

February 25, 2005

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 statutory initiative related to political contributions from corporations (File No. SA2005RF0044).

Major Provisions

Under current law, corporations with stockholders are authorized to make political contributions. A corporation determines on its own who can authorize such contributions (for instance, an executive officer, board of directors, or stockholders).

This measure restricts corporations with stockholders from making political contributions (for candidates, ballot measures, and issue advocacy) unless the stockholders authorize the contributions through a written resolution. The resolution would have to list the recipients and amounts of any authorized contributions.

Fiscal Effect

The state's Fair Political Practices Commission could experience increased costs to enforce the measure's provisions. These costs would potentially total a few hundred thousand dollars annually. Such costs could be partially offset by fines collected from corporations not abiding by the measure's provisions.

Fiscal Summary. This measure would have the following major fiscal impact:

- State enforcement costs potentially totaling a few hundred thousand dollars annually, partially offset by increased fine revenues.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

Tom Campbell
Director of Finance