



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
428 J Street • Suite 620 • Sacramento, CA 95814-2329
(916) 322-5660 • Fax (916) 322-0886

MEMORANDUM

To: Chair Remke and Commissioners Audero, Casher, Wasserman and Wynne
From: Sukhi K. Brar, Senior Commission Counsel and Legislative Coordinator
Subject: Legislative Update
Date: November 4, 2015

The Legislature began the 2015-2016 Legislative session on December 1, 2014 and recessed on September 11, 2015 for the year. This report includes a summary of the Political Reform Act and Government Code Section 1090 bills that have been signed or vetoed by the Governor for 2015 and summary of the two-year bills still pending with the Legislature.

Political Reform Act/ Gov. Code 1090 Bills Signed by the Governor

SB 21 (Hill)

This bill requires a nonprofit organization that makes travel payments of \$5,000 or more for one state or local officeholder or \$10,000 or more a year for elected state or local elected officeholders, and whose expenses for such travel payments total 1/3 or more of the organization's total expenses in a year as reflected on the organization's Internal Revenue Service Form 990, to disclose to the Commission the names of donors who donated \$1,000 or more and also went on the trips. The bill also requires a person who receives a gift of a travel payment from any source to report the travel destination on his or her Statement of Economic Interests (Form 700).

Status: Signed into law.

Cost Estimate: \$363,466 first year and \$342,466 ongoing.

SB 704 (Gaines)

This bill establishes an additional situation in which an official is not financially interested in a contract under the remote interests portion of Section 1090. This situation applies to an owner or partner of a firm serving as an appointed member of an unelected board or commission to the agency that will enter into a contract. If the owner or partner recuses himself or herself from providing any advice regarding a project and from all participation in reviewing a project that results from a contract between the firm and the contracting agency the interest will be considered to be a remote interest. The bill also includes within the definition of "remote

interest” the interest of a planner employed by a consulting engineering, architectural, or planning firm.

Status: Signed into law.

Cost Estimate: Minor and absorbable.

AB 594 (Gordon)

The bill makes the following changes to the Act:

1. Eliminates the requirement to file supplemental preelection reports and supplemental independent expenditure reports.
2. Clarifies that the 90-day 24-hour reporting period includes the election date itself, in addition to the 90 days before the election, making those provisions consistent throughout the Act.
3. Clarifies requirements for who has to file preelection statements and provides uniform timelines. Currently, the Act’s preelection reporting requirements are very complicated and difficult to understand. This bill clarifies which candidates and committees must file these reports before the election, while still maintaining relevant and timely disclosure. The new provisions create a filing timeline for these reports that is uniform in both odd and even years.
4. Raises the recipient committee qualification threshold from \$1,000 to \$2,000 and makes conforming adjustments.

Status: Signed into law.

Cost Estimate: Minor and absorbable

Commission Position: Support

AB 990 (Bonilla) - Effective Immediately

This bill requires that campaign advertisement disclosure statements be printed in no less than 14-point, bold, sans serif type font. The bill also requires that an advertisement supporting or opposing a candidate that is paid for by an independent expenditure include a disclosure statement with specific content, and if the advertisement is mailed, requires that the disclosure statement be located within a quarter of an inch of the recipient’s name and address and be contained within a box that meets prescribed criteria for line width and has a contrasting color background to the rest of the mailer. This bill contains an urgency clause, which makes the bill effective immediately.

Status: Signed into Law.

Cost Estimate: Minor and Absorbable

AB 1083 (Eggman)

This bill allows the Commission to contract with the City of Stockton to provide advice and enforcement of local campaign rules.

Status: Signed into Law.

Cost Estimate: Minor and absorbable.

AB 1544 (Cooley) (Effective Immediately)

The bill allows a payment made at the behest of an elected officer to be exempt from the behested payments reporting requirement *if* the payment is made by a state, local, or federal government agency and is principally for legislative or governmental purposes. The payment is now exempt from reporting requirements regardless of who received the payment, meaning the government agency could make the payment to another government agency, a nonprofit or a private third party and it would not have to be reported as a behested payment. This bill is in response to and overturns the *Schuchat* Advice Letter. This bill also contains an urgency clause which makes it effective immediately upon passage.

Status: Signed into law.

Cost Estimate: Minor and absorbable

Commission Position: Oppose

Political Reform Act Bills Vetoed by the Governor

AB 10 (Gatto)

This bill would have increased the thresholds at which a public official has a disqualifying financial interest in sources of income from \$500 to \$1,000, investments in business entities from \$2,000 to \$5,000, and in interests in real property from \$2,000 to \$10,000. The bill would have also made conforming adjustments to the thresholds at which income, investments, and interests in real property must be disclosed on the official's Form 700. The bill would have revised the dollar amounts associated with the reporting ranges for each of the financial interests to include more ranges up to \$2,000,000. This bill would have required certain high level officials who recuse themselves from governmental decisions due to a conflict of interest to disclose each instance of recusal on their Statement of Economic Interests (Form 700) and would have required the Commission to promulgate regulations relating to reporting of business interests on the Form 700.

Status: Vetoed

Cost Estimate: \$260,166 one time, \$130,083 ongoing

Two-Year Bills Still Pending Amending the Political Reform Act

SB 283 (Nielsen)

Introduced: February 19, 2015

Amended: March 26, 2015

Existing Law

The Act requires the Attorney General to prepare a ballot label, title and summary for each statewide ballot measure and to include this summary in the ballot pamphlet.

Proposed Law

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

Status: In Senate Elections Committee

AB 700 (Gomez)

Introduced: February 25, 2015

Amended May 21, 2015

Existing Law

The Act imposes a disclosure requirement with respect to advertisements supporting or opposing a ballot measure when a committee pays an individual \$5,000 or more to appear in the advertisement or when the advertisement states or suggests an individual appearing in the advertisement is of a certain occupation. The disclosure statement on such ads must be shown continuously on printed advertisements and televised advertisements. It must be read in a clearly audible format if the advertisement is a radio or telephone message.

Proposed Law

This bill extends the current spokesperson disclosure statement requirements to television or video advertisements, meaning they would apply to internet or other electronic forms of communication.

After speaking with the author's office, staff anticipates significant amendments to this bill.

Status: In Assembly Appropriations

Cost Estimate: \$153,892

AB 834 (Salas)

Introduced: February 26, 2015
Amended March 26, 2015

Existing Law

The Act prohibits an incumbent from sending a newsletter or other mass mailing at public expense.

Proposed Law

This bill would define a “public advertisement” as an advertisement that is paid for from the funds of a state or local public entity. This bill would prohibit a person or entity from disseminating, broadcasting, or otherwise publishing a public advertisement, within 90 days of an election if the advertisement features, a candidate who will appear on the ballot at that election.

Status: In Assembly Elections Committee

AB 910 (Harper)

Introduced: February 26, 2015
Amended: March 19, 2015

Existing Law

Existing law allows the Commission to contract with the County of San Bernardino to provide advice and enforcement of its local campaign rules.

Proposed Law

This bill would allow the Commission to contract with any city or county to provide advice and enforcement of local campaign rules.

Status: In Assembly Elections Committee

AB 1200 (Gordon)

Introduced: February 27, 2015
Amended: August 26, 2015

Existing Law

Existing provisions of the Act regulate the activities of lobbyists, lobbying firms, and lobbyist employers in connection with attempts to influence legislative and administrative action and

require reporting of such activity. “Administrative action” is defined in the Act to include the proposal, drafting, development, consideration, amendment, enactment or defeat by any state agency of any rule, regulation, or other action in any ratemaking proceeding or any quasi legislative proceeding.

Proposed Law

This bill would include within the definition of lobbyist any individual who receives two thousand dollars or more in economic consideration in a calendar month, other than reimbursement for reasonable travel expenses, to communicate directly or through his or her agents on behalf of any person other than his or her employer with any elective state officials, agency official, or legislative official for the purpose of influencing administrative action that is governmental procurement.

This bill defines government procurement as any of the following with respect to influencing a state procurement contract for which the total estimated cost exceeds \$250,000:

- (1) Preparing the terms, specifications, bid documents, request for proposals, or evaluating criteria for a procurement contract.
- (2) Soliciting for a procurement contract.
- (3) Evaluating a procurement contract.
- (4) Scoring criteria for the procurement contract.
- (5) Awarding, approving, denying, or disapproving a procurement contract.

Status: Senate Floor (Inactive File)

Cost Estimate: \$872,000 first two years, and \$760,000 ongoing

AB 1494 (Levine)

Introduced: February 27, 2015

Amended: April 22, 2015

Existing Law

The Act requires a committee that makes an independent expenditure of \$1,000 or more during the 90-day election cycle in connection with a candidate for elective state office or a state ballot measure to disclose that expenditure by filing a report online or electronically with the Secretary of State.

Proposed Law

This bill requires a committee subject to the Act’s independent expenditure disclosure requirements to pay a fee dependent on the amount of independent expenditures the committee plans to make in a two-year period. The bill requires the Secretary of State to establish a fund with fee revenues and allocate those funds to the Fair Political Practices Commission and local

elections offices for the purpose of increasing transparency in political campaigns and voter registration and turnout.

Status: In Assembly Elections Committee

Two-Year Bills Amending Government Code Section 1090

SB 330 (Mendoza)

Introduced: February 23, 2015

Amended: July 7, 2015

Existing Law

Existing law under Government Code Section 1090 prohibits Members of the Legislature, and state, county, district, judicial district, and city officers or employees from being financially interested in a contract made by them in their official capacity or by any body or board of which they are members, subject to specified exceptions. Existing law identifies certain remote interests that are not subject to this prohibition and other situations in which an official is not deemed to be financially interested in a contract, including, among others, that of a parent in the earnings of his or her minor child for personal services.

Proposed Law

The bill will delete interests of a parent in the earnings of his or her minor children for personal services from the list of remote interests and instead this bill will include within the definition of remote interests that of a public officer who is an elected member of any state or local body, board, or commission, if that public officer's spouse, child, parent, sibling, or the spouse of the child, parent, or sibling, has a financial interest in any contract made by that public officer in his or her official capacity, or by any body, board, or commission of which that public officer is a member.

Staff has been informed by the author's office that further amendments to this bill concerning a knowledge requirement are pending.

Status: Assembly Appropriations- Held Under Submission

Cost Estimate: \$210,934