

DEPARTMENT OF FINANCE BILL ANALYSIS

AMENDMENT DATE: 06/21/2012
POSITION: Neutral, note concern
SPONSOR: Common Cause

BILL NUMBER: SB 1001
AUTHOR: Yee, Leland

BILL SUMMARY: Political Reform Act of 1974: lobbyists and committees: fees.

This bill would: 1) require the Secretary of State (SOS) to charge an annual fee of \$50 to each committee required to file a statement of organization, 2) increase the maximum annual registration fee charged to lobbying firms and lobbyist employers from \$25 to \$50, 3) establish the Political Disclosure, Accountability, Transparency and Access (PDATA) Fund to collect these funds, as specified, and 5) authorize the funds to be used by the SOS for the maintenance, repair, and improvement of the online or electronic disclosure program known as Cal-Access.

FISCAL SUMMARY

The SOS indicates it would need one staff services analyst and approximately \$83,000 in 2012-13 and one staff services analyst and approximately \$78,000 in 2013-14 and annually thereafter to implement the provisions of this bill. The bill authorizes the SOS to utilize funds in the newly-created PDATA Fund for any costs associated with this bill. However, there is no mechanism to provide additional expenditure authority to the SOS in 2012-13 and the department indicates it could not absorb the additional workload of preparation, outreach, and setting up a billing system. Any request for additional expenditure authority in 2013-14 is subject to review and approval through the annual budget process.

Under current law, the lobbyist registration fees are set at \$25, collected for a two-year session, and generate revenue of approximately \$100,000 General Fund (GF) every two years. This bill would increase those fees to \$50 and divert half of the total revenue to the PDATA Fund. This would generate revenue of approximately \$100,000 GF every two years and \$100,000 PDATA Fund every two years.

This bill would also impose a \$50 annual statement of organization fee for committees to be deposited in the PDATA Fund. Based on a total of 7,800 committees, this fee would generate revenue of approximately \$390,000 PDATA Fund every year.

SUMMARY OF CHANGES

Amendments to this bill since our analysis of the May 17, 2012 version are minor and do not alter our position.

COMMENTS

The Department of Finance is neutral on this bill because it would create a new revenue, which could be used to support online and electronic disclosure programs at the SOS, but notes the concern that this bill would result in unabsorbable costs to the SOS in 2012-13 that are not included in the current Budget.

Current law:

- Requires the SOS, in consultation with the FPPC, to provide online and electronic filing processes for use by specified political committees and lobbyists to comply with relevant disclosure requirements.

Analyst/Principal (0222) J.Carosone Date Program Budget Manager Lisa Ann Mangat Date
Department Deputy Director Date
Governor's Office: By: Date: Position Approved Position Disapproved
BILL ANALYSIS Form DF-43 (Rev 03/95 Buff)

Yee, Leland

06/21/2012

SB 1001

COMMENTS (continued)

- Requires lobbying firms and lobbyist employers to register with the SOS and pay a maximum registration fee of \$25 every two years with revenues deposited in the GF.

This bill would:

- Increase the lobbyist registration fee cap from \$25 to \$50 per two-year session and would divert half of the revenue to the PDATA Fund.
- Require specified political committees to pay a new statement of organization filing fee of \$50 per year with revenues to be deposited in the PDATA Fund. This bill would also establish a penalty of up to three times the statement of organization filing fee for late payments.
- Require funds deposited in the PDATA Fund pursuant to this bill to be used, per approval by the California Technology Agency, for online or electronic disclosure programs administered by the SOS, such as Cal-Access, which tracks campaign contributions and lobbying activity.
- Allow the SOS to also use the funds for costs related to implementing the provisions of this bill.

The Political Reform Act, an initiative measure, provides that the Legislature may amend the Act to further the Act's purposes upon a 2/3 vote in each house and compliance with specified procedural requirements. This bill includes declaratory language specifying it furthers the purposes of the Act.

The purpose of this bill is to increase the lobbyist registration fee cap in order to provide revenue to support the operation and maintenance of the Cal-Access database. In November 2011, the Cal-Access and CalVoter database servers failed and shut down both systems. For 2012-13, the Legislature approved an increase of \$206,000 GF and \$169,000 federal funds to stabilize both systems. This bill would create revenue to support online or electronic disclosure programs, which would reduce the SOS' dependency on GF to maintain these programs.

Code/Department Agency or Revenue Type	SO LA CO RV	(Fiscal Impact by Fiscal Year)						Fund Code
		PROP	(Dollars in Thousands)					
		98	FC	2012-2013 FC	2013-2014 FC	2014-2015		
0890/Secty State	SO	No	C	-- C	83 C		78 0499	
8620/FPPC	SO	No		----- No/Minor Fiscal Impact -----			0001	
1420/Sec Ste Fees	RV	No	U	-- U	-- P		100 0001	
1420/Sec Ste Fees	RV	No	U	0 U	390 U		490 0499	
<u>Fund Code</u>		<u>Title</u>						
0001		General Fund						
0499		Pending New Special Funds						