

**Fair Political Practices Commission  
Memorandum**

**To:** Chair Ravel, Commissioners Casher, Eskovitz, Wasserman, and Wynne  
**From:** Zackery P. Morazzini, General Counsel  
**Subject:** Petition to Amend Regulation 18521.5: Distribution of Leftover Funds by Ballot Measure Committees Controlled by Candidates for Elective State Office  
**Date:** September 9, 2013

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**Petition for Regulatory Amendment: Regulation 18521.5**

As part of the Commission's authority to promulgate regulations under the Political Reform Act (the "Act")<sup>1</sup>, any interested person is permitted to file a petition with the Commission requesting that it adopt, amend or repeal a specified regulation. (See Section 83112 and Regulation 18312.)<sup>2</sup>

Pursuant to these procedures, the Commission has received a petition on behalf of the California Democratic Party from Thomas A. Willis of the law firm of Remcho, Johansen & Purcell, LLP (Petition). The Petition requests that the Commission amend existing Regulation 18521.5 to permit ballot measure committees controlled by candidates for elective state office (including elected state officeholders)<sup>3</sup> that are winding down their ballot measure activities to contribute their leftover funds to political parties so long as the funds will not be used to support or oppose candidates for elective office as set forth in subdivision (b)(4) of Section 89519. A copy of the Petition is attached for your review.

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<sup>1</sup> The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18110 through 18997 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

<sup>2</sup> The Commission's procedures for adopting, amending and repealing regulations are subject only to the pertinent provisions of the Administrative Procedure Act (then-Gov. Code Secs. 11370 – 11445) in effect on June 4, 1974, the date the voters adopted the Political Reform Act. *Fair Political Practices Commission v. Office of Administrative Law and Linda Stockdale Brewer* (April 27, 1992, C010924) [nonpub. opn.]. Among other provisions, then-Government Code Section 11426 permitted any interested person, subject to certain procedures, to petition a state agency requesting the adoption, amendment or repeal of any regulation.

<sup>3</sup> Section 82007 includes in the definition of "candidate" elected officers who have not formally terminated their committees for election to office.

## **Background: Contribution Limits and Candidate Controlled Ballot Measure Committees**

### A. What is a “Contribution”?

With certain exceptions, the Act defines “contribution” to include any form of monetary or in-kind payment made either directly to or at the behest of a candidate or committee, unless it is clear from the circumstances that it is not made for “political purposes.” (Section 82015(a) and (b).)

Interpreting this general definition, Commission Regulation 18215 has long provided that a payment is made for “political purposes,” and thus is a contribution, if full consideration is not provided in return and, among other things, it is received by a candidate’s controlled committee. (Regulation 18215(a)(2).) Thus, absent an exception, a monetary payment to a candidate’s controlled committee is a contribution to that candidate even if the candidate uses it for political purposes not directly related to his or her election to office.<sup>4</sup>

### B. Proposition 73 – “One-Bank-Account Rule” and Contribution Limits

In 1988, the voters passed Proposition 73, which amended the Act to impose contribution limits for the first time on candidates’ committees for election to office. As added to the Act by Proposition 73, Section 85201(c) provides that a candidate may only accept contributions into a single campaign account established for his or her election to a specific office, and Section 85201(e) provides that all of the candidate’s campaign expenditures must be made from that account. The Commission has consistently interpreted these provisions to prevent a candidate from controlling any committee other than his or her committee for election to a specific office, unless specifically permitted otherwise. This interpretation has commonly been referred to as the “one-bank-account rule.”

Not long after the passage of Proposition 73, questions arose concerning whether a candidate could still control a ballot measure committee. These questions were based not only on the restrictions imposed by the “one-bank-account rule” but also on concerns that candidates would use ballot measure committees to circumvent the Act’s contribution limits. At the time, several elected state officers maintained ballot measure committees that were receiving contributions well in excess of Proposition 73’s limits. The issue formally came before the Commission when then-Lieutenant Governor Leo T. McCarthy requested a formal opinion on several questions about the application of Proposition 73 to candidate controlled ballot measure committees. In response to the request, at its February 1990 meeting, the Commission directed staff to prepare a memorandum discussing this issue generally and, in particular, to address the extent to which the Commission could constitutionally regulate these types of committees. (See

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<sup>4</sup> Merriam-Webster Dictionary defines the term “political” as “of or relating to government, a government, or the conduct of government.” (*Merriam-Webster.com*. 2011. <http://www.merriam-webster.com> (August 19, 2013)).

Memorandum to Commission, March 2, 1990, “Candidate Controlled Ballot Measure Committees Under the Political Reform Act: Issues Raised In Connection With The Request of Leo T. McCarthy, Lt. Governor of California.”)

At the March 1990 Commission meeting, staff presented the Commission with three options on regulating these types of committees. In presenting these options, staff expressed concerns about the constitutionality of prohibiting candidates from controlling ballot measure committees.<sup>5</sup> The options were therefore presented on the premise that candidates could control ballot measure committees, and addressed instead how the Commission might regulate these committees to avoid potential circumvention of the Act’s contribution limits. These options essentially were: (1) Do not regulate these committees any differently than noncandidate controlled ballot measure committees; (2) Regulate contributions to these committees under the Act’s contribution limits; or (3) Restrict transactions between these committees and the candidate’s controlled committee for elective office. (*Ibid.*) After extensive discussion, the Commission voted 4 – 1 to accept the third option. (See Minutes, March 13, 1990 Commission Meeting.)

C. Post-Proposition 73 – Attempt to Apply Contribution Limits to Candidate Controlled Ballot Measure Committees

Proposition 73’s contribution limits were invalidated by the federal courts. (See *Service Employees Int’l Union, etc. v. Fair Political Practices Com.* (9<sup>th</sup> Cir. 1992) 955 F.2d 1312.) However, the “one-bank-account rule” has remained in effect and the Act has never been amended to explicitly permit a candidate to control a ballot measure committee. In addition, in the years since the invalidation of Proposition 73’s contribution limits, two initiatives have been passed reinserting contribution limits into the Act. Proposition 208 added contribution limits to the Act in 1996. These limits were repealed and replaced in 2000 by Proposition 34’s contribution limits, which only apply to candidates for elective state office. Proposition 34’s limits are still in effect. (See Sections 85301 and 85302.) Therefore, with contribution limits still in effect, the Commission still saw the need to specially regulate state candidate controlled ballot measure committees to prevent possible circumvention of the limits.<sup>6</sup>

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<sup>5</sup> In addition to free speech issues raised by prohibiting candidates from speaking on issues through ballot measure committees, staff also noted the U.S. Supreme Court ruling in *Citizens Against Rent Control v. City of Berkeley*, (1981) 454 U.S. 290, in which the court struck down a law placing limits on contributions to ballot measure committees.

<sup>6</sup> Since Proposition 73, the Act also has been amended in other significant ways that evidence the voters’ and Legislature’s intent that money paid directly to elected officers for purposes not directly related to their election campaigns should still be subject to reporting and applicable contribution limits. For example, Section 82015 was amended in 1997 to require the reporting of in-kind monetary payments and donations made at the behest of elected officers for a legislative, governmental or charitable purpose. (See Section 82015(b)(2)(B)(iii); known as the “behested payment rule.”) Section 85304 was added to the Act in 2000 by Proposition 34 to permit a state candidate to accept unlimited but reportable contributions for legal costs to defend actions related to their candidacy or holding office. Finally, Section 85316 was amended in 2006 to permit elected state officers to establish an “officeholder” account separate from their election committee account and accept, after their election, limited and reportable contributions to defray legislative or governmental costs associated with holding office. (Also see Regulation 18531.62.)

The issue of candidate controlled ballot measure committees and contribution limits next arose during the 2003 recall election of Governor Gray Davis. In anticipation of the recall election, the Commission codified in Regulation 18531.5 longstanding advice that a recall was a “measure” under the Act. Thus, a committee formed to support or oppose the recall was a ballot measure committee even if controlled by the elected officer who was the subject of the recall or by a candidate who was running to replace that elected officer. As a result, each of these candidates could receive unlimited contributions to their recall committees, presumably to run advertisements supporting or opposing the recall measure itself. However, they could receive only limited contributions for their separate candidate committees in which they sought election to replace the targeted incumbent.

During the recall campaign, some of the replacement candidates took substantial amounts of unlimited contributions into their recall committees and ran advertisements supporting or opposing the recall in a manner that also could be seen as supporting their own election. In response, the Commission in 2004 adopted Regulation 18530.9. This regulation imposed the contribution limits applicable to state candidates in Sections 85301 and 85302 on ballot measure committees controlled by those candidates. However, in 2006 the regulation was invalidated by the Court of Appeal, Third Appellate District, which, without reaching the constitutional issue, held that the Commission lacked the statutory authority under Proposition 34 to impose contribution limits on candidate controlled ballot measure committees. (*Citizens to Save California v. California Fair Political Practices Commission* (2006) 145 Cal.App.4<sup>th</sup> 736.)

D. Regulation 18521.5 – Confining Candidate Controlled Ballot Measure Expenditures to Ballot Measures

After the ruling in the *Citizens* case, several reports appeared in the press indicating that elected state officers were using funds in their controlled ballot measure committees for numerous purposes not related to ballot measures. One report detailed how a state elected officer raised money into his ballot measure committee, ostensibly to promote a ballot proposition, but transferred \$1.9 million from the committee into his legal defense fund, ultimately spending 12 times more on transfers to the legal defense fund than on the ballot measure. (Memorandum to the Commission, December 31, 2008, “Adoption of Regulations 18521.5 and 18421.8, and Amendment of Regulation 18401, re: Ballot Measure Committees Controlled by Candidates for Elective State Office.”)

Soon thereafter, the Commission adopted Regulation 18521.5 (effective March 1, 2009) to ensure that state candidates spend their ballot measure committee funds for ballot measures, and not in ways that circumvent the Act’s contribution limits.<sup>7</sup> Subject to two exceptions, the regulation provides that contributions raised by these ballot measure committees may only be expended on specified costs related to a state or local measure or potential measure anticipated by the committee, or to qualification or pre-qualification activities relating to such measures.

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<sup>7</sup> In March 2012, in response to a complaint filed by the California Democratic Party, the Commission fined former Governor Arnold Schwarzenegger and his California Dream Team ballot measure committee \$30,000 for six counts in violation of Regulation 18521.5. As detailed in the Stipulation and Exhibit submitted to the Commission, the ballot measure committee spent over \$1.1 million on television and internet advertising concerning ongoing budget negotiations with the Legislature and not on activities related to a ballot measure.

Under the two exceptions a ballot measure committee may: (1) return contributions to contributors at any time; and (2) donate leftover funds to charity within 60 days before termination of the committee, in a manner consistent with Section 89519(b)(3). Section 89519(b)(3) allows a candidate's campaign committee to donate leftover funds after he or she leaves office to specified types of tax-exempt nonprofit organizations so long as no substantial part of the proceeds will have a material financial effect on the candidate or former elected officer, any member of his or her immediate family, or on the committee's campaign treasurer.

### **Proposed Amendments to Regulation 18521.5 and Staff Comment**

As described above, Petitioner requests that Regulation 18521.5 be amended to allow a third exception to the general requirement that state candidate controlled ballot measure committees only spend their funds on ballot measure-related activity. As proposed by Petitioner, this exception would allow these committees, within 60 days before termination, to contribute leftover committee funds to a political party committee as set forth in Section 89519(b)(4). Section 89519(b)(4) permits a candidate's campaign committee to spend leftover funds after he or she leaves office on: "Contributions to a political party committee, provided the campaign funds are not used to support or oppose candidates for elective office. However, the campaign funds may be used by a political party committee to conduct partisan voter registration, partisan get-out-the-vote activities, and slate mailers as that term is defined in Section 82048.3." Thus, by adding Petitioner's proposed exception to Regulation 18521.5, a state candidate could, when winding up the ballot measure-related activities of his or her ballot measure committee, contribute leftover funds to a political party, subject to the restrictions set forth in Section 89519(b)(4).

As currently structured, Regulation 18521.5 permits state candidates to control ballot measure committees while at the same time establishing a firm general rule restricting use of committee funds to only ballot measure-related activities. The regulation attempts to strike a balance between the First Amendment rights of state candidates to fully participate in the ballot measure arena and Proposition 34's goal to prevent actual or perceived corruption by limiting the size of contributions that can be made to these candidates.<sup>8</sup> Notably, the two existing exceptions to the regulation's general rule (return of contributions to contributors and donation of funds not used for ballot measure purposes to tax-exempt nonprofits once the committee decides to terminate business) have not undermined the rule.

However, while the amendment proposed by Petitioner was not in any way intended to undermine the regulation's general goal of preserving the Act's contribution limits, adding an exception to the regulation that permits a political party to use leftover committee funds in the manner described in Section 89519(b)(4) may have an unintended result. As described above, Section 89519(b)(4) would prohibit a party from using these funds to support or oppose candidates for elective office. However, that provision nevertheless allows parties to use the funds "to conduct partisan voter registration, partisan get-out-the-vote activities, and slate mailers . . . ." This presents an ambiguity that suggests, despite the prohibition against using the

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<sup>8</sup> Section 1(a) of Proposition 34 declared, in relevant part: "(1) Monetary contributions to political campaigns are a legitimate form of participation in the American political process, but large contributions may corrupt or appear to corrupt candidates for elective office."

funds to support or oppose candidates, the funds could still be used to support or oppose candidates if done through the mechanism of voter registration, get-out-the-vote or slate mailer activity.

To avoid this problem and preserve the integrity of the existing regulation, and after discussions with and concurrence by Mr. Willis on behalf of the Petitioner, staff proposes the alternative language now before the Commission. As proposed, this change would permit leftover committee funds to be contributed to a political party within 60 days before the committee terminates, so long as the funds are not used to make contributions to candidates or independent expenditures expressly advocating the nomination, election or defeat of candidates as those terms are defined in the Act (and applicable Commission regulations further interpreting those terms). Staff believes the proposed language would, like the current exceptions, be consistent with the regulation's general rule. Under the regulation, these committees cannot be used merely as a conduit for expenditures, contributions or donations to causes unrelated to a ballot measure. Allowing these candidate controlled ballot measure committees to contribute their leftover funds to a political party, so long as the funds are not used to make contributions to candidates or independent expenditures supporting or opposing candidates, supports the important policy of preventing circumvention of the contribution limits.

**Staff Recommendation:** Staff recommends that the Commission adopt the proposed amendments to Regulation 18521.5.

Attachment: Thomas A. Willis - *Petition to Amend Regulation 18521.5*

**REMCHO, JOHANSEN & PURCELL, LLP**  
ATTORNEYS AT LAW

201 DOLORES AVENUE  
SAN LEANDRO, CA 94577  
PHONE: (510) 346-6200  
FAX: (510) 346-6201  
EMAIL: twillis@rjp.com  
WEBSITE: www.rjp.com

SACRAMENTO PHONE: (916) 264-1818

Joseph Remcho (1944-2003)  
Robin B. Johansen  
Kathleen J. Purcell (Ret.)  
James C. Harrison  
Thomas A. Willis  
Karen Getman  
Margaret R. Prinzing  
Harry A. Berezin

August 5, 2013

**VIA EMAIL AND MAIL**

Zackery P. Morazzini  
General Counsel  
Legal Division  
Fair Political Practices Commission  
428 "J" Street, Suite 800  
Sacramento, CA 95814

Re: *Petition to Amend Regulation 18521.5*

Dear Mr. Morazzini:

Pursuant to Government Code section 83112 and section 18312 of the California Code of Regulations, the California Democratic Party (CDP) respectfully petitions the Commission to amend section 18521.5 of the California Code of Regulations (hereinafter "Regulation 18521.5") to permit candidate-controlled ballot measure committees to disburse surplus funds to political parties provided those funds are not used to support or oppose candidates for elective state office. Every other ballot measure committee and candidate committee can already do this and CDP simply requests that candidate-controlled ballot measure committees be treated the same. Put differently, there is no reason the Political Reform Act's surplus funds provision (Government Code section 89519) should not be applied equally to candidate-controlled ballot measure committees. Such a change is fully consistent with the underlying purposes of the PRA and does not conflict with the underlying purposes of Regulation 18521.5, namely to ensure funds from ballot candidate-controlled ballot measure committees are not diverted to support the campaigns of its controlling candidate. Funds contributed to a political party *for non-candidate purposes* by a candidate-controlled ballot measure committee cannot, by definition, be used to support the controlling candidate or any other candidates. Circumvention is therefore impossible.

Several officeholders and candidates have approached CDP and desire to make a contribution for non-candidate purposes to the Party from their ballot measure committees.

Therefore, CDP requests that the FPPC amend Regulation 18521.5 to bring it into compliance with the PRA and its general surplus funds provision. This can be achieved with minimal change, by amending section 18521.5(d)(3) as follows (proposed new text in bold italics):

A committee that is preparing to terminate its status as a committee may, at any time within 60 days prior to the effective date of its termination, disburse some or all of its leftover funds pursuant to subdivisions (b)(3) **and (b)(4)** of Section 89519.

Section 89519(b)(4) of the PRA permits surplus funds to be used to make contributions to political parties “provided the campaign funds are not used to support or oppose candidates for elective office.”

### **BACKGROUND AND ANALYSIS**

Ballot measure committees are governed by Government Code section 89512.5, which requires that committee expenditures be “reasonably related to a political, legislative, or governmental purpose of the committee” unless the expenditure confers a substantial benefit on anyone authorizing the payment, in which case it must be directly related to those purposes. Therefore, the Commission has held that even though the restrictions on the use of surplus *candidate* campaign funds (*see* Gov. Code, § 89519) technically do not apply to ballot measure committees (*Enserro* Advice Letter, No. A-97-136 (1997); *Bailey* Advice Letter, No. A-96-309), those committees may disburse funds for any purpose under section 89519 and can also make contributions to other political committees, including general purpose committees. (*Bailey* Advice Letter, No. A-96-309.) Moreover, the Attorney General has opined that under Elections Code section 18680, which establishes restrictions on the use of ballot measure committee funds, a ballot measure committee may use surplus campaign funds to make contributions to political parties, candidate committees, general purpose committees, or nonprofits, among other things. (75 Ops.Cal.Atty.Gen. 29, 1992 WL 469700, \*5.) Thus, under both the PRA and the Elections Code, ballot measure committees may use surplus funds to make disbursements to a political party. And under section 89519, candidate campaign committees can do the same.

Until fairly recently, candidate-controlled ballot measure committees operated under the same general rules as other ballot measure committees regarding the use of surplus funds. In 2009, however, the Commission adopted Regulation 18521.5 that, among other things, imposes restrictions on the use of funds by such committees both during their existence and upon termination. The Commission stated that Regulation 18521.5 was necessary to ensure “that contributions to support or oppose ballot measure campaigns are not diverted to unrelated purposes, such as a campaign for elective office.” (Lawrence T. Woodlock, FPPC Senior Commission Counsel, Memorandum to FPPC Commissioners re: Adoption of Regulation 18521.5 – Ballot Measure Committees Controlled by Candidates for Elective State Office (Nov. 13, 2008), p. 2.)

Currently under Regulation 18521.5, a candidate-controlled ballot measure committee may only make expenditures “related to a state or local measure or potential measure anticipated by the committee, or to qualification or pre-qualification activities relating to such measures.” (§ 18521.5(d)(1).) Upon termination, the committee may “disburse some or all of its leftover funds pursuant to subsection (b)(3) of Section 89519.” (§ 18521.5(d)(3).) Subsection (b)(3) of Section 89519 permits such a committee to disburse surplus funds to a “bona fide charitable, educational, civic, religious, or similar tax-exempt, nonprofit organization, where no substantial part of the proceeds will have a material financial effect on the former candidate or elected officer, any member of his or her immediate family, or his or her campaign treasurer” of the committee. As a result, unlike other ballot measure or candidate committees, candidate-controlled ballot measure committees may not make contributions to political parties, even if those funds cannot be used for candidate-related expenditures.

Amending regulation 18521.5 to permit candidate-controlled ballot measure committees to contribute surplus funds to a political party, provided the funds are not used for candidate-related expenditures, is fully consistent with the purposes and provisions of the Political Reform Act. First, section 89519 permits such use. Second, the PRA in general and Proposition 34 in particular are concerned with limiting the potential corrupting influence of large contributions to candidates but they are not meant to limit the use of funds for non-candidate election activity, such as party building, ballot measure campaigns, and get-out-the vote activities. (*See Citizens to Save California v. California Fair Political Practices Com.* (2006) 145 Cal.App.4th 736, 751.) In fact, one of the other purposes of Prop. 34 was “[t]o strengthen the role of political parties” in the political and campaign process. (Ballot Pamp., Gen. Elec. (Nov. 7, 2000) text of Prop. 34, p. 55.) The effect of Regulation 18521.5(d)(3) is to inhibit a candidate’s involvement with his or her political party and with other non-candidate election activity, which in turn is at odds with the purposes of Proposition 34.

Equally important, limiting candidate-controlled ballot measure committees from making contributions to political parties does not further the purpose for which 18521.5 was proposed. In adopting Regulation 18521.5, the Commission sought to ensure that candidate-controlled ballot measure committees would not be used to evade contribution limits on candidate campaigns. The specific concern was that the candidate controlling the ballot measure committee would use those funds to pay expenses related to his or her own candidate election or for some other candidate campaign. But denying those committees the right to contribute to a political party’s *non-candidate* account does not further that purpose. No circumvention is possible since funds placed in a party’s operating account can only be used for non-candidate expenses, such as party building, overhead, issue advocacy, support or opposition to ballot measures, or generic voter registration or get-out-the-vote activities.

By way of illustration, CDP has separate bank accounts for its nonfederal activity: (1) the candidate support accounts and (2) the general purpose (or operating) accounts. The candidate support accounts are comprised of funds raised under Government Code section 85303(b) and are used only for the purpose of making contributions for the support or defeat of candidates. Contributions to the candidate support accounts are currently limited to

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\$34,000 per year, per contributor. The operating accounts are comprised of funds received from contributors who have either maximized their contribution to the candidate support accounts or do not want to contribute to the candidate support accounts. Funds in the operating accounts are used for a variety of non-candidate expenditures, such as general overhead and operating costs, party building activities, ballot measure campaigns, and generic get-out-the-vote and voter registration activities. Most important for present purposes, CDP does not use the operating accounts to pay for any candidate-related expenses. At all times, the operating and candidate support accounts are kept separate and are used for separate purposes. Thus, any contribution to CDP's operating account by a candidate-controlled ballot measure by definition cannot and will not be used for candidate-related expenditures.

In sum, CDP respectfully requests that the Commission amend Regulation 18521.5 to permit candidate-controlled ballot measure committees to disburse surplus funds consistent with the Act and section 89519.

Sincerely,

Thomas A. Willis

TAW:NL  
(00201126)

1 Amend 2 Cal. Code Regulations, Section 18521.5 to read:

2 **§ 18521.5. Ballot Measure Committees Controlled by Candidates for Elective State Office.**

3 Except as otherwise provided for recall committees under Section 85315 and Regulation  
4 18531.5, a candidate for elective state office may control a committee under Section 82013(a) to  
5 support or oppose the qualification or passage of a measure, only as provided in this regulation.

6 (a) Committee Name.

7 (1) If the committee is a general purpose ballot measure committee, the committee name  
8 shall include the name of the controlling candidate pursuant to Regulation 18402(c)(1), and  
9 expressly indicate it is a ballot measure committee.

10 (2) If the committee is a primarily formed ballot measure committee, the committee name  
11 shall include, in addition to the information set forth in subdivision (a)(1), the information  
12 required in Section 84107, and in Section 84504 and Regulation 18450.3.

13 (b) Statement of Organization.

14 (1) The committee shall identify on its Statement of Organization each measure on which  
15 the committee has spent, or anticipates spending, \$50,000 or more in the current two year period,  
16 beginning with January 1 of an odd-numbered year and ending with December 31 of the  
17 following even-numbered year.

18 (2) If an official ballot designation has not been assigned to a measure or potential  
19 measure that must be identified pursuant to subdivision (b)(1), the Statement of Organization  
20 shall describe the purpose of the anticipated measure or measures. The committee shall amend its  
21 Statement of ~~organization~~ Organization pursuant to Section 84103 to correctly identify the  
22 measure or measures after an official ballot designation has been assigned.

1 (c) Application of Section 85310. If the committee makes a communication described in  
2 Section 85310(a) that "clearly identifies" a candidate for elective state office, as defined in  
3 Regulation 18531.10(a)(1), contributions to the committee are subject to the limit prescribed for  
4 political party committees in Section 85303(b) if the communication is made at the behest of the  
5 clearly identified candidate.

6 (d) Committee Expenditures.

7 (1) Except as permitted under paragraphs (2) and (3) below, committee funds shall be  
8 used only to make expenditures related to a state or local measure or potential measure  
9 anticipated by the committee, or to qualification or pre-qualification activities relating to such  
10 measures. Such expenditures include, but are not limited to, payment of the committee's  
11 reasonable and ordinary operating costs, administrative overhead, fundraising activities, travel,  
12 compliance costs, and attorney's fees incurred as a result of the committee's activities.

13 (2) The committee may at any time return all or part of a contribution to a committee  
14 contributor.

15 (3) A committee that is preparing to terminate its status as a committee may, at any time  
16 within 60 days prior to the effective date of its termination, disburse some or all of its leftover  
17 funds in either of the following ways:

18 (A) Pursuant ~~pursuant~~ to subdivision (b)(3) of Section 89519.

19 (B) To a political party committee, so long as the funds are not used for a contribution as  
20 defined in Section 82015 to a candidate, or for a communication which expressly advocates the  
21 nomination, election or defeat of a clearly identified candidate as defined in Section 82031.

22 (e) In addition to any other reporting and recordkeeping requirements, the committee  
23 shall also comply with the provisions of Regulations 18401(a)(6) and 18421.8.

1 (f) No provision of this regulation shall be construed to permit any of the following:

2 (1) A contribution of committee funds to a controlled committee of a candidate for  
3 elective office that is not operated as a candidate controlled ballot measure committee pursuant  
4 to this section.

5 (2) A payment of committee funds in violation of the restrictions on use of campaign  
6 funds by candidate controlled campaign committees described in Sections 89511 through 89518.

7 (3) A use of committee funds in violation of Elections Code Section 18680.

8 Note: Authority cited: Section 83112, Government Code. Reference: Sections 82013, 82015,  
9 82016, 82027.5, 82031, 82047.5, 84102, 84103, 84107, 84504, 85201, 85301, 85302, 85303,  
10 85304, 85304.5, ~~and 85310~~, and 85316, Government Code; ~~and Section 18680, Elections Code.~~

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