

Date of Hearing: July 16, 2025

ASSEMBLY COMMITTEE ON APPROPRIATIONS

Buffy Wicks, Chair

SB 42 (Umberg) – As Amended June 25, 2025

Policy Committee: Elections

Vote: 5 - 2

Urgency: No

State Mandated Local Program: No

Reimbursable: No

SUMMARY:

This bill, if approved by the voters, allows the state or a local government entity to offer public campaign financing programs.

Specifically, this bill:

- 1) Revises the general prohibition against a public officer or candidate expending or accepting public funds for the purpose of seeking office, to instead prohibit the expenditure or acceptance of public money if such funds are earmarked by the state or local entity for education, transportation, or public safety.
- 2) Sets rules for a public financing program, including requiring a candidate to abide by voluntary spending limits and meet strict criteria set by statute, ordinance, or charter to qualify for public funds. The criteria must require a candidate to demonstrate broad-based support in the candidate's district, such as by requiring a candidate to receive small-dollar contributions or vouchers from a certain number of voting-age residents.
- 3) Provides that the Fair Political Practices Commission (FPPC) is not responsible for the administration or enforcement of a local public financing program, unless the FPPC enters into a written agreement with the local entity to do so.
- 4) Increases the amount of the fine that may be imposed on a person who violates the state's ban on campaign contributions or expenditures by specified foreign entities.
- 5) Requires the Secretary of State (SOS) to submit this bill's provisions to voters for approval at the November 3, 2026, statewide general election.

FISCAL EFFECT:

- 1) One-time costs of approximately \$1.1 million to the SOS for printing and mailing expenses associated with placing the measure on the ballot at the next statewide general election (General Fund (GF)). The SOS estimates this bill will require approximately nine pages be added to the November 3, 2026, General Election Voter Information Guide at an average cost of approximately \$123,000 per page. Actual costs for this bill will depend on the length of the title and summary, analysis by the Legislative Analyst's Office, proponent and opponent arguments, and text of the proposal for publication in the Voter Information Guide.

- 2) This bill requires the redirection of public funds, except those earmarked for education, transportation, or public safety, for public campaign financing, which is, in itself, a significant fiscal effect resulting in GF cost pressures.
- 3) Costs of approximately \$205,000 in the first year and \$198,000 annually thereafter to the FPPC for one additional attorney position to accommodate an increase in advice requests related to the implementation of public financing programs and how such programs would impact existing campaign finance reporting and rules (GF).

The FPPC also anticipates additional enforcement costs of an unknown amount. Although this bill provides that the FPPC is not responsible for the administration or enforcement of a local public financing program, it is possible that a local agency itself may be subject to FPPC enforcement for improperly administering its local program. In such instances, especially if the FPPC needed to audit the jurisdiction's financial records, enforcement costs may be significant.

COMMENTS:

- 1) **Purpose.** According to the author:

Currently, local jurisdictions such as counties, districts, and general law cities, do not have the option to set up [a] public fund for campaign financing, despite the policy's popularity among voters, as voters in several charter cities have overwhelmingly approved public campaign financing measures in recent years...In 2016, bipartisan supermajorities of the legislature passed, and Governor Jerry Brown signed, SB 1107 (Allen), which would have removed the ban and given local governments and the state this option. However, the courts ruled that the question must be put before the voters. SB [42] will restore control to local governments and the state by giving counties, districts, general law cities, and the state the same option that charter cities currently have to enact public financing campaigns. If passed, this measure will be placed on the November 2026 ballot for voter approval.

- 2) **Background. *Many Attempts at Public Financing.*** Because of the public funding ban contained in Proposition 73 (1988), the state and most local governments in California may not offer public financing programs for electoral campaigns. While the California Supreme Court ruled that the public financing ban does not apply to charter cities, a state appellate court has held that the public financing ban *does* apply to charter counties. As a result, while charter cities in California may enact public campaign financing programs, and at least six charter cities (Los Angeles, Long Beach, Oakland, Richmond, Sacramento, and San Francisco) have enacted such programs, general law cities, all counties, all districts, and the state government are covered by the current ban.

SB 1107 (Allen), Chapter 837, Statutes of 2016, authorized the creation of public financing programs by the state or local government entities. Because SB 1107 sought to amend a provision of Proposition 73, which amended and thus became part of the Political Reform Act (PRA), SB 1107 was subject to rules governing legislation seeking to amend the PRA – notably, findings and declarations the bill furthered the purposes of the PRA and approval by

a two-thirds vote of the Legislature. However, former-Senator Quentin Kopp (a proponent of Proposition 73) and the Howard Jarvis Taxpayers Association successfully challenged SB 1107 in court, alleging the measure did not further the purposes of the PRA, and therefore could not be enacted without voter approval. This bill repeals the invalidated provisions of SB 1107 and authorizes the state or a local government to offer public campaign financing programs, subject to certain rules and voter approval at the November 3, 2026, statewide general election.

Foreign Influence in Elections. Existing law prohibits foreign governments and foreign principals from making a direct or indirect contribution, expenditure, or independent expenditure in connection with a state or local candidate or ballot measure. A violation of this ban is enforceable under the processes generally available for a violation of the PRA, and also as a misdemeanor charge with a fine in the amount equal to the amount contributed or expended. This bill increases the maximum potential fine amount for such a violation to equal three times the amount contributed or expended.

- 3) **Support and Opposition.** This bill is sponsored by the California Clean Money Campaign, co-sponsored by California Common Cause and League of Women Voters of California, and supported by a large coalition of community and civil rights groups, which collectively argue public financing of campaigns increases “the power of small donors and ordinary voters to participate in campaigns and have their voices heard” and “reduces the barriers to entry for running for office which diversifies the candidate pool by helping qualified candidates from all walks of life represent their communities.”

This bill is opposed by the California Taxpayers Association, which argues this bill “raises several First Amendment issues by creating a scenario in which taxpayers would be forced to finance political speech they do not wish to support” and “government should prioritize prudent fiscal policies to make the most of the tax dollars received from hardworking Californians.”

- 4) **Related Legislation.** AB 953 (Pacheco) extends the ban on campaign contributions or expenditures by specified foreign entities to a “foreign national,” as defined. AB 953 is pending on the Senate Consent Calendar.
- 5) **Prior Legislation.** AB 270 (Lee) and SB 24 (Umberg), both of the 2023-24 Legislative Session, were substantially similar to this bill. AB 270 and SB 24 were held on the Senate Appropriations Committee’s and Assembly Appropriations Committee’s suspense file, respectively.

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