

ASSEMBLY BILL

No. 583

**Introduced by Assembly Member Hancock
(Coauthors: Assembly Members Berg, Jones, Mullin, and Torrico)**

February 21, 2007

An act to add Chapter 12 (commencing with Section 91015) to Title 9 of, and to repeal Section 85300 of, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 583, as introduced, Hancock. Political Reform Act of 1974: California Clean Money and Fair Elections Act of 2007.

(1) Under existing law, the Political Reform Act of 1974, a public officer is prohibited from expending or accepting any public moneys for the purpose of seeking elective office.

This bill would repeal that provision and would enact the California Clean Money and Fair Elections Act of 2007, which would authorize eligible candidates, as defined, to obtain public funds according to specified procedures and requirements, provided that certain thresholds are attained. The bill would impose primary responsibility for the administration of the provisions of the bill on the Fair Political Practices Commission. This bill would create the Clean Money Fund and, commencing with the fiscal year beginning on July 1, 2008, transfer an amount equal to \$0.01 per day times the number of California residents 18 years of age or older from the General Fund to the Clean Money Fund. It would continuously appropriate those moneys in the Clean Money Fund to the Fair Political Practices Commission for the purpose of the public financing provisions of the act. The bill would make

funding for the administrative and enforcement costs of the act subject to appropriation by the Legislature.

(2) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act by a statute that becomes effective only when approved by the voters.

This bill would require the Secretary of State to submit those provisions of the act that amend the Political Reform Act of 1974 to the voters for approval at the June 3, 2008, statewide primary election.

Vote: majority. Appropriation: no. Fiscal committee: yes. State-mandated local program: no.

The people of the State of California do enact as follows:

1 SECTION 1. Section 85300 of the Government Code is
2 repealed.

3 ~~85300. No public officer shall expend and no candidate shall~~
4 ~~accept any public moneys for the purpose of seeking elective office.~~

5 SEC. 2. Chapter 12 (commencing with Section 91015) is added
6 to Title 9 of the Government Code, to read:

7
8 CHAPTER 12. CALIFORNIA CLEAN MONEY AND FAIR ELECTIONS
9 ACT OF 2007

10
11 Article 1. General
12

13 91015. This chapter shall be known and may be cited as the
14 California Clean Money and Fair Elections Act of 2007.

15 91017. The people find and declare all of the following:

16 (a) The current campaign finance system burdens candidates
17 with the incessant rigors of fundraising and thus decreases the time
18 available to carry out their public responsibilities.

19 (b) The current campaign finance system diminishes the free
20 speech rights of nonwealthy voters and candidates whose voices
21 are drowned out by those who can afford to monopolize the arena
22 of paid political communications.

23 (c) The current campaign finance system fuels the public
24 perception of corruption at worst and conflict of interest at best
25 and undermines public confidence in the democratic process and
26 democratic institutions.

1 (d) Existing term limits place a greater demand on fundraising
2 for the next election even for elected officials in safe seats.

3 (e) The current campaign finance system undermines the First
4 Amendment right of voters and candidates to be heard in the
5 political process, undermines the First Amendment right of voters
6 to hear all candidates' speech, and undermines the core First
7 Amendment value of open and robust debate in the political
8 process.

9 (f) In states where the clean money and clean election laws have
10 been enacted and used, election results show that more individuals,
11 especially women and minorities, run as candidates and overall
12 campaign costs decrease.

13 91019. The people enact this chapter to accomplish the
14 following purposes:

15 (a) To reduce the perception of influence of large contributions
16 on the decisions made by state government.

17 (b) To remove wealth as a major factor affecting whether an
18 individual chooses to become a candidate.

19 (c) To provide a greater diversity of candidates to participate
20 in the electoral process.

21 (d) To permit candidates to pursue policy issues instead of being
22 preoccupied with fundraising and allow officeholders more time
23 to carry out their official duties.

24 (e) To diminish the danger of actual corruption or the public
25 perception of corruption and strengthen public confidence in the
26 governmental and election processes.

27 (f) To ensure that independent expenditures are not used to
28 evade contribution limits.

29 91021. The people enact this chapter to further accomplish the
30 following purposes:

31 (a) To foster more equal and meaningful participation in the
32 political process.

33 (b) To provide candidates who participated in the program with
34 sufficient resources with which to communicate with voters.

35 (c) To increase the accountability of each elected official to the
36 constituents who elect him or her.

37 (d) To provide voters with timely information regarding the
38 sources of campaign contributions, expenditures, and political
39 advertising.

1 Article 2. Applicability to the Political Reform Act of 1974

2

3 91023. Unless specifically superseded by this act, the
4 definitions and provisions of the Political Reform Act of 1974
5 shall govern the interpretation of this chapter.

6

7

Article 3. Definitions

8

9 91024. “Address” means the mailing address as provided on
10 the voter registration form.

11 91025. For purposes of this chapter, “candidate” means, unless
12 otherwise stated, a candidate for elective state office as defined in
13 Chapter 2.

14 91027. A “coordinated expenditure” means a payment made
15 for the purpose of influencing the outcome of a state election that
16 is made by any of the following methods:

17 (a) By a person in cooperation, consultation, or concert with,
18 at the request or suggestion of, or pursuant to a particular
19 understanding with a candidate, a candidate’s controlled committee,
20 or an agent acting on behalf of a candidate or a controlled
21 committee.

22 (b) By a person for the dissemination, distribution, or
23 republication, in whole or in part, of any broadcast or any written,
24 graphic, or other form of campaign material prepared by a
25 candidate, a candidate’s controlled committee, or an agent of a
26 candidate or a controlled committee.

27 (c) Based on specific information about the candidate’s plans,
28 projects, or needs provided to the person making the payment by
29 the candidate or the candidate’s agent who provides the information
30 with a view toward having the payment made.

31 (d) By a person if, in the same primary and general election in
32 which the payment is made, the person making the payment is
33 serving or has served as a member, employee, fundraiser, or agent
34 of the candidate’s controlled committee in an executive or
35 policymaking position.

36 (e) By a person if the person making the payment has served in
37 any formal policy or advisory position with the candidate’s
38 campaign or has participated in strategic or policymaking
39 discussions with the candidate’s campaign relating to the
40 candidate’s pursuit of nomination for election, or election, to a

1 state office, in the same primary and general election as the primary
2 and general election in which the payment is made.

3 (f) By a person if the person making the payment retains the
4 professional services of an individual or person who, in a
5 nonministerial capacity, has provided or is providing
6 campaign-related services in the same election to a candidate who
7 is pursuing the same nomination or election as any of the
8 candidates to whom the communication refers.

9 91029. “Entity” means any person other than an individual.

10 91031. “Excess expenditure amount” means the amount of
11 funds spent or obligated to be spent by a nonparticipating candidate
12 in excess of the Clean Money amount available to a participating
13 candidate running for the same office. If a participating candidate
14 has made the choice specified in subdivision (c) of Section 91097
15 in an election where there is more than one participating candidate,
16 then the Clean Money amount available to the participating
17 candidate shall be considered to be the actual amount paid by the
18 Clean Money Fund to the candidate for that primary or general
19 election period, including any increase or decrease effected by the
20 choice.

21 91033. “Exploratory period” means the period beginning 18
22 months before the primary election and ending on the last day of
23 the qualifying period. The exploratory period begins before, but
24 extends to the end of, the qualifying period.

25 91035. “General election campaign period” means the period
26 beginning the day after the primary election and ending on the day
27 of the general election.

28 91037. “Independent candidate” means a candidate who does
29 not represent a political party that has been granted ballot status
30 for the general election and who has qualified, or is seeking to
31 qualify, to be on the general election ballot.

32 91039. “Independent electioneering expenditure” means any
33 expenditure of two thousand five hundred dollars (\$2,500) or more
34 made by a person, party committee, political committee or political
35 action committee, or any entity required to file reports pursuant
36 to Section 84605, during the 45 calendar days before a primary or
37 the 60 calendar days before a general election, which expressly
38 advocates the election or defeat of a clearly identified candidate
39 or names or depicts clearly identified candidates.

1 91043. “Nonparticipating candidate” means a candidate who
2 is on the ballot but has chosen not to apply for Clean Money
3 campaign funding or a candidate who is on the ballot and has
4 applied but has not satisfied the requirements for receiving Clean
5 Money funding.

6 91045. “Office-qualified party” means a political party whose
7 gubernatorial nominee has received 10 percent or more of the votes
8 at the last election or whose candidate for the same office in the
9 same district, whether statewide or legislative, as the current
10 candidate seeking Clean Money funding received 10 percent or
11 more of the votes at the last election.

12 91046. “Office-qualified candidate” is a candidate seeking
13 nomination from an office-qualified party.

14 91047. “One party dominant legislative district” is a district
15 in which the number of registered voters for the party with the
16 highest number of registered voters exceeds the number of
17 registered voters for each of the other parties by an amount no less
18 than 20 percent of the total number of registered voters in the
19 district.

20 91049. “Participating candidate” means a candidate who
21 qualifies for Clean Money campaign funding. These candidates
22 are eligible to receive Clean Money funding during primary and
23 general election campaign periods.

24 91051. “Party candidate” means a candidate who represents a
25 political party that has been granted ballot status and holds a
26 primary election to choose its nominee for the general election.

27 91052. “Adequately funded candidate” means a candidate who
28 is either a qualified candidate, a performance-qualified candidate,
29 a nonparticipating candidate who has received contributions
30 equaling at least 10 percent of the base funding amounts of
31 performance-qualified candidates for that primary or general
32 election, or a nonparticipating candidate in the general election
33 who was an adequately funded candidate in the primary election.

34 91052.5. “Effective expenditures” for a nonparticipating
35 candidate means the amount spent plus any independent
36 electioneering expenditures treated as expenditures for that
37 candidate pursuant to Section 91095.5. For a participating
38 candidate, it means the amount of Clean Money funding the
39 candidate has received plus any independent electioneering

1 expenditures treated as expenditures for that candidate pursuant
2 to Section 91095.5.

3 91053. “Performance-qualified candidate” means either an
4 office-qualified candidate or a candidate who has shown a broad
5 base of support by gathering twice the number of qualifying
6 contributions as is required for an office-qualified candidate.
7 Independent candidates may qualify for funding as
8 performance-qualified candidates.

9 91055. “Petty cash” means cash amounts of one hundred dollars
10 (\$100) or less per day that are drawn on the Clean Money Debit
11 Card and used to pay expenses of no more than twenty-five dollars
12 (\$25) each.

13 91059. “Primary election campaign period” means the period
14 beginning 120 days before the primary election and ending on the
15 day of the primary election.

16 91061. “Qualified candidate” means a candidate seeking
17 nomination from a party that is not an office-qualified party.

18 91063. “Qualifying contribution” means a contribution of five
19 dollars (\$5) that is received during the designated qualifying period
20 by a candidate seeking to become eligible for Clean Money
21 campaign funding from a registered voter of the district in which
22 the candidate is running for office.

23 91065. “Qualifying period” means the period during which
24 candidates are permitted to collect qualifying contributions in order
25 to qualify for Clean Money funding. It begins 270 days before the
26 primary election and ends 90 days before the day of the primary
27 election for party candidates and begins any time after January 1
28 of the election year and lasts 180 days but in no event ending later
29 than 90 days before the general election for performance-qualified
30 candidates who are running as independent candidates.

31 91067. “Seed money contribution” means a contribution of no
32 more than one hundred dollars (\$100) made by a California
33 registered voter during the exploratory period.

34

35 Article 4. Clean Money

36

37 91071. (a) An office-qualified candidate qualifies as a
38 participating candidate for the primary election campaign period
39 if the following requirements are met:

1 (1) The candidate files a declaration with the Commission that
2 the candidate has complied and will comply with all of the
3 requirements of this act, including the requirement that during the
4 exploratory period and the qualifying period the candidate not
5 accept or spend private contributions from any source other than
6 seed money contributions, qualifying contributions, Clean Money
7 funds, and political party funds as specified in Section 91123.

8 (2) The candidate meets the following qualifying contribution
9 requirements before the close of the qualifying period:

10 (A) The office-qualified candidate collects at least the following
11 number of qualifying contributions:

12 (i) Five hundred qualifying contributions for a candidate running
13 for the office of Member of the Assembly.

14 (ii) One thousand qualifying contributions for a candidate
15 running for the office of Member of the State Senate.

16 (iii) One thousand five hundred qualifying contributions for a
17 candidate running for the office of member of the State Board of
18 Equalization.

19 (iv) Seven thousand five hundred qualifying contributions for
20 a candidate running for any statewide office other than Governor.

21 (v) Twenty-five thousand qualifying contributions for a
22 candidate running for the office of Governor.

23 (B) Each qualifying contribution shall be acknowledged by a
24 receipt to the contributor, with a copy submitted by the candidate
25 to the county registrar of voters in the county where the candidate
26 files his or her declaration of candidacy. The receipt shall include
27 the contributor's signature, printed name, and address, the date,
28 and the name of the candidate on whose behalf the contribution is
29 made. In addition, the receipt shall indicate by the contributor's
30 signature that the contributor understands that the purpose of the
31 qualifying contribution is to help the candidate qualify for Clean
32 Money campaign funding and that the contribution is made without
33 coercion or reimbursement.

34 (C) A contribution submitted as a qualifying contribution that
35 does not include a signed and fully completed receipt shall not be
36 counted as a qualifying contribution.

37 (D) All five-dollar (\$5) qualifying contributions, whether in the
38 form of cash, check, or money order made out to the candidate's
39 campaign account, shall be deposited by the candidate in the
40 candidate's campaign account.

1 (E) All qualifying contributions' signed receipts shall be sent
2 to the county registrar of voters in the county where the candidate
3 files his or her declaration of candidacy and shall be accompanied
4 by a check or other written instrument from the candidate's
5 campaign account for the total amount of qualifying contribution
6 funds received for deposit in the Clean Money Fund. This
7 submission shall be accompanied by a signed statement from the
8 candidate indicating that all of the information on the qualifying
9 contribution receipts is complete and accurate to the best of the
10 candidate's knowledge and that the amount of the enclosed check
11 or other written instrument is equal to the sum of all of the
12 five-dollar (\$5) qualifying contributions the candidate has received.
13 County registrars of voters shall forward these checks or other
14 written instruments to the Commission.

15 (b) A candidate qualifies as a participating candidate for the
16 general election campaign period if both of the following
17 requirements are met:

18 (1) The candidate met all of the applicable requirements and
19 filed a declaration with the Commission that the candidate has
20 fulfilled and will fulfill all of the requirements of a participating
21 candidate as stated in this act.

22 (2) As a participating party candidate during the primary election
23 campaign period, the candidate had the highest number of votes
24 of the candidates contesting the primary election from the
25 candidate's respective party and, therefore, won the party's
26 nomination.

27 91073. A qualified candidate shall collect at least one half of
28 the number of qualifying contributions as required for an
29 office-qualified candidate for the same office. A qualified candidate
30 may show a greater base of support by collecting double the
31 amount of qualifying contributions as required for an
32 office-qualified candidate to become a performance-qualified
33 candidate. The candidate shall also file a declaration with the
34 Commission that the candidate has complied and will comply with
35 all of the requirements of this act.

36 (b) An independent candidate who does not run in a primary
37 may become a performance-qualified candidate by collecting twice
38 as many qualifying contributions as required of an office-qualified
39 candidate. The qualifying period for such candidates shall begin
40 any time after January 1 of the election year and shall last 180

1 days, except that it shall end no later than 90 days before the
2 general election. An independent candidate shall notify the
3 Commission within 24 hours of the day when the candidate has
4 begun collecting qualifying contributions. The candidate shall also
5 file a declaration with the Commission that he or she has complied
6 and will comply with all of the requirements of this chapter.

7 91075. During the first election that occurs after the effective
8 date of this act, a candidate may be certified as a participating
9 candidate, notwithstanding the acceptance of contributions or
10 making of expenditures from private funds before the date of
11 enactment that would, absent this section, disqualify the candidate
12 as a participating candidate, provided that any private funds
13 accepted but not expended before the effective date of this act meet
14 any of the following criteria:

15 (a) Are returned to the contributor.

16 (b) Are held in a segregated account and used only for retiring
17 a debt from a previous campaign.

18 (c) Are submitted to the Commission for deposit in the Clean
19 Money Fund.

20 91077. A participating candidate who accepts any benefits
21 during the primary election campaign period shall comply with
22 all of the requirements of this act through the general election
23 campaign period whether the candidate continues to accept benefits
24 or not.

25 91079. (a) During the primary and general election campaign
26 periods, a participating candidate who has voluntarily agreed to
27 participate in, and has become eligible for, Clean Money benefits,
28 shall not accept private contributions from any source other than
29 the candidate's political party as specified in Section 91123.

30 (b) During the qualifying period and the primary and general
31 election campaign periods, a participating candidate who has
32 voluntarily agreed to participate in, and has become eligible for,
33 Clean Money benefits shall not solicit or receive contributions for
34 any other candidate or for any political party or other political
35 committee.

36 (c) No person shall make a contribution in the name of another
37 person. A participating candidate who receives a qualifying
38 contribution or a seed money contribution that is not from the
39 person listed on the receipt required by subparagraph (D) of
40 paragraph (2) of subdivision (a) of Section 91071 shall be liable

1 to pay the Commission the entire amount of the inaccurately
2 identified contribution, in addition to any penalties.

3 (d) During the primary and general election campaign periods,
4 a participating candidate shall pay for all of the candidate's
5 campaign expenditures, except petty cash expenditures, by means
6 of a "Clean Money Debit Card" issued by the Commission, as
7 authorized under Section 91137.

8 (e) Participating candidates shall furnish complete campaign
9 records to the Commission upon request. Candidates shall
10 cooperate with any audit or examination by the Commission, the
11 Franchise Tax Board, or any enforcement agency.

12 91081. (a) During the primary election period and the general
13 election period, each participating candidate shall conduct all
14 campaign financial activities through a single campaign account.

15 (b) Notwithstanding Section 85201, a participating candidate
16 may maintain a campaign account other than the campaign account
17 described in subdivision (a) if the other campaign account is for
18 the purpose of retiring a net debt outstanding that was incurred
19 during a previous election campaign in which the candidate was
20 not a participating candidate.

21 (c) Contributions for the purposes of retiring a previous
22 campaign debt that are deposited in the "other campaign account"
23 described in subdivision (b) shall not be considered "contributions"
24 to the candidate's current campaign. Those contributions shall
25 only be raised during the six-month period following the date of
26 the election.

27 91083. (a) Participating candidates shall use their Clean Money
28 funds only for direct campaign purposes.

29 (b) A participating candidate shall not use Clean Money funds
30 for any of the following:

31 (1) Costs of legal defense or fines resulting from any campaign
32 law enforcement proceeding under this act.

33 (2) Indirect campaign purposes, including, but not limited to,
34 the following:

35 (A) The candidate's personal support or compensation to the
36 candidate or the candidate's family.

37 (B) The candidate's personal appearance.

38 (C) A contribution or loan to the campaign committee of another
39 candidate or to a party committee or other political committee.

40 (D) An independent electioneering expenditure.

1 (E) A gift in excess of twenty-five dollars (\$25) per person.

2 (F) Any payment or transfer for which compensating value is
3 not received.

4 91085. (a) Personal funds contributed as seed money by a
5 candidate seeking to become eligible as a participating candidate
6 or by adult members of the candidate's family shall not exceed
7 the maximum of one hundred dollars (\$100) per contributor.

8 (b) Personal funds shall not be used to meet the qualifying
9 contribution requirement except for one five-dollar (\$5)
10 contribution from the candidate and one five-dollar (\$5)
11 contribution from the candidate's spouse.

12 91087. (a) The only private contributions a candidate seeking
13 to become eligible for Clean Money funding shall accept, other
14 than qualifying contributions and limited contributions from the
15 candidate's political party as specified in Section 91123, are seed
16 money contributions contributed by duly registered voters in the
17 district in which the candidate is running for election prior to the
18 end of the qualifying period.

19 (b) A seed money contribution shall not exceed one hundred
20 dollars (\$100) per donor, and the aggregate amount of seed money
21 contributions accepted by a candidate seeking to become eligible
22 for Clean Money funding shall not exceed:

23 (1) Ten thousand dollars (\$10,000) for a candidate running for
24 the office of Member of the Assembly.

25 (2) Twenty thousand dollars (\$20,000) for a candidate running
26 for the office of Member of the State Senate.

27 (3) Thirty thousand dollars (\$30,000) for a candidate running
28 for the office of member of the State Board of Equalization.

29 (4) Seventy-five thousand dollars (\$75,000) for a candidate
30 running for a statewide office other than Governor.

31 (5) Two hundred fifty thousand dollars (\$250,000) for a
32 candidate running for the office of Governor.

33 (c) Receipts for seed money contributions shall include the
34 contributor's signature, printed name, address, and ZIP Code.
35 Receipts described in this subdivision shall be made available to
36 the Commission upon request.

37 (d) Seed money shall be spent only during the exploratory and
38 qualifying periods. Seed money shall not be spent during the
39 primary or general election campaign periods, except when they
40 overlap with the candidate's qualifying period. Any unspent seed

1 money shall be turned over to the Commission for deposit in the
2 Clean Money Fund.

3 (e) Within 72 hours after the close of the qualifying period,
4 candidates seeking to become eligible for Clean Money funding
5 shall do both of the following:

6 (1) Fully disclose all seed money contributions and expenditures
7 to the Commission.

8 (2) Turn over to the Commission for deposit in the Clean Money
9 Fund any seed money the candidate has raised during the
10 exploratory period that exceeds the aggregate seed money limit.

11 91091. Participating candidates in contested races shall agree
12 to participate in at least one public debate during a contested
13 primary election and two public debates during a contested general
14 election, to be conducted pursuant to regulations promulgated by
15 the Commission.

16 91093. (a) No more than five business days after a candidate
17 applies for Clean Money benefits, the county registrar of voters
18 in the county where the candidate files his or her declaration of
19 candidacy shall certify that the candidate is or is not eligible.
20 Eligibility may be revoked if the candidate violates the
21 requirements of this act, in which case all Clean Money funds shall
22 be repaid.

23 (b) The candidate's request for certification shall be signed by
24 the candidate and the candidate's campaign treasurer under penalty
25 of perjury.

26 (c) The certification determination of the county registrar of
27 voters is final except that it is subject to a prompt judicial review.

28

29

Article 5. Clean Money Benefits

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31 91095. (a) Candidates for elective state office who qualify for
32 Clean Money funding for primary and general elections shall:

33 (1) Receive Clean Money funding from the Commission for
34 each election in an amount specified by Section 91099. This
35 funding may be used to finance campaign expenses during the
36 particular campaign period for which it was allocated consistent
37 with Section 91081. In any election in which there are initially no
38 adequately funded competing candidates, the participating
39 performance-qualified candidate shall receive 20 percent of the
40 base funding amount specified in Section 91099. If a competing

1 candidate in the same election later becomes an adequately funded
2 candidate, the performance-qualified candidate shall receive
3 additional Clean Money funds sufficient to bring his or her total
4 Clean Money funds received to the normal base amount of Clean
5 Money funding allocated pursuant to Section 91099.

6 (2) Receive, if a performance-qualified candidate, additional
7 Clean Money funding to match any excess expenditure by a
8 nonparticipating candidate in the election, as specified in Section
9 91107, provided that the nonparticipating candidate's aggregate
10 effective expenditures exceed the previous highest aggregate
11 effective expenditures of any candidate in the race. The excess is
12 defined as the amount the new expenditure causes the
13 nonparticipating candidate's aggregate effective expenditures to
14 exceed the previous highest effective expenditures of any candidate
15 in the election.

16 (3) Receive, if a performance-qualified candidate, additional
17 Clean Money funding to match any excess independent
18 electioneering expenditure made in support of opponents'
19 candidacies in their race, as specified in Section 91109, provided
20 that the expenditure makes the aggregate effective expenditures
21 of any opposing candidate who benefits from the independent
22 electioneering expenditure exceed the previous highest aggregate
23 effective expenditures of any candidate in the race. The excess is
24 defined as the amount the independent electioneering expenditure
25 causes the opposing candidate's aggregate effective expenditures
26 to exceed the previous highest effective expenditures of any
27 candidate in the election.

28 (4) Receive, if a performance-qualified candidate, additional
29 Clean Money funding to match any excess independent
30 electioneering expenditure made in opposition to their candidacy,
31 as specified in Section 91109, provided that the expenditure makes
32 the new aggregate effective expenditures of any candidate running
33 for that office exceed the highest aggregate effective expenditures
34 of any candidate running for that office. The excess is defined as
35 the amount the independent electioneering expenditure causes the
36 opposing candidate's aggregate effective expenditures to exceed
37 the previous highest effective expenditures of any candidate
38 running for that office.

39 (5) Receive, if a performance-qualified candidate running in a
40 primary election, additional Clean Money funding to match 50

1 percent of any excess effective expenditures by either
2 nonparticipating or participating candidates running for the same
3 office outside of their party's primary, as disclosed pursuant to
4 Section 91107, provided that the new aggregate effective
5 expenditures exceeds the highest aggregate effective expenditures
6 of any candidate running for that office. The excess is defined as
7 the amount the new effective expenditure causes the
8 nonparticipating candidate's aggregate effective expenditures to
9 exceed the previous highest effective expenditures of any candidate
10 running for that office. If no party has more than one
11 adequately-funded candidate running for their primary, then the
12 candidate shall receive 100 percent of any excess effective
13 expenditures spent by either nonparticipating or participating
14 candidates running for the same office outside of their party's
15 primary.

16 (b) The maximum aggregate amount of funding a participating
17 performance-qualified candidate shall receive to match independent
18 electioneering expenditures and excess expenditures of
19 nonparticipating candidates shall not exceed five times the base
20 amount of Clean Money funding allocated to performance-qualified
21 candidate pursuant to Section 91099 for a particular primary or
22 general election campaign period, except that for the office of
23 Governor, the amount shall be no more than four times the base
24 amount of Clean Money funding allocated to a
25 performance-qualified candidate pursuant to Section 91099.

26 91095.5. (a) Independent electioneering expenditures against
27 a participating candidate shall be treated as expenditures of every
28 other candidate running for that office for the purposes of Section
29 91095.

30 (b) Independent electioneering expenditures in favor of one or
31 more non-participating candidates running for an office shall be
32 treated as expenditures of those non-participating candidates for
33 the purpose of Section 91095.

34 (c) Independent electioneering expenditures in favor of a
35 participating candidate shall be treated, for every other participating
36 candidate running for that office, as though the independent
37 expenditures were an expenditure of a nonparticipating opponent,
38 for purposes of Section 91095.

39 (d) Expenditures by a non-participating candidate in a primary
40 election against a participating candidate running for that office

1 in another party’s primary shall be treated as an independent
 2 electioneering expenditure against that participating candidate.

3 (e) The Commission shall promulgate regulations allocating the
 4 share of expenditures that reference or depict more than one
 5 candidate for the purposes of Section 91095.

6 (f) Expenditures made before the general election period that
 7 consist of a contract, promise, or agreement to make an expenditure
 8 during the general election period resulting in an extension of
 9 credit shall be treated as though made at the beginning of the
 10 general election period.

11 91097. (a) An eligible qualified or performance-qualified
 12 candidate running in a primary election shall receive the candidate’s
 13 Clean Money funding for the primary election campaign period
 14 on the date on which the county registrar of voters certifies the
 15 candidate as a participating candidate or at the beginning of the
 16 primary election period, whichever is later.

17 (b) An eligible qualified or performance-qualified candidate
 18 shall receive the candidate’s Clean Money funding for the general
 19 election campaign period within two business days after
 20 certification of the primary election results.

21 (c) A participating candidate for Legislature running in the
 22 primary of the dominant party in a one-party dominant district
 23 may choose to reallocate a portion of the Clean Money funding
 24 amount from the general election period to the primary election
 25 period. The candidate shall make this choice in a writing submitted
 26 to the Commission with the materials specified in subdivision (a)
 27 at the close of the qualifying period. The participating candidate
 28 who makes such a choice shall receive an additional amount equal
 29 to 25 percent of the amount specified for the general election for
 30 the appropriate office as set forth in subdivision (b) of Section
 31 91099. The amount a participating candidate who makes such a
 32 choice shall receive at the beginning of the general election period
 33 shall be reduced by 25 percent. The choice may also affect the
 34 amount at which an opposing candidate may be considered to have
 35 exceeded the amount of Clean Money funding available to the
 36 participating candidate. If a competing participating candidate
 37 transfers funds pursuant to this subdivision from the general to the
 38 primary election by the close of the qualifying period, any other
 39 participating candidate in the same election may transfer the same
 40 amount of funds from the general to the primary election by

1 notifying the Commission in writing within five days of the close
2 of the qualifying period. The Commission, by regulation, shall
3 require candidates to notify the Commission and affected
4 candidates of these transfers.

5 91099. (a) For eligible candidates in a primary election:

6 (1) The base amount of Clean Money funding for an eligible
7 performance-qualified candidate who is facing at least one
8 adequately funded opponent in a primary, special, or special runoff
9 election is:

10 (A) Two hundred fifty thousand dollars (\$250,000) for a
11 candidate running for the office of Member of the Assembly.

12 (B) Five hundred thousand dollars (\$500,000) for a candidate
13 running for the office of Member of the State Senate.

14 (C) Five hundred thousand dollars (\$500,000) for a candidate
15 running for the office of member of the State Board of
16 Equalization.

17 (D) Two million five hundred thousand dollars (\$2,500,000)
18 for a candidate running for a statewide office other than Governor.

19 (E) Ten million dollars (\$10,000,000) for a candidate running
20 for Governor.

21 (2) The amount of Clean Money funding for an eligible qualified
22 candidate in a primary election is 20 percent of the base amount
23 that a performance-qualified candidate who is facing at least one
24 adequately funded opponent would receive.

25 (b) For eligible candidates in a general election:

26 (1) The base amount of Clean Money funding for an
27 performance-qualified candidate who is facing at least one
28 adequately funded opponent in a general election is:

29 (A) Four hundred thousand dollars (\$400,000) for a candidate
30 running for the office of Member of the Assembly.

31 (B) Eight hundred thousand dollars (\$800,000) for a candidate
32 running for the office of Member of the State Senate.

33 (C) Eight hundred thousand dollars (\$800,000) for a candidate
34 running for the office of member of the State Board of
35 Equalization.

36 (D) Two million dollars (\$2,000,000) for a candidate running
37 for a statewide office other than Governor.

38 (E) Fifteen million dollars (\$15,000,000) for a candidate running
39 for Governor.

1 (2) The amount of Clean Money funding for an eligible qualified
 2 candidate in a contested general election is 25 percent of the base
 3 amount a performance-qualified candidate who is facing at least
 4 one adequately funded candidate running for the same office could
 5 receive.

6
 7
 8

Article 6. Disclosure Requirements

9 91107. (a) If a nonparticipating candidate’s total expenditures
 10 or promises to make campaign expenditures exceed the amount
 11 of Clean Money funding allocated to the candidate’s Clean Money
 12 opponent or opponents, the candidate shall declare every excess
 13 expenditure amount which, in the aggregate, is more than five
 14 thousand dollars (\$5,000) to the Commission online or
 15 electronically within 24 hours of the time the expenditure or
 16 promise is made, whichever occurs first.

17 (b) The Commission may make its own determination as to
 18 whether excess expenditures have been made by nonparticipating
 19 candidates.

20 (c) Upon receiving an excess expenditure declaration or
 21 determining that an excess expenditure has been made, the
 22 Commission shall immediately release additional Clean Money
 23 funding to the opposing.

24 performance-qualified candidates pursuant to Section 91095.

25 91111. (a) In addition to any other report required by this
 26 chapter, a committee, including a political party committee, that
 27 is required to file reports pursuant to Section 84605 and that makes
 28 independent electioneering expenditures of one thousand dollars
 29 (\$1,000) or more during a calendar year in connection with a
 30 candidate, shall file online or electronically a report with the
 31 Secretary of State disclosing the making of the independent
 32 electioneering expenditure. This report shall disclose the same
 33 information required by subdivision (b) of Section 84204 and shall
 34 be filed within 24 hours of the time the independent electioneering
 35 expenditure is made.

36 (b) The report to the Secretary of State shall include a signed
 37 statement under penalty of perjury by the person or persons making
 38 the independent electioneering expenditure identifying the
 39 candidate or candidates whom the independent electioneering
 40 expenditure is intended to help elect or defeat and affirming that

1 the expenditure is independent and whether it is coordinated with
2 a candidate or a political party.

3 (c) Any individual or organization that fails to file the required
4 report to the Secretary of State or provides materially false
5 information in a report filed pursuant to subdivision (a) or (b) may
6 be fined up to three times the amount of the independent
7 electioneering expenditure, in addition to any other remedies
8 provided by this act.

9 (d) The Secretary of State shall provide information received
10 pursuant to subdivision (a) to the Commission simultaneously
11 upon receipt. Upon receiving a report that an independent
12 electioneering expenditure has been made or obligated to be made,
13 the Commission shall immediately release additional Clean Money
14 funding pursuant to Section 91095.

15 91112. If an inadequately funded candidate receives a
16 contribution which makes him or her an adequately funded
17 candidate, within 24 hours he or she shall electronically disclose
18 to the Commission the cumulative amount of contributions
19 received. Within 24 hours of receipt of this disclosure, the
20 Commission shall deposit into the Clean Money accounts of the
21 participating candidates in that election an amount sufficient to
22 bring the total Clean Money funds received by each up to the base
23 amounts specified in Section 91099.

24 91113. All broadcast and print advertisements placed by
25 candidates or their committees shall include a clear written or
26 spoken statement indicating that the candidate has approved of the
27 contents of the advertisement.

28

29 Article 7. Legal Defense, Officeholder, and Inaugural Funds

30

31 91115. (a) Notwithstanding Section 85316, a candidate or
32 elected state officer may establish a separate account to defray
33 attorney's fees and other related legal costs incurred for the
34 candidate's or elected state officer's legal defense if the candidate
35 or elected state officer is subject to one or more civil or criminal
36 proceedings or administrative proceedings arising directly out of
37 the conduct of an election campaign, the electoral process, or the
38 performance of the elected state officer's governmental activities
39 and duties. These funds may be used only to defray those attorney's
40 fees and other related legal costs.

1 (b) An elected state officer may establish a separate account for
2 expenses associated with holding office that are reasonably related
3 to a legislative or governmental purpose as specified in this
4 subdivision and in regulations of the Commission. The total amount
5 of funds that may be deposited in a calendar year into an account
6 established pursuant to this subdivision shall not exceed fifty
7 thousand dollars (\$50,000).

8 (c) A Governor, Lieutenant Governor, or other statewide officer
9 may establish an inaugural account to cover the cost of events,
10 celebrations, gatherings, and communications that take place as
11 part of, or in honor of, the officer's inauguration.

12 (d) The maximum amount of contributions a candidate or elected
13 state officer may receive from a contributor in a calendar year for
14 all of the accounts described in subdivisions (a), (b), and (c)
15 combined is five hundred dollars (\$500). All contributions, whether
16 cash or in kind, shall be reported in a manner prescribed by the
17 Commission. Contributions to such funds shall not be considered
18 campaign contributions.

19 (e) Once the legal dispute is resolved, the candidate shall dispose
20 of any funds remaining after all expenses associated with the
21 dispute are discharged or after the elected state officer leaves office,
22 for one or more of the purposes set forth in paragraphs (1) to (5),
23 inclusive, of subdivision (b) of Section 89519.

24

25 Article 8. Restrictions on Candidates

26

27 91121. A nonparticipating candidate may accept an otherwise
28 lawful contribution after the date of the election only to the extent
29 that the contribution does not exceed net debts outstanding from
30 the election.

31 91123. Participating candidates may accept monetary or in-kind
32 contributions from political parties provided that the aggregate
33 amount of such contributions from all political party committees
34 combined does not exceed the equivalent of 5 percent of the
35 original Clean Money financing allotment for that office for that
36 election. Such expenditures shall not count against the moneys
37 spent by Clean Money candidates.

1 Article 9. Ballot Pamphlet Statements

2
3 91127. The Secretary of State shall designate in the state ballot
4 pamphlet and on any Internet Web site listing of candidates
5 maintained by any government agency including, but not limited,
6 to the Secretary of State those candidates who have voluntarily
7 agreed to be participating candidates.

8 91131. (a) A candidate for statewide elective office who is a
9 participating candidate may place a statement in the state ballot
10 pamphlet, and a candidate for the Assembly, Senate, or Board of
11 Equalization who is a participating candidate may place a statement
12 in the voter information portion of the sample ballot, that does not
13 exceed 250 words. The statement shall not make any reference to
14 any opponent of the candidate. The candidate may also provide a
15 list of up to 10 endorsers for placement in the state ballot pamphlet
16 or sample ballot, as appropriate. This statement and list of endorsers
17 shall be submitted in accordance with timeframes and procedures
18 set forth by the Secretary of State for the preparation of the state
19 ballot pamphlets and by county elections officials for the
20 preparation of sample ballots.

21 (b) A nonparticipating candidate for statewide elective office
22 may pay to place a statement in the state ballot pamphlet that does
23 not exceed 250 words, and a nonparticipating candidate for the
24 Assembly, Senate, or Board of Equalization may pay to place a
25 statement in the voter information portion of the sample ballot that
26 does not exceed 250 words. A nonparticipating candidate may also
27 pay to place a list of up to 10 endorsers in the state ballot pamphlet
28 or sample ballot, as appropriate. The statement shall not make any
29 reference to any opponent of the candidate. This statement and list
30 of endorsers shall be submitted in accordance with timeframes and
31 procedures set forth by the Secretary of State for the preparation
32 of the state ballot pamphlets and by county elections officials for
33 the preparation of sample ballots. The nonparticipating candidate
34 shall be charged the pro rata cost of printing, handling, translating,
35 and mailing any ballot pamphlet statement and list of endorsers
36 provided pursuant to this subdivision.

1 Article 10. Appropriations for the Clean Money Fund
2
3 91133. (a) A special, dedicated, nonlapsing Clean Money Fund
4 is created in the State Treasury. Commencing with the fiscal year
5 beginning on July 1, 2008, an amount equal to one cent (\$0.01)
6 per day times the number of California residents 18 years of age
7 or older is hereby transferred annually from the General Fund to
8 the Clean Money Fund and, notwithstanding Section 13340,
9 continuously appropriated from the Clean Money Fund to the
10 Commission for expenditure for the purpose of providing public
11 financing for the election campaigns of certified participating
12 candidates during primary and general campaign periods.
13 (b) Funding for the administrative and enforcement costs of the
14 Commission related to this act shall be subject to appropriation by
15 the Legislature.
16 91135. Other sources of revenue to be deposited in the Clean
17 Money Fund shall include all of the following:
18 (a) The qualifying contributions required of candidates seeking
19 to become certified as participating candidates and candidates'
20 excess qualifying contributions.
21 (b) The excess seed money contributions of candidates seeking
22 to become certified as participating candidates.
23 (c) Unspent funds distributed to any participating candidate who
24 does not remain a candidate until the primary or general election
25 for which they were distributed, or funds that remain unspent by
26 a participating candidate following the date of the primary or
27 general election for which they were distributed.
28 (d) Voluntary donations made directly to the Clean Money Fund.
29 (e) Other funds appropriated by the Legislature.
30 (f) Any interest generated by the Clean Money Fund.
31 (g) Any other sources of revenue from the General Fund or from
32 other sources as determined by the Legislature.
33 91136. The amount of moneys in the Clean Money Fund shall
34 not exceed four times the annual contribution specified in
35 subdivision (a) of Section 91133. Any moneys that, if deposited
36 in the Clean Money Fund, would cause the balance in that fund to
37 exceed this limit shall be irrevocably transferred to the General
38 Fund.

Article 11. Administration

1
2
3 91137. (a) Upon a determination that a candidate has met all
4 the requirements for becoming a participating candidate as provided
5 for in this act, the Commission shall issue to the candidate a card,
6 known as the “Clean Money Debit Card,” and a “line of debit”
7 entitling the candidates and members of the candidate’s staff to
8 draw Clean Money funds from a Commission account to pay for
9 all campaign costs and expenses up to the amount of Clean Money
10 funding the candidate has received.

11 (b) Neither a participating candidate nor any other person on
12 behalf of a participating candidate shall pay campaign costs by
13 cash, check, money order, loan, or by any other financial means
14 other than the Clean Money Debit Card.

15 (c) Cash amounts of one hundred dollars (\$100) or less per day
16 may be drawn on the Clean Money Debit Card and used to pay
17 expenses of no more than twenty-five dollars (\$25) each. Records
18 of all such expenditures shall be maintained and , upon request,
19 made available to the Commission.

20 91139. If the Commission determines that there are insufficient
21 funds in the program to fund adequately all candidates eligible for
22 Clean Money funds, the Commission shall reduce the grants
23 proportionately to all eligible candidates. If the Commission
24 notifies a candidate that the Clean Money funds will be reduced
25 and the candidate has not received any Clean Money funds, the
26 candidate may decide to be a nonparticipating candidate. If a
27 candidate has already received Clean Money funds or wishes to
28 start receiving such funds, a candidate who wishes to collect
29 contributions may do so in amounts up to the contribution limits
30 provided for nonparticipating candidates but shall not collect more
31 than the total of Clean Money funds that the candidate was entitled
32 to receive had there been sufficient funds in the program less the
33 amount of Clean Money funds that will be or have been provided.
34 If, at a later point, the Commission determines that adequate funds
35 have become available, candidates, who have not raised private
36 funds, shall receive the funds owed to them.

37
38 Article 12. Enforcement
39

1 91141. (a) If a participating candidate spends or obligates to
2 spend more than the Clean Money funding the candidate is given,
3 and if it is determined by the Commission, subject to court review,
4 not to be an amount that had or could have been expected to have
5 a significant impact on the outcome of the election, then the
6 candidate shall repay to the Clean Money Fund an amount equal
7 to the excess.

8 (b) If a participating candidate spends or obligates to spend
9 more than the Clean Money funding the candidate is given, and if
10 that excess amount is determined by the Commission, subject to
11 court review, to be an amount that had or could have been expected
12 to have a significant impact on the outcome of the election, then
13 the candidate shall repay to the Clean Money Fund an amount up
14 to 10 times the value of the excess.

15 91143. It is unlawful for candidates to knowingly accept more
16 benefits than those to which they are entitled, spend more than the
17 amount of Clean Money funding they have received, or misuse
18 such benefits or Clean Money funding.

19 91145. Any person who knowingly or willfully violates any
20 provision of this chapter is guilty of a misdemeanor. Any person
21 who knowingly or willfully causes any other person to violate any
22 provision of this chapter, or who aids and abets any other person
23 in the violation of any provision of this chapter shall be liable
24 under this section.

25 91147. Prosecution for a violation of any provision of this
26 chapter shall be commenced within four years after the date on
27 which the violation occurred.

28 91149. No person convicted of a misdemeanor under this
29 chapter shall act as a lobbyist or state contractor, or run for elective
30 state office, for a period of five years following the date of
31 conviction unless the court at the time of sentencing specifically
32 determines that this provision shall not be applicable.

33

34

Article 13. Cost of Living

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36 91153. The Commission shall adjust the seed money provisions
37 and the Clean Money Fund provisions in January of every
38 odd-numbered year to reflect any increase or decrease in the
39 Consumer Price Index and the increase in registered voters. Those
40 adjustments shall be rounded to the nearest ten dollars (\$10) for

1 the seed money provisions and one thousand dollars (\$1,000) for
2 the Clean Money provisions.

3 91157. On or before December 6 of each year ending in one,
4 the Commission shall prepare and provide to each Member of the
5 Legislature and to the standing committees in the Assembly and
6 the Senate with jurisdiction over elections a report containing a
7 review and analysis of the functioning of the Clean Money Fund
8 and the Commission's recommendations as to whether additional
9 adjustments, beyond those specified in Section 91153, should be
10 made to the voluntary spending limits, seed money provisions,
11 and Clean Money Fund provisions of this chapter, and suggesting
12 other changes that are advisable to further the purposes of this act.
13 The Commission's recommendations shall be based upon an
14 analysis of the disclosures of campaign contributions and
15 expenditures made by nonparticipating candidates in the preceding
16 decade and other campaign financing information available, and
17 this analysis shall be set forth in detail in the report.

18 SEC. 3. The provisions of Section 81012 of the Government
19 Code, which allow legislative amendments to the Political Reform
20 Act of 1974, shall apply to all of the provisions of this act that are
21 placed on the June 3, 2008, ballot.

22 SEC. 4. The Secretary of State shall, pursuant to subdivision
23 (b) of Section 81012 of the Government Code, submit Sections 1,
24 2, 3, and 5 of this act for approval by the voters at the June 3, 2008,
25 statewide primary election, notwithstanding Section 9040 of the
26 Elections Code.

27 SEC. 5. The section of this act that adds Chapter 12
28 (commencing with Section 91015) to Title 9 of the Government
29 Code shall be deemed to amend the Political Reform Act of 1974
30 as amended and all of the provisions of the Political Reform Act
31 of 1974 as amended that do not conflict with Chapter 12 shall
32 apply to the provisions of that chapter.

33 SEC. 6. The provisions of this act are severable. If any
34 provision of this act or its application is held invalid, that invalidity
35 shall not affect other provisions or applications that can be given
36 effect without the invalid provision or application.

O