

**Senate Bill No. 512**

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Passed the Senate August 30, 2007

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*Secretary of the Senate*

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Passed the Assembly August 27, 2007

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*Chief Clerk of the Assembly*

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This bill was received by the Governor this \_\_\_\_\_ day  
of \_\_\_\_\_, 2007, at \_\_\_\_\_ o'clock \_\_\_\_M.

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*Private Secretary of the Governor*

## CHAPTER \_\_\_\_\_

An act to amend Sections 82034, 84605, 87500, and 89511.5 of, and to add Section 87302.3 to, the Government Code, relating to the Political Reform Act of 1974.

## LEGISLATIVE COUNSEL'S DIGEST

SB 512, Committee on Elections, Reapportionment and Constitutional Amendments. Political Reform Act of 1974: elections.

Existing law requires that candidates for specified elected state offices file statements with the Fair Political Practices Commission disclosing their financial interests.

This bill would require a candidate for an elected office that is designated in a conflict of interest code to file, with the elections official with whom the candidate's nomination documents are filed, a statement disclosing his or her financial interests.

Existing law requires the disclosure of investments as part of the financial disclosure required of various elected officials and candidates for elected office.

This bill would provide that interests in government defined-benefit pension plans are not investments subject to disclosure requirements.

Because a violation of the act is a misdemeanor, the bill would impose a state-mandated local program by creating a new crime.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes upon a  $\frac{2}{3}$  vote of each house and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

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

SECTION 1. Section 82034 of the Government Code is amended to read:

82034. “Investment” means any financial interest in or security issued by a business entity, including, but not limited to, common stock, preferred stock, rights, warrants, options, debt instruments, and any partnership or other ownership interest owned directly, indirectly, or beneficially by the public official, or other filer, or his or her immediate family, if the business entity or any parent, subsidiary, or otherwise related business entity has an interest in real property in the jurisdiction, or does business or plans to do business in the jurisdiction, or has done business within the jurisdiction at any time during the two years prior to the time any statement or other action is required under this title. An asset shall not be deemed an investment unless its fair market value equals or exceeds two thousand dollars (\$2,000). The term “investment” does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, interest in a diversified mutual fund registered with the Securities and Exchange Commission under the Investment Company Act of 1940 or in a common trust fund created pursuant to Section 1564 of the Financial Code, interest in a government defined-benefit pension plan, or any bond or other debt instrument issued by any government or government agency. Investments of an individual includes a pro rata share of investments of any business entity, mutual fund, or trust in which the individual or immediate family owns, directly, indirectly, or beneficially, a 10-percent interest or greater. The term “parent, subsidiary or otherwise related business entity” shall be specifically defined by regulations of the commission.

SEC. 2. Section 84605 of the Government Code is amended to read:

84605. Beginning on July 1, 2000, and for all applicable reporting periods thereafter, the following persons shall file online or electronically with the Secretary of State:

(a) Any candidate, including appellate court and Supreme Court candidates and officeholders, committee, or other persons who are required, pursuant to Chapter 4 (commencing with Section 84100), to file statements, reports, or other documents in connection with

a state elective office or state measure, provided that the total cumulative reportable amount of contributions received, expenditures made, loans made, or loans received is fifty thousand dollars (\$50,000) or more. In determining the cumulative reportable amount, all controlled committees, as defined by Section 82016, shall be included. For a committee subject to this title prior to January 1, 2000, the beginning date for calculating cumulative totals is January 1, 2000. For a committee that is first subject to this title on or after January 1, 2000, the beginning date for calculating cumulative totals is the date the committee is first subject to this title. A committee, as defined in subdivision (c) of Section 82013, shall file online or electronically if it makes contributions of fifty thousand dollars (\$50,000) or more in a calendar year.

(b) Any general purpose committees, as defined in Section 82027.5, including the general purpose committees of political parties, and small contributor committees, as defined in Section 85203, that cumulatively receive contributions or make expenditures totaling fifty thousand dollars (\$50,000) or more to support or oppose candidates for any elective state office or state measure. For a committee subject to this title prior to January 1, 2000, the beginning date for calculating cumulative totals is January 1, 2000. For a committee that first is subject to this title on or after January 1, 2000, the beginning date for calculating cumulative totals is the date the committee is first subject to this title.

(c) Any slate mailer organization with cumulative reportable payments received or made for the purposes of producing slate mailers of fifty thousand dollars (\$50,000) or more. For a slate mailer organization subject to this title prior to January 1, 2000, the beginning date for calculating cumulative totals is January 1, 2000. For a slate mailer organization that first is subject to this title on or after January 1, 2000, the beginning date for calculating cumulative totals is the date the organization is first subject to this title.

(d) Any lobbyist, lobbying firm, lobbyist employer or other persons required, pursuant to Chapter 6 (commencing with Section 86100), to file statements, reports, or other documents, provided that the total amount of any category of reportable payments,

expenses, contributions, gifts, or other items is five thousand dollars (\$5,000) or more in a calendar quarter.

(e) The Secretary of State shall also disclose on the Internet any late contribution or late independent expenditure report, as defined by Sections 84203 and 84204, respectively, not covered by subdivision (a), (b), or (c).

(f) Committees and other persons that are not required to file online or electronically by this section may do so voluntarily.

(g) Once a person or entity is required to file online or electronically, subject to subdivision (a), (b), (c), (d), or (f), the person or entity shall be required to file all subsequent reports online or electronically.

(h) It shall be presumed that online or electronic filers file under penalty of perjury.

(i) Persons filing online or electronically shall also continue to file required disclosure statements and reports in paper format. The paper copy shall continue to be the official filing for audit and other legal purposes until the Secretary of State, pursuant to Section 84606, determines the system is operating securely and effectively.

(j) The Secretary of State shall maintain at all times a secured, official version of all original online and electronically filed statements and reports required by this chapter. Upon determination by the Secretary of State, pursuant to Section 84606, that the system is operating securely and effectively, this online or electronic version shall be the official version for audit and other legal purposes.

SEC. 3. Section 87302.3 is added to the Government Code, to read:

87302.3. (a) Every candidate for an elective office that is designated in a conflict of interest code shall file a statement disclosing his or her investments, business positions, interests in real property, and income received during the immediately preceding 12 months, as enumerated in the disclosure requirements for that position. The statement shall be filed with the election official with whom the candidate's declaration of candidacy or other nomination documents to appear on the ballot are required to be filed and shall be filed no later than the final filing date for the declaration or nomination documents.

(b) This section does not apply to either of the following:

(1) A candidate for an elective office designated in a conflict of interest code who has filed an initial, assuming office, or annual statement pursuant to that conflict of interest code within 60 days before the deadline specified in subdivision (a).

(2) A candidate for an elective office who has filed a statement for the office pursuant to Section 87302.6 within 60 days before the deadline specified in subdivision (a).

SEC. 4. Section 87500 of the Government Code is amended to read:

87500. Statements of economic interests required by this chapter shall be filed as follows:

(a) Statewide elected officer—one original with the agency, which shall make and retain a copy, forward a copy to the Secretary of State, and forward the original to the commission, which shall retain the original and send one copy to the Registrar-Recorder of Los Angeles County and one copy to the Clerk of the City and County of San Francisco. The commission shall be the filing officer.

(b) Candidates for statewide elective office—one original and one copy with the person with whom the candidate's declaration of candidacy is filed, who shall forward the copy to the Secretary of State and the original to the commission, which shall retain the original and send one copy to the Registrar-Recorder of Los Angeles County and one copy to the Clerk of the City and County of San Francisco. The commission shall be the filing officer.

(c) Members of the Legislature and Board of Equalization—one original with the agency, which shall make and retain a copy, forward a copy to the Secretary of State, and forward the original to the commission, which shall retain the original and send one copy to the elections official of the county that contains the largest percentage of registered voters in the election district that the officeholder represents, and one copy to the elections official of the county in which the officeholder resides. No more than one copy of each statement need be filed with the elections official of any one county. The commission shall be the filing officer.

(d) Candidates for the Legislature or the State Board of Equalization—one original and one copy with the person with whom the candidate's declaration of candidacy is filed, who shall forward the copy to the Secretary of State and the original to the commission, which shall retain the original and send one copy to

the elections official of the county that contains the largest percentage of registered voters in the election district in which the candidate seeks nomination or election, and one copy to the elections official of the county in which the candidate resides. No more than one copy of each statement need be filed with the elections official of any one county. The commission shall be the filing officer.

(e) Persons holding the office of chief administrative officer and candidates for and persons holding the office of district attorney, county counsel, county treasurer, and member of the board of supervisors—one original with the county clerk, who shall make and retain a copy and forward the original to the commission, which shall be the filing officer.

(f) Persons holding the office of city manager or, if there is no city manager, the chief administrative officer, and candidates for and persons holding the office of city council member, city treasurer, city attorney, and mayor—one original with the city clerk, who shall make and retain a copy and forward the original to the commission, which shall be the filing officer.

(g) Members of the Public Utilities Commission, members of the State Energy Resources Conservation and Development Commission, planning commissioners, and members of the California Coastal Commission—one original with the agency, which shall make and retain a copy and forward the original to the commission, which shall be the filing officer.

(h) Members of the Fair Political Practices Commission—one original with the commission, which shall make and retain a copy and forward the original to the office of the Attorney General, which shall be the filing officer.

(i) Judges and court commissioners—one original with the clerk of the court, who shall make and retain a copy and forward the original to the commission, which shall be the filing officer. Original statements of candidates for the office of judge shall be filed with the person with whom the candidate's declaration of candidacy is filed, who shall retain a copy and forward the original to the commission, which shall be the filing officer.

(j) Except as provided in subdivision (k), heads of agencies, members of boards or commissions not under a department of state government, and members of boards or commissions not under the jurisdiction of a local legislative body—one original with the

agency, which shall make and retain a copy and forward the original to the code reviewing body, which shall be the filing officer. The code reviewing body may provide that the original be filed directly with the code reviewing body and that no copy be retained by the agency.

(k) Heads of local government agencies and members of local government boards or commissions, for which the Fair Political Practices Commission is the code reviewing body—one original to the agency or board or commission, which shall be the filing officer, unless, at its discretion, the Fair Political Practices Commission elects to act as the filing officer. In this instance, the original shall be filed with the agency, board, or commission, which shall make and retain a copy and forward the original to the Fair Political Practices Commission.

(l) Designated employees of the Legislature—one original with the house of the Legislature by which the designated employee is employed. Each house of the Legislature may provide that the originals of statements filed by its designated employees be filed directly with the commission, and that no copies be retained by that house.

(m) Designated employees under contract to more than one joint powers insurance agency and who elect to file a multiagency statement pursuant to Section 87350—the original of the statement with the commission, which shall be the filing officer, and, with each agency with which they are under contract, a statement declaring that their statement of economic interests is on file with the commission and available upon request.

(n) Members of a state licensing or regulatory board, bureau, or commission—one original with the agency, which shall make and retain a copy and forward the original to the commission, which shall be the filing officer.

(o) Persons not mentioned above—one original with the agency or with the code reviewing body, as provided by the code reviewing body in the agency's conflict of interest code.

SEC. 5. Section 89511.5 of the Government Code is amended to read:

89511.5. (a) An incumbent elected officer may utilize his or her personal funds for expenditures authorized by subdivision (b) of Section 89510 without first depositing those funds in his or her

controlled committee's campaign bank account, if both of the following conditions are met:

(1) The expenditures are not campaign expenses.

(2) The treasurer of the committee is provided with a dated receipt and a written description of the expenditure.

(b) An incumbent elected officer may be reimbursed for expenditures of his or her personal funds, from either the controlled committee campaign bank account established pursuant to Section 85201 with respect to election to the incumbent term of office, or from a controlled committee campaign bank account established pursuant to Section 85201 with respect to election to a future term of office, if all of the following conditions are met:

(1) The expenditures are not campaign expenses.

(2) The incumbent elected officer, prior to reimbursement, provides the treasurer of the committee with a dated receipt and a written description of each expenditure.

(3) Reimbursement is paid within 90 days of the expenditure, in the case of a cash expenditure, or within 90 days of the end of the billing period in which it was included, in the case of an expenditure charged to a credit card or charge account.

(c) When the elected officer's controlled committee is notified that expenditures totaling one hundred dollars (\$100) or more in a fiscal year have been made by the incumbent elected officer, the committee shall report, pursuant to subdivision (k) of Section 84211, the expenditures on the campaign statement for the period in which the expenditures were made and the reimbursements on the campaign statement for the period in which the reimbursements were made.

(d) If reimbursement is not paid within the time authorized by this section, the expenditure shall be reported on the campaign statement as a nonmonetary contribution received on the 90th day after the expenditure is paid, in the case of a cash expenditure, or within 90 days of the end of the billing period in which it was included, in the case of an expenditure charged to a credit card or charge account.

(e) This section shall not be construed to authorize an incumbent elected officer to make expenditures from any campaign bank account for expenses other than those expenses associated with his or her election to the specific office for which the account was established and expenses associated with holding that office.

SEC. 6. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

SEC. 7. The Legislature finds and declares that this bill furthers the purposes of the Political Reform Act of 1974 within the meaning of subdivision (a) of Section 81012 of the Government Code.











Approved \_\_\_\_\_, 2007

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*Governor*