

California Fair Political Practices Commission

MEMORANDUM

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

From: Zackery P. Morazzini, General Counsel
Hyla P. Wagner, Senior Commission Counsel

Subject: Adoption of Proposed Amendments to Campaign Regulations 18410, 18425, 18550, 18435 and 18465.1 and Repeal of Regulation 18539.

Date: December 3, 2012

Proposed Commission Action: Adoption of amendments to campaign regulations about (1) early identification of a committee that is paying to qualify a ballot measure, (2) 24-hour reporting of contributions, (3) 24-hour reporting of independent expenditures, (4) extending sender identification requirements to mass mailings sent by email, and (5) verification of independent expenditures.

1. Early Identification of Committees Qualifying Ballot Measures (Amend Regulation 18410). Prior to a ballot measure's qualification, it can be unclear to the public what committee is financing the petition circulation drives. People trying to track ballot measures criticize the lack of information available to determine what groups are financing a petition circulation effort. The proposed changes will add information about what committee is backing a ballot measure in the early stages to a committee's statement of organization.

The Attorney General's Office assigns a number to proposed measures that are cleared for petition circulation. Under the authority of Section 84102(g), the Commission may amend Regulation 18410 to require a committee that spends \$100,000 or more circulating petitions for a state ballot measure or that is primarily formed for the measure, to add the number assigned by the Attorney General's Office to the proposed measure on the committee's statement of organization. This will link committees to ballot measures during the qualification stage, when such connections are not always disclosed publicly. The number assigned to a measure by the Attorney General's Office would be on a committee's statement of organization from the time petitions begin to circulate¹ until the proposal qualifies for the ballot or fails to qualify. The naming rule for ballot measure committees would stay the same, with the measure letter or number being added to a committee's name after the measure qualifies for the ballot.

2. 24-Hour Contribution Reporting (Amend Reg. 18425; repeal Reg. 18539). AB 481 has changed the reporting rules that apply to late contributions. Prior to this legislation there were two 24-hour reporting periods that applied, the 16-day period for reporting 24-hour contributions under Sections 82036 and 84203, and the 90-day period for reporting 24-hour contributions applicable to state candidates under Section 85309. Two separate regulations

¹ Under the Act, a proposal becomes a "measure," as defined in Section 82043, when petitions begin to circulate.

governed these 24-hour contributions, Regulations 18425 and 18539.

AB 481 created a uniform period for 24-hour contribution reporting during the 90 days before an election. Following this legislation, we propose to harmonize the regulations about 24-hour contribution reporting. The proposed changes put all the rules about 24-hour reporting of contributions into one regulation, and make clear that the same rules apply for 24-hour reporting of contributions under Sections 82036/84203 and Section 85309. For example, the same rules permitting committees to estimate late non-monetary contributions will apply under both statutes. Estimating late non-monetary contributions is helpful for example, if a union or a chamber of commerce is doing phone banking for a candidate close to the election. Then, instead of filing a 24-hour report every day before the election, the committee or candidate may file one report estimating the total amount of non-monetary contributions that will be received during the 24-hour reporting period.

The proposed amendments combine the two 24-hour reporting regulations (18425 and 18539) into one. As a result, much of the underlined language in Regulation 18425 is not new language, but is from Regulation 18539. Twenty four-hour contributions are reported on the Form 497. AB 481 also permits us to eliminate the two different versions of the Form 497 for state and local filers and to use one form.

3. 24-Hour Independent Expenditure Reporting (Amend Regulation 18550). Following AB 481, Regulation 18550 can also be changed to apply to 24-hour independent expenditure reports filed under both Section 84204 and Section 85500. The amendments also require the *cumulative total* a committee or entity has spent in independent expenditures on a candidate or measure to be displayed on the 24-hour independent expenditure reports, in addition to the amount of the most recent independent expenditure.

The 24-hour reports are filed on a transaction-by-transaction basis, and report isolated independent expenditures as they are made. Third parties who are interested in tracking independent expenditures must add the amounts spent on successive reports together to get the total independent expenditures by a committee or entity on a particular candidate or measure. Requiring the cumulative total on the 24-hour independent expenditure report will not be a burden on filers who already compile this figure, but would be a great benefit to the public viewing these reports.

FPPC staff held an Interested Persons meeting on the regulation changes in this package on September 18, 2012. Some participants at the meeting asked whether adding the cumulative amount to the 24-hour independent expenditure reports would cause difficulties for committees when they are amending the 24-hour reports. For example, if a committee was amending a Form 496 filed two weeks ago would it also have to amend the outdated cumulative amount and amend the cumulative amount on other reports? Responding to this concern, we added language to the regulation stating that a filer amending 24-hour independent expenditure reports must make sure that the cumulative-to-date total for a candidate or measure is accurate on the most recent report filed, but is not obligated to amend the cumulative amount on previous reports.

Until the time the Cal-Access system can make changes to the forms, the instructions to the Form 496 will instruct filers to report the cumulative-to-date total of independent expenditures made on a candidate or measure in the description field. We have checked with the Secretary of State's Office and with a software vendor and they agree this can be done easily.

4. Sender Identification on Mass Campaign Emails (Amend Regulation 18435).

The Act requires that candidates and committees print sender identification (i.e., the candidate or committee's name and address) on mass mailings of over 200 substantially similar pieces sent out. (Section 84305.) This is a basic disclaimer requirement that informs the public who is sending the campaign mail they receive. Section 84305 provides as follows:

“(a) Except as provided in subdivision (b), no candidate or committee shall send a mass mailing unless the name, street address, and city of the candidate or committee are shown on the outside of each piece of mail in the mass mailing² and on at least one of the inserts included within each piece of mail of the mailing in no less than 6-point type which shall be in a color or print which contrasts with the background so as to be easily legible. A post office box may be stated in lieu of a street address if the organization's address is a matter of public record with the Secretary of State.

“(b) If the sender of the mass mailing is a single candidate or committee, the name, street address, and city of the candidate or committee need only be shown on the outside of each piece of mail.

“(c) If the sender of a mass mailing is a controlled committee, the name of the person controlling the committee shall be included in addition to the information required by subdivision (a).”

The FPPC's report on “Internet Political Activity and the Political Reform Act” recommended the following regulatory change: “To ensure that a committee sending a mass campaign email is appropriately identified as a committee sending a mass mailing, the Commission should interpret Section 84305 to require such identification, and make clarifying changes to Regulation 18435 as soon as possible.”

The amendments to Regulation 18435 would require identification of the *candidate or committee's name* on over 200 substantially similar campaign messages distributed to the public through electronic mail. This sender identification requirement of Section 84305 only applies to mass mailings sent by a candidate or a committee.

Although Section 84305 was drafted with postal service mail in mind, the extension of the sender identification requirement to mass emails sent by a campaign is logical and appropriate given the changes in communications and “mail.” Most candidates and committees already routinely include their committee name when sending mass campaign emails to the public. In the 2010 statewide elections, however, mass emails sent by a campaign attacking an Attorney General candidate were sent to the public signed by “Nancy Drew” and “the Hardy Boys” urging the readers to “investigate” the candidate. The identity of a candidate or committee sending a mass campaign

²Section 82041.5 defines a “mass mailing” to mean “over two hundred substantially similar pieces of mail, but does not include a form letter or other mail which is sent in response to an unsolicited request, letter or other inquiry.”

email to the public should not be a mystery.

Section 81003 states that the Act should be “liberally construed to accomplish its purposes.” The sender identification requirements of the Act constitute remedial legislation that should be liberally construed. It furthers the purposes of the Act and does not exceed the authority of Section 84305 to interpret the sender identification requirements to apply to mass emails sent by a candidate or campaign to the public.

Although they share the same definition of “mass mailing,” the statutory provision requiring sender identification of the candidate or committee name on mass mailings in Section 84305 is distinct from provisions of the Act prohibiting mass mailings at government expense under Section 89001 and Regulation 18901. These are separate statutes passed with different purposes: Section 84305 is designed to provide readers with information about the identity of the sender of a campaign mailing; Section 89001 is designed to restrict incumbent elected officials from sending newsletters at public expense. The change to the sender identification rule in Regulation 18435 would not result in any change to the existing rules governing mass mailings at government expense. These rules do not cover email messages because they are not a tangible item. To be covered by Section 89001’s prohibition on mass mailings at government expense, “the item delivered to the recipient must be a tangible item, such as a videotape, record, or button, or a written document.” (Regulation 18901(a)(1).)

5. Independent Expenditure Verification (Amend Regulation 18465.1).

Section 84213(b), enacted by AB 481, provides that an individual or entity making an independent expenditure on a candidate or measure must file a statement with the Commission verifying that the independent expenditure was not coordinated with the affected candidate or measure committee and that all contributions and reimbursements used to make the independent expenditures were reported. Because it was originally contemplated that the verification would be added to existing independent expenditure forms, AB 481 did not specify the time when the verification must be filed. When it became clear that the current Cal-Access system could not accept changes to the verification language on existing forms, AB 481 was modified to provide that a new verification form would be filed with the FPPC. Proposed amendments to Regulation 18465.1 state that the verification is due within ten days after the date the committee makes its first independent expenditure with respect to a candidate or measure in an election.

Attachments	Regulation 18410 – Filing Requirements for Statement of Organization
	Regulation 18425 – 24-Hour Contribution Reports
	Regulation 18539 – Online Disclosure of Contributions
	Regulation 18550 – 24-Hour Independent Expenditure Reports
	Regulation 18435 – Definition of Mass Mailing and Sender
	Regulation 18465.1 – Verification of Online Filers
	New legislation – AB 481 (Gordon)

1 Amend 2 Cal. Code Regs. Section 18410 to read:

2 **§ 18410. Filing Requirements for Statement of Organization.**

3 (a) The Secretary of State shall reject the filing of a Statement of Organization
4 unless it contains all of the following information:

5 (1) Indication of the "Statement Type," whether initial, amendment, or
6 termination and, if the committee has qualified, the date of qualification or, if the
7 statement is a termination statement, the date the committee terminated.

8 (2) The committee identification number, if the filing is an amended statement.

9 (3) The full name, as required by the Act and Commission regulations, street
10 address, email address, and telephone number of the committee.

11 (4) The full name, street address, and telephone number of the treasurer.

12 (5) Indication of the type of committee by completing at least one of the following
13 sections: controlled committee; primarily formed committee; or general purpose
14 committee.

15 (6) If the committee is a candidate controlled committee, the full name and office
16 sought by a candidate, including district number, if applicable, ~~and, if~~ .

17 ~~(7)~~ (7) If the committee has qualified, the name and address of the financial
18 institution where the campaign bank account is located and the account number.

19 ~~(7)~~ (8) If the committee is a noncandidate controlled committee, the name of each
20 principal officer as set forth in Section 84102(c) and Regulation 18402.1.

21 ~~(8)~~ (9) If the committee is a committee primarily formed to support or oppose
22 specific candidates or measures in a single election, the name of the candidate or the

1 number, letter, or full title of the ballot measure, the jurisdiction, and whether the
2 committee is formed to support or oppose the candidate or measure.

3 ~~(9)~~(10) If the committee is a general purpose committee, indication of whether the
4 committee is a city, county, or state committee and a brief description of its activity.

5 ~~(10)~~(11) If the committee is a sponsored committee, the full name, street address,
6 and telephone number of each sponsor and the industry group or affiliation of each
7 sponsor as required in Regulation 18419(b)(2).

8 (12) If the committee (A) submits a proposed state ballot measure to the Attorney
9 General's Office for title and summary, (B) spends \$100,000 or more on circulation of
10 petitions for a proposed state ballot measure, or (C) is primarily formed to support or
11 oppose a proposed state ballot measure that has been submitted to the Attorney General
12 for title and summary, the committee shall state the identification number assigned by the
13 Attorney General's Office to the proposed ballot measure and the title of the proposal on
14 the statement of organization. The Attorney General's identification number and the title
15 of a proposed measure shall no longer be required on a committee's statement of
16 organization after any of the following: the measure has failed to qualify for the ballot,
17 the measure number has been added to the committee's name, or the election in which a
18 measure qualified for the ballot has been held.

19 ~~(11)~~(13) Signed verification of the statement, including the date, by the treasurer
20 or assistant treasurer and controlling officeholder, candidate, or state measure proponent.

21 (b) A committee is not in compliance with the provisions of Section 84101 or
22 84103 until such time as the Secretary of State accepts for filing a statement of

1 organization or amendment thereto that provides the information required under
2 subdivision (a)(1- ~~11~~13).

3 (c) Notwithstanding the above provisions, if the statement of organization filed is
4 an amendment or termination and the information contained on the previous statements
5 of organization filed by the committee is correct, the amended statement need only
6 include the committee name, identification number, and verification along with the
7 amendment, if an amended statement, or the termination date, if a termination statement.

8 Note: Authority cited: Section 83112, Government Code. Reference: Sections 84101,
9 84102 and 84103, Government Code.

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1 Amend 2 Cal. Code Regs. Section 18425 to read:

2 **§ 18425. ~~Late Contributions; Reports~~ 24-Hour Contribution Reports.**

3 (a) Application. This regulation applies to 24-hour contribution reports filed
4 pursuant to Sections 84203 and 85309.

5 (b) Report Contents. In addition to the information specified in Section 84203, a
6 report filed pursuant to Section 84203 or 85309 must contain the following information:

7 (1) The name and address of the filer, and if applicable, the filer's identification
8 number issued by the Secretary of State.

9 (2) Date of the filing.

10 (3) Identification of amended information.

11 (4) The date the contribution was received.

12 (5) The full name and address of the contributor and the contributor's
13 identification code. If the contributor is an individual, his or her occupation and
14 employer.

15 (6) The amount of the contribution.

16 ~~(a) Whenever a candidate or committee is required to file a late contribution~~
17 ~~report with the Secretary of State pursuant to Government Code Section 84203, the report~~
18 ~~shall include the date of the election. This provision shall not apply to reports of late~~
19 ~~contributions made to a state candidate or committee or a committee primarily formed to~~
20 ~~support or oppose a state candidate or state measure.~~

21 ~~(c)(b) Late Non-Monetary Contributions.~~

22 (1) Timely Filed. Consistent with Section 84203.3, a report filed by the recipient
23 of a non-monetary contribution during the reporting periods of Section 82036 or 85309

1 shall be deemed timely filed if it is received by the filing officer within 48 hours of the
2 time the contribution is made.

3 ~~(1)~~(2) Estimating. When more than one non-monetary contribution will be made
4 by or received from a single contributor during the ~~late~~ 24-hour contribution reporting
5 period, a candidate or committee may, on or before the deadline specified in ~~Government~~
6 ~~Code section~~ Section 84203, ~~or~~ 84203.3 ~~or~~ 85309, file a single ~~late~~ 24-hour contribution
7 report covering the entire ~~late~~ 24-hour contribution reporting period disclosing:

8 (A) The total value of non-monetary contributions that will be made by or
9 received from the contributor during the period; or

10 (B) If the actual value of non-monetary contributions is not known at the time of
11 filing, a good faith estimate of the value that will be contributed or received during the
12 period. If the value of ~~late~~ non-monetary contributions during the 24-hour reporting
13 period differs from the estimated amount by 20 percent or more, the estimated report
14 must be amended within 24 hours from the time the candidate or committee knows that
15 the estimated value is incorrect.

16 ~~(2)~~(3) On the candidate or committee's next campaign statement filed pursuant to
17 ~~Government Code section~~ Section 84200, 84200.5, 84202.3, 84202.5, or 84202.7, the
18 actual value of all ~~late~~ non-monetary contributions during the period covered by the
19 statement shall be disclosed.

20 (d) With respect to 24-hour contribution reports filed under Section 85309, the
21 “election” referred to in Section 85204 means a state election where the candidate or
22 measure for which the contribution was received will be listed on the ballot.

1 Note: Authority cited: Section 83112, Government Code. Reference: Sections 82036,
2 ~~and 84203, 84203.3, 85204 and 85309,~~ Government Code.

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1 Repeal 2 Cal. Code Regs. Section 18539:

2 ~~§ 18539. Online Disclosure of Contributions.~~

3 ~~(a) Reports filed under Section 85309 are not required to be filed on paper. A~~
4 ~~report filed online or electronically pursuant to this section must contain the following~~
5 ~~information:~~

6 ~~(1) The name and address of the filer and, if applicable, the filer's identification~~
7 ~~number issued by the Secretary of State.~~

8 ~~(2) Date of the filing.~~

9 ~~(3) Identification of amended information.~~

10 ~~(4) The date the contribution was received.~~

11 ~~(5) The full name and address of the contributor and the contributor's~~
12 ~~identification code. If the contributor is an individual, his or her occupation and~~
13 ~~employer.~~

14 ~~(6) The amount of the contribution.~~

15 ~~(b) Under Section 85309(a) and (b), candidates for elective state office and~~
16 ~~primarily formed state ballot measure committees that file electronically under Section~~
17 ~~84605, must file online 24-hour reports disclosing contributions of \$1,000 or more~~
18 ~~received during an "election cycle." Section 85204 defines "election cycle" for purposes~~
19 ~~of Section 85309 and 85500 to mean the period of time commencing 90 days prior to an~~
20 ~~election and ending on the date of the election. The "election" referred to in Section~~
21 ~~85204 means a state election where the candidate or measure for which the~~
22 ~~contribution was received or in connection with which the independent expenditure was~~
23 ~~made will be listed on the ballot.~~

1 ~~Note: Authority cited: Section 83112, Government Code. Reference: Sections 85204 and~~
2 ~~85309, Government Code.~~

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1 Amend 2 Cal. Code Regs. Section 18550 to read:

2 **§ 18550. ~~Online Disclosure of Independent Expenditures.~~ 24-Hour Independent**
3 **Expenditure Reports.**

4 (a) ~~Reports filed under Section 85500 are not required to be filed on paper.~~
5 Application. This regulation applies to 24-hour independent expenditure reports filed
6 pursuant to Sections 84204 and 85500.

7 (b) Report Contents. In addition to the information specified in Section 84204, a
8 A report filed ~~online or electronically~~ pursuant to ~~this section~~ Sections 84204 or 85500
9 must contain the following information:

10 (1) The name and address of the filer and, if applicable, the filer's identification
11 number issued by the Secretary of State.

12 (2) Date of the filing.

13 (3) Identification of amended information.

14 (4) The date of each expenditure.

15 (5) A description of each expenditure.

16 (6) The amount of each expenditure.

17 (7) The cumulative-to-date total the committee has expended for independent
18 expenditures relating to a candidate or measure. A filer amending 24-hour independent
19 expenditure reports shall ensure that the cumulative-to-date total for a candidate or
20 measure is accurate on the most recent report filed, but is not obligated to amend the
21 cumulative amount on previous reports.

1 ~~(7)~~(8) If the expenditure was in connection to a candidate, the candidate's name,
2 the office sought or held and, if applicable, district number. In addition, the report must
3 identify whether the expenditure was made to support or oppose the candidate.

4 ~~(8)~~(9) If the expenditure was made in connection with a ballot measure, the ballot
5 measure's name, including its number or letter, and the jurisdiction. In addition, the
6 report must identify whether the expenditure was made to support or oppose the ballot
7 measure.

8 ~~(b)~~(c) If the filer is a recipient committee formed pursuant to Section 82013, the
9 filer must disclose contributions of \$100 or more received after the closing date of the
10 last campaign statement through the date of the independent expenditure. If no previous
11 campaign statement has been filed, disclose such contributions received since January 1
12 of the current calendar year. Also include the following information:

13 (1) The full name and address of each contributor and the contributor's
14 identification code. If the contributor is an individual, his or her occupation and
15 employer.

16 (2) The date and amount of the contribution.

17 (3) The interest rate if the contribution is a loan.

18 ~~(e)~~(d) ~~Under Section 85500, any committee that files electronically under Section~~
19 ~~84605 making independent expenditures on state candidates or measures, must file online~~
20 ~~24-hour reports disclosing independent expenditures of \$1,000 or more made during an~~
21 ~~"election cycle." Section 85204 defines "election cycle" for purposes of Sections 85309~~
22 ~~and 85500 to mean the period of time commencing 90 days prior to an election and~~
23 ~~ending on the date of the election. The~~ With respect to 24-hour independent expenditure

1 reports filed under Section 85500, the “election” referred to in Section 85204 means a
2 state election where the candidate or measure ~~for which the contribution was received or~~
3 in connection with which the independent expenditure was made will be listed on the
4 ballot.

5 Note: Authority cited: Section 83112, Government Code. Reference: Sections 82036.5,
6 84204, 85204, and 85500, and 85505, Government Code.

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1 Amend 2 Cal. Code Regs. Section 18435 to read:

2 **§ 18435. Definition of Mass Mailing and Sender.**

3 (a) A “mass mailing” has been made when over two hundred substantially similar
4 pieces of mail have been sent within a calendar month.

5 (b) The sender, as used in ~~Government Code~~ Section 84305, is the candidate or
6 committee who pays for the largest portion of expenditures attributable to the designing,
7 printing, and posting of the mailing which are reportable under ~~Government Code~~ Sections
8 84200-84217.

9 (c) For purposes of this section to “pay for” a share of the cost of a mass mailing
10 means to make, to promise to make, or to incur an obligation to make, any payment:

11 (1) To any person for the design, printing, postage, materials or other costs (including
12 salaries, fees, or commissions) of the mailing; or

13 (2) As a fee or other consideration for an endorsement or, in the case of a ballot
14 measure, support or opposition, in the mailing.

15 (d) The identification required by Section 84305 shall be preceded by the words
16 “Paid for by.” These words shall be presented in the same size and color as the identification
17 required by Section 84305, and shall be immediately adjacent to and above or immediately
18 adjacent to and in front of the required identification.

19 (e) The requirements of Section 84305 to identify the name of the candidate or
20 committee sending a mass mailing apply to over 200 substantially similar messages
21 distributed to the public through electronic mail by a candidate or committee within a
22 calendar month.

23 Note: Authority cited: Section 83112, Government Code. Reference: Sections 82041.5 and
24 84305, Government Code.

1 Amend 2 Cal. Code Regs. Section 18465.1 to read:

2 **§ 18465.1. Verification of Online Filers.**

3 (a) Any filing made on behalf of a filer by a vendor or service provider authorized by the
4 filer to make such filings is presumed filed under penalty of perjury by the filer.

5 (b) The verification concerning an independent expenditure to be filed pursuant to
6 Section 84213(b) shall be filed within ten days after the date the committee makes its first
7 independent expenditure supporting or opposing a candidate or measure in an election.

8 Note: Authority cited: Section 83112, Government Code. Reference: ~~Section~~ Sections 84213 and
9 84605, Government Code.

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Assembly Bill No. 481

CHAPTER 496

An act to amend Sections 82036, 82036.5, 84102, 84104,84213, and 84506 of, and to amend, renumber, and add Section 82047.6 of, the Government Code, relating to the Political Reform Act of 1974.

[Approved by Governor September 24, 2012. Filed with
Secretary of State September 24, 2012.]

LEGISLATIVE COUNSEL'S DIGEST

AB 481, Gordon. Political Reform Act of 1974: campaign disclosure.

Existing law, the Political Reform Act of 1974, provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures and imposing other reporting and recordkeeping requirements on campaign committees.

This bill would require each campaign committee to identify its principal officer or officers, as defined, and would require each principal officer to maintain the committee's accounts and records. In addition, the bill would require a committee's principal officer, in the event the committee files a statement or report disclosing an independent expenditure, to sign a verification verifying that the committee has not received unreported contributions or reimbursements to make the independent expenditure and has not coordinated with the candidate or the opponent of the candidate or the proponent or the opponent of the state measure that is the subject of the expenditure.

The Political Reform Act of 1974 defines "late contribution" and "late independent expenditure" as any contribution or independent expenditure totaling in the aggregate \$1,000 or more that is made for or against any specific candidate, committee, or measure involved in an election that is made or received before the date of the election but after the closing date of the last campaign statement required to be filed prior to the election.

This bill would instead define "late contribution" and "late independent expenditure" to mean a contribution or independent expenditure made within 90 days before the date of the election at which the candidate or measure is to be voted on.

The Political Reform Act of 1974 requires that broadcast and mass mailing advertisements supporting or opposing candidates or ballot measures include disclosure statements that reflect specified information.

This bill would require any advertisement supporting or opposing candidates or ballot measures to include such disclosure statements.

Existing law makes a knowing or willful violation of the Political Reform Act of 1974 a misdemeanor and subjects offenders to 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 $\frac{2}{3}$ vote of each house and compliance with specified procedural requirements.

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

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

SECTION 1. Section 82036 of the Government Code is amended to read:

82036. "Late contribution" means any of the following:

(a) A contribution, including a loan, that totals in the aggregate one thousand dollars (\$1,000) or more and is made to or received by a candidate, a controlled committee, or a committee formed or existing primarily to support or oppose a candidate or measure within 90 days before the date of the election at which the candidate or measure is to be voted on. For purposes of the Board of Administration of the Public Employees' Retirement System and the Teachers' Retirement Board, "the date of the election" is the deadline to return ballots.

(b) A contribution, including a loan, that totals in the aggregate one thousand dollars (\$1,000) or more and is made to or received by a political party committee, as defined in Section 85205, within 90 days before the date of a state election.

SEC. 2. Section 82036.5 of the Government Code is amended to read:

82036.5. "Late independent expenditure" means an independent expenditure that totals in the aggregate one thousand dollars (\$1,000) or more and is made for or against a specific candidate or measure involved in an election within 90 days before the date of the election. For purposes of the Board of Administration of the Public Employees' Retirement System and the Teachers' Retirement Board, "the date of the election" is the deadline to return ballots.

SEC. 3. Section 82047.6 of the Government Code is amended and renumbered to read:

82047.7 "Proponent of a state ballot measure" means "proponent" as defined in Section 9002 of the Elections Code.

SEC. 4. Section 82047.6 is added to the Government Code, to read:

82047.6. (a) "Principal officer" means the individual primarily responsible for approving the political activities of a committee, including, but not limited to, the following activities:

(1) Authorizing the content of communications made by the committee.

(2) Authorizing expenditures, including contributions, on behalf of the committee.

(3) Determining the committee's campaign strategy.

(b) If two or more individuals share the primary responsibility for approving the political activities of a committee, each individual is a principal officer.

SEC. 5. Section 84102 of the Government Code is amended to read:

84102. The statement of organization required by Section 84101 shall include all of the following:

(a) The name, street address, and telephone number, if any, of the committee. In the case of a sponsored committee, the name of the committee shall include the name of its sponsor. Whenever a committee has more than one sponsor, and the sponsors are members of an industry or other identifiable group, a term identifying that industry or group shall be included in the name of the committee.

(b) In the case of a sponsored committee, the name, street address, and telephone number of each sponsor.

(c) The full name, street address, and telephone number, if any, of the treasurer and any other principal officers. A committee with more than one principal officer shall identify its principal officers as follows:

(1) A committee with three or fewer principal officers shall identify all principal officers.

(2) A committee with more than three principal officers shall identify no fewer than three principal officers.

If no individual other than the treasurer is a principal officer, the treasurer shall be identified as both the treasurer and the principal officer.

(d) The full name and office sought by any candidate, and the title and ballot number, if any, of any measure, that the committee supports or opposes as its primary activity. A committee that does not support or oppose one or more candidates or ballot measures as its primary activity shall provide a brief description of its political activities, including whether it supports or opposes candidates or measures and whether such candidates or measures have common characteristics, such as a political party affiliation.

(e) A statement whether the committee is independent or controlled and, if it is controlled, the name of each candidate or state measure proponent by which it is controlled, or the name of any controlled committee with which it acts jointly. If a committee is controlled by a candidate for partisan office, the controlled committee shall indicate the political party, if any, with which the candidate is affiliated.

(f) For a committee that is a committee by virtue of subdivision (a) or (b) of Section 82013, the name and address of the financial institution where the committee has established an account and the account number.

(g) Such other information as shall be required by the rules or regulations of the Commission consistent with the purposes and provisions of this chapter.

SEC. 6. Section 84104 of the Government Code is amended to read:

84104. It shall be the duty of each candidate, treasurer, principal officer, and elected officer to maintain detailed accounts, records, bills, and receipts necessary to prepare campaign statements, to establish that campaign statements were properly filed, and to otherwise comply with the provisions of this chapter. The detailed accounts, records, bills, and receipts shall be retained by the filer for a period specified by the Commission. However, the Commission shall not require retention of records for a period longer than the statute of limitations specified in Section 91000.5 or two years after the adoption of an audit report pursuant to Chapter 10 (commencing with Section 90000), whichever is less.

SEC. 7. Section 84213 of the Government Code is amended to read:

84213. (a) A candidate and state measure proponent shall verify his or her campaign statement and the campaign statement of each committee subject to his or her control. The verification shall be in accordance with the provisions of Section 81004 except that it shall state that to the best of his or her knowledge the treasurer of each controlled committee used all reasonable diligence in the preparation of the committee's statement. This section does not relieve the treasurer of any committee from the obligation to verify each campaign statement filed by the committee pursuant to Section 81004.

(b) If a committee is required to file a campaign statement or report disclosing an independent expenditure pursuant to this title, a principal officer of the committee or, in the case of a controlled committee, the candidate or state measure proponent or opponent who controls the committee shall sign a verification on a report prescribed by the Commission. Notwithstanding any other provision of this title, the report containing the verification required by this subdivision shall be filed only with the Commission. The verification shall read as follows:

I have not received any unreported contributions or reimbursements to make these independent expenditures. I have not coordinated any expenditure made during this reporting period with the candidate or the opponent of the candidate who is the subject of the expenditure, with the proponent or the opponent of the state measure that is the subject of the expenditure, or with the agents of the candidate or the opponent of the candidate or the state measure proponent or opponent.

SEC. 8. Section 84506 of the Government Code is amended to read:

84506. (a) An advertisement supporting or opposing a candidate or ballot measure, that is paid for by an independent expenditure, shall include a disclosure statement that identifies both of the following:

- (1) The name of the committee making the independent expenditure.
- (2) The names of the persons from whom the committee making the independent expenditure has received its two highest cumulative contributions of fifty thousand dollars (\$50,000) or more during the 12-month period prior to the expenditure. If the committee can show, on the basis that contributions are spent in the order they are received, that contributions received from the two highest contributors have been used for expenditures unrelated to the candidate or ballot measure featured in the communication,

the committee shall disclose the contributors making the next largest cumulative contributions of fifty thousand dollars (\$50,000) or more.

(b) If an acronym is used to identify any committee names required by this section, the names of any sponsoring organization of the committee shall be printed on print advertisements or spoken in broadcast advertisements.

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

SEC. 10. The Legislature finds and declares that this bill furthers the purposes of the Political Reform Act of 1974 within the meaning of subdivision (a) of Section 81012 of the Government Code.