



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

**From:** Phillip Ung, Director, Legislative and External Affairs

**Subject:** Campaign Finance Legislation Recommendations

**Date:** December 9, 2019

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### **Background**

Administering and enforcing California's campaign finance laws continues to be a significant part of the Commission's workload. Every year the Commission and its staff identify potential legislation to "clean up" prior legislation, close loopholes, reduce confusion and improve compliance, and promote accountability.

The Commission has expressed its ongoing commitment to two pending issues from the 2019 Legislative Session: 1) the use of public funds by public agencies in campaigns, and 2) sponsored legislation related to bank accounts.

### **Ongoing Legislation from 2019**

#### *Use of Public Funds in Campaigns*

Assembly Member Cristina Garcia authored Assembly Bill 1306 that was held under submission in the Assembly Appropriations Committee Suspense File in May. Assembly Member Garcia has expressed her intent to reintroduce legislation related to the use of public funds by public agencies in campaigns. The Assembly Member has requested the Commission vote on whether the agency wishes to sponsor the bill in 2020.

#### *Bank Accounts and Bank Account Number Confidentiality*

Additionally, Commission-sponsored Senate Bill 423 (Umberg) related to campaign bank accounts is pending in the Assembly Elections Committee. The bill will be set for a policy committee hearing conditioned upon ongoing discussion between the Commission and external stakeholders. Staff plans on continuing those policy discussions in the new year.

### **Fiscal Impact**

The new legislation recommended below may not result in additional fiscal impacts to the Commission or the impact may be absorbable within current budget allocations.

### **Staff Recommendation**

1. Recommend the Commission direct staff to submit proposals to Legislative Counsel;
2. Adopt a sponsorship position; and
3. Authorize Commission staff to retain an author or authors for bill introduction.



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New Legislation Proposals for 2020

Number	Legislative Goal	Provisions to be Amended	Type of Proposal	Underlying Internal Reason	Analysis of Proposal/Options
CF-1	Clarify whether the \$150 penalty in Section 84101.5 is the exclusive penalty for violations of the committee annual registration fee and transfer collection authority to the Franchise Tax Board.	84101.5	Substantive	The Commission has expressed an interest in providing clarity to the regulated community regarding the penalties for failure to pay the \$50 annual registration fee. The statute is unclear as to whether the \$150 penalty is exclusive or if the Commission may pursue additional penalties for a violation of the Act.	The legislative history is not clear as to whether the \$150 penalty is the only penalty permitted under the Act or if the Commission can pursue additional administrative remedies. This confusion was identified by Commissioner Hayward in 2017. Commission staff attempted to address the problem administratively but concluded that statutory change was needed.
CF-2	Clean up DISCLOSE Act provisions related to disclosures on electronic media advertisements when the committee discloses top funders rather than use “who funded this ad?”	84504.3	Substantive	Since the adoption of AB 249 (2017), the Commission staff and regulated community continue to identify issues within the DISCLOSE Act that require further interpretation and clean up in statute in order to promote compliance and enforcement.	A committee should not be found in violation of the Act if it chooses to use the “Paid for by” disclosure followed by top funders on electronic media ads rather than the prescribed “who funded this ad?” hyperlink.
CF-3	Require "Paid for by" disclosure on all candidate and political party committee advertisements	Chapter 4	Substantive	Disclosure requirements are not the same for every committee. Many complaints received by enforcement and AdWatch are for signs and flyers where no candidate committee disclosure is required.	Currently, the "Candidate Ad Chart" instructs committees that "Paid for by" is recommended but not legally required for electronic media, billboards, signs, faxes, business cards, door hangers, flyers, and posters.

CF-4	Require checkbox on all written solicitations: “The funds I am donating are not being provided to me by another person or entity for the purpose of making this contribution,” and “I am a United States citizen or permanent resident alien.”	New	Substantive	Money laundering is considered one of the most serious violations of the Act. The current law does little to inform potential contributors, potential intermediaries, and less sophisticated individuals about laundering laws.	Require simple check box on all contribution solicitations (e.g. webpages, mailings, hand-outs, door hangers, contributor cards/forms, fundraising invites.). This may not prevent all money laundering, but it may help to educate individuals at all levels, so such schemes would not develop, or enforcement agencies may be alerted early in the schemes.
CF-5	Change the cost of living adjustment for contributions limits from every two years to every four years.	83124	Substantive	Changing the contribution limits every two years causes "mid-cycle" limit changes for state candidates who run for office every four years.	This recommendation was made by prior Political Reform Act reports and studies of bipartisan committees to prevent mid-cycle changes.