

AMENDED IN SENATE APRIL 10, 2014

AMENDED IN SENATE MARCH 20, 2014

**SENATE BILL**

**No. 831**

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**Introduced by Senator Hill  
(Principal coauthor: Senator Beall)**

(Principal coauthors: Assembly Members Garcia and Levine)

January 6, 2014

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An act to amend Sections 82015, 89506, 89513, 89514, 89515, 89516, and 89517 of, and to add Sections 87106, 89514.5, and 89515.5 to, the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 831, as amended, Hill. Political Reform Act of 1974.

(1) The Political Reform Act of 1974 provides for the comprehensive regulation of campaign financing and related matters, including the reporting of campaign contributions, as defined. Under existing law, a payment made at the behest of a candidate for elective office is considered a contribution unless the payment is made for purposes unrelated to the candidate's candidacy, and a payment is presumed to be unrelated to a candidate's candidacy if it is made principally for legislative, governmental, or charitable purposes. Pursuant to the act, payments principally for legislative, governmental, or charitable purposes made at the behest of a candidate who is an elected officer must be reported within 30 days following the date on which the payment or payments equal or exceed \$5,000 in the aggregate from the same source in the same calendar year in which they are made.

This bill would reduce the reporting threshold for a behested payment to \$2,500. The bill would also require the Fair Political Practices Commission to post certain behested payment reports on its Internet

Web site within 30 days of receipt of the report. The bill would prohibit an elected officer from requesting that a payment be made, or a person from making a payment, at the behest of the elected officer to a nonprofit organization *that the elected officer knows or has reason to know is owned or controlled by specified persons, as specified*, including that officer, any other elected officer who serves on the same elective body as the behesting officer, or family members, as defined, of elected officers serving on that elective body, except as specified. *The bill would provide that an elected officer is deemed to have complied with that requirement if the Commission determines that the elected officer has made a reasonable effort to ascertain whether a nonprofit organization is owned or controlled by any of the specified persons.*

(2) The act prohibits specified officers from receiving gifts, as defined, in excess of \$440 in value from a single source in a calendar year. The act exempts gift payments for the actual costs of specified types of travel that are reasonably related to a legislative or governmental purpose, or to an issue of state, national, or international public policy, from the annual limit on the value of gifts from a single source.

This bill would impose an annual limit on gift payments from a single source for these types of travel at \$5,000. The bill would also require a nonprofit organization that pays for these types of travel to disclose the names of donors responsible for funding the payments, as specified.

(3) The act requires that contributions deposited into a campaign account be held in trust for expenses associated with the election of the candidate or for expenses associated with holding office. The act provides that an expenditure to seek office is within the lawful execution of this trust if it is reasonably related to a political purpose and an expenditure associated with holding office is within the lawful execution of this trust if it is reasonably related to a legislative or governmental purpose. Expenditures that confer a substantial personal benefit must be directly related to a political, legislative, or governmental purpose. The act authorizes the use of campaign funds to make donations or loans to bona fide charitable, educational, civic, religious, or similar tax-exempt nonprofit organizations. The act imposes additional limitations on certain expenditures, including those relating to automotive expenses, travel expenses, tickets for entertainment or sporting events, personal gifts, and real property expenses.

The bill would prohibit an elected officer or a committee controlled by the elected officer from making an expenditure of campaign funds

to a nonprofit organization owned or controlled by the officer, any other elected officer who serves on the same elective body, or family members, as defined, of elected officers serving on that elective body, as specified.

This bill would also limit the expenditure of campaign funds for other purposes, as specified, including personal vacations, payments for membership dues for a country club, health club, or other recreational facility, tuition payments, utility payments, vehicle use that is not directly related to an election campaign, and certain gifts for specified family members of a candidate, elected officer, or other individuals with the authority to approve the expenditure of campaign funds held by a committee.

*(4) Existing law permits the expenditure of campaign funds for attorney's fees and other costs in connection with administrative, civil, or criminal litigation, as specified. Existing law also authorizes an elected state officer to establish a separate legal defense account to defray attorney's fees and other related legal costs incurred for the officer's legal defense in an administrative, civil, or criminal proceeding arising directly out of the conduct of an election campaign, the electoral process, or the performance of the officer's governmental activities or duties.*

*This bill would prohibit the expenditure of campaign funds for attorney's fees and other costs in connection with criminal litigation, and would limit the payment of criminal litigation attorney's fees and other related legal costs arising directly out of the conduct of an election campaign, the electoral process, or the performance of the officer's governmental activities or duties to funds deposited in a legal defense account created pursuant to other specified provisions of law. The bill would also prohibit a committee that is not a legal defense committee from making an expenditure of campaign funds to any legal defense account.*

~~(4)~~

(5) A violation of the act's provisions is punishable as a misdemeanor. By expanding the scope of an existing crime, this bill would impose a state-mandated local program.

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.

(5)

(6) 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.

Vote:  $\frac{2}{3}$ . Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

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

1 SECTION 1. Section 82015 of the Government Code is  
2 amended to read:

3 82015. (a) "Contribution" means a payment, a forgiveness of  
4 a loan, a payment of a loan by a third party, or an enforceable  
5 promise to make a payment, except to the extent that full and  
6 adequate consideration is received, unless it is clear from the  
7 surrounding circumstances that it is not made for political purposes.

8 (b) (1) A payment made at the behest of a committee, as defined  
9 in subdivision (a) of Section 82013, is a contribution to the  
10 committee unless full and adequate consideration is received from  
11 the committee for making the payment.

12 (2) A payment made at the behest of a candidate is a contribution  
13 to the candidate unless the criteria in either subparagraph (A) or  
14 (B) are satisfied:

15 (A) Full and adequate consideration is received from the  
16 candidate.

17 (B) It is clear from the surrounding circumstances that the  
18 payment was made for purposes unrelated to his or her candidacy  
19 for elective office. The following types of payments are presumed  
20 to be for purposes unrelated to a candidate's candidacy for elective  
21 office:

22 (i) A payment made principally for personal purposes, in which  
23 case it may be considered a gift under the provisions of Section  
24 82028. Payments that are otherwise subject to the limits of Section  
25 86203 are presumed to be principally for personal purposes.

26 (ii) A payment made by a state, local, or federal governmental  
27 agency or by a nonprofit organization that is exempt from taxation  
28 under Section 501(c)(3) of the Internal Revenue Code.

1 (iii) A payment not covered by clause (i), made principally for  
2 legislative, governmental, or charitable purposes, in which case it  
3 is neither a gift nor a contribution. However, payments of this type  
4 that are made at the behest of a candidate who is an elected officer  
5 shall be reported within 30 days following the date on which the  
6 payment or payments equal or exceed two thousand five hundred  
7 dollars (\$2,500) in the aggregate from the same source in the same  
8 calendar year in which they are made. The report shall be filed by  
9 the elected officer with the elected officer's agency and shall be  
10 a public record subject to inspection and copying pursuant to  
11 ~~subdivision (a) of~~ Section 81008. The report shall contain the  
12 following information: name of payor, address of payor, amount  
13 of the payment, date or dates the payment or payments were made,  
14 the name and address of the payee, a brief description of the goods  
15 or services provided or purchased, if any, and a description of the  
16 specific purpose or event for which the payment or payments were  
17 made. Once the two-thousand-five-hundred-dollar (\$2,500)  
18 aggregate threshold from a single source has been reached for a  
19 calendar year, all payments for the calendar year made by that  
20 source shall be disclosed within 30 days after the date the threshold  
21 was reached or the payment was made, whichever occurs later.  
22 Within 30 days after receipt of the report, state agencies shall  
23 forward a copy of these reports to the Commission, and local  
24 agencies shall forward a copy of these reports to the officer with  
25 whom elected officers of that agency file their campaign  
26 statements. Reports filed with the Commission pursuant to this  
27 clause shall be posted on the Commission's Internet Web site not  
28 later than 30 days after receipt by the Commission.

29 (C) For purposes of subparagraph (B), a payment is made for  
30 purposes related to a candidate's candidacy for elective office if  
31 all or a portion of the payment is used for election-related activities.  
32 For purposes of this subparagraph, "election-related activities"  
33 ~~shall~~ include, but are not limited to, the following:

34 (i) Communications that contain express advocacy of the  
35 nomination or election of the candidate or the defeat of his or her  
36 opponent.

37 (ii) Communications that contain reference to the candidate's  
38 candidacy for elective office, the candidate's election campaign,  
39 or the candidate's or his or her opponent's qualifications for  
40 elective office.

1 (iii) Solicitation of contributions to the candidate or to third  
2 persons for use in support of the candidate or in opposition to his  
3 or her opponent.

4 (iv) Arranging, coordinating, developing, writing, distributing,  
5 preparing, or planning of any communication or activity described  
6 in clause (i), (ii), or (iii).

7 (v) Recruiting or coordinating campaign activities of campaign  
8 volunteers on behalf of the candidate.

9 (vi) Preparing campaign budgets.

10 (vii) Preparing campaign finance disclosure statements.

11 (viii) Communications directed to voters or potential voters as  
12 part of activities encouraging or assisting persons to vote, if the  
13 communication contains express advocacy of the nomination or  
14 election of the candidate or the defeat of his or her opponent.

15 (D) A contribution made at the behest of a candidate for a  
16 different candidate or to a committee not controlled by the  
17 behesting candidate is not a contribution to the behesting candidate.

18 (3) A payment made at the behest of a member of the Public  
19 Utilities Commission, made principally for legislative,  
20 governmental, or charitable purposes, is not a contribution.  
21 However, payments of this type shall be reported within 30 days  
22 following the date on which the payment or payments equal or  
23 exceed two thousand five hundred dollars (\$2,500) in the aggregate  
24 from the same source in the same calendar year in which they are  
25 made. The report shall be filed by the member with the Public  
26 Utilities Commission and shall be a public record subject to  
27 inspection and copying pursuant to ~~subdivision (a)~~ of Section  
28 81008. The report shall contain the following information: name  
29 of payor, address of payor, amount of the payment, date or dates  
30 the payment or payments were made, the name and address of the  
31 payee, a brief description of the goods or services provided or  
32 purchased, if any, and a description of the specific purpose or event  
33 for which the payment or payments were made. Once the  
34 two-thousand-five-hundred-dollar (\$2,500) aggregate threshold  
35 from a single source has been reached for a calendar year, all  
36 payments for the calendar year made by that source shall be  
37 disclosed within 30 days after the date the threshold was reached  
38 or the payment was made, whichever occurs later. Within 30 days  
39 after receipt of the report, the Public Utilities Commission shall  
40 forward a copy of these reports to the Fair Political Practices

1 Commission. Reports filed with the Fair Political Practices  
2 Commission pursuant to this paragraph shall be posted on the  
3 Commission’s Internet Web site not later than 30 days after receipt  
4 by the Commission.

5 (4) For purposes of this subdivision and subdivision (h), “made  
6 at the behest of” means made under the control or at the direction  
7 of; in cooperation, consultation, coordination, or concert with; at  
8 the request or suggestion of; or with the express, prior consent of.

9 (c) “Contribution” includes the purchase of tickets for events  
10 such as dinners, luncheons, rallies, and similar fundraising events;  
11 the candidate’s own money or property used on behalf of his or  
12 her candidacy, other than personal funds of the candidate used to  
13 pay either a filing fee for a declaration of candidacy or a candidate  
14 statement prepared pursuant to Section 13307 of the Elections  
15 Code; the granting of discounts or rebates not extended to the  
16 public generally or the granting of discounts or rebates by television  
17 and radio stations and newspapers not extended on an equal basis  
18 to all candidates for the same office; the payment of compensation  
19 by any person for the personal services or expenses of any other  
20 person, if the services are rendered or expenses incurred on behalf  
21 of a candidate or committee without payment of full and adequate  
22 consideration.

23 (d) “Contribution” further includes any transfer of anything of  
24 value received by a committee from another committee, unless  
25 full and adequate consideration is received.

26 (e) “Contribution” does not include amounts received pursuant  
27 to an enforceable promise to the extent those amounts have been  
28 previously reported as a contribution. However, the fact that those  
29 amounts have been received shall be indicated in the appropriate  
30 campaign statement.

31 (f) “Contribution” does not include a payment made by an  
32 occupant of a home or office for costs related to any meeting or  
33 fundraising event held in the occupant’s home or office if the costs  
34 for the meeting or fundraising event are five hundred dollars (\$500)  
35 or less.

36 (g) Notwithstanding the foregoing definition of “contribution,”  
37 the term does not include volunteer personal services or payments  
38 made by any individual for his or her own travel expenses if the  
39 payments are made voluntarily without any understanding or

1 agreement that they shall be, directly or indirectly, repaid to him  
2 or her.

3 (h) “Contribution” further includes the payment of public  
4 moneys by a state or local governmental agency for a  
5 communication to the public that satisfies both of the following:

6 (1) The communication expressly advocates the election or  
7 defeat of a clearly identified candidate or the qualification, passage,  
8 or defeat of a clearly identified measure, or, taken as a whole and  
9 in context, unambiguously urges a particular result in an election.

10 (2) The communication is made at the behest of the affected  
11 candidate or committee.

12 SEC. 2. Section 87106 is added to the Government Code, to  
13 read:

14 87106. (a) An elected officer shall not request that a payment  
15 be made, and a person shall not make a ~~payment~~, *payment* at the  
16 behest of the elected officer, as described in Section 82015, to a  
17 nonprofit organization that *the elected officer knows or has reason*  
18 *to know* is owned or controlled by that officer, any other elected  
19 officer who serves on the same elective body, or a family member  
20 of any elected officer who serves on that elective body.

21 (b) *An elected officer is deemed to have complied with the*  
22 *requirements of subdivision (a) if the Commission determines that*  
23 *the elected officer has made a reasonable effort to ascertain*  
24 *whether a nonprofit organization is owned or controlled by any*  
25 *individual described in subdivision (a).*

26 ~~(b)~~

27 (c) For purposes of this section, as applied to a Member of the  
28 Legislature, “same elective body” includes both houses of the  
29 Legislature.

30 ~~(e)~~

31 (d) For purposes of this section, a nonprofit organization is  
32 owned or controlled by an elected officer or family member of an  
33 elected officer if ~~either of the following conditions is satisfied:~~

34 ~~(1) The elected officer or family member of the elected officer,~~  
35 ~~or a member of that person’s immediate family, has a direct or~~  
36 ~~indirect interest worth two thousand dollars (\$2,000) or more in~~  
37 ~~the nonprofit organization.~~

38 ~~(2) The *the* elected officer or family member of the elected~~  
39 ~~officer, or a member of that person’s immediate family, is a~~

1 director, officer, partner, or trustee of, or holds any position of  
2 management with, the nonprofit organization.

3 ~~(d)~~

4 (e) For purposes of this section, “family member of an elected  
5 officer” means the spouse, child, sibling, or parent of an elected  
6 officer.

7 ~~(e)~~

8 (f) This section shall not apply to behested payments made to  
9 a nonprofit organization that is formed for the purpose of  
10 coordinating or performing disaster relief services.

11 SEC. 3. Section 89506 of the Government Code is amended  
12 to read:

13 89506. (a) Payments, advances, or reimbursements for travel,  
14 including actual transportation and related lodging and subsistence  
15 that is reasonably related to a legislative or governmental purpose,  
16 or to an issue of state, national, or international public policy, shall  
17 not exceed five thousand dollars (\$5,000) in a calendar year from  
18 a single source, but are otherwise not prohibited or limited by this  
19 chapter if either of the following applies:

20 (1) The travel is in connection with a speech given by the elected  
21 state officer, local elected officeholder, candidate for elective state  
22 office or local elective office, an individual specified in Section  
23 87200, member of a state board or commission, or designated  
24 employee of a state or local government agency, the lodging and  
25 subsistence expenses are limited to the day immediately preceding,  
26 the day of, and the day immediately following the speech, and the  
27 travel is within the United States.

28 (2) The travel is provided by a government, a governmental  
29 agency, a foreign government, a governmental authority, a bona  
30 fide public or private educational institution, as defined in Section  
31 203 of the Revenue and Taxation Code, a nonprofit organization  
32 that is exempt from taxation under Section 501(c)(3) of the Internal  
33 Revenue Code, or by a person domiciled outside the United States  
34 who substantially satisfies the requirements for tax-exempt status  
35 under Section 501(c)(3) of the Internal Revenue Code.

36 (b) Gifts of travel not described in subdivision (a) are subject  
37 to the limits in Section 89503.

38 (c) Subdivision (a) applies only to travel that is reported on the  
39 recipient’s statement of economic interests.

1 (d) For purposes of this section, a gift of travel does not include  
2 any of the following:

3 (1) Travel that is paid for from campaign funds, as permitted  
4 by Article 4 (commencing with Section 89510), or that is a  
5 contribution.

6 (2) Travel that is provided by the agency of a local elected  
7 officeholder, an elected state officer, member of a state board or  
8 commission, an individual specified in Section 87200, or a  
9 designated employee.

10 (3) Travel that is reasonably necessary in connection with a  
11 bona fide business, trade, or profession and that satisfies the criteria  
12 for federal income tax deduction for business expenses in Sections  
13 162 and 274 of the Internal Revenue Code, unless the sole or  
14 predominant activity of the business, trade, or profession is making  
15 speeches.

16 (4) Travel that is excluded from the definition of a gift by any  
17 other provision of this title.

18 (e) This section does not apply to payments, advances, or  
19 reimbursements for travel and related lodging and subsistence  
20 permitted or limited by Section 170.9 of the Code of Civil  
21 Procedure.

22 (f) (1) A nonprofit organization that makes a payment, advance,  
23 or reimbursement for travel described in subdivision (a) shall  
24 disclose to the Commission the ~~name~~ *names* of the donors  
25 responsible for funding that payment, advance, or reimbursement.  
26 The disclosure of donor names shall be limited to donors who  
27 knew or had reason to know that the donation would be used for  
28 a payment, advance, or reimbursement for travel described in  
29 subdivision (a).

30 (2) A donor knows or has reason to know that his or her donation  
31 will be used in the manner described in paragraph (1) under any  
32 of the following conditions:

33 (A) The donor directed the nonprofit organization to use the  
34 donation to make a payment, advance, or reimbursement for travel  
35 described in subdivision (a).

36 (B) The donor made the donation in response to a message or  
37 solicitation for donations for the stated purpose of making a  
38 payment, advance, or reimbursement for travel described in  
39 subdivision (a).

1 (C) The nonprofit organization made a payment, advance, or  
2 reimbursement for travel described in subdivision (a) in the current  
3 calendar year or any of the immediately preceding four calendar  
4 years. The nonprofit organization shall disclose donors identified  
5 pursuant to this subparagraph only to the extent that donations  
6 made pursuant to subparagraphs (A) and (B) are less than the  
7 amount of the payment, advance, or reimbursement made by the  
8 organization. The nonprofit organization shall not report a donor  
9 identified pursuant to this subparagraph if the organization has  
10 evidence indicating that the donor restricted or otherwise did not  
11 intend the donation to be used for a payment, advance, or  
12 reimbursement for travel described in subdivision (a).

13 SEC. 4. Section 89513 of the Government Code is amended  
14 to read:

15 89513. This section governs the use of campaign funds for the  
16 specific expenditures set forth in this section. It is the intent of the  
17 Legislature that this section ~~shall~~ guide the interpretation of the  
18 standard imposed by Section 89512 as applied to other expenditures  
19 not specifically set forth in this section.

20 (a) (1) Campaign funds shall not be used to pay or reimburse  
21 a candidate, elected officer, or any individual or individuals with  
22 authority to approve the expenditure of campaign funds held by a  
23 committee, or employees or staff of the committee or the elected  
24 officer's governmental agency, for travel expenses and necessary  
25 accommodations, except when these expenditures are directly  
26 related to a political, legislative, or governmental purpose.

27 (2) For purposes of this section, payments or reimbursements  
28 for travel and necessary accommodations shall be considered  
29 directly related to a political, legislative, or governmental purpose  
30 if the payments would meet standards similar to the standards of  
31 the Internal Revenue Service pursuant to Sections 162 and 274 of  
32 the Internal Revenue Code for deductions of travel expenses under  
33 the federal income tax law.

34 (3) For purposes of this section, payments or reimbursement  
35 for travel by the household of a candidate or elected officer when  
36 traveling to the same destination in order to accompany the  
37 candidate or elected officer shall be considered for the same  
38 purpose as the candidate's or elected officer's travel.

39 (4) If campaign funds are used to pay or reimburse a candidate,  
40 elected officer, his or her representative, or a member of the

1 candidate's household for travel expenses and necessary  
2 accommodations, the expenditure shall be reported as required by  
3 Section 84211.

4 (5) If campaign funds are used to pay or reimburse for travel  
5 expenses and necessary accommodations, any mileage credit that  
6 is earned or awarded pursuant to an airline bonus mileage program  
7 shall be deemed personally earned by or awarded to the individual  
8 traveler. Neither the earning or awarding of mileage credit, nor  
9 the redeeming of credit for actual travel, shall be subject to  
10 reporting pursuant to Section 84211.

11 (6) Campaign funds shall not be used to make a payment for a  
12 personal vacation for a candidate; elected officer; immediate family  
13 member of a candidate or elected officer; or an officer, director,  
14 employee, or member of the staff of a candidate, elected officer,  
15 or committee.

16 (b) (1) Campaign funds shall not be used to pay for or reimburse  
17 the cost of professional services unless the services are directly  
18 related to a political, legislative, or governmental purpose.

19 (2) Expenditures by a committee to pay for professional services  
20 reasonably required by the committee to assist it in the performance  
21 of its administrative functions are directly related to a political,  
22 legislative, or governmental purpose.

23 (3) Campaign funds shall not be used to pay health-related  
24 expenses for a candidate, elected officer, or any individual or  
25 individuals with authority to approve the expenditure of campaign  
26 funds held by a committee, or members of his or her household.  
27 "Health-related expenses" includes, but is not limited to,  
28 examinations by physicians, dentists, psychiatrists, psychologists,  
29 ~~or counselors, counselors~~; expenses for medications, treatments,  
30 ~~or medical equipment, equipment; and expenses for hospitalization,~~  
31 *hospitalization* and special dietary foods. However, campaign  
32 funds may be used to pay employer costs of health care benefits  
33 of a bona fide employee or independent contractor of the  
34 committee.

35 (4) Campaign funds shall not be used to make a payment for  
36 membership dues for a country club, health club, or other  
37 recreational facility.

38 (5) Campaign funds shall not be used to make tuition payments.

1 (c) Campaign funds shall not be used to pay or reimburse fines,  
2 penalties, judgments, or settlements, except those resulting from  
3 either of the following:

4 (1) Parking citations incurred in the performance of an activity  
5 that was directly related to a political, legislative, or governmental  
6 purpose.

7 (2) Any other action for which payment of attorney's fees from  
8 contributions would be permitted pursuant to this title.

9 (d) Campaign funds shall not be used to purchase clothing to  
10 be worn by a candidate or elected officer.

11 (e) (1) Except where otherwise prohibited by law, campaign  
12 funds may be used to purchase or reimburse for the costs of  
13 purchase of tickets to political fundraising events for the attendance  
14 of a candidate, elected officer, or his or her immediate family, or  
15 an officer, director, employee, or staff of the committee or the  
16 elected officer's governmental agency.

17 (2) Campaign funds shall not be used to pay for or reimburse  
18 for the costs of admission to a sporting event, concert, theater, or  
19 other form of entertainment for the candidate, elected officer, or  
20 members of his or her immediate family, or an officer, director,  
21 employee, or staff of the committee, unless their attendance at the  
22 event is directly related to the election campaign of the candidate  
23 or elected officer.

24 (3) The purchase of tickets for entertainment or sporting events  
25 for the benefit of persons other than the candidate, elected officer,  
26 or his or her immediate family are governed by subdivision (f).

27 (f) (1) Campaign funds shall not be used to make a gift to a  
28 spouse, child, sibling, or parent of a candidate, elected officer, or  
29 other individual with authority to approve the expenditure of  
30 campaign funds held by a committee, except for a gift of nominal  
31 value that is substantially similar to a gift made to other persons  
32 and that is directly related to a political, legislative, or  
33 governmental purpose. Campaign funds shall not be used to make  
34 personal gifts to any other person not described in this paragraph  
35 unless the gift is directly related to a political, legislative, or  
36 governmental purpose. The refund of a campaign contribution  
37 does not constitute the making of a gift.

38 (2) This section does not prohibit the use of campaign funds to  
39 reimburse or otherwise compensate a public employee for services

1 rendered to a candidate or committee while on vacation, leave, or  
2 otherwise outside of compensated public time.

3 (3) An election victory celebration or similar campaign event,  
4 or gifts with a total cumulative value of less than two hundred fifty  
5 dollars (\$250) in a single year made to an individual employee, a  
6 committee worker, or an employee of the elected officer's agency,  
7 are considered to be directly related to a political, legislative, or  
8 governmental purpose. For purposes of this paragraph, a gift to a  
9 member of a person's immediate family shall be deemed to be a  
10 gift to that person.

11 (g) Campaign funds shall not be used to make loans other than  
12 to organizations pursuant to Section 89515, or, unless otherwise  
13 prohibited, to a candidate for elective office, political party, or  
14 committee.

15 *SEC. 5. Section 89514 of the Government Code is amended to*  
16 *read:*

17 89514. Expenditures of campaign funds for attorney's fees and  
18 other costs in connection with ~~administrative, civil, or criminal~~  
19 *administrative or civil* litigation are not directly related to a  
20 political, legislative, or governmental purpose except where the  
21 litigation is directly related to activities of a committee that are  
22 consistent with its primary objectives or arises directly out of a  
23 committee's activities or out of a candidate's or elected officer's  
24 activities, duties, or status as a candidate or elected officer,  
25 including, but not limited to, an action to enjoin defamation,  
26 defense of an action to enjoin defamation, defense of an action  
27 brought for a violation of state or local campaign, disclosure, or  
28 election laws, and an action arising from an election contest or  
29 recount.

30 *SEC. 6. Section 89514.5 is added to the Government Code, to*  
31 *read:*

32 89514.5. (a) *Expenditures of campaign funds for attorney's*  
33 *fees and other costs in connection with criminal litigation are not*  
34 *directly related to a political, legislative, or governmental purpose.*

35 (b) *Notwithstanding subdivision (a), attorney's fees and other*  
36 *related legal costs incurred in connection with criminal litigation*  
37 *arising directly out of the conduct of an election campaign, the*  
38 *electoral process, or the performance of the officer's governmental*  
39 *activities or duties may be paid for using funds deposited in a legal*  
40 *defense account created pursuant to Section 85304 or 85304.5.*

1 (c) A committee that is not a legal defense committee shall not  
2 make an expenditure of campaign funds to a legal defense account  
3 created pursuant to Section 85304 or 85304.5.

4 ~~SEC. 5.~~

5 SEC. 7. Section 89515 of the Government Code is amended  
6 to read:

7 89515. Campaign funds may be used to make donations or  
8 loans to bona fide charitable, educational, civic, religious, or similar  
9 tax-exempt, nonprofit organizations, if no substantial part of the  
10 proceeds will have a material financial effect on the candidate,  
11 campaign treasurer, or any individual or individuals with authority  
12 to approve the expenditure of campaign funds held by a committee,  
13 or member of his or her immediate family, and if the donation or  
14 loan bears a reasonable relation to a political, legislative, or  
15 governmental purpose, except as prohibited by Section 89515.5.

16 ~~SEC. 6.~~

17 SEC. 8. Section 89515.5 is added to the Government Code, to  
18 read:

19 89515.5. (a) An expenditure of campaign funds by an elected  
20 officer or committee controlled by the elected officer to a nonprofit  
21 organization that *the elected officer knows or has reason to know*  
22 is owned or controlled by the elected officer, any other elected  
23 officer who serves on the same elective body, or a family member  
24 of any elected officer who serves on that body is deemed to serve  
25 the primary purpose of conferring a personal financial benefit on  
26 the recipient and is prohibited as being unrelated to a political,  
27 legislative, or governmental purpose and inconsistent with the trust  
28 imposed by Section 89510.

29 (b) *An elected officer is deemed to have complied with the*  
30 *requirements of subdivision (a) if the Commission determines that*  
31 *the elected officer has made a reasonable effort to ascertain*  
32 *whether a nonprofit organization is owned or controlled by any*  
33 *individual described in subdivision (a).*

34 ~~(b)~~

35 (c) For purposes of this section, as applied to a Member of the  
36 Legislature, “same elective body” includes both houses of the  
37 Legislature.

38 ~~(e)~~

1 (d) For purposes of this section, a nonprofit organization is  
 2 owned or controlled by an elected officer or family member of an  
 3 elected officer if ~~either of the following conditions is satisfied:~~

4 ~~(1) The elected officer or family member of the elected officer,~~  
 5 ~~or a member of that person's immediate family, has a direct or~~  
 6 ~~indirect interest worth two thousand dollars (\$2,000) or more in~~  
 7 ~~the nonprofit organization.~~

8 ~~(2) The *the* elected officer or family member of the elected~~  
 9 ~~officer, or a member of that person's immediate family, is a~~  
 10 ~~director, officer, partner, or trustee of, or holds any position of~~  
 11 ~~management with, the nonprofit organization.~~

12 ~~(d)~~

13 (e) For purposes of this section, “family member of an elected  
 14 officer” means the spouse, child, sibling, or parent of an elected  
 15 officer.

16 ~~SEC. 7.~~

17 *SEC. 9.* Section 89516 of the Government Code is amended  
 18 to read:

19 89516. Notwithstanding Sections 89512 and 89513, this section  
 20 governs the use of campaign funds for vehicle expenses.

21 (a) Campaign funds shall not be used to purchase a vehicle  
 22 unless both of the following apply:

23 (1) Title to the vehicle is held by the committee and not the  
 24 candidate, elected officer, campaign treasurer, or any other  
 25 individual or individuals with authority to approve the expenditure  
 26 of campaign funds held by a committee, or a member of his or her  
 27 immediate family.

28 (2) The use of the vehicle is directly related to an election  
 29 campaign.

30 (b) Campaign funds shall not be used to lease a vehicle unless  
 31 both of the following apply:

32 (1) The lessee is the committee, or a state or local government  
 33 agency, and not the candidate, elected officer, or a member of his  
 34 or her immediate family; or the lessor is a state or local government  
 35 agency.

36 (2) The use of the vehicle is directly related to an election  
 37 campaign.

38 (c) Campaign funds may be used to pay for or reimburse the  
 39 operating costs, including, but not limited to, insurance,

1 maintenance, and repairs, for any vehicle for which campaign  
2 funds may be spent pursuant to this section.

3 (d) Campaign funds may be used to reimburse a candidate,  
4 elected officer, his or her immediate family, or any individual or  
5 individuals with authority to approve the expenditure of campaign  
6 funds held by a committee, or an employee or member of the staff  
7 of the committee or of the elected officer's governmental agency,  
8 for the use of his or her vehicle at the rate approved by the Internal  
9 Revenue Service pursuant to Section 162 of the Internal Revenue  
10 Code in connection with deductible mileage expenses under the  
11 federal income tax law, if both of the following requirements are  
12 met:

13 (1) The vehicle use for which reimbursement is sought is directly  
14 related to an election campaign.

15 (2) The specific purpose and mileage in connection with each  
16 expenditure is documented in a manner approved by the Internal  
17 Revenue Service in connection with deductible mileage expenses.

18 (e) For the purposes of this section, use of a vehicle is considered  
19 to be directly related to an election campaign as long as its use for  
20 other purposes is only incidental to its use for an election campaign.

21 ~~SEC. 8.~~

22 *SEC. 10.* Section 89517 of the Government Code is amended  
23 to read:

24 89517. (a) Campaign funds shall not be used for payment or  
25 reimbursement for the lease of real property, for a utility bill for  
26 real property, or for the purchase, lease, or refurbishment of any  
27 appliance or equipment, where the lessee or sublessor is, or the  
28 legal title resides in, in whole or in part, a candidate, elected officer,  
29 campaign treasurer, or any individual or individuals with authority  
30 to approve the expenditure of campaign funds, or member of his  
31 or her immediate family.

32 (b) Campaign funds shall not be used to purchase real property.  
33 Except as prohibited by subdivision (a), campaign funds may be  
34 used to lease real property for up to one year at a time if the use  
35 of that property is directly related to political, legislative, or  
36 governmental purposes and the lessee or sublessor is not, or the  
37 legal title does not reside in, in whole or in part, a candidate, elected  
38 officer, campaign treasurer, or any individual or individuals with  
39 authority to approve the expenditure of campaign funds, or a  
40 member of his or her immediate family.

1 (c) For the purposes of this section, real property, appliance, or  
2 equipment is considered to be directly related to a political,  
3 legislative, or governmental purpose if its use for other purposes  
4 is only incidental to its use for political, legislative, or  
5 governmental purposes and the lessee or sublessor of the real  
6 property is not, or the legal title for the real property does not reside  
7 in, in whole or in part, a candidate, elected officer, campaign  
8 treasurer, or any individual or individuals with authority to approve  
9 the expenditure of campaign funds, or a member of his or her  
10 immediate family.

11 ~~SEC. 9.~~

12 *SEC. 11.* No reimbursement is required by this act pursuant to  
13 Section 6 of Article XIII B of the California Constitution because  
14 the only costs that may be incurred by a local agency or school  
15 district will be incurred because this act creates a new crime or  
16 infraction, eliminates a crime or infraction, or changes the penalty  
17 for a crime or infraction, within the meaning of Section 17556 of  
18 the Government Code, or changes the definition of a crime within  
19 the meaning of Section 6 of Article XIII B of the California  
20 Constitution.

21 ~~SEC. 10.~~

22 *SEC. 12.* The Legislature finds and declares that this bill  
23 furthers the purposes of the Political Reform Act of 1974 within  
24 the meaning of subdivision (a) of Section 81012 of the Government  
25 Code.