



STATE OF CALIFORNIA
FAIR POLITICAL PRACTICES COMMISSION
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Memorandum

To: Chair Silver and Commissioners Brandt, Ortiz, Wilson, and Zettel

From: Galena West, Executive Director and Dave Bainbridge, General Counsel

Subject: **Regulation Projects for 2026**

Date: January 5, 2026

Introduction

The following are summaries of regulatory changes that the Commission may consider making in 2026. Staff requests input from the Commission on whether it would like to pursue these proposals, or any other proposals, in 2026, as well as any preferences regarding the priority and timing for completing these projects. After receiving input from the Commission, as well as public comment, staff will present a proposed regulation schedule for 2026 at a subsequent meeting.

Proposed Regulation Topics

(1) Combined campaign statement filing schedule: Section 84205 says, “(t)he commission may by regulation or written advice permit candidates and committees to file campaign statements combining statements and reports required to be filed by this title.” The Commission does not currently have a regulation providing for combining statements and reports but Legal Division staff does occasionally provide written advice permitting candidates to combine statements and reports in instances where it will not reduce or delay disclosure. Legal Division staff are proposing the Commission adopt a regulation to formalize the criteria and process for combining campaign statements and reports.

The reporting periods for regularly scheduled primary and general elections do not typically overlap. However, elections occurring on alternative dates such as special elections, often result in filing periods that overlap in such a way that it makes sense to combine campaign statement filing periods. For example, in 2025 a special general election was set for August 26, 2025. The first semi-annual statement for 2025, covering the period from January 1, through June 30, was due on July 31, 2025. The first pre-election statement filed in connection with this election covered the period of July 1 through July 12 and was due on July 17, 2025, before the deadline for the semi-annual statement. Per an advice letter, candidates in that election were permitted to combine the semi-annual statement with the first pre-election statement. The combined statement covered the period from January 1 through July 12 and was due on July 17, 2025. Candidates were permitted, but not mandated, to file the combined statement.

Currently, upon request by a candidate, committee, or elections official, Legal Division staff will issue an advice letter permitting campaign reporting periods to be combined when combined reporting might be more convenient and would not reduce or delay disclosure. In addition to the advice letter, the Legal Division also prepares a filing schedule for the election, noting the option for a combined statement, and provides that schedule to the elections official in the jurisdiction holding the election. The proposed regulation would codify this process. (Staff suggestion)

(2) Completion of Cal-Access Replacement System (CARS): Numerous regulations will need to be amended to reflect statutory changes that go into effect when the new Cal-Access filing system “goes live” in late 2026. The Commission in May of 2021 approved a package of regulatory amendments in anticipation of the completion of CARS. However, the CARS project was not completed at that time and those regulations were rescinded. Staff anticipates that many of the proposed amendments will be the same as those adopted in May 2021, but that additional regulatory changes will be proposed due to new statutory changes, as well as items requiring clarification that have arisen during the development of the new filing system. (Staff suggestion)

(3) Disclaimers on campaign advertisements created or modified by AI and committee recordkeeping for advertisements: Section 84514, which went into effect in 2025, requires a disclaimer on campaign advertisements generated or substantially altered using artificial intelligence (AI). The statute generally limits the applicability of the disclaimer requirement to circumstances where the use of AI is deceptive, and not in those circumstances where the use of AI is immaterial. However, there remains uncertainty as to when the disclaimer requirement applies, and staff proposes drafting a regulation that would further delineate when the AI disclaimer is required and when it is not under the statute.

Relatedly, Section 84104 requires candidates and committees “to maintain detailed accounts, records, bills, and receipts necessary to prepare campaign statements, to establish that campaign statements were properly filed, and to otherwise comply with the provisions of this chapter.” Regulation 18401 specifies the types of records that candidates and committees must maintain to satisfy Section 84104. While a committee should maintain copies of all advertisements it produces in order to show it has complied with the Act’s advertising disclosure requirements, Regulation 18401 does not specify the record retention requirements for committee advertisements. Staff proposes amending Regulation 18401 to provide specific guidance on the application of the Act’s recordkeeping requirement to committee advertisements. Staff envisions adding regulatory provisions that require a committee to keep copies of all advertisements it produces, as well as the original versions of materials used to create advertisements that have been modified using AI to help ensure compliance with Section 84514. (Staff suggestion)

(4) Economic interest in affiliated non-profit organizations: In August of 2025, the Commission issued *In re: Winuk Opinion*, No. O-25-001. The opinion concludes the Palo Alto City Manager has an economic interest in Stanford University (the University) as a result of his spouse being employed by Stanford University Hospital (the Hospital). The University and the Hospital are separate non-profit corporations, but the University determines who serves on the

Hospital board. As a result, the opinion found that both the Hospital and the University were sources of income to the official for purposes of the Act's conflict of interest rules.

Multiple Commissioners at the time of adopting the opinion suggested that the Commission adopt a regulation consistent with the opinion governing when an economic interest in one non-profit organization would result in an interest in an affiliated organization. In the for-profit context, existing Regulation 18700.2 provides that when a parent, subsidiary, or otherwise related business entity relationship exists such that an economic interest in one entity is considered an interest in the related entity. However, that regulation does not apply to non-profit entities.

Current Regulation 18700.2 governing related businesses looks primarily at common stock ownership to determine if two entities are related for conflict of interest purposes. This standard does not work for non-profit entities since they do not have stock or ownership interests. Staff anticipates the proposed regulation for non-profit entities will instead focus on other factors indicating a close relationship between two entities such as common staff, management, and/or control. Staff also intends to analyze whether current conflict of interest regulations adequately address possible conflicts of interest stemming from interests in non-profit organizations. (Commission suggestion)

(5) Cryptocurrency as a reportable financial interest: Commission-sponsored AB 1029 revised the statutory definition of "investment" to include "digital financial assets" such as cryptocurrency. As a result, some officials will be required to disclose ownership of cryptocurrency on their SEIs. This change in the law takes effect on January 1, 2027.

Staff recommends amendments to multiple existing regulations to conform with the law change. The amendments would be made effective January 1, 2027, when the statutory changes become effective. (Staff suggestion)

(6) SEI filing requirements for officials holding multiple positions: Legal Division and SEI Unit staff identified a need to clarify regulations concerning filing of SEIs by officials holding multiple positions. Specifically, the Commission has consistently advised that an official who files an SEI under Section 87200 is not required to file a separate SEI for any code-designated position (Section 87300) the official also holds, or to list those additional positions on the SEI. However, current regulations would benefit from clarification on this issue. Staff also will evaluate if additional amendments will be beneficial due to mandatory electronic filing by Section 87200 filers. (Staff suggestion)

(7) Lobbyist employers reporting behested payments as other payments to influence: Lobbyist employers are required to report on quarterly lobbying reports "other payments to influence legislative or administrative action..." ("OPTI"). Regulation 18616, subdivisions (a)(4) and (f) describe the types of payments that are reportable as OPTI.

A disclosable behested payment is a payment of \$5,000 or more made at the behest of an elected officer or member of the Public Utilities Commission (PUC) principally for a legislative, governmental, or charitable purpose by a person, other than a government agency, for which the elected official or PUC member does not provide full consideration in exchange for the payment. (See Section 84224.)

Current regulations do not define a behested payment made by a lobbyist employer as an OPTI. This proposal would amend Regulation 18616 so that behested payments disclosable under Section 84224 are required to be reported by a lobbyist employer making the behested payment as an “other payment to influence legislative or administrative action” on quarterly lobbying reports. (Chair suggestion)