


MEMORANDUM

DATE: MARCH 10, 2016
TO: CALIFORNIA STATE PTA
FROM: DIANE M. FISHBURN 
RE: **NEW CAMPAIGN REPORTING RULES FOR LOCAL PTAs**

This memorandum summarizes the new campaign reporting rules which took effect in California on July 1, 2014 (SB 27), and related new definitions which took effect on January 1, 2016. These rules apply to nonprofit organizations including local PTAs which engage in state and local ballot measure activity.

Additional information and resources can be found at the FPPC website (www.fppc.ca.gov) including a new Fact Sheet and revised form instructions.

While the new rules did not change the basic definition of a political committee under the law, the threshold for qualifying as a committee was increased from \$1,000 in receipts in a calendar year to \$2,000 in receipts in a calendar year effective January 1, 2016. Any organization which raises or receives \$2,000 in contributions must register with the Secretary of State and follow all rules applicable to recipient political committees.

However, organizations which do not solicit or receive funds for the purpose of influencing a ballot measure election but instead use existing membership dues or donations are subject to new requirements when they engage in making contributions or expenditures in ballot measure campaigns.

The new requirements are based on the total amount of the organization's expenditures in certain time periods. Volunteer time and expenses do not count as expenditures for this purpose. Based on the new expenditure reporting thresholds, organizations will generally fall into one of the following categories:

- 1. Organizations which have made contributions or expenditures in connection with an election which exceed \$50,000 in the last 12 months or which exceed \$100,000 in the last four calendar years (current calendar year and three prior years).**

These organizations are required to register as recipient political committees and report both their expenditures and their donors (on a last in, first out or LIFO basis). All of the requirements for these types of organizations

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are beyond the scope of this memo, and additional guidance should be sought by those organizations in this category.

2. Organizations which have made contributions of \$10,000 or more in the current calendar year, or which have made independent expenditures of \$1,000 or more in the current calendar year supporting or opposing a ballot measure but less than \$50,000 during the last 12 months, and less than \$100,000 in the last four calendar years.

These organizations are not required to register and file reports as recipient political committees. They are required to file reports as Major Donor committees or Independent Expenditure Committees and report all of their contributions and expenditures. The reporting requirements include 24-hour reporting requirements for contributions or independent expenditures of \$1,000 or more made within 90 days of the election on the ballot measure. For additional information, please see the Manuals for Major Donors and Independent Expenditure Committees on the FPPC's website.

Note, contributions are monetary payments made to a ballot measure committee or in-kind contributions of goods or services or communications coordinated with such committees. Independent expenditures are public communications which expressly support or oppose the passage or defeat of a ballot measure and are not done in coordination with a ballot measure committee.

3. Organizations which do not come within either of the above categories.

Organizations which do not meet any of the expenditure thresholds described in either of the other categories do not have any reporting requirements under the state campaign reporting laws. However, any expenditure made in the current calendar year will count toward the \$100,000 in four calendar years threshold for future election years.

The purpose of these changes in the law is to increase disclosure by nonprofit organizations which spend substantial amounts in California elections. It also reduces the reporting burdens on smaller organizations whose spending of existing funds is under the new reporting thresholds. However, again it does not change the existing rules regarding the solicitation of funds for the purpose of influencing state or local elections; those rules and requirements remain the same, and the raising and receipt of \$2,000 or more in contributions will trigger the recipient committee filing requirements. Accordingly, a small organization which wants to limit its reporting obligations will want to take steps to ensure that any funds solicited for a ballot measure campaign are directed to the registered ballot measure committee, and only use existing dues or other donations to finance any campaign communications or other campaign activity.