

(Regulations of the Fair Political Practices Commission, Title 2, Division 6, California Code of Regulations)

**§18412. Identifying Funding Sources for Contributions and Independent Expenditures Made by Certain Tax Exempt Organizations.**

(a) Application. This regulation establishes rules governing organizations that are formed and operate as tax exempt organizations under Internal Revenue Code Sections 501(c)(3), 501(c)(4), 501(c)(5), and 501(c)(6), as well as federal or out-of-state political organizations, which make contributions or independent expenditures totaling \$1,000 or more from their general treasuries to support or oppose a candidate or ballot measure in California, and report the sources of the funds used to make those contributions or independent expenditures as required by Regulation 18215(b)(1).

(b) If a donor to such an organization requests or knows that the payment will be used by the organization to make a contribution or an independent expenditure to support or oppose a candidate or ballot measure in California, the full amount of the donor's payment shall be disclosed by the organization as a contribution. For purposes of this regulation, a donor "knows" that a payment will be used to make a contribution or an independent expenditure if a donor makes a payment in response to a message or a solicitation indicating the organization's intent to make a contribution or independent expenditure.

(c)(1) If an organization that makes a contribution or an independent expenditure from its general treasury must identify additional donors because those described in subdivision (b) of this regulation did not provide the full amount of the contribution or independent expenditure, the organization shall identify and report donors who pursuant

to Regulation 18215(b)(1) are presumed to have had “reason to know” that all or part of their payments would be used to make expenditures or contributions, using a “last in, first out” accounting method, until a sufficient number of donors have been identified and reported to account for the full balance of the contribution or independent expenditure.

[Option: An organization need not identify a donor under this subdivision if it has credible evidence that the donor was unaware, at the time the payment was made, that all or part of the payment might be used to make an expenditure or contribution,]

(2) If an organization that makes a contribution or an independent expenditure from its general treasury must identify additional donors because those described in subdivisions (b) and (c)(1) of this regulation did not provide the full amount of the contribution or independent expenditure, the organization shall allocate the remaining balance of the contribution or independent expenditure to itself.

(3) In all cases an organization identifying sources of funding for contributions or independent expenditures should not include funds clearly ~~earmarked-intended~~ for purposes other than political expenditures in California.

(d) The organization shall maintain all records necessary to establish its compliance with subdivision (c).

(e) An organization that qualifies as a recipient committee under Title 9 (commencing with Section 81000) of the Government Code shall report as a recipient committee, identifying its contributors as required under subdivisions (b) and (c) of this regulation.

Note: Authority cited: Section 83112, Government Code. Reference: Sections 82015, 82031, Government Code.