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SB-1170 Political Reform Act of 1974: campaign funds. (2023-2024)

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CALIFORNIA LEGISLATURE— 2023–2024 REGULAR SESSION

SENATE BILL**NO. 1170**

Introduced by Senator Menjivar

February 14, 2024

An act to amend Section 89513 of the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

SB 1170, as introduced, Menjivar. Political Reform Act of 1974: campaign funds.

Under existing law, campaign funds may not be used for to pay health-related expenses for a candidate, elected officer, or any individual or individuals with authority to approve the expenditure of campaign funds held by a committee, or members of their households.

This bill would apply that rule to physical health-related expenses only. This bill would also expressly permit campaign funds to be used to pay or reimburse a non-incumbent candidate for reasonable and necessary mental healthcare expenses if the candidate does not have health insurance or has been denied coverage for mental healthcare expenses by their health insurance, as specified.

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 $\frac{2}{3}$ vote of each house of the Legislature 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: no Local Program: no

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

SECTION 1. Section 89513 of the Government Code is amended to read:

89513. This section governs the use of campaign funds for the specific expenditures set forth in this section. It is the intent of the Legislature that this section shall guide the interpretation of the standard imposed by Section 89512 as applied to other expenditures not specifically set forth in this section.

(a) (1) Campaign funds shall not be used to pay or reimburse the candidate, the elected officer, or any individual or individuals with authority to approve the expenditure of campaign funds held by a committee, or employees or staff of the committee or the elected officer's governmental agency for travel expenses and necessary accommodations except when these expenditures are directly related to a political, legislative, or governmental purpose.

(2) For the purposes of this section, payments or reimbursements for travel and necessary accommodations shall be considered as directly related to a political, legislative, or governmental purpose if the payments would meet standards similar to the standards of the Internal Revenue Service pursuant to Sections 162 and 274 of the Internal Revenue Code for deductions of travel expenses under the federal income tax law.

(3) For the purposes of this section, payments or reimbursement for travel by the household of a candidate or elected officer when traveling to the same destination in order to accompany the candidate or elected officer shall be considered for the same purpose as the candidate's or elected officer's travel.

(4) Whenever campaign funds are used to pay or reimburse a candidate, elected officer, the candidate or elected officer's representative, or a member of the candidate's household for travel expenses and necessary accommodations, the expenditure shall be reported as required by Section 84211.

(5) Whenever campaign funds are used to pay or reimburse for travel expenses and necessary accommodations, any mileage credit that is earned or awarded pursuant to an airline bonus mileage program shall be deemed personally earned by or awarded to the individual traveler. The earning or awarding of mileage credit and the redeeming of credit for actual travel are not subject to reporting pursuant to Section 84211.

(b) (1) Campaign funds shall not be used to pay for or reimburse the cost of professional services unless the services are directly related to a political, legislative, or governmental purpose.

(2) Expenditures by a committee to pay for professional services reasonably required by the committee to assist it in the performance of its administrative functions are directly related to a political, legislative, or governmental purpose.

(3) (A) From the date upon which a candidate committee is established to the date that the election results are certified, campaign funds may be used to pay or reimburse a non-incumbent candidate for reasonable and necessary mental healthcare expenses to address mental health issues that have arisen during the campaign or have been adversely impacted by campaign activities if the candidate does not have health insurance or has been denied coverage for these mental healthcare expenses by their health insurance.

(B) Campaign funds utilized for mental healthcare expenses must be reported as required by Section 84211 and such disclosures must note the underlying campaign-related circumstances or events that have given rise to the need for mental health expenses. For purposes of this subdivision, "mental healthcare expenses" refers to expenses for services including therapy, psychological, or psychiatric counseling services, provided in a group or private setting, either virtually or in person, by a professional licensed by the California Board of Behavioral Sciences, or an associate accruing the house for such a license, to address mental health issues.

~~(3)~~

(4) Campaign funds shall not be used to pay *physical* health-related expenses for a candidate, elected officer, or any individual or individuals with authority to approve the expenditure of campaign funds held by a committee, or members of their households. ~~"Health-related "~~*Physical health-related* expenses" includes, but is not limited to, examinations by ~~physicians, dentists, psychiatrists, psychologists, or counselors~~ *physicians or dentists* and expenses for medications, treatments, medical equipment, hospitalization, health club dues, and special dietary ~~foods.~~ *foods to treat physical ailments, as distinct from "mental healthcare expenses," defined in paragraph (3) of subdivision (b).* However, campaign funds may be used to pay employer costs of health care benefits of a bona fide employee or independent contractor of the committee.

(c) (1) Campaign funds shall not be used to pay or reimburse fines, penalties, judgments, or settlements, except those resulting from either of the following:

(A) Parking citations incurred in the performance of an activity that was directly related to a political, legislative, or governmental purpose.

(B) Any other action for which payment of attorney's fees from contributions would be permitted pursuant to this title. However, campaign funds shall not be used to pay a fine, penalty, judgment, or settlement relating to an expenditure of campaign funds that resulted in either of the following:

(i) A personal benefit to the candidate or officer if it is determined that the expenditure was not reasonably related to a political, legislative, or governmental purpose.

(ii) A substantial personal benefit to the candidate or officer if it is determined that the expenditure was not directly related to a political, legislative, or governmental purpose.

(2) Campaign funds shall not be used to pay a restitution fine imposed under Section 86 of the Penal Code.

(d) Campaign funds shall not be used for campaign, business, or casual clothing except specialty clothing that is not suitable for everyday use, including, but not limited to, formal wear, if this attire is to be worn by the candidate or elected officer and is directly related to a political, legislative, or governmental purpose.

(e) (1) Except as otherwise prohibited by law, campaign funds may be used to purchase or reimburse for the costs of purchase of tickets to political fundraising events for the attendance of a candidate, elected officer, or the candidate or elected officer's immediate family, or an officer, director, employee, or staff of the committee or the elected officer's governmental agency.

(2) Campaign funds shall not be used to pay for or reimburse for the costs of tickets for entertainment or sporting events for the candidate, elected officer, or members of the candidate or elected officer's immediate family, or an officer, director, employee, or staff of the committee, unless their attendance at the event is directly related to a political, legislative, or governmental purpose.

(3) The purchase of tickets for entertainment or sporting events for the benefit of persons other than the candidate, elected officer, or the candidate or elected officer's immediate family are governed by subdivision (f).

(f) (1) Campaign funds shall not be used to make personal gifts unless the gift is directly related to a political, legislative, or governmental purpose. The refund of a campaign contribution does not constitute the making of a gift.

(2) This section does not prohibit the use of campaign funds to reimburse or otherwise compensate a public employee for services rendered to a candidate or committee while on vacation, leave, or otherwise outside of compensated public time.

(3) An election victory celebration or similar campaign event, or gifts with a total cumulative value of less than two hundred fifty dollars (\$250) in a single year made to an individual employee, a committee worker, or an employee of the elected officer's agency, are considered to be directly related to a political, legislative, or governmental purpose. For purposes of this paragraph, a gift to a member of a person's immediate family shall be deemed to be a gift to that person.

(g) Campaign funds shall not be used to make loans other than to organizations pursuant to Section 89515, or, unless otherwise prohibited, to a candidate for elective office, political party, or committee.

(h) (1) Campaign funds shall not be used to pay or reimburse a candidate or elected officer for a penalty, judgment, or settlement related to a claim of sexual assault, sexual abuse, or sexual harassment filed against the candidate or elective officer in any civil, criminal, or administrative proceeding. If a candidate or elected officer uses campaign funds for other legal costs and expenses related to claims of those unlawful practices and is held liable for such a violation, the candidate or elected officer shall reimburse the campaign for all funds used in connection with those other legal costs and expenses.

(2) For the purpose of this subdivision, "sexual assault" and "sexual abuse" have the same meaning as in Section 11165.1 of the Penal Code and "sexual harassment" has the same meaning as in subdivision (j) of Section 12940 of the Government Code.

(i) (1) For purposes of this subdivision, "childcare expenses" include the reasonable costs of professional daycare services, babysitting, nannying services, food and beverages, transportation to and from the location of a childcare services provider, before and after school programs, summer day camps, and preschool. Additional qualifying expenses include costs related to a nurse, home care provider, or other care provider for a disabled dependent child. "Childcare expenses" do not include private school tuition, medical expenses, tutoring services, or payments to a relative, within the third degree of consanguinity, of a child, unless the relative owns or

operates a professional daycare or babysitting service and the cost of the service is no greater than the relative would otherwise charge.

(2) Campaign funds may be used to pay or reimburse a candidate for reasonable and necessary childcare expenses for a dependent child resulting directly from the candidate engaging in campaign activities. For purposes of this paragraph, "directly" means that the candidate would not have incurred the childcare expenses if the candidate did not engage in the campaign activities.

(3) This section shall not be construed to limit the use of campaign funds to pay for childcare expenses resulting from an officeholder engaging in a campaign activity with both political and legislative or governmental purposes.

SEC. 2. 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.