

Date of Hearing: July 12, 2017

ASSEMBLY COMMITTEE ON ELECTIONS AND REDISTRICTING

Marc Berman, Chair

SB 651 (Allen) – As Amended July 5, 2017

SENATE VOTE: 28-9

SUBJECT: Initiative, referendum, and recall petitions: disclosures.

SUMMARY: Requires state and local initiative, referendum, and recall petitions that are paid for by campaign committees, as specified, to include a statement identifying the three largest contributors of \$50,000 or more to the committee paying for the petition. Specifically, **this bill:**

- 1) Defines “paid circulator,” for the purpose of circulating an initiative, referendum, or recall petition, as a person who is compensated in any manner for collecting petition signatures to qualify a state or local initiative, referendum, or recall measure.
- 2) Requires that a state or local initiative, referendum, or recall petition that requires voter signatures and is paid for by a committee, as specified, to include a disclosure statement that identifies the name of the committee, any top contributors, as defined, and the date the top contributors to the committee were calculated.
- 3) Specifies the manner the disclosure statement is displayed including the color, background, and font size and type, as well as the specific content language of the disclosure.
- 4) Requires the disclosure statement to be updated within 14 days of any change in the identities of three largest cumulative contributors, unless the change is only a change in the order of the top contributors.
- 5) Requires a committee that employs paid circulators to ensure that their paid circulators use petitions with updated disclosures within 21 days of a change in the three largest cumulative contributors, and requires the committee to submit the disclosure statement and any updates to that statement to the Secretary of State, who is required to post that statement on his or her Internet Web site.
- 6) Defines “cumulative contributions,” for the purposes of this bill, as the cumulative amount of contributions received by a committee beginning 12 months prior to the date the committee made its first expenditure to qualify or support the measure. Requires cumulative contributions totaling more than \$50,000 to be rounded to the nearest \$10,000.
- 7) Defines "top contributors," for the purposes of this bill, as the persons from whom the committee paying for the petition has received its three highest cumulative contributions of \$50,000 or more. Requires any ties in the amounts given by two or more contributors to be decided by chronological order, starting with the first contributions.
- 8) Provides that this bill shall not be construed to require a local elections official to verify the accuracy of the required information or to reapprove the petition upon the required update.

- 9) Provides that signatures collected on a petition are not invalid solely because the information required by this bill was absent or inaccurate.

EXISTING LAW:

- 1) Requires every state or local initiative petition to contain a notice alerting voters that the petition may be circulated by a paid signature gatherer or a volunteer, and that voters have the right to ask if a petition circulator is paid or is a volunteer.
- 2) Requires political committees, as defined, to periodically report contributions received and expenditures made to support or oppose the qualification or passage of an initiative, referendum, or recall measure.
- 3) Requires an advertisement for or against a ballot measure to include a disclosure statement identifying any person whose cumulative contributions are \$50,000 or more, as specified.
- 4) Requires a committee that supports or opposes one or more ballot measures to name itself using a name or phrase that identifies the economic or other special interest of its major donors of \$50,000 or more; provides that if the major donors of \$50,000 or more share a common employer, the identity of the employer must also be disclosed.

FISCAL EFFECT: Unknown

COMMENTS:

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

SB 651 is an overwhelmingly popular, commonsense improvement to California's current campaign disclosure laws. The bill helps voters make informed decisions by requiring that the names of the top three funders of ballot measure campaigns appear directly on petitions circulated by signature gatherers...

While committees supporting or opposing ballot measures must file periodic campaign finance reports, voters who sign petitions do not have easy access to this information when approached by a petition circulator. In fact, circulators are not required to know or disclose this information, even when asked...

SB 651 requires an initiative, referendum, or recall petition circulated by a paid circulator to include a disclosure statement at the top of the petition listing the top three donors to the committee funding the signature gathering. If an identity of the three largest funders to the committee change during the time a petition is circulated, the committee is required to update the list of donors on the petition within 14 days...

- 2) **Existing Disclosure Requirements:** As noted above, existing law requires campaign committees to file periodic reports disclosing contributions received and expenditures made to support or oppose the qualification or passage of an initiative, referendum, or recall measure. In most cases, those campaign disclosure reports will be available online if the measure is a state measure. To the extent that having more information about the financial supporters of a measure is an important consideration for a voter when deciding whether to

sign a petition to place that measure on the ballot, the voter typically will be able to get that information from campaign reports.

On the other hand, existing law also recognizes an interest in providing voters with information about the contributors to a measure at the time voters are asked to support or oppose that measure. Section 84503 of the California Government Code states “Any advertisement for or against any ballot measure shall include a disclosure statement identifying any person whose cumulative contributions are fifty thousand dollars (\$50,000) or more.” Additionally, existing law requires a committee that is supporting or opposing one or more ballot measures to name and identify itself using a name that identifies the economic or other special interest of its major donors of \$50,000 or more.

- 3) **Speaker’s Commission on the California Initiative Process:** In 2000, then-Assembly Speaker Robert M. Hertzberg created a Commission on the California Initiative Process (Commission). The goal of the Commission was to examine the initiative process and recommend changes to make the process more responsive to voter concerns. In its final report, the Commission states that when deciding whether or not to sign an initiative petition, voters should have information available about an initiative’s sponsors to fully inform their decision. The Commission made the following recommendations:
 - a) All petitions to qualify a statewide initiative for the ballot shall be accompanied by a written campaign financial disclosure, which may be printed on, attached or bound to the petition. It need not be contiguous. Potential signers would be informed either orally or in writing that financial disclosure information concerning the initiative can be obtained on the Secretary of State’s website.
 - b) All mass mailings sent by committees urging voters to sign petitions to qualify a statewide initiative must disclose the top five contributors to the committee and the cumulative amount of each one’s contributions, as of the committee’s most recent campaign report.
 - c) Any committee employee or contractor who circulates a petition to qualify a statewide initiative must make available to potential signers the names and cumulative amounts of the top five contributors to the committee as of the committee’s most recent campaign report. This information shall also be made available through the proponent’s web site. Information on the location of the web site shall be made available to the potential signer. Committees must request volunteer petition circulators to provide the same information.
- 4) **Voter Support for Public Disclosure:** In a 2013 report titled “Reforming California’s Initiative Process”, the Public Policy Institute of California (PPIC) found eight in 10 adults (78%) and likely voters (84%) favor increasing public disclosure of funding sources for signature gathering and initiative campaigns. This support is across the political spectrum with 81 percent of Democrats, 80 percent of Republicans, and 85 percent of independents supporting increased disclosure.
- 5) **Prior Legislation:** AB 400 (Fong) of 2014, which was vetoed by the Governor, would have required an initiative, referendum, or recall petition that is circulated by a paid circulator to include a statement identifying the five largest contributors of \$10,000 or more in support of the measure. In his veto message, Governor Brown said “It is not practical to include

contributor information on petitions as signatures are being gathered. The brief time allotted to collect hundreds of thousands of signatures does not provide flexibility for a proponent to reprint petitions each time there is a change in the top five contributors.” He further noted that voters can inspect the top 10 contributors on the Fair Political Practices Commission's website.

SB 469 (Bowen) of 2005 would have required an initiative, referendum, or recall petition to include a statement identifying the five largest contributors in support of the measure, among other provisions. SB 469 was vetoed by the Governor. In his veto message, Governor Schwarzenegger said “This bill attacks the initiative process and makes it more difficult for the people of California to gather signatures and qualify measures for the ballot. While difficulty of the process may be a good thing for big-money special interests and for political consultants who stand to gain financially, it is not for everyday Californians with an idea for reform.”

AB 1500 (Hertzberg) of 2002 would have required any person who circulates an initiative petition for signatures to make available to potential signers the names of the top five contributors to the committee and the cumulative amount contributed by each as disclosed on the committee’s most recent campaign report, among other provisions. AB 1500 died on the Senate Inactive File.

REGISTERED SUPPORT / OPPOSITION:

Support

California Clean Money Campaign (sponsor)
California Church IMPACT
California League of Conservation Voters
California Public Interest Research Group (CALPIRG)
CounterPAC
Educate, Advocate (prior version)
Endangered Habitats League
GMO Free California
Lutheran Office of Public Policy
Maplight
Money Out Voters In
People Demanding Action
People for the American Way
Voices For Progress Education Fund

Opposition

None on file.

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