

CONTRIBUTION AND FUNDRAISING GUIDELINES FOR TRADE ASSOCIATIONS AND OTHER NON-PROFITS

Non-profit organizations that are exempt from taxation under either Section 501(c)(4) or 501(c)(6) are ***permitted*** to make monetary and non-monetary campaign contributions in support of or in opposition to candidates (subject to potential contribution limits) and ballot measures in California.

However, such activity may trigger campaign disclosure obligations, depending on the circumstances, as follows:

1. **File as a Major Donor.** If your organization does ***not*** raise funds for the specific purpose of making campaign contributions, your organization will need to report as a “Major Donor” under either of the following circumstances: (1) you use ***donated funds*** (such as dues payments or other member donations) to make California state and/or local campaign contributions of \$10,000 or more in a calendar year, but you make a total of \$50,000 or less in a 12 month period, and \$100,000 or less in a period of 4 consecutive calendar years; or (2) you use ***non-donated*** funds (such as interest or investment income or income from the sales of goods or services) to make California state and/or local campaign contributions of \$10,000 or more in a calendar year, with no upper limit. During election years, Major Donors must file semi-annual Major Donor Reports (Form 461) due on July 31st and January 31st. In addition, 24 Hour Late Contribution Reports (Form 497) are due for contributions of \$1,000 or more made within 90 days of an election.

2. **Register and File as a Multipurpose Organization.** If your organization either (1) raises \$2,000 or more for the specific purpose of making campaign contributions, or (2) uses ***donated funds*** (such as dues payments or other member donations) to make California state and/or local campaign contributions of more than \$50,000 in a 12 month period, or more than \$100,000 in a period of 4 consecutive calendar years, your organization will need to register and report as a

“Multipurpose Organization.” The reporting requirements for Multipurpose Organizations are complicated and beyond the scope of this memo.¹

3. **Member Contributions.** If your organization will be raising funds from your members (or others) directly to a state or local candidate or ballot measure campaign, you should have the member make the check payable directly to the recipient candidate or ballot measure committee. You can either have the contributions sent directly to the recipients, or you may collect and “bundle” such contributions, and deliver them to campaign on behalf of your members. Soliciting contributions directly to a campaign and/or “bundling” contributions will not trigger campaign disclosure obligations for your organization. On the other hand, your members may trigger Major Donor reporting obligations (see above).

4. **Fundraising Events.** Unless an exception applies, the cost of hosting a fundraiser for the benefit of a state or local candidate or ballot measure committee will constitute a reportable campaign contribution, subject to possible contribution limits (for candidate contributions) as well as possible donor reporting per the rules above. However, where an occupant of a home or office (*other than* a state lobbyist or lobby firm) hosts a fundraising or other campaign event (held in the home or office) for a state or local candidate or ballot measure committee, and *the total costs of the event* are \$500 or less (exclusive of the rental value of the home or office), the hosting of the event does not constitute a non-monetary contribution and need not be reported.

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Please do not hesitate to contact Steve Lucas (slucas@nmgovlaw.com or 415/634-6871) if you have any questions.

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¹ This memo also does not address the disclosure requirements applicable to segregated committees formed for political purposes, such as PACs, issues committees, ballot measure committees and independent expenditure committees.