



California Fair Political Practices Commission

April 6, 1987

Michael C. Flynn
Treasurer, Friends of Sally Ann Miller Committee
2041 Business Center Drive, Suite 203
Irvine, CA 92715

Re: Your Request for Advice
Our File No. A-87-076

Dear Mr. Flynn:

You have requested advice concerning the campaign reporting provisions of the Political Reform Act.^{1/}

QUESTIONS

1. Are there any regulations (state, city or county) that limit the dollar amount an individual may contribute to a city officeholder's controlled committee?
2. May a political action committee hold an art auction with donated art items and deposit the proceeds into the committee's account?
3. What are the restrictions for disposal of a committee's surplus campaign funds?
4. May a committee invest campaign funds in a money market account or a certificate of deposit? Are there any restrictions?

CONCLUSIONS

1. The Political Reform Act (the "Act") does not contain limitations on campaign contributions or expenditures. Section 81009.5(b) provides that a city or county campaign ordinance may impose campaign requirements additional to or different from those contained in the Act only on (1) candidates seeking election in that jurisdiction, (2) their controlled committees, (3) committees primarily formed to support or oppose a ballot measure which is being voted on only in that jurisdiction, and (4) general purpose recipient committees active wholly within that jurisdiction. You should contact the City Clerk's office to determine if there is a local campaign ordinance in the City of Irvine.

^{1/}Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Administrative Code Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Administrative Code.

2. There is nothing in the Act which prohibits candidates and committees from holding auctions. The donated items are "contributions" as defined in Section 82015 and Regulation 18215 (copy enclosed). The committee must report the fair market value of the donated art items as non-monetary contributions on the committee's campaign statement. The proceeds from the sale of the donated art are not contributions if approximately the fair market value has been paid. The committee would report such receipts as an increase to cash on Schedule G, Miscellaneous Adjustments to Cash Position. However, if a person pays more than the fair market value, the person has made a contribution in the amount over the fair market value, and that amount should be reported on Schedule A, Monetary Contributions Received. (See page 90, number 2, of the 1987 "Information Manual on Campaign Disclosure Provisions of the Political Reform Act," copy enclosed).

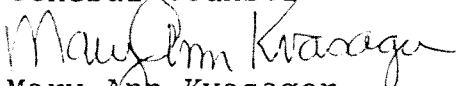
3. The permissible use of campaign funds by an elected official does not come within the provisions of the Act and, therefore, we are unable to provide an answer. Elections Code Section 12400, et seq., addresses the permissible use of campaign funds. Questions regarding interpretation of Elections Code Section 12400, as it applies to Friends of Sally Ann Miller, may be addressed to the City of Irvine, or you may contact Mr. Ted Prim at the State Attorney General's Office, (916) 324-5481.

4. The committee may deposit funds into interest bearing accounts, bank certificates of deposit, U.S. Treasury notes, U.S. Savings Bonds, or any other type of investment. When funds are invested in an asset which can readily be converted to cash, the committee need not report the investment as an "expenditure," or reduce its ending cash on hand by the amount of the investments. If the committee purchases stock or real estate, investments which cannot readily be converted to cash, it must report these purchases as expenditures. (See page 91, number 2, of the enclosed manual.) The interest received on such investments should be reported on Schedule G as a miscellaneous increase to cash.

If you have any further questions regarding this matter, please contact me at (916) 322-5662.

Sincerely,

Diane M. Griffiths
General Counsel


By: Mary Ann Kvasager,
Political Reform Consultant

DMG:MAK:kmt

Enclosure

Friends of

A-87-076

Sally Anne Miller

MAR 6 9 04 AM 1987 Business Center Drive, Suite 203
Irvine, CA 92715

February 20, 1987

Fair Political Practices Commission
1110 K Street
Sacramento, CA 95814

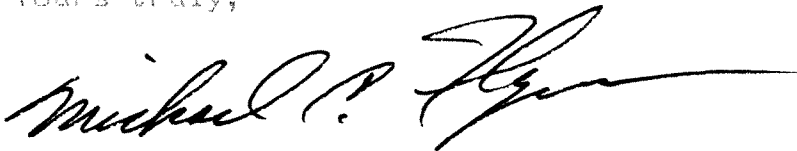
Dear Sirs;

I am the treasurer for the campaign committee "Friends of Sally Anne Miller". Mrs. Miller is current serving on the Irvine City Council, having been re-elected in June of 1984.

To avoid any future problems, we would like your interpretation on a few items.

1. Are you aware of any regulations (state, county, or city) that limit the dollar amount an individual can contribute to Mrs. Miller's committee between now and her bid for re-election in 1988.
2. Can a candidate or committee hold an art auction, have pieces of art donated, with the proceeds of the auction, less expenses, going to the campaign committee?
3. If an officeholder with a campaign committee decides not to run for re-election, what restrictions are there on the disposal of unexpended campaign funds? Can the funds be turned over to another candidate?
4. Campaign funds in a committee, can the committee invest the funds while waiting for the next campaign (i.e. certificate of deposit or money market accounts)? If so, what restrictions apply?

Yours truly,



Michael C. Flynn
Committee Treasurer