

AMENDED IN ASSEMBLY MARCH 1, 2021

CALIFORNIA LEGISLATURE—2021–22 REGULAR SESSION

ASSEMBLY BILL

No. 20

Introduced by Assembly Members Lee and Kalra
(Coauthors: ~~Coauthor: Assembly Members McCarty and Quirk~~
***Member McCarty*)**
(Coauthor: Senator Allen)

December 7, 2020

An act to add Section 85322 to the Government Code, relating to the Political Reform Act of 1974.

LEGISLATIVE COUNSEL'S DIGEST

AB 20, as amended, Lee. Political Reform Act of 1974: campaign contributions: ~~The Clean Money Act of 2021~~. *Corporate-Free Elections Act*.

The Political Reform Act of 1974 imposes various limitations on contributions that may be made to, or accepted by, candidates for elective office. A violation of the act's provisions is punishable as a misdemeanor and subject to specified penalties.

This bill, the ~~Clean Money Act of 2021~~, *Corporate-Free Elections Act*, would prohibit a candidate for elective office from receiving a contribution from a business entity, and a business entity from making a contribution to a candidate for elective office, and would make related findings and declarations. By expanding the scope of existing crimes with regard to contribution limitations, this bill would impose a state-mandated local program.

~~This bill would state that it is the intent of the Legislature to enact legislation to create a public financing system for elections within the state.~~

The California Constitution requires the state to reimburse local agencies and school districts for certain costs mandated by the state. Statutory provisions establish procedures for making that reimbursement.

This bill would provide that no reimbursement is required by this act for a specified reason.

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: $\frac{2}{3}$. Appropriation: no. Fiscal committee: yes.

State-mandated local program: yes.

The people of the State of California do enact as follows:

- 1 SECTION 1. This act shall be known and may be cited as the
- 2 ~~“Clean Money Act of 2021.”~~ *“Corporate-Free Elections Act.”*
- 3 SEC. 2. The Legislature finds and declares all of the following:
- 4 (a) Under current campaign financing laws, there is great
- 5 potential for corporate special interests to manipulate the interests
- 6 and priorities of elected officials and candidates throughout the
- 7 state, such that these interests and priorities do not align with the
- 8 will of their constituents or the people of California.
- 9 (b) Corporate special interests routinely account for the majority
- 10 of contributions to officers and candidates for state and local
- 11 offices.
- 12 (c) Corporations exist for the purpose of making profit, and thus
- 13 their political activities are fundamentally in the interest of
- 14 increasing said profits by giving monetary incentives for favorable
- 15 policy.
- 16 (d) Each year, corporations contribute hundreds of millions of
- 17 dollars to campaigns for state and local offices across California.
- 18 For example, in 2020 it was found that more than \$785 million
- 19 was spent to influence voters on ballot measures alone, with
- 20 millions more spent on individual races. Many candidates, in order
- 21 to stay competitive in their races, are compelled to take money
- 22 from corporations.
- 23 (e) With so many campaigns funded with corporate money, it
- 24 is impossible to guarantee that the will and interests of the people

1 of California are being represented in the state over the interests
2 of the corporations who provide this money.

3 (f) In 2000, California voters passed Proposition 34, which
4 barred lobbyists from making contributions to politicians they seek
5 to influence within the scope of their profession. The intent of this
6 provision according to its authors was, “To reduce the influence
7 of large contributors with an interest in matters before state
8 government.”

9 (g) As corporations have an undeniable interest in matters before
10 the state government, as well as an incontrovertible influence as
11 large contributors, it is evident that a ban on their direct
12 contributions to campaigns for elective office within the state is
13 necessary.

14 (h) In passing such a restriction, California would join the 22
15 states in the United States who already impose outright bans on
16 corporations from directly contributing to campaigns for elective
17 office.

18 (i) As defined in 11 CFR 114.2(a), national corporations are
19 already barred from making direct contributions to candidates for
20 federal, state, and local office.

21 (j) In accordance with the spirit of this policy, it is the intent of
22 this act to bar all corporate special interests from contributing
23 directly to candidates running for state or local elective office.

24 (k) In order to curb actual corruption and the appearance of
25 corruption of our government by corporate contributions, it is
26 incumbent upon the Legislature to prohibit direct contributions to
27 political campaigns in the state by corporations.

28 SEC. 3. Section 85322 is added to the Government Code, to
29 read:

30 85322. (a) Notwithstanding Section 85301, a business entity,
31 as defined in Section 82005, shall not make a contribution to a
32 candidate for elective office.

33 (b) A candidate for elective office shall not accept a contribution
34 from a business entity, as defined in Section 82005.

35 ~~SEC. 4. It is the intent of the Legislature to enact legislation~~
36 ~~to create a public financing system for elections within the state.~~

37 ~~SEC. 5.~~

38 SEC. 4. No reimbursement is required by this act pursuant to
39 Section 6 of Article XIII B of the California Constitution because
40 the only costs that may be incurred by a local agency or school

1 district will be incurred because this act creates a new crime or
2 infraction, eliminates a crime or infraction, or changes the penalty
3 for a crime or infraction, within the meaning of Section 17556 of
4 the Government Code, or changes the definition of a crime within
5 the meaning of Section 6 of Article XIII B of the California
6 Constitution.

7 ~~SEC. 6.~~

8 *SEC. 5.* The Legislature finds and declares that this bill furthers
9 the purposes of the Political Reform Act of 1974 within the
10 meaning of subdivision (a) of Section 81012 of the Government
11 Code.

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