



California Fair Political Practices Commission

February 6, 1990

Sarette Williams
The Travelers Corporation
One Tower Square, 3-38 PS
Law Department
Hartford, CT 06183-1051

RE: Your Request for Advice
Our File No. A-89-680

Dear Ms. Williams:

You have requested advice on behalf of the Travelers Political Action Committee (T-PAC) concerning the campaign provisions of the Political Reform Act.¹

QUESTIONS

1. May T-PAC, a national political action committee, set aside a specific amount of the money it collects for making contributions in California?

2. When T-PAC meets the criteria to become a broad based political committee, must it re-register in order to qualify?

3. Under what conditions may T-PAC use the Recipient Committee Campaign Statement -- Short Form (Form 450)?

4. If T-PAC is required to use the Form 420, should it use the "Candidate Account" section of this form?

CONCLUSIONS

1. T-PAC may allocate a specific amount of the contributions it receives for making contributions in connection with California elections. For disclosure purposes, T-PAC must then determine how much of each contribution it received was allocated for California. If that portion of any contributor's funds allocated for use in California totals \$100 or more in a calendar year, T-PAC must disclose the name, address, occupation, and employer of the contributor on its campaign statements.

¹ 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.

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2. A political committee which meets the criteria for becoming a broad based political committee must amend its statement of organization (Form 410) to indicate the date on which it became a broad based political committee prior to making any contribution totaling more than \$2,500 to any one candidate in a fiscal year.

One of the criteria that must be met is that the committee be in existence for at least six months. As of the date of your letter, T-PAC had not yet qualified as a California recipient committee and, therefore, could not begin counting the required six months. In other words, only six months after T-PAC qualifies as a recipient committee will it have met this criterion for becoming a broad based political committee.

3. T-PAC may use the Form 450 to report its activities in California if it has not received a cumulative amount of \$100 or more from a single source during the calendar year for purposes of making contributions in California. That is, based on the amount of total contributions allocated for California elections, no single contributor has contributed \$100 or more for use in California.

If T-PAC is unable to meet the above criterion, it must use the Form 420 to report its activities.

4. If T-PAC must use the Form 420 to report its activities in California and it makes contributions to candidates, it must use the "Candidate Account" section of the Form 420.

FACTS

In our telephone conversations of December 19, 1989, and January 11, 1990, you stated that the Travelers Political Action Committee is a corporate federal PAC and has registered as a California general purpose recipient committee. However, T-PAC has not yet qualified as a California committee.

Employees throughout the United States make contributions to T-PAC during your annual national employee solicitation campaign. It is T-PAC's intention to set aside a specific amount from these contributions for making contributions in California. You do not anticipate that any contributions will be earmarked upon receipt for California elections.

You indicated that there was no need for our office to answer questions 1, 2, 3(b), or 7, as listed in your letter.

ANALYSIS

1. Committees which receive contributions must disclose the name, address, occupation, and employer of each person who contributes \$100 or more to the committee in a calendar year. (Section 84211.) Organizations like T-PAC which use only a portion of the contributions they receive for California elections must determine how much of each donor's contribution was used in California. Regulation 18215 (copy enclosed) states that each donor's payment "shall be apportioned on a reasonable basis in order to determine the amount of the contribution." (Regulation 18215(c).)

When allocating a specific dollar amount of contributions received for use in California, T-PAC should estimate what percent of its total anticipated receipts for the calendar year will be used in connection with California elections and apply that percentage to each contributor's payment. For example, at the beginning of 1990, T-PAC decides it will allocate \$10,000 for California elections. T-PAC anticipates receiving a total of approximately \$100,000 in contributions during 1990. Because the \$10,000 allocation represents 10 percent of T-PAC's total anticipated contributions, 10 percent of each contributor's payment will be reported as having been received for use in California. Therefore, using the 10 percent example, if any person contributes a cumulative total of \$1,000 or more to T-PAC during 1990, that person will have contributed \$100 or more for California elections and must be itemized on the appropriate campaign disclosure report.

2. Regulation 18502.1 provides that a political committee which meets the criteria to become a broad based political committee³ and wants to contribute more than \$2,500 to any one

³ A committee qualifies as a broad based political committee if it meets all of the following requirements:

- 1) It has been in existence for more than six months.
- 2) Anytime during the period covered by the current fiscal year and the two preceding fiscal years, it has received contributions from one hundred or more persons.
- 3) Anytime during the period covered by the current fiscal year and the two preceding fiscal years, it has, acting in concert, made contributions to five or more candidates.

(Regulation 18502.)

candidate in any given fiscal year (July 1 - June 30) must amend its statement of organization (Form 410) to indicate that it is a broad based political committee and the date on which it qualified as a broad based political committee.

Section 82013 defines a committee, in part, as any person or combination of persons who receives contributions totaling \$1,000 or more in a calendar year. As explained in the enclosed fact sheet, since T-PAC does not receive contributions specifically earmarked by the contributors for California state or local elections but does make contributions in California from contributions it receives, T-PAC will meet this definition when, in a calendar year, T-PAC contributes \$1,000 or more in California. It will be six months after the date that it has contributed a total of \$1,000 in a calendar year in California that T-PAC will meet the "six-months" requirement to be a broad based political committee.

3. Recipient committees which meet the following criteria may file the Recipient Committee Campaign Statement -- Short Form (Form 450) whenever a semi-annual or pre-election campaign statement is due:

--The committee has not received a contribution which must be itemized (a cumulative amount of \$100 or more from a single source); and

--The committee has not received any other payment of \$100 or more (miscellaneous increases to cash); and

--The committee has received no enforceable promises (pledges) which remain unpaid; and

--The committee has no outstanding loans made or received; and

--The committee has no accrued expenses (unpaid bills).

(Information Manual on Campaign Disclosure Provisions of the Political Reform Act, page 109, copy enclosed.)

Generally, a committee such as T-PAC which uses a portion of its contributions received to make contributions in California does not receive enforceable promises, make or receive loans, or accrue expenses in relation to contributions made in California.

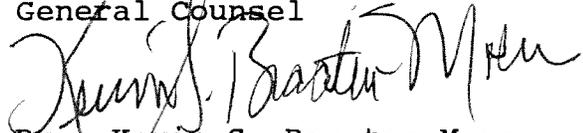
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4. A general purpose recipient committee, such as T-PAC, must use the "Candidate Account" section of the Form 420 if the committee's funds are used either 1) for making contributions to candidates or 2) for making contributions to candidates and for other purposes. (Recipient Committee Campaign Statement -- Long Form instructions, copy enclosed.) If the committee's funds are used only for purposes other than making contributions to candidates, then the "Non-Candidate Account" section is used. (Ibid.)

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

Sincerely,

Kathryn E. Donovan
General Counsel


By: Kevin S. Braaten-Moen
Political Reform Consultant

Enclosures



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November 17, 1989

Ms. Carla Wardlow
Political Reform Consultant
Fair Political Practices Commission
Technical Assistance & Analysis Division
428 J Street, Suite 700
Sacramento, CA 95814

Re: Request for an Informal Written Opinion

Dear Ms. Wardlow,

I recently attended a seminar in San Francisco co-sponsored by the Federal Elections Commission and the California Secretary of State's Office. At the close of the seminar I asked several questions on behalf of the Travelers Corporation Political Action Committee, (T-PAC). I was encouraged by representatives of your office to direct my questions to you by way of a request for informal opinions.

The attached sheets offer a description of T-PAC and its involvement in California as a registered PAC. Lastly, I have listed the issues of concern to T-PAC administrators.

If you need clarification about the issues I've raised, please call or write me. My complete mailing address is listed below.

I realize that some of the issues I have raised may be effected by the judiciary's review of Propositions "73" and "68", but appreciate any guidance you can offer before the next PAC reporting period

Very truly,

Sarett Williams
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Travelers Political Action Committee

The Travelers Political Action Committee, (T-PAC) is a corporate federal PAC, and is also registered in California as an out-of-state political committee. We have been registered in California since June of 1989.

Among the Travelers Corporation employees who contribute to T-PAC are managers, officers and other solicitable employees who work in California. This is accomplished during our annual national employee solicitation campaign. The campaign results in contributions to T-PAC in excess of \$1,000 nationally. T-PAC expects that in the future it will earmark, or spend \$1,000 for California state and/or local election campaigns though, its current activities do not reach these levels.

T-PAC issues of concern include: (1) what method to use for reporting the amount of California contributions and expenditures, (pursuant to the attached FPPC memorandum); (2) "broad based" committee status; and (3) completion of the "short" versus the "long" reporting form.

1. Until such time T-PAC satisfies the criteria for Recipient Committee status, how should it register?
2. Assuming that T-PAC is not a Recipient Committee "organization" as defined in the attached FPPC memorandum, may T-PAC report as "contributions received" only those contributions made by California residents employed by the Travelers Corporation's subsidiaries and affiliates? [Some states, for example Rhode Island, require out-of-state PACs to report only those contributions received from Rhode Island residents].

3. (a) May T-PAC set aside a specific amount of PAC money for California state elections? If so, do the percentage formula rules for Recipient Committee organizations as outlined on the third page of the attached FPPC memorandum apply, or does this reporting formula apply only to Recipient Committees?
 - (b) What reporting formula should non-Recipient Committees use?
4. When a political committee like T-PAC becomes a "broad-based" political committee, does it have to re-register?
5. What are the factors which determine whether a PAC should complete the "short" versus the "long" reporting form?
6. If T-PAC is required to utilize the long reporting form, must it utilize the Candidate Account version of this form?
7. Have any portions of the attached memorandum been modified?

cwardlow.

ORGANIZATIONS WHICH RECEIVE FUNDS FOR PURPOSES
OTHER THAN MAKING CONTRIBUTIONS TO OR EXPENDITURES
ON BEHALF OF CALIFORNIA STATE AND LOCAL
CANDIDATES, BALLOT MEASURES OR COMMITTEES

Method for Determining "Committee" Status
under California's Political Reform Act
(Government Code Sections 81000-91015)

NOTE: SEE PAGE 1 TO DETERMINE IF THIS METHOD APPLIES TO
YOUR ORGANIZATION

Government Code Section 82013 establishes three definitions of committees which must file campaign disclosure statements. With respect to organizations which receive funds from other organizations or individuals, but which are formed or exist primarily for purposes other than making contributions to or expenditures on behalf of California state and local candidates, ballot measures or committees, these definitions have been further clarified as follows:

A. RECIPIENT COMMITTEES
(Government Code Sections 82013(a))

An organization described on page 1 will qualify as a "recipient committee" if it meets either of the following criteria:

1. The organization receives \$1,000 in a calendar year which is "earmarked" for making contributions to or expenditures on behalf of California state and local candidates, ballot measures or committees, i.e., the organization has notified contributors that some or all of their money will be used for making expenditures in California, or contributors have indicated that their money is to be used for making expenditures in California. (NOTE: A Statement of Organization, Form 410, must be filed within ten days of the receipt of \$1,000.)
2. The organization makes contributions or expenditures of \$1,000 or more in a calendar year to or on behalf of California state and local candidates, ballot measures or committees, and has established a "history" of making expenditures, i.e., it has previously made contributions to or expenditures on behalf of California candidates, ballot measures or committees. (NOTE: A Statement of Organization, Form 410, must be filed within ten days of making contributions or expenditures totaling \$1,000.)

Government Code Section 84211 requires recipient committees to disclose the name, address, occupation and employer of any person who makes contributions to the committee totaling \$100 in a calendar year.

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Technical Assistance & Analysis Div.
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ORGANIZATIONS WHICH RECEIVE FUNDS FOR PURPOSES
OTHER THAN MAKING CONTRIBUTIONS TO OR EXPENDITURES
ON BEHALF OF CALIFORNIA STATE AND LOCAL
CANDIDATES, BALLOT MEASURES OR COMMITTEES

Method for Determining "Committee" Status
under California's Political Reform Act
(Government Code Sections 81000-91015)

This method for determining "committee" status under California's Political Reform Act is for use only by organizations which make "contributions"^{1/} to or "expenditures"^{2/} on behalf of California state and local candidates, ballot measures or committees, and

1. such contributions or expenditures are made out of funds received from other organizations or individuals; and
2. the organization is formed or exists primarily for purposes other than making contributions to or expenditures on behalf of California state and local candidates, ballot measures or committees.

Examples of such organizations may include trade associations, labor unions, political clubs, federal political action committees, and out-of-state political action committees.

^{1/} The term "contribution" is defined in California Government Code Section 82015. (See also FPFC Regulation 2 Cal. Adm. Code Section 18215.)

^{2/} The term "expenditure" is defined in California Government Code Section 82025. (See Also FPFC Regulation 2 Cal Adm. Code Section 18225.)

A recipient committee which uses only a portion of the money it receives for making contributions to or expenditures to support or oppose California candidates or ballot measures is required to report as "contributions received" only that portion of its receipts which is actually spent in connection with supporting or opposing California candidates or measures.

For example, if a committee receives \$100,000 in donor payments and contributes 10 percent, or \$10,000, to California candidates or committees, it will have received \$10,000 in contributions; and 10 percent of each donor's payment will be a "contribution" to the committee. Using this example, the committee must identify the name, address, occupation and employer of each person who paid a total of \$1,000 to the committee, because 10 percent of that person's payment equals \$100 to California candidates or committees.

B. INDEPENDENT EXPENDITURE COMMITTEE
(Government Code Section 82013(b))

An organization described on page 1 which does not qualify as a recipient committee, but which makes "independent expenditures" totaling \$1,000 or more in a calendar year on behalf of California state and local candidates or ballot measures qualifies as an "independent expenditure committee." (See Government Code Section 82013 for the definition of "independent expenditure.")

C. MAJOR DONOR COMMITTEES
(Government Code Section 82013(c))

An organization described on page 1 which does not qualify as a recipient committee, but makes contributions directly to, or expends funds at the behest of, California state and local candidates, ballot measures or committees of \$10,000 or more in a calendar year, qualifies as a "major donor committee."

IF YOU QUALIFY AS A "COMMITTEE" UNDER GOVERNMENT CODE SECTION 82013, THE FOLLOWING MATERIALS WILL ASSIST YOU IN DETERMINING YOUR CAMPAIGN DISCLOSURE OBLIGATIONS:

1. Information Manual on Campaign Disclosure Provisions of the Political Reform Act
2. Political Reform Act of 1974
3. FPPC Regulation 2 Cal. Adm. Code Section 18427 - "Duties of Candidates and Treasurers"



California Fair Political Practices Commission

November 29, 1989

Sarette Williams
The Traverlers Corporation
One Tower Square, 3-38 PS
Law Department
Hartford, CT 06183-1051

Re: Letter No. 89-680

Dear Ms. Williams:

Your letter requesting advice under the Political Reform Act was received on November 27, 1989 by the Fair Political Practices Commission. If you have any questions about your advice request, you may contact me directly at (916) 322-5662.

We try to answer all advice requests promptly. Therefore, unless your request poses particularly complex legal questions, or more information is needed, you should expect a response within 21 working days if your request seeks formal written advice. If more information is needed, the person assigned to prepare a response to your request will contact you shortly to advise you as to the information needed. If your request is for informal assistance, we will answer it as quickly as we can. (See Commission Regulation 18329 (2 Cal. Code of Regs. Sec. 18329).)

You also should be aware that your letter and our response are public records which may be disclosed to the public upon receipt of a proper request for disclosure.

Very truly yours,

Jeanne Pritchard
Chief Technical Assistance
and Analysis Division

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