

AMENDED IN SENATE JUNE 11, 2008

AMENDED IN ASSEMBLY JUNE 4, 2007

CALIFORNIA LEGISLATURE—2007–08 REGULAR SESSION

ASSEMBLY BILL

No. 583

Introduced by Assembly Member Hancock

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

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

February 21, 2007

An act to add *and repeal* 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~~ 2008.

(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 prohibition and would* enact the California Clean Money and Fair Elections Act of ~~2007~~ 2008, which would authorize eligible candidates for ~~Governor and for one unspecified seat in the Senate and another in the Assembly~~ *Secretary of State* 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, ~~from January 1, 2009 until March 31, 2010 commencing January 1, 2011~~, would transfer an *annual* amount ~~equal to \$0.01 per day times the number of California residents 18 years of age or older~~, *subject to appropriation by the Legislature*, 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, ~~2014~~ 2015.

(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~~ 1, 2010, 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~~ 2008

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~~ 2008.

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

1 are drowned out by those who can afford to monopolize the arena
2 of paid political communications.

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

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

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

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

19 91019. The people enact this chapter to establish a Clean
20 Money pilot program in a ~~limited number of campaigns~~ *campaigns*
21 *for the office of Secretary of State* to accomplish the following
22 purposes:

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

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

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

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

32 (e) To diminish the danger of actual corruption or the public
33 perception of corruption and strengthen public confidence in the
34 governmental and election processes.

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

37 91021. The people enact this chapter to further accomplish the
38 following purposes:

39 (a) To foster more equal and meaningful participation in the
40 political process.

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

3 (c) To increase the accountability of ~~each elected official~~ *the*
4 *Secretary of State* to the constituents who elect him or her.

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

8

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

10

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

14

15 Article 3. Definitions

16

17 91024. "Address" means the mailing address as provided on
18 the voter registration form.

19 91024.5. "*Adequately funded candidate*" means a candidate
20 who is either a qualified candidate, a performance-qualified
21 candidate, a nonparticipating candidate who has received
22 contributions equaling at least 10 percent of the base funding
23 amounts of performance-qualified candidates for that primary or
24 general election, or a nonparticipating candidate in the general
25 election who was an adequately funded candidate in the primary
26 election.

27 91025. For purposes of this chapter, "candidate" means, unless
28 otherwise stated, a candidate for ~~Governor, for Senator in Senate~~
29 ~~District _____, or for Assembly Member in Assembly District _____,~~
30 ~~which districts shall be districts in which no incumbent is running~~
31 ~~for re-election in 2010.~~ *Secretary of State.*

32 91027. A "coordinated expenditure" means a payment made
33 for the purpose of influencing the outcome of an ~~election for~~
34 ~~Governor, for Senator in Senate District _____, or for Assembly~~
35 ~~Member in Assembly District _____ that is made by any election~~
36 ~~for Secretary of State that is made by any of the following methods:~~

37 (a) By a person in cooperation, consultation, or concert with,
38 at the request or suggestion of, or pursuant to a particular
39 understanding with a candidate, a candidate's controlled committee,

1 or an agent acting on behalf of a candidate or a controlled
2 committee.

3 (b) By a person for the dissemination, distribution, or
4 republication, in whole or in part, of any broadcast or any written,
5 graphic, or other form of campaign material prepared by a
6 candidate, a candidate’s controlled committee, or an agent of a
7 candidate or a controlled committee.

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

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

17 (e) By a person if the person making the payment has served in
18 any formal policy or advisory position with the candidate’s
19 campaign or has participated in strategic or policymaking
20 discussions with the candidate’s campaign relating to the
21 candidate’s pursuit of nomination for election, or election, to ~~the~~
22 ~~office of Governor, Senator for the _____ Senate District, or~~
23 ~~Assembly Member for the _____ Assembly District in the office of~~
24 *Secretary of State* in the same primary and general election as the
25 primary and general election in which the payment is made.

26 (f) By a person if the person making the payment retains the
27 professional services of an individual or person who, in a
28 nonministerial capacity, has provided or is providing
29 campaign-related services in the same election to a candidate who
30 is pursuing the same nomination or election as any of the
31 candidates to whom the communication refers.

32 *91028. “Effective expenditures” for a nonparticipating*
33 *candidate means the amount spent plus any independent*
34 *electioneering expenditures treated as expenditures for that*
35 *candidate pursuant to Section 91095.5. For a participating*
36 *candidate, it means the amount of Clean Money funding the*
37 *candidate has received plus any independent electioneering*
38 *expenditures treated as expenditures for that candidate pursuant*
39 *to Section 91095.5.*

40 91029. “Entity” means any person other than an individual.

1 91031. “Excess expenditure amount” means the amount of
2 funds spent or obligated to be spent by a nonparticipating candidate
3 in excess of the Clean Money amount available to a participating
4 candidate running for the same office. ~~If a participating candidate~~
5 ~~has made the choice specified in subdivision (c) of Section 91097~~
6 ~~in an election where there is more than one participating candidate,~~
7 ~~then the Clean Money amount available to the participating~~
8 ~~candidate shall be considered to be the actual amount paid by the~~
9 ~~Clean Money Fund to the candidate for that primary or general~~
10 ~~election period, including any increase or decrease effected by the~~
11 ~~choice.~~

12 91033. “Exploratory period” means the period beginning 18
13 months before the primary election and ending on the last day of
14 the qualifying period. The exploratory period begins before, but
15 extends to the end of, the qualifying period.

16 91035. “General election campaign period” means the period
17 beginning the day after the primary election and ending on the day
18 of the general election.

19 91037. “Independent candidate” means a candidate who does
20 not represent a political party that has been granted ballot status
21 for the general election and who has qualified, or is seeking to
22 qualify, to be on the general election ballot.

23 91039. “Independent electioneering expenditure” means any
24 expenditure of two thousand five hundred dollars (\$2,500) or more
25 made by a person, party committee, political committee or political
26 action committee, or any entity required to file reports pursuant
27 to Section 84605, during the 45 calendar days before a primary or
28 the 60 calendar days before a general election, which expressly
29 advocates the election or defeat of a clearly identified candidate
30 or names or depicts clearly identified candidates.

31 91043. “Nonparticipating candidate” means a candidate who
32 is on the ballot but has chosen not to apply for Clean Money
33 campaign funding or a candidate who is on the ballot and has
34 applied but has not satisfied the requirements for receiving Clean
35 Money funding.

36 91045. “Office-qualified party” means a political party whose
37 gubernatorial or *Secretary of State* nominee has received 10 percent
38 or more of the votes ~~at the last election or whose candidate for the~~
39 ~~same office in the same district, whether statewide or legislative,~~
40 ~~as the current candidate seeking Clean Money funding received~~

1 ~~10 percent or more of the votes at the last election. *at the last*~~
2 ~~*election.*~~

3 91046. “Office-qualified candidate” is a candidate seeking
4 nomination from an office-qualified party.

5 ~~91047. “One party dominant legislative district” is a district~~
6 ~~in which the number of registered voters for the party with the~~
7 ~~highest number of registered voters exceeds the number of~~
8 ~~registered voters for each of the other parties by an amount no less~~
9 ~~than 20 percent of the total number of registered voters in the~~
10 ~~district.~~

11 91049. “Participating candidate” means a candidate who
12 qualifies for Clean Money campaign funding. These candidates
13 are eligible to receive Clean Money funding during primary and
14 general election campaign periods.

15 91051. “Party candidate” means a candidate who represents a
16 political party that has been granted ballot status and holds a
17 primary election to choose its nominee for the general election.

18 ~~91052. “Adequately funded candidate” means a candidate who~~
19 ~~is either a qualified candidate, a performance-qualified candidate,~~
20 ~~a nonparticipating candidate who has received contributions~~
21 ~~equaling at least 10 percent of the base funding amounts of~~
22 ~~performance-qualified candidates for that primary or general~~
23 ~~election, or a nonparticipating candidate in the general election~~
24 ~~who was an adequately funded candidate in the primary election.~~

25 ~~91052.5. “Effective expenditures” for a nonparticipating~~
26 ~~candidate means the amount spent plus any independent~~
27 ~~electioneering expenditures treated as expenditures for that~~
28 ~~candidate pursuant to Section 91095.5. For a participating~~
29 ~~candidate, it means the amount of Clean Money funding the~~
30 ~~candidate has received plus any independent electioneering~~
31 ~~expenditures treated as expenditures for that candidate pursuant~~
32 ~~to Section 91095.5.~~

33 91053. “Performance-qualified candidate” means either an
34 office-qualified candidate or a candidate who has shown a broad
35 base of support by gathering twice the number of qualifying
36 contributions as is required for an office-qualified candidate.
37 Independent candidates may qualify for funding as
38 performance-qualified candidates.

39 91055. “Petty cash” means cash amounts of one hundred dollars
40 (\$100) or less per day that are drawn on the Clean Money Debit

1 Card and used to pay expenses of no more than twenty-five dollars
2 (\$25) each.

3 91059. “Primary election campaign period” means the period
4 beginning 120 days before the primary election and ending on the
5 day of the primary election.

6 91061. “Qualified candidate” means a candidate seeking
7 nomination from a party that is not an office-qualified party.

8 91063. “Qualifying contribution” means a contribution of five
9 dollars (\$5) that is received during the designated qualifying period
10 by a candidate seeking to become eligible for Clean Money
11 campaign funding from a registered voter of the district in which
12 the candidate is running for office.

13 91065. “Qualifying period” means the period during which
14 candidates are permitted to collect qualifying contributions in order
15 to qualify for Clean Money funding. It begins 270 days before the
16 primary election and ends 90 days before the day of the primary
17 election for party candidates and begins any time after January 1
18 of the election year and lasts 180 days, but in no event ending later
19 than 90 days, before the general election for performance-qualified
20 candidates who are running as independent candidates.

21 91067. “Seed money contribution” means a contribution of no
22 more than one hundred dollars (\$100) made by a California
23 registered voter during the exploratory period.

24

25 Article 4. Clean Money

26

27 91071. (a) An office-qualified candidate qualifies as a
28 participating candidate for the primary election campaign period
29 if the following requirements are met:

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

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

39 ~~(A) The office-qualified candidate collects at least the following~~
40 ~~number of qualifying contributions:~~

1 ~~(i) Five hundred qualifying contributions for a candidate running~~
2 ~~for the office of Member of the Assembly.~~

3 ~~(ii) One thousand qualifying contributions for a candidate~~
4 ~~running for the office of Member of the State Senate.~~

5 ~~(iii) Twenty-five thousand qualifying contributions for a~~
6 ~~candidate running for the office of Governor.~~

7 *(A) The office-qualified candidate shall collect at least 7,500*
8 *qualifying contributions.*

9 (B) Each qualifying contribution shall be acknowledged by a
10 receipt to the contributor, with a copy submitted by the candidate
11 to the county registrar of voters in the county where the candidate
12 files his or her declaration of candidacy. The receipt shall include
13 the contributor's signature, printed name, and address, the date,
14 and the name of the candidate on whose behalf the contribution is
15 made. In addition, the receipt shall indicate by the contributor's
16 signature that the contributor understands that the purpose of the
17 qualifying contribution is to help the candidate qualify for Clean
18 Money campaign funding, that the contribution is the only
19 qualifying contribution the contributor has provided to a candidate
20 for this office, and that the contribution is made without coercion
21 or reimbursement.

22 (C) A contribution submitted as a qualifying contribution that
23 does not include a signed and fully completed receipt shall not be
24 counted as a qualifying contribution.

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

29 (E) All qualifying contributions' signed receipts shall be sent
30 to the county registrar of voters in the county where the candidate
31 files his or her declaration of candidacy and shall be accompanied
32 by a check or other written instrument from the candidate's
33 campaign account for the total amount of qualifying contribution
34 funds received for deposit in the Clean Money Fund. This
35 submission shall be accompanied by a signed statement from the
36 candidate indicating that all of the information on the qualifying
37 contribution receipts is complete and accurate to the best of the
38 candidate's knowledge and that the amount of the enclosed check
39 or other written instrument is equal to the sum of all of the
40 five-dollar (\$5) qualifying contributions the candidate has received.

1 County registrars of voters shall forward these checks or other
2 written instruments to the Commission.

3 (b) A candidate qualifies as a participating candidate for the
4 general election campaign period if both of the following
5 requirements are met:

6 (1) The candidate met all of the applicable requirements and
7 filed a declaration with the Commission that the candidate has
8 fulfilled and will fulfill all of the requirements of a participating
9 candidate as stated in this act.

10 (2) As a participating party candidate during the primary election
11 campaign period, the candidate had the highest number of votes
12 of the candidates contesting the primary election from the
13 candidate's respective party and, therefore, won the party's
14 nomination.

15 91073. (a) A qualified candidate shall collect at least one half
16 of the number of qualifying contributions as required for an
17 office-qualified candidate for the same office. A qualified candidate
18 may show a greater base of support by collecting double the
19 amount of qualifying contributions as required for an
20 office-qualified candidate to become a performance-qualified
21 candidate. The candidate shall also file a declaration with the
22 Commission that the candidate has complied and will comply with
23 all of the requirements of this act.

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

35 91075. During the first election that occurs after the effective
36 date of this act, a candidate may be certified as a participating
37 candidate, notwithstanding the acceptance of contributions or
38 making of expenditures from private funds before the date of
39 enactment that would, absent this section, disqualify the candidate
40 as a participating candidate, provided that any private funds

1 accepted but not expended before the effective date of this act meet
2 any of the following criteria:

3 (a) Are returned to the contributor.

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

6 (c) Are submitted to the Commission for deposit in the Clean
7 Money Fund.

8 91077. A participating candidate who accepts any benefits
9 during the primary election campaign period shall comply with
10 all of the requirements of this act through the general election
11 campaign period whether the candidate continues to accept benefits
12 or not.

13 91079. (a) During the primary and general election campaign
14 periods, a participating candidate who has voluntarily agreed to
15 participate in, and has become eligible for, Clean Money benefits,
16 shall not accept private contributions from any source other than
17 the candidate's political party as specified in Section 91123.

18 (b) During the qualifying period and the primary and general
19 election campaign periods, a participating candidate who has
20 voluntarily agreed to participate in, and has become eligible for,
21 Clean Money benefits shall not solicit or receive contributions for
22 any other candidate or for any political party or other political
23 committee.

24 (c) No person shall make a contribution in the name of another
25 person. A participating candidate who receives a qualifying
26 contribution or a seed money contribution that is not from the
27 person listed on the receipt required by subparagraph (D) of
28 paragraph (2) of subdivision (a) of Section 91071 shall be liable
29 to pay the Commission the entire amount of the inaccurately
30 identified contribution, in addition to any penalties.

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

36 (e) Participating candidates shall furnish complete campaign
37 records to the Commission upon request. Candidates shall
38 cooperate with any audit or examination by the Commission, the
39 Franchise Tax Board, or any enforcement agency.

1 91081. (a) During the primary election period and the general
2 election period, each participating candidate shall conduct all
3 campaign financial activities through a single campaign account.

4 (b) Notwithstanding Section 85201, a participating candidate
5 may maintain a campaign account other than the campaign account
6 described in subdivision (a) if the other campaign account is for
7 the purpose of retiring a net debt outstanding that was incurred
8 during a previous election campaign in which the candidate was
9 not a participating candidate.

10 (c) Contributions for the purposes of retiring a previous
11 campaign debt that are deposited in the “other campaign account”
12 described in subdivision (b) shall not be considered “contributions”
13 to the candidate’s current campaign. Those contributions shall
14 only be raised during the six-month period following the date of
15 the election.

16 91083. (a) Participating candidates shall use their Clean Money
17 funds only for direct campaign purposes.

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

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

22 (2) Indirect campaign purposes, including, but not limited to,
23 the following:

24 (A) The candidate’s personal support or compensation to the
25 candidate or the candidate’s family.

26 (B) The candidate’s personal appearance.

27 (C) A contribution or loan to the campaign committee of another
28 candidate for any elective office or to a party committee or other
29 political committee.

30 (D) An independent electioneering expenditure.

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

32 (F) Any payment or transfer for which compensating value is
33 not received.

34 91085. (a) Personal funds contributed as seed money by a
35 candidate seeking to become eligible as a participating candidate
36 or by adult members of the candidate’s family shall not exceed
37 the maximum of one hundred dollars (\$100) per contributor.

38 (b) Personal funds shall not be used to meet the qualifying
39 contribution requirement except for one five-dollar (\$5)

1 contribution from the candidate and one five-dollar (\$5)
2 contribution from the candidate's spouse.

3 91087. (a) The only private contributions a candidate seeking
4 to become eligible for Clean Money funding shall accept, other
5 than qualifying contributions and limited contributions from the
6 candidate's political party as specified in Section 91123, are seed
7 money contributions contributed by duly registered voters in the
8 district in which the candidate is running for election prior to the
9 end of the qualifying period.

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

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

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

18 ~~(3) Two hundred fifty thousand dollars (\$250,000) for a~~
19 ~~candidate running for the office of Governor.~~ *for Clean Money*
20 *funding shall not exceed seventy-five thousand dollars (\$75,000).*

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

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

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

34 (1) Fully disclose all seed money contributions and expenditures
35 to the Commission.

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

39 91091. Participating candidates in contested races shall agree
40 to participate in at least one public debate during a contested

1 primary election and two public debates during a contested general
2 election, to be conducted pursuant to regulations promulgated by
3 the Commission.

4 91093. (a) No more than five business days after a candidate
5 applies for Clean Money benefits, the county registrar of voters
6 in the county where the candidate files his or her declaration of
7 candidacy shall certify that the candidate is or is not eligible.
8 Eligibility may be revoked if the candidate violates the
9 requirements of this act, in which case all Clean Money funds shall
10 be repaid.

11 (b) The candidate's request for certification shall be signed by
12 the candidate and the candidate's campaign treasurer under penalty
13 of perjury.

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

16

17 Article 5. Clean Money Benefits

18

19 91095. (a) Candidates who qualify for Clean Money funding
20 for primary and general elections shall:

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

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

1 nonparticipating candidate's aggregate effective expenditures to
2 exceed the previous highest effective expenditures of any candidate
3 in the election.

4 (3) Receive, if a performance-qualified candidate, additional
5 Clean Money funding to match any excess independent
6 electioneering expenditure made in support of opponents'
7 candidacies in their race, as specified in Section 91109, provided
8 that the expenditure makes the aggregate effective expenditures
9 of any opposing candidate who benefits from the independent
10 electioneering expenditure exceed the previous highest aggregate
11 effective expenditures of any candidate in the race. The excess is
12 defined as the amount the independent electioneering expenditure
13 causes the opposing candidate's aggregate effective expenditures
14 to exceed the previous highest effective expenditures of any
15 candidate in the election.

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

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

1 expenditures spent by either nonparticipating or participating
2 candidates running for the same office outside of their party's
3 primary.

4 (b) The maximum aggregate amount of funding a participating
5 performance-qualified candidate shall receive to match independent
6 electioneering expenditures and excess expenditures of
7 ~~nonparticipating candidates shall not exceed five times the base~~
8 ~~amount of Clean Money funding allocated to performance-qualified~~
9 ~~candidate pursuant to Section 91099 for a particular primary or~~
10 ~~general election campaign period, except that for the office of~~
11 ~~Governor, the amount shall be no more than four times the base~~
12 ~~amount of Clean Money funding allocated to a~~
13 ~~performance-qualified candidate pursuant to Section 91099.~~
14 *nonparticipating candidates shall not exceed four times the full*
15 *base funding amount pursuant to Section 91099 for a particular*
16 *primary or general election campaign period.*

17 91095.5. (a) Independent electioneering expenditures against
18 a participating candidate shall be treated as expenditures of every
19 other candidate running for that office for the purposes of Section
20 91095.

21 (b) Independent electioneering expenditures in favor of one or
22 more non-participating candidates running for an office shall be
23 treated as expenditures of those non-participating candidates for
24 the purpose of Section 91095.

25 (c) Independent electioneering expenditures in favor of a
26 participating candidate shall be treated, for every other participating
27 candidate running for that office, as though the independent
28 expenditures were an expenditure of a nonparticipating opponent,
29 for purposes of Section 91095.

30 (d) Expenditures by a ~~non-participating~~ *nonparticipating*
31 candidate in a primary election against a participating candidate
32 running for that office in another party's primary shall be treated
33 as an independent electioneering expenditure against that
34 participating candidate.

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

38 (f) Expenditures made before the general election period that
39 consist of a contract, promise, or agreement to make an expenditure
40 during the general election period resulting in an extension of

1 credit shall be treated as though made at the beginning of the
2 general election period.

3 91097. (a) An eligible qualified or performance-qualified
4 candidate running in a primary election shall receive the candidate's
5 Clean Money funding for the primary election campaign period
6 on the date on which the county registrar of voters certifies the
7 candidate as a participating candidate or at the beginning of the
8 primary election period, whichever is later.

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

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

37 91099. (a) For eligible candidates in a primary election:

38 (1) The base amount of Clean Money funding for an eligible
39 performance-qualified candidate who is facing at least one

1 adequately funded opponent in a primary, special, or special runoff
2 election is:

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

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

7 ~~(C) Ten million dollars (\$10,000,000) for a candidate running~~
8 ~~for Governor. *election is one million dollars (\$1,000,000).*~~

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

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

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

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

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

21 ~~(C) Fifteen million dollars (\$15,000,000) for a candidate running~~
22 ~~for Governor. *adequately funded opponent in a general election*~~
23 ~~*is one million five hundred thousand dollars (\$1,500,000).*~~

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

29

30 Article 6. Disclosure Requirements

31

32 91107. (a) If a nonparticipating candidate’s total expenditures
33 or promises to make campaign expenditures exceed the amount
34 of Clean Money funding allocated to the candidate’s Clean Money
35 opponent or opponents, the candidate shall declare every excess
36 expenditure amount which, in the aggregate, is more than five
37 thousand dollars (\$5,000) to the Commission online or
38 electronically within 24 hours of the time the expenditure or
39 promise is made, whichever occurs first.

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

4 (c) Upon receiving an excess expenditure declaration or
5 determining that an excess expenditure has been made, the
6 Commission shall immediately release additional Clean Money
7 funding to the opposing performance-qualified candidates pursuant
8 to Section 91095.

9 91111. (a) In addition to any other report required by this
10 chapter, a committee, including a political party committee, that
11 is required to file reports pursuant to Section 84605 and that makes
12 independent electioneering expenditures of one thousand dollars
13 (\$1,000) or more during a calendar year in connection with a
14 candidate, shall file online or electronically a report with the
15 Secretary of State disclosing the making of the independent
16 electioneering expenditure. This report shall disclose the same
17 information required by subdivision (b) of Section 84204 and shall
18 be filed within 24 hours of the time the independent electioneering
19 expenditure is made.

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

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

33 (d) The Secretary of State shall provide information received
34 pursuant to subdivision (a) to the Commission simultaneously
35 upon receipt. Upon receiving a report that an independent
36 electioneering expenditure has been made or obligated to be made,
37 the Commission shall immediately release additional Clean Money
38 funding pursuant to Section 91095.

39 91112. If an inadequately funded candidate receives a
40 contribution which makes him or her an adequately funded

1 candidate, within 24 hours he or she shall electronically disclose
2 to the Commission the cumulative amount of contributions
3 received. Within 24 hours of receipt of this disclosure, the
4 Commission shall deposit into the Clean Money accounts of the
5 participating candidates in that election an amount sufficient to
6 bring the total Clean Money funds received by each up to the base
7 amounts specified in Section 91099.

8 91113. All broadcast and print advertisements placed by
9 candidates or their committees shall include a clear written or
10 spoken statement indicating that the candidate has approved of the
11 contents of the advertisement.
12

13 Article 7. Legal Defense, Officeholder, and Inaugural Funds
14

15 91115. (a) Notwithstanding Section 85316, ~~a candidate or~~
16 ~~elected state officer whose office is covered by these provisions~~
17 *Secretary of State or candidate for the office of Secretary of State*
18 may establish a separate account to defray attorney's fees and other
19 related legal costs incurred for the candidate's or elected state
20 officer's legal defense if the candidate or elected state officer is
21 subject to one or more civil or criminal proceedings or
22 administrative proceedings arising directly out of the conduct of
23 an election campaign, the electoral process, or the performance of
24 the elected state officer's governmental activities and duties. These
25 funds may be used only to defray those attorney's fees and other
26 related legal costs.

27 ~~(b) An elected state officer whose office is covered by these~~
28 ~~provisions~~

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

36 (c) A ~~Governor~~ *Secretary of State* may establish an inaugural
37 account to cover the cost of events, celebrations, gatherings, and
38 communications that take place as part of, or in honor of, the
39 ~~Governor's inauguration~~ *inauguration of the Secretary of State*.

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

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

14
 15 Article 8. Restrictions on Candidates

16
 17 91121. A nonparticipating candidate may accept an otherwise
 18 lawful contribution after the date of the election only to the extent
 19 that the contribution does not exceed net debts outstanding from
 20 the election.

21 91123. Participating candidates may accept monetary or in-kind
 22 contributions from political parties provided that the aggregate
 23 amount of such contributions from all political party committees
 24 combined does not exceed the equivalent of 5 percent of the
 25 original Clean Money financing allotment for that office for that
 26 election. Such expenditures shall not count against the moneys
 27 spent by Clean Money candidates.

28
 29 Article 9. Ballot Pamphlet Statements

30
 31 91127. The Secretary of State shall designate in the state ballot
 32 pamphlet and on any Internet Web site listing of candidates
 33 maintained by any government agency including, but not limited,
 34 to the Secretary of State those candidates who have voluntarily
 35 agreed to be participating candidates.

36 91131. (a) A candidate for ~~Governor~~ *Secretary of State* who
 37 is a participating candidate may place a statement in the state ballot
 38 pamphlet, and a candidate for the Assembly or Senate who is a
 39 participating candidate may place a statement in the voter
 40 information portion of the sample ballot, that does not exceed 250

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

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

27

28 Article 10. Appropriations for the Clean Money Fund

29

30 91133. (a) A special, dedicated, nonlapsing Clean Money Fund
31 is created in the State Treasury. ~~Commencing January 1, 2009,~~
32 ~~and continuing until March 31, 2010, an amount equal to one cent~~
33 ~~(\$0.01) per day times the number of California residents 18 years~~
34 ~~of age or older, as determined by the Secretary of State, is hereby~~
35 ~~transferred annually January 1, 2011, an amount, subject to~~
36 ~~appropriation by the Legislature, is hereby transferred annually~~
37 from the General Fund to the Clean Money Fund and,
38 notwithstanding Section 13340, continuously appropriated from
39 the Clean Money Fund to the Commission for expenditure for the
40 purpose of providing public financing for the election campaigns

1 of certified participating candidates during primary and general
2 campaign periods.

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

6 91135. Other sources of revenue to be deposited in the Clean
7 Money Fund shall include all of the following:

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

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

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

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

19 (e) Other funds appropriated by the Legislature.

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

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

23 91136. The amount of moneys in the Clean Money Fund shall
24 not exceed four times the annual contribution specified in
25 subdivision (a) of Section 91133. Any moneys that, if deposited
26 in the Clean Money Fund, would cause the balance in that fund to
27 exceed this limit shall be irrevocably transferred to the General
28 Fund.

29

30

Article 11. Administration

31

32 91137. (a) Upon a determination that a candidate has met all
33 the requirements for becoming a participating candidate as provided
34 for in this act, the Commission shall issue to the candidate a card,
35 known as the "Clean Money Debit Card," and a "line of debit"
36 entitling the candidates and members of the candidate's staff to
37 draw Clean Money funds from a Commission account to pay for
38 all campaign costs and expenses up to the amount of Clean Money
39 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

28

Article 12. Enforcement

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 91157. This chapter shall remain in effect only until January
26 1, ~~2011~~ 2015, and as of that date is repealed, unless a later enacted
27 statute, that is enacted before January 1, ~~2011~~ 2015, deletes or
28 extends that date.

29 SEC. 3. The provisions of Section 81012 of the Government
30 Code, which allow legislative amendments to the Political Reform
31 Act of 1974, shall apply to all of the provisions of this act that are
32 placed on the June ~~3, 2008~~ 1, 2010, ballot.

33 SEC. 4. The Secretary of State shall, pursuant to subdivision
34 (b) of Section 81012 of the Government Code, submit Sections 1,
35 2, 3, and 5 of this act for approval by the voters at the June ~~3, 2008~~
36 1, 2010, statewide primary election, notwithstanding Section 9040
37 of the Elections Code.

38 SEC. 5. The section of this act that adds Chapter 12
39 (commencing with Section 91015) to Title 9 of the Government
40 Code shall be deemed to amend the Political Reform Act of 1974

1 as amended and all of the provisions of the Political Reform Act
2 of 1974 as amended that do not conflict with Chapter 12 shall
3 apply to the provisions of that chapter.

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

O