

State of California



Fair Political Practices Commission

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January 15, 1985

Mary Barringer
Operating Engineers Local 12
3055 Wilshire Blvd., 3rd Floor
Los Angeles, CA 90010

Re: Our File No. A-85-004

Dear Mary:

This letter is to confirm the advice I provided you on January 4, 1985, regarding the campaign disclosure provisions of the Political Reform Act (Government Code Sections 81000-91014).

The Operating Engineers Union Local 12 makes contributions to candidates and committees from its Voluntary Legislative Fund (I.D. No. 743030), which receives contributions directly from members and is a registered recipient committee pursuant to Government Code Section 82013(a). Contributions to candidates and committees are also made directly from Local 12's General Fund, which receives the union's membership dues. The General Fund has been using the Form 461--Expenditure and Major Donor Committee Campaign Statement to report its expenditures.

Recently, Local 12 received correspondence from the Office of the Secretary of State requesting that one of its 1984 major donor (General Fund) statements be amended to provide additional information. During subsequent telephone conversations, however, I advised you that because Local 12 uses money received from other people (in the form of membership dues) to make contributions to California state and local candidates and committees, the funds used are "contributions" received by Local 12 under the Act. Therefore, the General Fund qualifies as a "recipient committee" under Government Code Section 82013(a) and should not be using the Form 461 to report its expenditures.

I also advised you that FPPC Regulation 2 Cal. Adm. Code Section 18419 (copy enclosed) will provide Local 12 with a method for reporting all contributions on the recipient

committee campaign statements filed by the Voluntary Legislative Fund rather than creating separate reporting obligations for the General Fund. Regulation 18419, entitled "Organizations Sponsoring Political Action Committees," states that organizations such as Local 12 which sponsor recipient committees and make contributions out of other funds will not become "committees" under Government Code Section 82013 if all of the following criteria are met:

1. The name of the PAC includes the official or the publicly recognized name of the sponsoring organization;
2. The sponsoring organization does not make a sufficient amount of contributions and expenditures, other than those in support of its PAC, to satisfy the thresholds set forth in Government Code Section 82013. A sponsoring organization makes contributions and expenditures in support of its PAC when it provides the PAC with member contributions, money from its treasury, supplies or administrative services;
3. The PAC reports all contributions and expenditures made in support of the PAC by the sponsoring organization, its intermediate units, and the members of such entities. With respect to a member contribution which is channeled through the sponsoring organization or an intermediate unit, the member is the contributor;
4. The PAC reports as an intermediary the sponsoring organization and, if required by paragraph (e) of the regulation, each intermediate unit which directly or indirectly provides the PAC with \$100 or more in member contributions regardless of whether any member for whom the intermediary acted contributed \$100 or more; and
5. A responsible officer of the sponsoring organization, as well as the treasurer of the PAC, verifies the PAC's campaign statement pursuant to Government Code Section 81004.

If Local 12 chooses to adopt this method of reporting, you will need to combine each member's direct contributions to the Voluntary Legislative Fund with the allocable portion of his or her dues which are transferred from the General Fund to determine if the Voluntary Legislative Fund has received any itemizable contributions (\$100 from an individual donor during the calendar year). For purposes of determining what portion

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of each member's dues must be counted as a contribution to the Voluntary Legislative Fund, you should use the following method: If Local 12 receives a total of \$100,000 in membership dues and transfers \$10,000 of those dues to the Voluntary Legislative Fund, 10 percent of the funds received by Local 12 are "contributions" within the meaning of the Act. Thus, 10 percent of the total amount of each member's dues counts toward determining whether that particular member has made a contribution of \$100 or more to the Fund. If the allocable portion of a member's dues, when combined with his or her direct contributions to the Voluntary Legislative Fund, total \$100 or more during a calendar year, that member's name, address, occupation and employer must be itemized on the Fund's recipient committee campaign statement.

With regard to the filings made by Local 12 during 1984, I recommend that if you choose to use the method outlined above, the disclosure statements filed by the Voluntary Legislative Fund for 1984 be amended to include the General Fund's activities with respect to California state and local candidates and committees. (The General Fund's contributions to candidates or committees outside of California should not be included on the Voluntary Legislative Fund's reports.) In addition, you should probably notify the Secretary of State's office that the amended forms will replace the previous filings of both the Operating Engineers Local 12 Voluntary Legislative Fund and the Operating Engineers Local 12 General Fund for 1984. These amendments will satisfy the request for amendment you received from the Office of the Secretary of State.

I hope this information has been helpful. Please let me know if you need further assistance.

Sincerely,


Carla J. Wardlow
Political Reform Consultant

Enclosure

cc: Marian Ash, Chief
Political Reform Division
Office of the Secretary of State