

September 19, 2006

Board of Supervisors
County of Marin
San Rafael, CA 94903

Subject: Request to Support Proposition 89, the "California Clean Money and Fair Elections Act of 2006," on the November 7, 2006 statewide ballot

Dear Board Members:

Recommendation: It is recommended that your Board support the "California Clean Money and Fair Elections Act of 2006," on the November 7, 2006 statewide ballot. Adopt the attached resolution supporting the measure.

Summary: Proposition 89 is based on AB 583 (Hancock; 2006), which your Board supported earlier this year. The author withdrew her bill in favor of supporting this statewide ballot measure. The reforms contained in Proposition 89 are based on the Arizona system, which has been in effect since 2000.

Proposition 89 would make significant changes to state laws regarding the financing of campaigns for elected state offices and state ballot measures. Candidates could choose to receive public funding for the costs of their campaigns. For those candidates choosing not to receive public funding, existing limits on the amount of political donations would be lowered. Supporters contend that the increasing sums of money and the influence of "special interests" in statewide campaigns is one of the biggest challenges facing our democratic system. As time spent on fundraising has increased, the public's opinion of government and confidence in elected officials has decreased, and voter participation has eroded. Per the LAO's summary, main provisions of the new measure would provide:

- 1) Public funding for political candidates,
 - A candidate for state office meeting certain requirements could receive state funds to pay for the costs of a political campaign.
 - The amount of state funds that a candidate would receive would go up if an opponent spent more in private funds.
- 2) Lower contribution amounts for privately funded candidates,
 - For candidates choosing not to receive public funding, the amount of money that could be collected from each individual, corporation, or other group would be lower than is currently the case.
- 3) Contribution restrictions for state ballot measures,
 - Places new limits on contributions to candidates' efforts to support or oppose ballot measures.
 - Places new limits on contributions from corporations to support or oppose ballot measures.
- 4) Funding based on higher corporate taxes (0.2% income tax rate increase).

- Increases tax rate on corporations and financial institutions. For corporations, tax rate would increase from 8.84% to 9.04%. For financial institutions, tax rate would increase from 10.84% to 11.04%.
- Raises over \$200 million each year to implement the measure.

Public Funding for Political Candidates

A candidate would be required to collect a number of \$5 donations (“qualifying contributions”) and signatures from residents prior to a primary election. The measure requires that these donations be paid to the state. To receive public funding, a candidate could not receive private campaign funding, except for certain proscribed exceptions – and would be subject to some additional requirements, for example participating in public debates. In addition, candidates could not use their personal funds to pay for campaign costs. Public funding for political candidates under the new measure is summarized in the following chart prepared by the LAO.

Proposition 89 Public Financing Provisions for Major Party Candidates				
Office	Initial Steps		Public Financing Available	
	Number of \$5 Contributions	Maximum Start-Up Contributions	Primary Election	General Election
Assembly	750	\$10,000	\$250,000	\$400,000
Senate	1,500	20,000	500,000	800,000
Board of Equalization	2,000	30,000	250,000	400,000
Statewide officials	7,500	75,000	2,000,000	2,000,000
Governor	25,000	250,000	10,000,000	15,000,000

Lower Contribution Amounts for Privately Funded Candidates

For those candidates who choose not to participate in the public financing of campaigns, the measure imposes new limits for campaign donations to candidates. New lower limits on campaign contributions are summarized in the chart below:

Campaign Contribution Limits for Privately Funded Candidates (For Each Election)						
	Individual, Group, or Corporation		Small Contributor Committee		Political Party	
	Current	Proposition 89	Current	Proposition 89	Current	Proposition 89 ^a
Assembly	\$3,300	\$500	\$6,700	\$2,500	No limit	\$20,000
Senate	3,300	500	6,700	2,500	No limit	40,000
Board of Equalization	5,600	500	11,100	2,500	No limit	20,000
Statewide officials	5,600	1,000	11,100	2,500	No limit	200,000
Governor	22,300	1,000	22,300	2,500	No limit	750,000

^a Amounts shown are for general elections. Primary election limits are between one-half and two-thirds of the amounts shown. Political party limits would apply to both privately and publicly funded candidates.

Several additional changes are summarized in the below:

Other Changes Under Proposition 89		
	Current	Proposition 89
Candidate-Related Contributions		
• Total annual contribution to an independent expenditure committee to support or oppose a candidate.	No limit	\$1,000
• Total annual contributions to political parties for candidate-related expenditures.	\$27,900	7,500
• Total annual contributions to all types of committees for candidate-related expenditures.	No limit	15,000 ^a
Ballot Measure Contributions		
• Contributions for or against a ballot measure where a candidate is significantly involved.	No limit	\$10,000
• Contributions for or against a ballot measure by a corporation.	No limit	10,000
a Contributing more than \$7,500 is allowed only for independent expenditures.		

Based on your Board's previous support of AB 583 (Hancock; 2006), it is recommended that your Board indicate its support of Proposition 89 by adoption of the attached resolution.

Should you have any questions, feel free to contact me or Dan Eilerman of my staff.

Respectfully submitted,

Matthew H. Hymel
County Administrator