Establishing a Clear Rule for Reporting Contributions to Multi-Purpose Groups

Staff of the Fair Political Practices Commission will be holding an interested persons’ meeting to elicit public input on possible Commission action to implement a recommendation by the Chairman’s Task Force on the Political Reform Act (Government Code Sections 81000 – 91014; hereafter, the “Act”).

The final report of the Chairman’s Task Force, presented to the Commission at its January 2011 meeting, included a recommendation that the Commission consider a regulation relating to campaign reporting by “multi-purpose” organizations. This recommendation is found in Part II, paragraph 3.E. on page three of the final report and reads as follows:

E. Revise FPPC rules for campaign filings by multi-purpose organizations so that there is a single standard and clear transparency in reporting the donors to the organizations. We recommend that the Commission consider a last-in, first-out (“LIFO”) formula for identifying a multi-purpose organization’s donors.

The Act defines the term “contribution” (in pertinent part) as a payment made for a political purpose, which can include many kinds of payments to a multi-purpose organization – for example, payments responding to an appeal soliciting “donations” to fund an advertisement supporting a measure in an upcoming election. By contrast, “donations” to such groups that are not made for a political purpose, and are not used for a political purpose, are not “contributions.”

Staff understands this Task Force recommendation as calling for the creation of a clear accounting rule to be used for identifying donations to multi-purpose groups that are classified as “contributions” under the Act’s “one bite of the apple” provision at Regulation 18215(b)(1). The Commission would therefore welcome public comment on the following topics:

- What kinds of organizations should be covered by the proposed regulation? Are they limited to non-profit organizations, such as IRC Section 501(c) corporations, or do other forms of multi-purpose groups also raise and spend money to influence state and local elections in a manner that would trigger reporting obligations under Regulation 18225(b)(1)?
• Will multi-purpose groups with reporting obligations under Regulation 18215(b)(1) accurately identify and report contributors supporting their political activities by using a LIFO accounting method? If not, what alternative would promote more accurate reporting?

• Do differences in organization, membership, size, sophistication, or other characteristics or circumstances complicate the use of a single clear rule for identifying contributors to various kinds of multi-purpose groups?

• If the answer to the preceding question is “yes,” how can such a rule be framed to yield accurate identification of contributors to all multi-purpose groups with reporting obligations? Are there alternative rules, or sets of rules, that would ensure that every multi-purpose group knows and will apply an accounting method that properly identifies the group’s reportable contributors?

You may participate in this interested persons meeting in person or by teleconference by calling (888) 751-0624; access code 723284. For questions about participating by phone, you may contact Virginia Latteri-Lopez at (916) 322-5660. The Commission also invites written comments addressing these topics. You may also contact Senior Commission Counsel Lawrence T. Woodlock at (916) 322-5660 with comments on these issues or questions about the meeting.