

1 Amend 2 Cal. Code Regs., Section 18419 to read:

2 **§ 18419. Sponsored Committees.**

3 (a) The terms used in this section are defined as follows:

4 (1) “Sponsored committee” means a committee, other than a controlled committee, which
5 has one or more sponsors.

6 (2) “Sponsor” of a committee means any person (except a candidate, proponent or other
7 individual) to whom any of the following applies:

8 (A) The committee receives 80 percent or more of its contributions either from the person
9 or from the person's members, officers, employees or shareholders in the preceding 24 months. A
10 committee must make this determination at the time of filing each campaign statement based on
11 activity occurring through the end of the statement period, and, if the committee is required to
12 file a pre-election statement, upon receiving a contribution during the period between the second
13 pre-election campaign statement period and the election;

14 (B) The person collects contributions for the committee by use of payroll deductions or
15 dues from its members, officers or employees;

16 (C) The person provides, alone or in combination with other organizations, all or nearly
17 all of the administrative services for the committee; or

18 (D) The person sets, alone or in combination with other organizations, the policies for
19 soliciting contributions or making expenditures of committee funds.

20 (3) “Intermediate unit” means a chapter, local, branch, unit or similar component of a
21 sponsor that collects money from its members, officers, employees or shareholders when, at the
22 time of the making of the payment, the donor knows or has reason to know that the payment, or

1 funds with which the payment will be commingled, will be used to make contributions by the
2 sponsored committee ~~within the meaning of 2 Cal. Code of Regs. section 18215(b)(1).~~

3 (4) "Member" includes a member, employee, officer, shareholder or any other person
4 affiliated with a sponsor or an intermediate unit.

5 (5) "Member contribution" is a voluntary or mandatory payment made by a member of a
6 sponsor or an intermediate unit when, at the time of making the payment, the donor knows or has
7 reason to know that the payment, or funds with which the payment will be commingled, will be
8 used to make contributions by a sponsored committee ~~within the meaning of 2 Cal. Code of~~
9 ~~Regs. section 18215(b)(1).~~

10 (b) In the case of a sponsored committee:

11 (1) The committee shall include the name of its sponsor in the name of the committee. If
12 the sponsored committee has more than one sponsor and the sponsors are members of an
13 industry or other identifiable group, the name of the committee shall include a term identifying
14 that industry or group.

15 (2) The committee shall indicate on its statement of organization each sponsor's industry.

16 (3) The sponsor shall file as a committee if it meets the thresholds set forth in
17 ~~Government Code section~~Section 82013 except as provided in subdivisions (c) through (f).

18 (c) A sponsor is not a committee within the meaning of ~~Government Code section~~Section
19 82013 if all of the following criteria are satisfied:

20 (1) The sponsor does not directly or indirectly make or receive a sufficient amount of
21 contributions or independent expenditures, other than those in support of its sponsored
22 committee, to satisfy the thresholds set forth in ~~Government Code section~~Section 82013. A
23 sponsoring organization makes contributions and expenditures in support of its sponsored

1 committee when it provides the committee with member contributions or money from its
2 treasury, with the exception of establishment or administrative costs (see Regulation 2-Cal. Code
3 Regs. section 18215(c)(16));

4 (2) The sponsored committee reports all contributions and expenditures made in support
5 of the committee by the sponsor, its intermediate units, and the members of such entities. With
6 respect to a member contribution which is channeled through the sponsor or an intermediate unit,
7 the member is the contributor;

8 (3) The sponsored committee reports as an intermediary the sponsor and, if required by
9 ~~paragraph subdivision~~ (f) of this regulation, any intermediate unit, as an intermediary, if the
10 sponsor or intermediate unit directly or indirectly provides the committee with \$100 or more in
11 member contributions regardless of whether any member for whom the sponsor or intermediate
12 unit acts contributed \$100 or more; and

13 (4) A responsible officer of the sponsor, as well as the treasurer of the sponsored
14 committee, verifies the committee's campaign statement pursuant to ~~Government Code section~~
15 Section 81004.

16 (d) A sponsor which is a committee pursuant to ~~Government Code section~~Section 82013
17 by virtue of making or receiving contributions or independent expenditures other than those in
18 support of its sponsored committee:

19 (1) Need not report on its campaign statement member contributions to the sponsored
20 committee if the committee discloses such contributions in compliance with the standards set
21 forth in ~~paragraphs subdivisions~~ (c)(2), (c)(3), and (c)(4) of this regulation;

22 (2) Must report contributions or payments for establishment or administrative costs it
23 makes to the sponsored committee in the form of money from its treasury; and

1 (3) Must make a prominent reference on its campaign statement stating the name of its
2 sponsored committee, including the committee's identification number issued by the Secretary of
3 State's office.

4 (e) An intermediate unit is not a committee pursuant to ~~Government Code section~~Section
5 82013 by virtue of making contributions and expenditures in support of its sponsor's sponsored
6 committee or by virtue of acting as an intermediary pursuant to ~~paragraph subdivision~~ (c)(3) of
7 this regulation. An intermediate unit which is a committee by virtue of making or receiving other
8 contributions or independent expenditures need not disclose member contributions if the
9 sponsored committee follows the procedures set forth in ~~paragraph subdivision~~ (c)(3) of this
10 regulation for reporting the member contributions.

11 (f) An intermediate unit is reportable as an intermediary on the sponsored committee's
12 campaign statement pursuant to ~~paragraph subdivision~~ (c)(3) of this regulation only if the name
13 of the intermediate unit is substantially different from the name of the sponsor.

14 Note: Authority cited: Section 83112, Government Code. Reference: Sections 82048.7 and
15 84102, Government Code.