

AMENDED IN ASSEMBLY AUGUST 18, 2014
AMENDED IN ASSEMBLY AUGUST 7, 2014
AMENDED IN ASSEMBLY JULY 1, 2014
AMENDED IN ASSEMBLY JUNE 18, 2014
AMENDED IN SENATE MAY 27, 2014
AMENDED IN SENATE MAY 14, 2014
AMENDED IN SENATE APRIL 10, 2014
AMENDED IN SENATE MARCH 20, 2014

SENATE BILL

No. 831

Introduced by Senator Hill
(Principal coauthor: Senator Beall)
(Principal coauthors: Assembly Members Garcia and Levine)

January 6, 2014

An act to amend Sections 87207, 89506, 89513, 89515, 89516, and 89517 of, and to add Sections 87106 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.

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 is exempt from taxation under Section 501(c)(4) of the Internal Revenue Code and that the elected officer knows or has reason to know is owned or controlled by 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 require a nonprofit organization that pays for these types of travel for an elected state officer or local elected officeholder 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 that is exempt from taxation under Section 501(c)(4) of the Internal Revenue Code and that is owned or controlled by the officer 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, specified 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) This bill would incorporate additional changes to Section 89513 of the Government Code, proposed by AB 1666 and AB 1692, that would become operative only if this bill and either or both of those bills are chaptered and become effective on or before January 1, 2015, and this bill is chaptered last.

~~(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 87106 is added to the Government Code,
2 to read:

3 87106. (a) An elected officer shall not request that a payment
4 be made, and a person shall not make a payment at the behest of
5 the elected officer, as described in Section 82015, to a nonprofit
6 organization that the elected officer knows or has reason to know
7 is owned or controlled by that officer or a family member of the
8 elected officer.

9 (b) An elected officer is deemed to have complied with the
10 requirements of subdivision (a) if the Commission determines that
11 the elected officer has made a reasonable effort to ascertain whether
12 a nonprofit organization is owned or controlled by any individual
13 described in subdivision (a).

14 (c) For purposes of this section, a nonprofit organization is
15 owned or controlled by an elected officer or family member of the
16 elected officer if the elected officer or family member of the elected
17 officer, or a member of that person's immediate family, is a
18 director, officer, partner, or trustee of, or holds any position of
19 management with, the nonprofit organization, and is paid for his
20 or her services.

21 (d) For purposes of this section, the following terms have the
22 following meanings:

23 (1) "Family member of the elected officer" means the spouse,
24 child, sibling, or parent of an elected officer.

25 (2) "Nonprofit organization" means an organization that is
26 exempt from taxation under Section 501(c)(4) of the Internal
27 Revenue Code.

28 (e) This section shall not apply to behested payments made to
29 a nonprofit organization that is formed for the purpose of
30 coordinating or performing disaster relief services.

31 SEC. 2. Section 87207 of the Government Code is amended
32 to read:

33 87207. (a) If income is required to be reported under this
34 article, the statement shall contain, except as provided in
35 subdivision (b):

36 (1) The name and address of each source of income aggregating
37 five hundred dollars (\$500) or more in value, or fifty dollars (\$50)

1 or more in value if the income was a gift, and a general description
2 of the business activity, if any, of each source.

3 (2) A statement whether the aggregate value of income from
4 each source, or in the case of a loan, the highest amount owed to
5 each source, was at least five hundred dollars (\$500) but did not
6 exceed one thousand dollars (\$1,000), whether it was in excess of
7 one thousand dollars (\$1,000) but was not greater than ten thousand
8 dollars (\$10,000), whether it was greater than ten thousand dollars
9 (\$10,000) but not greater than one hundred thousand dollars
10 (\$100,000), or whether it was greater than one hundred thousand
11 dollars (\$100,000).

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

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

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

19 (b) If the filer's pro rata share of income to a business entity,
20 including income to a sole proprietorship, is required to be reported
21 under this article, the statement shall contain:

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

24 (2) The name of every person from whom the business entity
25 received payments if the filer's pro rata share of gross receipts
26 from that person was equal to or greater than ten thousand dollars
27 (\$10,000) during a calendar year.

28 (c) If a payment, including an advance or reimbursement, for
29 travel is required to be reported pursuant to this section, it may be
30 reported on a separate travel reimbursement schedule which shall
31 be included in the filer's statement of economic interest. A filer
32 who chooses not to use the travel schedule shall disclose payments
33 for travel as a gift, unless it is clear from all surrounding
34 circumstances that the services provided were equal to or greater
35 in value than the payments for the travel, in which case the travel
36 may be reported as income.

37 SEC. 3. Section 89506 of the Government Code is amended
38 to read:

39 89506. (a) Payments, advances, or reimbursements for travel,
40 including actual transportation and related lodging and subsistence

1 that is reasonably related to a legislative or governmental purpose,
2 or to an issue of state, national, or international public policy, are
3 not prohibited or limited by this chapter if either of the following
4 applies:

5 (1) The travel is in connection with a speech given by the elected
6 state officer, local elected officeholder, candidate for elective state
7 office or local elective office, an individual specified in Section
8 87200, member of a state board or commission, or designated
9 employee of a state or local government agency, the lodging and
10 subsistence expenses are limited to the day immediately preceding,
11 the day of, and the day immediately following the speech, and the
12 travel is within the United States.

13 (2) The travel is provided by a government, a governmental
14 agency, a foreign government, a governmental authority, a bona
15 fide public or private educational institution, as defined in Section
16 203 of the Revenue and Taxation Code, a nonprofit organization
17 that is exempt from taxation under Section 501(c)(3) of the Internal
18 Revenue Code, or by a person domiciled outside the United States
19 who substantially satisfies the requirements for tax-exempt status
20 under Section 501(c)(3) of the Internal Revenue Code.

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

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

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

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

30 (2) Travel that is provided by the agency of a local elected
31 officeholder, an elected state officer, member of a state board or
32 commission, an individual specified in Section 87200, or a
33 designated employee.

34 (3) Travel that is reasonably necessary in connection with a
35 bona fide business, trade, or profession and that satisfies the criteria
36 for federal income tax deduction for business expenses in Sections
37 162 and 274 of the Internal Revenue Code, unless the sole or
38 predominant activity of the business, trade, or profession is making
39 speeches.

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

3 (e) This section does not apply to payments, advances, or
4 reimbursements for travel and related lodging and subsistence
5 permitted or limited by Section 170.9 of the Code of Civil
6 Procedure.

7 (f) (1) A nonprofit organization that makes payments, advances,
8 or reimbursements that total more than ten thousand dollars
9 (\$10,000) in a calendar year, or that total more than five thousand
10 dollars (\$5,000) in a calendar year for a single person, for travel
11 by an elected state officer or local elected officeholder as described
12 in subdivision (a) shall disclose to the Commission the names of
13 the donors responsible for funding those payments, advances, or
14 reimbursements. The disclosure of donor names shall be limited
15 to donors who donated one thousand dollars (\$1,000) or more to
16 the nonprofit organization in a calendar year and who knew or had
17 reason to know that the donation would be used for a payment,
18 advance, or reimbursement for travel by an elected state officer or
19 local elected officeholder as described in subdivision (a).

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

23 (A) The donor directed the nonprofit organization to use the
24 donation to make a payment, advance, or reimbursement for travel
25 by an elected state officer or local elected officeholder as described
26 in subdivision (a).

27 (B) The donor made the donation in response to a message or
28 solicitation for donations for the stated purpose of making a
29 payment, advance, or reimbursement for travel by an elected state
30 officer or local elected officeholder as described in subdivision
31 (a).

32 (C) The donor, or an agent, employee, or representative of the
33 donor, accompanied an elected state officer or local elected
34 officeholder for any portion of travel as described in subdivision
35 (a).

36 (3) For purposes of Sections 87103, 87207, and 89503, a
37 nonprofit organization that makes payments, advances, or
38 reimbursements for travel by an elected state officer or local elected
39 officeholder as described in subdivision (a) is the source of the
40 gift unless the nonprofit organization is acting as an intermediary

1 or agent of the donor. If the nonprofit organization is acting as an
2 intermediary or agent of the donor, all of the following apply:

3 (A) The donor to the nonprofit organization is the source of the
4 gift.

5 (B) The donor shall be identified as a financial interest under
6 Section 87103.

7 (C) The gift shall be reported as required by Section 87207.

8 (D) The gift shall be subject to the limitations on gifts specified
9 in Section 89503.

10 SEC. 4. Section 89513 of the Government Code is amended
11 to read:

12 89513. This section governs the use of campaign funds for the
13 specific expenditures set forth in this section. It is the intent of the
14 Legislature that this section guide the interpretation of the standard
15 imposed by Section 89512 as applied to other expenditures not
16 specifically set forth in this section.

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

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

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

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

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

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

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

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

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

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

34 (5) Campaign funds shall not be used to make tuition payments,
35 unless the payments are directly related to a political, legislative,
36 or governmental purpose.

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

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

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

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

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

14 (2) Campaign funds shall not be used to pay for or reimburse
15 for the costs of tickets for entertainment or sporting events for the
16 candidate, elected officer, or members of his or her immediate
17 family, or an officer, director, employee, or staff of the committee,
18 unless their attendance at the event is directly related to a political,
19 legislative, or governmental purpose.

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

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

34 (2) This section does not prohibit the use of campaign funds to
35 reimburse or otherwise compensate a public employee for services
36 rendered to a candidate or committee while on vacation, leave, or
37 otherwise outside of compensated public time.

38 (3) An election victory celebration or similar campaign event,
39 or gifts with a total cumulative value of less than two hundred fifty
40 dollars (\$250) in a single year made to an individual employee, a

1 committee worker, or an employee of the elected officer’s agency,
2 are considered to be directly related to a political, legislative, or
3 governmental purpose. For purposes of this paragraph, a gift to a
4 member of a person’s immediate family shall be deemed to be a
5 gift to that person.

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

10 *SEC. 4.1. Section 89513 of the Government Code is amended*
11 *to read:*

12 89513. This section governs the use of campaign funds for the
13 specific expenditures set forth in this section. It is the intent of the
14 Legislature that this section ~~shall~~ guide the interpretation of the
15 standard imposed by Section 89512 as applied to other expenditures
16 not specifically set forth in this section.

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

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

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

37 (4) ~~Whenever~~ *If* campaign funds are used to pay or reimburse
38 a candidate, elected officer, his or her representative, or a member
39 of the candidate’s household for travel expenses and necessary

1 accommodations, the expenditure shall be reported as required by
2 Section 84211.

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

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

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

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

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

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

37 (5) *Campaign funds shall not be used to make tuition payments,*
38 *unless the payments are directly related to a political, legislative,*
39 *or governmental purpose.*

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

4 ~~(1)~~

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

8 ~~(2)~~

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

11 (2) *Campaign funds shall not be used to pay a restitution fine*
12 *imposed under Section 86 of the Penal Code.*

13 ~~(d) Campaign funds shall not be used for campaign, business,~~
14 ~~or casual clothing except specialty clothing that is not suitable for~~
15 ~~everyday use, including, but not limited to, formal wear, if this~~
16 ~~attire is to purchase clothing to be worn by the a candidate or~~
17 ~~elected officer and is directly related to a political, legislative, or~~
18 ~~governmental purpose officer.~~

19 (e) (1) Except where otherwise prohibited by law, campaign
20 funds may be used to purchase or reimburse for the costs of
21 purchase of tickets to political fundraising events for the attendance
22 of a candidate, elected officer, or his or her immediate family, or
23 an officer, director, employee, or staff of the committee or the
24 elected officer's governmental agency.

25 (2) Campaign funds shall not be used to pay for or reimburse
26 for the costs of tickets for entertainment or sporting events for the
27 candidate, elected officer, or members of his or her immediate
28 family, or an officer, director, employee, or staff of the committee,
29 unless their attendance at the event is directly related to a political,
30 legislative, or governmental purpose.

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

34 (f) (1) Campaign funds shall not be used to make ~~personal gifts~~
35 *a gift to a spouse, child, sibling, or parent of a candidate, elected*
36 *officer, or other individual with authority to approve the*
37 *expenditure of campaign funds held by a committee, except for a*
38 *gift of nominal value that is substantially similar to a gift made to*
39 *other persons and that is directly related to a political, legislative,*
40 *or governmental purpose. Campaign funds shall not be used to*

1 *make personal gifts to any other person not described in this*
 2 *paragraph unless the gift is directly related to a political,*
 3 *legislative, or governmental purpose. The refund of a campaign*
 4 *contribution does not constitute the making of a gift.*

5 (2) ~~Nothing in this section shall~~ *This section does not prohibit*
 6 *the use of campaign funds to reimburse or otherwise compensate*
 7 *a public employee for services rendered to a candidate or*
 8 *committee while on vacation, leave, or otherwise outside of*
 9 *compensated public time.*

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

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

22 *SEC. 4.2. Section 89513 of the Government Code is amended*
 23 *to read:*

24 89513. This section governs the use of campaign funds for the
 25 specific expenditures set forth in this section. It is the intent of the
 26 Legislature that this section ~~shall~~ guide the interpretation of the
 27 standard imposed by Section 89512 as applied to other expenditures
 28 not specifically set forth in this section.

29 (a) (1) Campaign funds shall not be used to pay or reimburse
 30 ~~the a candidate, the~~ elected officer, or any individual or individuals
 31 with authority to approve the expenditure of campaign funds held
 32 by a committee, or employees or staff of the committee or the
 33 elected officer's governmental ~~agency~~ *agency*, for travel expenses
 34 and necessary ~~accommodations~~ *accommodations*, except when
 35 these expenditures are directly related to a political, legislative, or
 36 governmental purpose.

37 (2) ~~For the~~ purposes of this section, payments or reimbursements
 38 for travel and necessary accommodations shall be considered as
 39 directly related to a political, legislative, or governmental purpose
 40 if the payments would meet standards similar to the standards of

1 the Internal Revenue Service pursuant to Sections 162 and 274 of
2 the Internal Revenue Code for deductions of travel expenses under
3 the federal income tax law.

4 (3) For the purposes of this section, payments or reimbursement
5 for travel by the household of a candidate or elected officer when
6 traveling to the same destination in order to accompany the
7 candidate or elected officer shall be considered for the same
8 purpose as the candidate's or elected officer's travel.

9 (4) ~~Whenever~~ If campaign funds are used to pay or reimburse
10 a candidate, elected officer, his or her representative, or a member
11 of the candidate's household for travel expenses and necessary
12 accommodations, the expenditure shall be reported as required by
13 Section 84211.

14 (5) ~~Whenever~~ If campaign funds are used to pay or reimburse
15 for travel expenses and necessary accommodations, any mileage
16 credit that is earned or awarded pursuant to an airline bonus
17 mileage program shall be deemed personally earned by or awarded
18 to the individual traveler. Neither the earning or awarding of
19 mileage credit, nor the redeeming of credit for actual travel, shall
20 be subject to reporting pursuant to Section 84211.

21 (6) *Campaign funds shall not be used to make a payment for a*
22 *personal vacation for a candidate; elected officer; immediate*
23 *family member of a candidate or elected officer; or an officer,*
24 *director, employee, or member of the staff of a candidate, elected*
25 *officer, or committee.*

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

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

33 (3) Campaign funds shall not be used to pay health-related
34 expenses for a candidate, elected officer, or any individual or
35 individuals with authority to approve the expenditure of campaign
36 funds held by a committee, or members of his or her household.
37 "Health-related expenses" includes, but is not limited to,
38 examinations by physicians, dentists, psychiatrists, psychologists,
39 or ~~counselors~~, *counselors*; expenses for medications, ~~treatments~~
40 *treatments*, or medical ~~equipment~~, *equipment*; and expenses for

1 ~~hospitalization, health club dues, hospitalization~~ and special dietary
2 foods. However, campaign funds may be used to pay employer
3 costs of health care benefits of a bona fide employee or independent
4 contractor of the committee.

5 (4) *Campaign funds shall not be used to make a payment for*
6 *membership dues for a country club, health club, or other*
7 *recreational facility.*

8 (5) *Campaign funds shall not be used to make tuition payments,*
9 *unless the payments are directly related to a political, legislative,*
10 *or governmental purpose.*

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

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

17 (2) Any other action for which payment of attorney's fees from
18 contributions would be permitted pursuant to this title. *However,*
19 *campaign funds shall not be used to pay a fine, penalty, judgment,*
20 *or settlement relating to an expenditure of campaign funds that*
21 *resulted in either of the following:*

22 (A) *A personal benefit to the candidate or officer if it is*
23 *determined that the expenditure was not reasonably related to a*
24 *political, legislative, or governmental purpose.*

25 (B) *A substantial personal benefit to the candidate or officer if*
26 *it is determined that the expenditure was not directly related to a*
27 *political, legislative, or governmental purpose.*

28 (d) Campaign funds shall not be used ~~for campaign, business,~~
29 ~~or casual clothing except specialty clothing that is not suitable for~~
30 ~~everyday use, including, but not limited to, formal wear, if this~~
31 ~~attire is to purchase clothing~~ to be worn by ~~the~~ a candidate or
32 elected officer and is directly related to a political, legislative, or
33 governmental purpose. *officer.*

34 (e) (1) Except where otherwise prohibited by law, campaign
35 funds may be used to purchase or reimburse for the costs of
36 purchase of tickets to political fundraising events for the attendance
37 of a candidate, elected officer, or his or her immediate family, or
38 an officer, director, employee, or staff of the committee or the
39 elected officer's governmental agency.

1 (2) Campaign funds shall not be used to pay for or reimburse
2 for the costs of tickets for entertainment or sporting events for the
3 candidate, elected officer, or members of his or her immediate
4 family, or an officer, director, employee, or staff of the committee,
5 unless their attendance at the event is directly related to a political,
6 legislative, or governmental purpose.

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

10 (f) (1) Campaign funds shall not be used to make ~~personal gifts~~
11 *a gift to a spouse, child, sibling, or parent of a candidate, elected*
12 *officer, or other individual with authority to approve the*
13 *expenditure of campaign funds held by a committee, except for a*
14 *gift of nominal value that is substantially similar to a gift made to*
15 *other persons and that is directly related to a political, legislative,*
16 *or governmental purpose. Campaign funds shall not be used to*
17 *make personal gifts to any other person not described in this*
18 *paragraph unless the gift is directly related to a political,*
19 *legislative, or governmental purpose. The refund of a campaign*
20 *contribution does not constitute the making of a gift.*

21 ~~(2) Nothing in this section shall~~ *This section does not prohibit*
22 *the use of campaign funds to reimburse or otherwise compensate*
23 *a public employee for services rendered to a candidate or*
24 *committee while on vacation, leave, or otherwise outside of*
25 *compensated public time.*

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

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

38 *SEC. 4.3. Section 89513 of the Government Code is amended*
39 *to read:*

1 89513. This section governs the use of campaign funds for the
2 specific expenditures set forth in this section. It is the intent of the
3 Legislature that this section ~~shall~~ guide the interpretation of the
4 standard imposed by Section 89512 as applied to other expenditures
5 not specifically set forth in this section.

6 (a) (1) Campaign funds shall not be used to pay or reimburse
7 ~~the a~~ candidate, ~~the~~ elected officer, or any individual or individuals
8 with authority to approve the expenditure of campaign funds held
9 by a committee, or employees or staff of the committee or the
10 elected officer's governmental ~~agency~~ *agency*, for travel expenses
11 and necessary ~~accommodations~~ *accommodations*, except when
12 these expenditures are directly related to a political, legislative, or
13 governmental purpose.

14 (2) For ~~the~~ purposes of this section, payments or reimbursements
15 for travel and necessary accommodations shall be considered as
16 directly related to a political, legislative, or governmental purpose
17 if the payments would meet standards similar to the standards of
18 the Internal Revenue Service pursuant to Sections 162 and 274 of
19 the Internal Revenue Code for deductions of travel expenses under
20 the federal income tax law.

21 (3) For ~~the~~ purposes of this section, payments or reimbursement
22 for travel by the household of a candidate or elected officer when
23 traveling to the same destination in order to accompany the
24 candidate or elected officer shall be considered for the same
25 purpose as the candidate's or elected officer's travel.

26 (4) ~~Whenever~~ *If* campaign funds are used to pay or reimburse
27 a candidate, elected officer, his or her representative, or a member
28 of the candidate's household for travel expenses and necessary
29 accommodations, the expenditure shall be reported as required by
30 Section 84211.

31 (5) ~~Whenever~~ *If* campaign funds are used to pay or reimburse
32 for travel expenses and necessary accommodations, any mileage
33 credit that is earned or awarded pursuant to an airline bonus
34 mileage program shall be deemed personally earned by or awarded
35 to the individual traveler. Neither the earning or awarding of
36 mileage credit, nor the redeeming of credit for actual travel, shall
37 be subject to reporting pursuant to Section 84211.

38 (6) *Campaign funds shall not be used to make a payment for a*
39 *personal vacation for a candidate; elected officer; immediate*
40 *family member of a candidate or elected officer; or an officer,*

1 *director, employee, or member of the staff of a candidate, elected*
2 *officer, or committee.*

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

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

10 (3) Campaign funds shall not be used to pay health-related
11 expenses for a candidate, elected officer, or any individual or
12 individuals with authority to approve the expenditure of campaign
13 funds held by a committee, or members of his or her household.
14 “Health-related expenses” includes, but is not limited to,
15 examinations by physicians, dentists, psychiatrists, psychologists,
16 ~~or counselors, counselors;~~ expenses for medications, ~~treatments~~
17 *treatments*, or medical ~~equipment, equipment;~~ and expenses for
18 ~~hospitalization, health club dues, hospitalization~~ and special dietary
19 foods. However, campaign funds may be used to pay employer
20 costs of health care benefits of a bona fide employee or independent
21 contractor of the committee.

22 (4) *Campaign funds shall not be used to make a payment for*
23 *membership dues for a country club, health club, or other*
24 *recreational facility.*

25 (5) *Campaign funds shall not be used to make tuition payments,*
26 *unless the payments are directly related to a political, legislative,*
27 *or governmental purpose.*

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

31 ~~(1)~~

32 (A) Parking citations incurred in the performance of an activity
33 that was directly related to a political, legislative, or governmental
34 purpose.

35 ~~(2)~~

36 (B) Any other action for which payment of attorney’s fees from
37 contributions would be permitted pursuant to this title. *However,*
38 *campaign funds shall not be used to pay a fine, penalty, judgment,*
39 *or settlement relating to an expenditure of campaign funds that*
40 *resulted in either of the following:*

1 (i) A personal benefit to the candidate or officer if it is
2 determined that the expenditure was not reasonably related to a
3 political, legislative, or governmental purpose.

4 (ii) A substantial personal benefit to the candidate or officer if
5 it is determined that the expenditure was not directly related to a
6 political, legislative, or governmental purpose.

7 (2) Campaign funds shall not be used to pay a restitution fine
8 imposed under Section 86 of the Penal Code.

9 (d) Campaign funds shall not be used for campaign, business,
10 or casual clothing except specialty clothing that is not suitable for
11 everyday use, including, but not limited to, formal wear, if this
12 attire is to purchase clothing to be worn by the candidate or elected
13 officer and is directly related to a political, legislative, or
14 governmental purpose. *officer.*

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

21 (2) Campaign funds shall not be used to pay for or reimburse
22 for the costs of tickets for entertainment or sporting events for the
23 candidate, elected officer, or members of his or her immediate
24 family, or an officer, director, employee, or staff of the committee,
25 unless their attendance at the event is directly related to a political,
26 legislative, or governmental purpose.

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

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

1 (2) ~~Nothing in this section shall~~*This section does not* prohibit
2 the use of campaign funds to reimburse or otherwise compensate
3 a public employee for services rendered to a candidate or
4 committee while on vacation, leave, or otherwise outside of
5 compensated public time.

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

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

18 SEC. 5. Section 89515 of the Government Code is amended
19 to read:

20 89515. Campaign funds may be used to make donations or
21 loans to bona fide charitable, educational, civic, religious, or similar
22 tax-exempt, nonprofit organizations, if no substantial part of the
23 proceeds will have a material financial effect on the candidate,
24 campaign treasurer, or any individual or individuals with authority
25 to approve the expenditure of campaign funds held by a committee,
26 or member of his or her immediate family, and if the donation or
27 loan bears a reasonable relation to a political, legislative, or
28 governmental purpose, except as prohibited by Section 89515.5.

29 SEC. 6. Section 89515.5 is added to the Government Code, to
30 read:

31 89515.5. (a) An expenditure of campaign funds by an elected
32 officer or committee controlled by the elected officer to a nonprofit
33 organization that the elected officer knows or has reason to know
34 is owned or controlled by the elected officer or a family member
35 of the elected officer is deemed to serve the primary purpose of
36 conferring a personal financial benefit on the recipient and is
37 prohibited as being unrelated to a political, legislative, or
38 governmental purpose and inconsistent with the trust imposed by
39 Section 89510.

1 (b) An elected officer is deemed to have complied with the
2 requirements of subdivision (a) if the Commission determines that
3 the elected officer has made a reasonable effort to ascertain whether
4 a nonprofit organization is owned or controlled by any individual
5 described in subdivision (a).

6 (c) For purposes of this section, a nonprofit organization is
7 owned or controlled by an elected officer or family member of the
8 elected officer if 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 and is paid for his
12 or her services.

13 (d) For purposes of this section, the following terms have the
14 following meanings:

15 (1) "Family member of the elected officer" means the spouse,
16 child, sibling, or parent of an elected officer.

17 (2) "Nonprofit organization" means an organization that is
18 exempt from taxation under Section 501(c)(4) of the Internal
19 Revenue Code.

20 SEC. 7. Section 89516 of the Government Code is amended
21 to read:

22 89516. Notwithstanding Sections 89512 and 89513, this section
23 governs the use of campaign funds for vehicle expenses.

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

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

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

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

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

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

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

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

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

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

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

23 SEC. 8. Section 89517 of the Government Code is amended
24 to read:

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

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

1 authority to approve the expenditure of campaign funds, or a
2 member of his or her immediate family.

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

13 *SEC. 9. (a) Section 4.1 of this bill incorporates amendments*
14 *to Section 89513 of the Government Code proposed by both this*
15 *bill and Assembly Bill 1666. It shall only become operative if (1)*
16 *both bills are enacted and become effective on or before January*
17 *1, 2015, (2) each bill amends Section 89513 of the Government*
18 *Code, (3) Assembly Bill 1692 is not enacted or as enacted does*
19 *not amend Section 89513 of the Government Code, and (4) this*
20 *bill is enacted after Assembly Bill 1666, in which case Sections 4,*
21 *4.2, and 4.3 of this bill shall not become operative.*

22 *(b) Section 4.2 of this bill incorporates amendments to Section*
23 *89513 of the Government Code proposed by both this bill and*
24 *Assembly Bill 1692. It shall only become operative if (1) both bills*
25 *are enacted and become effective on or before January 1, 2015,*
26 *(2) each bill amends Section 89513 of the Government Code, (3)*
27 *Assembly Bill 1666 is not enacted or as enacted does not amend*
28 *Section 89513 of the Government Code, and (4) this bill is enacted*
29 *after Assembly Bill 1692, in which case Sections 4, 4.1, and 4.3*
30 *of this bill shall not become operative.*

31 *(c) Section 4.3 of this bill incorporates amendments to Section*
32 *89513 of the Government Code proposed by this bill, Assembly*
33 *Bill 1666, and Assembly Bill 1692. It shall only become operative*
34 *if (1) all three bills are enacted and become effective on or before*
35 *January 1, 2015, (2) all three bills amend Section 89513 of the*
36 *Government Code, and (3) this bill is enacted after Assembly Bill*
37 *1666 and Assembly Bill 1692, in which case Sections 4, 4.1, and*
38 *4.2 of this bill shall not become operative.*

1 ~~SEC. 9.~~

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

11 ~~SEC. 10.~~

12 ~~SEC. 11.~~ The Legislature finds and declares that this bill
13 furthers the purposes of the Political Reform Act of 1974 within
14 the meaning of subdivision (a) of Section 81012 of the Government
15 Code.

O