

State of California



Fair Political Practices Commission

P.O. BOX 807 • SACRAMENTO, 95804 ••• 1100 K STREET BUILDING, SACRAMENTO, 95814

Technical Assistance •• Administration •• Executive/Legal •• Enforcement
(916) 322-5662 322-5660 322-5901 322-6441

July 12, 1984

Judy Stiles
Giselle's Travel, Inc.
1215 Fourth Street
Sacramento, CA 95814

Re: Advice Letter No. A-84-171

Dear Ms. Stiles:

Thank you for your request for advice on the disclosure provisions of the Political Reform Act.

FACTS

• Recently, you changed your employment from Western Airlines to Giselle's Travel, Inc. As a "thank-you" to customers who have supported you in this move, and as a way to promote new customers, Giselle's is providing a special offer to all legislative candidates. For all airline tickets purchased through Giselle's Travel between July 1 and November 5, 1984, by a candidate, or the candidate's staff or family members, Giselle's will donate 1% of the total value of the tickets to either the candidate's:

1. Campaign; or
2. Favorite charity.

After November 5, 1984, each candidate will designate which entity is to receive the accumulated funds. The tickets purchased may be used for campaign or personal purposes.

QUESTION PRESENTED

What are the disclosure requirements for both the candidates and Giselle's Travel, Inc.?

DISCUSSION

A. If the 1% rebate is donated to the campaign:

1. Candidates' disclosure requirements:

If a candidate chooses to have Giselle's donate the money to his or her campaign, the candidate's campaign committee will report the amount of the rebate as a contribution on Schedule A of its disclosure forms. If the amount of the rebate is \$100 or more, Giselle's Travel, Inc., must be listed as the source of the contribution. This method of reporting is consistent with the disclosure that the FPPC requires for other discounts. When a vendor, such as a printing company, provides a discount to candidates, the discount is required to be reported on the recipients' campaign statements as an in-kind contribution.^{1/}

2. Giselle's disclosure requirements:

If Giselle's makes contributions during the calendar year totaling \$5,000 or more, Giselle's will incur reporting responsibilities as a major donor committee. If you want more detailed information about the filing requirements of major donor committees, you can contact our Technical Assistance and Analysis Division at (916) 322-5662.

B. If the 1% rebate is donated to a favorite charity:

1. Candidate's disclosure requirements:

If an incumbent candidate chooses to have the money donated to his or her favorite charity, and claims the donation as a charitable contribution on his or her income tax return, the amount donated is a gift to the candidate. Such a gift may subject the candidate to both disqualification^{2/} and

^{1/} The discount is reported as an "in-kind" contribution because a service (additional printing) is received, rather than money.

^{2/} See Government Code Sections 87100 and 87103. Hereinafter all statutory references are to the Government Code, unless otherwise indicated.

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disclosure under the Act.^{3/} However, the donation is not a "gift," and will not require disqualification or disclosure, if the candidate does not claim the donation on his or her income taxes. (Section 82028.)

A nonincumbent will incur no reporting or disqualification requirement if the money is donated to charity, whether or not the candidate claims a tax deduction for the donation, because a nonincumbent candidate is not required to report gifts on his or her Candidate or Assuming Office Statement of Economic Interests.

If I can be of any additional help to you, please feel free to contact me at (916) 322-5901.

Very truly yours,

Janis Shank McLean

Janis Shank McLean
Counsel
Legal Division

JSM:plh

^{3/} Gifts of \$50 or more must be reported on the recipient's Statement of Economic Interests.