

ASSEMBLY THIRD READING

AB 1788 (Boerner)

As Amended May 18, 2026

2/3 vote

SUMMARY

Requires a nonprofit organization that pays for travel by an elected state or local official, and that is required to file a disclosure report with the Fair Political Practices Commission (FPPC) in connection with those payments, to disclose each payment for travel and the name of the person for whom the travel payment was made, and to maintain records related to those travel payments for five years.

Major Provisions

- 1) Requires the nonprofit organization's disclosure to the FPPC to include a listing of each expenditure for travel by an elected state or local official and the name of the person for whom the expenditure for travel was made.
- 2) Requires the nonprofit organization to maintain detailed accounts, records, bills, and receipts necessary to prepare the disclosures, and to retain those items for at least five years.

COMMENTS

The Political Reform Act (PRA) generally prohibits elected state and local officers, among others, from accepting gifts from a single source totaling more than \$630 in a calendar year. Certain travel-related payments, including those for lodging and subsistence, are considered gifts but are exempt from the \$630 limit if they are related to a legislative or governmental purpose, or to an issue of state, national, or international public policy, and they meet one of the following conditions:

- 1) The travel is in the United States, is connected to a speech given by the official, and any lodging and subsistence is limited to the day before, the day of, and the day after the travel.
- 2) The travel is provided by a government agency or authority, a bona fide educational institution, as specified, or a nonprofit organization under Section 501(c)(3) of the Internal Revenue Code (or a comparable foreign entity).

Although these payments are not subject to the \$630 gift limit, they must be publicly reported by the official, and the travel payments can create a conflict of interest for the official.

While nonprofit organizations are required to submit certain financial information to the Internal Revenue Service (IRS) and make it publicly available, they are generally not required to publicly disclose the identity of their donors.

In response to concerns about limited transparency regarding the funders of nonprofit organizations that sponsor travel and conferences for public officials—and concerns that those funders may use the travel and conferences as an opportunity to attempt to influence public officials—the Legislature enacted SB 21 (Hill), Chapter 757, Statutes of 2015, signed by Governor Brown. SB 21 requires certain nonprofit organizations that regularly organize and sponsor travel for elected officials to disclose donor information.

Specifically, the law applies to nonprofits that spend more than \$10,000 annually on travel for elected officials, or more than \$5,000 annually for a single official. These organizations must disclose the names of donors who contributed at least \$1,000 and accompanied an elected official on travel during the preceding year.

SB 21 defines a nonprofit as "regularly" organizing and hosting travel if more than one-third of its annual expenses—based on publicly available IRS filings—are devoted to travel, study tours, or conferences involving public officials. This one-third threshold was added during legislative negotiations to avoid imposing reporting requirements on large, broadly focused nonprofits for which such travel constitutes only a small portion of their activities.

In May 2023, the news organization *CalMatters* reported that, since the SB 21 reporting requirement took effect in 2016, nonprofits had filed only two reports under that law. In response, the FPPC directed its Audits and Assistance Division to examine entities that might be subject to these requirements.

The audit aimed to assess how the reporting requirements are functioning in practice. The FPPC conducted 10 discretionary audits of nonprofit organizations selected based on public officials' disclosures of travel gifts received from those organizations.

Of the 10 organizations reviewed, eight had not filed SB 21 reports, while two had filed reports for either 2021 or 2022. The audit determined that two of the organizations were not subject to SB 21, because they were organized differently than the types of nonprofits specifically identified in the bill. Of the remaining eight, six did not meet the one-third threshold during the periods reviewed.

An earlier version of this bill proposed to eliminate that one-third threshold, thereby requiring every nonprofit organization that spent more than \$10,000 annually on travel for elected officials or more than \$5,000 annually for a single official to comply with the disclosure requirements in SB 21. Although the *CalMatters* report and the FPPC audit raise valid concerns about whether SB 21 is achieving its intended transparency goals, eliminating the one-third threshold could extend reporting and recordkeeping requirements to organizations the Legislature originally sought to exclude.

In particular, two examples of organizations that were identified as the types of organizations that should be excluded from these reporting obligations when SB 21 was being considered are the National Conference of State Legislatures and the Council of State Governments. These nonpartisan, membership-based organizations support state policymakers and foster interstate collaboration, serving primarily as informational and resource hubs rather than advocacy groups.

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.

According to the Author

"Government transparency is important to maintain the public's trust. AB 1788 will ensure that expenditures for travel are reported in a clear and standard way. By adding this clarification to

the Political Reform Act, AB 1788 will ensure that when organizations pay for an elected officials' travel, that it is properly disclosed."

Arguments in Support

The sponsor of this bill, the FPPC, writes in support, "AB 1788 would increase transparency in regards to nonprofit organizations that pay for the travel of elected officials in cases where a donor accompanies the elected official during the travel. Specifically, it would eliminate an overly exclusive threshold that resulted in very little disclosure and would instead apply existing dollar-based reporting thresholds to nonprofit organizations that make qualifying travel expenditures for elected state or local officials, resulting in greater transparency about these payments and the parties involved."

Arguments in Opposition

None received.

FISCAL COMMENTS

According to the Assembly Appropriations Committee, costs of approximately \$150,000 to the FPPC for one additional staff position to provide training, assistance, and public outreach regarding the new disclosure requirements (General Fund). The FPPC may also need additional resources if this bill leads to an increase in related enforcement workload.

The Legislative Analyst's Office recently warned of General Fund structural deficits of around \$35 billion per year in the 2027-28 fiscal year and ongoing.

VOTES

ASM ELECTIONS: 8-0-0

YES: Pellerin, Gallagher, Addis, Berman, Elhawary, Johnson, Solache, Stefani

ASM APPROPRIATIONS: 11-0-4

YES: Wicks, Aguiar-Curry, Calderon, Caloza, Fong, Mark González, Krell, Pacheco, Pellerin, Sharp-Collins, Solache

ABS, ABST OR NV: Hoover, Dixon, Ta, Tangipa

UPDATED

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CONSULTANT: Ethan Jones / ELECTIONS / (916) 319-2094

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