



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
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To: Chair Miadich and Commissioner Baker

From: Lindsey Nakano, Legislative Counsel

Subject: **Legislative Update – June 2021**

Date: June 7, 2021

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- General update
- Upcoming legislative deadlines
- FPPC priority legislation
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General Update

As of the date of this report, staff has secured authors for four legislative proposals previously approved by the Commission as priority legislation for 2021.

Staff is continuing to advocate for the Commission’s priority legislation, track and analyze other Commission-related bills, and express the Commission’s preference for bipartisan support on bills for which the Commission has adopted a “support” or “sponsor” position.

Upcoming Legislative Deadlines

- June 15 – Budget bill must be passed by midnight
- July 14 – Last day for policy committees to meet and report bills
- Aug. 27 – Last day for fiscal committees to meet and report bills to the Floor
- Sept. 3 – Last day to amend bills
- Sept. 10 – Last day for each house to pass bills
- Oct. 10 – Last day for Governor to sign or veto bills

FPPC Priority Legislation

Updates:

- AB 236 (Berman) was amended to change the thresholds for inclusion on the statement of members, and to delete the section codifying existing regulations relating to LLCs.
- AB 378 (Bauer-Kahan) was amended to make a technical correction.
- AB 1367 (Low) passed in the Assembly (78-0).

- SB 686 (Glazer) passed out of the Senate Appropriations Committee (5-2) and passed in the Senate with bipartisan support (32-6).

Status and Summaries:

AB 236 (Berman) – Campaign disclosure: limited liability companies.

Status: Heard in the Assembly Appropriations Committee on 4/28/21 (Passed 12-4);

Amended on 5/20/21

Coauthors: Assembly Members Kalra and Bennett

Summary: AB 236 would require an LLC, if it qualifies as a committee or committee sponsor, to file a statement of members with the Secretary of State. The bill would require the statement of members to include certain information about the LLC, including a list of all persons who have a membership interest in the LLC of at least 10% or who made a cumulative capital contribution of at least \$10,000 to the LLC after it qualified as a committee or sponsor of a committee, or within the 2 calendar quarters before it qualified.

FPPC Position: Sponsor (previous version)

Cost Estimate: FPPC – 1 Special Investigator: \$126,000 (first year); \$119,000 (ongoing); SOS – One-time cost of \$561,000; \$121,000 (ongoing)

AB 378 (Bauer-Kahan) – Gendered language cleanup.

Status: Amended and re-referred to the Senate Committee on Judiciary (5/24/21)

Coauthors: Assembly Members Aguiar-Curry, Boerner Horvath, Burke, Calderon, Carrillo, Cristina Garcia, Petrie-Norris, Quirk-Silva, Reyes, Blanca Rubio, and Wicks; Senators Durazo, Eggman, Gonzalez, Laird, Limón, Skinner, and Wiener.

Summary: AB 378 would remove gendered language from certain portions of the Government Code and other codes, including from the Political Reform Act.

FPPC Position: Support

Cost Estimate: Minor and absorbable

AB 1367 (Low) – Campaign funds: egregious personal use of campaign funds.

Status: Passed in the Assembly on 5/27/21 (78-0); Referred to Senate Rules Committee for assignment (5/28/21)

Summary: AB 1367 would increase penalties for egregious personal use of campaign funds to three times the amount of the unlawful expenditure.

FPPC Position: Sponsor

Cost Estimate: Minor and absorbable

AB 1590 (Committee on Elections (Assembly Members Berman (Chair), Bennett, Low, Mayes, Mullin, and Blanca Rubio) – PRA omnibus bill.

Status: Passed in the Assembly on 5/17/21 (63-0); Referred to the Senate Committee on Elections and Constitutional Amendments (5/27/21)

Summary: AB 1590 transfers the responsibility for collecting the \$150 penalty for failure to pay the annual \$50 committee fee from the FPPC to the Secretary of State. Under existing law, the SOS is responsible for collecting the original \$50 fee, and referrals for nonpayment are sent to the FPPC. AB 1590 also makes other nonsubstantive changes to the PRA.

FPPC Position: Support

Cost Estimate: Minor and absorbable

SB 686 (Glazer) – Campaign disclosure: limited liability companies.

Status: Heard in the Senate Appropriations Committee on 5/20/21 (Passed 5-2); Passed in the Senate on 6/2/21 (32-6)

Summary: SB 686 would require an LLC, if it qualifies as a committee or committee sponsor, to file a statement of members with the Secretary of State. The bill would require the statement of members to include certain information about the LLC, including a list of all persons who have a membership interest in the LLC of at least 10% or who made a cumulative capital contribution of at least \$1,000 to the LLC after it qualified as a committee or sponsor of a committee, or within the 2 calendar years before it qualified. The bill would also codify Regulation 18421.10 on reporting contributions from LLCs, and the portion of Regulation 18402.2 relating to disclosure of an LLC's responsible officer on committee statements and reports.

FPPC Position: Sponsor

Cost Estimate: FPPC – 1 Special Investigator: \$126,000 (first year); \$119,000 (ongoing); SOS – One-time cost of \$561,000; \$121,000 (ongoing)

Remaining FPPC proposals that do not have authors:

- Proposals relating to enforcement:
 - o FPPC Special Investigator Authority
 - o Tax Record Inspection Authority
- Proposals relating to increasing transparency:
 - o Lobbyist Audits and Reports
- Proposals for modernization, efficiency, and consistency:
 - o Gift Cap
 - o Behested Payment Report E-filing

Other Commission-Related Bills

Updates

- AB 975 (Luz Rivas) was ordered to the inactive file at the request of the author.
- SB 459 (Allen) passed out of the Senate Appropriations Committee (5-1) and passed in the Senate (33-3).
- SB 752 (Allen) passed out of the Senate Appropriations Committee (5-2).

Status and Summaries

AB 40 (Lorena Gonzalez) – Slate mailer disclosures.

Status: Heard in the Assembly Appropriations Committee on 4/28/21 (Passed 12-0)

Summary: AB 40 would require slate mailers, if the slate mailer organization appears to be affiliated with or represent any organization, group, or class of individuals, as defined, to include additional disclosures, including the number of members the slate mailer organization or committee represents from that organization, group, or class, based on specified criteria, and to include the total amount paid by each candidate and ballot measure to appear on the slate mailer. The bill would additionally delete a requirement relating to the maximum font size of an asterisk required when a candidate or ballot measure has paid to appear on the slate mailer.

Cost Estimate: Minor and absorbable

AB 319 (Valladares) – Campaign contributions: foreign contribution prohibitions.

Status: Referred to the Assembly Committee on Elections (5/19/21)

Summary: AB 319 would prohibit a foreign government or principal from making contributions, expenditures, or independent expenditures in connection with the election of a candidate to state or local office, and would prohibit a person or a committee from soliciting or accepting those contributions. Existing law currently prohibits these foreign contributions and expenditures if they are made in connection with state or local ballot measures.

FPPC Position: Support

Cost Estimate: Minor and absorbable

SB 459 (Allen) – Lobbying transparency.

Status: Heard in the Senate Appropriations Committee on 5/20/21 (Passed 5-1); Passed in the Senate on 6/1/21 (33-3)

Coauthors: Senators Glazer and Newman; Assembly Member Mullin

Summary: SB 459 would require lobbyists, lobbying firms, and lobbyist employers to include information in their periodic reports that identifies each bill or administrative action subject to lobbying activity, and the respective position advocated for, during that period. This bill would require a lobbying firm or lobbyist employer to file a monthly report for any calendar month in which the total amount of payments subject to reporting exceeds \$15,000, and would require a lobbying firm or lobbyist employer to file monthly reports for 12 months following any calendar quarter in which the total amount of payments subject to reporting exceeds \$45,000. The bill would require certain persons to file specified reports following a calendar quarter in which that person incurs cumulative costs equal to or exceeding \$5,000 for issue lobbying advertisements, as defined. The bill would take effect January 1, 2023.

Cost Estimate: FPPC – Legal: 1 new position (PRC or SSA); Enforcement: 2 new positions (PRC and Attorney); SOS – \$251,000 initial; \$121,000 annually

SB 752 (Allen) – Campaign advertisements.

Status: Heard in the Senate Appropriations Committee on 5/20/21 (Passed 5-2)

Summary: SB 752 would make several changes to the disclosure requirements for political advertisements, including changes to the required form, content, and presentation of the disclosures depending on the medium in which the advertisement appears. The bill would revise the minimum contribution thresholds for the “top contributor” advertisement disclosure. The bill would also make changes in the Elections Code relating to initiative, referendum, and recall petitions.

Cost Estimate: FPPC – Enforcement: 1 new position (Attorney)

Bills Unlikely to Move Forward This Year

AB 20 (Lee and Kalra) – Contribution prohibitions: business entities.

Status: Heard in the Assembly Committee on Elections on 4/29/21; held without recommendation

AB 227 (Davies) – Contribution prohibitions: Governor’s appointees.

Status: Set for hearing in the Assembly Committee on Elections on 4/15/21; hearing cancelled at the request of the author

AB 975 (Luz Rivas) – SEI electronic filing and gift rules.

Status: Ordered to the inactive file at the request of the author (6/1/21)

SB 305 (Jones) – Effective date of electronic filing requirements.

Status: Heard in the Senate Appropriations Committee on 5/20/21; held in committee and under submission

AB 871 (Kiley) – Contribution prohibitions: investor-owned utilities.

Status: Heard in the Assembly Committee on Elections on 4/15/21; held without recommendation

AB 1379 (Eduardo Garcia) – Online platform disclosures.

Status: Amended and Re-referred to the Assembly Committee on Elections (4/13/21)

SB 78 (Nielsen) – Paid campaign or political consultants.

Status: Set for hearing on 3/15/21; hearing cancelled at the request of the author