



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3000 • Sacramento, CA 95811
(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 by the Political Reform Act (the Act)¹ 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 regulations at a public hearing on or after **November 15, 2018**, at the offices of the Fair Political Practices Commission, 1102 Q Street, Suite 3000, Sacramento, California, commencing at approximately **10:00 a.m.** Written comments should be received at the Commission offices no later than **5:00 p.m.** on **November 13, 2018**.

BACKGROUND/OVERVIEW:

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

Regulation 18545 contains the current campaign contribution limit, voluntary expenditure ceiling amounts, and state officeholder account limits. Sections 83124, 85316(b)(4), and 89503(f) of the Act, charge the Commission with making a biennial cost of living adjustment to limit amounts in order 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, which is based upon U.S. Bureau of Labor Statistics. (Section 82001, Regulation 18544(c).)

This amendment makes the cost of living adjustments for the period of January 1, 2019 through December 31, 2020. The adjustments are based on the California CPI for 2018 as the “calendar year immediately preceding the year in which the adjustment is to take effect.” (Regulation 18544(c).) The DOF CPI Forecast, May Revise, prepared in April 2018, lists the 2018 annual forecast California CPI as “271.0.”²

Regulation 18544(a)(1) and (2) provide the formula for adjusting contribution limits and voluntary expenditure ceilings, which is reflected in the following equation:

¹ The Political Reform Act is contained in Government Code sections 81000 through 91014. All further statutory references are to the Government Code. The regulations of the Fair Political Practices Commission are contained in sections 18110 through 18997 of Title 2 of the California Code of Regulations (hereafter Regulation).

² 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, CPI-U all items for 2018, for the relevant CPI figure.

$$\begin{array}{rcccl} & & 271.0 \text{ (2018 Annual CPI)} & & \\ \text{Applicable Limit} & & \frac{\quad}{\quad} & = & \text{2019 limit}^{**} \\ 2001 & \times & & & \\ & & 174.8 \text{ (CPI from 2000)} & & \end{array}$$

* As forecast in the DOF Consumer Price Index Forecast, May Revise, dated April 2018.

** 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 reflected in the following equation:

$$\begin{array}{rcccl} & & 271.0 \text{ (2018 Annual CPI)} & & \\ \text{Applicable Limit} & & \frac{\quad}{\quad} & = & \text{2019 limit}^{**} \\ 2007 & \times & & & \\ & & 210.5 \text{ (CPI from 2006)} & & \end{array}$$

* As forecast in the DOF Consumer Price Index Forecast, May Revise, dated April 2018.

** Rounded to the nearest \$100.

(2) *Biennial Gift Limit Adjustments:* Adoption of Amendments to Regulations 18700, 18730, and 18940.2.

The gift limit must also be adjusted biennially by the Commission to reflect changes to the California CPI. (Sections 87103(e) and 89503(f).) The formula used to calculate the adjusted gift limit is reflected in the following equation:

$$\begin{array}{rcccl} & & 271.0 \text{ (2018 Annual CPI)} & & \\ \text{Applicable Limit} & & \frac{\quad}{\quad} & = & \text{2019 limit}^{**} \\ 1990 & \times & & & \\ (\$250)^3 & & 135 \text{ (CPI from 1990)} & & \end{array}$$

* As forecast in the DOF Consumer Price Index Forecast, May Revise, dated April 2018.

** Rounded to the nearest \$10.

³ Section 89503, gift limits, was originally added by Stats. 1990, c. 84. The base year figure for this limitation is from year 1990.

REGULATORY ACTION:

Amend 2 Cal. Code Regs. Section 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, 2019 through December 31, 2020.

Amend 2 Cal. Code Regs. Sections 18700, 18730, 18940.2. The proposed amendments reflect the adjustment of the gift limit from \$470 to \$500 for the period of January 1, 2019 through December 31, 2020.

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.

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. Section 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: Any inquiries should be made to Sara Puricelli, Fair Political Practices Commission, 1102 Q Street, Suite 3000, Sacramento, CA 95811; telephone (916) 322-5660 or 1-866-ASK-FPPC. Proposed regulatory language can be accessed at <http://www.fppc.ca.gov/the-law/fppc-regulations/proposed-regulations-and-notices.html>.