



FAIR POLITICAL PRACTICES COMMISSION

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June 1, 2007

Lisa Guravitz
President, Santa Barbara
Women's Political Committee
P.O. Box 90618
Santa Barbara, California 93190-0618

**RE: Your Request for Advice
Our File No. A-07-087**

Dear Ms. Guravitz:

This letter is in response to your request for advice regarding the campaign provisions of the Political Reform Act (the "Act").¹

QUESTION

How should the Santa Barbara Women's Political Committee ("SBWPC"), registered as a recipient committee with the Secretary of State, deposit and report a \$5,000 grant check that will be used to fund diversity training for the SBWPC board?

CONCLUSION

These funds must be reported as a "contribution" on the committee's Form 460, and should be deposited in the committee's "restricted use" account, as explained below.

FACTS

The SBWPC is an organization registered with the Secretary of State as a recipient committee. Your original grant application to the Fund for Santa Barbara described the anticipated use of the funds ultimately awarded to SBWPC, and explained how assistance in this area would advance SBWPC's goals, as follows:

"Increased diversity on our Board is the first step to becoming a more inclusive organization that appeals to a larger portion of our community.

¹ Government Code sections 81000-91014. Commission regulations appear at title 2, sections 18109-18997, of the California Code of Regulations.

Our long-term goal for this project is to change the political landscape of this community through the political process. SBWPC is a Political Action Committee (PAC) with a proven track record of electing feminist candidates, and we work to further the ideals of social justice and equality through political and social action.”

Your successful, revised grant application set out in greater detail how an award of \$5,000 would be spent. The Grant Agreement drafted by The Fund For Santa Barbara provides that the SBWPC must use the grant solely for the charitable, scientific, literary or educational purposes described in the grant application, that the grant funds are not “earmarked” for use in any attempt to influence legislation within the meaning of Internal Revenue Service Code Section 501(c)(3), and that SBWPC may not use any portion of the grant funds to, among other things, support or oppose any candidate for public office.

ANALYSIS

1. The Grant as a Contribution

The Act defines the term “contribution” very broadly in Section 82015(a), which provides in pertinent part:

“(a) ‘Contribution’ means a payment... unless it is clear from the surrounding circumstances that it is not made for political purposes.”
(See also Section 82044 and Regulation 18215 (copies enclosed).)

The grant is certainly a payment to the committee, and we cannot conclude that “it is clear from the surrounding circumstances” that the grant was *not* made for political purposes. SBWPC explained to the grantor that a more diverse board is expected to serve its long-term political goals. In short, although under the terms of the grant agreement, consistent with federal law, the grant may not be spent on certain kinds of political activities, the grant was a payment made for a political purpose within the broader meaning of the Act. Thus we advise that the grant is a “contribution” under California law. The grant would be reported on the committee’s Form 460, on the Summary Page and on Schedule A.

2. Depositing the Grant in a Committee Account

The recently-adopted Regulation 18534 was designed to permit committees that receive substantial contributions to deposit those funds in compliance with the limits established by Section 85303, the statute that limits certain contributions to committees like SBWPC.²

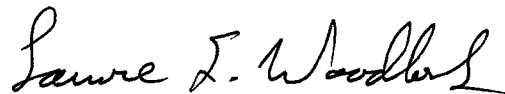
² Copies of Regulation 18534 and Section 85303 are enclosed for your convenience.

The statute and regulation, taken together, provide that contributions made for the purpose of making contributions to candidates for state elective office, or which may be used for this purpose, *must* be deposited in an "all purpose" account, as described in the regulation. A second "restricted use" account may be established by the committee to receive contributions that are in excess of the limits of Section 85303. This account is also appropriate for contributions like your grant, which are not subject to the limits of Section 85303 because they were not made, and will not be used, for the purpose of making contributions to candidates for elective state office.

If you have other questions on this matter, please contact me at (916) 322-5660.

Sincerely,

Scott Hallabrin
General Counsel

A handwritten signature in black ink, appearing to read "Lawrence T. Woodlock". The signature is written in a cursive style with a large initial "L".

By: Lawrence T. Woodlock
Senior Counsel, Legal Division

LTW:jgl

Enclosures