

January 24, 2006

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 (File No. SA2005RF0140).

Major Provisions

Under current law, corporations and labor unions are authorized to make political contributions, subject to certain dollar limits and disclosure requirements. Labor unions may use dues collected from its members for these political contributions.

This measure restricts the manner in which corporations and labor unions may make contributions to political candidates. Specifically, the measure allows corporations and labor unions to make political contributions only by establishing a segregated account for political purposes. The measure places restrictions on the contribution to and expenditures from these accounts. For instance, unions would be prohibited from depositing mandatory member dues or fees into these accounts.

Fiscal Effect

The state would experience increased costs to enforce the measure's provisions. Such costs could be partially offset by fines collected from corporations and unions not abiding by the measure's provisions. The net result would probably be a minor increase in annual state costs.

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

- Probably minor annual increase in state elections-related enforcement costs.

Sincerely,

Elizabeth G. Hill
Legislative Analyst

Michael C. Genest
Director of Finance