Amend 2 Cal. Code Regs., Section 18422 to read:

§ 18422. Multipurpose Organization Political Activity Transparency.

(a) Any person or group that receives contributions from others of $1,000 or more to make expenditures in California must register as a committee and file campaign reports under Section 82013 and the Act. In addition, a multipurpose organization making political expenditures in California that qualifies as a committee pursuant to Section 84222 ~~shall~~ must file a statement of organization and campaign reports to disclose the funds that ~~were~~ it used for the political expenditures and the sources of those funds.

(b) Statement of Organization.

(1) Multipurpose Organization Committee Name. A multipurpose organization committee's name ~~shall~~ must be the full legal name of the organization. Pursuant to Section 84222(e)(1)(A), a multipurpose organization filing a statement of organization ~~shall~~ must indicate in its committee name that it is filing under Section 84222 by including one of the following descriptions in parentheses after its name: (i) For a non-profit tax-exempt organization include “nonprofit 501(c)( )” specifying the type of nonprofit tax-exempt organization from Internal Revenue Code Section 501(c)(3)-(10); (ii) For a federal or out-of-state political committee, include “Fed PAC ID #” or the two letter state abbreviation such as “TX PAC ID #”; or (iii) For any other type of multipurpose organization, include “multipurpose organization” or “MPO.” This description ~~shall~~ must appear at the end of the committee's name in parentheses on the committee's statement of organization and campaign reports. Notwithstanding any other provision of the Act or Commission regulations, this description is not required to be included in the committee's name on advertisements, communications, sender identification, or disclaimers.

(2) Calendar Year Filers. A multipurpose organization that becomes a committee subject to Section 84222(c)(5) whose reporting obligations terminate automatically each year as specified in Section 84222(e)(1)(B), ~~shall~~ must indicate its committee status to the filing officer when it files its statement of organization, in the manner provided on the instructions to Form 410. If such a multipurpose organization elects to remain registered as a committee beyond the calendar year, it may do so by stating its election to remain registered on the initial statement of organization or on an amendment to the statement of organization filed before the end of the calendar year. If a multipurpose organization whose registration terminated automatically in one year~~,~~ qualifies as a committee again in a subsequent year, the organization ~~shall~~ must use the same committee identification number the Secretary of State previously assigned ~~by the Secretary of State~~.

(c) Reporting.

(1) Multipurpose Organizations under Section 84222(c)(2), (3), or (4). A multipurpose organization required to register as a committee under Section 84222(c)(2), (3) or (4) ~~shall~~ must follow the same reporting requirements ~~applicable~~ that apply to a recipient committee under Section 82013(a).

(2) Multipurpose Organizations under Section 84222(c)(5).

(A) Identifying Contributors. An organization that makes a contribution or expenditure qualifying it as a committee required to report donors under Section 84222(c)(5), ~~shall~~ must identify contributors using the last in, first out (LIFO) accounting method by the following times:

(i) During the 90 days prior to an election, within three business days following the contribution or earlier if required for a report under Section 84204.

(ii) At all other times, within 10 business days following each contribution or expenditure.

Donations to multipurpose organizations that are reported based on the ~~on a last in, first out (~~LIFO~~)~~ accounting method ~~basis~~ ~~shall~~ must be disclosed listing the date contributions were received as the date of the expenditure made by the multipurpose organization.

(B) Employer Information. If the employer and occupation information cannot be obtained, the report ~~shall~~ must provide an explanation of the organization's attempts to obtain the information.

(C) Remaining Balance. If a multipurpose organization that makes a contribution or an expenditure from its general treasury is required to identify additional donors because those described in Section 84222(e)(1)(C) did not provide the full amount of the contribution or expenditure, the organization ~~shall~~ must attribute the remaining balance of the contribution or expenditure to itself.

(d) Major Donor Notices. If a multipurpose organization identifies contributors by the ~~last in, first out (~~LIFO~~)~~ accounting method who meet the major donor notice thresholds of Section 84105 and Regulation 18427.1, the organization ~~shall~~ must send the contributors a major donor notice informing them that they may be required to file campaign statements. The organization ~~shall~~ must send major donor notices to contributors within the one or two week time frames specified in Section 84105 following the date the organization receives the contributions and identifies the contributors by the ~~last in, first out~~ LIFO accounting method under paragraph (c).

(e) Multi-Layer Reporting.

(1) Funds Moving from One Multipurpose Organization to Another. To obtain disclosure of the original sources of funds used by a multipurpose organization for political expenditures, under Section 84222(e)(5), if a multipurpose organization identifies another multipurpose organization as a source of funds, and the contributing organization qualifies as a committee, the contributing organization may be required to file expedited campaign statements disclosing its donors, if applicable.

(2) Expedited Notice. If a multipurpose organization identifies a contributor of more than $50,000 by the ~~last in, first out (~~LIFO~~)~~ accounting method that is itself a multipurpose organization, the recipient organization ~~shall~~ must send a "nonprofit filer notice" to the contributing organization stating that it may be required to register and file expedited campaign statements disclosing its donors, if applicable. The "nonprofit filer" notice ~~shall~~ must be provided within 24 hours of when the recipient organization identifies the contributor, during the 90-day period before an election and within ten business days outside that period. The recipient organization ~~shall~~ must send the contributing organization notice by electronic mail, overnight delivery, or facsimile, and ~~shall~~ must maintain a record of all notices sent. The nonprofit filer notice ~~shall~~ must contain the language of the major donor notice specified in Regulation 18427.1 paragraph (a)(2), and ~~in addition,~~ at the beginning, ~~shall~~ must contain the following language or substantially similar language:

The Political Reform Act requires disclosure of the source of donor funds used for political expenditures and tracks back to the original donors when funds are contributed by one multipurpose organization to another. Your organization was identified as a contributor of more than $50,000 in funds that our organization used for political expenditures. Therefore, your

organization may qualify as a committee under Government Code Section 84222 and Fair Political Practices Commission (FPPC) Regulation 18422, contained in Title 2, Division 6 of the California Code of Regulations, that is required to register with the Secretary of State on FPPC Form 410 and file expedited reports on FPPC Form 460 disclosing donors for such funds within three business days during the 90 days before an election or within 10 business days at all other times.

(3) Expedited Filing. A multipurpose organization identified as a contributor by the ~~last in, first out (~~LIFO~~)~~ accounting method that qualifies as a recipient committee under Section 84222(c) (the contributing organization) must register and file campaign statements of its own, disclosing its donors, if applicable. The multipurpose organization qualifies as a committee on the date it knows or has reason to know that it met the qualification thresholds of Section 84222(c) by receiving the "nonprofit filer notice" referred to in paragraph (2) above, receiving a major donor notice pursuant to Section 84105 and Regulation 18427.1, or being otherwise put on notice. The contributing multipurpose organization ~~shall~~ must file a statement of organization and an initial campaign statement on Form 460 within three business days during the 90 days before an election, and within 10 business days at all other times.

~~(f) Recordkeeping. A multipurpose organization shall maintain all records necessary to establish its compliance with Section 84222.~~

(f) A federal political committee that identifies its most recent contributors by referring to its federal disclosure reports as permitted by Section 84222(d) is considered to be using the LIFO accounting method described in Section 84222(g). This regulation and the requirement that a multipurpose organization send major donor notices and expedited nonprofit filer notices therefore applies equally to a multipurpose organization that is a federal political committee.

(g) Recordkeeping. A multipurpose organization ~~shall~~ must maintain all records necessary to establish its compliance with Section 84222, and must maintain records concerning its mass mailings, notices to contributors of $5,000 or more, and expenditures for advertisements, as specified in Regulation 18401.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 82015 and 84222, Government Code.