

# **CALIFORNIA FEDERATION OF TEACHERS, AFT, AFL-CIO**

## **GUIDE FOR AFT LOCAL UNION POLITICAL ACTION COMMITTEES**

Prepared By

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## TABLE OF CONTENTS

|   |    |
|---|----|
| OVERVIEW OF GUIDE .....   | 1  |
| Introduction.. .....  | 1  |
| Summary of Recent Changes .....   | 2  |
| CHAPTER I .....   | 5  |
| SETTING UP YOUR PAC .....   | 5  |
| Checklist.... .....   | 5  |
| _____ STEP 1. Amend Local Union Bylaws. ....  | 5  |
| _____ STEP 2. Set Up System For Earmarking Contributions/Notify Members. ....           | 5  |
| _____ STEP 3. Select Treasurer, Assistant Treasurer and Principal Officer(s). ....      | 5  |
| _____ STEP 4. Apply for Federal Employer Identification Number for PAC.....             | 6  |
| _____ STEP 5. File IRS Form 8871 If Required.....                                       | 6  |
| _____ STEP 6. File Statement Of Organization and Pay \$50 Registration Fee.....         | 6  |
| _____ STEP 7. Open PAC Bank Account.....  | 7  |
| Sample Bylaw Language.....  | 7  |
| CHAPTER II .....  | 9  |
| OPERATING YOUR PAC .....  | 9  |
| Raising Funds for the PAC.....  | 9  |
| Timely and Prompt Transfer of PAC Contributions.....                                    | 9  |
| Prospective Changes in Earmarked Dues Allocation/Budgeting for your PAC.....            | 10 |
| Other Fundraising. ....   | 10 |
| Raffles and Casino Nights. ....   | 11 |
| Reporting Requirements .....  | 11 |
| Electronic Filing of Campaign Reports.....  | 12 |
| Other PAC Activities.....   | 13 |
| Contacts With Candidates/Endorsements, Etc. ....  | 13 |
| Making Contributions to Candidates.....   | 15 |
| Contributions to State Candidates .....   | 15 |
| Local Campaign Ordinances .....   | 17 |
| Making Independent Expenditures.....  | 18 |
| Questions and Answers .....   | 18 |
| 1. What is an independent expenditure?.....   | 18 |
| 2. What are examples of independent expenditure communications? .....                   | 18 |
| 3. Are there any exceptions? .....  | 18 |
| 4. What does “at the behest of” a candidate or committee mean? .....                    | 18 |
| 5. How are independent expenditures reported? .....                                     | 19 |
| 6. For purposes of campaign reporting, when is an independent expenditure<br>made?..... | 20 |
| 7. Do independent expenditures require any type of special disclaimers?.....            | 20 |

|    |  |    |
|----|--|----|
| 8. | How do you value and report an independent expenditure which involves more than one candidate? ..... | 20 |
|    | Making Public Communications About Candidates or Ballot Measures .....                               | 21 |
| 1. | Required Disclaimers .....   | 21 |
| 2. | Independent Expenditures .....   | 22 |
| 3. | Radio and Telephone Advertisements .....   | 22 |
| 4. | Television and Video Advertisements .....  | 23 |
| 5. | Mass Mailings .....  | 24 |
| 6. | Print Advertisements .....   | 24 |
| 7. | Electronic Media Advertisements .....  | 25 |
|    | CHAPTER III .....  | 27 |
|    | PREPARING AND FILING PAC REPORTS .....   | 27 |
|    | Regular Reporting Requirements .....   | 27 |
| 1. | Semi-Annual Reports. ....  | 27 |
| 2. | Pre-Election Reports In Even-Numbered Years. ....  | 27 |
| 3. | Pre-Election Reports For Local Elections. ....   | 27 |
|    | Special Reporting Requirements .....   | 28 |
| 1. | Verification of Independent Expenditure (FPPC Form 462) .....  | 28 |
| 2. | Late Contribution Report (FPPC Form 497). ....   | 28 |
| 3. | Late Independent Expenditure Report (FPPC Form 496). ....  | 29 |
|    | Contents of Campaign Reports .....   | 29 |
| 1. | Short Form (Form 450) Or Long Form (Form 460) .....  | 29 |
|    | Continuity of PAC Reporting .....  | 30 |
| 1. | Summary Page .....   | 30 |
| 2. | Reporting PAC Receipts. ....   | 31 |
|    | Contributions From Members. ....   | 31 |
|    | Monetary Contributions .....   | 31 |
|    | In-Kind Contributions of Goods or Services Provided to the PAC .....                                 | 31 |
|    | Loans to the PAC .....   | 32 |
|    | Other Receipts .....   | 32 |
|    | Contributions from the Local Union .....   | 32 |
| 1. | Reporting PAC Expenditures. ....   | 32 |
|    | Reporting Accrued Expenses. ....   | 33 |
|    | Additional Reporting of Expenditures which are Contributions or Independent Expenditures .....       | 34 |
|    | How, Where, and When to File Campaign Reports .....  | 34 |
|    | How to File Reports .....  | 34 |
|    | Reports Are Considered “Received” As Follows: .....  | 34 |
|    | Where to File Reports .....  | 34 |
|    | Statement of Organization (Form 410) .....   | 35 |
|    | Semiannual/Pre-Election Campaign Reports (Forms 460 and 450) .....                                   | 36 |
|    | Late Contribution Report (Form 497) .....  | 36 |
|    | Special Odd-Year Campaign Reports (Form 460 And 450) .....   | 36 |
|    | Late Independent Expenditure Reports (Form 496) .....  | 36 |
|    | Verification of Independent Expenditure (Form 462) .....   | 36 |
|    | When to File Reports .....   | 36 |
|    | PAC Recordkeeping Requirements .....   | 37 |

|  |        |
|--|--------|
| Campaign Bank Account.....   | 37     |
| PAC Receipts .....   | 38     |
| PAC Expenditures .....   | 39     |
| Mass Mailings .....  | 40     |
| Phone Banks .....  | 40     |
| <br>CHAPTER IV.....  | <br>41 |
| <br>TAX RULES FOR YOUR PAC .....   | <br>41 |
| Important: Ballot Measure Activity .....   | 42     |
| Local Union with a PAC .....   | 42     |
| Local Union without a PAC .....  | 43     |
| Political Issues Committee (PIC) .....   | 44     |
| PAC Filing Requirements Under Tax Laws.....  | 44     |
| 1. Form 8871 - Political Organization - Notice of Section 527 Status.....                        | 44     |
| 2. Form 1120 - POL, FTB Form 100 - Income Tax Return for Certain Political<br>Organizations..... | 45     |
| 3. Form 990 - Return of Organization Exempt from Income Tax .....                                | 45     |
| Other Tax Issues to Note.....  | 45     |
| <br>CHAPTER V.....   | <br>47 |
| <br>IMPORTANT DEFINITIONS.....   | <br>47 |
| <br>CHAPTER VI.....  | <br>52 |
| <br>COMMONLY ASKED QUESTIONS AND ANSWERS .....   | <br>52 |
| <br>CHAPTER VII .....  | <br>55 |
| <br>DOS AND DON'TS FOR LOCAL UNION PAC ACTIVITIES .....  | <br>56 |
| <br>CHAPTER VIII.....  | <br>57 |
| <br>LOCAL UNION ACTIVITIES WHICH DO NOT REQUIRE REPORTING .....                                  | <br>57 |
| 1. Member Communications .....   | 57     |
| 2. Regularly Published Local Union Newsletter.....   | 57     |
| 3. Nonpartisan Voter Registration And Get-Out-The-Vote Activities.....                           | 58     |
| 4. Donation of Employee Services.....  | 58     |
| 5. Volunteers.....   | 58     |
| 6. Hosted Events.....  | 59     |
| 7. Candidate Debates And Appearances.....  | 59     |
| <br>CHAPTER IX.....  | <br>60 |
| <br>GOVERNMENT AGENCIES AND FILING OFFICERS.....   | <br>60 |

# OVERVIEW OF GUIDE

## Introduction

The purpose of this guide is to provide local unions with basic legal information to assist them in participating in state and local elections in California. The Guide includes information about how to start and maintain a political action committee (“PAC”). California’s campaign reporting and disclosure requirements can be very complicated. Hopefully, this guide can be a resource to local unions who engage in California campaign activities.

State campaign laws are contained in the Political Reform Act and in regulations promulgated by the Fair Political Practices Commission (FPPC). All campaign reports referred to throughout this guide are filed on FPPC forms. Forms and information manuals issued by the FPPC may be obtained from the FPPC’s website or your local city clerk or county Registrar of Voters.

In addition to summarizing the campaign reporting rules, this guide summarizes tax rules and reporting requirements that apply to PACs, contribution limits in state races, and rules that apply to independent expenditure campaigns.

Please note that the guide does not include information concerning participation in federal elections. Federal law imposes specific prohibitions and additional registration and reporting requirements. As a general rule, local unions are not permitted to use general treasury or state PAC funds to make contributions to Federal candidates or committees. However, local unions may make independent expenditures<sup>1</sup> and/or communicate with their own members regarding Federal elections.

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<sup>1</sup> In *Citizens United v. FEC*, decided January 21, 2010, the United States Supreme Court struck down the ban on corporate independent expenditures in Federal elections. In October 2014, the FEC approved final rules on independent expenditures and electioneering communications by corporations and labor organizations. These

Representatives of local unions engaged in campaign activities should also review the manuals and form instructions issued by the Fair Political Practices Commission (FPPC). The FPPC has a toll-free advice line 1-866-275-3772 and will provide informal advice by email at [advice@fppc.ca.gov](mailto:advice@fppc.ca.gov). Updates to the law and campaign filing requirements can be found on the FPPC's website ([www.fppc.ca.gov](http://www.fppc.ca.gov)). Please keep in mind that the FPPC is an enforcement agency so you may wish to consult a campaign finance professional if you think your organization may be out of compliance with the law. Also keep in mind that you are not required to identify yourself or your organization when seeking advice from the FPPC's advice line.

### **Summary of Recent Changes**

Laws governing California campaigns constantly change. In 2015, the Legislature amended several laws concerning the registration and reporting requirements that apply to political committees, as summarized in more detail below. Unless otherwise indicated, all changes took effect on January 1, 2016. More recently, the California DISCLOSE Act significantly overhauled campaign advertisement disclosure provisions in 2017. These changes took effect January 1, 2018. The changes are summarized below, and Chapter II lists detailed requirements.

1. **Committee Qualification Threshold.** Under prior law, an entity qualified as a committee when it received \$1,000 or more in contributions during a calendar year. This threshold was raised so that a person qualifies as a recipient political committee when it receives contributions of \$2,000 or more in a calendar year.

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changes remove and update invalid provisions in the agency's regulations but do little to further interpret the law or update disclosure requirements since the *Citizens United* decision. Advice from legal counsel should be sought prior to engaging in any public communications involving federal candidates.

2. Supplemental Pre-election and Supplemental Independent Expenditure Reporting Requirements eliminated. Political committees are no longer required to file supplemental pre-election (Form 495) or supplemental independent expenditure (Form 465) reports. Under prior law, any candidate or committee that made contributions totaling \$10,000 or more in connection with an election was required to file a supplemental pre-election report no later than 12 days before the election, for the period ending 17 days before the election. In addition to filing semi-annual and pre-election reports, prior to January 1, 2016 committees that made \$1,000 or more in independent expenditures to support or oppose a single candidate or measure during a calendar year were also required to file supplemental independent expenditure reports. Both requirements have been eliminated.

3. Pre-Election Reporting Deadlines Revised. The pre-election reporting deadlines were revised slightly. Instead of setting the date for first pre-election statements, the law now provides standard dates for pre-election statements based on the date of the election. The first pre-election report is now due no later than the 40th day before the election and must cover through the 45th day before the election. The second pre-election report is due no later than the 12th day before the election and must cover through the 17th day before the election.

4. 24-hour Reporting Extended to Election Day. Committees that make contributions or independent expenditures aggregating to \$1,000 or more to a candidate, ballot measure, or political party committee during the 90-day period prior to an election are required to file a disclosure report within 24 hours. This now includes contributions and expenditures made on Election Day.

5. Changes to Campaign Advertisement Disclosure Requirements. Disclosure provisions were significantly altered in 2017. Almost all political advertising must now carry some form of “paid for by” statement, and usually must also include the names of the top three

committee donors (if any) who have contributed more than \$50,000 each. Also, on-advertisement disclosure of an ad's sponsor and top donors must now be much more prominent and easier to read. Rules for electronic advertising have been clarified to mandate how and when sponsorship information is included, and there are now special disclosure rules for social media, text messaging and other electronic communications. Please reference Chapter II for specific disclaimer requirements.

6. Changes to Top 10 Contributor List. A state ballot measure committee or independent expenditure committee supporting a state candidate that raises \$1 million or more is required to submit a list of its top ten contributors to the FPPC. Under new FPPC Regulation 18422.5, when a state recipient committee is listed as a top 10 contributor and the state recipient committee has received contributions aggregating to \$50,000 or more from a single source during the current two-year election period, the names of the top two contributors to that committee must also be reported to the FPPC on Form T-10.



# CHAPTER I

## SETTING UP YOUR PAC

### Checklist

#### \_\_\_\_\_ **STEP 1. Amend Local Union Bylaws.**

If necessary, the local union should amend its bylaws to authorize the establishment of a PAC. See sample language for the by-laws. (Page 7)

#### \_\_\_\_\_ **STEP 2. Set Up System For Earmarking Contributions/Notify Members.**

The Board of Directors must now decide how money will be raised for the PAC. The usual way is to earmark a portion of each member's dues to the PAC. This can be based on a percentage of the dues or a set amount per pay period.<sup>2</sup> In addition, the members must be notified of the portion of their dues which have been earmarked for political purposes. This notice may be accomplished through the normal means of communicating Board decisions to the members (e.g., on the website or through the newsletter).

#### \_\_\_\_\_ **STEP 3. Select Treasurer, Assistant Treasurer and Principal Officer(s).**

The PAC is required to have an individual designated as the treasurer. The treasurer is responsible for filing the campaign reports and for overall compliance with the laws. The treasurer must also maintain the required records for the PAC. The assistant treasurer assists the treasurer and also signs the reports when the treasurer is not available.

The PAC is required to identify at least one principal officer on its Statement of Organization. The principal officer is the person who is primarily responsible for approving the political activities of the committee. If more than one person is responsible for approving the political activities of the committee, each individual is a principal officer. If no one other than the

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<sup>2</sup> If the local union has decided to set up two PACs or two accounts (Issues and Candidate), the earmarked amount can then be allocated between the two PAC's or two accounts.

treasurer is primarily responsible for approving the political activities of the committee, the treasurer may also serve as the principal officer. No more than three principal officers are required to appear on the Statement of Organization.

\_\_\_\_\_ **STEP 4. Apply for Federal Employer Identification Number (EIN) for PAC.**

File an Application with the IRS (IRS Form SS-4) to obtain a new employer identification number for the PAC. The PAC is required to have a separate number from the local union. This number is used to open the PAC bank account and also on any required IRS filings.

\_\_\_\_\_ **STEP 5. File IRS Form 8871 If Required.**

Effective July 1, 2000, all political organizations are required to register with the IRS within 24 hours of being established BUT ONLY IF the organization reasonably anticipates that its annual receipts will be \$25,000 or more.

\_\_\_\_\_ **STEP 6. File Statement Of Organization and Pay \$50 Registration Fee.**

The PAC must file a Statement of Organization (FPPC Form 410) with the Secretary of State within 10 days of receiving \$2,000 in member contributions. In addition to the treasurer, the Statement of Organization must list the principal officers (discussed above). The union is also required to be listed as a sponsor of the committee.

When the Statement of Organization is filed, the PAC will be required to pay a \$50 registration fee. This fee must be paid annually, no later than January 15th of each year, until the committee terminates. The Secretary of State will assign the PAC an identification number which must be placed on all campaign reports and should be provided to the recipients of contributions from the PAC. If any of the information required on the Statement of Organization changes (e.g., a change in address or a change in treasurer or principal officers), the Statement of Organization must be amended by the treasurer within 10 days of the change.

\_\_\_\_\_ **STEP 7. Open PAC Bank Account.**

The PAC must open a separate bank account from the local union using its own EIN. All member dues and contributions to the PAC must be deposited into this account and all PAC expenditures must be made from this account.

**Sample Bylaw Language**

Amend the local union bylaws as follows:<sup>3</sup>

**New Article \_\_\_\_ . Political Action Committee.**

- A. The Board is authorized to establish a political action committee.
- B. The name of this committee shall be the [Name of local union] Political Action Committee (“Committee”).
- C. The general purpose of the Committee is to support and further the goals and policies of the local union. The specific purposes are:
  - (1) To support candidates endorsed by the local union.
  - (2) To further the common good and general welfare by promoting improvements in public education.
  - (3) To promote the welfare of our active and retired members and teachers in general.
  - (4) To encourage the improvement of benefits, compensation, working conditions and retirement status of our active and retired members and teachers in general.
- D. Members of the local union may make contributions to the Committee directly or through payroll deduction. In addition, the Board may earmark a portion of member dues for the Committee. This amount may be changed from time to time. The Committee may accept

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<sup>3</sup> This language is suggested only. Each local union should adapt the language as necessary to conform to its own policies.

contributions from persons who are not members subject to the approval of the Board. Local unions are not required to obtain consent from individual members of the union in order to use dues to fund the PAC.

E. Control and direction of the Committee shall be vested with a Board of the Directors which shall consist, ex officio, of the members of the Board of Directors of the local union. The Board shall have control over the funds and affairs of the PAC and shall establish and carry out all policies and activities. The Board may delegate all or some of the responsibilities of the PAC to the Executive Committee, a committee of the Board, or a separate committee comprised of members appointed by the Board.

## CHAPTER II

# OPERATING YOUR PAC

### Raising Funds for the PAC

The principal way a local union will raise funds for the PAC is by earmarking a portion of its member dues to be contributed to the PAC. The earmarked amount must be set by the Board (pursuant to authority conferred by the bylaws) on a prospective basis, i.e., before the dues monies are received; the earmarked amounts must be transferred to the PAC on a timely basis. Agency fees should not be earmarked or transferred into the PAC. However, agency fee payers may make voluntary contributions to the PAC separate from the payment of agency fees.

California state law does not require PAC contributions to be “voluntary,” meaning that members are not required to affirmatively assent to a portion of their dues being earmarked for the PAC. However, the local union may want to establish a procedure for a member to opt out if they do not wish to have their dues go to political activity (that amount would instead go to the general fund). This is not legally required but may be a good practice if the union has members who do not want to participate.

**Timely and Prompt Transfer of PAC Contributions.** The amounts earmarked for the PAC should be transferred as soon as possible after the dues are received and, in any event, within 30 days of receipt. The transfer should be in the exact amount of the earmarked dues and not estimated or rounded off. For example, if the earmarked portion of the dues is \$2.00 per member per month, and there are 232 active dues-paying members, then the amount transferred should be \$434.00 exactly.

**Prospective Changes in Earmarked Dues Allocation/Budgeting for your PAC.** The Board may decide to change the portion of dues that is earmarked for the PAC, but it must be changed prospectively, i.e., with respect to future dues only. The Board should be guided by the general rule that the PAC funds may not be transferred back to the local union's general funds. We strongly recommend that a local union adopt an annual PAC budget and set its PAC funding to ensure that it can meet its budget with some reserve based on a set amount being earmarked each month from dues.

The PAC funding and allocation should then be reviewed regularly, either quarterly or semiannually, to see if any changes should be made to the dues allocation. If there are unforeseen circumstances and substantially more or substantially less money is needed for the PAC, then the Board can change the earmarking during the year on a prospective basis.

**Other Fundraising.** A local union may also raise funds for its PAC through event fundraising, sales of political items and the like. All such proceeds are considered contributions to the PAC. The local union must comply with all of the reporting and recordkeeping requirements, and also any contribution limits imposed by state law or local ordinance. These include the requirements to obtain the name and address for contributors of \$25 or more, and the occupation and employer information for contributors of \$100 or more. (If the contribution information is not obtained for a contribution of \$100 or more within 60 days of receipt, the contribution must be refunded.) Any goods or services donated for an event will also be considered reportable "in-kind" contributions to the PAC subject to reporting requirements and contribution limits.

A local union may want to invite public officials to a fundraising event. If that is the case, the local union may provide two tickets per official without making a reportable gift. However, if a local union provides a public official with more tickets or the official allows

someone else to use his or her ticket, the local union has made a gift to the official which is subject to the gift limit and may also be reportable by the official.

**Raffles and Casino Nights.** California law prohibits “illegal games of chance” -- including raffles -- if they are not conducted by charitable non-profit organizations. PACs are not considered charitable organizations and they are not permitted to conduct raffles. There is a limited exemption for some types of drawings, but you should seek legal advice prior to conducting any type of drawing. Casino nights are also prohibited except for certain nonprofit organizations. PACs are not permitted to conduct casino nights under state law.

Please be aware that if you decide to conduct any type of event as a fundraiser for the PAC, you will be required to keep very detailed records of who participated in the event and how much they contributed. All contributions made in connection with an event must be reported including in-kind contributions of goods and services. Similarly all expenditures made for the event should be paid from and reported by the PAC.

Depending on the type of fundraising method, there may also be other legal or tax considerations so it is important to fully explore all of the implications of any fundraising plan before it is implemented.

### **Reporting Requirements**

Chapter III includes information on how to prepare and file your PAC reports. However, it is important for all of the local union Board members (not just the Treasurer) and those who will be implementing the local union’s political program to be generally familiar with the basic requirements and rules. At the end of this Guide, there are two items which can be used as handouts to Board members - “Do’s and Don’ts for Local Union Political Activities” and “Commonly Asked Questions and Answers.”

Everyone needs to understand that the reporting of political activity in connection with an election generally must occur **BEFORE** the election. Timely disclosure is key to compliance in this area. This is true even if the vendors have not been paid or even submitted their invoices to the local union. The overall purpose of the campaign laws is to disclose information to the voters about who is spending money and how much money they are spending before voters vote.

In addition to pre-election reports, during the last 90 days of the election, contributions and independent expenditures of \$1,000 or more must be reported within 24 hours. Accordingly, it is very important that the PAC treasurer or other person responsible for preparing and filing the reports be kept in the loop on all political expenditure decisions and not just handed a pile of bills a week after the election. Reports may be made based on estimates of the expenditures and later amended when the actual costs are known.

The local union also needs to provide the appropriate resources and support to its PAC treasurer in terms of information, computer programs, and access to expert assistance on PAC reporting requirements. For PACs with receipts of over \$25,000 per year, it is also important to consult with a lawyer or accountant who is familiar with the PAC tax requirements.

### **Electronic Filing of Campaign Reports**

Most PAC reports must be filed on paper. In addition, all state general purpose recipient committees must file their reports online with the Secretary of State once their cumulative receipts or expenditures since January 1, 2000 are \$25,000 or more. City or county general purpose PACs may also be subject to local ordinances requiring the electronic filing of campaign reports.

The Secretary of State provides free Cal Online forms for filing most of the required reports by State General Purpose Committees. These are fairly simple, fill-in-the-blank forms.



There is also a list of electronic filing vendors available on the Secretary of State website. The commercial programs offer additional features including database and financial reporting options. Before a local union invests in any particular program, we recommend a thorough review of the vendor, its record of support, customer references, etc.

### **Other PAC Activities**

Generally, a PAC makes contributions to candidates or conducts independent expenditure campaigns in support of or in opposition to particular candidates. The rules for these types of activities are discussed below in great detail. However, the question often arises as to what other types of activities or expenditures by a PAC are otherwise legal.

The general rule derived from both the state campaign reporting laws and the tax law is that a PAC's expenditures must relate to a political purpose, i.e., relate to the election of candidates. State law also has rules for some specific types of expenditures, including travel, gifts, and donations which primarily affect candidate committees but which also apply to PACs. These rules generally require a higher degree of connection between an expenditure and a political purpose particularly if there is any personal benefit to a person who has the authority to authorize PAC expenditures. For permissible travel payments and reimbursements, state law references the federal tax rules for the deductions of business travel expenses.

Examples of some types of permissible expenditures by a local union PAC include payments for political party conventions or dues, payments to attend political seminars or trainings, payments for voter registration or get-out-the-vote activities, and payments for t-shirts, food, etc. for members who are participating in PAC activities.

### **Contacts With Candidates/Endorsements, Etc.**

We receive many questions from local unions regarding their contacts with candidates and the endorsement process. The endorsement process for a local union typically includes

gathering information about the candidates using candidate questionnaires or interviews, a review of the candidates' voting or other public records, their campaign literature and other position documents. Based on the information, the local union determines who will be the endorsed candidate in a particular race. We recommend that a local union spell out its endorsement procedures in a written document and review them regularly and update them when necessary.

Typically a local union will make a monetary contribution to a candidate in connection with an endorsement and allow the use of the endorsement in the candidate's literature, etc. The local union may also decide to take a more active role in the candidate's election including providing volunteers for walking, providing food at candidate events, sending out mail, etc.

Please be aware that the nature of the contacts made with the candidate during the endorsement process and in subsequent activities may affect whether the local union may later conduct independent expenditures for that candidate. Thus, the local union should make an early decision about whether it may want to conduct independent expenditures for a candidate. If it does, then steps need to be taken to limit contact with the candidate and his or her agents concerning the candidate's campaign strategy, needs or plans, or other strategic matters. See the discussion regarding "Independent Expenditures" for more detail on the rules in this area.

It is also important to note that a local union should never tie its support for a candidate (either directly or indirectly) to how the candidate will vote or act on a particular issue. To avoid any inferences of this type, we recommend that a local union representative not discuss both the election campaign (i.e. campaign contributions) and a candidate's official decisions or commitments on issues in the same conversation or context (e.g., an endorsement interview).

## **Making Contributions to Candidates**

A PAC's principal activity is usually making contributions to candidates. Contributions include monetary payments, loans, and in-kind (or non-monetary) contributions of goods or services.

All monetary payments should be made by PAC check and should be made payable to the candidate committee; individuals should not be reimbursed for their contributions to candidates or other political committees.

All in-kind contributions of goods or services must be assigned a value based on the fair market value of the goods or services provided to the candidate. In-kind contributions also include the costs of any public communications which expressly advocate the election or defeat of the candidate and which are coordinated in any way with the candidate or his or her campaign. The candidate must be given written notification of all in-kind contributions which includes the name of the contributor, date, amount, and a description of the goods or services provided to the candidate.

A loan is considered a campaign contribution. Any loans to candidates should be evidenced by a written and signed promissory note. Charging interest on a loan is not required, but a due date should be specified.

All PAC contributions must be reported by both the PAC and the receiving candidate. All contributions are subject to applicable contribution limits or other restrictions.

## **Contributions to State Candidates**

State law has contribution limits and voluntary expenditure limits which **APPLY ONLY to candidates for state office** (statewide, Board of Equalization, State Senate, and State Assembly) and to committees which contribute to these candidates. **The state limits DO NOT apply to elections for local office.**

The contribution limits are generally higher for PACs which qualify as “Small Contributor Committees.” Note that these limits apply on a per election basis, e.g., for 2019-2020 elections an Assembly candidate may receive \$4,700 for the Primary Election and \$4,700 for the General Election from individuals, businesses or committees. For qualified Small Contributor Committees, the limits are \$9,300 for the Primary Election and \$9,300 for the General Election.

For regular PACs which contribute to state candidates, there is a \$7,800 per calendar year limit on the contributions **received** from each contributor to the PAC. If a PAC does not make contributions to state candidates, the state limits do not apply to funds received by the PAC; however, there may be applicable local limits. For PACs that only make independent expenditures in state election races, there are no limits on the contributions received. The law also requires that a PAC identify its account as an “All Purpose” account on the PAC checks if the PAC makes contributions to state candidates. A PAC that accepts contributions in excess of the \$7,800 contribution limit must also establish a “Restricted Use” account for deposit of contributions exceeding \$7,800 per calendar year (or the amount exceeding \$7,800). Checks from “All Purpose” and “Restricted Use” accounts must include the words “All Purpose” or “Restricted Use” on the face of the check. It is advisable to indicate on the check if the committee has qualified and registered as a Small Contributor Committee.

In order to qualify as a **Small Contributor Committee**, a PAC must be in existence at least six months; receive contributions from at least 100 contributors, none of whom contribute more than \$200 in a calendar year; and make contributions of \$25 or more to at least 5 state or local candidates. Prior to making contributions at Small Contributor Committee levels, the PAC must amend its Statement of Organization (FPPC Form 410) to show that it has qualified as a Small Contributor Committee.

Contribution limits apply to special elections for state office, but they do not apply to recall elections. State contribution limit amounts are adjusted every two years for inflation.

Under state law, state candidates are permitted to raise contributions at any time for a future election.

Prior to raising any funds, a candidate must open a committee for future office and must accept or reject the Voluntary Spending Limits. Once a candidate accepts the limits, he or she is bound by the limits unless the opposing candidate contributes personal funds to his or her campaign in excess of the spending limits. If a candidate rejects the limit for the Primary Election, the candidate may accept the limit for the General Election but only if the limit was not exceeded in the Primary Election.

As an incentive to accept the limits, complying candidates receive: (1) designation in the ballot pamphlet as accepting spending limits, and (2) the opportunity to purchase space for a candidate statement of up to 250 words in the ballot pamphlet.

Expenditures made by political parties do NOT count against a candidate's limits. In addition, state law does not limit independent expenditures in state candidate elections in any way.

### **Local Campaign Ordinances**

Many cities and counties have adopted ordinances which impose contribution limits and other related prohibitions and rules to election campaigns in that jurisdiction. We encourage you to familiarize yourself with any applicable local ordinances.

## **Making Independent Expenditures**

### **Questions and Answers**

**1. What is an independent expenditure?**

- A. A monetary or nonmonetary payment;
- B. Made in connection with a communication;
- C. Which expressly advocates the election or defeat of a clearly identified candidate or the qualification, passage or defeat of a clearly identified ballot measure;
- D. BUT which is not made “at the behest of” a candidate or other committee.

**2. What are examples of independent expenditure communications?**

Examples of independent expenditures include the following:

- A. Flyers, brochures or mailers which are mailed or otherwise distributed to voters;
- B. Pins, bumper stickers, and door hangers which are distributed in the jurisdiction of the election;
- C. Billboards, newspaper, radio and television advertisements;
- D. Phone banks to voters.

**3. Are there any exceptions?**

There are exceptions in state law (1) for all communications made to an organization’s members and (2) for messages or advertisements in the regularly published newsletter of a local union but only if the newsletter is distributed to the organization's regular mailing list and the size and format of the newsletter are not changed. The expenditures for newsletters which fall within this exception are not required to be reported under state campaign law.

**4. What does “at the behest of” a candidate or committee mean?**

An expenditure is made at the behest of a candidate or committee and is therefore not an independent expenditure if the candidate or his or her agent consults, coordinates, requests,

suggests or otherwise acts in concert with the local union PAC making the expenditure. If there is any consultation or coordination with the candidate, committee or any of their agents regarding the content or timing of the communication, or a sharing of confidential information then the payment is not an independent expenditure but rather an in-kind contribution to the candidate or committee. Moreover, an expenditure is not independent if the expenditure is based on confidential information about the candidate's needs, plans or strategy. (If there are contribution limits in the particular jurisdiction, then the payment would also be subject to the contribution limits if done in coordination with the candidates.)

#### **5. How are independent expenditures reported?**

See Chapter III of this Manual. Independent expenditures must be reported on the PAC's campaign report. In addition, a Late Independent Expenditure Report (FPPC Form 496) must be filed for independent expenditures of \$1,000 or more made during the last 90 days before the election for or against a candidate or ballot measure. **This report must be filed within 24 hours.**

An Independent Expenditure Verification Form (FPPC Form 462) signed by a principal officer of the PAC must be filed by a state or local committee that makes independent expenditures aggregating to \$1,000 or more to support or oppose a candidate or measure in a calendar year. This form must be filed with the FPPC via email within 10 days of the date on which the committee's independent expenditures supporting or opposing a particular candidate or measure aggregate to \$1,000 or more. Additionally, the copy of the form with the original signature of the principal officer must be maintained in the committee's campaign records.

**6. For purposes of campaign reporting, when is an independent expenditure made?**

An independent expenditure is made when the communication to the voters is made, or when payments are made in connection with the development, production or dissemination of the communication, whichever is earlier. For example, if the local union conducts a phone bank during the last few days before the election urging voters to vote against a particular candidate, the costs of the phone bank are reportable before the election not when the phone bills are received a month after the election.

**7. Do independent expenditures require any type of special disclaimers?**

All independent expenditure communications must include the following disclaimers: “Ad paid for by [name of committee]”, “Committee major funding from” followed by the names of the top three committee donors (if any) who have contributed more than \$50,000 each, and a statement that the ad was not authorized or paid for by a candidate or a committee controlled by a candidate.

See additional disclaimer requirements for campaign advertisements in the next section of this Guide.

**8. How do you value and report an independent expenditure which involves more than one candidate?**

If an independent expenditure communication mentions more than one candidate or ballot measure, the costs are allocated among the candidates or ballot measures based on a space/time allocation for campaign reporting purposes.

For example, if a mailer which costs \$5,000 advocates the election of two candidates to the community college district board and devotes approximately the same amount of space to each candidate, then an independent expenditure of \$2,500 has been made in support of each of the candidates. Similarly, the costs of a radio ad which supports three candidates with



approximately the same amount of time in the ad devoted to each candidate should be allocated one-third to each candidate.

### **Making Public Communications About Candidates or Ballot Measures**

State law imposes disclaimer requirements on public communications that support or oppose either a candidate or a ballot measure. The required disclaimer depends on the type of communication and the type of committee making the communication.

These disclaimer rules are very intricate and a full explanation of the requirements is beyond the scope of this guide. Additionally, many local jurisdictions impose their own disclaimer rules which are not addressed in this guide. As a result, if your local union PAC decides to make a public communication in connection with an election, you will want to contact an attorney or the Fair Political Practices Commission to ensure you have included the proper disclaimer(s).

Furthermore, the disclaimer discussion in this guide assumes your local union's PAC is a general purpose committee and not a primarily formed committee. If your local union's PAC becomes primarily formed to support a particular candidate or measure, it will be necessary to consult an attorney regarding the required disclaimers for a public communication because more information is required.

#### **1. Required Disclaimers.**

Any advertisement to support or oppose either a candidate or a ballot measure must include the following disclaimers, regardless of whether the communication constitutes an in-kind contribution or an independent expenditure:

- "Ad paid for by [committee name exactly as it appears on the Form 410]," and

- "Committee major funding from [names of top three donors of \$50,000 or more]" in descending order, beginning with the largest contributor.

Changes to the identity or ranking of the top three donors necessitate updates to broadcast advertisements within five business days and print advertisements at the next printing. Exempted advertisements include member communications and instances where the disclosures would not conveniently fit: small campaign buttons, bumper stickers or other promotional items, apparel, sky writing, or certain electronic media communications.

Anyone who fails to disclose the top donors or that the advertisement was an independent expenditure is liable for up to three times the cost of the advertisement. Other intentional violation of the specific disclaimer requirements is similarly liable.

## **2. Independent Expenditures.**

An independent expenditure to support or oppose a candidate or ballot measure must include the "Ad paid for by" and "major funding from" disclaimers of Section 1 above.

In addition, an independent expenditure to support or oppose a candidate must include a statement that it was not authorized or paid for by a candidate or a committee controlled by a candidate. If the advertisement was authorized or paid for by a candidate for another office, it must include the statement: "This advertisement was not authorized or paid for by a candidate for this office or a committee controlled by a candidate for this office."

Disclaimers for public communications paid for by independent expenditure are also subject to the requirements discussed in the following sections.

## **3. Radio and Telephone Advertisements.**

Radio broadcasts, pre-recorded phone messages and audio-only electronic media ads are subject to the disclaimer requirements of Section 1 above. Note, however, that for these

communications only the top two donors are required unless the ad is shorter than 15 seconds or the disclosure statement would last more than eight seconds, in which case only the top contributor is required. If the advertisement supports or opposes a candidate and is paid for by an independent expenditure, the additional disclaimer in Section 2 above will be required.

The required disclaimers must be spoken clearly at the beginning or end of the ad or call, in a pitch and tone substantially similar to the rest of the advertisement. They must last for at least three seconds.

In addition to the State campaign disclaimer requirements, the Federal Communications Commission (FCC) regulates calls made to the public using an automated device (i.e. “robocalls”). Under the FCC’s rules, the call must state clearly the PAC’s identity at the beginning of the call and state clearly the PAC’s telephone number at the end of the call. The phone number identified may not be the auto dialer number used to make the calls. Additionally, a return call to the number provided may not result in a fee other than normal local and long distance charges. FCC Rules do not allow robocalls to cellular phones without the prior express written consent of the recipient of the call.

#### **4. Television and Video Advertisements.**

Television and video ads, including those disseminated over the Internet, must include the disclaimers required by Section 1 above. If the advertisement supports or opposes a candidate and is paid for by an independent expenditure, the additional disclaimer in Section 2 above will be required. The disclaimers must appear on a solid black background covering the entire bottom third of the screen (or bottom quarter if there are no qualifying top contributors). They must appear for at least five seconds of an ad lasting 30 seconds or less, or at least ten seconds of an ad longer than 30 seconds.

All text except the top donor names must be centered horizontally, in a color that contrasts with the background, and in an underlined Arial-equivalent font with standard capitalization (not all caps). The smallest letters must be four percent of the height of the display screen. Top donors must be listed in a separate block of text, with each name on a separate line. The donor names should be formatted as above except they must not be underlined and may not be condensed unless doing so is necessary to keep a name on one line.

**5. Mass Mailings.**

A mass mailing is made if more than 200 substantially similar pieces of mail, either print or electronic, are sent within a calendar month. Notably, the mass mailing rules now only apply to communications which are **not** political advertisements. An “advertisement” is a public communication which supports or opposes a candidate or ballot measure. Therefore if a communication supports or opposes a candidate for office or ballot measure, it will need to include the disclaimers outlined in the other Sections of this chapter, not the mass mailing disclaimers.

For mass mailings, the words “Paid for by [committee name and address]” must appear both on the outside of the mailing and on at least one of the inserts. The disclosure must be in at least 6-point type, in a color that contrasts with the background. If the sender is a single committee, the disclosure need only appear on the outside of the mailing. Mass emails must include the words “Paid for by [committee name]” in at least the same size font as most of the rest of the message text.

**6. Print Advertisements.**

All print advertisements must include the disclaimers required by Section 1 above. If the advertisement supports or opposes a candidate and is paid for by an independent

expenditure, the additional disclaimer in Section 2 above will be required. It must appear below the top donor information (if any).

a. Smaller ads for individual distribution

Print communications designed to be individually distributed (e.g. mailings, door hangers, flyers, faxes, posters, newspaper and magazine ads, and oversized buttons and stickers) must include the required disclaimers in an Arial-equivalent font sized 10 points or larger, not in all caps, in a contrasting color, centered horizontally and underlined (except for the donor names). All text must appear in a box with a solid white background, at the bottom of at least one page and set apart from other text. Advertisements sized 20 square inches or less need only disclose the single top contributor of \$50,000 or more.

b. Larger ads for display

Any oversized media (e.g. billboards and yard signs) must include the required disclaimers in an Arial-equivalent font at least five percent of the height of the advertisement, not in all caps, on a solid background in a contrasting color and underlined (except for the donor names). The text may appear on a single line, with top contributor names separated by a comma.

7. **Electronic Media Advertisements.**

FPPC regulations impose disclaimer requirements on all forms of Internet communication including websites, emails, banner ads, Facebook sites, Twitter, blogs, text messages, etc. Electronic media advertisements are required to include the Section 1 disclosures above. If the advertisement supports or opposes a candidate and is paid for by an independent expenditure, the additional disclaimer in Section 2 above will be required.

Audio-only ads and video ads disseminated over the Internet are subject to the rules in Sections 3 and 4, respectively.

Social media ads must include the required disclosures in a contrasting color and 8-point or larger font, not in all caps, on the committee's profile, landing page or similar location.

Disclaimers are not required on each individual post or comment, nor are they required when the only cost of the communication is compensated staff time, unless the social media account was created solely for political advertisement.

Emails and websites must include the required disclosures in a contrasting color and 8-point or larger font, not in all caps, at the top or bottom of the email and every publicly accessible page of the website.

Electronic media ads not covered above must include the words "Who funded this ad?" as a hyperlink in a contrasting color and of a size easily readable by the average viewer. The link must go to a website containing the required disclosures with normal capitalization, in contrasting color and no less than 8-point font. If full disclosure is impracticable because of size, space, or character limit constraints (e.g. SMS text message, Twitter), the ad need only include a hyperlink to a website containing the website disclaimers. The linked website must remain online until 30 days after the date of the election.

## CHAPTER III

# PREPARING AND FILING PAC REPORTS

### Regular Reporting Requirements

#### 1. Semi-Annual Reports.

The local union PAC will file a minimum of two semi-annual reports each year. The first semi-annual report covers activity for the calendar year January 1 through June 30 and must be filed no later than July 31. The second semi-annual report covers activity July 1 through December 31 and must be filed no later than January 31 of the following year. (If the deadline falls on a Saturday, Sunday or state holiday, the deadline is extended to the next business day.)

#### 2. Pre-Election Reports in Even-Numbered Years.

In addition, if the PAC is registered as a state or county general purpose committee, the PAC may be required to file one or two pre-election reports in connection with the Primary Election and General Election in even-numbered years. Pre-election reports are triggered by contributions or independent expenditures totaling \$500 or more during the period covered by the report.

#### 3. Pre-Election Reports for Local Elections.

If your local elections are held on days other than the state primary and general election dates in an even-numbered year, there will be additional pre-election reporting requirements in connection with that election. In general, two pre-election reports will be required. Information on the reporting deadlines for these local elections may be obtained from the county clerk or registrar or voters or the FPPC.

## **Special Reporting Requirements**

### **1. Verification of Independent Expenditure (FPPC Form 462).**

This report must be filed with the Fair Political Practices Commission via email within 10 days from the date that independent expenditures by a state or local committee total, in the aggregate, \$1,000 or more to support or oppose a candidate or measure in a calendar year. A candidate or measure is listed only once for each election (a separate Form 462 is required for the primary and general election if the PAC spends \$1,000 on each). A committee's principal officer, or in the case of controlled committees, the candidate, officeholder or state ballot measure proponent, must sign an independent expenditure verification, under penalty of perjury stating that the independent expenditure(s) was not coordinated with the affected candidate or measure committee or their opponent and the committee reported all contributions and reimbursements.

### **2. Late Contribution Report (FPPC Form 497).**

A late contribution report must be filed if the local union PAC makes contributions totaling \$1,000 or more (including loans and in-kind contributions) to a particular candidate or ballot measure committee during the last 90 days before the election (the "late reporting period"). This report must be filed **within 24 hours** of making the contribution and applies to state and local candidates and ballot measures. This requirement is very important and often missed.

In addition to filing the report for a contribution of \$1,000 or more, if the contribution is an in-kind contribution to a candidate or ballot measure (e.g., the PAC pays for the printing of a candidate's flyer), then the local union PAC is required to notify the candidate or ballot measure committee within 24 hours of making the in-kind contribution so the candidate or committee has the information to file its own 24-hour report reporting the receipt of the contribution.



State law also requires a State general purpose committee which has qualified as an electronic filer to report online with the Secretary of State any contribution or independent expenditure of \$5,000 or more to support or oppose the qualification, passage, or defeat of a State ballot measure within 10 business days.

Additionally, all state and local committees are required to file a report with their regular filing officer when contributions or independent expenditures aggregating to \$5,000 or more are made to support or oppose the *qualification*<sup>4</sup> of a single local initiative or referendum ballot measure. The report must be filed within 10 business days.

**3. Late Independent Expenditure Report (FPPC Form 496).**

A late independent expenditure report must be filed if the local union PAC makes independent expenditures totaling \$1,000 or more in support of or opposition to a particular candidate or ballot measure during the last 90 days before the election (the “late reporting period”). This report must be filed **within 24 hours** of making the independent expenditure.

In addition, State law imposes a 24-hour online filing requirement for committees which are required to file their reports online when those committees make independent expenditures of \$1,000 or more in connection with a candidate for state office or a state ballot measure. **This requirement applies during the 90 days prior to the election.**

**Contents of Campaign Reports**

**1. Short Form (Form 450) Or Long Form (Form 460).**

The law requires that any contributor to the local union PAC who has made contributions totaling \$100 or more during a calendar year must be itemized on the PAC's report by name, address, occupation and employer. The short form campaign statement (Form 450) may be used

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<sup>4</sup>These reports are only required for expenditures pertaining to *qualification* efforts, they are no longer required once the measure qualifies for the ballot. (Cal. Govt. Code, Sec. 84204.5(b).)

if the local union PAC does not receive any contributions from any individual or entity totaling \$100 or more in a calendar year and does not receive any other income (e.g., interest income). The long form campaign report (Form 460) must be used by the PAC if the PAC does receive contributions of \$100 or more from any single source during the calendar year, receives any other type of income, or makes or receives any loans. The majority of local union PACs should file the Form 460.

### **Continuity of PAC Reporting**

A PAC reports all of its financial activity on an on-going basis until it affirmatively terminates as a PAC. (Termination requires the filing of a final PAC report with the local filing officer and a Statement of Organization with the Secretary of State indicating the date of termination.) Accordingly, all of the PAC's bank account activity is included on a PAC report, and each report begins where the prior report ended; reports are not filed for overlapping periods.

#### **1. Summary Page.**

Each PAC report is required to include a summary page. The summary page sets forth the receipts and expenditures both for the period and for the year-to-date. In addition, certain on-going items including loans and any outstanding debt are carried forward from report to report until they are paid or otherwise extinguished.

The summary page also includes a cash statement for the PAC showing the cash on hand at the beginning of the reporting period, the receipts and expenditures made during the period, and the ending cash on hand. This cash statement should be balanced against the PAC's reconciled bank account statements to ensure the accuracy of the cash figures on an on-going basis. The most common error we see in PAC reporting is the failure to reconcile the bank account activity with the activity disclosed on the PAC reports.

## 2. **Reporting PAC Receipts.**

**Contributions from Members.** As a recipient committee, a local union PAC must report all of its receipts on its campaign reports. Contributions of less than \$100 from a single source during a calendar year are reported in the lump sum total of unitemized contributions. If contributions are collected from the members through a dues checkoff or payroll deduction, only that portion of the monies received by the local union which is transferred to the PAC must be reported as a contribution to the PAC. The local union should be reported as the intermediary of its member contributions. This can be done with a memo note on Schedule A.

**Monetary Contributions.** Contributions of \$100 or more received by the PAC must be itemized on Schedule A of the report by name, address, occupation and employer of the contributor. Records must be maintained of the names and addresses of those contributors who contribute \$25 or more at one time (or who will give \$25 or more through their dues checkoff or payroll deduction). Then those contributors who give \$100 or more during the calendar year must be itemized on the PAC campaign report once their contributions total \$100 or more.

**In-Kind Contributions of Goods or Services Provided to the PAC.** In-kind contributions are reported on a separate schedule (Schedule C of Form 460). For example, if someone contributes a computer to be used for PAC accounting and reporting, this would be a reportable in-kind contribution to the PAC. Other reportable in-kind contributions to the PAC could include the donation of printing, food for a PAC event, and the like. Note, volunteer services and travel paid for by a volunteer are not reportable contributions. In-kind contributions are reported based on the fair market value of the goods or services provided and not the cost to the donor.

**Loans to the PAC.** Any loans received by the PAC are reported on a separate schedule (Schedule B to Form 460). Loans are reported on a continuous basis until the loan is repaid or forgiven.

**Other Receipts.** The PAC must report all other types of receipts as well including interest income, refunds, or reimbursements. In addition, if a PAC check is voided, this is also reported as an increase to cash to ensure that the report will balance with the PAC bank statements. All of these are reported on Schedule I, Miscellaneous Increases to Cash. Receipts of \$100 or more from the same source during the calendar year must be itemized; all other receipts are reported in a lump sum amount.

**Contributions from the Local Union.** If the local union provides the PAC with or pays for administrative services (e.g. accounting or tax services), these are in-kind contributions in support of the PAC and must be reported by the PAC on its campaign reports on Schedule C. This includes the cost of office space, phones, salaries, utilities, supplies, legal and accounting fees, and other expenses incurred in setting up and running a sponsored committee. The local union's payments for administrative services in support of the PAC do not require further reporting by the local union so long as an officer of the local union signs the campaign reports as a responsible officer of the sponsor.

**1. Reporting PAC Expenditures.**

A local union PAC must report all of its expenditures on its campaign reports. Expenditures of less than \$100 may be reported as part of a lump sum total of unitemized expenditures. Expenditures of \$100 or more, including those made on a credit, debit or charge card, must be itemized by name and address of payee, description of the expenditure and the amount. Payments made during the period from the PAC account are reported on Schedule E.

**Reporting Accrued Expenses.** Expenditures include accrued expenses which are expenses that have been incurred by the PAC during the reporting period but were not yet paid by the PAC by the end of the reporting period. (Regular or on-going overhead-type expenses do not have to be reported as accrued expenses.) It is a common reporting error to not include accrued expenses on the PAC report. However, it can be a very significant error particularly if the accrued expense represents a contribution to a candidate or an independent expenditure. If the PAC has not received an invoice but the expense has been incurred, the PAC is permitted to report an estimate of the accrued expense on its report.

For example, if a PAC incurs a printing expense of \$2,500 for printing a mailer for a candidate, the mail is sent three weeks before the election, but the bill is not paid until after the election, then the PAC should report the expense as an accrued expense on the Schedule F of its pre-election report and notify the candidate of the in-kind contribution so the candidate can report receiving the contribution on his or her pre-election report.

**Additional Reporting of Expenditures which are Contributions or Independent Expenditures.** In addition to reporting expenditures on Schedules E and F, a PAC must separately report the expenditures which are contributions (monetary and in-kind) or independent expenditures on the Schedule D of the report. On the Schedule D, the contributions are listed by the name of the candidate or measure which is supported or opposed, the date, the amount, and the year-to-date contributions or independent expenditures. Again this information should also be included on the Schedule E or F (or the Schedule H which is used for reporting loans made to candidates or committees). Note: none of the information or totals on the Schedule D comes forward to the Summary Page.

## **How, Where, and When to File Campaign Reports**

### **How to File Reports**

Whether filing reports in person or by mail, always request that the filing officer endorse a copy of the report for the PAC's records as proof of filing. When filing reports by mail, include an extra copy of the report and a self-addressed, stamped envelope for the filing officer to return an endorsed copy to you. Reports filed by mail should be sent by certified mail or by guaranteed overnight delivery. **Filing officers must "receive" campaign reports by the filing deadline.**

### **Reports Are Considered "Received" As Follows:**

|                               |  |
|-------------------------------|--|
| Filed by personal delivery    | On or before deadline                        |
| First class mail              | On date of postmark                          |
| Guaranteed overnight delivery | On date reports provided to delivery service |

IMPORTANT NOTICE: There are special requirements which apply to the filing of late contribution reports and late independent expenditure reports which must be filed within 24 hours of the making of the contribution or independent expenditure. Late reports must be filed by personal delivery, telegram, mailgram, guaranteed overnight delivery, or facsimile. For PACs which are required to also file their reports electronically, the reports must be filed by the same deadlines as the paper reports. Electronic filing information and forms are available on the Secretary of State website ([www.sos.ca.gov](http://www.sos.ca.gov)).

### **Where to File Reports**

Where a report is filed depends on the type of report and the type of committee your PAC is as set forth below. Again, always include copies to be endorsed and returned to you.

**Determining Type of Committee.** A PAC must determine if it is a state, county or city committee. . The general rule is that if more than 70% of a committee's activity is of one type that is the committee’s filing status.

For example, if a local union makes more than 70% of its contributions and expenditures to support/oppose school board candidates for a district that is located entirely within one city (e.g. Whittier City School Dist.), that local union’s PAC will be a city general purpose committee. However, if the candidates supported by the local union in the example above were running in a district that is located in one county, the committee would be a county general purpose committee. If the local union makes more than 70% of its contributions and expenditures to support state candidates, measures and committees or does not reach 70% in any one jurisdiction, the committee is a state committee. A committee is required to register as a “primarily formed” committee if more than 70% of its activities are to support one or more candidates or measures that will appear on the same ballot in the same jurisdiction.

A committee is required to monitor its status on a quarterly basis (at the end of March, June, September, and December). A committee is only required to monitor its status at the end of a quarter if it made contributions and/or expenditures totaling \$5,000 or more to support or oppose candidates or measures during that quarter. A committee formed within 6 months of an election in which it makes contributions and/or expenditures must monitor its status at the end of each month in which it makes contributions and/or expenditures totaling \$1,000 or more to support or oppose candidates or measures during that month.

**Statement of Organization (Form 410)**

|                                  |  |
|----------------------------------|--|
| City General Purpose Committee   | Original to Secretary of State<br>Copy to city clerk   |
| County General Purpose Committee | Original to Secretary of State<br>Copy to county clerk |

State General Purpose Committee

Original and copy to Secretary of State

**Semiannual/Pre-Election Campaign Reports (Forms 460 and 450)**

**Late Contribution Report (Form 497)**

**Special Odd-Year Campaign Reports (Form 460 And 450)**

City General Purpose Committee

Original and copy to city clerk

County General Purpose Committee

Original and copy to county clerk

State General Purpose Committee

Original and copy to Secretary of State\*

\*The electronic filing threshold for state general purpose committees is \$25,000.

**Late Independent Expenditure Reports (Form 496)**

Independent expenditure reports must be filed with the same filing officers that the candidate or committee which is the subject of the independent expenditure must file. For example, if your local union PAC is a county general purpose committee, and it makes an independent expenditure relating to a candidate for city office, the report must be filed with the city clerk. Late Independent Expenditure Reports (Form 496) that must be filed with the Secretary of State must be filed electronically even if the committee is not otherwise a state filer.

**Verification of Independent Expenditure (Form 462)**

Form 462, Verification of Independent Expenditure, must be filed with the FPPC via email. The originally signed form must be maintained with the committee's campaign records.

**When to File Reports**

Semiannual reports must be filed by July 31 for the reporting period ending June 30, and by January 31 for the period ending December 31. The schedule for filing all other reports will vary depending on the dates of the applicable elections and the statutory timeliness. Reporting schedules for the various election dates are available from the local clerks, the Secretary of State,



and the Fair Political Practices Commission. If a special election is called, either the local clerk or the Fair Political Practices Commission will set the dates for the report periods and deadlines.

Each year the PAC treasurer should obtain a copy of the reporting deadlines and distribute it as necessary to local union officers or members who are involved in the local union's political activities. You should also note that, in most instances, the candidates you support will be filing their reports based on the same deadlines.

### **PAC Recordkeeping Requirements**

The PAC treasurer must assure that the PAC maintains the required records. In an audit of the PAC, the auditor will review the records to determine their adequacy. Records are also necessary to maintain the necessary fiscal controls for the PAC. The PAC account should be subject to the same outside audit which is done for the local union's general accounts on a regular basis.

The recordkeeping system should ensure the accuracy and reliability of information which is contained in the PAC's reports. All persons who handle PAC receipts and expenditures should be familiar with the established recordkeeping procedures. The bank statement for each PAC account should be reconciled each month with the check register.

### **Campaign Bank Account**

The committee treasurer should ensure that, for each PAC bank account, the following documents are maintained:

1. Canceled checks
2. Bank statements
3. Duplicate deposit slips
4. Debit or credit memoranda
5. Check registers
6. Check stubs
7. Pass books

## **PAC Receipts**

**For contributions of \$25 or more**, the PAC records must contain:

- Date the contribution was received;
- Amount of contribution;
- Contributor's full name and street address

**For contributions cumulating \$100 or more in a calendar year**, the PAC records must also include the contributor's occupation and employer.

The information required for contributors of \$25 or more must be compiled in a system of individual records. An index card system can be used or these records may be maintained electronically.

**For miscellaneous receipts**, the PAC records must include:

Date of the receipt;

- Amount of the receipt;
- Name and street address of the source;
- Description of receipt (e.g., interest income or refund).

The following documentation of contributions received by the PAC must be maintained;

- Copies of contributors' checks attached to the appropriate duplicate deposit slip or marked with the deposit slip number;
- For contributions received through payroll deduction, the documentation received from the employer;
- Contributor cards completed by contributors, if any;
- Letters that accompany contributions, if any;
- Written communications sent by the PAC to obtain contributor information;

- For in-kind contributions, the documentation received from the contributor. If the contributor does not provide information about the value of the goods or services, the PAC must keep a memorandum or record describing the method the PAC used to determine the fair market value of the goods or services.

### **PAC Expenditures**

**For a payment of \$25 or more to a single payee (or for a series of installment payments for a product or service that totals \$25 or more),** the following information must be maintained in the PAC records:

- The full name and street address of payee;
- Each expenditure amount;
- The date each expenditure was made, or the date accrued expenses were incurred;
- A description of the consideration or goods or services for each expenditure made;
- If the person or vendor that provides the services is different from the payee, also record the information set out above for the person or vendor that provides the consideration or goods.

**For expenditures made to or on behalf of officeholders, candidates or ballot measure committees,** the following additional information is required for expenditures of \$25 or more:

- The date the contribution or expenditure was made;
- A notation to indicate if the expenditure is an independent expenditure;
- The name of the officeholder or candidate, and the office and district;
- The number or letter of the ballot measure and the jurisdiction in which the measure is to be voted on;

- The cumulative amount of contributions and expenditures made on behalf of the candidate, committee or measure during the calendar year.

The original source documentation of expenditures made by the PAC must be maintained. These would be:

- Canceled checks;
- Bills, invoices, statements;
- Receipts or vouchers;
- Contract for goods or services.

### **Mass Mailings**

The PAC must maintain a record of each mass mailing sent by the PAC. This record must include:

- An original sample of each mass mailing;
- The date of the mailing;
- The number of pieces mailed;
- The method of postage or delivery used.

### **Phone Banks**

The PAC must maintain a record of the telephone script for all paid phone banks, or a copy of the recording, for all recorded calls.

## CHAPTER IV

# TAX RULES FOR YOUR PAC

It is important to understand how the tax rules affect your PAC and its operations. There are both reporting requirements and potential tax liability both to the local union and to the PAC if the rules are not followed.

First, your local union itself is a labor organization which is generally exempt from the payment of income tax under the Code (See Internal Revenue Code section 501(c)(5).) As a tax exempt organization, the local union files annual information returns with the IRS and California Franchise Tax Board (FTB).

However, the tax code also provides that political expenditures made by a tax exempt labor organization are subject to tax at the highest corporate rate (currently 21%). By political expenditures, the tax law means those expenditures relating to the election or nomination of candidates to public office including contributions to political party committees, candidates, or other committees that engage in candidate-support activities. The law further provides that if the local union sets up a “separate, segregated fund” (or PAC) in which it deposits the earmarked contributions from its members and from which it makes its political expenditures, the local union will not incur any tax liability.

Accordingly, your PAC (or separate, segregated fund) is a separate organization for tax purposes. (It is not considered separate for any other legal purposes.) As such, it should have its own federal employer identification number (EIN), and file its own tax returns with the IRS and FTB (IRS Forms 1120-POL and FTB Form 100) if taxes are owed. The returns do not have to be filed if tax is not owed.

## **Important: Ballot Measure Activity**

We are often asked whether a local union PAC is permitted to make expenditures related to ballot measure activity (either contributions to ballot measure committees or independent expenditures in support of or in opposition to ballot measures).

The tax law makes a distinction between:

1. Political or candidate related contributions/expenditures; and
2. Ballot measure contributions/expenditures.

Under the tax law, if a PAC (or separate, segregated fund) makes more than an insubstantial amount of expenditures which are not directly or indirectly related to candidate elections, then the PAC could lose its tax exempt status resulting in a potential tax liability on the union. Tax counsel advises that “insubstantial” means 10 percent or less of a PAC’s total expenditures during the tax year. Accordingly, it is advisable for ballot-measure expenditures and other expenditures not related to the election, selection, nomination, or defeat of candidates for office be made either from the local union’s General Fund or from a separate Political Issues Committee (or PIC) set up by the local union only for the purpose of making ballot measure expenditures.

### **Local Union with a PAC**

Under a recent law passed by the Legislature, local unions that sponsor an existing PAC are permitted to use general funds to make ballot measure expenditures and disclose the ballot measure contribution on its existing sponsored PAC reports as long as the union does not receive dues, assessments, fees, or similar payments that exceed \$10,000 during a calendar year from any single source and if all of its political contributions and expenditures are made using funds derived from dues, assessments, fees and similar payments. The union must disclose all contributions made from the sponsor’s general treasury funds on the campaign report of its

sponsored political committee. The union must conduct a Last in, First out (LIFO) analysis and disclose the name, address, occupation and employer, and date and amount of contribution for any person who pays \$1,000 or more to the sponsor's treasury funds in a calendar year and whose funds were used for political purposes (e.g. used to make the ballot measure contribution). However, if the amount of the union's general fund political expenditures are less than \$50,000 during the most recent 12 month period or less than \$100,000 during the current calendar year and the prior 3 calendar years combined, then the union will only be required to disclose the general fund political expenditure if the total amount of the union's general fund political expenditures exceed \$10,000 during a calendar year.

#### **Local Union without a PAC**

A local union without a PAC may directly make a contribution from its General Fund to the ballot measure committee and file as a major donor or register as a political committee if required pursuant to SB 27, as follows:

- (1) A local union that makes general fund contributions of less than \$10,000 during a calendar year, and has not made contributions of \$50,000 during a 12-month period or \$100,000 during the current calendar year plus the prior three calendar years, will not incur any reporting obligations.
- (2) A local union that makes general fund contributions of \$10,000 or more during a calendar year but does not exceed the \$50,000 or \$100,000 thresholds outlined above will qualify as a Major Donor required to disclose its contribution(s) on a Form 461 – Major Donor Report.
- (3) A local union that makes general fund contributions of more than \$50,000 during a 12-month period or more than \$100,000 during the current calendar year plus the prior three calendar years is required to register as a recipient committee within 10 days of exceeding the applicable threshold.
- (4) A labor union that funds its political contributions entirely with non-donor funds such as investment income or other income-producing revenues such as sales of goods or services will not qualify as a recipient committee regardless of the total contributions and may satisfy its reporting obligations by filing as a major donor. The major donor report must disclose the type of non-donor funds used.

### **Political Issues Committee (PIC)**

If a local union engages in substantial ballot measure activity, then it may be advisable to establish a Political Issues Committee (PIC) which would be a registered committee with the Secretary of State for the purpose of making expenditures in local and/or state ballot measure campaigns. The PIC would have its own committee identification number, its own bank account that shares an EIN with the union and file its own reports.

### **PAC Filing Requirements Under Tax Laws**

#### **1. Form 8871 - Political Organization - Notice of Section 527 Status.**

Filing of a Form 8871 is required only if the PAC's gross annual receipts are \$25,000 or more. Form 8871 must be filed within 24 hours of the date the committee is established in order to be treated as a tax-exempt organization. Form 8871 is only required for PACs that will engage in support or opposition of candidates; the registration requirement does not apply for PICs.

If the gross annual receipts will not be \$25,000 or more, then the Form 8871 is not required and should not be filed. If a PAC does not reasonably anticipate having annual gross receipts of \$25,000 or more for a period of time, and then the contributions are increased and the PAC will now reach the \$25,000 threshold, it is required to file the Form 8871 within 24 hours.

It is also important to note again that the PAC must apply for and receive its own EIN, separate from the EIN of the local union prior to filing any reports with the IRS. If the number has been applied for but not received when a report is required to be filed, then the local union can indicate "applied for" in the EIN box on the report. The report should then be amended as soon as the EIN is received.

Form 8871 registers the PAC with the IRS and must be filed electronically through the IRS website ([www.irs.gov/bus\\_info/eo/pol-file.html](http://www.irs.gov/bus_info/eo/pol-file.html)). This filing is a public record accessible



from the IRS website. The local union is also required to provide public access to the form upon request. This Form must be amended within 30 days each time any information changes, such as changes to the address or principal officers of the PAC. If the PAC is terminated, a final Form 8871 must be filed within 30 days of termination.

**2. Form 1120-POL, FTB Form 100 - Income Tax Return for Certain Political Organizations.**

A federal and state income tax return must be filed by all PACs which have taxable income in excess of \$100 in a tax year. If the PAC does not have taxable income (e.g., interest income), it is not required to file the return. For PACs whose tax year is the calendar year, the return must be filed no later than April 15 for the prior calendar year. All taxes must be paid at the time the return is filed.

**3. Form 990 - Return of Organization Exempt from Income Tax**

Political organizations are also required to file the Form 990 when their receipts exceed \$100,000 in a tax year. In addition to the local union's 990 filing, the PAC now has to file its own Form 990 in the name of the PAC. The filing deadline is the 15th day of the fifth month following the end of the PAC's tax year, or May 15th for an organization with a calendar year as its tax year. Additional information on these filing requirements is available on the IRS website.

**Other Tax Issues to Note**

While a full discussion of tax law is beyond the scope of this guide, it is important to note that a PAC may incur other tax liability or reporting obligations if it has payroll or engages the services of an independent contractor.

If a PAC hires an employee or employees even if only for a short time, it is required to pay employer taxes, file state and federal employer tax returns, and obtain workers' compensation insurance. In addition, if a PAC retains a consultant or other independent

contractor and makes payments of \$600 or more to the contractor, then it is required to issue IRS Form 1099's and file the Form 1096 with the IRS at the end of the year. We recommend that a local union seek the assistance of a CPA or other tax professional to ensure compliance with these requirements. Otherwise, significant penalties may be incurred.

## CHAPTER V

### IMPORTANT DEFINITIONS

**1. Candidate.**

A candidate includes any individual who has qualified to be listed on a ballot for local or state elective office, any individual who has received any contributions or made expenditures with a view to bringing about his or her nomination or election to a local or state elective office, and all local and state elected officials. Accordingly, an elected official is considered a “candidate” the entire time he or she is in office and, after the official leaves office, the official remains a “candidate” until his or her campaign committee is terminated.

**2. Contribution.**

A contribution is a payment (including a loan and forgiveness of a loan) made for political purposes unless full and adequate consideration is received. A payment is made for political purposes if it is made to an officeholder, candidate or committee unless full and adequate consideration is received. Tickets to political fundraisers are contributions in the full amount of the ticket price.

**3. In-Kind Contribution.**

An in-kind (nonmonetary) contribution is a payment for goods or services, or anything else of value, made “at the behest of” an officeholder, candidate or committee.

A payment is “made at the behest of” a candidate or committee if it is made in cooperation, consultation, coordination, or concert with, or at the request or suggestion of the officeholder, candidate or committee.

For purposes of reporting and contribution limits, in-kind contributions are treated the same as monetary contributions and loans and must be valued at their “fair market value.”

**4. Expenditure.**

An expenditure is any payment made for political purposes. It includes all payments made by a candidate or committee. For reporting purposes, expenditures include expenses which have been incurred but which have not been paid.

**5. Independent Expenditures.**

An independent expenditure is an expenditure made in connection with a communication (e.g., mailing or advertisement) that expressly advocates the nomination, election, or defeat of a clearly identified candidate, or the qualification, passage, or defeat of a ballot measure **but** which is not made at the behest of the affected candidate or committee (i.e., independent of the candidate or committee or any of their agents). (See Part III, Operating Your PAC, for more information on independent expenditures.).

**6. Recipient Committee.**

A recipient committee results when two or more individuals or entities pool their funds. A committee qualifies as a recipient committee and must register with the Secretary of State the first time it receives \$2,000 or more in a calendar year. All local union committees are recipient committees because they receive contributions from their members.

**7. General Purpose Committee.**

A general purpose committee is a committee which supports or opposes more than one candidate or measure and is or will be involved in more than one election campaign. A general purpose committee is not controlled by a candidate or officeholder and is not formed for the sole purpose of supporting or opposing a single candidate or ballot measure or a group of specific candidates or measure voted upon in a single city or county election. Most local union PACs are general purpose committees.

The type of general purpose committee dictates where the committee files its campaign reports. A “**city general purpose committee**” is a committee that makes more than 70% of its contributions and expenditures to support or oppose candidates or measures voted on in only one city, or consolidated city and county, and files its reports with the city clerk. A “**county general purpose committee**” is a committee that makes more than 70% of its contributions and expenditures to support or oppose candidates or measures voted on in only one county, or in more than one jurisdiction within one county and files its reports with the county clerk. A “**state general purpose committee**” is a committee that makes more than 70% of its contributions and expenditures to support or oppose candidates or measures voted on in state elections, or in more than one county, or that does not qualify as a city or county general purpose committee, and files its reports with the Secretary of State.

**8. Primarily Formed Committee.**

A primarily formed committee is a committee that makes 70% or more of its contributions and expenditures to support or oppose a single candidate or a single measure, or a group of specific candidates or measures voted on in the same city, county or multicounty election. It is not a general purpose committee. This type of committee is most frequently formed to support or oppose a single ballot measure.

Primarily formed and general purpose committees have different filing requirements.

**9. Principal Officer.**

A principal officer is the individual primarily responsible for approving the political activities of a committee, including, but not limited to (1) authorizing the content of communications made by the committee; (2) authorizing expenditures, including contributions, on behalf of the committee; and (3) determining the committee’s campaign strategy.

If two or more individuals share the primary responsibility for approving the political activities of a committee, each individual is a principal officer.

**10. Sponsored Committee.**

A committee sponsor is an organization or other entity (not an individual) whose members provide all or nearly all of the contributions to the committee and/or which control the raising of funds and spending of funds for the PAC, and/or which provide the administrative services to the PAC. Your local union's PAC is a sponsored committee of the local union. This means that the name of the local union must be included in the name of the PAC and on all reports filed by the PAC.

**11. Separate, Segregated Fund (SSF).**

This is a term used in the tax law to refer to the separate account maintained by a tax exempt organization such as a labor union for the purpose of making candidate-related political contributions and expenditures. A separate segregated fund is the separate bank account where the portion of the members' dues earmarked for candidate-related political purposes is transferred. This is also the account from which the registered PAC makes its expenditures.

**12. Date Contribution Made.**

For purposes of reporting, a monetary contribution is "made" on the date that the contribution is mailed, delivered, or otherwise transmitted to the candidate or committee. The date of the check may be used as the date of the contribution so long as it is earlier than the date the check was mailed or otherwise delivered.

An in-kind contribution is "made" and "received" by the benefitted candidate or committee on the earlier of the following dates: (1) the date that the funds are expended by the contributor for goods or services, or (2) the date that the benefitted candidate or committee

obtains possession or control of the goods or services, or the date that the candidate or committee otherwise receives the benefit of the expenditure.

**13. Date Contribution Received.**

For reporting purposes, a monetary contribution collected by means of payroll deduction or membership dues for the local union PAC is “received” by the PAC on the earlier of the following dates: (1) the date that the committee obtains actual possession or control of the contribution, or (2) within 60 days after receipt of the payment by the committee's sponsor. As a general rule, dues which are earmarked for the PAC should be transferred a minimum of once per month from the general fund to the PAC. If this occurs, then the date of receipt of those contributions by the PAC is the date of the transfer.

**14. Candidate Controlled Committee.**

A committee is a candidate controlled committee when a candidate or officeholder exercises significant influence over the actions of the committee. For example, if an elected official is on the steering committee of a local ballot measure committee, the committee is a controlled committee of that elected official. Local union PACs are not controlled committees. A committee cannot be both “controlled” and “sponsored.”

**15. Fair Market Value.**

The fair market value of goods or services is what those goods or services would have otherwise cost the benefitted candidate or committee. It is not necessarily the cost to the contributor. For example, the use of office space for campaign purposes must be valued at the amount the candidate would have had to otherwise pay for similar office space.

## CHAPTER VI

### COMMONLY ASKED QUESTIONS AND ANSWERS

1. **Why shouldn't we buy tickets to candidate fundraisers from our local union general fund account?**

The issue raised by this question is primarily a tax issue. Payments for tickets to candidate fundraiser are “political” expenditures under the tax law. A union is liable for tax at the corporate rate (currently 21%) on the amount of its political expenditures or on its net investment income, whichever is less.

Under the campaign reporting law, the payments for such tickets constitute “contributions.” Under state law (SB 27), if the local union makes contributions of \$10,000 or more during the calendar year from general funds it will be required to file a major donor report. If the local makes contributions of more than \$50,000 during a 12 month period or more than \$100,000 during four calendar years, it must instead register and file campaign reports as a recipient committee, unless all contributions are made from non-donor funds or the organization is able to take advantage of the exception allowing it to disclose contributions on an existing PAC report.

Although the campaign reporting implications under SB 27 are less onerous than under the prior law, it is still often advisable to buy candidate fundraiser tickets from a PAC account for tax reasons.

2. **Our local union has a PAC but it is low on money. Can we just transfer existing funds from one of our general fund accounts to the PAC account?**

This question also raises primarily a tax issue. While this type of transfer is not prohibited, the transfer from the general fund account would be considered a “political” expenditure by the IRS.

Thus, the local union would owe tax on the amounts of any such transfers or the net investment income of the local union, whichever is less. If the union’s net investment income is \$100 or less, then there is no tax liability for a transfer.

For campaign reporting purposes, this transfer is a contribution from the local union if the funds were not member dues that were earmarked for the PAC. As discussed above, total contributions of \$10,000 or more during the calendar year from general funds require a major donor report (no donor disclosure). However, total contributions of more than \$50,000 during a 12 month period or more than \$100,000 during four calendar years require registration and reporting as a recipient committee, unless the union has sufficient non-donor funds for the transfer. If the general fund is required to report as a recipient committee, the local must attribute the contribution(s) to the sources of funds in the General Fund using a last in, first out (LIFO) accounting method and disclosing donors of \$1,000 or more to the general fund.



Important: General fund contributions to PACs are subject to applicable limits, including the \$200 per calendar year limit for Small Contributor Committees and the \$7,800 per calendar year limit for committees that contribute to state candidates (i.e. all purpose accounts).

3. **Can our local union occasionally use general funds to contribute to ballot measures?**

Locals may make occasional bond or parcel tax measure contributions from their general fund without incurring tax liability. However, the union must comply with the campaign disclosure requirements discussed above. As a general rule, make every attempt to use your PAC account and always consult with the CFT Political Department prior to making political contributions from your general fund.

4. **The local union wants to conduct its own phone bank out of its offices using members to call other members and their families urging them to vote for a particular candidate on election day. Is this reportable and, if so, how?**

Payments for communications to a union's members, employees, or their household family members made to support or oppose a candidate or ballot measure are not contributions or expenditures to the candidate or ballot measure provided the payments are not made for general public advertising such as TV or radio, billboards, or newspaper ads. To qualify under the "member communications" exemption, a communication must be paid for by the union. If payments for member communications are made from the union's PAC, then they must be disclosed on the PAC's campaign reports as member communications even though they are not reportable contributions or independent expenditures.

Note: When allowing candidates to use CFT office space or telephones, notify the CFT Political Department first as the time used must be promptly reported as an in-kind contribution and strict rules apply because this does not qualify as a membership communication.

5. **The local union plans to send out a mailer to all of its members reminding them of the importance of voting and urging them to vote on election day for the local union's endorsed candidates for city council. The union President asked the candidates to provide information for the mailing. Is this a reportable in-kind contribution or independent expenditure?**

The mailing is not a reportable in-kind contribution to any of the candidates since the mailing is going to members only. The mailing may be coordinated with the candidates, and the candidates may provide information, but the mailing must be written by the local union and cannot forward or republish the candidate's own campaign materials.

6. **The local union's endorsed candidate for School Board Trustee has asked the union to host a fundraiser for him. The local union sent out invitations, purchased food, and hired a hall and a band. Should the PAC pay for these expenses? How are these expenditures reported?**

Assuming the total cost of the event exceeds \$500, these expenditures should be reported as in-kind contributions to the candidate. Since they are political expenditures, they should be paid for by the PAC. The PAC should provide written notice to the candidate regarding the date, amount, and source of the in-kind contribution so the candidate can report the contributions.

7. **Can the local union raise funds for its own PAC?**

Yes, a local may raise funds for its PAC through fundraising, sales of political items and the like. The funds are considered contributions to the PAC. Strict record keeping must be kept and reporting requirements must be met. (See pages 10-11 of the PAC Guide.)

8. **We have \$32,000 in our local union PAC, but we only receive approximately \$11,000 each year into our PAC from member dues. We anticipate spending \$30,000 in this year's municipal elections. Do we register and file reports with the IRS?**

No. The IRS reporting requirements (IRS form 8871) do not apply unless your PAC's annual gross receipts are reasonably expected to be \$25,000 or more. This is a receipts test, not an expenditures test.

9. **We called the FPPC and they said that we could make contributions to ballot measure campaigns out of our PAC account. The city clerk agreed. Why are you telling us not to do this?**

The concern is whether this type of expenditure if made from the local union's candidate PAC account may be taxable to the PAC since it is not "political" (i.e., related to candidates).

Neither the FPPC nor the city clerk has any expertise on the tax laws. Their advice is based solely on the campaign reporting laws. Based on the tax concern, the local union should plan to make ballot measure contributions from either its general fund or from a separate PAC bank account which is set up solely to make ballot measure related contributions and expenditures.

## CHAPTER VII

### DO'S & DON'TS FOR LOCAL UNION PAC ACTIVITIES

1. Earmark and allocate members' dues monies for the PAC prospectively, i.e., before the dues monies are received.

**DON'T** transfer money which has not been earmarked from a General Fund Account into the PAC's Candidate Account, or vice versa. If you do need to use existing general fund money for campaign work, see the CFT PAC Guide and seek legal guidance for tax and reporting implications.

2. Contribute to state or local candidates committees using your PAC account. For contributions to ballot measures, please consult Commonly Asked Questions and the CFT PAC Guide for more information.

**DON'T** contribute to federal candidates or federal PACs.

3. Make all contributions by check or written instrument.

**DON'T** contribute \$100 or more in cash.

4. Comply with all applicable contribution limits.

**DON'T** accept a contribution from another PAC for purposes of making a contribution on the other PAC's behalf in an attempt to evade contribution limits, i.e., Don't launder.

5. Notify a candidate or ballot measure committee of any in-kind contributions made by the local union or PAC. An in-kind (nonmonetary) contribution is a payment for goods or services, or anything else of value, made "at the behest of" an officeholder, candidate or committee.

**DON'T** forget to report in-kind contributions on the PAC report and count the contribution based on its fair market value (which is not necessarily the cost to the local) towards any applicable contribution limit.

When allowing candidates to use CFT office space or telephones, notify the CFT Political Department first as the time used must be promptly reported as an in-kind contribution and strict rules apply.

6. Make contributions and independent expenditures in support of your endorsed candidates using your PAC account.

**DON'T** coordinate your independent expenditures with the candidates or their agents.

Independent Expenditures are payments made in connection with a communication (i.e., mailing or advertisement) that expressly advocate the nomination, election, or defeat of a clearly identified candidate, or the qualification, passage or defeat of a ballot measure, **but** which are not made at the behest of the affected candidate or committee. Additional reporting and disclaimer requirements apply to independent expenditures.

**NEVER** tie support for a candidate (directly or indirectly) to how the candidate will vote or act on a particular issue.

7. **ANNUAL FEE** – Every local with a PAC account is required to pay an annual \$50 registration fee to the Secretary of State’s office no later than January 15<sup>th</sup> of each year, until the local’s PAC account terminates. This fee may be paid by the PAC or by the general fund. If paid by the general fund, the local must report this payment on Schedule C of the PAC report.

**DON’T** forget to issue your check to the Secretary of State and mail it to California Secretary of State, Political Reform Division 1500 11th Street Sacramento, CA 95814.

## CHAPTER VIII

### LOCAL UNION ACTIVITIES WHICH DO NOT REQUIRE REPORTING

Certain local union activities are not considered under the law to be either contributions or independent expenditures. These may be undertaken without triggering any contribution limits or reporting requirements.

**1. Member Communications.**

Communications made by the local union to its members and their immediate families are not contributions or independent expenditures. Member communications must be written by the local union and paid for by the union or its PAC. It is permissible to coordinate member communications with a candidate.

**2. Regularly Published Local Union Newsletter.**

The costs incurred by the union for campaign messages which are published in its published newsletter or periodical if the circulation is limited to the local union's members and employees are not independent expenditures or in-kind contributions. The local union could include messages in the newsletter such as "Vote for Jane Brown for School Board" or "Vote No on Measure B," articles regarding candidates or other election related issues, interviews of candidates, and the local union's list of endorsed candidates.

Note that this exception is limited to the local union's regularly published newsletter. If the union printed a special election edition or other type of mailing to its members which is different in style, size or format from its regular newsletter, the additional costs for these features are reportable expenditures (either in-kind contributions or independent expenditures).

**3. Nonpartisan Voter Registration And Get-Out-The-Vote Activities.**

A local union may organize, fund, sponsor and participate in nonpartisan voter registration and get out the vote activities. Payments made by the union in connection with such activities are not contributions to any candidate or committee and they are not independent expenditures as long as the communications do not expressly advocate the election or defeat of candidates for office. These types of expenditures are generally not reportable on the local union's PAC campaign report.

**4. Donation of Employee Services.**

If a local union employee spends compensated time working for a campaign, so long as it is 10% or less of his or her total compensated time in a calendar month, this will not constitute an in-kind contribution to the campaign. (Compensation means gross wages paid plus any benefits which are in lieu of wages. It does not include routine fringe benefits or payroll taxes.)

Conversely, if an employee spends more than 10% of his or her compensated time in a calendar month on the activities of a particular campaign, this will be a reportable in-kind contribution to the assisted candidate or committee and subject to any applicable contribution limits. An in-kind contribution of staff time is considered “made” on the payroll date of the salaried personnel. Thus, the in-kind contribution of staff time for the entire pay period is made on the payroll date, not over a range of dates.

**5. Volunteers.**

There is no limit or reporting requirements for voluntary personal services provided to a candidate or committee. These are not reportable contributions. In addition, travel expenses paid by a volunteer for his or her own travel are not contributions.

**6. Hosted Events.**

There is also an exception to the definition of contribution for a meeting, fundraiser or other campaign event held by an individual in that individual's home or office so long as the total cost of the event is \$500 or less. If the total cost is more than \$500, all of the costs are reportable in-kind contributions subject to the contribution limits.

**7. Candidate Debates and Appearances.**

A local union does not make a reportable in-kind contribution or independent expenditure if it hosts an event for its members or the interested public where candidates appear or debate so long as all of the candidates are invited and given an equal opportunity to participate.

**CHAPTER IX**  
**GOVERNMENT AGENCIES AND**  
**FILING OFFICERS**

Forms, technical reporting advice, reporting schedules and FPPC Form 462 Filings:

Fair Political Practices Commission  
1102 Q Street, Suite 3000 Sacramento, CA 95811  
916-322-5660  
1-866-275-3772  
[www.fppc.ca.gov](http://www.fppc.ca.gov)  
form462@fppc.ca.gov

**Principal Filing Officers\***

Secretary of State  
Political Reform Division  
1500 11th Street, 4th Floor  
Sacramento, CA 95814-5701  
916/657-6224  
[www.sos.ca.gov](http://www.sos.ca.gov)

Los Angeles County Registrar-Recorder  
Campaign Reporting Unit  
12400 Imperial Highway  
Norwalk, CA 90650

San Francisco County Registrar of Voters  
1 Carlton B. Goodlett Place, Room 48  
San Francisco, CA 94102-4635

**Tax Agencies**

Internal Revenue Service  
[www.irs.gov](http://www.irs.gov)

Franchise Tax Board  
[www.ftb.gov](http://www.ftb.gov)

\*The Secretary of State has a complete list of filing officers on its website.