

AMENDED IN SENATE FEBRUARY 5, 2025

**SENATE BILL**

**No. 42**

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**Introduced by Senator ~~Senators~~ Umberg and Allen**  
**(Principal coauthors: Senators Becker, Blakespear, and Stern)**  
**(Principal coauthor: Assembly Member Lee)**  
**(Coauthor: Senator McNerney)**

December 5, 2024

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An act to amend ~~Section 890.3 of the Military and Veterans Code,~~  
~~relating to veterans; Sections 85300 and 85320 of the Government Code,~~  
~~relating to the Political Reform Act of 1974.~~

LEGISLATIVE COUNSEL'S DIGEST

SB 42, as amended, Umberg. ~~Veterans' benefits.~~ *Political Reform Act of 1974: public campaign financing; California Fair Elections Act of 2026.*

*Existing law, the Political Reform Act of 1974, prohibits a public officer from expending, and a candidate from accepting, public moneys for the purpose of seeking elective office.*

*This bill would permit a public officer or candidate to expend or accept public funds, as defined, for the purpose of seeking elective office unless the funds are earmarked by a state or local entity for education, transportation, or public safety. The bill would require candidates to abide by specified expenditure limits and meet strict criteria, as defined, to qualify for public funds. The bill would prohibit public funds from being used to pay legal defense fees or fines or to repay personal loans to their campaign. The bill would permit a statute, ordinance, or charter to establish standards to increase the expenditure limits for each qualified, voluntarily participating candidate pursuant to a specified formula. The bill would provide that the Fair Political Practices*

*Commission is not responsible for administering or enforcing a system of public funding of candidates established by a local governmental agency.*

*Existing law prohibits a foreign government or foreign principal, as defined, from making a contribution, expenditure, or independent expenditure in connection with the qualification or support of, or opposition to, any state or local ballot measure or in connection with the election of a candidate to state or local office. Under existing law, a person who violates this prohibition is guilty of a misdemeanor and subject to a fine equal to the amount contributed or expended.*

*This bill would specify that a person who violates the prohibition above is guilty of a misdemeanor and would require that the person be fined an amount at least equal to the amount contributed or expended, but not exceeding a maximum amount of 3 times the amount contributed or expended.*

*The Political Reform Act of 1974, an initiative measure, provides that the act may be amended by a statute that becomes effective upon approval of the voters.*

*This bill would require the Secretary of State to submit the provisions of the bill to the voters for approval at the November 3, 2026, statewide general election, as specified.*

~~Under existing law, a claimant for disabled veterans' benefits is not ineligible for a disabled veterans' benefit for lack of certification of the disability of the veteran if there is a currently pending application to the United States Department of Veterans Affairs for certification of disability for that veteran and the subsequently received certification qualifies the veteran for the benefit.~~

~~This bill would make a technical, nonsubstantive change to that provision.~~

Vote: majority. Appropriation: no. Fiscal committee: no.  
State-mandated local program: no.

*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     California Fair Elections Act of 2026.
- 3     SEC. 2. The Legislature finds and declares all of the following:
- 4     (a) All citizens should be able to make their voices heard in the
- 5     political process and hold their elected officials accountable.

1     ***(b) Elections for local or state elective office should be fair,***  
2     ***open, and competitive.***

3     ***(c) The increasing costs of political campaigns can force***  
4     ***candidates to rely on large contributions from wealthy donors and***  
5     ***special interests, which can give those wealthy donors and special***  
6     ***interests disproportionate influence over governmental decisions.***

7     ***(d) Such disproportionate influence can undermine the public’s***  
8     ***trust that public officials are performing their duties in an impartial***  
9     ***manner and that government is serving the needs and responding***  
10    ***to the wishes of all citizens equally, without regard to their wealth.***

11    ***(e) Special interests contribute more to incumbents than***  
12    ***challengers because they seek access to elected officials, and such***  
13    ***contributions account for a large portion of the financial***  
14    ***incumbency advantage, as confirmed by recent studies such as***  
15    ***those published in the Journal of Politics in 2014 and Political***  
16    ***Research Quarterly in 2016.***

17    ***(f) Citizen-funded election programs, in which qualified***  
18    ***candidates can receive public funds for the purpose of***  
19    ***communicating with voters rather than relying exclusively on***  
20    ***private donors, are currently operative in five charter cities in***  
21    ***California, as well as numerous other local and state jurisdictions.***

22    ***(g) Citizen-funded election programs encourage competition***  
23    ***by reducing the financial advantages of incumbency and making***  
24    ***it possible for citizens from all walks of life, not only those with***  
25    ***connections to wealthy donors or special interests, to run for office,***  
26    ***as confirmed by recent studies such as those published in State***  
27    ***Politics and Policy Quarterly in 2008, and by the Campaign***  
28    ***Finance Institute in 2015 and the National Institute of Money in***  
29    ***State Politics in 2016.***

30    ***(h) By reducing reliance on wealthy donors and special interests,***  
31    ***citizen-funded election programs inhibit improper practices,***  
32    ***protect against corruption or the appearance of corruption, and***  
33    ***protect the political integrity of our governmental institutions.***

34    ***(i) In Johnson v. Bradley (1992) 4 Cal.4th 389, the California***  
35    ***Supreme Court highlighted the Court of Appeal’s observation that***  
36    ***“it seems obvious that public money reduces rather than increases***  
37    ***the fund raising pressures on public office seekers and thereby***  
38    ***reduces the undue influence of special interest groups.”***

39    ***(j) In Buckley v. Valeo (1976) 424 U.S. 1, the United States***  
40    ***Supreme Court recognized that “public financing as a means of***

1 *eliminating the improper influence of large private contributions*  
2 *further a significant governmental interest.”*

3 *(k) In Arizona Free Enterprise v. Bennett (2011) 564 U.S. 721,*  
4 *the United States Supreme Court acknowledged that public*  
5 *financing of elections “can further ‘significant governmental*  
6 *interest[s]’ such as the state interest in preventing corruption,”*  
7 *quoting Buckley v. Valeo.*

8 *(l) In Buckley v. Valeo, the United States Supreme Court further*  
9 *noted that citizen-funded elections programs “facilitate and*  
10 *enlarge public discussion and participation in the electoral*  
11 *process, goals vital to a self-governing people.”*

12 *(m) The absolute prohibition on public campaign financing*  
13 *allows special interests to gain disproportionate influence and*  
14 *unfairly favors incumbents. An exception should be created to*  
15 *permit citizen-funded election programs so that elections may be*  
16 *conducted more fairly.*

17 *SEC. 3. Section 85300 of the Government Code is amended to*  
18 *read:*

19 *85300. (a) ~~Except as provided in subdivision (b), a~~ A public*  
20 *officer shall not expend, and a candidate shall not accept, any*  
21 *public ~~moneys funds~~ for the purpose of seeking elective ~~office.~~*  
22 *~~office if the funds are earmarked by any state or local entity for~~*  
23 *~~education, transportation, or public safety.~~*

24 *~~(b) A public officer or candidate may expend or accept public~~*  
25 *~~moneys for the purpose of seeking elective office if the state or a~~*  
26 *~~local governmental entity establishes a dedicated fund for this~~*  
27 *~~purpose by statute, ordinance, resolution, or charter, and both of~~*  
28 *~~the following are true:~~*

29 *~~(1) Public moneys held in the fund are available to all qualified,~~*  
30 *~~voluntarily participating candidates for the same office without~~*  
31 *~~regard to incumbency or political party preference.~~*

32 *~~(2) The state or local governmental entity has established criteria~~*  
33 *~~for determining a candidate’s qualification by statute, ordinance,~~*  
34 *~~resolution, or charter.~~*

35 *~~(b) Candidates shall abide by expenditure limits and meet strict~~*  
36 *~~criteria to qualify for public funds.~~*

37 *~~(c) Public funds shall not be utilized to pay legal defense fees~~*  
38 *~~or fines.~~*

39 *~~(d) (1) A candidate shall not, at any time, use public funds to~~*  
40 *~~repay a personal loan to their campaign.~~*

1     (2) A candidate who receives public funds for their campaign  
2 shall not, after their campaign ends, use any source of funds to  
3 repay a personal loan to their campaign.

4     (e) For purposes of this section, the following definitions apply:

5     (1) “Expenditure limits” means voluntary spending limits  
6 established by statute, ordinance, or charter that qualified,  
7 voluntarily participating candidates must abide by to receive public  
8 funds.

9     (2) “Independent expenditures against” means the sum of any  
10 expenditures made or expenses incurred by any person or persons  
11 for the purpose of making independent expenditures in opposition  
12 to a specific candidate.

13     (3) “Independent expenditures in support” means the sum of  
14 any expenditures made or expenses incurred by any person or  
15 persons for the purpose of making independent expenditures in  
16 support of a specific candidate.

17     (4) “Available candidate funds” means the candidate’s  
18 expenditure limit or the sum of all contributions and public funds  
19 received by the candidate’s controlled committee for the elective  
20 office, whichever is less.

21     (5) “Net supportive funds” means the sum of available candidate  
22 funds, plus the independent expenditures in support of that  
23 candidate, minus the independent expenditures against that  
24 candidate.

25     (6) “Public funds” means any moneys provided to a candidate  
26 by a state or local governmental entity for the purpose of seeking  
27 elective office.

28     (7) (A) “Strict criteria” means the requirements set by statute,  
29 ordinance, or charter that candidates must meet to receive public  
30 funds. These criteria shall require candidates to demonstrate  
31 broad-based support in their district, such as by requiring  
32 candidates to receive small-dollar contributions or vouchers from  
33 a specified number of voting-age residents.

34     (B) (i) If a statute, ordinance, or charter requires a minimum  
35 number of individuals making small-dollar contributions pursuant  
36 to subparagraph (A), the largest contribution the statute,  
37 ordinance, or charter may require for a contributor to be counted  
38 is ten dollars (\$10).

39     (ii) For purposes of this subparagraph, a statute, ordinance, or  
40 charter may allow a contribution larger than the small-dollar

1 *contribution amount required pursuant to subparagraph (A) to be*  
2 *counted as a contribution equal to the small-dollar contribution*  
3 *amount required pursuant to subparagraph (A).*

4 *(C) “Strict criteria” shall not include requirements that*  
5 *candidates receive a specified number of signatures or raise a*  
6 *specified total dollar amount of more than ten dollars (\$10) per*  
7 *contributor.*

8 *(f) (1) A statute, ordinance, or charter may increase the*  
9 *expenditure limits for each qualified, voluntarily participating*  
10 *candidate.*

11 *(2) An increased limit pursuant to this subdivision shall not*  
12 *exceed an amount equal to the highest dollar amount of net*  
13 *supportive funds of any other candidate for the same office, plus*  
14 *the dollar amount of independent expenditures against the*  
15 *qualified, voluntarily participating candidate, minus the dollar*  
16 *amount of independent expenditures in support of the qualified,*  
17 *voluntarily participating candidate.*

18 *(g) Public funding statutes, charters, ordinances, and resolutions*  
19 *shall not discriminate based on party or according to whether a*  
20 *candidate is a challenger or an incumbent.*

21 *(h) The Commission is not responsible for the administration*  
22 *or enforcement of a system of public funding of candidates*  
23 *established by a local governmental agency.*

24 *SEC. 4. Section 85320 of the Government Code is amended to*  
25 *read:*

26 *85320. (a) A foreign government or foreign principal shall*  
27 *not make, directly or through any other person, a contribution,*  
28 *expenditure, or independent expenditure in connection with the*  
29 *qualification or support of, or opposition to, any state or local ballot*  
30 *measure or in connection with the election of a candidate to state*  
31 *or local office.*

32 *(b) A person or a committee shall not solicit or accept a*  
33 *contribution from a foreign government or foreign principal in*  
34 *connection with the qualification or support of, or opposition to,*  
35 *any state or local ballot measure or in connection with the election*  
36 *of a candidate to state or local office.*

37 *(c) For the purposes of this section, a “foreign principal”*  
38 *includes the following:*

39 *(1) A foreign political party.*

1 (2) A person outside the United States, unless either of the  
2 following is established:

3 (A) The person is an individual and a citizen of the United  
4 States.

5 (B) The person is not an individual and is organized under or  
6 created by the laws of the United States or of any state or other  
7 place subject to the jurisdiction of the United States and has its  
8 principal place of business within the United States.

9 (3) A partnership, association, corporation, organization, or  
10 other combination of persons organized under the laws of or having  
11 its principal place of business in a foreign country.

12 (4) A domestic subsidiary of a foreign corporation if the decision  
13 to contribute or expend funds is made by an officer, director, or  
14 management employee of the foreign corporation who is neither  
15 a citizen of the United States nor a lawfully admitted permanent  
16 resident of the United States.

17 (d) This section shall not prohibit a contribution, expenditure,  
18 or independent expenditure made by a lawfully admitted permanent  
19 resident.

20 (e) (1) Any person who violates this section shall be guilty of  
21 a misdemeanor and shall be fined an amount equal to the amount  
22 contributed or expended. *misdemeanor.*

23 (2) *In addition to other penalties, a person who violates this*  
24 *section shall be fined an amount at least equal to the amount*  
25 *contributed or expended, but not exceeding an amount equal to*  
26 *three times the amount contributed or expended.*

27 *SEC. 5. The provisions of this act are severable. If any*  
28 *provision of this act or its application is held invalid, that invalidity*  
29 *shall not affect other provisions or applications that can be given*  
30 *effect without the invalid provision or application.*

31 *SEC. 6. Notwithstanding Section 9040 of the Elections Code*  
32 *or any other provision of law, the Secretary of State shall, pursuant*  
33 *to subdivision (b) of Section 81012 of the Government Code, submit*  
34 *Sections 2, 3, and 4 of this act to the voters for approval at the*  
35 *November 3, 2026 statewide general election.*

36 ~~SECTION 1. Section 890.3 of the Military and Veterans Code~~  
37 ~~is amended to read:~~

38 ~~890.3.—(a) (1) Notwithstanding any other law, on or after~~  
39 ~~January 1, 2001, a claimant is not ineligible for a disabled veterans’~~  
40 ~~benefit for lack of certification of disability of the veteran with~~

1 respect to whom the benefit is sought, if there is a currently pending  
2 application to the United States Department of Veterans Affairs  
3 (USDVA) for certification of disability for that veteran and the  
4 subsequently received certification qualifies the veteran for the  
5 benefit. An entity of state government, or any political subdivision  
6 thereof, to which a claim for a disabled veterans' benefit is made,  
7 shall require the claimant to provide written verification that an  
8 application had been pending with the USDVA at the time the  
9 claim for the disabled veterans' benefit is submitted.

10 (2) For purposes of this subdivision, "disabled veterans benefit"  
11 means an exemption, privilege, service, or other legal benefit that  
12 is provided pursuant to law by the state, or a political subdivision  
13 thereof, exclusively to a disabled veteran, or their surviving spouse,  
14 surviving domestic partner, parent, or child.

15 (b) (1) For purposes of applying the disabled veterans' property  
16 tax exemption set forth in Section 205.5 of the Revenue and  
17 Taxation Code, any amount of tax, including any interest or penalty  
18 thereon, levied upon that portion of the assessed value of real  
19 property that would have been exempt if the veteran's pending  
20 application for certification of disability had been finalized, shall  
21 be canceled or refunded if both of the following conditions are  
22 met:

23 (A) The certification is received and is forwarded to the county  
24 assessor.

25 (B) A return is made as required by Section 277 of the Revenue  
26 and Taxation Code.

27 (2) A refund issued pursuant to this subdivision is subject to the  
28 limitations periods for refunds set forth in Section 5097 of the  
29 Revenue and Taxation Code.