

November 5, 2015

Hon. Kamala D. Harris
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Ashley Johansson
Initiative Coordinator

Dear Attorney General Harris:

Pursuant to Elections Code Section 9005, we have reviewed the proposed statutory and constitutional initiative related to California's campaign finance and disclosure laws (A.G. File No. 15-0068, Amendment No. 2)

Background

Laws Related to Campaign and Lobbying Activities. Many individuals, groups, and businesses spend money to (1) support or oppose state and local candidates or ballot measures and (2) express particular viewpoints on issues being considered by state and local decision makers through lobbying efforts. The California Political Reform Act of 1974 (the act), an initiative adopted by the voters, established state rules and disclosure requirements related to campaign and lobbying spending. The act applies to state and local candidates, ballot measures, and officials, but does not apply to federal candidates or officials.

Fair Political Practices Commission (FPPC). The FPPC (1) enforces the requirements of the act, including investigating alleged violations, and (2) provides administrative guidance to the public by issuing advice and opinions regarding FPPC's interpretation of the act. The act establishes fines that FPPC can impose on violators of the act.

Secretary of State. Among other duties, the Secretary of State is the state's chief elections officer and oversees a variety of elements related to elections, campaigns, and lobbying in California. In addition to other information technology (IT) systems, the Secretary of State maintains the Campaign Automated Lobbyist and Campaign Contribution and Expenditure Search System (CAL-ACCESS). This IT system provides public access to disclosed information related to campaign and lobbying activities.

Proposal

The measure makes substantial changes to the state's campaign finance and disclosure laws. These changes include: establishing new campaign finance disclosure requirements for political advertisements and political spending, increasing the maximum fines levied by FPPC, and

requiring the Secretary of State to establish a statewide electronic filing system to replace CAL-ACCESS that interfaces with local government IT systems and allows the public to access electronic filings online. The measure appropriates funds from the state's General Fund to both the FPPC and the Secretary of State. The measure also reduces certain limits on gifts that may be accepted by specified government officials.

Fiscal Effect

If approved by the voters, the measure would have one-time and ongoing fiscal effects on state and local governments. State and local governments would experience one-time costs—possibly tens of millions of dollars—to establish a new statewide electronic filing system that complies with the measure. These one-time costs likely would be incurred in the first several years after the measure is implemented. In addition to these one-time costs, state and county governments would experience increased ongoing costs—possibly millions of dollars annually—to administer and enforce the provisions of this measure. These increased costs would be partially offset by increased revenues collected from fines.

Summary of Fiscal Effects. The measure would have the following major fiscal effect:

- Increased costs to state and local governments to administer state campaign finance and disclosure laws. These costs include (1) one-time costs—possibly tens of millions of dollars—to state and local governments to develop new information technology systems and (2) ongoing costs to state and local governments of possibly millions of dollars each year. These costs would be offset to some extent by higher fines.

Sincerely,

Mac Taylor
Legislative Analyst

Michael Cohen
Director of Finance