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OAKLAND CITY COUNCIL

Resolution No. _____ C.M.S.

INTRODUCED BY COUNCIL MEMBER KALB

RESOLUTION IN SUPPORT OF STATE ASSEMBLY BILL (AB) 700 (GOMEZ & LEVINE), THE CALIFORNIA DISCLOSE ACT, THAT WOULD REQUIRE RADIO, TELEPHONE, TV, AND VIDEO ADS REGARDING BALLOT MEASURES TO STATE THE TOP CONTRIBUTORS TO THE COMMITTEE PAYING FOR THE AD

WHEREAS, Misleading political advertising by big-money interests hiding behind good-sounding committee names and other organizations can sometimes deceive voters into supporting or opposing some ballot measures and voters would like to receive more useful disclosure about the true funders of the ads; and

WHEREAS, Disclosing the largest true funders of political ads on the ads themselves would help voters make better-informed decisions; and

WHEREAS, While existing state law requires any ballot measure ad to disclose the top two donors of \$50,000 or more and requires the names of ballot measure committees to include some information regarding economic or other special interests providing major support for the committee, transfers between committees and persons can be used to evade the purpose of the disclosure and hide the original source of the major funding; and

WHEREAS, in July of 2013, the Oakland City Council unanimously endorsed support for SB 52 (Leno & Hill), a prior version of the California Disclose Act, to provide disclosure of top contributors to the committee paying for campaign ads regarding ballot measures but the bill was ultimately not adopted by the California legislature in 2014, similar to other versions of the California Disclose Act, AB 1148 (Brownley) and AB 1648 (Brownley); and

WHEREAS, the ongoing efforts by many groups and individuals to pass a California Disclose Act dovetails with the national campaign to pass a Federal Disclose Act, in the wake of the flood-gate-opening *Citizens United* Supreme Court decision and heightened national concern regarding obfuscated financed of election campaigns; and

WHEREAS, Assembly Bill 700, introduced by Assemblymembers Jimmy Gomez and Marc Levine on February 25, 2015, would require radio, telephone, tv, and video ads regarding ballot measures to identify on each ad the top two highest original source contributors of \$50,000 or more to the committee paying for the ad and thereby provide enhanced public disclosure and election finance transparency; and

BILL NUMBER: AB 700 INTRODUCED
BILL TEXT

INTRODUCED BY Assembly Members Gomez and Levine

FEBRUARY 25, 2015

An act to add Section 84503.1 to the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 700, as introduced, Gomez. Political Reform Act of 1974: advertisement disclosures.

Existing law, the Political Reform Act of 1974, 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. Existing law additionally imposes disclosure statement requirements with respect to advertisements supporting or opposing a candidate or ballot measure paid for by donors making contributions of specified amounts or by independent expenditures and defines several terms and phrases for these purposes.

This bill would impose new disclosure statement requirements for political advertisements regarding a ballot measure paid for by specified committees that are radio advertisements, prerecorded telephonic messages, or television or video advertisements that would require the identification of identifiable contributors, as defined.

This bill would also state the intent of the Legislature to enact legislation that would implement a California Disclose Act, with provisions similar to a specified bill from the 2013-14 Regular Session of the Legislature.

Because a violation of the act is punishable as a misdemeanor, this bill would impose a state-mandated local program.

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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 and compliance with specified procedural requirements.

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

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

THE PEOPLE OF THE STATE OF CALIFORNIA DO ENACT AS FOLLOWS:

SECTION 1. The Legislature finds and declares all of the

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following:

(a) Ever-increasing amounts of funds are raised and spent in support of and opposition to state and local ballot measures, especially in the form of advertisements. The outcomes of such elections are disproportionately impacted by campaign expenditures in support of and opposition to those measures.

(b) Ever-increasing amounts of funds are spent on campaigns by persons who do one or more of the following:

(1) Frequently use their wealth to fund local and state ballot measures designed to advance their own economic interests.

(2) Increasingly avoid having their identities disclosed in election-related advertisements by channeling funds through one or more persons before those funds are received by a committee, thereby undermining the purpose and intent of laws requiring disclosure on such advertisements.

(3) Spend extraordinary amounts of money running election-related advertisements while hiding behind dubious and misleading names, including, but not limited to, advertisements by primarily formed committees and general purpose committees.

(4) Increasingly evade disclosure by funding advertisements designed to persuade voters without expressly advocating support or opposition.

(c) The activities described in subdivision (b) cause the public to become increasingly disaffected with the democratic process, discouraging participation in elections and coloring public perceptions of the legitimacy and integrity of state and local government.

(d) The people of California and their government officials have a compelling interest in knowing the true and original source of committee funding and receiving clear information identifying the largest original contributors responsible for political advertisements funded by such committees.

(e) The disclosure of original contributors on advertisements serves the following important governmental and societal purposes:

(1) Providing the people and government officials current and easily accessible information regarding who is funding advertisements that are intended to influence their votes on ballot measures.

(2) Enabling the people and government officials to identify potential bias in advertisements to assist them in making more informed decisions and giving proper weight to different speakers and messages.

(3) Deterring actual corruption and avoiding the appearance of corruption by providing increased transparency of contributions and expenditures.

(4) Improving the people's confidence in the democratic process and increasing their motivation to actively participate in that process by regular voting and other forms of civic engagement.

(5) Promoting compliance with and detecting violations of the Political Reform Act of 1974 (Title 9 (commencing with Section 81000) of the Government Code), while also addressing the problems and advancing the state interests described in that act.

SEC. 2. It is the intent of the Legislature to enact legislation that would implement a California Disclose Act consistent with the provisions of Senate Bill 52 of the 2013-14 Regular Session of the Legislature.

SEC. 3. Section 84503.1 is added to the Government Code, to read:

84503.1. (a) For purposes of this section, "identifiable

contributor" means a person that is the original source of funds for contributions received by a committee that cumulatively total fifty thousand dollars (\$50,000) or more, notwithstanding the fact that the contributions were transferred, in whole or in part, through one or more other committees or persons.

(b) A committee that is a candidate controlled committee as defined in Section 82016 or a political party committee as defined in Section 85205 is not subject to the disclosure statement requirements of this section.

(c) An advertisement regarding a ballot measure that is a radio advertisement or prerecorded telephonic message shall include a disclosure statement at the beginning or end of the advertisement read in a clearly spoken manner and in a pitch and tone substantially similar to the rest of the advertisement that reads as follows: "This ad has major funding from state names in descending order of identifiable contributors who have made the two largest cumulative contributions to the committee that paid for the advertisement]. Paid for by name of the committee that paid for the advertisement]."

(d) An advertisement regarding a ballot measure that is a television or video advertisement shall include a disclosure area with a solid black background on the entire bottom one-third of the television or video display screen at the beginning or end of the advertisement for a minimum of five seconds in the case of an advertisement that lasts 30 seconds or less or a minimum of 10 seconds in the case of an advertisement that lasts longer than 30 seconds. The disclosure area shall include the following text: "Paid for by name of the committee that paid for the advertisement]. This ad has major funding from state names in descending order of identifiable contributors who have made the three largest cumulative contributions to the committee that paid for the advertisement]." The text shall be in a contrasting color in Arial Narrow equivalent font, and the type size shall be at least 4 percent of the height of the television or video display screen and shall be centered horizontally.

(e) The requirements of this section are in addition to any other requirements imposed by this article.

SEC. 4. No reimbursement is required by this act pursuant to Section 6 of Article XIII B of the California Constitution because the only costs that may be incurred by a local agency or school district will be incurred because this act creates a new crime or infraction, eliminates a crime or infraction, or changes the penalty for a crime or infraction, within the meaning of Section 17556 of the Government Code, or changes the definition of a crime within the meaning of Section 6 of Article XIII B of the California Constitution.

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