



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

## TITLE 2. FAIR POLITICAL PRACTICES COMMISSION

NOTICE IS HEREBY GIVEN that the Fair Political Practices Commission (the “Commission”), under the authority vested in it under the Political Reform Act (the “Act”)<sup>1</sup> by Section 83112 of the Government Code, proposes to adopt, amend, or repeal regulations in Title 2, Division 6 of the California Code of Regulations. The Commission will consider the proposed regulation at a public hearing on or after **November 17, 2016**, at the offices of the Fair Political Practices Commission, 428 J Street, Suite 800, Sacramento, California, commencing at approximately **10:00 a.m.** Written comments must be received at the Commission offices no later than **5:00 p.m.** on **November 15, 2016**.

### BACKGROUND/OVERVIEW:

*(1) Biennial Cost of Living Adjustment for Campaign Contribution Limits, Voluntary Expenditure Ceilings, and State Officeholder Contribution Limits: Adoption of Amendments to Regulations 18544 and 18545*

Regulation 18545 sets forth current year contribution, voluntary expenditure and state officeholder account limits. Sections 83124, 85316(b), and 89503(f) of the Act, charge the Commission with making a cost of living adjustment to the limit amounts biennially to reflect changes in the Consumer Price Index (“CPI”). The California Department of Finance (“DOF”) provides the forecast and actual annual California CPI for All Urban Consumers, based upon U.S. Bureau of Labor Statistics. (Section 82001, Regulation 18544(c).)

This amendment makes the cost of living adjustments for the period from January 1, 2017 through December 31, 2018. The adjustments are based on the California CPI for the “calendar year immediately preceding the year in which the adjustment is to take effect,” which is 2016. (Regulation 18544(c).) The DOF Consumer Price Index Forecast, May Revise (dated April 2016) states the applicable forecast annual 2016 California CPI as “255.0.”<sup>2</sup>

This amendment additionally clarifies language in Regulation 18544(c) regarding the appropriate forecast annual CPI figure and source. The amended language is in accordance with Section 82001, which defines the cost of living adjustment process under the Act.

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<sup>1</sup> The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

<sup>2</sup> A forecast annual CPI is used due to the fact that the actual CPI for a given year is not available until mid-January of the following year. See [http://www.dof.ca.gov/Forecasting/Economics/Eco\\_Forecasts\\_Us\\_Ca/index.html](http://www.dof.ca.gov/Forecasting/Economics/Eco_Forecasts_Us_Ca/index.html), CPI-U all items for 2016, for the relevant CPI figure.



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The formula for adjusting contribution limits and the voluntary expenditure ceilings, found in Regulation 18544(a)(1) and (2), is stated in the following equation form:

Applicable Limit 2001	<b>X</b>	$\frac{255.0 \text{ (2016 annual CPI) } *}{174.8 \text{ (CPI from 2000)}}$	=	2017 limit**
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\* as forecast in the DOF Consumer Price Index Forecast, May Revise, dated April 2016.

\*\* Rounded to the nearest \$100 for contribution limits; to nearest \$1,000 for voluntary expenditure ceilings.

The formula for calculating the adjustments to state officeholder accounts contribution limits, found in Regulation 18544(b), is stated in the following equation form:

Applicable Limit 2007	<b>X</b>	$\frac{255.0 \text{ (2016 annual CPI) } *}{210.5 \text{ (CPI from 2006)}}$	=	2017 limit**
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\* as forecast in the DOF Consumer Price Index Forecast, May Revise, dated April 2016.

\*\* Rounded to the nearest \$100.

(2) *Biennial Gift Limit Adjustments*: Adoption of Amendments to Regulations 18703.4, 18730, and 18940.2.

The gift limit must also be adjusted biennially by the Commission to reflect changes in the CPI. (Sections 87103(e) and 89503(f).) The California Department of Finance (“DOF”) provides the forecast calendar year California CPI for All Urban Consumers. The formula used to calculate the adjusted gift limit is as follows:

Applicable Limit 1990 (\$250)	<b>X</b>	$\frac{255.0 \text{ (2016 annual CPI) } *}{135 \text{ (CPI from 1990)}}$	=	2017 limit**
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\* as forecast in the DOF Consumer Price Index Forecast, May Revise, dated April 2016.

\*\* Rounded to the nearest \$10.

**REGULATORY ACTION:**

Amend 2 Cal. Code Regs. Sections 18544 and 18545: The proposed amendments to Regulation 18545 reflect the adjusted contribution limits and voluntary expenditure ceilings for state candidates for the period of January 1, 2017 through December 31, 2018.



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The proposed amendments to Regulation 18544(c) clarify language regarding the appropriate forecast annual CPI figure and source.

Amend 2 Cal. Code Regs. Sections 18700, 18730, 18940.2. The proposed amendments reflect the adjustment of the gift limit from \$460 to \$470 for the period of January 1, 2017 through December 31, 2018.

**SCOPE:**

The Commission may adopt the language noticed herein, or it may choose new language to implement its decisions concerning the issues identified above or related issues. The Commission may delete provisions, adopt the language noticed herein, or choose new language to implement its policy regarding implementation of the CPI adjustments described above.

**FISCAL IMPACT STATEMENT:**

Fiscal Impact on Local Government. This regulation will have no fiscal impact on any local entity or program.

Fiscal Impact on State Government. This regulation will have no fiscal impact on any state entity or program.

Fiscal Impact on Federal Funding of State Programs. This regulation will have no fiscal impact on the federal funding of any state program or entity.

**AUTHORITY:** Government Code Section 83112 provides that the Fair Political Practices Commission may adopt, amend, and rescind rules and regulations to carry out the purposes and provisions of the Political Reform Act.

**REFERENCE:** The purpose of this regulation is to implement, interpret, and make specific the following:

Amend 2 Cal. Code Regs. Sections 18544 and 18545. Government Code Sections 83124, 85301, 85302, 85303, 85316 and 85400.

Amend 2 Cal. Code Regs. Sections 18700, 18730, and 18940.2. Government Code Sections 82028, 87100, 87103, 87300-87302, 89502, 89503 and 89506.

**CONTACT:** You may send inquiries to Karen Harrison, Fair Political Practices Commission, 428 J Street, Suite 800, Sacramento, CA 95814; email: [kharrison@fppc.ca.gov](mailto:kharrison@fppc.ca.gov); telephone (916) 322-5660 or 1-866-ASK-FPPC.



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Proposed regulatory language can be accessed at <http://www.fppc.ca.gov/the-law/fppc-regulations/proposed-regulations-and-notices.html>.