

1 Repeal 2 Cal. Code Regs., Section 18413:

2 **§ 18413. Reporting Independent Expenditures by Eligible 501(c)(3)/501(c)(4)**

3 **Organizations.**

4 (a) Application. This regulation provides an event-based reporting alternative for an
5 eligible 501(c)(3) or 501(c)(4) organization that makes occasional independent expenditures
6 from its general treasury to support or oppose a ballot measure in California. This reporting
7 option does not apply for contributions or independent expenditures made by a 501(c)(3) or
8 501(c)(4) organization to support or oppose a candidate in a California election, or to
9 contributions made to support or oppose a ballot measure in California.

10 (b) Definitions. For purposes of this regulation, “Eligible 501(c)(3) or 501(c)(4)
11 organization” means an organization to which all of the following apply:

12 (1) The organization has received either a 501(c)(3) or 501(c)(4) tax-exempt status from
13 the Internal Revenue Service and is operating under either Section 501(c)(3) or 501(c)(4) of the
14 Internal Revenue Code; and if incorporated in the State of California, has received a tax-exempt
15 determination from the California Franchise Tax Board under California Revenue and Taxation
16 Code Section 23701d or 23701f, or if incorporated in a state other than California, has received
17 the required tax-exempt determination under the laws of the state of incorporation.

18 (2) The organization is multipurpose and occasionally makes independent expenditures,
19 using funds donated directly to its general treasury by individuals or business entities, to support
20 or oppose ballot measures in California. “Occasionally makes independent expenditures” means
21 either of the following:

22 (A) Expenditures from the organization's general treasury totaling, in the aggregate in a
23 calendar year, less than \$500,000 to support or oppose four or fewer state ballot measures.

1 ~~(B) Expenditures from the organization's general treasury totaling, in the aggregate in a~~
2 ~~calendar year, less than \$50,000 to support or oppose one or more local ballot measures.~~

3 ~~(c) Reporting Options. Under Regulation 18215(b)(1), an eligible 501(c)(3) or 501(c)(4)~~
4 ~~organization that makes an independent expenditure from its general treasury is required to~~
5 ~~identify the donors of funds utilized to make independent expenditures on ballot measures in~~
6 ~~California, if the organization has previously made independent expenditures or contributions~~
7 ~~from its general treasury totaling at least \$1,000 during the same calendar year, or during any of~~
8 ~~the four calendar years immediately preceding that year. An eligible 501(c)(3) or 501(c)(4)~~
9 ~~organization shall either (1) report the independent expenditure as a recipient committee or (2)~~
10 ~~elect to report the independent expenditure under the event based reporting rules set forth in~~
11 ~~subdivision (d) without designating a treasurer, filing a statement of organization, periodic~~
12 ~~recipient committee reports on Form 460, or a statement of termination.~~

13 ~~(d) Event Based Independent Expenditure Reporting.~~

14 ~~(1) When to File. An eligible 501(c)(3) or 501(c)(4) organization that elects event based~~
15 ~~reporting shall report an independent expenditure of \$1,000 or more made from its general~~
16 ~~treasury to support or oppose the qualification or passage of a ballot measure on an Independent~~
17 ~~Expenditure Report (Form 496) filed within 10 business days after making the independent~~
18 ~~expenditure. However, if the eligible 501(c)(3) or 501(c)(4) organization makes the independent~~
19 ~~expenditure during the 90 days preceding a state election or local election in which the measure~~
20 ~~appears on the ballot, it shall file the Independent Expenditure Report within 24 hours after~~
21 ~~making the independent expenditure.~~

22 ~~(2) Report Contents.~~

1 (A) ~~The Form 496 report shall list the eligible 501(c)(3) or 501(c)(4) organization's full~~
2 ~~name and street address, and in addition, shall include the designation "Eligible 501(c)(3) IE~~
3 ~~Report" or "Eligible 501(c)(4) IE Report" in the "Name of Filer" field, indicating the~~
4 ~~organization's election to use event-based independent expenditure reporting. The report shall~~
5 ~~include the name of a current officer, director, or trustee of the 501(c)(3) or 501(c)(4)~~
6 ~~organization listed on the organization's Internal Revenue Service Form 990, who shall be~~
7 ~~responsible for the accuracy and completeness of the report.~~

8 (B) ~~The Form 496 report shall contain the information about the independent expenditure~~
9 ~~required by the form concerning the date, amount, and description of the goods or services for~~
10 ~~which the expenditure was made, and shall identify the measure the independent expenditure is~~
11 ~~supporting or opposing as specified in Section 84204.5(a)(2).~~

12 (C) ~~The Form 496 report shall identify the donors whose payments of \$100 or more to the~~
13 ~~general treasury were used to pay for the independent expenditure. If only a part of a donor's~~
14 ~~payment to the organization was used to make independent expenditures, the payment may be~~
15 ~~apportioned for reporting purposes. Donors shall be identified and reported as required by~~
16 ~~Regulation 18412(b) and (c). Donor payments to the organization that may be subject to itemized~~
17 ~~disclosure are those payments made after the date of the organization's first expenditure or~~
18 ~~contribution of \$1,000 or more pursuant to Regulation 18215(b)(1).~~

19 (D) ~~The organization shall maintain the records necessary to document the donor~~
20 ~~contributions and the independent expenditures reported.~~

21 (3) ~~Where to File. For an independent expenditure in connection with a state measure, the~~
22 ~~organization shall file a Form 496 report electronically with the California Secretary of State. For~~
23 ~~an independent expenditure in connection with a local measure, the organization shall file a~~

1 ~~Form 496 report electronically with the California Secretary of State, and shall also file a copy of~~
2 ~~the report with the clerk of the city or county in which the measure is being voted on.~~

3 ~~(e) A 501(c)(3) or 501(c)(4) organization that is not an eligible 501(c)(3) or 501(c)(4)~~
4 ~~organization but otherwise qualifies as a recipient committee under Title 9 (commencing with~~
5 ~~Section 81000) of the Government Code shall report as a recipient committee.~~

6 ~~Note: Authority cited: Section 83112, Government Code. Reference: Sections 82013, 84204 and~~
7 ~~85500, Government Code.~~