

1 Adopt 2 Cal. Code Regulations Section 18422 to read:

2 **§ 18422. Multipurpose Organization Political Activity Transparency.**

3 (a) Any person or group that receives contributions from others of \$1,000 or more to  
4 make expenditures in California must register as a committee and file campaign reports under  
5 Section 82013 and the Act. In addition, a multipurpose organization making political  
6 expenditures in California that qualifies as a committee pursuant to Section 84222 shall file a  
7 statement of organization and campaign reports to disclose the funds that were used for the  
8 political expenditures and the sources of those funds.

9 (b) Statement of Organization.

10 (1) Multipurpose Organization Committee Name. A multipurpose organization  
11 committee’s name shall be the full legal name of the organization. Pursuant to Section  
12 84222(e)(1)(A), a multipurpose organization filing a statement of organization shall indicate in  
13 its committee name that it is filing under Section 84222 by including one of the following  
14 descriptions in parentheses after its name: (i) For a nonprofit tax-exempt organization, include  
15 “nonprofit 501(c)(\_)” specifying the type of nonprofit tax-exempt organization from Internal  
16 Revenue Code Section 501(c)(3)-(10); (ii) For a federal or out-of-state political committee,  
17 include “Fed PAC ID #” or the two letter state abbreviation such as “TX PAC ID #”; or (iii) For  
18 any other type of multipurpose organization, include “multipurpose organization” or “MPO.”  
19 This description shall appear at the end of the committee’s name in parentheses on the  
20 committee’s statement of organization and campaign reports. Notwithstanding any other  
21 provision of the Act or Commission regulations, this description is not required to be included in  
22 the committee’s name on advertisements, communications, sender identification or disclaimers.

1           (2) Calendar Year Filers. A multipurpose organization that becomes a committee subject  
2 to Section 84222(c)(5) whose reporting obligations terminate automatically each year as  
3 specified in Section 84222(e)(1)(B), shall indicate its committee status to the filing officer when  
4 it files its statement of organization, in the manner provided on the instructions to Form 410. If  
5 such a multipurpose organization elects to remain registered as a committee beyond the calendar  
6 year, it may do so by stating its election to remain registered on the initial statement of  
7 organization or on an amendment to the statement of organization filed before the end of the  
8 calendar year. If a multipurpose organization whose registration terminated automatically in one  
9 year, qualifies as a committee again in a subsequent year, the organization shall use the same  
10 committee identification number previously assigned by the Secretary of State.

11           (c) Reporting.

12           (1) Multipurpose Organizations under Section 84222(c)(2), (3) or (4). A multipurpose  
13 organization required to register as a committee under Section 84222(c)(2), (3) or (4) shall  
14 follow the same reporting requirements applicable to a recipient committee under Section  
15 82013(a).

16           (2) Multipurpose Organizations under Section 84222(c)(5).

17           (A) Identifying Contributors. An organization that makes a contribution or expenditure  
18 qualifying it as a committee required to report donors under Section 84222(c)(5), shall identify  
19 contributors using the last in, first out (LIFO) accounting method by the following times:

20           (i) During the 90 days prior to an election, within three business days following the  
21 contribution or earlier if required for a report under Section 84204.

22           (ii) At all other times, within 10 business days following each contribution or  
23 expenditure.

1 Donations to multipurpose organizations which are reported on a last in, first out (LIFO)  
2 basis shall be disclosed listing the date contributions were received as the date of the expenditure  
3 made by the multipurpose organization.

4 (B) Employer Information. If the employer and occupation information cannot be  
5 obtained, the report shall provide an explanation of the organization's attempts to obtain the  
6 information.

7 (C) Remaining Balance. If a multipurpose organization that makes a contribution or an  
8 expenditure from its general treasury is required to identify additional donors because those  
9 described in Section 84222(e)(1)(C) did not provide the full amount of the contribution or  
10 expenditure, the organization shall attribute the remaining balance of the contribution or  
11 expenditure to itself.

12 (d) Major Donor Notices. If a multipurpose organization identifies contributors by the  
13 last in, first out (LIFO) accounting method who meet the major donor notice thresholds of  
14 Section 84105 and Regulation 18427.1, the organization shall send the contributors a major  
15 donor notice informing them that they may be required to file campaign statements. The  
16 organization shall send major donor notices to contributors within the one or two week time  
17 frames specified in Section 84105 following the date the organization receives the contributions  
18 and identifies the contributors by the last in, first out accounting method under paragraph (c).

19 (e) Multi-Layer Reporting.

20 (1) Funds Moving from One Multipurpose Organization to Another. To obtain  
21 disclosure of the original sources of funds used by a multipurpose organization for political  
22 expenditures, under Section 84222(e)(5), if a multipurpose organization identifies another  
23 multipurpose organization as a source of funds, and the contributing organization qualifies as a

1 committee, the contributing organization may be required to file expedited campaign statements  
2 disclosing its donors, if applicable.

3 (2) Expedited Notice. If a multipurpose organization identifies a contributor of more  
4 than \$50,000 by the last in, first out (LIFO) accounting method that is itself a multipurpose  
5 organization, the recipient organization shall send a “nonprofit filer notice” to the contributing  
6 organization stating that it may be required to register and file expedited campaign statements  
7 disclosing its donors, if applicable. The “nonprofit filer” notice shall be provided within 24  
8 hours of when the recipient organization identifies the contributor, during the 90-day period  
9 before an election and within ten business days outside that period. The recipient organization  
10 shall send the contributing organization notice by electronic mail, overnight delivery or  
11 facsimile, and shall maintain a record of all notices sent. The nonprofit filer notice shall contain  
12 the language of the major donor notice specified in Regulation 18427.1 paragraph (a)(2), and in  
13 addition, at the beginning, shall contain the following language or substantially similar language:

14 The Political Reform Act requires disclosure of the source of donor funds used for  
15 political expenditures and tracks back to the original donors when funds are contributed by one  
16 multipurpose organization to another. Your organization was identified as a contributor of more  
17 than \$50,000 in funds that our organization used for political expenditures. Therefore, your  
18 organization may qualify as a committee under Government Code Section 84222 and Fair  
19 Political Practices Commission (FPPC) Regulation 18422, contained in Title 2, Division 6 of the  
20 California Code of Regulations, that is required to register with the Secretary of State on FPPC  
21 Form 410 and file expedited reports on FPPC Form 460 disclosing donors for such funds within  
22 three business days during the 90 days before an election or within 10 business days at all other  
23 times.

1           (3) Expedited Filing. A multipurpose organization identified as a contributor by last in,  
2 first out (LIFO) accounting that qualifies as a recipient committee under Section 84222(c) (the  
3 contributing organization) must register and file campaign statements of its own, disclosing its  
4 donors, if applicable. The multipurpose organization qualifies as a committee on the date it  
5 knows or has reason to know that it met the qualification thresholds of Section 84222(c) by  
6 receiving the “nonprofit filer notice” referred to in paragraph (2) above, receiving a major donor  
7 notice pursuant to Section 84105 and Regulation 18427.1, or being otherwise put on notice. The  
8 contributing multipurpose organization shall file a statement of organization and an initial  
9 campaign statement on Form 460 within three business days during the 90 days before an  
10 election, and within 10 business days at all other times.

11           (f) Recordkeeping. A multipurpose organization shall maintain all records necessary to  
12 establish its compliance with Section 84222.

13 Note: Authority cited: Section 83112, Government Code. Reference: Sections 82015 and 84022,  
14 Government Code.

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