



April 12, 2016

Honorable
Shirley Weber
Elections and Redistricting Committee
Capitol Office
P.O. Box 942849, Room 3123 Sacramento, CA 94249-0079

Re: **Opposition to AB 1828 (Dodd) Kopp Act Amendments: Negative Impact on Nonprofit Organizations and Their Donors.**

Dear Mrs. Weber;

As proposed, AB 1828 (Dodd) presumes that a donation or behested payment of even \$1 to any nonprofit organization (including in-kind goods and services) – or a payment by the nonprofit of a portion of the cost for an event that has a governmental, charitable, or legislative purpose, in which the Members of the Board of Equalization, including the State Controller (“Members”) are partnering, hosting, co-hosting, or sponsoring with that nonprofit – influences the vote of the Members in decisions on tax matters brought to the Board by a donor to the nonprofit.

In essence, the measure’s presumption is that behested payments of any amount influence the vote of Members of the Board, but not those of the Governor, Legislators, Judges, and Commissioners, neither of which is true. The proponents of this bill admit that there is no evidence of any wrongdoing or illegal activity by any BOE Member, nor any evidence that a charitable donation to a nonprofit influenced a Member’s decision on an adjudicatory matter. Nevertheless, this measure would have the effect of prohibiting the Board, its Members, and the State Controller from publicizing, partnering, hosting, or co-hosting any events with nonprofit organizations – including schools, community-based organizations, civil rights groups, business associations, health organizations, unions – which have a charitable, governmental, or legislative purpose.

This bill contains provisions that would restrict the fundraising capacity of all nonprofits in the State in the following ways:

- Changes the definition of the term “contribution” to now include “behested payments,” which actually have no relationship to campaign matters and are not contributions. Rather, behested payments allow a Board Member to request



State of California who would contribute or donate to nonprofit organizations when the BOE, its Members including the State Controller are involved; and

- Because the measure redefines behested payments by a Board Member as “contributions” – thereby requiring the reporting and tracing of all donors and

sponsors of an event in which a Member is involved, resulting in a “reporting nightmare” for all nonprofits, their donors and sponsors, and for the BOE and its Members.

The resulting “reporting nightmare” this measure would create for all nonprofits, their donors and sponsors, and BOE Members is a serious and costly problem. As mentioned, a donation of \$1 to a nonprofit organization (in support of a charitable, governmental, or legislative event involving a Board Member), from any employee of a company or taxpayer which is an “agent, party, or participant” with a case that might come to the Board one year before or one year after the donation, must be reported to the Board.

Failure to do so could be considered an illegal act; and failure of the Board Member to disqualify himself would be an illegal act. Further, if a Board Member is required to return a behested payment or “contribution” in order to avoid being disqualified from voting on a matter, the nonprofit will be forced to return the money to the donor who helped to pay for the expenses of a charitable, governmental, or legislative event, or sponsored the event – even if it was in the form of in-kind goods and services.

From a practical standpoint, this places an enormous administrative, as well as economic, burden on the nonprofit – both in terms of reporting and in terms of discouraging donors. It would also be a great financial and accounting challenge for nonprofits to actually return the money to contributors when a Board Member is required to do so in order to vote.

Highly egregious is the fact that the bill’s language adds additional reporting obligations onto private entities and individuals who seek to make behested payments to support worthy philanthropic causes, even after their receipt of a decision on an adjudicatory matter they have had before the Board. It “post-regulates” a taxpayer’s donations (when made at the behest of a Member), long after their matter has been adjudicated by the Board. This imposes a tremendous and unfair burden on all taxpayers, both individuals and businesses; and, as indicated above – even employees of businesses. These added reporting responsibilities will discourage donors who had or will have any business before the Board from contributing to nonprofits, regardless of their need, thereby further impacting the nonprofits financially at their bottom line.



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Member would be disqualified from voting on a matter, leaving less than the full five-Member Board to make the decision. The cumulative results over time could be devastating to the general funds relied upon by nonprofits.

In summary, the Legislature in the past has wisely recognized the greater good of allowing elected officials, including Board Members, Judges, Legislators, Commissioners, and the Governor – who are subjected to strict disclosure, accountability, contribution limits, and reporting requirements – to help address the poverty and ills of our communities by serving on nonprofits and partnering with them in events presented in the performance of our humanitarian service to the public, provided that their activities are fully disclosed and transparent. The current law accomplishes these objectives.

To consider a new law that segregates the Board of Equalization, its Members, and the State Controller – and imposes requirements that are tantamount to a practical prohibition of the same rights and privileges enjoyed by the Legislature, Governor, Judges, and Commissioners, based on unsubstantiated allegations – is discriminatory, hypocritical, and will impose an administrative and financial hardship on the nonprofits and ultimately the communities we jointly represent. It is for these reasons that I respectfully request that you oppose this legislation.

Thank you for your consideration of this matter.

Sincerely,

Ruth Garcia-Corrales
President

Napw – National Association of Professional Women
Los Angeles Chapter