
UNFINISHED BUSINESS

Bill No: SB 42
Author: Umberg (D), Allen (D) and Cervantes (D), et al.
Amended: 9/3/25 in Assembly
Vote: 21

SENATE ELECTIONS & C.A. COMMITTEE: 4-1, 4/1/25
AYES: Cervantes, Allen, Limón, Umberg
NOES: Choi

SENATE APPROPRIATIONS COMMITTEE: 5-1, 5/23/25
AYES: Caballero, Cabaldon, Grayson, Richardson, Wahab
NOES: Seyarto
NO VOTE RECORDED: Dahle

SENATE FLOOR: 28-10, 6/2/25
AYES: Allen, Archuleta, Arreguín, Ashby, Becker, Blakespear, Cabaldon, Caballero, Cervantes, Cortese, Durazo, Gonzalez, Grayson, Laird, Limón, McGuire, McNerney, Menjivar, Padilla, Pérez, Richardson, Rubio, Smallwood-Cuevas, Stern, Umberg, Wahab, Weber Pierson, Wiener
NOES: Alvarado-Gil, Choi, Dahle, Grove, Jones, Niello, Ochoa Bogh, Seyarto, Strickland, Valladares
NO VOTE RECORDED: Hurtado, Reyes

ASSEMBLY FLOOR: 50-18, 9/12/25 – Roll call is not available

SUBJECT: Political Reform Act of 1974: public campaign financing: California Fair Elections Act of 2026

SOURCE: California Clean Money Campaign
California Common Cause
League of Women Voters of California

DIGEST: This bill puts before the voters a system for public funding of state and local election campaigns in California.

Assembly Amendments specify that the Fair Political Practices Commission (FPPC) shall not enforce the bill's provisions; declare methods for amending the bill's provisions after it is enacted; and resolve chaptering conflicts with AB 953 (Pacheco).

ANALYSIS:

Existing law:

- 1) Prohibits, via the Political Reform Act of 1974 (PRA), spending public moneys for campaign purposes.
- 2) Prohibits, via the PRA, foreign entities from making campaign contributions and campaigns from soliciting or accepting foreign contributions.
- 3) Allows two processes for amending the PRA, either by a majority vote of the people or by legislation passed by a two-thirds vote of each house of the Legislature, provided the amendments further the purposes of the PRA.

This bill:

- 1) Makes findings and declarations, including that:
 - a) The costs of political campaigns can force candidates to rely on large contributions from wealthy donors and special interests, which in turn can give those donors disproportionate influence over governmental decisions and thus undermine public trust.
 - b) The absolute prohibition on public campaign financing allows special interests to gain disproportionate influence and unfairly favors incumbents.
- 2) Defines "public funds" for campaigns as "moneys provided to a candidate by a state or local governmental entity for the purpose of seeking elective office."
- 3) Prohibits a public official or other candidate for office from expending public funds that a state or local entity has earmarked for education, transportation, or public safety for seeking elective office.
- 4) Requires candidates in order to qualify for public funds to abide by expenditure limits and meet strict criteria set by statute, ordinance, or charter to demonstrate broad-based support through a large number of small dollar contributions or a similar proxy.

- 5) Prohibits using public funds for legal defense fees or fines or to repay a personal loan made by a candidate to the campaign, including after a campaign's conclusion.
- 6) Prescribes that after enactment the legislature could, by statute, amend this bill's definitions, processes for increasing candidate expenditure limits, and FPPC enforcement responsibilities, but only a vote of the people could amend all other provisions of this bill.
- 7) Specifies that the FPPC shall not enforce a local agency's system of public funding of candidates.
- 8) Increases the fines, by up to three times, for violating the ban on foreign entities making campaign contributions.
- 9) Makes its provisions severable in the event any portion of this bill is successfully challenged in court.
- 10) Requires the Secretary of State (SOS) to submit the provisions of this bill to the voters for approval at the November 3, 2026 statewide general election.

Background

Proposition 9, which appeared on the June 1974 ballot, created the PRA and established California's campaign finance and disclosure laws for state and local campaigns, candidates, officeholders, and ballot measures.

In 1988, Proposition 73 amended the PRA in several ways, including prohibiting the use of public moneys for campaign purposes. Federal courts found much of Proposition 73 unconstitutional, but the prohibition on the use of public money for campaign purposes was one provision that did survive and remains in force today.

Several attempts over the past few decades have been made to allow public funding of campaigns in California. Most recently, SB 1107 (Allen, Chapter 837, Statutes of 2016) permitted a public officer or candidate to spend or accept public moneys to seek elective office, if the state or a local governmental entity established a dedicated fund for that purpose. The courts invalidated SB 1107 by ruling that the voters, not the Legislature, would need to make this change to the PRA.

While none of the statewide efforts to establish public campaign financing have succeeded, charter cities can have public funding of campaigns for city offices, and

five charter cities do. These five are Berkeley, Long Beach, Los Angeles, Oakland, and San Francisco.

Comments

- 1) *Author's statement.* Currently, local jurisdictions such as counties, districts, and general law cities, do not have the option to set up public funds 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. Unfortunately, other local governments do not have the option to enact these same policies. 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. The courts, however, ruled that the question must be put before the voters. This bill 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 of campaigns. If passed, this measure will be placed on the November 2026 ballot for voter approval.
- 2) *Other states.* According to the National Conference of State Legislatures, 14 states provide some form of public financing of campaigns. Several states, including Arizona, Connecticut, and Maine, have systems similar to the one contemplated by this bill. In those states candidates must collect small contributions from a specified number of individuals to demonstrate sufficient support to warrant public campaign funding. The state then provides the candidate campaign funding equal to the expenditure limit set for that election. For example, in Arizona, a candidate for the state legislature must raise \$5 contributions from at least 200 individuals to qualify for public funding in an amount equal to the expenditure limit.

Related/Prior Legislation

AB 270 (Lee) of 2023-24 was nearly identical to this bill. After passing the Assembly, the bill was held under submission in the Senate Committee on Appropriations.

SB 24 (Umberg) of 2023-24 was similar to this bill in that it provided for a system of public financing of campaigns to be submitted to the voters at a statewide general election. The bill passed the Senate, but was ultimately held under submission in the Assembly Committee on Appropriations.

SB 1107 (Allen, Chapter 837, Statutes of 2016) permitted a public officer or candidate to spend or accept public moneys to seek elective office, if the state or a local governmental entity established a dedicated fund for that purpose. Court decisions invalidated the chaptered provisions of this bill.

FISCAL EFFECT: Appropriation: No Fiscal Com.: No Local: No

According to the Assembly Committee on Appropriations:

- 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.

SUPPORT: (Verified 9/11/25)

California Clean Money Campaign (co-source)

California Common Cause (co-source)

League of Women Voters of California (co-source)

ACLU California Action
Asian Law Caucus
Bay Rising Action
California Alliance for Retired Americans
California Black Power Network
California Council of Churches Impact
California Democratic Council
California Democratic Party
California Donor Table
California Environmental Voters
California Federation of Labor Unions – AFL CIO
California Working Families Party
Californians for Disability Rights
Catalyst California
CleanEarth4Kids.org
Consumer Watchdog
Courage California
Culver City Democratic Club
Dolores Huerta Foundation
Ella Baker Center for Human Rights
End Citizens United
Endangered Habitats League
Engage San Diego
Fair Rep LA
Hmong Innovating Politics
Indivisible CA: StateStrong
Indivisible California Green Team
Inland Empire United
LA Defensa
Los Angeles for Democracy Vouchers
Money Out Voters in
Move to Amend – Santa Clara County
Oakland Rising
Represent.Us
South Bay Progressive Alliance
Starting Over Strong
Unrig LA
Voters Right to Know
Wellbeing Economy Alliance California
Working Partnerships USA
One individual

OPPOSITION: (Verified 9/11/25)

California Taxpayers Association
One individual

ARGUMENTS IN SUPPORT:

Supporters cite polling data showing that voters are increasingly concerned about money in politics and note that public financing of campaigns can address the concerns of voters. They assert that public financing as conceived of in this bill increases the power of small donors and ordinary voters, as well as reducing the barriers to running for office.

Supporters further note that Proposition 73, passed in 1988 and largely invalidated by the courts, is the barrier to allowing jurisdictions, other than charter cities, to set up public financing systems. They observe that this bill does not create public financing nor require any government to offer it. They support this bill so that every jurisdiction in the state receives the same opportunity that charter cities have to make the choice to have public financing of campaigns.

ARGUMENTS IN OPPOSITION:

Opponents raise concerns that this bill will force taxpayers to finance political speech they do not wish to support and that under its provisions governments may be able to arbitrarily prohibit certain candidates from receiving funding.

Opponents further note that public financing can lead to abuse and corruption when candidates fraudulently seek financing. Finally, opponents argue that the state has ongoing structural deficits and many local governments face budget pressures due to inflation. Governments should, therefore, prioritize prudent fiscal policies and make the most of the tax dollars they receive.

Prepared by: Carrie Cornwell / E. & C.A. / (916) 651-4106
9/12/25 21:21:15

**** **END** ****