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NEWSLETTER

Recent Amendments to California Law Heighten Donor Disclosure, Strengthen Regulators' Enforcement Power

May 2014

On May 14, California Governor Jerry Brown signed into law Senate Bill 27, a bill designed to heighten disclosure of donors to politically active nonprofit groups. For so-called "multipurpose organizations" that make California contributions of more than $50,000 in a year, or $100,000 over four years, the law will require disclosure of certain donors based on "last in, first out" accounting. This differs from the regulations currently in force; under the present "one bite" rule, multipurpose groups can typically make one initial contribution without triggering donor-disclosure obligations. SB 27's new requirements will become operative on July 1, 2014.

In another California development, Governor Brown signed AB800 into law last month. This law significantly strengthens the Fair Political Practices Commission's (FPPC) ability to investigate and enforce the state's campaign finance and lobbying laws. The provisions became effective immediately.

Under the amendments, the FPPC and Franchise Tax Board may now conduct audits and investigations at any point during an election cycle in connection with any campaign finance or lobbying report required to be filed under the Political Reform Act. Previously, the FPPC and Franchise Tax Board could conduct audits and investigations only in connection with certain reports and had to wait until after the relevant election to begin an audit or investigation.

AB800 also provides a new mechanism for the FPPC to compel disclosure. The FPPC may now seek an injunction on an expedited basis to order persons to file reports, disclose donors in accordance

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with the FPPC's regulations, and otherwise "compel disclosure consistent with" the law.