

March 3, 2006

Hon. Bill Lockyer  
Attorney General  
1300 I Street, 17<sup>th</sup> 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 ballot measures (File No. SA2006RF0007, Amdt. #1-S).

### **Major Provisions**

***Contributor Disclosure.*** Under current law, individuals and committees involved in supporting or opposing ballot measures must file campaign finance information with the Secretary of State (SOS). The requirements of what types of information and when to file vary depending on the type of committee. Filings are available to the public, primarily through the SOS's Web site.

This measure requires the Legislative Analyst's Office (LAO) to categorize the "nature and interest" of individuals and committees contributing to the support or opposition of ballot measures (such as what industries made the contributions). The LAO would categorize this information a number of times throughout each election cycle, using information provided by SOS. The summary information would be included in the voter information guide, sample ballot, ballot, the LAO's Web site, and campaign advertising.

***Corporate Contributions.*** Under current law, corporations with stockholders are authorized to make political contributions, subject to certain dollar limits and disclosure requirements. A corporation, on its own, determines 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 or against ballot measures (or potential ballot measures) unless the stockholders authorize the contributions. The initiative requires that stockholders vote separately on each ballot measure.

*Language Requirements.* The measure requires that proponents of initiatives take “reasonable efforts” to write initiatives in language that is “concise and understandable.”

**Fiscal Effect**

The state would experience increased costs to implement the measure’s provisions. The SOS could experience some one-time costs to modify its system of campaign disclosures in order to provide the required information to the LAO. In addition, the state would experience increased, ongoing costs to provide the required disclosure summaries and to enforce the measure’s provisions regarding corporations. Such costs could be partially offset by fines collected from corporations not abiding by the measure’s provisions. The net result would probably be an increase in state costs of a few hundred thousand dollars annually.

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

- Increased state elections-related costs of probably a few hundred thousand dollars annually.

Sincerely,

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Elizabeth G. Hill  
Legislative Analyst

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Michael C. Genest  
Director of Finance