

Date of Hearing: April 10, 2019

ASSEMBLY COMMITTEE ON ELECTIONS AND REDISTRICTING

Marc Berman, Chair

AB 1574 (Mullin) – As Introduced February 22, 2019

SUBJECT: Political Reform Act of 1974: lobbying expenditures: reporting.

SUMMARY: Requires lobbying disclosure reports to be filed monthly, rather than quarterly. Specifically, **this bill:**

- 1) Requires periodic lobbying disclosure reports to be filed within 14 days after the end of each calendar month, instead of by the end of the month following each calendar quarter.
- 2) Reduces, from two weeks to seven days, the amount of time after the end of a reporting period for lobbying disclosure reports that a lobbyist has to provide the original of their lobbying disclosure report to their employer or firm.
- 3) Makes conforming changes.

EXISTING LAW:

- 1) Creates the Fair Political Practices Commission (FPPC), and makes it responsible for the impartial, effective administration and implementation of the Political Reform Act (PRA).
- 2) Requires each lobbyist, as defined, to complete and verify a periodic report which contains a report of all activity expenses, as defined, and a report of all contributions of \$100 or more made or delivered by the lobbyist to an elected state officer or state candidate, during the reporting period. Requires the lobbyist to provide an original of this periodic report to their lobbyist employer or lobbying firm within seven days following the end of each calendar quarter.
- 3) Requires lobbying firms, lobbyist employers, and persons making certain payments to influence legislative or administrative action to file periodic statements disclosing, among other things, payments made and received for lobbying services, a description of the items lobbied, information about contributions of \$100 or more made to elected state officers and candidates, and information about activity expenses of the filer. Requires these lobbying disclosure reports to be filed during the month following each calendar quarter, as specified.

FISCAL EFFECT: Unknown

COMMENTS:

- 1) **Purpose of the Bill:** According to the author:

Each year the Legislature has seen consistent increase in spending towards lobbying efforts in the State of California. Lobbying entities are required to report expenditures to the Secretary of State on a quarterly basis, however this creates a significant lag in the time that this information becomes available for public review.

Monthly reporting will increase public access to lobbying expenditure disclosures, allowing those who wish to view this information to do so in a timely manner. As established by the Political Reform Act, the public has a right to know who is attempting to influence legislative outcomes. It is essential that the public has access to this information while it is still relevant rather than months after the fact. AB 1574 will increase transparency surrounding lobbying expenditure disclosures with more timely reports.

- 2) **Lobbying Disclosure Reports:** Since its enactment in 1974, the PRA has required periodic reports to be filed disclosing payments made in connection with efforts to influence legislative or administrative action, as defined. In addition to disclosing the amounts of payments made for lobbying efforts, these periodic lobbying disclosure reports also are required to include information about the legislative and administrative actions that were lobbied during the period covered by the report.

When the PRA was first enacted, it required lobbying disclosure reports to be filed monthly when the Legislature was in session, and quarterly at other times of year. SB 810 (Campbell), Chapter 592, Statutes of 1979, instead provided for all lobbying disclosure reports to be filed on a quarterly basis, among other provisions. According to legislative history documents, SB 810 was sponsored by the FPPC in an effort to “simplify and reduce the burden of reporting requirements on lobbyists.”

- 3) **Cal-Access Replacement Project and Suggested Amendment:** In 1997, the Legislature passed and Governor Pete Wilson signed SB 49 (Karnette), Chapter 866, Statutes of 1997, which required the Secretary of State (SOS), in consultation with the FPPC, to develop and implement, by the year 2000, an online filing and disclosure system for reports and statements required to be filed under the PRA, as specified. As a result, the SOS created and deployed a system called the California Automated Lobby Activity and Campaign Contribution and Expenditure Search System, commonly referred to as Cal-Access. Cal-Access is now over 19 years old, and the SOS reports that their vendor no longer supports components of the system. As a result the system has periodically crashed and denied public access.

Given the limitations of the existing Cal-Access system, the Legislature has taken steps to replace that system. Most notably, SB 1349 (Hertzberg), Chapter 845, Statutes of 2016, requires the SOS, in consultation with the FPPC, to develop and certify for public use a new online filing and disclosure system for statements and reports that provide public disclosure of campaign finance and lobbying information in a user-friendly, easily understandable format, as specified. The new system is intended to be data driven, rather than form-based, and is intended to permit future compatibility with local campaign finance data. SB 1349 provided for the new filing and disclosure system to be made available by February 1, 2019, but also allowed the SOS to extend that date to as late as December 31, 2019, after consulting with this committee and the Senate Committee on Elections and Constitutional Amendments, and providing a report to the committees that explains the need for the extension and includes a plan for completion.

On June 21, 2018, Secretary of State Alex Padilla submitted a letter and report to this committee indicating that his office had made a determination that it is in the best interests of the Cal-Access replacement system project to extend the implementation date for that project

to December 31, 2019, as permitted by SB 1349. According to the report, the project team believed that a February 1, 2019 implementation date would leave insufficient time for thorough testing of the new system, while limiting the ability to have stakeholder involvement in the implementation of the new system.

Given that the Cal-Access replacement system is scheduled to be deployed at the end of this year, the author and the committee may wish to consider whether it is desirable to substantially increase the frequency with which lobbying disclosure reports are required to be filed around the same time that the new system is being deployed, and as entities with obligations to file reports using that system become familiar with the new system.

Accordingly, the author and the committee may wish to consider an amendment to delay the implementation of this bill until January 1, 2021.

- 4) **Political Reform Act of 1974:** California voters passed an initiative, Proposition 9, in 1974 that created the FPPC and codified significant restrictions and prohibitions on candidates, officeholders and lobbyists. That initiative is commonly known as the PRA. Amendments to the PRA that are not submitted to the voters, such as those contained in this bill, must further the purposes of the initiative and require a two-thirds vote of both houses of the Legislature.

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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