

## TOWN COUNCIL STAFF REPORT

Title: Ordinance Relating to Electronic and Paperless Filing of Fair Political Practices Commission (FPPC) Campaign Disclosure Statements.

Meeting Date: March 1, 2023

Prepared by: Jamie Gray, Town Clerk

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### **RECOMMENDATION:**

Waive the reading and introduce by title only the ordinance adding Chapter 2.80 “Electronic and Paperless Filing of Campaign Disclosure Statements and Statements of Economic Interest” to the Mammoth Lakes Municipal Code.

### **BACKGROUND:**

The Political Reform Act recognizes campaigns that spend or raise more than \$2,000 as “Controlled Committees.” Under the Act, these committees are obligated to file detailed campaign finance statements, also known as Fair Political Practices Commission (FPPC) Form 460s. The Town Clerk is the local filing officer for the Town of Mammoth Lakes, and is responsible for receiving, reviewing, and storing campaign disclosure information, as well as making it accessible to the public.

Effective January 1, 2021, Assembly Bill (AB) 2151 requires the Town to post any campaign statement, report, or other document required by the Political Reform Act to its website within 72 hours of its filing. The Town Clerk’s office currently accepts paper filings of such documents and, since January 2021, staff has been manually redacting and uploading forms to the Town website.

To provide a more efficient process, the Town recently entered into an agreement to use NetFile, an electronic/paperless filing system that accommodates online filing of several types of FPPC forms, including Forms 460, 470, 496, and 497, and meets the requirements of the Secretary of State. NetFile will ensure compliance with AB 2151, provide more transparency to the public, and offer an easier way for all filers to complete their required filings.

Government Code Section 84615 allows local government agencies to require an elected and appointed official, candidate, or committee to file FPPC campaign statements, reports, or other documents online or electronically with a local filing officer.

In order for the Town of Mammoth Lakes to accept electronically filed statements, the Town Council must adopt an ordinance approving the use of an online or electronic filing system, which shall include the legislative finding that the online or electronic system will

operate securely and effectively and will not unduly burden filers. A draft ordinance is attached.

In terms of security, the NetFile system is a web-based, vendor-hosted application that utilizes “industry best practices” for securing data, using the same data encryption for online filings that is used by banks for online banking. NetFile stores and backs up data at three separate locations, creating the essential safety measures and redundancy that allows for recovery of information in the event of an emergency or disaster.

Implementation of the NetFile system will promote transparency and provide convenience for committees, individuals, and the public. It provides 24-hour filing and viewing accessibility of campaign finance information from any computer, anywhere. In certain instances, the NetFile system will also increase the accuracy of filed campaign statements by prohibiting any filings that may have inadvertently omitted information required under the Political Reform Act.

The Form 700 component of NetFile does not require an ordinance and is simply an internal procedural change. However, with the transition to electronic filing of campaign disclosure statements, staff recommends all future reports and other documents filed on behalf of Statement of Economic Interest filers be filed electronically. The Town Clerk is responsible for the annual filing of Form 700s by 87200 filers (Town Council, Planning Commission, Town Manager, Town Treasurer, and Town Attorney) and designated Town staff, boards, commissions, and consultants. Form 700s occasionally need amendments or are submitted incomplete or without appropriate schedules attached. The Form 700 electronic filing system incorporates an initial review process that alerts the filer of errors at the time they enter their information, thereby minimizing the need for the Town Clerk to request amendments. There are currently 215 cities and 50 counties in California using electronic filing systems for Form 700 filings.

**FINANCIAL CONSIDERATIONS:**

The contract with NetFile has already been executed for the current year. The cost is \$3,800/year. The agreement is for five years, with the ability to cancel the agreement. The process is anticipated to reduce the amount of staff time currently required to accept, file, and post campaign disclosure statements. It will also reduce time related to regular Form 700 filings.