

California's Campaign Finance Rules & Nonprofit Advocacy

Nonprofit organizations that engage in public policy advocacy in California may have reporting obligations under the California Political Reform Act (CPRA) and its implementing regulations. This Fact Sheet briefly introduces the CPRA and its impact on nonprofit advocacy in California, particularly with respect to ballot measure activity and lobbying of state officials.

Sources of Law:

The **California Political Reform Act** (CPRA) was adopted by voter initiative in 1976 and has been amended many times since. The CPRA imposes reporting requirements on “committees” and “lobbyists,” and provides definitions of these and related terms.

The CPRA also created an agency, the **Fair Political Practices Commission** (FPPC), which is charged with implementing and enforcing the CPRA. The FPPC adopts regulations, investigates and prosecutes violations, issues advisory opinions and educates the public about the CPRA’s reporting requirements.

As a result of enforcement activities of the FPPC and the California Department of Justice, the California courts have decided some cases that provide additional guidance about the boundaries of the CPRA.

Goals of the CPRA:

The CPRA’s primary purpose is to inform the public about political expenditures. **The CPRA does not seek to limit nonprofit participation in public policy, and does not restrict the lobbying activities of nonprofits.** However, nonprofits that work on ballot measures or lobby state officials in California may be subject to the CPRA’s reporting requirements.

Ballot Measures and the CPRA:

The CPRA requires each “ballot measure committee” to report contributions it receives and/or expenditures it makes, depending on the type of committee. The term “committee” is defined broadly to encompass any person, group, organization or other entity that raises money for or spends money on activities covered by the CPRA. In the context of ballot measures, there are three types of “committee”:

- A **recipient committee** is any committee that **receives payments of \$1,000** or more in a calendar year for the purpose of influencing or attempting to influence the qualification or passage of a ballot measure;
- A **major donor committee** is any committee that **contributes \$10,000** or more in a calendar year to or at the behest of a recipient committee, but that does not receive payments for the purpose of influencing or attempting to influence the qualification or passage of a ballot measure;
- An **independent expenditure committee** is any committee that **spends \$1,000** or more in a calendar year on communications, **not** made to or at the behest of a recipient committee, that “expressly advocate” for or against a “clearly identified” ballot measure.

The CPRA establishes reporting requirements for each type of committee. The FPPC enforces compliance, primarily by imposing fines for failure to file accurate reports on time.

Lobbying and the CPRA:

The CPRA also establishes reporting requirements for individuals and organizations that engage in **direct communication** with **qualifying state officials** in order to **influence legislative or administrative action**.

Note: The CPRA’s definition of “lobbying” differs significantly from the definition that applies to nonprofit activity under federal tax law.

Registration vs. Disclosure:

Under the CPRA, a person or firm that engages in a **threshold amount** of covered activity must **register** with the Secretary of State. Every registered person or firm must then **disclose** details about lobbying expenditures.

Registrant	Definition	Registration Threshold	Disclosure Requirements
In-house Lobbyist	Lobbies on behalf of employer only	> 1/3 of paid time in a calendar month spent lobbying	All lobbying expenses
Contract Lobbyist	Lobbies on behalf of someone other than employer	receives compensation of > \$2,000 in a calendar month	All lobbying expenses; all lobbying clients
Lobbyist Employer	1. Has an in-house lobbyist or 2. Hires a contract lobbyist	1. > 1/3 of paid time in a calendar month spent lobbying or 2. No threshold	All lobbying expenses; all engaged lobbyists
Lobbying Firm	Business entity that receives compensation for lobbying on behalf of another person or entity	No threshold	All lobbying expenses; all lobbyists; all lobbying clients
Lobbying Coalition	Group of 10 or more people or organizations who make payments to share lobbying expenses	No threshold	All lobbying expenses; all coalition members

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