



California Fair Political Practices Commission

March 6, 1990

John B. Jackson
1985 Bonifacio St.
Concord, CA 94520

RE: Your Request for Informal
Assistance
Our File No. I-90-127

Dear Mr. Jackson:

You have requested informal assistance concerning tax issues and the lobbying provisions of the Political Reform Act (the "Act").¹ Your letter does not indicate that you are seeking advice on behalf of a person who has duties under the Act. Accordingly, we consider your request to be one for informal assistance pursuant to Regulation 18329(c) (copy enclosed).

QUESTIONS

1. Is it legal to establish a "tax-exempt" entity for business purposes?
2. Is it legal to deduct a contribution to such an entity for income tax purposes?
3. Is an entity established to influence legislation at the local level a lobbying organization under the Act with reporting requirements?

CONCLUSIONS

1 and 2. The Fair Political Practices Commission has no jurisdiction to answer questions relating to an organization's tax status, what prohibitions exist on a tax-exempt organization's activities, nor whether deductions are available to those who make contributions to such organizations. Please contact the Internal Revenue Service and the Franchise Tax Board for tax information.

3. The Act imposes registration and reporting obligations only on those groups and individuals attempting to influence

¹ Government Code Sections 81000-91015. All statutory references are to the Government Code unless otherwise indicated. Commission regulations appear at 2 California Code of Regulations Section 18000, et seq. All references to regulations are to Title 2, Division 6 of the California Code of Regulations.

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legislative or administrative action at the state level. Entities which are attempting to influence legislation at the local level are not subject to the Act's registration and reporting requirements.

ANALYSIS

For information concerning an organization's tax status, you must contact the Internal Revenue Service in Washington, D.C. at (800) 424-1040 and the Franchise Tax Board at (800) 852-7050. The Commission has no authority to answer questions concerning the activities of tax-exempt organizations or tax deductions.

Sections 86113, 86114, 86115, and 86116 require lobbyists, lobbying firms, their employers, and others to file periodic reports concerning activities related to their attempts at influencing legislative or administrative action. Legislative action is defined by Section 82037, in part, as:

...the drafting, introduction, consideration, modification, enactment or defeat of any bill, resolution, amendment, report, nomination or other matter by the Legislature or by either house...

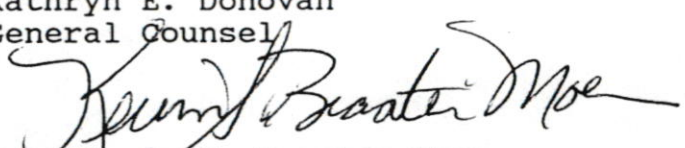
The definition does not include local governmental bodies.

Administrative action is defined by Section 82002 and includes the actions of "any state agency." Again, local agencies are not included.

If you have additional questions, please contact me at (916) 322-5662.

Sincerely,

Kathryn E. Donovan
General Counsel


By: Kevin S. Braaten-Moen
Political Reform Consultant

Enclosure