

State of California



Fair Political Practices Commission

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May 22, 1985

Jeannie Tindel
Administrative Assistant
California Pharmacists Association
1112 I Street
Sacramento, CA 95814

Re: Our File No. A-85-109

Dear Ms. Tindel:

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

The California Pharmacists PAC recently underwent an audit performed by the Franchise Tax Board with respect to its campaign disclosure filings for 1981 and 1982. At that time, the auditor questioned whether the PAC was properly reporting its receipts and expenditures and suggested that you contact the Commission for assistance. During our meeting of April 9, 1985, you provided the following facts:

1. The California Pharmacists PAC receives its funds separately from the California Pharmacists Association.
2. Except for administrative services, the Association makes no contributions to the PAC.
3. The PAC has a contract with the Association under which the PAC pays "administrative fees" to support the Association's lobbyist. Currently, the PAC allocates approximately \$3,600 per month to the Association.
4. In the past, the PAC has not reported the administrative fees paid to the Association on its campaign disclosure statements and has pro-rated the contributions it received based on the amount of its receipts which were allocated for making contributions.

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I advised you that it is appropriate for the PAC to exclude from its campaign disclosure reports the amounts it pays for the Association's lobbyist because those funds are not earmarked for campaign purposes. However, I also advised you that the PAC should revise its method for determining what portion of its funds are reportable as contributions and expenditures.

You stated that originally the PAC allocated 25 percent of its receipts for making contributions. The allocation was later increased to 45 percent and in 1982 was increased to 95 percent. However, the PAC has actually been paying approximately 35 percent of its funds to the Association for lobbying purposes, which has resulted in the overreporting of contributions received and cash on hand held by the PAC. I recommended that you review the PAC's previous filings and submit amended reports which more accurately reflect its campaign-related activities. In addition, the allocation system used by the PAC should be reviewed each reporting period to determine what percent was actually used for campaign purposes.

Finally, I also advised you that the PAC should report the administrative services it receives from the Association as in-kind contributions and that the PAC does not need to file a Report of Lobbyist Employer (Form 650) to disclose its payments to the Association for lobbying.

If you have any questions regarding the foregoing, or about the PAC's future reporting obligations, please do not hesitate to contact me.

Sincerely,



Carla Wardlow
Political Reform Consultant

cc: Linda Garner, Franchise Tax Board