



# California Fair Political Practices Commission

April 24, 1992

Mark D. Olander, EA  
Officer, CSEA-PAC  
California Society of  
Enrolled Agents  
3200 Ramos Circle  
Sacramento, CA 95827

Re: Your Request for Advice  
Our File No. A-92-211

Dear Mr. Olander:

This is in response to your letter requesting advice on behalf of the California Society of Enrolled Agents regarding the appropriate use of campaign funds pursuant to the "personal use" provisions of the Political Reform Act (the "Act").<sup>1</sup> You stated that you are an officer of the California Society of Enrolled Agents political action committee.

## QUESTIONS

May the campaign funds of the California Society of Enrolled Agents' Political Action Committee be used for the following:

1. Payment for a contract lobbyist to monitor and lobby legislation affecting the society's members and to advise the society with respect to the committee's campaign contributions?
2. Payments to produce and disseminate a political newsletter which is sent to members of the society who contribute to the committee and which will include political information and periodic calls for political action on the part of the recipients?

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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.

3. Payment for political training sessions conducted by the Legislative Committee of the society, including transportation and accommodations for instructors and a luncheon for attendees?

#### CONCLUSIONS

1, 2. Campaign funds may be used to pay for a contract lobbyist and the newsletter so long as they are reasonably related to a political, legislative, or governmental purpose.

3. Campaign funds may be used for political training sessions conducted by the Legislative Committee of the society, including transportation and accommodations for instructors and a luncheon for attendees, so long as the expenditures are directly related to a political, legislative, or governmental purpose.

#### FACTS

The California Society of Enrolled Agents (the "society") is a tax-exempt business association formed under Internal Revenue Code Section 501(c)(6). The society also maintains a separate segregated California committee (the "PAC") funded by voluntary contributions from the members of the society. You have asked whether certain expenditures which benefit the PAC and the society may be made from the PAC's campaign bank account.

First, you have asked whether the campaign funds may be used to pay a contract lobbyist who monitors and lobbies legislation affecting the society. You stated that the contract lobbyist also advises on PAC contributions.

Second, you stated that the society publishes and distributes a newsletter for its members. The newsletter is provided to contributors to the PAC and contains information on legislation, and other political issues. In addition, the newsletter will periodically attempt to galvanize political action on the part of its membership.

Finally, you stated that the society has a legislative committee which conducts political training sessions throughout the state. You stated that the purpose of the sessions was to make your membership more effective in dealing with legislative action which impacts the society. The expenditures for the conferences include transportation and lodging for instructors and a luncheon for the attendees.

### ANALYSIS

Effective January 1, 1990, the Act was amended by Senate Bill 1431 to include provisions that regulate the appropriate use of campaign funds.<sup>2</sup> (Section 89511, et seq.) The purpose of the legislation was "to ensure that candidates, elected officers and the people clearly recognize acceptable and unacceptable uses of campaign funds." (Senate Elections Committee Analysis of SB 1431.)

As I discussed with Mr. Lee Borten on April 1, 1992, the general rule of the personal use law is that absent an express provision pertaining to the expenditure, an expenditure of campaign funds must be reasonably related to a political, legislative, or governmental purpose. Expenditures which confer a substantial personal benefit on the candidate or controlling member must be directly related to a political, legislative, or governmental purpose.<sup>3</sup> (Section 89512; Section 89512.5.)

#### 1. Contract Lobbyist

Campaign funds may be used for professional services if the services are reasonably required by the committee to assist it in the performance of its administrative functions, or if the services are directly related to a political, legislative, or governmental purpose. (Section 89513(b)(1).)

In the Brown Advice Letter (No. I-90-412), we advised the California Association of Management that an expenditure for a lobbyist was permissible. We stated:

An expenditure of contributions is not prohibited if the expenditure is directly related to a political, legislative, or governmental

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<sup>2</sup> Campaign funds are contributions, cash, cash equivalents, and other assets held by candidates for elective office and officeholders; controlled committees; ballot measure committees; committees opposed to a candidate or measure; and recipient committees. (Section 89511.)

<sup>3</sup> "Substantial personal benefit" means an expenditure of campaign funds which results in a direct personal benefit with a value of more than \$100 to the individual or individuals with authority to approve the expenditure of campaign funds held by a committee. (Section 89511(b)(3).) Regulation 18580 clarifies that there is a "direct personal benefit" where, within 6 months of the expenditure, the controlling member or his or her immediate family: (a) realizes an increase in his or her income or assets, or a decrease in his or her expenses or liabilities, of more than \$100 from the expenditure; or, (b) actually makes personal use of an asset obtained as a result of the expenditure.

purpose. Legislative monitoring and advocacy would seem to be directly related to the political purposes of the committee. Legislative monitoring and advocacy enable the committee to further the political interests of its members. Thus, an expenditure of campaign funds in the committee's account to pay for legislative monitoring and advocacy services such as a monthly retainer, bill service and other related expenses would be a permissible expenditure under the Act provided that no financial benefit accrues to the treasurer of the committee or to those who exercise control over the committee.

You stated that the contract lobbyist is retained to monitor and lobby legislation affecting the society. You also stated that the lobbyist will advise the PAC with respect to contributions. Thus, the legislative monitoring and advocacy would seem to be directly related to the political purposes of the committee.

## 2. Newsletter

The expenditure for the newsletter is permissible so long as it is reasonably related to a political, legislative, or governmental purpose. You stated that the society publishes and distributes a newsletter for its members. The newsletter is provided to contributors and contains information on legislation, and other political issues. In addition, the newsletter will periodically attempt to galvanize political action on the part of its membership. Based on these facts, and the samples you submitted, the expenditure for the newsletter appears to be reasonably related to a political, legislative, or governmental purpose.

## 3. Educational Seminars

Campaign funds may be used for the training and associated costs so long as the training bears a reasonable relationship to a political, legislative, or governmental purpose. (Braly Advice Letter, No. A-90-596.)

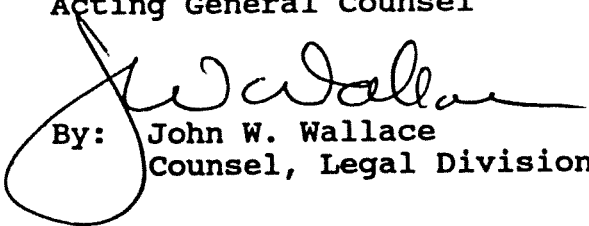
However, where campaign funds are used to pay for the transportation and accommodations of the instructors, the payments are payments for professional services and must be directly related to a political, legislative, or governmental purpose as discussed above. (Section 89513(b).) In addition, where campaign funds are used to pay for the cost of a luncheon at the training, the expenditure is a gift to attendees and is only permitted if there is a direct relationship between the expenditure for the luncheon and a political, legislative, or governmental purpose. (Section 89513(f)(1); Braly, supra.)

Thus, so long as the training is directly related to a political, legislative, and governmental purpose, the transportation and accommodations for the instructors and overhead expenses of the conference, such as the cost of the invitations, postage, hotel conference room rental, and any educational materials, may be paid with PAC funds.

If you have any further questions regarding this matter, please feel free to contact me at (916) 322-5901.<sup>4</sup>

Sincerely,

Scott Hallabrin  
Acting General Counsel

  
By: John W. Wallace  
Counsel, Legal Division

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<sup>4</sup> Copies of Commission regulations and Opinions are available in many law libraries. Alternatively, copies of these materials and Commission advice letters may be obtained from the Commission at a cost of 10¢ per page.