

Recent Changes to the Political Reform Act

Below are summaries of the recent legislative and regulatory changes to the Political Reform Act (the “Act”).

The legislative provisions are effective January 1, 2025, with the exception of:

- AB 2041, effective September 22, 2024,
- SB 1111, effective January 1, 2026, and
- SB 1027, sections 2 and 4 effective after the Cal-Access Replacement System (“CARS”) is operational.

The Commission’s regulatory changes were approved in 2024, with the exception of the adjustments to the approval of gift limit and contribution/voluntary expenditure ceiling amounts in January 2025. The regulatory changes went into effect in 2024 with the exception of:

- Regulation 18537.1, effective January 10, 2025,
- Regulation 18703, effective January 15, 2025, and
- Regulations 18940.2, 18700, and 18730, effective January 16, 2025.

To view the full text of the bills, visit: <http://leginfo.legislature.ca.gov/>.

To view the full text of the FPPC regulations, visit: <http://www.fppc.ca.gov/the-law/fppc-regulations.html>.

Legislative Changes

Campaign Changes

Minor Changes to the Act and Cleanup – This bill contains three corrections and clarifications on the application of the Act. **Local Agency Duties:** To clarify local government agency duties, this bill requires late filings to be posted within 72 hours of receipt, provides that local agencies need not post filings erroneously filed with the agency, and applies online posting requirements to filings received by email or fax. **Ad Disclosures:** This bill revises the permissible text type in print advertisement disclosures to standard Arial Regular instead of Arial equivalent type and requires that the disclosure area not contain any text or image that is not required by any applicable law.

Nonsubstantive Clean-up: This bill repeals Section 82052.5 of the Act defining “statewide election” and corrects a citation cross-referenced in a bill passed by the Legislature in 2017, which revised the definition of “campaign expenditures.” Operative on January 1, 2025. ([AB 2001 \(Gallagher\) – Chapter 97, Statutes of 2024](#).)

Use of Campaign Funds for Security Expenses – This bill expands permitted campaign fund use for home or office electronic security systems under specified

conditions to also include payments for the reasonable costs of providing personal security and for other tangible items related to security for the candidate, official, elected officer, their immediate family or staff. This bill specifically does not authorize the use of campaign funds for security if the payment would be made to a relative or used for firearms. **Verification:** This bill repeals the previous verification requirements, which included that the threats be reported and verified by law enforcement. Instead, the bill requires that the security expenses be in response to threats arising from their activities, duties, or status as a candidate or elected officer or staff member thereto. This bill also requires a candidate or elected officer to submit a report to the FPPC, signed under penalty of perjury, that describes and verifies the threat or potential threat that necessitated the expenditure or reimbursement. **Lifetime Cap:** The bill imposes a lifetime expenditure limit of \$10,000 per person for a candidate or elected officer for these security expenses, regardless of holding or running for multiple offices. **Return or Reimbursement:** This bill requires either the return of, or reimbursement for, the security system equipment and any other tangible items purchased with campaign funds 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. If the threat is ongoing, return or reimbursement is within one year of the threat ceasing or upon the sale of the property, whichever is sooner. The bill requires candidates and elected officers to maintain certain detailed records and to report expenditures and any reimbursement under these provisions on the candidate or elected officer's campaign statements. Operative on September 22, 2024. ([AB 2041 \(Bonta\) – Chapter 372, Statutes of 2024.](#))

Use of Campaign Funds for Legal Defense: Criminal Convictions – This bill prohibits campaign funds from being used to pay or reimburse expenditures for a fine, penalty, judgment, or settlement relating to a conviction for a felony described in Section 20 of the Elections Code, or for a felony involving fraud. If the candidate or elected officer uses campaign funds for other legal costs and expenses related to those criminal claims and is convicted, they must reimburse the campaign for all such funds used. This bill prohibits the use of campaign funds to reimburse expenditures for attorney's fees and other costs in connection with criminal litigation if it results in a conviction for the above-noted felonies. Operative January 1, 2025. ([AB 2803 \(Valencia\) – Chapter 576, Statutes of 2024.](#))

Treatment of General Election Contributions – Existing law permits a candidate-controlled committee to receive contributions for a general election before the primary election; however, those funds may not be 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. It was unclear how this law impacted a candidate who withdrew before the primary election or won the election in the primary. This bill provides, as a declaration of existing law, that a candidate who does not file a declaration of candidacy to qualify for a primary election is not considered to have withdrawn from the general election or to have been defeated in the primary election, and thereby would not be required to refund contributions raised

for the general election. The bill instead allows 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. This bill further permits a candidate who wins in the primary election and does not advance to a general election to carry over funds raised for the primary election to a committee for any subsequent election to the same office without attribution. In the same scenario, a candidate who raises funds for the general election may transfer those funds to a committee for any subsequent election, subject to the attribution rules. Operative on January 1, 2025. ([SB 948 \(Limon and Zbur\) – Chapter 125, Statutes of 2024.](#))

Redaction of Bank Account Information on Statements of Organization – Due to concerns about financial fraud, this bill requires 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 authorizes a committee to omit that same information from the copy of the Statement of Organization filed with the local filing officer. Due to limitations within the existing Cal-Access campaign reporting system, additional fields cannot be redacted on Cal-Access and redaction of the names of persons authorized to obtain bank account records would take effect only after the Cal-Access Replacement System is operational. Operative, except as indicated, on January 1, 2025. ([SB 1027 \(Menjivar\) – Chapter 180, Statutes of 2024.](#))

Disclose Act Changes

Disclaimer for Campaign Advertisements that use Artificial Intelligence – Requires 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. The bill prescribes formatting requirements for this disclosure depending on the medium of the qualified political advertisement. This bill specifies that an image, audio, video, or other media is generated or substantially altered using artificial intelligence if either it was entirely created using artificial intelligence and would falsely appear to a reasonable person to be authentic, or 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: This bill excludes 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:** The bill authorizes 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 Act. Operative on January 1, 2025. ([AB 2355 \(Carrillo and Cervantes\) – Chapter 260, Statutes of 2024.](#))

Statement of Economic Interests & Conflict of Interest

Changes

Electronic Filing of SEIs (Form 700s) – This bill requires public officials for whom the Commission is the filing officer to electronically file their Statements of Economic Interests (“SEIs”) directly with the Commission using the Commission’s electronic filing system. **Redaction:** This bill codifies the FPPC regulation permitting the redaction of personally identifiable information upon the request of the filer, who is an elected official, if there is a reasonable privacy concern. It repeals the general authority to redact private information from SEIs posted on the FPPC website and instead requires the FPPC to redact the signature, telephone number, email address, and mailing address and it also permits the redaction of the filer’s residential address upon request of the filer.

Retention: This bill authorizes filing officers to retain reports and statements filed by paper in electronic or other specified formats immediately upon receiving those reports or statements. Operative on January 1, 2025. ([AB 1170 \(Valencia\) – Chapter 211, Statutes of 2024.](#))

Gifts: Services of a Fellow – Clarifies existing law and advice that the services of a policy fellow provided by specific associations are not a “gift” to a state elective or appointive officer for purposes of the gift limit since these services do not confer a personal benefit to any public official. Existing law generally defines “gift” to mean any payment that confers a personal benefit on the recipient, to the extent that consideration of equal or greater value is not received. Operative on January 1, 2025. ([AB 2573 \(Fong\) – Chapter 238, Statutes of 2024.](#))

State Bar of California – This bill adds to the definition of “public official” State Bar of California designated employees and Board of Trustee members to clarify that these individuals are subject to the Act’s Conflict of Interest Code and SEI requirements, and the general conflicts of interest requirements and restrictions. Operative on January 1, 2025. ([SB 1476 \(Blakespear\) – Chapter 489, Statutes of 2024.](#))

Local Ethics Training Program – Existing law, passed in 2005, requires local agency officials to receive at least two hours of ethics training relevant to the official’s public service every two years, which includes training on the Political Reform Act. This bill codifies a requirement that the FPPC, in consultation with the Attorney General, create, maintain, and make available to local agency officials an ethics training course in general ethics principles and ethics laws, thereby making this a permanent program. Operative on January 1, 2025. ([AB 2631 \(Mike Fong\) – Chapter 201, Statutes of 2024.](#))

Financial Interests of Public Officer’s Child – 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 provides that a public officer shall not be deemed financially interested in a contract if the officer has a remote interest, discloses this interest on the record, and abstains from all participation. This bill defines as a new remote interest that of a public officer whose 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. Operative on January 1, 2026. ([SB 1111 \(Min\) – Chapter 324, Statutes of 2024.](#))

Financial Disclosure for Groundwater Sustainability Agencies – This bill requires groundwater sustainability agency (“GSA”) board of directors’ members, the executive director, the general manager, or other persons with an equivalent position to file their SEIs directly with the FPPC using the FPPC’s electronic filing system. Operative on January 1, 2025. ([SB 1156 \(Hurtado\) – Chapter 458, Statutes of 2024.](#))

Pay to Play Changes

Contributions to Agency Officers: Disqualification: Narrowing the Scope of Section 84308 – 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 of a final decision. 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, and generally disqualifies an officer from participating in, or influencing, a decision if the officer has received an over-the-limit contribution during that time period. Existing law authorizes an officer who received an improper contribution to 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. Existing law exempts competitively bid, labor and personal employment contracts from these provisions. **Exemptions:** This bill exempts from the definition of an “officer” 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. Additionally, this bill exempts three additional types of contracts: (1) the periodic review or renewal of development agreements unless there is a material modification or amendment proposed to the agreement, (2) periodic reviews or renewals 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 \$50,000, whichever is less, and (3) the modification of or amendments to exempted contracts other than competitively bid contracts. **Return of Contributions:** Lastly, the bill modifies the provision to 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 latter: the officer making a decision or the officer knowing about the contribution and the proceeding. Operative on January 1, 2025. ([SB 1181 \(Glazer\) – Chapter 785, Statutes of 2024.](#))

Contributions to Agency Officers: Disqualification: Narrowing the Scope of Section 84308 - (See the above summary of the existing law.) This bill incorporated the changes made to Section 84308 in SB 1181 detailed above and made the following additional changes to Section 84308: **Raising the Contribution Limit** This bill raises the Section 84308 contribution limit from \$250 to \$500. **Exemptions:** The bill provides that a person is not a “participant” if their financial interest in the decision results solely from an

increase or decrease in membership dues. This bill exempts three additional types of contracts: (1) contracts valued under \$50,000, (2) contracts where neither party receives financial compensation, and (3) contracts between two or more government agencies. **“Pending” Defined:** This bill defines when a proceeding is pending for purposes of an officer and for purposes of a party, participant, or agent with language similar to that found in Regulation 18438.2(b). **Return of Contributions/Disclosure:** This bill lengthens the period during which an officer may cure an unintentional violation from 14 to 30 days of accepting, soliciting, or directing the contribution and changes the date a party must disclose contributions to before the date of the final decision. **Agent:** This bill codifies the definition of “agent” in Regulation 18438.3. The bill also prohibits the agent of a party or participant from making any contribution to an officer during the proceeding and for 12 months following the final decision and provides that the contributions of an agent shall not be aggregated with contributions from a party or participant. In the event the contribution ban on agents is held invalid by the courts, the aggregation rule change will also become inoperative. Operative on January 1, 2025. ([SB 1243 \(Dodd\) – Chapter 1017, Statutes of 2024.](#))

Regulatory Changes

Campaign Changes

Regulation 18227.5 – Filing Jurisdictions: Amendments to Regulation 18227.5(c)(4) clarify that for purposes of determining a general purpose committee’s filing jurisdiction, only those contributions to a candidate, elected officer or committee and independent expenditures made to support or oppose a candidate or measure requiring supplemental disclosure under Section 84211(k)(5) are used for calculating “70 percent of the committee’s contributions and expenditures.”

Regulation 18421.2 – Reporting Cryptocurrency Contributions: Amendments to Regulation 18421.2(c) state that contributions of cryptocurrency are reported as monetary contributions rather than “in-kind” or nonmonetary contributions.

Regulation 18534 – Higher interest-bearing account transfers: Amendments to Regulation 18534 expressly permit a committee subject to Section 85303, “Limits on Contributions to Committees and Political Parties,” to transfer funds from an “all purpose” or from a “restricted use” account into a corresponding higher interest-bearing account, and then back into the originating account (along with any accrued interest) prior to expenditure.

Regulation 18537.1 – General Election: Amendments to Regulation 18537.1 clarify the rules for the disposition of general election funds when a candidate wins office in a primary election.

Regulation 18545 – Contribution Limit and Voluntary Expenditure Ceiling Amounts: The amendments updated the time periods, as well as adjusted the contribution limits and voluntary expenditure ceiling amounts.

Disclose Act Changes

Regulation 18450.9 – Website Advertisements and Social Media Advertisements:

Amendments to Regulation 18450.9 remove language in subdivision (b) regarding electronic media advertisements on social media by paid third parties as redundant due to disclosures required under recent amendments to Section 84504.3, “Disclosure for Electronic Media Ads,” and new Section 84513, “Disclosure Third Party Posts Paid for by Committees.”

Regulation 18450.10 – Website Advertisements and Social Media Advertisements by 3rd Party Influencers:

Adoption of Regulation 18450.10 clarifies that the application of the advertisement disclosure requirements contained in Section 84513 apply to advertisements where a committee pays a third-party to post content on an internet website, web application, or digital application, including content posted on internet platforms, such as social media accounts and blogs, to support or oppose a candidate for elective office or a ballot measure where it appears the content is the speaker’s thoughts, opinion, or message rather than that of the candidate or committee, and the content is posted on a page or account other than the candidate or committee’s own page or account. The regulation provides that the electronic media advertisement disclosures under Section 84504.3 do not apply to these advertisements. Lastly, the regulation states that Section 84513 does not apply to Section 84511 ballot measure advertisements that require a spokesperson disclosure.

Audit Changes

Regulation 18991 – Audits of Campaign Reports and Statements of Local Candidates and Their Controlled Committees:

Amendments to Regulation 18991 serve to avoid duplicative audits by restoring a former provision that provided the Commission with the authority to exclude from the selection of jurisdictions required under Regulation 18991(c) any jurisdiction that is subject to audit by a local agency or the Commission.

Regulation 18993 – Contain in Detail: Amendments to Regulations 18993 serve to clarify the term “Contain in Detail” as used in Section 90004 in audits performed by the Franchise Tax Board and the Commission means that the report shall include specific findings of material noncompliance.

Regulation 18994 – Auditing and Investigations: Amendments to Regulations 18994 clarify its application to audits performed by the Commission by adding express references to the Commission.

Enforcement Changes

Regulation 18360.1 – Eligibility Requirements and Considerations for Campaign Violations – Streamline (Tiers One and Two), Warning Letters and the Political Reform Education Program (PREP): Former Regulation 18360.1 was repealed and a

new Regulation 18360.1 was adopted to expand and adjust the eligibility requirements for the Commission's Streamline Settlement and Warning Letter Programs and to include the criteria for the PREP for campaign violations.

Regulation 18360.2 – Eligibility Requirements and Considerations for Ethics and Lobbying Violations – Streamline (Tiers One and Two), Warning Letters and the Political Reform Education Program (PREP): Former Regulation 18360.2 was repealed and a new Regulation 18360.2 was adopted to expand and adjust the eligibility requirements for the Commission's Streamline Settlement and Warning Letter Programs and to include the criteria for the PREP for ethics, statements of economic interests reporting, and lobbying violations.

Regulation 18360.3 – Penalties in Streamline Cases: Former Regulation 18360.3 was repealed, and a new Regulation 18360.3 sets the penalty structure for violations eligible under Tier One and Tier Two of the Commission's Streamline Settlement Program.

Statement of Economic Interest & Conflict of Interest Changes

Regulation 18237 – Definition of Investment: Amendments to Regulation 18237 state that cryptocurrency is not under the definition of "investment" for purposes of the Act and, therefore, is not required to be reported as an investment on a Statement of Economic Interests. It also clarifies that an ETF, closed-end fund or qualified plan is presumed to have more than 100 investors and hold more than 15 issuers.

Regulation 18703 – Public Generally Exception: Amendments to Regulation 18703 enable the public generally exception to be applied in circumstances involving governmental entities that manage an airport or harbor where the decision affects permits, licenses or other use entitlements granted by the government entity in a similar manner to the official and the official's only interest in the decision relates to the permit, license or use entitlement. These amendments are consistent with the purpose of the public generally provision in the statute and would harmonize the Act with Section 1090 in this narrow circumstance.

Regulation 18932.3 — Predominant Activity: Repeal and Adoption of Regulation 18932.3 reorganizes the current regulatory language and allows for a 36-month period to determine whether the predominant activity of the business, trade, or profession is making speeches under specified circumstances involving a proprietary item.

Regulation 18940.2 — Gift Limit: This amendment updated the gift limit from \$590 to \$630. Corresponding references in **Regulations 18700** and **18730** were also updated to reflect this amount.