



# California Fair Political Practices Commission

September 5, 1990

James R. Sutton  
Nielsen, Merksamer, Hodgson,  
Parrinello, & Mueller  
591 Redwood Highway, Ste. 4000  
Mill Valley, CA 94991

RE: Your Request for  
Informal Assistance  
Our File No. I-90-490

Dear Mr. Sutton:

You have requested advice on behalf of a major donor committee concerning the campaign provisions of the Political Reform Act ("the Act").<sup>1/</sup> Your request does not indicate that you are acting as an authorized representative of the major donor, nor is the major donor identified. Under these circumstances, we are treating your request as one for informal assistance and are limiting our assistance to an explanation, in general terms, of the requirements of the Act. (Section 18329(c)(4).)<sup>2/</sup>

### QUESTION

You have asked if a corporate major donor who writes off an uncollectable loan to a campaign committee is making an additional contribution to the committee, and if the transaction must be reported.

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<sup>1</sup> 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.

<sup>2/</sup> Informal assistance does not provide the requestor with the immunity provided by an opinion or formal written advice. (Government Code Section 83114; 2 Cal. Code of Regs. Sections 18329(c)(3).)

CONCLUSION

If a major donor writes off a loan made to a campaign committee, it will be deemed to have forgiven the loan. A loan forgiveness is a contribution and, therefore, must be within the contribution limits imposed by the Act.

ANALYSIS


Proposition 73 established limits on campaign contributions made in any fiscal year: (1) by persons to candidates or candidate-controlled committees (Section 85301), (2) by persons to other political committees or political parties (Section 85302), and (3) by political committees and political parties to candidates or candidate-controlled committees (Section 85303).

Sections 82015 and 82025 include the "forgiveness of a loan" when defining "contribution" and "expenditure," respectively. Therefore, a loan forgiveness must be cumulated with other contributions made during a calendar year for purposes of determining if an individual or entity has qualified as a major donor and for purposes of calculating the applicable contribution limits. Pursuant to Sections 85301 and 85302, the major donor committee can forgive up to \$1,000 per fiscal year if the loan was made to a candidate, and up to \$2,500 per fiscal year if the loan was made to a political committee, broad based political committee, or a political party.

If you have additional questions, please contact me at (916) 322-5662.

Sincerely,

Scott Hallabrin  
Acting General Counsel

  
By: Wayne P. Imberi  
Political Reform Consultant