

# **POLITICAL REFORM ACT TASK FORCE – TENTATIVE PROPOSALS**

**12/13/10 Draft**

## **I. ELECTRONIC FILING & STATE/LOCAL CONSISTENCY**

### **1. Electronic Filing:**

A. Aim – A single, statewide electronic filing system for state and local candidate and non-candidate committee campaign disclosures that consolidates all state-required campaign data into one searchable database.

#### **B. Phased-In Implementation:**

1. FPPC and Secretary of State to establish two working groups – one would be comprised of IT experts to provide further detail regarding the methods, technology requirements, and costs of a consolidated state electronic filing network, and a separate working group comprised of state and local filing officers would provide insights into operational issues and approached to be considered with implementation of a new system.

2. Require all state committees to file electronically, without regard to the amount of money raised or spent. Require major donors at the state and local level that meet the requisite contribution/expenditure threshold (see 6F below) also to file electronically at the state level.

3. Implement a statewide database with expanded filing and public search capabilities.

4. Create consolidated statewide network by setting up a process to import state-required committee disclosures from local jurisdictions that have their own e-filing systems into the statewide database.

5. Set up a system for Form 410 Committee Statements of Organization (the basic registration document) to be filed electronically by all filers. (See also recommendation 3.D.)

C. Recommend that the State move forward on legislation which would provide adequate appropriations to realize these goals.

2. State/Local Consistency:

- A. Promote periodic state & local coordination to harmonize definitional terms in local law with the Political Reform Act.
- B. Acknowledge the “new landscape” of the system which in 1974 was a state system with state requirements and in 2010 is a state system with robust local ethics agencies with well-developed local filing requirements, enforcement, etc. This may involve changing GC 81009.5 to allow more local flexibility to require different local reporting rules while accommodating 1A and 1B statewide electronic filing objectives.
- C. See 6C -- Consult with local ethics agencies in larger jurisdictions to discuss whether large local jurisdictions should adopt other, state level thresholds.

**II. SIMPLIFY THE PROCESS**

3. Simplify Campaign Reports:

- A. Move toward a data-driven system for reporting without any substantial sacrificing of filing details.
- B. Change filing schedules to allow state committee filers to choose more frequent filings (such as monthly filings in even-numbered years) and eliminate special reports such as the 465 & 495 for such filers or to choose quarterly filings with continued special reports.
- C. Consolidate reporting to three principal reporting forms: 460s (consolidating 450, 470); 461 and a single, consolidated Late Report that can be used for filing LCR, LIER & Issue Advocacy Reports.
- D. Require Committee Statements of Organization to be filed electronically. (See also recommendation 1.B.5.)
- E. Revise rules for campaign filings by multi-purpose organizations so that there is clear transparency in reporting the donors to the organizations. We recommend a LIFO formula for identifying a multi-purpose organization’s donors be considered by the Commission .

- F. Review the expenditure codes. The FPPC should establish a task force to review the current codes so that the public has easier access to the data and there is more uniform reporting among treasurers and committees.
- G. Require online training of campaign treasurers, similar to the training required of lobbyists, to better ensure that campaign treasurers are aware of the basic reporting rules, basic legal prohibitions, such as campaign funds laundering, and require a first time treasurer to acknowledge on the Form 410 that he/she has read the restrictions. This is currently required of all lobbyists each two-year session-GC 86103.

4. Committee Classifications & Termination:

- A. See 3B – Changing filing schedules for state committee filers should substantially eliminate the need for classifying committees as “primarily formed” and “general purpose” committees with different filing schedules and detail.
- B. By redefining sponsorship to “connected committee” (see 8C & 8D below), require all ballot measure, IE and non-connected committees to retain “major funding” top two donor disclosures.
- C. See 1B – Classifying a committee as multi-jurisdictional with state filing responsibility and link to jurisdictions in which the committee has engaged in a certain level of campaign activity.
- D. Eliminate requirement for committees to obtain FPPC approval to terminate if they have debts.

5. Filing Schedules:

- A. See 3B – Allow state committees (including state candidate-controlled, state PACs, party committees & state ballot measure committees) to choose to file monthly campaign reporting in even numbered years, or alternatively to choose to file quarterly reports in both even and odd-numbered years for these committees.
- B. Quarterly filings for all other committees in both odd and even numbered years.

- C. One pre-election report if committees have a threshold of contributions received or expenditures made (\$2,500) relative to candidates or measures on the ballot.
  - D. 24-hour reports for threshold contributions and expenditures on behalf of candidates and measures (\$1,000 at local level; \$2,500 at state level) for the period from the close of the pre-election reporting period to election day.
  - E. For state committees that choose to file monthly reports, eliminate 10-day candidate and ballot measure and Umberg reports & 90 –day election cycle reports.
  - F. Reorganize chapter 4 to clearly delineate who, what & where filing requirements by candidate or committee type.
6. Committee & Contribution Thresholds:
- A. Raise committee qualification threshold at state and local level to \$2,500.
  - B. See 2 C -- Consult with local ethics agencies in larger jurisdictions to discuss whether large local jurisdictions should adopt other, state level thresholds.
  - C. 24 Hour Reporting (LCR; LIER): (1) State: \$2,500. (2) Local: \$1,000.
  - D. Contribution Disclosure: (1) State: More than \$200. (2) Local: More than \$100.
  - E. Major Donor: Two or more contributions totaling \$25,000.
  - F. Electronic Filing: \$25,000 including all state and local major donors.
  - G. Change every 2 year COLA adjustments for chapter 5 contribution limits to every 4 years.
  - H. Evaluate efficacy of statutory or regulatory definition of bundler to allow for disclosure of major bundlers of campaign contributions.
7. Expenditure Disclosure:
- A. Include date of expenditure on 460, schedule E.

- B. Expenditure Disclosure: (1) State: More than \$200. (2) Local: More than \$100.
- C. Sub-vendor: (1) \$500. (2) Credit Card: More than \$200. (3) Eliminate postage and petition circulator/GOTV worker compensation disclosure for sub-sub vendors, not prime contractors.

### **III. INCREASE DISCLOSURE AND TRANSPARENCY**

#### **8. Regular Disclaimers:**

- A. Adopt FEC “Paid for by...,” “Authorized by/Not Authorized by...” disclaimers for mass mailing, media advertising, telephone bank and other media advertisements.
- B. Require disclaimers on all types of campaign materials except those for which it isn’t feasible or readily legible (very small or billboard ads).
- C. Sponsorship Disclaimer – Require sponsor name in name of “connected committees.” “Connected committees” (a term of FEC art) are those connected to a corporation or business, a labor union, or a trade association and which meet the tests of GC 82048.7(b)(2) & (b)(3) for sponsorship. Delete sponsor disclaimer categories for other committees.
- D. Major Funder Disclaimer – Simplify top two donor disclosures to pierce top two name if committees trade money. Require top two donor disclosures for ballot measure and IE committees. Require top two donor disclosures for all non-connected committees (see 8C above.) Include reference to SOS website to identify committee’s contributors.
- E. Require payer’s web address in the disclaimer.
- F. For ballot measures that are in qualification process, require Secretary of State ballot measure identification number in the disclaimer.
- G. Locate all disclaimer & naming rules in the same sub-chapter of chapter 4 (i.e., 84305, 84305.5, 84310, 84503, 84506.)

9. “Robocalls”:

- A. Coordinate with PUC to obtain FPPC authority to regulate political “robocalls.”
- B. Allow political “robocalls” without live operator requirement as a first step in making policy decisions about political “robocalls,” as the current federal and State laws and regulations do not achieve any other result other than driving political “robocalls” out of state.
- C. Require committee that pays for “robocalls” to maintain copies including digital copies as record of the committee available for audit – as is applicable to the phonebank record retention requirement.

10. Slate Mailers:

- A. Enlarge disclaimer as proposed.
- B. Change language as proposed.
- C. Require asterisk for any candidate or measure endorsement that is paid for by the committee or a third party.
- D. Require disclaimer in the same language if 50 % or more of language of slate (e.g., if slate is 100% Vietnamese, have a Vietnamese language disclaimer).
- E. Require payer’s web address in the disclaimer.

**IV. RAISING PUBLIC CONFIDENCE**

11. Conflict – of – Interest:

- A. Change disclosure and conflict of interest thresholds to \$10,000 for real property and non-Schedule A-2 investment interests.
- B. Retain income disclosure and disqualification threshold at \$500.

- C. Retain gift disclosure threshold at \$50 and set gift limit at \$250 per calendar year and eliminate biennial COLA adjustment of gift limit.
- D. Modify PRA to allow FPPC by regulation to define “investment” to account for evolving forms of investments.
- E. Amend Chapter 6 to require gift notices to indicate that reimbursement or return of a gift must be made within 30 days of its receipt.

12. Revolving Door:

- A. Standardize state and local lifetime ban rules.
- B. Standardize one-year disqualification rule at state and local levels. Consider changing the one-year disqualification rule to two-years and applying it to legislative employees.
- C. Consider eliminating exception to one-year and lifetime ban rules for unpaid appearances by otherwise-disqualified former public officials.
- D. Prohibit departing public officials to take jobs with private parties to a governmental proceeding if the public official made or participated in making a decision benefitting the party.