

AMENDED IN ASSEMBLY JUNE 4, 2007

CALIFORNIA LEGISLATURE—2007—08 REGULAR SESSION

ASSEMBLY BILL

No. 583

Introduced by Assembly Member Hancock

**(Coauthors: Assembly Members ~~Berg, Jones, Beall, Berg, Brownley,~~
~~DeSaulnier, Eng, Evans, Huffman, Jones, Laird, Leno, Lieu, Ma,~~
~~Mullin, and Torrico~~ Price, Saldana, Swanson, Torrico, and Wolk)**

(Coauthors: Senators Corbett, Kuehl, Migden, Oropeza, and Perata)

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 amended, 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,~~ *for Governor and for one unspecified seat in the Senate and another in the Assembly* 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,~~ *from January 1, 2009 until March 31, 2010,* would 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. *It would repeal its operative provisions on January 1, 2011.*

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

5
6 CHAPTER 12. CALIFORNIA CLEAN MONEY AND FAIR ELECTIONS
7 ACT OF 2007

8
9 Article 1. General

10
11 91015. This chapter shall be known and may be cited as the
12 California Clean Money and Fair Elections Act of 2007.

13 91017. The people find and declare all of the following:

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

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

1 (c) The current campaign finance system fuels the public
2 perception of corruption at worst and conflict of interest at best
3 and undermines public confidence in the democratic process and
4 democratic institutions.

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

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

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

17 91019. The people enact this chapter to *establish a Clean*
18 *Money pilot program in a limited number of campaigns to*
19 *accomplish the following purposes:*

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

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

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

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

29 (e) To diminish the danger of actual corruption or the public
30 perception of corruption and strengthen public confidence in the
31 governmental and election processes.

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

34 91021. The people enact this chapter to further accomplish the
35 following purposes:

36 (a) To foster more equal and meaningful participation in the
37 political process.

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

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

3 (d) To provide voters with timely information regarding the
4 sources of campaign contributions, expenditures, and political
5 advertising.

6

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

8

9 91023. Unless specifically superseded by this act, the
10 definitions and provisions of the Political Reform Act of 1974
11 shall govern the interpretation of this chapter.

12

13

Article 3. Definitions

14

15 91024. “Address” means the mailing address as provided on
16 the voter registration form.

17 91025. For purposes of this chapter, “candidate” means, unless
18 otherwise stated, a candidate for ~~elective state office as defined in~~
19 ~~Chapter 2 Governor, for Senator in Senate District _____, or for~~
20 ~~Assembly Member in Assembly District _____, which districts shall~~
21 ~~be districts in which no incumbent is running for re-election in~~
22 ~~2010.~~

23 91027. A “coordinated expenditure” means a payment made
24 for the purpose of influencing the outcome of ~~a state election~~ *an*
25 *election for Governor, for Senator in Senate District _____, or for*
26 *Assembly Member in Assembly District _____* that is made by any
27 of the following methods:

28 (a) By a person in cooperation, consultation, or concert with,
29 at the request or suggestion of, or pursuant to a particular
30 understanding with a candidate, a candidate’s controlled committee,
31 or an agent acting on behalf of a candidate or a controlled
32 committee.

33 (b) By a person for the dissemination, distribution, or
34 republication, in whole or in part, of any broadcast or any written,
35 graphic, or other form of campaign material prepared by a
36 candidate, a candidate’s controlled committee, or an agent of a
37 candidate or a controlled committee.

38 (c) Based on specific information about the candidate’s plans,
39 projects, or needs provided to the person making the payment by

1 the candidate or the candidate’s agent who provides the information
2 with a view toward having the payment made.

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

8 (e) By a person if the person making the payment has served in
9 any formal policy or advisory position with the candidate’s
10 campaign or has participated in strategic or policymaking
11 discussions with the candidate’s campaign relating to the
12 candidate’s pursuit of nomination for election, or election, to ~~a~~
13 ~~state office, the office of Governor, Senator for the ____ Senate~~
14 *District, or Assembly Member for the ____ Assembly District* in
15 the same primary and general election as the primary and general
16 election in which the payment is made.

17 (f) By a person if the person making the payment retains the
18 professional services of an individual or person who, in a
19 nonministerial capacity, has provided or is providing
20 campaign-related services in the same election to a candidate who
21 is pursuing the same nomination or election as any of the
22 candidates to whom the communication refers.

23 91029. “Entity” means any person other than an individual.

24 91031. “Excess expenditure amount” means the amount of
25 funds spent or obligated to be spent by a nonparticipating candidate
26 in excess of the Clean Money amount available to a participating
27 candidate running for the same office. If a participating candidate
28 has made the choice specified in subdivision (c) of Section 91097
29 in an election where there is more than one participating candidate,
30 then the Clean Money amount available to the participating
31 candidate shall be considered to be the actual amount paid by the
32 Clean Money Fund to the candidate for that primary or general
33 election period, including any increase or decrease effected by the
34 choice.

35 91033. “Exploratory period” means the period beginning 18
36 months before the primary election and ending on the last day of
37 the qualifying period. The exploratory period begins before, but
38 extends to the end of, the qualifying period.

1 91035. “General election campaign period” means the period
2 beginning the day after the primary election and ending on the day
3 of the general election.

4 91037. “Independent candidate” means a candidate who does
5 not represent a political party that has been granted ballot status
6 for the general election and who has qualified, or is seeking to
7 qualify, to be on the general election ballot.

8 91039. “Independent electioneering expenditure” means any
9 expenditure of two thousand five hundred dollars (\$2,500) or more
10 made by a person, party committee, political committee or political
11 action committee, or any entity required to file reports pursuant
12 to Section 84605, during the 45 calendar days before a primary or
13 the 60 calendar days before a general election, which expressly
14 advocates the election or defeat of a clearly identified candidate
15 or names or depicts clearly identified candidates.

16 91043. “Nonparticipating candidate” means a candidate who
17 is on the ballot but has chosen not to apply for Clean Money
18 campaign funding or a candidate who is on the ballot and has
19 applied but has not satisfied the requirements for receiving Clean
20 Money funding.

21 91045. “Office-qualified party” means a political party whose
22 gubernatorial nominee has received 10 percent or more of the votes
23 at the last election or whose candidate for the same office in the
24 same district, whether statewide or legislative, as the current
25 candidate seeking Clean Money funding received 10 percent or
26 more of the votes at the last election.

27 91046. “Office-qualified candidate” is a candidate seeking
28 nomination from an office-qualified party.

29 91047. “One party dominant legislative district” is a district
30 in which the number of registered voters for the party with the
31 highest number of registered voters exceeds the number of
32 registered voters for each of the other parties by an amount no less
33 than 20 percent of the total number of registered voters in the
34 district.

35 91049. “Participating candidate” means a candidate who
36 qualifies for Clean Money campaign funding. These candidates
37 are eligible to receive Clean Money funding during primary and
38 general election campaign periods.

1 91051. “Party candidate” means a candidate who represents a
2 political party that has been granted ballot status and holds a
3 primary election to choose its nominee for the general election.

4 91052. “Adequately funded candidate” means a candidate who
5 is either a qualified candidate, a performance-qualified candidate,
6 a nonparticipating candidate who has received contributions
7 equaling at least 10 percent of the base funding amounts of
8 performance-qualified candidates for that primary or general
9 election, or a nonparticipating candidate in the general election
10 who was an adequately funded candidate in the primary election.

11 91052.5. “Effective expenditures” for a nonparticipating
12 candidate means the amount spent plus any independent
13 electioneering expenditures treated as expenditures for that
14 candidate pursuant to Section 91095.5. For a participating
15 candidate, it means the amount of Clean Money funding the
16 candidate has received plus any independent electioneering
17 expenditures treated as expenditures for that candidate pursuant
18 to Section 91095.5.

19 91053. “Performance-qualified candidate” means either an
20 office-qualified candidate or a candidate who has shown a broad
21 base of support by gathering twice the number of qualifying
22 contributions as is required for an office-qualified candidate.
23 Independent candidates may qualify for funding as
24 performance-qualified candidates.

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

29 91059. “Primary election campaign period” means the period
30 beginning 120 days before the primary election and ending on the
31 day of the primary election.

32 91061. “Qualified candidate” means a candidate seeking
33 nomination from a party that is not an office-qualified party.

34 91063. “Qualifying contribution” means a contribution of five
35 dollars (\$5) that is received during the designated qualifying period
36 by a candidate seeking to become eligible for Clean Money
37 campaign funding from a registered voter of the district in which
38 the candidate is running for office.

39 91065. “Qualifying period” means the period during which
40 candidates are permitted to collect qualifying contributions in order

1 to qualify for Clean Money funding. It begins 270 days before the
 2 primary election and ends 90 days before the day of the primary
 3 election for party candidates and begins any time after January 1
 4 of the election year and lasts 180 days but in no event ending later
 5 than 90 days before the general election for performance-qualified
 6 candidates who are running as independent candidates.

7 91067. “Seed money contribution” means a contribution of no
 8 more than one hundred dollars (\$100) made by a California
 9 registered voter during the exploratory period.

10

11 Article 4. Clean Money

12

13 91071. (a) An office-qualified candidate qualifies as a
 14 participating candidate for the primary election campaign period
 15 if the following requirements are met:

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

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

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

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

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

31 ~~(iii) One thousand five hundred qualifying contributions for a~~
 32 ~~candidate running for the office of member of the State Board of~~
 33 ~~Equalization.~~

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

36 ~~(v)~~

37 (iii) Twenty-five thousand qualifying contributions for a
 38 candidate running for the office of Governor.

39 (B) Each qualifying contribution shall be acknowledged by a
 40 receipt to the contributor, with a copy submitted by the candidate

1 to the county registrar of voters in the county where the candidate
2 files his or her declaration of candidacy. The receipt shall include
3 the contributor's signature, printed name, and address, the date,
4 and the name of the candidate on whose behalf the contribution is
5 made. In addition, the receipt shall indicate by the contributor's
6 signature that the contributor understands that the purpose of the
7 qualifying contribution is to help the candidate qualify for Clean
8 Money campaign funding, *that the contribution is the only*
9 *qualifying contribution the contributor has provided to a candidate*
10 *for this office*, and that the contribution is made without coercion
11 or reimbursement.

12 (C) A contribution submitted as a qualifying contribution that
13 does not include a signed and fully completed receipt shall not be
14 counted as a qualifying contribution.

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

19 (E) All qualifying contributions' signed receipts shall be sent
20 to the county registrar of voters in the county where the candidate
21 files his or her declaration of candidacy and shall be accompanied
22 by a check or other written instrument from the candidate's
23 campaign account for the total amount of qualifying contribution
24 funds received for deposit in the Clean Money Fund. This
25 submission shall be accompanied by a signed statement from the
26 candidate indicating that all of the information on the qualifying
27 contribution receipts is complete and accurate to the best of the
28 candidate's knowledge and that the amount of the enclosed check
29 or other written instrument is equal to the sum of all of the
30 five-dollar (\$5) qualifying contributions the candidate has received.
31 County registrars of voters shall forward these checks or other
32 written instruments to the Commission.

33 (b) A candidate qualifies as a participating candidate for the
34 general election campaign period if both of the following
35 requirements are met:

36 (1) The candidate met all of the applicable requirements and
37 filed a declaration with the Commission that the candidate has
38 fulfilled and will fulfill all of the requirements of a participating
39 candidate as stated in this act.

1 (2) As a participating party candidate during the primary election
2 campaign period, the candidate had the highest number of votes
3 of the candidates contesting the primary election from the
4 candidate's respective party and, therefore, won the party's
5 nomination.

6 91073. A qualified candidate shall collect at least one half of
7 the number of qualifying contributions as required for an
8 office-qualified candidate for the same office. A qualified candidate
9 may show a greater base of support by collecting double the
10 amount of qualifying contributions as required for an
11 office-qualified candidate to become a performance-qualified
12 candidate. The candidate shall also file a declaration with the
13 Commission that the candidate has complied and will comply with
14 all of the requirements of this act.

15 (b) An independent candidate who does not run in a primary
16 may become a performance-qualified candidate by collecting twice
17 as many qualifying contributions as required of an office-qualified
18 candidate. The qualifying period for such candidates shall begin
19 any time after January 1 of the election year and shall last 180
20 days, except that it shall end no later than 90 days before the
21 general election. An independent candidate shall notify the
22 Commission within 24 hours of the day when the candidate has
23 begun collecting qualifying contributions. The candidate shall also
24 file a declaration with the Commission that he or she has complied
25 and will comply with all of the requirements of this chapter.

26 91075. During the first election that occurs after the effective
27 date of this act, a candidate may be certified as a participating
28 candidate, notwithstanding the acceptance of contributions or
29 making of expenditures from private funds before the date of
30 enactment that would, absent this section, disqualify the candidate
31 as a participating candidate, provided that any private funds
32 accepted but not expended before the effective date of this act meet
33 any of the following criteria:

34 (a) Are returned to the contributor.

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

37 (c) Are submitted to the Commission for deposit in the Clean
38 Money Fund.

39 91077. A participating candidate who accepts any benefits
40 during the primary election campaign period shall comply with

1 all of the requirements of this act through the general election
2 campaign period whether the candidate continues to accept benefits
3 or not.

4 91079. (a) During the primary and general election campaign
5 periods, a participating candidate who has voluntarily agreed to
6 participate in, and has become eligible for, Clean Money benefits,
7 shall not accept private contributions from any source other than
8 the candidate's political party as specified in Section 91123.

9 (b) During the qualifying period and the primary and general
10 election campaign periods, a participating candidate who has
11 voluntarily agreed to participate in, and has become eligible for,
12 Clean Money benefits shall not solicit or receive contributions for
13 any other candidate or for any political party or other political
14 committee.

15 (c) No person shall make a contribution in the name of another
16 person. A participating candidate who receives a qualifying
17 contribution or a seed money contribution that is not from the
18 person listed on the receipt required by subparagraph (D) of
19 paragraph (2) of subdivision (a) of Section 91071 shall be liable
20 to pay the Commission the entire amount of the inaccurately
21 identified contribution, in addition to any penalties.

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

27 (e) Participating candidates shall furnish complete campaign
28 records to the Commission upon request. Candidates shall
29 cooperate with any audit or examination by the Commission, the
30 Franchise Tax Board, or any enforcement agency.

31 91081. (a) During the primary election period and the general
32 election period, each participating candidate shall conduct all
33 campaign financial activities through a single campaign account.

34 (b) Notwithstanding Section 85201, a participating candidate
35 may maintain a campaign account other than the campaign account
36 described in subdivision (a) if the other campaign account is for
37 the purpose of retiring a net debt outstanding that was incurred
38 during a previous election campaign in which the candidate was
39 not a participating candidate.

1 (c) Contributions for the purposes of retiring a previous
2 campaign debt that are deposited in the “other campaign account”
3 described in subdivision (b) shall not be considered “contributions”
4 to the candidate’s current campaign. Those contributions shall
5 only be raised during the six-month period following the date of
6 the election.

7 91083. (a) Participating candidates shall use their Clean Money
8 funds only for direct campaign purposes.

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

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

13 (2) Indirect campaign purposes, including, but not limited to,
14 the following:

15 (A) The candidate’s personal support or compensation to the
16 candidate or the candidate’s family.

17 (B) The candidate’s personal appearance.

18 (C) A contribution or loan to the campaign committee of another
19 candidate *for any elective office* or to a party committee or other
20 political committee.

21 (D) An independent electioneering expenditure.

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

23 (F) Any payment or transfer for which compensating value is
24 not received.

25 91085. (a) Personal funds contributed as seed money by a
26 candidate seeking to become eligible as a participating candidate
27 or by adult members of the candidate’s family shall not exceed
28 the maximum of one hundred dollars (\$100) per contributor.

29 (b) Personal funds shall not be used to meet the qualifying
30 contribution requirement except for one five-dollar (\$5)
31 contribution from the candidate and one five-dollar (\$5)
32 contribution from the candidate’s spouse.

33 91087. (a) The only private contributions a candidate seeking
34 to become eligible for Clean Money funding shall accept, other
35 than qualifying contributions and limited contributions from the
36 candidate’s political party as specified in Section 91123, are seed
37 money contributions contributed by duly registered voters in the
38 district in which the candidate is running for election prior to the
39 end of the qualifying period.

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

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

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

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

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

13 ~~(5)~~

14 (3) Two hundred fifty thousand dollars (\$250,000) for a
15 candidate running for the office of Governor.

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

20 (d) Seed money shall be spent only during the exploratory and
21 qualifying periods. Seed money shall not be spent during the
22 primary or general election campaign periods, except when they
23 overlap with the candidate's qualifying period. Any unspent seed
24 money shall be turned over to the Commission for deposit in the
25 Clean Money Fund.

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

29 (1) Fully disclose all seed money contributions and expenditures
30 to the Commission.

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

34 91091. Participating candidates in contested races shall agree
35 to participate in at least one public debate during a contested
36 primary election and two public debates during a contested general
37 election, to be conducted pursuant to regulations promulgated by
38 the Commission.

39 91093. (a) No more than five business days after a candidate
40 applies for Clean Money benefits, the county registrar of voters

1 in the county where the candidate files his or her declaration of
 2 candidacy shall certify that the candidate is or is not eligible.
 3 Eligibility may be revoked if the candidate violates the
 4 requirements of this act, in which case all Clean Money funds shall
 5 be repaid.

6 (b) The candidate’s request for certification shall be signed by
 7 the candidate and the candidate’s campaign treasurer under penalty
 8 of perjury.

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

11
 12 Article 5. Clean Money Benefits
 13

14 91095. (a) ~~Candidates for elective state office~~ who qualify for
 15 Clean Money funding for primary and general elections shall:

16 (1) Receive Clean Money funding from the Commission for
 17 each election in an amount specified by Section 91099. This
 18 funding may be used to finance campaign expenses during the
 19 particular campaign period for which it was allocated consistent
 20 with Section 91081. In any election in which there are initially no
 21 adequately funded competing candidates, the participating
 22 performance-qualified candidate shall receive 20 percent of the
 23 base funding amount specified in Section 91099. If a competing
 24 candidate in the same election later becomes an adequately funded
 25 candidate, the performance-qualified candidate shall receive
 26 additional Clean Money funds sufficient to bring his or her total
 27 Clean Money funds received to the normal base amount of Clean
 28 Money funding allocated pursuant to Section 91099.

29 (2) Receive, if a performance-qualified candidate, additional
 30 Clean Money funding to match any excess expenditure by a
 31 nonparticipating candidate in the election, as specified in Section
 32 91107, provided that the nonparticipating candidate’s aggregate
 33 effective expenditures exceed the previous highest aggregate
 34 effective expenditures of any candidate in the race. The excess is
 35 defined as the amount the new expenditure causes the
 36 nonparticipating candidate’s aggregate effective expenditures to
 37 exceed the previous highest effective expenditures of any candidate
 38 in the election.

39 (3) Receive, if a performance-qualified candidate, additional
 40 Clean Money funding to match any excess independent

1 electioneering expenditure made in support of opponents'
2 candidacies in their race, as specified in Section 91109, provided
3 that the expenditure makes the aggregate effective expenditures
4 of any opposing candidate who benefits from the independent
5 electioneering expenditure exceed the previous highest aggregate
6 effective expenditures of any candidate in the race. The excess is
7 defined as the amount the independent electioneering expenditure
8 causes the opposing candidate's aggregate effective expenditures
9 to exceed the previous highest effective expenditures of any
10 candidate in the election.

11 (4) Receive, if a performance-qualified candidate, additional
12 Clean Money funding to match any excess independent
13 electioneering expenditure made in opposition to their candidacy,
14 as specified in Section 91109, provided that the expenditure makes
15 the new aggregate effective expenditures of any candidate running
16 for that office exceed the highest aggregate effective expenditures
17 of any candidate running for that office. The excess is defined as
18 the amount the independent electioneering expenditure causes the
19 opposing candidate's aggregate effective expenditures to exceed
20 the previous highest effective expenditures of any candidate
21 running for that office.

22 (5) Receive, if a performance-qualified candidate running in a
23 primary election, additional Clean Money funding to match 50
24 percent of any excess effective expenditures by either
25 nonparticipating or participating candidates running for the same
26 office outside of their party's primary, as disclosed pursuant to
27 Section 91107, provided that the new aggregate effective
28 expenditures exceeds the highest aggregate effective expenditures
29 of any candidate running for that office. The excess is defined as
30 the amount the new effective expenditure causes the
31 nonparticipating candidate's aggregate effective expenditures to
32 exceed the previous highest effective expenditures of any candidate
33 running for that office. If no party has more than one
34 adequately-funded candidate running for their primary, then the
35 candidate shall receive 100 percent of any excess effective
36 expenditures spent by either nonparticipating or participating
37 candidates running for the same office outside of their party's
38 primary.

39 (b) The maximum aggregate amount of funding a participating
40 performance-qualified candidate shall receive to match independent

1 electioneering expenditures and excess expenditures of
2 nonparticipating candidates shall not exceed five times the base
3 amount of Clean Money funding allocated to performance-qualified
4 candidate pursuant to Section 91099 for a particular primary or
5 general election campaign period, except that for the office of
6 Governor, the amount shall be no more than four times the base
7 amount of Clean Money funding allocated to a
8 performance-qualified candidate pursuant to Section 91099.

9 91095.5. (a) Independent electioneering expenditures against
10 a participating candidate shall be treated as expenditures of every
11 other candidate running for that office for the purposes of Section
12 91095.

13 (b) Independent electioneering expenditures in favor of one or
14 more non-participating candidates running for an office shall be
15 treated as expenditures of those non-participating candidates for
16 the purpose of Section 91095.

17 (c) Independent electioneering expenditures in favor of a
18 participating candidate shall be treated, for every other participating
19 candidate running for that office, as though the independent
20 expenditures were an expenditure of a nonparticipating opponent,
21 for purposes of Section 91095.

22 (d) Expenditures by a non-participating candidate in a primary
23 election against a participating candidate running for that office
24 in another party's primary shall be treated as an independent
25 electioneering expenditure against that participating candidate.

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

29 (f) Expenditures made before the general election period that
30 consist of a contract, promise, or agreement to make an expenditure
31 during the general election period resulting in an extension of
32 credit shall be treated as though made at the beginning of the
33 general election period.

34 91097. (a) An eligible qualified or performance-qualified
35 candidate running in a primary election shall receive the candidate's
36 Clean Money funding for the primary election campaign period
37 on the date on which the county registrar of voters certifies the
38 candidate as a participating candidate or at the beginning of the
39 primary election period, whichever is later.

1 (b) An eligible qualified or performance-qualified candidate
2 shall receive the candidate's Clean Money funding for the general
3 election campaign period within two business days after
4 certification of the primary election results.

5 (c) A participating candidate for Legislature running in the
6 primary of the dominant party in a one-party dominant district
7 may choose to reallocate a portion of the Clean Money funding
8 amount from the general election period to the primary election
9 period. The candidate shall make this choice in a writing submitted
10 to the Commission with the materials specified in subdivision (a)
11 at the close of the qualifying period. The participating candidate
12 who makes such a choice shall receive an additional amount equal
13 to 25 percent of the amount specified for the general election for
14 the appropriate office as set forth in subdivision (b) of Section
15 91099. The amount a participating candidate who makes such a
16 choice shall receive at the beginning of the general election period
17 shall be reduced by 25 percent. The choice may also affect the
18 amount at which an opposing candidate may be considered to have
19 exceeded the amount of Clean Money funding available to the
20 participating candidate. If a competing participating candidate
21 transfers funds pursuant to this subdivision from the general to the
22 primary election by the close of the qualifying period, any other
23 participating candidate in the same election may transfer the same
24 amount of funds from the general to the primary election by
25 notifying the Commission in writing within five days of the close
26 of the qualifying period. The Commission, by regulation, shall
27 require candidates to notify the Commission and affected
28 candidates of these transfers.

29 91099. (a) For eligible candidates in a primary election:

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

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

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

38 ~~(C) Five hundred thousand dollars (\$500,000) for a candidate~~
39 ~~running for the office of member of the State Board of~~
40 ~~Equalization.~~

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

3 ~~(E)~~

4 (C) Ten million dollars (\$10,000,000) for a candidate running
5 for Governor.

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

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

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

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

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

18 ~~(C) Eight hundred thousand dollars (\$800,000) for a candidate~~
19 ~~running for the office of member of the State Board of~~
20 ~~Equalization.~~

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

23 ~~(E)~~

24 (C) Fifteen million dollars (\$15,000,000) for a candidate running
25 for Governor.

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

31

32 Article 6. Disclosure Requirements

33

34 91107. (a) If a nonparticipating candidate’s total expenditures
35 or promises to make campaign expenditures exceed the amount
36 of Clean Money funding allocated to the candidate’s Clean Money
37 opponent or opponents, the candidate shall declare every excess
38 expenditure amount which, in the aggregate, is more than five
39 thousand dollars (\$5,000) to the Commission online or

1 electronically within 24 hours of the time the expenditure or
2 promise is made, whichever occurs first.

3 (b) The Commission may make its own determination as to
4 whether excess expenditures have been made by nonparticipating
5 candidates.

6 (c) Upon receiving an excess expenditure declaration or
7 determining that an excess expenditure has been made, the
8 Commission shall immediately release additional Clean Money
9 funding to the ~~opposing~~.

10 ~~performance-qualified~~ *opposing* *performance-qualified*
11 candidates pursuant to Section 91095.

12 91111. (a) In addition to any other report required by this
13 chapter, a committee, including a political party committee, that
14 is required to file reports pursuant to Section 84605 and that makes
15 independent electioneering expenditures of one thousand dollars
16 (\$1,000) or more during a calendar year in connection with a
17 candidate, shall file online or electronically a report with the
18 Secretary of State disclosing the making of the independent
19 electioneering expenditure. This report shall disclose the same
20 information required by subdivision (b) of Section 84204 and shall
21 be filed within 24 hours of the time the independent electioneering
22 expenditure is made.

23 (b) The report to the Secretary of State shall include a signed
24 statement under penalty of perjury by the person or persons making
25 the independent electioneering expenditure identifying the
26 candidate or candidates whom the independent electioneering
27 expenditure is intended to help elect or defeat and affirming that
28 the expenditure is independent and whether it is coordinated with
29 a candidate or a political party.

30 (c) Any individual or organization that fails to file the required
31 report to the Secretary of State or provides materially false
32 information in a report filed pursuant to subdivision (a) or (b) may
33 be fined up to three times the amount of the independent
34 electioneering expenditure, in addition to any other remedies
35 provided by this act.

36 (d) The Secretary of State shall provide information received
37 pursuant to subdivision (a) to the Commission simultaneously
38 upon receipt. Upon receiving a report that an independent
39 electioneering expenditure has been made or obligated to be made,

1 the Commission shall immediately release additional Clean Money
2 funding pursuant to Section 91095.

3 91112. If an inadequately funded candidate receives a
4 contribution which makes him or her an adequately funded
5 candidate, within 24 hours he or she shall electronically disclose
6 to the Commission the cumulative amount of contributions
7 received. Within 24 hours of receipt of this disclosure, the
8 Commission shall deposit into the Clean Money accounts of the
9 participating candidates in that election an amount sufficient to
10 bring the total Clean Money funds received by each up to the base
11 amounts specified in Section 91099.

12 91113. All broadcast and print advertisements placed by
13 candidates or their committees shall include a clear written or
14 spoken statement indicating that the candidate has approved of the
15 contents of the advertisement.

16

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

18

19 91115. (a) Notwithstanding Section 85316, a candidate or
20 elected state officer *whose office is covered by these provisions*
21 may establish a separate account to defray attorney's fees and other
22 related legal costs incurred for the candidate's or elected state
23 officer's legal defense if the candidate or elected state officer is
24 subject to one or more civil or criminal proceedings or
25 administrative proceedings arising directly out of the conduct of
26 an election campaign, the electoral process, or the performance of
27 the elected state officer's governmental activities and duties. These
28 funds may be used only to defray those attorney's fees and other
29 related legal costs.

30 (b) An elected state officer *whose office is covered by these*
31 *provisions* may establish a separate account for expenses associated
32 with holding office that are reasonably related to a legislative or
33 governmental purpose as specified in this subdivision and in
34 regulations of the Commission. The total amount of funds that
35 may be deposited in a calendar year into an account established
36 pursuant to this subdivision shall not exceed fifty thousand dollars
37 (\$50,000).

38 (c) A Governor, ~~Lieutenant Governor, or other statewide officer~~
39 may establish an inaugural account to cover the cost of events,

1 celebrations, gatherings, and communications that take place as
2 part of, or in honor of, the ~~officer's~~ *Governor's* inauguration.

3 (d) The maximum amount of contributions a candidate or elected
4 state officer *whose office is covered by these provisions* may
5 receive from a contributor in a calendar year for all of the accounts
6 described in subdivisions (a), (b), and (c) combined is five hundred
7 dollars (\$500). All contributions, whether cash or in kind, shall be
8 reported in a manner prescribed by the Commission. Contributions
9 to such funds shall not be considered campaign contributions.

10 (e) Once the legal dispute is resolved, the candidate shall dispose
11 of any funds remaining after all expenses associated with the
12 dispute are discharged or after the elected state officer *whose office*
13 *is covered by these provisions* leaves office, for one or more of
14 the purposes set forth in paragraphs (1) to (5), inclusive, of
15 subdivision (b) of Section 89519.

16
17 Article 8. Restrictions on Candidates
18

19 91121. A nonparticipating candidate may accept an otherwise
20 lawful contribution after the date of the election only to the extent
21 that the contribution does not exceed net debts outstanding from
22 the election.

23 91123. Participating candidates may accept monetary or in-kind
24 contributions from political parties provided that the aggregate
25 amount of such contributions from all political party committees
26 combined does not exceed the equivalent of 5 percent of the
27 original Clean Money financing allotment for that office for that
28 election. Such expenditures shall not count against the moneys
29 spent by Clean Money candidates.
30

31 Article 9. Ballot Pamphlet Statements
32

33 91127. The Secretary of State shall designate in the state ballot
34 pamphlet and on any Internet Web site listing of candidates
35 maintained by any government agency including, but not limited,
36 to the Secretary of State those candidates who have voluntarily
37 agreed to be participating candidates.

38 91131. (a) A candidate for ~~statewide elective office~~ *Governor*
39 who is a participating candidate may place a statement in the state
40 ballot pamphlet, and a candidate for the ~~Assembly, Senate, or~~

1 ~~Board of Equalization~~ *Assembly or Senate* who is a participating
 2 candidate may place a statement in the voter information portion
 3 of the sample ballot, that does not exceed 250 words. The statement
 4 shall not make any reference to any opponent of the candidate.
 5 The candidate may also provide a list of up to 10 endorsers for
 6 placement in the state ballot pamphlet or sample ballot, as
 7 appropriate. This statement and list of endorsers shall be submitted
 8 in accordance with timeframes and procedures set forth by the
 9 Secretary of State for the preparation of the state ballot pamphlets
 10 and by county elections officials for the preparation of sample
 11 ballots.

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

29
 30
 31

Article 10. Appropriations for the Clean Money Fund

32 91133. (a) A special, dedicated, nonlapsing Clean Money Fund
 33 is created in the State Treasury. ~~Commencing with the fiscal year~~
 34 ~~beginning on July 1, 2008; January 1, 2009, and continuing until~~
 35 *March 31, 2010*, an amount equal to one cent (\$0.01) per day times
 36 the number of California residents 18 years of age or older, *as*
 37 *determined by the Secretary of State*, is hereby transferred annually
 38 from the General Fund to the Clean Money Fund and,
 39 notwithstanding Section 13340, continuously appropriated from
 40 the Clean Money Fund to the Commission for expenditure for the

1 purpose of providing public financing for the election campaigns
2 of certified participating candidates during primary and general
3 campaign periods.

4 (b) Funding for the administrative and enforcement costs of the
5 Commission related to this act shall be subject to appropriation by
6 the Legislature.

7 91135. Other sources of revenue to be deposited in the Clean
8 Money Fund shall include all of the following:

9 (a) The qualifying contributions required of candidates seeking
10 to become certified as participating candidates and candidates'
11 excess qualifying contributions.

12 (b) The excess seed money contributions of candidates seeking
13 to become certified as participating candidates.

14 (c) Unspent funds distributed to any participating candidate who
15 does not remain a candidate until the primary or general election
16 for which they were distributed, or funds that remain unspent by
17 a participating candidate following the date of the primary or
18 general election for which they were distributed.

19 (d) Voluntary donations made directly to the Clean Money Fund.

20 (e) Other funds appropriated by the Legislature.

21 (f) Any interest generated by the Clean Money Fund.

22 (g) Any other sources of revenue from the General Fund or from
23 other sources as determined by the Legislature.

24 91136. The amount of moneys in the Clean Money Fund shall
25 not exceed four times the annual contribution specified in
26 subdivision (a) of Section 91133. Any moneys that, if deposited
27 in the Clean Money Fund, would cause the balance in that fund to
28 exceed this limit shall be irrevocably transferred to the General
29 Fund.

30

31

Article 11. Administration

32

33 91137. (a) Upon a determination that a candidate has met all
34 the requirements for becoming a participating candidate as provided
35 for in this act, the Commission shall issue to the candidate a card,
36 known as the "Clean Money Debit Card," and a "line of debit"
37 entitling the candidates and members of the candidate's staff to
38 draw Clean Money funds from a Commission account to pay for
39 all campaign costs and expenses up to the amount of Clean Money
40 funding the candidate has received.

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

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

10 91139. If the Commission determines that there are insufficient
 11 funds in the program to fund adequately all candidates eligible for
 12 Clean Money funds, the Commission shall reduce the grants
 13 proportionately to all eligible candidates. If the Commission
 14 notifies a candidate that the Clean Money funds will be reduced
 15 and the candidate has not received any Clean Money funds, the
 16 candidate may decide to be a nonparticipating candidate. If a
 17 candidate has already received Clean Money funds or wishes to
 18 start receiving such funds, a candidate who wishes to collect
 19 contributions may do so in amounts up to the contribution limits
 20 provided for nonparticipating candidates but shall not collect more
 21 than the total of Clean Money funds that the candidate was entitled
 22 to receive had there been sufficient funds in the program less the
 23 amount of Clean Money funds that will be or have been provided.
 24 If, at a later point, the Commission determines that adequate funds
 25 have become available, candidates, who have not raised private
 26 funds, shall receive the funds owed to them.

27

Article 12. Enforcement

28

29
 30 91141. (a) If a participating candidate spends or obligates to
 31 spend more than the Clean Money funding the candidate is given,
 32 and if it is determined by the Commission, subject to court review,
 33 not to be an amount that had or could have been expected to have
 34 a significant impact on the outcome of the election, then the
 35 candidate shall repay to the Clean Money Fund an amount equal
 36 to the excess.

37 (b) If a participating candidate spends or obligates to spend
 38 more than the Clean Money funding the candidate is given, and if
 39 that excess amount is determined by the Commission, subject to
 40 court review, to be an amount that had or could have been expected

1 to have a significant impact on the outcome of the election, then
2 the candidate shall repay to the Clean Money Fund an amount up
3 to 10 times the value of the excess.

4 91143. It is unlawful for candidates to knowingly accept more
5 benefits than those to which they are entitled, spend more than the
6 amount of Clean Money funding they have received, or misuse
7 such benefits or Clean Money funding.

8 91145. Any person who knowingly or willfully violates any
9 provision of this chapter is guilty of a misdemeanor. Any person
10 who knowingly or willfully causes any other person to violate any
11 provision of this chapter, or who aids and abets any other person
12 in the violation of any provision of this chapter shall be liable
13 under this section.

14 91147. Prosecution for a violation of any provision of this
15 chapter shall be commenced within four years after the date on
16 which the violation occurred.

17 91149. No person convicted of a misdemeanor under this
18 chapter shall act as a lobbyist or state contractor, or run for elective
19 state office, for a period of five years following the date of
20 conviction unless the court at the time of sentencing specifically
21 determines that this provision shall not be applicable.

22

23 Article 13. Cost of Living

24

25 ~~91153. The Commission shall adjust the seed money provisions~~
26 ~~and the Clean Money Fund provisions in January of every~~
27 ~~odd-numbered year to reflect any increase or decrease in the~~
28 ~~Consumer Price Index and the increase in registered voters. Those~~
29 ~~adjustments shall be rounded to the nearest ten dollars (\$10) for~~
30 ~~the seed money provisions and one thousand dollars (\$1,000) for~~
31 ~~the Clean Money provisions.~~

32 ~~91157. On or before December 6 of each year ending in one,~~
33 ~~the Commission shall prepare and provide to each Member of the~~
34 ~~Legislature and to the standing committees in the Assembly and~~
35 ~~the Senate with jurisdiction over elections a report containing a~~
36 ~~review and analysis of the functioning of the Clean Money Fund~~
37 ~~and the Commission's recommendations as to whether additional~~
38 ~~adjustments, beyond those specified in Section 91153, should be~~
39 ~~made to the voluntary spending limits, seed money provisions,~~
40 ~~and Clean Money Fund provisions of this chapter, and suggesting~~

1 other changes that are advisable to further the purposes of this act.
2 ~~The Commission's recommendations shall be based upon an~~
3 ~~analysis of the disclosures of campaign contributions and~~
4 ~~expenditures made by nonparticipating candidates in the preceding~~
5 ~~decade and other campaign financing information available, and~~
6 ~~this analysis shall be set forth in detail in the report.~~

7 *91157. This chapter shall remain in effect only until January*
8 *1, 2011, and as of that date is repealed, unless a later enacted*
9 *statute, that is enacted before January 1, 2011, deletes or extends*
10 *that date.*

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

15 SEC. 4. The Secretary of State shall, pursuant to subdivision
16 (b) of Section 81012 of the Government Code, submit Sections 1,
17 2, 3, and 5 of this act for approval by the voters at the June 3, 2008,
18 statewide primary election, notwithstanding Section 9040 of the
19 Elections Code.

20 SEC. 5. The section of this act that adds Chapter 12
21 (commencing with Section 91015) to Title 9 of the Government
22 Code shall be deemed to amend the Political Reform Act of 1974
23 as amended and all of the provisions of the Political Reform Act
24 of 1974 as amended that do not conflict with Chapter 12 shall
25 apply to the provisions of that chapter.

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