



# California Fair Political Practices Commission

September 26, 1988

Steve Hartman  
107 James St.  
Santa Cruz, CA 95062

RE: Your Request for Advice  
Our File No. A-88-334

Dear Mr. Hartman:

You have requested advice regarding the campaign disclosure provisions of the Political Reform Act of 1974.<sup>1/</sup>

## QUESTION

Are you permitted to sell advertising space to local businesses in a newspaper insert promoting your candidacy for the Santa Cruz City Council without reporting the payments as contributions from the businesses?

## CONCLUSION

You may sell advertising space to local businesses and not report their payments as contributions to your campaign as long as the businesses pay the fair market value for the advertising space they receive. Although these payments received are not considered contributions, they must still be reported on Schedule G as miscellaneous increases to cash.

## FACTS

You want to solicit money from local businesses to defray the cost of publishing a newspaper insert which would promote your candidacy for the Santa Cruz City Council. Each business would receive advertising space in the insert for a payment based on the fair market value of advertising space in Santa Cruz.

## ANALYSIS

Section 82015 defines a contribution as the following:

---

<sup>1/</sup>Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations Section 18000, *et seq.* All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

A payment, a forgiveness of a loan, a payment of a loan by a third party, or an enforceable promise to make a payment except to the extent that full and adequate consideration is received unless it is clear from the surrounding circumstances that it is not made for political purposes.  
(Emphasis added.)

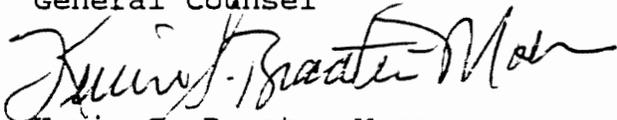
As long as the businesses receive full and adequate consideration for their payments in the form of advertising space, their payments do not meet the definition of "contribution."

However, all payments received and made in connection with your candidacy must be disclosed on your campaign disclosure statements (Form 490). Therefore, you must disclose any payments received for advertising space on Schedule G (Miscellaneous Increases to Cash). Payments made by you in connection with publishing the insert, and payments to the newspaper(s) for inclusion of the insert, must be reported on Schedule E (Expenditures and Contributions Made).

If you have any additional questions, please call me at (916) 322-5662.

Sincerely,

Diane M. Griffiths  
General Counsel



Kevin S. Braaten-Moen  
Political Reform Consultant

By:

August 23, 1988

Fair Political Practices Commission  
ATTN: Alice Hughes  
428 J Street  
Sacramento, Calif. 95814

Dear Ms. Hughes:

As per our telephone inquiry, here is the detailed plan of what I have in mind and the questions that fill my head as well.

As previously stated, I am an announced and filed candidate for City Council in the city of Santa Cruz-a charter city. Though I refused to sign the code of ethics statement for other than obvious reasons, I still wish to play by the rules.

Rather than run mass mailings in an attempt to gain contributions, I would like to do a newspaper insert in the form of a tabloid. Cost of the tabloid is more expensive upon first glance; but when one stops to consider the amount of information I could get in print to the public, it is cheaper than my wildest dreams.

The first problem I encounter is the cost. I hope to be able to defray this cost by selling advertising space in the tabloid.

Secondly, although almost every business I discussed this with told me they would consider running an ad for their business, some did not want to contribute directly to my campaign. In short, they don't mind paying advertising expenses; but they don't want to be considered contributors. Some don't mind-some do.

Can I, as an individual, sell ads at a fixed and standardized rate as an individual-and then through that personal endeavor as a private citizen, remove that money from my personal account and put it into my campaign? If not, can I go down and purchase a business license for an advertising solicitor, and then be allowed to do so under the law-without having to consider these ad sales as political contributions?

Also, because some businesses have asked not to be contributors I would fully expect to run a disclaimer on the front cover of the tabloid. The disclaimer would be something to the effect of this: "The costs of printing this tabloid was made possible by the advertisers herein. No claim is made that any business herein supports the candidate or his views. Costs of advertising should be construed to be a business expense and NOT a contribution to the candidate."

I guess that just about covers everything Ms. Hughes. I am excited about the possibilities because in my hometown, if you're on the wrong side (and I'm on the wrong side) there could be recriminations against business type contributors. Therefore, if my campaign is unsuccessful, there would be less chance of recrimination. After all, business just wants to advertise their goods and services and I offer that medium to them....at a price they can afford, I might add.

Please get going on this at your earliest opportunity. I need an answer as soon as possible. Also, if I am out of line I would appreciate the FPPC's recommendations as a viable way for me to proceed along these same lines.

Thank You, thank you, thank you for your time with me on the telephone. Please feel free to call me at 1-408-429-8310 if you have any further questions.

Sincerely,



Steve Hartman  
107 James St.  
Santa Cruz, Calif. 95062

AUG 23 1988

August 23, 1988

Fair Political Practices Commission  
ATTN: Alice Hughes  
428 J Street  
Sacramento, Calif. 95814

Dear Ms. Hughes:

As per our telephone inquiry, here is the detailed plan of what I have in mind and the questions that fill my head as well.

As previously stated, I am an announced and filed candidate for City Council in the city of Santa Cruz-a charter city. Though I refused to sign the code of ethics statement for other than obvious reasons, I still wish to play by the rules.

Rather than run mass mailings in an attempt to gain contributions, I would like to do a newspaper insert in the form of a tabloid. Cost of the tabloid is more expensive upon first glance; but when one stops to consider the amount of information I could get in print to the public, it is cheaper than my wildest dreams.

The first problem I encounter is the cost. I hope to be able to defray this cost by selling advertising space in the tabloid.

Secondly, although almost every business I discussed this with told me they would consider running an ad for their business, some did not want to contribute directly to my campaign. In short, they don't mind paying advertising expenses; but they don't want to be considered contributors. Some don't mind-some do.

Can I, as an individual, sell adds at a fixed and standardized rate as an individual-and then through that personal endeavor as a private citizen, remove that money from my personal account and put it into my campaign? If not, can I go down and purchase a business license for an advertising solicitor, and then be allowed to do so under the law-without having to consider these ad sales as political contributions?

Also, because some businesses have asked not to be contributors I would fully expect to run a disclaimer on the front cover of the tabloid. The disclaimer would be something to the effect of this: "The costs of printing this tabloid was made possible by the advertisers herein. No claim is made that any business herein supports the candidate or his views. Costs of advertising should be construed to be a business expense and NOT a contribution to the candidate."

I guess that just about covers everything Ms. Hughes. I am excited about the possibilities because in my hometown, if you're on the wrong side (and I'm on the wrong side) there could be recriminations against business type contributors. Therefore, if my campaign is unsuccessful, there would be less chance of recrimination. After all, business just wants to advertise their goods and services and I offer that medium to them....at a price they can afford, I might add.

Please get going on this at your earliest opportunity. I need an answer as soon as possible. Also, if I am out of line I would appreciate the FPPC's recommendations as a viable way for me to proceed along these same lines.

Thank You, thank you, thank you for your time with me on the telephone. Please feel free to call me at 1-408-429-8310 if you have any further questions.

Sincerely,



Steve Hartman  
107 James St.  
Santa Cruz, Calif. 95062