

Memorandum

To : Opinion Request Meeting Participants

Date : 5-5-77

M-77-509

From : FAIR POLITICAL PRACTICES COMMISSION
Ted Prim

Subject: Trust income reporting.

Section 82030(a) provides "income of an individual also includes a pro rata share of any income of any business entity or trust in which the individual or spouse owns, directly, indirectly or beneficially, a 10-percent interest or greater." Section 87207(b) sets forth the procedures for reporting income of a business entity. Section 87207(a) sets forth the procedures for reporting income except as provided in subsection (b).

How should the income of a trust be reported? Is each trust asset viewed as a "source of income" within the meaning of Section 87207(a)(1) if it generates \$250 or more? *yes*
If the trust earns income but does not distribute it, must a person with a 10% remainder interest report such income?

Yes, the income and the assets

TP:jo

An official who owns 10% or more of a trust reports his pro-rata share of the income from each trust asset to the extent that such income exceeds

\$ 250 or more. Remember, dividends from companies registered with SEC are not income!