

State of California



Fair Political Practices Commission

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June 15, 1984

Charles H. Bell, Jr.
Nielsen, Hodgson, Parrinello & Mueller
1225 Eighth Street, Suite 550
Sacramento, CA 95814

RE: FPPC Advice No. A-84-161

Dear Mr. Bell:

Chairman Stanford has asked me to reply to your letter dated May 31, 1984, regarding the requirement for lobbyist employers to report on their lobbying disclosure reports the contributions made by a political action committee which the lobbyist employer sponsors.

You indicated in your letter that you believe this is a new requirement which was implemented in 1984. The requirement to report a sponsoring organization's PAC's contributions is not a new requirement. It is an interpretation of Government Code Section 86109(f) which has been in effect at least since 1981.

Government Code Section 86109(f) requires that lobbyist employers and persons spending \$2,500 in a calendar quarter to influence legislative or administrative action ("Section 86108 Filers") report their contributions on their lobbying disclosure reports. This reporting was clearly intended to be in addition to any reporting requirements the filer might have under the campaign disclosure provisions of the Political Reform Act.

Government Code Section 86109(f) requires that Section 86108 filers report on their lobbying disclosure reports:

The date and amount of each contribution made by the filer and the name of the recipient of each contribution.

Commission regulation 2 Cal. Adm. Code Section 18419 defines "political action committee" as a committee which "...receives all or nearly all of its contributions from the organization or the members, employees or shareholders of the organization." Therefore, by its very nature, a PAC is the political arm of the organization which sponsors it. Typically, the officers or

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decision-makers of the organization are involved in making decisions regarding the activities of the PAC and, in fact, have significant control regarding contributions made by the PAC. Because of this close relationship, the contributions made by a PAC are actually contributions made by a sponsoring organization through its PAC. For these reasons, we have determined that Section 86109(f) requires filers to report all contributions made by a PAC which the organization sponsors.*

You pointed out that the requirement to report contributions on a lobbying disclosure report essentially duplicates information already required to be filed under Chapter 4. In many cases it is very difficult, if not impossible, to associate a committee with the organization which sponsors it. Frequently the name of a political action committee gives no clue to the identity of the sponsoring organization. Section 86109(f) was intended to provide relevant information to the public about the campaign contributions made by a person which is also spending money to influence legislative or administrative action.

You mentioned that because the reporting periods for lobbying reports overlap the reporting periods for campaign disclosure statements, some filers may append their committee's Schedule E or may append the entire campaign statement. It would not be appropriate to append the entire campaign statement or the entire Schedule E because the lobbying report would then contain substantial superfluous information which would obscure the information required to be reported on the lobbying report. An adequate and convenient method would be to update the Allocation Schedule from the last campaign statement filed by the committee. The Allocation Schedule, updated through the period covered by the lobbying report, would provide all of the required information. The alternative, of course, is to complete Schedule III of the Form 650 to include only contributions and independent expenditures of \$25 or more made to or on behalf of state candidates, elected state officers and committees primarily formed to support such candidates or officers.

* Previous to 1984, Section 86108 filers were required to report all contributions made, including contributions to local candidates and committees and to general purpose committees. Beginning in 1984, however, the staff revised this interpretation so that Section 86108 filers now report only contributions of \$25 or more made to a state candidate, an elected state officer or a committee primarily formed to support such candidates or officers.

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When a filer is also a "committee" which files campaign disclosure statements with the Secretary of State, it is possible for the public to readily obtain information about the organization's campaign activity only if the public is informed of the name of the organization's committee(s). Therefore, the staff is considering drafting an amendment to the regulations which would permit employers and \$2,500 filers which sponsor committees that file campaign disclosure statements with the Secretary of State, to provide the names and I.D. numbers of any sponsored or affiliated committees on their lobbying disclosure reports, thus eliminating the requirement to itemize contributions. Employers and \$2,500 filers which do not qualify as committees or file campaign statements with the Secretary of State's office would continue to be required to itemize their contributions on their lobbying disclosure reports. Until these changes are approved by the Commission, employers and \$2,500 filers must continue to itemize their contributions of \$25 or more, including the contributions made by their PACs, to state candidates, elected state officers and committees primarily formed to support such candidates or officers.

We will advise you of the status of the proposed regulation, and would appreciate your comments and suggestions for the proposal.

Sincerely,


Jeanne Pritchard
Political Reform Consultant

JP:bb

A-84-161

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FILE NUMBER

May 31, 1984

Chairman Dan Stanford
Fair Political Practices Commission
1100 K Street Building
Sacramento, California 95814

Re: 1984 FPPC Form 650

Dear Mr. Chairman:

This letter is written concerning the new 1984 lobbyist forms recently issued by the Fair Political Practices Commission.

One change on the 1984 Form 650 from previous editions of that form is of particular concern to a number of our clients.

Part III of the form contains the new requirement that the Lobbyist Employer must disclose all contributions by any political action committee sponsored by the Lobbyist Employer. (Formerly, this section required disclosure only of political contributions made by the Lobbyist Employer, as an entity).

This new requirement, implemented without notice to the public, will substantially complicate lobbying disclosure for many Lobbyist Employers. The new information that will be disclosed essentially duplicates information already required to be filed under Chapter 4 of the Political Reform Act (i.e., recipient committee campaign reports). However, because the quarterly reporting schedule for Form 650 overlaps the reporting schedules for recipient committee campaign reports (see Part II of the Commission's "Information Manual on Campaign Disclosure Provisions of the Political Reform Act"), Lobbyist Employers will not be able to incorporate by reference the information contained in these recipient committee reports on file with the Secretary of State without obtaining and providing additional information. Many filers, in an effort to comply with the new requirement, may append their sponsored political committee's Form 420 report in its entirety or Schedule E of the Form 420 to their Form 650 reports, thus increasing the paper volume of these reports. I would point out that the Secretary of State has complained recently of the volume of lobbyist reports which contain duplicative or unnecessary material. This new requirement will surely arouse her concern.

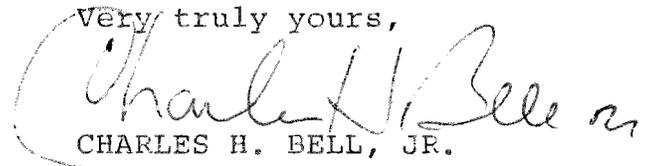
It is unclear, there being no public record in the matter, the reason the Commission believes such additional

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information is required in the first place. All of the information is already part of the public record. Interested parties may now, without great difficulty, obtain and compare copies of the Lobbyist Employer's Form 650 reports with copies of any sponsored or affiliated political committee Form 420 reports, or the Employer's Form 461 Major Donor reports, if any.

There are doubtless several refinements that could be made to reduce the burden involved. However, in our opinion the best course would be to return to the pre-1984 requirements for Part III. In our opinion, the Commission has the authority to adopt changes in disclosure forms. However, to have done so without public notice and an opportunity for interested parties to comment on substantive changes, was improper.

Very truly yours,



CHARLES H. BELL, JR.

CHB:ss

cc: Ms. Marian Ash
Political Reform Division
Secretary of State

