



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
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To: Chair Miadich, Commissioners Cardenas, Hatch, and Hayward

From: TJ Jones, Executive Director
Jay Wierenga, Communications Officer

Subject: Legislation Report – July 2019

Date: July 8, 2019

Commission-sponsored Legislation

Since the Commission’s June meeting, one of the Commission’s sponsored bills (AB 903 – clarifying section 84200.5 of the Act) passed the Senate on consent. Sponsored bill AB 909 (requiring Treasurer acknowledgement of obligations) passed the Senate Appropriations Committee on July 1. AB 902 (codifying certain regulations) remains pending before the Senate Appropriations Committee. On June 24, CPAA sent a letter to the Senate Elections Committee, proposing a variety of amendments to the bill.

All other FPPC-sponsored bills (AB 946 and SB 423) have not progressed since the June meeting. SB 423 is likely to be a two-year bill. The Commission changed its “sponsor” position on SB 71 to “support if amended” at its June meeting.

Pending Legislation

The Commission is tracking 12 active bills proposed to amend the Political Reform Act or Government Code 1090. The Commission has adopted active positions on 11 bills. Legislation currently being tracked by Commission staff and other related documents can be found on the [Commission’s Pending Legislation](#) page.

Active Legislation with FPPC Positions

1. [AB 201](#) (Cervantes): Campaign disclosure: mass text messages.

FPPC Position: *Support if amended*

Status: Committee on Appropriations – Hearing TBD

Fiscal Impact: Minor and absorbable

Amended: May 6, 2019

Last Action: Passed Senate Elections Committee – July 2, 2019

Summary:

The Political Reform Act of 1974 provides for the comprehensive regulation of campaign financing and activities. The act defines “mass mailing” to mean over two hundred substantially similar pieces of mail, and defines “mass electronic mailing” to mean sending more than 200 substantially similar pieces of electronic mail within a calendar month. The act prohibits a candidate or committee from sending a mass mailing or mass electronic mailing unless certain information regarding the source of the mailing is shown in or on the mailing, as specified. The

act also regulates political advertisements. The act requires electronic media advertisements, other than email messages or internet websites, paid for by a committee, other than a political party committee or a candidate controlled committee established for an elective office of the controlling candidate, to comply with certain disclosure requirements.

This bill would require a candidate or committee to disclose the name of the candidate or committee in certain text message advertisements and provide a hyperlink in the text message to an internet website containing more information about the candidate or committee, as specified. If including this text message disclosure would be impracticable or severely interfere with the candidate or committee's ability to convey the intended message, the bill would instead permit the inclusion of a specified identification number in the text message. The bill would prescribe certain requirements for the color and size of the text in the text message and the disclosures on the internet website.

Staff Comments:

Assembly Member Cervantes amended AB 201 in response to recommendations from the Assembly Elections Committee analysis including defining the term “mass distribution technology.”

At the June meeting, the Commission choose to maintain its “support if amended” position due to concerns with the provision in subdivision (b)(2) of section 84504.7 permitting the use of a committee ID in lieu of a name when the link or url would be impracticable or severely limit the ability to convey the intended message. Commissioner Hatch also mentioned in reference to subdivision (e) that in the course of a text conversation, if the person communicating on behalf of the committee changes at any point on the text chain, the new person should have to identify themselves. Staff communicated these concerns to the author's office. The author's office responded that they anticipated committees would use the exception in subdivision (b)(2) sparingly because the committee would have the burden of proving impracticability or interference with the intended message. Also, the author's office stated the disclosure of a committee number was chosen over other forms of disclosure due to character limitations on some text messaging platforms, and that requiring disclosure of the committee numbers in such circumstances resulted in some disclosure, which is not the case in other instances where the disclosure is deemed impracticable and therefore not an advertisement under the act.

2. [AB 220](#) (Bonta): Campaign funds: childcare costs.

FPPC Position: *Support*

Status: Senate Floor

Amended: June 6, 2019

Last Action: Passed Senate Elections Committee – July 2, 2019

Summary:

The Political Reform Act prohibits the use of campaign funds to pay for professional services not directly related to a political, legislative, or governmental purpose. The Commission has previously advised that expenses incurred by a candidate in providing a baby-sitter for his or her children are reasonably related to a political purpose, but not directly related. (*Mahoney Advice Letter, No. A-94-285.*) As such, we advised that campaign fund expenditures on baby-sitting

services are permissible if there is no substantial benefit to the candidate. In other words, if each baby-sitting payment is less than \$200 per event, the campaign fund expenditure is permissible.

This bill would authorize the use of campaign funds to pay for child care expenses resulting from a candidate or officeholder engaging in campaign activities or performing official duties.

Staff Comments:

With input from Commission staff, Assembly Member Bonta amended the bill on June 6th to narrow its application to childcare costs “resulting directly from the candidate engaging in campaign activities...” Previously it had permitted the use of campaign funds for childcare costs “resulting from the candidate or officeholder engaging in campaign activities or performing official duties.”

3. [AB 864](#) (Mullin): Amendments to DISCLOSE Act

FPPC Position: *Support*

Fiscal Estimate: No costs to the Commission

Status: Senate Appropriations Committee – Hearing TBD

Amended: April 11, 2019

Last Action: Passed Senate Elections Committee – July 2, 2019

Summary:

The bill would make various substantive and non-substantive changes to the DISCLOSE Act:

1. Exempts from the definition of “mass electronic mailing” communications that were solicited by recipients.
2. Requires, within the exemption of advertisement for an electronic media communication, a customer who has opted in to receive communications from a provider of goods or services to provide express approval to receive political messages from that provider of goods or services in order for the communication to be an exempt.
3. Clarifies disclosure requirements for large print advertisements larger than those designed to be individually distributed.
4. Further defines “online platform disclosed advertisements” and other clarifying amendments to AB 2188 (2018) Social Media DISCLOSE Act.
5. Corrects conflict from AB 249 related to electronic media advertisements and the applicable disclosures for political party committee and candidates committees who pay for independent expenditures or advertisement supporting or opposing a ballot measure.
6. Other non-substantive conforming, clarifying, and cross-reference corrections in the Act.

Staff Comments:

The Commission initially adopted a “support if amended” position and directed staff to work with the bill’s author and principal supporter to address staff concerns with substantive policy proposals. Assembly Member Mullin amended the bill on April 11, 2019 to remove all

substantive policy changes from AB 864 and retain only the clarifying proposals developed by FPPC staff..As a result of those amendments, the Commission changed its position to “support.”

4. [AB 902](#) (Levine): Codify Commission Regulation.

FPPC Position: *Sponsor*

Fiscal Estimate: No costs to the Commission

Status: Senate Appropriations Committee

Amended: April 1, 2019

Last Action: Referred to Senate Appropriations Committee

Summary:

The Political Reform Act authorizes the Commission to adopt, amend, or rescind regulations to carry out the purposes and provisions of the Act and to govern the procedures of the Commission. Long-standing and generally accepted regulations become essential to proper administration of the Political Reform Act. There are several regulations the Commission staff has identified as being long-standing, non-controversial, and essential to complying the Act.

Staff Comments:

On June 24, 2019 the CPAA contacted the Senate Elections Committee with comments and proposed changes to the current bill. Senate Elections Committee forwarded the comments to FPPC staff. The majority of the proposed amendments were technical and addressed drafting errors or potential ambiguity. Two of the proposed changes were substantive, one of which was the proposal from CPAA to create a contribution threshold for amending Top 10 disclosure reports. The second would amend section 84100 to permit a committee to make contributions and expenditures when it did not have a treasurer if the committee had an assistant treasurer. Staff has provided Legislative Counsel’s office technical assistance on possible amendments addressing the non-substantive changes to the bill suggested by CPAA.

5. [AB 903](#) (Levine): Minor and Clarifying Amendments to Political Reform Act.

FPPC Position: *Sponsor*

Fiscal Estimate: No costs to the Commission

Status: Assembly desk

Amended: March 28, 2019

Last Action: Passed Senate on July 1, 2019

Summary:

This bill would clarify that communications paid for with public moneys by a state or local government agency, under certain conditions, are considered expenditures, as specified, and not included in the exception described above. Clarify the language in Section 84200.5 to eliminate confusing language leading to multiple potential interpretations. Clarify the disclosure of income from a gift or business entity include the street address of each source or entity.

6. [AB 909](#) (Gallagher): Treasurer Signature

FPPC Position: *Sponsor*

Fiscal Estimate: No costs to the Commission

Status: Senate Floor – second reading

Amended: June 18, 2019

Last Action: Passed Senate Appropriations Committee on July 1, 2019

Summary:

This bill requires a treasurer or assistant treasurer when filing a Statement of Organization to acknowledge that the person must comply with duties imposed by the Act and regulations and that violation of those duties could result in criminal, civil, or administrative penalties.

Staff Comments:

The Commission approved amendments to AB 909 which would delay the operative date to the date that the Cal- Access Replacement Project is certified as completed (estimated to be February 2021). The amendment was requested by the Secretary of State to ensure the Cal-Access Replacement Project was not disrupted by new requirements. The author also made amendments at the request of the Commission clarifying the acknowledgment will be completed as part of the Statement of Organization, not as a separate filing, and will not create additional liability for treasurers.

7. [AB 946](#) (Assembly Elections Committee): Omnibus Non-substantive

FPPC Position: *Sponsor*

Fiscal Estimate: No costs to the Commission

Status: Senate Floor – Inactive File

Last Action: From Consent Calendar to Inactive File – May 13, 2019

Summary:

This bill is the Commission’s housekeeping bill repealing expired provisions of the Act no longer applicable or antiquated.

Staff Comments:

It is common for a “Committee-authored” bill to be placed on inactive file when it proceeds through the Legislature quickly. This ensures there is a legislative vehicle available in the case of additional non-substantive amendments. The Legislature plans on taking up AB 946 in August.

8. [AB 1043](#) (Irwin): Use of Campaign Funds; cybersecurity

FPPC Position: *Support*

Fiscal Estimate: No costs to the Commission

Status: Chaptered

Introduced: February 22, 2019

Last Action: Signed by the Governor on July 1, 2019.

Summary:

The Political Reform Act generally prohibits the use of campaign funds for payment or reimbursement for the lease of real property or for the purchase, lease, or refurbishment of any appliance or equipment if the lessee or sub lessor is, or the legal title resides in, a specified individual, such as a candidate, elected officer, or a member of the candidate or officer’s immediate family. Notwithstanding that prohibition, existing law authorizes the use of campaign funds to pay or reimburse the state for the costs of installing and monitoring an electronic security system in a candidate or elected officer’s home or office.

This bill authorizes the expenditure of campaign funds to pay for, or reimburse the state for, the installation and monitoring of hardware, software, and services related to the cybersecurity of the electronic devices of a candidate, elected officer, or campaign worker. The bill requires a candidate or elected officer to report any expenditure of campaign funds for these purposes to the Fair Political Practices Commission in the candidate or elected officer's campaign statements.

9. [AB 1217](#) (Mullin): DISCLOSE Act – Issue and Electioneering Ads

FPPC Position: *Support if Amended*

Fiscal Estimate: \$1,026,259 for first year and \$977,259 for ongoing

Status: Senate Elections Committee – No hearing set.

Amended: April 29, 2019

Last Action: Passed Assembly on Consent; Referred to Senate Elections Committee – June 12, 2019

Summary:

The Political Reform Act requires specified disclosures in advertisements regarding the source of the advertisement. The Act defines “advertisement” for these purposes to mean a general or public communication that is authorized and paid for by a committee for the purpose of supporting or opposing a candidate or candidates for elective office or a ballot measure or ballot measures. The Act also requires certain advertisements paid for by certain committees to disclose the names of the top contributors, which is defined for these purposes to mean the persons from whom the committee paying for an advertisement has received its three highest cumulative contributions of \$50,000 or more.

This bill does the following:

1. Amends the definition of “advertisement” to include “electioneering communication,” “issue advocacy advertisement,” and “major advertiser.” The bill designates “top contributors” established under the Disclose Act as “top funders.” Also, defines “nondonor funds,” “small donor funds,” and “lobbying donor.”
2. Adds the definition of “lobbying-available donation” to mean a payment, a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment, except if full and adequate consideration is received or if it is clear from the circumstances the payment is not made for lobbying purposes. Describes what is and is not a “lobbying-available donation.”
3. Adopts disclaimer requirements of “major advertisers” and “top funders” of an issue advocacy advertisement totaling \$50,000 or more in a calendar years and requires disclosure of three highest lobbying-available donations of \$10,000 or more, as specified.

Staff Comments

This ambitious bill suffers from structural deficiencies that would make interpretation, administration, and enforcement difficult. Some of the deficiencies include:

1. The provisions of these non-campaign related communications are being added to the Chapter and Article of the Act previously exclusive to campaign advertisements.

Inserting unrelated, non-campaign terms and requirements into the campaign advertising sections will severely complicate portions of the Act already filled with complexity.

2. Enforcing the provisions of this bill would require resource-heavy investigations of issue and electioneering ads because there would be no corresponding disclosures filed with filing officers disclosing “lobbying-available donations” and payments for communicating.
3. Establishes pre-election timing thresholds (60 days before a general or special election, 30 days before a primary election) that are substantively different than current electioneering requirements under Section 85310 (within 45 days of any election).

In addition to potential policy and structural issues, Commission staff believes this bill could lead to legal challenges over its constitutionality. In June, staff met with the author’s staff, and staff of the Senate Elections Committee, to discuss potential amendments that might cure the deficiencies. The author’s office has stated it intends to amend the bill to address concerns expressed by the Commission.

10. [SB 71](#) (Leyva): Campaign expenditure limitations: harassment and discrimination

FPPC Position: *Support if Amended*

Status: Assembly Appropriations Committee

Fiscal Estimate: Minor and absorbable

Amended: May 17, 2019

Last Action: Passed Assembly Elections Committee on July 3, 2019

Summary:

The legislation here is related to the Commission’s rescission in March 2019 of the [Mendoza Advice Letter A-18-009](#). The bill, as amended, would expressly allow the expenditure of funds in a campaign committee account or legal defense fund account to pay for a candidate or elected official’s defense against claims of sexual assault, sexual harassment, and sexual abuse. However, the candidate or elected official would be required to reimburse the committee account if he or she were ultimately “held liable for such a violation.”

At the June 2018 meeting, in response to amendments to the bill, the Commission changed its position on the legislation from “sponsor” to “support if amended.”

Staff Comments:

Following the June Commission meeting, staff informed the bill’s author of the Commission’s concerns.

11. [SB 300](#) (Umberg): Political Reform Act; Foreign Contributions

FPPC Position: *Support*

Fiscal Estimate: No costs to the Commission

Status: Assembly Elections Committee

Amended: March 17, 2019

Last Action: Referred to Assembly Elections Committee – No hearing set

Summary:

The Political Reform Act of 1974 prohibits a foreign government or a foreign principal, as defined, from making any contribution, expenditure, or independent expenditure in connection with the qualification or support of, or opposition to, a state or local ballot measure. The act prohibits a person or committee from soliciting or accepting a contribution from a foreign government or foreign principal for the same purposes. The Act makes a violation of these prohibitions a misdemeanor, punishable by a fine equal to the amount contributed or expended.

This bill would expand these prohibitions to include contributions, expenditures, or independent expenditures in connection with the qualification or support, or opposition to, a state or local candidate. The act would change the fine to an amount up to the greater of \$10,000 or 3 times the amount contributed or expended.

Staff Comments:

In 2016, the Commission supported nearly identical legislation ([AB 2250 – Ridley-Thomas](#)) to address the potential gap in the Political Reform Act related to foreign contributions to state and local candidates. The Federal Election Campaign Act generally prohibits foreign nationals from directly or indirectly donating or spending money in connection with *any* U.S. election. This federal law is one of the issues being litigated in the 9th Circuit Court of Appeals in [United States v. Ravneet Singh](#) on whether Congress has the authority to prohibit foreign contributions in state and local elections. SB 300 may provide a backstop to this important policy in the scenario the Court rules against the federal government.

Political Reform Act Bills with No Current Commission Position

12. [AB 571](#) (Mullin): Contribution Limits.

Status: Senate Appropriations Committee – Hearing TBD

Fiscal Estimate: \$920,023 first year, \$878,023 ongoing.

Amended: April 2, 2019

Last Action: Passed Senate Elections Committee on July 2, 2019

Summary:

The Act contains contribution limits and other restrictions related to contribution limits for state office and statewide offices. The Act specifies nothing in the law prevents the Legislature or local agency from adopting additional requirements, and nothing nullifies contribution limitations or prohibitions in local jurisdictions. All ordinances or other provisions adopted by local governments must be filed with the Commission.

The bill would establish a state-mandated contribution limit on city and county jurisdictions, which the Commission would be required to regulate and enforce. The state-mandated contribution limit is equal to the limits of state legislative candidates and would be adjusted for cost-of-living. Jurisdictions that adopt their own limit or have already established a limit would not be subject to the state limit established by this bill. This bill will become operative January 1, 2021.

Staff Comments

To adequately implement and enforce a statewide default contribution limit, the Commission would need to add 2 Political Reform Consultants II, 2 Senior Commission Counsel, 1 Special Investigator, and 1 Program Specialist II.

Political Reform Act Bills Unlikely to Progress Further in 2019

13. [AB 225](#) (Brough): Campaign funds: childcare costs.

FPPC Position: *Support if Amended*

Status: Assembly Elections Committee

Last Action: Referred to Assembly Elections Committee (02/04/19)

Summary:

The Political Reform Act prohibits the use of campaign funds to pay for professional services not directly related to a political, legislative, or governmental purpose. The Commission has previously advised that expenses incurred by a candidate in providing a baby-sitter for his or her children are reasonably related to a political purpose, but not directly related. (*Mahoney* Advice Letter, No. A-94-285.) As such, we advised that campaign fund expenditures on baby-sitting services are permissible if there is no substantial benefit to the candidate. In other words, if each baby-sitting payment is less than \$200 per event, the campaign fund expenditure is permissible.

This bill would provide that campaign funds may be used to pay for child care provided for a candidate's dependent child if the costs are incurred as a direct result of campaign activity.

14. [AB 322](#) (Gallagher): Electronic filing

FPPC Position: *Support if Amended*

Status: Assembly Appropriations Committee – Suspense File

Fiscal Impact: Minor and absorbable to the Commission

Amended: March 20, 2019

Last Action: Referred to Assembly Appropriations Committee Suspense File (04/03/19)

Summary:

Would require a local government agency to post on its internet website a copy of any specified statement, report, or other document filed with that agency in paper format. This bill would require that the statement, report, or other document be made available for four years from the date of the election associated with the filing. By imposing a new duty on local government agencies, this bill would impose a state-mandated local program.

Staff Comments:

The Commission's position and recommended amendments were communicated to Assembly Member Gallagher's office. The bill is currently in the Asm. Appropriation Committee suspense file due to substantial state-mandated local costs.

15. [AB 359](#) (Melendez): Revolving door prohibition; Members of the Legislature

Status: Assembly Elections Committee

Last Action: Heard in Asm. Elections Committee; held without recommendation (04/10/19)

Summary:

The Political Reform Act of 1974 prohibits a Member of the Legislature, for a period of one year after leaving office, from acting as a compensated agent or attorney for, or otherwise representing, any other person by making appearances before, or communications with, the Legislature or its committees, Members, or officers or employees, if the appearance or communication is made for the purpose of influencing legislative action. If the Member resigns from office, this prohibition applies from the effective date of the resignation until one year after the adjournment sine die of the session in which the resignation occurred.

This bill would extend the time periods for these prohibitions for a Member of the Legislature to 5 years.

16. [AB 626](#) (Quirk-Silva): Conflicts of Interest; Government Code 1090

Status: Assembly Appropriations Committee

Fiscal Impact: Minor and absorbable

Amended: May 13, 2019

Last Action: Two year bill (06/04/19)

Summary:

Existing law prohibits members of the Legislature, and state, county, district, judicial district, and city officers or employees, from being financially interested in a contract, as specified, made by them in their official capacity or by any body or board of which they are members, subject to specified exceptions. Existing law prohibits an officer or employee from being deemed to have an interest in a contract if the person's interest is one of certain types.

This bill prohibits an officer or employee from being deemed interested in a contract, as described above, if the interest is that of an engineer, geologist, architect, land surveyor, or planner, performing specified services on a project, including preliminary design and preconstruction services, when proposing to perform services on a subsequent portion or phase of the project.

Staff Comments:

Staff has provided technical assistance to the sponsors of AB 626, the American Council of Engineering Companies.

17. [AB 1141](#) (Melendez): Misuse of public funds

Status: Asm. Elections Committee

Amended: March 26, 2019

Last Action: Set for first hearing; hearing cancelled at the request of the author

Summary:

This bill would amend the Political Reform Act of 1974 to prohibit any elected state or local officer, including any state or local appointee, employee, consultant, or agency, from using or permitting others to use public resources for a campaign activity. The bill would authorize the FPPC to impose an administrative or civil penalty against a person for a misuse of public resources for campaign activity, not to exceed \$1,000 for each day on which a violation occurs, plus 3 times the value of the unlawful use of public resources.

18. [AB 1245](#) (Low): Contribution prohibition; business entities

Status: Asm. Elections Committee

Amended: April 9, 2019

Last Action: First hearing. Held without recommendation. (04/25/19)

Summary:

This bill would prohibit a business entity from contributing to a candidate for state elective office and for candidate for state elective office from accepting a contribution from a business entity.

19. [AB 1306](#) (Garcia): Misuse of public funds

FPPC Position: *Support*

Status: Assembly Appropriations Committee – Suspense File

Fiscal Impact: \$657,201 first year, \$629,102 ongoing.

Amended: March 18, 2019

Last Action: Referred to Assembly Appropriations Committee Suspense File (04/24/19)

Summary:

This bill would amend the Political Reform Act of 1974 to prohibit any elected state or local officer, including any state or local appointee, employee, or consultant, from using or permitting others to use public resources for a campaign activity. The bill would authorize the FPPC to impose an administrative or civil penalty against a person for a misuse of public resources for campaign activity, not to exceed \$1,000 for each day on which a violation occurs, plus three times the value of the unlawful use of public resources.

Staff Comments:

Assembly Member Garcia authored AB 1306 in response to the Commission's request sent in February 2019. Commission staff provided technical assistance to Assembly Member Garcia's office, including background information, answered technical questions, and appeared before the Asm. Elections Committee at the invitation of the Assembly Member.

The Asm. Elections Committee raised three issues with the current version of AB 1306:

1. Whether the Commission should be able to levy treble damages through its administrative process.
2. Whether there is sufficient clarity in the law as to what is and is not permissible content for public agencies to communicate.
3. Are there other alternatives to addressing insufficient enforcement other than duplicating statutes in another body of law?

Commission staff believes the issues raised by the Asm. Elections Committee can be resolved, but staff is limited in its ability to communicate/advocate on the bill.

AB 1306 would require the Commission to increase staff in Legal Division and Enforcement Division: two Senior Commission Counsel, one Commission Counsel, and one Special Investigator.

20. [AB 1574](#) (Mullin): Lobbying Reports; Monthly Filing

Status: Assembly Appropriations Committee – Suspense File

Fiscal Impact: \$252,741 first year, \$238,741 ongoing

Amended: April 11, 2019

Last Action: Referred to Asm. Appropriations Committee Suspense File – April 24, 2019

Summary:

The Political Reform Act requires lobbyists employed by a lobbyist employer or a lobbying firm to provide a periodic report of the lobbyist’s activity expenses and contributions to the employer or firm within 2 weeks following the end of each quarter. The act requires lobbying firms, lobbyist employers, and persons who make payments to influence legislative or administrative action of \$5,000 or more in value in any calendar quarter to file with the Secretary of State, during the month after the end of each calendar quarter of a biennial legislative session, reports regarding lobbying expenditures made during the calendar quarter.

This bill would instead require lobbying reports to be filed monthly. This bill will become operate January 1, 2021.

Staff Comments:

To adequately implement AB 1574, the Commission would need two additional Political Reform Consultants II.

21. [AB 1752](#) Formerly (Kalra): Committee registration fee; penalty – Gutted and Amended

Summary:

This bill formerly proposed that a penalty of \$150 for failing to register a committee be the exclusive remedy under the Act for such failure.

Staff Comments:

AB 1752 was recently “gutted” and amended to provide a vehicle for a South Coast Water District bill (Petrie-Norris). It is no longer germane to the FPPC or the PRA. The issue of the \$150 penalty has not been included in any new vehicle as of today’s date.

22. [SB 401](#) (Bates): Candidate Controlled Ballot Measure Committee; contribution limits

FPPC Position: *Oppose unless Amended*

Status: Senate Elections Committee

Last Action: Failed passage in Senate Elections Committee (0 ayes, 4 noes) (04/23/19)

Summary:

The Political Reform Act imposes a contribution limit of \$4,700 on contributions made to, and received by, candidates for elective state offices that are not statewide elective offices. The Act does not limit the amount of contributions that a person may make to a committee that is primarily formed to support or oppose one or more ballot measures. The act prohibits a candidate for elective state office or a committee controlled by that candidate from contributing to another candidate for elective state office in excess of the contribution limit for elective state offices.

This bill would prohibit a person from contributing to a primarily formed candidate controlled ballot measure committee more than the contribution limit imposed on candidates for elective state offices. The bill would prohibit a candidate for any elective office, or the candidate's controlled committees, from making a contribution to another candidate for elective office or a committee controlled by a candidate that is primarily formed to support or oppose one or more ballot measures in excess of the contribution limit established for candidates for elective state office. This bill would prohibit a committee controlled by a candidate for elective office that is primarily formed to support or oppose one or more ballot measures from expending campaign funds to make a contribution or other transfer of campaign funds to a committee for a purpose other than supporting or opposing a ballot measure that the controlled committee was primarily formed to support or oppose.

23. [SB 423](#) (Umberg): Committee Bank Accounts

Recommendation: Approve substantive amendments

FPPC Position: *Sponsor*

Fiscal Estimate: No costs to the Commission

Status: Assembly Elections Committee hearing canceled at the request of the author

Amended: April 9, 2019

Last Action: Referred to the Assembly Elections Committee – May 30, 2019

Summary:

This bill would expand the bank account requirement to include all recipient committees, as defined in [subdivision \(a\) of §82013](#). This would mean all contributions (§82015) received by the committee would have to be deposited in the designated account, and all expenditures (§82025) made by the committee would have to be drawn from the designated account. This bill would also permit a committee to redact its bank account number on the copy of the committee's statement of organization filed with local filing officers. The bill permits the Secretary of State to redact bank account numbers on statement of organization disclosed in any form.

Staff Comments:

Staff received inquiries from interested persons regarding the intent and effects of SB 423 on existing committee practices, specifically political party committees. As a result of constructive conversations with interested persons, staff presented substantive amendments to SB 423 to make clear that political party committees and general purpose committees may create additional campaign contribution accounts consistent with Section 85303 and also to codify substantial portions of Regulation 18534 dealing with "restricted" and "all purpose" accounts.

The author's staff informed FPPC staff the bill would be made into a two-year bill. This is due to concerns expressed to the author's office by attorneys for the regulated public that the bill would limit the types of accounts a committee could maintain.