
**SENATE COMMITTEE ON
ELECTIONS AND CONSTITUTIONAL AMENDMENTS**
Senator Thomas Umberg, Chair
2019 - 2020 Regular

Bill No:	SB 423	Hearing Date:	4/23/19
Author:	Umberg		
Version:	4/9/19		
Urgency:	No	Fiscal:	Yes
Consultant:	Scott Matsumoto		

Subject: Political Reform Act of 1974: committee accounts

DIGEST

This bill requires all campaign committees, not just candidate-controlled committees, that receive contributions totaling \$2,000 or more in a calendar year to establish a single campaign contribution account at a financial institution in California. This bill also ensures that bank account numbers on a committee's Statement of Organization form are kept confidential.

ANALYSIS

Existing Law:

- 1) Provides for the comprehensive regulation of campaign financing, including requiring the reporting of campaign contributions and expenditures and imposing other reporting and recordkeeping requirements on campaign committees.
- 2) Creates the Fair Political Practices Commission (FPPC), and makes it responsible for the impartial, effective administration and implementation of the Political Reform Act of 1974 (PRA).
- 3) Defines "committee" to mean any person or combination of person who directly or indirectly does any of the following:
 - a) Receives contributions totaling \$2,000 or more in a calendar year.
 - b) Makes independent expenditures total \$1,000 or more in a calendar year to or at the behest of candidates or committees.
 - c) Makes contributions totaling ten thousand dollars (\$10,000) or more in a calendar year to or at the behest of candidates or committees.
- 4) Requires candidate-controlled committees to establish one campaign contribution account at an office of a financial institution located in the state and generally requires all candidate contributions to be made to the account and all candidate expenditures to be made from the account.

- 5) Requires a committee that receives contributions totaling \$2,000 or more in a calendar year to file a statement of organization.
- 6) Requires the original of the statement of organization be filed online or electronically with the Secretary of State (SOS) and a copy of the statement of organization with the local filing officer, if any, within 10 days after the committee has qualified as a committee, as specified.
- 7) Requires a statement of organization to include, among other things, the name and address of the financial institution in which the committee has established an account and the account number.
- 8) Requires the SOS to make specified data available online. Requires the data made available online not contain the street name or building number of the individuals or entity representatives listed on the electronically filed forms or any bank account number required to be disclosed, as specified.
- 9) Requires a local filing officer at a local government agency to make specified data available online. Prohibits, if required to electronically file, the local filing officer from making specified data available online from containing the street name and building number of the persons or entity representatives listed or any bank account number required to be disclosed by the flier. Requires the local filing officer to make a complete, unredacted copy of any statement, report, or other document available to any person upon request.

This bill:

- 1) Requires non-candidate committees that receive contributions totaling \$2,000 or more in a calendar year (i.e. "recipient" committees) to establish one campaign contribution account at an office of a financial institution located in the state.
Specifically:
 - a) Requires the committee to establish one campaign contribution account for the committee at an office of a financial institution located in the state within 10 days of qualifying as a committee, as specified.
 - b) Requires all contributions or loans made to the committee or to a person on behalf of the committee be deposited to this account.
 - c) Requires all campaign expenditures by the committee be made from this account.
 - d) Reiterates the requirements that a committee disclose the name and address of the financial institution when the campaign contribution account is established and the account number when submitting the committee's statement of organization.
- 2) Requires the SOS to redact the bank account number on a statement of organization filed with the SOS before making the statement available to the public in any form, as specified.

- 3) Permits a committee, when filing a copy of the statement of organization form with a local filing officer, to redact the bank account number. Requires a local filing officer from requiring a committee to disclose the bank account number on a statement organization before accepting the filing, unless otherwise permitted by FPPC regulation.
- 4) Makes findings and declarations.
- 5) Makes technical and nonsubstantive changes.

BACKGROUND

One Bank Account Rule. In 1988, California voters approved Proposition 73, a measure on campaign funding, contribution limits, and the prohibition of public funding of campaigns. Among the provisions included in Proposition 73, it required a candidate committee to establish one campaign contribution account at an office of a financial institution located in the state. Proposition 73 also required that all the contributions must be deposited in, and expenditures must be made from, this account.

Additionally, according to the one of the FPPC's campaign and lobbying manuals, a candidate-controlled committee must establish a separate bank account and committee for each election. The account and committee may be used for both the primary and general elections (or special elections) and must be established at an office of a financial institution located in the state. While there are exceptions, generally, campaign contributions may not be commingled with any individual's personal funds. Candidates must also first deposit personal funds to be used for the campaign in the campaign bank account before making campaign expenditures, even if the candidate does not expect to be reimbursed.

The FPPC also recommends that a primarily formed committee, a committee formed to support or oppose a single state candidate that is not controlled by the candidate being supported, maintain a separate campaign bank account. Even though primarily formed committees are not required to have a separate account, committees may not commingle campaign contributions with any individual's personal funds. SB 423 would expand this recommended practice would be a requirement to all non-candidate committees and includes primarily formed committees.

On the federal level, the Federal Election Commission (FEC) requires all non-connected PACs (non-candidate controlled committees) to register an official committee depository. Non-connected political action committees, or PACs, have two options: a) set up one federal account to support both federal and nonfederal candidates and report all activity to the FEC or b) set up two accounts – one for federal elections and another for state and local elections.

Bank Account Numbers. When a committee files a statement of organization form (Form 410), one of the required fields is a bank account number. The original Form 410 is submitted to the SOS and a copy is submitted to a local filing officer. When making these forms available online for the public, the SOS redacts the bank account number and other information as specified by existing law.

For forms submitted to a local government agency that requires online or electronic filings, the local filing officer redacts the bank account number before making the forms available for the general public. However, for a hard copy of the Form 410, the account numbers on the form is not redacted when requested by a member of the public.

COMMENTS

- 1) According to the author: Within the provisions of the PRA, candidate-controlled committees are required to establish one campaign contribution account at a financial institution in California. Contributions received by these committees are deposited into a designated account, and all expenditures made by the committee are drawn from the same designated account. However, since the single bank account rule only applies to candidate-controlled committees, it does not require all other committees that receive contributions ("recipient" committees) to have one campaign account in California. Other types of recipient committees include ballot measure committees, general purpose committees ("PACs"), independent expenditure committees, etc.

Additionally, when filing a committee's original statement of organization with the SOS, a bank account number associated with the committee is required. A copy of this form is also submitted to a local filing officer and becomes public when requested or published online even though the bank account number is for internal purposes.

SB 423 extends the single bank account rule to all recipient committees to establish one campaign contribution account at a financial institution in California within 10 days after qualifying as a recipient committee. This bill also permits a committee to redact the bank account number when filing a copy of the statement of organization to a local filing officer and requires the SOS to redact a committee's bank account number before making the statement of organization available to the public.

RELATED/PRIOR LEGISLATION

SB 2108 (Karnette), Chapter 319, Statutes of 2000, prohibited the SOS from disclosing bank account numbers listed on a statement of organization form from being made available online.

AB 2452 (Ammiano), Chapter 126, Statutes of 2012, among other provisions, permitted a local government agency requiring online or electronic filing to redact any bank account number required to be disclosed. This bill also required the filing officer to make an unredacted version of the campaign reports available upon request.

POSITIONS

Sponsor: Fair Political Practices Commission

Support: None received.

Oppose: None received.

-- END --