

AMENDED IN SENATE MAY 14, 2014  
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, 87207, 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, 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, that officer or specified family members of the officer,~~ 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~~ \$8,000. 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. *The bill would require a person who receives a gift of a travel payment to report the travel destination on his or her statement of economic interests.*

(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, or specified family members of the officer,~~ 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 *for which a candidate or elected officer has been indicted or arrested*, 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.

(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.

(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:

1 (i) A payment made principally for personal purposes, in which  
2 case it may be considered a gift under the provisions of Section  
3 82028. Payments that are otherwise subject to the limits of Section  
4 86203 are presumed to be principally for personal purposes.

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

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

36 (C) For purposes of subparagraph (B), a payment is made for  
37 purposes related to a candidate's candidacy for elective office if  
38 all or a portion of the payment is used for election-related activities.  
39 For purposes of this subparagraph, "election-related activities"  
40 include, but are not limited to, the following:

- 1 (i) Communications that contain express advocacy of the  
2 nomination or election of the candidate or the defeat of his or her  
3 opponent.
- 4 (ii) Communications that contain reference to the candidate's  
5 candidacy for elective office, the candidate's election campaign,  
6 or the candidate's or his or her opponent's qualifications for  
7 elective office.
- 8 (iii) Solicitation of contributions to the candidate or to third  
9 persons for use in support of the candidate or in opposition to his  
10 or her opponent.
- 11 (iv) Arranging, coordinating, developing, writing, distributing,  
12 preparing, or planning of any communication or activity described  
13 in clause (i), (ii), or (iii).
- 14 (v) Recruiting or coordinating campaign activities of campaign  
15 volunteers on behalf of the candidate.
- 16 (vi) Preparing campaign budgets.
- 17 (vii) Preparing campaign finance disclosure statements.
- 18 (viii) Communications directed to voters or potential voters as  
19 part of activities encouraging or assisting persons to vote, if the  
20 communication contains express advocacy of the nomination or  
21 election of the candidate or the defeat of his or her opponent.
- 22 (D) A contribution made at the behest of a candidate for a  
23 different candidate or to a committee not controlled by the  
24 behesting candidate is not a contribution to the behesting candidate.
- 25 (3) A payment made at the behest of a member of the Public  
26 Utilities Commission, made principally for legislative,  
27 governmental, or charitable purposes, is not a contribution.  
28 However, payments of this type shall be reported within 30 days  
29 following the date on which the payment or payments equal or  
30 exceed two thousand five hundred dollars (\$2,500) in the aggregate  
31 from the same source in the same calendar year in which they are  
32 made. The report shall be filed by the member with the Public  
33 Utilities Commission and shall be a public record subject to  
34 inspection and copying pursuant to Section 81008. The report shall  
35 contain the following information: name of payor, address of payor,  
36 amount of the payment, date or dates the payment or payments  
37 were made, the name and address of the payee, a brief description  
38 of the goods or services provided or purchased, if any, and a  
39 description of the specific purpose or event for which the payment  
40 or payments were made. Once the

1 two-thousand-five-hundred-dollar (\$2,500) aggregate threshold  
2 from a single source has been reached for a calendar year, all  
3 payments for the calendar year made by that source shall be  
4 disclosed within 30 days after the date the threshold was reached  
5 or the payment was made, whichever occurs later. Within 30 days  
6 after receipt of the report, the Public Utilities Commission shall  
7 forward a copy of these reports to the Fair Political Practices  
8 Commission. Reports filed with the Fair Political Practices  
9 Commission pursuant to this paragraph shall be posted on the  
10 Commission’s Internet Web site not later than 30 days after receipt  
11 by the Commission.

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

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

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

33 (e) “Contribution” does not include amounts received pursuant  
34 to an enforceable promise to the extent those amounts have been  
35 previously reported as a contribution. However, the fact that those  
36 amounts have been received shall be indicated in the appropriate  
37 campaign statement.

38 (f) “Contribution” does not include a payment made by an  
39 occupant of a home or office for costs related to any meeting or  
40 fundraising event held in the occupant’s home or office if the costs

1 for the meeting or fundraising event are five hundred dollars (\$500)  
2 or less.

3 (g) Notwithstanding the foregoing definition of “contribution,”  
4 the term does not include volunteer personal services or payments  
5 made by any individual for his or her own travel expenses if the  
6 payments are made voluntarily without any understanding or  
7 agreement that they shall be, directly or indirectly, repaid to him  
8 or her.

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

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

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

18 SEC. 2. Section 87106 is added to the Government Code, to  
19 read:

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

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

32 ~~(e) For purposes of this section, as applied to a Member of the~~  
33 ~~Legislature, “same elective body” includes both houses of the~~  
34 ~~Legislature.~~

35 ~~(d)~~

36 (c) For purposes of this section, a nonprofit organization is  
37 owned or controlled by an elected officer or family member of ~~an~~  
38 ~~the~~ elected officer if the elected officer or family member of the  
39 elected officer, or a member of that person’s immediate family, is  
40 a director, officer, partner, or trustee of, or holds any position of

1 management with, the nonprofit organization, *and is paid for his*  
2 *or her services.*

3 ~~(e)~~

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

7 ~~(f)~~

8 (e) 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 87207 of the Government Code is amended to*  
12 *read:*

13 87207. (a) ~~When~~*If* income is required to be reported under  
14 this article, the statement shall contain, except as provided in  
15 subdivision (b):

16 (1) The name and address of each source of income aggregating  
17 five hundred dollars (\$500) or more in value, or fifty dollars (\$50)  
18 or more in value if the income was a gift, and a general description  
19 of the business activity, if any, of each source.

20 (2) A statement whether the aggregate value of income from  
21 each source, or in the case of a loan, the highest amount owed to  
22 each source, was at least five hundred dollars (\$500) but did not  
23 exceed one thousand dollars (\$1,000), whether it was in excess of  
24 one thousand dollars (\$1,000) but was not greater than ten thousand  
25 dollars (\$10,000), whether it was greater than ten thousand dollars  
26 (\$10,000) but not greater than one hundred thousand dollars  
27 (\$100,000), or whether it was greater than one hundred thousand  
28 dollars (\$100,000).

29 (3) A description of the consideration, if any, for which the  
30 income was received.

31 (4) In the case of a gift, the amount and the date on which the  
32 gift was received, *and the travel destination for purposes of a gift*  
33 *that is a travel payment, advance, or reimbursement.*

34 (5) In the case of a loan, the annual interest rate, the security,  
35 if any, given for the loan, and the term of the loan.

36 (b) ~~When~~*If* the filer’s pro rata share of income to a business  
37 entity, including income to a sole proprietorship, is required to be  
38 reported under this article, the statement shall contain:

39 (1) The name, address, and a general description of the business  
40 activity of the business entity.

1 (2) The name of every person from whom the business entity  
2 received payments if the filer's pro rata share of gross receipts  
3 from that person was equal to or greater than ten thousand dollars  
4 (\$10,000) during a calendar year.

5 (c) ~~When~~ If a payment, including an advance or reimbursement,  
6 for travel is required to be reported pursuant to this section, it may  
7 be reported on a separate travel reimbursement schedule which  
8 shall be included in the filer's statement of economic interest. A  
9 filer who chooses not to use the travel schedule shall disclose  
10 payments for travel as a gift, unless it is clear from all surrounding  
11 circumstances that the services provided were equal to or greater  
12 in value than the payments for the travel, in which case the travel  
13 may be reported as income.

14 ~~SEC. 3.~~

15 *SEC. 4.* Section 89506 of the Government Code is amended  
16 to read:

17 89506. (a) Payments, advances, or reimbursements for travel,  
18 including actual transportation and related lodging and subsistence  
19 that is reasonably related to a legislative or governmental purpose,  
20 or to an issue of state, national, or international public policy, shall  
21 not exceed ~~five thousand dollars (\$5,000)~~ *eight thousand dollars*  
22 *(\$8,000)* in a calendar year from a single source, but are otherwise  
23 not prohibited or limited by this chapter if either of the following  
24 applies:

25 (1) The travel is in connection with a speech given by the elected  
26 state officer, local elected officeholder, candidate for elective state  
27 office or local elective office, an individual specified in Section  
28 87200, member of a state board or commission, or designated  
29 employee of a state or local government agency, the lodging and  
30 subsistence expenses are limited to the day immediately preceding,  
31 the day of, and the day immediately following the speech, and the  
32 travel is within the United States.

33 (2) The travel is provided by a government, a governmental  
34 agency, a foreign government, a governmental authority, a bona  
35 fide public or private educational institution, as defined in Section  
36 203 of the Revenue and Taxation Code, a nonprofit organization  
37 that is exempt from taxation under Section 501(c)(3) of the Internal  
38 Revenue Code, or by a person domiciled outside the United States  
39 who substantially satisfies the requirements for tax-exempt status  
40 under Section 501(c)(3) of the Internal Revenue Code.

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

3 (c) Subdivision (a) applies only to travel that is reported on the  
4 recipient's statement of economic interests.

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

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

10 (2) Travel that is provided by the agency of a local elected  
11 officeholder, an elected state officer, member of a state board or  
12 commission, an individual specified in Section 87200, or a  
13 designated employee.

14 (3) Travel that is reasonably necessary in connection with a  
15 bona fide business, trade, or profession and that satisfies the criteria  
16 for federal income tax deduction for business expenses in Sections  
17 162 and 274 of the Internal Revenue Code, unless the sole or  
18 predominant activity of the business, trade, or profession is making  
19 speeches.

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

22 (e) This section does not apply to payments, advances, or  
23 reimbursements for travel and related lodging and subsistence  
24 permitted or limited by Section 170.9 of the Code of Civil  
25 Procedure.

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

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

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

39 (B) The donor made the donation in response to a message or  
40 solicitation for donations for the stated purpose of making a

1 payment, advance, or reimbursement for travel described in  
2 subdivision (a).

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

15 ~~SEC. 4.~~

16 *SEC. 5.* Section 89513 of the Government Code is amended  
17 to read:

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

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

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

37 (3) For purposes of this section, payments or reimbursement  
38 for travel by the household of a candidate or elected officer when  
39 traveling to the same destination in order to accompany the

1 candidate or elected officer shall be considered for the same  
2 purpose as the candidate's or elected officer's travel.

3 (4) If campaign funds are used to pay or reimburse a candidate,  
4 elected officer, his or her representative, or a member of the  
5 candidate's household for travel expenses and necessary  
6 accommodations, the expenditure shall be reported as required by  
7 Section 84211.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (2) This section does not prohibit the use of campaign funds to  
40 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.~~

16 *SEC. 6.* Section 89514 of the Government Code is amended  
17 to read:

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

30 ~~SEC. 6.~~

31 *SEC. 7.* Section 89514.5 is added to the Government Code, to  
32 read:

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

36 (b) Notwithstanding subdivision (a), attorney's fees and other  
37 related legal costs incurred in connection with criminal litigation  
38 *for which the candidate or elected officer has been indicted or*  
39 *arrested and* arising directly out of the conduct of an election  
40 campaign, the electoral process, or the performance of the officer's

1 governmental activities or duties may be paid for using funds  
2 deposited in a legal defense account created pursuant to Section  
3 85304 or 85304.5.

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

7 ~~SEC. 7.~~

8 *SEC. 8.* Section 89515 of the Government Code is amended  
9 to read:

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

19 ~~SEC. 8.~~

20 *SEC. 9.* Section 89515.5 is added to the Government Code, to  
21 read:

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

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

37 ~~(c) For purposes of this section, as applied to a Member of the~~  
38 ~~Legislature, "same elective body" includes both houses of the~~  
39 ~~Legislature.~~

40 (d)

1 (c) For purposes of this section, a nonprofit organization is  
2 owned or controlled by an elected officer or family member of ~~an~~  
3 *the* elected officer if the elected officer or family member of the  
4 elected officer, or a member of that person’s immediate family, is  
5 a director, officer, partner, or trustee of, or holds any position of  
6 management with, the nonprofit organization.

7 ~~(e)~~

8 (d) For purposes of this section, “family member of ~~an~~ *the*  
9 elected officer” means the spouse, child, sibling, or parent of an  
10 elected officer.

11 ~~SEC. 9.~~

12 *SEC. 10.* Section 89516 of the Government Code is amended  
13 to read:

14 89516. Notwithstanding Sections 89512 and 89513, this section  
15 governs the use of campaign funds for vehicle expenses.

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

18 (1) Title to the vehicle is held by the committee and not the  
19 candidate, elected officer, campaign treasurer, or any other  
20 individual or individuals with authority to approve the expenditure  
21 of campaign funds held by a committee, or a member of his or her  
22 immediate family.

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

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

27 (1) The lessee is the committee, or a state or local government  
28 agency, and not the candidate, elected officer, or a member of his  
29 or her immediate family; or the lessor is a state or local government  
30 agency.

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

33 (c) Campaign funds may be used to pay for or reimburse the  
34 operating costs, including, but not limited to, insurance,  
35 maintenance, and repairs, for any vehicle for which campaign  
36 funds may be spent pursuant to this section.

37 (d) Campaign funds may be used to reimburse a candidate,  
38 elected officer, his or her immediate family, or any individual or  
39 individuals with authority to approve the expenditure of campaign  
40 funds held by a committee, or an employee or member of the staff

1 of the committee or of the elected officer's governmental agency,  
2 for the use of his or her vehicle at the rate approved by the Internal  
3 Revenue Service pursuant to Section 162 of the Internal Revenue  
4 Code in connection with deductible mileage expenses under the  
5 federal income tax law, if both of the following requirements are  
6 met:

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

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

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

15 ~~SEC. 10.~~

16 *SEC. 11.* Section 89517 of the Government Code is amended  
17 to read:

18 89517. (a) Campaign funds shall not be used for payment or  
19 reimbursement for the lease of real property, for a utility bill for  
20 real property, or for the purchase, lease, or refurbishment of any  
21 appliance or equipment, where the lessee or sublessor is, or the  
22 legal title resides in, in whole or in part, a candidate, elected officer,  
23 campaign treasurer, or any individual or individuals with authority  
24 to approve the expenditure of campaign funds, or member of his  
25 or her immediate family.

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

35 (c) For purposes of this section, real property, appliance, or  
36 equipment is considered to be directly related to a political,  
37 legislative, or governmental purpose if its use for other purposes  
38 is only incidental to its use for political, legislative, or  
39 governmental purposes and the lessee or sublessor of the real  
40 property is not, or the legal title for the real property does not reside

1 in, in whole or in part, a candidate, elected officer, campaign  
2 treasurer, or any individual or individuals with authority to approve  
3 the expenditure of campaign funds, or a member of his or her  
4 immediate family.

5 ~~SEC. 11.~~

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

15 ~~SEC. 12.~~

16 *SEC. 13.* The Legislature finds and declares that this bill  
17 furthers the purposes of the Political Reform Act of 1974 within  
18 the meaning of subdivision (a) of Section 81012 of the Government  
19 Code.