Fair Political Practices Commission staff will hold an Interested Persons meeting on Monday, April 20, 2020 at 10:00 A.M. to solicit public input regarding legislative and regulatory proposals to enhance disclosure of political activity by Limited Liability Companies (LLCs) in California elections. Current law enables LLCs to make contributions or independent expenditures solely in the name of the LLC without disclosing any information, or even a way to determine, the source of the funds expended by the LLC and individuals responsible for operating the LLC. The Commission is interested in increasing the amount of information available to the public concerning political activity by LLCs. Regulatory proposals will be considered for adoption or amendment on or after May 21, 2020, the Commission’s schedule May meeting.

Below are several legislative and regulatory proposals that the Commission may pursue, for which the Commission is soliciting public comments. In addition to the proposals listed below, the Commission encourages members of the public to provide additional legislative and regulatory ideas to enhance transparency of political activity by LLCs in California.

**Legislative Ideas:**

- **Additional Reporting Requirements for LLCs.** The Commission may pursue legislation that would create additional disclosure requirements for LLCs participating in political activity. Possible additional requirements to consider include; requiring LLCs to disclose the individual(s) who controls an LLC’s political activity, similar to the principal officer requirements; deeming an LLC a recipient committee in certain circumstances (e.g. when capital contributions are made to the LLC within six months of a political contribution or expenditure by the LLC) thereby requiring disclosure of the source(s) of funds spent by the LLC; lowering the major donor threshold for LLCs. Additional reporting requirements could be accomplished either through existing or new forms, depending on the nature of new reporting requirements.

- **Statement of Identity.** The Commission may also pursue legislation that would require an LLC that makes contributions or expenditures in California state or local elections to disclose all direct and indirect owners with membership interests in the LLC by submitting a Statement of Identity to the Secretary of State’s Political Reform Division. Potentially, a monetary threshold could be established so that only qualifying LLCs would be required to disclose their donors, or the disclosure of direct and indirect owners could be narrowed by the size of an ownership interest in an LLC. Each contribution or expenditure would be attributable to each direct/indirect owner of the LLC in proportion with that owner’s ownership interest.
Proposed Regulations for Adoption:

- **Regulation 18402.2. Limited Liability Companies, Responsible Officer.** The Commission may consider a proposed regulation defining “responsible officer” for LLCs that qualify as IE Committees or Major Donors as “the individual primarily responsible for approving the political activity of the limited liability company.” The proposed regulation may also provide that if one or more individuals share this primary responsibility, at least one such individual must be listed as the LLC’s responsible officer.

- **Regulation 18421.10. Reporting Contributions from Limited Liability Companies.** The Commission may consider a proposed regulation detailing the information a committee that receives a contribution from an LLC must include as part of a contributor’s “name” on its campaign statements and reports, along with requiring such a committee to provide the name of the individual responsible for the LLC’s political activity. The regulation may also provide that if more than one individual shares in the primary responsibility for approving a contribution, a committee must report at least one such individual. Finally, for contributions of $100 or more received from an LLC that has qualified as a recipient committee, the regulation may require the “name” must include the LLC’s principal officer.

ADDITIONAL INFORMATION:

- Proposed language for the above regulations, along with corresponding memoranda, are attached for review, and can also be found at [http://www.fppc.ca.gov/the-law/fppc-regulations/proposed-regulations-and-notices/ip-meetings-resource-page.html](http://www.fppc.ca.gov/the-law/fppc-regulations/proposed-regulations-and-notices/ip-meetings-resource-page.html).

- You may also listen to and participate in this interested persons meeting by teleconference by calling: (877) 411-9748 access code 723284.

- **Commission staff invites written comments addressing these topics.** Address comments to Commission Counsel Toren Lewis by email: tlewis@fppc.ca.gov or by phone at (916) 322-5660. For questions about this meeting, you may contact Amanda Apostol at (916) 322-5660.