



CALIFORNIA FAIR POLITICAL PRACTICES COMMISSION
1102 Q Street • Suite 3050 • Sacramento, CA 95811

To: Chair Silver and Commissioners Brandt, Ortiz, Wilson, and Zettel

From: Dave Bainbridge, General Counsel
Erika M. Boyd, Senior Commission Counsel

Subject: **Pre-Notice Discussion of Proposed Amendments to Regulation 18536**

Date: September 8, 2025

Summary of Proposed Action

The amendments to Regulation 18536¹ would impose a new notification requirement on certain candidate-controlled election committees receiving contributions transferred from another of the same candidate's committees. The receiving committee would be required to issue a written notice to the contributor of the transfer of funds and maintain this documentation in the committee files.

Reason for Proposed Regulatory Action

These changes were proposed by the Regulatory Committee of the California Political Attorneys Association ("CPAA"). Candidate-controlled committees have broad authority to transfer funds raised for an election to one office to a committee controlled by the candidate for election to another office. Under certain circumstances, when those funds are transferred, they are required to be attributed to original contributors for contribution limit purposes.² Currently, there is no requirement to notify contributors when their funds are transferred to another committee and attributed. This increases the chances that a contributor who has already met the contribution limit because of the transfer may try to contribute again and inadvertently run afoul of applicable contribution limits.

¹ The Political Reform Act is contained in Government Code Sections 81000 through 91014. All statutory references are to the Government Code, unless otherwise indicated. The regulations of the Fair Political Practices Commission are contained in Sections 18104 through 18998 of Title 2 of the California Code of Regulations. All regulatory references are to Title 2, Division 6 of the California Code of Regulations, unless otherwise indicated.

² Section 85317 provides an exception to the attribution requirement when the transfer is from one committee to another for the same elective office for the same candidate. However, this exception to attribution does not apply when the funds were raised for a general election before the primary and a candidate did not file a declaration of candidacy for those elections. (*See* Section 85318.)



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Background

Section 85306 permits a candidate to transfer campaign funds from one controlled committee for elective office to another controlled committee for elective office. The funds must be attributed to individual contributors on a “last in, first out” or “first in, first out” basis. (Section 85306(a).)³ Notably, campaign funds transferred, when aggregated with all other transfers and contributions from the same contributor, may not exceed the contribution limits applicable to the candidate at the time of transfer. (Regulation 18536(b).) That is, all applicable contribution limits still apply, and the limits on an individual contributor cannot be circumvented through the transfer from one committee to another under Section 85306.

For example, Candidate California transfers funds from a 2024 Assembly committee to a 2028 Senate committee. The Candidate has decided to transfer funds on a “first in, first out” basis, such that funds from contributors A, B, C, D, and E will now be transferred. The transfer from the 2024 committee to the 2028 committee means that Contributor E has now reached the contribution limit to the 2028 committee. Under the current framework, however, Contributor E is not notified when the funds are transferred.⁴ Absent this knowledge, Contributor E makes another contribution to the 2028 committee and is now over the limit. In this instance, the 2028 committee is required to return the over-the-limit contribution to Contributor E, leading to unnecessary compliance and administrative costs for both the contributor and the committee.

The draft amendments to the regulation aim to address this issue by requiring the receiving committee to notify contributors whose funds have been transferred from one election committee to another. In the example, then, the 2028 Senate committee would have been required to notify those contributors whose funds were transferred, including Contributor E. In this way, Contributor E could have updated its records so that no further contribution was made.

³ “Last in, first out” means that campaign funds being transferred are attributed to the transferring committee's contributors in reverse chronological order beginning with the most recent of its contributors or, if there has been a prior transfer, beginning with the most recent contributor for which unattributed contributions remain. (Regulation 18536(a)(2).)

“First in, first out” means that campaign funds being transferred are attributed to the transferring committee's contributors in chronological order beginning with the earliest of its contributors or, if there has been a prior transfer, beginning with the earliest contributor for which unattributed contributions remain. (Regulation 18536(a)(1).)

⁴ While there is no requirement for the transferring or receiving committee to notify contributors of funds transferred, the transfers are publicly disclosed on the campaign statements of both the transferring and receiving committees. Depending upon the relevant reporting period and filing timeline, however, the campaign statements disclosing these transfers could be filed months after the transfer takes place. Thus, even if contributors are diligent about reviewing the campaign reports of committees they have contributed to monitor for transfers, in some instances they still would be unaware of their funds having been transferred until months after the transaction takes place.



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Proposed Regulation

18536. Transfer and Attribution of Contributions

Language added as subdivision (d) would require a committee receiving funds transferred and attributed pursuant to Section 85306 to notify contributors of the transfer in writing. The receiving committee may contact the contributor by using any of the contact information the transferring committee has on file for the individual contributor. The receiving committee must keep records of the notification in its committee files. And notifications must be issued within two weeks of the transfer.

Conclusion

Staff presents the proposed amendments to Regulation 18536 to the Commission for consideration and anticipates adoption at the November Commission meeting.

Attachment:
Proposed Amendments to Regulation 18536