

Introduced by Committee on Budget and Fiscal Review

January 10, 2019

An act relating to the Budget Act of 2019. An act to amend Section 84602 of the Government Code, relating to the Political Reform Act of 1974, and making an appropriation therefor, to take effect immediately, bill related to the budget.

LEGISLATIVE COUNSEL'S DIGEST

SB 84, as amended, Committee on Budget and Fiscal Review. ~~Budget Act of 2019. Political Reform Act of 1974: online filing system.~~

(1) The Political Reform Act of 1974 generally requires elected officials, candidates for elective office, and committees formed primarily to support or oppose a candidate for public office or a ballot measure, along with other entities, to file periodic campaign statements. The act requires that these campaign statements contain prescribed information related to campaign contributions and expenditures of the filing entities. The Online Disclosure Act, which is also a part of the Political Reform Act of 1974, requires the Secretary of State, in consultation with the Fair Political Practices Commission, to develop online and electronic filing processes for use by these persons and entities.

The Online Disclosure Act requires the Secretary of State, in consultation with the Commission, to develop and certify for public use an online filing and disclosure system for campaign statements and reports that provides public disclosure of campaign finance and lobbying information in a user-friendly, easily understandable format meeting certain requirements. The Online Disclosure Act requires the Secretary of State to make this online filing and disclosure system

available for use no later than February 1, 2019, with an extension to December 31, 2019, if the Secretary of States provides a specified report.

This bill would extend the date for the Secretary of State to make the filing and disclosure system available for use to February 2021, with no provision allowing for an extension.

The bill would appropriate \$6,992,000 from the General Fund to the Secretary of State for expenditure in the 2019—20 fiscal year in augmentation of Item 0890-001-0001 of Section 2 of the Budget Act of 2019 to fund seven positions and contracted services to design, develop, and implement a campaign finance and lobby activity electronic reporting and internet disclosure system to replace the current California Lobbying and Campaign Contribution and Expenditure Search System.

(2) The Political Reform Act of 1974, an initiative measure, provides that the Legislature may amend the act to further the act’s purposes upon a ²/₃ vote of each house of the Legislature and compliance with specified procedural requirements.

This bill would declare that it furthers the purposes of the act.

(3) This bill would declare that it is to take effect immediately as a bill providing for appropriations related to the Budget Bill.

~~This bill would express the intent of the Legislature to enact statutory changes relating to the Budget Act of 2019:~~

~~Vote: ~~majority~~²/₃. Appropriation: ~~no~~ yes. Fiscal committee: ~~no~~ yes. State-mandated local program: no.~~

The people of the State of California do enact as follows:

1 SECTION 1. Section 84602 of the Government Code is
 2 amended to read:
 3 84602. (a) To implement the Legislature’s intent, the Secretary
 4 of State, in consultation with the Commission, notwithstanding
 5 any other provision of this code, shall do all of the following:
 6 (1) Develop online and electronic filing processes for use by
 7 persons and entities specified in Section 84605 that are required
 8 to file statements and reports with the Secretary of State’s office
 9 pursuant to Chapter 4 (commencing with Section 84100), Chapter
 10 5 (commencing with Section 85100), and Chapter 6 (commencing
 11 with Section 86100). Those processes shall each enable a user to

1 comply with all of the disclosure requirements of this title and
2 shall include, at a minimum, both of the following:

3 (A) A means or method whereby filers subject to this chapter
4 may submit required filings free of charge. Any means or method
5 developed pursuant to this subparagraph shall not provide any
6 additional or enhanced functions or services that exceed the
7 minimum requirements necessary to fulfill the disclosure provisions
8 of this title. At least one means or method shall be made available
9 no later than December 31, 2002.

10 (B) The definition of a nonproprietary standardized record
11 format or formats using industry standards for the transmission of
12 the data that is required of those persons and entities specified in
13 Section 84605 and that conforms with the disclosure requirements
14 of this title. The Secretary of State shall hold public hearings before
15 development of the record format or formats as a means to ensure
16 that affected entities have an opportunity to provide input into the
17 development process. The format or formats shall be made public
18 no later than July 1, 1999, to ensure sufficient time to comply with
19 this chapter.

20 (2) Accept test files from software vendors and others wishing
21 to file reports electronically, for the purpose of determining whether
22 the file format is in compliance with the standardized record format
23 developed pursuant to paragraph (1) and is compatible with the
24 Secretary of State's system for receiving the data. A list of the
25 software and service providers who have submitted acceptable test
26 files shall be published by the Secretary of State and made available
27 to the public. Acceptably formatted files shall be submitted by a
28 filer in order to meet the requirements of this chapter.

29 (3) Develop a system that provides for the online or electronic
30 transfer of the data specified in this section using
31 telecommunications technology that ensures the integrity of the
32 data transmitted and that creates safeguards against efforts to
33 tamper with or subvert the data.

34 (4) Make all the data filed available on the Internet in an easily
35 understood format that provides the greatest public access. The
36 data shall be made available free of charge and as soon as possible
37 after receipt. All late contribution and late independent expenditure
38 reports, as defined by Sections 84203 and 84204, respectively,
39 shall be made available on the Internet within 24 hours of receipt.
40 The data made available on the Internet shall not contain the street

1 name and building number of the persons or entity representatives
2 listed on the electronically filed forms or any bank account number
3 required to be disclosed pursuant to this title.

4 (5) Develop a procedure for filers to comply with the
5 requirement that they sign under penalty of perjury pursuant to
6 Section 81004.

7 (6) Maintain all filed data online for 10 years after the date it is
8 filed, and then archive the information in a secure format.

9 (7) Provide assistance to those seeking public access to the
10 information.

11 (8) Implement sufficient technology to seek to prevent
12 unauthorized alteration or manipulation of the data.

13 (9) Provide the Commission with necessary information to
14 enable it to assist agencies, public officials, and others with the
15 compliance with, and administration of, this title.

16 (10) Report to the Legislature on the implementation and
17 development of the online and electronic filing and disclosure
18 requirements of this chapter. The report shall include an
19 examination of system security, private security issues, software
20 availability, compliance costs to filers, use of the filing system and
21 software provided by the Secretary of State, and other issues
22 relating to this chapter, and shall recommend appropriate changes
23 if necessary. In preparing the report, the Commission may present
24 to the Secretary of State and the Legislature its comments regarding
25 this chapter as it relates to the duties of the Commission and
26 suggest appropriate changes if necessary. There shall be one report
27 due before the system is operational as set forth in Section 84603,
28 one report due no later than June 1, 2002, and one report due no
29 later than January 31, 2003.

30 (11) Review the current filing and disclosure requirements of
31 this chapter and report to the Legislature, no later than June 1,
32 2005, recommendations on revising these requirements so as to
33 promote greater reliance on electronic and online submissions.

34 (b) (1) To implement the Legislature's intent, as described in
35 Section 84601, the Secretary of State, in consultation with the
36 Commission, shall develop an online filing and disclosure system
37 for use by persons and entities specified in Section 84605 that are
38 required to file statements and reports with the Secretary of State's
39 office pursuant to Chapter 4 (commencing with Section 84100),
40 Chapter 5 (commencing with Section 85100), and Chapter 6

1 (commencing with Section 86100). The system shall enable a user
2 to comply with all of the disclosure requirements of this title and
3 shall include, at minimum, all of the following:

4 (A) A data-driven means or method that allows filers subject
5 to this chapter to submit required filings free of charge in a manner
6 that facilitates public searches of the data and does all of the
7 following:

8 (i) Enables a filer to comply with all of the disclosure
9 requirements of this title, including by entering or uploading
10 requisite data or by indicating that the filer had no reportable
11 activity during a particular reporting period.

12 (ii) Retains previously submitted data so that a filer can access
13 that data to amend disclosures or prepare future disclosures. The
14 system shall permit a filer to enter a contribution or independent
15 expenditure transaction once and have the transaction appear on
16 both a transactional report required by Section 84203, 84204,
17 84204.5, 84309, or 85500, as well as a periodic campaign statement
18 required by this title.

19 (iii) Ensures the security of data entered and stored in the system.

20 (iv) To the extent feasible, is compatible with potential future
21 capability to accept statements from filers specified in subdivisions
22 (b) to (e), inclusive, of Section 84215.

23 (B) The definition of a nonproprietary standardized record
24 format or formats using industry standards for the transmission of
25 the data that is required of those persons and entities specified in
26 Section 84605 and that conforms with the disclosure requirements
27 of this title.

28 (2) The Secretary of State shall do all of the following with
29 respect to the online filing and disclosure system developed
30 pursuant to this subdivision:

31 (A) Accept test files from software vendors and others wishing
32 to file reports electronically for the purpose of determining whether
33 the file format is in compliance with the standardized record format
34 developed pursuant to this subdivision and is compatible with the
35 Secretary of State's system for receiving the data. The Secretary
36 of State shall publish and make available to the public a list of the
37 software and service providers who have submitted acceptable test
38 files. A filer shall submit acceptably formatted files in order to
39 meet the requirements of this chapter.

40 (B) Make the data filed available on the Internet as follows:

- 1 (i) In a user-friendly, easily understandable format that provides
2 the greatest public access, including online searches and
3 machine-readable downloads of all data contained in the system,
4 except as specified in clause (iii).
- 5 (ii) Free of charge and as soon as possible after receipt, or, in
6 the case of late contribution, late in-kind contribution, and late
7 independent expenditure reports, as defined by Sections 84203,
8 84203.3, and 84204, respectively, within 24 hours of receipt.
- 9 (iii) Not containing the street name or building number of the
10 persons or entity representatives listed on the electronically filed
11 forms or any bank account number required to be disclosed
12 pursuant to this title, except that a nonresidential address of a
13 committee under Section 82013 may be made available on the
14 Internet.
- 15 (iv) In a manner that allows the public to track and aggregate
16 contributions from the same contributor across filers using a
17 permanent unique identifier assigned by the Secretary of State for
18 this purpose. The Secretary of State shall assign this identifier to,
19 at minimum, each contributor who makes contributions totaling
20 ten thousand dollars (\$10,000) or more in a calendar year to, or at
21 the behest of, candidates or committees that file electronically with
22 the Secretary of State pursuant to subdivision (a) of Section 84215
23 or who files with the Secretary of State as a major donor committee
24 under subdivision (c) of Section 82013.
- 25 (C) Develop a procedure for filers to comply electronically with
26 the requirement to sign under penalty of perjury pursuant to Section
27 81004. The electronic signature procedure shall allow the filer to
28 file with the Secretary of State and shall not require an original
29 signature to be filed.
- 30 (D) Maintain all filed data online for at least 20 years after the
31 date it is filed, and then archive the information in a secure format.
- 32 (E) Provide assistance to those seeking public access to the
33 information.
- 34 (F) Implement sufficient technology to seek to prevent
35 unauthorized alteration or manipulation of the data.
- 36 (G) Provide the Commission with necessary information to
37 enable it to assist agencies, public officials, and others in complying
38 with and administering this title.

1 (3) The Secretary of State shall do all of the following with
2 respect to developing the online filing and disclosure system and
3 record format pursuant to this subdivision:

4 (A) Consult with the Assembly Committee on Elections and
5 Redistricting, the Senate Committee on Elections and
6 Constitutional Amendments, the Commission, users, filers, and
7 other stakeholders, as appropriate, about functions of the online
8 filing and disclosure system.

9 (B) In consultation with the Commission, and no later than July
10 31, 2017, hold at least one public hearing to receive input about
11 developing the online filing and disclosure system and record
12 format.

13 (C) No later than December 31, 2017, submit a report to the
14 Assembly Committee on Elections and Redistricting and the Senate
15 Committee on Elections and Constitutional Amendments that
16 includes a plan for the online filing and disclosure system,
17 describes how members of the public will be able to query and
18 retrieve data from the system, and includes a plan for integrating
19 statements as specified in clause (iv) of subparagraph (A) of
20 paragraph (1).

21 (4) The Secretary of State shall make the online filing and
22 disclosure system developed pursuant to this subdivision available
23 for use no later than February 1, 2019. ~~The Secretary of State may~~
24 ~~extend this date to a date no later than December 31, 2019, after~~
25 ~~consulting with the Assembly Committee on Elections and~~
26 ~~Redistricting and the Senate Committee on Elections and~~
27 ~~Constitutional Amendments and providing to those committees a~~
28 ~~report that explains the need for the extension and includes a plan~~
29 ~~for completion. 2021.~~

30 (5) The Secretary of State may accept any funds, services,
31 equipment, or grants to further this subdivision, provided that the
32 Secretary of State shall notify the Assembly Committee on
33 Elections and Redistricting and the Senate Committee on Elections
34 and Constitutional Amendments upon accepting any amount valued
35 at one hundred thousand dollars (\$100,000) or more.

36 (6) Because the provisions of this chapter need to be
37 implemented as expeditiously as possible, the information
38 technology procurement requirements described in Chapter 5.6
39 (commencing with Section 11545) of Part 1 of Division 3 of Title
40 2 of this code, and in Section 12100 of the Public Contract Code,

1 do not apply to development of the online filing and disclosure
2 system pursuant to this subdivision. The Secretary of State shall
3 consult with the Department of Technology, as appropriate, in
4 developing the online filing and disclosure system, in order to
5 maximize project success, minimize lifecycle costs, and ensure
6 the security of the system and its data.

7 (7) (A) Before making the system developed pursuant to this
8 subdivision available for public use, the Secretary of State, in
9 consultation with the Commission, shall test the system to ensure
10 its functionality and then certify that the system meets all the
11 requirements of this subdivision. The Secretary of State may
12 consult with the Department of Technology as needed to fulfill
13 ~~his or her~~ *the secretary's* duties under this paragraph.

14 (B) After the system developed pursuant to this subdivision is
15 certified, the system described in subdivision (a) shall no longer
16 accept reports and filings, unless otherwise directed by the
17 Secretary of State and the Commission. The system described in
18 subdivision (a) shall continue to allow public access to past
19 disclosures unless the Secretary of State migrates that data into
20 the system described in this subdivision. To facilitate data
21 conversion during migration, the Secretary of State may make
22 minor technical modifications or corrections to the migrated data.

23 (c) On or before December 31, 2017, and on or before every
24 April 15, July 15, October 15, and January 15 thereafter, the
25 Secretary of State shall submit to the chairs of the Joint Legislative
26 Budget Committee and the fiscal committees of the Legislature a
27 quarterly report on the progress of the Cal-Access Project.
28 Specifically, the Secretary of State shall certify whether ~~he or she~~
29 *the secretary* (1) anticipates making or has made any changes to
30 the project's scope, schedule, or budget and (2) considers any
31 problems to be a risk to the project's completion according to the
32 approved project schedule and budget. This reporting requirement
33 shall end upon the completion or termination of the Cal-Access
34 Project.

35 *SEC. 2. The sum of six million nine hundred and ninety-two*
36 *thousand dollars (\$6,992,000) is hereby appropriated from the*
37 *General Fund to the Secretary of State for expenditure in the*
38 *2019—20 fiscal year in augmentation of Item 0890-001-0001 of*
39 *Section 2 of the Budget Act of 2019 to fund seven positions and*
40 *contracted services to design, develop, and implement a campaign*

1 *finance and lobby activity electronic reporting and internet*
2 *disclosure system to replace the current California Lobbying and*
3 *Campaign Contribution and Expenditure Search System.*

4 *SEC. 3. The Legislature finds and declares that this bill*
5 *furtheres the purposes of the Political Reform Act of 1974 within*
6 *the meaning of subdivision (a) of Section 81012 of the Government*
7 *Code.*

8 *SEC. 4. This act is a bill providing for appropriations related*
9 *to the Budget Bill within the meaning of subdivision (e) of Section*
10 *12 of Article IV of the California Constitution, has been identified*
11 *as related to the budget in the Budget Bill, and shall take effect*
12 *immediately.*

13 ~~SECTION 1. It is the intent of the Legislature to enact statutory~~
14 ~~changes relating to the Budget Act of 2019.~~