

AMENDED IN ASSEMBLY APRIL 12, 2004

CALIFORNIA LEGISLATURE—2003–04 REGULAR SESSION

**ASSEMBLY BILL**

**No. 2842**

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**Introduced by Assembly Member Leno**

February 20, 2004

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An act to amend Section 85307 of, and to add Sections 85303.3, 85303.4, and 85303.5 to, the Government Code, relating to the Political Reform Act of 1974, and declaring the urgency thereof, to take effect immediately.

LEGISLATIVE COUNSEL'S DIGEST

AB 2842, as amended, Leno. Political Reform Act of 1974.

(1) The Political Reform Act of 1974 limits the total amount per election that may be contributed by a person to a candidate for elective state office, and to committees who make contributions and expenditures in support of the candidate. Under existing law, Member of the Legislature is an elective state office. Under existing law, contributions of personal funds by a candidate to his or her own campaign are excepted from the contribution limits.

This bill would authorize a legislative candidate to accept contributions at twice the limit if the total amount of personal funds contributed by an opposing candidate to his or her own campaign exceeds the total amount of ~~campaign contributions raised by the candidate, not including amounts contributed from the candidate's~~ personal funds; *contributed by a candidate to his or her own campaign* by more than \$300,000, but less than \$600,000. The bill would allow contributions to be accepted at 3 times the limit if the total amount of personal funds contributed by an opposing candidate to his or her own

campaign exceeds the total amount of ~~campaign contributions raised by the candidate, not including amounts contributed from the candidate's~~ personal funds; *contributed by a candidate to his or her own campaign* by \$600,000 or more, but less than \$900,000, and would remove the limits if the total amount of personal funds contributed by an opposing candidate to his or her own campaign exceeds the total amount of ~~campaign contributions raised by the candidate, not including amounts contributed from the candidate's~~ personal funds; *contributed by a candidate to his or her own campaign* by \$900,000 or more. The bill would prohibit the amount raised by the candidate under the increased levels from exceeding the amount of personal funds contributed by the opposing candidate to his or her own campaign. The bill would require a legislative candidate that intends to use personal funds for his or her campaign to file a statement that includes the amount the candidate intends to spend at the time the candidate files his or her statement of intention to be a candidate, as specified.

(2) Existing law prohibits a candidate for elective state office from personally loaning to his or her campaign an amount that would have an outstanding balance in excess of \$100,000.

This bill would state that included in this amount are the proceeds of a loan obtained by the candidate from a commercial lending institution. The bill would also prohibit a candidate for elective state office from contributing personal funds to his or her controlled committee 30 days prior to an election.

(3) Under existing law, a violation of the Political Reform Act of 1974 is subject to administrative, civil, and criminal penalties. This bill would impose a state-mandated local program by imposing these penalties on persons who violate the provisions of the bill.

(4) 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) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act's purposes with a  $\frac{2}{3}$  vote of each house and compliance with specified procedural requirements. This bill, which would declare that it furthers the purposes of the act, would therefore require a  $\frac{2}{3}$  vote.



(6) The bill would declare that it is to take effect immediately as an urgency statute.

Vote: <sup>2</sup>/<sub>3</sub>. 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 85303.3 is added to the Government  
2 Code, to read:

3 85303.3. (a) For each election, if the total amount of personal  
4 funds contributed by an opposing candidate to his or her own  
5 campaign exceeds the total amount of ~~campaign contributions~~  
6 ~~raised by a candidate, not including amounts contributed from the~~  
7 ~~candidate's personal funds,~~ *personal funds contributed by a*  
8 *candidate to his or her own campaign* by more than three hundred  
9 thousand dollars (\$300,000), but less than six hundred thousand  
10 dollars (\$600,000), the contribution limitations set forth in Section  
11 85301 shall be doubled for the candidate.

12 (b) For each election, if the total amount of personal funds  
13 contributed by the opposing candidate to his or her own campaign  
14 exceeds the total amount of ~~campaign contributions raised by a~~  
15 ~~candidate, not including amounts contributed from the candidate's~~  
16 ~~personal funds~~ *personal funds contributed by a candidate to his or*  
17 *her own campaign*, by six hundred thousand dollars (\$600,000),  
18 but less than nine hundred thousand dollars (\$900,000), the  
19 contribution limitations set forth in Section 85301 shall be tripled  
20 for the candidate.

21 (c) For each election, if the total amount of personal funds  
22 contributed by the opposing candidate to his or her own campaign  
23 exceeds the total amount of ~~campaign contributions raised by a~~  
24 ~~candidate, not including amounts contributed from the candidate's~~  
25 ~~personal funds~~ *personal funds contributed by a candidate to his or*  
26 *her own campaign*, by nine hundred thousand dollars (\$900,000)  
27 or more, the contribution limitations set forth in Section 85301  
28 shall not apply to the candidate.

29 (d) For each election, the amount raised by the candidate under  
30 the increased levels may not exceed the amount of personal funds  
31 contributed by the opposing candidate to his or her own campaign.

32 (e) A candidate shall provide an initial notification to all other  
33 candidates by guaranteed overnight mail or personal delivery



1 within 24 hours of the time that the candidate has contributed  
2 personal funds to his or her campaign that, in the aggregate, exceed  
3 three hundred thousand dollars (\$300,000). Thereafter, the  
4 candidate shall provide notification in this manner when he or she  
5 continues personal funds to his or her campaign that, in the  
6 aggregate, exceed six hundred thousand dollars (\$600,000) and  
7 nine hundred thousand dollars (\$900,000). Upon notification, any  
8 candidate who is entitled to accept contributions under the  
9 increased contribution limits may begin accepting contributions at  
10 the increased limits. The candidate shall also file the notification  
11 within the 24-hour timeframe with the Secretary of State by  
12 facsimile transmission, guaranteed overnight mail, or personal  
13 delivery.

14 (f) For the purposes of this section, “personal funds” includes  
15 any amount derived from any of the following:

16 (1) Any asset that a candidate has legal right of access to or  
17 control over, and with respect to which the candidate has either of  
18 the following:

19 (A) Legal and rightful title.

20 (B) An equitable interest.

21 (2) Any payment to the candidate, including, but not limited to,  
22 all of the following:

23 (A) Salary, commission, or income derived by the candidate  
24 through contract from any source.

25 (B) Dividends and proceeds from the sale of the candidate’s  
26 stocks or investments.

27 (C) Bequests to the candidate.

28 (D) Income from trusts established before the beginning of the  
29 election cycle.

30 (E) Income from trusts established by bequest after the  
31 beginning of the election cycle of which the candidate is a  
32 beneficiary.

33 (F) Gifts to the candidate.

34 (G) Proceeds from lotteries and similar games of chance.

35 (H) The candidate’s share of community property.

36 (I) Any loan made to the candidate, including, ~~notwithstanding~~  
37 ~~subdivision (a) of Section 85307~~, the proceeds of a loan made to  
38 a candidate by a commercial lending institution for which the  
39 candidate is personally liable.

40 (g) This section applies only to legislative candidates.



1 SEC. 2. Section 85303.4 is added to the Government Code, to  
2 read:

3 85303.4. Every legislative candidate that intends to use  
4 personal funds for his or her campaign shall file a statement of this  
5 intent at the time he or she files the statement of intention specified  
6 in Section 85200. The candidate shall indicate in the statement  
7 which of the following amounts he or she intends to spend:

8 (a) Less than three hundred thousand dollars (\$300,000).

9 (b) Three hundred thousand dollars (\$300,000) or more, but  
10 less than six hundred thousand dollars (\$600,000).

11 (c) Six hundred thousand dollars (\$600,000) or more, but less  
12 than nine hundred thousand dollars (\$900,000).

13 (d) Nine hundred thousand dollars (\$900,000) or more.

14 SEC. 3. Section 85303.5 is added to the Government Code, to  
15 read:

16 85303.5. No candidate for elective state office may contribute  
17 personal funds to his or her controlled committee 30 days prior to  
18 an election.

19 SEC. 4. Section 85307 of the Government Code is amended  
20 to read:

21 85307. A candidate for elective state office may not  
22 personally loan to his or her campaign an amount, including the  
23 proceeds of a loan obtained by the candidate from a commercial  
24 lending institution, the outstanding balance of which exceeds one  
25 hundred thousand dollars (\$100,000). A candidate may not charge  
26 interest on any loan he or she made to his or her campaign.

27 SEC. 5. No reimbursement is required by this act pursuant to  
28 Section 6 of Article XIII B of the California Constitution because  
29 the only costs that may be incurred by a local agency or school  
30 district will be incurred because this act creates a new crime or  
31 infraction, eliminates a crime or infraction, or changes the penalty  
32 for a crime or infraction, within the meaning of Section 17556 of  
33 the Government Code, or changes the definition of a crime within  
34 the meaning of Section 6 of Article XIII B of the California  
35 Constitution.

36 SEC. 6. The Legislature finds and declares that the provisions  
37 of this act further the purposes of the Political Reform Act of 1974  
38 within the meaning of subdivision (a) of Section 81012 of the  
39 Government Code.



1 SEC. 7. This act is an urgency statute necessary for the  
2 immediate preservation of the public peace, health, or safety  
3 within the meaning of Article IV of the Constitution and shall go  
4 into immediate effect. The facts constituting the necessity are:

5 In order to ensure that the November 2, 2004 statewide general  
6 election is conducted in a fair and impartial manner, and to clarify  
7 the law regarding candidate loans to the candidate's committee in  
8 light of the ruling in *Camp v. Schwarzenegger* (Super. Ct.  
9 Sacramento County, 2004, No. 03AS05478), it is necessary that  
10 this bill go into immediate effect.

