



STATE OF CALIFORNIA  
FAIR POLITICAL PRACTICES COMMISSION  
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## TITLE 2. FAIR POLITICAL PRACTICES COMMISSION

NOTICE IS HEREBY GIVEN that the Fair Political Practices Commission (the Commission), under the authority vested in it under the Political Reform Act (the Act)<sup>1</sup> by Section 83112 of the Government Code, proposes to adopt, amend, or repeal regulations in Title 2, Division 6 of the California Code of Regulations. The Commission will consider the proposed regulation at a public hearing on or after **October 18, 2019**, at the offices of the Fair Political Practices Commission, 1102 Q Street, Suite 3000, Sacramento, California, commencing at approximately **10:00 a.m.** Written comments must be received at the Commission offices no later than **5:00 p.m. on October 16, 2019.**

### BACKGROUND/OVERVIEW:

A recipient committee receives contributions to use for political purposes, such as making contributions or independent expenditures to support or oppose candidates and ballot measures, or making contributions to political parties and other state and local campaign committees. All recipient committees are required to file semi-annual statements for each half of the year, whether or not they have received any contributions or made any expenditures during the six-month period covered by the statement.

The Act provides that every recipient committee must file a statement of organization. (Section 84101.) The statement of organization must include, among other things, the name of the committee. If the committee is a “sponsored committee,” the committee’s name must include the name of its sponsor. (Section 84102(a).)

Regulation 18419 contains certain requirements for sponsored committees. These requirements are three-fold. First, the sponsored committee must include the sponsor’s name in its name. Second, the sponsored committee must indicate on its statement of organization the industry group or affiliation of the sponsor. Third, the sponsor must itself file as a committee unless it fits within an exception created by the regulation. (Section 18419(c)(1)-(3).)

### *Qualification as a “Sponsor”*

A sponsored committee is a committee, other than a controlled committee, that has a sponsoring organization. (Section 82048.7(a) and Regulation 18419(a)(1).) A sponsoring organization is an entity, such as a business entity, or an organization, such as a trade association or labor organization, that does one of the following:

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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.

- Provides 80 percent or more of the contributions received by the committee, either directly or from the entity or organization's members, officers, employees, or shareholders;
- Collects contributions for the committee through payroll deductions or dues;
- Provides all or nearly all the administrative services for the committee;
- Sets the policies for soliciting contributions or making expenditures of committee funds.

(Section 82048.7 and Regulation 18419.)

### *Naming Requirements*

A committee's name is one of the first pieces of information about a political committee that the public sees or hears. A committee's name appears on all the committee's mass mailings, and most advertisements including television, radio, telephone, print, and email advertisements, informing the public who sent or paid for a communication as required by the Act's sender identification and advertisement disclosure provisions. Additionally, other electronic advertisements must also include a hyperlink to an Internet Web site containing the committee's name. (Sections 84305, 84501-84510.)

Section 84102 sets forth basic information that committee names must contain. It requires that a sponsored committee name include the name of the sponsor. One purpose of these provisions is to provide the public with clear indication of who is responsible for a committee and prevent entities, which sponsor political committees, from obscuring their identity behind the committee name.

When more than one organization meets the definition of "sponsor," Section 84102(a) provides that:

Whenever a committee has more than one sponsor, and the sponsors are members of an industry or other identifiable group, a term identifying that industry or group shall be included in the name of the committee.

The Act does not provide guidance regarding the appropriate "terms" which should be used to describe the industry or group affiliation of multiple sponsors. However, the multiple sponsor provision is an exception to this general rule that the specific name of the sponsor must be included. For this reason, the identifying terms used for multiple sponsors should be as specific as possible. A term that is broader than necessary would not be consistent with the purpose of Section 84102(a).

The statute permits use of a term identifying the industry or group. Which to choose depends upon the nature of the sponsor and whether a group name or an industry name more specifically identifies the sponsor.

## REGULATORY ACTION:

Amend 2 Cal. Code Regs. Section 18419; subdivision (a)(2)(A) by adding language for purpose of determining when a committee reached the 80 percent threshold for qualification as a sponsored committee, that threshold is determined based on all contributions received by a committee in the 24 months preceding. The proposed amendments also state that a committee must determine if it qualified as a sponsored committee, or if a sponsor changed, at the time of filing each campaign statement. This includes semi-annual, pre-election, and quarterly campaign statements.

Amend subdivision (b)(1) to provide additional guidance regarding the appropriate terms which should be used to describe the industry or group affiliation of multiple sponsors. As proposed, the amendment defines the phrase “other identifiable group” as “members of the same business or trade; or non-profit organizations with a common purpose,” to make it clear that any name used to describe multiple sponsors must accurately characterize the common business or non-profit purpose of the sponsors. Additionally, non-exhaustive examples have been provided of both sufficient and insufficient identification of multiple sponsors (subdivisions (b)(1)(A) and (B)), and conforming changes have been made to subdivision (b)(2).

Amend subdivisions (a) (3) and (5), to omit obsolete language, and shorten various references from “Government Code section” to “Section” and from “2 Cal. Code Regs. Section” to “Regulation.”

## SCOPE:

The Commission may adopt the language noticed herein, or it may choose new language to implement its decisions concerning the issues identified above or any related issues. The Commission must determine that no alternative considered by the agency would be more effective in carrying out the purpose for which the action is proposed or would be as effective and less burdensome to affected private persons than the proposed action.

## FISCAL IMPACT STATEMENT:

Fiscal Impact on Local Government. This regulation will have no fiscal impact on any local entity or program.

Fiscal Impact on State Government. This regulation will have no fiscal impact on any state entity or program.

Fiscal Impact on Federal Funding of State Programs. This regulation will have no fiscal impact on the federal funding of any state program or entity.

The adoption of the proposed amendments: (1) will not impose a cost or savings on any state agency, local agency or school district that is required to be reimbursed under Part 7 (commencing with Section 17500) of Division 4 of the Government Code; (2) will not result in any nondiscretionary cost or savings to local agencies; (3) will not result in any cost or savings in federal funding to the state; (4) will not impose a mandate on local agencies or school districts; and

(5) will not have any potential cost impact on private persons or businesses including small businesses.

**AUTHORITY:**

Section 83112 provides that the Fair Political Practices Commission may adopt, amend, and rescind rules and regulations to carry out the purposes and provisions of the Act.

**REFERENCE:**

The purpose of this regulation is to implement, interpret, and make specific Government Code Section 82048.7.

**CONTACT:**

Any inquiries should be made to Zachary Norton, Fair Political Practices Commission, 1102 Q St., Suite 3000, Sacramento, CA 95811; telephone (916) 322-5660 or 1-866-ASK-FPPC. Proposed regulatory language can be accessed at <http://www.fppc.ca.gov/the-law/fppc-regulations/proposed-regulations-and-notices.html>.