



California Fair Political Practices Commission

September 4, 1990

Jerry Wood
Crabtree, Karlen & Arzoo
5055 Canyon Crest Drive
Riverside, CA 92507-6015

Re: Your Request for Informal Assistance
Our File No. I-90-471

Dear Mr. Wood:

You have requested assistance under the campaign provisions of the Political Reform Act.^{1/} Because your request is a general inquiry, we treat it as one for informal assistance pursuant to Regulation 18329(c)^{2/} (copy enclosed).

QUESTION

Two individuals, who each own 50% of a corporation, have contributed \$500 apiece to a candidate from their personal funds. May the corporation contribute another \$1,000 to the same candidate?

CONCLUSION

If each individual owns 50% of the corporation and neither individual in fact directs and controls the contributions of the corporation, cumulation of contributions made by the corporation and the individuals is not required.

ANALYSIS

The Act, as amended by Proposition 73, imposes limits on contributions to candidates for elective office and

^{1/} 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.

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

to committees that make contributions to candidates. (Government Code Sections 85301-85303.)^{3/} Under some circumstances, contributions made by more than one person^{4/} must be cumulated to determine if the persons have reached the contribution limits.

The Commission has adopted Regulation 18531.5 (copy enclosed)^{5/} to clarify when cumulation is required. Regulation 18531.5 requires cumulation under the following circumstances:

(a) If the same person or a majority of the same persons in fact directs and controls the decisions of two or more entities to make contributions or expenditures to support or oppose a candidate or candidates for elective office, those affiliated entities shall be considered one person, one political committee, or one broad based political committee for purposes of the contribution limitations in Government Code Sections 85301, 85302, 85303 and 85305.

(b) Business entities in a parent-subsidary relationship and business entities with the same controlling (more than 50-percent) owner shall be considered one person for purposes of the contribution limitations in Government Code Sections 83501, 85302, 85303 and 85305, unless the business entities act completely independently in their decisions to make contributions and expenditures to support or oppose candidates for elective office. For purposes of this section, a parent-subsidary relationship exists when one business entity owns more than 50 percent of another business entity.

^{3/} Contributions from a person to a candidate are limited to \$1,000 in any fiscal year (July 1-June 30). (Section 85301(a).) Contributions to a political committee or broad based political committee are limited to \$2,500 per fiscal year per contributor. (Section 85302.) Contributions from a political committee to a candidate are limited to \$2,500 each fiscal year, and contributions from a broad based political committee or political party to a candidate are limited to \$5,000 per fiscal year. (Section 85303.)

^{4/} "Person" means an individual, proprietorship, firm, partnership, joint venture, syndicate, business trust, company, corporation, association, committee, and labor organization. (Section 85102.)

^{5/} Regulation 18531.5 is currently in the rulemaking process, and, although not presently effective, expresses the Commission's policy concerning cumulative of contributions.

Thus, if there is no direction and control in fact by the same person or a majority of the same persons as to either entity, cumulation is not required.

If you have any questions please feel free to contact me at (916) 322-5662.

Sincerely,

Scott Hallabrin
Acting General Counsel

Linda Moureaux

By: Linda Moureaux
Political Reform Consultant

Enclosures