To: Chair Silver and Commissioners Baker, Ortiz, Wilson, and Wood

From: Lindsey Nakano, Sr. Legislative Counsel

Subject: Legislative Update – January 2025

Date: January 3, 2025

Subjec	t: Legislative Update – January 2025	1
	General Update	
	Upcoming Legislative Deadlines	
III.	Committee Membership	2
	FPPC Proposals	
V.	Other Commission-Related Bills	6

I. General Update

- The Legislature reconvenes on January 6, 2025. As of the date of this report, one spot bill relating to the Political Reform Act has been introduced.
- Staff is continuing to reach out to and work with potential authors, other members, interested parties, and stakeholders, and to seek bipartisan support on Commission legislation.

II. Upcoming Legislative Deadlines

- Jan. 1 Statutes take effect.
- Jan. 6 Legislature Reconvenes.
- Jan. 10 Budget must be submitted by Governor.
- Jan. 24 Last day to submit bill requests to the Office of Legislative Counsel.
- Feb. 21 Last day for bills to be introduced.
- Apr. 10 Spring Recess begins upon adjournment.
- Apr. 21 Legislature reconvenes from Spring Recess.
- May 2 Last day for policy committees to hear and report to fiscal committees fiscal bills introduced in their house.
- May 9 Last day for policy committees to hear and report to the Floor nonfiscal bills introduced in their house.
- May 16 Last day for policy committees to meet prior to June 9.
- May 23 Last day for fiscal committees to hear and report to the Floor bills introduced in their house.
 - Last day for fiscal committees to meet prior to June 9.

- June 2-6 Floor Session only. No committee may meet for any purpose except Rules Committee, bills referred pursuant to A.R. 77.2, and Conference Committees.
- June 6 Last day for each house to pass bills introduced in that house.
- June 9 Committee meetings may resume.
- June 15 Budget bill must be passed by midnight.
- July 18 Last day for policy committees to hear and report bills.
 - o Summer Recess begins upon adjournment, provided Budget Bill has been passed.
- Aug. 18 Legislature reconvenes from Summer Recess.
- Aug. 29 Last day for fiscal committees to hear and report bills to the Floor.
- Sept. 2-12 Floor session only. No committees may meet for any purpose, except Rules Committee, bills referred pursuant to Assembly Rule 77.2, and Conference Committees.
- Sept. 5 Last day to amend on the Floor.
- Sept. 12 Last day for each house to pass bills.
 - o Interim Recess begins upon adjournment.
- Oct. 12 Last day for Governor to sign or veto bills passed by the Legislature before Sept. 12 and in the Governor's possession on or after Sept. 12.

III. Committee Membership

As of the date of this report, full committee membership has not yet been established by the Senate and Assembly Rules Committees.

Senate Committee on Elections and Constitutional Amendments

Senate Budget Subcommittee No. 4 on State Administration and General Government

Assembly Committee on Elections

- Assemblymember Gail Pellerin, Chair
- Assemblymember Bill Essayli, Vice Chair

Assembly Budget Subcommittee No. 5 on State Administration

• Assemblymember Sharon Quirk-Silva, Chair

IV. FPPC Proposals

- 1. <u>Amendment of PRA Sections Effective After the CAL-ACCESS Replacement System</u> (CARS) Becomes Operational
 - a. Background:

Over forty sections of the Political Reform Act have been amended with changes that take effect only after CARS becomes operational. These sections were amended by several different bills over many years and several of these future-operative sections were amended multiple times.

b. Proposal Summary:

This bill would revise these sections as needed to ensure that the statutes in effect after CARS is operational will (1) work together consistently with each other and (2) work in harmony with the new CARS system that will transition the state from paper-based filings and forms to an electronic data-based system.

2. <u>Disclosure of Payments for Elected Official Travel (Form 807)</u>

a. Background:

Existing law requires nonprofit organizations that regularly host and pay for travel for elected officials to disclose donors who make donations over \$1,000 to the FPPC on the Form 807.

This reporting requirement applies only if the sum of the organization's expenses relating to travel, study tours, or conferences, conventions, and meetings, was greater than one-third of the organization's total expenses, as reflected on the nonprofit organization's Internal Revenue Service Form 990.

Since 2015, the FPPC has received eight Form 807s.

Research by FPPC staff found that some nonprofit organizations that paid for elected official travel did not meet the one-third threshold requirement, as reported on their Form 990s.

b. Proposal Summary:

This bill would improve transparency by increasing the disclosure of entities that pay for the travel of elected officials, by eliminating the one-third threshold requirement and making other changes.

3. <u>Sunset Extension – Authority to Enter Agreements to Enforce Local Campaign and</u> Ethics Ordinances

a. Background:

Section <u>83123.6</u> of the PRA authorizes the FPPC to contract with local government agencies upon mutual agreement to administer, implement, and enforce their local campaign finance or government ethics laws.

That section provides that the section will be repealed on January 1, 2026, unless there is new legislation that extends or deletes that sunset date.

b. Proposal Summary:

This bill would extend or delete the sunset date, to enable the Commission to contract with local government agencies for these purposes in the future.

4. Classify Cryptocurrency as an Economic Interest

a. Background:

A person required to submit a Statement of Economic Interests (Form 700) is not currently required to disclose whether they own any cryptocurrency or the value of the cryptocurrency.

b. Proposal Summary:

This bill would classify cryptocurrency as an economic interest subject to reporting and the conflict of interest requirements.

5. Eliminate Manual Email Notification of PRA Changes

a. Background:

Existing law requires that the PRA may be amended by the Legislature if at least 8 days before passage in each house, or at least 12 days before passage in each house if the previous form of the bill did not amend the PRA, the bill in its final form has been delivered to the FPPC for distribution to persons who have requested that the FPPC send PRA bill updates.

In accordance with that requirement, FPPC staff send manual notifications by email whenever a PRA bill is introduced or amended. Five individuals are currently signed up for this email list.

As of January 1, 2024, <u>leginfo.legislature.ca.gov</u> has an automatic notice function for changes to all PRA bills. This function is available to the public and a link to receive these notifications is displayed on the Legislative Information homepage, linked above. SB 681 (2023) added this special notice function to Section 81012.5.

Due to the ease and speed of obtaining copies of bills online, and the ability to sign up for automatic updates through the Legislative Information website, the requirement to manually notify individuals of bills that propose to amend the PRA is no longer necessary.

b. Proposal Summary:

This bill would eliminate the manual notification requirement in Section 81012.

6. <u>Clarification of Prohibition on Contributions to Ballot Measure Committee by Foreign Principals</u>

a. Background:

Existing law prohibits a foreign government or foreign principal from making a contribution, expenditure, or independent expenditure in connection with any state or local ballot measure or the election of a candidate to state or local office. The definition of "foreign principal" includes a "person outside the United States" who is not a U.S. citizen. This definition was discussed in a recent advice letter (A-24-080). The language of the statute may enable a loophole, such that an individual who would be prohibited from making a contribution to a ballot measure committee if they were physically located outside of the country, might be permitted to make the contribution upon merely visiting the United States.

b. Proposal Summary:

This bill would clarify to what extent the prohibition on contributions to ballot measure committees applies in the circumstance described above.

7. Lobbying Audits

a. Background:

Due to inadequate resources, very few of the audits of lobbying entities required to be conducted under the PRA are completed by the Franchise Tax Board.

b. Proposal Summary:

This bill would seek legislative solutions to increase the number of completed audits of lobbying entities.

8. Expansion of Prohibition on Receipt of Contributions in State Buildings

a. Background:

Existing law prohibits the receipt, delivery, or attempted delivery of a campaign contribution in the State Capitol, any state office building, or any office for which the state pays more than half of the rent other than a legislative district office.

b. Proposal Summary:

This bill would clarify and expand that prohibition to apply to any state or local government office, including any legislative office.

9. Behested Payments – Electronic Reporting

a. Background:

Elected state officers and members of the Public Utilities Commission are required to file behested payment reports with their respective agencies. Each agency has a duty to forward a copy of that report. For elected state officers and PUC members, the report the reports are forwarded to the FPPC.

Agencies that forward behested payment reports to the FPPC currently have three options for submission. They can use the electronic filing system on the FPPC website, send a hardcopy, or email a copy.

b. Proposal Summary:

This bill would require an elected state officer or member of the PUC to file directly with the FPPC, instead of with their agency, using the Commission's electronic filing system.

V. Other Commission-Related Bills

AB 26 (DeMaio) – Spot Bill

Status: Introduced

Summary: AB 26 is a spot bill that may be amended in the future to make substantive changes to the law. The bill currently states the intent to "enact legislation that holds elected officials accountable by prohibiting Members of the Legislature from accepting gifts or trading in individual stock, imposing a lifetime lobbying ban, eliminating exemptions for the Legislature from labor, workplace, and public record laws, and eliminating government pensions for local elected officials."