

February 10, 1977

A-77-434

Mr. James C. Dutra, Editor
VIEWPOINT
P.O. Box 8838
Stockton, CA 95208

Dear Mr. Dutra:

Your letter of December 26, 1976 to the Secretary of State has been forwarded to the Fair Political Practices Commission for a reply.

In your letter you describe the nature of the publication VIEWPOINT and ask for advice regarding any reporting obligations which may result because of the publication. You state the purpose of VIEWPOINT is to promote Republican philosophy, aid local Republican organizations in promoting their events, and promote candidates selected in the Republican primaries. You also state that a subscription to VIEWPOINT will cost \$5.00 per year and the subscriber will be guaranteed that \$2.00 of the subscription cost will be used to defray the costs of mailing an unsolicited special edition(s) of the publication to voting households following the 1978 Republican primaries. The remaining \$3.00 will be used to pay costs of publishing regular monthly issues.

Under the foregoing circumstances your organization will become a "committee" within the meaning of the Political Reform Act and incur reporting obligations when it receives \$500000 or more in payments which are "earmarked" for political purposes. Based on the facts contained in your letter, the money you receive which may be "earmarked" for political purposes is the \$2.00 portion of the subscription cost which will be used for special editions of VIEWPOINT. Please note, however, that the Political Reform Act does not require disclosure of contributions or expenditures in connection with federal campaigns and, consequently, the portion of the \$2.00 used to promote federal candidates need not be considered in determining whether your organization meets the \$500.00 threshold level and incurs reporting obligations. Only the portion of the \$2.00 devoted to supporting state and local candidates and ballot measures need be counted in determining whether you reach the threshold. The \$3.00 portion of the subscription cost need not be counted because a subscriber will receive full and adequate consideration for the \$3.00.

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Enclosed, please find two regulations adopted by the Commission (2 Cal. Adm. Codes Sections 18215 and 18225) which you may find helpful for further clarification.

In your letter, you also ask whether or not there is a limit on contributions which your organization may receive.

While the Political Reform Act requires disclosure of contributions, there are no provisions which limit the total amount of contributions.

Finally, you ask if the \$2.00 that is set aside in the subscription will be taxable.

For an answer to this last question, I suggest that you contact:

Franchise Tax Board
1001 G Street, Suite 302
Sacramento, CA 95814
Phone: (916) 445-1426

I hope the above advice is helpful. If you expect that your organization will incur reporting obligations or if you have any other questions, please contact me for further assistance.

Sincerely,

JSG
John C. Greenwood
Program Coordinator

JCG:av

Attachments

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VIEWPOINT
P.O. Box 8838
Stockton, Ca. 95208

December 26, 1976

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California Secretary of State
Elections and Political Reform Division
111 Capitol Mall, Suite 200
Sacramento, Ca. 95814

Gentlemen:

I am hopeful that you will provide me with a written definitive course of action for meeting any political regulations that the enclosed publication may fall under.

VIEWPOINT is a new publication which I am publishing privately. Its first edition was printed and mailed on December 6, 1976 free of charge.

Its stated purpose is to promote Republican philosophy and to aid local Republican organizations in promoting their events and to promote candidates selected in the Republican primaries. But it makes no specific endorsement of a candidate or political party.

It seeks a subscription of \$5.00 per year for 12 monthly issues. It guarantees the subscriber that \$2.00 of his subscription will be held to defray costs of mailing an unsolicited special edition(s) of the publication to voting households following the 1978 Republican primaries. The remaining \$3.00 will go towards publication costs of the monthly issues.

Please advise as to the following:

1. As we will be receiving in excess of \$500.00, do we need to organize as a political committee?
2. If we need to organize as a political committee, can we accept advertising which we plan to do from individuals, companies, corporations? What category would this advertising revenue be, i.e., political donation, business expense, etc?
3. Is there a contribution limit which one individual, company corporation may provide the publication either in subscriptions form, outright donation or other forms?
4. Will the \$2.00 that is set aside in the subscription be taxable at year's end?

Please advise as to any other regulations that may apply.

James C. Dutra, Editor