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CHAIRMAN



FAIR POLITICAL PRACTICES COMMISSION

December 11, 1996

James R. Sutton
Nielsen, Merksamer, Parrinello,
Mueller & Naylor
591 Redwood Highway, #4000
Mill Valley, CA 94941

Re: Your Request for Informal Assistance
Our File No. I-96-263

Dear Mr. Sutton:

This is in response to your request for advice under the campaign reporting provisions of the Political Reform Act.¹ Since you are seeking advice on behalf of unnamed clients, we are treating your letter as a request for informal assistance.²

QUESTION

Must a sponsored committee indicate on its campaign statement that the sponsor or association is acting as the intermediary for contributions the sponsor or association receives through payroll deduction or membership dues?

CONCLUSION

Yes. The committee must report the sponsor or association as the intermediary for contributions from its members or employees, regardless of the amount each individual member contributes. In addition, if any individual member or employee contributes \$100 or more in a

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 18000-18995. 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. (Government Code Section 83114; 2 Cal. Code of Regs. Section 18329(c)(3).)

calendar year, the individual would be reported as the source of the contribution and the sponsor or association would be reported as the intermediary.

FACTS

You represent several California political action committees ("PACs") which receive funds through payroll deduction or membership dues collected by the company or trade association which sponsors the PAC. Typically, for PACs sponsored by companies, a company deducts a set amount from the paychecks of all employees who choose to participate in the PAC. The company then forwards a single check to its PAC for deposit. For PACs sponsored by associations, the dues statement sent to its members typically contains a separate line item for PAC contributions. The association collects and deposits members' checks, then forwards a single check to the PAC for deposit.

ANALYSIS

Commission Regulation 18215 states in pertinent part:

(a) A contribution is any payment made for political purposes for which full and adequate consideration is not made to the donor. A payment is made for political purposes if it is:

(1) For the purpose of influencing or attempting to influence the action of the voters for or against the nomination or election of a candidate or candidates, or the qualification or passage of any measure; or

(2) Received by or made at the behest of:

* * *

(D) An organization formed or existing primarily for political purposes as defined in subsection (a)(1), including but not limited to a political action committee established by any membership organization, labor union or corporation.

Regulation 18215(a)(2)(D).

You indicated in your letter that your clients are trade associations or companies which support their PACs through membership dues or payroll deductions. Accordingly, the payments made by each employee or member through the sponsor or association to its PAC are

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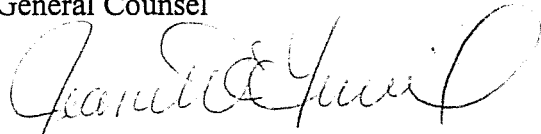
contributions. When the sponsor or association collects payments to be forwarded to each respective PAC, it is acting as an intermediary on behalf of its employees or members.

The committee must report the sponsor or association as the intermediary of contributions regardless of whether any individual member or employee contributed \$100 or more. (Regulation 18419(c)(3).) In addition, if contributions from any one member or employee aggregates \$100 or more in a calendar year, then the member or employee would be itemized as the source of the contribution, and the company or association would be reported as the intermediary. (Sections 84211(f) and 84302.) Examples of reporting contributions received by a PAC through its sponsoring organization can be found in the Commission's information manual for general purpose committees (Manual C) on page 14 (for committees using Form 450) and on page 19 (for committees using Form 420).

I trust this answers your question sufficiently.³ If you need further assistance, or wish to discuss this, please do not hesitate to call the Commission at (916) 322-5660.

Sincerely,

Steven G. Churchwell
General Counsel



By: Jeanette E. Turvill
Political Reform Consultant
Technical Assistance Division

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³ This advice is based on the Commission's current regulations. On November 5, 1996, California voters passed Proposition 208, which established, among other things, contribution and voluntary expenditure limits. Several of the Commission's regulations will most certainly be affected by the ongoing interpretation of Proposition 208. Accordingly, while the advice in this letter is valid until such regulatory changes occur, you should keep apprised of amendments to the regulations and seek further Commission advice if any of the regulations cited in this letter are amended. If you have not already done so, you may want to place your name on our mailing list to have the Commission bulletin mailed to you free of charge.