with a face value exceeding \$25; 5) A racetrack ticket; 6) A spa treatment, or other beauty or cosmetic service; 7) A golf, skiing, hunting, or fishing trip, or other recreational outing or vacation; and, 8) A gift card. The prohibitions would not apply to a fundraising event for a bona fide charitable organization.

Status: Senate Appropriations Committee. Hearing is scheduled for May 7, 2012.

Estimated Fiscal Impact: \$210,000

(ENF: 2 positions for anticipated increase in complaints/investigations; LEG: 120 – 180 hours for regulations; TAD: .25 position to create fact sheet(s) and revise manuals)

Staff Recommended Position: Oppose

This bill imposes unmet fiscal needs.

AB 2609 (Hueso) Fish and Game Commission Members – Full Disclosure and Disqualification

Existing Law

The Act requires that certain public officials (specified in Section 87200) who have a financial interest in a governmental decision publicly identify the financial interest giving rise to the conflict of interest, recuse themselves from discussing and voting on the matter, and leave the room until after the discussion, vote and other disposition of the matter is concluded. In addition, public officials specified in Section 87200 are required to disclose all financial interests.

Proposed Law

This bill would add members of the Fish and Game Commission to the officials specified in Section 87200, which would subject the members to full disclosure and the conflict of interest disqualification procedures. The bill also amends several sections of the Fish and Game Code to: 1) encourage the Governor and the Senate Committee on Rules to consider specified criteria or qualifications when selecting commissioners; 2) change the way the president and vice president are elected; and, 3) require the commission to adopt a code of conduct.

Status: Assembly Appropriations Committee. Hearing is scheduled for May 9, 2012.

Estimated Fiscal Impact: Minor/absorbable

Staff Recommended Position: Support PRA provision only; no position on other provisions

Staff supports transparency and believes the duties of the members of the Fish and Game Commission are so broad that they should be subject to full disclosure and the disqualification procedures of the Act.

AB 2239 (Norby) Repeals Campaign Contribution Limits and Requires 24-Hour Reporting for All \$100 Contributions and Expenditures

Existing Law

The Act imposes limits on contributions that may be made to, or accepted by, candidates for elective state office. The Act also limits contributions to officers of specified agencies from a party to a proceeding before an agency involving a license or permit. In addition, the Act requires candidates and committees to file specified campaign statements, including semiannual, pre-election, and late contribution reports.

Proposed Law

If this bill is passed by the Legislature and approved by the Governor, it shall be submitted to the voters for approval at a statewide election. The bill would repeal limitations on contributions that may be made to, or accepted by, candidates for elective state office. It would also repeal the requirements for most existing campaign filing requirements and would instead require a candidate or committee that makes or receives a contribution of \$100 or more report the contribution to specified filing officers within 24 hours. An expenditure of \$100 or more made by a candidate or committee is also required to be reported within 24 hours and if the expenditure is a contribution or an independent expenditure, the report shall also include the cumulative amount of contributions or independent expenditures made relative to a candidate or ballot measure.

Status: Assembly Elections and Redistricting Committee.

Estimated Fiscal Impact: \$1,000,000

(ENF: 6 positions for anticipated increase in complaints/investigations; LEG: 2 positions for multiple regulations; TAD: 5 positions to revise all campaign forms and manuals, assist with regulations, and conduct seminars)

Staff Recommended Position: Oppose

Staff does not believe that the contribution limits, which were enacted upon approval of the voters, should be repealed. The bill also imposes significant unmet fiscal needs.

Ongoing Legislation – Substantively Amended

Since the April 5, 2012, Commission hearing, SB 1001 (Yee), SB 1553 (Lowenthal), AB 41 (Hill), and AB 2191 (Norby) have been substantively amended. Staff recommends that the Commission change its position to “support” on SB 1001 and SB 1553, continue its “support” position on AB 41, and remain “neutral” on AB 2191.

SB 1001 (Yee) Lobbyist Registration Fees

Existing Law

The Secretary of State may charge each lobbying firm and lobbyist employer a fee of up to \$25 per year for each lobbyist required to be listed on its registration statement. There is currently no charge for a committee to file a Statement of Organization. Fines collected for the late filing of reports and statements go to the State General Fund.

Proposed Law

This bill would increase the maximum annual registration fee to \$50 per year and require the Commission to adjust the fee on December 1 of each even-numbered year to reflect any increase in the Consumer Price Index. *The bill was recently amended to include a \$50 per year fee for recipient committees and to establish the Political Disclosure Access, and Transparency Account in the State Treasury for fees collected from lobbyist registration fees, recipient committee registration fees, and fines collected for late filing of reports and statements. Moneys deposited in the account would be expended for the maintenance, repair, and improvement of the online disclosure program implemented by the Secretary of State.*

Status: Senate Appropriations Committee. Hearing is scheduled for May 7, 2012.

Estimated Fiscal Impact: Minor/absorbable

Commission Position: Support if fees are used for SOS electronic filing system (adopted at April 5, 2012 hearing)

Staff Recommended Position on amended version: Support

The bill has been amended to expressly state that the fees will be used for the electronic filing system.

SB 1553 (Lowenthal) City of Long Beach – Pilot Program for Electronic Filing of Campaign Statements

Existing Law

The Act requires elected officers, candidates for elective office, and campaign committees to file campaign statements. City officers, candidates for elective office, and campaign committees file the required campaign statements with the clerk of the city.

Proposed Law

This bill would create a pilot program for the 2013 and 2014 reporting periods that authorizes the City of Long Beach to permit city elected officers (and candidates), their controlled committees, committees formed primarily to support or oppose a city candidate or ballot measure, and city general purpose committees to file electronically. The City of Long Beach would be required to prepare a report, including specified information, to submit to the Commission by July 1, 2015. The Commission would be required to submit the report and any comments about the report to the Legislative Analyst’s Office by August 15, 2015, and the Legislative Analyst’s Office would be required to provide a report to the Legislature evaluating the pilot program by February 1, 2016. *The bill was recently amended to include specified requirements for the filing officer and the electronic filing system (including that the system is compatible with the Secretary of State’s system).*

Status: Senate Appropriations Committee. Hearing is scheduled for May 7, 2012.

Estimated Fiscal Impact: Minor/absorbable

Commission Position: Support if amended (adopted at April 5, 2012 hearing)

Staff Recommended Position on amended version: Support

The proposal has been amended to address staff's concerns.

AB 41 (Hill) High Speed Rail Authority Members – Disqualification

Existing Law

The Act requires that certain public officials (specified in Section 87200) who have a financial interest in a governmental decision publicly identify the financial interest giving rise to the conflict of interest, recuse themselves from discussing and voting on the matter, and leave the room until after the discussion, vote and other disposition of the matter is concluded.

Proposed Law

This bill was recently amended to include an urgency clause so, if approved, the provisions will be effective immediately. The bill would add members of the High Speed Rail Authority to the officials specified in Section 87200 who are required to follow the conflict of interest disqualification procedures. *The bill was also amended to add a section to the Public Utilities Code, which states that any employee of a contractor or subcontractor of the Authority who serves in a peer review capacity to the Authority shall be deemed to be a designated employee of the Authority.*

Status: Senate Floor.

Estimated Fiscal Impact: Minor/Absorbable

Commission Position: Support (adopted at February 11, 2011 hearing)

Staff recommends that the Commission continue to “support” this proposal.

AB 2191 (Norby) County Central Committee Members

Existing Law

The definition of “elective office” expressly includes membership on a county central committee of a qualified political party.

Proposed Law

The bill previously would have revised the definition of “elective office” to exclude membership on a county central committee of a qualified party and would have revised the definition of committee to exclude an entity that is primarily formed to support or oppose a person seeking election to a county central committee of a qualified party. *The bill has been amended to exempt an elected member of, or a candidate for election to, a county central committee of qualified political party who receives contributions of less than \$1,000 and who makes expenditures of less than \$1,000 in a calendar year from the requirements to file specified campaign statements. The bill would prohibit a local agency from imposing any filing requirements on such candidates and members and would prohibit a local jurisdiction from imposing any contribution limits or prohibitions on such candidates or members.*

Status: Assembly Appropriations Committee.

Estimated Fiscal Impact: Minor/absorbable

Commission Position: Neutral (adopted at April 5, 2012 hearing)

Staff recommends that the Commission remain “neutral” on this proposal.

Ongoing Legislation – Positions Previously Adopted by Commission

SB 31 (Correa)

Post-Employment Restrictions – Local Officials

This bill would add “other public officials serving as members of local governing boards or commissions with decisionmaking authority” to the specified officials subject to the one year post-employment restrictions.

Status: Assembly Elections and Redistricting Committee.

Commission Position: Support if funded (adopted at April 5, 2012 hearing)

AB 1509 (Hayashi)

Statements of Economic Interests (SEIs) – Local Agencies Posting Website Notification

This bill would require a city or county clerk who maintains a website to post a notification with specified information related to SEIs.

Status: Assembly Appropriations Committee. Hearing is scheduled for May 9, 2012.

Commission Position: Support (adopted at April 5, 2012 hearing)

AB 1648 (Brownley)

Advertisement Disclosure

This bill makes several significant changes to the advertisement disclosure rules.

Status: Assembly Appropriations Committee “suspense” file.

Commission Position: Neutral (adopted at April 5, 2012 hearing)

AB 2062 (Davis)

Statements of Economic Interests – Electronic Filing

This bill contains an urgency clause so, if approved, the provisions will be effective immediately. It would allow all filing officers to permit the electronic filing of SEIs upon system approval and certification from the Commission.

Status: Assembly Appropriations Committee “suspense” file.

Commission Position: Support (adopted at April 5, 2012 hearing)

AB 2129/AB 2146 (Cook)

Enforcement of San Bernardino County Campaign Ordinance

This bill would require the Commission to have primary responsibility for the impartial, effective administration, implementation, and enforcement of the Campaign Reform Ordinance of the County of San Bernardino upon adoption of an ordinance or resolution by the board of supervisors that makes the provisions applicable.

Status: Assembly Appropriations Committee.

Commission Position: Support (adopted at April 5, 2012 hearing)

AB 2162 (Portantino)

Statements of Economic Interests (SEI) – Fair Market Value

This bill would revise the fair market value ranges on the Statement of Economic Interest (Form 700) to provide 8 options for investments and real property interests and 10 options for reporting “gross income received.”

Status: Passed Assembly. Referred to Senate Rules for committee assignment.

Commission Position: Neutral (adopted at April 5, 2012 hearing)

AB 2220 (Gatto)

Ballot Pamphlets

This bill would require, except as specified, that if a fiscal analysis prepared by the Legislative Analyst determines that a measure would provide an increase in revenues to fund new or existing programs, that specified language be added at the end of the “yes” and “no” summary statement in the ballot pamphlet, advising that unless changed by a future measure approved by the voters, the initiative would forever dedicate the revenue to program identified in the initiative.

Status: Assembly Floor.

Commission Position: None

AB 2452 (Ammiano)

Campaign Statements – Electronic Filing for Local Agencies

This bill would authorize a local government agency to require an elected officer, candidate, committee, or other person required to file specified statements or reports to file online or electronically with a local filing officer.

Status: Assembly Floor.

Commission Position: Support (adopted at April 5, 2012 hearing)

AB 2691 (Assembly Elections) – clean up bill

This bill repeals three provisions of the Act, which are now obsolete – 84604, 84609, and 84610.

Status: Assembly Floor.

Commission Position: Support (adopted at April 5, 2012 hearing)

Inactive Legislation

SB 1296 (Fuller)

Ballot Pamphlets

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

Status: Failed passage in the Senate Committee on Elections, Reapportionment and Constitutional Amendments.

Commission Position: None

AB 1730 (Olsen)

Legislative Transparency Act

This bill would require a Member of the Legislature or a controlled committee of a Member to report within 24 hours a contribution of \$100 or more received within the seven days prior to specified legislative deadlines for a regular session of the Legislature.

Status: Failed passage in the Assembly Elections and Redistricting Committee.

Commission Position: Support PRA provision only – no position on other provisions (adopted at April 5, 2012 hearing)

AB 1881 (Donnelly)

Disclosure Threshold for Non-Candidate Controlled Committees

This bill would prohibit a committee (not controlled by a candidate) from disclosing in a campaign statement the name and address of a person whose cumulative contributions to that committee are less than \$5,000.

Status: Failed passage in the Assembly Elections and Redistricting Committee.

Commission Position: Oppose (adopted at April 5, 2012 hearing)

AB 2256 (Portantino)

California Legislature Whistleblower Protection Act

This bill would enact, and would require the Commission to administer, the California Legislature Whistleblower Protection Act (LWPA).

Status: Failed passage in the Assembly Judiciary Committee.

Commission Position: Oppose (adopted at April 5, 2012 hearing)

AB 2503 (Norby) – spot bill

Income

This bill in its current form makes nonsubstantive changes to the Act's definition of "income."

Status: Assembly

Commission Position: None

**Fair Political Practices Commission
Memorandum**

To: Chair Ravel, Commissioners Eskovitz, Garrett, Montgomery and Rotunda

From: Zackery P. Morazzini, General Counsel
Sukhi K. Brar, Commission Counsel

Re: **Contribution Limits (AB 2239 Norby)**

Date: May 7, 2012

EXECUTIVE SUMMARY AND RECOMMENDATION

In response to concerns over Assembly Bill 2239 and its provisions that seek to repeal the contribution limits enacted by the people of California by initiative in 2000, the Commission asked staff to research the issue of contribution limits. Staff acknowledges that money may be going to independent expenditures to avoid the contribution limits; however evidence is insufficient to recommend that contribution limits be eliminated at this time. After conducting a fair amount of research, staff concludes that keeping contribution limits in place is best for California. Contribution limits help prevent corruption and instill public confidence in our State's political process. Therefore, staff recommends the Commission take an oppose position to this bill.

The Supreme Court has recognized that campaign contribution limits help prevent corruption. While independent expenditures can be made to create advertisements for candidates, and can also create influence and access to a candidate, independent expenditures usually come in the form of political ads, whereas direct campaign contributions have the potential to be even more influential or corrupting because they are in the control of the candidate. Direct contributions can be used for much more and can be given at times when the candidate has no need for a political ad, but may have use for cash on hand to pay other expenses.

FINDINGS

The Supreme Court

The Supreme Court has spoken on the issue of contribution limits. In *Buckley v. Valeo*, 424 U.S. 1 (1976), the Supreme Court considered the constitutionality of the Federal Election

Campaign Act of 1971 (FECA) and the Presidential Election Campaign Fund Act. The Court upheld the constitutionality of contribution limits to candidates for federal office, but found limits on independent expenditures to be unconstitutional.

In *Buckley* the Court recognized contribution limits as one of the “primary weapons against the reality or appearance of improper influence” on candidates by contributors, and found that these limits “serve the basic governmental interest in safeguarding the integrity of the electoral process.” (*Id.* at 59.) The Court concluded that “the actuality and appearance of corruption resulting from large financial contributions” was a sufficiently compelling interest to warrant encroachments on First Amendment liberties “to the extent that large contributions are given to secure a *quid pro quo* from [a candidate.]” (*Id.* at 27.)

In *Nixon v. Shrink Missouri Government PAC*, 528 U.S. 377 (2000), the Court evaluated campaign contribution amounts and considered whether *Buckley*’s approved contribution limits established a minimum for state limits. The Court concluded that *Buckley* did not. The Court noted that the \$1,000 limit upheld in *Buckley* was not a floor for contribution limits, and recognized that the risk of corruption is greater when money flows directly into the campaign coffers. (*Id.* at 904-905.)

In *Randall v. Sorrel*, 548 U.S. 230 (2006), the Court considered a Vermont law that included both expenditure and contribution limits. Most relevant here, the Court decided that the contribution limits, ranging from \$200 to \$400 were unconstitutionally low. The Court found that low limits would generally suppress more speech by challengers than incumbents. (*Id.* at 268.) Notably, the conclusion that low contribution limits would suppress more speech by challengers than incumbents has been disputed in a recent study conducted by the Brennan Center.

How Many States Have Limits?

Only four states in the country have no restrictions on campaign contributions whatsoever: Oregon, Virginia, Utah, and Missouri (whose legislature repealed campaign contribution limits in 2008, after the people had instituted them by initiative in 1994). Eight states do not have contribution limits for individuals giving to candidates but do prohibit corporations from contributing to candidates: Alabama, Indiana, Iowa, Mississippi, North Dakota, Pennsylvania, and Texas. Twenty-eight states have limits lower than California, most of which are much lower (e.g., Alaska -\$500/year, Arizona-\$872 for statewide and \$424 for legislative/election, Florida- \$500/election.) And eight states have limits higher than California.

Notably, as discussed below, Illinois and New Mexico enacted campaign contribution limits fairly recently in 2009 and 2010 in response to political scandals.

California: Purposes of the Act and Proposition 34

Currently, the Act places contribution limits on contributions made by persons to candidates (\$3,900 for legislative candidates, \$6,500 for statewide candidates other than the Governor, and \$26,000 for Governor). These limits were enacted in 2000 with the passage of Proposition 34 by the People of California. Among the findings and declarations stated in Proposition 34 were:

(1) Monetary contributions to political campaigns are a legitimate form of participation in the American political process, but large contributions may corrupt or appear to corrupt candidates for elective office;

(2) Increasing costs of political campaigns have forced many candidates to devote a substantial portion of their time to raising campaign contributions and less time to public policy; and,

(3) Political parties play an important role in the American political process and help insulate candidates from the potential corrupting influence of large contributions.

The two primary purposes for enacting contributions limits were stated as:

(1) To ensure that individuals and interest groups in our society have a fair and equitable opportunity to participate in the elective and governmental processes; and,

(2) To minimize the potentially corrupting influence and appearance of corruption caused by large contributions by providing reasonable contribution limits.

Illinois

In response to the Governor Blagojevich political scandal and other recent political scandals taking place in Illinois, Governor Pat Quinn established the Illinois Reform Commission (IRC) in 2009 to recommend meaningful ethics reform for the State of Illinois in 100 days. After extensive research and a two-day hearing that included testimony from campaign reform experts from around the country, the IRC concluded that contribution limits were necessary for Illinois. Accordingly, the Illinois State Legislature enacted limits in 2010.

The IRC was a citizens' commission made up of independent men and women from diverse backgrounds and experience in campaign issues. The IRC held town hall meetings and examined research articles from the Brennan Center, the Center for Competitive Politics, the National Conference on State Legislatures, and the Joyce Foundation that compared systems in Illinois, Minnesota, Wisconsin, Indiana, Ohio, and Michigan. Though each of those studies had praised Illinois for its comparatively strong electronic disclosure system, they heavily criticized

the state for its lack of other campaign finance regulations. Illinois had a reputation for corruption in politics and many companies had reported they were hesitant to do business in Illinois because of the state's reputation. Before contribution limits were enacted in 2010, Illinois had chosen to rely on a disclosure-based system requiring candidates to identify campaign contributions on a semi-annual basis. The IRC concluded that this disclosure based system was not working, stating:

“Extensive corruption has continued. Campaign contribution disclosures may have helped people identify the problems, but the filings have not stopped our last two Governors from having to leave office in disgrace. Moreover, mere disclosures have done nothing to create elections that are more competitive or open to qualified challengers. The public perception remains that money buys power, and once in power, some elected officials can, and do, use their positions to reward contributors and perpetuate their hold on office.”

The IRC also had witnesses identify national trends. These witnesses included Michael Malbin, Executive Director of the Campaign Finance Institute, and Jennifer Bowser, Senior Fellow in the Legislative Management Program of the National Conference on State Legislatures. Several of the witnesses suggested that the absence of contribution limits, among other things, created elections that were less fair and that strongly favored incumbents. They noted that big money interests wielded undue influence over the election process and over the decisions of elected officials. The IRC concluded that contribution limits would decrease opportunities for corruption and encourage greater public access and input into the legislative system. IRC also stated that Legislators would become accountable to a broader range of constituents rather than the narrow interests of large contributors. The IRC also noted that commercial interests had successfully blocked legislation by making consistent and substantial contributions to office-holders.

The IRC found that “a system without contribution limits will not achieve the goal of fair, competitive elections, and will not engender public confidence on the merits of honest governance rather than the influence of large monetary contributors... The State can no longer pretend that the answer lies in disclosure alone.”

New Mexico

On January 10, 2009, the New York Times reported on New Mexico Governor Bill Richardson's corruption scandals. One example cited in the article was a \$300,000 contribution to Richardson from Paul Blanchard, the president of a racetrack and casino on the state fairgrounds. The State Racing Commission, appointed by Governor Richardson, approved a controversial request from Mr. Blanchard to move the racetrack off the fairgrounds to the city of Moriarty and expand its casino operations.

Another example cited Governor Richardson strongly supporting building an interchange off Interstate 25 that was wanted by a California developer who gave the Governor \$75,000 and the use of his personal jet for campaigning purposes. Other similar incidents were also described in this story.

In another story from the Times in January 2009, it was reported that Bill Richardson had to withdraw from consideration as President Obama's commerce secretary because a pending investigation into whether his administration gave lucrative contracts to a political donors would have "forced an untenable" delay in his confirmation.

The State Integrity Investigation¹ revealed that New Mexico gubernatorial candidate Susana Martinez received a total of \$450,000 in contributions from a Texas developer and his wife during her 2010 campaign, before the new limits took effect. That was the largest contribution in state history.

Ultimately, pay-to-play scandals in New Mexico led the legislature to enact contribution limits in 2009.

Texas

A story in theeagle.com from October 12, 2010, described that candidates for Governor in Texas regularly receive six-figure contributions. The story stated that Governor Rick Perry had received big contributions from companies that in turn received more than \$16 million from the state's Emerging Technology Fund, an economic development program used to lure high-tech companies to the state. Governor Perry had oversight of the fund.

Missouri

In 2008, Missouri's state Legislature repealed that state's contribution limits. The limits were originally enacted by an overwhelming vote of the people through an initiative in 1994. According to a story in the *Columbian Missourian* from July 11, 2008, officials were known to routinely get around the contribution limits by having campaign staff "personally coordinate, shuttle and flip" checks among several committees to get money to them. The article states that Democratic Attorney General Candidate Chris Koster contended that the practice was typical and legal under the Missouri Ethics Commission interpretations. Governor Blunt said this was the reason he felt the limits should be repealed. Others against the repeal included Attorney General

¹ The State Integrity Investigation is data-driven analysis of each state's laws and practices that deter corruption and promote accountability and openness. Experienced journalists graded each state government on its corruption risk using 330 specific measures. The Investigation ranked every state from one to 50. Each state received a report card with letter grades in 14 categories, including campaign finance, ethics laws, lobbying regulations, and management of state pension funds. The findings can be found at www.stateintegrity.org.

Jay Nixon, who was quoted as saying he thought the repeal was horrible public policy, especially because they were originally approved by voters and the change was coming right in the middle of an election.

Other Information

Staff from Assembly Member Norby's office has referenced a study conducted by the Pew Center on the States that discusses whether lower contribution limits produce good government. The study adopted the idea that if low contribution limits were a good thing the states that have low contribution limits would score higher than states with higher contribution limits in terms of how well they are governed. In this study, Virginia and Utah, states without contribution limits, ranked high on good governance. The study concluded that low limits on contributions are not related to the quality of governance. The study did not specifically look at the effects of contribution limits or corruption. The study graded states on governance, and after the fact took a tally of which states had limits and compared the lists.

As reported by the Washington Post, a recent survey by a group led by the Center for Public Integrity, a nonpartisan group based in Washington, gave Virginia an "F" on its "corruption risk report card." Virginia does not have an ethics agency like the FPPC.

The Center for Public Integrity gave Utah a "D" on its "corruption risk report card." In late 2009, a group of political and community leaders issued a 25-page report for the Governor's Commission on Strengthening Utah's Democracy. The Governor's Commission unanimously backed campaign contribution limits.

Studies done by the Brennan Center for Justice at NYU have concluded that lower contribution limits help increase competition among candidates and also increase the chances that new candidates will succeed against incumbents. The Center has also found that lowering contribution limits encourages candidates to implement a broadly based fundraising strategy.

CONCLUSION

Based upon the above research staff recommends the Commission oppose AB 2239 because the evidence does not support the idea that elimination of contribution limits will decrease corruption in this state. The trend among states riddled with political scandal and that do not have contribution limits has been for the most part to enact contribution limits.

AMENDED IN SENATE APRIL 9, 2012

SENATE BILL

No. 1426

Introduced by Senator Blakeslee
(Principal coauthor: Senator Correa)

February 24, 2012

An act to amend Section ~~82013~~ of 86203 of, and to add Section 89504 to, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 1426, as amended, Blakeslee. ~~Political Reform Act of 1974: committees.~~ Lobbyist employers: gifts.

The Political Reform Act of 1974 regulates the receipt of gifts by public officials and also regulates the activities of members of the lobbying industry, including lobbyist employers. Under existing law, public officials are prohibited from accepting gifts from any single source in any calendar year with a total value of more than \$250, as adjusted biennially by the Fair Political Practices Commission. Existing law also prohibits a lobbyist or lobbying firm from giving gifts to a public official aggregating more than \$10 in a calendar month or from acting as an agent or intermediary in the making of any gift or arranging for the making of any gift by any other person.

This bill would prohibit a lobbyist, lobbying firm, or lobbyist employer from giving to an elected state officer or a member of that officer's immediate family, and would prohibit an elected state officer from accepting from a lobbyist, lobbying firm, or lobbyist employer, certain gifts, including tickets to specified venues and events, spa treatments, recreational trips, and gift cards. However, under the bill, these prohibitions would not apply to a fundraising event for a bona fide charitable organization.

Existing law makes a violation of the Political Reform Act of 1974 subject to administrative, civil, and criminal penalties. 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 ²/₃ vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

~~The Political Reform Act of 1974 defines the term “committee” for purposes of that act.~~

~~This bill would make nonsubstantive changes to that 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 86203 of the Government Code is
2 amended to read:

3 86203. (a) ~~It shall be~~ is unlawful for a lobbyist; or lobbying
4 firm; to make gifts to one person aggregating more than ten dollars
5 (\$10) in a calendar month, or to act as an agent or intermediary in
6 the making of any gift, or to arrange for the making of any gift by
7 any other person.

8 (b) (1) It is unlawful for a lobbyist, lobbying firm, or lobbyist
9 employer to give to an elected state officer or to a member of that
10 officer’s immediate family, from the date the officer is elected to
11 the date he or she vacates office, any of the following gifts:

- 12 (A) A theme park or amusement park ticket.
- 13 (B) A professional sporting event ticket.
- 14 (C) A collegiate or other amateur sporting event ticket with a
15 face value exceeding twenty-five dollars (\$25).
- 16 (D) A theater, concert, or other entertainment ticket with a face
17 value exceeding twenty-five dollars (\$25).
- 18 (E) A racetrack ticket.

1 (F) A spa treatment, or other beauty or cosmetic service.

2 (G) A golf, skiing, hunting, or fishing trip, or other recreational
3 outing or vacation.

4 (H) A gift card.

5 (2) The prohibitions in this subdivision do not apply to a
6 fundraising event for a bona fide charitable organization.

7 SEC. 2. Section 89504 is added to the Government Code, to
8 read:

9 89504. (a) An elected state officer, from the date the officer
10 is elected to the date he or she vacates office, shall not accept as
11 a gift from a lobbyist, lobbying firm, or lobbyist employer any of
12 the following:

13 (1) A theme park or amusement park ticket.

14 (2) A professional sporting event ticket.

15 (3) A collegiate or other amateur sporting event ticket with a
16 face value exceeding twenty-five dollars (\$25).

17 (4) A theater, concert, or other entertainment ticket with a face
18 value exceeding twenty-five dollars (\$25).

19 (5) A racetrack ticket.

20 (6) A spa treatment, or other beauty or cosmetic service.

21 (7) A golf, skiing, hunting, or fishing trip, or other recreational
22 outing or vacation.

23 (8) A gift card.

24 (b) The prohibitions in this section do not apply to a fundraising
25 event for a bona fide charitable organization.

26 SEC. 3. No reimbursement is required by this act pursuant to
27 Section 6 of Article XIII B of the California Constitution because
28 the only costs that may be incurred by a local agency or school
29 district will be incurred because this act creates a new crime or
30 infraction, eliminates a crime or infraction, or changes the penalty
31 for a crime or infraction, within the meaning of Section 17556 of
32 the Government Code, or changes the definition of a crime within
33 the meaning of Section 6 of Article XIII B of the California
34 Constitution.

35 SEC. 4. The Legislature finds and declares that this bill
36 furthers the purposes of the Political Reform Act of 1974 within
37 the meaning of subdivision (a) of Section 81012 of the Government
38 Code.

39 ~~SECTION 1. Section 82013 of the Government Code is~~
40 ~~amended to read:~~

1 82013. “Committee” means a person or combination of persons
2 who directly or indirectly does any of the following:
3 (a) ~~Receives contributions totaling one thousand dollars (\$1,000)~~
4 ~~or more in a calendar year.~~
5 (b) ~~Makes independent expenditures totaling one thousand~~
6 ~~dollars (\$1,000) or more in a calendar year.~~
7 (c) ~~Makes contributions totaling ten thousand dollars (\$10,000)~~
8 ~~or more in a calendar year to, or at the behest of, candidates or~~
9 ~~committees.~~
10 A person or combination of persons that becomes a committee
11 shall retain its status as a committee until such time as that status
12 is terminated pursuant to Section 84214.

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AMENDED IN ASSEMBLY APRIL 24, 2012

AMENDED IN ASSEMBLY APRIL 11, 2012

AMENDED IN ASSEMBLY MARCH 29, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 2609

Introduced by Assembly Member Hueso

February 24, 2012

An act to amend Section 102 of, to add Sections 101.5, 107, and 108 to, and to repeal Section 106 of, the Fish and Game Code, and to amend Section 87200 of the Government Code, relating to the Fish and Game Commission.

LEGISLATIVE COUNSEL'S DIGEST

AB 2609, as amended, Hueso. Fish and Game Commission.

(1) The California Constitution establishes the 5-member Fish and Game Commission, with members appointed by the Governor and approved by the Senate. Existing law requires the commissioners to elect one of their number as president and one as vice president.

This bill would modify that election provision to instead require that the commissioners annually elect one of their number as president and one as vice president, by a concurrent vote of at least 3 commissioners. The bill would prohibit a president or vice president from serving more than 2 consecutive years *and would prohibit the commission from adopting or enforcing any other policy or regulation that would make a commissioner ineligible to be elected as president or vice president of the commission*. The bill would authorize the president or vice president to be removed from these positions by a vote, at any time, of at least 3 commissioners. The bill would require the commission to fill

a vacancy in either position at the next regularly scheduled meeting of the commission, as prescribed. The bill would require the commission to adopt a code of conduct that requires a commissioner to adhere to prescribed principles and, by July 1, 2013, to adopt rules to govern the business practices and processes of the commission. The bill would state the intent of the Legislature to encourage the Governor and the Senate Committee on Rules to consider certain minimum qualifications in selecting, appointing, and confirming commissioners to serve on the commission.

(2) Existing provisions of the Political Reform Act of 1974 prohibit a public official at any level of state or local government from making, participating in making, or attempting to use his or her official position to influence a governmental decision in which he or she knows or has reason to know that he or she has a financial interest, as defined. Existing law also requires specified elected and appointed officers at the state and local level of government to disclose specified financial interests by filing periodic statements of economic interests. Existing law further requires public officials who hold specified offices and who have a financial interest in a decision within the meaning of the Political Reform Act of 1974 to publicly identify the financial interest giving rise to the conflict of interest or potential conflict of interest, recuse themselves from discussing and voting on the matter, and leave the room until after the discussion, vote, and other disposition of the matter is concluded, except as specified. Other existing law requires the commission to adopt and approve a Conflict of Interest Code pursuant to the Political Reform Act of 1974.

This bill would directly subject commissioners to certain provisions of the Political Reform Act of 1974 by adding members of the commission to those specified officers who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly.

Existing law makes a violation of the Political Reform Act of 1974 subject to administrative, civil, and criminal penalties. This bill would impose a state-mandated local program by exposing these members to potential criminal penalties for failing to make the disclosures and recuse themselves where required by this bill.

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.

(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: $\frac{2}{3}$. 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 101.5 is added to the Fish and Game
2 Code, to read:

3 101.5. (a) The Legislature finds and declares that the scope
4 and responsibilities of the commission have significantly expanded
5 over the years as the size and diversity of California’s population
6 have increased, and as the scientific knowledge of the habitat
7 conservation and ecosystem-based management needs of wildlife
8 has expanded. The members of the commission are expected to
9 make complex public policy and biological decisions on behalf of
10 the people of California. The commission is created by the
11 California Constitution, which does not include any criteria or
12 qualifications for selection and appointment of commissioners.

13 (b) It is therefore the intent of the Legislature to encourage the
14 Governor and the Senate Committee on Rules to consider the
15 following minimum qualifications in selecting, appointing, and
16 confirming commissioners to serve on the commission:

17 (1) The degree to which the appointee will enhance the diversity
18 of background and geographic representation of the commission.

19 (2) The appointee’s demonstrated interest and background in,
20 and familiarity with, wildlife and natural resources management
21 programs at the state or federal level.

22 (3) The appointee’s previous experience in public policy
23 decisionmaking, including government processes involving public
24 participation.

25 (4) The appointee’s commitment to prepare for and attend
26 meetings and subcommittee meetings of the commission and to
27 comply with all applicable state conflict-of-interest laws.

1 (5) The extent of the appointee’s exposure to and experience
2 with the basic science underpinning the management of living
3 natural resources.

4 (6) The appointee’s diversity of knowledge of natural resource
5 issues and related scientific disciplines, including, but not limited
6 to, outdoor recreation.

7 SEC. 2. Section 102 of the Fish and Game Code is amended
8 to read:

9 102. (a) The commissioners shall annually elect one of their
10 number as president and one as vice president, by a concurrent
11 vote of at least three commissioners.

12 (b) No president or vice president shall serve more than two
13 consecutive years.

14 (c) The president or vice president may be removed from the
15 position of president or vice president by a vote, at any time, of at
16 least three commissioners.

17 (d) In the event of a vacancy in either the position of president
18 or vice president, the commission shall fill that vacancy at the next
19 regularly scheduled meeting of the commission. The elected
20 successor president or vice president shall serve for the unexpired
21 term of the predecessor until the annual election pursuant to
22 subdivision (a).

23 (e) *Except as provided in subdivision (b), the commission may*
24 *not adopt or enforce a policy or a regulation that provides for the*
25 *president and vice president to be chosen by seniority nor may the*
26 *commission adopt or enforce any other policy or regulation that*
27 *would make a commissioner ineligible to be elected as president*
28 *or vice president of the commission.*

29 SEC. 3. Section 106 of the Fish and Game Code is repealed.

30 SEC. 4. Section 107 is added to the Fish and Game Code, to
31 read:

32 107. The commission shall adopt a code of conduct that
33 requires, at a minimum, that a commissioner adhere to the
34 following principles:

35 (a) A commissioner shall faithfully discharge the duties,
36 responsibilities, and quasi-judicial actions of the commission.

37 (b) A commissioner shall conduct his or her affairs in the
38 public’s best interest, following principles of fundamental fairness
39 and due process of law.

1 (c) A commissioner shall conduct his or her affairs in an open,
2 objective, and impartial manner, free of undue influence and the
3 abuse of power and authority.

4 (d) A commissioner understands that California's wildlife and
5 natural resources programs require public awareness,
6 understanding, and support of, and participation and confidence
7 in, the commission and its practices and procedures.

8 (e) A commissioner shall preserve the public's welfare and the
9 integrity of the commission, and act to maintain the public's trust
10 in the commission and the implementation of its regulations and
11 policies.

12 (f) A commissioner shall not conduct himself or herself in a
13 manner that reflects discredit upon state laws or policies,
14 regulations, and principles of the commission.

15 (g) A commissioner shall not make, participate in making, or
16 in any other way attempt to use his or her official position to
17 influence a commission decision in which the member has a
18 financial interest.

19 SEC. 5. Section 108 is added to the Fish and Game Code, to
20 read:

21 108. By July 1, 2013, the commission shall adopt rules to
22 govern the business practices and processes of the commission.

23 SEC. 6. Section 87200 of the Government Code is amended
24 to read:

25 87200. This article is applicable to elected state officers, judges
26 and commissioners of courts of the judicial branch of government,
27 members of the Fish and Game Commission, members of the
28 Public Utilities Commission, members of the State Energy
29 Resources Conservation and Development Commission, members
30 of the Fair Political Practices Commission, members of the
31 California Coastal Commission, members of planning
32 commissions, members of the board of supervisors, district
33 attorneys, county counsels, county treasurers, and chief
34 administrative officers of counties, mayors, city managers, city
35 attorneys, city treasurers, chief administrative officers and members
36 of city councils of cities, and other public officials who manage
37 public investments, and to candidates for any of these offices at
38 any election.

39 SEC. 7. The Legislature finds and declares that Section 6 of
40 this act furthers the purposes of the Political Reform Act of 1974

1 within the meaning of subdivision (a) of Section 81012 of the
2 Government Code.

3 SEC. 8. No reimbursement is required by this act pursuant to
4 Section 6 of Article XIII B of the California Constitution because
5 the only costs that may be incurred by a local agency or school
6 district will be incurred because this act creates a new crime or
7 infraction, eliminates a crime or infraction, or changes the penalty
8 for a crime or infraction, within the meaning of Section 17556 of
9 the Government Code, or changes the definition of a crime within
10 the meaning of Section 6 of Article XIII B of the California
11 Constitution.

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AMENDED IN ASSEMBLY MARCH 22, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 2239

Introduced by Assembly Member Norby

February 24, 2012

An act to amend Section 170.1 of the Code of Civil Procedure, and to amend Sections 56100.1, 82036.5, 83124, 84101, 84103, 84108, 84203.3, 84203.5, 84204, 84204.5, 84215, 84216, 84218, 84300, 84308, 84602, 84604, 84605, 84609, 85304, 85304.5, 85306, 85310, 85315, 85316, 85501, 89510, 89511.5, 89512.5, 89513, and 90002 of, to repeal Sections 84200.5, 84200.6, 84200.7, 84200.8, 84200.9, 84202.3, 84202.5, 84202.7, 84203, 84205, 84206, 84209, 84211, 84216.5, 84220, 84302, 85300, 85301, 85302, 85303, 85305, 85307, 85309, 85314, 85320, 85321, 85701, 85702, and 85704 of, to repeal Article 2.5 (commencing with Section 84250) of Chapter 4 of Title 9 of, and to repeal and add Section 84200 of, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 2239, as amended, Norby. Political Reform Act of 1974.

The Political Reform Act of 1974 imposes various limitations on contributions that may be made to, or accepted by, candidates for elective office and campaign committees that support or oppose candidates and ballot measures, including, among other things, limiting the maximum dollar amount of contributions that may be accepted by candidates for elective state office, prohibiting candidates from accepting public funds for the purpose of seeking public office, limiting contributions to an officer of an agency from a party who has a financial interest in a permit or license proceeding before that agency, and

prohibiting elected state officers or candidates for elective state office from accepting contributions from lobbyists registered to lobby the governmental agency of which the elected official is a member or for which the candidate seeks election.

This bill would repeal limitations on contributions that may be made to, or accepted by, candidates for elective office.

The act requires candidates and committees to file specified campaign finance reports, including semiannual statements, preelection statements, supplemental preelection statements, and late contribution reports, that include prescribed campaign finance information.

This bill would repeal the requirements to file these reports and would, instead, require that a candidate or committee who makes or receives a contribution of \$100 or more to report that contribution to specified filing officers within 24 hours of receiving the contribution. The bill would require a candidate or committee making the contribution to report his, her, or its full name and address, the full name and address of the recipient, the office sought by the candidate or the ballot measure, as appropriate, and the date and amount of the contribution. The bill would require the recipient of the contribution to report his, her, or its full name and address, the date and amount of the contribution, whether the contribution is in the form of a loan, and the full name of the contributor, and his or her street address, occupation, and employer or the name of the business, if self-employed. ~~The bill would require a candidate or committee who is required to report to the Secretary of State to file the report online or by electronic transmission only.~~

The bill would require a candidate or committee that makes an expenditure of \$100 or more to report the expenditure to specified filing officers within 24 hours. The bill would require the candidate or committee making the expenditure to report his, her, or its full name and street address, the amount of the expenditure, the full name and street address for the person to whom the expenditure was made, and a brief description of the consideration for which the expenditure was made. The bill would require the disclosure of additional information if the expenditure is a contribution to a candidate, elected officer, or committee or an independent expenditure to support or oppose a candidate or measure.

The bill would require a candidate or committee who is required to report a contribution or expenditure to the Secretary of State to file that report online or by electronic transmission only.

The bill would also make conforming changes.

By increasing the duties of local government officials, 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 act may be amended by a statute that becomes effective upon approval of the voters.

This bill would require the Secretary of State to submit the provisions of the bill that would amend the Political Reform Act of 1974 to the voters for approval at a statewide election, as specified.

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 170.1 of the Code of Civil Procedure is
2 amended to read:
3 170.1. (a) A judge shall be disqualified if any one or more of
4 the following are true:
5 (1) (A) The judge has personal knowledge of disputed
6 evidentiary facts concerning the proceeding.
7 (B) A judge shall be deemed to have personal knowledge within
8 the meaning of this paragraph if the judge, or the spouse of the
9 judge, or a person within the third degree of relationship to either
10 of them, or the spouse of such a person, is to the judge's knowledge
11 likely to be a material witness in the proceeding.
12 (2) (A) The judge served as a lawyer in the proceeding, or in
13 any other proceeding involving the same issues he or she served
14 as a lawyer for a party in the present proceeding, or gave advice
15 to a party in the present proceeding upon a matter involved in the
16 action or proceeding.
17 (B) A judge shall be deemed to have served as a lawyer in the
18 proceeding if within the past two years:
19 (i) A party to the proceeding, or an officer, director, or trustee
20 of a party, was a client of the judge when the judge was in the
21 private practice of law or a client of a lawyer with whom the judge
22 was associated in the private practice of law.

- 1 (ii) A lawyer in the proceeding was associated in the private
2 practice of law with the judge.
- 3 (C) A judge who served as a lawyer for, or officer of, a public
4 agency that is a party to the proceeding shall be deemed to have
5 served as a lawyer in the proceeding if he or she personally advised
6 or in any way represented the public agency concerning the factual
7 or legal issues in the proceeding.
- 8 (3) (A) The judge has a financial interest in the subject matter
9 in a proceeding or in a party to the proceeding.
- 10 (B) A judge shall be deemed to have a financial interest within
11 the meaning of this paragraph if:
- 12 (i) A spouse or minor child living in the household has a
13 financial interest.
- 14 (ii) The judge or the spouse of the judge is a fiduciary who has
15 a financial interest.
- 16 (C) A judge has a duty to make reasonable efforts to inform
17 himself or herself about his or her personal and fiduciary interests
18 and those of his or her spouse and the personal financial interests
19 of children living in the household.
- 20 (4) The judge, or the spouse of the judge, or a person within the
21 third degree of relationship to either of them, or the spouse of such
22 a person, is a party to the proceeding or an officer, director, or
23 trustee of a party.
- 24 (5) A lawyer or a spouse of a lawyer in the proceeding is the
25 spouse, former spouse, child, sibling, or parent of the judge or the
26 judge's spouse or if such a person is associated in the private
27 practice of law with a lawyer in the proceeding.
- 28 (6) (A) For any reason:
- 29 (i) The judge believes his or her recusal would further the
30 interests of justice.
- 31 (ii) The judge believes there is a substantial doubt as to his or
32 her capacity to be impartial.
- 33 (iii) A person aware of the facts might reasonably entertain a
34 doubt that the judge would be able to be impartial.
- 35 (B) Bias or prejudice toward a lawyer in the proceeding may
36 be grounds for disqualification.
- 37 (7) By reason of permanent or temporary physical impairment,
38 the judge is unable to properly perceive the evidence or is unable
39 to properly conduct the proceeding.

1 (8) (A) The judge has a current arrangement concerning
2 prospective employment or other compensated service as a dispute
3 resolution neutral or is participating in, or within the last two years
4 has participated in, discussions regarding prospective employment
5 or service as a dispute resolution neutral, or has been engaged in
6 that employment or service, and any of the following applies:

7 (i) The arrangement is, or the prior employment or discussion
8 was, with a party to the proceeding.

9 (ii) The matter before the judge includes issues relating to the
10 enforcement of either an agreement to submit a dispute to an
11 alternative dispute resolution process or an award or other final
12 decision by a dispute resolution neutral.

13 (iii) The judge directs the parties to participate in an alternative
14 dispute resolution process in which the dispute resolution neutral
15 will be an individual or entity with whom the judge has the
16 arrangement, has previously been employed or served, or is
17 discussing or has discussed the employment or service.

18 (iv) The judge will select a dispute resolution neutral or entity
19 to conduct an alternative dispute resolution process in the matter
20 before the judge, and among those available for selection is an
21 individual or entity with whom the judge has the arrangement,
22 with whom the judge has previously been employed or served, or
23 with whom the judge is discussing or has discussed the employment
24 or service.

25 (B) For the purposes of this paragraph, all of the following
26 apply:

27 (i) “Participating in discussions” or “has participated in
28 discussion” means that the judge solicited or otherwise indicated
29 an interest in accepting or negotiating possible employment or
30 service as an alternative dispute resolution neutral, or responded
31 to an unsolicited statement regarding, or an offer of, that
32 employment or service by expressing an interest in that
33 employment or service, making an inquiry regarding the
34 employment or service, or encouraging the person making the
35 statement or offer to provide additional information about that
36 possible employment or service. If a judge’s response to an
37 unsolicited statement regarding, a question about, or offer of,
38 prospective employment or other compensated service as a dispute
39 resolution neutral is limited to responding negatively, declining

1 the offer, or declining to discuss that employment or service, that
2 response does not constitute participating in discussions.

3 (ii) “Party” includes the parent, subsidiary, or other legal affiliate
4 of any entity that is a party and is involved in the transaction,
5 contract, or facts that gave rise to the issues subject to the
6 proceeding.

7 (iii) “Dispute resolution neutral” means an arbitrator, mediator,
8 temporary judge appointed under Section 21 of Article VI of the
9 California Constitution, referee appointed under Section 638 or
10 639, special master, neutral evaluator, settlement officer, or
11 settlement facilitator.

12 (9) (A) The judge has received a contribution in excess of one
13 thousand five hundred dollars (\$1,500) from a party or lawyer in
14 the proceeding, and either of the following applies:

15 (i) The contribution was received in support of the judge’s last
16 election, if the last election was within the last six years.

17 (ii) The contribution was received in anticipation of an upcoming
18 election.

19 (B) Notwithstanding subparagraph (A), the judge shall be
20 disqualified based on a contribution of a lesser amount if
21 subparagraph (A) of paragraph (6) applies.

22 (C) The judge shall disclose any contribution from a party or
23 lawyer in a matter that is before the court that is required to be
24 reported under Section 84200 of the Government Code, even if
25 the amount would not require disqualification under this paragraph.
26 The manner of disclosure shall be the same as that provided in
27 Canon 3E of the Code of Judicial Ethics.

28 (D) Notwithstanding paragraph (1) of subdivision (b) of Section
29 170.3, the disqualification required under this paragraph may be
30 waived by the party that did not make the contribution unless there
31 are other circumstances that would prohibit a waiver pursuant to
32 paragraph (2) of subdivision (b) of Section 170.3.

33 (b) A judge before whom a proceeding was tried or heard shall
34 be disqualified from participating in any appellate review of that
35 proceeding.

36 (c) At the request of a party or on its own motion an appellate
37 court shall consider whether in the interests of justice it should
38 direct that further proceedings be heard before a trial judge other
39 than the judge whose judgment or order was reviewed by the
40 appellate court.

1 SEC. 2. Section 56100.1 of the Government Code is amended
2 to read:

3 56100.1. (a) Contributions and expenditures for political
4 purposes related to a proposal or proceeding shall be disclosed and
5 reported pursuant to Article 2 (commencing with Section 84200)
6 of Chapter 4 of the Political Reform Act of 1974 (Title 9
7 (commencing with Section 81000)).

8 (b) A commission may require, through the adoption of written
9 policies and procedures, additional disclosure of contributions in
10 support of or opposition to a proposal, which shall be made either
11 to the commission's executive officer, in which case it shall be
12 posted on the commission's Internet Web site, if applicable, or to
13 the board of supervisors of the county in which the commission
14 is located, which may designate a county officer to receive the
15 disclosure. Disclosure pursuant to a requirement under the authority
16 provided in this section shall be in addition to any disclosure
17 otherwise required by Section 56700.1, 57009, or local ordinance.

18 SEC. 3. Section 82036.5 of the Government Code is amended
19 to read:

20 82036.5. "Late independent expenditure" means any
21 independent expenditure that totals in the aggregate one thousand
22 dollars (\$1,000) or more and is made for or against any specific
23 candidate or measure involved in an election within the 12 days
24 before the date of the election. For purposes of the Board of
25 Administration of the Public Employees' Retirement System and
26 the Teachers' Retirement Board, "the date of the election" is the
27 deadline to return ballots.

28 SEC. 4. Section 83124 of the Government Code is amended
29 to read:

30 83124. The commission shall adjust the voluntary expenditure
31 limitations provisions in Section 85400 in January of every
32 odd-numbered year to reflect any increase or decrease in the
33 Consumer Price Index. Those adjustments shall be rounded to the
34 nearest one thousand dollars (\$1,000).

35 SEC. 5. Section 84101 of the Government Code is amended
36 to read:

37 84101. (a) A committee that is a committee by virtue of
38 subdivision (a) of Section 82013 shall file a statement of
39 organization. The committee shall file the original of the statement
40 of organization with the Secretary of State and shall also file a

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

15 (b) In addition to filing the statement of organization as required
16 by subdivision (a), if a committee qualifies as a committee under
17 subdivision (a) of Section 82013 within the 12 days before the
18 date of an election in connection with which the committee is
19 required to file campaign statements, the committee shall file, by
20 facsimile transmission, guaranteed overnight delivery, or personal
21 delivery within 24 hours of qualifying as a committee, the
22 information required to be reported in the statement of organization.
23 The information required by this subdivision shall be filed with
24 the filing officer with whom the committee is required to file the
25 originals of its campaign reports pursuant to Section 84215.

26 (c) If an independent expenditure committee qualifies as a
27 committee pursuant to subdivision (a) of Section 82013 during the
28 time period described in Section 82036.5 and makes independent
29 expenditures of one thousand dollars (\$1,000) or more to support
30 or oppose a candidate or candidates for office, the committee shall
31 file, by facsimile transmission, online transmission, guaranteed
32 overnight delivery, or personal delivery within 24 hours of
33 qualifying as a committee, the information required to be reported
34 in the statement of organization. The information required by this
35 section shall be filed with the filing officer with whom the
36 committee is required to file the original of its campaign reports
37 pursuant to Section 84215, and shall be filed at all locations
38 required for the candidate or candidates supported or opposed by
39 the independent expenditures. The filings required by this section
40 are in addition to filings that may be required by Section 84204.

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

6 SEC. 6. Section 84103 of the Government Code is amended
7 to read:

8 84103. (a) Whenever there is a change in any of the
9 information contained in a statement of organization, an
10 amendment shall be filed within 10 days to reflect the change. The
11 committee shall file the original of the amendment with the
12 Secretary of State and shall also file a copy of the amendment with
13 the local filing officer, if any, with whom the committee is required
14 to file the originals of its campaign reports pursuant to Section
15 84215.

16 (b) In addition to filing an amendment to a statement of
17 organization as required by subdivision (a), a committee as defined
18 in subdivision (a) of Section 82013 shall, by facsimile transmission,
19 online transmission, guaranteed overnight delivery, or personal
20 delivery within 24 hours, notify the filing officer with whom it is
21 required to file the originals of its campaign reports pursuant to
22 Section 84215 when the change requiring the amendment occurs
23 within the 12 days before the date of the election in connection
24 with which the committee is required to file a campaign statement
25 if any of the following information is changed:

26 (1) The name of the committee.

27 (2) The name of the treasurer or other principal officers.

28 (3) The name of any candidate or committee by which the
29 committee is controlled or with which it acts jointly.

30 The notification shall include the changed information, the date
31 of the change, the name of the person providing the notification,
32 and the committee's name and identification number.

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

35 SEC. 7. Section 84108 of the Government Code is amended
36 to read:

37 84108. (a) Every slate mailer organization shall comply with
38 the requirements of Sections 84100, 84101, 84103, and 84104.

39 (b) The statement of organization of a slate mailer organization
40 shall include:

1 (1) The name, street address, and telephone number of the
2 organization. In the case of an individual or business entity that
3 qualifies as a slate mailer organization, the name of the slate mailer
4 organization shall include the name by which the individual or
5 entity is identified for legal purposes. Whenever identification of
6 a slate mailer organization is required by this title, the identification
7 shall include the full name of the slate mailer organization as
8 contained in its statement of organization.

9 (2) The full name, street address, and telephone number of the
10 treasurer and other principal officers.

11 (3) The full name, street address, and telephone number of each
12 person with final decisionmaking authority as to which candidates
13 or measures will be supported or opposed in the organization's
14 slate mailers.

15 (c) The statement of organization shall be filed with the
16 Secretary of State within 10 days after the slate mailer organization
17 receives or is promised five hundred dollars (\$500) or more for
18 producing one or more slate mailers. However, if an entity qualifies
19 as a slate mailer organization within the 12 days before the date
20 of an election in which it is required to file campaign statements,
21 the slate mailer organization shall file with the Secretary of State,
22 by facsimile transmission, guaranteed overnight delivery, or
23 personal delivery within 24 hours of qualifying as a slate mailer
24 organization, the information required to be reported in the
25 statement of organization.

26 SEC. 8. Section 84200 of the Government Code is repealed.

27 SEC. 9. Section 84200 is added to the Government Code, to
28 read:

29 84200. (a) (1) Each candidate or committee that makes or
30 receives a contribution of one hundred dollars (\$100) or more shall
31 report the contribution to each office with which the candidate or
32 committee is required to file its statements pursuant to Section
33 84215 or 84218. The candidate or committee that makes the
34 contribution shall report his or her full name and street address
35 and the full name and street address of the person to whom the
36 contribution has been made, the office sought if the recipient is a
37 candidate, or the ballot measure number or letter if the recipient
38 is a committee primarily formed to support or oppose a ballot
39 measure, and the date and amount of the contribution. The recipient
40 of the contribution shall report his or her full name and street

1 address, the date and amount of the contribution, and whether the
2 contribution was made in the form of a loan. The recipient shall
3 also report the full name of the contributor, his or her street address,
4 occupation, and the name of his or her employer, or if
5 self-employed, the name of the business.

6 *(2) A contribution need not be reported, nor shall it be deemed*
7 *accepted, if it is not cashed, negotiated, or deposited and is*
8 *returned to the contributor within 24 hours of its receipt.*

9 *(b) Each candidate or committee that makes an expenditure of*
10 *one hundred dollars (\$100) or more shall report the expenditure*
11 *to each office with which the candidate or committee is required*
12 *to file its statements pursuant to Section 84215 or 84218. The*
13 *candidate or committee that makes the expenditure shall report*
14 *his or her full name and street address, the amount of the*
15 *expenditure, the full name and street address for the person to*
16 *whom the expenditure was made, and a brief description of the*
17 *consideration for which the expenditure was made. In the case of*
18 *an expenditure that is a contribution to a candidate, elected officer,*
19 *or committee or an independent expenditure to support or oppose*
20 *a candidate or measure, the report shall also include the date of*
21 *the contribution or independent expenditure, the cumulative amount*
22 *of contributions made to the candidate, elected officer, or*
23 *committee, or the cumulative amount of independent expenditures*
24 *made relative to a candidate or measure, the full name of the*
25 *candidate, and the office and district for which he or she seeks*
26 *nomination or election, or the number or letter of the measure,*
27 *and the jurisdiction in which the measure or candidate is voted*
28 *upon.*

29 ~~(b)~~

30 *(c) A contribution or expenditure shall be reported by facsimile*
31 *transmission, guaranteed overnight delivery, or personal delivery*
32 *within 24 hours of the time it is made in the case of the candidate*
33 *or committee that makes the contribution and within 24 hours of*
34 *the time it is received in the case of the recipient. If a contribution*
35 *or expenditure is required to be reported to the Secretary of State,*
36 *the report to the Secretary of State shall be by online or electronic*
37 *transmission only.*

38 ~~*(e) A contribution need not be reported, nor shall it be deemed*~~
39 ~~*accepted, if it is not cashed, negotiated, or deposited and is returned*~~
40 ~~*to the contributor within 24 hours of its receipt.*~~

- 1 SEC. 10. Section 84200.5 of the Government Code is repealed.
- 2 SEC. 11. Section 84200.6 of the Government Code is repealed.
- 3 SEC. 12. Section 84200.7 of the Government Code is repealed.
- 4 SEC. 13. Section 84200.8 of the Government Code is repealed.
- 5 SEC. 14. Section 84200.9 of the Government Code is repealed.
- 6 SEC. 15. Section 84202.3 of the Government Code is repealed.
- 7 SEC. 16. Section 84202.5 of the Government Code is repealed.
- 8 SEC. 17. Section 84202.7 of the Government Code is repealed.
- 9 SEC. 18. Section 84203 of the Government Code is repealed.
- 10 SEC. 19. Section 84203.3 of the Government Code is amended

11 to read:

12 84203.3. Any candidate or committee that makes a contribution
13 that is an in-kind contribution shall notify the recipient in writing
14 of the value of the in-kind contribution. The notice shall be received
15 by the recipient within 24 hours of the time the contribution is
16 made.

17 SEC. 20. Section 84203.5 of the Government Code is amended
18 to read:

19 84203.5. (a) In addition to any campaign statements required
20 by this article, if a candidate or committee has made independent
21 expenditures totaling one thousand dollars (\$1,000) or more in a
22 calendar year to support or oppose a candidate, a measure or
23 qualification of a measure, it shall file independent expenditure
24 reports at the times prescribed by the Commission.

25 (b) An independent expenditure report shall contain the
26 following information:

27 (1) The name, street address, and telephone number of the
28 candidate or committee making the expenditure and of the
29 committee’s treasurer, and the number assigned to the committee
30 by the Secretary of State.

31 (2) If the report is related to a candidate, the full name of the
32 candidate and the office and district for which the candidate seeks
33 nomination or election. If the report is related to a measure or
34 qualification of a measure, the number or letter of the measure, or
35 if none has yet been assigned, a brief description of the subject
36 matter of the measure, and the jurisdiction in which the measure
37 is to be voted on or would be voted on if it qualified.

38 (3) The total amount of expenditures related to the candidate or
39 measure during the period covered by the report made to persons
40 who have received less than one hundred dollars (\$100).

1 (4) The total amount of expenditures related to the candidate or
2 measure during the period covered by the report made to persons
3 who have received one hundred dollars (\$100) or more.

4 (5) For each person to whom an expenditure of one hundred
5 dollars (\$100) or more related to the candidate or measure has
6 been made during the period covered by the report and for each
7 person who has provided consideration for an expenditure of one
8 hundred dollars (\$100) or more during the period covered by the
9 report:

10 (A) His or her full name.

11 (B) His or her street address.

12 (C) If the person is a committee, the name of the committee,
13 the number assigned to the committee by the Secretary of State,
14 or if no number has been assigned, the full name and street address
15 of the treasurer of the committee.

16 (D) The date of the expenditure.

17 (E) The amount of the expenditure.

18 (F) A brief description of the consideration for which each
19 expenditure was made and the value of the consideration if less
20 than the total amount of the expenditure.

21 (G) The cumulative amount of expenditures to the person.

22 (6) A list of all the filing officers with whom the committee
23 filed its most recent campaign statement.

24 (c) Filing officers shall maintain paper reports filed pursuant to
25 this section under the name of the candidate or measure supported
26 or opposed by the independent expenditure.

27 SEC. 21. Section 84204 of the Government Code is amended
28 to read:

29 84204. (a) A committee that makes a late independent
30 expenditure, as defined in Section 82036.5, shall report the late
31 independent expenditure by facsimile transmission, guaranteed
32 overnight delivery, or personal delivery within 24 hours of the
33 time it is made. If a late independent expenditure is required to be
34 reported to the Secretary of State, the report to the Secretary of
35 State shall be by online or electronic transmission only. A late
36 independent expenditure shall be reported on subsequent campaign
37 statements without regard to reports filed pursuant to this section.

38 (b) A committee that makes a late independent expenditure shall
39 report its full name and street address, as well as the name, office,
40 and district of the candidate if the report is related to a candidate,

1 or if the report is related to a measure, the number or letter of the
2 measure, the jurisdiction in which the measure is to be voted upon,
3 and the amount and the date, as well as a description of goods or
4 services for which the late independent expenditure was made.

5 (c) A committee that makes a late independent expenditure shall
6 file a late independent expenditure report in the places where it
7 would be required to file campaign statements under this article
8 as if it were formed or existing primarily to support or oppose the
9 candidate or measure for or against which it is making the late
10 independent expenditure.

11 (d) A report filed pursuant to this section shall be in addition to
12 any other campaign statement required to be filed by this article.

13 (e) Expenditures that have been disclosed by candidates and
14 committees pursuant to Section 85500 are not required to be
15 disclosed pursuant to this section.

16 SEC. 22. Section 84204.5 of the Government Code is amended
17 to read:

18 84204.5. (a) In addition to any other report required by this
19 title, a committee pursuant to subdivision (a) of Section 82013 that
20 is required to file reports pursuant to Section 84605 shall file online
21 or electronically with the Secretary of State each time it makes
22 independent expenditures totaling five thousand dollars (\$5,000)
23 or more to support or oppose the qualification or passage of a
24 single state ballot measure. The report shall be filed within 10
25 business days of making the contributions or independent
26 expenditures and shall contain all of the following:

27 (1) The full name, street address, and identification number of
28 the committee.

29 (2) The number or letter of the measure if the measure has
30 qualified for the ballot and has been assigned a number or letter;
31 the title of the measure if the measure has not been assigned a
32 number or letter but has been issued a title by the Attorney General;
33 or the subject of the measure if the measure has not been assigned
34 a number or letter and has not been issued a title by the Attorney
35 General.

36 (3) The date, amount, and a description of the goods or services
37 for which the expenditure was made.

38 (b) Reports required by this section are not required to be filed
39 by a committee primarily formed to support or oppose the
40 qualification or passage of a state ballot measure for expenditures

1 made on behalf of the ballot measure or measures for which it is
2 formed.

3 (c) Independent expenditures that have been disclosed by a
4 committee pursuant to Section 84204 or 85500 are not required to
5 be disclosed pursuant to this section.

6 SEC. 23. Section 84205 of the Government Code is repealed.

7 SEC. 24. Section 84206 of the Government Code is repealed.

8 SEC. 25. Section 84209 of the Government Code is repealed.

9 SEC. 26. Section 84211 of the Government Code is repealed.

10 SEC. 27. Section 84215 of the Government Code is amended
11 to read:

12 84215. All candidates and elected officers and their controlled
13 committees, except as provided in subdivisions (d) and (e), shall
14 file one copy of the campaign statements required by Section 84200
15 with the elections official of the county in which the candidate or
16 elected official is domiciled, as defined in subdivision (b) of
17 Section 349 of the Elections Code. In addition, campaign
18 statements shall be filed at the following places:

19 (a) Statewide elected officers, including members of the State
20 Board of Equalization; Members of the Legislature; Supreme Court
21 justices, court of appeal justices, and superior court judges;
22 candidates for those offices and their controlled committees;
23 committees formed or existing primarily to support or oppose these
24 candidates, elected officers, justices and judges, or statewide
25 measures, or the qualification of state ballot measures; and all state
26 general purpose committees and filers not specified in subdivisions
27 (b) to (e), inclusive, shall file a campaign statement by online or
28 electronic means, as specified in Section 84605, and shall file the
29 original and one copy of the campaign statement in paper format
30 with the Secretary of State.

31 (b) Elected officers in jurisdictions other than legislative
32 districts, State Board of Equalization districts, or appellate court
33 districts that contain parts of two or more counties, candidates for
34 these offices, their controlled committees, and committees formed
35 or existing primarily to support or oppose candidates or local
36 measures to be voted upon in one of these jurisdictions shall file
37 the original and one copy with the elections official of the county
38 with the largest number of registered voters in the jurisdiction.

39 (c) County elected officers, candidates for these offices, their
40 controlled committees, committees formed or existing primarily

1 to support or oppose candidates or local measures to be voted upon
 2 in any number of jurisdictions within one county, other than those
 3 specified in subdivision (d), and county general purpose
 4 committees shall file the original and one copy with the elections
 5 official of the county.

6 (d) City elected officers, candidates for city office, their
 7 controlled committees, committees formed or existing primarily
 8 to support or oppose candidates or local measures to be voted upon
 9 in one city, and city general purpose committees shall file the
 10 original and one copy with the clerk of the city and are not required
 11 to file with the local elections official of the county in which they
 12 are domiciled.

13 (e) Elected members of the Board of Administration of the
 14 Public Employees’ Retirement System, elected members of the
 15 Teachers’ Retirement Board, candidates for these offices, their
 16 controlled committees, and committees formed or existing
 17 primarily to support or oppose these candidates or elected members
 18 shall file the original and one copy with the Secretary of State, and
 19 a copy shall be filed at the relevant board’s office in Sacramento.
 20 These elected officers, candidates, and committees need not file
 21 with the elections official of the county in which they are
 22 domiciled.

23 (f) Notwithstanding any other provision of this section, a
 24 committee, candidate, or elected officer is not required to file more
 25 than the original and one copy, or one copy, of a campaign
 26 statement with any one county elections official or city clerk or
 27 with the Secretary of State.

28 (g) If a committee is required to file campaign statements
 29 required by Section 84200 in places designated in subdivisions (a)
 30 to (d), inclusive, it shall continue to file these statements in those
 31 places, in addition to any other places required by this title, until
 32 the end of the calendar year.

33 SEC. 28. Section 84216 of the Government Code is amended
 34 to read:

35 84216. (a) Notwithstanding Section 82015, a loan received
 36 by a candidate or committee is a contribution unless the loan is
 37 received from a commercial lending institution in the ordinary
 38 course of business, or it is clear from the surrounding circumstances
 39 that it is not made for political purposes.

1 (b) A loan, whether or not there is a written contract for the
2 loan, shall be reported as provided in Section 84200 when any of
3 the following apply:

4 (1) The loan is a contribution.

5 (2) The loan is received by a committee.

6 (3) The loan is received by a candidate and is used for political
7 purposes.

8 SEC. 29. Section 84216.5 of the Government Code is repealed.

9 SEC. 30. Section 84218 of the Government Code is amended
10 to read:

11 84218. (a) A slate mailer organization shall file semiannual
12 campaign statements no later than July 31 for the period ending
13 June 30, and no later than January 31 for the period ending
14 December 31.

15 (b) A slate mailer organization shall file two copies of its
16 campaign reports with the clerk of the county in which it is
17 domiciled. A slate mailer organization is domiciled at the address
18 listed on its statement of organization unless it is domiciled outside
19 California, in which case its domicile shall be deemed to be Los
20 Angeles County for purposes of this section.

21 In addition, slate mailer organizations shall file campaign reports
22 as follows:

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

28 (2) A slate mailer organization which produces one or more
29 slate mailers supporting or opposing candidates or measures voted
30 on in only one county, or in more than one jurisdiction within one
31 county, shall file campaign reports in the same manner as county
32 general purpose committees pursuant to subdivision (c) of Section
33 84215.

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

39 (4) Notwithstanding the above, no slate mailer organization
40 shall be required to file more than the original and one copy, or

1 two copies, of a campaign report with any one county or city clerk
2 or with the Secretary of State.

3 SEC. 31. Section 84220 of the Government Code is repealed.

4 SEC. 32. Article 2.5 (commencing with Section 84250) of
5 Chapter 4 of Title 9 of the Government Code is repealed.

6 SEC. 33. Section 84300 of the Government Code is amended
7 to read:

8 84300. (a) No expenditure of one hundred dollars (\$100) or
9 more shall be made in cash.

10 (b) The value of all in-kind contributions of one hundred dollars
11 (\$100) or more shall be reported in writing to the recipient upon
12 the request in writing of the recipient.

13 SEC. 34. Section 84302 of the Government Code is repealed.

14 SEC. 35. Section 84308 of the Government Code is amended
15 to read:

16 84308. (a) The definitions set forth in this subdivision shall
17 govern the interpretation of this section.

18 (1) "Party" means any person who files an application for, or
19 is the subject of, a proceeding involving a license, permit, or other
20 entitlement for use.

21 (2) "Participant" means any person who is not a party but who
22 actively supports or opposes a particular decision in a proceeding
23 involving a license, permit, or other entitlement for use and who
24 has a financial interest in the decision, as described in Article 1
25 (commencing with Section 87100) of Chapter 7. A person actively
26 supports or opposes a particular decision in a proceeding if he or
27 she lobbies in person the officers or employees of the agency,
28 testifies in person before the agency, or otherwise acts to influence
29 officers of the agency.

30 (3) "Agency" means an agency as defined in Section 82003,
31 except that it does not include the courts or any agency in the
32 judicial branch of government, local governmental agencies whose
33 members are directly elected by the voters, the Legislature, the
34 State Board of Equalization, or constitutional officers. However,
35 this section applies to any person who is a member of an exempted
36 agency but is acting as a voting member of another agency.

37 (4) "Officer" means any elected or appointed officer of an
38 agency, any alternate to an elected or appointed officer of an
39 agency, and any candidate for elective office in an agency.

1 (5) “License, permit, or other entitlement for use” means all
2 business, professional, trade, and land use licenses and permits
3 and all other entitlements for use, including all entitlements for
4 land use, all contracts (other than competitively bid, labor, or
5 personal employment contracts), and all franchises.

6 (6) “Contribution” includes contributions to candidates and
7 committees in federal, state, or local elections.

8 (b) Prior to rendering any decision in a proceeding involving a
9 license, permit, or other entitlement for use pending before an
10 agency, each officer of the agency who received a contribution
11 within the preceding 12 months in an amount of more than two
12 hundred fifty dollars (\$250) from a party or from any participant
13 shall disclose that fact on the record of the proceeding. No officer
14 of an agency shall make, participate in making, or in any way
15 attempt to use his or her official position to influence the decision
16 in a proceeding involving a license, permit, or other entitlement
17 for use pending before the agency if the officer has willfully or
18 knowingly received a contribution in an amount of more than two
19 hundred fifty dollars (\$250) within the preceding 12 months from
20 a party or his or her agent, or from any participant, or his or her
21 agent if the officer knows or has reason to know that the participant
22 has a financial interest in the decision, as that term is described
23 with respect to public officials in Article 1 (commencing with
24 Section 87100) of Chapter 7.

25 If an officer receives a contribution which ~~would~~ *that* otherwise
26 require disqualification under this section, *and* returns the
27 contribution within 30 days from the time he or she knows, or
28 should have known, about the contribution and the proceeding
29 involving a license, permit, or other entitlement for use, he or she
30 shall be permitted to participate in the proceeding.

31 (c) A party to a proceeding before an agency involving a license,
32 permit, or other entitlement for use shall disclose on the record of
33 the proceeding any contribution in an amount of more than two
34 hundred fifty dollars (\$250) made within the preceding 12 months
35 by the party, or his or her agent, to any officer of the agency. No
36 party, or his or her agent, to a proceeding involving a license,
37 permit, or other entitlement for use pending before any agency
38 and no participant, or his or her agent, in the proceeding shall make
39 a contribution of more than two hundred fifty dollars (\$250) to
40 any officer of that agency during the proceeding and for three

1 months following the date a final decision is rendered by the
2 agency in the proceeding. When a closed corporation is a party to,
3 or a participant in, a proceeding involving a license, permit, or
4 other entitlement for use pending before an agency, the majority
5 shareholder is subject to the disclosure and prohibition
6 requirements specified in subdivision (b) and this subdivision.

7 (d) Nothing in this section shall be construed to imply that any
8 contribution subject to being reported under this title shall not be
9 so reported.

10 SEC. 36. Section 84602 of the Government Code is amended
11 to read:

12 84602. To implement the Legislature's intent, the Secretary of
13 State, in consultation with the Commission, notwithstanding any
14 other provision of the Government Code, shall do all of the
15 following:

16 (a) Develop online and electronic filing processes for use by
17 persons and entities specified in Sections 84604 and 84605 that
18 are required to file statements and reports with the Secretary of
19 State's office pursuant to Chapter 4 (commencing with Section
20 84100) and Chapter 6 (commencing with Section 86100). Those
21 processes shall each enable a user to comply with all the disclosure
22 requirements of this title and shall include, at a minimum, the
23 following:

24 (1) A means or method whereby filers subject to this chapter
25 may submit required filings free of charge. Any means or method
26 developed pursuant to this provision shall not provide any
27 additional or enhanced functions or services that exceed the
28 minimum requirements necessary to fulfill the disclosure provisions
29 of this title. At least one means or method shall be made available
30 no later than December 31, 2002.

31 (2) The definition of a nonproprietary standardized record format
32 or formats using industry standards for the transmission of the data
33 that is required of those persons and entities specified in
34 subdivision (a) of Section 84604 and Section 84605 and that
35 conforms with the disclosure requirements of this title. The
36 Secretary of State shall hold public hearings prior to development
37 of the record format or formats as a means to ensure that affected
38 entities have an opportunity to provide input into the development
39 process. The format or formats shall be made public no later than

1 July 1, 1999, to ensure sufficient time to comply with the
2 requirements of this chapter.

3 (b) Accept test files from software vendors and others wishing
4 to file reports electronically, for the purpose of determining whether
5 the file format is in compliance with the standardized record format
6 developed pursuant to subdivision (a) and is compatible with the
7 Secretary of State's system for receiving the data. A list of the
8 software and service providers who have submitted acceptable test
9 files shall be published by the Secretary of State and made available
10 to the public. Acceptably formatted files shall be submitted by a
11 filer in order to meet the requirements of this chapter.

12 (c) Develop a system that provides for the online or electronic
13 transfer of the data specified in this section utilizing
14 telecommunications technology that assures the integrity of the
15 data transmitted and that creates safeguards against efforts to
16 tamper with or subvert the data.

17 (d) Make all the data filed available on the Internet in an easily
18 understood format that provides the greatest public access. The
19 data shall be made available free of charge and as soon as possible
20 after receipt. All contribution reports and late independent
21 expenditure reports shall be made available on the Internet within
22 24 hours of receipt. The data made available on the Internet shall
23 not contain the street name and building number of the persons or
24 entity representatives listed on the electronically filed forms or
25 any bank account number required to be disclosed pursuant to this
26 title.

27 (e) Develop a procedure for filers to comply with the
28 requirement that they sign under penalty of perjury pursuant to
29 Section 81004.

30 (f) Maintain all filed data online for 10 years after the date it is
31 filed, and then archive the information in a secure format.

32 (g) Provide assistance to those seeking public access to the
33 information.

34 (h) Implement sufficient technology to seek to prevent
35 unauthorized alteration or manipulation of the data.

36 (i) Provide the Commission with necessary information to enable
37 it to assist agencies, public officials, and others, with the
38 compliance with and administration of this title.

39 (j) Report to the Legislature on the implementation and
40 development of the online and electronic filing and disclosure

1 requirements of this chapter. The report shall include an
2 examination of system security, private security issues, software
3 availability, compliance costs to filers, use of the filing system and
4 software provided by the Secretary of State, and other issues
5 relating to this chapter, and shall recommend appropriate changes
6 if necessary. In preparing the report, the Commission may present
7 to the Secretary of State and the Legislature its comments regarding
8 this chapter as it relates to the duties of the Commission and
9 suggest appropriate changes if necessary. There shall be one report
10 due before the system is operational as set forth in Section 84603,
11 one report due no later than June 1, 2002, and one report due no
12 later than January 31, 2003.

13 (k) Review the current filing and disclosure requirements of
14 this chapter and report to the Legislature, no later than June 1,
15 2005, recommendations on revising these requirements so as to
16 promote greater reliance on electronic and online submissions.

17 SEC. 37. Section 84604 of the Government Code is amended
18 to read:

19 84604. (a) The Secretary of State shall implement an online
20 or electronic disclosure program in connection with the 2000 state
21 primary election and the lobbying activities specified in paragraph
22 (4). Entities specified in paragraphs (1), (2), and (3) shall
23 commence online or electronic disclosure with the first preelection
24 statement filed in connection with the 2000 statewide direct
25 primary election for the period ending January 22, 2000, and shall
26 continue to disclose online or electronically all required reports
27 and statements up to and including the semiannual statement for
28 the period ending June 30, 2000. Entities specified in paragraph
29 (4) shall commence online or electronic disclosure with the
30 quarterly report for the period ending March 31, 2000, and shall
31 continue to disclose online or electronically all required reports
32 and statements up to and including the quarterly report for the
33 period ending June 30, 2000. The entities subject to this section
34 are the following:

35 (1) Any candidate, including appellate court and Supreme Court
36 candidates and officeholders, committee, or other persons who are
37 required, pursuant to Chapter 4 (commencing with Section 84100),
38 to file statements, reports, or other documents in connection with
39 a state elective office or state measure appearing on the 2000
40 statewide direct primary ballot, provided that the total cumulative

1 reportable amount of contributions received, expenditures made,
2 loans made, or loans received is one hundred thousand dollars
3 (\$100,000) or more. For the purpose of cumulating totals, the
4 period covered shall commence January 1, 1999.

5 (2) Any general purpose committees, as defined in Section
6 82027.5, including the general purpose committees of political
7 parties, and small contributor committees, as defined in Section
8 85203, that cumulatively receive contributions or make
9 expenditures totaling one hundred thousand dollars (\$100,000) or
10 more to support or oppose candidates for any elective state office
11 or state measure appearing on the 2000 statewide direct primary
12 ballot. For the purpose of cumulating totals, the period covered
13 shall commence January 1, 1999.

14 (3) Any slate mailer organization with cumulative reportable
15 payments received or made for the purposes of producing slate
16 mailers of one hundred thousand dollars (\$100,000) or more in
17 connection with the 2000 statewide direct primary election. For
18 the purpose of cumulating totals, the period covered shall
19 commence January 1, 1999.

20 (4) Any lobbyist, lobbying firm, lobbyist employer, or other
21 persons required, pursuant to Chapter 6 (commencing with Section
22 86100), to file statements, reports, or other documents, provided
23 that the total amount of any category of reportable payments,
24 expenses, contributions, gifts, or other items is one hundred
25 thousand dollars (\$100,000) or more in a calendar quarter.

26 (b) Filers specified in subdivision (a) shall also continue to file
27 required disclosure forms in paper format. The paper copy shall
28 continue to be the official version for audit and other legal
29 purposes. Committees and other persons that are not required to
30 file online or electronically by this section may do so voluntarily.

31 (c) The Secretary of State shall also disclose on the Internet any
32 contribution report or late independent expenditure report not
33 covered by subdivision (a).

34 (d) It shall be presumed that online or electronic filers file under
35 penalty of perjury.

36 SEC. 38. Section 84605 of the Government Code is amended
37 to read:

38 84605. (a) The following persons shall file online or
39 electronically with the Secretary of State:

1 (1) Any candidate, including superior court, appellate court,
2 and Supreme Court candidates and officeholders, committee, or
3 other persons who are required, pursuant to Chapter 4 (commencing
4 with Section 84100), to file statements, reports, or other documents
5 in connection with a state elective office or state measure, provided
6 that the total cumulative reportable amount of contributions
7 received, expenditures made, loans made, or loans received is
8 twenty-five thousand dollars (\$25,000) or more. In determining
9 the cumulative reportable amount, all controlled committees, as
10 defined by Section 82016, shall be included. For a committee
11 subject to this title prior to January 1, 2000, the beginning date for
12 calculating cumulative totals is January 1, 2000. For a committee
13 that is first subject to this title on or after January 1, 2000, the
14 beginning date for calculating cumulative totals is the date the
15 committee is first subject to this title. A committee, as defined in
16 subdivision (c) of Section 82013, shall file online or electronically
17 if it makes contributions of twenty-five thousand dollars (\$25,000)
18 or more in a calendar year.

19 (2) Any general purpose committees, as defined in Section
20 82027.5, including the general purpose committees of political
21 parties, and small contributor committees, as defined in Section
22 85203, that cumulatively receive contributions or make
23 expenditures totaling twenty-five thousand dollars (\$25,000) or
24 more to support or oppose candidates for any elective state office
25 or state measure. For a committee subject to this title prior to
26 January 1, 2000, the beginning date for calculating cumulative
27 totals is January 1, 2000. For a committee that first is subject to
28 this title on or after January 1, 2000, the beginning date for
29 calculating cumulative totals is the date the committee is first
30 subject to this title.

31 (3) Any slate mailer organization with cumulative reportable
32 payments received or made for the purposes of producing slate
33 mailers of twenty-five thousand dollars (\$25,000) or more. For a
34 slate mailer organization subject to this title prior to January 1,
35 2000, the beginning date for calculating cumulative totals is
36 January 1, 2000. For a slate mailer organization that first is subject
37 to this title on or after January 1, 2000, the beginning date for
38 calculating cumulative totals is the date the organization is first
39 subject to this title.

1 (4) Any lobbyist, lobbying firm, lobbyist employer, or other
2 persons required, pursuant to Chapter 6 (commencing with Section
3 86100), to file statements, reports, or other documents, provided
4 that the total amount of any category of reportable payments,
5 expenses, contributions, gifts, or other items is two thousand five
6 hundred dollars (\$2,500) or more in a calendar quarter.

7 (b) The Secretary of State shall also disclose on the Internet any
8 contribution report or late independent expenditure report not
9 covered by paragraph (1), (2), or (3) of subdivision (a) or any other
10 provision of law.

11 (c) Committees and other persons that are not required to file
12 online or electronically by this section may do so voluntarily.

13 (d) Once a person or entity is required to file online or
14 electronically, subject to subdivision (a) or (c), the person or entity
15 shall be required to file all subsequent reports online or
16 electronically.

17 (e) It shall be presumed that online or electronic filers file under
18 penalty of perjury.

19 (f) Persons filing online or electronically shall also continue to
20 file required disclosure statements and reports in paper format.
21 The paper copy shall continue to be the official filing for audit and
22 other legal purposes until the Secretary of State, pursuant to Section
23 84606, determines the system is operating securely and effectively.

24 (g) The Secretary of State shall maintain at all times a secured,
25 official version of all original online and electronically filed
26 statements and reports required by this chapter. Upon determination
27 by the Secretary of State, pursuant to Section 84606, that the
28 system is operating securely and effectively, this online or
29 electronic version shall be the official version for audit and other
30 legal purposes.

31 (h) Except for statements related to a local elective office or a
32 local ballot measure filed by a candidate for local elective office
33 who is also a candidate for elective state office, a copy of a
34 statement, report, or other document filed by online or electronic
35 means with the Secretary of State shall not be filed with a local
36 filing officer.

37 SEC. 39. Section 84609 of the Government Code is amended
38 to read:

39 84609. All candidates and ballot measure committees who are
40 required, pursuant to Chapter 4 (commencing with Section 84100),

1 to file statements, reports, or other documents in connection with
2 a statewide elective office or state measure appearing on the
3 November 1998 ballot shall provide at the time of filing, in addition
4 to a paper submission, a copy of the required report on computer
5 disk in either an ASCII or PDF format with documentation
6 detailing the field layout or file structure. Filers who submit
7 computer disks which are not readable, cannot be copied, or do
8 not have documentation have not complied with the requirements
9 of this section. Candidate and ballot measure committees who
10 make their report available on the Internet through the Secretary
11 of State's office are not required to file the report on computer
12 disk. The Secretary of State shall make copies available to the
13 public, upon payment of fees covering direct costs of duplication,
14 or a statutory fee, if applicable. The Secretary of State shall also
15 disclose online any contribution report or late independent
16 expenditure report filed in connection with any elective state office
17 or ballot measure appearing on the November 1998 ballot.

18 SEC. 40. Section 85300 of the Government Code is repealed.

19 SEC. 41. Section 85301 of the Government Code is repealed.

20 SEC. 42. Section 85302 of the Government Code is repealed.

21 SEC. 43. Section 85303 of the Government Code is repealed.

22 SEC. 44. Section 85304 of the Government Code is amended

23 to read:

24 85304. (a) A candidate for elective state office or an elected
25 state officer may establish a separate account to defray attorney's
26 fees and other related legal costs incurred for the candidate's or
27 officer's legal defense if the candidate or officer is subject to one
28 or more civil or criminal proceedings or administrative proceedings
29 arising directly out of the conduct of an election campaign, the
30 electoral process, or the performance of the officer's governmental
31 activities and duties. These funds may be used only to defray those
32 attorney's fees and other related legal costs.

33 (b) All contributions shall be reported in the manner prescribed
34 by Section 84200.

35 (c) Once the legal dispute is resolved, the candidate shall dispose
36 of any funds remaining after all expenses associated with the
37 dispute are discharged for one or more of the purposes set forth in
38 paragraphs (1) to (5), inclusive, of subdivision (b) of Section
39 89519.

1 SEC. 45. Section 85304.5 of the Government Code is amended
2 to read:

3 85304.5. (a) A candidate for elective office other than an
4 elective state office or an elected officer other than an elected state
5 officer may establish a separate account pursuant to subdivision
6 (a) of Section 85304 and may use these funds only to defray
7 attorney's fees and other related legal costs.

8 (b) A candidate for an elective office other than an elective state
9 office may receive contributions to the separate account, which
10 shall not be subject to any limitations provided by local ordinance.
11 However, all contributions to these separate accounts shall be
12 reported in the manner prescribed by Section 84200.

13 (c) Once the legal dispute is resolved, the candidate or elected
14 officer shall dispose of any funds remaining in the separate
15 accounts after all expenses associated with the dispute are
16 discharged for one or more of the purposes set forth in paragraphs
17 (1) to (5), inclusive, of subdivision (b) of Section 89519.

18 SEC. 46. Section 85305 of the Government Code is repealed.

19 SEC. 47. Section 85306 of the Government Code is amended
20 to read:

21 85306. (a) A candidate may transfer campaign funds from one
22 controlled committee to a controlled committee for elective state
23 office of the same candidate. Contributions transferred shall be
24 attributed to specific contributors using a "last in, first out" or "first
25 in, first out" accounting method.

26 (b) Notwithstanding subdivision (a), a candidate for elective
27 state office, other than a candidate for statewide elective office,
28 who possesses campaign funds on January 1, 2001, may use those
29 funds to seek elective office without attributing the funds to specific
30 contributors.

31 (c) Notwithstanding subdivision (a), a candidate for statewide
32 elective office who possesses campaign funds on November 6,
33 2002, may use those funds to seek elective office without
34 attributing the funds to specific contributors.

35 SEC. 48. Section 85307 of the Government Code is repealed.

36 SEC. 49. Section 85309 of the Government Code is repealed.

37 SEC. 50. Section 85310 of the Government Code is amended
38 to read:

39 85310. (a) Any person who makes a payment or a promise of
40 payment totaling fifty thousand dollars (\$50,000) or more for a

1 communication that clearly identifies a candidate for elective state
2 office, but does not expressly advocate the election or defeat of
3 the candidate, and that is disseminated, broadcast, or otherwise
4 published within 45 days of an election, shall file online or
5 electronically with the Secretary of State a report disclosing the
6 name of the person, address, occupation, and employer, and amount
7 of the payment. The report shall be filed within 48 hours of making
8 the payment or the promise to make the payment.

9 (b) (1) Except as provided in paragraph (2), if any person has
10 received a payment or a promise of a payment from other persons
11 totaling five thousand dollars (\$5,000) or more for the purpose of
12 making a communication described in subdivision (a), the person
13 receiving the payments shall disclose on the report the name,
14 address, occupation and employer, and date and amount received
15 from the person.

16 (2) A person who receives or is promised a payment that is
17 otherwise reportable under paragraph (1) is not required to report
18 the payment if the person is in the business of providing goods or
19 services and receives or is promised the payment for the purpose
20 of providing those goods or services.

21 SEC. 51. Section 85314 of the Government Code is repealed.

22 SEC. 52. Section 85315 of the Government Code is amended
23 to read:

24 85315. (a) Notwithstanding any other provision of this chapter,
25 an elected state officer may establish a committee to oppose the
26 qualification of a recall measure; and the recall election. This
27 committee may be established when the elected state officer
28 receives a notice of intent to recall pursuant to Section 11021 of
29 the Elections Code. An elected state officer may accept campaign
30 contributions to oppose the qualification of a recall measure. The
31 voluntary expenditure limits do not apply to expenditures made
32 to oppose the qualification of a recall measure or to oppose the
33 recall election.

34 (b) After the failure of a recall petition or after the recall
35 election, the committee formed by the elected state officer shall
36 wind down its activities and dissolve. Any remaining funds shall
37 be treated as surplus funds and shall be expended within 30 days
38 after the failure of the recall petition or after the recall election for
39 a purpose specified in subdivision (b) of Section 89519.

1 SEC. 53. Section 85316 of the Government Code is amended
2 to read:

3 85316. (a) Except as provided in subdivision (b), a contribution
4 for an election may be accepted by a candidate for elective state
5 office after the date of the election only to the extent that the
6 contribution does not exceed net debts outstanding from the
7 election.

8 (b) Notwithstanding subdivision (a), an elected state officer
9 may accept contributions after the date of the election for the
10 purpose of paying expenses associated with holding the office
11 provided that the contributions are not expended for any
12 contribution to any state or local committee. Contributions received
13 pursuant to this subdivision shall be deposited into a bank account
14 established solely for the purposes specified in this subdivision.

15 (c) Any contribution received pursuant to this section shall be
16 deemed to be a contribution to that candidate for election to any
17 state office that he or she may seek during the term of office to
18 which he or she is currently elected, including, but not limited to,
19 reelection to the office he or she currently holds. None of the
20 expenditures made by elected state officers pursuant to this
21 subdivision shall be subject to the voluntary expenditure limitations
22 in Section 85400.

23 SEC. 54. Section 85320 of the Government Code is repealed.

24 SEC. 55. Section 85321 of the Government Code is repealed.

25 SEC. 56. Section 85501 of the Government Code is amended
26 to read:

27 85501. A controlled committee of a candidate may not make
28 independent expenditures to support or oppose other candidates.

29 SEC. 57. Section 85701 of the Government Code is repealed.

30 SEC. 58. Section 85702 of the Government Code is repealed.

31 SEC. 59. Section 85704 of the Government Code is repealed.

32 SEC. 60. Section 89510 of the Government Code is amended
33 to read:

34 89510. All contributions deposited into the campaign account
35 shall be deemed to be held in trust for expenses associated with
36 the election of the candidate or for expenses associated with
37 holding office.

38 SEC. 61. Section 89511.5 of the Government Code is amended
39 to read:

1 89511.5. (a) An incumbent elected officer may utilize his or
2 her personal funds for expenditures authorized by Section 89510
3 without first depositing those funds in his or her controlled
4 committee’s campaign bank account, if both of the following
5 conditions are met:

- 6 (1) The expenditures are not campaign expenses.
- 7 (2) The treasurer of the committee is provided with a dated
8 receipt and a written description of the expenditure.

9 (b) An incumbent elected officer may be reimbursed for
10 expenditures of his or her personal funds, from either the controlled
11 committee campaign bank account established pursuant to Section
12 85201 with respect to election to the incumbent term of office, or
13 from a controlled committee campaign bank account established
14 pursuant to Section 85201 with respect to election to a future term
15 of office, if all of the following conditions are met:

- 16 (1) The expenditures are not campaign expenses.
- 17 (2) The incumbent elected officer, prior to reimbursement,
18 provides the treasurer of the committee with a dated receipt and a
19 written description of each expenditure.
- 20 (3) Reimbursement is paid within 90 days of the expenditure,
21 in the case of a cash expenditure, or within 90 days of the end of
22 the billing period in which it was included, in the case of an
23 expenditure charged to a credit card or charge account.

24 (c) If reimbursement is not paid within the time authorized by
25 this section, the expenditure shall be reported on the campaign
26 statement as a nonmonetary contribution received on the 90th day
27 after the expenditure is paid, in the case of a cash expenditure, or
28 within 90 days of the end of the billing period in which it was
29 included, in the case of an expenditure charged to a credit card or
30 charge account.

31 (d) This section shall not be construed to authorize an incumbent
32 elected officer to make expenditures from any campaign bank
33 account for expenses other than those expenses associated with
34 his or her election to the specific office for which the account was
35 established and expenses associated with holding that office.

36 SEC. 62. Section 89512.5 of the Government Code is amended
37 to read:

38 89512.5. (a) Subject to the provisions of subdivision (b), any
39 expenditure by a committee not subject to the trust imposed by

1 Section 89510 shall be reasonably related to a political, legislative,
2 or governmental purpose of the committee.

3 (b) Any expenditure by a committee that confers a substantial
4 personal benefit on any individual or individuals with authority to
5 approve the expenditure of campaign funds held by the committee,
6 shall be directly related to a political, legislative, or governmental
7 purpose of the committee.

8 SEC. 63. Section 89513 of the Government Code is amended
9 to read:

10 89513. This section governs the use of campaign funds for the
11 specific expenditures set forth in this section. It is the intent of the
12 Legislature that this section shall guide the interpretation of the
13 standard imposed by Section 89512 as applied to other expenditures
14 not specifically set forth in this section.

15 (a) (1) Campaign funds shall not be used to pay or reimburse
16 the candidate, the elected officer, or any individual or individuals
17 with authority to approve the expenditure of campaign funds held
18 by a committee, or employees or staff of the committee or the
19 elected officer's governmental agency for travel expenses and
20 necessary accommodations except when these expenditures are
21 directly related to a political, legislative, or governmental purpose.

22 (2) For the purposes of this section, payments or reimbursements
23 for travel and necessary accommodations shall be considered as
24 directly related to a political, legislative, or governmental purpose
25 if the payments would meet standards similar to the standards of
26 the Internal Revenue Service pursuant to Sections 162 and 274 of
27 the Internal Revenue Code for deductions of travel expenses under
28 the federal income tax law.

29 (3) For the purposes of this section, payments or reimbursement
30 for travel by the household of a candidate or elected officer when
31 traveling to the same destination in order to accompany the
32 candidate or elected officer shall be considered for the same
33 purpose as the candidate's or elected officer's travel.

34 (4) Whenever campaign funds are used to pay or reimburse for
35 travel expenses and necessary accommodations, any mileage credit
36 that is earned or awarded pursuant to an airline bonus mileage
37 program shall be deemed personally earned by or awarded to the
38 individual traveler. Neither the earning or awarding of mileage
39 credit, nor the redeeming of credit for actual travel, shall be subject
40 to reporting.

1 (b) (1) Campaign funds shall not be used to pay for or reimburse
2 the cost of professional services unless the services are directly
3 related to a political, legislative, or governmental purpose.

4 (2) Expenditures by a committee to pay for professional services
5 reasonably required by the committee to assist it in the performance
6 of its administrative functions are directly related to a political,
7 legislative, or governmental purpose.

8 (3) Campaign funds shall not be used to pay health-related
9 expenses for a candidate, elected officer, or any individual or
10 individuals with authority to approve the expenditure of campaign
11 funds held by a committee, or members of his or her household.
12 “Health-related expenses” includes, but is not limited to,
13 examinations by physicians, dentists, psychiatrists, psychologists,
14 or counselors, expenses for medications, treatments, or medical
15 equipment, and expenses for hospitalization, health club dues, and
16 special dietary foods. However, campaign funds may be used to
17 pay employer costs of health care benefits of a bona fide employee
18 or independent contractor of the committee.

19 (c) Campaign funds shall not be used to pay or reimburse fines,
20 penalties, judgments, or settlements, except those resulting from
21 either of the following:

22 (1) Parking citations incurred in the performance of an activity
23 that was directly related to a political, legislative, or governmental
24 purpose.

25 (2) Any other action for which payment of attorney’s fees from
26 contributions would be permitted pursuant to this title.

27 (d) Campaign funds shall not be used for campaign, business,
28 or casual clothing, except specialty clothing that is not suitable for
29 everyday use, including, but not limited to, formal wear, if this
30 attire is to be worn by the candidate or elected officer and is directly
31 related to a political, legislative, or governmental purpose.

32 (e) (1) Except where otherwise prohibited by law, campaign
33 funds may be used to purchase or reimburse for the costs of
34 purchase of tickets to political fundraising events for the attendance
35 of a candidate, elected officer, or his or her immediate family, or
36 an officer, director, employee, or staff of the committee or the
37 elected officer’s governmental agency.

38 (2) Campaign funds shall not be used to pay for or reimburse
39 for the costs of tickets for entertainment or sporting events for the
40 candidate, elected officer, or members of his or her immediate

1 family, or an officer, director, employee, or staff of the committee,
2 unless their attendance at the event is directly related to a political,
3 legislative, or governmental purpose.

4 (3) The purchase of tickets for entertainment or sporting events
5 for the benefit of persons other than the candidate, elected officer,
6 or his or her immediate family are governed by subdivision (f).

7 (f) (1) Campaign funds shall not be used to make personal gifts
8 unless the gift is directly related to a political, legislative, or
9 governmental purpose. The refund of a campaign contribution
10 does not constitute the making of a gift.

11 (2) Nothing in this section shall prohibit the use of campaign
12 funds to reimburse or otherwise compensate a public employee
13 for services rendered to a candidate or committee while on
14 vacation, leave, or otherwise outside of compensated public time.

15 (3) An election victory celebration or similar campaign event,
16 or gifts with a total cumulative value of less than two hundred fifty
17 dollars (\$250) in a single year made to an individual employee, a
18 committee worker, or an employee of the elected officer's agency,
19 are considered to be directly related to a political, legislative, or
20 governmental purpose. For purposes of this paragraph, a gift to a
21 member of a person's immediate family shall be deemed to be a
22 gift to that person.

23 (g) Campaign funds shall not be used to make loans other than
24 to organizations pursuant to Section 89515, or, unless otherwise
25 prohibited, to a candidate for elective office, political party, or
26 committee.

27 SEC. 64. Section 90002 of the Government Code is amended
28 to read:

29 90002. (a) Audits and investigations of lobbying firms and
30 lobbyist employers shall be performed on a biennial basis and shall
31 cover reports filed during a period of two years.

32 (b) If a lobbying firm or lobbyist employer keeps a separate
33 account for all receipts and payments for which reporting is
34 required by this chapter, the requirement of an audit under
35 subdivision (a) of Section 90001 shall be satisfied by an audit of
36 that account and the supporting documentation required to be
37 maintained by Section 86110.

38 (c) No audit or investigation of any candidate, controlled
39 committee, or committee primarily supporting or opposing a
40 candidate or a measure in connection with a report or statement

1 required by Chapter 4 (commencing with Section 84100), shall
2 begin until after the last date for filing the first report or statement
3 following the general, runoff, or special election for the office for
4 which the candidate ran, or following the election at which the
5 measure was adopted or defeated, except that audits and
6 investigations of statewide candidates, their controlled committees,
7 and committees primarily supporting or opposing those statewide
8 candidates who were defeated in the primary election and who are
9 not required to file statements for the general election may begin
10 after the last date for filing the first report or statement following
11 the primary election. When the campaign statements or reports of
12 a candidate, controlled committee, or a committee primarily
13 supporting or opposing a candidate are audited and investigated
14 pursuant to Section 90001, the audit and investigation shall cover
15 all campaign statements and reports filed for the primary and
16 general or special or runoff elections and any previous campaign
17 statement or report filed pursuant to Section 84200 since the last
18 election for that office, but shall exclude any statements or reports
19 which have previously been audited pursuant to Section 90001 or
20 90003. When the campaign statements or reports of a committee
21 primarily supporting or opposing a measure are audited and
22 investigated, the audit and investigation shall cover all campaign
23 statements and reports from the beginning date of the first
24 campaign statement filed by the committee in connection with the
25 measure. For all other committees, the audit and investigation shall
26 cover all campaign statements filed during the previous two
27 calendar years.

28 SEC. 65. No reimbursement is required by this act pursuant to
29 Section 6 of Article XIII B of the California Constitution because
30 the duties imposed on a local agency or school district by this act
31 were expressly included in a ballot measure approved by the voters
32 in a statewide election, within the meaning of Section 17556 of
33 the Government Code.

34 SEC. 66. The Secretary of State shall, pursuant to subdivision
35 (b) of Section 81012 of the Government Code, submit Sections 3
36 to 64, inclusive, of this act to the voters for approval at a statewide
37 election in accordance with Section 9040 of the Elections Code.

38 SEC. 67. Sections 1 and 2 of this act shall not become operative
39 unless and until the voters approve the amendments to the Political
40 Reform Act of 1974 (Title 9 (commencing with Section 81000))

1 of the Government Code) made by Sections 3 to 64, inclusive, of
2 this act, at the statewide election described in Section 66.

O

AMENDED IN SENATE APRIL 16, 2012

SENATE BILL

No. 1001

**Introduced by Senator Yee
(Coauthor: Senator Blakeslee)**

February 6, 2012

An act to amend Section 86102 of, *and to add Sections 84101.5 and 84613 to*, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 1001, as amended, Yee. Political Reform Act of 1974: lobbyists *and committees: registration fee fees.*

(1) Existing provisions of the Political Reform Act of 1974 require a committee, as defined, to file a statement of organization with the Secretary of State and, as applicable, to file semiannual campaign statements.

This bill would require the Secretary of State to charge each committee that is required to file a statement of organization, and would require each committee to pay, a fee not to exceed \$50 per year until the committee is terminated, as specified. The bill would require the Fair Political Practices Commission to adjust this fee limit on December 1 of each even-numbered year to reflect any increase in the Consumer Price Index and to round the adjustment to the nearest \$5.

Existing

(2) 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. The act requires that lobbying firms and lobbyist employers register with the

Secretary of State, and authorizes the Secretary of State to charge each lobbying firm and lobbyist employer a fee of up to \$25 per year for each lobbyist required to be listed on its registration statement.

This bill would increase the maximum amount of this fee to \$50 per year. The bill also would require the Fair Political Practices Commission to adjust this fee *limit* on December 1 of each even-numbered year to reflect any increase in the Consumer Price Index and to round the adjustment to the nearest \$5.

(3) This bill would establish the Political Disclosure, Access, and Transparency Account in the State Treasury and require that moneys collected as fees as described above and as fees for late filing of reports and statements under the act, as specified, be deposited in the account. The bill also would express the intent of the Legislature that moneys deposited in the account be expended for the maintenance, repair, and improvement of the online or electronic disclosure program implemented by the Secretary of State, as specified.

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 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 84101.5 is added to the Government Code,
- 2 to read:
- 3 84101.5. (a) Notwithstanding Section 81006, the Secretary of
- 4 State shall charge each committee that is required to file a
- 5 statement of organization pursuant to subdivision (a) of Section
- 6 84101, and each committee that is required to file a statement of
- 7 organization pursuant to subdivision (a) of Section 84101 shall
- 8 pay, a fee of not more than fifty dollars (\$50) per year until the
- 9 committee is terminated pursuant to Section 84214.
- 10 (b) The Commission shall adjust the fee limit in subdivision (a)
- 11 on December 1 of each even-numbered year to reflect any increase
- 12 in the Consumer Price Index. The Commission shall round each

1 *adjustment pursuant to this subdivision to the nearest five dollars*
2 *(\$5).*

3 *SEC. 2. Section 84613 is added to the Government Code, to*
4 *read:*

5 *84613. (a) The Political Disclosure, Access, and Transparency*
6 *Account is hereby established in the State Treasury. All moneys*
7 *collected pursuant to Sections 84101.5, 86102, and 91013 shall*
8 *be deposited in the Political Disclosure, Access, and Transparency*
9 *Account.*

10 *(b) It is the intent of the Legislature that moneys deposited in*
11 *the Political Disclosure, Access, and Transparency Account be*
12 *expended for the maintenance, repair, and improvement of the*
13 *online or electronic disclosure program implemented by the*
14 *Secretary of State pursuant to this chapter.*

15 ~~SECTION 4.~~

16 *SEC. 3. Section 86102 of the Government Code is amended*
17 *to read:*

18 *86102. (a) Each lobbying firm and lobbyist employer required*
19 *to file a registration statement under this chapter may be charged*
20 *not more than fifty dollars (\$50) per year for each lobbyist required*
21 *to be listed on its registration statement.*

22 *(b) The Commission shall adjust the registration fee limit in*
23 *subdivision (a) on December 1 of each even-numbered year to*
24 *reflect any increase in the Consumer Price Index. The Commission*
25 *shall round each adjustment pursuant to this subdivision to the*
26 *nearest five dollars (\$5).*

27 ~~SEC. 2.~~

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 SENATE APRIL 9, 2012

SENATE BILL

No. 1553

Introduced by Senator Lowenthal

February 24, 2012

An act to add and repeal Section 84215.5 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 1553, as amended, Lowenthal. Political Reform Act of 1974: campaign statements: electronic filing.

(1) The Political Reform Act of 1974 requires elected officers, candidates for elective office, and campaign committees to file campaign statements reporting contributions and expenditures for specified reporting periods. Under the act, city elected officers, candidates for city office, their controlled committees, committees formed or existing primarily to support or oppose candidates or local measures to be voted upon in one city, and city general purpose committees are required to file campaign statements with the clerk of the city.

This bill would create a pilot program for the 2013 through 2014 reporting periods that authorizes the City of Long Beach to permit any person who files a campaign statement with the city clerk to file *online or electronically, consistent with specified requirements*. In addition, the bill would require the City of Long Beach, if it chooses to participate in the pilot program, to prepare a report evaluating the program under specified criteria, and would further require the Legislative Analyst's Office to prepare a report evaluating the program.

(2) This bill would make legislative findings and declarations as to the necessity of a special statute for a pilot program in the City of Long Beach.

(3) 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 84215.5 is added to the Government
2 Code, to read:

3 84215.5. (a) ~~(1)~~—The City of Long Beach may permit any
4 person who files a campaign statement with the city clerk pursuant
5 to subdivision (d) of Section 84215 to file ~~electronically~~. *online*
6 *or electronically, consistent with all of the following:*

7 ~~(2) If the City of Long Beach authorizes electronic filing~~
8 ~~pursuant to subdivision (a), the city clerk shall use a form, and~~
9 ~~follow procedures, prescribed by the Commission.~~

10 *(1) The online or electronic filing system shall accept a filing*
11 *only in the standardized record format that is developed by the*
12 *Secretary of State pursuant to paragraph (2) of subdivision (a) of*
13 *Section 84602 and that is compatible with the Secretary of State’s*
14 *system for receiving an online or electronic filing.*

15 *(2) The online or electronic filing system shall ensure the*
16 *integrity of the data transmitted and shall include safeguards*
17 *against efforts to tamper with, manipulate, alter, or subvert the*
18 *data.*

19 *(3) The date of filing for a statement, report, or other document*
20 *that is filed online or electronically shall be the day that it is*
21 *received by the city clerk.*

22 *(4) The city clerk shall make all the data filed available on the*
23 *Internet in an easily understood format that provides the greatest*
24 *public access. The data shall be made available free of charge*
25 *and as soon as possible after receipt. The data made available on*
26 *the Internet shall not contain the street name and building number*
27 *of the persons or entity representatives listed on the electronically*
28 *filed forms or any bank account number required to be disclosed*
29 *by the filer.*

1 (5) *The online or electronic filing system shall include a*
2 *procedure for filers to comply with the requirement that they sign*
3 *statements and reports under penalty of perjury pursuant to Section*
4 *81004.*

5 (6) *The city clerk shall enable filers to submit filings free of*
6 *charge.*

7 (7) *The city clerk shall maintain, for a period of 10 years*
8 *commencing from the date filed, a secured, official version of each*
9 *online or electronic statement, report, or other document filed*
10 *pursuant to this section, which shall serve as the official version*
11 *of that record for purpose of audits and any other legal purpose.*

12 (8) *Notwithstanding any other provision of law, any statement,*
13 *report, or other document filed online or electronically pursuant*
14 *to this section shall not be required to be filed with the city clerk*
15 *in paper format.*

16 (b) If the City of Long Beach chooses to participate, the pilot
17 program created pursuant to this section shall commence on or
18 after January 1, 2013, and shall be completed by January 31, 2015.
19 The pilot program shall include all reporting periods commencing
20 January 1, 2013, and ending December 31, 2014.

21 (c) (1) If the City of Long Beach chooses to participate in the
22 pilot program created pursuant to this section, the city shall submit
23 to the Commission, by July 1, 2015, a report on the pilot program
24 that shall include all of the following:

25 (A) A listing and estimate of associated operational efficiencies
26 and related savings.

27 (B) A listing and estimate of associated costs from implementing
28 and operating the pilot program.

29 (C) A listing of safety, security, or privacy issues encountered
30 and an explanation of the manner in which those issues were
31 addressed.

32 (D) Available information relating to feedback from electronic
33 filing participants.

34 (E) Any other relevant information on the implementation of
35 the pilot program.

36 (2) The Commission shall transmit the report received pursuant
37 to paragraph (1), as well as any comments on the report, to the
38 Legislative Analyst's Office by August 15, 2015. The Legislative
39 Analyst's Office shall provide a report to the Legislature evaluating
40 the pilot program by February 1, 2016.

1 (3) The Commission, in consultation with the Legislative
2 Analyst’s Office, may develop additional criteria for the report to
3 be submitted by the City of Long Beach pursuant to paragraph (1).

4 (d) This section shall remain in effect only until January 1, 2017,
5 and as of that date is repealed, unless a later enacted statute, that
6 is enacted before January 1, 2017, deletes or extends that date.

7 SEC. 2. The Legislature finds and declares that a special law
8 is necessary and that a general law cannot be made applicable
9 within the meaning of Section 16 of Article IV of the California
10 Constitution because of the need to create a pilot program in the
11 City of Long Beach to test the benefits of electronic filing of
12 campaign statements in order to develop a practical model that
13 will assist other local agencies in implementing their own electronic
14 filing procedures in the future.

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

AMENDED IN SENATE APRIL 30, 2012
AMENDED IN SENATE MARCH 29, 2012
AMENDED IN SENATE FEBRUARY 15, 2012
AMENDED IN SENATE AUGUST 22, 2011
AMENDED IN SENATE JUNE 9, 2011
CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 41

Introduced by Assembly Member Hill

December 6, 2010

An act to amend Section 87200 of the Government Code, *and to add Section 185034.5 to the Public Utilities Code*, relating to conflicts of interest, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 41, as amended, Hill. High-Speed Rail Authority: conflicts of interest: disqualification.

Existing provisions of the Political Reform Act of 1974 prohibit a public official at any level of state or local government from making, participating in making, or attempting to use his or her official position to influence a governmental decision in which he or she knows or has reason to know that he or she has a financial interest, as defined. Existing law also requires specified elected and appointed officers at the state and local levels of government to disclose specified financial interests by filing periodic statements of economic interests. Existing law further requires public officials who hold specified offices and who have a financial interest in a decision within the meaning of the Political

Reform Act of 1974 to publicly identify the financial interest giving rise to the conflict of interest or potential conflict of interest, recuse themselves from discussing and voting on the matter, and leave the room until after the discussion, vote, and other disposition of the matter is concluded, except as specified.

This bill would add members of the High-Speed Rail Authority to those specified officers who must publicly identify a financial interest giving rise to a conflict of interest or potential conflict of interest, and recuse themselves accordingly.

Existing law requires each state agency to adopt a conflict-of-interest code and to designate those employees of the agency who are subject to the provisions of the conflict-of-interest code. Existing law requires that each agency's conflict-of-interest code contain specified provisions, including requirements that each designated employee file periodic statements of economic interests and provisions setting forth circumstances under which a designated employee must disqualify himself or herself from participating in a governmental decision. Existing law further imposes various other restrictions on individuals who are designated employees, including postgovernment employment restrictions and restrictions regarding the acceptance of gifts and honoraria.

This bill would provide that each employee of a contractor or subcontractor of the High-Speed Rail Authority who serves in a peer review capacity to the authority shall be deemed to be a designated employee of the authority, thereby making those persons subject to the provisions of the authority's conflict-of-interest code and to the various other restrictions that apply to the designated employees of a state agency.

Existing law makes a violation of the Political Reform Act of 1974 subject to administrative, civil, and criminal penalties. This bill would impose a state-mandated local program by exposing these members *and designated employees* to potential criminal penalties for failing to make the disclosures and recuse themselves where required by this bill.

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.

This bill would declare that it is to take effect immediately as an urgency statute.

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 87200 of the Government Code is
2 amended to read:

3 87200. This article is applicable to elected state officers, judges
4 and commissioners of courts of the judicial branch of government,
5 members of the Public Utilities Commission, members of the State
6 Energy Resources Conservation and Development Commission,
7 members of the Fair Political Practices Commission, members of
8 the California Coastal Commission, members of the High-Speed
9 Rail Authority, members of planning commissions, members of
10 the board of supervisors, district attorneys, county counsels, county
11 treasurers, and chief administrative officers of counties, mayors,
12 city managers, city attorneys, city treasurers, chief administrative
13 officers and members of city councils of cities, and other public
14 officials who manage public investments, and to candidates for
15 any of these offices at any election.

16 SEC. 2. Section 185034.5 is added to the Public Utilities Code,
17 to read:

18 185034.5. For purposes of Article 3 (commencing with Section
19 87300) of Chapter 7 of Title 9 of the Government Code, each
20 employee of a contractor or subcontractor of the authority who
21 serves in a peer review capacity to the authority shall be deemed
22 to be a designated employee of the authority, and the authority
23 shall be deemed to be the appointing power. Statements required
24 to be filed pursuant to Section 87302 of the Government Code
25 shall be filed with the authority.

26 ~~SEC. 2.~~

27 SEC. 3. No reimbursement is required by this act pursuant to
28 Section 6 of Article XIII B of the California Constitution because
29 the only costs that may be incurred by a local agency or school
30 district will be incurred because this act creates a new crime or

1 infraction, eliminates a crime or infraction, or changes the penalty
2 for a crime or infraction, within the meaning of Section 17556 of
3 the Government Code, or changes the definition of a crime within
4 the meaning of Section 6 of Article XIII B of the California
5 Constitution.

6 ~~SEC. 3.~~

7 *SEC. 4.* The Legislature finds and declares that Section 1 of
8 this act furthers the purposes of the Political Reform Act of 1974
9 within the meaning of subdivision (a) of Section 81012 of the
10 Government Code.

11 ~~SEC. 4.~~

12 *SEC. 5.* This act is an urgency statute necessary for the
13 immediate preservation of the public peace, health, or safety within
14 the meaning of Article IV of the Constitution and shall go into
15 immediate effect. The facts constituting the necessity are:

16 In order to ensure that prior to the commencement of *major*
17 expenditures by the High-Speed Rail Authority, proper
18 disqualification procedures are in place, it is necessary that this
19 act take effect immediately.

AMENDED IN ASSEMBLY APRIL 24, 2012

CALIFORNIA LEGISLATURE—2011–12 REGULAR SESSION

ASSEMBLY BILL

No. 2191

Introduced by Assembly Member Norby

February 23, 2012

An act to amend ~~Sections 81009.5, 82013, 82023, and Section 85703~~ of, and to add *Section 84207* to, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 2191, as amended, Norby. Political Reform Act of 1974: county central committees.

The Political Reform Act of 1974 requires elected officers, candidates for elective office, and committees to prepare and file various campaign finance reports, as specified. ~~The act defines “committee” to include, among other things, any person or combination of persons who directly or indirectly receive contributions totaling \$1,000 or more in a calendar year. The act defines “elective office” to expressly include membership on a county central committee of a qualified political party, thereby making elected members of, and candidates for election to, a county central committee of a qualified political party subject to the reporting requirements of the act.~~

~~This bill would revise the definition of “elective office” to exclude membership on a county central committee of a qualified political party and would revise the definition of “committee” to exclude an entity that is primarily formed to support or oppose a person seeking election to a county central committee of a qualified political party.~~

This bill would exempt an elected member of, or a candidate for election to, a county central committee of a qualified political party

who receives contributions of less than \$1,000 and who makes expenditures of less than \$1,000 in a calendar year from the requirements to file specified campaign statements.

The act imposes limitations on contributions by persons to candidates for elective state office and permits local jurisdictions to impose additional contribution limitations, as specified. The act also authorizes a local agency to impose additional filing requirements on a person, except as specified.

This bill would prohibit a local government agency from imposing any filing requirements on ~~an elected member~~ *member of, or a candidate* ~~a candidate~~ for election to, a county central committee of a qualified political party *who receives contributions of less than \$1,000 and who makes expenditures of less than \$1,000 in a calendar year.* The bill would also prohibit a local ~~agency jurisdiction~~ from imposing any contribution limitations or prohibitions on ~~an elected member~~ *member of, or a candidate* ~~a candidate~~ for election to, a county central committee of a qualified political party, or on a committee primarily formed to support or oppose a person seeking election to a county central committee of a qualified political party.

~~The Political Reform Act of 1974, an initiative measure, provides that the act may be amended by a statute that becomes effective upon approval of the voters.~~

~~This bill would require the Secretary of State to submit the provisions of the bill that would amend the Political Reform Act of 1974 to the voters for approval at a statewide election, as specified.~~

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. State-mandated local program: no.

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

- 1 SECTION 1. Section 84207 is added to the Government Code,
- 2 to read:
- 3 84207. (a) An elected member of, or a candidate for election
- 4 to, a county central committee of a qualified political party who
- 5 receives contributions of less than one thousand dollars (\$1,000)

1 *and who makes expenditures of less than one thousand dollars*
2 *(\$1,000) in a calendar year shall not be required to file any*
3 *campaign statements required by this chapter.*

4 *(b) Notwithstanding Sections 81009.5 and 81013, a local*
5 *government agency shall not impose any filing requirements on*
6 *an elected member of, or a candidate for election to, a county*
7 *central committee of a qualified political party who receives*
8 *contributions of less than one thousand dollars (\$1,000) and who*
9 *makes expenditures of less than one thousand dollars (\$1,000) in*
10 *a calendar year.*

11 *SEC. 2. Section 85703 of the Government Code is amended to*
12 *read:*

13 85703. (a) Nothing in this act shall nullify contribution
14 limitations or prohibitions of any local jurisdiction that apply to
15 elections for local elective office, except that these limitations and
16 prohibitions may not conflict with ~~the provisions of~~ Section 85312.
17 *However, a local jurisdiction shall not impose any contribution*
18 *limitations or prohibitions on an elected member of, or a candidate*
19 *for election to, a county central committee of a qualified political*
20 *party, or on a committee primarily formed to support or oppose*
21 *a person seeking election to a county central committee of a*
22 *qualified political party.*

23 (b) Limitations and prohibitions imposed by a local jurisdiction
24 on payments for a member communication, as defined in
25 subdivision (c), that conflict with Section 85312 and which are
26 thereby prohibited by subdivision (a) include, but are not limited
27 to, any of the following:

28 (1) Source restrictions on payments for member communications
29 that are not expressly made applicable to member communications
30 by a state statute or by a regulation adopted by ~~the commission~~
31 *Commission* pursuant to Section 83112.

32 (2) Limitations on payments to a political party committee for
33 a member communication that are not expressly made applicable
34 to member communications by a state statute or by a regulation
35 adopted by ~~the commission~~ *Commission* pursuant to Section 83112.

36 (3) Limitations on the scope of payments considered directly
37 related to the making of a member communication, including costs
38 associated with the formulation, design, production, and
39 distribution of the communication such as surveys, list acquisition,
40 and consulting fees that are not expressly made applicable to

1 member communications by a state statute or by a regulation
2 adopted by the ~~commission~~ *Commission* pursuant to Section 83112.

3 (c) For purposes of this section, “member communication”
4 means a communication, within the meaning of Section 85312, to
5 members, employees, shareholders, or families of members,
6 employees, or shareholders of an organization, including a
7 communication by a political party to a member who is registered
8 as expressing a preference for that party on his or her affidavit of
9 registration pursuant to Sections 2150, 2151, and 2152 of the
10 Elections Code.

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

14 ~~SECTION 1. Section 81009.5 of the Government Code is~~
15 ~~amended to read:~~

16 ~~81009.5. (a) A local government agency that has enacted,~~
17 ~~enacts, amends, or repeals an ordinance or other provision of law~~
18 ~~affecting campaign contributions and expenditures shall file a copy~~
19 ~~of the action with the Commission.~~

20 ~~(b) Notwithstanding Section 81013, a local government agency~~
21 ~~shall not enact any ordinance imposing filing requirements~~
22 ~~additional to or different from those set forth in Chapter 4~~
23 ~~(commencing with Section 84100) for elections held in its~~
24 ~~jurisdiction unless the additional or different filing requirements~~
25 ~~apply only to the candidates seeking election in that jurisdiction,~~
26 ~~their controlled committees or committees formed or existing~~
27 ~~primarily to support or oppose their candidacies, and to committees~~
28 ~~formed or existing primarily to support or oppose a candidate or~~
29 ~~to support or oppose the qualification of, or passage of, a local~~
30 ~~ballot measure which is being voted on only in that jurisdiction,~~
31 ~~and to city or county general purpose committees active only in~~
32 ~~that city or county, respectively. However, a local government~~
33 ~~agency shall not impose any filing requirements on elected~~
34 ~~members of, or candidates for election to, a county central~~
35 ~~committee of a qualified political party or on committees primarily~~
36 ~~formed to support or oppose a person seeking election to a county~~
37 ~~central committee of a qualified political party.~~

38 ~~SEC. 2. Section 82013 of the Government Code is amended~~
39 ~~to read:~~

1 ~~82013. “Committee” means any person or combination of~~
2 ~~persons who directly or indirectly does any of the following:~~

3 ~~(a) Receives contributions totaling one thousand dollars (\$1,000)~~
4 ~~or more in a calendar year.~~

5 ~~(b) Makes independent expenditures totaling one thousand~~
6 ~~dollars (\$1,000) or more in a calendar year.~~

7 ~~(c) Makes contributions totaling ten thousand dollars (\$10,000)~~
8 ~~or more in a calendar year to or at the behest of candidates or~~
9 ~~committees.~~

10 ~~A person or combination of persons that becomes a committee~~
11 ~~shall retain its status as a committee until that status is terminated~~
12 ~~pursuant to Section 84214.~~

13 ~~“Committee” does not include an entity primarily formed to~~
14 ~~support or oppose a person seeking election to a county central~~
15 ~~committee of a qualified political party.~~

16 ~~SEC. 3. Section 82023 of the Government Code is amended~~
17 ~~to read:~~

18 ~~82023. “Elective office” means any state, regional, county,~~
19 ~~municipal, district, or judicial office that is filled at an election.~~

20 ~~“Elective office” also includes membership through election on~~
21 ~~the Board of Administration of the Public Employees’ Retirement~~
22 ~~System or the Teachers’ Retirement Board. “Elective office” does~~
23 ~~not include membership on a county central committee of a~~
24 ~~qualified political party.~~

25 ~~SEC. 4. Section 85703 of the Government Code is amended~~
26 ~~to read:~~

27 ~~85703. (a) Nothing in this act shall nullify contribution~~
28 ~~limitations or prohibitions of any local jurisdiction that apply to~~
29 ~~elections for local elective office, except that these limitations and~~
30 ~~prohibitions may not conflict with Section 85312. However, a local~~
31 ~~jurisdiction shall not impose any contribution limitations or~~
32 ~~prohibitions on elected members of, or candidates for election to,~~
33 ~~a county central committee of a qualified political party, or on a~~
34 ~~committee primarily formed to support or oppose a person seeking~~
35 ~~election to a county central committee of a qualified political party.~~

36 ~~(b) Limitations and prohibitions imposed by a local jurisdiction~~
37 ~~on payments for a member communication, as defined in~~
38 ~~subdivision (c), that conflict with Section 85312 and which are~~
39 ~~thereby prohibited by subdivision (a) include, but are not limited~~
40 ~~to, any of the following:~~

1 ~~(1) Source restrictions on payments for member communications~~
2 ~~that are not expressly made applicable to member communications~~
3 ~~by a state statute or by a regulation adopted by the Commission~~
4 ~~pursuant to Section 83112.~~
5 ~~(2) Limitations on payments to a political party committee for~~
6 ~~a member communication that are not expressly made applicable~~
7 ~~to member communications by a state statute or by a regulation~~
8 ~~adopted by the Commission pursuant to Section 83112.~~
9 ~~(3) Limitations on the scope of payments considered directly~~
10 ~~related to the making of a member communication, including costs~~
11 ~~associated with the formulation, design, production, and~~
12 ~~distribution of the communication such as surveys, list acquisition,~~
13 ~~and consulting fees that are not expressly made applicable to~~
14 ~~member communications by a state statute or by a regulation~~
15 ~~adopted by the Commission pursuant to Section 83112.~~
16 ~~(e) For purposes of this section, “member communication”~~
17 ~~means a communication, within the meaning of Section 85312, to~~
18 ~~members, employees, shareholders, or families of members,~~
19 ~~employees, or shareholders of an organization, including a~~
20 ~~communication by a political party to its members who are~~
21 ~~registered with that party.~~
22 ~~SEC. 5. The Secretary of State shall, pursuant to subdivision~~
23 ~~(b) of Section 81012 of the Government Code, submit Sections 1~~
24 ~~to 4, inclusive, of this act to the voters for approval at a statewide~~
25 ~~election in accordance with Section 9040 of the Elections Code.~~

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JOINT LEGISLATIVE AUDIT
LOCAL GOVERNMENT

May 1, 2012

Ann Ravel
Chair, Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, California 95814-2329

Dear Chair Ravel:

I urge you to vote in favor of supporting Assembly Bill 2239, which I authored to increase candidate transparency while substantially reducing the need for independent expenditures. FPPC staff did not take a position on this bill on AB 2239, which was part of item #17 on your April 5 agenda. It is my understanding that the Commissioners delayed action on the bill in order to seek more information about limit and disclosure rules.

AB 2239 will introduce the nation's toughest campaign finance disclosure laws. No state in the country has 24-hour disclosure for all contributions. Among the toughest requirements:

- Oregon requires all contributions to be reported within 30 days of receipt, except contributions received in the last 6 weeks before an election, in which case the contribution must be reported within 7 days.
- Massachusetts only requires an annual report of contributions during non-election years (California requires semi-annual reports during non-election years), but requires monthly reports in the first six months of an election year and requires reports twice a month thereafter during the election year.

Several states do require 24-hour or 48-hour reporting in very limited circumstances: namely, for large contributions or for contributions that occur a few days/weeks before the election. (California requires 24-hour disclosure only for contributions in excess of \$1,000 in the last sixteen days before the election for paper filers or in the last ninety days for electronic filers.)

Consequently, a 24-hour reporting requirement for all contributions at all times would give California the toughest campaign finance disclosure law in the country, producing more campaign finance transparency than anywhere in the United States. This would allow the public and watchdog organizations to better monitor the flow of political money and hold politicians accountable.

(Additionally, existing requirements for semi-annual and pre-election statements would continue to be in a place in order to provide digestible compilations of campaign finance information.)

Currently, Alabama, Indiana, Iowa, Mississippi, Missouri, Nebraska, North Dakota, Oregon, Pennsylvania, Texas, Utah, and Virginia have no contribution limits.

When examining the most recent edition of the annual list of best-run and worst-run states produced by 24/7 Wall Street, it shows that 3 of the 5 best-run states (Nebraska, North Dakota,

and Iowa) are states without contribution limits while the 10 worst-run states all have contribution limits.

Independent expenditures have increased 6,000% since the passage of Proposition 34's campaign contribution limits. IEs have reduced candidate accountability and reduced campaign finance transparency.

The efforts to limit money in politics via Prop 34 have had the unintended consequences of making money harder to trace and reducing candidate accountability. Ending the Prop 34 limits while adding 24-hour contribution reporting will make candidates responsible for the contributions they raise and the spending they do, which will make unaccountable IEs and enigmatic IE PACs a legal anachronism.

Eliminating Prop 34 limits while requiring 24-hour disclosure of contributions and expenditures is the only way to hold politicians accountable to the people of California and render enigmatic independent expenditures unnecessary, so I respectfully urge you to vote in favor of supporting AB 2239.

Sincerely,

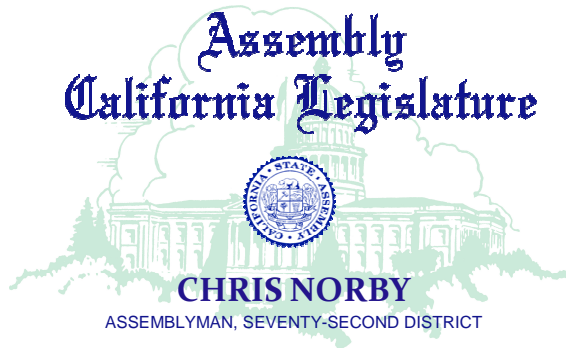
A handwritten signature in black ink that reads "Chris Norby". The signature is written in a cursive, flowing style.

CHRIS NORBY

Member, California State Assembly

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JOINT LEGISLATIVE AUDIT
LOCAL GOVERNMENT

May 16, 2012

Ann Ravel
Chair, Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, California 95814

Dear Chair Ravel:

In support of my bill, AB 2239, I respectfully wish to address several points raised in the staff memo regarding that bill, which is part of Item #14 on your May 17 agenda.

The staff memo quoted the findings and declarations of Proposition 34, including: “Increasing costs of political campaigns have forced many candidates to devote a substantial portion of their time to raising campaign contributions and less time to public policy...” The costs of political campaigns have continued to grow despite Proposition 34’s limits, so consequently, candidates must spend even more time trying to raise funds from more donors. For example, to raise \$39,000 for a legislative seat, a candidate must raise it from 10 donors instead of 3 or 4 donors, requiring the candidate to spend more time going to more donors to raise that money.

The staff memo also quoted that Proposition 34 was intended to “ensure that individuals and interest groups in our society have a fair and equitable opportunity to participate in the elective and governmental processes...” These limits have had the unintended consequence of enabling fantastically wealthy individuals to easily outspend their non-wealthy opponents. These limits have forced non-wealthy candidates to spend even greater amounts of time fundraising to match wealthy opponents. For example, in the new 74th Assembly District, Charles Munger has just donated over \$300,000 to a PAC that has launched a series of independent expenditures on behalf of candidate Leslie Daigle. Candidate Allan Mansoor has no way to respond, as it is illegal to solicit an independent expenditure or to raise more than \$3,900 from a donor.

The study by the Center for Public Integrity referenced in the memo had rather unusual rankings. Indeed, that study gave the State of New Jersey a “B+” grade for its lowest risk of corruption, and the study actually ranked New Jersey as the state with the lowest risk of corruption. Common sense would question any study that rated New Jersey as the lowest risk of corruption.

Sincerely,


CHRIS NORBY
Member, California State Assembly

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JOINT LEGISLATIVE AUDIT
LOCAL GOVERNMENT

May 16, 2012

Lynn Montgomery
Commissioner, Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, California 95814

Dear Commissioner Montgomery:

In support of my bill, AB 2239, I respectfully wish to address several points raised in the staff memo regarding that bill, which is part of Item #14 on your May 17 agenda.

The staff memo quoted the findings and declarations of Proposition 34, including: “Increasing costs of political campaigns have forced many candidates to devote a substantial portion of their time to raising campaign contributions and less time to public policy...” The costs of political campaigns have continued to grow despite Proposition 34’s limits, so consequently, candidates must spend even more time trying to raise funds from more donors. For example, to raise \$39,000 for a legislative seat, a candidate must raise it from 10 donors instead of 3 or 4 donors, requiring the candidate to spend more time going to more donors to raise that money.

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The study by the Center for Public Integrity referenced in the memo had rather unusual rankings. Indeed, that study gave the State of New Jersey a “B+” grade for its lowest risk of corruption, and the study actually ranked New Jersey as the state with the lowest risk of corruption. Common sense would question any study that rated New Jersey as the lowest risk of corruption.

Sincerely,


CHRIS NORBY
Member, California State Assembly

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JOINT LEGISLATIVE AUDIT
LOCAL GOVERNMENT

May 16, 2012

Elizabeth Garrett
Commissioner, Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, California 95814

Dear Commissioner Garrett:

In support of my bill, AB 2239, I respectfully wish to address several points raised in the staff memo regarding that bill, which is part of Item #14 on your May 17 agenda.

The staff memo quoted the findings and declarations of Proposition 34, including: “Increasing costs of political campaigns have forced many candidates to devote a substantial portion of their time to raising campaign contributions and less time to public policy...” The costs of political campaigns have continued to grow despite Proposition 34’s limits, so consequently, candidates must spend even more time trying to raise funds from more donors. For example, to raise \$39,000 for a legislative seat, a candidate must raise it from 10 donors instead of 3 or 4 donors, requiring the candidate to spend more time going to more donors to raise that money.

The staff memo also quoted that Proposition 34 was intended to “ensure that individuals and interest groups in our society have a fair and equitable opportunity to participate in the elective and governmental processes...” These limits have had the unintended consequence of enabling fantastically wealthy individuals to easily outspend their non-wealthy opponents. These limits have forced non-wealthy candidates to spend even greater amounts of time fundraising to match wealthy opponents. For example, in the new 74th Assembly District, Charles Munger has just donated over \$300,000 to a PAC that has launched a series of independent expenditures on behalf of candidate Leslie Daigle. Candidate Allan Mansoor has no way to respond, as it is illegal to solicit an independent expenditure or to raise more than \$3,900 from a donor.

The study by the Center for Public Integrity referenced in the memo had rather unusual rankings. Indeed, that study gave the State of New Jersey a “B+” grade for its lowest risk of corruption, and the study actually ranked New Jersey as the state with the lowest risk of corruption. Common sense would question any study that rated New Jersey as the lowest risk of corruption.

Sincerely,


CHRIS NORBY
Member, California State Assembly

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May 16, 2012

Sean Eskovitz
Commissioner, Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, California 95814

Dear Commissioner Eskovitz:

In support of my bill, AB 2239, I respectfully wish to address several points raised in the staff memo regarding that bill, which is part of Item #14 on your May 17 agenda.

The staff memo quoted the findings and declarations of Proposition 34, including: “Increasing costs of political campaigns have forced many candidates to devote a substantial portion of their time to raising campaign contributions and less time to public policy...” The costs of political campaigns have continued to grow despite Proposition 34’s limits, so consequently, candidates must spend even more time trying to raise funds from more donors. For example, to raise \$39,000 for a legislative seat, a candidate must raise it from 10 donors instead of 3 or 4 donors, requiring the candidate to spend more time going to more donors to raise that money.

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CHRIS NORBY
Member, California State Assembly

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May 16, 2012

Ronald Rotunda
Commissioner, Fair Political Practices Commission
428 J Street, Suite 620
Sacramento, California 95814

Dear Commissioner Rotunda:

In support of my bill, AB 2239, I respectfully wish to address several points raised in the staff memo regarding that bill, which is part of Item #14 on your May 17 agenda.

The staff memo quoted the findings and declarations of Proposition 34, including: “Increasing costs of political campaigns have forced many candidates to devote a substantial portion of their time to raising campaign contributions and less time to public policy...” The costs of political campaigns have continued to grow despite Proposition 34’s limits, so consequently, candidates must spend even more time trying to raise funds from more donors. For example, to raise \$39,000 for a legislative seat, a candidate must raise it from 10 donors instead of 3 or 4 donors, requiring the candidate to spend more time going to more donors to raise that money.

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Sincerely,


CHRIS NORBY
Member, California State Assembly