

**SUMMARY ANALYSIS OF AMENDED BILL**

Author: Low Analyst: Diane Deatherage Bill Number: AB 2318  
Related Bills: See Prior Telephone: 845-4783 Amended Date August 15, 2016  
Analysis Attorney: Bruce Langston Sponsor: \_\_\_\_\_

**SUBJECT:** Modify Definitions and Transfer Responsibility Relating to Certain Contributions or Expenditures of Nonprofits Receiving Public Resources from the FTB to the FPPC

**SUMMARY**

This bill would, under the Government Code, modify reporting requirements and related enforcement activity relating to nonprofits receiving public resources.

This bill would modify various provisions of the Government Code. This analysis only addresses the provisions of this bill that impact the department's programs and operations.

**RECOMMENDATION**

No position.

**SUMMARY OF AMENDMENTS**

The August 15, 2016, amendments modified the bill's provisions relating to reporting requirements and related enforcement activity for nonprofit organizations, and made several technical nonsubstantive changes.

Except for the "This Bill" and "Support/Opposition" sections, the remainder of the department's analysis of the bill as introduced on February 18, 2016, still applies. The "Fiscal Impact" and "Economic Impact" sections have been restated below for convenience.

**THIS BILL**

This bill would shift from the Franchise Tax Board (FTB) to the Fair Political Practices Commission (FPPC) the following responsibilities relating to certain contributions and expenditures of nonprofit organizations that receive public resources:

- Each publicly funded nonprofit organization that makes certain contributions or expenditures, either directly or through the control of another entity, would be required to provide to the FPPC information it is required to disclose.
- The FPPC may require an audit of any publicly funded nonprofit organization that is required to provide records to the FPPC.
- The FPPC would require an audit of any publicly funded nonprofit organization that makes contributions or expenditures in excess of \$500,000 in a calendar year. The publicly funded nonprofit organization would provide records to the FPPC that substantiate the information required to be disclosed as specified.

- If the FPPC determines at the conclusion of an audit that a publicly funded nonprofit organization has violated the requirements as specified, the FPPC, the Attorney General, or the district attorney for the county in which the publicly funded nonprofit organization is domiciled may impose a civil fine upon the publicly funded nonprofit organization in an amount up to \$10,000 for each violation.

The bill would repeal existing law that authorizes, and in some instances requires, the FTB to audit a reporting nonprofit organization for compliance with campaign activity reporting requirements.

### **FISCAL IMPACT**

To date, the FTB has received reporting from two nonprofit organizations that did not meet the \$500,000 audit threshold; therefore, no audit costs have been incurred. Because the department did not receive funding to administer this workload, this bill would not significantly impact department costs.

### **ECONOMIC IMPACT**

This bill would not impact the state's income tax revenue.

### **SUPPORT/OPPOSITION<sup>1</sup>**

Support: California Professional Firefighters (Sponsor), California Labor Federation, California School Employees Association, and California State Council of the Service Employees International Union

Opposition: None provided.

### **LEGISLATIVE STAFF CONTACT**

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<sup>1</sup> Senate Floor Analysis, dated August 16, 2016.