



California Fair Political Practices Commission

July 20, 1987

David A. Erlandson
Executive Vice President
Southern California Builders Assn.
12802 Valley View Blvd., Suite 6
Garden Grove, CA 92645

Re: Your Request for Advice
Our File no. A-87-165

Dear Mr. Erlandson:

You have requested advice regarding the campaign disclosure provisions of the Political Reform Act^{1/} as they apply to the Southern California Builders Association (the "Association") and its political action committee (the "PAC").

QUESTIONS

1. To what extent may the Association's Board of Directors control or direct the PAC's contributions or other activities? May members of the Board or other officers of the Association attend PAC meetings?
2. May members of the PAC attend meetings of the Board of Directors to seek advice regarding PAC expenditures?
3. May the officers of the Association be designated as one of the two signatures on PAC checks?
4. May the Association spend funds in support of the PAC (e.g., pay for printing or mailing costs, or solicit funds in Association publications or mailings)?

CONCLUSIONS

1. through 3. The Political Reform Act contains no provisions which prohibit or limit the amount of direction or control an association may exercise over its political action committee nor does it address the issue of how much the two entities may interact.

^{1/}Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Administrative Code Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Administrative Code.

4. The Act does not prohibit an Association from making contributions to or expending funds on behalf of its political action committee. However, the PAC must disclose the Association's payments as contributions on its regular campaign disclosure reports.

FACTS

The Southern California Builders Association Political Action Committee has in the past operated on an autonomous basis. The Executive Committee of the Association's Board of Directors would like to participate in the expansion of the PAC's activities but is concerned that it might jeopardize the Association's non-profit status or violate the Political Reform Act.

ANALYSIS

Please be advised that the conclusions reached in this letter are based only on the provisions of the Political Reform Act and do not address the issue of the Association's non-profit status under state or federal tax laws. You should contact the Internal Revenue Service or the Franchise Tax Board for assistance on tax questions.

As noted above, the Act does not prohibit an Association from making contributions to or expending funds on behalf of its PAC. However, the PAC is required to file periodic campaign disclosure statements reporting all monetary and non-monetary contributions received and all payments made. (Sections 84200-84217.) In addition, the Association may incur its own reporting obligations unless it qualifies as the "sponsor" of the PAC (Section 82048.5) and all of the following criteria are met:

1. The Association does not make a sufficient amount of contributions or independent expenditures, other than those in support of its sponsored PAC, to qualify as a separate "committee" under Section 82013; and
2. The sponsored PAC reports all contributions and expenditures in support of the PAC made by the sponsor, its intermediate units, and the members of those entities; and
3. The sponsored PAC reports the sponsor as an intermediary for any intermediate unit which provides the PAC with \$100 in member contributions; and
4. A responsible officer of the sponsor, as well as the treasurer of the PAC, verifies the PAC's campaign statement pursuant to Section 81004.

(Regulation Section 18419.)

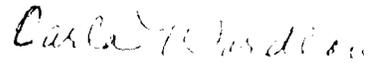
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Enclosed please find a copy of Regulation Section 18419 which defines and sets forth the reporting requirements for "sponsored" committees.

I hope the foregoing has been helpful. If you need further assistance, please do not hesitate to contact me at (916) 322-5662.

Sincerely,

Diane M. Griffiths
General Counsel



By: Carla Wardlow
Political Reform Consultant

DMG:CW:kmt



**Southern
California
Builders
Association**

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Garden Grove, California 92645
(213) 430-0524 or (714) 891-8776

June 16, 1987

Diane Griffith, General Counsel
Fair Political Practices Commission
426 J Street, Suite 800
P. O. Box 807
Sacramento, CA 95814

Dear Ms. Griffith:

The SCBA Political Action Committee has for many years been operating on an autonomous basis, more so than the present SCBA Executive Committee feels is needed.

Although there is not a power struggle at present, the ingredients are there for some disagreement and possible opportunity for violations of the California Political Reform Act and the non profit corporation rules.

The SCBA PAC has approximately ten active members including myself as treasurer. I am Executive Vice President of the SCBA and a paid employee of the Association.

At present the SCBA Board of Directors (18) which includes the SCBA Executive Committee is not recommending candidates or issues for the PAC to support or fight. The SCBA Board is intent on expanding the scope and activities of the SCBA PAC without jeopardizing either the SCBA's non profit status or having the SCBA PAC violate the Political Reform Act.

The basic questions are:

1. How is control of the SCBA PAC by the SCBA Board ascertained and determined by FPPC criteria?
2. How can the SCBA Board move to make reasonably sure the SCBA PAC makes contributions to support candidates and causes in the best interest of the SCBA members and the industry?
3. Can SCBA PAC officers attend SCBA board meetings to advise and seek support for any contemplated monetary contributions for candidates or causes?
4. Can SCBA directors or officers attend and participate in SCBA PAC meetings or vice versa?
5. Can SCBA funds be spent to support the SCBA PAC to cover printing or mailing costs and to what extent?

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6. To maintain separate entities, can SCBA officers sign PAC checks as one of two signatures?
7. Can SCBA run solicitation ads for PAC in their publications and send out with their mailings?

I apologize for asking what appear to be simple questions but I am trying to cover the basic questions that may arise in the future.

Your comments and observations on the subject will be most welcome.

Sincerely,



David A. Erlandson
Executive Vice President

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