



California Fair Political Practices Commission

December 16, 1991

Robert C. Smith
962 N. Van Ness
Fresno, CA 93728

RE: Your Request for Advice
Our File No. A-91-519

Dear Mr. Smith:

You have requested information concerning the campaign provisions of the Political Reform Act (the "Act").^{1/}

Nothing in this letter should be construed to evaluate any conduct that has already taken place. A copy of your letter has been forwarded to the Commission's Enforcement Division for their review concerning the possible violation of Section 89513(g), which provides:

Campaign funds shall not be used to make loans other than to organizations pursuant to Section 89515, or, unless otherwise prohibited, to a candidate for elective office, political party, or committee.

Section 89515 provides:

Campaign funds may be used to make donations or loans to bona fide charitable, educational, civil, religious, or similar tax-exempt, nonprofit organizations, where no substantial part of the proceeds will have a material financial effect on the candidate, elected officer, member of his or her immediate family, or the campaign treasurer, and where the donation or loan bears a reasonable relation to a political, legislative, or governmental purpose.

^{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, Divisions 6 of the California Code of Regulations.

QUESTION

You have asked how to report a loan made from your campaign bank account to your private business account.

CONCLUSION

All loans made from a campaign bank account must be reported on a campaign statement. Loans made are reported on Schedule H, Part I of the Form 490. You must report the date of the loan; the full name and address of the loan recipient, the due date, if applicable; the amount of the loan; and the interest rate, if any. When the loan is repaid, you must report the repayment on Schedule H, Part II, including the original date of the loan, the person to whom the loan was made, and any change in the interest rate. If a third party is making the repayment, the name and address of the person making the payment must also be disclosed. Interest received on the outstanding loan is reported on Schedule H, Part II, Column (b) and on Schedule I's summary section, Line 3. In addition, if the loans were made during previous reporting periods, amendments must be filed. A separate Form 405, Amendment Form, must be used for each campaign statement being amended. I have enclosed a 1991 Amendment Form, Form 405, and a Form 490, Officeholder, Candidate, and Controlled Committee Campaign Statement--Long Form, for your use.


ANALYSIS

All expenditures, including loans, made from a candidate's or officeholder's campaign funds are required to be reported on a campaign statement. (Sections 84211 and 84216.5.) For each loan of \$100 or more made from campaign funds during the period covered by the campaign statement, you are required to report the information described in the Conclusion above.

If you have additional questions regarding this matter, please feel free to contact me at 916/322-5662.

Sincerely,

Scott Hallabrin
Acting General Counsel


By: Mary Ann Kvasager *aw*
Political Reform Consultant

Enclosure