



# California Fair Political Practices Commission

March 4, 1992

Dave Bhatia  
Indo-American Association  
of Northern California (IAPAC)  
Post Office Box 892  
Union City, CA 94587

Re: Your Request for Informal Assistance  
Our File No. I-92-017

Dear Mr. Bhatia:

This is in response to your letter requesting advice regarding the duties of a political committee, specifically the Indo-American Association of North California (hereinafter "IAPAC") under the personal use provisions of the Political Reform Act (the "Act").<sup>1</sup> Since your advice request does not refer to a specific nonprofit organization, we are treating your request as one for informal assistance.<sup>2</sup>

## QUESTION

May a committee donate campaign funds to any nonprofit organization?

## CONCLUSION

The Act provides that a committee may use its campaign funds to make donations to nonprofit organizations provided three requirements are met. First, the recipient nonprofit organization must be a bona fide charitable, educational, civic, religious, or similar tax-exempt nonprofit organization. Second, no substantial

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<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.

<sup>2</sup> Informal assistance does not provide the requestor with the immunity provided by an opinion or formal written advice. (Section 83114; Regulation 18329(c)(3).)

part of the proceeds of the donation may have a material financial effect on any individual or individuals with authority to approve the expenditure of campaign funds held by the committee, members of their immediate family, or the committee treasurer. Third, the donation must bear a reasonable relationship to a political, legislative, or governmental purpose of the committee.

#### FACTS

None were provided.

#### ANALYSIS

Sections 89510-89518 set forth the permitted uses of campaign funds held by a committee. Specifically, Section 89515 provides:

Campaign funds may be used to make donations or loans to bona fide charitable, educational, civic, religious, or similar tax-exempt, nonprofit organizations, where no substantial part of the proceeds will have a material financial effect on the candidate, elected officer, campaign treasurer, or any individual or individuals with authority to approve the expenditure of campaign funds held by a committee, or member of his or her immediate family, and where the donation or loan bears a reasonable relation to a political, legislative, or governmental purpose.

Thus, the Act provides that a committee may use its campaign funds to make donations to nonprofit organizations provided three requirements are met. First, the recipient nonprofit organization must be a bona fide charitable, educational, civic, religious, or similar tax-exempt nonprofit organization. Second, no substantial part of the proceeds of the donation may have a material financial effect on any individual or individuals with authority to approve the expenditure of campaign funds held by the committee, members of their immediate family, or the committee treasurer. Third, the donation must bear a reasonable relationship to a political, legislative, or governmental purpose of the committee.

With regard to the first and third requirements, you have not submitted the name of any particular nonprofit organization, described its purpose, or identified its tax status. Furthermore, you have not informed us as to the purposes for which IAPAC was established. Therefore, we cannot advise you whether a proposed nonprofit organization appears to meet the criteria established in Section 89515 or whether the proposed donation of campaign funds appears to bear a reasonable relation to a political, legislative, or governmental purpose of IAPAC.

With regard to the second requirement, we can give further guidance. The intent of this requirement appears to be to prohibit persons who control the expenditure of funds by a



committee from benefiting from these expenditures. Thus, the Commission is currently advising in the absence of a Commission regulation on this subject, that the proceeds of campaign funds will have a "material financial effect" on any individual or individuals with authority to approve the expenditure of campaign funds held by the committee, members of their immediate family, or the committee treasurer if a payment received by such individual from a nonprofit organization described in Section 89515 above is \$250 or more. (See Weiss Advice Letter, No. A-91-158.)

These are the rules IAPAC must apply before making a donation to any nonprofit organization. Since no facts were provided to us, the committee treasurer and any other individuals with authority to approve the expenditure of IAPAC's campaign funds must make the final determination as to whether a donation to a nonprofit organization is a permissible expenditure of campaign funds under the Act.

If you have any further questions regarding this matter, please feel free to contact me at (916) 322-5901.<sup>3</sup>

Sincerely,

Scott Hallabrin  
Acting General Counsel

*Deanne Stone*

By: Deanne Stone  
Counsel, Legal Division

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<sup>3</sup> Copies of Commission regulations and Opinions are available in many law libraries. Alternatively, copies of these materials and Commission advice letters may be obtained from the Commission at a cost of 10¢ per page.