

Memorandum

To : John Corzine
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925 L Street, Suite 500
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Date : May 18, 1979

M-79-139

From : FAIR POLITICAL PRACTICES COMMISSION
Sarah Cameron

Subject: Reportability of loans to a business entity

This is confirmation of our recent telephone conversations on the above-noted subject. The staff of the Fair Political Practices Commission has consistently interpreted the term "gross receipts" as used in Government Code Section 87207(b)(3) as not including loans received by the business entity whose income is being reported under its provisions. This limit is on disclosure only, however, and loans to business entities are not excluded from the term "income" as used throughout the Political Reform Act. Consequently, loans which do not have to be reported may nevertheless occasion disqualification under the provisions of Government Code Sections 87100 and 87103. Although these interpretations have not been the subject of a formal opinion by the Commission, they were acknowledged and confirmed by the Commission during its discussions of proposed legislation to make outstanding loans reportable. These discussions were held at the Commission's March and April meetings this year.

If any of your designated employees has a 10% or greater interest in a bank, you may also be interested in knowing that "gross receipts" does not include repayment to the bank of the principal of loans but it does include the payment of interest.

STC:nrw