STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
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To: Chair Silver and Commissioners Baker, Ortiz, Wilson, and Wood

From: Lindsey Nakano, Sr. Legislative Counsel

Subject: **Legislative Update – August 2024**

Date: August 5, 2024; Correction made August 13, 2024

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1. General Update

- As of the date of this report, there are 17 active FPPC-related bills.

- Additionally, 2 bills, AB 2001 (Gallagher) and SB 948 (Limon), were approved by the Governor and chaptered, and will become operative on January 1, 2025, and 2 bills, AB 2911 (McKinnor) and AB 3239 (Carrillo), were held in committee and will not be moving forward.

- Staff is continuing to reach out to and work with members, interested parties, and stakeholders, and to seek bipartisan support on Commission legislation.

2. Upcoming Legislative Deadlines

- Aug. 5 - Legislature Reconvenes from Summer Recess
- Aug. 16 - Last day for fiscal committees to meet and report bills
- Aug. 19-31 - Floor Session only. No committees, other than conference and Rules committees, may meet for any purpose
- Aug. 23 - Last day to amend on the floor
- Aug. 31 - Last day for each house to pass bills
    - Final Recess begins upon adjournment
- Sept. 30 - Last day for Governor to sign or veto bills passed by the Legislature before Sept. 1 and in the Governor's possession on or after Sept. 1
- Nov. 5 - General Election
- Dec. 2 - 12 Noon convening of the 2025-26 Regular Session for one-day organizational session

3. FPPC Priority Bills

Updates (as of 7/26/24)

- **Amended:** AB 1170 (Valencia), SB 1404 (Glazer)

- **Set or referred for hearing in the Appropriations Committees:** AB 1170 (Valencia), AB 2631 (M. Fong), SB 1404 (Glazer)

- **Chaptered:** AB 2001 (Gallagher)

Status and Summaries

- **AB 1170 (Valencia) – Electronic Filing of SEIs (Form 700s)**

  Status: Amended 6/17/24; passed in the Senate Elections Committee on 6/4/24 (7-0); passed in the Senate Judiciary Committee on 6/25/24 (11-0); set for hearing in the Senate Appropriations Committee on 8/5/24

  Short Summary: AB 1170 would (1) require officials whose filing officer is the Commission to file their Statements of Economic Interests (SEIs or Form 700s) using the Commission's electronic filing system, (2) require redaction of certain information from SEIs posted online by the Commission, and (3) allow for electronic retention of certain paper reports and statements.

  Detailed Summary:

  Electronic filing of SEIs: Existing law provides that the Commission is the filing officer for statewide elected officers and candidates and other specified public officials. Generally, these public officials file their SEIs with their agency or another person or entity, who retain a copy of the statement and then forward the original statement to the Commission. AB 1170 would instead require public officials for whom the Commission is the filing officer to file their SEIs directly with the Commission using the Commission's electronic filing system.

  Redaction of certain information posted online: Existing law requires the Commission to redact private information, including signatures, from the data made available on the FPPC's website for SEIs filed through the Commission's online filing system. AB 1170 would:

  1. Repeal the general authority to redact private information and instead specifically require the FPPC to redact the signature, telephone number, email address, and mailing address of the filer from SEIs posted on the FPPC website.

2. Permit the filer's residential address to be redacted in specific situations from the copy of the SEI posted on the FPPC website, upon the request of the filer.

3. Codify FPPC regulation permitting redaction of personally identifying information about family members on a current or former elected officer's SEI posted on the FPPC website, if there is a reasonable privacy concern and upon the request of the filer.

Electronic retention of reports and statements: Existing law requires filing officers to retain certain reports and statements filed by paper for 2 years in paper format before converting those filings to electronic or other specified formats. AB 1170 would authorize filing officers to retain reports and statements filed by paper in electronic or other specified formats immediately upon receiving those reports or statements.

FPPC Position: Support (Sponsor)

FPPC Costs: Minor and absorbable

- **AB 2001 (Gallagher) – Minor Changes to PRA and Cleanup [CHAPTERED]**

  Status: Passed in the Senate on 6/27/24 (40-0); approved by the Governor and Chaptered on 7/15/24

  Short Summary: AB 2001 would (1) add new clarifying provisions to the section requiring local government agencies to post paper filings on its website, (2) make conforming amendments to a section that was inadvertently left out of a prior bill, relating to advertisement disclosures, (3) correct a cross-reference that was inadvertently cited incorrectly in a prior bill, (4) delete the definition of a term that is not used in the Act, and (5) make other nonsubstantive corrections.

  Detailed Summary:

  Clarifying section on online posting of filings by local agencies: Existing law requires a local government agency to post on its website all of the campaign reports and statements filed with that agency in paper form within 72 hours of the filing deadline. The FPPC's advice staff received questions from local agencies about what their duties were with regard to certain scenarios not specifically addressed in the law. AB 2001 would clarify local government agency duties by (1) requiring late filings to be posted within 72 hours of receipt, (2) providing that local agencies need not post filings erroneously filed with that agency, and (3) apply the online posting requirements to filings received by email or fax.

Conforming changes to advertisement disclosure section: In existing law, there are two versions of Section 84504.2 in the Government Code- one version is operative now, and the second version supersedes the existing version upon certification of the Cal-Access Replacement System by the Secretary of State. SB 1360 (2022) inadvertently amended only the latter version of Section 84504.2. The intent was to amend both versions. AB 2001 would make the same amendments to the currently operative version of 84504.2.

Cross-reference correction: In 2017, the Legislature passed a bill that reorganized various provisions and also changed a citation that was cross-referenced in the bill language. The incorrect citation resulted in a broadened definition of "campaign expenditures" for purposes of determining what counts against the voluntary expenditure limit. The legislative history suggests that this was an inadvertent error. AB 2001 would correct that citation.

Other nonsubstantive corrections: The term "statewide election" is not used in the Political Reform Act, but is defined in Section 82052.5. The proposal would delete the definition as cleanup. AB 2001 would also make other nonsubstantive corrections.

FPPC Position: Support (Sponsor)

FPPC Costs: Minor and absorbable

- **AB 2631 (Mike Fong) – Local Ethics Training Program**

  Status: Passed in the Senate Elections Committee on 7/2/24 (7-0); set for hearing in the Senate Appropriations Committee on 8/5/24

  Short Summary: AB 2631 would require the FPPC to create, maintain, and make available a local agency ethics training course that satisfies certain requirements.

  Detailed Summary:

  Existing law: Existing law, passed in 2005, requires local agency officials to receive at least two hours of ethics training every two years, which includes training on the Political Reform Act. After passage of the bill adding this requirement, the FPPC voluntarily created a free online local ethics training course that would satisfy these training requirements.

  Establishes a permanent program: AB 2631 would codify a requirement that the FPPC, in consultation with the Attorney General, create, maintain, and make available to local agency officials an ethics training course that satisfies these training requirements, thereby making this a permanent program.

  FPPC Position: Support (Sponsor)

FPPC Costs: $234,000 in the first year and $227,000 annually thereafter for one position in IT and education software. Note: This funding was approved in the 2024-2025 State Budget.

- **SB 1027 (Menjivar) – Redaction of Bank Account Information on Statements of Organization**

  Status: Passed in the Senate Elections Committee on 6/12/24 (8-0); passed in the Assembly Judiciary Committee on 6/18/24 (12-0); passed in the Assembly Appropriations Committee on 7/2/24 (15-0); ordered to the consent calendar on the Assembly floor on 7/3/24

  Short Summary: SB 1027 would require the Secretary of State to redact the bank account number and the names of persons authorized to obtain bank account records from a committee's Statement of Organization before providing the statement to the public. The bill would also authorize a committee to omit that same information from the copy of the statement filed with the local filing officer.

  Detailed Summary:

  Existing law: Existing law provides that a person or group of persons that receives $2,000 or more in contributions in a calendar year is a "committee" under the Act. These types of committees, referred to as recipient committees, must file a Statement of Organization with the SOS and a copy of the statement with the local filing officer, if any, within 10 days of qualifying as a recipient committee. The Statement of Organization includes, among other things, disclosure of the committee's bank account number and the names of persons authorized to obtain committee bank account records.

  Fraud risk: Committees and committee representatives have expressed concern that public disclosure of the committee bank account number and the names of the listed persons makes the committee vulnerable to financial fraud.

  Redaction of bank account information: SB 1027 would require the Secretary of State to redact the bank account number and, subject to a delayed operative date, the names of persons authorized to obtain bank account records from a committee's Statement of Organization before providing the statement to the public. The bill would also authorize a committee to omit that same information from the copy of the Statement of Organization filed with the local filing officer.

  Delayed operative date: Due to limitations within the existing Cal-Access campaign reporting system, additional fields cannot be redacted on Cal-Access. Because of this limitation, redaction of the names of persons authorized to obtain bank account records would take effect only after the Cal-Access Replacement System is operational.

FPPC Position: Support (Sponsor)

FPPC Costs: Minor and absorbable

- **SB 1404 (Glazer) – Lobbying Audits and Lobbyist Fee**

  Status: Amended on 6/18/24 and 6/27/24; passed in the Assembly Elections Committee on 6/26/24 (6-0); referred to the Assembly Appropriations Committee

  Short Summary: SB 1404 would transfer the duty to conduct audits of lobbying entities from FTB to the FPPC. The bill would additionally impose an additional fee on lobbyists in an amount set by the FPPC to offset the cost of the PRA's lobbying audit program.

  Detailed Summary:

  Existing law on lobbying audits: Existing law requires the Franchise Tax Board to conduct audits of a specific percentage of lobbying firms and lobbyist employers every two years. Existing law requires the FPPC to conduct mandatory audits of candidates for specified offices and authorizes the FPPC to conduct discretionary audits of any reports or statements required under the PRA.

  Transfer of audit duty: SB 1404 would transfer the lobbying audit duty to the FPPC, commencing with the entities selected for audit in February of 2027. The bill would require the FPPC to conduct 60 audits of lobbying firms and lobbyist employers each 2-year audit period, and would require that 10 of those audits be of firms or employers that employ only placement agents and that 25 of those audits be among those firms or employers with the highest reported payments, as specified.

  Additional lobbyist registration fee: Existing law imposes a $50 per year fee for each lobbyist reported on the registration statement of a lobbyist employer or lobbying firm, half of which is deposited in the General Fund and half of which is deposited in a special fund allocated to the SOS. SB 1404 would impose an additional annual fee on lobbyists subject to audit, in an amount up to $500 as established by the FPPC to offset the costs associated with the lobbying audit program. The fee would be deposited in a new fund and moneys in the fund would be continuously appropriated to the FPPC to conduct the lobbying audit program.

  Additional FPPC duties: SB 1404 would require the FPPC to:

1. Post audits conducted by the FPPC on the FPPC website for at least 10 years from the conclusion of the audit.

2. Annually report to the Legislature on the number and type of audits completed by the FPPC.

3. Adopt regulations or policies to ensure the operational independence of audit personnel from enforcement operations under the PRA.

Sunset date: SB 1404 would sunset these changes on January 1, 2033, and revert them back to existing law, unless the Legislature takes future action to extend or repeal the sunset provision.

FPPC Position: Support

FPPC Costs: $1,072,064 in the first year, and $1,016,064 annually thereafter, for 8 positions in the Audit Division. These costs would be funded by the new lobbyist fee, with revenue estimated at $1,158,500 annually.

- Other Commission Proposals:

  1. AB 868 (Wilson) – Create a public record of digital campaign ads (2-year bill)
  2. Commission study on best practices for digital political advertisements
  3. Add additional authority for filing officers to waive the late filing fee
  4. Other minor changes and cleanup proposals

4. Other Commission-Related Bills

Updates (as of 7/26/24)

- **Amended:** AB 270 (Lee), AB 2041 (Bonta), AB 2355 (Carrillo), AB 2573 (M. Fong and Lee), SB 1111 (Min), SB 1151 (Hurtado), SB 1156 (Hurtado), SB 1181 (Glazer), SB 1243 (Dodd)

- **Set or referred for hearing in the Appropriations Committees:** AB 270 (Lee), AB 2803 (Valencia), SB 1111 (Min), SB 1151 (Hurtado), SB 1155 (Hurtado), SB 1156 (Hurtado), SB 1181 (Glazer)

- **Chaptered:** SB 948 (Limon)

Status and Summaries

- **AB 270 (Lee and Cervantes) – Public Campaign Financing**

Status: 2-year bill; amended 7/3/24; set for hearing in the Senate Appropriations Committee on 8/5/24

Principal Coauthors: Senators Allen, Stern, and Umberg
Coauthors: Assembly Members Bennett and Schiavo

Short Summary: AB 270 would impose requirements and restrictions for the expenditure and acceptance of public funds distributed through public campaign finance systems established by the state or local government agencies. The bill would additionally increase the maximum penalty for a violation of the prohibition on foreign contributions and expenditures.

Detailed Summary:

Existing law and background: Existing law prohibits a public officer from expending, and a candidate from accepting, public money for the purpose of seeking elective office. In 2016, an exception was added to allow public funds to be used for campaigns under specific conditions. The 2016 exception was challenged and was declared void and unenforceable by a Superior Court decision and affirmed by the Court of Appeals in 2019 as an improper legislative amendment of a voter initiative.

Repeal of prohibition: AB 270 would repeal the provision prohibiting the expenditure or acceptance of public money for the purposes of seeking elective office.

Conditions for qualification by candidate: To qualify for public funds, AB 270 would require a voluntarily participating candidate to:

1. A candidate must abide by voluntary spending limits established by statute, ordinance, or charter.

2. A candidate must meet "strict criteria" established by statute, ordinance, or charter to qualify for public funds.

Requirements for the establishment of a public campaign finance system: AB 270 would impose requirements for a system of public campaign finance established by the state or a local government agency:

1. *"Strict criteria"*: The bill would impose requirements and restrictions for the strict criteria that must be established by statute, ordinance or charter, including a requirement that candidates must demonstrate broad-based support in their district.

2. *Spending limits*: The bill would provide that a statute, ordinance, or charter may increase the spending limits for participating candidates, subject to specified restrictions.

3. *No favoritism of parties, incumbents, or challengers*: The bill would prohibit a public funding statute, ordinance, or resolution from discriminating based on party or according to whether a candidate is a challenger or an incumbent.

Restrictions on the use of public funds: AB 270 would impose new restrictions on the expenditure and acceptance of public funds for the purposes of seeking elective office:

1. *Earmarked funds*: The bill would prohibit a public officer from expending, and a candidate from accepting, public funds for these purposes if those funds were earmarked by any state or local entity for education, transportation, or public safety.

2. *Legal defense and fines*: The bill would prohibit public funds from being used to pay legal defense fees or fines.

3. *Personal loans*: The bill would prohibit a candidate from using public funds to repay a personal loan to their campaign. A candidate who receives public funds for their campaign would be prohibited, after their campaign ends, from using any source of funds to repay a personal loan to their campaign.

FPPC duties: AB 270 would provide that the FPPC is not responsible for the administration or enforcement of a system of public funding of candidates established by a local governmental agency. The FPPC would be responsible for administering and enforcing the requirements and restrictions directly established by the bill.

Increase to max penalty for foreign contributions and expenditures: Existing law prohibits a foreign government or foreign principal from making a contribution, expenditure, or independent expenditure in connection with a ballot measure or candidate, and provides that a person who violates these provisions is guilty of a misdemeanor and shall be fined an amount equal to the contribution or expenditure. AB 270 would increase the maximum penalty to three times the amount contributed or expended.

Voter approval required: Unlike the 2016 bill, AB 270 would require approval by the voters at the November 3, 2026, statewide general election.

FPPC Position: None

FPPC Costs: TBD

- **AB 2041 (Bonta) - Use of Campaign Funds for Security Expenses**

Status: Passed in the Senate Elections Committee on 6/11/24 (7-0); amended on 6/13/24

Short Summary: AB 2041 would authorize a candidate or elected officer to use campaign funds for the reasonable costs of installing and monitoring a home or office security electronic security systems for, and for the reasonable costs of providing personal security to, the candidate, elected officer, or their immediate family or staff, and for any other tangible item related to security.

Detailed Summary:

Expansion to personal security expenses: Existing law allows campaign funds to be used for home or office electronic security systems under certain conditions. AB 2041 would expand permitted campaign fund use to also include payments for the reasonable costs of providing personal security and for other tangible items related to security. The bill would specifically provide that the bill does not authorize campaign funds to be spent on firearms for these purposes.

Expansion to family and staff: Existing law allows campaign funds to be used only for electronic security systems at the home or office of the candidate or elected officer. AB 2041 would allow campaign funds to be used additionally for home or office electronic security systems, personal security expenses, and other tangible items for the immediate family or staff of the candidate or elected officer.

Repeal of verification requirement: Existing law allows campaign funds to be used for home or office security systems only if (1) the candidate or elected officer has received threats to their physical safety, (2) the threats arise from their activities, duties or status as a candidate or elected officer, and (3) the threats have been reported to and verified by law enforcement. The bill would repeal the verification requirements described in (1) and (3), and would also authorize use of funds for threats arising from staff's position as staff of the candidate or elected officer.

Repeal of $5,000 limit: Existing law allows up to $5,000 to be used for electronic security systems. AB 2041 repeals that limit.

Return or reimbursement requirement: Existing law requires the candidate or elected officer to reimburse the campaign fund account for the costs of the security system upon sale of the property where the security equipment is installed, based on the fair market value of the security equipment at the time the property is sold. AB 2041 instead requires either return of, or reimbursement for, the security system equipment and any other items within one year of when the official is no longer in office or the candidate is no longer a candidate for the office for which the security equipment was purchased, or, if applicable, upon sale of the property on which the security equipment is located, whichever occurs sooner. Return or reimbursement

would be required for all security equipment and any other tangible items purchased with campaign funds.

Extension for ongoing threats: If there is a continuing threat to the physical safety of the candidate or elected officer and certain other conditions are met, AB 2041 would instead require return or reimbursement within one year after the threat ceases, or, if applicable, upon sale of the property on which the security system is installed, whichever is sooner.

Reporting and recordkeeping: Existing law requires candidates or elected officers who use campaign funds for electronic security systems to report this expenditure to the Commission and information including when the threat was reported to law enforcement, the contact information of the law enforcement agency, and a description of the threat. The bill would instead require candidates and elected officers to report expenditures and any reimbursement under these provisions on the candidate or elected officer's campaign statements. The bill would also require the candidate or elected officer to maintain certain detailed records.

FPPC Position: Support

FPPC Costs: Minor and absorbable

- **AB 2355 (Carrillo and Cervantes) – Disclaimer for campaign advertisements that use artificial intelligence**

  Status: Amended 6/11/24; passed in the Senate Elections Committee on 6/18/24 (6-0); passed in the Senate Judiciary Committee on 7/2/24 (11-0); set for hearing in the Senate Appropriations Committee on 8/5/24

  Short Summary: AB 2355 would require a disclaimer statement on campaign advertisements with image, audio, or video that was generated or substantially altered using artificial intelligence.

  Detailed Summary:

  Existing law imposes detailed disclaimer requirements for campaign advertisements that vary depending on the form of the advertisement, but generally require disclosure of the name of the committee that paid for the ad.

  Additional disclaimer for use of AI: AB 2355 would require a committee that creates, originally publishes, or originally distributes a political advertisement that is an image, audio, or video that was generated or substantially altered using artificial intelligence, as defined, to include on the advertisement a disclosure that the advertisement was generated or substantially altered using artificial intelligence.

Definition of "generated or substantially altered": AB 2355 would specify that an image, audio, video, or other media is generated or substantially altered using artificial intelligence if either:

1. It was entirely created using artificial intelligence and would falsely appear to a reasonable person to be authentic.

2. It was materially altered by artificial intelligence such that a reasonable person would have a fundamentally different understanding of the altered media when comparing it to an unaltered version.

Exclusion for immaterial alterations: AB 2355 would exclude an advertisement from the disclaimer requirement if the media was immaterially altered by artificial intelligence, including a cosmetic adjustment, color edit, cropped image, or resized image.

Enforcement by the FPPC: AB 2355 would authorize the FPPC to enforce a violation of the disclosure requirements by seeking injunctive relief to compel compliance or pursuing any other administrative or civil remedies available to the FPPC under the PRA.

FPPC Position: None

FPPC Costs: $655,333 in the first year and $630,833 ongoing thereafter, for 3 positions in the Enforcement Division and ½ position in the Legal Division, plus additional costs in an undetermined amount for AI-detection software or licenses.

- **AB 2573 (M. Fong and Lee) – Gifts: Services of a Fellow**

  Status: Amended on 6/20/24; passed in the Senate Labor, Public Employment and Retirement Committee on 7/3/24 (5-0)

  Coauthors: Assemblymembers Kalra, Low, Muratsuchi, and S. Nguyen

  Short Summary: AB 2573 would clarify that the services of a policy fellow provided specified associations are not a "gift" to a state elective or appointive officer for purposes of the gift limit.

  Detailed Summary:

  Existing law and advice: Existing law defines "gift" to mean, in relevant part, "any payment that confers a personal benefit on the recipient, to the extent that consideration of equal or greater value is not received […]." The FPPC has provided advice that the services of a fellow to a state agency or the

Legislative branch are not gifts under the Act, since these services do not confer a personal benefit to any public official.

Clarification in the law: AB 2573 would provide that the services of a policy fellow provided by the following associations are not a "gift" to a state elective or appointive officer for purposes of the gift limit:

1. The Asian Pacific Islander Capitol Association.
2. The California Legislative Black Staff Association.
3. The Capitol LGBTQ Association.
4. The California Latino Capitol Association Foundation.

Changes to other areas of law: AB 2573 would make similar changes to other areas of law outside of the PRA.

FPPC Position: No position

FPPC Costs: Minor and absorbable

- **AB 2803 (Valencia) – Use of Campaign Funds for Legal Defense: Criminal Convictions**

Status: Passed in the Senate Elections Committee on 7/2/24 (7-0); set for hearing in the Senate Appropriations Committee on 8/5/24

Principal Coauthor: Senator Umberg
Coauthor: Assemblymember Chen

Short Summary: AB 2803 would prohibit expenditure of campaign funds for attorney's fees, other legal defense costs, or any fine, penalty, judgment, or settlement relating to a conviction for a felony involving fraud or other specified felonies.

Detailed Summary:

Existing law; use of campaign funds for legal costs: Expenditure of campaign funds for attorney's fees and other legal costs is permitted under certain conditions.

Existing law; contributions held in trust: Existing law provides that all contributions deposited into the campaign account shall be deemed to be held in trust for expenses associated with the election of the candidate or for expenses associated with holding office.

Existing law; political, legislative, or governmental purpose: Existing law requires expenditures that confer a substantial personal benefit to be directly related to a political, legislative, or governmental purpose. Legal fees and costs are directly related to a political, legislative, or governmental purpose if the litigation (1) is directly related to activities of a committee that are consistent with its primary objectives or (2) arises directly out of a committee's activities or out of a candidate's or elected officer's activities, duties, or status as a candidate or elected officer.

Existing law; disqualification for candidacy and election: Existing law in the Elections Code provides that a person shall not be considered a candidate for, and is not eligible to be elected to, any state or local elective office if the person has been convicted of a felony involving accepting or giving, or offering to give, any bribe, the embezzlement of public money, extortion or theft of public money, perjury, or conspiracy to commit any of those crimes.

Prohibition on use of campaign funds associated with certain criminal convictions: AB 2803 would further restrict campaign funds from being used to pay, or pay reimbursement for, a fine, penalty, judgment, or settlement relating to, or attorney's fees and other costs in connection with, criminal litigation if the litigation results in a conviction of the candidate or elected officer for a felony involving fraud, or for a felony listed in the Elections Code section referenced above.

FPPC Position: No position

FPPC Costs: Minor and absorbable

- **SB 948 (Limon and Zbur) – Treatment of General Election Contributions [CHAPTERED]** *[1]

  Status: Amended on 6/13/24; passed in the Assembly (76-0); passed in the Senate (40-0); approved by the Governor and Chaptered on 7/15/24

  Short Summary: SB 948 would (1) provide that a candidate who raises funds for the general election before the primary election, and who does not file a declaration of candidacy to qualify for a primary election, may transfer these funds to a committee for the same or a different office, subject to specified attribution rules, (2) provide that a candidate who wins the election outright in the primary may transfer general election funds to a committee for any subsequent election ~~to the same office~~, with attribution to specific

[1] * Bill summary corrected on 8/13/24. Corrections highlighted.

contributors, and (3) expand the ability of candidates to carry over funds to any future election to the same office.

Detailed Summary:

Existing law: Existing law permits a candidate controlled committee to receive contributions for a general election before the primary election but prohibits those funds from being expended for the primary election. If the candidate is defeated in the primary election, or withdraws from the general election, the candidate must return the funds received for the general election to the contributors.

Ambiguity in existing law: Existing law does not explicitly address the scenarios where a candidate withdraws before the primary election or where a candidate wins the election outright in the primary. These issues were the subject of a regulation project presented to the Commission in August 2023 and March 2024.

Adding authority to transfer general election campaign funds for candidates who withdraw: SB 948 would explicitly provide that a candidate who does not file a declaration of candidacy to qualify for a primary election would not be required to refund contributions raised for the general election. The bill would instead allow those candidates to transfer funds raised for the general election to a committee established for the same or a different office, subject to the attribution rules.

Adding authority to transfer general election campaign funds for candidates who win the election outright in the primary: If a candidate wins outright in the primary election, without needing to advance to the general election, the bill would allow the candidate to (1) transfer remaining primary election funds to a committee for a subsequent election to the same office without attribution, and (2) transfer general election funds to a committee for any subsequent election ~~to the same office~~ with attribution to specific contributors.

Existing law; carry over of contributions to subsequent election: Existing law permits a candidate to carry over contributions raised in connection with one election to pay campaign expenditures incurred in connection with a subsequent election for the same office. Existing regulation defines “a subsequent election” for these purposes to mean:

1. The election to the next term of office immediately following the election/term of office for which the funds were raised;

2. The general election, which is subsequent to and for the same term of office as the primary election for which the funds were raised; or

3. The special general election, which is subsequent to and for the same term of office as the special primary election for which the funds were raised.

Repeal of FPPC regulation: SB 948 would permit the carry over of contributions as described above to any subsequent election, thereby repealing FPPC regulation and expanding the ability of candidates to transfer funds to committees for future elections, however distant.

Legislative statement: SB 948 states that the provision relating to candidates who do not file a declaration of candidacy is declaratory of existing law. As noted, the Legal Division considers existing law ambiguous regarding the transfer of general election funds. ~~Additionally, the effective repeal of FPPC regulation would constitute a change to existing law~~

FPPC Position: No position

FPPC Costs: Minor and absorbable

- **SB 1111 (Min) – Section 1090: Conflicts of Interest in Governmental Contracts: Financial Interests of Public Officer's Child**

  Status: Passed in the Assembly Elections Committee on 6/26/24 (8-0); passed in the Assembly Local Government Committee on 6/26/24 (6-0); amended on 6/27/24; referred to the Assembly Appropriations Committee

  Short Summary: SB 1111 would require a public officer to disclose if the public officer's child has a specified financial interest in a contract entered into by the body or board of which the officer is a member, if this information is actually known to the public officer. The body or board must authorize, approve, or ratify the contract in good faith without counting the vote of the public officer whose child has that interest.

  Detailed Summary:

  Existing law- general rule: Existing law prohibits Members of the Legislature, and state, county, district, judicial district, and city officers or employees from being financially interested in a contract made by them in their official capacity or by any body or board of which they are members, subject to specified exceptions.

  Existing law- remote interests: Existing law provides that a public officer shall not be deemed financially interested in contract if the officer only has a remote interest. Existing law identifies certain remote interests, including the interest of a parent in the earnings of his or her minor child for personal services. In order to be deemed not interested in the relevant contract due to a remote interest, a public officer must disclose the interest, and the body or

board must authorize, approve, or ratify the contract in good faith without counting the vote of the public officer with the remote interest.

New remote interest for the financial interest of the public officer's child: SB 1111 would, starting January 1, 2026, add a new remote interest for a public officer if the public officer's child is an officer or director of, or has an ownership interest of 10% or more in, a party to a contract entered into by the body or board of which the officer is a member, if this information is actually known to the public officer.

FPPC Position: No position

FPPC Costs: ½ position in the Legal Division

- **SB 1151 (Hurtado) - Registration and Reporting Requirements for Foreign Agents**

Status: Amended 6/17/24; passed in the Assembly Elections Committee on 6/26/24; referred to the Assembly Appropriations Committee

Short Summary: SB 1151 would make the agent of a foreign principal subject to similar registration and reporting requirements as lobbyists and lobbying firms under the PRA and certain additional requirements.

Detailed Summary:

Existing law: Existing law under the PRA's lobbying provisions requires an individual or entity that receives compensation for the purpose of influencing legislative or administrative action to register with, and submit periodic reports to, the Secretary of State. The PRA's lobbying disclosure provisions generally require lobbyists, lobbying firms, and lobbyist employers to provide basic identifying information, such as their name, telephone number, business address, and more detailed information, such as a description of the "business activity" in which the lobbyist or their employer is engaged.

Registration and reporting requirements: SB 1151 would require an individual who engages in certain specified activities related to influencing legislative or administrative action at the order, request, or under the direction or control of a foreign principal to register as an agent of a foreign principal and to file periodic reports with the Secretary of State. Registration and reporting would be in the same manner, with the same frequency, and with the same content as for lobbyists and lobbying firms.

Additional requirement: SB 1151 would additionally require a foreign agent to disclose on their registration statement any compensation received, contracted, or otherwise promised to the agent by each foreign principal.

Manner of filing with SOS: Due to the limitations of the existing Cal-Access filing system, SB 1151 would require foreign agents to file registration statements with SOS by email and with a secure electronic signature. Within one year of the certification of the Cal-Access Replacement System (CARS), the bill would require SOS to make the registration statement available for filing on CARS.

Exemptions: The federal Foreign Agents Registration Act exempts from its requirements diplomatic and consular officers and staff, foreign government officials, persons engaging in only private and nonpolitical activities on behalf of a foreign principal, persons engaged in religious, scholastic, academic, or scientific pursuits or the fine arts, certain individuals engaged in specific activity relating to national defense, and persons qualified to practice law. SB 1151 would exempt those same categories of individuals from the bill.

Training and fee: SB 1151 would also subject foreign agents to the same ethics training requirements and the same annual fee as lobbyists.

Commissioner restriction: SB 1151 would prohibit a foreign agent from being a Commissioner with the FPPC.

FPPC Position: No position

FPPC Costs: $377,280 in the first year and $363,280 annually thereafter for 1 position in the Legal Division and 1 position in the Enforcement Division.

- **SB 1155 (Hurtado) - Postgovernment Employment Restriction for Elected and Appointed Agency Officials**

  Status: Passed in the Assembly Elections Committee on 6/26/24 (8-0); referred to the Assembly Appropriations Committee

  Short Summary: SB 1155 would, for a period of one year after leaving office, prohibit an elected state officer or appointed official from lobbying the Legislature or a state administrative agency for compensation.

  Detailed Summary:

  Existing law; one-year ban for elected state officers representing another before any state agency: Existing law prohibits an elected state officer, other than a Member of the Legislature, for one year after leaving office, from representing another before, or communicating with, any state administrative agency or agency officer or employee for the purpose of influencing administrative action or other specified actions of the agency, for compensation.

Existing law; one-year ban for certain officials representing another before their former agency: Existing law prohibits certain officials, for one year after leaving state service, from representing another before, or communicating with, their former agency in an attempt to influence legislative or administrative action, or other specified actions of the agency, for compensation. This prohibition applies to individuals designated in their agency's conflict of interest code and any officer, employee, or consultant whose position entails making or participating in decisions that may have a foreseeable material effect on a financial interest.

Existing law; permanent ban: Existing law prohibits former state officials from working on proceedings that they participated in while working for the state.

New one-year ban on lobbying activity: SB 1155 would prohibit the head of an agency, defined to mean an elected state officer or an appointed official who receives a salary based on their appointment, from engaging in any activity, for compensation, for the purpose of influencing legislative or administrative action by the Legislature or any state administrative agency that would require the individual to register as a lobbyist under the PRA.

FPPC Position: No position

FPPC Costs: Minor and absorbable

- **SB 1156 (Hurtado) - Financial Disclosures for Groundwater Sustainability Agencies**

Status: Amended 6/18/24; passed in the Assembly Elections Committee on 6/26/24 (8-0); referred to the Assembly Appropriations Committee

Coauthor: Assemblymember Bennett

Short Summary: The bill would require members of the board of directors and the executive of a groundwater sustainability agency to file their Statements of Economic Interests directly with the FPPC using the FPPC's electronic filing system.

Detailed Summary:

Existing law; financial disclosures: Existing law requires every local government agency to adopt and promulgate a Conflict of Interest Code pursuant to the PRA. Individuals designated in a Conflict of Interest Code must submit annual Statements of Economic Interests (SEI). Additionally, all officials listed in Section 82000 must submit SEIs.

Groundwater sustainability agencies: State law in the Water Code provides for the formation, duties, and authority of groundwater sustainability agencies,

which are generally responsible for developing, implementing, and enforcing a program for managing groundwater at a local level. Groundwater sustainability agencies are local government agencies under the PRA.

Direct filing with the FPPC: SB 1156 would require members of the board of directors, and the executive director, general manager, or other person with an equivalent position, of a groundwater sustainability agency to file their SEIs directly with the FPPC using the FPPC's electronic filing system.

FPPC Position: No position

FPPC Costs: $20,000 - $40,000 annually for the cost of expanding the filer capacity of the FPPC's electronic filing system.

- **SB 1170 (Menjivar) - Use of Campaign Funds for Mental Health Expenses**

  Status: Amended on 6/4/24; passed in the Assembly Elections Committee on 6/12/24 (6-0); on suspense in the Assembly Appropriations Committee

  Coauthors: Senators Blakespear, Eggman, and Rubio; Assemblymembers Pellerin and Schiavo

  Short Summary: SB 1170 would authorize expenditure of campaign funds for mental healthcare expenses for candidates under specific circumstances.

  Detailed Summary:

  Existing law: Existing law prohibits expenditure of campaign funds for health-related expenses for a candidate, elected officer, or any individual or individuals with authority to approve the expenditure of campaign funds held by a committee, or members of their households.

  Authorizing use of campaign funds for mental healthcare expenses: SB 1170 would authorize campaign funds to be used to pay or reimburse a non-incumbent candidate for reasonable and necessary mental healthcare expenses to address mental health issues that have arisen during the campaign or have been adversely impacted by campaign activities if both:

  1. The candidate does not have health insurance, or their health insurance does not cover the full cost of the mental healthcare expenses.

  2. The candidate has experienced at least one of the following categories of underlying campaign-related circumstances or events, which have resulted in the need for mental healthcare services: harassment, prejudice, or a threat or criminal act.

Limited time period: Expenditures for mental healthcare expenses would be permitted from the date upon which a candidate committee is established to the date that the election results are certified, or, for a candidate who is elected to office, to the date that the candidate is sworn into office.

Mental healthcare expenses defined: Under SB 1170, "mental healthcare expenses" refers to expenses for services including therapy, psychological, or psychiatric counseling services, provided in a group or private setting, either virtually or in person, by a professional licensed by the California Board of Behavioral Sciences, or an associate accruing the hours for such a license, to address mental health issues.

Reporting: SB 1170 would require these expenditures to be reported on campaign statements and would require the disclosures to note the underlying campaign-related circumstances or events that gave rise to the need for mental health expenses.

Recordkeeping: SB 1170 would require, as part of the general recordkeeping requirements in the PRA, a candidate to maintain records relating to the mental healthcare services that they receive, including the name, license number, and license type of the mental healthcare service provider and invoices for services paid for, or reimbursed by, campaign funds.

FPPC Position: No position

FPPC Costs: $141,000 in the first year, and $134,000 annually thereafter, for 1 position in the Enforcement Division. Note: Forthcoming amendments are expected that would eliminate the costs for the FPPC on this bill.

- **SB 1476 (Blakespear) - State Bar of California**

Status: Passed in the Assembly Elections Committee on 6/12/24 (8-0); passed in the Assembly Judiciary Committee on 6/18/24 (12-0); passed in the Assembly Appropriations Committee on 7/2/24 (15-0); ordered to the consent calendar on the Assembly floor on 7/3/24

Coauthor: Senator Umberg

Short Summary: SB 1476 would clarify that the State Bar of California is required to adopt a Conflict of Interest Code and its designated employees are required to submit Statements of Economic Interests.

Detailed Summary:

Existing law: Existing law in the Business and Professions Code provides that state law that restricts or prescribes a mode of procedure for the exercise of powers of state public bodies or state agencies is not applicable to the State Bar, unless the Legislature expressly so declares.

Existing law; PRA: Existing law in the PRA references the State Bar of California in four sections, including one section that provides for who the code reviewing body is for the State Bar. Existing law in the PRA implies, but does not explicitly state, that the State Bar of California must adopt a Conflict of Interest Code and that its designated employees must submit Statements of Economic Interests (SEIs).

Existing law; public official: Existing law in the PRA excludes a member of the Board of Governors and designated employees of the State Bar of California from the definition of "public official," thus excluding these individuals from the prohibition on participating in government decisions in which the public official has a financial interest and related provisions.

Clarifies which provisions apply to the State Bar: SB 1476 would add to the definition of "public official" designated employees of, and Members of the Board of Trustees of, the State Bar of California, thereby clearly imposing the PRA's Conflict of Interest Code and SEI requirements, and the general conflicts of interest requirements and restrictions, on the State Bar and its employees and Board of Trustees.

FPPC Position: No position

FPPC Costs: Minor and absorbable

Two Bills Amending Section 84308 (Contributions to Agency Officers)

- **SB 1181 (Glazer) - Contributions to Agency Officers: Disqualification: Narrowing the Scope of Section 84308**

  Status: Amended on 6/19/24 and 6/27/24; passed in the Assembly Elections Committee on 6/26/24; referred to the Assembly Appropriations Committee

  Short Summary: SB 1181, for purposes of the disqualification provisions for agency officers, would (1) narrow which officers are subject those provisions, (2) narrow which types of contracts are subject to those provisions; (3) expands authority to return a contribution; (4) add a specified agenda notice requirement; (5) add modified definitions for "pending" and "agent"; and (6) ban contributions from agents during the proceeding and for 12 months after the final decision and eliminate the aggregation requirement for agent contributions.

  Detailed Summary:

  Existing law: Existing law prohibits certain contributions of more than $250 to an officer of an agency by any party, participant, or party or participant's agent in a proceeding while a proceeding involving a license, permit, or other entitlement for use is pending before the agency and for 12 months following

the date a final decision is rendered in the proceeding. Existing law requires disclosure on the record of the proceeding of certain contributions of more than $250 within the preceding 12 months to an officer from a party or participant, or party's agent.

Exemption for a city attorney or county counsel: SB 1181 would exempt from these provisions a city attorney or county counsel providing legal advice to the agency who does not have the authority to make a final decision in the proceeding.

Exemption for certain elected officials: SB 1181 would exempt from these provisions an elected official if the official or the body of which they are a member does not have authority to make any decision or recommendation in the proceeding.

Exemptions for certain contracts: Existing law exempts competitively bid, labor, and personal employment contracts from the types of proceedings subject to these provisions. SB 1181 would additionally exempt:

1. Contracts valued under $50,000.

2. Contracts where no party receives financial compensation.

3. Contracts between two or more agencies.

4. The periodic review or renewal of development agreements unless there is a material modification or amendment proposed to the agreement. Non-material modifications or amendments may be approved by agency staff.

5. Periodic reviews or renewal of competitively bid contracts unless there are material modifications or amendments proposed to the agreement that are valued at more than 10 percent of the value of the contract or fifty thousand dollars ($50,000), whichever is less. Non-material modifications or amendments may be approved by agency staff.

6. Modification of or amendments to exempted contracts other than competitively bid contracts.

Expands the return provision: Existing law authorizes an officer who received an improper contribution to still participate in the decision if they return the contribution within 30 days of when the officer knows, or should have known, about the contribution and the proceeding. SB 1181 would modify this provision to additionally allow an officer who received an improper contribution to participate in a decision as long as they return the contribution within 30 days of the officer making any decision.

Adds an agenda notice requirement: The bill would require the agenda for a proceeding that is a public meeting to include a notice describing the above provisions. The bill also includes language for that notice.

Adds definitions: SB 1181 would codify the definitions of "pending" and "agent" from regulation, with modifications.

Contribution ban for agents: SB 1181 would prohibit contributions to an officer of the agency from a party or participant's agent during the proceeding and for 12 months following the final decision. The bill would also provide that if an agent makes a contribution, that contribution shall not be aggregated with the contributions of the party or participant. If either of these provisions is held invalid by a court, the bill provides that the other provision shall become inoperative.

FPPC Position: No position

FPPC Costs: Minor and absorbable

- **SB 1243 (Dodd) – Contributions to Agency Officers: Disqualification: Narrowing the Scope of Section 84308**

  Status: Amended on 6/19/24 and 6/27/24; passed in the Assembly Elections Committee on 6//26/24

  Short Summary: SB 1243, for purposes of the disqualification provisions for agency officers, would (1) raise the contribution limit from $250 to $1,000; (2) narrow the definition of "participant"; (3) narrow which types of contracts are subject to those provisions; (4) add modified definitions for "pending" and "agent"; (5) narrow the disclosure and disqualification provisions to apply only with regard to final decisions; (6) expand the return and cure provision; (7) alter timing requirement for disclosure of contributions by a party; and (8) ban contributions from agents during the proceeding and for 12 months after the final decision and eliminate the aggregation requirement for agent contributions.

  Detailed Summary:

  Existing law: Existing law prohibits certain contributions of more than $250 to an officer of an agency by any party, participant, or party or participant's agent in a proceeding while a proceeding involving a license, permit, or other entitlement for use is pending before the agency and for 12 months following the date a final decision is rendered. Existing law requires disclosure on the record of the proceeding of certain contributions of more than $250 within the preceding 12 months to an officer from a party or participant, or party's agent. Existing law disqualifies an officer from participating in a decision in a

proceeding if the officer has willfully or knowingly received a contribution of more than $250 from a party or a party's agent, or a participant or a participant's agent.

Raises the contribution threshold: The bill would raise the contribution threshold that triggers disqualification from $250 to $1,000.

Limits who is a participant: The bill would provide that a person is not a "participant" if their financial interest in the decision results solely from an increase or decrease in membership dues.

Exemptions for certain contracts: Existing law exempts competitively bid, labor, and personal employment contracts from the types of proceedings subject to these provisions. SB 1243 would additionally exempt:

1. Contracts between two or more government agencies.

2. Contracts where neither party receives financial compensation.

3. The periodic review of development agreements unless there is a material modification or amendment proposed to the agreement.

Adds definitions: SB 1243 would codify the definitions of "pending" and "agent" from regulation, with modifications.

Limits disclosure requirement to final decisions: Existing law generally requires an officer of an agency who received an over-the-limit contribution from a party or participant in the prior 12 months to disclose that fact on the record of the proceeding before rendering any decision in a proceeding. SB 1243 would narrow this requirement to instead require disclosure of an over-the-limit contribution only before rendering the final decision in a proceeding.

Limits disqualification requirement to final decision: Existing law generally prohibits the officer from making, participating in making, or influencing the decision if the officer knowingly or willfully received an over-the-limit contribution from a party or participant. SB 1243 would narrow this requirement such that an officer would be prohibited from making, participating in, or influencing only the final decision.

Expands the return provision: Existing law authorizes an officer who received an improper contribution to still participate in the decision if they return the contribution within 30 days of when the officer knows, or should have known, about the contribution and the proceeding. SB 1243 would modify this provision to additionally allow an officer who received an improper contribution to participate in a decision as long as they return the contribution before the officer renders any decision in the proceeding.

Lengthens the cure period: Existing law allows an officer to cure certain violations of these provisions by returning a contribution, or the portion of the contribution of in excess of the limit, within 14 days of accepting, soliciting, or receiving the contribution, whichever comes latest. SB 1243 would lengthen the cure period during which an officer may cure an unintentional violation, from 14 to 30 days of accepting, soliciting, or directing the contribution.

Disclosure by party: Existing law requires a party to disclose any contribution over the limit in the prior 12 months on the record of the proceeding. SB 1243 would add that this disclosure must be made before the date of the final decision.

Contribution ban for agents: The bill would prohibit the agent of a party or participant from making any contribution to an officer during the proceeding and for 12 months following the date of the final decision.

Limits the aggregation rules: The bill would provide that, in determining whether a contribution has exceeded the limit, the contributions of an agent shall not be aggregated with contributions from a party or participant.

FPPC Position: No position

FPPC Costs: ½ position in the Legal Division

5. Bills Not Moving Forward

- AB 2611 (Wallis) – PRA Spot Bill
- AB 2654 (V. Fong) – Nondisclosure Agreements
- AB 2911 (McKinnor) – Contributions to Agency Officers: Disqualification: Contribution Limit Increase
- AB 2990 (Low) – FPPC Enforcement Actions: Time Limits
- AB 3008 (Ramos and Garcia) – Compensation from Tribal Governments
- AB 3239 (Carrillo) – Use of Campaign Funds: Emotional Support Animal Airline Travel
- SB 1422 (Allen) – Disclosure of Payments for Elected Official Travel