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February 25, 2000

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

Attention: Ms. Tricia Knight
Initiative Coordinator

Dear Attorney General Lockyer:

Pursuant to Elections Code Section 9005, we have reviewed the proposed initiative cited as "The Election Reform Act of 2000" (File No. SA 2000 RF 0008).

Proposal

This measure would repeal portions of existing or proposed laws regulating election campaigns for state and local office and enact specified campaign contribution limits and electronic online campaign contribution disclosure requirements for candidates for state office. This measure would additionally declare the date of statewide primary elections to be the first Tuesday after the first Monday in June in each even-numbered year.

Contribution Limits. Under the provisions of this measure:

- Campaign contributions to candidates for the state Assembly or Senate would be limited to a total of \$5,000 per election. This contribution limit would not apply to contributions from a political party.

- Contributions to candidates for statewide elective office would be limited to a total of \$10,000 per election. This provision affects candidates for Governor, Lieutenant Governor, Attorney General, Insurance Commissioner, Controller, Secretary of State, Treasurer, or Superintendent of Public Instruction. This contribution limit also would not apply to contributions from a political party.

Under the terms of this measure, these contribution limits would be adjusted in the future for inflation.

Online Disclosure. Existing law requires that certain candidates for state or local office file specified campaign finance information with the Secretary of State through an online or electronic disclosure process. This measure would further require that candidates for the Assembly or Senate or for statewide elective office file an online disclosure report within 24 hours of receipt of every contribution of \$5,000 or more.

Repeal Provisions. This measure would repeal portions of a 1996 voter-approved initiative regulating election campaigns for state and local office as well as repeal portions of a related measure that will appear on the March 2000 statewide ballot.

Specifically, this measure would repeal portions of Proposition 208 of 1996. Among the provisions that would be repealed are contribution and voluntary expenditure limits for certain campaigns and limits on when certain candidates can accept contributions. At the time this analysis was prepared, none of the provisions of Proposition 208 were in effect because of a court order blocking enforcement of its provisions.

This measure would further repeal portions of Proposition 25 on the March 2000 ballot, which includes some provisions intended to take the place of components of Proposition 208 as well as additional provisions not contained in Proposition 208.

This proposed new initiative would repeal provisions in Proposition 25 establishing contribution and voluntary expenditure limits for certain campaigns, limits on when candidates can accept contributions, publicly funded broadcast media credits for campaign advertising, a state-run Internet Web site to display information on campaigns, state verification of contributions from major donors, and various new campaign finance reporting rules. Among the various reporting rules that would be repealed is a requirement that state candidates or ballot measure committees file an online disclosure report within 24 hours of receipt of every contribution of \$1,000 or more.

Election Dates. Existing state laws specify the various dates on which elections are held in California. Those laws further declare the date of statewide primary elections to

nominate candidates to be voted upon at the general election to be the first Tuesday in March in each even-numbered year. A separate and conforming statute specifically requires that the statewide primary election be held on the first Tuesday in March in each even-numbered year.

This measure declares the date of a statewide primary election (not including presidential primary elections that would continue to be held in March) to be the first Tuesday after the first Monday in June. However, the measure does not make a conforming change in the separate statute specifically requiring that the primary election be held on the first Tuesday in March. We are advised that the courts would probably determine that this measure would be effective in changing the date of the statewide primary election. However, the effect of this proposed change in state law would depend on how it is interpreted by elections officials and, potentially, the courts.

Fiscal Effect

This measure could have significant fiscal effects on state government.

Implementation Costs. This measure could result in a significant increase in expenditures by the Secretary of State and the Fair Political Practices Commission (FPPC), potentially exceeding \$1 million annually, for the implementation and enforcement of the campaign contribution limits and online electronic reporting requirements provided in this measure.

Impact of Repealing Prior Initiatives. This new initiative could also significantly reduce state costs by repealing portions of Propositions 208 and 25, assuming either or both measures were legally in effect at the time this new initiative was enacted.

Repeal of a Proposition 25 provision establishing publicly funded broadcast media credits for eligible campaigns could result in an annual state savings of \$17 million. The partial repeal of Propositions 208 and 25 could significantly reduce expenditures for their implementation and enforcement by the Secretary of State and the FPPC. This new initiative would specifically repeal an initial appropriation of \$1.5 million to the Secretary of State, with a subsequent appropriation to that office of \$750,000 annually, for carrying out various provisions of Proposition 25. The repeal provisions in this new initiative would have no fiscal consequences, however, if the voters do not enact Proposition 25 and if the courts do not uphold or allow Proposition 208 to go into effect.

Primary Election Dates. As discussed earlier, the effect of this proposed change in state law is unclear and could depend on how it is interpreted by elections officials and,

potentially, the courts. If this measure were interpreted to result in no change in when primary elections were held, these provisions would have no fiscal effect. If they were held to be effective in changing the date of statewide primary elections from March to June, this measure would have significant fiscal effects.

As noted earlier, this measure could result in three statewide elections being held during presidential election years instead of the current two statewide elections. That is because, while this measure may move the primary date for various elective offices to June, this measure does not change the state law requiring that the presidential primary be held every four years in March. The Secretary of State has estimated that the cost of holding an extra statewide election every fourth year would be at least \$45 million—about \$7.5 million for state election activities and \$37.5 million for county election activities. The Secretary of State has indicated that state costs could be millions of dollars higher than the \$7.5 million estimate cited above because the state might have to print and mail to voters one or two additional ballot pamphlets for that extra election. We are advised by the Secretary of State that moving the statewide primary date from March to June could result in relatively minor state and county government savings on the costs of conducting elections.

Summary of Fiscal Effects

The net fiscal effect of this new initiative is unknown at this time because it depends upon (1) whether the courts uphold Proposition 208 and allow it to go into effect before this new initiative would go before the voters, (2) whether the voters enact Proposition 25 on the March 2000 ballot, and (3) whether the provisions in this measure pertaining to primary election dates are interpreted to change the date such elections are held.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

B. Timothy Gage
Director of Finance