

1 Repeal 2 Cal. Code Regs., Section 18413:

2 **§ 18413. Reporting Independent Expenditures by Eligible 501(c)(3)/501(c)(4)**

3 **Organizations.**

4 ~~(a) Application. This regulation provides an event-based reporting alternative for an~~
5 ~~eligible 501(c)(3) or 501(c)(4) organization that makes occasional independent expenditures~~
6 ~~from its general treasury to support or oppose a ballot measure in California. This reporting~~
7 ~~option does not apply for contributions or independent expenditures made by a 501(c)(3) or~~
8 ~~501(c)(4) organization to support or oppose a candidate in a California election, or to~~
9 ~~contributions made to support or oppose a ballot measure in California.~~

10 ~~(b) Definitions. For purposes of this regulation, “Eligible 501(c)(3) or 501(c)(4)~~
11 ~~organization” means an organization to which all of the following apply:~~

12 ~~(1) The organization has received either a 501(c)(3) or 501(c)(4) tax-exempt status from~~
13 ~~the Internal Revenue Service and is operating under either Section 501(c)(3) or 501(c)(4) of the~~
14 ~~Internal Revenue Code; and if incorporated in the State of California, has received a tax-exempt~~
15 ~~determination from the California Franchise Tax Board under California Revenue and Taxation~~
16 ~~Code Section 23701d or 23701f, or if incorporated in a state other than California, has received~~
17 ~~the required tax-exempt determination under the laws of the state of incorporation.~~

18 ~~(2) The organization is multipurpose and occasionally makes independent expenditures,~~
19 ~~using funds donated directly to its general treasury by individuals or business entities, to support~~
20 ~~or oppose ballot measures in California. “Occasionally makes independent expenditures” means~~
21 ~~either of the following:~~

22 ~~(A) Expenditures from the organization's general treasury totaling, in the aggregate in a~~
23 ~~calendar year, less than \$500,000 to support or oppose four or fewer state ballot measures.~~

1 ~~(B) Expenditures from the organization's general treasury totaling, in the aggregate in a~~
2 ~~calendar year, less than \$50,000 to support or oppose one or more local ballot measures.~~

3 ~~(c) Reporting Options. Under Regulation 18215(b)(1), an eligible 501(c)(3) or 501(c)(4)~~
4 ~~organization that makes an independent expenditure from its general treasury is required to~~
5 ~~identify the donors of funds utilized to make independent expenditures on ballot measures in~~
6 ~~California, if the organization has previously made independent expenditures or contributions~~
7 ~~from its general treasury totaling at least \$1,000 during the same calendar year, or during any of~~
8 ~~the four calendar years immediately preceding that year. An eligible 501(c)(3) or 501(c)(4)~~
9 ~~organization shall either (1) report the independent expenditure as a recipient committee or (2)~~
10 ~~elect to report the independent expenditure under the event based reporting rules set forth in~~
11 ~~subdivision (d) without designating a treasurer, filing a statement of organization, periodic~~
12 ~~recipient committee reports on Form 460, or a statement of termination.~~

13 ~~(d) Event Based Independent Expenditure Reporting.~~

14 ~~(1) When to File. An eligible 501(c)(3) or 501(c)(4) organization that elects event based~~
15 ~~reporting shall report an independent expenditure of \$1,000 or more made from its general~~
16 ~~treasury to support or oppose the qualification or passage of a ballot measure on an Independent~~
17 ~~Expenditure Report (Form 496) filed within 10 business days after making the independent~~
18 ~~expenditure. However, if the eligible 501(c)(3) or 501(c)(4) organization makes the independent~~
19 ~~expenditure during the 90 days preceding a state election or local election in which the measure~~
20 ~~appears on the ballot, it shall file the Independent Expenditure Report within 24 hours after~~
21 ~~making the independent expenditure.~~

22 ~~(2) Report Contents.~~

1 (A) ~~The Form 496 report shall list the eligible 501(c)(3) or 501(c)(4) organization's full~~
2 ~~name and street address, and in addition, shall include the designation "Eligible 501(c)(3) IE~~
3 ~~Report" or "Eligible 501(c)(4) IE Report" in the "Name of Filer" field, indicating the~~
4 ~~organization's election to use event-based independent expenditure reporting. The report shall~~
5 ~~include the name of a current officer, director, or trustee of the 501(c)(3) or 501(c)(4)~~
6 ~~organization listed on the organization's Internal Revenue Service Form 990, who shall be~~
7 ~~responsible for the accuracy and completeness of the report.~~

8 (B) ~~The Form 496 report shall contain the information about the independent expenditure~~
9 ~~required by the form concerning the date, amount, and description of the goods or services for~~
10 ~~which the expenditure was made, and shall identify the measure the independent expenditure is~~
11 ~~supporting or opposing as specified in Section 84204.5(a)(2).~~

12 (C) ~~The Form 496 report shall identify the donors whose payments of \$100 or more to the~~
13 ~~general treasury were used to pay for the independent expenditure. If only a part of a donor's~~
14 ~~payment to the organization was used to make independent expenditures, the payment may be~~
15 ~~apportioned for reporting purposes. Donors shall be identified and reported as required by~~
16 ~~Regulation 18412(b) and (c). Donor payments to the organization that may be subject to itemized~~
17 ~~disclosure are those payments made after the date of the organization's first expenditure or~~
18 ~~contribution of \$1,000 or more pursuant to Regulation 18215(b)(1).~~

19 (D) ~~The organization shall maintain the records necessary to document the donor~~
20 ~~contributions and the independent expenditures reported.~~

21 (3) ~~Where to File. For an independent expenditure in connection with a state measure, the~~
22 ~~organization shall file a Form 496 report electronically with the California Secretary of State. For~~
23 ~~an independent expenditure in connection with a local measure, the organization shall file a~~

1 ~~Form 496 report electronically with the California Secretary of State, and shall also file a copy of~~
2 ~~the report with the clerk of the city or county in which the measure is being voted on.~~

3 ~~(e) A 501(c)(3) or 501(c)(4) organization that is not an eligible 501(c)(3) or 501(c)(4)~~
4 ~~organization but otherwise qualifies as a recipient committee under Title 9 (commencing with~~
5 ~~Section 81000) of the Government Code shall report as a recipient committee.~~

6 ~~Note: Authority cited: Section 83112, Government Code. Reference: Sections 82013, 84204 and~~
7 ~~85500, Government Code.~~