



New Non-profit Donor Disclosure Takes Effect July 1, 2014 for California Elections

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On May 14, 2014, Governor Jerry Brown signed Senate Bill 27 (S.B. 27), increasing the disclosure requirements that non-profit "multipurpose" organizations are subject to when engaging in California elections. This legislative attempt to uncloak the "dark money" that has been entering elections in the wake of the 2010 U.S. Supreme Court ruling in *Citizens United* provides detailed rules for the disclosure of donors to non-profits that make contributions or expenditures to influence California elections.

S.B. 27 requires a multipurpose organization to disclose its donors if it spends more than \$50,000 on California candidates and ballot measures in a twelve month period, or more than \$100,000 in a period of four consecutive calendar years. Multipurpose organizations include organizations described in Internal Revenue Code Sections 501(c)(3) to 501(c)(10), including trade associations, social welfare organizations, charitable non-profits, and educational institutions, as well as federal and out of state political organizations. Business entities, individuals, and federal candidates' authorized committees are not multipurpose organizations under S.B. 27. Donors of \$100 or more must be disclosed, and the total amount disclosed must equal the amount spent by the non-profit on contributions and expenditures in California. A non-profit's reporting and disclosure requirements automatically terminate each year.

S.B. 27 modifies the "First Bite of the Apple" rule, which allowed non-profits to make a one-time contribution or expenditure of any amount in a four year period without having to disclose donors, so long as no donors had earmarked their donations for political purposes. Under the new law, a non-profit will be able to make contributions or expenditures of \$50,000 or less in a twelve month period without requiring disclosure.

S.B. 27 goes into effect on July 1, 2014, and will be in effect for the November 4, 2014 general election. However, S.B. 27 specifically provides that no donors who gave before July 1, 2014 must be disclosed.

Nossaman is available to assist non-profit organizations, federal PACs, and out-of-state PACs participating in California elections fulfill all associated reporting and disclosure requirements.