LAO

PROPOSITION 4

Repeals Prohibition Against Public Funding of Election Campaigns. Legislative Statute.

ANALYSIS OF MEASURE

BACKGROUND

The Political Reform Act. Many people, groups, and businesses spend money to support or oppose candidates for public office and ballot measures. California's Political Reform Act sets rules for how money can be used in politics and requires public reporting of political spending. These rules apply to state and local candidates, ballot measures, and other public officials, but not to federal candidates or officials. (Federal law establishes campaign finance and reporting requirements for federal offices.) The Political Reform Act has been updated by voters over the years.

Ban on Public Funds to Pay for Campaigns. The Political Reform Act bans the use of public funds for political candidates' campaigns. This ban applies to most elected offices at the state level and local level. (This ban does not apply to city office elections in certain charter cities. Los Angeles, San Francisco, Long Beach, Oakland, and Berkeley are current examples of charter cities that provide public funds to certain campaigns.)

Entities That Oversee Campaign Finance Laws. California's campaign finance laws are administered by the Fair Political Practices Commission and the California Secretary of State. State law requires people and groups to report how much money they give, receive, and spend on political campaigns. This information is available to the public on the Secretary of State's website. The Fair Political Practices Commission enforces and interprets the Political Reform Act. The Fair Political Practices Commission reviews the finance reports and can fine candidates and donors who break the law. The Fair Political Practices Commission issues guidance based on its interpretation of the Political Reform Act.

PROPOSAL

Lifts Ban on Use of Public Funds to Pay for Candidates' Campaigns. Proposition 4 lifts the ban on using public funds for political candidates' campaigns. Removing the ban allows state and local governments to create public campaign financing programs in the future if they wish. Proposition 4 does not create a public campaign finance system for the state or local governments directly.

Sets Rules for Future State and Local Public Campaign Finance Programs. Proposition 4 sets broad rules for future state and local public campaign finance programs but leaves many key design decisions to future state and local decision makers. Proposition 4 limits which public funds can be used for campaigns, who can receive the funds, and how the funds can be spent in any future public campaign finance program. For example, money meant for education, transportation, or public safety cannot be used for campaigns. Candidates can only receive public funds if they show broad-based support in their district and agree to spending limits and other program rules. Public funds cannot be used for legal defense fees or fines, or to repay a candidate's personal campaign loan. State and local governments can design and implement their own programs within the broad rules set by Proposition 4.

Fair Political Practices Commission Would Issue Guidance on Public Campaign Finance Programs. Proposition 4 specifies that the Fair Political Practices Commission is not required to administer or enforce local public campaign finance programs. Rather, state and local government officials could ask the Fair Political Practices Commission for guidance on how to create public campaign finance programs consistent with Proposition 4.

FISCAL EFFECTS

Costs of Possible Public Campaign Finance Programs Depend on Future Decisions. Proposition 4 does not create a public campaign finance program. However, it allows state and local governments to create such programs in the future. The cost of these programs could be significant for governments that choose to create them. The total cost would depend on which governments created such programs and how those programs were designed.

Minor State Costs to Support State and Local Governments Considering Public Campaign Finance Programs. If voters approve Proposition 4, state and local government officials likely would ask the Fair Political Practices Commission for guidance on creating public campaign finance programs under the Political Reform Act. This likely would require the Fair Political Practices Commission to hire more legal staff to help answer these questions. As a result, state costs would be a few hundred thousand dollars each year. This amount is much less than one-tenth of 1 percent (0.1 percent) of the state's total General Fund budget. (The General Fund is the account the state uses to pay for most public services, including education, health care, and prisons.)

YES/NO STATEMENT

A **YES** vote on this measure means: State and local governments could create public campaign financing programs for public office candidates, subject to limits on which public funds could be used, how the public funds could be used, and who could receive them.

A **NO** vote on this measure means: State and most local governments would remain unable to create public campaign finance programs for public office candidates.

SUMMARY OF LEGISLATIVE ANALYST'S ESTIMATE OF NET STATE AND LOCAL GOVERNMENT FISCAL IMPACT

- Ongoing costs to the state of a few hundred thousand dollars each year for the Fair Political Practices Commission to answer questions from state and local governments about public campaign finance programs.

BALLOT LABEL

Fiscal Impact: Ongoing costs to the state of a few hundred thousand dollars each year for the Fair Political Practices Commission to answer questions from state and local governments about public campaign finance programs.