

REPORT TO THE HONORABLE  
MAYOR AND CITY COUNCIL  
HIGHLIGHTS OF AMENDMENTS TO POLITICAL REFORM ACT  
PROPOSITIONS 68 AND 73 FROM JUNE 7, 1988, ELECTION

We reported on August 3 and again on August 23, 1988, about the "mass mailing" provisions of Proposition 73, which went into effect June 8, the day after the voters adopted the proposition. Copies of these two reports are attached for your convenience. The remainder of Proposition 73 containing provisions regarding campaign expenditures and portions of Proposition 68, which are not in conflict with Proposition 73, will go into effect January 1, 1989. The purpose of this report is to summarize and highlight for you some of the major changes in the law brought about by Propositions 68 and 73 as they pertain to candidates for City offices, and to apprise you of regulations proposed or adopted by the Fair Political Practices Commission ("FPPC") implementing these two propositions.

1. Campaign Contribution Limits: Proposition 73 establishes limits of \$1,000.00 per fiscal year on the amount of money persons may contribute to campaigns for local as well as state offices. This limit exceeds the monetary limit of \$250.00 per election for candidates to City offices established by San Diego Municipal Code ("SDMC") Section 27.2941. Since Proposition 73 expressly allows local campaign contribution laws to be more restrictive than state law, the contribution limits of Proposition 73 do not apply to persons running for City of San Diego elected offices.

2. Campaign Funds and Separate Bank Accounts: The FPPC has been working diligently to devise a means for candidates who already have collected campaign funds to keep track of funds which they legally may use for future elections and keep those funds separate from funds that exceed the campaign monetary limits of Proposition 73. Recently adopted FPPC regulations implementing Proposition 73 permit establishment of separate bank accounts for those campaign funds

collected before December 31, 1988, which meet the monetary limits set by Proposition 73. Establishment of separate bank accounts should not be necessary for candidates for City of San Diego offices, since the City's limits are well within the limits set by

### Proposition 73.

In our opinion, to be eligible to spend money on future campaigns for City offices, candidates do not need to establish separate bank accounts for moneys collected before and after January 1, 1989. Since whatever funds have been collected by candidates for City offices are presumably within the SDMC monetary limits, and therefore within Proposition 73 limits, the FPPC rules regarding separate bank accounts will not apply to them but only to persons running for state offices or for other local offices with either no or higher campaign contribution limits.

3. Notices: As of January 1, 1989, candidates for City and other offices will have to file certain notices, described below.

#### A. Candidate Intention Statement:

Persons seeking state or local elective office must file with the FPPC a "candidate intention statement" (Form 501) before receiving or soliciting campaign funds. A separate statement must be filed for each office sought.

B. Notice of Bank Account: Candidates must establish a single bank account to handle receipts and expenditures of campaign funds. Candidates must file a "notice of bank account" (Form 502) with the FPPC within 24 hours of opening the account.

#### C. Statement of Organization:

Candidates who intend to raise or spend \$1,000.00 or more during the calendar year must establish a committee and file a "statement of organization" of that committee (Form 410) with the Secretary of State. This requirement holds even if the candidate intends to spend personal funds. One committee must be established for each office sought.

4. Gifts and Honoraria: Proposed for adoption by the FPPC on January 10, 1989, is a rule implementing the "gifts and honoraria" provision of Proposition 73, which amended Government Code Section 84500. Under this provision, local and state elected officials are prohibited from receiving gifts or honoraria exceeding \$1,000.00 from a single source in a calendar year.

Among the surviving provisions of Proposition 68 are the following:

1. Independent Expenditures for Mass Mailings: A person making independent expenditures for mass mailings must include on the mailer the sender's name and address.

2. Administrative Penalty of \$2,000.00: Administrative penalties for violating the Political Reform Act are set at \$2,000.00.

3. Controlled Committees: Names of controlled committees must include the name of the candidate, individual or entity which controls the committee, and must amend their "statement of organization" (Form 410) to supply that information.

Please note that the above outline is not a complete list of all the changes in the Political Reform Act brought on by the passage of Propositions 68 and 73. The FPPC is preparing an information manual which will explain all of the changes enacted last June. This manual will be made available to the City Clerk soon for distribution to the City Council offices and other interested persons.

Meanwhile, if you have specific questions regarding Propositions 68 or 73, please feel free to call my office for assistance.

Respectfully submitted,  
JOHN W. WITT  
City Attorney

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Attachments