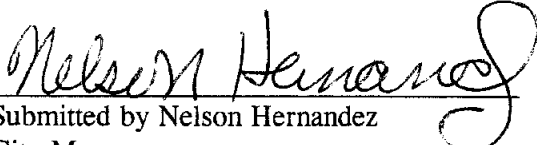




City of Carson Report to Mayor and City Council

August 5, 2014
New Business Consent

**SUBJECT: CONSIDER RESOLUTION NO. 14-078 SUPPORTING SENATE BILL 52 (LENO),
THE CALIFORNIA DISCLOSE ACT**


Submitted by Nelson Hernandez
City Manager


Approved by Nelson Hernandez
City Manager

I. SUMMARY

This item is on the agenda at the request of Mayor Dear.

The City Council is asked to consider supporting Resolution No. 14-078 (the California Disclose Act) that would increase transparency of campaign spending by requiring disclosure of major contributors on campaign advertisements for all state and local ballot measures (Exhibit No. 1).

II. RECOMMENDATION

TAKE the following actions:

1. WAIVE further reading and ADOPT Resolution No. 14-078, "A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF CARSON, CALIFORNIA, SUPPORTING SENATE BILL 52, THE CALIFORNIA DISCLOSE ACT, WHICH WILL REQUIRE IDENTIFICATION OF THE LARGEST FUNDERS ON ALL BALLOT MEASURE ADVERTISEMENTS."
2. DIRECT staff to transmit an executed copy of the resolution to Senator Leno and legislators representing the City of Carson.

III. ALTERNATIVES

TAKE another action the City Council deems appropriate.

IV. BACKGROUND

Senate Bill 52 would require disclosure of the top funders on all state and local ballot measure advocacy advertisements. The bill would also require that advertisements disseminated, broadcast, or otherwise communicated within 45 days of the election concerning a measure clearly refer to the measure so that a reasonable person would interpret the overall message as being for or against the measure.

This bill would repeal existing requirements governing disclaimers and disclosure statements that must appear on campaign advertisements relating to ballot measures. Exhibit No. 2 is a copy of the comprehensive analysis of Senate Bill 52 prepared by Townsend Public Affairs, with its recommendation that the City Council support this legislation.

V. FISCAL IMPACT

None.

VI. EXHIBITS

1. Resolution No. 14-078. (pgs. 3-4)
2. Memorandum, Townsend Public Affairs, dated July 21, 2014. (pgs. 5-9)

Prepared by: Linda F. Mann, Principal Administrative Analyst

Document 14

TO: Rev05-07-2014

Reviewed by:

City Clerk	City Treasurer
Administrative Services	Public Works
Community Development	Community Services

Action taken by City Council

Date _____ Action _____

RESOLUTION 14-078

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF
CARSON, CALIFORNIA, SUPPORTING SENATE BILL 52, THE
CALIFORNIA DISCLOSE ACT, WHICH WILL REQUIRE
IDENTIFICATION OF THE LARGEST FUNDERS ON ALL BALLOT
MEASURE ADVERTISEMENTS

WHEREAS, State Senator Mark Leno (D-San Francisco) introduced Senate Bill 52, The California Disclose Act [Political Reform Act of 1974: campaign disclosures]; and

WHEREAS, Senate Bill 52 would increase transparency of campaign spending by requiring disclosure of the three major contributors on campaign advertisements for and against ballot measures; and

WHEREAS, Senate Bill 52 will require all state and local ballot measure advertisements to clearly list the top three original funds of \$50,000.00 or more in television and print advertisements; and

WHEREAS, Senate Bill 52 would require all state and local ballot measure advertisements to clearly list the top two funders in the case of radio advertisements; and

WHEREAS, Senate Bill 52 would require disclosure of the top funders on ballot measures advertisements that are disseminated, broadcast, or otherwise communicated within 45 days of any state or local election ballot measure; and

WHEREAS, Senate Bill 52 would require that an advertisement regarding a ballot measure, disseminated by a political party or candidate-controlled committee, include a disclosure statement naming the committee that paid for the advertisement; and

WHEREAS, SB 52 would require that an advertisement regarding a ballot measure, disseminated by a committee other than a political party or candidate-controlled committee, include a disclosure statement naming the major funding source.

NOW, THEREFORE, BE IT RESOLVED that the City of Carson supports the passage of SB 52, which will require increased transparency of campaign spending.

EXHIBIT NO. 01

[MORE]



PASSED, APPROVED and ADOPTED this 5th day of August, 2014

Mayor Jim Dear

ATTEST:

City Clerk Donesia L. Gause, CMC

APPROVED AS TO FORM:

City Attorney



TOWNSEND

TPA

MEMORANDUM

To: Mayor Jim Dear
Mayor Pro Tem Elito M. Santarina
Council Member Lula Davis-Holmes
Council Member Mike A. Gipson
Council Member Albert Robles

CC: City Manager Nelson Hernandez

From: Christopher Townsend, President, Townsend Public Affairs, Inc.
Heather Stratman, Senior Director
Niccolo De Luca, Director

Date: July 21, 2014

Subject: Analysis and recommendation regarding Senate Bill 52 (Leno)

Townsend Public Affairs, Inc. (TPA) has prepared this memo for the City of Carson at the request of the Mayor to provide analysis and a recommendation for Senate Bill 52 (Leno) Political Reform Act of 1974: campaign disclosures.

The focus of this bill is to increase transparency of campaign spending by disclosing major contributors on campaign advertisements for and against ballot measures. Per the most recent analysis of the bill, campaign spending has reached extraordinary levels in the past years. As an example, in 2012, over \$475 million was spent on ballot measures alone in California. As a result, the March 2013 PPIC Poll found that 84% of all likely voters, across political ideology, want increased public disclosure of funding sources for signature gathering and initiative campaigns.

Specifically, SB 52 requires *all state and local* ballot measure ads to clearly list their top three original funders of \$50,000 or more in the case of television and print ads, or top two funders in the case of radio ads. Strengthening disclosure requirements on ballot measure advertisements is necessary to help be better informed and feel more represented by their government. Current law does not require disclosure of any major funders for ads that clearly refer to ballot measures that are meant to influence the public on their vote, but that do not expressly advocate for their passage or defeat. SB 52 resolves this loophole by requiring disclosure of the top funders on "ballot measure advocacy communications," which means "an advertisement that is disseminated, broadcast, or otherwise communicated within 45 days of the election concerning a measure that clearly refers to the measure and that a reasonable person would interpret the overall message as being for or against the measure."

Our recommendation is to support this bill.

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Federal Government Office • 611 Pennsylvania Avenue SE • #331 • Washington, DC • Phone (202) 744-2926

EXHIBIT NO. 02



Additional information about the bill:

Support and opposition:

There are over 30 organizations in support of the bill and one organization formally opposing the bill.

Recent votes:

- Senate Elections Committee 4 to 1 in support
- Senate Appropriations Committee 5 to 0 in support
- Senate 28 to 11 in support
- Assembly Elections Committee 5 to 1 in support

Next hearing:

Assembly Appropriations date is to be determined (but will be in August)

Additional bill provisions include:

- 1) *This bill specifically repeals existing requirements governing disclaimers and disclosure statements that must appear on campaign advertisements relating to ballot measures, including all of the following:*
 - a) *A requirement that an advertisement for or against a ballot measure include a disclosure statement identifying the two highest cumulative contributors of \$50,000 or more to the committee funding the advertisement;*
 - b) *A requirement that a committee that supports or opposes one or more ballot measures must name and identify itself using a name or phrase that clearly identifies the economic or other special interest of its major donors of \$50,000 or more in any reference to the committee required by law; and,*
 - c) *A requirement that an advertisement supporting or opposing a ballot measure that is paid for by an independent expenditure (IE) must include a disclosure statement identifying the name of the committee making the expenditure and the names of the persons from whom the committee making the IE received its two highest cumulative contributions of \$50,000 or more during the 12-month period prior to the expenditure.*
- 2) *Requires an advertisement regarding a ballot measure that is disseminated by a political party or candidate-controlled committee to include a disclosure statement that reads as follows:*

"Paid for by [name of the committee that paid for the advertisement]."
- 3) *Requires an advertisement regarding a ballot measure that is disseminated by a committee other than a political party or candidate controlled committee to include a disclosure statement in accordance with the following:*
 - a) *In the case of a radio advertisement or a prerecorded telephonic message, the disclosure statement shall read as follows:*

"This ad has major funding from [state names in descending order of identifiable contributors who have made the two largest cumulative contributions to the committee that paid for the advertisement]. Paid for by [name of the committee that paid for the advertisement]."



- i) Provides that only one identifiable contributor is required to be included in a disclosure statement if there is only one identifiable contributor to the committee that paid for the ad or if the ad lasts 15 seconds or less.
- ii) Provides that if there are no identifiable contributors to the committee that paid for the ad, or if the content of the ad names each of the identifiable contributors required to be named in the disclosure statement, the ad may include only the following sentence of the disclosure statement:

"Paid for by [name of the committee that paid for the advertisement]."

- b) In the case of a television or video advertisement, the disclosure statement shall read as follows:

Ad Paid for by a Committee whose Top Funders are:

- 1. *[Identifiable contributor who made the largest contribution to the committee]*
- 2. *[Identifiable contributor who made the second largest contribution to the committee]*
- 3. *[Identifiable contributor who made the third largest contribution to the committee]*

Funding Details At: [website containing contributor information].

Paid for by [name of the committee that paid for the advertisement].

- c) In the case of a mass mailing or print advertisement designed to be distributed personally, the disclosure statement shall read as follows:

Ad Paid for by a Committee whose Top Funders are:

- 1. *[Identifiable contributor who made the largest contribution to the committee]*
- 2. *[Identifiable contributor who made the second largest contribution to the committee]*
- 3. *[Identifiable contributor who made the third largest contribution to the committee]*

Funding Details At: [website containing contributor information].

Paid for by [name of the committee that paid for the advertisement].

- i) Provides that if the advertisement is five inches tall or less, it does not need to include the "Funding Details" line.
- ii) Provides that if the advertisement is four inches tall or less, it needs to include only the two top funders, instead of the three top funders.
- iii) Provides that if the advertisement is three inches tall or less, it needs to include only the top funder, instead of the three top funders.

- 4) Imposes the following requirements on the disclosure statements required by this bill:

- a) In the case of a radio advertisement or prerecorded telephonic message, the statement must be at the beginning or end of the advertisement, read in a clearly spoken manner and in a pitch and tone substantially similar to the rest of the advertisement.
- b) In the case of a television or video advertisement, the statement must be included in a disclosure area with a solid black background on the entire bottom one-third of the screen



at the beginning or end of the advertisement for a minimum of five seconds in the case of an advertisement lasting 30 seconds or less, or for a minimum of 10 seconds in the case of an advertisement lasting longer than 30 seconds.

- c) In the case of a mass mailing or print advertisement designed to be distributed personally:
 - i) In the case of an advertisement disseminated by a political party or candidate-controlled committee, the statement must be included in a disclosure area on the outside display surface of the advertisement; and,*
 - ii) In the case of an advertisement disseminated by a committee other than a political party or candidate-controlled committee, the statement must be included in a disclosure area on the largest page of the advertisement with a solid white background with black text.**
- 5) Specifies requirements for the size, color, and placement of the text of disclosure statements required by this bill.*
- 6) Provides that the disclosure of the name of an identifiable contributor under this bill does not need to include legal terms such as "incorporated," "committee," "political action committee," or "corporation" or their abbreviations, unless the term is part of the contributor's name in common usage or parlance.*
- 7) Provides that if this bill requires disclosure of the name of an identifiable contributor that is a sponsored committee that has a single sponsor, only the name of the committee's sponsoring organization shall be disclosed.*
- 8) Provides that if an identifiable contributor that is required to be included in a disclosure statement pursuant to this bill is the parent of a subsidiary corporation whose economic interest is more directly impacted than the parent by a measure that is the subject of the advertisement, then the subsidiary's name shall be disclosed.*
- 9) Defines the following terms, for the purposes of this bill:
 - a) "Advertisement" to mean any general or public communication that is either of the following:
 - i) Authorized and paid for by a committee for the purpose of supporting or opposing a candidate for elective office; or,*
 - ii) A ballot measure advocacy communication supporting or opposing the qualification, passage, or defeat of a ballot measure.**
 - b) Provides that the term "advertisement" does not include any of the following:
 - i) A communication from an organization, other than a political party, to its members;*
 - ii) A campaign button smaller than 10 inches in diameter; a bumper sticker smaller than 60 square inches; or a small tangible promotional item such as a pen, pin, or key chain, upon which the disclosures required by law cannot be conveniently printed or displayed;*
 - iii) Clothing apparel;*
 - iv) Sky writing;***



- v) *An electronic media communication, if inclusion of disclosures is impracticable or would severely interfere with the committee's ability to convey the intended message because of the nature of the technology used to make the communication; or,*
 - vi) *Any other advertisement as determined by regulations of the Fair Political Practices Commission (FPPC).*
 - c) *"Cumulative contributions" to mean the cumulative amount of contributions received by a committee beginning 12 months prior to the date the committee made its first expenditure for the purpose of supporting or opposing a candidate for elective office or for the purpose of qualification, passage, or defeat of a ballot measure, and ending seven days before the time the advertisement is disseminated or broadcast.*
 - d) *"Identifiable contributor" to mean a person that is the original source of funds for contributions received by a committee that cumulatively total \$50,000 or more, notwithstanding the fact that the funds were transferred, in whole or in part, through one or more other committees or persons.*
- 10) *Requires the FPPC, not later than January 1, 2016, to promulgate regulations related to the reporting and tracking of funds transferred by an identifiable contributor to committees and other persons.*
- 11) *Requires disclosure statements to be updated to reflect any changes in the order of identifiable contributors as follows:*
- a) *In the case of television, radio, or other electronic media advertisements, within seven business days, or within five business days if the order of contributors changes within 30 days of an election; and,*
 - b) *In the case of a print advertisement, including non-electronic billboards, prior to placing a new or modified order for additional printing of the advertisement.*
- 12) *Permits the FPPC to promulgate regulations to require disclosures on all forms of advertisements regarding ballot measures not covered by this bill, including electronic media advertisements and billboards. Requires the regulations, if feasible, to require the listing of the name of the committee and as many of the three identifiable contributors that made the largest cumulative contributions as possible in a conspicuous manner, unless the committee that paid for the advertisement is a political party or candidate-controlled committee, in which case only the name of the committee must be shown. Provides that the disclosure area may occupy no more than 10 percent of the advertisement.*

