

AMENDED IN SENATE AUGUST 18, 2005
AMENDED IN ASSEMBLY MARCH 29, 2005
CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

ASSEMBLY BILL

No. 1391

Introduced by Assembly Member Leno

February 22, 2005

An act to amend Sections ~~82027.5 and 82048.7~~ 82027, 82027.5, 82048.7, and 89517 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 1391, as amended, Leno. Campaign disclosure: general purpose committees: *use of campaign funds*.

(1) *Existing provisions of the Political Reform Act of 1974 require public officials and designated employees of public agencies to file annually a written statement of the economic interests they possess during specified periods. The act requires that when the filer's income is required to be reported, the statement include whether the aggregate value of income from each source was at least \$500 but did not exceed \$1,000, whether it was in excess of \$1,000 but not greater than \$10,000, whether it was greater than \$10,000 but not greater than \$100,000, or whether it was greater than \$100,000.*

The bill would require these filers to specify income in increments of \$10,000 to \$100,000; more than \$100,000 to \$250,000; more than \$250,000 to \$500,000; more than \$500,000 to \$1,000,000; more than \$1,000,000 to \$2,000,000; or more than \$2,000,000.

(2) ~~Existing law defines~~ *provisions of the act define* a general purpose committee as a committee established pursuant to specified statutes and that is formed or exists primarily to support or oppose

more than one candidate or ballot measure. ~~Existing law~~ *The act* further defines a state general purpose committee as a committee to support or oppose candidates voted on in a state election or in more than one county.

This bill would instead exclude from the definition of a state general purpose committee a committee that is not a county or city general purpose committee, and limit the definition to a committee that makes expenditures to support or oppose candidates or measures voted on in a state election, or in more than one county, including contributions to state general purpose committees, that total more than 50% of the contributions and independent expenditures made by the committee.

~~Existing law defines~~

(3) *Existing provisions of the act define* a county general purpose committee as a committee to support or oppose candidates or measures voted on in only one county, or in more than one jurisdiction within the county.

This bill would instead limit the definition of a county general purpose committee to a committee that makes expenditures to support or oppose candidates or measures voted on in only one county or more than one jurisdiction within one county, including contributions to county general purpose committees in the same county, that total more than 50% of the contributions and independent expenditures made by the committee.

~~Existing law defines~~ *provisions of the act define* a city general purpose committee as a committee to support or oppose candidates voted on in only one city.

This bill would instead limit the definition of a city general purpose committee to a committee that makes expenditures to support or oppose candidates or measures voted on in only one city or in one consolidated city and county, including contributions to county general purpose committees in the same city or the same consolidated city and county, that total more than 50% of the contributions and independent expenditures made by the committee.

This bill would set forth the procedure for calculating the percentage of contributions and independent expenditure made by a committee, and would make other technical changes to existing law.

(2)

(4) *Existing provisions of the act prohibit the use of campaign funds to pay or reimburse for the lease or purchase of real property, or the*

purchase, lease, or refurbishment of any appliance or equipment leased or owned by a candidate, officer, or other specified person.

This bill would expand that prohibition to include property where the legal title resides in whole or in part in any person in which an interest of 10 percent or more is held by a candidate, elected officer or other specified person.

(5) Existing law makes provisions of the act make a violation of the act 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 this bill.

(3)

(6) 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.

(4)

(7) 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 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 2/3 vote.

Vote: 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 87207 of the Government Code is
2 amended to read:
3 87207. (a) When income is required to be reported under this
4 article, the statement shall contain, except as provided in
5 subdivision (b):
6 (1) The name and address of each source of income
7 aggregating five hundred dollars (\$500) or more in value, or fifty
8 dollars (\$50) or more in value if the income was a gift, and a
9 general description of the business activity, if any, of each
10 source.

1 (2) A statement whether the aggregate value of income from
2 each source, or in the case of a loan, the highest amount owed to
3 each source, was at least five hundred dollars (\$500) but did not
4 exceed one thousand dollars (\$1,000), whether it was in excess of
5 one thousand dollars (\$1,000) but was not greater than ten
6 thousand dollars (\$10,000), whether it was greater than ten
7 thousand dollars (\$10,000) but not greater than one hundred
8 thousand dollars (\$100,000), ~~or~~ whether it was greater than one
9 hundred thousand dollars (\$100,000); *but not greater than two*
10 *hundred fifty thousand dollars (\$250,000), whether it was*
11 *greater than two hundred fifty thousand dollars (\$250,000) but*
12 *not greater than five hundred thousand dollars (\$500,000),*
13 *whether it was greater than five hundred thousand dollars*
14 *(\$500,000) but not greater than one million dollars (\$1,000,000),*
15 *whether it was greater than one million dollars (\$1,000,000) but*
16 *not greater than two million dollars (\$2,000,000), or whether it*
17 *was greater than two million dollars (\$2,000,000).*

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

20 (4) In the case of a gift, the amount and the date on which the
21 gift was received.

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

24 (b) When the filer's pro rata share of income to a business
25 entity, including income to a sole proprietorship, is required to be
26 reported under this article, the statement shall contain:

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

29 (2) The name of every person from whom the business entity
30 received payments if the filer's pro rata share of gross receipts
31 from that person was equal to or greater than ten thousand dollars
32 (\$10,000) during a calendar year.

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

1 to or greater in value than the payments for the travel, in which
2 case the travel may be reported as income.

3 ~~SECTION 1.~~

4 *SEC. 2.* Section 82027.5 of the Government Code is amended
5 to read:

6 82027.5. (a) “General purpose committee” means all
7 committees pursuant to subdivision (b) or (c) of Section 82013,
8 and any committee pursuant to subdivision (a) of Section 82013
9 which is formed or exists primarily to support or oppose more
10 than one candidate or ballot measure, except as provided in
11 Section 82047.5.

12 (b) A “state general purpose committee” is a political party
13 committee, as defined in Section 85205, or a committee that
14 meets one of the following requirements:

15 (1) Is not a county general purpose committee, as defined in
16 subdivision (c), or a city general purpose committee, as defined
17 in subdivision (d).

18 (2) Makes expenditures to support or oppose candidates or
19 measures voted on in a state election, or in more than one county,
20 including making contributions to state general purpose
21 committees, that total more than 50 percent of the contributions
22 and independent expenditures made by the committee.

23 (c) A “county general purpose committee” is a committee that
24 makes expenditures to support or oppose candidates or measures
25 voted on in only one county, or in more than one jurisdiction
26 within one county, including contributions to county general
27 purpose committees in the same county, that total more than 50
28 percent of the contributions and independent expenditures made
29 by the committee.

30 (d) A “city general purpose committee” is a committee that
31 makes expenditures to support or oppose candidates or measures
32 voted on in only one city, or in one consolidated city and county,
33 including contributions to city general purpose committees in the
34 same city or the same consolidated city and county, that total
35 more than 50 percent of the contributions and independent
36 expenditures made by the committee.

37 (e) For purposes of calculating the percentage set out in
38 subdivisions (b) to (d), inclusive, contributions and expenditures
39 made to support or oppose candidates, measures, or committees
40 during the current calendar year and the previous calendar year

1 shall be counted. The percentage shall be calculated at the end of
2 each semiannual period in which the committee is required to file
3 a campaign statement. A committee, as defined in subdivision (b)
4 or (c) of Section 82013, is not required to count contributions or
5 expenditures made during a prior calendar year in which the
6 committee was not required to file campaign statements.

7 ~~SEC. 2.~~

8 *SEC. 3.* Section 82048.7 of the Government Code is amended
9 to read:

10 82048.7. (a) “Sponsored committee” means a committee,
11 other than a candidate controlled committee, which has one or
12 more sponsors. Any person, except a candidate or other
13 individual, may sponsor a committee.

14 (b) A person sponsors a committee if any of the following
15 apply:

16 (1) The committee receives 80 percent or more of its
17 contributions from the person or its members, officers,
18 employees, or shareholders.

19 (2) The person collects contributions for the committee by use
20 of payroll deductions or dues from its members, officers, or
21 employees.

22 (3) The person, alone or in combination with other
23 organizations, provides all or nearly all of the administrative
24 services for the committee.

25 (4) The person, alone or in combination with other
26 organizations, sets the policies for soliciting contributions or
27 making expenditures of committee funds.

28 *SEC. 4.* Section 89517 of the Government Code is amended to
29 read:

30 89517. (a) Campaign funds shall not be used for payment or
31 reimbursement for the lease of real property or for the purchase,
32 lease, or refurbishment of any appliance or equipment, where the
33 lessee or sublessor is, ~~or~~ the legal title resides, in whole or in
34 part; in, *or the legal title resides in whole or in part in any person*
35 *in which an interest of 10 percent or more is held by*, a candidate,
36 elected officer, campaign treasurer, or any individual or
37 individuals with authority to approve the expenditure of
38 campaign funds, or member of his or her immediate family.

39 (b) Campaign funds shall not be used to purchase real
40 property. Except as prohibited by subdivision (a), campaign

1 funds may be used to lease real property for up to one year at a
2 time where the use of that property is directly related to political,
3 legislative, or governmental purposes.

4 (c) For the purposes of this section, real property, appliance, or
5 equipment is considered to be directly related to a political,
6 legislative, or governmental purpose as long as its use for other
7 purposes is only incidental to its use for political, legislative, or
8 governmental purposes.

9 ~~SEC. 3.~~

10 *SEC. 5.* No reimbursement is required by this act pursuant to
11 Section 6 of Article XIII B of the California Constitution because
12 the only costs that may be incurred by a local agency or school
13 district will be incurred because this act creates a new crime or
14 infraction, eliminates a crime or infraction, or changes the
15 penalty for a crime or infraction, within the meaning of Section
16 17556 of the Government Code, or changes the definition of a
17 crime within the meaning of Section 6 of Article XIII B of the
18 California Constitution.

19 ~~SEC. 4.~~

20 *SEC. 6.* The Legislature finds and declares that the provisions
21 of this act further the purposes of the Political Reform Act of
22 1974 within the meaning of subdivision (a) of Section 81012 of
23 the Government Code.