



# The Billion Dollar Money Train

Fundraising By Candidates  
For State Office Since  
Voters Enacted  
Contribution Limits

California Fair Political Practices Commission • April 2009

# The Billion Dollar Money Train



*a report by the*  
**California Fair Political Practices Commission**  
April 2009

California Fair Political Practices Commission  
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# EXECUTIVE SUMMARY

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**T**he impact of special interest money on California’s election process has long been a concern for the vast majority of Californians. Voters want to know their elected representatives are serving them, not the wealthy special interests that may support these politicians financially.

In November 2000, for the fourth time in 12 years, California voters overwhelmingly approved yet another campaign finance reform proposal. Proposition 34, which is still in effect today, placed limits on the amount of money candidates for state and legislative office could accept directly into their campaign committees. Those limits went into effect on January 1, 2001, for legislative candidates and November 6, 2002, for statewide candidates.

The Fair Political Practices Commission has undertaken a comprehensive study examining the impact Proposition 34 has had on fundraising for legislative and statewide candidates. The report, “*The Billion Dollar Money Train*,” finds that despite the imposition of limits on the size of political contributions, overall fundraising by state and legislative candidates continues to skyrocket.

The study looked at the money *directly* raised by legislative and statewide candidates – not merely the funds that went into their election or re-election committees. The conclusion:

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*State and legislative candidates have directly raised more than \$1 billion since Proposition 34 took effect.*

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Public sentiment is clear. In election after election, voters have said they want to reduce the influence of special interest money in the political process. This study demonstrates that the goal of reducing special interest money remains elusive and truly

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extraordinary sums of money continue to flow to candidates and officeholders.

Highlights of the report include:

- The \$1,006,638,463 directly raised by candidates works out to \$344,503 per day or \$14,354 per hour, 24 hours a day, seven days a week, 365 days a year (366 in leap years).
- There has been a proliferation of campaign committees since the enactment of Proposition 34. Candidates and officeholders have created committees that have no contribution limits, such as candidate-controlled ballot measure committees and legal defense fund committees, which allowed them to circumvent contribution limits.
- Of the more than \$1 billion raised, legislative candidates, who have been under Proposition 34 limits for four election cycles, accounted for 58% of the total raised. With one full election cycle and the gubernatorial recall election of 2003 under the Proposition 34 limits, statewide candidates accounted for 42% of the total money raised.
- Contributions into candidate-controlled ballot measure committees increased more than 200,000% from 2001-02 to 2005-06.
- Behested payments for statewide officials increased nearly 3,000% from 2003 to 2008.
- The \$1,006,638,463 does not include “independent expenditures,” candidates who do not file electronically with the Secretary of State’s office, gifts or behested payments under \$5,000.

Information for this report was obtained from campaign statements electronically filed with the Secretary of State’s Office and other public records. *“The Billion Dollar Money Train”* was prepared by Susie Swatt, Communications Director for the Fair Political Practices Commission.

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# INTRODUCTION

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**I**n November 2000, California voters approved Proposition 34 to limit direct contributions to statewide and legislative candidates. At the time Proposition 34 was enacted, California was considered the wild west in terms of campaign financing, with six figure contributions routine, rather than the exception. The goal of Proposition 34 was to clamp limits on contributions to prevent corruption, or the appearance of corruption from large special interests.

In ballot arguments supporting Proposition 34, proponents pointed out:

“The vast majority of...campaign dollars come from powerful special interests seeking favors in Sacramento.”

Proposition 34 proponents asserted that elected officials should work to protect the people who elect them, not the special interests who provide the most financial support. They urged voters to rein in special interests and put themselves back in charge of California’s political process.

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*“VOTE YES ON PROPOSITION 34 if you’re tired of special interests controlling our government.”*

*“PROPOSITION 34 WILL PUT THE BRAKES ON SPECIAL INTEREST DOLLARS.”*

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So what has happened since the passage of Proposition 34? Has it, in fact, put the brakes on special interest dollars?

Hardly!

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**Proposition 34 went into effect for legislative candidates eight years ago and for state-wide candidates six years ago. With Proposition 34 limits in place, candidates and officeholders have still been able to directly raise more than *ONE BILLION DOLLARS*.**

**This special report by the California Fair Political Practices Commission is intended to increase understanding of the variety of ways candidates and officeholders are able to avoid contribution limits and continue to raise special interest money in staggering amounts. It only looks at the amount of money raised by candidates and officeholders, not how the money has been spent. The report is based on campaign statements filed electronically with the California Secretary of State and other public records.**

**Elected state officials and contributors have been able to legally circumvent Proposition 34 contribution limits by a variety of devices. These include contributions to:**

- *Old committees*
- *Committees created for other offices (whether or not the official ever actually seeks the office)*
- *Candidate-controlled ballot measure committees*
- *“Behested payments” (money raised directly by officeholders for a variety of their favored projects)*
- *Legal defense funds*
- *Officeholder accounts*

**Is it logical to limit the size of contributions to an officeholder’s election or re-election committee in order to prevent the possibility of undue influence or the appearance of corruption, and yet allow the same special interests to contribute vastly greater amounts to other committees controlled by the same officeholder? If large contributions can create the possibility of, or the appearance of, corruption, does it really matter exactly how a special interest provides the money to the official they seek to influence?**

**The system of large campaign contributions may help promote a sense of futility on the part of average citizens. In August of 2008, the Public Policy Institute of California conducted a survey of 2,001 California adult residents, including 1,047 likely voters. Among the questions asked was this:**

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*“Would you say the state government is pretty much run by a few big interests looking out for themselves, or that it is run for the benefit of all the people?”*

**The results:**

**67% a few big interests**

**24% benefit of all the people**

**9% don't know**

**The mad scramble for special interest dollars continues to create profound concerns for the future of representative democracy. What can be done to sidetrack the money train? That is the *billion dollar* question.**



# Following The Tracks Of



# The Billion Dollar Money Train

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# FOLLOWING THE TRACKS OF THE BILLION DOLLAR MONEY TRAIN

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**F**ollowing the tracks of the Billion Dollar Money Train is not easy because of the number of committees controlled by candidates and officeholders, which has increased dramatically since Proposition 34 took effect. This increase has allowed officeholders and candidates to maximize fundraising.

Proposition 34's limits have been in place for eight years for legislative candidates and six years for statewide candidates. Under the limits, candidates and officeholders have still been able to raise a staggering \$721,324,940 into their election and re-election committees.

In addition, elected state officials and contributors have exceeded contribution limits by a variety of other devices including:

- OLD COMMITTEES
- COMMITTEES FOR OTHER OFFICES
- BALLOT MEASURE COMMITTEES
- BEHESTED PAYMENTS
- LEGAL DEFENSE FUNDS
- OFFICEHOLDER ACCOUNTS

The chart below shows how much has been raised into each of these categories. All of this money was **DIRECTLY RAISED** by candidates and officeholders.

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	STATEWIDE OFFICEHOLDERS AND CANDIDATES	SENATE OFFICEHOLDERS AND CANDIDATES	ASSEMBLY OFFICEHOLDERS AND CANDIDATES	TOTALS
Election & Re-election Committees	\$259,223,734	\$142,796,901	\$319,304,305	\$721,324,940
Old Committees	\$12,719,082	\$7,728,811	\$16,270,693	\$36,718,586
Committees for Other Offices	\$7,291,601	\$26,148,070	\$19,923,569	\$53,363,240
Ballot Measure Committees	\$122,892,900	\$13,157,509	\$13,074,791	\$149,125,200
Behested Payments	\$20,991,008	\$12,022,081	\$6,999,457	\$40,012,546
Legal Defense Funds	\$399,527	\$3,653,797	\$72,350	\$4,125,674
Officeholder Accounts	\$752,832	\$845,090	\$370,355	\$1,968,277
<b>TOTALS</b>	<b>\$424,270,684</b>	<b>\$206,352,259</b>	<b>\$376,015,520</b>	<b>\$1,006,638,463</b>

The sections which follow provide detailed information on each of these fundraising vehicles.



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**A**s noted earlier, Proposition 34 was approved by voters in November of 2000. It placed limits on the size of contributions candidates for statewide and legislative offices could accept into their campaign committees.

Proposition 34 took effect on January 1, 2001, for legislative candidates, but not until November 6, 2002 (after the 2002 general election) for statewide candidates.

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*A total of \$721,324,940 has been raised into statewide and legislative candidate election and re-election committees since Proposition 34 took effect.*

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When Proposition 34 first went into effect, legislative candidates were limited to \$3,000 from a single contributor (\$6,000 from a small contributor PAC); statewide candidates other than governor were limited to \$5,000 (\$10,000 from a small contributor PAC); and gubernatorial candidates were limited to \$20,000 (regardless of source). The limits apply per election, with the primary and general considered separate elections.

Limits have been revised upwards every two years since Proposition 34 went into effect, so that in the 2009-2010 election cycle, legislative candidates can raise \$3,900 per contributor (\$7,800 for small contributor PACS); \$6,500 for statewide candidates

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other than governor (\$12,900 from small contributor PACS) and \$25,900 for gubernatorial candidates (regardless of source).

The chart below shows the total amounts of money raised under Proposition 34 limits for candidates' election and re-election committees.

YEAR	STATEWIDE OFFICEHOLDERS AND CANDIDATES	SENATE OFFICEHOLDERS AND CANDIDATES	ASSEMBLY OFFICEHOLDERS AND CANDIDATES	TOTALS
2001-02	\$866,968	\$21,124,728	\$57,854,911	\$79,846,607
2003-04	\$56,432,071	\$34,870,154	\$89,074,012	\$180,376,237
2005-06	\$192,702,519	\$37,196,126	\$89,246,841	\$319,145,486
2007-08	\$9,222,176	\$49,605,893	\$83,128,541	\$141,956,610
TOTALS	\$259,223,734	\$142,796,901	\$319,304,305	\$721,324,940



**T**he term “old committees” in this report includes committees from pre-Proposition 34 elections. It also includes committees for elections held since the effective dates of Proposition 34 if the committee had debts.

Committees formed for elections held before Proposition 34’s effective dates were never subject to contribution limitations. As a result, state elected officials were able to continue to raise money into these “old committees” in unlimited amounts for several years.

Committees created for elections held after Proposition 34 took effect were able to continue to raise money within the Proposition 34 limits after the election for outstanding debt, while officeholders were simultaneously raising money for their next election. This effectively doubled the amount some contributors could provide to an officeholder.

The following chart provides information on the amount of money raised into legislative and statewide committees from previous elections:

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<b>YEAR</b>	<b>STATEWIDE OFFICEHOLDERS AND CANDIDATES</b>	<b>SENATE OFFICEHOLDERS AND CANDIDATES</b>	<b>ASSEMBLY OFFICEHOLDERS AND CANDIDATES</b>	<b>TOTALS</b>
<b>2001-02</b>		<b>\$6,152,335</b>	<b>\$13,538,625</b>	<b>\$19,690,960</b>
<b>2003-04</b>	<b>\$8,111,163</b>	<b>\$959,865</b>	<b>\$1,824,026</b>	<b>\$10,895,054</b>
<b>2005-06</b>		<b>\$170,825</b>	<b>\$470,105</b>	<b>\$640,930</b>
<b>2007-08</b>	<b>\$4,607,919</b>	<b>\$445,786</b>	<b>\$437,937</b>	<b>\$5,491,642</b>
<b>TOTALS</b>	<b>\$12,719,082</b>	<b>\$7,728,811</b>	<b>\$16,270,693</b>	<b>\$36,718,586</b>



**E**lected state officials have been able to increase their campaign war chests by a variety of strategies.

These include the creation of the following:

- Committees for other state offices (whether or not the official ever actually seeks the office)
- Committees for local office (which often have no contribution limits and which the official may never actually seek)
- Committees for federal office

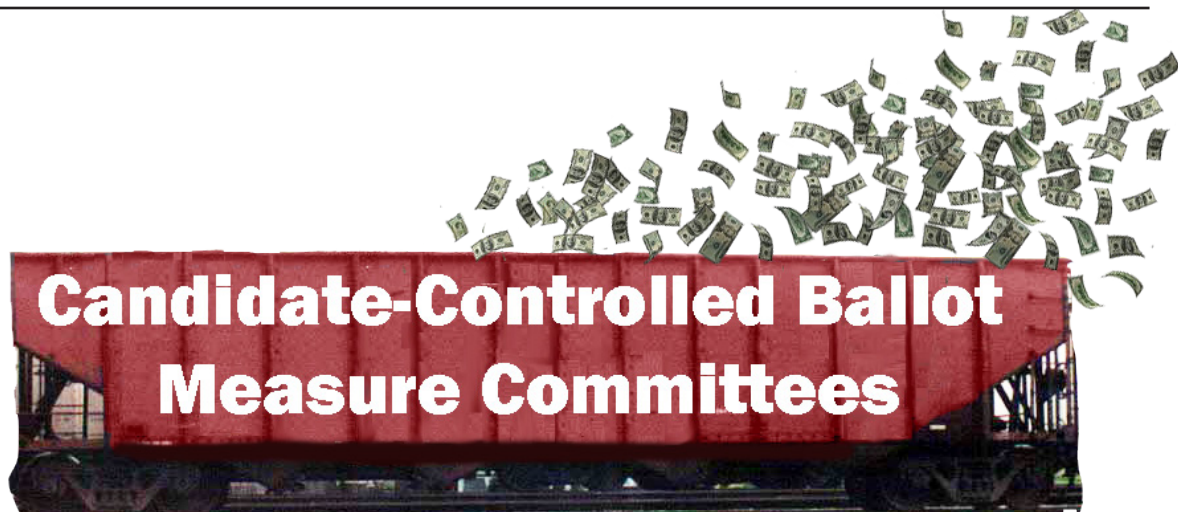
For example, a candidate with a campaign committee for re-election to the Senate in 2012 also has a campaign committee for Lt. Governor in 2010. This candidate is able to receive the maximum contributions for each office from the same donor. As a result, a contributor could give two \$3,900 contributions to the Senate committee – one for the primary and one for the general – and two \$6,500 contributions to the Lt. Governor committee.

Such an example presents more opportunities for special interests to attempt to influence state officeholders with additional campaign cash.



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<b>YEAR</b>	<b>STATEWIDE OFFICEHOLDERS AND CANDIDATES</b>	<b>SENATE OFFICEHOLDERS AND CANDIDATES</b>	<b>ASSEMBLY OFFICEHOLDERS AND CANDIDATES</b>	<b>TOTALS</b>
<b>2001-02</b>		<b>\$7,585,200</b>	<b>\$11,523,472</b>	<b>\$19,108,672</b>
<b>2003-04</b>	<b>\$5,012,676</b>	<b>\$3,527,858</b>	<b>\$1,334,162</b>	<b>\$9,874,696</b>
<b>2005-06</b>	<b>\$823,863</b>	<b>\$4,756,883</b>	<b>\$3,698,278</b>	<b>\$9,279,024</b>
<b>2007-08</b>	<b>\$1,455,062</b>	<b>\$10,278,129</b>	<b>\$3,367,657</b>	<b>\$15,100,848</b>
<b>TOTALS</b>	<b>\$7,291,601</b>	<b>\$26,148,070</b>	<b>\$19,923,569</b>	<b>\$53,363,240</b>



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**T**hey have impressive sounding names – Leadership California; Alliance for California’s Renewal; Committee to Protect California’s Future. What voters don’t know is that these are ballot measure committees and that they are controlled by officeholders and candidates running for office.

While Proposition 34 set limits on the amount of contributions candidates can raise into their election committees, there are no limits on how much money can be raised into ballot measure committees. The result has been an explosion in the amount of money raised into ballot measure committees controlled by candidates and officeholders.

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*Nearly \$150,000,000 has been raised into candidate-controlled ballot measure committees since Proposition 34 took effect.*

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By simply forming a ballot measure committee, including recall committees, candidates and officeholders have been able to circumvent contribution limits and solicit and accept contributions in unlimited amounts. Some individual contributions have exceeded \$2,000,000. These huge contributions vastly exceed what officeholders could legally accept into their own election committees.

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Some officeholders and candidates have treated these committees as more or less open-ended slush funds to be transferred at will for purposes unrelated to any ballot measure.

The question that must be asked is: “What represents the greater potential for corruption or the appearance of corruption, \$3,900 to an officeholder’s election or re-election committee or a \$100,000 contribution to a ballot measure committee controlled by that same official?”

The following chart provides a breakdown of the amount of money raised by candidate-controlled ballot measure committees:

YEAR	STATEWIDE OFFICEHOLDERS AND CANDIDATES	SENATE OFFICEHOLDERS AND CANDIDATES	ASSEMBLY OFFICEHOLDERS AND CANDIDATES	TOTALS
2001-02		\$32,104		\$32,104
2003-04	\$49,257,866	\$123,335		\$49,381,201
2005-06	\$55,689,030	\$9,513,635	\$4,873,900	\$70,076,565
2007-08	\$17,946,004	\$3,488,435	\$8,200,891	\$29,635,330
TOTALS	\$122,892,900	\$13,157,509	\$13,074,791	\$149,125,200



**S**ince the passage of Proposition 34, members of the Legislature and statewide Selected officials have raised tens of millions of dollars in special interest money into a variety of their favored projects and organizations. In some instances, the money has gone to nonprofit organizations specifically created to advance a particular project or agenda, including inaugural celebrations, of the officeholder soliciting the contributions.

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*A minimum of more than \$40 million has been raised in behested payments by members of the legislature and statewide elected officials since Proposition 34 took effect.*

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Under existing state law, these so-called “behested payments” are considered to be neither campaign contributions or gifts. While the law limits the size of a campaign contribution or gift, there are no limits on the amount of a “behested payment.” Five and six-figure payments are common and the payments often far exceed the maximum that could be legally given to the officeholder’s campaign account.

While statewide and legislative candidates must report every contribution over \$100 into a campaign account, the law doesn’t even require reporting of a “behested payment” unless it totals \$5,000 or more in a calendar year from a single source.

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There are no reporting requirements at all for payments of up to \$4,999.99. Without full and complete disclosure, it is impossible to know the precise amount of money raised through behested payments. What is reported could be just the tip of the iceberg.

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*There are no reporting requirements at all for behested payments of up to \$4,999.99.*

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The theory behind allowing “behested payments” is that they are intended for legislative, governmental or charitable purposes. But while significant money may go to worthwhile charities, much of the spending resembles political campaigning and the elected officeholder often gains the political benefit of taking credit for the donation. The public is justified in wondering what the wealthy special interests who contribute these unlimited amounts to pet causes of elected officials expect in return. It is illogical to assume that such payments have no potential for creating undue influence over the officeholders who directly solicit them.

It is not uncommon for more than one elected official to solicit a behested payment which may result in several officeholders reporting the same behested payment. All duplicate requests have been eliminated from the following chart in determining the total amount of reported behested payments since Proposition 34 went into effect.

YEAR	STATEWIDE OFFICEHOLDERS AND CANDIDATES	SENATE OFFICEHOLDERS AND CANDIDATES	ASSEMBLY OFFICEHOLDERS AND CANDIDATES	TOTALS
2001		\$1,286,948	\$540,542	\$1,827,490
2002		\$1,161,161	\$633,605	\$1,794,766
2003	\$289,880	\$896,453	\$313,697	\$1,500,030
2004	\$1,563,500	\$1,257,863	\$840,907	\$3,662,270
2005	\$1,637,484	\$1,248,150	\$1,029,949	\$3,915,583
2006	\$3,462,737	\$1,820,524	\$1,470,027	\$6,753,288
2007	\$5,259,608	\$1,784,390	\$969,213	\$8,013,211
2008	\$8,777,799	\$2,566,592	\$1,201,517	\$12,545,908
TOTALS	\$20,991,008	\$12,022,081	\$6,999,457	\$40,012,546




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**T**he law allows candidates and officeholders to establish “legal defense funds” to defray attorney fees and other legal costs of defending a civil, administrative or criminal action arising out of a political campaign or official duties.

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*Legal defense funds are not subject to any contribution limits.*

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Officials have solicited and accepted millions of dollars into such funds. While funds have been used to pay legal expenses, there have been some instances where money in legal defense funds has been spent on lavish fundraising events and out-of-state travel.

Legal defense funds have offered officeholders, candidates, and special interest contributors another means of avoiding campaign contribution limits.

YEAR	STATEWIDE OFFICEHOLDERS AND CANDIDATES	SENATE OFFICEHOLDERS AND CANDIDATES	ASSEMBLY OFFICEHOLDERS AND CANDIDATES	TOTALS
2001-02				
2003-04	\$247,921	\$68,200	\$54,350	\$370,471
2005-06	\$151,606	\$792,148	\$5,000	\$948,754
2007-08		\$2,793,449	\$13,000	\$2,806,449
TOTALS	\$399,527	\$3,653,797	\$72,350	\$4,125,674



**L**egislation was enacted in 2006, which allows an elected state officer to solicit contributions “. . . for the purpose of paying expenses associated with holding office.” Contributions to these so-called “officeholder accounts” are currently limited individually and in the aggregate, as follows:

- \$3,200 per contributor per year to a member of the legislature not to exceed, in the aggregate, \$53,800 per calendar year.
- \$5,400 per contributor per year to a member of the Board of Equalization or a statewide elected officer other than governor, not to exceed, in the aggregate, \$107,500 per calendar year.
- \$21,500 per contributor per year to the governor not to exceed, in the aggregate, \$215,000 per calendar year.

Note that the contribution limits for officeholder accounts apply on a calendar year basis not on an election cycle basis as with campaign contributions. A two-year term involves three calendar years and a four-year term involves five calendar years.

YEAR	STATEWIDE OFFICEHOLDERS AND CANDIDATES	SENATE OFFICEHOLDERS AND CANDIDATES	ASSEMBLY OFFICEHOLDERS AND CANDIDATES	TOTALS
2005-06	\$190,000	\$9,500	\$6,000	\$205,500
2007-08	\$562,832	\$835,590	\$364,355	\$1,762,777
TOTALS	\$752,832	\$845,090	\$370,355	\$1,968,277

# ROCKETING BEYOND THE



# BILLION DOLLARS



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# ROCKETING BEYOND THE BILLION DOLLARS

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“The Billion Dollar Money Train” has shown that state candidates and officeholders have been able to directly raise at least \$1 billion since Proposition 34 placed limits on the size of contributions to their election committees. This has been accomplished by a variety of devices as explained.

However, that billion dollar figure actually understates -quite dramatically- the total amount spent to support these candidates and officeholders. This section looks at some of the spending which was not included in the study.

## *Independent Expenditures*

**S**o-called “independent expenditures” were not included in the main body of the Report because, in theory, they are not directly solicited by candidates or officeholders.

Since Proposition 34’s effective dates, special interests have spent \$110 million on “independent expenditures” to elect their favored candidates.

Of that \$110 million, more than \$70 million was spent on behalf of legislative candidates, while just over \$40 million was spent supporting statewide candidates.

Special interests making “independent expenditures” are not subject to any contribution limits. They can spend as much as they want.

In its report last year, “Independent Expenditures: The Giant Gorilla in Campaign Finance,” the FPPC discussed “independent expenditures.”

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*“Here is the theory behind independent expenditures. The people may enact laws limiting direct contributions to candidates in order to avoid the possibility or appearance of undue influence over the candidate or officeholder. But unlimited contributions to independent expenditures are okay – the theory goes – because even though the money is being spent to benefit a candidate, it isn’t being given directly to him or her. Therefore – again, according to the theory – there is no possibility of undue influence. This theory defies logic. It presumes candidates and officeholders will remain blissfully ignorant of the special interest money that elected them.”*

The pattern of special interests circumventing Proposition 34 limits continued in the 2008 legislative elections with more than \$22 million in additional “independent expenditures.”

#### *Behested Payments*

**B**ehested payments are, of course, directly solicited by officeholders. However, behested payments of less than \$5,000 from the same source in any calendar year are not required to be reported and, therefore, could not be included in this study. A behested payment of \$4,999.99 would not be reported. Two-year terms cover portions of three calendar years, while four-year terms cover portions of five calendar years. Thus, over a four-year term, an elected official could direct payments totaling \$24,999.95 each from a variety of special interests and never report them at all.

Actual behested payments may be far more than the \$40 million reported since Proposition 34 took effect.

#### *Issue Ads*

**S**pecial interests often are able to tailor communications to support a candidate in a manner that avoids any reporting of money spent. If these “issue ads” do not use “magic words” of express advocacy (such as “vote for” or “elect”), those responsible can hide their identity and the amount of their expenditures.

Only “issue ads” sent within 45 days before a officeholder’s or candidate’s election are reported by the group making the expenditure; however, these ads are not reported by the candidate or officeholder. Outside of this 45-day rule, there is no campaign reporting on the source or amount of money spent on these “issue ads.”

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### *Member Communications*

**C**andidates may coordinate express advocacy ads with membership organizations such as trade associations, labor unions, and political parties, regardless of the amount of money spent. The communications may be sent to many thousands of individual members and their families. Such payments are not reported by the candidate and are not subject to contribution limits.

### *Political Party Expenditures*

**P**olitical parties may annually collect up to \$32,400 from a single source per calendar year to fund candidate campaigns and may collect contributions of unlimited size for other political purposes. Often, these contributions are directly solicited by candidates and officeholders who then have significant influence over the spending of these party funds, which may run into millions of dollars.

### *Gifts*

**P**ersonal gifts to elected officials are not included in this study, although they are required to be reported on the officeholder's statement of economic interest. Gifts are limited to a value of \$420 from a single source in a calendar year. An officeholder is not required to report gifts received by members of his or her family, and there are no limits on the size of such gifts.

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# RECENT FPPC ACTIONS

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The California Fair Political Practices Commission is responsible for the implementation and enforcement of the Political Reform Act. The Commission's powers are constrained by the language of the Act, and various court interpretations of that language. While the Commission's powers are limited, it has recently taken a number of actions to clarify and strengthen regulation of candidates' election committees, candidate-controlled ballot measure committees and legal defense funds.

## *Candidates' Election Committees*

The Commission has enacted new rules requiring that the name of the candidate, the office sought and the year of the election be included in the committee's name. The Commission has also required candidates to include in their reports a brief description of the legislative, governmental or political purpose of any gifts, travel, or meals and to maintain adequate records for audit purposes.

## *Candidate-Controlled Ballot Measure Committees*

The Commission now requires that the candidate's name be included in the name of the campaign committee along with the words "ballot measure." Committee expenditures must identify the particular ballot measure, or potential measure, it supports or opposes. Expenditures must relate to those campaigns and not be used for other purposes.

## *Legal Defense Funds*

Under new Commission regulations, a candidate or officeholder must specify the precise nature of the legal dispute justifying the creation of the legal defense fund. Funds may only be expended on attorney fees and other direct legal costs. The total

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**amount of contributions raised must fall within \$5,000 of the candidate's anticipated legal expenses. Any excess funds must be returned to contributors on a pro rata basis. The name of the legal defense fund must now include the candidate's name, and new regulations also require better record keeping for purposes of audits. Finally, such accounts must be terminated within 90 days of the date that the legal disputes for which the account was established are resolved.**

*Postings on the FPPC website*

**To provide the public with greater disclosure, the Commission now posts all reported behested payments and independent expenditures in state races on its website ([www.fppc.ca.gov](http://www.fppc.ca.gov)).**

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# QUESTIONS

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Here are some questions that persons interested in the issues of campaign finance might ask.

*Campaign Accounts*

Should contribution limits be reduced?

Should contribution limits be the same for all candidates for elective state office?

Should expenditures be limited to direct campaign expenses?

*Old Committees*

Should candidates and officeholders be prevented from accumulating debt in their campaign accounts?

Should candidates and officeholders be required to terminate campaign committees as soon as the election is over?

*Other Committees*

Should candidates and officeholders be prohibited from creating committees for multiple offices simultaneously?

Should candidates and officeholders be allowed to control only one campaign committee at a time?

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**If a candidate or officeholder raises money for a particular race and does not actually seek the office, should he or she be required to return the money to contributors?**

*Candidate-Controlled Ballot Measure Committees*

**Should candidates and officeholders be able to raise unlimited contributions into these committees?**

*Behested Payments*

**Should behested payments be allowed at all?**

**Should behested payments be limited to just charitable purposes?**

**Should the reporting threshold of \$5,000 be reduced?**

**Should calculation of the reporting threshold be based on an official's term of office rather than by calendar year?**

*Legal Defense Funds*

**Should candidates and officeholders be able to raise contributions of unlimited size into legal defense funds?**

*Officeholder Accounts*

**Should officeholder accounts be allowed at all?**

*Gifts*

**Should officeholders be allowed to accept personal gifts of up to \$420 in value from special interest contributors?**

**Should officeholders be allowed to accept such personal gifts at all?**

**Should members of an officeholder's immediate family be able to accept unlimited gifts from special interests seeking to influence the officeholder?**

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*Candidate and Officeholder Reporting*

**Can the system for reporting contributions be improved to make the information more timely and accessible to the press and public?**

**Should candidates and officeholders be required to report funds raised and expended by every committee that they control, along with all gifts and behested payments, at the same time?**



# APPENDIX A

## Contribution Limits

CONTRIBUTION LIMITS FOR MEMBERS OF THE LEGISLATURE					
Contributor	1/1/2001 to 12/31/2002 Election Cycle <sup>1</sup>	1/1/2003 to 12/31/2004 Election Cycle	1/1/2005 to 12/31/2006 Election Cycle	1/1/2007 to 12/31/2008 Election Cycle	1/1/2009- 12/31/2010 Election Cycle
Person	\$3,000	\$3,200	\$3,300	\$3,600	\$3,900
Small Contributor Committee	\$6,000	\$6,400	\$6,700	\$7,200	\$7,800

CONTRIBUTION LIMITS FOR STATEWIDE ELECTED OFFICERS					
Contributor	11/6/2002 to 12/31/2002 Election Cycle <sup>2</sup>	1/1/2003 to 12/31/2004 Election Cycle	1/1/2005 to 12/31/2006 Election Cycle	1/1/2007 to 12/31/2008 Election Cycle	1/1/2009- 12/31/2010 Election Cycle
Person	\$5,000	\$5,300	\$5,600	\$6,000	\$6,500
Small Contributor Committee	\$10,000	\$10,600	\$11,100	\$12,100	\$12,900

CONTRIBUTION LIMITS FOR GOVERNOR					
Contributor	11/6/2002 to 12/31/2002 Election Cycle <sup>3</sup>	1/1/2003 to 12/31/2004 Election Cycle	1/1/2005 to 12/31/2006 Election Cycle	1/1/2007 to 12/31/2008 Election Cycle	1/1/2009- 12/31/2010 Election Cycle
Person	\$20,000	\$21,200	\$22,300	\$24,100	\$25,900
Small Contributor Committee	\$20,000	\$21,200	\$22,300	\$24,100	\$25,900

<sup>1</sup> Proposition 34 contribution limits took effect on 1/1/2001 for legislators.

<sup>2</sup> Proposition 34 contribution limits took effect on 11/06/2002 for statewide elected officers.

<sup>3</sup> Proposition 34 contribution limits took effect on 11/06/2002 for governor.

# APPENDIX B

## “Independent Expenditure” Spending Since the Enactment of Proposition 34

LEGISLATIVE “INDEPENDENT EXPENDITURES”						
	2001-2002	2003	2004	2005-2006	2007-2008	TOTAL
Assembly	\$6,675,000		\$12,500,000	\$12,450,000	\$14,139,039	\$45,764,039
Senate	\$1,770,000		3,600,000	\$11,030,000	\$8,131,303	\$24,531,303
	\$8,445,000		\$16,100,000	\$23,480,000	\$22,270,342	\$70,295,342

“INDEPENDENT EXPENDITURES” FOR STATEWIDE CANDIDATES						
	2001-2002	2003 (Recall Election)	2004	2005-2006	2007-2008	TOTAL
Governor		\$10,588,000		\$19,800,000		
Lt. Governor				\$2,500,000		
Secretary of State				\$397,000		
Treasurer				\$64,000		
Controller				\$5,976,500		
Attorney General				\$106,000		
Sup. of Public Instruction				\$22,000		
Board of Equalization				\$460,000		
Insurance Commissioner				\$150,000		
		\$10,588,000		\$29,475,500		\$40,063,500

<b>TOTAL IE MONEY SPENT</b>	<b>\$110,358,842</b>
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# APPENDIX C

## Total Direct Fundraising by Year for State Officeholders and Candidates Since the Enactment of Proposition 34

YEAR	STATEWIDE OFFICEHOLDERS AND CANDIDATES	SENATE OFFICEHOLDERS AND CANDIDATES	ASSEMBLY OFFICEHOLDERS AND CANDIDATES	TOTALS
2001-02	\$866,968	\$37,342,476	\$84,091,155	\$122,300,599
2003-04	\$120,915,077	\$41,703,728	\$93,441,154	\$256,059,959
2005-06	\$254,657,239	\$55,507,791	\$100,800,100	\$410,965,130
2007-08	\$47,831,400	\$71,798,264	\$97,683,111	\$217,312,775
TOTALS	\$424,270,684	\$206,352,259	\$376,015,520	\$1,006,638,463

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# METHODOLOGY

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**I**nformation for this report was obtained from campaign reports electronically filed with the Secretary of State's Cal-Access on-line campaign database and behested payment reports filed with the Fair Political Practices Commission.

Candidates who raise and spend less than \$50,000 do not file electronically and were not included.

The information was first divided into three sections – statewide officeholders and candidates, Senate officeholders and candidates, and Assembly officeholders and candidates. Then it was placed into one of the seven categories utilized in the report.

For legislative officeholders and candidates, the period covered was January 1, 2001 to December 31, 2008. For statewide officeholders and candidates, the period covered was November 6, 2002 to December 31, 2008.