

New Laws Expand Financial Disclosure Requirements and May Allow Public Campaign Funding

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Recent legislation signed by Governor Newsom provides significant amendments to the Political Reform Act of 1974 (Political Reform Act). Assembly Bill (AB) 1286 requires public agency officials to disclose accepted job offers from employers on a newly published attachment to their Form 700s. Subject to voter approval, Senate Bill (SB) 42 would allow candidates to use limited public funds for campaigns, which is currently prohibited.

Background

The Political Reform Act requires certain public officials to file a Statement of Economic Interest (commonly known as the “Form 700”), disclosing financial interests and real property holdings. Generally, Form 700 filers fall into two categories. The first group includes specific officials designated by statute (e.g., elected officials, planning commissioners, chief administrative officers, officials who manage public investments, etc.) mandated to disclose all economic interests (Section 87200 Officials). The second group are those employees designated in an agency’s Conflict of Interest Code, who must disclose financial interests based on disclosure categories tied to their job duties.

The Political Reform Act also prohibits public officials and candidates from expending or accepting public money for the purpose of seeking elective office, unless the state or a local public entity has established a dedicated fund for such purpose.

AB 1286: Prospective Employment Disclosures

Effective January 1, 2026, Section 87200 Officials must disclose any accepted job offer to the same extent they disclose other financial interests. AB 1286 requires the disclosure of any accepted offer of employment, whether through verbal or written acceptance, within 30 days of assuming or leaving office, and once per year while holding office. The official must disclose the date the offer was accepted, the business position, the nature of the employer’s business, and the name and address of the employer.

The intent of AB 1286 is to close a reporting gap in the Political Reform Act. Currently, the Political Reform Act prohibits public officials from participating in decisions which would affect their future employers. However, public officials have not been required to disclose when they accept an offer of future employment. AB 1286 will require the disclosure of accepted employment offers to allow the public and the Fair Political Practices Commission to

determine whether a public official participated in a decision that would affect a future employer. The Fair Political Practices Commission has published Attachment Form 700-P for use in making the disclosures required by AB 1286.

SB 42: Public Election Funding

If approved by the voters at the November 3, 2026 statewide general election, SB 42 would enact the California Fair Elections Act, to narrow the prohibition against expending and accepting public funds for the purpose of seeking elective office. Specifically, SB 42 allows state and local government to provide public funds to candidates so long as they are not earmarked for education, transportation, or public safety.

Candidates who choose to participate in a public financing program would be prohibited from using such funds to pay for legal defense fees, fines, or to repay personal loans made to their campaigns. Candidates who receive public funds would be barred from repaying those personal loans from any source of funds after the campaign ends. SB 42 would also require such candidates to abide by expenditure limits and meet strict criteria to qualify for the use of public money for their campaign. Those criteria are designed to ensure broad, small-dollar support from residents, such as collecting modest contributions or vouchers from a specified number of voting-age residents.

SB 42 would also strengthen existing restrictions on foreign money in California elections. It would increase fines for illegal contributions and expenditures by foreign governments and other foreign entities to between one and three times the amount of the unlawful contribution or expenditure.

SB 42 is intended to reduce the financial barriers of running for public office by making public funding available to candidates. The bill's authors contend that such a change will even the playing field for candidates who do not have access to large donor bases and make it easier for candidates with limited funding to seek office.

Key Takeaways

AB 1286 will require public officials to disclose accepted offers of prospective employment to ensure that such officials are not participating in decisions which could affect a future employer. Such disclosures must be with an official's Form 700 filing on Attachment Form 700-P.

SB 42 will lift the prohibition on expending public funds in elections, subject to strict conditions and limitations. It will also increase the potential penalty for using foreign money in a campaign. However, SB 42 must be approved by the voters in the November 2026 election to go into effect.

If you have any questions about AB 1286, SB 42, or the Political Reform Act in general, please contact the authors of this Client News Brief or any attorney at one of our [eight offices](#) located statewide. You can also subscribe to our [podcasts](#), follow us on [Facebook](#) and [LinkedIn](#), or download our [mobile app](#).

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