

ALASKA LEGISLATURE COMMITTEE FILES, 1989-1990 8672

5845 HOUSE JUDICIARY

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1 than six and to limit the number of terms a person may serve in the
2 United States Senate to no more than two.

3 BE IT FURTHER RESOLVED that alternatively, effective July 1, 1991,
4 that pursuant to Article V of the Constitution of the United States, the
5 Legislature of the state of Utah makes application to the Congress of the
6 United States to call a convention for the specific and exclusive purpose
7 of proposing an amendment to the Constitution of the United States, for
8 submission to the states for ratification, to limit the number of terms a
9 person may serve in the United States House of Representatives to no
10 greater than six and to limit the number of terms a person may serve in
11 the United States Senate to no greater than two.

12 BE IT FURTHER RESOLVED that if Congress proposes and submits to the
13 states for ratification, within 60 days after the legislatures of
14 two-thirds of the states have made application for such convention, an
15 amendment to the Constitution of the United States similar in subject
16 matter to that contained in this Joint Resolution, then this application
17 for a convention shall no longer be of any force or effect.

18 BE IT FURTHER RESOLVED that this application and request be deemed
19 null and void, rescinded, and of no effect if that convention is not
20 limited to such specific and exclusive purpose.

21 BE IT FURTHER RESOLVED that this application by this Legislature
22 constitutes a continuing application in accordance with Article V of the
23 Constitution of the United States until at least two-thirds of the
24 legislatures of the several states have made application for a similar
25 convention pursuant to Article V or the Congress has proposed an

1 amendment to the Constitution of the United States similar in subject
2 matter to that contained in this Joint Resolution.

3 BE IT FURTHER RESOLVED that certified copies of this resolution be
4 transmitted to the president and the secretary of the United States
5 Senate, to the speaker and the clerk of the United States House of
6 Representatives, to each member of this state's delegation to the
7 Congress, and to the presiding officer of each house of each state
8 legislature in the United States.

February 8, 1990

MANAGEMENT AND FISCAL ANALYSIS

S. J. R. 24

None required.

OFFICE OF THE LEGISLATIVE FISCAL ANALYST

ATTACHMENT C

California
Operation New Broom Initiative

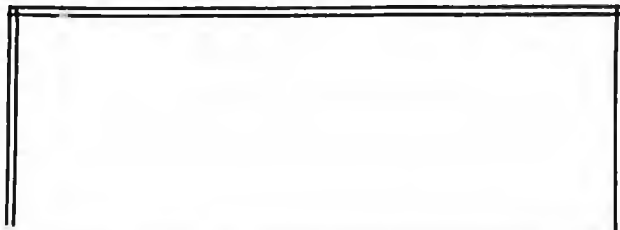
**OPERATION NEW BROOM
WILL MAKE THREE
BASIC REFORMS**

- IT WILL IMPOSE A TWO-TERM LIMIT ON STATE CONSTITUTIONAL OFFICERS, AND MEMBERS OF THE STATE LEGISLATURE.
- IT WILL END THE PRACTICE OF MAKING USE OF ONE ELECTIVE OFFICE AND ITS TAX-FUNDED ADVANTAGES, TO CAMPAIGN FOR ANOTHER OFFICE.
- IT WILL END THAT SPECIAL PRIVILEGE LEGISLATORS' PENSION PLAN, AND PUT THEM UNDER FEDERAL SOCIAL SECURITY LIKE EVERYONE ELSE.

**THESE THREE REFORMS
WILL MEAN:**

- FAR FEWER CAREER POLITICIANS.
- A DRASTIC REDUCTION OF INFLUENCE BY SPECIAL INTEREST GROUPS
- MORE REPRESENTATIVE, RESPONSIVE STATE GOVERNMENT.
- MORE OPPORTUNITIES FOR CITIZEN PARTICIPATION IN GOVERNMENT.
- GREATER LEGISLATIVE AWARENESS OF AND RESPONSE TO LOCAL GOVERNMENT PROBLEMS AND NEEDS.
- MORE OPPORTUNITY FOR TRULY GOOD PEOPLE TO ADVANCE TO A HIGHER ELECTIVE OFFICE.
- REGULAR INFUSION OF NEW IDEAS INTO THE LEGISLATIVE PROCESS.

FOR MORE INFORMATION CONTACT:



George Washington would applaud. recently a coalition of citizen groups launced 'Operation New Broom'...Of all the plans floating around under the billing 'campaign reform' this is the only one that lives up to the name.

"The fact is, one of the great modern perils to our liberty well may be the legislator-for-life...who has forgotten, if he ever knew, what it takes to survive in the private sector."

**The Orange County Register*

"California needs a revolution...(and) a return to non-professional status for legislators would help crack the proprietary mentality that afflicts the Capitol and encourages influence-peddling..."

**Syndicated columnist Dan Walters*

"The Founding Fathers had in mind a citizen legislature, in which members returned to private life and lived under the laws they enacted. . .something has gone wrong with the U.S. political system. . ."

**The Wall Street Journal*

"The old saying that after three days both fish and houseguests begin to smell bad is equally true of most politicians, after two terms in the same office."

**Initiative co-author/ACTIV Chairman Lee Phelps*

"The trouble may be that there are just too many politicians building a lifetime career under the Capitol dome."

"What may be needed is a return to the 'citizen legislator' who serves no more than two or three terms before stepping down..."

"Not only would this guarantee a flow of new blood to the system, but it would end the current unhealthy process in which nearly every incumbent is returned to office in each election."

**Sacramento Union Editor Pete J. Hayes*

You...

are invited to help sweep our state capital clean of sleaze and corruption by joining the nonprofit, nonpartisan...

**OPERATION
NEW
BROOM**



...and helping us to qualify, and in November 1990, enact:

**The Citizens'
Representation Act
of 1990**

**A VOTER INITIATIVE TO
RESTORE THE TRADITION OF
CITIZEN LEGISLATORS**

BROOM

WHY DO IT?

Informed citizens increasingly are frustrated and angered by the way our elected representatives—federal, and state—seem to have abandoned honesty and integrity in favor of corruption, bribe-taking and unethical conduct.

Each attempt that we make at reform, and we have made many, fails to solve the problem. Why? Because reform is the last thing career politicians who control our government really want.

Our government is controlled by an entrenched, irresponsible new elite of career politicians—people who aren't affected by or concerned with solving problems faced by the average person. The person who has to work, to earn a decent living, and can't vote himself or herself pay raises, special perks, or other benefits—all of them funded from taxes.

Gerrymandering, expensive campaign costs and—most of all—the advantage an incumbent has over anyone attempting a challenge, combine to make such challenges all but futile.

Our democratic republic is founded on the ideal of citizen participation in government. We do not need—can't afford—an elite ruling class made up of career, professional politicians.

OPERATION NEW BROOM is proposing a grassroots voter initiative that will restore the "citizen legislator" tradition to California state politics.

We're a nonprofit, nonpartisan and wholly volunteer organization made up of concerned citizens who—with your help—intend to qualify and enact real, meaningful reform!

California again can be the leader and set in motion a tidal wave, which (eventually) will hit

the U.S. Congress (where more people die in office than are challenged and voted out.)

Join with us, to make history!

CAN IT BE DONE?

Yes. A recent statewide voter poll asked: "Would you favor or oppose limiting terms of office, for state politicians, to two terms?"

Nearly two out of three replied they would support such a measure.

By an even greater margin, when asked if they thought politicians in Sacramento had a "For Sale" sign out to the highest special interest bidder, voters replied: "Yes!"

Sure, there'll be opposition—and it will come from those politicians, and their supporters, who are making a mockery of the idea of government: "of, by and for the people."

Nearly 500,000 good signatures of registered voters are needed, to put our initiative on the ballot in November, 1990. That means we must get close to a million, to be sure we've enough valid signatures. And to show the politicians, and media too, that "We're mad as hell, and are not going to take it anymore!"

Experience indicates it will cost about \$500,000 to pay for the signature petition campaign. After which we'll need about \$3 million to fight the entrenched politicians and their special interest group supporters if we're to win at the ballot box.

We're counting on you, and all of the other California citizens-voters who truly care about cleaning up our state government, to provide funding for our grassroots campaign.

OPERATION NEW BROOM cannot win if you stand on the sidelines and watch the opportunity go by. We need you help to get those signatures, and to raise that money. Will you help?

YES! Count me in! I want to help Operation New Broom get rid of career politicians in Sacramento, put them on Social Security, and stop them from neglecting their sworn duty in one office while campaigning at our expense for another. Let's restore the tradition of citizen legislators!

- Send me enough petitions to get 200 100 50 Signatures.
- I'll help organize the campaign in my area. You may use my name as an endorsement.
- Special skills I can offer the campaign: _____
- Here's my contribution of: \$50 \$100 \$500 \$1000 other

Name (Please Print) _____ Signature _____
 Address _____ City _____ State _____ Zip _____
 Phone (Area Code) _____ Number: _____

Please return with your contribution to ACTIV to:
 ACTIV * P.O. Drawer 330 * Aptos * CA 95001-0330 * (408) 688-8986 * State I.D. # 810729
 A member of the Coalition to Limit Terms Of Office (Operation New Broom)

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure.

TERMS OF OFFICE, PUBLIC OFFICERS RETIREMENT, RESIGNATIONS, INITIATIVE CONSTITUTIONAL AMENDMENT. Limits persons elected or appointed to offices of Governor, Lieutenant Governor, Attorney General, Controller, Insurance Commissioner, Secretary of State, Superintendent of Public Instruction, State Treasurer, State Senator, member State Assembly, member Board of Equalization to two full terms; provides for automatic resignation of person holding such offices for seeking, soliciting or accepting contributions for, other federal, state or local elected offices; requires persons elected to such offices on or after November 1, 1990 to participate in federal Social Security program; precludes accrual of other pension and retirement benefits, except vested rights. Summary of estimate of Legislative Analyst and Director of Finance of fiscal impact on state and local governments: This measure would result in an annual \$1 million savings for the General Fund due to the termination of current members and prohibition of new legislative members and state constitutional officers from earning specified retirement benefits in the future. It would also result in unknown costs to local governments of several hundred thousand dollars during election years to hold special elections for legislative offices vacated by persons pursuing other federal, state, or local offices.

To The Honorable Secretary of State of California:

We, the undersigned, registered voters of the State of California, do hereby petition you to submit to the voters the following initiative measure for their consideration. We request that you cause the measure to be printed in the ballot book for the general election to be held on November 3, 1992. We request that you cause the measure to be printed in the ballot book for the general election to be held on November 3, 1992. We request that you cause the measure to be printed in the ballot book for the general election to be held on November 3, 1992.

SECTION 1. TITLE AND PURPOSE. This amendment to the Constitution of California shall be entitled the **Citizen Representation Act of 1990**. The primary purpose of this Act is to reduce incentives to political corruption, misuse of political power and abuse of the public trust, by limiting the amount of time any person may hold any one of the elective offices specified in the Act. This Act will encourage elected public officials to spend themselves exclusively to the duties of their offices, reduce the opportunity to make a career of holding offices of public trust, and profit, reduce the incentives and opportunities for corruption, reduce the ability of elected officials to misuse their offices as springboards to seek election to another office, restore equity of treatment between elected officials and the electorate as to retirement benefits and the tax burden involved in funding those benefits, and protect the legitimate expectations of the electorate in voting a candidate into office. This Act shall be construed liberally to effect its purposes.

SECTION 2. TENURE. Section 12 is added to Article VII of the California Constitution to read:
Sec. 12. (a) No person may serve more than two full terms in the same office.

(b) This Section applies to any person who commences a term of office on or after the day this Act is adopted. However, a person who held an office of the state when this Act is adopted shall serve the term to which elected and if at the completion of the term the person has accumulated two or more full terms in that office the person shall be ineligible for another term. If a person is elected or appointed or succeeds to a vacated office to serve the unexpired portion of a full term, and that portion is less than one-half a full term, such service shall not constitute a full term within the meaning of subdivision (a) of this Section. If more than one-half a full term is served, the person shall be considered to have served a full term. A person who has served two full terms in any office covered by this Act shall not be eligible for appointment to that same office.

(c) As used in this Section, "office" means any of the following offices:

- (1) Governor, Lieutenant Governor, Attorney General, Controller, Insurance Commissioner, Secretary of State, Superintendent of Public Instruction, and Treasurer;
- (2) State Senator;
- (3) Member of the State Assembly;
- (4) Member of the Board of Equalization.

(d) The length of terms for offices to which this Act applies may be changed only by a vote of the people, a majority of those voting approving such change.

(e) The length of term for any elective office other than judicial which in the future may be created under this Constitution shall not exceed four years, and no person shall serve more than two terms in any such office.

SECTION 3. CANDIDACY FOR ANOTHER OFFICE. Section 13 is added to Article VII of the California Constitution to read:

Sec. 13. If any person who holds any office specified in subdivisions (c) and (d) of Section 12 becomes a candidate for either federal or state elective office subsequent to adoption of this Act, the candidacy shall constitute automatic resignation from the office then held and that office shall be filled promptly as specified by law. For the purposes of this Section, a person becomes a candidate for another elective office who:

- (a) Files nomination papers or a statement of candidacy in similar document with a duly authorized election official in order to qualify as a candidate for election to another office; or
- (b) Solicits or accepts a contribution to a fund whose proceeds are intended to be used or are used to further the person's candidacy for another office; or
- (c) Forms a committee or accepts aid from a committee over which the person has no control, among whose purposes is furthering the person's candidacy for another office; or
- (d) Engages in any other substantial conduct, the purpose of which is to further the person's candidacy for another office.

SECTION 4. PENSION AND RETIREMENT BENEFITS. Section 14 is added to Article VII of the California Constitution to read:

Sec. 14. Notwithstanding any other provision of existing law, a person elected on or after November 1, 1990 to any office named in Section 12(c) of this Article shall participate in the Federal Social Security Retirement, Disability, Health Insurance Program and the State shall pay only the employer's share of the contribution necessary to such participation. No other pension or retirement benefit shall accrue as a result of service in any office covered by this Act. This Section shall not be construed to abrogate or diminish any vested pension or retirement benefit which may have accrued under an existing law to a person holding or having held one of the offices specified in this Section. In its adoption, but upon its adoption, further entitlement to or vesting in any existing program shall accrue to any such person other than Social Security to the extent herein provided.

SECTION 5. STANDING TO ENFORCE. Any person lawfully registered to vote in California shall have legal standing to bring actions to enforce the provisions of this Act. Notwithstanding any other provision of law, a person who brings such an action and prevails shall be entitled to recover all costs of the action, reasonable attorney's fees, and such further damages as a court may decide to be reasonable and warranted.

SECTION 6. USE OF PUBLIC MONIES PROHIBITED. The use of public monies by any person or governmental body for the purpose of bringing an action before a court to invalidate or overturn all or any portion of this Act is prohibited.

SECTION 7. SEVERABILITY. If any provision of this Act is determined by the judgment of a court of competent jurisdiction to be invalid for any reason, after giving maximum weight to the People's reserved right to the initiative and to their inherent supremacy in political affairs, the institutions they have created, the other provisions shall remain in full force and effect.

Attention Circulator: THIS PETITION IS INVALID UNLESS DECLARATION OF CIRCULATOR IS COMPLETED

1. You must be registered in your California county.
2. Fill in circles where petition is to be circulated. (Do not register voters from other counties on this petition. If you must register voters from other counties, you must begin a new petition for each county. You may collect signatures from any registered voter from any county in California. Just an address. Petitions for each county.)
3. You may not state as many petitions as possible, but you may only sign one petition as a signer on the signature section.
4. Mark your signatures full on all information completely and preferably in ink with black or blue ball point pens. No felt tip pens, no ditto marks, no abbreviations.
5. Each signature with your name should be written. You do not need to get all signatures blocks filled.

RETURN PETITIONS/CONTRIBUTOR PLEDGE CARDS TO: ACTV, P.O. DRAWER 330, APTOS, CA 95001-0330. THANKS.

INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

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By The Honorable Secretary of State of California
 For the undersigned registered qualified voters of California, residents of _____, California, who are eligible to vote in the election of _____, and who are registered to vote in the County of _____, California, we hereby petition the Legislature of the State of California to amend the Constitution of the State of California to provide for the following: _____
 The purpose of this measure is to _____

All signers of this Petition Section must be registered to vote in the above County.
 All signers must write their own name and address in the proper space.
 Use **BLACK OR BLUE BALL POINT PEN ONLY.** (No felt tip)
 Fill in **ALL** information completely. **NO DITTO MARKS NO ABBREVIATIONS**

1.	PRINT YOUR NAME YOUR SIGNATURE AS REGISTERED TO VOTE	RESIDENCE ADDRESS ONLY CITY _____ ZIP _____
2.	PRINT YOUR NAME YOUR SIGNATURE AS REGISTERED TO VOTE	RESIDENCE ADDRESS ONLY CITY _____ ZIP _____
3.	PRINT YOUR NAME YOUR SIGNATURE AS REGISTERED TO VOTE	RESIDENCE ADDRESS ONLY CITY _____ ZIP _____
4.	PRINT YOUR NAME YOUR SIGNATURE AS REGISTERED TO VOTE	RESIDENCE ADDRESS ONLY CITY _____ ZIP _____
5.	PRINT YOUR NAME YOUR SIGNATURE AS REGISTERED TO VOTE	RESIDENCE ADDRESS ONLY CITY _____ ZIP _____
6.	PRINT YOUR NAME YOUR SIGNATURE AS REGISTERED TO VOTE	RESIDENCE ADDRESS ONLY CITY _____ ZIP _____
7.	PRINT YOUR NAME YOUR SIGNATURE AS REGISTERED TO VOTE	RESIDENCE ADDRESS ONLY CITY _____ ZIP _____
8.	PRINT YOUR NAME YOUR SIGNATURE AS REGISTERED TO VOTE	RESIDENCE ADDRESS ONLY CITY _____ ZIP _____

DECLARATION OF CIRCULATOR

I, _____, am a registered voter in the County for City and Counties of _____
 My residence address is _____
 I circulated this petition and saw each of the appended signatures hereon being written. In the face of my knowledge and belief, each signature on this petition is the genuine signature of the person whose name it purports to be. All signatures on this document were obtained between the dates of _____ and _____ I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct.
 Executed on this _____ day of _____, 19____ at _____ California where I declare myself.
 Signed: _____
(Type or PRINT NAME as requested in my: First Name, Middle Initial, Last Name)

ATTENTION CIRCULATOR: This Petition is **INVALID** unless **DECLARATION OF CIRCULATOR** is completed.



INSTRUCTIONS TO PETITION CIRCULATORS

1. Enter the name of the county in the blank space at the top of the petition (above signature spaces on front, and above text of the initiative on back). *Everyone* who signs this sheet *must be registered in this county*. Use another petition if you encounter someone registered to vote in another county; and use a third petition for a third county, and so forth.
2. If you reproduce the petition, you *must*:
 - a. Insure that *both sides* are reproduced *exactly* (and that includes the size of the type; do *not* allow any reduction);
 - b. Insure that *one inch of blank space* is left, at the top of the front page (the side on which signatures are taken).
3. Do *not* allow anyone to use abbreviations (S.B. instead of Santa Barbara, for example), or ditto marks ("). These will render that particular signature invalid.
4. Do be *very* sure that the person signing *prints* all the other information (name, street address, city and ZIP code) legibly. If *you* can't read it easily, neither will the official at the county elections department be able to read it.
5. Each signer *must* include *all* the information asked for, and *in the proper place*. See sample, just below. Check this as soon as the person hands the petition back and, if he/she made a mistake, have them correct it or re-sign before they get away.

PRINT YOUR NAME	RESIDENCE ADDRESS ONLY
JOHN DOE	1545 ANY STREET
JOHN DOE	ANYTOWN 95550

6. Do *obtain and carry with you* 5-10 voter register-by-mail forms (obtainable from your county registrar of voters office) to use when:
 - a. A person is not currently registered to vote at the address where he/she now lives; or,
 - b. A person is not sure if he/she is registered (filling out and sending in a registration form is the safest bet).
7. If you register someone to vote *and* have them sign the petition:
 - a. Set that particular petition aside and *do not* turn it in (or complete the declaration of circulator) until three or four days have passed; and,
 - b. Send the voter registration form in *the same day* as you and the voter complete it (you complete the small receipt at the bottom of the form and give it to the voter, when completing the form, as his/her proof of having registered).

This Is The Law!

(Cal Elections Code, Chap. 7, Art. II, beginning with Sec. 29720.)

It is a misdemeanor violation of state law for a circulator:

- * Make any false statement or misrepresentation of the content or effects of the initiative measure;
- * Refuse to permit any prospective signer to read the text of the measure (which must be printed in its entirety on the petition to which signatures are to be affixed);
- * Solicit or affix, or knowingly permit affixing of, a false or forged signature to the petition;
- * Solicit or affix, or knowingly permit the affixing of, any fictitious name to the petition.

When a petition is full (or you have obtained as many signatures as you intend to obtain on that petition), immediately send the petition in to: **ACTIV, P.O. Drawer 330, Aptos, CA 95001-0330**
BUT!!!

Before you do be *absolutely sure* you have completely filled in and signed the Declaration of Circulator portion at the bottom of the petition (front side). Double-check, just to be certain.

Thanks for all your efforts on behalf of a winning campaign!

OPINION

By Harold Johnson

State Sen. Joseph Montoya's conviction for auctioning his legislative services is fuel in the tank for Roger Bloxham, a Costa Mesa political activist. Bloxham is Orange County chairman of "Operation New Broom," an initiative campaign to limit the time anybody could serve in either house of the Legislature, and abolish pensions for state lawmakers.

"People are jumping at the chance to sign our petitions," Bloxham said the other day. "Everywhere I go I gain recruits." Montoya's misdeeds are "just one more reason they give for signing on."

The Montoya scandal argues Bloxham's case eloquently. One reason the senator's rain dancing often left him drenched with cash is that he is a veteran's veteran, first elected to the Legislature nearly two decades ago. The influence he amassed over those years proved a magnet for money, and he marketed it to the max.

If "New Broom" had been in effect, this Monte Hall of the halls of power would have long since been swept out. That's the genius of term limitation. It would make it harder for politicians to build the personal empires of legislative might that lure

The Capitol Club

Can a 'New Broom' sweep it clean?

palm-greasing supplicants to their doors the way honey attracts bees, or fertilizer draws flies.

Another way of viewing the proposal is as taxpayer protection: Officeholders couldn't as easily forge decades-long bonds with special-interest groups eager for a place at the public trough.

The concept of the citizen politician has nearly given up the ghost in California, where the Legislature is now a full-time business, the only real business for most of its members. Shielded from accountability by computer-crafted gerrymanders, state lawmakers constitute an entrenched, isolated aristocracy. To use a popular comparison, there is less turnover in their ranks than in some Eastern bloc parliaments.

"New Broom" would bring perestroika to Sacramento, irrigating with new blood a Legislature that

has become a stagnant pool of cynicism and corruption.

"This would eliminate the new 'ruling class' of lifetime politicians and bring individuals with experience in areas other than politics into the political process with fresh ideas and new ways of looking at old problems," says William H. Sullivan, the Sac Ramon business consultant who is statewide head of the initiative drive.

His proposal isn't the only term-limit idea floating around, but it's clearly the best. An ethics measure promoted by Attorney General John Van de Kamp would also restrict the time politicians could spend at any one feed bag, but it's studded with rules about campaign spending that amount to infringements on political speech.

"New Broom," in contrast, includes no harmful

additives. Its sole purpose is to give the Legislature a frequent whisking by decreeing that nobody could serve more than two terms in either house.

Be prepared for dire warnings from career politicians and their front men. Professing big-hearted concern for the electorate, they argue that tethering legislators to a two-term limit deprives voters of the freedom to elect somebody as often as they like. Of course that's true, but is it really so worrisome?

This would hardly be the first restriction on the power of the majority. Voters can't elect non-citizens, for instance, or people younger than a prescribed age.

Besides, politicians who serve their limit in the Legislature would still be free to run for other offices. "New Broom" wouldn't bar the able and talented from ascending the political ladder.

All it would do is curtail the reign of Maximum Leaders in the Assembly and Senate. Legislators-for-life may know the corridors of government power, but many don't seem to understand what it takes to survive on the outside. "New Broom" would give more of them a chance to find out.

Mr. Johnson writes for the Register's Opinion pages.

6 - Register-Pajaronian Wednesday, November 29, 1989

Top GOP aide pleads guilty to extortion

SACRAMENTO (UPI) - A top aide to the Assembly Republicans pleaded guilty to extortion Tuesday and has agreed to testify against legislators in the federal investigation of Capitol corruption.

As part of a plea agreement, prosecutors promised to ask that Karin Watson, 42, be sentenced to no more than 6 months in a half-way house, where she would be confined only at night.

The stunning move is a serious blow to Republican Assemblymen Pat Nolan of Glendale and Frank Hill of Whittier, who both received money from an undercover FBI agent posing as a businessman seeking legislative favors.

During a brief, unscheduled hearing before U.S. District Judge Edward Garcia, Watson admitted she extorted \$12,500 from the undercover agent in exchange for helping him get GOP support for a bill he wanted passed.

No legislators were named in court or in documents filed by prosecutors, but public records show that Nolan and Hill each received money from the FBI's phony company, known as Peachstate Capital.

I ring the elaborate three-year ailing investigation, FBI undercover agents sought passage of bills that would allow it to get financing to build a fish-processing plant in West Sacramento.

The disease of political corruption wears no party label, and no politician is immune to becoming infected. Power corrupts, and the longer power is held by any single individual the more likely is that individual to fall prey to corruption. The old saying about housewives and fish beginning to smell bad after three days is equally true of most politicians after two terms in office. Let's join together and sweep Sacramento clean of sleaze and corruption with Operation New Broom!

Thursday, Dec. 7, 1989 - Santa Cruz Sentinel-A-7

State senator accused of selling his votes

SACRAMENTO (AP) - State Sen. Joseph Montoya betrayed his constituents by putting his votes up for sale in a bid to become wealthy, the chief prosecutor in his federal corruption trial charged Wednesday.

"This is a case about the betrayal of public trust, a case about a public official who used his office for personal gain," U.S. Attorney David Levi said in opening arguments.

"Montoya, literally out of his own mouth, put a cost or fee schedule on his own office," Levi added.

Defense attorney Michael Sands, however, said Montoya didn't solicit money for official favors but voted his conscience. Sands predicted that the jury will find his client innocent.

Montoya, the chairman of the Senate Business and Professions Committee, is facing 12 felony counts that accuse him of engaging in bribery, extortion, racketeering and money laundering.

The El Monteocrat, who has pleaded innocent, is the first

person to go on trial as the result of a 4-year-old investigation by the FBI into alleged corruption at the state Capitol.

Levi said prosecutors would show that Montoya decided in 1981 or 1982 to use his power over the fate of bills to extort campaign contributions and honorariums - payments usually made for making speeches, writing articles or taking part in panel discussions.

"Those working for him became aware of his attitude," Levi said. "They heard statements that his vote came only at a cost or a price tag."

Montoya was particularly interested in honorariums because they would go into his pocket, not his campaign fund, Levi said.

He said the charges against Montoya stem from eight incidents, including a 1984 breakfast meeting that Montoya had with an FBI agent who posed as a businessman seeking passage of legislation to set up a shrimp business.

*→ GUILTY!
ON 7 COUNTS
OF CORRUPTION!*

The Orange County Register Monday, October 30, 1989

THE ORANGE COUNTY

Register

A FREEDOM NEWSPAPER

"There is no worse heresy than that the office sanctifies the holder of it."

Lord Acton



R. David Threshle, publisher
K.E. Grubbs Jr., editor
and commentary director
M. Christian Anderson, editor
and news press

H.C. Hoiles, co-publisher 1935-1970
C.M. Hoiles, co-publisher 1955-1970
Mary Hoiles, co-publisher 1975-1979

EDITORIALS

Sweep them out

George Washington would applaud. Last week, a coalition of citizen groups launched "Operation New Broom," a campaign to limit the number of terms that politicians could serve in any one state office in California - and also end their pensions.

Of all the plans floating around under the billing "campaign reform," this is the only one that lives up to the name. True, Attorney General John Van de Kamp has also called for limiting politicians' terms, but his proposal is studded with a host of less worthy provisions, such as new rules about campaign spending that amount to restrictions on political speech.

The proposed "New Broom" ballot initiative, in contrast, has only one focus. It would limit to two terms all state elective offices, from legislators to the governor to members of the Board of Equalization. It's an idea whose time came 200 years ago - and remains just as sensible today. The nation's first president had it right when he declined to serve a third term. Most historians argue he did the country a powerful service by rejecting the monarchical model in favor of the concept of the citizen politician.

How times have changed! A species of monarchy, or at least an entrenched aristocracy, is what we've ended up with in the California Legislature and in Congress. Where once a few vials of red blood were

regularly introduced into our legislative chambers, that refreshing stream has slowed to a trickle in the era of computer-crafted gerrymandering and the forking of pork for the purpose of buying votes.

You've heard the arguments against limiting terms. There's the concern about losing continuity and institutional memory. Who will be around to point out that some dumb new idea was tried and found wanting years ago? Point taken - but the gains outweigh that drawback. If politicians won't be able to rack up years of experience, neither will they be able to forge decades long ties with special interests hungry for tax-funded goodies.

There's there's the claim that tethering politicians to a two-term limit deprives voters of the freedom to send somebody back to Sacramento, or Washington, as often as they want. While that's true, that would hardly be the only limit our system imposes on the power of the majority. Voters can't elect people younger than a certain age, for instance, or non-citizens.

The fact is, one of the great modern perils to our liberties may well be the legislator-for-life, the lawmaker who knows only the corridors of government power, who "as forgotten, if he ever knew, what it takes to survive in the private sector. First in Sacramento, and next in Washington. It's time to show perpetual politicians the door.

REGISTER-PAJARONIAN

122nd Year - No. 302

Watsonville, Calif., Thursday, February 22, 1990 Pulitzer Prize, 1956

32 Pages - 25 Cents



Local

Taxpayer crusader wants to put an end to multiterm politics

By LANE WALLACE
STAFF WRITER

Lee Phelps doesn't mince words when he talks about his distaste for "professional politicians" who stay in office term after term.

Phelps said the politicians see themselves as "the new royalty" who are "blinded with deep pockets" of special interest groups that contribute to their campaigns.

"Fish and house guests start to smell after three days," Phelps said. "That's equally true of politicians after two terms."

It's that opinion that led Phelps to co-author a statewide initiative called "Operation New Broom," which would limit top state officers, including the governor and members of the Legislature, to two terms in office.

The group's brochure asks people to "help sweep our state capital clean of sleaze and corruption" by signing petitions that would put the initiative on the November ballot.

Phelps, 59, of Aptos, is a long-time proponent of efforts to limit government spending. He first got involved in 1977, when he worked with Howard Jarvis and Paul Gann, the authors of Proposition 13, the property-tax-limiting measure that state voters approved in June 1978.

Since then, Phelps, state chairman of a group called Alliance of California Taxpayers and Involved Voters, or ACTIV, has met with mixed success on state and local taxpayer issues.

The proposal to limit elected officials to two terms "is something I've been preaching on a small scale for some time," Ph-

elps said yesterday during a rally outside the county courthouse in Santa Cruz. A dozen supporters of the initiative showed up, brooms in hand, and sought signatures on petitions from passers-by.

Phelps said it was not the system of government that's wrong, but the "new elite" of professional politicians, "who think they have a divine right to rule."

The Legislature, Phelps said, "remains in perpetual gridlock" because elected officials make getting re-elected their primary objective and are busy accepting donations from special interest groups.

"Between 85 percent and 90 percent of special interest money (donated to politicians) goes to incumbents," Phelps said.

Limiting elected officials to two terms would give the state "citizen legislators," which Phelps said was the intention of the founding fathers of the United States 200 years ago. After serving in office, Phelps said, elected officials would "go home to private life and live under the laws they helped enact."

The initiative would also do away with the pension system for elected officials and replace it with Social Security for those elected in November 1990 and thereafter and prohibit anybody from running for one elected office while holding another.

The initiative would not affect elected officials in cities, counties or special districts.

To qualify for the ballot, Operation New Broom must gather nearly 600,000 signatures by May 15. Phelps, who is helping organize local petition drives throughout the state said he's getting an overwhelming response and expects to collect the required signatures.

Carolyn Busenhart, leader of the petition effort in Santa Cruz County, said yesterday she was pleased with the initial response to the petition.

"Everybody is either signing or they're in a hurry," she said as she talked to people outside the courthouse.

A "town hall" meeting on Operation New Broom will be held Monday at 7:30 p.m. at the Mid-county Senior Center, 829 Bay Ave., Capitola.

ATTACHMENT D
California
Clean Government Initiative

Clean Government Initiative

Date: November 30, 1989
File No.: SA 89 RF 0025

The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

GOVERNMENT OFFICIALS. ETHICS. CAMPAIGN FINANCING. INITIATIVE CONSTITUTIONAL AMENDMENT AND STATUTE. Limits elected statewide officials to eight successive years in office; state legislators, Board of Equalization members to twelve successive years. Prohibits honoraria, limits gifts to elected state, local officials. Enlarges conflict of interest remedies against legislators and elected statewide officers. Prohibits use of public resources for personal or campaign purposes. Authorizes appointment of special prosecutor. Establishes campaign contribution limits for elective offices. Provides partial public campaign financing for candidates to state office who agree to specified campaign expenditure limits. Substantially repeals campaign ballot measures, 68 and 73, enacted June, 1988. Summary of estimate by Legislative Analyst and Director of Finance of fiscal impact on state and local governments: Commencing 1990, an estimated \$12 million loss of state General Fund revenue as a result of voluntary designation by individual taxpayers of up to 5 dollars of their tax liability for public campaign financing. Commencing 1991, an additional state General Fund cost of \$5 million for public campaign financing would be partially or completely offset by state General Fund gains resulting from the repeal of existing personal income tax deduction for political campaign contributions. Commencing 1991, increased annual state administrative costs of \$2.5 million for Attorney General, State Controller, Fair Political Practices Commission and Franchise Tax Board. One-time costs of \$2.3 million for reprinting of tax forms.

RECEIVED

NOV 22 1989

INITIATIVE COORDINATOR
ATTORNEY GENERAL'S OFFICE

THE CLEAN GOVERNMENT INITIATIVE

October 24, 1989
(With technical revisions of November 21, 1989)

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INITIATIVE MEASURE TO BE SUBMITTED DIRECTLY TO THE VOTERS

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The Attorney General of California has prepared the following title and summary of the chief purpose and points of the proposed measure:

(Here set forth the title and summary prepared by the Attorney General. This title and summary must also be printed across the top of each page of the petition whereon signatures are to appear.)

TO THE HONORABLE SECRETARY OF STATE OF CALIFORNIA

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We, the undersigned, registered, qualified voters of California, residents of _____ County (or City and County), hereby propose amendments to the Constitution of California, the Government Code, the Insurance Code, and the Revenue and Taxation Code relating to reform of the political process, and to make appropriations relating thereto, and petition the Secretary of State to submit the same to the voters of California for their adoption or rejection at the next succeeding general election or at any special statewide election held prior to the general election or otherwise as provided by law. The proposed constitutional and statutory amendments (full title and text of the measure) read as follows:

TITLE I.
FINDINGS AND PURPOSE

SECTION 1. This measure shall be known as "The Clean Government Initiative".

SECTION 2. Findings and Purposes.

The people of the State of California find and declare:

(a) California governmental institutions are undergoing a crisis in confidence. Comprehensive reform is necessary to restore public confidence in the integrity of elected officials, to ensure that governmental decisionmakers are beholden to the public interest, rather than the special interests, to strengthen the enforcement of existing laws prohibiting government officials from conducting public business in private and engaging in activities or having interests which conflict with the proper discharge of their duties and responsibilities, and to re-invigorate the electoral and political processes;

(b) Electoral competition has declined so dramatically that state officials, once elected, hold virtually a life-time lock on state office, with the result that citizen interest and participation in the political process have dropped to record low levels. Limitations on consecutive service in the same elective office must be imposed in order to infuse competition into the electoral process and new ideas into governmental decisionmaking;

(c) Campaign spending for elective offices has escalated to dangerous levels, forcing many candidates and officeholders to raise enormous amounts of money from interest groups with a specific financial stake in matters before government officials and creating the public perception that elected officers' votes and decisions are improperly influenced by large monetary contributions;

(d) Candidates and officeholders must be provided with a neutral source of campaign financing, one that is tied to their ability to attract support from electoral constituents, so that they need not be entirely dependent upon wealthy, special-interest contributors to raise enough money to communicate their views to the public;

(e) Because the acceptance of gifts and honoraria by public officials raises legitimate concerns over undue influence of wealthy private interests and the potential misuse of office for personal financial gain, the receipt of gifts and honoraria should be restricted and limited to those situations in which the likelihood of any conflict of interest arising is extremely remote;

(f) The assets and income of all elected state officials should be adequately disclosed and in appropriate circumstances the officials should be disqualified from acting so as to avoid potential conflicts of interest between their private financial interest and the broader public interest;

(g) Former state government officials should be restricted from returning to lobby their former agencies or those with whom they exerted significant influence so that the credibility and independence of the government's decisionmaking process are protected from undue influence;

(h) State officials stand in a fiduciary relationship with the public and must confine their use of public funds to those public purposes authorized by law; and

(i) Existing enforcement mechanisms must be strengthened to provide better coordination of investigations and prosecutions of allegations of public corruption, and the public must be assured that prosecutorial decisions are not influenced by political or other improper considerations.

(j) The people's right to enact legislation through the initiative process provides the ultimate check on the accountability of public officials. Accordingly, the people's right to initiate legislation governing the ethical conduct of their elected representatives must be preserved and jealously safeguarded.

TITLE II.
LIMITATION ON TERMS OF STATE ELECTIVE OFFICERS

SECTION 3. Article V, section 2 of the state Constitution is amended to read:

Sec. 2. (a) The Governor shall be elected every fourth year at the same time and places as members of the Assembly and hold office from the Monday after January 1 following the election until a successor qualifies. The Governor shall be an elector who has been a citizen of the United States and a resident of this State for 5 years immediately preceding the Governor's election. The Governor may not hold other public office.

(b) No person who has been elected to the office of Governor for two successive terms, both of which commence after November 7, 1990, shall again be eligible to hold that office until one full term has intervened.

SECTION 4. Article V, section 11 of the state Constitution is amended to read:

Sec. 11. (a) The Lieutenant Governor, Attorney General, Controller, Secretary of State, and Treasurer shall be elected at the same time and places and for the same term as the Governor.

(b) No person who has been elected to the office of Lieutenant Governor, Attorney General, Controller, Secretary of State, or Treasurer for two successive terms, both of which commence after November 7, 1990, shall again be eligible to hold that same office until one full term has intervened.

SECTION 5. Article IX, section 2 of the state Constitution is amended to read:

Sec. 2. (a) A Superintendent of Public Instruction shall be elected by the qualified electors of the State at each gubernatorial election. The Superintendent of Public Instruction shall enter upon the duties of the office on the first Monday after the first day of January next succeeding each gubernatorial election.

(b) No person who has been elected to the office of Superintendent of Public Instruction for two successive full terms, both of which commence after November 7, 1990, shall again be eligible to hold that office until one full term has intervened.

SECTION 6. Article XII, section 17 of the state Constitution is amended to read:

Sec. 17. (a) The Board of Equalization consists of 5 voting members: the Controller and 4 members elected for 4-year terms at gubernatorial elections. The state shall be divided into four Board of Equalization districts with the voters of each district electing one member.

(b) No person who has been elected to the office of member of the Board of Equalization for three successive terms, each of which commence after November 7, 1990, shall again be eligible to hold that office until one full term has intervened.

SECTION 7. Article IV, section 2 of the state Constitution is amended to read:

Sec. 2. (a) The Senate has a membership of 40 Senators elected for 4-year terms, 20 to begin every two years. The Assembly has a membership of 80 members elected for 2-year terms. Their terms shall commence on the first Monday in December next following their election.

(b) Election of members of the Assembly shall be on the first Tuesday after the first Monday in November of even-numbered years unless otherwise prescribed by the Legislature. Senators shall be elected at the same time and places as members of the Assembly.

(c) A person is ineligible to be a member of the Legislature unless the person is an elector and has been a resident of the legislative district for one year, and a citizen of the United States and a resident of California for 3 years, immediately preceding the election.

(d) No person who has been elected to the office of member of the Assembly for six successive full terms, all of which commence after November 7, 1990, shall again be eligible to hold that office until one full term has intervened. No person who has been elected to the office of member of the Senate for three successive full terms, all of which commence after November 7, 1990, shall again be eligible to hold that office until one full term has intervened.

(e) When a vacancy occurs in the Legislature the Governor immediately shall call an election to fill the vacancy.

SECTION 8. Section 12900 of the Insurance Code is amended to read:

Sec. 12900. (a) The Commissioner shall be elected by the People in the same time, place and manner and for the same term as the Governor.

(b) No person who has been elected to the office of Insurance Commissioner for two successive full terms of office shall again be eligible to hold that office until one full term has intervened.

TITLE III.
GIFTS AND HONORARIA

SECTION 9. Section 8 of Article II of the state Constitution is amended to read:

Sec. 8 (a) The initiative is the power of the electors to propose statutes and amendments to the Constitution and to adopt or reject them.

(b) An initiative measure may be proposed by presenting to the Secretary of State a petition that sets forth the text of the proposed statute or amendment to the Constitution and is certified to have been signed by electors equal in number to 5 percent in the case of a statute, and 8 percent in the case of an amendment to the Constitution, of the votes for all candidates for Governor at the last gubernatorial election.

(c) The Secretary of State shall then submit the measure at the next general election held at least 131 days after it qualifies or at any special statewide election held prior to that general election. The Governor may call a special statewide election for the measure.

(d) An initiative measure embracing more than one subject may not be submitted to the electors or have any effect.

(e) Notwithstanding any other provision of this constitution, in addition to the legislative power vested in the California Legislature, the people reserve to themselves the power to propose and adopt initiative statutes strictly limiting public officials from accepting gifts and honoraria or otherwise engaging in activities or having interests which might conflict with the proper discharge of their official duties and responsibilities. This provision is declaratory of existing law and shall not be interpreted to limit in any manner the scope of the reserved power of the initiative.

SECTION 10. Section 87104 is added to the Government Code, to read:

87104. Honoraria

(a) No elected officer shall accept an honorarium. The term "honorarium" means a payment for any speech, article, published work, public address, oral presentation, appearance, participation or attendance at any panel, conference, or meeting, or other similar activity.

(b) For the purposes of this section, the term "honorarium" does not include:

(1) a payment received for lecturing or teaching at a bona fide public or private institution which is organized and operated exclusively for educational purposes.

(2) a copyright royalty or other payment received in the normal course of business from a publishing house for the publication of a book or an article written by the elected officer.

(c) This section shall not prohibit an elected officer from accepting:

(1) travel expenses or reimbursement for travel expenses within the state of California, including related lodging and reasonable subsistence expenses, if the expenses are directly related to the elected officer's speech, appearance, or participation at any panel, meeting or conference, provided that (a) the lodging expenses are limited to the day preceding and the day(s) of the event which occasioned the travel and (b) the subsistence expenses are limited to the day before the event and that portion of the day immediately following the event that precedes the elected officer's departure.

(2) travel expenses or reimbursement for travel expenses outside the state of California, including related lodging and reasonable subsistence expenses, if the expenses are directly related to the elected officer's speech, appearance, or participation at any panel, meeting or conference, provided that (a) the lodging expenses are limited to the day preceding and the day(s) of the event which occasioned the travel, (b) the subsistence expenses are limited to the day before the event and that portion of the day immediately following the event that precedes the elected officer's departure, (c) the travel serves a governmental or educational purpose, and (d) the expenses are paid only by a governmental agency or a bona fide educational or bona fide charitable institution.

(d) The elected officer accepting travel expenses or reimbursement for travel expenses has the burden of proving that such payments satisfy the requirements of subsection (c). Any travel expenses received or reimbursed under subsection (c), excepting the officer's pro rata share of meals or beverages served in conjunction with the event, shall be disclosed on the elected officer's statement of economic interests in accordance with Article 2 (commencing with Section 87200) of Chapter 7.

(e) Any additional travel expenses to, and any lodging or subsistence expenses in, a separate location removed from the location of the travel authorized under subsection (c) which are incurred prior to returning to the point of origin and which are paid or reimbursed by a third party shall be considered a gift subject to the restrictions of Section 87105.

(f) Notwithstanding subdivisions (b) and (c), no elected officer shall accept any payment from a lobbyist or lobbying firm for lecturing, teaching, or travel expenses.

SECTION 11. Section S7105 is added to the Government Code, to read:

S7105. Gifts

(a) No elected officer shall accept a gift or gifts aggregating one hundred dollars (\$100) or more in value in a calendar year from any single source.

(b) For purposes of this section, "gift" means, except as provided in subdivision (d), any payment to the extent that consideration of equal or greater value is not received and includes a rebate or discount in the price of anything of value unless the rebate or discount is made in the regular course of business to members of the public without regard to official status. Any person, other than a defendant in a criminal action, who claims that a payment is not a gift by reason of receipt of consideration has the burden of proving that the consideration received is of equal or greater value.

(c) For purposes of this section, any gift to the spouse or immediate family of an elected officer, including any travel expenses, food or beverage provided to the family member, shall be deemed a gift to the officer unless it is clear from the surrounding circumstances that the gift to the family member was made for reasons independent of the family member's relationship to the elected officer.

(d) For purposes of this section, the term "gift" does not include any of the following:

(1) Informational material such as books, reports, pamphlets, calendars, or periodicals. No payment for travel or reimbursement for any expenses shall be deemed "informational material."

(2) Gifts which are not used and which, within 30 days after receipt, are returned to the donor or delivered to a charitable organization without being claimed as a charitable contribution for tax purposes.

(3) Gifts from an individual's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, partner in a bona fide dating relationship, nephew, niece, aunt, uncle, or first cousin or the spouse of any such person; provided that a gift from any such person shall be considered a gift if the donor is acting as an agent or intermediary for any person not covered by this paragraph.

(4) Campaign contributions required to be reported under Chapter 4 (commencing with Section 84100) of this title.

(5) Any devise or inheritance.

(6) Personalized plaques and trophies with an individual value of less than two hundred fifty dollars (\$250).

(7) Gifts of hospitality involving food, beverages or occasional lodging provided by an individual in his or her home to an elected officer.

(8) Gifts exchanged between an elected officer and another individual, other than a lobbyist, on holidays, birthdays, weddings, or similar occasions, provided that the gifts received by the elected officer are substantially equal in value to the gifts the elected officer gives.

(9) Gifts of transportation, lodging, and reasonable subsistence expenses to the extent permitted by subdivisions (c) and (f) of Section 87104.

(e) Any donation to a legal defense fund established pursuant to Section 87106 and required to be reported in accordance with Chapter 4 (commencing with Section 84100) of this title shall be exempt from the limitation set forth in subsection (a).

(f) Nothing in subsection (d) shall be construed to eliminate or otherwise alter any disclosure requirement imposed by Article 2 (commencing with Section 87200) of this chapter with respect to any item enumerated in that subsection.

(g) The one hundred dollar (\$100) limitation specified in subsection (a) shall be adjusted by the Commission on January 1st of every odd-numbered year to reflect changes in the California Consumer Price Index - All Urban Consumers (CPI-U) since January 1, 1991, provided that any such adjustments shall be rounded off to the nearest ten dollars (\$10).

SECTION 12. Section 87106 is added to the Government Code, to read:

87106. Legal Defense Funds

(a) Notwithstanding Section 85301, a candidate or elected officer may establish a separate legal defense fund and account to be used solely to defray attorney's fees and other legal costs incurred in the candidate's or officer's legal defense to any civil, criminal, or administrative action or actions arising directly out of the conduct of the

campaign or election process, or the performance of the officer's governmental activities and duties.

(b) Any candidate or elected officer wishing to establish a legal defense fund account pursuant to this section shall file a statement of organization for the legal defense fund pursuant to Section §4101. The legal defense fund shall be named "The [Name of Candidate or Officeholder] Legal Defense Fund." The statement of organization shall identify the specific civil, criminal, or administrative proceeding or proceedings for which the legal defense fund is established and shall conform to the requirements of Sections §4102-§4104.

(c) The legal defense fund shall establish a single account at an office of a financial institution located in the state of California, and all donations to the candidate or elected officer for his or her legal defense shall be deposited into that account.

(d) Only donations that are specifically designated by the donor as being for the legal defense fund may be deposited into the legal defense fund account. All such donations must be made payable to the legal defense fund, and no donation that is not specifically made payable to the legal defense fund may be deposited into the legal defense fund account, provided that nonmonetary donations may be received and used for purposes directly related to the legal defense for which the fund is established if the donor specifically designates in writing that the donation has been made for such purposes.

(e) Notwithstanding any other provision of law, any donation to a legal defense fund and account established pursuant to this section shall, for the purposes of this article (commencing with Section §7100), be deemed a gift to the candidate or officer for whose benefit the legal defense fund has been established, and any contributor to the legal defense fund shall be considered a donor of a gift to the candidate or officer for the purposes of Section §7103. A donation to a legal defense fund by any sponsored committee, as specified in Section §204S.7, shall be deemed a gift to both the committee and the sponsor or sponsors of the committee. For the purposes of applying the disqualification provisions of this article to donations to legal defense funds, an identifiable industry, trade, or profession does not constitute a significant segment of the public. A donation to a legal defense fund by a committee whose primary purpose is to promote the economic interests of a single industry, trade, or profession shall be deemed to create in the candidate or officer for whose benefit the fund has been established a financial interest in any decision that will reasonably foreseeably have a material financial effect on a significant number of the members of that industry, trade, or profession.

(f) No person, political committee, small-contributor political action committee, or political party committee shall make, and no legal defense fund committee shall

solicit or accept from each such person, political committee, small-contributor political action committee, or political party committee, a donation or donations totaling more than two thousand five hundred dollars (\$2,500) per two-year election cycle.

(g) Expenditures from the legal defense fund account shall be made only for legal defense costs directly related to the civil, criminal, or administrative proceeding or proceedings for which the legal defense fund is established. However, in no event shall any expenditures from the legal defense fund account be used to pay or reimburse any fines, penalties, judgments, or settlements in connection with any criminal prosecution or any civil or administrative action in which the candidate or elected officer is found to have committed, or admits to, an intentional or grossly negligent violation of the law.

(h) No funds may be transferred from the legal defense fund to any other committee. Surplus funds remaining in the legal defense fund account after the proceeding or proceedings for which the account is established have concluded may be used for no other purpose and shall be returned to donors on a pro rata basis within six months after the final conclusion of the proceeding or proceedings.

(i) The legal defense fund shall file disclosure statements containing the same information and at the same time that the candidate or officer files his or her campaign disclosure statements pursuant to Chapter 4 of this title (commencing with Section 84100). Any payments made by the candidate or officer from his or her personal funds for legal defense purposes shall be reported in the legal defense fund disclosure statements as nonmonetary donations.

(j) Except as specifically provided elsewhere in this section, a donation to a legal defense fund and account established pursuant to this section shall not be considered a campaign contribution and shall not be subject to the campaign contribution limitations contained in Chapter 5 (commencing with Section 85100) of this title. This section shall constitute the sole means for soliciting or accepting donations for legal defense costs free of the campaign contribution limitations contained in Chapter 5, and any other provision of law exempting such donations from the campaign contribution limitations in that chapter is hereby superseded and nullified.

SECTION 13. Section 87203 of the Government Code is amended to read:

87203. (a) Every person who holds an office specified in Section 87200 shall, each year at a time specified by commission regulations, file a statement disclosing his or her investments, his or her interests in real property and his or her income during the period since the previous statement filed under this section or Section 87202. The statement shall include any investments and interest in real property held at any time

during the period covered by the statement, whether or not they are still held at the time of filing.

(b) Every elected state officer shall file, by a date six months after the time specified in subdivision (a), an additional statement disclosing his or her investments, his or her interests in real property, and his or her income since the previous statement filed under subdivision (a).

TITLE IV
CONFLICT OF INTEREST

SECTION 14. Section 87102 of the Government Code is amended to read:

87102. (a) The requirements of Section 87100 are in addition to the requirements of Articles 2 and 3 of this chapter and any Conflict of Interest Code adopted thereunder. ~~However~~ Except as provided in subdivision (b), the remedies provided in Chapters 3 (commencing with Section 83100) and 11 (commencing with Section 91000) shall not be applicable to ~~elected state officers~~ Members of the Legislature for violations or threatened violations of this article.

(b) The remedies provided in Chapter 3 (commencing with Section 83100) and Chapter 11 (commencing with Section 91000) shall apply to any Member of the Legislature who makes, participates in making, or in any way attempts to use his or her official position to influence any of the following governmental decisions in which the Member knows or has reason to know that he or she has a financial interest, as specified in Section 87103:

(1) Any nonlegislative state governmental decision.

(2) Introduction as author or co-author of a bill, resolution, or constitutional amendment.

(3) Any vote in a legislative committee or subcommittee, except that in a fiscal committee or subcommittee this subdivision shall apply only to a vote on any special or local legislation.

(4) Any rollcall vote on any special or local legislation on the Senate or Assembly floor.

This subdivision shall not apply to votes on a consent calendar item, on a motion for reconsideration, on a waiver of any legislative rule, or any other purely procedural matter.

(c) For purposes of subdivision (b), all of the following apply:

(1) "Nonlegislative state governmental decision" means a state governmental decision which does not relate to a bill, resolution, or constitutional amendment.

(2) "Special or local legislation" means legislation that is not of a general nature for purposes of Section 16 of Article IV of the California Constitution. Special

or local legislation shall be deemed to have an effect which is distinguishable from the effect on the public generally.

(3) A Member of the Legislature is presumed to have reason to know that he or she has conflict of interest with respect to a bill, resolution, or constitutional amendment before a legislative committee or subcommittee if the facts establishing the conflict of interest (other than the facts as to the legislator's income, investments, or interests in real property) are disclosed in any analysis that is prepared by legislative staff and is made available to the Member prior to his or her vote. For purposes of this paragraph, the legislative committee or subcommittee shall make a reasonable effort to determine and highlight in its analysis of a bill, resolution, or constitutional amendment, the instances in which there is a conflict of interest.

(4) A Member of the Legislature is presumed to have reason to know that he or she has a conflict of interest with respect to a vote on the Assembly or Senate floor if the facts establishing the conflict of interest (other than the facts as to the legislator's income, investments, or interests in real property) are disclosed in any floor analysis that is prepared by legislative staff and is made available to the Member prior to his or her vote. For purposes of this paragraph, the legislative staff shall make a reasonable effort to determine and highlight in its analysis of a bill, resolution, or constitutional amendment, the instances in which there is a conflict of interest.

(5) The length of the legislative agenda at the time any legislation was being considered shall be taken into account in determining whether a Member of the Legislature knew or should have known that he or she had a conflict of interest.

(d) The Legislative Counsel shall designate in the digest of each bill, resolution, or constitutional amendment whether it is "special or local" legislation for purposes of this section. The Commission shall establish guidelines to aid the Legislative Counsel in determining whether legislation should be deemed "general" in that it applies equally to all persons embraced in a class founded upon some natural, intrinsic, or constitutional distinction, or "special or local" in that it confers a particular privilege or imposes special conditions on a selected class of otherwise similarly situated persons.

(e) In any instance in which a Member abstains from voting on a bill, resolution, or constitutional amendment because he or she has a conflict of interest (whether in a legislative committee or subcommittee, or on the Assembly or Senate floor), the Member shall so indicate, and the number of members required to pass the measure or to report it out of the committee or subcommittee shall consist of a majority of the remaining, qualified members. This subdivision shall not apply to floor votes on any measure requiring concurrence by more than a simple majority of the

membership

(f) Neither this section nor Section 87100 shall prevent any member of the Legislature from voting on a bill establishing the compensation of members of the Legislature in accordance with Article IV, section 4 of the state Constitution.

SECTION 15. Section 87101 of the Government Code is amended to read:

Section 87101. Legally Required Participation in Governmental Decision

Sections 87100 and 87102 ~~does~~ do not prevent any public official from making or participating in the making of a governmental decision to the extent his or her participation is legally required for the action or decision to be made. The fact that an official's vote is needed to break a tie does not make his or her participation legally required for purposes of this section.

SECTION 16. Article IV, Section 8 of the state Constitution is amended to read:

SEC. 8. (a) At regular sessions no bill other than the budget bill may be heard or acted on by committee or either house until the 31st day after the bill is introduced unless the house dispenses with this requirement by rollcall vote entered in the journal, three fourths of the membership concurring.

(b) The Legislature shall make no law except by statute and may enact no statute except by bill. No bill may be passed unless it is read by title on 3 days in each house except that the house may dispense with this requirement by rollcall vote entered in the journal, two thirds of the membership concurring. No bill may be passed until the bill with amendments has been printed and distributed to the members. No bill may be passed unless, by rollcall vote entered in the journal, a majority of the membership of each house eligible to vote concurs.

(c) (1) Except as provided in paragraph (2) of this subdivision, a statute enacted at a regular session shall go into effect on January 1 next following a 90-day period from the date of enactment of the statute and a statute enacted at a special session shall go into effect on the 91st day after adjournment of the special session at which the bill was passed.

(2) Statutes calling elections, statutes providing for tax levies or appropriations for the usual current expenses of the State, and urgency statutes shall go into effect immediately upon their enactment.

(d) Urgency statutes are those necessary for immediate preservation of the public peace, health, or safety. A statement of facts constituting the necessity shall be set forth in one section of the bill. In each house the section and the bill shall be passed separately, each by rollcall vote entered in the journal, two thirds of the membership concurring. An urgency statute may not create or abolish any office or change the salary, term, or duties of any office, or grant any franchise or special privilege, or create any vested right or interest.

TITLE V.
RESTRICTION ON PERSONAL USE OF CAMPAIGN FUNDS

SECTION 17. Section 85800 of the Government Code is amended to read:

85800. (a) This article applies to campaign funds held by candidates for elective office, elected officers, controlled committees, ballot measure committees, committees opposed to a candidate or measure, political action committees, and any committee which qualifies as a committee pursuant to subdivision (a) of Section 82013.

(b) (1) For purposes of this chapter, "campaign funds" includes any contributions, cash, cash equivalents, and other assets received or possessed by a committee as defined by subdivision (a) of Section 82013.

(2) For purposes of this chapter, "substantial personal benefit" means an expenditure of campaign funds which results in a ~~direct~~ personal benefit with a value of more than ~~one hundred~~ twenty-five dollars (~~\$100~~) (\$25) to a candidate or elected officer.

(3) For purposes of this article, "household" includes the candidate's or elected officer's spouse, dependent children, and parents who reside with the candidate or elected officer.

SECTION 18. Section 85802 of the Government Code is amended to read:

85802. The following provisions shall guide the interpretation of the standard imposed by Section 85801 as applied to other expenditures not specifically set forth below.

(a) Campaign funds shall not be used to pay or reimburse the candidate, the elected officer, or employees or staff of the campaign committee or the elected officer's governmental agency for travel expenses and necessary accommodations except when these expenditures are directly related to a political, legislative, or governmental purpose.

(1) For the purposes of this section, payments or reimbursements for travel and necessary accommodations shall be considered as directly related to a political, legislative, or governmental purpose if the payments would meet ~~standards similar to~~ the standards of the Internal Revenue Service pursuant to Sections 162 and 274 of the Internal Revenue Code for deductions of travel expenses under the federal income tax law.

(2) For the purposes of this section, payments or reimbursement for travel by

the household of a candidate or elected officer when traveling within California to the same destination in order to accompany the candidate or elected officer shall be considered for the same purpose as the candidate's or elected officer's travel.

(3) For the purposes of this section, payments or reimbursement for travel by the spouse of a candidate or elected officer when traveling outside California to the same destination in order to accompany the candidate or elected officer shall be considered for the same purpose as the candidate's or elected officer's travel.

(4) Whenever campaign funds are used to pay or reimburse a candidate, elected officer, his or her representative, or a member of the candidate's household for travel expenses and necessary accommodations, the expenditure shall be reported as required by paragraph (7) of subdivision (j) of Section 84211.

(b) Campaign funds shall not be used to pay for or reimburse the cost of professional services unless the services are directly related to a political, legislative, or governmental purpose.

(1) Expenditures by a campaign committee to pay for professional services reasonably required by the campaign committee to assist it in the performance of its administrative functions are directly related to a political, legislative, or governmental purpose.

(2) Campaign funds shall not be used to pay health-related expenses for a candidate, elected officer, or members of his or her household. "Health-related expenses" include, but are not limited to, examinations by physicians, dentists, psychiatrists, psychologists, or counselors, expenses ~~or~~ for medications, treatments or medical equipment, expenses for hospitalization, health club dues, and special dietary foods. However, campaign funds may be used to pay employer costs of health care benefits for a member of the candidate's or elected officer's household who is a bona fide employee of the campaign committee.

(c) Campaign funds shall not be used to pay or reimburse fines, penalties, judgments, or settlements, ~~except those~~ resulting from either any of the following:

(1) A criminal prosecution, including traffic citations, except for parking ~~Parking~~ citations incurred in the performance of an activity which was directly related to a political, legislative, or governmental purpose.

(2) A civil or administrative action in which the candidate or officeholder is found to have committed or admits to an intentional or grossly negligent violation of law.

(3) Any other action for which payment of attorney's fees from ~~contributions~~ campaign funds would not be permitted pursuant to this title.

(d) Campaign funds shall not be used for campaign, business, or casual clothing except specialty clothing that is not suitable for everyday use, including, but not limited to, formal wear, where this attire is to be worn by the candidate or elected officer and is directly related to a political, legislative, or governmental purpose.

(e) Except where otherwise prohibited by law, campaign funds may be used to purchase or reimburse for the costs of purchase of tickets to political fundraising events for the attendance of a candidate, elected officer, his or her immediate family, and employees or staff of the campaign committee and the elected officer's governmental agency.

(1) Campaign funds shall not be used to pay for or reimburse for the costs of tickets for entertainment or sporting events for the candidate, elected officer, or members of his or her immediate family unless their attendance at the event is directly related to a political, legislative, or governmental purpose.

(2) The purchase of tickets for entertainment or sporting events for the benefit of persons other than the candidate, elected officer, or his or her immediate family are governed by subdivision (f).

(f) (1) Campaign funds shall not be used to make personal gifts unless the gift is directly related to a political, legislative, or governmental purpose. In the case of a public employee, compensation received from a public agency shall constitute full and adequate consideration for all services performed in connection with the public employment. The refund of a campaign contribution does not constitute the making of a gift.

Nothing in this section shall prohibit the use of campaign funds to reimburse or otherwise compensate a public employee for services rendered to a candidate or campaign committee while on vacation, leave, or otherwise outside of compensated public time.

(2) An election victory celebration or similar campaign event, or gifts totaling less than one hundred dollars (\$100) in a calendar year made to an employee or a campaign committee worker, or to an employee of the elected officer's agency, are considered to be directly related to a political, legislative, or governmental purpose.

(g) Campaign funds shall not be used to make loans other than to organizations pursuant to Section 85803.

SECTION 19. Section 85802.5 of the Government Code is amended to read:

85802.5. ~~(+)~~ Expenditures of campaign funds for attorney's fees and other costs in connection with administrative, civil, or criminal litigation are not directly related to a political, legislative, or governmental purpose except where (1) the litigation arises directly out of ~~a candidate's or elected officer's activities, duties, or status as a candidate or elected officer.~~ the conduct of a campaign or election process, including, but not limited to, an action to enjoin defamation, defense of an action to enjoin defamation, defense of an action brought for violation of state or local campaign, disclosure, or election laws, and an action arising from an election contest or recount, or (2) the litigation arises directly out of the performance of an elected officer's legislative or governmental duties.

~~(+) This section shall become operative only if Senate Bill 284 of the 1989-90 Regular Session is not chaptered and does not take effect on or before January 1, 1990.~~

SECTION 20. Section 85806 of the Government Code is amended to read:

85806. Campaign funds shall not be used to compensate a candidate or elected officer for the performance of political, legislative, or governmental activities, except for reimbursement, made pursuant to Section ~~85302~~, 85301, of out-of-pocket expenses incurred for political, legislative, or governmental purposes.

SECTION 21. Section 85807 of the Government Code is repealed.

TITLE VI.
"REVOLVING DOOR" LOBBYING RESTRICTIONS

SECTION 22. Section 87401 of the Government Code is amended to read:

87401. (a) No former state administrative official, after the termination of his or her employment or term of office, shall for compensation act as agent or attorney for, or otherwise represent, any other person (other than the State of California) before any court or state administrative agency or any officer or employee thereof by making any oral or written communication with the intent to influence, in connection with any judicial, quasi-judicial, or other proceeding if both of the following apply:

~~(+)(1)~~ The State of California is a party or has a direct and substantial interest.

~~(+)(2)~~ The proceeding is one in which the former state administrative official participated.

(b) No designated employee, as defined in Section 82019, of the executive branch of state government; or member of any state board or commission, for 12 months after leaving employment, shall for compensation act as agent or attorney for, or otherwise represent, any other person (other than the State of California or any state or local government agency) before an agency of the executive branch of state government or any official thereof, by making any formal or informal appearance, or by making any oral or written communication, if both of the following apply:

(1) The agency is one for which the employee or member worked for at least one month during the 12 months before leaving state service, or is one with which the employee or member has had significant decisionmaking influence during the 12 months before leaving state service. The Governor's Chief of Staff and the Director of the Department of Finance shall be presumed to have had significant decisionmaking influence with any state agency which is subject to the direction and control of the Governor.

(2) The appearance or communication is made for the purpose of influencing administrative or legislative action by the agency or official, including, but not limited to, any action by the agency or official to influence legislative action.

(c) No Member of the Legislature, for 12 months after the termination of his or her term of office, shall for compensation act as agent or attorney for, or otherwise represent, any other person (other than the State of California or any state or local

government agency) before any committee of the Legislature or any member thereof, by making any formal or informal appearance, or by making any oral or written communication, if the appearance or communication is made for the purpose of influencing legislative action by the committee or member, including, but not limited to, any action by the committee or member to influence legislative action.

(d) No designated employee of the Legislature, for 12 months after leaving employment, shall for compensation act as agent or attorney for, or otherwise represent, any other person (other than the State of California or any state or local government agency) before a committee of the Legislature or a member thereof, by making any formal or informal appearance, or by making any oral or written communication, if both of the following apply:

(1) The committee or member is one for which the employee worked for at least one month during the 12 months before leaving state service, or is one with which the employee has had significant decisionmaking influence during the 12 months before leaving state service. An employee of a committee shall be presumed to have had significant decisionmaking influence with the members of the committee.

(2) The appearance or communication is made for the purpose of influencing legislative action by the committee or member, including, but not limited to, any action by the committee or member to influence legislative action.

(e) No person holding statewide elective office, for 12 months after leaving office, shall for compensation act as agent or attorney for, or otherwise represent, any other person (other than the State of California or any state or local government agency) before any state agency or official thereof, by making any oral or written communication with the intent to influence any action by the agency or official, unless the appearance or representation is in connection with a judicial or quasi-judicial proceeding on a matter in which the person formerly holding statewide elective office did not participate. In no event shall a person holding statewide elective office, for 12 months after leaving office, act for compensation as agent or attorney for, or otherwise represent, any other person (other than the State of California or any state or local government agency) before the state agency or department in which he or she served.

SECTION 23. Section 87402 of the Government Code is amended to read:

87402. No former state administrative official, person holding statewide elective office, designated employee of the executive branch, member of a state board or commission, designated employee of the Legislature, or Member of the Legislature, after the termination of his or her employment or term of office shall for compensation aid, advise, counsel, consult, or assist in representing any other person (except the State

of California) in any proceeding in which the official would be prohibited from appearing under Section 87401.

TITLE VII.
PROHIBITION ON PERSONAL OR POLITICAL USE OF STATE RESOURCES

SECTION 24. Section 8314 is added to the Government Code, to read:

8314. (a) It shall be unlawful for any elected state officer, appointee, employee, or consultant, to use or permit others to use state resources for personal, political, or other purposes which are not authorized by law.

(b) For purposes of this section:

(1) "Personal purpose" means those activities the purpose of which is for personal enjoyment, private gain or advantage, or an outside endeavor not related to state business. "Personal purpose" does not include an occasional telephone call, or an incidental and minimal use of state resources, such as equipment or office space, for personal purposes.

(2) "Political purpose" means those activities the purpose of which is to influence voters with regard to a candidate or ballot measure election. Those activities include activities commonly associated with conducting a political campaign, such as fundraising, mailings, organizing campaign meetings and appearances, preparing position papers and speeches for use in a campaign, and planning campaign strategy. Those activities do not include the incidental use of state resources to refer unsolicited political mail, telephone calls, and visitors to private political entities.

(3) "State resources" means any state property or asset, including, but not limited to, state land, buildings, facilities, funds, equipment, supplies, telephones, computers, vehicles, travel, and state compensated time.

(4) "Use" means a use of state resources which is substantial enough to result in a gain or advantage to the user or a loss to the state for which a monetary value may be estimated.

(c) (1) Any person who intentionally or negligently violates this section shall be liable for a civil penalty not to exceed one thousand dollars (\$1,000) for each day on which a violation occurs, plus three times the value of the unlawful use of state resources. The penalty shall be assessed and recovered in a civil action brought in the name of the people of the State of California by the Attorney General, or by any district attorney or any elected city attorney for violations committed within their jurisdiction. If two or more persons are responsible for any violation, they shall be jointly and severally liable for the penalty.

(2) If the action is brought by the Attorney General, the moneys recovered shall be paid into the General Fund. If the action is brought by a district attorney, the moneys recovered shall be paid to the treasurer of the county in which the judgment was entered. If the action is brought by a city attorney, the moneys recovered shall be paid to the treasurer of that city.

(3) No civil action alleging a violation of this section shall be commenced more than four years after the date the alleged violation occurred.

TITLE VIII.
SPECIAL PROSECUTOR

SECTION 25. Article 2.5 (commencing with Section 12530) is added to Chapter 6 of Part 2 of Division 3 of Title 2 of the Government Code, to read:

Article 2.5. Special Investigation and Prosecution Unit

12530. As used in this article:

(a) "State officer" means the Governor, Lieutenant Governor, Attorney General, Controller, Secretary of State, Treasurer, Insurance Commissioner, Superintendent of Public Instruction, judges, court commissioners, Members of the Legislature, Members of the State Board of Equalization, and every member, officer, or consultant of a state office, department, division, bureau, agency, board or commission.

(b) "Local officer" means any person who holds any regional, county, municipal or district elective office, and every member, officer, employee, or consultant of a county, city, city and county, or district of any kind, including a school district, or any other local or regional political subdivision, or any department, division, bureau, office, board, commission, or other agency of the foregoing.

12531. (a) There is in the office of the Attorney General the Special Investigation and Prosecution Unit, which is authorized to establish a statewide program for coordinating the investigation and prosecution, either through criminal or appropriate civil action, of alleged criminal or civil violations of law by state officers or candidates for elective state office, committed in the discharge of their official duties or contrary to their official duties, or in their conduct relating to any political campaign.

(b) Local law enforcement and prosecution agencies shall have concurrent jurisdiction with the Special Investigation and Prosecution Unit to investigate and prosecute violations of law referred to in this section. The appropriate district attorney or district attorneys shall have the initial responsibility of determining whether these violations shall be prosecuted.

(c) The Special Investigation and Prosecution Unit may advise and assist local law enforcement and prosecution agencies in the investigation and prosecution of local officers and candidates for local elected office who are alleged to have committed criminal or other unlawful acts in the discharge of their official duties or contrary to their official duties or in their conduct relating to political campaigns.

CORRECTION

**THIS DOCUMENT
HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

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12532. (a) When the Attorney General determines in the interest of justice or because of a conflict of interest that the Attorney General should not investigate or prosecute alleged criminal or civil violations by state officers, or candidates for elected state office, the Attorney General may request the appointment of a special prosecutor to conduct the investigation, and if necessary, the prosecution.

(b) The request for the appointment of a special prosecutor shall be made to the court of appeal that has jurisdiction over the county or counties in which the unlawful acts are alleged to have occurred.

(c) Upon request by the Attorney General, the court of appeal shall appoint a special prosecutor from the office of an incumbent district attorney. No person from the office of the district attorney of the county in which the unlawful acts are alleged to have occurred shall be appointed as the special prosecutor.

(d) A special prosecutor appointed pursuant to this article may be removed from office only by the personal action of the Attorney General, and only for good cause, physical disability, mental incapacity, or any other condition that substantially impairs the performance of the special prosecutor's duties.

(e) All expenses reasonably incurred by the appointed special prosecutor shall be paid by the Department of Justice.

12533. The Attorney General shall submit a report to the Legislature by October 1 of each year on the resolution of complaints filed with the Attorney General and district attorneys which allege criminal or other violations of the law by state officers or candidates for state office, committed in the discharge of their official duties or contrary to their official duties, or in their conduct relating to any political campaign.

12534. Commencing July 1, 1991, and every July 1 thereafter, there is hereby appropriated from the General Fund to the Office of the Attorney General the sum of one million two hundred thousand dollars (\$1,200,000), adjusted annually in the same manner as the state appropriation limitation is adjusted under Sections 1 and 8 of Article XIIIB of the state Constitution, for expenditures to support the operations of the Special Investigation and Prosecution Unit and to carry out its responsibilities pursuant to this article. The expenditure of funds under this appropriation shall be subject to the normal administrative review given to other state appropriations. The Legislature shall appropriate additional amounts to the Office of the Attorney General and other agencies as may be necessary to carry out the provisions of this article.

TITLE IX.
CAMPAIGN FINANCE REFORM

SECTION 26. Articles 1 through 7 of Chapter 5 (commencing with Section 85100) of Title 9 of the Government Code are repealed. Notwithstanding section 39 of this measure, this section is not severable from Section 27 of this measure.

SECTION 27. Articles 1 through 7 and Article 9 are added to Chapter 5 (commencing with Section 85100) of Title 9 of the Government Code, to read:

CHAPTER 5

THE CAMPAIGN FINANCE REFORM ACT OF 1990

Article 1

FINDINGS AND PURPOSES

85100. Title

This chapter shall be known and cited as the Campaign Finance Reform Act of 1990.

85101. Findings and Declarations

The people find and declare each of the following:

(a) Monetary contributions to political campaigns are a legitimate form of participation in the American political process, but the financial strength of certain individuals or organizations should not permit them to exercise a disproportionate or controlling influence on the election of candidates.

(b) Campaign spending for California elective offices is escalating to dangerous levels. The rapidly increasing costs of political campaigns have forced many candidates to raise larger and larger percentages of money from interest groups with a specific financial stake in matters before elected officers. This has caused the public perception that elected officers' votes and decisions are being improperly influenced by monetary

contributions. This perception is undermining the credibility and integrity of the electoral and governmental process.

(c) The potentially corrupting influence of campaign contributions results not only from the perception that specific large monetary contributions might improperly influence the actions of elected officers, but from the overall pressure on candidates and elected officers to raise and spend enormous sums of money.

(d) The average legislative candidate now raises over 90% of his or her campaign contributions from sources outside his or her own district. This has caused the growing public perception that legislators are less interested in the problems of their own constituents than the problems of wealthier statewide contributors.

(e) Candidates are raising less and less money in small contributions and more money in large individual and organizational contributions. This has created the public impression that the small contributor has an insignificant role to play in political campaigns.

(f) High campaign costs are forcing public officials to spend more time on fundraising and less time on the public's business. The constant pressure to raise contributions is distracting officeholders from urgent legislative and governmental matters.

(g) Elected officers are responding to high campaign costs by raising large amounts of money in non-election years. This fundraising distracts them from important public matters, encourages contributions which may have a corrupting influence, and gives incumbents an unfair fundraising advantage over potential challengers.

(h) Incumbents are raising far more money than challengers. The fundraising advantages of incumbency are diminishing electoral competition between incumbents and challengers.

(i) The integrity of the governmental and electoral processes, the competitiveness of campaigns, and public confidence in elected officers are all diminishing.

85102. Purpose of this Chapter

The people enact this Act to accomplish the following purposes:

(a) To ensure that individuals and interest groups in our society have a fair and equal opportunity to participate in the elective and governmental processes.

(b) To reduce the influence of large contributors with a specific financial stake in matters before elected officers, thus countering the perception that governmental decisions are influenced more by the size of contributions than the merits of the issue or the best interests of the people of California.

(c) To assist serious candidates in raising enough money to communicate their views and positions adequately to the public without excessive reliance on large special-interest contributions, thereby promoting public discussion of the important issues involved in political campaigns.

(d) To limit overall expenditures in electoral campaigns, thereby reducing the pressure on candidates to raise large campaign war chests beyond the amount necessary to communicate reasonably with voters.

(e) To provide a neutral source of campaign financing by allowing individual taxpayers voluntarily to dedicate a portion of their state taxes to defray a portion of the costs of electoral campaigns.

(f) To increase the importance of contributions by individuals residing in a candidate's electoral district.

(g) To increase the importance of smaller contributions.

(h) To restrict non-election year fundraising.

(i) To reduce excessive fundraising advantages of incumbents and thus encourage competition for elective office.

(j) To allow candidates and elected officers to spend a lesser proportion of their time on fundraising and a greater proportion of their time discussing important public issues.

(k) To improve the disclosure of contribution sources in reasonable and effective ways.

(l) To ensure that serious candidates are able to raise enough money to communicate their views and positions adequately to the public, thereby promoting public discussion of the important issues involved in political campaigns.

(m) To help restore public trust in the state's governmental and electoral institutions.

85103. Local Campaign Finance Limitations

(a) Nothing in this chapter shall affect the validity of a campaign finance limitation, including a limitation on contributions, in effect on the effective date of this chapter which was enacted by a local governmental agency and imposes more restrictive campaign finance limitations.

(b) Nothing in this chapter shall prohibit a local governmental agency from adopting campaign finance limitations, including contribution limitations, for candidates for elective office in its jurisdiction as long as the limitations on contributions per election cycle contained therein are no less restrictive in their overall impact within that jurisdiction than those contained in this chapter.

85104. Authority of Commission

(a) The Commission may promulgate regulations to carry out the intent of this chapter as nearly as possible. The Commission shall possess all lawful authority to forbid any specific practices the intent of which is to evade the provisions and requirements of this chapter.

(b) The Commission shall have the authority to determine that any contributions to or expenditures by a candidate or his or her controlled committee in one campaign were primarily made for the purpose or with the effect of influencing or attempting to influence the actions of the voters for or against the election of the candidate in another campaign, in which event any contributions or expenditures so determined shall be considered as, and cumulated with, any contributions to or qualified campaign expenditures of the latter campaign.

85105. Effective Date

The provisions of this chapter shall become effective on January 1, 1991.

Article 2

DEFINITIONS

85200. Interpretation of this Chapter

(a) Unless the term is specifically defined in this chapter or the contrary is stated or clearly appears from the context, the definitions set forth in Chapter 2 (commencing with Section 82000) shall govern the interpretation of this chapter.

(b) The provisions of this chapter shall be interpreted and applied by the Commission so as to achieve maximum conformity with the findings and purposes specified herein.

85201. Person

"Person" means an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, labor union, association, committee, and any other organization or group of persons acting in concert.

85202. Political Committee

"Political committee" means any committee of persons that meets all of the following criteria:

- (a) It has been in existence for at least six months;
- (b) It has received contributions from 25 or more persons during a two-year election cycle;
- (c) It contributes to at least five candidates for elective office within California during a two-year election cycle; and
- (d) It is not a candidate-controlled committee.

85203. Small-Contributor Political Action Committee

"Small-contributor political action committee" means any political committee that meets all of the following criteria:

- (a) It has been in existence for at least six months;
- (b) It has received contributions from 100 or more persons during a two-year election cycle;
- (c) It contributes to at least five candidates for elective office within California during a two-year election cycle;
- (d) All the contributions it receives from any person in a calendar year total \$100 or less; and
- (e) It is not a candidate-controlled committee.

85204. Political Party Committee

"Political party committee," for purposes of the contribution limits set forth in this chapter, means any committee established by the following organizations:

- (a) The state central committee or the statewide governing body of any political party or of any organization which is qualified for participation in a primary election pursuant to Article 2 (commencing with Section 6430) of Chapter 5 of Division 6 of the Elections Code.
- (b) A county central committee established pursuant to the following provisions of the Elections Code: Sections 8820-8945; Sections 9320-9444; Sections 9700-9745; Sections 9830-9855; and Section 9955.
- (c) Any bona fide local political party club established or chartered by a state central or county central committee referred to in subsections (a) and (b).
- (d) A single legislative caucus committee controlled by the caucus of each political party of each house of the Legislature.

No political party committee, as defined in this section, shall be considered a controlled committee for purposes of the contribution limits set forth in this chapter.

85205. Qualified Campaign Expenditure

(a) "Qualified campaign expenditure" for candidates for elective state office includes all of the following:

(1) Any expenditure made by an elected state officer or a candidate for elective state office, or by a committee controlled by such a candidate, for the purpose or with the primary effect of influencing or attempting to influence the actions of the voters for or against the election of any candidate for elective state office.

(2) Any transfer of anything of value made by the candidate's controlled committee to any other committee.

(3) A non-monetary contribution provided at the request of or with the approval of the candidate, officeholder, or committee controlled by the candidate or officeholder.

(b) "Qualified campaign expenditure" does not include any payment for "legitimate officeholder expenses" within the meaning of that term as defined in Section 85206.

85206. Legitimate Officeholder Expenses

"Legitimate officeholder expenses" means those expenditures of campaign funds that arise out of the performance of an elected officer's official duties, directly assist the elected officer in performing his or her official duties, or principally benefit the legislative or governmental entity. Legitimate officeholder expenses include those expenses arising out of an elected officer's responsibilities as an official of his or her political party, such as those devolving upon the elected officer pursuant to Elections Code Sections 8660, 9160, 9640, and 9790. The Commission shall by regulation specify categories of expenditures that qualify or do not qualify as "legitimate officeholder expenses" pursuant to this section.

85207. Two-Year Election Cycle

"Two-year election cycle" means the period commencing with January 1 of an odd-numbered year and ending with December 31 of the following even-numbered year.

85208. Campaign Reform Fund

"Campaign Reform Fund" means the fund created by Section 18775 of the Revenue and Taxation Code.

Article 3

CANDIDACY

85300. Declaration of Intent

Prior to the solicitation or receipt of any contribution or loan, an individual who intends to be a candidate for an elective office shall file with the Commission, or with such other filing officer as the Commission may designate, a statement signed under penalty of perjury of intention to be a candidate for a specific elective office and term. Except as provided in Section 85412, an individual may not solicit or receive contributions for more than one elective office at the same time.

85301. Campaign Contribution Account

(a) Upon the filing of the statement of intention pursuant to Section 85300, the individual shall establish one campaign contribution account for that specific elective office at a financial institution located in the state of California. Except as provided in Section 85303, a candidate shall have no more than one campaign committee for elective office and no more than one campaign contribution account at any one time. This section shall not prohibit the establishment of savings accounts, but no qualified campaign expenditures shall be made out of such accounts.

(b) Upon the establishment of a campaign contribution account pursuant to subsection (a), the name of the financial institution, the specific location, and the account number shall be filed within 10 days with the Commission, or with such other filing officer as the Commission may designate.

(c) All contributions or loans made to the candidate, to a person on behalf of the candidate, or to the candidate's controlled campaign committee shall be deposited into the account established pursuant to subsection (a). Except as provided in subsection (d), any personal funds of the candidate that will be used to support his or her candidacy shall be deposited in the account prior to expenditure.

(d) All campaign expenditures shall be made from the campaign contribution account established pursuant to subsection (a), except that the Commission shall by regulation permit personal funds to be used for travel expenses and petty cash expenditures if reimbursed by the campaign contribution account within a reasonable time period.

85302. Contributions Held in Trust

Except as provided in Section 85510, all contributions deposited into the campaign account established pursuant to Section 85201 shall be deemed to be held in trust for expenses associated with the election of the candidate to the specific office which, pursuant to Section 85300, the candidate has stated he or she intends to seek or for legitimate officeholder expenses, as specified in Section 85206, associated with holding that office.

85303. Officeholder Expense Account

(a) Notwithstanding Section 85301, an elected officer may establish and maintain a separate campaign contribution account to be used solely for payment of legitimate officeholder expenses. Upon assuming elective office, the officer may establish a single officeholder expense account at a financial institution located in California. The name of the institution, its specific location, and the account number shall be filed with the Commission, or with such other filing officer as the Commission may designate, within 10 days of opening the account.

(b) Upon establishing an officeholder expense account pursuant to subsection (a), the officer may deposit into the account any campaign contributions received in accordance with Section 85412 and any surplus funds transferred from another officeholder expense account in accordance with subdivision (d) of this section or from the officer's controlled campaign committee in accordance with Section 85510(c)(2).

(c) Any funds deposited into an officeholder expense account must be used solely to pay for legitimate officeholder expenses associated with holding the specific office for which the funds were raised. However, no funds shall be expended from an officeholder expense account after the elected officer has filed a Declaration of Candidacy for any elective office pursuant to Section 6490 of the Elections Code.

(d) An officeholder expense account established pursuant to this section shall be closed within sixty (60) days after the officer who established the account leaves office. Any surplus funds remaining in the account at that time may either be transferred to a new officeholder expense account established by the officer, donated to the Campaign Reform Fund, contributed to a political party committee, or donated to any bona fide charitable, educational, civic, religious, or similar tax-exempt organization, where no substantial part of the proceeds will have a material financial effect on the former elected official or any member of his or her immediate family. Any surplus funds contributed to a political party committee pursuant to this subsection shall be exempt from the contribution limitations of Section 85404.

Article 4

CONTRIBUTION LIMITATIONS

85400. Limitation on Sources of Contributions

(a) A candidate for elective office may only accept campaign contributions from persons, political committees, small-contributor political action committees, and political party committees, and only in the amounts specified in this article (commencing with Section 85401). A candidate shall not solicit or accept contributions from any other source.

(b) All contributions received by a candidate and his or her controlled committees from a single source for any elections to be held on the same date shall be cumulated for purposes of the contribution limitations set forth in Sections 85401-85403.

85401. Limitations on Contributions from Persons

(a) No person shall make to any candidate and the controlled committee of such a candidate, and no such candidate and the candidate's controlled committee shall accept from each such person, a contribution or contributions totaling more than one thousand dollars (\$1,000) for each of the following elections in which the candidate is on the ballot or is a write-in candidate: a primary election, a general election, a special election, or a special runoff election.

(b) No person shall make to any committee which supports or opposes any candidate, and no such committee shall accept from each such person, a contribution or contributions totaling more than one thousand dollars (\$1,000) per calendar year.

(c) The limitations of this section shall not apply to a candidate's contribution of his or her own personal funds to his or her own controlled committee and campaign contribution account.

85402. Limitations on Contributions from Political Committees

(a) No political committee shall make to any candidate and the controlled committee of such a candidate, and no such candidate and the candidate's controlled committee shall accept from each such political committee, a contribution or contributions totaling more than two thousand five hundred dollars (\$2,500) for each of

the following elections in which the candidate is on the ballot or is a write-in candidate: a primary election, a general election, a special election, or a special runoff election. Contributions from political party committees to state candidates shall not be limited by this subsection.

(b) No political committee shall make to any committee which supports or opposes any candidate, and no such committee shall accept from each such political committee, a contribution or contributions totaling more than two thousand five hundred dollars (\$2,500) per calendar year.

85403. Limitations on Contributions from Small-Contributor Political Action Committees

(a) No small-contributor political action committee shall make to any candidate and the controlled committee of such a candidate, and no such candidate and the candidate's controlled committee shall accept from a small-contributor political action committee, a contribution or contributions totaling more than ten thousand dollars (\$10,000) for each of the following elections in which the candidate is on the ballot or is a write-in candidate: a primary election, a general election, a special election, or a special runoff election. Contributions from political party committees to state candidates shall not be limited by this subsection.

(b) No small-contributor political action committee shall make to any committee which supports or opposes a candidate, and no such committee shall accept from a small-contributor political action committee, a contribution or contributions totaling more than ten thousand dollars (\$10,000) per calendar year.

85404. Limitations on Contributions to Political Party Committees

(a) Except as provided in Section 85418, no person shall make to any political party committee which supports or opposes a candidate, and no such political party committee shall accept from each such person, a contribution or contributions totaling more than one thousand dollars (\$1,000) per calendar year for use to support or oppose candidates for elective office.

(b) Except as provided in Section 85418, no political committee shall make to any political party committee which supports or opposes a candidate, and no such political party committee shall accept from each such political committee, a contribution or contributions totaling more than two thousand five hundred dollars (\$2,500) per calendar year for use to support or oppose candidates for elective office.

(c) Except as provided in Section 85418, no small-contributor political action committee shall make to any political party committee which supports or opposes a candidate, and no such political party committee shall accept from each such small-contributor political action committee, a contribution or contributions totaling more than ten thousand dollars (\$10,000) per calendar year for use to support or oppose candidates for elective office.

85405. Limitations on Total Contributions to State Candidates from All Non-Individuals

No more than a total of one-third of the applicable expenditure limitations specified in Article 5 of this chapter (commencing with Section 85500) for any primary, general, special, or special runoff election shall be accepted in contributions from all non-individuals in the aggregate by any state candidate and the controlled committee of such candidate. These limitations on total contributions from non-individuals apply whether or not the candidate agrees to accept financing from the Campaign Reform Fund and complies with the expenditure limitations specified in Article 5. Contributions from political party committees are exempt from the limitations of this section.

85406. Limitations on Total Contributions to State Candidates from All Political Party Committees

No more than a total of one-sixth of the applicable expenditure limitations specified in Article 5 of this chapter (commencing with Section 85500) for the general, special, or special runoff election shall be accepted in contributions from all political party committees in the aggregate by any state candidate and the controlled committee of such candidate for a primary and general election combined or for a special election and special runoff election combined.

85407. Limitations on Total Contributions from Persons to All State Candidates

No person shall make to state candidates, or to any committees which support or oppose such candidates, contributions aggregating more than forty thousand dollars (\$40,000) in any two-year election cycle. Contributions to and from political party committees shall be exempt from the limitations of this section.

85408. Limitations on Total Contributions from Political Committees to All State Candidates

No political committee shall make to state candidates, or to any committees which support or oppose such candidates, contributions aggregating more than one hundred thousand dollars (\$100,000) in any two-year election cycle. Contributions to and from political party committees shall be exempt from the limitations of this section.

85409. Limitations on Total Contributions from Small-Contributor Political Action Committees to All State Candidates

No small-contributor political action committee shall make to state candidates, or to any committees which support or oppose such candidates, contributions aggregating more than four hundred thousand dollars (\$400,000) in any two-year election cycle. Contributions to and from political party committees shall be exempt from the limitations of this section.

85410. Prohibition on Transfers

(a) Transfers of funds between candidates or their controlled committees are prohibited. Except as provided in Section 85510, no candidate and no committee controlled by a candidate or candidates for elective office shall transfer any contribution to any other candidate for elective office or to any committee supporting or opposing a candidate for elective office.

(b) This section shall not prohibit a candidate from accepting contributions from any political party committee.

(c) This section shall not prohibit a candidate from making a contribution from his or her own personal funds to any other candidate for elective office.

(d) This section shall not prohibit a candidate from transferring contributions to any candidate-controlled committee that is primarily formed to support or oppose a ballot measure and that does not support or oppose any candidate for elective office.

85411. Restriction on Non-Election Year Contributions

(a) Except as provided in Section 85412, no candidate for member of the Legislature or member of the State Board of Equalization (including an incumbent officeholder intending to seek re-election), nor the controlled committee of such a candidate, shall solicit or accept any contribution before October 1 of the odd-numbered year prior to the date of the primary or general election for the specific

legislative or Board of Equalization office which the candidate has stated, pursuant to Section 85300, that he or she intends to seek. In the case of a special election or special runoff election, no such candidate or controlled committee of such a candidate shall solicit or accept any contribution more than one hundred and twenty (120) days prior to the date of that election. Only contributions raised in compliance with this subsection may be used by a candidate or the controlled committee of any such candidate to make expenditures in support of or in opposition to any candidate for member of the Legislature or State Board of Equalization.

(b) Except as provided in Section 85412, no candidate for statewide elective office (including an incumbent officeholder intending to seek re-election), nor any controlled committee of such candidate, shall solicit or accept any contribution before October 1 of the even-numbered year two years prior to the date of the primary or general election for the specific statewide elective office which the candidate has stated, pursuant to Section 85300, that he or she intends to seek. Only contributions raised in compliance with this subsection may be used by a candidate or the controlled committee of any such candidate to make expenditures in support of or in opposition to any candidate for statewide elective office.

(c) No legislative caucus committee, as specified in subdivision (d) of Section 85204, shall solicit or accept any contribution before October 1 of any odd-numbered year, except that a legislative caucus committee may solicit or accept a contribution within one hundred and twenty (120) days prior to the date of a special election or special runoff election.

85412. Contributions to Officeholder Expense Account

(a) Upon establishing an officeholder expense account pursuant to Section 85303, a member of the Legislature or State Board of Equalization may solicit and accept contributions for deposit into the officeholder expense account totaling no more than fifteen thousand dollars (\$15,000) per calendar year, and a person holding statewide elective office may solicit and accept contributions for deposit into the officeholder expense account totaling no more than thirty thousand dollars (\$30,000) per calendar year. Any such contributions shall be used solely to pay for legitimate officeholder expenses associated with holding that specific state office.

(b) Contributions received and deposited into the officeholder expense account pursuant to this section shall be exempt from the restrictions of Section 85411. However, the contribution limitations in Sections 85400 through 85410, inclusive, shall apply to all contributions received pursuant to this section, and all such contributions shall be cumulated with any other contributions received by the candidate and his or her controlled committees from the same source for purposes of those limitations.

(c) No more than a total of thirty thousand dollars (\$30,000) in the case of a member of the Assembly, no more than a total of sixty thousand dollars (\$60,000) in the case of a member of the Senate or State Board of Equalization, and no more than a total of one hundred and twenty thousand dollars (\$120,000) in the case of a person holding statewide elective office shall be deposited into the officeholder expense account during the elected officer's term of office. All contributions received and deposited into the officeholder expense account pursuant to this section shall be cumulated with any surplus campaign funds transferred into the account pursuant to Section 85510(c)(2) for purposes of these limitations.

85413. Return of Contributions

A contribution shall not be considered to be received if it is returned to the donor within fourteen (14) days of receipt and has not been negotiated, deposited, or utilized.

85414. Aggregation of Payments

For purposes of the contribution limitations set forth in this chapter, and in Section 87105, the following aggregation principles shall apply:

(a) All payments made by persons, political committees, or small-contributor political action committees whose contributions or expenditure activity are controlled by a single business entity, labor organization, association, political party or any other person or committee shall be considered to be made by a single person, political committee, or small-contributor political action committee.

(b) Two or more entities shall be treated as one entity when any of the following circumstances apply:

(1) The entities share the majority of members of their boards of directors.

(2) The entities share two or more officers.

(3) The entities are owned or controlled by the same majority shareholder or shareholders.

(4) The entities are in a parent-subsidary relationship.

(c) An individual and any general or limited partnership in which the individual is a controlling partner, or an individual and any corporation in which the individual owns a controlling interest, shall be treated as one person.

85415. Loans

(a) A loan shall be considered a contribution from the maker and the guarantor of the loan and shall be subject to the contribution limitations of this chapter.

(b) Every loan to a candidate or the candidate's controlled committee shall be by written agreement, which shall be filed with the candidate's or committee's campaign statement on which the loan is first reported.

(c) The proceeds of a loan made to a candidate by a commercial lending institution in the regular course of business on the same terms available to members of the public and which is secured or guaranteed shall not be subject to the contribution limits of this chapter.

(d) Extensions of credit from a bona fide vendor of services or goods (other than loans pursuant to subdivision (c)) for a period of more than sixty (60) days are subject to the contribution limitations of this chapter.

85416. Family Contributions

(a) Contributions by a husband and wife shall be treated as separate contributions.

(b) Contributions by children under 18 shall be treated as contributions by their parents and attributed proportionately to each parent (one-half to each parent or the total amount to a single custodial parent).

85417. Time Periods for Attributing Contributions

(a) For purposes of application of the contribution limitations set forth in this chapter to primary and general elections held for any elective state office in June and November of even-numbered years, contributions made at any time before July 1 of the election year shall be considered primary contributions, and contributions made from July 1 until December 31 of the election year shall be considered general election contributions.

(b) For purposes of application of the contribution limitations set forth in this chapter to special and special runoff elections, contributions made at any time after the office has become vacant and up through the date of the special election shall be considered contributions in the special election, and contributions made after the date of the special election and up through fifty-eight (58) days after the special runoff election shall be considered contributions in the special runoff election.

(c) The Commission shall establish the appropriate time periods for attributing contributions to any elections not covered by subsection (a) or (b).

85418. Communications to Members Not Limited

(a) Nothing in this chapter shall limit the ability of a bona fide political party organization specified in Section 85204(a)-(c) to communicate with its own members by:

(1) paying the costs of campaign materials (such as pins, bumper stickers, handbills, brochures, posters, party tabloids, and yard signs) used by such committee in connection with volunteer activities on behalf of nominees of such party, provided that -

(a) such payments must be made from contributions subject to the limitations and prohibitions of this chapter,

(b) such payments are not for the costs of campaign materials or activities used in connection with any broadcasting, newspaper, magazine, billboard, or similar type of general public communication or political advertising, and

(c) such payments are not made from contributions designated by the contributor to be spent on behalf of any particular candidate or candidates; and

(2) paying the costs of get-out-the-vote activities conducted on behalf of nominees of such party, including paying the costs of preparation or distribution of a printed slate card, sample ballot, or other printed listing of 3 or more candidates for any elective office in the state (or of the party's entire slate of candidates in the state election, whichever is less), provided that -

(a) such payments are not for the costs of campaign materials or activities used in connection with any broadcasting, newspaper, magazine,

CORRECTION

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HAS BEEN REPHOTOGRAPHED
TO ASSURE LEGIBILITY**

(b) For purposes of application of the contribution limitations set forth in this chapter to special and special runoff elections, contributions made at any time after the office has become vacant and up through the date of the special election shall be considered contributions in the special election, and contributions made after the date of the special election and up through fifty-eight (58) days after the special runoff election shall be considered contributions in the special runoff election.

(c) The Commission shall establish the appropriate time periods for attributing contributions to any elections not covered by subsection (a) or (b).

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(a) such payments must be made from contributions subject to the limitations and prohibitions of this chapter,

(b) such payments are not for the costs of campaign materials or activities used in connection with any broadcasting, newspaper, magazine, billboard, or similar type of general public communication or political advertising, and

(c) such payments are not made from contributions designated by the contributor to be spent on behalf of any particular candidate or candidates; and

(2) paying the costs of get-out-the-vote activities conducted on behalf of nominees of such party, including paying the costs of preparation or distribution of a printed slate card, sample ballot, or other printed listing of 3 or more candidates for any elective office in the state (or of the party's entire slate of candidates in the state election, whichever is less), provided that -

(a) such payments are not for the costs of campaign materials or activities used in connection with any broadcasting, newspaper, magazine,

billboard, or similar type of general public communication or political advertising, and

(b) such payments are not made from contributions designated by the contributor to be spent on behalf of any particular candidate or candidates.

(b) Nothing in this chapter shall limit the ability of a bona fide political party organization specified in Section 85204(a)-(c) to pay the costs of voter registration activities, provided that such payments are not made from contributions designated by the contributor to be spent on behalf of any particular candidate or candidates.

(c) Nothing in this chapter shall limit the ability of a bona fide membership organization, union, or corporation from communicating with its own members or shareholders in support of or opposition to any candidate for elective office.

85419. Earmarking of Contributions Prohibited

No person or committee shall make, and no person or committee shall accept, any contribution on the condition or with the agreement that it will be spent on behalf of any particular candidate. The expenditure of funds received by a person or committee shall be made at the sole discretion of the recipient person or committee. Contributions to candidates and committees controlled by such candidates shall be exempt from the prohibition of this section. This section shall not prohibit contributions by an intermediary or agent in accordance with Section 84302.

85420. Contributions to Ballot-Measure Committees Not Limited

Nothing in this chapter shall limit a person's ability to contribute to any committee that is primarily formed to support or oppose a ballot measure, whether or not such committee is controlled by a candidate or candidates.

Article 5

EXPENDITURE LIMITATIONS

85500. Expenditure Limitations for Gubernatorial Candidates

Except as provided in Section 85511, no candidate for Governor who files a statement of acceptance of financing from the Campaign Reform Fund and any controlled committee of such a candidate shall make qualified campaign expenditures above the following amounts:

(a) Four million five hundred thousand dollars (\$4,500,000) in a primary election.

(b) Seven million two hundred thousand dollars (\$7,200,000) in a general election.

85501. Expenditure Limitations for Other Candidates for Statewide Elective Office

Except as provided in Section 85511, no candidate for Lieutenant Governor, Attorney General, Controller, Secretary of State, Treasurer, or Insurance Commissioner who files a statement of acceptance of financing from the Campaign Reform Fund and any controlled committee of such a candidate shall make qualified campaign expenditures above the following amounts:

(a) One million five hundred thousand dollars (\$1,500,000) in a primary election.

(b) Two million four hundred thousand dollars (\$2,400,000) in a general election.

85502. Expenditure Limitations for Superintendent of Public Instruction Candidates

Except as provided in Section 85511, no candidate for Superintendent of Public Instruction who files a statement of acceptance of financing from the Campaign Reform Fund and any controlled committee of such a candidate shall make qualified campaign expenditures above the following amounts:

(a) One million nine hundred and fifty thousand dollars (\$1,950,000) in a primary election.

(b) One million nine hundred and fifty thousand dollars (\$1,950,000) in a general, special, or runoff election.

85503. Expenditure Limitations for State Board of Equalization Candidates

Except as provided in Section 85511, no candidate for member of the State Board of Equalization who files a statement of acceptance of financing from the Campaign Reform Fund and any controlled committee of such a candidate shall make qualified campaign expenditures above the following amounts:

(a) Four hundred and twenty-five thousand dollars (\$425,000) in a primary election.

(b) Seven hundred thousand dollars (\$700,000) in a general, special, or special runoff election.

85504. Expenditure Limitations for State Senate Candidates

Except as provided in Section 85511, no candidate for member of the Senate who files a statement of acceptance of financing from the Campaign Reform Fund and any controlled committee of such a candidate shall make qualified campaign expenditures above the following amounts:

(a) Four hundred and twenty-five thousand dollars (\$425,000) in a primary election.

(b) Seven hundred thousand dollars (\$700,000) in a general, special, or special runoff election.

85505. Expenditure Limitations for State Assembly Candidates

Except as provided in Section 85511, no candidate for member of the Assembly who files a statement of acceptance of financing from the Campaign Reform Fund and any controlled committee of such a candidate shall make qualified campaign expenditures above the following amounts:

(a) Two hundred and fifty thousand dollars (\$250,000) in a primary election.

(b) Four hundred thousand dollars (\$400,000) in a general, special, or special runoff election.

85506. Expenditure Limitations Lifted -- Primary Elections

(a) In any primary election, if a candidate who declines to accept payments from the Campaign Reform Fund and the controlled committee of such candidate receives contributions, makes qualified campaign expenditures, or has cash-on-hand in excess of the applicable expenditure limitation set forth in this article, then the expenditure limitation shall no longer be applicable to all other candidates who seek the party nomination for the same seat (or in the case of a primary election for Superintendent of Public Instruction, to all other candidates in that primary election). In addition, the limitation on maximum payments from the Campaign Reform Fund contained in Section 85604 shall no longer be applicable to all other candidates who have agreed to accept payments from the Fund.

(b) In any primary election, if any committee or committees make independent expenditures in support of a candidate totaling more than one-sixth of the applicable expenditure limitation specified in this article for that election, then the expenditure limitation for all other candidates who seek the party nomination for the same seat (or in the case of a primary election for Superintendent of Public Instruction, for all candidates in that primary election) shall be raised by an amount equal to the amount independently spent in support of that candidate. The Commission shall have the responsibility for determining whether independent expenditures have been made in support of a particular candidate or candidates and, if so, the amount by which the expenditure limitation shall be raised pursuant to this section.

(c) In any primary election, if any committee or committees make independent expenditures in opposition to a candidate totaling more than one-sixth of the applicable expenditure limitation specified in this article for that election, then the expenditure limitation for that candidate shall be raised by an amount equal to the amount independently spent in opposition to his or her candidacy. The Commission shall have the responsibility for determining whether independent expenditures have been made in opposition to a particular candidate or candidates and, if so, the amount by which the expenditure limitation shall be raised pursuant to this section.

85507. Expenditure Limitations Lifted -- Non-Primary Elections

(a) In any general, special or special runoff election, if a candidate who declines to accept payments from the Campaign Reform Fund and the controlled committee of such candidate receives contributions, makes qualified campaign expenditures, or has

cash-on-hand in excess of the applicable expenditure limitation set forth in this article, then the expenditure limitation shall no longer be applicable to all other candidates running for the same seat in the general, special or special runoff election. In addition, the limitation on maximum payments from the Campaign Reform Fund contained in Section 85604 shall no longer be applicable to all other candidates who have agreed to accept payments from the Fund.

(b) In any general, special or special runoff election, if any committee or committees make independent expenditures in support of a candidate totaling more than one-sixth of the applicable expenditure limitation specified in this article for that election, then the expenditure limitation for all other candidates running for the same seat in the general, special, or special runoff election shall be raised by an amount equal to the amount independently spent in support of that candidate. The Commission shall have the responsibility for determining whether independent expenditures have been made in support of a particular candidate or candidates and, if so, the amount by which the expenditure limitation shall be raised pursuant to this section.

(c) In any general, special, or special runoff election, if any committee or committees make independent expenditures in opposition to a candidate totaling more than one-sixth of the applicable expenditure limitation specified in this article for that election, then the expenditure limitation for that candidate shall be raised by an amount equal to the amount independently spent in opposition to his or her candidacy. The Commission shall have the responsibility for determining whether independent expenditures have been made in opposition to a particular candidate or candidates and, if so, the amount by which the expenditure limitation shall be raised pursuant to this section.

85508. Notification by Candidate Who Exceeds Expenditure Limitations

A candidate who has declined to accept payments from the Campaign Reform Fund and receives contributions, makes qualified campaign expenditures, or has cash-on-hand in excess of the applicable expenditure limitations shall notify all opponents and the Commission by telephone and by confirming overnight delivery the day the limitations are exceeded.

85509. Cumulation of Expenditures for Multiple Campaigns on Same Election Date

If an individual who has filed a statement of intention pursuant to Section 85300 to be a candidate for a specific state elective office subsequently withdraws from that campaign and files a statement of intention pursuant to Section 85300 to be a

candidate for a different state elective office whose election is to be held on the same date, the Commission shall determine what portion, if any, of the expenditures made by the candidate and his or her controlled committee in the first campaign should be considered as, and cumulated with, qualified campaign expenditures in the subsequent campaign for purposes of determining compliance with the expenditure limitations set forth in this chapter. In making the determination called for in this section, the Commission shall consider what portion, if any, of the payments made in connection with the first campaign may reasonably be said to have assisted the candidate in influencing or attempting to influence the actions of the voters for or against the candidate in the latter campaign.

85510. Surplus and Carryover Funds

(a) Any campaign funds remaining in a state candidate's campaign contribution account at the end of the postelection reporting period following an election, and after all obligations are met by the candidate and his or her committee, shall be considered surplus campaign funds and shall be distributed only in accordance with this section.

(b) Following the primary or special election, surplus funds shall be distributed as follows:

(1) A candidate who has won his or her party's nomination for the ensuing general or special runoff election (or in the case of a candidate for Superintendent of Public Instruction, who has won the right to be a candidate in the ensuing general election) may carry over any surplus funds for use by such candidate in the general or special runoff election, if any. Expenditures made with carryover funds shall be considered qualified campaign expenditures for the time period in which they are expended pursuant to Section 85512.

(2) A candidate who has not won his or her party's nomination (or in the case of a candidate for Superintendent of Public Instruction, who has not won the right to be a candidate in the ensuing general election) shall distribute any surplus funds according to the requirements of subsections (c)(1) and (c)(3).

(c) Following the general or special runoff election (or, where no runoff election is held, following the special election), surplus funds shall be distributed within one year from the date of the election as follows:

(1) All public funds received by the candidate during the campaign pursuant to Section 85603 shall be repaid to the Campaign Reform Fund

as a matter of first priority from any such surplus funds remaining until all such public funds previously received by that candidate have been so repaid.

(2) If any surplus funds remain following compliance with subsection (c)(1), a candidate who has been elected to state office may transfer the remaining funds, subject to the limitations of Section 85412(c), from his or her campaign contribution account into an officeholder expense account established pursuant to Section 85303.

(3) Any remaining surplus funds shall either be returned to contributors through a formula or formulas specified by the Commission, donated to the Campaign Reform Fund, contributed to a political party committee, or donated to any bona fide charitable, educational, civic, religious, or similar tax-exempt organization, where no substantial part of the proceeds will have a material financial effect on the former elected official or any member of his or her immediate family. Any surplus funds contributed to a political party committee pursuant to this section shall be exempt from the contribution limitations of Section 85404.

85511. Expenditures from Officeholder Expense Account

Any expenditures for legitimate officeholder expenses made by a candidate for elective state office from his or her officeholder expense account established pursuant to Section 85303 shall be exempt from the expenditure limitations of this chapter.

85512. Time Periods for Attributing Election Expenditures

(a) For purposes of application of the expenditure limitations set forth in this chapter to primary and general elections held for any state office in June and November of even-numbered years, qualified campaign expenditures made at any time before July 1 of the election year shall be considered primary election expenditures, and qualified campaign expenditures made from July 1 until December 31 of the election year shall be considered general election expenditures.

(b) For purposes of application of the expenditure limitations set forth in this chapter to special and special runoff elections, qualified campaign expenditures made at any time after the office has become vacant and up through the date of the special election shall be considered expenditures in the special election, and qualified campaign expenditures made after the date of the special election and up through fifty-eight (58)

days after the special runoff election shall be considered expenditures in the special runoff election.

(c) Notwithstanding subsections (a) and (b), in the event that payments are made but the goods or services are not used during the period purchased, the payments shall be considered qualified campaign expenditures for the time period when the goods or services are used.

85513. Slate mailers

The Commission shall promulgate regulations governing the application of the limitations in this chapter to slate mailers, as defined in Section 82048.3. The regulations shall set forth the circumstances, if any, under which the expenses incurred in preparing and distributing slate mailers shall be considered contributions, qualified campaign expenditures, or independent expenditures subject to the limitations of this chapter.

Article 6

CAMPAIGN REFORM FUND

85600. Candidate Acceptance or Rejection of Funds

(a) Each candidate for elective state office, at the time of filing his or her Declaration of Candidacy pursuant to Section 6490 of the Elections Code, shall file a statement of acceptance or rejection of financing from the Campaign Reform Fund. If a candidate agrees to accept financing from the Campaign Reform Fund, the candidate shall comply with the provisions of Article 5 of this chapter.

(b) A candidate who agrees or declines to accept financing from the Campaign Reform Fund may not change that decision, except that a candidate who declines to accept financing from the Campaign Reform Fund in a primary or special election may agree to accept financing from the Campaign Reform Fund in the ensuing general or special runoff election, but only if such candidate did not exceed the applicable expenditure limitation set forth in Article 5 of this chapter during the primary or special election. For primary and general elections held in June and November of even-numbered years, a candidate wishing to change his or her decision and accept financing from the Campaign Reform Fund in the general election must file a statement of acceptance of financing no later than July 1. For elections held on any other date, the Commission shall determine the date by which any candidate wishing to

change his or her decision and accept financing from the Campaign Reform Fund must file a statement of acceptance of financing.

(c) No candidate shall be eligible to receive any payment from the Campaign Reform Fund prior to filing a Declaration of Candidacy and statement of acceptance of financing from the Campaign Reform Fund pursuant to this section.

85601. Qualification Requirements

In order to qualify to receive payments from the Campaign Reform Fund, a candidate for elective state office shall meet all of the following requirements:

(a) The candidate has received contributions (other than contributions from the candidate or his or her immediate family) of at least thirty thousand dollars (\$30,000) in the case of a candidate for member of the Assembly, of at least fifty thousand dollars (\$50,000) in the case of a candidate for member of the Senate or State Board of Equalization, of at least one hundred and fifty thousand dollars (\$150,000) in the case of a candidate for Lieutenant Governor, Attorney General, Controller, Secretary of State, Treasurer, Superintendent of Public Instruction, or Insurance Commissioner, or of at least four hundred and fifty thousand dollars (\$450,000) in the case of a candidate for Governor. Only the first one thousand dollars (\$1,000) of any and all contributions received from a single donor shall be counted in determining whether the above thresholds have been met. Only contributions received after the date specified in Section 85411(a) may be counted in meeting the above thresholds, and in no event shall any contribution deposited into an officeholder expense account pursuant to Section 85412 be counted toward meeting the thresholds. For purposes of this subsection, a loan, a pledge, or a non-monetary contribution shall not be considered a contribution.

(b) The candidate is opposed by a candidate running for the same nomination (if in the primary election) or for the same office (if in a general, special, or special runoff election) who either (1) has qualified for payments from the Campaign Reform Fund or (2) has raised, spent or has cash-on-hand of at least forty-five thousand dollars (\$45,000) in the case of a candidate for the Assembly, of at least seventy-five thousand dollars (\$75,000) in the case of a candidate for the Senate or State Board of Equalization, of at least two hundred and twenty-five thousand dollars (\$225,000) in the case of a candidate for Lieutenant Governor, Attorney General, Controller, Secretary of State, Treasurer, Superintendent of Public Instruction, or Insurance Commissioner, or of at least six hundred and seventy-five thousand dollars (\$675,000) in the case of a candidate for Governor. All funds raised, spent, or on hand in all committees controlled by a single opposing candidate (excluding any officeholder expense account established by an incumbent elected officer pursuant to Section 85303 and any

committee primarily formed to support or oppose a ballot measure) shall be cumulated for purposes of this subsection.

(c) The candidate contributes to his or her own campaign from personal funds no more than fifty thousand dollars (\$50,000) per election in the case of a candidate for the Legislature or State Board of Equalization, no more than one hundred thousand dollars (\$100,000) per election in the case of a candidate for Lieutenant Governor, Attorney General, Controller, Secretary of State, Treasurer, Superintendent of Public Instruction, or Insurance Commissioner, and no more than two hundred and fifty thousand dollars (\$250,000) per election in the case of a candidate for Governor.

(d) No donor whose contribution to a candidate for elective state office was counted toward achieving the applicable threshold in subsection (a) shall be the recipient or beneficiary of any payment or expenditure made by that candidate or his or her controlled committees unless full and adequate consideration is received by the candidate or his or her controlled committee in exchange for any such payment or expenditure.

85602. Candidate Notification Upon Reaching Qualification Threshold

A candidate for elective state office who does not agree to accept financing from the Campaign Reform Fund shall notify all opponents and the Commission by telephone and by confirming overnight delivery on the day such a candidate raises, spends, or has cash-on-hand in excess of the applicable opponent's threshold amount set forth in Section 85601(b)(2).

85603. Campaign Reform Fund Formula

(a) A candidate for elective state office who is eligible to receive payments from the Campaign Reform Fund shall receive payments on the basis of the following alternative formulae:

(1) For the first two hundred and fifty dollars (\$250) of a monetary contribution or contributions (other than a contribution from the candidate or his or her immediate family) from any single individual, a matching ratio of one dollar (\$1) from the Campaign Reform Fund for each dollar received.

(2) For the first two hundred and fifty dollars (\$250) of a monetary contribution or contributions (other than a contribution from the candidate or his or her immediate family) from any single individual who is domiciled in the

candidate's electoral district, a matching ratio of three dollars (\$3) from the Campaign Reform Fund for each dollar received.

(b) For purposes of this section, a loan, a pledge or a non-monetary payment shall not be considered a contribution.

(c) Only contributions received after the date specified in Section 85411(a) shall be eligible for matching payments from the Campaign Reform Fund pursuant to this section, and in no event shall any contribution deposited into an officeholder expense account pursuant to Section 85412 be eligible for such matching payments.

85604. Maximum Funds Available to Each Candidate

Except as provided in Sections 85506(a) and 85507(a), no candidate shall receive payments from the Campaign Reform Fund totaling more than one-half of the applicable expenditure limitation specified in Article 5 of this chapter (commencing with Section 85500) for his or her election.

85605. Maximum Funds Available to All Candidates

(a) At the close of the period for filing Declarations of Candidacy pursuant to Section 6490 of the Elections Code for the statewide primary election held in each even-numbered year, the Commission, in consultation with the Controller, shall determine the total amount of money residing in the Campaign Reform Fund as of that date. No more than one-half (1/2) of the total amount of money residing in the Fund as of that date shall be made available for disbursement to qualifying candidates in the ensuing primary election.

(b) For primary elections held in each even-numbered year that is not evenly divisible by the whole number four, no more than three-fifths (3/5) of the money that has been made available for the primary election pursuant to subsection (a) shall be available for disbursement to qualifying statewide candidates or candidates for the State Board of Equalization.

(c) The Controller shall disburse money from the Campaign Reform Fund to qualifying candidates on a first-come, first-served basis, as determined by the Commission. In no event, however, shall the Controller disburse any more money to qualifying candidates in the primary election than the amounts determined to be available pursuant to subdivisions (a) and (b) of this section. No payments of public matching funds to qualifying candidates shall be made from any source other than the Campaign Reform Fund.

(d) Commencing one week after the date specified in subdivision (a), and continuing until the date of the ensuing statewide general election, the Commission, in consultation with the Controller, shall issue bi-weekly reports on the financial status of the Campaign Reform Fund. Such reports shall include an accounting of how much money remains available in the Fund for distribution to qualifying candidates, how many candidates have declared their intention to accept financing and have qualified for financing from the Fund, the comparable data regarding eligible candidates and available funds at similar stages of prior elections, and any other information that would assist candidates in estimating whether sufficient funds are likely to be available in the Campaign Reform Fund to satisfy the full entitlements of qualifying candidates. The Controller shall provide the Commission with any information necessary for the Commission to fulfill its responsibilities under this section.

85606. Candidate Request for Payment

The Commission shall determine the information to be submitted by a candidate in order to qualify for payment from the Campaign Reform Fund. A candidate may not request less than ten thousand dollars (\$10,000) in payments at any one time from the Campaign Reform Fund, provided, however, that in the 30 days preceding an election, a candidate may not request less than two thousand five hundred dollars (\$2,500) in such payments.

85607. Timing of Payments to Candidates

The Controller shall make payments from the Campaign Reform Fund in the amount certified by the Commission. Payments shall be made no later than 10 business days after receipt of the request from the candidate, provided, however, that in the last 30 days preceding an election, payments shall be made no later than 5 business days after receipt of the request.

Article 7

INDEPENDENT EXPENDITURES

85700. Identification of Sponsor of Independent Expenditures

(a) Any person who makes independent expenditures exceeding five hundred dollars (\$500) for any mass mailing, printed material, outdoor advertising, radio or television broadcast, or any other form of political advertisement which supports or opposes any candidate for elective office shall include in such communication a notice identifying the true name of the person or persons paying for the communication and stating that the communication has not been authorized by any candidate or approved by any election official.

(b) The Commission shall promulgate regulations to implement the requirements of subsection (a) for each medium of communication. The Commission's regulations shall ensure that the notice required by this section is prominently displayed or broadcast so as to be clearly legible, audible, or visible by its intended audience, and that sufficient identifying information is included to permit the audience to ascertain the true source of payment for the communication. In the case of a television broadcast, the Commission's regulations shall ensure that the notice required by this section shall be both visible and audible.

85701. Contribution Limitations

No person, political committee, or small-contributor political action committee which makes independent expenditures supporting or opposing a candidate for elective office shall accept any contribution in excess of the amounts set forth in Sections 85401(b), 85402(b) and 85403(b).

85702. Limitations on Persons Who Make Independent Expenditures and Contributions to Candidates

(a) Any person, political committee, or small-contributor political action committee which makes a contribution of five hundred dollars (\$500) or more to a candidate for elective office shall be considered to be acting in concert with that candidate and shall not make independent expenditures and contributions which in combination exceed the amounts set forth in Sections 85401 through 85403 in support of that candidate or in opposition to that candidate's opponent or opponents.

(b) No committee which makes independent expenditures supporting or opposing a candidate for elective office shall have as officers individuals who serve as officers on any other committee which makes contributions supporting or opposing the same candidate. No such committee shall act in concert with, or solicit or make contributions on behalf of, any other committee which supports or opposes the same candidate. This subsection shall not apply to treasurers of committees if these treasurers do not participate in or control in any way a decision on which candidate or candidates receive contributions.

85703. Reproduction of Materials

Any person who, for the purpose of supporting or opposing candidates for elective office, reproduces, broadcasts or distributes any material which is drafted, printed, prepared or previously broadcast by a candidate or a committee controlled by such a candidate shall report such an expenditure as a non-monetary contribution to such candidate or committee.

85704. Notice of Independent Expenditures

Any person, political committee, or small-contributor political action committee which makes independent expenditures totaling more than twenty-five thousand dollars (\$25,000) in support of or in opposition to any candidate for state elective office shall notify the Commission and all candidates in that election by telephone and confirming letter by overnight delivery 1) when the first twenty-five thousand dollars (\$25,000) is expended, 2) when any of the applicable threshold amounts set forth in Sections 85506(b) and (c) and 85507(b) and (c) is exceeded, and 3) each time thereafter that a cumulative additional ten thousand dollars (\$10,000) is expended.

Article 9

AGENCY RESPONSIBILITIES

§5900. Duties of the Fair Political Practices Commission

The Fair Political Practices Commission, in addition to its responsibilities set forth in Sections 83100 et seq. and elsewhere in this chapter, shall also:

(a) Commencing on January 1, 1994, adjust the expenditure limitations, contribution limitations, and public financing provisions (excluding the state income tax check-off amount) in January of every even-numbered year to reflect any increase or decrease since January 1, 1991, in the state appropriation limitation in the manner specified in Sections 1 and 8 of Article XIIIB of the state Constitution. Such adjustments shall be rounded off to the nearest hundred for the limitations on contributions, the nearest five thousand for the limitations on expenditures and public financing qualification and limitations provisions, and nearest fifty dollars for the Campaign Reform Fund matching limit.

(b) Prescribe the necessary forms for implementing the requirements of this chapter, including any additions to or modification of the contents of campaign statements as specified in Section 84211 that will assist the Commission and the public in monitoring compliance with the requirements of this chapter.

(c) Prescribe and implement procedures for verifying requests for payment from the Campaign Reform Fund.

(d) In coordination with other governmental agencies and private nonprofit organizations, publicize the availability of the voluntary tax check-off under Revenue and Taxation Code Section 18775 through the use of public service announcements (PSAs), notifications to tax preparers, and other means designed to increase taxpayers' awareness of their ability to designate funds for deposit into the Campaign Reform Fund.

(e) Prepare and release studies on the impact of this title. These studies shall include recommendations for legislative action which would further the purposes of this title.

85901. Duties of the Franchise Tax Board

The Franchise Tax Board shall audit candidates who received payments from the Campaign Reform Fund in accordance with the procedures set forth in Sections 90000 et seq.

SECTION 28. Section 82024 of the Government Code is amended to read:

82024. Elective State Office

"Elective state office" means the office of Governor, Lieutenant Governor, Attorney General, Controller, Secretary of State, Treasurer, Superintendent of Public Instruction, Insurance Commissioner, member of the Legislature and member of the State Board of Equalization.

SECTION 29. Section 82053 of the Government Code is amended to read:

82053. Statewide Elective Office

"Statewide elective office" means the office of Governor, Lieutenant Governor, Attorney General, Controller, Secretary of State, Treasurer, ~~and~~ Superintendent of Public Instruction and Insurance Commissioner.

SECTION 30. Chapter 18.6 (commencing with Section 18775) is added to Part 10 of Division 2 of the Revenue and Taxation Code, to read:

CHAPTER 18.6

CAMPAIGN REFORM FUND DESIGNATION

18775. Tax Checkoff

(a) The Campaign Reform Fund is hereby created. Every individual whose income tax liability for any taxable year is five dollars (\$5) or more may designate five dollars (\$5) of that tax liability to be deposited into the Campaign Reform Fund. In the case of a joint return of husband and wife having an income tax liability of ten dollars (\$10) or more, each spouse may designate that five dollars (\$5) of that tax liability shall be paid to the Fund. Taxpayer designations of funds shall not increase that taxpayer's tax liability. In the event that payments and credits reported on the

return, together with any other credits associated with the taxpayer's account, do not at least equal the taxpayer's liability, returns shall be treated as though no designation has been made. Notwithstanding Government Code Section 16305.7, interest earned on all assets and funds constituting a part of the Campaign Reform Fund shall be credited to the Fund as received.

(b) Money in the Campaign Reform Fund shall be available for distribution in accordance with the provisions of Chapter 5 of Title 9, commencing with Section 55100 of the Government Code. All funds transferred into the Campaign Reform Fund pursuant to this section and Section 18776 are hereby continuously appropriated without regard to fiscal years for distribution in accordance with the purposes set forth in this chapter and in Chapter 5 of Title 9 of the Government Code.

(c) The Franchise Tax Board shall place on the top third of the first page of all personal tax returns required to be filed on or after January 1, 1991, the following language:

CAMPAIGN
REFORM
FUND

Do you want \$5 of the taxes you are already paying
to go to this Fund? [] YES [] NO

If joint return, does your spouse want \$5 to go to this Fund?
[] YES [] NO

NOTE: Checking "YES" will not increase the taxes you pay or reduce your
refund.

(d) The Franchise Tax Board shall notify the Controller of the amount of money designated pursuant to this section to be transferred to the Campaign Reform Fund as the income tax returns are received by the Franchise Tax Board from the taxpayers. The Controller shall then transfer from the Personal Income Tax Fund to the Campaign Reform Fund an amount equal to the sum of the amounts designated by individuals pursuant to this section.

18776. Appropriation to Campaign Reform Fund

Commencing July 1, 1991, and every July 1 thereafter, there is hereby appropriated from the General Fund the sum of \$5,000,000, adjusted annually in the same manner as the state appropriation limitation is adjusted under Sections 1 and 5 of Article XIII B of the state Constitution, for deposit into the Campaign Reform Fund, an amount which represents the estimated annual savings from repeal of the credit

claimed and allowed taxpayers under former Section 17053.14 of the Revenue and Taxation Code.

18777. Adjustment of Campaign Reform Fund Revenues

(a) On January 1, 1995, and on January 1 of every fourth year thereafter, the Commission shall determine, on the basis of an analysis of historical data and projections of future demands, whether there are likely to be sufficient funds available in the Campaign Reform Fund to provide matching funds pursuant to Article 6 (commencing with Section 85600) of Chapter 5 of the Government Code to satisfy the full entitlements of all qualifying candidates for state elective office in the next statewide general election.

(b) If the Commission determines that the available funds are likely to be inadequate to fulfill the purposes of Chapter 5 (commencing with Section 85100) of the Government Code, it shall direct that the maximum amount of tax liability which may be designated by taxpayers on their income tax returns for deposit into the Campaign Reform Fund pursuant to Section 18775 be increased by no more than one dollar (\$1) beginning with the tax year for the odd-numbered year following the year of the most recent statewide general election. In no event, however, shall the maximum tax liability which may be designated for deposit into the Fund under Section 18775 exceed ten dollars (\$10) per taxpayer.

(c) If the Commission determines that the available funds are likely to be more than adequate to satisfy the full entitlements of all qualifying candidates for state elective office in the next statewide general election, it shall direct that the maximum amount of tax liability which may be designated by taxpayers on their income tax returns for deposit into the Campaign Reform Fund pursuant to Section 18775 be decreased by no more than one dollar (\$1) beginning with the tax year for the odd-numbered year following the year of the most recent statewide general election. In no event, however, shall the maximum tax liability which may be designated for deposit into the Fund under Section 18775 be less than one dollar (\$1) per taxpayer.

SECTION 31. Section 17053.14 of the Revenue and Taxation Code is repealed.

SECTION 32. Section 83122.5 is added to the Government Code, to read:

83122.5. Appropriation to Fair Political Practices Commission

Commencing January 1, 1991, there is hereby appropriated from the General Fund to the Fair Political Practices Commission an amount equal to the sum of the appropriation to the Commission in fiscal year 1989-90 for the implementation, administration, and enforcement of Propositions 68 and 73 plus seven hundred and fifty thousand dollars (\$750,000), adjusted for cost of living changes, during each fiscal year, for expenditures to support the operations of the Commission to carry out its implementation and enforcement responsibilities pursuant to the Campaign Finance Reform Act of 1990. The expenditure of funds under this appropriation shall be subject to the normal administrative review given to other state appropriations. The Legislature shall appropriate additional amounts to the Commission and other agencies as may be necessary to carry out the provisions of this title.

SECTION 33. Section 91000 of the Government Code is amended to read:

91000. Violations: Criminal

(a) Any knowing or willful violation of Chapter 5 of this title commencing with Section 85100 is a public offense punishable by imprisonment in a state prison or in a county jail for a period not exceeding one year.

(b) Any knowing or willful violation of any other section of this title is a misdemeanor.

(c) In addition to other penalties provided by law, a fine of up to the greater of ten thousand dollars (\$10,000) or three times the amount the person failed to report properly or unlawfully contributed, expended, gave or received may be imposed upon conviction of each violation.

(d) Prosecution for violation of this title must be commenced within four years after the date on which the violation occurred.

SECTION 34. Section 91005 of the Government Code is amended to read:

91005. Civil Liability for Violations

(a) Any person who makes or receives a contribution, payment, gift or expenditure in violation of Section 84300, 84304, ~~85205, 85206, 85207, 85209, 85303, 85400-85412, 85500-85505, 85510, 85600-85601, 85603, 85605, 85700-85704, 86202, 86203~~

or 86204, or Article 8 (commencing with Section 85800) of Chapter 5 is liable in a civil action brought by the civil prosecutor or by a person residing within the jurisdiction for an amount up to one thousand dollars (\$1,000) or three times the amount of the unlawful contribution, gift or expenditure, whichever is greater.

(b) Any designated employee or public official specified in Section 87200, ~~other than an elected state officer,~~ who realizes an economic benefit as a result of a violation of Section 87100 or of a disqualification provision of a Conflict of Interest Code is liable in a civil action brought by the civil prosecutor or by a person residing within the jurisdiction for an amount up to three times the value of the benefit.

SECTION 35. Section 83116 of the Government Code is amended to read:

83116. Violation of Title

When the Commission determines there is probable cause for believing this title has been violated, it may hold a hearing to determine if such a violation has occurred. Notice shall be given and the hearing conducted in accordance with the Administrative Procedure Act (Government Code, Title 2, Division 3, Part 1, Chapter 5, Sections 11500 et seq.). The Commission shall have all the powers granted by that chapter. When the Commission determines on the basis of the hearing that a violation has occurred, it shall issue an order which may require the violator to:

(a) Cease and desist violation of this title;

(b) File any reports, statements or other documents or information required by this title; and

(c) Pay a monetary penalty of up to ~~one~~ five thousand dollars ~~(\$2,000)~~ (\$5,000) for each violation to the General Fund of the state Campaign Reform Fund established pursuant to Chapter 18.6 (commencing with Section 18775) of Part 10 of Division 2 of the Revenue and Taxation Code.

When the Commission determines that no violation has occurred, it shall publish a declaration so stating.