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May 10, 1999

Hon. Bill Lockyer
Attorney General
1300 I Street, 17th Floor
Sacramento, California 95814

Attention: Ms. Connie Lemus
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Elections Code Section 9005, we have reviewed the proposed initiative cited as "The Anti-Corruption Act of 2000" (File No. SA 1999 RF 0014 Amdt. No. 1-NS). This measure would amend the California Constitution to change (1) the method by which the compensation for state-elected officials is determined and (2) the way in which the boundaries of districts for the State Senate and Assembly, Board of Equalization, and U.S. House of Representatives for California are determined. The measure would also establish campaign contribution limits for candidates for the Legislature and statewide elective office and require additional preelection disclosure of campaign contributions received by state legislative candidates. The specific provisions are discussed below.

Compensation for State-elected Officials. Currently, the California Citizens Compensation Commission establishes the salaries and benefits for Members of the Legislature and other state-elected officials, such as the Governor, the Attorney General, and members of the State Board of Equalization.

Currently, the salary for a Member of the Legislature is \$99,000 annually, and the commission recently announced its decision to raise the salaries of the six leaders of the Legislature effective in December 1999. This measure would reduce the annual salaries for all Members to \$75,000.

The measure would also specify that the commission may only *recommend* adjustments to the salaries for Members of the Legislature and other state-elected officials in the future. A recommended salary increase could not be greater than the increase in the Consumer Price Index. Adjustments would not become effective unless approved in statute by a two-thirds vote of the Legislature.

In addition, the measure would reduce reimbursements that Members of the Legislature receive for travel and living expenses in connection with their official duties, and would limit the number of days that they can receive such reimbursements.

Finally, the measure provides that in any year in which the annual budget bill is not passed by the Legislature by June 15, each Member of the Legislature would forfeit his or her salary and travel and living expense reimbursements from June 15 until the day that the budget bill is presented to the Governor.

District Boundaries. Currently, the California Constitution requires the Legislature to adjust the boundaries of districts for the State Senate and Assembly, Board of Equalization, and U.S. House of Representatives for California in the year following the national census. This measure would require the Legislature to petition the California Supreme Court to appoint a panel of retired state or federal judges to propose adjustments to the boundaries to the Legislature. If no plan is adopted by the Legislature or is vetoed by the Governor, the measure provides for the Supreme Court to adjust the boundaries.

The measure specifies that each state Senate district be composed of two Assembly districts, each Board of Equalization district be composed of ten Senate districts, and that Congressional district boundaries follow Assembly district boundaries to the extent possible. The measure also requires that the creation of "competitive" districts, as defined, be maximized.

Campaign Contribution Limits. The initiative limits contributions for candidates for statewide office to \$5,000 and limits contributions for legislative races to \$2,500. The measure also provides, however, that its contribution limits would not take effect unless the courts prohibit implementation of the limits contained in Proposition 208, an initiative measure approved by the voters in 1996. The constitutionality of the

Proposition 208 contribution limits is being litigated in federal court. Should the Proposition 208 limits take effect, the contribution limits in this measure would be nullified and would thus have no effect.

Campaign Finance Disclosure. State law will soon require candidates for state legislative office, as well as other candidates for state elective positions, to make an online electronic disclosure of "late contributions" to their campaigns within 24 hours after they are received. Under current law, late contributions are donations received by any state or local candidate during the 16-day period prior to an election. This measure would require state legislative candidates to make an online electronic disclosure within 24 hours of contributions during the last 30 days before an election.

Fiscal Effect

The measure would have the following fiscal effects:

Compensation for State-elected Officials. The provisions of the measure that reduce the salaries and living expense payments to Members of the Legislature would result in annual savings of at least several millions of dollars, probably in the range of about \$5 million. The provisions that limit future adjustments to the salaries of state officials and require the Legislature to forfeit salaries in the event that the annual budget bill is not enacted by June 15 could potentially result in unknown, but not significant, annual savings.

District Boundaries. Presumably, the costs for establishing district boundaries for the Legislature, Board of Equalization, and U.S. House of Representatives from California, would be incurred only once every decade following the decennial census. The measure could result in net costs or savings depending on the costs to the panel and the Supreme Court to establish the boundaries versus the costs to the Legislature under the current requirements. The net fiscal effect is unknown, but probably not significant.

Campaign Contribution Limits. This measure would result in costs, probably in the range of hundreds of thousands of dollars annually, for the Fair Political Practices Commission to implement and enforce the campaign contribution limits proposed under this measure for campaigns for state elective office.

Campaign Finance Disclosure. The fiscal effect of lengthening the disclosure period only for state legislative candidates is likely to be minor.

Summary. The measure could result in annual savings to the state of several million dollars. These savings would be offset by costs of at least hundreds of thousands of dollars. The net fiscal impact is unknown, but probably not significant in the context of the overall state budget.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

B. Timothy Gage
Director of Finance