

1 Amend 2 Cal. Code Regs., Section 18422 to read:

2 **§ 18422. Multipurpose Organization Political Activity Transparency**

3 (a) Any person or group that receives contributions from others of \$2,000 or more to  
4 make expenditures in California must register as a committee and file campaign reports under  
5 Section 82013 and the Act. In addition, a multipurpose organization making political  
6 expenditures in California that qualifies as a committee pursuant to Section 84222 must file a  
7 statement of organization and campaign reports to disclose the funds that it used for the political  
8 expenditures and the sources of those funds.

9 (b) Statement of Organization.

10 (1) Multipurpose Organization Committee Name. A multipurpose organization  
11 committee's name must be the full legal name of the organization. Pursuant to Section  
12 84222(e)(1)(A), a multipurpose organization filing a statement of organization must indicate in  
13 its committee name that it is filing under Section 84222 by including one of the following  
14 descriptions in parentheses after its name: (i) For a non-profit tax-exempt organization include  
15 "nonprofit 501(c)( )" specifying the type of nonprofit tax-exempt organization from Internal  
16 Revenue Code Section 501(c)(3)-(10); (ii) For a federal or out-of-state political committee,  
17 include "Fed PAC ID #" or the two letter state abbreviation such as "TX PAC ID #"; or (iii) For  
18 any other type of multipurpose organization, include "multipurpose organization" or "MPO."  
19 This description must appear at the end of the committee's name in parentheses on the  
20 committee's statement of organization and campaign reports. Notwithstanding any other  
21 provision of the Act or Commission regulations, this description is not required to be included in  
22 the committee's name on advertisements, communications, sender identification, or disclaimers.

1           (2) Calendar Year Filers. A multipurpose organization that becomes a committee subject  
2 to Section 84222(c)(5) whose reporting obligations terminate automatically each year as  
3 specified in Section 84222(e)(1)(B), must indicate its committee status to the filing officer when  
4 it files its statement of organization, in the manner provided on the instructions to Form 410. If  
5 such a multipurpose organization elects to remain registered as a committee beyond the calendar  
6 year, it may do so by stating its election to remain registered on the initial statement of  
7 organization or on an amendment to the statement of organization filed before the end of the  
8 calendar year. If a multipurpose organization whose registration terminated automatically in one  
9 year qualifies as a committee again in a subsequent year, the organization must use the same  
10 committee identification number the Secretary of State previously assigned.

11           (c) Reporting.

12           (1) Multipurpose Organizations under Section 84222(c)(1). A federal or out-of-state  
13 political committee required to register in California because it is making expenditures on  
14 California candidates or measures reports as specified in Section 84222(d). Such committees are  
15 required to send major donor notices and expedited nonprofit filer notices as required by Section  
16 84105, Regulation 18427.1, and subdivisions (d) and (e) of this regulation, when applicable. A  
17 federal political committee must determine to whom to send notices by referring to the most  
18 recent donors identified on its federal reports prior to the date of its expenditure in California.

19           (2) Multipurpose Organizations under Section 84222(c)(2), (3), or (4). A multipurpose  
20 organization required to register as a committee under Section 84222(c)(2), (3) or (4) must  
21 follow the same reporting requirements that apply to a recipient committee under Section  
22 82013(a). Such committees are required to send major donor notices and expedited nonprofit

1 filer notices as required by Section 84105, Regulation 18427.1, and subdivisions (d) and (e) of  
2 this regulation, when applicable.

3 (3) Multipurpose Organizations under Section 84222(c)(5).

4 (A) Identifying Contributors. An organization that makes a contribution or expenditure  
5 qualifying it as a committee required to report donors under Section 84222(c)(5), must identify  
6 contributors using the last in, first out (LIFO) accounting method by the following times:

7 (i) During the 90 days prior to an election, within three business days following the  
8 contribution or earlier if required for a report under Section 84204.

9 (ii) At all other times, within 10 business days following each contribution or  
10 expenditure.

11 Donations to multipurpose organizations that are reported based on the LIFO accounting method  
12 must be disclosed listing the date contributions were received as the date of the expenditure  
13 made by the multipurpose organization.

14 (B) Employer Information. If the employer and occupation information cannot be  
15 obtained, the report must provide an explanation of the organization's attempts to obtain the  
16 information.

17 (C) Remaining Balance. If a multipurpose organization that makes a contribution or an  
18 expenditure from its general treasury is required to identify additional donors because those  
19 described in Section 84222(e)(1)(C) did not provide the full amount of the contribution or  
20 expenditure, the organization must attribute the remaining balance of the contribution or  
21 expenditure to itself.

22 (4) Description of Nondonor Funds. A multipurpose organization that makes  
23 contributions or expenditures using nondonor funds shall describe the source of those nondonor

1 funds on its campaign report or statement for the relevant period. This description shall include  
2 the following:

3 (A) The type of nondonor funds used, namely whether the funds are: investment income,  
4 including from capital gains; income earned from providing goods, services, or facilities,  
5 whether related or unrelated to the multipurpose organization’s program; sale of assets; or other  
6 receipts that are not donations, and

7 (B) Identification of the source of the nondonor funds including but not limited to:  
8 the name of the entity where an income producing investment is or was held; the type of  
9 goods, services or facilities provided (including the location of facilities); and identifying  
10 information for assets sold.

11 (d) Major Donor Notices. If a multipurpose organization identifies contributors who  
12 meet the major donor notice thresholds of Section 84105 and Regulation 18427.1, the  
13 organization must send the contributors a major donor notice informing them that they may be  
14 required to file campaign statements. The organization must send major donor notices to  
15 contributors within the one or two week time frames specified in Section 84105 following the  
16 date the organization receives the contributions and identifies the contributors by the LIFO  
17 accounting method under paragraph (c).

18 (e) Multi-Layer Reporting.

19 (1) Funds Moving from One Multipurpose Organization to Another. To obtain disclosure  
20 of the original sources of funds used by a multipurpose organization for political expenditures,  
21 under Section 84222(e)(5), if a multipurpose organization identifies another multipurpose  
22 organization as a source of funds, and the contributing organization qualifies as a committee, the

1 contributing organization may be required to file expedited campaign statements disclosing its  
2 donors, if applicable.

3 (2) Expedited Notice. If a multipurpose organization identifies a contributor of more than  
4 \$ 50,000 that is itself a multipurpose organization, the recipient organization must send a  
5 "nonprofit filer notice" to the contributing organization stating that it may be required to register  
6 and file expedited campaign statements disclosing its donors, if applicable. The "nonprofit filer"  
7 notice must be provided within 24 hours of when the recipient organization identifies the  
8 contributor, during the 90-day period before an election and within ten business days outside that  
9 period. The recipient organization must send the contributing organization notice by electronic  
10 mail, overnight delivery, or facsimile, and must maintain a record of all notices sent. The  
11 nonprofit filer notice must contain the language of the major donor notice specified in Regulation  
12 18427.1 paragraph (a)(2), and at the beginning, must contain the following language or  
13 substantially similar language:

14 The Political Reform Act requires disclosure of the source of donor funds used for  
15 political expenditures and tracks back to the original donors when funds are contributed by one  
16 multipurpose organization to another. Your organization was identified as a contributor of more  
17 than \$ 50,000 in funds that our organization used for political expenditures. Therefore, your  
18 organization may qualify as a committee under Government Code Section 84222 and Fair  
19 Political Practices Commission (FPPC) Regulation 18422, contained in Title 2, Division 6 of the  
20 California Code of Regulations, that is required to register with the Secretary of State on FPPC  
21 Form 410 and file expedited reports on FPPC Form 460 disclosing donors for such funds within  
22 three business days during the 90 days before an election or within 10 business days at all other  
23 times.

1           (3) Expedited Filing. A multipurpose organization identified as a contributor that  
2 qualifies as a recipient committee under Section 84222(c) (the contributing organization) must  
3 register and file campaign statements of its own, disclosing its donors, if applicable. The  
4 multipurpose organization qualifies as a committee on the date it knows or has reason to know  
5 that it met the qualification thresholds of Section 84222(c) by receiving the "nonprofit filer  
6 notice" referred to in paragraph (2) above, receiving a major donor notice pursuant to Section  
7 84105 and Regulation 18427.1, or being otherwise put on notice. The contributing multipurpose  
8 organization must file a statement of organization and an initial campaign statement on Form 460  
9 within three business days during the 90 days before an election, and within 10 business days at  
10 all other times.

11           ~~(f) Recordkeeping. A multipurpose organization must maintain all records necessary to~~  
12 ~~establish its compliance with Section 84222, and must maintain records concerning its mass~~  
13 ~~mailings, notices to contributors of \$ 5,000 or more, and expenditures for advertisements, as~~  
14 ~~specified in Regulation 18401.~~

15 Note: Authority cited: Section 83112, Government Code. Reference: Sections 82015 and 84222,  
16 Government Code.