

BILL ANALYSIS

Department, Board, Or Commission	Author	Bill Number
Franchise Tax Board	Gordon & Dickinson	AB 800

SUBJECT

Political Reform Act of 1974/Franchise Tax Board (FTB) Audits & Investigation

SUMMARY

This bill would modify the Political Reform Act of 1974 (Act) to broaden the authority of the Fair Political Practices Commission (Commission) and extend the audit or investigation due dates.

REASON FOR THE BILL

The reason for this bill is to ensure that information regarding political contributions and expenditures is provided to the public prior to elections.

EFFECTIVE/OPERATIVE DATE

As an urgency measure, this bill would become effective immediately upon enactment and specifically operative as of July 1, 2014.

ANALYSIS

STATE LAW

Current state law requires the FTB to conduct selected audits and field investigations of various financial statements and campaign disclosure statements filed by political committees, lobbyists, lobbyist employers, and most candidates for elective office, including legislative, constitutional, or local government offices. The Commission is authorized under the Act, to conduct the audit and field investigation of candidates for Controller and member of the Board of Equalization and of committees supporting such candidates.

The Act generally prohibits an audit or investigation of any candidate or committee prior to the last date for filing the first report or statement following the general, runoff, or special election for the office for which the candidate ran, or the election at which the measure was adopted or defeated.

The Act requires the FTB to complete random basis audits within one year after the candidate or entity is selected for audit by the Commission. The statute of limitations for initiating civil action against an alleged campaign statement violator is the earlier of four years from the date an audit could begin or one year from the date the FTB forwards its report to the Commission.

Gail Hall, FTB Contact Person (916) 845-6333 (Office)	Executive Officer Selvi Stanislaus	Date 3/12/14
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THIS BILL

This bill would do the following:

- Allow an audit or investigation to commence prior to the filing of any reports or statements for general, runoff, or special elections; and would allow the audit or investigation of all campaign statements and reports.
- Broaden the FTB's and the Commission's ability to audit or investigate any report or statement required under the Act.
- Extend the time period that the FTB is required to complete random basis audits from within one year to within two years after the person or entity is selected for audit by the Commission.

LEGISLATIVE HISTORY

AB 45 (Dickinson, et al. 2013/2014) contains provisions substantially similar to this bill that would authorize the Commission and the FTB to undertake audits or pre-election audits of campaign records. AB 45 is currently in the Senate Elections and Constitutional Amendments Committee.

SB 2 (Lieu, 2013/2014) would, among other things, specify that the Commission may perform audits prior to the date of the election and prior to the date that a statement or report is required to be filed. This bill would also authorize the Commission to seek an injunction to compel compliance with the audit. SB 2 is currently in the Assembly Elections and Redistricting Committee.

SB 1458 (Johnson, Chapter 591, Statutes of 2004) accelerated the time that audit reports for random audits are required to be filed and limited the time by which a civil action could be initiated against alleged violators.

OTHER STATES' INFORMATION

A comparison with other states would not be meaningful as this bill pertains to administrative procedures that are specific to California.

FISCAL IMPACT

This bill would not significantly impact the department's costs.

ECONOMIC IMPACT

This bill would not impact the state's income tax revenue.

APPOINTMENTS

None.

SUPPORT/OPPOSITION¹

Support: California Common Cause, Fair Political Practices Commission, League of Women Voters, and Secretary of State.

Opposition: California Political Attorneys Association.

VOTES

Assembly Floor	05/30/13	Y: 54	N: 22
Senate Floor	02/20/14	Y: 27	N: 12
Concurrence	02/20/14	Y: 53	N: 22

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¹ As provided in the Senate Floor Analyses, January 16, 2014, and verified February 19, 2014.
< http://www.leginfo.ca.gov/pub/13-14/bill/asm/ab_0751-0800/ab_800_cfa_20140116_103314_sen_floor.html>