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FAIR POLITICAL PRACTICES COMMISSION

September 10, 1997

Melissa Patack
Vice President & General Manager
Motion Picture Association of America California Group
15503 Ventura Boulevard
Encino, California 91436

Re: Your Request for Advice
Our File No. A-97-441

Dear Ms. Patack:

This letter is in response to your request for advice on behalf of the Motion Picture Association of America California Group regarding the provisions of the Political Reform Act (the "Act").¹

QUESTIONS

1) If a trade association establishes a political action committee exclusively for the purpose of making contributions to candidates for local office, will a contribution by a member of the trade association to the committee count against that company's \$25,000 aggregate two-year contribution limit?

2) May the trade association establish two political action committees, one for the purpose of making contributions to state candidates and one for the purpose of making contributions to local candidates? May two separately maintained political action committees, each with a distinct purpose, be managed and operated by the same persons?

CONCLUSIONS

1) No. A contribution by a member of the trade association to a committee that only makes contributions to candidates for local office would not count against that company's \$25,000 aggregate two-year contribution limit.

¹ Government Code sections 81000 - 91014. Commission regulations appear at title 2, sections 18109 - 18995, of the California Code of Regulations.

2) Yes. MCG may establish two committees and both committees may be managed and operated by the same persons. However, the two committees will be considered affiliated entities. Thus, the contributions made by the two committees will be aggregated for purposes of Proposition 208's contribution limits.

FACTS

The Motion Picture Association of America California Group ("MCG") is a trade association representing the major motion picture companies. MCG is the successor organization to the Alliance of Motion Picture and Television Producers ("AMPTP") Public Affairs Coalition. The AMPTP Public Affairs Coalition maintained a political action committee for the purpose of making contributions to state and local candidates for elective office. In light of Proposition 208, MCG is examining whether and under what circumstances it can maintain a political action committee.

ANALYSIS

Section 85310

Section 85310 provides that no person shall contribute in the aggregate more than \$25,000 to "all state candidates and the state candidates' controlled committees and political party committees" in any two-year period. The term "political party committee" means the state central committee or county central committee of an organization that meets the requirements for recognition as a political party pursuant to Elections Code section 5100. (Section 85205.)

Section 85310 does not make reference to contributions to local candidates or to committees contributing to local committees. Moreover, section 82050 defines a "state candidate" as a candidate who seeks nomination or election to any elective state office. Thus, a person's contribution to a PAC that only contributes to candidates for local office would not fall within the limitation of section 85310.

Two PACs

MCG would like to establish two political action committees, one for the purpose of making contributions to state candidates and one for the purpose of making contributions to local candidates. The Act does not prohibit MCG from forming two or more political action committees. (*McCallum* Advice Letter, No. A-96-359.) In addition, the same persons may manage and operate both committees. However, MCG must comply with all of the reporting requirements of the Act and any applicable limitations.

Section 85311 provides that "all payments made by a person established, financed, maintained or controlled by any business entity, labor organization, association, political party, or any other person or group of such persons shall be considered to be made by a single person."

Pursuant to section 85311, the two political action committees established by MCG will be considered affiliated entities. Therefore, the contributions made by the two committees will be aggregated for purposes of Proposition 208's contribution limits.²

Per your request I have enclosed information regarding independent expenditures. If you have any further questions, please contact me at (916) 322-5660.

Sincerely,

Steven G. Churchwell
General Counsel



By: Julia Butcher
Graduate Legal Assistant, Legal Division

SGC:JB:jlw

Enclosures

² The Commission will be considering a proposed regulation defining "affiliated entities" on September 18, 1997. I have enclosed a copy of the proposed regulation.