

Informing your employees and stockholders about the impact of proposed state legislation, regulations and ballot measures is within your rights as a business owner.

Just remember to do it the right way.

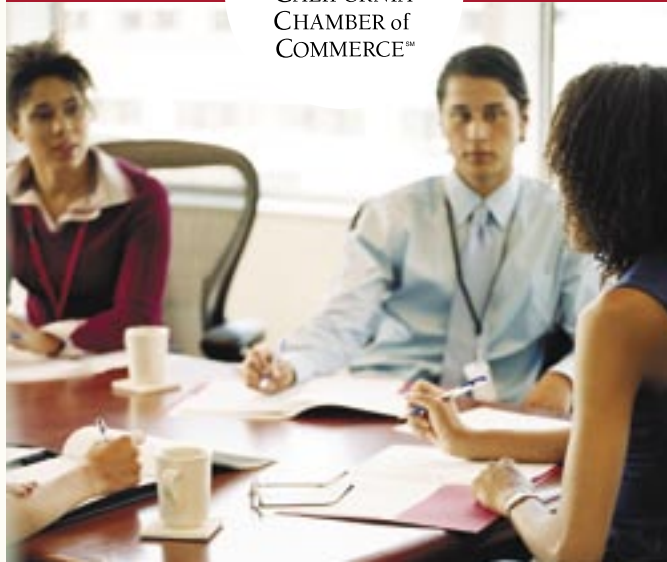


**CALIFORNIA
CHAMBER of
COMMERCESM**

1215 K Street, Suite 1400
Sacramento, California 95814
(916) 444-6670
www.calchamber.com

Guidelines for Political Communications to Employees

Telling Employees How State Legislation, Regulations and Ballot Measures Affect Them and Your Company



The dilemma: You know that pending state legislation, a proposed regulation or a ballot measure will have a huge impact on your business, either directly because it affects your company/industry, or indirectly because of its impact on the jobs climate and economy. You'd like to let your employees know about your concerns — but can you?

The answer is yes — IF you keep in mind and follow some “dos and don’ts” outlined in state law or regulations. Following is a quick overview, including actions to avoid.

You CAN

- Communicate with your employees, stockholders and their families about the company’s support of or opposition to state legislation, regulations or ballot measures.
- Encourage your employees, stockholders and their families to support or oppose state legislation, regulations or ballot measures.
- Communicate your political messages to your own employees (and their families) through such means as:
 - ✓ internal mail systems (separate from payroll distribution);
 - ✓ e-mail systems;
 - ✓ regular mail;
 - ✓ bulletin boards;
 - ✓ phone bank messages; or
 - ✓ employee meetings.
- Inform employees, stockholders and their families about the effect of state legislation, regulations and ballot measures on the company, its employees and stockholders.

You CANNOT

- Control or direct the political activities of your employees “through or by means of threat of discharge or loss of employment.”
- Coerce your employees to support or oppose a ballot measure.
- Reward or punish employees for their political activities or beliefs (or threaten to do so).
- Put any political messages in or on employees’ payroll envelopes.
NO PAYCHECK STUFFERS.

When to Report What You Spend as Contributions or Lobbying

You NEED NOT REPORT

- What you spend for *internal communications* to your employees, stockholders and their families about your support of or opposition to *state ballot measures*.
- The cost for an employee who spends *less than 10 percent of his/her paid time per month* (the equivalent of one day every two weeks) on the company's political communications program, including communications relating to proposed state legislation, regulations and ballot measures.
- What you spend for communications about proposed state legislation/regulations, if you are not a California lobbyist employer, and you spend *less than \$5,000 in a calendar quarter* to communicate with your employees or stockholders about your company's support for or opposition to state legislation or regulation (legislative and regulatory advocacy or "lobbying") or to make other lobbying expenditures. (This does *not* include ballot measure expenditures.)

You MUST REPORT

- *Any* communications to *external audiences* about the company's positions on state ballot measures. These expenses must be reported as either an "in-kind" contribution or an independent expenditure.

External audiences are those outside of employees, stockholders and their families. For example:

- ✓ non-stockholder retirees
- ✓ outside vendors
- ✓ customers
- ✓ passersby

Examples of communications that speak to external audiences:

- ✓ window signs
- ✓ billboards

You MUST REPORT

- If the cumulative total of your political contributions (monetary and non-monetary combined) is *\$10,000 or more in a calendar year*.

The \$10,000 threshold is the combined total of your monetary/non-monetary contributions to:

- ✓ state ballot measures
- ✓ local ballot measures
- ✓ candidates
- ✓ political action committees (PACs)
- ✓ political parties

(The report is FPPC Form 461 for "Major Donors.")

Note: There is no campaign contribution limit for monetary and non-monetary contributions to ballot measure committees. The contribution is simply subject to reporting, as outlined above.

You MUST REPORT

- Expense of communications about proposed state legislation/regulations.
 - ✓ If you are a "state lobbyist employer" OR
 - ✓ You spend *\$5,000 or more in a calendar quarter* to communicate with your employees or stockholders about your company's support for or opposition to state legislation or regulation (legislative and regulatory advocacy or "lobbying") or to make other lobbying expenditures. (This does *not* include ballot measure expenditures.)

Note: Non-lobbyist employers that spend \$5,000 or more in a quarter must file a simple Form 645 for that quarter, available from the Fair Political Practices Commission (FPPC).

This covers expenses such as:

- ✓ the costs of a mailing (for example, printing and postage)
- ✓ a telephone bank
- ✓ the salaries of employees who spend 10 percent or more of their compensated time per month (that is, one full day every two weeks) working on the lobby components of your political communications program.