

AMENDED IN SENATE JUNE 26, 2008

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, Hayashi, 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 2008.

(1) Under 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 2008, which would authorize eligible candidates for 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, commencing January 1, 2011, would transfer an annual amount, 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, 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 8, 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 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 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
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 campaigns for the office of Secretary of
19 State to 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 the Secretary of State to
2 the 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 91024.5. “Adequately funded candidate” means a candidate
18 who is either a qualified candidate, a performance-qualified
19 candidate, a nonparticipating candidate who has received
20 contributions equaling at least 10 percent of the base funding
21 amounts of performance-qualified candidates for that primary or
22 general election, or a nonparticipating candidate in the general
23 election who was an adequately funded candidate in the primary
24 election.

25 91025. For purposes of this chapter, “candidate” means, unless
26 otherwise stated, a candidate for Secretary of State.

27 91027. A “coordinated expenditure” means a payment made
28 for the purpose of influencing the outcome of an election for
29 Secretary of State that is made by any of the following methods:

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

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

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

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

10 (e) By a person if the person making the payment has served in
11 any formal policy or advisory position with the candidate’s
12 campaign or has participated in strategic or policymaking
13 discussions with the candidate’s campaign relating to the
14 candidate’s pursuit of nomination for election, or election, to the
15 office of Secretary of State in the same primary and general election
16 as the primary and general 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 91028. “Effective expenditures” for a nonparticipating
24 candidate means the amount spent plus any independent
25 electioneering expenditures treated as expenditures for that
26 candidate pursuant to Section 91095.5. For a participating
27 candidate, it means the amount of Clean Money funding the
28 candidate has received plus any independent electioneering
29 expenditures treated as expenditures for that candidate pursuant
30 to Section 91095.5.

31 91029. “Entity” means any person other than an individual.

32 91031. “Excess expenditure amount” means the amount of
33 funds spent or obligated to be spent by a nonparticipating candidate
34 in excess of the Clean Money amount available to a participating
35 candidate running for the same office.

36 91033. “Exploratory period” means the period beginning 18
37 months before the primary election and ending on the last day of
38 the qualifying period. The exploratory period begins before, but
39 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 or Secretary of State nominee has received 10 percent
23 or more of the votes at the last election.

24 91046. “Office-qualified candidate” is a candidate seeking
25 nomination from an office-qualified party.

26 91049. “Participating candidate” means a candidate who
27 qualifies for Clean Money campaign funding. These candidates
28 are eligible to receive Clean Money funding during primary and
29 general election campaign periods.

30 91051. “Party candidate” means a candidate who represents a
31 political party that has been granted ballot status and holds a
32 primary election to choose its nominee for the general election.

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 shall collect at least 7,500
40 qualifying contributions.

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

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

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

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

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

38 (1) The candidate met all of the applicable requirements and
39 filed a declaration with the commission that the candidate has

1 fulfilled and will fulfill all of the requirements of a participating
2 candidate as stated in this act.

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

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

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

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

36 (a) Are returned to the contributor.

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

39 (c) Are submitted to the commission for deposit in the Clean
40 Money Fund.

1 91077. A participating candidate who accepts any benefits
2 during the primary election campaign period shall comply with
3 all of the requirements of this act through the general election
4 campaign period whether the candidate continues to accept benefits
5 or not.

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

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

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

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

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

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

36 (b) Notwithstanding Section 85201, a participating candidate
37 may maintain a campaign account other than the campaign account
38 described in subdivision (a) if the other campaign account is for
39 the purpose of retiring a net debt outstanding that was incurred

1 during a previous election campaign in which the candidate was
2 not a participating candidate.

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

9 91083. (a) Participating candidates shall use their Clean Money
10 funds only for direct campaign purposes.

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

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

15 (2) Indirect campaign purposes, including, but not limited to,
16 the following:

17 (A) The candidate’s personal support or compensation to the
18 candidate or the candidate’s family.

19 (B) The candidate’s personal appearance.

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

23 (D) An independent electioneering expenditure.

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

25 (F) Any payment or transfer for which compensating value is
26 not received.

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

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

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

1 district in which the candidate is running for election prior to the
 2 end of the qualifying period.

3 (b) A seed money contribution shall not exceed one hundred
 4 dollars (\$100) per donor, and the aggregate amount of seed money
 5 contributions accepted by a candidate seeking to become eligible
 6 for Clean Money funding shall not exceed seventy-five thousand
 7 dollars (\$75,000).

8 (c) Receipts for seed money contributions shall include the
 9 contributor’s signature, printed name, address, and ZIP Code.
 10 Receipts described in this subdivision shall be made available to
 11 the commission upon request.

12 (d) Seed money shall be spent only during the exploratory and
 13 qualifying periods. Seed money shall not be spent during the
 14 primary or general election campaign periods, except when they
 15 overlap with the candidate’s qualifying period. Any unspent seed
 16 money shall be turned over to the commission for deposit in the
 17 Clean Money Fund.

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

21 (1) Fully disclose all seed money contributions and expenditures
 22 to the commission.

23 (2) Turn over to the commission for deposit in the Clean Money
 24 Fund any seed money the candidate has raised during the
 25 exploratory period that exceeds the aggregate seed money limit.

26 91091. Participating candidates in contested races shall agree
 27 to participate in at least one public debate during a contested
 28 primary election and two public debates during a contested general
 29 election, to be conducted pursuant to regulations promulgated by
 30 the commission.

31 91093. (a) No more than five business days after a candidate
 32 applies for Clean Money benefits, the county registrar of voters
 33 in the county where the candidate files his or her declaration of
 34 candidacy shall certify that the candidate is or is not eligible.
 35 Eligibility may be revoked if the candidate violates the
 36 requirements of this act, in which case all Clean Money funds shall
 37 be repaid.

38 (b) The candidate’s request for certification shall be signed by
 39 the candidate and the candidate’s campaign treasurer under penalty
 40 of perjury.

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

3
4 Article 5. Clean Money Benefits
5

6 91095. (a) Candidates who qualify for Clean Money funding
7 for primary and general elections shall:

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

21 (2) Receive, if a performance-qualified candidate, additional
22 Clean Money funding to match any excess expenditure by a
23 nonparticipating candidate in the election, as specified in Section
24 91107, provided that the nonparticipating candidate's aggregate
25 effective expenditures exceed the previous highest aggregate
26 effective expenditures of any candidate in the race. The excess is
27 defined as the amount the new expenditure causes the
28 nonparticipating candidate's aggregate effective expenditures to
29 exceed the previous highest effective expenditures of any candidate
30 in the election.

31 (3) Receive, if a performance-qualified candidate, additional
32 Clean Money funding to match any excess independent
33 electioneering expenditure made in support of opponents'
34 candidacies in their race, as specified in Section 91109, provided
35 that the expenditure makes the aggregate effective expenditures
36 of any opposing candidate who benefits from the independent
37 electioneering expenditure exceed the previous highest aggregate
38 effective expenditures of any candidate in the race. The excess is
39 defined as the amount the independent electioneering expenditure
40 causes the opposing candidate's aggregate effective expenditures

1 to exceed the previous highest effective expenditures of any
2 candidate in the election.

3 (4) Receive, if a performance-qualified candidate, additional
4 Clean Money funding to match any excess independent
5 electioneering expenditure made in opposition to their candidacy,
6 as specified in Section 91109, provided that the expenditure makes
7 the new aggregate effective expenditures of any candidate running
8 for that office exceed the highest aggregate effective expenditures
9 of any candidate running for that office. The excess is defined as
10 the amount the independent electioneering expenditure causes the
11 opposing candidate's aggregate effective expenditures to exceed
12 the previous highest effective expenditures of any candidate
13 running for that office.

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

30 (b) The maximum aggregate amount of funding a participating
31 performance-qualified candidate shall receive to match independent
32 electioneering expenditures and excess expenditures of
33 nonparticipating candidates shall not exceed four times the full
34 base funding amount pursuant to Section 91099 for a particular
35 primary or general election campaign period.

36 91095.5. (a) Independent electioneering expenditures against
37 a participating candidate shall be treated as expenditures of every
38 other candidate running for that office for the purposes of Section
39 91095.

1 (b) Independent electioneering expenditures in favor of one or
2 more nonparticipating candidates running for an office shall be
3 treated as expenditures of those nonparticipating candidates for
4 the purpose of Section 91095.

5 (c) Independent electioneering expenditures in favor of a
6 participating candidate shall be treated, for every other participating
7 candidate running for that office, as though the independent
8 expenditures were an expenditure of a nonparticipating opponent,
9 for purposes of Section 91095.

10 (d) Expenditures by a nonparticipating candidate in a primary
11 election against a participating candidate running for that office
12 in another party's primary shall be treated as an independent
13 electioneering expenditure against that participating candidate.

14 (e) The commission shall promulgate regulations allocating the
15 share of expenditures that reference or depict more than one
16 candidate for the purposes of Section 91095.

17 (f) Expenditures made before the general election period that
18 consist of a contract, promise, or agreement to make an expenditure
19 during the general election period resulting in an extension of
20 credit shall be treated as though made at the beginning of the
21 general election period.

22 91097. (a) An eligible qualified or performance-qualified
23 candidate running in a primary election shall receive the candidate's
24 Clean Money funding for the primary election campaign period
25 on the date on which the county registrar of voters certifies the
26 candidate as a participating candidate or at the beginning of the
27 primary election period, whichever is later.

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

32 91099. (a) For eligible candidates in a primary election:

33 (1) The base amount of Clean Money funding for an eligible
34 performance-qualified candidate who is facing at least one
35 adequately funded opponent in a primary, special, or special runoff
36 election is one million dollars (\$1,000,000).

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

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

2 (1) The base amount of Clean Money funding for an
3 performance-qualified candidate who is facing at least one
4 adequately funded opponent in a general election is one million
5 five hundred thousand dollars (\$1,500,000).

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

11

12 Article 6. Disclosure Requirements

13

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

22 (b) The commission may make its own determination as to
23 whether excess expenditures have been made by nonparticipating
24 candidates.

25 (c) Upon receiving an excess expenditure declaration or
26 determining that an excess expenditure has been made, the
27 commission shall immediately release additional Clean Money
28 funding to the opposing performance-qualified candidates pursuant
29 to Section 91095.

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

1 (b) The report to the Secretary of State shall include a signed
2 statement under penalty of perjury by the person or persons making
3 the independent electioneering expenditure identifying the
4 candidate or candidates whom the independent electioneering
5 expenditure is intended to help elect or defeat and affirming that
6 the expenditure is independent and whether it is coordinated with
7 a candidate or a political party.

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

14 (d) The Secretary of State shall provide information received
15 pursuant to subdivision (a) to the commission simultaneously upon
16 receipt. Upon receiving a report that an independent electioneering
17 expenditure has been made or obligated to be made, the
18 commission shall immediately release additional Clean Money
19 funding pursuant to Section 91095.

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

29 91113. All broadcast and print advertisements placed by
30 candidates or their committees shall include a clear written or
31 spoken statement indicating that the candidate has approved of the
32 contents of the advertisement.

33
34 Article 7. Legal Defense, Officeholder, and Inaugural Funds

35
36 91115. (a) Notwithstanding Section 85316, a Secretary of
37 State or candidate for the office of Secretary of State may establish
38 a separate account to defray attorney's fees and other related legal
39 costs incurred for the candidate's or elected state officer's legal
40 defense if the candidate or elected state officer is subject to one

1 or more civil or criminal proceedings or administrative proceedings
2 arising directly out of the conduct of an election campaign, the
3 electoral process, or the performance of the elected state officer's
4 governmental activities and duties. These funds may be used only
5 to defray those attorney's fees and other related legal costs.

6 (b) A Secretary of State may establish a separate account for
7 expenses associated with holding office that are reasonably related
8 to a legislative or governmental purpose as specified in this
9 subdivision and in regulations of the commission. The total amount
10 of funds that may be deposited in a calendar year into an account
11 established pursuant to this subdivision shall not exceed fifty
12 thousand dollars (\$50,000).

13 (c) A Secretary of State may establish an inaugural account to
14 cover the cost of events, celebrations, gatherings, and
15 communications that take place as part of, or in honor of, the
16 inauguration of the Secretary of State.

17 (d) The maximum amount of contributions a candidate or elected
18 state officer whose office is covered by these provisions may
19 receive from a contributor in a calendar year for all of the accounts
20 described in subdivisions (a), (b), and (c) combined is five hundred
21 dollars (\$500). All contributions, whether cash or in kind, shall be
22 reported in a manner prescribed by the commission. Contributions
23 to such funds shall not be considered campaign contributions.

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

30

31

Article 8. Restrictions on Candidates

32

33 91121. A nonparticipating candidate may accept an otherwise
34 lawful contribution after the date of the election only to the extent
35 that the contribution does not exceed net debts outstanding from
36 the election.

37 91123. Participating candidates may accept monetary or in-kind
38 contributions from political parties provided that the aggregate
39 amount of such contributions from all political party committees
40 combined does not exceed the equivalent of 5 percent of the

1 original Clean Money financing allotment for that office for that
2 election. Such expenditures shall not count against the moneys
3 spent by Clean Money candidates.

4
5 Article 9. Ballot Pamphlet Statements
6

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

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

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

35
36 Article 10. Appropriations for the Clean Money Fund
37

38 91133. (a) A special, dedicated, nonlapsing Clean Money Fund
39 is created in the State Treasury. Commencing January 1, 2011, an
40 amount, subject to appropriation by the Legislature, is hereby

1 transferred annually from the General Fund to the Clean Money
2 Fund and, notwithstanding Section 13340, continuously
3 appropriated from the Clean Money Fund to the commission for
4 expenditure for the purpose of providing public financing for the
5 election campaigns of certified participating candidates during
6 primary and general campaign periods.

7 (b) Funding for the administrative and enforcement costs of the
8 commission related to this act shall be subject to appropriation by
9 the Legislature.

10 91135. Other sources of revenue to be deposited in the Clean
11 Money Fund shall include all of the following:

12 (a) The qualifying contributions required of candidates seeking
13 to become certified as participating candidates and candidates'
14 excess qualifying contributions.

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

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

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

23 (e) Other funds appropriated by the Legislature.

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

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

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

33

34 Article 11. Administration

35

36 91137. (a) Upon a determination that a candidate has met all
37 the requirements for becoming a participating candidate as provided
38 for in this act, the commission shall issue to the candidate a card,
39 known as the "Clean Money Debit Card," and a "line of debit"
40 entitling the candidates and members of the candidate's staff to

1 draw Clean Money funds from a commission account to pay for
2 all campaign costs and expenses up to the amount of Clean Money
3 funding the candidate has received.

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

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

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

30

31

Article 12. Enforcement

32

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

1 (b) If a participating candidate spends or obligates to spend
2 more than the Clean Money funding the candidate is given, and if
3 that excess amount is determined by the commission, subject to
4 court review, to be an amount that had or could have been expected
5 to have a significant impact on the outcome of the election, then
6 the candidate shall repay to the Clean Money Fund an amount up
7 to 10 times the value of the excess.

8 91143. It is unlawful for candidates to knowingly accept more
9 benefits than those to which they are entitled, spend more than the
10 amount of Clean Money funding they have received, or misuse
11 such benefits or Clean Money funding.

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

18 91147. Prosecution for a violation of any provision of this
19 chapter shall be commenced within four years after the date on
20 which the violation occurred.

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

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

30 SEC. 3. The provisions of Section 81012 of the Government
31 Code, which allow legislative amendments to the Political Reform
32 Act of 1974, shall apply to all of the provisions of this act that are
33 placed on the June 8, 2010, ballot.

34 SEC. 4. The Secretary of State shall, pursuant to subdivision
35 (b) of Section 81012 of the Government Code, submit Sections 1,
36 2, 3, and 5 of this act for approval by the voters at the June 8,
37 2010, statewide primary election, notwithstanding Section 9040
38 of the Elections Code.

39 SEC. 5. The section of this act that adds Chapter 12
40 (commencing with Section 91015) to Title 9 of the Government

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

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

O