

About this Guide

This *Campaign Guide for Congressional Candidates and Committees* replaces the July 2002 edition. It summarizes the federal campaign finance laws applicable to candidate committees as of May 2004. It reflects changes to the Federal Election Campaign Act (FECA) resulting from the Bipartisan Campaign Reform Act of 2002. That legislation took effect on November 6, 2002.

Federal Election Commission

Washington, DC 20463

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INTRODUCTION

Using This Guide

This guide was written to help U.S. House and Senate candidates comply with the Federal Election Campaign Act and FEC regulations. It may be used by committees supporting Presidential candidates who are not seeking public funding. However special reporting rules apply to Presidential candidates, as explained in footnotes to the reporting chapters.

Citations

Authorities primarily cited in this Guide include the Federal Election Campaign Act, FEC regulations and FEC Advisory Opinions (AOs). All regulatory citations are to Title 11 of the Code of Federal Regulations (CFR), Parts 100–116, 300, 400 and 9001–9039 (2004). Statutory citations are to Titles 2 and 26 of the United States Code (U.S.C.). Copies of AOs may be obtained from the FEC's Public Disclosure Division (800/424-9530 or 202/694-1120), the FEC web site (www.fec.gov) or by calling the FEC's automated Faxline, (202/501-3413); in addition, each AO is summarized in the Commission's monthly newsletter, the *Record*. AOs are also reported in the *Federal Election Campaign Financing Guide*, published by Commerce Clearing House, Inc.

Italicized Words

Terms printed in *italics* in this Guide have specific definitions under the election law. Definitions of these terms can be found in Appendix H.

Getting More Help

Advisory Opinions

Any person or group requiring a clarification of the election law with regard to an activity that they plan to undertake may request an advisory

opinion from the FEC. Individuals and organizations involved in the activity specifically addressed in an AO (or in an activity that is materially indistinguishable) may rely on the opinion for legal guidance. Advisory opinion requests may be addressed to the Office of General Counsel at: Federal Election Commission
999 E Street, NW
Washington, DC 20463

Toll-Free Line

Many questions about federal campaign finance law do not require formal advisory opinions. Such questions may be addressed to trained FEC staff members by calling the FEC's 800 number, below. Persons in the Washington, DC, area may call locally. The numbers are:

- 800/424-9530
- 202/694-1100
- 202/219-3336 (for the hearing impaired)

Hearing-impaired persons may reverse the charges when calling long distance.

Questions may also be submitted by electronic mail to info@fec.gov.

Free Publications

In addition to this *Guide*, the FEC publishes a series of brochures and other publications on several aspects of campaign financing and election law. Subscriptions to the Commission's newsletter, the *Record*, are available free of charge. Write or call the FEC for a list of publications currently available, or visit the FEC web site.

Please note that candidates and committees have to comply with other laws outside the FEC's jurisdiction; see Appendix G.

Faxline

The FEC maintains a free automated fax-on-demand service, Faxline. Documents available on Faxline include selected parts of Title 2 of the U.S. Code, FEC regulations, Advisory Opinions (1990-present), forms and schedules, brochures and other documents regarding campaign finance. To receive documents from the Faxline, call 202/501-3413 and follow the voice prompts.

World Wide Web

Visit the FEC's home page on the World Wide Web at <http://www.fec.gov>. Information on the site includes campaign finance statistical data; committee reports for candidates, parties and PACs; FEC news releases; reporting dates; forms; the *Record* newsletter; brochures and *Campaign Guides*.

The FEC web site also offers the capability to search the Commission's campaign finance database online.

Compliance with Small Business Regulatory Enforcement Fairness Act of 1996

This Guide serves as the small entity compliance guide for Congressional candidates and committees, as required by section 212 of the Small Business Regulatory Enforcement Fairness Act of 1996, Pub. L. No. 104-121, Title II, Stat. 857 (1996).

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ONE The Committee

CHAPTER 1 Testing the Waters

Before deciding to campaign for federal office, an individual may first want to “test the waters”—that is, explore the feasibility of becoming a candidate. For example, the individual may want to travel around the state or district to see if there is sufficient support for his candidacy. An individual who merely tests the waters (but does not campaign for office) does not have to register or report as a candidate even if the individual raises or spends more than \$5,000—the dollar threshold that would normally trigger candidate registration (which is discussed in Chapter 2). Nevertheless, the individual must comply with the contribution limits and prohibitions. See Advisory Opinion (AO) 1998-18.

Once an individual begins to campaign or decides to become a candidate, funds that were raised or spent to test the waters apply to the \$5,000 threshold for qualifying as a candidate. 100.72(a) and 100.131(a). Once that threshold is exceeded, the individual must register with the FEC (candidates for the House of Representatives) or the Secretary of the Senate (candidates for the Senate), and begin to file reports, as discussed in Chapter 2.

1. Testing the Waters vs. Campaigning

Testing the Waters

An individual may conduct a variety of activities to test the waters. Examples of permissible testing-the-waters activities include polling, travel and telephone calls undertaken to determine whether the individual should become a candidate.

100.72(a) and 100.131(a).

Campaigning

Certain activities, however, indicate that the individual has decided to become a candidate and is no longer testing the waters. In that case, once the individual has raised or spent more than \$5,000, he or she must register as a candidate. Note that, when an individual decides to run for

office, funds that were raised and spent to test the waters apply to the \$5,000 threshold.

Campaigning (as opposed to testing the waters) is apparent, for example, when individuals:

- Make or authorize statements that refer to themselves as candidates (“Smith in 2006” or “Smith for Senate”);
- Use general public political advertising to publicize their intention to campaign;
- Raise more money than what is reasonably needed to test the waters or amass funds (seed money) to be used after candidacy is established;
- Conduct activities over a protracted period of time or shortly before the election; or
- Take action to qualify for the ballot.

100.72(b) and 100.131(b).

2. Contribution Limits and Prohibitions

Funds raised to test the waters are subject to the Act’s contribution limits. Moreover, the individual who is testing the waters may not accept funds from prohibited sources. 100.72(a) and 100.131(a).

Limits

Keep in mind that contribution limits apply to all the support given to an individual who is testing the waters, even donations from a family member or friend. (See the chart on contribution limits in Chapter 4.) The limits apply, for example, to:

- Gifts of money, goods and services;
- Loans (except bank loans);
- Certain staff advances until repaid. See page 75 for more information on staff advances;
- Endorsements and guarantees of bank loans; and
- Funds given or personally loaned to the individual to pay for his or her living expenses during the testing-the-waters period (AO 1978–40). 100.52(a).

See Chapter 4 for more information on contribution limits.

Prohibitions

In observing the law's prohibitions, the individual may not accept money from:

- Labor organizations (although funds from a labor separate segregated fund—also called a PAC—are permissible);
- Corporations, including nonprofit corporations (although funds from a corporate separate segregated fund—also called a PAC—are permissible);
- Foreign nationals; or
- Federal government contractors.

See Chapter 5 for more information on contribution prohibitions.

3. Recordkeeping and Accounting

Recordkeeping

An individual who tests the waters must be sure to keep financial records. If he or she later becomes a candidate, the money raised and spent to test the waters must be reported by the campaign as contributions and expenditures. 101.3. See Chapter 12 for more information on recordkeeping.

Separate Bank Account

Another consideration, though not a requirement, is the segregation of testing-the-waters funds from personal funds. It is advisable for the individual to set up a separate bank account for the deposit of receipts and the payment of expenses. If the individual later becomes a candidate, a campaign account must be established to keep the campaign funds separate from anyone's personal funds. 102.10, 102.15, 103.2 and 103.3(a).

4. Example

Mr. Jones is interested in running for a seat in the U.S. House of Representatives but is unsure whether he has enough support within his district to make a successful bid. He therefore accepts up to \$2,000 from each of several relatives and friends and uses the money to pay for an opinion poll. He sees that good records are kept on the money raised and spent in his testing-the-waters effort. The poll results indicate good name recognition in the community, and Jones decides to run.

By making this decision, Jones has crossed the line from testing the waters to campaigning. The funds he raised earlier now automatically become contributions and the funds he spent, including the polling costs, are now expenditures. These contributions and expenditures count toward the threshold that triggers candidate status. Once his contributions or expenditures exceed \$5,000, he becomes a candidate and must register under the Act. The money raised and spent for testing the waters must be disclosed on the first report his principal campaign committee files.

Had Jones decided not to run for federal office, there would have been no obligation to report the monies received and spent for testing-the-waters activity, and the donations made to help pay for the poll would not have counted as contributions.

5. Organizing a Testing-the-Waters Committee

An individual may organize a "committee" for testing the waters. An "exploratory committee" or "testing-the-waters committee" is not considered a political committee and does not have to register or file reports as long as its activities are limited to testing the waters and it does not engage in campaigning. The name of the committee, and statements by committee staff, must not refer to the individual as a candidate. For example, an exploratory committee could not be called "Sam Jones for Congress," which would indicate that Jones had already decided to run for federal office. Instead, the committee could be called "Sam Jones Congressional Exploratory Committee."

If the potential candidate decides to run for federal office and becomes a candidate under the Act, then he or she may designate the exploratory committee as the *principal campaign committee* and change the name of the committee as appropriate.

CHAPTER 2

Starting the Campaign

1. Individual Becomes a Candidate

An individual becomes a candidate for federal office—and thus triggers registration and reporting under the Act—when campaign activity exceeds \$5,000 in either contributions or expenditures. (Money raised and spent to test the waters does not count toward this dollar threshold until the individual decides to run for federal office or conducts activities that indicate he or she is actively campaigning rather than testing the waters. See Chapter 1, Testing the Waters.) The \$5,000 threshold is reached when:

- The individual and/or persons he or she has authorized to conduct campaign activity receive over \$5,000 in contributions or make over \$5,000 in expenditures; or
- The individual fails to disavow unauthorized campaign activity by writing a letter to the FEC within 30 days after being notified by the agency that another person or group has received contributions or made expenditures of more than \$5,000 on the individual's behalf. 100.3(a) and 102.13(a)(2).

2. Candidate and Committee Registration

The registration forms mentioned in this section (FEC Forms 1 and 2) are available from the FEC and on the Commission web site. Samples of completed forms appear throughout this chapter. Federal candidates

and their committees should also contact the government offices and agencies listed in Appendix G for additional reporting requirements that are not within the FEC's jurisdiction.

Candidate

Within 15 days after an individual becomes a candidate, he or she must designate a principal campaign committee. This designation is made by filing either a Statement of Candidacy (FEC Form 2) or a letter with the same information. (A candidate required to file electronically cannot designate a principal campaign committee with a written letter but must instead file Form 2. See below.) 101.1(a) and 102.12(a).

Under the "Millionaires' Amendment" (Appendix F), House and Senate candidates must declare on their Form 2 the amount by which they expect to exceed the applicable threshold amount of expenditures from personal funds, which might trigger increased contribution and coordinated party expenditure limits for their opponent. 400.20.

Candidate Registration (Form 2)

FEC FORM 2 STATEMENT OF CANDIDACY		
1. (a) Name of Candidate (in full) Jane Doe		2. Identification Number
(b) Address (number and street) 626 Pritham Ave.		<input type="checkbox"/> Check if address changed
(c) City, State, and ZIP Code Springfield VA 00000		3. Is This Statement <input checked="" type="checkbox"/> New (N) OR <input type="checkbox"/> Amended (A)
4. Party Affiliation IND	5. Office Sought US House	6. State & District of Candidate VA 12
DESIGNATION OF PRINCIPAL CAMPAIGN COMMITTEE		
7. I hereby designate the following named political committee as my Principal Campaign Committee for the 2004 election(s). (year of election)		
NOTE: This designation should be filed with the appropriate office listed in the instructions.		
(a) Name of Committee (in full) Doe for Congress		
(b) Address (number and street) 319 Main Street		
(c) City, State, and ZIP Code Springfield, VA 00000		
DESIGNATION OF OTHER AUTHORIZED COMMITTEES (Including Joint Fundraising Representatives)		
8. I hereby authorize the following named committee, which is NOT my principal campaign committee, to receive and expend funds on behalf of my candidacy. NOTE: This designation should be filed with the principal campaign committee.		
(a) Name of Committee (in full) Friends of Jane Doe		
(b) Address (number and street) 147 Felicity Circle		
(c) City, State, and ZIP Code Springfield VA 00000		
DECLARATION OF INTENT TO EXPEND PERSONAL FUNDS (House or Senate Only)		
9. I intend to expend personal funds exceeding the threshold amount (see 11 C.F.R. 400.9) by		
9A	<input type="text" value="0.00"/>	for the primary election, and
9B	<input type="text" value="0.00"/>	for the general election.
If you do not intend to expend personal funds exceeding the threshold amount for either election, you must enter "0.00" for each.		
I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.		
Signature of Candidate Jane Doe		Date 10/04/03

Senate candidates file their original Form 2 with the Secretary of the Senate, and fax or e-mail copies to the FEC and each opposing candidate. House candidates file their Form 2 with the FEC and fax or e-mail copies to each opposing candidate.

Candidates running in states that have not qualified for a waiver of the state filing requirement must file a copy of their Form 2 with the Secretary of State (or equivalent state officer). For more information, see page 61.

Principal Campaign Committee

Within 10 days after it has been designated by the candidate, the principal campaign committee must register by filing a Statement of Organization (FEC Form 1). 102.1 (a). The committee files the registration form with the Secretary of the Senate or the Federal Election Commission, as appropriate. A copy must also be filed with the Secretary of State (or equivalent state officer) in the state in which the candidate is running for office if the Commission has not waived the state's obligation to maintain copies of FEC statements and reports. For more information, see page 60. 2 U.S.C. §439(a).

Electronic Filing

Under FEC regulations, the Statement of Organization (FEC Form 1) and Statement of Candidacy (Form 2) must be filed electronically if the campaign raises or spends more than \$50,000 in any calendar year, or has reason to expect to do so. 104.18(a). For more information on electronic filing, see page 64.

Electronic filers must also include their e-mail address on their Statement of Organization. 102.2(a)(1)(vii).

Candidates Must Register for Each Election Cycle

Candidate

A candidate (including an incumbent) must file a new FEC Form 2 for each election cycle in which he is a candidate. For example, Mr. Jones, who was a candidate for the U.S. House of Representatives in 2004, wishes to run again in 2006. He must file a new FEC Form 2 within 15 days after crossing the \$5,000 registration threshold (see Section 1) for the 2006 election cycle.

Principal Campaign Committee

Using Form 2, the candidate may either redesignate his previous campaign committee (if it has not terminated) or designate a new principal campaign committee.

Committee Registration (Form 1)

FEC FORM 1	STATEMENT OF ORGANIZATION	<small>Office Use Only</small>
1. NAME OF COMMITTEE (in full) <input type="checkbox"/> (Check if name is changed) Example: If typing, type over the lines.		12FE4M5
Doe for Congress		
ADDRESS (number and street)		319 Main Street
<input type="checkbox"/> (Check if address is changed)		Springfield VA 00000
COMMITTEE'S E-MAIL ADDRESS		doeforcongress@doeforcongress.com
COMMITTEE'S WEB PAGE ADDRESS (URL)		www.gojane.com
COMMITTEE'S FAX NUMBER		222-222-2222
2. DATE		10 / 04 / 2003
3. FEC IDENTIFICATION NUMBER		C 00000001
4. IS THIS STATEMENT <input type="checkbox"/> NEW (N) OR <input type="checkbox"/> AMENDED (A)		
I certify that I have examined this Statement and to the best of my knowledge and belief it is true, correct and complete.		
Type or Print Name of Treasurer		Gottlob Frege
Signature of Treasurer		<i>Gottlob Frege</i> Date 10 / 04 / 2003
NOTE: Submission of false, erroneous, or incomplete information may subject the person signing this Statement to the penalties of 2 U.S.C. §437g. ANY CHANGE IN INFORMATION SHOULD BE REPORTED WITHIN 10 DAYS.		
<small>FESM042</small>	<small>Office Use Only</small>	For further information contact: Federal Election Commission Toll Free 800-424-9530 Local 202-694-1100
		FEC FORM 1 (Revised 02/2003)

Form 1 (Page 2)

FEC Form 1 (Revised 02/2003)	Page 2	
5. TYPE OF COMMITTEE (Check One)		
(a) <input checked="" type="checkbox"/> This committee is a principal campaign committee. (Complete the candidate information below.)		
(b) <input type="checkbox"/> This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)		
Name of Candidate: Jane Doe		
Candidate Party Affiliation: IND	Office Sought: <input checked="" type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President	
	State: VA District: 12	
(c) <input type="checkbox"/> This committee supports/opposes only one candidate, and is NOT an authorized committee.		
Name of Candidate:		
(d) <input type="checkbox"/> This committee is a _____ (National, State or subordinate) committee of the _____ (Democratic, Republican, etc.) Party.		
(e) <input type="checkbox"/> This committee is a separate segregated fund.		
(f) <input type="checkbox"/> This committee supports/opposes more than one Federal candidate, and is NOT a separate segregated fund or party committee.		
6. Name of Any Connected Organization or Affiliated Committee		
Mailing Address:		
CITY ▲ STATE ▲ ZIP CODE ▲		
Relationship:		
Type of Connected Organization:		
<input type="checkbox"/> Corporation	<input type="checkbox"/> Corporation w/o Capital Stock	<input type="checkbox"/> Labor Organization
<input type="checkbox"/> Membership Organization	<input type="checkbox"/> Trade Association	<input type="checkbox"/> Cooperative

If the candidate redesignates an existing committee, the committee need only amend its Statement of Organization (FEC Form 1) within 10 days to reflect any new information (e.g., a change in the committee's name or address). 102.2(a)(2). The redesignated committee will retain its original FEC identification number. Redesignated committees are reminded that, if outstanding debts remain from the previous election, the committee must continue to report the debts as well as the contributions that have been designated by contributors to retire them. 104.11, 110.1 (b)(3) and (4) and 110.2(b)(3) and (4).

If the candidate designates a new principal campaign committee, the committee must file a new Statement of Organization (FEC Form 1) within 10 days after being designated. 102.1 (a). The newly designated committee will receive a new FEC identification number.

Other Authorized Committees

In addition to the principal campaign committee, the candidate may designate other authorized committees to receive contributions or make expenditures on his or her behalf. The following steps must be taken:

Action by Candidate

The candidate designates the authorized committee by filing a statement (either FEC Form 2 or a letter) with the principal campaign committee. 101.1 (b) and 102.13 (a)(1).

Action by Authorized Committee

Within 10 days after being designated by the candidate, the authorized committee must file a registration statement (FEC Form 1) with the candidate's principal campaign committee. 102.1 (b) and 102.13 (a)(1).

Action by Principal Campaign Committee

The principal campaign committee, in turn, files the documents with the appropriate federal and state offices, as explained above.

3. Statement of Organization

When registering, a committee must disclose basic information, listed below, on the Statement of Organization (FEC Form 1). The registration statement also serves as the official designation of the treasurer and custodian of records, the only two committee officers required under the law. 102.2(a)(1).

Identification Number

The Federal Election Commission assigns each committee an identification number after the committee has filed a registration statement. (This number is used by the FEC for computer indexing and is not the taxpayer identification number required by the Internal Revenue Service. See Appendix G for information on contacting the IRS.)

Thereafter, the committee must enter the number on all statements and reports. 102.2(c).

Type of Committee

The committee must identify itself as either a principal campaign committee or other authorized committee.

Committee Name, Address and Contact Information

The name of a principal campaign committee and any other authorized committee must include the name of the candidate. 102.14(a). By contrast, an unauthorized committee (such as a PAC or party committee) may not use the name of a candidate in its official name. An unauthorized committee may, however, use the candidate's name in the title of a special fundraising project or other communication, but only if the title clearly and unambiguously shows opposition to the named candidate. 102.14(b)(3).

The address provided on this line is considered the committee's address of record. All Commission correspondence will be sent to this address.

Also, the committee must disclose its fax number or e-mail address and the URL for its web site, if applicable. Electronic filers are required to disclose their e-mail address on this line. 102.2(a)(1)(vii).

Candidate Authorization Information

The committee must also disclose the following information on the candidate who authorized it: name, party affiliation, office sought, and state and Congressional district (if applicable) in which the candidate seeks election. 102.2(a)(1)(v).

Affiliated Committees

A principal campaign committee lists the names and addresses of all other committees authorized

Form 1 (Page 3)

FEC Form 1 (Revised 02/2003) Page 3

Write or Type Committee Name
Doe for Congress

7. **Custodian of Records:** Identify by name, address (phone number -- optional) and position of the person in possession of committee books and records.

Full Name | Herman Lotze | _____

Mailing Address | 319 Main Street | _____

| Springfield | VA | 00000 | - | _____

Title or Position ▼ CITY ▲ STATE ▲ ZIP CODE ▲

| Bookkeeper | _____ Telephone number | 703 | - | 000 | - | 0000 |

8. **Treasurer:** List the name and address (phone number -- optional) of the treasurer of the committee; and the name and address of any designated agent (e.g., assistant treasurer).

Full Name of Treasurer | Gottlob Frege | _____

Mailing Address | 319 Main Street | _____

| Springfield | VA | 00000 | - | _____

Title or Position ▼ CITY ▲ STATE ▲ ZIP CODE ▲

| Treasurer | _____ Telephone number | 703 | - | 000 | - | 0000 |

Full Name of Designated Agent | Bob Helpsalot | _____

Mailing Address | 319 Main Street | _____

| Springfield | VA | 00000 | - | _____

Title or Position ▼ CITY ▲ STATE ▲ ZIP CODE ▲

| Assistant Treasurer | _____ Telephone number | 703 | - | 000 | - | 0000 |

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by the candidate as affiliated committees. Other authorized committees list only the principal campaign committee as an affiliated committee. 102.2(b)(1)(i).

Custodian of Records

The name and address of the individual who has actual possession of the committee's books and records must be listed on the registration statement. The treasurer or assistant treasurer (see below) may serve as the custodian of records. 102.2(a)(1)(iii).

Treasurer and Assistant Treasurer

The Statement of Organization requires the name and address of the treasurer. 102.2(a)(1)(iv). It is advisable to designate an assistant treasurer

as well. A committee must have a treasurer before it conducts any financial transactions. If, for some reason, the treasurer is unable to exercise his or her duties (for example, he or she is out of town or has resigned and no successor has been appointed), only someone officially designated as the assistant treasurer may assume the treasurer's duties. 102.7(a) and (b).

The treasurer or assistant treasurer is responsible for:

- Filing complete and accurate reports and statements on time, including the committee's registration form. 102.2(a) and 104.14(d).
- Signing all reports and statements. 102.2(a) and 104.14(a).
- Depositing receipts in the campaign depository (see below) within 10 days. 103.3(a).
- Authorizing expenditures or appointing an agent (either orally or in writing) to authorize expenditures. 102.7(c).
- Monitoring contributions to ensure compliance with the law's limits and prohibitions. 103.3(b).
- Keeping the required records of committee receipts and disbursements for three years. 102.9(c) and 104.14(b).

Campaign Depository

A committee must list the name and address (but not the account number) of the campaign depositories it maintains for depositing receipts and making disbursements. (One depository is required, although others may be designated as well.) All committee disbursements must be made by check or similar drafts drawn on a designated campaign depository. (Cash disbursements of \$100 or less per transaction may be made from a petty cash fund. 102.11.) The following institutions may be designated: state banks, national banks and depositories insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration. 103.1, 103.2 and 103.3(a).

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9. **Banks or Other Depositories:** List all banks or other depositories in which the committee deposits funds, holds accounts, rents safety deposit boxes or maintains funds.

Name of Bank, Depository, etc.

First National Bank

Mailing Address 967 Center Street

Alexandria VA 20000

CITY ▲ STATE ▲ ZIP CODE ▲

Name of Bank, Depository, etc.

Mailing Address

CITY ▲ STATE ▲ ZIP CODE ▲

New Treasurer and Other Changes

A committee must report any change or correction of information contained in its registration statement within 10 days after the change. A committee may have to file an amendment, for example, to report a new treasurer, a new assistant treasurer, a change of address or a new campaign depository. The committee must indicate on FEC Form 1 (or in a letter, if the committee does not file electronically) that the statement is an amendment to its registration. For paper filers, the form (or letter) should include only the committee's name, address, identification number and the change or correction (such as a change of treasurer, address or depository). The amendment must be signed by the treasurer or assistant treasurer. 102.2(a)(1). When filing electronically, the entire form must be filed again.

CHAPTER 3

Understanding Contributions

1. What Is a Contribution

A contribution is anything of value given, loaned or advanced to influence a federal election. It is important to understand which receipts are considered contributions because:

- Contributions count toward the threshold that determines whether an individual has qualified as a candidate under the Federal Election Campaign Act. 100.3(a).
- Contributions are subject to the Act's prohibitions against contributions from certain sources.
- Contributions are subject to the Act's limits on the amount of contributions.

Like all receipts, contributions are also subject to the Act's recordkeeping and reporting requirements. The section below describes different types of contributions. (Contribution limits and prohibitions are discussed in the chapters that follow.)

A contribution is anything of value given, loaned or advanced to influence a federal election.

2. Types of Contributions

Gifts of Money

A contribution of money may be made by check, cash (currency), credit card or other written instrument. 100.52(c). See also AOs 1999-22, 1995-9 (contributions made over the internet), 1991-1, 1990-4 and 1978-68.

Earmarked Contributions and Bundling

An earmarked contribution is one which the contributor directs (either orally or in writing) to a candidate through an intermediary or conduit. 110.6(b). Special rules govern this type of transaction; see Appendix A.

When an intermediary or conduit collects and transmits contributions to the campaign (sometimes referred to as "bundling"), the special rules in Appendix A apply.

In-Kind Contributions

Definition

The donation of goods offered free or at less than the usual charge is called an in-kind contribution. Similarly, when a person pays for services on the committee's behalf, the payment is considered an in-kind contribution. 100.52(d)(1) and 100.111(e)(1). An expenditure made by any person in cooperation, consultation or concert with, or at the request or suggestion of, a candidate's campaign is also considered an in-kind contribution to the candidate. 2 U.S.C. §441 a(a)(7)(B)(i).

Limits

The value of an in-kind contribution—the usual and normal charge—counts against the same contribution limit as a gift of money. Additionally, like any other contribution, in-kind contributions count against the donor's limit for the next election, unless they are otherwise designated (see page 19 for more information on designating contributions). 100.52(d)(1) and 100.54.

Value

- Goods (such as facilities, equipment, supplies or mailing lists) are valued at the price the item or facility would cost if purchased or rented at the time the contribution is made. For example, if someone donates a personal computer to the campaign, the contribution equals the ordinary market price of the computer at the time of the contribution.
- Services (such as advertising, printing or consultant services) are valued at the prevailing commercial rate at the time the services are rendered.

Notifying Recipient

The donor needs to notify the recipient candidate committee of the value of an in-kind contribution. The recipient needs this information in order to monitor the donor's aggregate contributions and to report the correct amount.

In-Kind Contributions Designated for More Than One Election in the Same Cycle

In Advisory Opinion 1996-29, the Commission determined that the value of an in-kind contri-

bution of used computer equipment, received before the primary and designated in writing by the donors for all elections in the cycle, could, in fact, be allocated among all elections in the same election cycle. The contribution was distinguishable from the type of in-kind contribution that is used for one particular election (such as printing or mailing costs related to a general election fundraiser). If the candidate had lost the primary election, the committee would have had to refund the amount designated for the general election (in this case, the candidate was active in each election within the election cycle). The total value of the contribution could not exceed the contributor's combined limit for all the elections in the cycle. The Commission did not address the issue of allocating an in-kind contribution over more than one election cycle.

Exceptions

Under limited exemptions in the law, persons may provide certain goods and services to a committee without making contributions. For example, when services are volunteered—not paid for by anyone—the activity is not considered a contribution. 100.74. See page 32.

Loans

A loan, including a loan to the campaign from a member of the candidate's family, is considered a contribution to the extent of the outstanding balance of the loan. (Bank loans, however, are not considered contributions if made in the ordinary course of business. 100.82(a) through (e). See page 30.) An unpaid loan, when added to other contributions from the same donor, may not exceed the contribution limit. Repayments made on the loan reduce the amount of the contribution. Once repaid in full, a loan no longer counts against the donor's contribution limit. However, a loan exceeding the limit is unlawful even if it is repaid in full. Besides being reported as a contribution, a loan must be continuously reported as a debt until fully repaid. (See Chapter 14, Section 15, on page 81 for more information on reporting loans.) 100.52(b) and 104.3(d).

Endorsements and Guarantees of Loans

An endorsement or guarantee of a loan, including a loan derived from a candidate's brokerage account or other line of credit, counts as a

contribution to the extent of the outstanding balance of the loan. Repayments made on the loan reduce the amount of the contribution. Once the loan is repaid in full, the endorsement or guarantee no longer counts against the endorser's or guarantor's contribution limit. If a written loan agreement does not stipulate the portion for which each endorser or guarantor is liable, then individual contributions are calculated by dividing the amount of the loan by the number of persons who have endorsed or guaranteed it. 100.52(b)(3).

Candidate's Use of Jointly Held Collateral

A limited exception to this rule is provided when a candidate is using property jointly held with the candidate's spouse to guarantee a bank loan to the campaign and the bank requires the spouse's signature. Note that this exception applies only if the value of the candidate's share of the property exceeds or equals the amount of the loan. This exception also applies when the candidate's spouse is the endorser, guarantor or co-signer of a loan derived from a candidate's brokerage account, credit card account or other line of credit. For unsecured loans, the spouse would not be considered a contributor if the candidate uses, in connection with the campaign, only one-half of the available credit. 100.83. For more information, see "Assets Jointly Held with Spouse" on page 25.

Proceeds from Sales

The entire amount paid to attend a political fundraiser or to purchase a fundraising item is a contribution. 100.53. For example, if a contributor pays \$100 to buy a ticket to a fundraising dinner, the entire \$100 is considered a contribution to the committee, even though the meal may have cost the committee \$30. Similarly, if a contributor spends \$20 to buy a campaign T-shirt that cost the campaign \$5, the contributor has made a \$20 contribution. See also "Sale of Campaign Assets," page 93.

Extensions of Credit

An extension of credit outside of a creditor's ordinary course of business is considered a contribution. 100.55. If the creditor is incorporated, an extension of credit beyond the ordinary course of business would result in a prohibited contribu-

tion. For more information on when an extension of credit is considered a contribution, see the “Debt Settlement Rules” on page 94.

Contributions from the Candidate

Unlike the other types of contributions listed here, contributions made from the candidate’s personal funds to his or her campaign are not subject to any limits, though they must still be reported. 110.10(a); Advisory Opinions (AOs) 1991-9, 1990-9 and 1985-33. For further information, see page 25.

Advances by Staff

General Rule

When an individual uses personal funds (or personal credit) to pay for a campaign expense, that payment is generally an in-kind contribution from that individual. 100.52(a). For example, an in-kind contribution results if a campaign staff member pays for postage, office supplies or campaign materials with personal funds. This rule also applies to payments made by volunteers and by the candidate. Travel expenses later reimbursed by the committee are treated differently. 116.5. See page 75.

Special reporting rules apply when individuals pay for campaign expenses and later receive reimbursement from the committee. See Chapter 14, Section 11, “Reporting Reimbursed Advances by Staff.”

Travel Exception

When a campaign staff member, volunteer or the candidate uses personal funds to pay for that individual’s own travel expenses (transportation, meals and lodging), the payments are not considered contributions if they fall under one of two exceptions:

- **Exempt Unreimbursed Travel:** Any individual may spend up to \$1,000 per candidate, per election, on transportation expenses without making a contribution, and volunteers may spend unlimited amounts on meals and lodging in connection with volunteer activity. 100.79.

- **Reimbursed Travel:** Any other payments by individuals for travel expenses are not considered contributions if the committee reimburses them within specified time limits. 116.5(b). AO 2003-31. See page 33 for more information on travel expenses.

CHAPTER 4

Contribution Limits

Under the Federal Election Campaign Act (the Act) contributions are subject to limits. The chart on the next page summarizes the Act's contribution limits.

This chapter examines the rules concerning the limits placed on contributions to a candidate's campaign. The limits apply to all types of contributions (except contributions made from a candidate's personal funds, as explained above).

It is important to note that a campaign is prohibited from retaining contributions that exceed the limits. 110.9. In the event that a campaign receives excessive contributions, it must follow special procedures for handling such funds (within 60 days); see "Remedying an Excessive Contribution" on page 21.

1. Overview of Limits

This section outlines the limits the Act places on contributions to a candidate's campaign. The term campaign is used in this Guide to mean a candidate for a specified federal office, his or her authorized agents, the principal campaign committee and any other authorized committees. 2 U.S.C. §441 a(a)(7).

\$2,000 Per Election

Under the Act, individuals and groups (that are not prohibited from making contributions, such as partnerships, sole proprietorships, certain LLC's and Indian tribes) may contribute a maximum of \$2,000 per election (indexed for inflation beginning in 2005) to a candidate's campaign. Note that this limit applies to contributions from the members of a candidate's family (e.g., spouse, parent). The limit also applies to contributions from political committees that have not qualified as multicandidate committees (see below). 110.1 (a) and (b)(1).

\$5,000 Per Election Multicandidate Committees

Political committees that have qualified as multicandidate committees have a higher limit: \$5,000 per election. 110.2(a) and (b)(1). To qualify as a multicandidate committee, a political committee must have:

- Been registered for at least six months;
- Received contributions from more than 50 contributors; and
- Made contributions to at least five candidates for federal office. 100.5(e)(3). Note, however, that state party committees are not required to meet this third requirement.

When making a contribution to a candidate's campaign, a multicandidate PAC or party committee must notify the campaign in writing that it has qualified for multicandidate committee status. 110.2(a)(2). (The notice may be pre-printed on the committee's checks, letterhead or other appropriate materials.) When the contributing committee fails to provide such a notification, the candidate committee's treasurer should verify whether that committee has qualified in order to avoid accepting an excessive contribution. 103.3 (b). Multicandidate status can be verified by consulting the FEC's Public Records Office or the FEC web site (www.fec.gov). Committees that have satisfied the criteria for multicandidate status will be identified as "qualified."

\$35,000 National Party Committee Limit for Senate Candidates

With respect to their contributions to Senate candidates, the national committees of the Republican and Democratic parties each share a \$35,000 limit with their party's national Senatorial campaign committee. Unlike other candidate contribution limits, this one applies to the total contributions made to a Senate candidate by those party committees for the entire campaign period (the primary and general elections). 110.2(e).

\$100 Limit on Cash Contributions

A campaign may not accept more than \$100 in cash from a particular source during the entire campaign period. 110.4(c).

Contribution Limits

Donors	Recipients				Special Limits
	Candidate Committee	PAC ¹	State, District and Local Party Committee ²	National Party Committee ³	
Individual	\$2,000* per election ⁴	\$5,000 per year	\$10,000 per year combined limit	\$25,000* per year	Biennial limit of \$95,000* (\$37,500 to all candidates and \$57,500 ⁵ to all PACs and parties)
State, District and Local Party Committee	\$5,000 per election combined limit	\$5,000 per year combined limit	Unlimited transfers to other party committees		
National Party Committee	\$5,000 per election	\$5,000 per year	Unlimited transfers to other party committees		\$35,000* to Senate candidate per campaign ⁶
PAC Multicandidate⁷	\$5,000 per election	\$5,000 per year	\$5,000 per year combined limit	\$15,000 per year	
PAC Not Multicandidate	\$2,000* per election	\$5,000 per year	\$10,000 per year combined limit	\$25,000* per year	

* These limits will be indexed for inflation.

¹ These limits apply both to separate segregated funds (SSFs) and political action committees (PACs). Affiliated committees share the same set of limits on contributions made and received.

² A state party committee shares its limits with local and district party committees in that state unless a local or district committee's independence can be demonstrated. These limits apply to multicandidate committees only.

³ A party's national committee, Senate campaign committee and House campaign committee are each considered national party committees, and each have separate limits, except with respect to Senate candidates — see Special Limits column.

⁴ Each of the following is considered a separate election with a separate limit: primary election, caucus or convention with the authority to nominate, general election, runoff election and special election.

⁵ No more than \$37,500 of this amount may be contributed to state and local parties and PACs.

⁶ This limit is shared by the national committee and the Senate campaign committee.

⁷ A multicandidate committee is a political committee that has been registered for at least six months, has received contributions from more than 50 contributors and — with the exception of a state party committee — has made contributions to at least five federal candidates.

\$50 Limit on Anonymous Contributions

An anonymous contribution of currency is limited to \$50. If the campaign receives a larger anonymous contribution, the excess amount may not be used in connection with a federal election. 110.4(c)(3).

Contributions to Other Federal Candidates

A candidate's authorized committees share a \$1,000 per election limit on contributions to other federal candidates. 100.5(g)(1) and 110.3(a)(1). In addition, authorized committees of active candidates may not qualify as multicandidate committees. 102.12(c) and 102.13(c). An authorized committee of a former candidate may become a multicandidate committee; however, there are restrictions on the use of funds received before the transition. AO 2004-3.

Affiliated Committees—Shared Limit

Contributions from affiliated committees are subject to one overall contribution limit, per candidate, per election. Consequently, it is important to understand the concept of affiliation.

Political committees established, financed, maintained or controlled by the same person, organization or group are affiliated. 110.3(a)(1)(ii). This definition applies to all types of political committees, including nonconnected committees, party committees, corporate/labor PACs and authorized committees.

Party Committees

Although a state party committee operates under its own contribution limit, local party committees within a state are presumed to be affiliated with the state party committee.¹ This means that contributions from those local party committees that are required to register as federal political committees count against the state committee's limit. 110.3(b)(1)(ii) and (3). See AO 1999-4. Note, however, that the national party committee,

the House campaign committee and the Senate campaign committee are each considered a separate committee, with separate contribution limits (except for the special \$35,000 limit for Senate candidates, as explained above). 110.2(e) and 110.3(b)(2).

Unregistered Local Party Organizations

Local party organizations that are not registered with the FEC may contribute an aggregate of \$1,000 to Congressional candidates without triggering a reporting requirement with the FEC. The organization must be able to show that the contribution was made with funds permissible under the Federal Election Campaign Act. Prior to crossing the registration threshold, the local organization does not share a contribution limit with the state party committee. AO 1999-4.

Corporate/Labor/Membership Organization PACs

All separate segregated funds (also called political action committees or PACs) established, financed, maintained or controlled by the same corporation or labor organization are affiliated. For example:

- PACs established by a parent corporation and its subsidiaries are affiliated.
- PACs established by a national or international union and its local unions are affiliated.
- PACs established by a federation of national or international unions and the federation's state and local central bodies are affiliated.
- PACs established by an incorporated membership organization and its related state and local entities are affiliated.

100.5(g)(2) and (3); 110.3(a)(1)(ii) and (2).

When committees are not automatically affiliated under the conditions described above, the Commission may nevertheless conclude that two or more committees are affiliated based on factors listed in the regulations. 100.5(g)(4)(ii)(A)-(J) and 110.3(a)(3)(ii)(A)-(J). The Commission makes these decisions, through advisory opinions, on a case-by-case basis. For examples, see Advisory Opinions (AOs) 1997-13, 1996-50 and 1996-38. An authorized committee, however, can be affiliated only with another authorized committee of the same candidate. 100.5(g)(5).

1. A local party committee may be considered independent of the state party committee if it can meet certain standards as determined by the FEC through its Advisory Opinion process. See 110.3(b)(3)(i) and (ii). See also AOs 1978-9 and 1999-4.

2. How Limits Work

The \$2,000 and \$5,000 limits on contributions to candidates apply separately to each federal election in which the candidate participates. A primary election, general election, runoff election and special election are each considered a separate election with a separate limit.² 100.2. (A special election may itself involve separate primary, general and/or runoff elections, each with a separate contribution limit.) In some cases, a party caucus or convention is considered a primary election, as explained below.

Party Caucus or Convention

A party caucus or convention constitutes an election only if it has the authority under relevant state law to select a nominee for federal office. Otherwise, there is no separate limit for a caucus or convention; it is considered part of the primary process. When the caucus or convention does constitute a primary election, reports must be filed for the convention as they would for the primary. See Chapter 13. 100.2(c)(1) and (e). See also, for example, Advisory Opinions (AOs) 1992-25, 1986-21 and 1986-17.

Candidates Not Running in an Election

A candidate is entitled to an election limit only if he or she seeks office in that election. Thus, a candidate who loses the primary (or otherwise does not participate in the general election) does not have a separate limit for the general. If a candidate accepts contributions for the general election before the primary is held and loses the primary, the candidate's principal campaign committee must return the general election contributions within 60 days of the primary. 102.9(e) and 110.1(b)(3)(i). See also "Designated and Undesignated Contributions," below and "Contributions to Retire Debts," page 20.

2. Presidential campaigns should note that all Presidential primary elections held during the election year are considered one election for the purposes of the contribution limits. 110.1(j)(1).

Independent and Non-Major Party Candidates

Even when independent and non-major party candidates are not involved in an actual primary, they are entitled to a primary limit. They may choose one of the following dates to be their "primary" date, and, until that date, they may collect contributions that count towards the donor's primary limits.

- The last day on which, under state law, a candidate may qualify for a position on the general election ballot; or
- The date of the last major primary election, caucus or convention in that state.
- Non-major party candidates may also choose the date of the nomination by their party as their primary date. 100.2(c)(4).

Primary vs. General Election

Campaigns must adopt an accounting system to distinguish between contributions made for the primary election and those made for the general election, as discussed on page 52. 102.9(e). Nevertheless, the campaign of a candidate running in the general election may spend unused primary contributions for general election expenses. The contributions would continue to apply toward the donors' limits for the primary. 110.3(c)(3). The campaign of a candidate running in the general election may use general election contributions for primary debts; the contributions would still count against the general election limits. 110.1(b)(3)(iv).

Unopposed Candidates; Elections Not Held

A campaign is entitled to a separate contribution limit even if:

- The candidate is unopposed in an election;
- A primary or general election is not held because the candidate is unopposed;³ or
- The general election is not held because the candidate received a majority of votes in the previous election.

3. A primary election that is not held because the candidate was nominated by a caucus or convention with authority to nominate is not a separate election with a separate contribution limit. 110.1(j)(4).

The date on which the election would have been held is considered the date of the election. 110.1 (j) (2) and (3). The campaign must file pre-election reports and, in the case of a general election, a post-election report. AO 1986-21. See also “When to Report,” page 61.

3. Contributions to Unauthorized Committees

If a contributor makes a contribution to a committee not authorized by any candidate and knows that a substantial portion of the contribution will be contributed to or spent on behalf of a particular candidate, the contribution counts against the donor’s per-election limit with respect to that candidate. 110.1 (h).

4. Designated and Undesignated Contributions

The Commission strongly recommends that campaigns encourage contributors to designate their contributions for specific elections. Designated contributions ensure that the contributor’s intent is conveyed to the candidate’s campaign. In the case of contributions from political committees, written designations also promote consistency in reporting and thereby avoid the possible appearance of excessive contributions on reports.

Effect of Designating vs. Not Designating

Designated contributions count against the donor’s contribution limits for the election that is named. Undesignated contributions count against the donor’s contribution limits for the candidate’s next election.

For example:

- An undesignated contribution made⁴ after the candidate has won the primary but before the general election applies toward the contribution limit for the general election.

4. See Section 6 for an explanation of when a contribution is “made.”

- In the case of the candidate who has lost the primary, an undesignated contribution made after the primary automatically applies toward the limit for the next election in which the candidate runs for federal office.
- If the candidate does not plan to run for federal office in the future, the committee may:
 - Presumptively redesignate the contribution to retire any primary debts they may have. 110.1 (b) (5) (ii) (c); or
 - Request written redesignation from the contributor to retire debts from a previous election cycle.⁵

Otherwise the committee must return or refund the contribution.

For additional information on presumptive redesignation, see Section 8, “Remedying an Excessive Contribution” below. 110.1 (b) (2) (ii) and (b) (3).

How Contributions Are Designated

Contributors designate contributions by indicating in writing the specific election to which they intend a contribution to apply. 110.1 (b) (2) (i). Contributors may make this written designation on the check (or other signed written instrument) or in a signed statement accompanying the contribution. 110.1 (b) (4). A designation also occurs when the contributor signs a form supplied by the candidate. 110.1 (b) (4). AO 1990-30.

Campaign Must Retain Designations

The campaign must retain copies of contribution designations for three years. If the designation appears on the check (or other written instrument), the campaign must retain a full-size photocopy. 102.9 (c) and (f); 110.1 (l) (1).

5. Note that if a contribution designated to retire the debt of a previous campaign exceeds the amount of the debt, the contribution must be returned, refunded or redesignated. Contributions can be designated for debt retirement only if debt exists and if the contributor has not already met the contribution limit for that election. 110.1 (b) (3) (i).

5. Contributions to Retire Debts

If a committee has net debts outstanding after an election is over, a campaign may accept contributions after the election to retire the debts provided that:

- The contribution is designated for that election (since an undesignated contribution made after an election counts toward the limit for the candidate's upcoming election);
- The contribution does not exceed the contributor's limit for the designated election; and
- The campaign has net debts outstanding for the designated election on the day it receives the contribution.

110.1 (b)(3)(i) and (iii).

How to Calculate Net Debts Outstanding

A campaign's net debts outstanding consist of unpaid debts incurred with respect to the particular election minus cash on hand.

Unpaid Debts

Unpaid debts include the following:

- All outstanding debts and obligations;
- The estimated cost of raising funds to liquidate the debts; and
- If the campaign is terminating, estimated winding down costs (for example, office rental, staff salaries and office supplies).

110.1 (b)(3)(ii).

Cash on Hand

Cash on hand consists of the resources available to pay the campaign's total debts, including currency, deposited funds, traveler's checks, certificates of deposit, treasury bills and any other investments valued at fair market value. Additionally, the cash-on-hand total includes amounts owed to the campaign in the form of credits, refunds of deposits, returns and receivables or a commercially reasonable estimate of the collectible amount.

For the purpose of calculating net debts outstanding for the primary, cash on hand need not include contributions designated for the general. 110.1 (b)(3)(ii)(A) and (B).

Adjustment to Net Debts Total

A campaign first calculates its net debts outstanding as of the day of the election. Thereafter, the campaign continually recalculates its total net debts outstanding as additional funds are received for, or spent on, the election for which the debt remains. 110.1 (b)(3)(ii) and (iii).

Contributions Exceeding Net Debts

If, on the same day, a campaign receives several contributions that, together, exceed the amount needed to retire its debts, the campaign may:

- Accept a proportionate amount of each contribution and either refund the remaining amount or ask contributors to redesignate the excessive portions for another election; or
- Accept some contributions in full and either return or refund the others or seek redesignations for them.

(Redesignations are explained later in this chapter.) 110.1 (b)(3).

6. Date Contribution Is Made vs. Date of Receipt

The date a contribution is made by the contributor and the date the contribution is received by the campaign are significant for purposes of the contribution limits. It is important to understand the distinction.

Date Contribution is Received

The date of receipt is the date the campaign (or campaign agent) actually receives the contribution. This is the date used by the campaign for reporting purposes, but it also affects the application of the net debts outstanding rule (discussed above).

Date Contribution is Made

The date a contribution is made is the date the contributor relinquishes control over it.

- A hand-delivered contribution is considered made on the date it is delivered to the campaign.

- A mailed contribution is made on the date of the postmark. Note that if a campaign wishes to rely on a postmark as evidence of the date a contribution was made, it must retain the envelope or a copy of it. 110.1(l)(4).
- An in-kind contribution is made on the date that the goods or services are provided by the contributor.

110.1(b)(6).

Effect of Dates on Undesignated Contributions

The date an undesignated contribution is made determines which election limit it counts against, while the date of receipt does not affect the application of the contribution limits. An undesignated contribution made on or before election day counts against the donor's limit for that election, even if the date of receipt is after election day and even if the campaign has no net debts outstanding. On the other hand, an undesignated contribution made after an election counts against the donor's limit for the candidate's next election. 110.1(b)(2)(ii).

Effect of Dates on Designated Contributions

Both the date of receipt and the date a contribution is made affect the application of the net debts outstanding rule to a designated contribution. The date the contribution is made determines whether the rule will apply, while the date of receipt governs whether the contribution is acceptable under the rule. For example, a contribution designated for the primary and made before that election will not be subject to the net debts outstanding rule, even if the campaign receives the contribution after the primary. By contrast, a contribution designated for—but made after—the primary is acceptable only to the extent the campaign has net debts outstanding for the primary on the date of receipt. 110.1(b)(3)(i) and (iii).

Date of Deposit

While all contributions must be deposited within 10 days, the date of deposit is not used for reporting or contribution limit purposes.

7. Joint Contributions

A joint contribution is a contribution that is made by more than one person using a single check or other written instrument. For example, a husband and wife may each make a contribution using one check drawn on a joint account.

Each Contributor Must Sign the Check

When making a joint contribution, each contributor must sign the check (or other written instrument) or a statement that accompanies the contribution. 110.1(k)(1). Note that if the check or an accompanying statement of attribution is not signed by each contributor, the entire contribution will be attributed only to the party who signed the check. 104.8(c). However, under certain circumstances the committee may presumptively reattribute the excessive portion of a contribution. See “Reattribution” below.

Exception: Partnerships and LLCs

Contributions from partnerships and certain LLCs are not considered joint contributions, but do trigger special attribution requirements; see Appendix B.

Attribution

If the check or statement does not indicate how much should be attributed to each donor, the recipient committee must attribute the contribution in equal portions. 110.1(k)(1) and (2). For example, if a committee receives a \$1,000 joint contribution signed by two individuals but with no written attribution, the committee must attribute a \$500 contribution to each donor. A campaign may request that a contribution be reattributed, as explained below.

8. Remediating an Excessive Contribution

When a committee receives an excessive contribution—one which exceeds the donor's limit or the campaign's net debts outstanding for an election—the committee may remedy the violation by refunding the excessive amount or by seeking a redesignation or reattribution of it within 60 days, as explained below.

Step-by-step procedures for obtaining a reattribution or redesignation are explained below.

Redesignation

By Contributor

With a redesignation, the contributor instructs the committee to use the excessive portion of a contribution for an election other than the one for which the funds were originally given. For example, the contributor may redesignate the excessive portion of a contribution made for the primary election so that it counts against his or her limit with respect to the general election (provided the contributor has not already contributed the maximum for the general election).

When requesting a redesignation, the committee must inform the contributor that he or she may, alternatively, request a refund of the excessive amount. 110.1 (b)(5).

By Committee

Under certain circumstances, the committee may make a presumptive redesignation of an excessive contribution. When an individual or a non-multi-candidate committee makes an excessive contribution to a candidate's authorized committee, the campaign may presumptively redesignate the excessive portion to the general election if the contribution:

- Is made before that candidate's primary election;
- Is not designated in writing for a particular election;
- Would be excessive if treated as a primary election contribution; and
- As redesignated, does not cause the contributor to exceed any other contribution limit. 110.1 (b)(5)(ii)(B)(1)-(4).

Also, the excessive portion of an undesignated contribution made after the primary, but before the general election may be automatically applied to the primary if the campaign's net debts outstanding from the primary equal or exceed the amount redesignated. 110.1 (b)(5)(ii)(C).

The committee is required to notify the contributor of the redesignation within 60 days of the treasurer's receipt of the contribution, and must offer the contributor the option to receive a refund instead.

It is important to note that presumptive redesignations may be made only within the same election cycle. Also, presumptive redesignation is not an option when the donor is a multicandidate committee.

Reattribution

By Contributor

With a reattribution, the contributor instructs the committee in writing to attribute the excessive portion of a joint contribution to another individual. For example, if the committee receives an excessive contribution drawn on a joint checking account, but signed by only one account holder, the committee may seek a signed reattribution of the excessive amount to the other account holder. 110.1 (k)(3)(i). (A joint contribution may also be reattributed so that a different amount is attributed to each donor.⁶) Note that a joint contribution must represent the personal funds of each donor because contributions made in the name of another are prohibited. 110.4(b).

When requesting reattributions, the committee must also inform contributors that they may, alternatively, ask for a refund of the excessive portions of their contributions. 110.1 (b)(5).

By Committee

When a committee receives an excessive contribution made via a written instrument with more than one individual's name imprinted on it, but only one signature, the committee may attribute the permissible portion to the signer. The committee may make a presumptive reattribution of the excessive portion to the other individual whose name is imprinted on the written instrument, without obtaining a second signature, so long as the reattribution does not cause the contributor to exceed any other contribution limit. 110.1 (k)(3)(ii)(B)(1).

The committee is required to notify the contributor of the reattribution within 60 days of the treasurer's receipt of the contribution, and must offer the contributor the option to receive a refund instead.

When to Request Redesignations and Reattributions

In many circumstances, the committee will be able to presumptively redesignate or reattribute contributions. For all other circumstances, contributions can be redesignated or reattributed only by the individual contributor.

6. See the Explanation and Justification published with the final rule, 52 Fed. Reg. 760, 765-766 (January 9, 1987).

A committee may ask a contributor to redesignate and/or reattribute a contribution (within 60 days), for example, when the committee receives:

- A designated or undesignated contribution that exceeds the donor's limit. 110.1 (b)(5)(i)(A) and (C).
- A designated or undesignated contribution for an election in which the candidate is not running. For example, a contribution that was designated for the general but was received before the primary may be redesignated for a future primary if the candidate loses the primary or otherwise does not run in the general election. 102.9(e); see also AOs 1996-29, 1992-15 and 1986-17.
- A contribution that is designated for, but made after, an election and that exceeds the campaign's net debts outstanding for that election. 110.1 (b)(3)(i) and (5)(i)(B).
- An undesignated contribution (which normally applies to the candidate's upcoming election) that the committee wants to use to retire debts of a previous election. Note that, if it is redesignated, the contribution then counts against the donor's contribution limits for that previous election. 110.1 (b)(5)(i)(D).

In many circumstances, the committee will be able to presumptively redesignate or reattribute contributions.

Procedures for Obtaining Redesignations and Reattributions

The committee treasurer is the person ultimately responsible for complying with the procedures outlined below. 103.3(a) and (b).

Step 1: Deposit Contribution

A committee must deposit contributions within 10 days of the treasurer's receipt. (If a contribution is not deposited, it must be returned to the contributor within 10 days of receipt. A contribution is returned when it is sent back to the contributor without being deposited.) 103.3(a).

Step 2: Determine Whether Excessive

The committee must determine whether a contribution exceeds the donor's limit or the campaign's net debts outstanding. The Commission

encourages committees to make this determination within 30 days of receiving the contribution. This allows a committee sufficient time to request and receive a redesignation and/or reattribution within the 60-day limit, as explained below.

Step 3: Be Prepared to Make Refund

When a committee deposits contributions that may exceed the limits or net debts outstanding for an election, the committee must not spend the funds because they may have to be refunded. To ensure that the committee will be able to refund the contribution in full, the committee may either maintain sufficient funds in its regular campaign depository or establish a separate account used solely for the deposit of possibly illegal contributions. 103.3(b)(4). Furthermore, the committee must keep

a written record noting the reason a contribution may be excessive and must include

this information when reporting the receipt of the contribution. 103.3(b)(5).

Step 4: Request Redesignation and/or Reattribution

When requesting a redesignation, the committee asks the contributor to provide a written, signed redesignation of the contribution for another election. The request must also state that the donor may receive a refund of the excessive portion of the contribution if he or she does not wish to redesignate it.⁷ 110.1 (b)(5)(ii)(A).

When requesting a reattribution, the committee asks the contributor whether the contribution was intended to be a joint contribution from more than one person. Alternatively, if the original contribution was a joint contribution, the committee requests that contributors adjust the amount attributable to each.⁸ In either case, the committee should inform contributors that they must sign the reattribution. The request must notify

7. This is not required when requesting a redesignation of a contribution that was initially within the limits.

8. See the Explanation and Justification published with the final rule, 52 Fed. Reg. 760, 766 (January 9, 1987).

each contributor that, instead of reattributing the contribution, he or she may seek a refund of the portion of the contribution that exceeds the limits or the campaign's net debts outstanding. 110.1 (k) (3) (ii) (A).

Step 5: Redesignate/Reattribute or Make Refund Within 60 Days

Within 60 days after the date of the committee's receipt of the contribution either:

- The contributor must provide the committee with a redesignation or reattribution; or
- The committee must refund the excessive portion of the contribution.

103.3(b)(3).

A contribution is properly redesignated if, within the 60-day period, the contributor provides the committee with a written, signed statement redesignating the contribution for a different election. 110.1 (b) (5) (ii) (B).

A contribution is properly reattributed if, within the 60-day period, the contributors provide the committee with a written statement reattributing the contribution. The statement must be signed by all contributors and must indicate the amount attributable to each donor. (If the contributors do not specify how to divide the contribution, the committee must attribute the contribution equally among the contributors.) 110.1 (k) (2) and (3) (ii) (B).

Step 6: Keep Records and Report

The committee must keep documentation for each reattribution and redesignation to verify that it was received within the 60-day time limit. Documentation for a reattribution or a redesignation must include one of the following:

- A copy of the postmarked envelope bearing the contributor's name, return address or other identifying code;
- A copy of the signed statement reattributing or redesignating the contribution with a date stamp showing the date of the committee's receipt; or
- A copy of the written redesignation or reattribution dated by the contributor.

110.1 (l) (6).

The documentation relating to a reattribution or redesignation must be retained for three years. 102.9(c).

9. Contributions from Spouses

A husband and wife each have a separate contribution limit, even if only one spouse has an income. 110.1 (i). A couple may combine their contribution limits by contributing a joint contribution (for example, a check for \$4,000 for a candidate's primary election) as long as both sign the check (or an attached statement). See "Joint Contributions," page 21.

10. Contributions from Partnerships

Partnerships are permitted to make contributions according to special rules. 110.1 (e) and (k) (1). For further details, see Appendix B.

11. Contributions from Limited Liability Companies

Corporation v. Partnership

For purposes of contribution limitations and prohibitions, a limited liability company (LLC) is treated as either a corporation or a partnership.

An LLC is treated as a corporation if:

- It has chosen to file, under Internal Revenue Service (IRS) rules, as a corporation; or
- It has publicly traded shares. 110.1 (g) (3).

An LLC is treated as a partnership if:

- It has chosen to file, under IRS rules, as a partnership; or
- It has made no choice, under IRS rules, as to whether it is a corporation or a partnership. 110.1 (g) (2).

If an LLC is treated as a corporation, it is prohibited from making contributions to candidate committees, but it can establish an SSF. If it is considered a partnership, it is subject to the contribution limits for partnerships outlined on page 100. 110.1 (g).

Single Member LLC

If a single member LLC does not elect corporate tax treatment, it may make contributions; the contributions will be attributed to the single member, not the LLC.

Notifying Recipient Committee

An LLC must, at the time it makes a contribution, notify the recipient committee:

- That it is eligible to make the contribution; and
- How the contribution should be attributed among members.

This requirement will prevent the recipient committee from inadvertently accepting an illegal contribution. 110.1 (g)(5).

12. Candidate's Personal Funds

When candidates use their personal funds for campaign purposes, they are making contributions to their campaigns. Unlike other contributions, these candidate contributions are not subject to any limits. 110.10; AOs 1991-9, 1990-9, 1985-33 and 1984-60. They must, however, be reported (as discussed below). Also, if a candidate makes expenditures from personal funds in excess of certain threshold amounts, his or her opponent may be eligible for increased contributions to his or her campaign under the Millionaires' Amendment. See Appendix F.

Contributions from members of the candidate's family are subject to the same limits that apply to any other individual. For example, a candidate's parent or spouse may not contribute more than \$2,000, per election, to the candidate.

Definition of a Candidate's "Personal Funds"

The personal funds of a candidate include:

- Assets which the candidate has a legal right of access to or control over, and which he or she has legal title to or an equitable interest in, at the time of candidacy;
- Income from employment;
- Dividends and proceeds from stocks and other investments;
- Income from trusts, if established before candidacy;
- Income from trusts established by bequests (even after candidacy);
- Bequests to the candidate;
- Personal gifts, if customarily received; and
- Proceeds from lotteries and similar games of chance.

100.33 (a) and (b).

Assets Jointly Held with Spouse

A candidate may also use, as personal funds, his or her portion of assets owned jointly with a spouse (for example, a checking account or jointly owned stock). If the candidate's financial interest in an asset is not specified, then the candidate's share is deemed to be half the value. 100.33 (c).

Some banks may require a spouse to co-sign a loan obtained by the candidate using jointly held assets as collateral. While an endorsement or guarantee of a loan normally constitutes a contribution, in this instance the spouse is not considered a contributor as long as the candidate's share in the collateral equals or exceeds the amount of the loan. 100.52 (b)(4); AO 1991-10. EXAMPLE: A candidate obtains a \$5,000 bank loan for his campaign using, as collateral, property valued at \$20,000 held jointly with his wife. Both co-sign the loan. Because the candidate's interest in the property is \$10,000, which exceeds the amount of the loan, his wife has not made a contribution by co-signing it.

What Are Not Considered Personal Funds

Personal Gifts and Loans

If any person, including a relative or friend of the candidate, gives or loans the candidate money in connection with his or her campaign, the funds are not considered personal funds of the candidate. Instead, the gift or loan is considered a contribution from the donor to the campaign, subject to the per-election limit and reportable by the campaign. This is true even if the candidate uses the funds for personal living expenses while campaigning. See AOs 1985-33 and 1982-64; see also AO 1987-1.

Bank Loans Used in Connection with Campaign

Bank loans are not considered contributions from the bank if they comply with FEC regulations on bank loans. (See "Bank Loans" in Chapter 6.)

When a candidate obtains a bank loan for use in connection with his or her campaign, the loan is considered to be from the bank and not from the candidate's personal funds. The candidate is acting as the agent of the campaign. 102.7 (d) and AO 1985-33. However, if the candidate endorses, co-signs, guarantees or is in any way liable

for the loan, it would be considered an expenditure from personal funds under the Millionaires' Amendment. See Appendix F.

Unearned Income and Fringe Benefits

A candidate's salary or wages are considered his or her personal funds as long as there is a bona fide employment relationship between the candidate and the employer that is independent of the campaign. However, compensation paid to a candidate in excess of actual hours worked is generally considered a contribution from the employer. If the employer is a corporation or other prohibited source, the excess payment would result in a prohibited contribution. See 100.33(b) and 100.54. See also, for example, AOs 1980-115 and 1979-74.

Note that when a candidate is on leave without pay, the continued payment of fringe benefits (such as health insurance and retirement) may also result in contributions from the employer to the campaign. 114.12(c). (The Commission has made an exception to this rule for employers who had pre-existing policies providing for a limited extension of benefits for individuals who take unpaid leave. See AO 1992-3.)

Furthermore, if the committee uses the amount of cash-on-hand as of the date of the election to repay the candidate for loans in excess of \$250,000, it must do so within 20 days of the election. 11 CFR 116.11(c). During that time, the committee must treat the portion of candidate loans that exceed \$250,000, minus the amount of cash-on-hand as of the day after the election, as a contribution by the candidate. 11 CFR 116.11(c). AO 2003-30.

13. Repayment of Personal Loans from Candidate

For personal loans¹⁰ from the candidate to his or her authorized committee made on or after November 6, 2002, that aggregate more than \$250,000, the following rules apply separately to the primary and general elections:

- The committee may use contributions to repay the candidate for the entire amount of the loan or loans only if those contributions were made on or before the day of the election; and
- The committee may use contributions to repay the candidate only up to \$250,000 from contributions made after the date of the election. 11 CFR 116.11(b).

10. Personal loans include advances, or loans to the committee endorsed by the candidate.

CHAPTER 5

Prohibited Contributions

Campaigns are prohibited from accepting contributions from certain types of organizations and individuals. 110.9(a) and 114.2(c). These *prohibited sources* are listed below.¹

If a committee is uncertain whether a contribution comes from a prohibited source, it should follow the procedures described under “Questionable Contributions,” below.

1. Prohibited Sources

Corporations, Labor Organizations, National Banks

Campaigns may not accept contributions made from the general treasury funds of corporations, labor organizations or national banks.² 114.2(a) and (b). This prohibition applies to any incorporated organization, including a nonstock corporation, a trade association, an incorporated membership organization and an incorporated cooperative.³

EXAMPLE: The owner of an incorporated “mom and pop” grocery store is not permitted to use a business account to make contributions. Instead, the owner would have to use a personal account.

A campaign may, however, accept contributions from *separate segregated funds* (PACs) established by corporations, labor organizations, incorporated membership organizations, trade associations and national banks. Moreover, the Federal Election Campaign Act permits corporations, labor organizations, incorporated membership organizations, trade associations and national

banks to use their treasury funds for certain election-related activities that benefit candidates. See page 38. (See also page 40, which explains the rules on the use of corporate/labor facilities.)

Federal Government Contractors

Campaigns may not accept contributions from federal *government contractors*. The prohibition applies to contributions from a partnership with a government contract. It also applies to the personal and business funds of (1) individuals under contract to the federal government and (2) sole proprietors of businesses with federal contracts. The spouses and employees of federal government contractors, however, may make contributions from personal funds. Part 115.

Foreign Nationals

Campaigns may not accept contributions from *foreign nationals*.⁴ Federal law prohibits contributions, donations, expenditures and disbursements solicited, directed, received or made directly or indirectly by or from foreign nationals in connection with any election — federal, state or local. Furthermore, it is a violation of federal law to knowingly provide assistance to foreign nationals in the making of contributions, donations, expenditures, independent expenditures and disbursements in connection with federal and nonfederal elections. 110.20. This prohibition includes, but is not limited to, acting as a conduit or intermediary for foreign national contributions and donations. 110.20(g) and (h).

A campaign has “knowingly” solicited, directed or received a contribution from a foreign national when it has:

- Actual knowledge that the funds have come from a foreign national;
- Awareness of certain facts that would lead a reasonable person to believe that there is a substantial probability that the money is from a foreign national; or
- Awareness of facts that should have prompted a reasonable inquiry into whether the source of funds is a foreign national.

1. These organizations and persons are, in turn, prohibited from making contributions in connection with, or for the purpose of influencing, federal elections.

2. National banks and federally chartered corporations may not make contributions in connection with any election—federal, state or local. 114.2(a).

3. However, a political committee that has incorporated for liability purposes only is not considered a prohibited source. 114.12(a).

4. Foreign nationals may not make contributions in connection with any election—federal, state or local—either directly or through any other person. 110.20(f).

The facts that should lead the campaign to question the origin of a contribution include:

- Use of a foreign passport or passport number;
- Use of a foreign address;
- A check or other written instrument drawn on an account or wire transfer from a foreign bank; or
- Contributor or donor living abroad.

110.20(a)(5)(i)-(v).

Definition of Foreign National

A foreign national is:

- An individual who is: (1) not a citizen of the United States and (2) not lawfully admitted for permanent residence; or
- A foreign principal, as defined in 22 U.S.C. §611 (b). Section 611 defines a foreign principal as a group organized under the laws of a foreign country or having its principal place of business in a foreign country. The statute specifically mentions foreign governments, political parties, partnerships, associations and corporations. 110.20(a)(3).

“Green Card” Exception

An immigrant is eligible to make a contribution if the immigrant has a “green card” indicating that he or she is lawfully admitted for permanent residence in the United States.

Domestic Subsidiaries of Foreign Corporations

In *advisory opinions*, the Commission has said that a United States corporation that is a subsidiary of a foreign corporation may sponsor a separate segregated fund to make contributions to federal candidates as long as the subsidiary complies with the following rules:

- The foreign parent may not finance these activities either directly or through the subsidiary.
- No foreign national (including the foreign parent) may participate in the operations of the separate segregated fund or in its administration (such as by appointing officers) or in any decision to make contributions or expenditures in connection with any federal or nonfederal election See 110.20(i).

See also AOs 2000-17, 1995-15, 1992-16, 1990-8 and 1985-3.

Determining Nationality of Contributor

The Commission stated, in AO 1998-14, that the use of any surname on a contribution check (or similar instrument) would not, by itself, give any reason to inquire as to the person’s nationality. Nonetheless, the Commission advised the committee to take the following minimally intrusive steps to ensure that the contributions it received did not come from foreign nationals:

- Ensure that public political ads and solicitations directed to audiences outside the U.S. contain a summary of the foreign national prohibition of 2 U.S.C. §441 e.
- Make further inquiry into the nationality of the contributor if the committee receives a contribution postmarked from any non U.S. territory.
- Make further inquiry into the nationality of the contributor if the committee receives a contribution indicating that either the bank or the account owner has a foreign address.

In all of the above instances, if the contribution is submitted along with credible evidence (e.g., a copy of a valid U.S. passport) that the contributor is a U.S. citizen, a U.S. national or a permanent resident alien, no further inquiry need be made. However, if the committee has actual knowledge that the contributor is in fact a foreign national, it may not rely on these documents as a defense. 110.20(a)(7).

Contributions in the Name of Another

A contribution made by one person in the name of another is prohibited. 110.4(b). For example, an individual who has already contributed up to the limit to the campaign may not give money to another person to make a contribution to the same candidate. Similarly, a corporation is prohibited from using bonuses or other methods of reimbursing employees for their contributions. 114.5(b)(1).

2. Questionable Contributions

If a committee receives a contribution of questionable legality, it must follow the five procedures described below. 103.3(a) and (b). (Procedures for handling contributions that exceed the

contribution limits or the campaign's *net debts outstanding* are described on page 22, "Redesignation and Reattribution.")

Return or Deposit Contribution

First, when receiving a contribution of questionable legality, a committee must, within 10 days of the treasurer's receipt, either:

- Return the contribution to the donor without depositing it; or
- Deposit the contribution. 103.3(b)(1).

Be Prepared to Make Refund

Second, if it decides to deposit the questionable contribution, the committee must make sure that the funds are not spent because they may have to be refunded. To ensure this, the committee may either maintain sufficient funds in its regular campaign depository or establish a separate account used solely for the deposit of possibly illegal contributions. 103.3(b)(4).

Document the Possibility of Illegal Contribution

Third, the committee must keep a written record noting the reason why a contribution may be prohibited and must include this information when reporting the receipt of the contribution. 103.3(b)(5). See also "Recording Receipts," "Possibly Illegal Contributions," on page 56.

Seek Evidence of Legality

Fourth, within 30 days of the treasurer's receipt of a possibly prohibited contribution, the committee must make at least one written or oral request for evidence that the contribution is legal. Evidence of legality includes, for example, a written statement from the contributor explaining why the contribution is legal, or an oral explanation that is recorded by the committee in a memorandum. 103.3(b)(1) and AO 1995-19.

Confirm Legality or Refund Contribution

Fifth, within these 30 days, the committee must either:

- Confirm the legality of the contribution; or
- Refund the contribution. 103.3(b)(1).

Disgorge Prohibited Contribution Discovered Late

If a committee deposits a contribution that appears to be legal and later discovers that it is prohibited (based on new information not available when the contribution was deposited), the committee must disgorge the contribution within 30 days of making the discovery. 103.3(b)(2). This situation might arise, for example, if the committee learned that a past contributor was a *foreign national* or had a contract with the federal government. As another example, the committee might find out that a corporation reimbursed employees for their contributions to the committee (and had thus made corporate contributions and contributions in the name of another).

Contributor Known

If the identity of the original contributor is known, the committee must either refund the funds to the source of the original contribution or pay the funds to the U.S. Treasury. AO 1996-5.

Contributor Unknown

If, however, the identity of the original contributor cannot be determined or is in question, the committee must disburse the funds to a governmental entity (federal, state or local), or to a qualified charitable organization described in 2 U.S.C. § 170(c). AOs 1995-19 and 1991-39.

Prohibited In-kind Contribution

If the prohibited contribution was an in-kind contribution, the committee must disgorge an amount equal to the value of the contribution to the appropriate party as determined above.

Insufficient Funds

If the committee does not have sufficient funds to disgorge the contribution when the illegality is discovered, the committee must use the next funds it receives. 103.3(b)(2).

CHAPTER 6

Other Reportable Receipts

This chapter describes campaign *receipts* that are not considered contributions and, therefore, are not subject to contribution limits; all receipts must nevertheless be reported by the campaign.

1. Bank Loans

Conditions

A *candidate* or his or her committee may obtain a loan, including a line of credit, from a *bank*, provided that the loan:

- Bears the bank's usual and customary interest rate for the category of loan involved;
- Is evidenced by a written instrument;
- Is subject to a due date or amortization schedule; and
- Is made on a basis which assures repayment (see below).

100.82(a).

If a loan fails to meet any of these conditions, then a prohibited contribution from the lending institution results.

Methods of Assuring Repayment

A loan is made on a basis which assures repayment if it is obtained using one or more of the following authorized methods of securing the loan:

Traditional Methods

A committee may use one of the following traditional methods of securing the loan, or a combination of the two:

Collateral

A loan may be secured using assets of the candidate or the committee, such as real estate, personal property, cash on deposit, certificates of deposit and stocks. The fair market value of the assets must, on the date of the loan, equal or exceed the amount of the loan and any senior liens. The committee must ensure that the bank

has established a "perfected security interest" in the collateral (that is, has taken steps to legally protect its interest in the collateral in the event that the committee defaults on the loan). 100.82(e)(1)(i).

Note that if a candidate obtains a loan using assets jointly owned with his or her spouse, the amount of the loan may not be greater than the candidate's share of the property (usually one half); otherwise, a contribution from the spouse results. 100.52(b)(4).

Guarantees or Endorsements.

An endorsement or guarantee of a bank loan is considered a contribution by the endorser or guarantor and is thus subject to the law's prohibitions and limits on contributions. 100.82(e)(1)(ii). (See "Assets Jointly Held with Spouse" on page 25 for a narrow exception to this rule.)

Pledge of Future Receipts

If the committee pledges its future receipts as security for the loan, then the amount loaned by the bank may not exceed a reasonable estimate of anticipated receipts, based on documentation provided by the candidate or committee (such as cash flow charts or fundraising plans). 100.82(e)(2)(i) and (ii). Future receipts might include, for example, anticipated contributions or interest income.

The committee must also set up a separate account for the receipt of funds pledged for the repayment of the loan. The account may be established with either the lending institution or a different depository. If the account is established at a depository other than the lending institution, then the committee must execute an assignment of the account's funds to the lending institution and notify the depository of the assignment. The loan agreement must require the committee to deposit the pledged funds into the account established for this purpose. 100.82(e)(2)(iii).

Other Methods of Assuring Repayment

The Commission may, on a case-by-case basis, approve methods of assuring repayment other than those described above. 100.82(e)(3). See, for example, AO 1994-26. A committee should request an advisory opinion from the Commission before entering into a loan agreement that relies on alternative sources of repayment.

Schedule C-1

When a committee obtains a loan from a bank or other permissible lending institution (or the candidate obtains one on behalf of his or her committee), the committee must file Schedule C-1 with the report covering the period in which the loan was obtained.

If the loan is obtained by the committee (rather than by the candidate), the treasurer must sign the schedule and attach a copy of the loan or line of credit agreement. See Chapter 14. Schedule C-1 includes a statement to be signed by an officer of the lending institution certifying that the information provided by the committee is accurate and that the terms and conditions of the loan comply with FEC rules.

2. Brokerage Loans and Other Lines of Credit

Candidates may use funds derived from an advance on their brokerage account, credit card account or other line of credit to finance their campaigns, if the extension of credit is:

- In accordance with applicable law;
- Under commercially reasonable terms; and
- Made by persons who make such loans in the normal course of their business.

100.83.

The candidate's authorized committee has the option of repaying loans derived from a candidate's brokerage account or other line of credit directly to the lending institution or to the candidate.

100.83(d). All such loans used in connection with the candidate's campaign must be reported by the committee. 100.83(e). The committee must report the loan from the candidate as a receipt and repayment of the loan to the candidate as a disbursement. 104.3(a)(3)(vii) and (b)(2)(iii)(A). See Chapter 14, Section 16 "Reporting Brokerage Loans and Other Lines of Credit."

3. Overdrafts

If a bank honors a check written by a political committee with insufficient funds in its checking or savings account, no contribution from the bank results as long as the overdraft:

- Is made on an account subject to automatic overdraft protection;
- Is subject to a definite interest rate which is the usual and customary rate; and

- Is subject to a definite repayment schedule. 100.82(d).

An overdraft that does not meet the above conditions is a prohibited contribution. 114.2. Note that if the overdraft protection is based on a line of credit extended by the bank, draws on that line of credit must be disclosed on Schedule C-1, as discussed above.

4. Interest and Dividend Income

Interest earned on invested funds and dividends earned on securities are not considered contributions. 2 U.S.C. §§434(b)(2)(j) and 434(b)(3)(G).

5. Offsets to Operating Expenditures

Offsets to *operating expenditures*, such as returns by vendors of deposits, refunds and rebates, are not considered contributions. Note, however, that rebates to campaigns must be offered in the ordinary course of business and on the same terms and conditions as those offered to non-political entities. Otherwise, the rebate may be considered a contribution—a prohibited contribution if a corporation pays the rebate. See, for example, Advisory Opinions (AOs) 1996-2, 1994-10, 1987-24 and 1986-22.

6. Legal and Accounting Services

The value of legal and accounting services provided without charge in accordance with the guidelines described in the next chapter is not a contribution. 100.86 and 114.1(a)(2)(vii).

CHAPTER 7

Sources of Support

Support may be given to campaigns in a variety of ways, as described below.

1. Contributions

Contributions are the most common source of *campaign* support. Earlier chapters explain the Federal Election Campaign Act's (the Act) limits and prohibitions on contributions. Remember that all contributions are reportable. See "Types of Contributions," page 12.

2. Free Legal and Accounting Services

The Exemption

Any entity (e.g., a committee, a corporation, a union, a partnership) may provide a campaign with free legal and accounting services as long as:

- The services are provided only for the purpose of helping the campaign comply with the Act;
- The entity paying for the service is the regular employer of the individual performing the service;
- The employer does not hire additional employees to free regular employees to perform the service; and
- The campaign reports the value of the service (the amount paid by the employer), as well as the name of each person who performed the service and the date the service was provided.

100.86, 100.146 and 114.1 (a)(2)(vii).

For more information on reporting free legal and accounting services, see Chapter 14.

Use of Equipment

This exemption covers only the services provided to ensure compliance. The employer cannot donate equipment, such as computers, to the campaign without making a contribution (a prohibited contribution if the employer is an incorporated entity). However, the use of the employer's resources, such as computer equipment, necessary to enable the employee to provide the

service is not considered a contribution by the employer. Advisory Opinions (AOs) 1989-13 and 1980-137.

Volunteer Services

If an individual personally volunteers legal or accounting services without compensation, the work is considered personal volunteer activity (see "Personal Services," below) and the above restrictions do not apply.

3. Volunteer Activity

Personal Services

Basic Rule: No Compensation

An individual may volunteer personal services to a campaign without making a contribution as long as the individual is not compensated by anyone for the services. 100.74. Volunteer activity is not reportable.

EXAMPLE: An attorney, working as a volunteer (i.e., he receives no compensation from anyone), writes policy papers for the campaign.

Note, however, that if volunteers are, in fact, paid for their services, the activity is no longer considered volunteer activity, and the payments, if made by someone other than the campaign itself, result in in-kind contributions, which must be reported by the campaign. 100.54. (Exception: "Free Legal and Accounting Services," above.)

Incidental Volunteer Activity at Corporate/Labor Facilities

Generally, if an individual provides services to a campaign during paid working hours, the employer makes a contribution to the campaign. 100.54. However, an employee, stockholder or member of a *corporation* or *labor organization* may make incidental use of corporate/labor organization facilities for his or her own individual volunteer activities on behalf of a campaign. Note that the Commission has said that the use of facilities during one (1) hour per week or four (4) hours per month is considered "incidental use." For example, an employee may use an office phone to make calls that pertain to political volunteer work. If the volunteer activity is limited to "incidental use" of the facilities the volunteer does not have to reimburse the organization for use of the facilities (only for any increased overhead or operating costs). 114.9(a)(1) and (b)(1).

When use of the facilities exceeds “incidental use,” the volunteer must reimburse the organization the usual and normal rental fee within a commercially reasonable time. Such reimbursement is considered an in-kind contribution from the volunteer and must be reported by the benefiting campaign committee. 114.9(a)(2) and (b)(2). Or, if anyone (including an employee, stockholder or member) uses the equipment of a corporation or union to reproduce campaign materials, reimbursement is required regardless of how much time is spent on the activity. 114.9(c). (For information on a campaign’s use of corporate or labor facilities, see Section 9, “Use of Corporate/Labor Facilities and Resources,” later in this chapter.)

Use of Real or Personal Property

Individuals, in the course of volunteering personal services, may use their homes—or the recreation room of the residential complex where they live—for campaign-related activities without making a contribution. (Any small fee paid for the use of a recreation room is not considered an in-kind contribution to the campaign and is not, therefore, reportable.) Volunteers may use a church or community room for campaign activities as long as the facility is regularly used for noncommercial purposes by members of the community, without regard to political affiliation. (Again, a small fee paid for the use of the room is not a contribution.) 100.75 and 100.76.

Food, Drink, Invitations for Home Event

When holding a campaign-related activity in their home, church or community room, individuals may spend up to \$1,000 per candidate, per election, for food, beverage and invitations for the event without making a contribution. (A husband and wife may together spend up to \$2,000 per candidate, per election.) Any amount spent in excess of \$1,000, however, must be reported by the campaign as an in-kind contribution. 100.77. Note that in AO 1980–63, the Commission said that if an individual co-hosts an event held in someone else’s home, any expenses paid by the nonresident co-host are considered contributions to the campaign benefiting from the event.

Internet Volunteer Activity

In Advisory Opinion 1999-17, the Commission addressed a variety of different campaign related activities on the internet, including volunteer activity.

Web Sites Established by Volunteers

If a volunteer for the committee prepares a web site supporting the committee, using his or her personal property at home, that activity will not be considered a contribution. The ongoing related costs of maintaining a web site will also fall under the 100.74 exception for volunteer activities. The exception applies to individuals known to the campaign who, with the campaign’s permission, engage in volunteer activity on the Internet. Since no contribution results, there are no reporting requirements.

Independent Web Sites

Where the committee has not coordinated a particular Internet activity with individuals who are not volunteers, and where nothing of value is provided to the committee, the committee has no reporting obligation.

E-mail Use by Volunteers

The use of e-mail by a campaign volunteer using his or her home equipment will not result in a contribution to the committee. The ongoing costs for home e-mail activity are covered by the exception for volunteer activities.

4. Travel Expenses

Unreimbursed Travel Expenses

The rules described below apply only to an individual’s payments for his or her own travel expenses; if an individual uses *personal funds* to pay the travel expenses of another, an in-kind contribution results.

\$1,000 Transportation Exemption

An individual working on a candidate’s campaign (including the candidate, a paid staff member or a volunteer) may voluntarily spend up to \$1,000 for unreimbursed transportation expenses without making a contribution. Payments for transportation expenses that exceed \$1,000 per candidate, per election, however, are considered contributions—unless they are reimbursed by the candidate’s committee in a timely manner (see below). 100.79.

Volunteer's Exemption for Meals and Lodging

A campaign volunteer may spend unlimited amounts for his or her own meals and lodging without making a contribution, as long as the expenses are incidental to volunteer activity. 100.79.

Reimbursed Travel Expenses

When the candidate or an individual working on behalf of the candidate pays any other travel expense, no contribution will result if the committee reimburses the individual within the following time limits:

- If the expense was paid with cash or a personal check, within 30 days from the date the expense was incurred.
- If the expense was paid with a credit card, within 60 days of the closing date on the credit card billing statement where the charge first appears.

Outside of these time limits, the payments are in-kind contributions. 116.5(b). AO 2003-31. See "Reporting Reimbursed Advances by Staff" on page 75 for reporting rules.

Non-Commercial Transportation

Airplanes

A candidate or any other person traveling on behalf of the campaign or another political committee may use an airplane owned or leased by a labor organization, corporation, partnership, LLC or individual that is not licensed to offer commercial services (i.e., one that is not an "air carrier" under Federal Aviation Administration rules). In order to avoid receiving a contribution, each campaign traveler must pay the organization within seven days of the beginning of the flight as follows:

- In the case of travel between two cities with regularly scheduled first-class airline service, the campaign must pay the lowest unrestricted and non-discounted first-class airfare available for the dates traveled or within seven calendar days thereof;
- In the case of travel between two cities served by regularly scheduled coach airline service where at least one is not served by regularly scheduled first-class airline service, the campaign must pay the lowest unrestricted and non-discounted coach airfare available for the dates traveled, or within seven calendar days; and

- In the case of travel between two cities not served by regularly scheduled first-class or coach airline service, the campaign must pay the charter rate for a comparable commercial airplane of sufficient size to accommodate all of the campaign travelers, including members of the news media, and security personnel. 100.93(c).

Other Non-Commercial Transportation

If a campaign uses other non-commercial means of transportation, the campaign must pay the service provider the usual and normal fare or rental charge for a comparable commercial conveyance capable of accommodating the same number of campaign travelers, including any members of the news media, and security personnel. Payment for the travel must be made 30 days from the receipt of the invoice, but no more than 60 days following the date the travel commenced. 100.93(d).

Government Conveyances

Candidates, including publicly-funded Presidential candidates who use government airplanes or other government vehicles in connection with a federal election, must generally reimburse the government at no less than the rates provided above. For government airplanes, a military base is treated as though it is the geographically nearest city with regularly scheduled first class commercial airline service. 100.93(e),

Commercial Transportation

If a campaign uses an airplane that is licensed for commercial air service, or another means of commercial transportation, the campaign must pay the usual and normal charge for that service. 100.52.

5. Vendor Discounts on Food and Beverages

A vendor of food or beverages (even if incorporated) may sell food and beverages to a campaign at a discount. The amount charged must at least equal the vendor's cost for the items. If the value of the discount—the difference between the normal charge and the amount paid by the campaign—does not exceed \$1,000 per candidate, per election, the discount is not considered a contribution. Discounts exceeding \$1,000, however, must be reported as in-kind contributions.

A corporate vendor may not exceed the \$1,000 discount limit since corporate contributions are prohibited. 100.78 and 114.1(a)(2)(v).

6. Coattail Support

Under the “coattail” provision of the Federal Election Campaign Act, a federal candidate may be mentioned in campaign materials produced by another federal candidate’s campaign or by the campaign of a nonfederal candidate. The payment for the materials is not a contribution to the referenced federal candidate provided that the guidelines below are followed.

Guidelines

- The materials must be limited to items such as pins, bumper stickers, handbills, brochures, posters and yard signs;
- The materials must be distributed by volunteers (for example, by hand) or by mail using lists developed by the candidate’s campaign (but not by direct mail—see below); and
- The materials may not be distributed through public political advertising such as broadcast media, newspapers, magazines, billboards or direct mail (a mailing by a commercial vendor or made from a commercial list).

Reporting

The committee making the expenditure must report it, but the candidate named in the ad has no reporting responsibility.

Sources of Funds

The portion of the cost allocable to a federal candidate must be paid from funds subject to the prohibitions and limits of the Act, even if a nonfederal campaign pays for the materials. 100.88(a) and (b). and 100.148.

Example

A U.S. House campaign may produce a yard sign that includes the name of a U.S. Senate candidate without allocating a portion of the cost as an in-kind contribution to that candidate as long as the conditions listed above are met.

7. Party Support

In addition to making contributions (up to \$5,000 per election as a multicandidate committee), *party committees* may support a candidate through other activities described below. These other activities are reportable by the political party committee but not by the campaign of the candidate receiving the support.

Coordinated Party Expenditures

The Act creates a special exception to the contribution limits for certain party activities supporting candidates. 2 U.S.C. §441 a(d).¹ The national party committee and the *state party committee* each have an additional special contribution limit for coordinated party expenditures made in connection with the general election campaigns of U.S. House and Senate candidates. 109.32. (Coordinated party expenditures are also called “441 a(d) expenditures” because they are provided for in 2 U.S.C. §441 a(d) of the Federal Election Campaign Act.)

Although these expenditures may be coordinated with a campaign, the party committee must actually make the expenditure on behalf of the campaign; money given directly to the candidate’s campaign is not a coordinated party expenditure.

Party Expenditure Limits

The party’s national committee has a spending limit for each U.S. Senate and House nominee in the general election. See 109.35(c). The national committee may designate (in writing) the party’s national Senatorial Committee or national Congressional Committee to spend its allowance with respect to a particular nominee, but those committees do not have separate spending limits. 109.32(b) and 109.33; see also AO 1976-108. The national committee may also designate a state or *local party committee* to make its expenditures. 109.33(a).

A state party committee has a separate spending limit for each Senate and House general election nominee seeking election in that state.

1. This special provision creates, in part, an exception to the above contribution limits. That is, without special treatment, political parties ordinarily would be subject to the general limitation on contributions by a multicandidate political committee.

The state committee may designate (in writing) a national party committee to spend its allowance with respect to a particular nominee.

Although local party committees have no separate spending allowance, they may be designated in writing by either the national committee or the state committee to make coordinated party expenditures.² 109.33(a) and (b)(1).

Coordinated party expenditure limits for Senate and House candidates are calculated as follows:³

- Senate Candidate: State voting age population x 2 cents, multiplied by the Cost of Living Adjustment (COLA); or \$20,000 multiplied by the COLA, whichever is greater.
- House Candidate: ⁴ \$10,000 multiplied by the COLA, or, in states with only one representative, the same as the Senate limit.

The Commission publishes in the *Federal Register*, the *FEC Record* and on the Commission's web site, the dollar amounts of the coordinated party expenditure limits. 110.17(e).

Party Expenditures vs. In-Kind Contributions

When making either coordinated party expenditures or *in-kind contributions*, a party committee purchases goods or services for the benefit of a campaign. The committee may decide whether to regard an expenditure made on behalf of the candidate as a coordinated party expenditure or as an in-kind contribution. (As previously noted, monetary contributions given directly to the campaign do not qualify as coordinated party expenditures.) 109.37(b).

Despite their similarity, coordinated party expenditures differ from in-kind contributions in several ways:

- Coordinated party expenditures may be made in connection with the general election only (although they may, in certain instances, be made during the primary period—see AOs 1985-14 and 1984-15), whereas in-kind contributions may be made for any election.⁵

- Coordinated party expenditures count against the special spending limits explained above, whereas in-kind contributions count against the committee's per-candidate, per-election limits on contributions (e.g., \$5,000).
- Coordinated party expenditures are reported by the party committee only, whereas in-kind contributions and coordinated communications are reported by both the party committee and the recipient campaign.

Party Independent Expenditures⁶

Supreme Court Ruling

In 1996 the Supreme Court ruled that party committee expenditures made independently of House and Senate candidates are permissible and not subject to limits.⁷ *FEC v. Colorado Republican Federal Campaign Committee*, (518 U.S. 604 (1996)).

Among the facts mentioned by the Court's plurality opinion in this case were: that the advertisement was developed by the Colorado Party independently; that the party chairman had arranged for the development of the advertisement script on his own initiative; that all relevant script discussions were attended by party staff only; and that, at the time of the ad, the party had not selected its nominee from among three contenders who were competing in an upcoming primary election.

Permissible Sources

Since independent expenditures contain express advocacy on behalf of federal candidates, they must be financed with funds from permissible sources. For more information regarding indepen-

2. When making coordinated party expenditures, party committees that are not federally registered political committees nonetheless must use funds that are permissible under the Federal Election Campaign Act. 102.5(b).

3. The Cost of Living Adjustment (COLA) has a considerable effect on party spending limits. For example, the spending limit for a House candidate for 2002 exceeded \$35,000.

4. The limit applies to candidates for Delegate (American Samoa, District of Columbia, Guam, Virgin Islands) and Resident Commissioner (Puerto Rico). 109.32(b)(2)(ii).

5. A post-general runoff does not constitute a general election triggering an additional §441 a(d) expenditure allowance.

6. This section deals only with party independent expenditures on behalf of Congressional candidates. In *FEC v. Colorado Republican Federal Campaign Committee* (518 U.S. 604 (1996)), the Supreme Court plurality noted that party spending in support of publicly financed Presidential campaigns may raise different issues and that it, therefore, was not ruling on whether parties were entitled to make unlimited independent expenditures on behalf of publicly funded candidates.

7. For the purposes of these restrictions only, all political committees established and maintained by a national political party (including all Congressional campaign committees), and all political committees established and maintained by a state political party (including any subordinate committee of a state committee), shall be considered to be a single political committee. 109.35(a).

dent expenditures, see this chapter, Section 10, on page 41, and Appendix D, on page 108.

Exempt Party Activities

Two types⁸ of grassroots activities—slate cards and campaign materials—undertaken by state and local party committees in support of specific federal candidates are unlimited because they are exempt from the definition of *contribution*.

Sources of Funds

Many local party organizations are not registered *political committees* under the Federal Election Campaign Act and may, under state law, accept donations that would be prohibited or excessive under the Act. These funds may not be used to pay for exempt party activities. Instead, the party must use funds that are permissible under federal law. 100.80 and 100.87; 100.140 and 100.147; 102.5(b).

Campaign Materials

A state or local party committee may prepare and distribute campaign materials such as pins, bumper stickers, handbills, brochures, posters or yard signs. The payments are not considered contributions or expenditures if the following conditions are met:

- The activity is conducted on behalf of the party's nominees for the general election.
- The materials are distributed by volunteers, not through public advertising such as broadcast media, newspapers, magazines or billboards or by *direct mail* (that is, a mailing by a commercial vendor or from commercial lists).
- The party committee does not use materials purchased by the national party committee or money transferred from the national party committee specifically to purchase materials.
- The party committee does not use funds designated for a particular candidate.
- A payment from a state or local candidate to help pay for the materials does not exceed his or her share of the expenses.

Note that in the case of exempt party activities, the reproduction of campaign materials is not considered to be a coordinated expenditure or an in-kind contribution to the candidate from the party committee. 100.87 and 100.147.

Slate Cards and Sample Ballots

A state or local party committee or party organization may prepare and distribute a slate card, sample ballot, palm card or other printed list naming candidates for any public office. The payments are not considered contributions or expenditures on behalf of any federal candidate listed as long as the following conditions are met:

- The list names at least three candidates running for election to any public office within the state.
- The list is not distributed through public advertising such as broadcast media, newspapers, magazines or billboards. Note, however, that it may be distributed by *direct mail* (that is, a mailing by a commercial vendor or from a commercial list). 100.80 and 100.140.
- The content is limited to the identification of each candidate (pictures may be used), the office or position currently held, the office sought and party affiliation. The list must exclude any additional biographical data on candidates and their positions on issues as well as statements on party philosophy. Certain voting information, however, may be given, such as time, place and instructions on voting a straight party ticket. AO 1978-89.

Reporting

The campaign of a candidate supported through exempt party activities is not required to report them. If these activities are conducted by a federally registered party committee, the party committee must report them. (Note that these exempt activities may trigger federal registration and reporting obligations for a local party organization. 100.5(c).)

8. There is a third type of exempt activity for registration and GOTV activity conducted by a state or local party committee on behalf of the Presidential and Vice-Presidential nominees of that party. 100.89. For the conditions and details regarding this type of exempt activity, see the Campaign Guide for Political Party Committees Chapter 7, Section 3 "Exempt Party Activities."

8. Corporate/Labor Exceptions⁹

Although *corporations* and *labor organizations* are prohibited from using their treasury funds to make contributions and expenditures in connection with federal elections,¹⁰ they are permitted to:

- Establish separate segregated funds (popularly referred to as PACs), which can support federal candidates (114.1 (a)(2)(iii));
- Provide certain free legal and accounting services to a campaign (page 32);
- Allow employees, stockholders and members to make incidental use of their facilities for volunteer campaign work (see Section 3, “Volunteer Activity,” on page 32);¹¹
- Sponsor communications to the *restricted class* (e.g., a corporation’s executives and stockholders and their families; a labor organization’s members and their families) that contain express advocacy and may be coordinated with a candidate; and
- Sponsor certain election-related communications to other employees and/or the general public as long as they do not contain express advocacy and are not coordinated with a candidate, except to the extent permitted under 11 CFR 114.4.

This section focuses on the last two items.

Restricted Class

A corporation’s restricted class consists of its executive and administrative personnel, its stockholders and the families of those two groups. A labor organization’s restricted class consists of its members, executive and administrative personnel and the families of those two groups. A membership organization’s restricted class includes the executive and administrative staff of the organization, the organization’s members and the families of those two groups.

9. This section applies to membership organizations as well.

10. There is a limited exception to these general rules for certain Qualified Nonprofit Corporations. See “Who May Make Independent Expenditures” in Appendix D.

11. For information on a campaign’s use of corporate/labor facilities, see Section 9, this chapter.

Express Advocacy

When a corporation or labor organization communicates with its restricted class, it may issue communications that contain express advocacy. However, election-related communications by those organizations that reach beyond their restricted class may not contain express advocacy.

Coordination with the Candidate

An expenditure that is *coordinated* with a candidate or the candidate’s campaign is considered an in-kind contribution to the candidate. Because the Act prohibits corporations and labor organizations from making contributions, it is important to avoid coordination with corporations and labor organizations except to the extent permitted under 11 CFR 114.4.

Coordination Defined

An expenditure is *coordinated* if it is made in cooperation, consultation or concert with, or at the request or suggestion of, a candidate, a candidate’s authorized committee, or their agents, or a political party committee or its agents.¹² See Appendix D, “Independent Expenditures and Coordination.”

Communications to Restricted Class

Coordination and Express Advocacy Allowed

As noted above, a corporation or labor organization may communicate with its restricted class in a manner that *expressly advocates* the election or defeat of a clearly identified candidate, and the organization may coordinate these communications with the candidate. While such coordination does not transform the restricted class communication into an in-kind contribution, it may provide evidence that could jeopardize the independence of future communications to those outside the restricted class by the organization or its SSF. 114.2(c) and 114.3(a)(1).

12. For the purposes of 11 CFR part 109 only, “agent” is defined at 11 CFR 109.3.

Types of Communications

Corporations and labor organizations may engage in certain types of communications to the restricted class provided they follow the guidelines contained in the FEC regulations. The pertinent regulations and some examples are listed below.

- *Publications.* The corporation or labor organization may produce and distribute publications (as long as the publications are not reproductions of the candidate's campaign materials). 114.3(c)(1).
- *Candidate and Party Appearances.* A candidate or party representative may make an appearance before the restricted class. He or she may solicit and accept contributions before, during or after the appearance. 114.3(c)(2).
- *Get-Out-The-Vote and Voter Registration Drives and Phone Banks.* The corporation or labor organization may run voter drives and phone banks urging the restricted class to vote for a particular candidate or to register with a particular party. 114.3(c)(3) and (4).
- *Endorsements.* Endorsements may be announced during a candidate appearance or in a publication to the restricted class. 114.3(c).

Reporting

The campaign of the candidate benefiting from the communication to the restricted class has no reporting obligation. 100.134(a) and 104.6.

Communications to Those Outside the Restricted Class

Coordination and Express Advocacy

A corporation or labor organization may also sponsor election-related communications to those outside the restricted class (other employees and the general public). Unlike such communications to the restricted class, these communications cannot contain express advocacy by the sponsor.

“Disbursements by corporations and labor organizations for the election-related activities described in 11 CFR . . . 114.4 [i.e., communications that reach beyond the restricted class] will not cause those activities to be contributions or expenditures, even when coordinated with any candidate . . . or party committee to the extent permitted in those sections.”¹³ 114.2(c).

Note that any election-related communications made to those outside the restricted class may also be made to the restricted class.

Types of Communications

Corporations and labor organizations may engage in the following types of election-related communications that go beyond the restricted class provided they follow the guidelines contained in FEC regulations. The pertinent regulation is listed below.

- *Campaign-Related Candidate Appearances Before All Employees and Their Families.* The candidate, but not the sponsoring organization, may ask for support and may solicit contributions. Note, however, that the candidate may not accept contributions, but he or she may leave envelopes and campaign materials for the audience. 114.4(b)(1). Coordination between the candidate and the corporation or labor organization may include discussions regarding the structure, format and timing of the appearance, and the candidate's position on issues, but may not include any discussion of the candidate's plans, projects or needs relating to his or her campaign. 114.4(b)(1)(vii).
- *Non-campaign-Related Candidate Appearances Before the General Public.* Incumbent federal officeholders may make appearances in their official officeholder capacity. The discussion must be limited to issues of concern to the sponsoring organization and avoid any reference to campaign activity or solicitation of contributions. Note that an organization cannot pay for the candidate or the candidate's staff to travel to such an officeholder event if the candidate holds a campaign event in the same area while there. 106.3(b)(3). AO 1996-11.

13. See 114.4(b)(1)(vii), 114.4(c)(2), 114.4(c)(3)(v), 114.4(c)(4), 114.4(c)(5)(i) and (ii), 114.4(c)(6)(ii) and 114.4(d)(1).

- **Candidate Appearances at Colleges/Universities.** For more information on such appearances, see 114.4(c)(7)(i) and (ii).
- **Candidate Debates.** The debates may be sponsored by a broadcaster, bona fide newspaper, magazine or other periodical or a nonprofit organization (a 501 (c)(3) or (c)(4) under the Internal Revenue Code), in accordance with section 110.13 of the FEC regulations.
- **Endorsements.** The corporation or labor organization may, without coordinating with the candidate or his or her campaign, publicly announce endorsements through a press release and press conference conducted through their normal media contacts. 114.4(c)(6)(i) and (ii).

If a campaign uses the facilities of a corporation or labor organization, the campaign must reimburse the organization within a commercially reasonable time.

contribution from that committee or individual to the campaign. Note, however, that employees, stockholders and members of a corporation or labor organization may make incidental use of an organization's facilities for volunteer work without having to reimburse the organization (except for any increased overhead), as explained on page 32. 114.9(a) and (b).

Meeting Rooms

Usual and Normal Rental Rate

Candidates and political parties may, at the discretion of the organization, rent a corporation or labor organization's meeting rooms at the usual and normal rate. 114.9(d).

For Free or at a Discount

A candidate may be able to use the rooms for free or at a discount under the following conditions:

- The corporation or labor organization customarily makes its meeting rooms available to civic and community groups;
- The corporation or labor organization makes the rooms available to other candidates upon request; and
- The corporation or labor organization makes the rooms available to the candidates on the same terms given to other groups (i.e., for free or at a discount if those are the terms offered to other groups). 114.13.

9. Use of Corporate/Labor Facilities and Resources

When using the facilities and resources of a corporation or labor organization, a campaign must pay the organization according to the rules described below. Otherwise, the use may result in a prohibited contribution from the corporation or labor organization.

Facilities

If a campaign uses the facilities of a corporation or labor organization, the campaign must reimburse the organization within a commercially reasonable time and at the usual and normal rental charge. Use of facilities may include, for example, the use of telephones, typewriters or office furniture. 114.9(d). If another political committee or an individual reimburses a corporation or labor organization for the campaign-related use of its facilities, the payment is considered an in-kind

Fundraisers for Candidates

A corporation or labor organization is prohibited from conducting fundraising activity in connection with federal elections (other than for the organization's own *separate segregated fund*). It may, however, allow its food services and mailing lists to be used for candidate fundraisers, and it may direct its personnel to work on these fundraisers, if it receives payment in advance at the fair market value of the goods or services. 114.2(f)(1) and (2). Other resources may also be used as long as proper reimbursement is made. See 114.9(d). Specifically, advance payment is required for:

- The services of corporate or labor personnel directed to carry out candidate fundraising activities as part of their job (though employees may not be coerced into providing on-the-job fundraising services if they do not wish to perform them);
- The use of catering or other food services arranged for or provided by the corporation or labor organization;
- The use of the organization's list of clients, customers, vendors or other persons outside the restricted class for purposes of soliciting contributions or distributing invitations; and
- Any use of the organization's facilities or resources by the organization's own SSF. AO 1984-24.

114.2(f)(2)(i)(A), (C) and (E).

Note, however, that if a corporation is providing the services (such as catering or personnel) in its ordinary course of business as a *commercial vendor*, payment does not have to be made in advance as long as: (1) the payment is at the usual and normal charge; and (2) the payment schedule conforms to normal business practice. Otherwise a prohibited contribution results. 100.52(d)(1) and (2); 114.2(f)(1); 116.3; see also, for example, AOs 1994-33 and 1991-18.

Reporting

If the campaign makes the advance payment for the above services, it must report the cost as a campaign expenditure. If the advance payment is made by any other source, the campaign must report it as an in-kind contribution received.

10. Independent Expenditures

An *independent expenditure* is an expenditure for a communication that *expressly advocates* the election or defeat of a clearly identified candidate and which is not made in coordination with any candidate or his or her campaign or political party. 100.16 and 109.20.

Political committees as well as individuals and groups may make independent expenditures, which are not subject to any limits but must be funded by federally permissible sources and are subject to reporting requirements. (The campaign of a candidate benefiting from an independent expenditure has no reporting obligation.)

Appendix D provides detailed information on independent expenditures. The appendix may be reproduced and distributed by a campaign to anyone who requests FEC guidelines on independent spending. Campaign staff should pay special attention to the section "What Is Not an Independent Expenditure," which explains when the independence of an expenditure is compromised through contact with a campaign and thus results in an *in-kind contribution* to the campaign.

11. Electioneering Communications

Any broadcast, cable or satellite communication that is publicly distributed within 30 days of a primary or 60 days of a general election, refers to a clearly identified federal candidate and is targeted to the relevant electorate is an electioneering communication. 100.29(a).

Clearly Identified Candidate

A candidate is clearly identified if his or her name, nickname, photograph or drawing appears in the ad, or if the ad contains an unambiguous reference to the candidate through titles such as "the President," "your Representative," or "the incumbent." 100.29(b)(2).

Public Distribution

A communication is "publicly distributed" when it is aired, broadcast, cablecast or otherwise disseminated for a fee through the facilities of a radio or television station, cable television system or a satellite system. 100.29(b)(3).¹⁴

Targeted to the Relevant Electorate

A communication is "targeted to the relevant electorate" when it is receivable by 50,000 or more persons in the candidate's district (for a House candidate) or state (for a Senate candidate). 100.29(b)(5).

14. In the case of a candidate for nomination for President or Vice President, a communication is "publicly distributed" when it can be received by 50,000 or more persons in a state where a primary election is being held, or within 30 days before the first day of the national nominating convention and the conclusion of the convention. 100.29(b)(3)(ii).

What is Not an Electioneering Communication?

A communication is not an electioneering communication if it:

- Is publicly disseminated through means other than broadcast, cable or satellite media. 100.29(c)(1);
- Appears in a news story, commentary or editorial that is publicly distributed by broadcast, cable, or satellite facilities not owned or controlled by any political party or candidate. 100.29(c)(2);
- Is a bona fide news story distributed by facilities owned and controlled by a party or candidate. 100.29(c)(2) and 100.132(a) and (b);
- Constitutes an expenditure or independent expenditure. 100.29(c)(3);
- Constitutes a candidate debate or forum. 100.29(c)(4) and 110.13; or
- Is paid for by any organization operating under section 501(c)(3) of the Internal Revenue Code of 1986.

Regarding 501(c)(3) “public charity” organizations, it is important to note that IRS regulations define 501(c)(3) organizations as organizations which do not participate in or intervene in any political campaign on behalf of (or in opposition to) any candidate for public office. 26 CFR §501(c)(3). Such organizations might jeopardize their exempt status by engaging in electioneering communications.

Prohibition on Corporations and Labor Organizations Making Electioneering Communications

Corporations and labor organizations are prohibited from making payments for an electioneering communication to those outside the restricted class. Accordingly, corporations and labor organizations may not provide funds for an electioneering communication. A corporation or labor organization will be considered to have provided funds if it knows or has reason to know that the person to whom it has provided funds

intended to use them to pay for an electioneering communication. 114.14(a)(2). Also, persons who accept funds provided by a corporation or labor organization may not:

- Use those funds to pay for electioneering communications; or
- Provide any portion of those funds to any person for the purpose of defraying the cost of an electioneering communication.

Exceptions

The above prohibition does not apply to funds disbursed by a corporation or labor organization in the usual and normal course of business such as:

- Salary, royalties or income from bona fide employment;
- Interest earnings, stock or other dividends, or proceeds from the sale of investments; and
- Receipt of payments for the fair market value of goods provided or services rendered.

114.14(c).

Persons who receive funds from corporations or labor organizations for purposes that do not meet

Corporations and labor organizations are prohibited from making payments for an electioneering communication to those outside the restricted class.

the exceptions mentioned above must be able to demonstrate through a reasonable accounting method that no portion of the funds were used to pay for an electioneering communication.

Who May Make Electioneering Communications?

Corporations and labor organizations are prohibited from making or financing electioneering communications to those outside of their restricted class. 114.2(b)(2)(iii).¹⁵

Further, they may not provide funds to any person if they know, have reason to know, or are willfully blind to the fact that the funds are for the purpose of making electioneering communications. 114.14(a) and (c).

However, the separate segregated fund (PAC) of a corporation may make electioneering communications. 114.5(i)

15. Generally, the restricted class comprises the executive and administrative personnel and their families. It also includes a corporation's stockholders and their families, or a labor or membership organization's members and their families. See 11 CFR 114.1(c) and (e).

Qualified Nonprofit Corporations

Qualified nonprofit corporations (QNC) may make electioneering communications. To qualify, the entity must be a nonprofit corporation incorporated under 26 U.S.C. § 501 (c)(4) that is ideological in nature and qualifies for exemptions under 11 CFR 114.10.

If a QNC makes electioneering communications that aggregate in excess of \$10,000 in a calendar year, it must certify that it is eligible for the QNC exemption. The certification must include the name and address of the corporation and the signature and printed name of the individual making the qualifying statement. It must also certify that the corporation meets the standards of a QNC, either by satisfying all of the qualifications at 11 CFR 114.10(c)(1)-(5), or through a court ruling pursuant to 11 CFR 114.10(e)(1)(i)(B). The certification is due no later than when the first electioneering communications report is required to be filed. 11 CFR 114.10(e).

QNCs still may not make contributions to federal political committees, nor may they accept any funds from corporations or labor organizations. 11 CFR 114.10(d)(2) and (3). Also, these regulations do not supercede any section of the Internal Revenue Code regarding 501 (c)(4) organizations. 11 CFR 114.10(e).

“527” Organizations

The prohibition against the use of corporate funds to make or finance electioneering communications does not apply to certain organizations incorporated under 26 U.S.C. § 527.

Incorporated state party committees and state candidate committees registered as 527 organizations are exempt from the corporate prohibition provided that the committee:

- Is not a political committee as defined at 11 CFR 100.5;
- Incorporates for liability purposes only;
- Does not use any funds donated by corporations or labor organizations to fund the electioneering communication; and
- Complies with the FEC’s reporting requirements for electioneering communications. 11 CFR 114.2(b)(2)(iii).

Unincorporated, unregistered “527” organizations may also make electioneering communications, subject to the disclosure requirements and the prohibition against corporate and labor funds.

Individuals, Partnerships and PACs

Individuals, partnerships and PACs may make or finance electioneering communications, provided that certain conditions are met. Those which accept funds provided by corporations or labor organizations may not use those funds to pay for electioneering communications, nor may they give these funds to another to defray the costs of making an electioneering communication. 11 CFR 114.14(b).

They must be able to demonstrate through a reasonable accounting procedure that no prohibited funds were used to pay for the electioneering communication. 11 CFR 114.14(d).

CHAPTER 8

Expenditures and Other Disbursements

It is important to understand the term *expenditure* because expenditures count toward the threshold that determines whether an individual is a candidate under the Federal Election Campaign Act (the Act). 100.3(a). An expenditure is a purchase or payment made to influence a federal election. 100.111(a).

Disbursement is a broader term that covers both expenditures and other kinds of payments (those not made to influence a federal election). All disbursements are reportable by the campaign.

In numerous *advisory opinions* the Commission has consistently stated that campaigns have wide discretion in deciding how to spend their funds. The Act does, however, place certain restrictions on the use of campaign funds, as explained on page 46. Note that the use of campaign funds is also addressed in House and Senate rules, over which the Commission has no jurisdiction (see Appendix G).

1. Expenditures

Operating Expenditures

Definition

Payments for day-to-day expenses, such as staff salaries, rent, travel, advertising, telephones, office supplies and equipment, fundraising, etc., are operating expenditures. Interest paid on a loan is also considered an operating expenditure.

Note that if a campaign pays for the candidate's travel and subsistence in connection with his campaign activities, those payments are also considered operating expenditures (but see "Personal Use of Campaign Funds," on page 46). However, if a candidate pays for his or her living expenses with personal funds, the payments are not considered expenditures and are not reportable by the campaign. 100.153, 113.1(g)(1)(ii)(C) and 113.2(d).

In-Kind Contributions

Note also that an in-kind contribution received by a committee, although not technically an expenditure, must be reported as an operating expenditure in addition to being reported as a receipt. 104.13(a). This reporting adjustment allows the committee to balance its cash on hand. A campaign expenditure made from the candidate's personal funds is considered an in-kind contribution and is thus also reportable as an operating expenditure. For more information and an example of reporting in-kind contributions, see Chapter 14, "Completing FEC Reports," Section 10, on page 74.

Written Agreements to Expenditures

A written agreement to make an expenditure, such as a media contract, constitutes an expenditure. 100.112. For information on reporting expenditures, see Chapter 14, "Completing FEC Reports."

2. Other Categories of Disbursements

Loan Repayments

A repayment of the principal of a loan is not an expenditure but is a reportable disbursement. Note that, a payment of interest on a loan, however, is considered an operating expenditure. 100.111(c). See "Reporting Loans," on page 81, for information on reporting loans.

Transfers to Other Authorized Committees

Transfers to other committees authorized by the candidate in the same or different elections are not expenditures but are reportable. See Chapter 10, "Transfers," for information on permissible transfers and see Chapter 14, Section 18 on page 85, for information on reporting these transfers.

Refunds of Contributions

Refunds of contributions are not expenditures but are reportable disbursements. For information on reporting refunds, see Chapter 14, Section 17 on page 84.

Contributions to Other Federal Candidates

A contribution to another federal candidate is not an expenditure but is a reportable disbursement. 104.3(b)(3)(v). For information on reporting these contributions, see “Contributions to Other Candidates,” on page 78.

Donations to Nonfederal Candidates and Other Organizations

A donation to a state or local candidate or to an organization that is not a *political committee* is neither an expenditure nor a contribution because the donation is not made for the purpose of influencing a federal election. However, such disbursements are subject to FEC regulations and relevant state law, and they are reportable. For more information on reporting donations to non-federal candidates, see “Contributions to Other Candidates,” on page 78.

Chapter 9

Use of Campaign Funds

1. Use of Funds

Campaign funds may be used for the following non-campaign purposes:

- The defrayal of ordinary and necessary expenses of a federal officeholder such as:
 - Travel expenses for a federal office holder and an accompanying spouse, provided that the travel is undertaken to participate in a function that is connected to the officeholder's official responsibilities. See, for example, AO 1997-2; and
 - Winding down costs of a federal office holder's office for a period of six months after leaving office. See, for example, AOs 1996-44 and 1996-14; (House and Senate rules may apply; see AOs 2000-37 and 1996-45; and see Appendix G).
- Donations to charities (organizations defined in 26 U.S.C. § 170(c)). See, for example, AOs 1999-34, 1997-1 and 1996-40;
- Unlimited transfers to any national, state or local party committee. See, for example, AO 1996-9; and
- Salary payments to the candidate, subject to certain restrictions. See below.

113.2.

Contributions to Other Federal and Nonfederal Candidates

A federal candidate committee may contribute up to \$1,000 per election to the committee of another federal candidate. 102.12(c)(2). Contributions from federal candidate committees to state or local candidate committees are subject to state law. 300.62.

Transfers of Funds

Funds may be transferred between *authorized committees* of the same candidate (for example, from a previous campaign committee to a current campaign committee) without limit as long as the committee making the transfer has no *net debts*

outstanding. 110.3(c) and 116.2(c)(2). See, for example, AO 1987-4. See Chapter 10, "Transfers," for more information.

Alternatively, a candidate may redesignate a former campaign committee as the principal campaign committee of his or her current campaign and use the excess funds of the previous campaign in the current campaign. AO 1980-30.

2. Personal Use of Campaign Funds

Using campaign funds for personal use is prohibited. The regulations provide a test to differentiate legitimate campaign and officeholder expenses from personal expenses, and the regulations include a list of specific expenses that are considered personal use. (Candidates and officeholders should also consult the House or Senate Ethics Rules.)

Campaign/Officeholder Expenses vs. Personal Expenses

In determining whether expenses are for personal use or are legitimate campaign/officeholder expenses, the Commission uses the "Irrespective Test" discussed below.

The Irrespective Test

Personal use is any use of funds in a campaign account of a candidate (or former candidate) to fulfill a commitment, obligation or expense of any person that would exist irrespective of the candidate's campaign or responsibilities as a federal officeholder. 113.1(g). More simply put, if the expense would exist even in the absence of the candidacy or even if the officeholder were not in office, then the personal use ban applies.

Conversely, any expense that results from campaign or officeholder activity falls outside the personal use ban.

EXAMPLE: A candidate may not pay for his or her personal household expenses with campaign funds because those costs would be incurred even if he or she were not running for federal office.

What is Not Personal Use

In addition to the "irrespective test," the Commission regulations include an exhaustive list of uses of funds that do not constitute personal use. 113.2.

Charitable Donations

Gifts to charity are not considered personal use expenses as long as the candidate does not receive compensation from the charitable organization before it has expended the entire amount donated. Note that the amount donated must have been used for purposes that do not personally benefit the candidate. 113.1 (g)(2). See also AOs 1997-1, 1996-40 and 1994-20.

Transfer of Campaign Assets

The sale or transfer of a campaign asset (see Chapter 15, “Winding Down the Campaign”)—to either the candidate or a third party—does not constitute personal use as long as the transaction is made at the fair market value. 113.1 (g)(3).

Gifts

On special occasions, campaign funds may be used to purchase gifts or make donations of nominal value to persons other than the members of the candidate’s family. 113.1 (g)(4).

If the expense would exist even in the absence of the candidacy or even if the officeholder were not in office, then the personal use ban applies.

Candidate Salary

The candidate may receive a salary from his or her campaign committee under the following conditions:

- The salary must be paid by the principal campaign committee;
- The salary must not exceed the lesser of the minimum annual salary for the federal office sought or what the candidate received as earned income in the previous year;
- Individuals who elect to receive a salary from their campaign committees must provide income tax records and additional proof of earnings from relevant years upon request from the Commission;
- Payments of salary from the committee must be made on a pro-rata basis (i.e., a candidate may not receive a whole year’s salary if he or she is not a candidate for an entire twelve-month period);
- Incumbent federal officeholders may not receive a salary payment from campaign funds; and
- The first payment of salary shall be made no sooner than the filing deadline for access to the primary election ballot in the state in which the candidate is running for office.

- Salary payments may continue until the date when the candidate is no longer considered a candidate for office or until the date of the general election or general election runoff.
- For special elections, payments may continue from the date that the special election is set until the date of the special election.

113.1 (g)(1)(i)(I).

Automatic Personal Use

The regulations list some expenses that automatically fall under the personal use ban. Based on these rules, the following paragraphs discuss what kinds of expenses the campaign can and cannot pay for.

Household Food Items and Supplies

The candidate cannot use campaign funds to pay for food purchased for daily consumption inside

the home or supplies needed to maintain the household. The campaign may, however, pay for

food and supplies for fundraising activities and campaign meetings (even when they take place in the candidate’s home). 113.1 (g)(1)(i)(A).

Funeral, Cremation and Burial Expenses

Campaign funds cannot be used to cover expenses related to deaths within the candidate’s family. They may, however, be used to cover funeral, cremation and burial expenses for a candidate or campaign worker whose death arises out of, or in the course of, campaign activity.

113.1 (g)(1)(i)(B).

Clothing

The campaign cannot pay for attire for political functions (for example, a new tuxedo or dress), but it can pay for clothing of de minimis value such as T-shirts or caps imprinted with a campaign slogan. 113.1 (g)(1)(i)(C).

Tuition Payments

The campaign can pay for tuition costs that are for training campaign staff to perform campaign tasks. Also, in AO 1997-11, the Commission allowed a federal officeholder to use campaign funds to cover her costs for a Spanish immersion class that she took to better communicate with her constituents. 113.1 (g)(1)(i)(D).

Mortgage, Rent and Utility Payments

The campaign may not pay for mortgage, rent or utilities for the personal residence of the candidate or the candidate's family even if part of the residence is being used by the campaign. 113.1 (g)(1)(i)(E).

The campaign may pay for long distance calls made for campaign purposes from the candidate's residence or the residence of his or her family. EXAMPLE: A campaign committee may not rent space in the candidate's home, but it may rent part of an office building owned or leased by the candidate for use in his or her campaign, as long as it pays no more than the fair market value for the space. AO 1995-8. See also AO 2000-2.

Investment Expenses

The campaign may not pay for investment expenses such as acquiring securities on margin unless all of the investment and its proceeds are used for the purpose of influencing the candidate's election for federal office or for one of the permissible non-campaign uses of funds discussed above in Section 1.

Entertainment

The campaign may not pay for admission to sporting events, concerts, theater and other forms of entertainment. Campaign funds may be used, however, if the entertainment is part of a specific officeholder or campaign activity. They may not be used for a leisure outing at which the discussion occasionally focuses on the campaign or official functions. 113.1 (g)(1)(i)(F).

Dues, Fees and Gratuities

Campaign funds may not be used to pay for dues to country clubs, health clubs, recreational facilities or other nonpolitical organizations unless the payments are made in connection with a specific fundraising event that takes place on the organization's premises. See, for example, AO 1995-26.

Campaign funds may be used for membership dues in an organization that may have political interests. 113.1 (g)(1)(i)(G). EXAMPLE: A candidate or officeholder may use campaign funds to pay for a membership in a civic or community group in his or her district in order to maintain political contacts with constituents or the business community.

Salary Payments to Candidate's Family

Campaign funds may be used to make salary payments to members of the candidate's family only if:

- The family member is providing a bona fide service to the campaign; and
- The payments reflect the fair market value of those services. 113.1 (g)(1)(i)(H). See also AOs 2001-10 and 1992-4.

Any salary payments to family members in excess of the fair market value constitute personal use.

Case-by-Case Determination of Personal Use

For other expenses not mentioned above, the Commission will determine, on a case-by-case basis, whether the expense is one that would exist irrespective of the candidate's campaign or duties as a federal officeholder and would be considered a personal use expense. For example, the Commission will address payments for meals, travel, vehicles, mixed-use and legal expenses on a case-by-case basis. 113.1 (g)(1)(ii).

Meal Expenses

Campaign funds may be used to pay for meals during face-to-face fundraising events. By contrast, a candidate may not use campaign funds to take his or her family out to dinner. 113.1 (g)(1)(ii)(B).

Travel Expenses

The regulations prohibit the use of campaign funds for personal expenses collateral to travel—either campaign or officeholder—unless personal funds are used to reimburse the committee. 113.1 (g)(1)(ii)(C). See, for example, AOs 2002-05, 2000-37 and 1996-19 See also "Mixed Use" below.

Vehicle Expenses

Campaign funds cannot be used to pay for expenses relating to the personal use of a campaign vehicle unless those expenses are de minimis, that is, unless they are insignificant in relation to the overall vehicle use. 113.1 (g)(1)(ii)(D).

Mixed Use

In the event of travel or vehicle expenses that commingle personal and campaign or officeholder activity, the beneficiary of the personal use expenses must reimburse the committee within thirty days for the entire amount associ-

ated with the personal activities (the amount over and above what the cost would have been had the trip/vehicle use been solely for campaign/officeholder-related purposes). The reimbursement does not constitute a contribution. See, for example, AOs 1992-12 and 1984-59. The committee must maintain logs of the expenses to help the commission determine on a case-by-case basis what portion was for personal use rather than for campaign-related activity or officeholder duties. 113.1 (g)(8). AO 2001-3.

Legal Expenses

The Commission decides on a case-by-case basis whether legal expenses are considered “personal use.” 113.1 (g)(1)(ii)(A). AO 2003-17.

Relating to Campaign or Officeholder Activity

In several advisory opinions the Commission has said that campaign funds may be used to pay for up to 100 percent of legal expenses related to campaign or officeholder activity, where such expenses would not have occurred had the individual not been a candidate or officeholder.

EXAMPLES:

- Suits where the candidate/officeholder was the plaintiff, provided he derived no financial benefit from court awards (AO 1997-27);
- Suits where the candidate/officeholder was the defendant and the litigation arose directly from campaign activity or the candidate’s status as a candidate (AO 2003-17 and 1995-23);
- Investigations pertaining to the candidate/officeholder’s role as a candidate or officeholder (AO 1998-1);
- Investigations by the House or Senate pertaining to any activity conducted by the candidate/officeholder (AO 1998-1); and
- Responding to press inquiries pertaining to any of the above (AOs 2001-9, 1998-1 and 1997-12).

Relating to Other Activity

In specific situations the Commission has concluded that campaign funds may be used to pay for up to 50 percent of legal expenses that do not relate directly to allegations arising from campaign or officeholder activity (e.g. activity prior to becoming a candidate or officeholder or activity of a business owned by the candidate/officeholder) if the candidate or officeholder is required to provide substantive responses to the press regarding the allegations of wrongdoing. See, for example, AOs 1998-1 and 1997-12.

Third-Party Payments of Personal Use Expenses

General Rule

Generally, when a third party (not the candidate or the candidate’s committee) pays for personal use expenses, the third party makes a contribution, subject to the restrictions and limitations of the Act. 113.1 (g)(6).

Exceptions

No contribution will result, however, if the payment would have been made irrespective of the candidacy. For example, a third party may make the following payments without making a contribution:

- Payments to a legal expense trust fund established under House and Senate rules;
- Payments made from funds that are the candidate’s personal funds, including an account the candidate holds jointly with a family member (See, 110.10(b); and
- Payments that began prior to candidacy. For example, if the candidate’s parents had been making college tuition payments for the candidate’s children, the parents could continue to do so during the campaign without making a contribution.

Compensation to Candidate

Compensation paid to a candidate by a third party as a continuation of payments made prior to candidacy are not considered contributions as long as such payments:

- Result from bona fide employment independent of the candidacy;
- Are exclusively in consideration of the services provided as part of this employment; and
- Represent pay not in excess of that normally received for such services. 113.1 (g)(6).

CHAPTER 10

Transfers

This chapter describes the different types of transfers that *authorized committees* may receive and make. Transfers of funds and assets between federal committees authorized or established by the same candidate are generally unlimited because the committees are considered *affiliated committees*. Note, however, that an authorized committee of a federal candidate may not accept any transfers of funds or assets from a committee established by the same candidate for a nonfederal election. See Section 3, below.

1. Transfers Between Candidate's Committees for Same Office

In the Same Election

Funds and assets may be transferred without limit between a candidate's *principal campaign committee* and the candidate's other authorized committees for the same office during the same *election*. Note, however, that an authorized committee may not transfer funds to another authorized committee of the same candidate if the transferring committee has net debts outstanding. 110.3(a)(1)(i) and 116.2(c)(2).

In Different Elections

Funds and assets may be transferred without limit between committees authorized by a candidate for the same office in different elections as long as the transferring committee does not have net debts outstanding. 110.3(c)(4) and 116.2(c)(2). Note that, for the purposes of the contribution limits, if the transferred contributions were originally made:

- After the previous election was held; or
- After the candidate withdrew or otherwise ceased to be a candidate in the previous election, contributions transferred from the previous campaign to the current campaign must be aggregated with contributions by the same donors to the current campaign. 110.3(c)(4)(iii) and (iv).

See page 20 for information on how to determine the date when a contribution is made. Other rules also apply to contributions that a committee receives after an election; see "Designated and Undesignated Contributions" on page 19.

2. Transfers Between Committees of Candidate Seeking More Than One Office

In the Same Election Cycle

When an individual seeks election to more than one federal office during the same election cycle or overlapping election cycles, he or she must establish separate *principal campaign committees* and must maintain completely separate campaign organizations. 110.8(d)(1). Contributors also have separate limits with respect to the separate campaigns of the same candidate. Special transfer rules apply to transfers between these committees. The situations to which these rules apply can be illustrated with the following examples:

- Candidate A runs for both the House and the Presidency in the 2008 primary election (as permitted by state law).
- Candidate B begins the 2006 election cycle as a House candidate but later begins a campaign for a Senate seat in 2006.

Prohibited While "Actively Seeking" More Than One Office

No transfers of funds or assets may be made between a candidate's separate campaign committees while the candidate is "actively seeking" more than one office at the same time. 110.3(c)(5) and 110.8(d)(2). In the above examples, Candidate A would be prohibited from transferring funds because he was "actively seeking" two offices at the same time.

Additional rules prohibit any transfers to or from a campaign account of a Presidential candidate who has accepted public financing, regardless of the timing or amount of the transfer. 110.3(c)(5)(iii). This restriction would apply to Candidate A if he received public funds for his Presidential campaign. See AO 1995-3.

Definition of No Longer “Actively Seeking”

Under FEC rules, a candidate is no longer “actively seeking” nomination or election to a particular office once he or she:

- Becomes ineligible for nomination or election to that office by operation of law;
- Publicly announces that he or she is withdrawing from one race and ceases to campaign for that election;
- Has filed a termination report (see “Terminating the Committee,” on page 96); or
- Has notified the Commission that his or her campaign will conduct no further activities with respect to that election, other than fundraising to retire outstanding debts. 110.3(c)(5)(i).

Guidelines for Transfers When No Longer “Actively Seeking” Multiple Offices

Once a candidate is no longer “actively seeking” election to more than one federal office, transfers between the two campaigns are permissible, within the following guidelines:

- The transferor committee’s available funds should be viewed as those contributions most recently received that add up to the amount of cash on hand.
- Contributions transferred must be aggregated with any contributions made by the same donor to the committee receiving the transfer. Amounts that would cause a contributor to exceed his or her per-election contribution limit must be excluded from the transfer.

110.3(c)(5)(ii).

By taking these steps, Candidate B in the above example could transfer funds between her two campaigns once she was no longer “actively seeking” two offices at the same time. Note that the recipient committee will need to identify the donors whose contributions comprise the transfer by using “memo” entries.

In Different Election Cycles

When an individual seeks different offices in different election cycles, surplus funds from the earlier campaign may be transferred to the later campaign without aggregating the contributions of the original donor to the two committees.

110.3(c)(4).

EXAMPLE: Candidate X runs for the House in 2002, and for the Senate in 2008. Any surplus funds for the 2002 House campaign may

be transferred to the 2008 Senate campaign. The 2008 Senate Committee would not have to disclose those donors whose contributions to the 2002 House Committee were included in the transfer.

3. Transfers from Candidate’s Nonfederal Committee Are Prohibited

A candidate’s authorized (federal) committee may not accept funds or assets transferred from a committee established by the same candidate for a nonfederal election campaign. At its option, however, a nonfederal committee of the same candidate may refund its leftover funds to its contributors and may coordinate arrangements with the federal campaign for a solicitation of those same persons. The full cost of this solicitation must be paid by the federal committee. 110.3(d). See also AO 1996-33.

4. Transfers of Joint Fundraising Receipts

Transfers of receipts raised in compliance with joint fundraising procedures are unlimited. 102.6(a)(1)(iii). A committee receiving such a transfer must not only report the total amount transferred but must also itemize, as necessary, its share of gross proceeds as contributions from the original contributors. 102.17(c)(8)(i)(B). For more information, see Appendix C.

5. What is NOT a Transfer

Note that, while each of the above sections discusses transfers between committees, not all receipts or disbursements to other committees are transfers. The following are not transfers:

- Contributions to or from other candidates (federal or nonfederal);
- Contributions to or from PACs; and
- Contributions to or from party committees.

Note that these transactions must not be reported as transfers. For information on reporting, see Chapter 14.

CHAPTER 11

Conducting the Campaign

This chapter outlines the rules that apply to three areas of campaign activity: fundraising, advertising and travel.

1. Fundraising

Accounting for Primary and General Election Contributions

If, before the primary election, a campaign receives contributions designated for the general election, it must use an acceptable accounting method to distinguish between primary contributions and general election contributions. Commission regulations suggest two accounting methods that are acceptable:

- Maintaining separate accounts for each election; or
- Maintaining separate books and records for each election.

102.9(e). AO 2003-13.

Fundraising Notices

Authorization Notice

When a campaign solicits contributions through public communications, it must include a clear and conspicuous notice on the solicitation stating that it was paid for by the campaign: Paid for by the Sam Jones for Congress Committee. 110.11 (a)(1)(i). See “Disclaimer Notices,” later in this chapter.

“Best Efforts” Rules

When making solicitations, committees and their treasurers must make “best efforts” to obtain and report the name, address, occupation and employer of each contributor who gives more than \$200 in a calendar year. In order to show that the committee has made “best efforts,” solicitations must specifically request that information and inform contributors that the committee is required by law to use its best efforts to collect

and report it. This request must be clear and conspicuous. 104.7(a). For details, see “Treasurer’s Best Efforts to Document Contributions” on page 57.

IRS Notice Requirements

Section 6113 of the Internal Revenue Code requires political committees whose gross annual receipts normally exceed \$100,000 to include a special notice on their solicitations to inform solicitees that contributions are not tax deductible. There are substantial penalties for failure to comply with this provision. Contact the IRS for more information (see Appendix G, “Compliance With Other Laws,” Section 4, “Tax Laws,” on page 123 for the address and phone numbers).

Accepting Contributions

General Rule

A campaign is prohibited from knowingly accepting any contributions from *prohibited sources*. The treasurer of a political committee is responsible for examining all contributions to make sure they are not illegal (i.e., prohibited or excessive). See “Questionable Contributions,” on page 28. 103.3(b).

Contributions from Unregistered Organizations

When campaigns accept contributions from groups that are not political committees registered with the Federal Election Commission (such as unregistered local party committees or nonfederal campaigns), they must make sure that the funds are permissible under the Act. This is an important consideration because campaign laws in some states permit nonfederal political groups to accept funds that would violate the limits and prohibitions of the Act. To avoid a possible violation of the Act, a campaign must be certain that an unregistered group making a contribution:

- Can demonstrate through a reasonable accounting method that it has sufficient federally acceptable funds to cover the amount of the contribution or expenditure at the time it is made; or
- Has established a separate account containing only funds permissible under the Act. 102.5(b).

See also Advisory Opinion (AO) 1982-38. When itemizing such a contribution in its report, a campaign should note that the contribution contains only federally permissible funds.¹

Transmitting Contributions

Forwarding Contributions

Every *person* who receives contributions for a campaign must forward them to the treasurer of the candidate's authorized committee within 10 days of receipt. The date of receipt is the date the person obtains possession of a contribution. 102.8(a). See also Appendix A, "Earmarked (Bundled) Contributions."

Forwarding Records

A person receiving contributions for a campaign must also forward the following recordkeeping information along with the contributions:

- For contributions exceeding \$50, the amount, date of receipt and the contributor's name and address.
- For contributions exceeding \$200, the complete identification of the contributor (full name and address, occupation and employer) as well as the amount and date of receipt of the contribution.

102.8(a).

No Commingling

Campaign receipts must not be commingled with personal funds, such as by depositing contributions in a personal account. 102.15.

Depositing Funds

Within 10 days of receiving a contribution (or any receipt of money), the treasurer is responsible for depositing it in the campaign depository. 103.3(a). See "Questionable Contributions," on page 28, for information on depositing or returning questionable contributions.

Fundraising on the Internet

Campaign committees may solicit contributions over the Internet as long as the solicitation:

- Includes the proper disclaimers (see "Disclaimers," later in this chapter);
- Confirms that the contribution is not from a prohibited source; and

- Requests contributor information.

See "Treasurer's Best Efforts to Document Contributions," on page 57. 104.7(b)(1); 110.11 and AOs 1995-35 and 1995-9.

Joint Fundraising

Campaigns may engage in joint fundraising with other committees. 102.17. For the rules that govern this special activity, see Appendix C.

2. Disclaimers

Any public communication made by a political committee, even those that do not contain a solicitation or express advocacy, must include a disclaimer. 110.11.

Public Communications

Public communications include electioneering communications and any communication made using the following media:

- Broadcast, cable or satellite;
- Newspaper or magazine;
- Outdoor advertising facility;
- Mass mailing (more than 500 substantially similar mailings within 30 days);
- Phone bank (more than 500 substantially similar calls within 30 days).

The following communications are not considered to be public communications, but still require a disclaimer:

- Unsolicited e-mail (more than 500 substantially similar mailings within 30 days); and
- Web site.

110.11 (a).

Wording of Disclaimer Notice

Authorized and Financed by Campaign

If the campaign authorizes and finances a communication, the notice must state that the communication was paid for by the authorized committee. Additional requirements apply for television and radio ads.

EXAMPLE: "Paid for by the Sam Jones for Congress Committee." 110.11 (b)(1).

Authorized but Not Financed by Campaign

If a communication is authorized by the campaign but paid for by another person, the communication must identify the person who paid for it and state that it was authorized by the campaign.

1. A campaign may wish to refer unregistered contributing groups to FEC regulations at 100.5 and 102.5(b).

Additional requirements apply for television and radio ads.

EXAMPLE: “Paid for by the XYZ Committee and authorized by the Sam Jones for Congress Committee.” 110.11 (b)(2).

Not Authorized or Financed by Campaign

Although this type of notice is not used by a candidate’s campaign, campaign staff should be aware that if a committee pays for a communication that refers to their candidate but is not authorized by the campaign, the notice must state that it was not authorized by any candidate or candidate’s committee, identify the committee that paid for the communication and provide its permanent street address, telephone number, or web site address.²

EXAMPLE: “Paid for by the XYZ PAC (www.xyzpac.org) and not authorized by any candidate or candidate’s committee.” 110.11 (b)(3). This type of notice must be used on independent expenditures and electioneering communications. 110.11 (b)(3) and (d)(3).

Preemption of State Law

An authorization notice does not have to comply with state law if the communication is made only with respect to federal elections. 108.7(b). See also, for example, AO 1986–11.

Clear and Conspicuous Placement of Disclaimer Notice

A disclaimer notice must be clearly and conspicuously displayed. A notice is not clearly and conspicuously displayed if the print is difficult to read or if the placement is easily overlooked. 110.11 (c)(1).

Television and Radio Ads

Authorized by Candidate’s Committee

For both radio and television ads, the candidate must deliver an audio statement identifying himself or herself and stating that he or she has approved of the communication. In a television ad, the disclaimer must be conveyed by:

- A full-screen view of the candidate making the statement; or
- A voiceover with an image of the candidate occupying no less than 80% of the vertical screen height.

110.11 (c)(3).

Additionally, television communications must contain a clearly readable written statement that appears at the end of the communication for a period of at least four seconds with a reasonable degree of color contrast between the background and the disclaimer statement (e.g., black text on white background). The written statement must occupy at least four percent of the vertical picture height. 110.11 (c)(3)(iii).

Not Authorized by Candidate’s Committee

For a radio or television communication that is not authorized by the candidate’s committee, the disclaimer must include the name of the person or committee responsible for the communication and, if applicable, the name of the committee’s connected organization. 110.11 (c)(4).

Printed Communications

In printed communications, the disclaimer must be contained within a printed box set apart from the contents of the communication. The print of the disclaimer must be of sufficient size to be “clearly readable” by the recipient of the communication, and the print must have a reasonable degree of color contrast between the background and the printed statement. 110.11 (c)(2)(ii) and (iii). Black text in 12-point font on a white background is one way to satisfy this requirement for printed material measuring no more than 24 inches by 36 inches.

Multiple-Paged Document

A disclaimer need not appear on the front page or cover of a multiple-paged document. 110.11 (c)(2)(iv).

Package of Materials

Each communication that would require a disclaimer if distributed separately must still display the disclaimer when included in a package of materials. 110.11 (c)(2)(v). For example, if a campaign poster is mailed with a solicitation for contributions, a separate disclaimer must appear on the solicitation and the poster.

2. When persons outside the campaign use public communications to solicit contributions, the solicitation must carry a notice stating who paid for the solicitation and whether or not it was authorized by the candidate or the committee. 2 U.S.C. §441 d.

When Disclaimer Not Required

A disclaimer is not required when:

- It cannot be conveniently printed (e.g., pens, bumper stickers, campaign pins, campaign buttons and similar small items);
- Its display is not practicable (e.g., wearing apparel, water towers and skywriting); or
- The item is of minimal value, does not contain a political message and is used for administrative purposes (e.g., checks and receipts). 110.11 (f).

3. Rates for Political Advertisements

Rates charged by newspapers and magazines for campaign advertising must be comparable to those charged for non-campaign advertisements. 110.11 (g). Rates charged for radio and television advertisements are regulated by the Federal Communications Commission. See Appendix G, page 123.

4. Campaign Travel

Reporting Travel Costs

Payments for a candidate's campaign-related travel are generally reported as *operating expenditures* regardless of whether they are paid with campaign funds or with the candidate's personal funds. 106.3(a) and (b)(1). Special rules apply, however, when the candidate or another individual uses his or her personal funds to pay for travel expenses and is later reimbursed. See "Travel Expenses" on page 33 for more information.

Allocating Travel Costs

When a candidate makes a trip involving both campaign and noncampaign stops, only the travel costs related to the campaign are expenditures. If, however, a candidate conducts any campaign activity at a given stop, that stop is considered campaign related, unless the campaign activity is merely incidental. For example, if a candidate makes a noncampaign speech at a civic association luncheon and, on the way out, chats with a few attendees about his campaign in response to their questions, the conversation does not convert the appearance into a campaign-related event.

Expenditures for campaign-related stops are calculated on an actual cost-per-mile basis, starting at the point of origin of the trip, including each campaign-related stop, and ending at the point of origin. 106.3(b)(2) and (3).

EXAMPLE: A candidate travels by plane from Philadelphia to Las Vegas for a campaign speech. While in Nevada, the candidate travels by plane from Las Vegas to Reno for a noncampaign purpose. The candidate then flies back to Philadelphia from Reno. To determine the candidate's campaign-related travel expenses, the committee must create a fictional itinerary from Philadelphia to Las Vegas and back. Thus the campaign would derive the cost-per-mile of campaign travel from the commercial rate for a round-trip flight from Philadelphia to Las Vegas. See also AO 1992-34.

Individuals other than candidates have to allocate their mixed campaign and noncampaign travel expenses on a reasonable basis. 106.3(c)(1).

On February 6, 2002, the Commission adopted an interpretive rule to clarify that the travel allocation and reporting requirements of 11 CFR 106.3(b) do not apply to the extent that a candidate³ pays for certain travel expenses using funds authorized and appropriated by the federal government. (67 FR 5445, February 6, 2002). Candidates should consult with the House Committee on Standards of Official Conduct or the Senate Select Committee on Ethics regarding the use of appropriated funds for travel expenses.

Travel to and from Washington, DC

Costs for travel between Washington, DC, and the state or Congressional District in which an individual is a candidate are not reportable unless paid for by the campaign (or another political committee) or with the candidate's personal funds in connection with campaign-related travel. 106.3(d). House and Senate rules should also be consulted; see Appendix G.

3. This interpretive rule does not apply to Presidential or Vice-Presidential campaigns that are covered by the Presidential Campaign Fund Act. 26 U.S.C. sec. 9001 et seq.

CHAPTER 12

Keeping Records

Treasurers of *authorized committees* (and other *political committees*) are responsible for keeping copies of each statement and report, together with original back-up records, for three years after the report or statement is filed. 102.9(c); 104.14(b)(2) and (3). Listed below are the records required for a committee's receipts and disbursements.

1. Recording Receipts

With respect to *receipts*, the Federal Election Campaign Act requires records only for contributions. Nevertheless, a political committee is advised to keep records for all types of receipts in order to comply with the reporting requirements of the Act and FEC regulations.

Total Contributions

Records must show figures for total contributions received. 102.9(a).

Identifying Contributors

Contributions of \$50 or Less

In advisory opinions (AOs), the Commission has recommended two possible accounting methods:

- Keep the same information required for identifying contributions that exceed \$50 (amount, date of receipt, and donor's name and address); or
- In the case of small contributions collected at a fundraiser (such as gate receipts, cash contributions), keep records of the name of the event, the date and the total amount of contributions received on each day of the event. AOs 1981-48 and 1980-99.

Contributions Exceeding \$50

Records must identify each contribution of more than \$50 by:

- Amount;
- Date of receipt; and
- Donor's name and address.

102.9(a)(1).

Furthermore, political committees must maintain either a full-size photocopy or digital image of each check or written instrument by which a contribution of \$50 or more is made.

Contributions Aggregating Over \$200

For each contribution that exceeds \$200, either by itself or when added to the donor's previous contributions made during the same calendar year, records must identify each contribution by:

- Amount;
- Date of receipt; and
- Donor's full name and address, occupation and employer.

If a person has already contributed an aggregate amount of over \$200 during one year, each subsequent contribution, regardless of amount, must be identified in the same way. 102.9(a)(2).

Please note that, for recordkeeping purposes, contributions are aggregated on a calendar-year basis. Contributions are aggregated on a per-election basis, however, for the purpose of monitoring contribution limits.

Possibly Illegal Contributions

A committee must keep a written record noting the basis of concern for each deposited contribution which:

- Requires a written redesignation and/or reattribution from the contributor (see page 28) or
- Requires confirmation that it is not from a prohibited source (see page 28).

103.3(b)(3) and (5).

See "Questionable Contributions," on page 28, for more information on the committee's responsibility to determine the legality of possibly illegal contributions.

Designated, Redesignated and Reattributed Contributions

A committee must retain the written copies of contributors' designations, redesignations and reattributions. 102.9(f). Also, for any contributions redesignated or reattributed by presumption, the committee must retain any writings from contributors that accompany the contribution and any notices sent from the committee to the contributor. 110.1(l)(4).

Contributions from Political Committees

Records must identify each contribution, regardless of amount, by:

- Amount;
- Date of receipt; and
- Name and address of the political committee. 102.9(a)(3).

Acceptable Accounting Method

The committee's records must demonstrate that, prior to the primary election, recorded cash on hand was at all times greater than or equal to the sum of general election contributions received minus the sum of general election disbursements made. 102.9(e)(2).

A committee must retain the written copies of contributors' designations, redesignations and reattributions.

2. Treasurer's Best Efforts

Committees and their treasurers must make best efforts to obtain and maintain (and ultimately report) the information required by law with respect to itemized receipts (and disbursements). When reporting information is incomplete, the committee and the treasurer will be in compliance with the law if they can demonstrate that they used "best efforts" in trying to obtain (and report) the needed information. 102.9(d) and 104.7(a). The criteria for making "best efforts" vary, depending on the type of transaction.

Contributor Information

If an individual who has contributed more than \$200 during the election cycle fails to provide the required recordkeeping information (i.e., name, mailing address, occupation and employer), the committee must be able to show that it made "best efforts" to obtain (and report) that information. To demonstrate "best efforts," the committee must be able to show that it requested the information—first, in the solicitation materials that prompted the contribution and, second, in a follow-up request. Furthermore, if requested information is not received until after the contribution has been reported, the committee must report the information using one of the procedures described under "File Amendments If Necessary," below.

Solicitation Materials¹

To satisfy the "best efforts" standard, the solicitation must include a statement explaining that the campaign is required to use its best efforts to obtain and report certain information from the contributor. This statement is referred to as the "best efforts" notification; two examples are listed below:

- Federal law requires us to use our best efforts to collect and report the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200 in an election cycle; or
- To comply with Federal law, we must use our best efforts to obtain, maintain and submit the name, mailing address, occupation and name of employer of individuals whose contributions exceed \$200 per election cycle.

The best efforts notification must be clear and conspicuous on both the committee's solicitations and response materials. The notice will not be considered to be "clear and conspicuous" if:

- The notification is printed in smaller type than the solicitation and response materials;
- The printing is difficult to read; or
- The notification is placed where it can be easily overlooked. 104.7(b)(1).

Follow-Up Request Within 30 Days

If the contributor does not provide sufficient reporting information when making a contribution, the committee must make at least one request for the information after the contribution is received. This follow-up request must be made for any solicited or unsolicited contribution that exceeds the \$200 threshold and lacks the necessary information (see "Contributions Aggregating over \$200" on page 56).

The request must be made within 30 days of receipt of the contribution; it may not include an additional solicitation or material on any other subject, but it may thank the contributor. The follow-up request may be made orally or in writ-

1. Any contribution which is reported by a committee with all required contributor information will meet the reporting requirements, whether or not the committee asked for the information or used the language specified under "Solicitation Materials." See the Explanation and Justification published with the final rule, 58 Fed. Reg. 57725, 57727 (Oct. 27, 1993).

ing, but a written request must be accompanied by a pre-addressed postcard or envelope for the response. Requests made by telephone must be documented in a memorandum. A political committee may also use e-mail to request missing contributor information. AOs 1999-17 and 1995-9. Committees must retain records of follow-up requests. 102.9(d) and 104.7(b)(2).

Use of Information from Prior Records

If the contributor does not respond to the follow-up request, but the committee possesses the information in its contributor records, fundraising records or prior reports filed during the same two-year election cycle, then the committee must use that information when disclosing the contribution. 104.7(b)(3).

File Amendments If Necessary

If requested information about a contribution is received after the contribution has been disclosed on a report, the committee must either:

- File a memo Schedule A with its next regularly scheduled report, listing all contributions for which new contributor information has been received; or
- File amendments to the original reports.

In either case, the entries must cross-reference to the prior reports to which they relate. However, the committee is only required to submit the information for contributions received during the current two-year election cycle. 104.7(b)(4). See “Filing Amendments” on page 87 for instructions on filing amendments.

3. Recording Disbursements

Total Disbursements

Records must show figures for total disbursements by the committee. All disbursements (except those from a petty cash fund) must be drawn by check or similar draft on the campaign depository. 102.10 and 103.3(a).

Petty Cash Disbursements

A written record of petty cash disbursements must be kept if a petty cash fund is maintained. Payments from petty cash to one person for any one purchase or transaction may not exceed \$100. 102.11.

Identifying Disbursements

All Disbursements

Each disbursement must be identified by:

- Amount;
- Date;
- Name and address of payee²; and
- Purpose (a brief description of why the disbursement was made).

102.9(b)(1).

Disbursements Exceeding \$200

In addition, for each single disbursement that exceeds \$200, the committee must keep a receipt, invoice or canceled check. 102.9(b)(2).

Best Efforts to Document Disbursements

If a treasurer fails to receive a receipt, invoice or canceled check (required for disbursements exceeding \$200), he or she can demonstrate his or her best efforts to obtain the information by making at least one written effort per transaction to obtain a duplicate copy of the needed documentation. 102.9(d).

Advances for Travel and Subsistence

When a committee advances \$500 or less to the candidate, staff members or volunteers for travel expenses—including transportation, food and lodging—the committee must retain:

- The expense voucher or other expense account documentation; and
- The canceled check made out to the individual receiving the payment.

102.9(b)(2)(i)(B).

2. Except in the case of travel advances, the payee is the person providing the goods or services to the committee. In the case of travel advances, the payee is the person receiving the advance. 102.9(b)(2) and AO 1984-8.

Credit Card Transactions

For credit card transactions, the committee must retain:

- A monthly billing statement; or
- The customer receipt for each transaction; and
- The canceled check used to pay the credit card account.

102.9(b)(2)(ii).

Credit Union Checks or Share Drafts

Carbon copies of share drafts or checks drawn on credit union accounts may be used as records, provided the monthly account statement (showing that the draft or check was paid by the credit union) is also retained. 102.9(b)(2)(iii).

CHAPTER 13

Filing Reports

1. Who Reports

Principal Campaign Committee

The *principal campaign committee* must file periodic reports on financial activity until the committee has retired its debts, filed a Termination Report and received notification from the FEC that the committee has been terminated (see page 96). 102.3(b) and 104.1(a).

Treasurer's Responsibility

A committee treasurer is responsible for signing and filing timely, complete and accurate reports and statements. 104.14(d). Treasurers are considered in compliance with the Federal Election Campaign Act (the Act) when they have made their "best efforts" to obtain and report required information. (See Chapter 12.) If a treasurer is unable to obtain information after making his or her best efforts, that fact should be noted on the report where the information is incomplete. When filing electronically, a committee treasurer must verify that all electronically filed documents have been examined by the treasurer and (to the best of that person's knowledge) are accurate and complete. In order to verify electronically filed documents, the treasurer must either:

- Obtain a personal password (which serves as your electronic signature) from the FEC (available through the electronic filing office at 202/694-1306); or
- File on a 3.5" diskette and include, as a separate file, a digitized copy of a signed certification, or a signed certification on paper along with the diskette (For specific instructions on how to file electronically using a diskette, see the Electronic Filing section of the FEC web site at www.fec.gov).

For more information on electronic filing, see page 64.

Other Authorized Committees

Only principal campaign committees file reports and statements with the appropriate federal and state offices. Other *authorized committees* of the

candidate file with the principal campaign committee, as explained in Section 2, below.

Candidate Does Not Report Campaign Activity

Apart from filing a Statement of Candidacy (FEC Form 2), a candidate has no personal reporting obligation under the Act. If a candidate receives contributions, obtains loans for campaign activity or makes *disbursements*, he or she is acting as a campaign agent. The transactions are reported by the principal campaign committee. 101.2 and 102.7(d).

Candidate Must File Personal Financial Reports

Note, however, that candidates for federal office must file personal financial reports under the Ethics in Government Act. The FEC does not have jurisdiction over these reports. See Appendix G.

2. Where to File Reports¹

Filing with the Federal Government

- Principal campaign committees of House candidates file reports with the Federal Election Commission, 999 E Street, NW, Washington, DC 20463. 105.1.
- Principal campaign committees of Senate candidates file reports and statements with the Secretary of the Senate. 105.2.

When filing a document with the Secretary of the Senate, it is not necessary to send a copy to the FEC. The Secretary automatically makes copies of all filings and forwards them to the FEC for review.

Filing with the State Government

A copy of all FEC reports and statements must also be filed with the Secretary of State (or equivalent state officer) in the state in which the

1. Presidential committees must file reports with the FEC and a copy of each report in each state in which the campaign makes an expenditure during the reporting period; this reporting requirement is subject to the state filing waiver program discussed above (Chapter 13, Section 2) 105.3 and 108.2.

candidate is running for office. Principal campaign committees, however, do not have to file copies of reports and statements with states that:

- Provide the public with the means to access and duplicate the reports available on the FEC web site; and
- Have been granted a waiver by the Commission exempting them from the requirement to receive and maintain copies of FEC reports.

A candidate running in a state that has not received the waiver must file a report with the appropriate state authority.²

Filing with the Principal Campaign Committee

Authorized committees of a campaign other than the principal campaign committee submit their reports and statements to the principal campaign committee. The principal campaign committee, in turn, files these reports and statements, along with its own, with the appropriate federal and state offices. When filing reports of receipts and disbursements (FEC Form 3), the principal campaign committee must also file a consolidated report (FEC Form 3Z), which summarizes information included in its own report and those filed by other authorized committees. 102.1 (b) and 104.3(f). Note that only authorized committees of the current campaign need to be included in the consolidated report.

3. When to Report³

Committee treasurers must file reports on time (the Commission cannot grant extensions). General rules on when to file reports are outlined below. The FEC sends treasurers more detailed information and blank forms (for paper filers) shortly before reports are due. Additionally, the *Record*, the FEC's monthly newsletter, publishes reporting announcements, as does the FEC's web site, <http://www.fec.gov>.

2. Presidential committees must file reports with the FEC and a copy of each report in each state in which the campaign makes an expenditure during the reporting period, unless the state has qualified for a waiver.

3. As of January 1, 2004, only the following states and territories had not been granted a waiver by the Commission: Montana, Puerto Rico and Guam. For more information, see 11 CFR Part 108.

Quarterly Reports

Once an individual has become a candidate, his or her principal campaign committee (and other authorized committees) must file quarterly reports. Quarterly reports cover activity through the end of the calendar quarter and are due on April 15, July 15 and October 15. The fourth quarter report—called the year-end report—is due on January 31 of the following year (additional reports are required during the candidate's election year; see below). Campaigns must file quarterly reports, even if the candidate decides to retire, withdraws from the race prior to the primary election, loses the primary or drops out of the race prior to the general election. Committees must continue to file reports until the Commission notifies them in writing that their termination report has been accepted.

A quarterly report is waived if a pre-election report (see below) is due during the period beginning on the 5th day and ending on the 15th day after the close of the calendar quarter. 104.5(a)(1)(iii).

Election Year Reporting

Election years are years in which regularly scheduled federal elections are held (even-numbered years).

Pre-Election Reports⁴

In addition to quarterly reports, a committee must file pre-election reports:

- A pre-election report must be filed before the *election* in which the candidate seeks nomination.⁵
- A pre-general election report must be filed if the candidate runs in the general election.
- A pre-runoff report must be filed when a candidate is involved in a runoff election.

A pre-election report is due 12 days before the election and covers activity through the 20th day before the election.⁶ If sent by registered or

4. Presidential committees file reports according to a different schedule than the one presented in this section. See 104.5(b).

5. Note that in those states in which the party caucus or convention has authority to select a nominee (Virginia) or has authority to select a nominee and is held in addition to a primary (Connecticut and Utah), pre-election reports must be filed for the caucus or convention. See "Party Caucus or Convention" on page 11.

6. In AO 2000-29, the Commission determined that the last day to qualify for a position on the general election ballot in Louisiana must be considered the primary election date for Louisiana candidates. See 11 CFR 100.2(c)(4)(i).

Reporting Deadlines

Report Type	Covering	Due
Quarterly	January 1 — March 31 April 1 — June 30 July 1 — September 30 October 1 — December 31	April 15 July 15 October 15 January 31
Pre-Election (Both Pre-Primary and Pre-General as well as Pre-Runoff, if appropriate)	First day of the current reporting period through the 20th day before the election	12 days before the election
Post-General	First day of the current reporting period through the 20th day after the general election	30 days after the general election
48 Hour Notices (Reporting contributions of \$1,000 or more)	Contributions received less than 20 days but more than 48 hours before the election	Within 48 hours of receipt of contribution

certified mail, priority or express mail or overnight delivery service, the report must be postmarked no later than the 15th day before the election. 104.5(a)(1)(i).

A similar safe harbor exists for reports delivered to an overnight mail service on or before the 15th day before the election. Otherwise, pre-election reports must arrive at the appropriate filing office by the 12th day before the election.

Authorized committees must file appropriate pre- and post-election reports even if the candidate is unopposed or if the election is not held. Advisory Opinion 1986-21.

Post-General Election Reports

There is no requirement for post-primary reports, but a committee must file a post-general election report if the candidate runs in the general election. A post-general election report covers activity through the 20th day after the election and is due 30 days after the election. 104.5(a)(1)(ii).

Last-Minute Contributions (48-Hour Notice)

Campaign committees must file special notices regarding contributions of \$1,000 or more received less than 20 days but more than 48 hours before 12:01 a.m. of the day of any election in which the candidate is running. (These are often called “48-Hour Notices.”) This rule applies to all types of contributions to any authorized committee of the candidate, including:

- Contributions from the candidate;
- Loans from the candidate and other non-bank sources; and
- Endorsements or guarantees of loans from banks. (See page 13.)

Committees may file their 48-hour notices using FEC Form 6. Alternatively, a paper-filing committee may file online using the FEC’s web site, or may use its own paper or stationery for the notice, provided that it contains the following information:

- The candidate's name and the office sought;
- The identification of the contributor; and
- The amount and date of receipt of the contribution.

The FEC or the Secretary of the Senate must receive the notice within 48 hours of the committee's receipt of the contribution. Committees filing paper forms may fax the notice to the appropriate office using the following numbers: FEC, 202/219-0174; Secretary of the Senate, 202/224-1851. The committee should keep fax receipts of all transmissions. Committees filing electronically must file their 48-hour notices electronically. House candidates can file their notices online through the FEC web site (www.fec.gov/electfil/online.html). See Section 4 "Electronic Filing" below.

A last-minute contribution must also be itemized in the committee's next scheduled report. 104.5(f).

Special Elections

Filing dates for special elections are established and published on the FEC's web site, in the *FEC Record* and in the *Federal Register*. The Commission also notifies

the principal campaign committees of candidates who are on the ballot in a special election.

If a regularly scheduled report is due within 10 days of the date a special election report is due, the Commission may waive the regular report. 104.5(h).

Meeting the Filing Deadline

By Registered, Certified or Overnight Mail

If a statement or report is sent by registered mail, certified mail, or overnight mail⁷ (and is post-marked by registered mail, or delivered to the overnight carrier service, no later than the 15th day before the filing deadline) it is considered filed on the date of the U.S. postmark. (Note the special rule for pre-election reports, above.)

By First Class Mail

If a statement or report is sent by first class mail, it is considered filed on the date it is received by the Secretary of the Senate or the Federal Election Commission. 104.5(e). The risk of timely delivery is on the filer.

By Electronic Filing

An electronic report is considered "filed" when it is received and validated by the Commission's computer system on or before 11:59 p.m. (in Washington, DC) on the filing date. Incomplete or inaccurate reports that do not pass the FEC's validation program will not be considered filed. The Commission will notify the filer that the report has not been accepted. 104.18(e)(2).

By Diskette

While most electronic filers find it more convenient to file through the Internet, the Commission also accepts properly-formatted electronic reports on 3.5" diskettes (either hand delivered or sent by other delivery means, such as the U.S. Postal Service). It is important to note that all mail sent to the FEC through the U.S. Postal Service

undergoes special processing which might damage the information on a diskette. For specific instructions on how to file electronically using a diskette, see the Elec-

tronic Filing section of the FEC web site at www.fec.gov.

Mandatory Electronic Filing

Some committees must file electronically (See Section 4 "Electronic Filing"). If a committee required to file electronically files a paper report instead of an electronic report, the report will be considered not filed. The committee may be subject to the Commission's enforcement process for nonfilers and may have its name published as a nonfiler.

Any committees that are required to file electronically, but that file on paper or fail to file, may be subject to enforcement action as nonfilers.

7. Overnight mail includes priority mail having a delivery confirmation, or express mail having a delivery confirmation, or an overnight delivery service with an on-line tracking system.

Administrative Fines for Late Filers and Nonfilers

The Commission has implemented an Administrative Fine Program, based on amendments to the Federal Election Campaign Act,⁸ for assessing civil money penalties for violations involving:

- Failure to file reports on time;
- Failure to file reports at all; and
- Failure to file 48-hour notices.

If the Commission finds “reason to believe” (RTB) that a committee violated the law, the Commission will notify the committee in writing of its finding and the amount of the civil money penalty. 104.18(a)(2). The committee will have 40 days to either pay the civil money penalty or submit a written challenge to the Commission action. If the committee challenges the finding, it will be reviewed by an independent reviewing officer who was not involved in the RTB finding. After the Commission considers the reviewing officer’s recommendation and the committee’s response, if any, the Commission will determine whether the committee violated 2 U.S.C. §434(a) and, if so, will assess a civil money penalty based on the schedules of penalties. The committee will then have 30 days to pay the penalty or seek court review of the case.⁹

4. Electronic Filing

Campaign committees of House and Presidential candidates must file all reports and statements electronically if their total contributions or total expenditures exceed, or are expected to exceed, \$50,000 in a calendar year. The requirement to file electronically does not apply to Senate candidate committees (or other committees that support only Senate candidates), who are required to file their reports on paper with the Secretary of the Senate.¹⁰

8. Public Law 106-58, 106th Cong., Section 640, 113 Stat. 430, 476-77 (1999); Commission authority extended in Public Law 108-199, 108th Cong., Section 639, 118 Stat 3 (2004).

9. For more information on the Administrative Fine Program, see 11 CFR 101.30 to 101.45, Subpart B, and the April 2003 *Record*.

10. Senate candidates are encouraged to voluntarily file electronically an unofficial copy of their reports with the FEC (in addition to their official paper copy with the Secretary of the Senate) to ensure faster disclosure.

Any committees that are required to file electronically, but that file on paper or fail to file, may be subject to enforcement action as nonfilers. 104.18(a)(2). See above, “Administrative Fines for Late Filers and Nonfilers.”

Because electronic filing is more efficient and cost effective than paper filing, even House and Presidential committees that do not meet the \$50,000 threshold requirement are encouraged to voluntarily file their reports electronically. Please note, however, that voluntary electronic filers must continue to file electronically for the remainder of the calendar year unless the Commission determines that extraordinary and unforeseeable circumstances make continued electronic filing impractical. 104.18(b).

Methods of Electronic Filing

Most committees filing electronically find it convenient to do so via an Internet connection with a password (see “Verification Requirements” on page 65). Committees may, however, submit their electronic reports on 3.5” diskettes (either hand delivered or sent by other means such as U.S. Postal Service). Electronic filers must file all their reports, notices, designations and statements electronically, and the reports must adhere to the FEC’s Electronic Filing Specifications Requirements.¹¹ 104.18(d).

Calculating the Threshold

Committees should use the following formulas to determine whether their total expenditures or total contributions are over \$50,000 per calendar year:

$$\begin{array}{r}
 \text{Total Contributions Received}^{12} \\
 - \text{Refunds of Contributions} \\
 \hline
 = \text{Total Contributions} \\
 \\
 \text{or} \\
 \text{Total Operating Expenditures} \\
 + \text{Contributions Made} \\
 \hline
 = \text{Total Expenditures}
 \end{array}$$

11. Available online at the FEC web site or on paper from the FEC.

12. Including the outstanding balance of any loans made, guaranteed or endorsed by the candidate or other person.

Have Reason to Expect to Exceed the Threshold

Once committees actually exceed the \$50,000 yearly threshold, they have “reason to expect to exceed” the threshold in the following two calendar years. 104.18 (a)(3)(i). Consequently, committees must continue to file electronically for the next two calendar years (January through December).

Exception

A campaign committee that met or exceeded the \$50,000 threshold and began filing electronically is not required to file electronically for the following two calendar years if it meets all three of the following requirements:

- Has \$50,000 or less in net debts outstanding on January 1 of the year following an election;
- Anticipates terminating prior to the next election year; and
- Supports a candidate who has not qualified for the next election and does not intend to become a candidate in the next election.

104.18(a)(3)(i).

Note that such committees must finish filing electronically for the calendar year in which they exceeded the threshold.

Committees With No History

New committees with no history of campaign finance activity on which to base their expectations have reason to expect to exceed the \$50,000 yearly threshold if:

- The committee receives contributions or makes expenditures that exceed one-quarter of the threshold amount in the first calendar quarter of the calendar year (i.e., exceeds \$12,500 by the end of March); or
- The committee receives contributions or makes expenditures that exceed one-half of the threshold amount in the first half of the calendar year (i.e., exceeds \$25,000 by the end of June).

104.18(a)(3)(ii).

Verification Requirements

The political committee’s treasurer must verify the electronically filed reports by submitting either:

- A signed, written certification along with the diskette; or
- A digitized copy of the signed certification as a separate file in an electronic submission.

The signed verification must certify that the treasurer or assistant treasurer has examined the submitted report, and that, to the best of his or her knowledge, the report is true, correct and complete. 104.18(g).

Obtaining a Password

Requesting a Password

A committee’s treasurer or assistant treasurer can obtain a password by faxing a request letter to the password office at 202/219-0674. Requests may also be mailed to the Federal Election Commission, 999 E Street N.W., Washington, DC 20463. A password request must:

- Include the committee’s name and nine-digit FEC identification number;
- Be signed by the treasurer and also by the assistant treasurer if the assistant treasurer is the individual requesting the password;
- Include the treasurer’s phone number and, if applicable, the phone number of the assistant treasurer; and
- Be printed on the committee’s letterhead (if the committee has official letterhead).

A sample request can be viewed on the FEC’s web site at <http://www.fec.gov>.

Requests sent by fax can usually be processed within a few hours. However, committees are encouraged to request a password as early as possible. Requests received near a filing deadline may not be processed in time for a committee to use the password to file a timely report.

Note: For the initial Form 1 the treasurer can get a password by faxing or mailing a signed statement which contains the sentence “I represent that I am the duly appointed treasurer and have authority as such to sign FEC reports for the above committee.”

Assigning the Password

Once the password office receives the letter requesting a password, it will verify that the requester is listed as the treasurer (and assistant treasurer, if applicable) of that committee on that committee’s Statement of Organization (FEC Form 1). Only the committee’s treasurer and assistant treasurer can receive a password.

If the requester is listed on the Statement of Organization, then a representative from the password office will call the requester and ask

him or her to choose a password. This password will be assigned immediately. Passwords are case sensitive and must be entered exactly as initially assigned.

Lost or Forgotten Password

The Commission cannot provide a treasurer's password to a treasurer or committee if a treasurer forgets or loses the password because the passwords are encrypted. Instead, the treasurer must ask for a new password, repeating the process described above.

New Treasurers and New E-filers

In some cases, a committee may have a new treasurer who has been neither assigned a password nor has a signature on file and, due to the requirement that all filing information be submitted electronically, cannot amend the statement of organization to indicate the change of position. Under these circumstances, the new treasurer must submit a password request letter which contains the sentence "I represent that I am the duly appointed treasurer and have authority as such to sign FEC reports for the above committee." Once a password is received, an amended Form 1 must be filed to indicate the change of position. Treasurers of committees e-filing for the first time must also submit a password request letter.

Special Requirements

The following documents have special signature and submission requirements:

- Schedule C1 (Loans and Line of Credit), including copies of loan agreements; and
- Form 8 (Debt Settlement Plan).

These two forms, in addition to being included in the electronic report, must be submitted on paper or in a digitized format (submitted as a separate file in the electronic report). 104.18(h).

5. Public Inspection of Reports

All reports filed by political committees are available for public inspection and copying (for a minimal fee) in the FEC's Public Records Office. They are also available on the Commission's web site (www.fec.gov).

Copies of reports may also be purchased by mail. For more information, call 800/424-9530 or 202/694-1120.

"Sale or Use" Restriction

The Act prohibits anyone from selling or using the names and addresses of individual contributors, copied from FEC reports, for commercial purposes or for the purpose of soliciting funds. This "sale or use" restriction, however, does not apply to the names and addresses of political committees that are listed in FEC reports. 104.15; AO 2003-24.

"Salting" Reports to Detect Misuse

When preparing a report to be filed, a committee may "salt" the report with up to 10 fictitious names in order to detect impermissible uses of individual contributor information by other organizations. 104.3(e).

Salting can be done by taking a portion of the subtotal for unitemized contributions and allocating it, as itemized contributions, among several fictitious contributors. The committee itemizes each fictitious contribution on a Schedule A, providing a real address (such as the address of a campaign staff member) for each fictitious contributor. The committee must adjust its subtotals for itemized and unitemized contributions accordingly on the Detailed Summary Page. If a solicitation or commercial mailing is sent to one of the fictitious names, the committee will know that someone has illegally used the names of contributors disclosed on its reports. The committee may then file a complaint with the FEC.

When a committee files a report containing fictitious names, a list of the fictitious names should be sent under separate cover directly to the FEC's Reports Analysis Division—not the Secretary of the Senate (where Senate candidates' reports are filed). The list will be kept confidential.

Sale or Use of Committee's Contributor List

The sale or use restriction does not prevent a committee from compiling its own list of contributors and distributing it to others. Under certain conditions, a committee may donate, sell, trade or rent its own contributor list to other committees and organizations. AOs 2002-14, 1982-41 and 1981-53.

CHAPTER 14

Completing FEC Reports

1. Reporting Forms

FEC forms filed on paper should be typed (either on a typewriter or on a computer—see below for more information on computerized forms); printing in ink is also acceptable (but not recommended) as long as the forms are legible. Because filings will be imaged and photocopied several times before being placed on the public record, it is required that committees submit the original report—not a copy—with an original signature. Committees submitting illegible documents will be required to refile.

Form 3

Form 3 must be used by *principal campaign committees* and other *authorized committees* to disclose receipts and disbursements.¹

Form 3 Booklet

The Form 3 booklet contains Form 3 (Summary Page and Detailed Summary Page), the schedules listed below and Forms 3Z and 3Z-1.

Schedules

Committees may be required to file the following schedules as attachments to Form 3:

- Schedule A—Itemized Receipts
- Schedule B—Itemized Disbursements
- Schedule C—Loans
- Schedule C-1—Loans and Lines of Credit from Lending Institutions
- Schedule D—Debts and Obligations

Form 3Z

If a candidate has more than one authorized committee for the same campaign, the principal campaign committee must also file Form 3Z. The one-page form, which consolidates information on the entire campaign, contains information

taken from the current reports of the principal campaign committee and other authorized committees. The principal campaign committee files Form 3Z along with its own report and those of the other authorized committees. 104.3(f).

Form 3Z-1 Report of Gross Receipts

Each principal campaign committee must file a report disclosing the aggregate gross receipts for the primary and general elections, and the candidate's aggregate contributions from personal funds for the primary and general elections. The 3Z-1 is required to be filed only with the July 15th and year-end reports for the year preceding the candidate's election. 104.19. See Appendix F.

Computerized Forms

A committee that files on paper may develop its own computer-produced forms, reduced to the size of FEC forms, but it must submit them for approval by the FEC prior to using them. The submission must include sample formats of each applicable schedule (with sample data). The proposed format (and accompanying cover letter) should be mailed or hand delivered to the attention of the Reports Analysis Division. 104.2(d); FEC Directive 37. Please note that this is not an option for committees required to file electronically.

Electronic Filing

Committees that receive contributions or make expenditures of more than \$50,000 in any calendar year, or have reason to expect to do so, must file all reports and statements electronically. Committees that are required to file electronically, but that file on paper or fail to file, may be subject to enforcement action as nonfilers. 104.18(a)(2). See page 64, "Administrative Fines for Late Filers and Nonfilers." FECFile software, available free from the FEC, generates Form 1, Form 2, Form 3 and Form 6. Filers can download the software from the FEC's web site at www.fec.gov. Filers can also use other software as long as it meets FEC format specifications. For more information about the electronic filing requirement, see page 64.

1. Presidential committees must use FEC Form 3P and the supporting schedules in that booklet.

Forms Available on Faxline and FEC Web Site

Faxline

The reporting forms are available on the FEC Faxline 202/501-3413. Below are the document numbers of the reporting forms for candidates and their committees:

- Form 1—Statement of Organization—#801
- Form 2—Statement of Candidacy—#802
- Form 3—Financial Reporting for Authorized (i.e., Candidate) Committees—#803
- Form 6—48-Hour Notice of Contributions/Loans Received—#806
- Form 8 – Debt Settlement Plan — #808
- Form 10 – 24-Hour Notice of Expenditure from Candidate’s Personal Funds — #810
- Form 11 – 24-Hour Notice of Opposition Personal Funds Amount — #811
- Form 12 – 24-Hour Notice of Suspension of Increased Limits — #812
- Schedule A*—Itemized Receipts—#825
- Schedule B*—Itemized Disbursements—#826
- Schedule C* and C-1—Loans—#827
- Schedule D*—Debts and Obligations—#828

*The faxline numbers for Schedules A, B, C and D produce both Form 3 and Form 3X versions of the schedules; candidate committees should be sure to use the Form 3 version.

FEC Web Site

All FEC reporting forms, including Form 1, Form 2 and Form 3, are available on the Commission’s web page at <http://www.fec.gov>.

2. Special Rules for First Report

In the first report filed after registering as a political committee, the principal campaign committee (and other authorized committees of the campaign) must disclose all financial activity that occurred before registration and before the individual became a candidate (including any testing-the-waters activity). 101.2(b), 101.3, 104.3(a) and 104.3(b).

3. Categorizing Receipts

Committees must report receipts under the different categories listed on the Detailed Summary Page of Form 3. These categories are:

- Contributions from Individuals/Persons Other Than Political Committees;
- Contributions from Political Party Committees;
- Contributions from Other Political Committees (e.g., PACs);
- Contributions from the Candidate;
- Transfers from Other Authorized Committees;
- Loans;
- Offsets to Operating Expenditures; and
- Other Receipts.

For each category, a committee must disclose the total for the current reporting period and the cumulative election-cycle total. In addition to reporting these totals, a committee often has to itemize receipts by providing supplemental information on supporting Schedules A. 104.3(a)(3) and (4).

4. How to Itemize Receipts

A committee must use a separate Schedule A for each category of receipts that must be itemized, i.e., the committee should not mix different categories of receipts on the same schedule.

Information Required for Itemized Receipts

For each receipt, report the:

- Name of source of receipt (i.e., the name of the person who gave something of value to the candidate or the committee);
- Address of source;
- Employer of source (if source is an individual);
- Occupation of source (if source is an individual);
- Election to which a contribution or loan was designated (indicated by checking “primary,” “general” or “other” in the election designation box) (for more information on designating contributions for a specific election, see “Designated and Undesignated Contributions” on page 19);
- Date of receipt;
- Amount of receipt; and

- Aggregate election-cycle-to-date total of all receipts (within the same category) from the same source.

104.3(a)(4) and 104.8(a).

If a donor is self-employed, that should be stated in the “Employer” space on Schedule A. If he or she is not employed, the space may be left blank, but the “Occupation” space should still be completed (e.g., “unemployed,” “retired,” “homemaker.”) See “Treasurer’s Best Efforts” on page 57 regarding steps that must be taken to obtain information about contributors.

Contributions from other Political Committees and Organizations

SCHEDULE A (FEC Form 3)		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE OF
ITEMIZED RECEIPTS			<input type="checkbox"/> 11a <input type="checkbox"/> 12 <input type="checkbox"/> 11b <input checked="" type="checkbox"/> 13a <input type="checkbox"/> 11c <input type="checkbox"/> 13b <input type="checkbox"/> 14 <input type="checkbox"/> 15	
<small>Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.</small>				
NAME OF COMMITTEE (In Full) Doe for Congress Committee				
Full Name (Last, First, Middle Initial)				
A. Ellie James for U.S. Senate			Date of Receipt	
Mailing Address			02 / 21 / 2002	
543 Stormybrook Street				
City		State	Zip Code	
Great Falls		VA	00000	
FEC ID number of contributing federal political committee.			Amount of Each Receipt this Period	
C 00000001			1000.00	
Name of Employer		Occupation		
Receipt For:		Election Cycle-to-Date		
<input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)		1000.00		
<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. 5441a(j)(4)(1a)-1)				

- Contributions from individuals/persons other than political committees;
- Contributions from the candidate;
- Offsets to operating expenditures; and
- Other receipts.

5. When to Itemize Receipts

Some receipts must be itemized regardless of their amount, while others need not be itemized until their aggregate election-cycle-to-date total exceeds a threshold dollar value. These concepts are further explained below.

Regardless of Amount

Within the following four categories of receipts listed on the Detailed Summary Page, every receipt must be itemized regardless of amount:

- Contributions from party committees and organizations (line 11 b);
- Contributions from other political committees and organizations (line 11 c. See example above);
- Transfers (line 12); and
- Loans (lines 13a and 13b).

Itemization Threshold Exceeded

Within the other categories, receipts from each source must be itemized if they:

- Exceed \$200; or
- Aggregate over \$200 when added to other receipts (within the same category) received from the same source during an election cycle.

The categories of receipts that are subject to this \$200 threshold for itemization are:

Aggregation: Election Cycle vs. Per Election

Note that authorized committees must aggregate contributions on a per-election basis when monitoring contribution limits. For purposes of reporting, however, committees aggregate contributions and other receipts on an election-cycle basis.

Election Cycle

An election cycle begins the day after the general election for a seat or office and ends on the day of the next general election for that seat or office. 100.3 (b). The length of the election cycle, thus, depends on the office sought. The election cycle is two years for House candidates, four years for Presidential candidates and six years for Senate candidates.

Example of Aggregation

Suppose an individual makes two contributions to a principal campaign committee during an election cycle.

Primary Election Contribution

The donor contributes \$75 just before the candidate’s primary election. Because it is undesignated, the contribution automatically applies to the primary limit. The contribution does not

exceed \$200, so the committee includes the amount in its total of unitemized contributions (Line 11 (a)(ii) on the Detailed Summary Page).

General Election Contribution

During the following reporting period, but after the primary election, the same donor makes a \$185 contribution. This contribution must be itemized since the aggregate total of the donor’s contributions for the election cycle (\$260) now exceeds the \$200 threshold for itemization. When itemizing the \$185 contribution on Schedule A, the committee checks “General” in the election designation box and reports the donor’s aggregate election-cycle total as \$260, even though \$75 applies to the primary and \$185 to the general. (See example above.)

Aggregation of Contributions

SCHEDULE A (FEC Form 3)		Use separate schedule(s) for each category of the Detailed Summary Page		FOR LINE NUMBER: (check only one)		PAGE OF	
ITEMIZED RECEIPTS		<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c	<input type="checkbox"/> 11d	<input type="checkbox"/> 12	<input type="checkbox"/> 13a
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.							
NAME OF COMMITTEE (In Full) Doe for Congress Committee							
Full Name (Last, First, Middle Initial) A. Kane, Sally							
Mailing Address 211 Spruce Street Clifton VA 00000						Date of Receipt 06 / 01 / 2002	
FEC ID number of contributing federal political committee. C						Amount of Each Receipt this Period 185.00	
Name of Employer First National Bank				Occupation Banker			
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼				Election Cycle-to-Date 260.00			
<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(4)(1)-1)							

Contributions from Candidate

SCHEDULE A (FEC Form 3)		Use separate schedule(s) for each category of the Detailed Summary Page		FOR LINE NUMBER: (check only one)		PAGE OF	
ITEMIZED RECEIPTS		<input type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c	<input checked="" type="checkbox"/> 11d	<input type="checkbox"/> 12	<input type="checkbox"/> 13a
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.							
NAME OF COMMITTEE (In Full) Doe for Congress Committee							
Full Name (Last, First, Middle Initial) A. Doe, Jane							
Mailing Address 675 8th Street Springfield VA 00000						Date of Receipt 02 / 10 / 2004	
FEC ID number of contributing federal political committee. C						Amount of Each Receipt this Period 1000.00	
Name of Employer U.S. House				Occupation U.S. Representative			
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼				Election Cycle-to-Date 1000.00			
<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(4)(1)-1)							

6. Reporting Contributions from Candidate

Contributions from the candidate must be reported by the campaign as follows:

Contributions from Candidate

Personal funds donated to the campaign are reported as contributions from the candidate. (See example at right.)

Loans from Candidate’s Personal Funds

SCHEDULE A (FEC Form 3)		Use separate schedule(s) for each category of the Detailed Summary Page		FOR LINE NUMBER: (check only one)		PAGE OF	
ITEMIZED RECEIPTS		<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c	<input type="checkbox"/> 11d	<input type="checkbox"/> 12	<input type="checkbox"/> 13a
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.							
NAME OF COMMITTEE (In Full) Doe for Congress Committee							
Full Name (Last, First, Middle Initial) A. Doe, Jane							
Mailing Address 675 8th Street Springfield VA 00000						Date of Receipt 02 / 10 / 2004	
FEC ID number of contributing federal political committee. C						Amount of Each Receipt this Period 1000.00	
Name of Employer U.S. House				Occupation U.S. Representative			
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼				Election Cycle-to-Date 2200.00			
<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(4)(1)-1)							

Expenditures by Candidate

Campaign expenditures made by the candidate from personal funds are reported as in-kind contributions from the candidate. See “In-Kind Contributions” later in this chapter for more information on reporting these expenditures by candidates. See also Section 11 on reporting advances.

Loans from Candidate's Personal Funds

The candidate may loan personal funds to the committee and may charge interest at a commercially reasonable rate, provided the committee reports the loan and the interest rate from the outset on Schedule C. The committee continues to report the loan until it is repaid. AOs 1997–21, 1991–9, 1986–45 and 1977–58. See “Loans” on page 13. (See example on previous page.)

Bank Loans Obtained by Candidate for Campaign-Related Purposes

If a candidate obtains a bank loan for campaign-related purposes, the committee must report the loan from the candidate as a disbursement 104.3(a)(3)(vii)(B) and (b)(2)(iii)(A) and 100.82(c). (See example at right.) See also Section 15, “Reporting Loans.”

No Conversion of Contributions to Loans

Receipts that are reported as contributions (rather than loans) from the candidate may not later be converted into loans. AO 1997-21.

Last-Minute Contributions or Loans from Candidate

Note that contributions or loans from the candidate of \$1,000 or more, received less than 20 days but more than 48 hours before any election in which the candidate is running, must be reported on a “48-Hour Notice.” (See “When to Report,” “Last-Minute Contributions,” page 62.)

Bank Loans Guaranteed or Endorsed by Candidate for Campaign Purposes

SCHEDULE A (FEC Form 3)		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
ITEMIZED RECEIPTS			<input type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c
			<input checked="" type="checkbox"/> 12	<input type="checkbox"/> 13a	<input type="checkbox"/> 13b
				<input type="checkbox"/> 14	<input type="checkbox"/> 15
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) Doe, Jane			Date of Receipt 03 / 01 / 2004		
A. Mailing Address 675 8th Street City: Springfield State: VA Zip Code: 00000			Amount of Each Receipt This Period 2000.00 (bank loan)		
FEC ID number of contributing federal political committee. C			<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(4)(A)-1)		
Name of Employer U.S. House		Occupation U.S. Representative			
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Election Cycle-to-Date 2000.00			

Joint Contributions

SCHEDULE A (FEC Form 3)		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
ITEMIZED RECEIPTS			<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c
			<input type="checkbox"/> 12	<input type="checkbox"/> 13a	<input type="checkbox"/> 13b
				<input type="checkbox"/> 14	<input type="checkbox"/> 15
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) A. Bigshot, William			Date of Receipt 08 / 20 / 2002		
Mailing Address 555 8th Street City: Herndon, State: VA Zip Code: 00000			Amount of Each Receipt This Period 500.00		
FEC ID number of contributing federal political committee. C			<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(4)(A)-1)		
Name of Employer Bigshot and Co.		Occupation Executive			
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Election Cycle-to-Date 500.00			
Full Name (Last, First, Middle Initial) B. Bigshot, Lucy			Date of Receipt 08 / 20 / 2002		
Mailing Address 555 8th Street City: Herndon, State: VA Zip Code: 00000			Amount of Each Receipt This Period 500.00		
FEC ID number of contributing federal political committee. C			<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(4)(A)-1)		
Name of Employer Wigs and More		Occupation Store Owner			
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Election Cycle-to-Date 500.00			

7. Reporting Joint Contributions²

For purposes of itemization, a committee treats a joint contribution as though the individuals participating in the contribution had made their contributions separately. For example, if a committee receives a \$300 check with two signatures but with no written attribution, the committee at-

2. See also page 21 for more information on joint contributions.

tributes the contribution equally between the donors—\$150 to each donor. 110.1(k)(2). If neither donor has previously contributed to the committee during the year, the committee does not have to itemize either contribution; nor does it have to itemize the \$300 total joint contribution. If, on the other hand, the \$300 check is accompanied by a signed statement attributing \$250 to one individual and \$50 to the other, the \$250 contribution must be itemized. The \$50 contribution is included in the total of unitemized contributions.³

8. Reporting Redesignations and Reattributions⁴

Receipt of Original Contribution

When itemizing a contribution that must first be redesignated or reattributed before it is legally acceptable, a committee must include a statement on Schedule A noting that the legality of the contribution is in question. 103.3(b)(5).

Receipt of Redesignation or Reattribution

A committee must also comply with special procedures when reporting the receipt of reattributions and redesignations of contributions that were originally itemized on previous reports. (There is no need to report a reattribution or redesignation if the original contribution was not itemized.⁵) On the report covering the period during which the

3. As explained in the Explanation and Justification to revised rules on contribution limits, prescribed April 8, 1987 (52 Fed. Reg. 760, January 9, 1987).
 4. Redesignations and reattributions are explained on page 22.
 5. As explained in the Explanation and Justification to revised rules on contribution limits, prescribed April 8, 1987 (52 Fed. Reg. 760, January 9, 1987).

Resignations

SCHEDULE A (FEC Form 3) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF				
<input checked="" type="checkbox"/>	11a	<input type="checkbox"/>	11b	<input type="checkbox"/>	11c	<input type="checkbox"/>	11d	<input type="checkbox"/>	15
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.									
NAME OF COMMITTEE (In Full) Doe for Congress Committee									
Full Name (Last, First, Middle Initial) Bancroft, Carrie									
Mailing Address 426 9th Street									
City: Annandale State: VA Zip Code: 00000									
FEC ID number of contributing federal political committee: C									
Name of Employer: James & Smith Occupation: Attorney									
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) Election Cycle-to-Date: 4000.00									
Date of Receipt: 12 / 02 / 2001									
MEMO Amount of Each Receipt this Period: 4000.00 See year-end report <input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(441a-1)) Redesignation below									
Full Name (Last, First, Middle Initial) Bancroft, Carrie									
Mailing Address 426 9th Street									
City: Annandale State: VA Zip Code: 00000									
FEC ID number of contributing federal political committee: C									
Name of Employer: James & Smith Occupation: Attorney									
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) Election Cycle-to-Date: 4000.00									
Date of Receipt: 01 / 15 / 2002									
MEMO Amount of Each Receipt this Period: -2000.00 Redesignated below <input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(441a-1))									
Full Name (Last, First, Middle Initial) Bancroft, Carrie									
Mailing Address 426 9th Street									
City: Annandale State: VA Zip Code: 00000									
FEC ID number of contributing federal political committee: C									
Name of Employer: James & Smith Occupation: Attorney									
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) Election Cycle-to-Date: 4000.00									
Date of Receipt: 01 / 15 / 2002									
MEMO Amount of Each Receipt this Period: 2000.00 Redesignated <input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(441a-1))									

committee received the redesignation or reattribution, the committee must disclose, as a memo entry, information on both the original contribution and the redesignation or reattribution. The memo entry appears on a Schedule A for the category of contribution involved. (For example, a reattribution would appear with other itemized contributions on a Schedule A used for “Contributions from Individuals/Persons Other Than Political Committees.”)

The first part of the memo entry discloses all the information on the contribution as it was originally reported on Schedule A. The second part of the memo entry discloses as a negative entry the amount of the redesignation. The third part discloses information on the contribution as it was redesignated or reattributed, including the date the redesignation or reattribution was received and, in the case of a redesignation, the election for which the contribution was redesignated. 104.8(d)(2) and (3). (See the adjacent examples.)

Refund of Excessive Portion

If a committee requests a re-designation or reattribution but does not receive it within 60 days of the contribution's receipt, the committee must refund the excessive portion of the contribution within 60 days of the treasurer's receipt of the contribution and disclose the refund on its next report (see "Remedying an Excessive Contribution" in Chapter 4). 103.3(b)(3) and 104.8(d)(4).

9. Reporting Free Legal and Accounting Services

An authorized committee may receive free legal and accounting services provided solely to help the committee comply with the Federal Election Campaign Act, as explained on page 32. If the value of services paid for by one person (the employer) exceeds \$200 or aggregates over \$200 during an election cycle, the committee must itemize the following information as a memo entry on a separate Schedule A:

- The name of each employee performing the services;
- The name and address of the employer providing the services;
- The amounts paid for the services by the employer; and
- The dates the services were performed. 100.86 and 104.3(h). The Schedule A should be clearly labeled as exempt legal or accounting services. (See example, bottom right.)

Reattributions

SCHEDULE A (FEC Form 3)		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
ITEMIZED RECEIPTS			<input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 11d		
			<input type="checkbox"/> 12 <input type="checkbox"/> 13a <input type="checkbox"/> 13b <input type="checkbox"/> 14 <input type="checkbox"/> 15		
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) A. Richmond, Howard			Date of Receipt 08 / 09 / 2004		
Mailing Address 40 Shepherd Circle			MEMO Amount of Each Receipt this Period 4000.00		
City Centreville		State VA	Zip Code 00000		
FEC ID number of contributing federal political committee. C		See October Quarterly			
Name of Employer Space Tech		Occupation Engineer			
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Election Cycle-to-Date 4000.00			
Full Name (Last, First, Middle Initial) B. Richmond, Howard			Date of Receipt 10 / 01 / 2004		
Mailing Address 40 Shepherd Circle			MEMO Amount of Each Receipt this Period -2000.00		
City Centreville		State VA	Zip Code 00000		
FEC ID number of contributing federal political committee. C		Reattributed below			
Name of Employer Space Tech		Occupation Engineer			
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Election Cycle-to-Date 2000.00			
Full Name (Last, First, Middle Initial) C. Richmond, Jessie			Date of Receipt 10 / 01 / 2004		
Mailing Address 40 Shepherd Circle			MEMO Amount of Each Receipt this Period 2000.00		
City Centreville		State VA	Zip Code 00000		
FEC ID number of contributing federal political committee. C		Reattributed			
Name of Employer None		Occupation Homemaker			
Receipt For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Election Cycle-to-Date 2000.00			

Free Legal and Accounting Services

SCHEDULE A (FEC Form 3)		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
ITEMIZED RECEIPTS			<input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 11d		
			<input type="checkbox"/> 12 <input type="checkbox"/> 13a <input type="checkbox"/> 13b <input type="checkbox"/> 14 <input type="checkbox"/> 15		
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) A. Thomason, Steve			Date of Receipt 02 / 19 / 2004		
Mailing Address 145 Netherton Road			MEMO Amount of Each Receipt this Period 3000.00		
City Tysons Corner		State VA	Zip Code 00000		
FEC ID number of contributing federal political committee. C		Exempt accounting services			
Name of Employer Peirce, James & Dewey		Occupation Accountant			
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Election Cycle-to-Date 3000.00			

10. Reporting In-Kind Contributions

Schedules A and B

When determining whether to itemize an *in-kind contribution*, a committee should treat it the same as a monetary contribution. The only difference is that the amount of an in-kind contribution must also be included in the committee's total operating expenditures in order to avoid inflating cash on hand. An in-kind contribution must be itemized as an operating expenditure on Schedule B only if it has to be itemized as a contribution on Schedule A. (For information on how to value an in-kind contribution, see page 12.) (See example at right.) Also, see the next section on reporting advances.

Reporting Appreciated Goods as Contributions

When a committee receives an in-kind contribution whose value may appreciate over time, such as stock or artwork, special reporting rules apply:

- Itemize the initial gift, if necessary, as a *memo entry* on Schedule A (see "When to Itemize Receipts," above). Under "Amount," report the fair market value of the contribution on the date the item was received. Do not include that amount in the total for Line 11(a)(i) on the Detailed Summary Page. No itemization on Schedule B is necessary. (See example, at right.)

In-Kind Contributions (Schedule A)

SCHEDULE A (FEC Form 3)		FOR LINE NUMBER: (check only one)		PAGE OF	
ITEMIZED RECEIPTS		<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c	<input type="checkbox"/> 11d
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		<input type="checkbox"/> 12	<input type="checkbox"/> 13a	<input type="checkbox"/> 13b	<input type="checkbox"/> 14
NAME OF COMMITTEE (In Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) Doe for Congress Committee					
A. Gold Nugget Corporation PAC			Date of Receipt		
Mailing Address 100 Commerce Ave.			MM / DD / YYYY 02 / 20 / 2004		
City State Zip Code Springfield VA 00000			Amount of Each Receipt this Period		
FEC ID number of contributing federal political committee. C 00000000			260.00		
Name of Employer Occupation			In-kind; Postage		
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼			Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(f)(441a-1))		
Election Cycle-to-Date 1,260.00					

In-Kind Contributions (Schedule B)

SCHEDULE B (FEC Form 3)		FOR LINE NUMBER: (check only one)		PAGE OF	
ITEMIZED DISBURSEMENTS		<input checked="" type="checkbox"/> 17	<input type="checkbox"/> 18	<input type="checkbox"/> 19a	<input type="checkbox"/> 19b
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		<input type="checkbox"/> 20a	<input type="checkbox"/> 20b	<input type="checkbox"/> 20c	<input type="checkbox"/> 21
NAME OF COMMITTEE (In Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) Doe for Congress Committee					
A. Gold Nugget Corporation PAC			Date of Disbursement		
Mailing Address 100 Commerce Ave.			MM / DD / YYYY 02 / 20 / 2004		
City State Zip Code Springfield VA 00000			Amount of Each Disbursement this Period		
Purpose of Disbursement In-kind; Postage			260.00		
Candidate Name Category/Type			Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53		
Office Sought: House <input type="checkbox"/> Senate <input type="checkbox"/> President <input type="checkbox"/>			Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		
State: District:					

Appreciated Goods as Contributions

SCHEDULE A (FEC Form 3)		FOR LINE NUMBER: (check only one)		PAGE OF	
ITEMIZED RECEIPTS		<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b	<input type="checkbox"/> 11c	<input type="checkbox"/> 11d
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		<input type="checkbox"/> 12	<input type="checkbox"/> 13a	<input type="checkbox"/> 13b	<input type="checkbox"/> 14
NAME OF COMMITTEE (In Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) James, Marion					
A. James, Marion			Date of Receipt		
Mailing Address 145 N. Post Road			MM / DD / YYYY 01 / 21 / 2004		
City State Zip Code Dulles VA 00000			MEMO		
FEC ID number of contributing federal political committee. C			Amount of Each Receipt this Period		
Name of Employer James Appliances			500.00		
Occupation CEO			(Stock in XYZ Corp)		
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼			Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(f)(441a-1)) See sale on Schedule A		
Election Cycle-to-Date 500.00					

- Once the item is sold, report the sale price as a contribution on Line 11 (a)(i) if the purchaser is known or as an “other receipt” on Line 15 if the purchaser is unknown. Itemize the transaction on Schedule A if necessary. (See example, top right.) Also, if the purchaser is known, then the amount of the purchase, when aggregated with other contributions by the purchaser, must fall within the contribution limits.

Sale of Appreciated Goods as Contributions

SCHEDULE A (FEC Form 3)		FOR LINE NUMBER: (check only one)		PAGE	OF
ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page		<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (in Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) A. Bull Market Brokerage					
Mailing Address 1212 King Street				Date of Receipt 03 / 31 / 2004	
City Alexandria		State VA	Zip Code 00000		
FEC ID number of contributing federal political committee. C				Amount of Each Receipt this Period 750.00	
Name of Employer		Occupation		XX2 Corp stock sold through broker. Purchaser unknown. Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(4)(1a)-1)	
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Election Cycle-to-Date		750.00	

104.13(b). See also Advisory Opinion 1989–6.

11. Reporting Reimbursed Advances by Staff

As explained in Chapter 7, when a volunteer, a committee staff member or the candidate uses his or her *personal funds* or *personal credit* to pay a vendor for a campaign expense and is later reimbursed by the committee, special reporting rules apply.

Travel Expenses Reimbursed Within 30 or 60 Days

As explained in Chapter 7, no contribution results when the committee reimburses a volunteer, staff member or the candidate for travel expenses within the following time periods:

- If the individual paid with cash or a personal check, within 30 days from the date the expense was incurred.
- If the individual paid with a credit card, within 60 days of the closing date on the credit card billing statement. 116.5(b). (See “Reimbursed Travel Expenses” on page 34 for more information.)

Nontravel Reimbursements

SCHEDULE B (FEC Form 3)		FOR LINE NUMBER: (check only one)		PAGE	OF
ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page		<input checked="" type="checkbox"/> 17	<input type="checkbox"/> 18
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (in Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) A. Lotze, Herman					
Mailing Address 912 Geist Street				Date of Disbursement 01 / 20 / 2004	
City Springfield		State VA	Zip Code 00000		
Purpose of Disbursement Reimbursement for office supplies				Amount of Each Disbursement this Period 750.00	
Candidate Name		Category/Type		<input type="checkbox"/> Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53	
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼			
State:		District:			

Reimbursed Within Same Reporting Period

When the committee makes a reimbursement within these time limits, the committee reports the advance and reimbursement as follows:

- The original advance is not reported; and
- The reimbursement is reported as an operating expenditure on Line 17. AO 1992–1.

Reimbursed in Later Reporting Period

Note that, if the reimbursement is made within the appropriate time limit but not within the reporting period in which the advance was made, the committee must report the advance on Schedule D as a debt if it exceeds \$500. Once the reimbursement is actually made, the committee reports it as an operating expenditure and itemizes it on Schedule B if reimbursements to any one person exceed \$200 for the election cycle.

Travel Advances Not Reimbursed Within 30 or 60 Days

Within Same Reporting Period

Travel advances that are not reimbursed within the appropriate 30 or 60 day time limit (116.5(b)) but that are reimbursed within the reporting period in which the advance is made are considered contributions and must be reported as follows:

- Report the original advance as a memo entry contribution on Schedule A if the total of the advance plus any other contributions made by the same person within the election cycle, minus any reimbursements made in the reporting period, exceeds \$200; and
- Report the reimbursement as an operating expenditure and, if reimbursements to that person exceed \$200 in the election cycle, itemize it on Schedule B (with a cross-reference to the memo entry on Schedule A for the advance—if the advance was itemized).

Not Reimbursed Within Same Reporting Period

Travel advances that are not reimbursed within the appropriate 30 or 60 day time limit (116.5(b)) and that are not reimbursed within the reporting period in which the advance was made must be reported as follows:

- Report the original advance as a memo entry contribution on Schedule A if the total of the advance plus any other contributions made by the same person within the election cycle, minus any reimbursements made in the reporting period, exceeds \$200;
- Report the amount of the advance outstanding at the end of the reporting period as a debt on Schedule D if it exceeds \$500 or has been outstanding for more than 60 days; and

Nontravel Staff Advances Made and Reimbursed in Different Reporting Periods

SCHEDULE A (FEC Form 3)		FOR LINE NUMBER: PAGE OF
ITEMIZED RECEIPTS		(check only one)
Use separate schedule(s) for each category of the Detailed Summary Page		<input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 11d
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.		<input type="checkbox"/> 12 <input type="checkbox"/> 13a <input type="checkbox"/> 13b <input type="checkbox"/> 14 <input type="checkbox"/> 15
NAME OF COMMITTEE (In Full) Doe for Congress Committee		
Full Name (Last, First, Middle Initial) A. Allen, Lisa		
Mailing Address 828 Pine Street		Date of Receipt MM / DD / YYYY 01 / 02 / 2004
City McLean	State VA	Zip Code 00000
FEC ID number of contributing federal political committee. C	MEMO Amount of Each Receipt This Period 750.00	
Name of Employer	Occupation	In-kind, printing, to be reimbursed.
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼	Election Cycle-to-Date 1000.00	<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(4)(A)-1)
See Schedule D		

SCHEDULE D (FEC Form 3)		FOR LINE NUMBER: PAGE OF
DEBTS AND OBLIGATIONS		(Use separate schedule(s) for each numbered line)
Excluding Loans		(check only one) <input type="checkbox"/> 9 <input checked="" type="checkbox"/> 10
NAME OF COMMITTEE (In Full) Doe for Congress Committee		
A. Full Name (Last, First, Middle Initial) of Debtor or Creditor Allen, Lisa		Nature of Debt (Purpose): Print Job - to be reimbursed.
Mailing Address 828 Pine Street		
City McLean	State VA	Zip Code 00000
Outstanding Balance Beginning This Period 0.00		
Amount Incurred This Period 750.00	Payment This Period 0.00	Outstanding Balance at Close of This Period 750.00

- Report the reimbursement as an operating expenditure and, if reimbursements to that person exceed \$200 in the election cycle, itemize it on Schedule B (with a cross-reference to the memo entry on Schedule A for the advance—if the advance was itemized).

Nontravel Advances Made and Reimbursed Within Same Reporting Period

Nontravel advances that are made and reimbursed within the same reporting period are considered contributions and must be reported as follows:

- Do not report the original advance unless, at the end of the reporting period, the amount of previous contributions in the election cycle from the person making the advance plus the amount of the advance minus the amount of the reimbursement is greater than \$200 (i.e., previous contributions + the advance - the reimbursement > \$200). In that case, report the advance as a memo entry contribution on Schedule A; and

- Report the reimbursement as an operating expenditure and, if reimbursements to that person exceed \$200 in the election cycle, itemize it on Schedule B (with a cross-reference to the memo entry on Schedule A for the advance—if the advance was itemized). AO 1992-1.

Nontravel Advances Made and Reimbursed in Different Reporting Periods

Nontravel advances that are to be reimbursed in a later reporting period must be reported as follows:

- Do not report the original advance unless, at the end of the reporting period, the amount of previous contributions in the election cycle from the person making the advance plus the amount of the advance minus the amount of the reimbursement is greater than \$200 (i.e. previous contributions + the advance - the reimbursement > \$200). In that case, report the advance as a memo entry contribution on Schedule A;
- Report the amount of the advance outstanding at the end of the reporting period as a debt on Schedule D if it exceeds \$500 or has been outstanding for more than 60 days (see example at left); and
- Report the reimbursement, once made, as an operating expenditure and, if reimbursements to that person exceed \$200 in the election cycle, itemize it on Schedule B (with a cross-reference to the memo entry on Schedule A for the advance—if the advance was itemized). See AO 1992-1.

Special Rule for Reporting Reimbursements to Staff (for Travel and Subsistence Advances)

If the total amount reimbursed to the staff member is \$500 or less, the committee should report the staff member as the payee. If the total amount exceeds \$500 and payments to any one

Operating Expenditures

SCHEDULE B (FEC Form 3) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF	
			<input checked="" type="checkbox"/> 17 <input type="checkbox"/> 20a	<input type="checkbox"/> 18 <input type="checkbox"/> 20b	<input type="checkbox"/> 19a <input type="checkbox"/> 20c	<input type="checkbox"/> 19b <input type="checkbox"/> 21
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.						
NAME OF COMMITTEE (In Full) Doe for Congress Committee						
Full Name (Last, First, Middle Initial)						
A. Quick Printing Inc.				Date of Disbursement		
Mailing Address 567 4th Street				MM / DD / YYYY 01 / 28 / 2004		
City State Zip Code Fair Lakes VA 00000				Amount of Each Disbursement this Period		
Purpose of Disbursement Printing Brochures				006		
Candidate Name				Category/Type		
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) _____				
State: _____ District: _____		<input type="checkbox"/> Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53				

vendor used for the expenses total over \$200 for the election cycle, additional information is required to achieve full disclosure. In this instance the committee must:

- Report the staff member as payee; and
- Report the payments aggregating over \$200 to any one vendor as memo entries on Schedule B. See AO 1996-20, footnote 3.

12. How to Itemize Disbursements

Like *receipts*, *disbursements* are divided into several categories on the Detailed Summary Page of Form 3. For each category, a committee must disclose the total for the current reporting period and the election-cycle-to-date total. In addition to reporting these totals, a committee often has to itemize disbursements by providing supplemental information on supporting Schedules B. 104.3(b)(2) and (4).

General Rule

A committee must use a separate Schedule B for each category of disbursements that must be itemized; the committee should not mix different categories of disbursements on the same schedule. For each disbursement that must be itemized, the committee must include the following information:

- Name of payee;
- Address of payee;
- Purpose of disbursement (a brief description of why the disbursement was made);⁶
- Date of disbursement; and
- Amount of disbursement.

104.3(b)(4) and 104.9.

When itemizing a disbursement, the committee does not need to check the box designating it for a particular election (“primary,” “general” or “other”), unless the committee makes a contribution to another federal candidate or refunds a contribution. In that case, the committee must indicate the election for which it was intended. See below.

Contributions to Other Candidates

When itemizing a contribution to another candidate (either federal or nonfederal, e.g., state or local), the committee must report the information listed above. For contributions to federal candidates, the committee must also check the box designating the disbursement (contribution) for a particular election (“primary,” “general” or “other”). Contributions to other candidates are included in the total for Line 21 (“Other Disbursements”).

Additional Information Required for Contributions to Other Federal Candidates

If the contribution is to a federal candidate, the committee must also include:

- The recipient candidate’s name;
- The office sought by checking the appropriate box;
- The state and, if applicable, Congressional district; and
- The election for which the contribution was made (by checking the appropriate box—“primary,” “general” or “other”). 104.3(b)(3)(v). (See example above.)

6. The “purpose” means a brief statement or description as to the reason for the disbursement. The instructions for Form 3 contain optional category codes for different types of disbursements. For additional information on how to describe the purpose of a disbursement, consult the instructions for Schedule B and Commission regulations at 104.3(b)(4)(i)(A).

Contributions to Other Federal Candidates

SCHEDULE B (FEC Form 3) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE OF
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.			<input type="checkbox"/> 17 <input type="checkbox"/> 20a <input type="checkbox"/> 18 <input type="checkbox"/> 20b <input type="checkbox"/> 19a <input type="checkbox"/> 20c <input checked="" type="checkbox"/> 21	
NAME OF COMMITTEE (In Full) Doe for Congress Committee				
Full Name (Last, First, Middle Initial)				
A. Cunningham for Senate			Date of Disbursement	
Mailing Address 77 Center Street			07 / 29 / 2004	
City Houston State TX Zip Code 00000			Amount of Each Disbursement this Period	
Purpose of Disbursement Contribution			1000.00	
Candidate Name Richard Cunningham			Category/Type 011	
Office Sought: <input type="checkbox"/> House <input checked="" type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		
State: TX District:		<input type="checkbox"/> Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53		

13. When to Itemize Disbursements

Regardless of Amount

Four categories of *disbursements* must be itemized regardless of amount:⁷

- Transfers (line 18);
- Loan Repayments (lines 19a and 19b);
- Loans (line 21); and
- Contributions to other federal candidates.

Refunds of contributions must be itemized only if the incoming contribution had to be itemized on Schedule A.

Itemization Threshold Exceeded

Two categories of disbursements are subject to the \$200 election cycle threshold for itemization:

- Operating Expenditures (line 17); and
- Other Disbursements (encompassing all disbursements that are not operating expenditures, transfers, loan repayments or refunds of contributions (line 21).

A disbursement under these categories must be itemized if it:

- Exceeds \$200; or
- Aggregates over \$200 when added to other disbursements (within the same category) made to the same payee during an election cycle. (See example, top right.)

7. Refunds of contributions must be itemized only if the incoming contribution had to be itemized on Schedule A.

Refunds of Contributions

Refunds of contributions must be itemized only if the incoming contribution had to be itemized on Schedule A (see page 84).

Credit Card Transactions

In the case of operating expenditures charged on a credit card, a committee must itemize a payment to a credit card company if the payment exceeds the \$200 aggregate threshold for itemization explained above. The committee must also itemize, as a memo entry, any specific transaction charged on a credit card if the payment to the actual vendor exceeds the \$200 threshold. The memo entry must also include the name and address of the vendor, the purpose of the disbursement and the amount of the disbursement. 102.9(b)(2) and 104.9. (See example at right.)

14. Reporting Debts Other Than Loans

Schedule D: Continuous Reporting

Debts and obligations must be reported continuously until repaid. 104.3(d) and 104.11. Unpaid bills and written contracts or agreements to make expenditures are considered debts. 100.112. Debts and obligations (other than loans—see Section 15, below) are reported on Schedule D according to the following rules:

- A debt of \$500 or less is reportable once it has been outstanding 60 days from the date incurred (the date of the transaction, not the date the bill is received). The debt is disclosed on the next regularly scheduled report.
- A debt exceeding \$500 must be reported in the report covering the date on which the debt was incurred. 104.3(d), 104.11 and 116.6(c).

Credit Card Transactions

SCHEDULE B (FEC Form 3) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE OF
		<input type="checkbox"/> 17	<input type="checkbox"/> 18	<input type="checkbox"/> 19a
		<input type="checkbox"/> 20a	<input type="checkbox"/> 20b	<input type="checkbox"/> 20c
		<input checked="" type="checkbox"/> 21	<input type="checkbox"/>	<input type="checkbox"/>
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Doe for Congress Committee				
Full Name (Last, First, Middle Initial)				
A. Credit Card Company			Date of Disbursement 02 / 28 / 2004	
Mailing Address 12 Muche Ct.			Amount of Each Disbursement this Period 1,300.00	
City Philadelphia State PA Zip Code 00000			Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53	
Purpose of Disbursement Credit Card Payment—see below			001 Category/Type	
Candidate Name				
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President			Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼	
State: District:				
Full Name (Last, First, Middle Initial)				
B. Southeast Airlines			Date of Disbursement 01 / 12 / 2004	
Mailing Address 777 Jetstream Way			Amount of Each Disbursement this Period 750.00	
City Dulles State VA Zip Code 00000			MEMO Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53	
Purpose of Disbursement Airline tickets			002 Category/Type	
Candidate Name				
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President			Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼	
State: District:				
Full Name (Last, First, Middle Initial)				
C. Office Rentals R Us			Date of Disbursement 02 / 01 / 2004	
Mailing Address 500 Liberty Rd.			Amount of Each Disbursement this Period 350.00	
City Leesburg State VA Zip Code 00000			MEMO Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53	
Purpose of Disbursement Office furniture rental			001 Category/Type	
Candidate Name				
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President			Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼	
State: District:				
Full Name (Last, First, Middle Initial)				

The committee must use separate Schedule D forms for debts owed by the committee and debts owed to the committee. Label each schedule accordingly.

Exception

Regularly recurring administrative expenses such as rent, utilities and salaries are not considered to be debts until they are past due. 104.11 (b).

Debts Owed by the Committee

Schedule D is used to report:

- The outstanding amount owed on a debt or obligation;
- Payments made to reduce the debt ;
- Complete name and address of creditor; and,
- The nature and purpose of the debt.

The instructions for Schedule D explain what additional information is required. The committee reports the total of outstanding debts (from Schedule D) plus the balance of loans owed by the committee (from Schedule C) on Line 10 of the Summary Page. Note that payments

to reduce debts must also be reported under the appropriate category of disbursement on the Detailed Summary Page (for example, Line 17 for a payment on a bill for an operating expenditure). (See example at right.)

Settlement of Debts

Special rules apply to debts that are forgiven or settled for less than their full amount. See Chapter 15 for more information.

Special Debt Reporting Problems

Debts of Unknown Amount

If the exact amount of a debt is not known, the committee reports an estimated amount. The committee should amend the report once a correct figure is known or include the correct figure, along with an explanation of the change, in a later report. 104.11 (b).

Unpayable Debts

If a debt cannot be paid because the creditor has gone out of business or cannot be located, the treasurer may write to the FEC to request permission to discontinue reporting the debt. The letter must demonstrate that the debt is at least two years old and that efforts to reach the creditor have been made by registered or certified letter and either in person or by phone. The committee must continue to report the debt until the Commission determines that the debt is unpayable. 116.9.

Disputed Debts

A disputed debt is a bona fide disagreement between the creditor and the committee as to the existence of a debt or the amount owed by the committee. 116.10. If the creditor provided something of value, notwithstanding the disputed amount, then the committee must disclose:

- The amount the committee admits it owes;
- The amount the creditor claims is owed; and
- Any amounts the committee has paid the creditor.

The committee may also note on the report that disclosure of a disputed debt is not an admission

Debts Owed by the Committee

SCHEDULE B (FEC Form 3) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE 1 OF 21
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.				
NAME OF COMMITTEE (In Full) Doe for Congress Committee				
A. BCFS-FM		Date of Disbursement 01 / 31 / 2004		
Mailing Address 1290 Tower Street		Amount of Each Disbursement this Period 2500.00		
City Winchester State VA Zip Code 00000		See Schedule D		
Purpose of Disbursement Radio Advertisement		Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53		
Candidate Name Jane Doe		Category/Type 004		
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		
State: District:				

SCHEDULE D (FEC Form 3) DEBTS AND OBLIGATIONS		(Use separate schedule(s) for each numbered line)	PAGE 1 OF 10
Excluding Loans			
NAME OF COMMITTEE (In Full) Doe for Congress Committee			
A. Full Name (Last, First, Middle Initial) of Debtor or Creditor BCFS-FM		Nature of Debt (Purpose): Radio Advertisement; See Schedule B, Line 17	
Mailing Address 1290 Tower Street			
City Winchester State VA Zip Code 00000			
Outstanding Balance Beginning This Period 0.00			
Amount Incurred This Period 5500.00		Payment This Period 2500.00	
		Outstanding Balance at Close of This Period 3000.00	

of liability or a waiver of any claims against the creditor. Once a disputed debt is resolved, the committee should report the correct amount on the next report, along with a statement explaining that the dispute was resolved.

Debts Owed to the Committee

The committee must continuously report a debt owed to the committee on Schedule D if the debt exceeds \$500 or has been outstanding 60 days. 104.3 (d) and 104.11. Payments received on the debt are also reported on Schedule D until the debt is retired. The payments must also be reported on the appropriate line number of the Detailed Summary Page and itemized on Schedule A if necessary. On Line 9 of the Form 3 Summary Page, the committee enters the total of outstanding debts owed to it (from Schedule D), plus the balance of outstanding loans owed to it (from Schedule C). The committee must be sure to label the Schedule D as “debt owed to the committee.”

15. Reporting Loans

All loans received by a committee must be itemized and continuously reported until repaid. 104.3(a)(4)(iv) and (d); 104.11. All repayments made on a loan must also be itemized. 104.3(b)(4)(iii) and (iv). Procedures for reporting loans and loan repayments are explained below. See also “Reporting Contributions from Candidate” on page 70.

Schedule A: Initial Receipt of Loan

A committee must itemize the receipt of a loan, regardless of amount, on a separate Schedule A for the appropriate loan category (“made/guaranteed by the candidate” or “all other loans”). (See example of Schedules A at right.)

Schedule B: Interest and Principal Payments

A committee should report interest paid on a loan as an *operating expenditure*, itemizing the payment on a Schedule B for operating expenditures once interest payments to one payee aggregate over \$200 in an election cycle.

Payments to reduce principal must be itemized, regardless of amount, on a Schedule B for the appropriate category of loan repayment (“made/guaranteed by the candidate” or “all other loans”). (See Schedule B, at right.)

Bank Loans Endorsed by Candidate

SCHEDULE A (FEC Form 3) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
			<input type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 11d		
			<input type="checkbox"/> 12 <input checked="" type="checkbox"/> 13a <input type="checkbox"/> 13b <input type="checkbox"/> 14 <input type="checkbox"/> 15		
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) A. National Trust Bank					
Mailing Address 800 Lincoln Ave.			Date of Receipt 03 / 01 / 2002		
City Reston		State VA	Zip Code 00000		
FEC ID number of contributing federal political committee. C			Amount of Each Receipt this Period 2000.00		
Name of Employer		Occupation		(guaranteed)	
Receipt For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Election Cycle-to-Date 2000.00		<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(441a-1))	

Loan Payments

SCHEDULE B (FEC Form 3) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
			<input type="checkbox"/> 17 <input type="checkbox"/> 18 <input checked="" type="checkbox"/> 19a <input type="checkbox"/> 19b		
			<input type="checkbox"/> 20a <input type="checkbox"/> 20b <input type="checkbox"/> 20c <input type="checkbox"/> 21		
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) A. National Trust Bank					
Mailing Address 800 Lincoln Avenue			Date of Disbursement 06 / 30 / 2004		
City Reston		State VA	Zip Code 00000		
Purpose of Disbursement Loan principal payment		Category/Type 009		Amount of Each Disbursement this Period 271.18	
Candidate Name		Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President		<input type="checkbox"/> Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53	
Disbursement For: <input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		State: District:			

Loans from Candidate's Personal Funds

SCHEDULE A (FEC Form 3) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
			<input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 11d		
			<input type="checkbox"/> 12 <input type="checkbox"/> 13a <input type="checkbox"/> 13b <input type="checkbox"/> 14 <input type="checkbox"/> 15		
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) A. Doe, Jane					
Mailing Address 675 8th Street			Date of Receipt 02 / 10 / 2004		
City Springfield		State VA	Zip Code 00000		
FEC ID number of contributing federal political committee. C			Amount of Each Receipt this Period 1000.00		
Name of Employer U.S. House		Occupation U.S. Representative		Personal funds	
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Election Cycle-to-Date 2200.00		<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(441a-1))	

Schedule C: Continuous Reporting

In addition, both the original loan and payments to reduce principal must be reported on Schedule C each reporting period until the loan is repaid.

Committee Has No Other Debts or Obligations

If the committee has no other debts, the Schedule C balance of the total amount owed on loans is entered on Line 10 of the Form 3 Summary Page (“debts and obligations owed by the committee”).

Committee Has Other Debts or Obligations

If the committee has other debts or obligations that are reported on Schedule D, the total amount owed on loans is also entered on Schedule D along with the other debts and obligations. The total from Schedule D is then entered on Line 10 of the Form 3 Summary Page reflecting all outstanding debts or obligations. (See example of Schedule D on page 80.)

Schedule C-1: Additional Information for Loans from Lending Institutions

A committee that obtains a loan from a bank or other permissible lending institution must also file Schedule C-1 with the first report due after a new loan or line of credit has been established. 104.3(d)(1). A new Schedule C-1 must also be filed with the next report if the terms of the loan or line of credit are restruc-

Continuous Reporting of Loans

SCHEDULE C (FEC Form 3)		PAGE OF	
LOANS		Use separate schedule(s) for each category of the Detailed Summary Page	
NAME OF COMMITTEE (In Full) Doe for Congress Committee		FOR LINE NUMBER: (check only one) <input checked="" type="checkbox"/> 13a <input type="checkbox"/> 13b	
LOAN SOURCE Full Name (Last, First, Middle Initial) National Trust Bank		Election: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼	
Mailing Address 800 Lincoln Ave.			
City Reston	State VA	ZIP Code 00000	
Original Amount of Loan 20000.00	Cumulative Payment To Date 1088.51	Balance Outstanding at Close of This Period 18911.49	
TERMS		Secured: <input checked="" type="checkbox"/> <input type="checkbox"/>	
Date Incurred M 02 / D 02 / Y 2002	Date Due M 02 / D 01 / Y 2007	Interest Rate 9.00 % (apr)	
List All Endorsers or Guarantors (if any) to Loan Source			
1. Full Name (Last, First, Middle Initial) Doe, Jane		Name of Employer Doe & Candall	
Mailing Address 626 Pritham Street		Occupation Attorney/Candidate	
City Springfield	State VA	ZIP Code 00000	Amount Guaranteed Outstanding: 18911.49

Supplementary Information on Bank Loans

SCHEDULE C-1 (FEC Form 3)		Supplementary for Information found on Page of Schedule C	
LOANS AND LINES OF CREDIT FROM LENDING INSTITUTIONS		Federal Election Commission, Washington, D.C. 20463	
NAME OF COMMITTEE (In Full) Doe for Congress Committee		FEC IDENTIFICATION NUMBER C 00033000	
LENDING INSTITUTION (LENDER) Full Name National Trust Bank		Amount of Loan 20000.00	Interest Rate (APR) 9.00 %
Mailing Address 800 Lincoln Avenue		Date Incurred or Established M 02 / D 01 / Y 2002	Date Due M 02 / D 01 / Y 2007
City Reston	State VA	Zip Code 00000	
A. Has loan been restructured? <input checked="" type="checkbox"/> No <input type="checkbox"/> Yes If yes, date originally incurred			
B. If line of credit, Amount of this Draw: _____		Total Outstanding Balance: _____	
C. Are other parties secondarily liable for the debt incurred? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes (Endorsers and guarantors must be reported on Schedule C.)			
D. Are any of the following pledged as collateral for the loan: real estate, personal property, goods, negotiable instruments, certificates of deposit, chattel papers, stocks, accounts receivable, cash on deposit, or other similar traditional collateral? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes If yes, specify: real estate		What is the value of this collateral? 100000.00	
E. Are any future contributions or future receipts of interest income, pledged as collateral for the loan? <input type="checkbox"/> No <input type="checkbox"/> Yes If yes, specify: _____		Does the lender have a perfected security interest in it? <input type="checkbox"/> No <input checked="" type="checkbox"/> Yes	
A depository account must be established pursuant to 11 CFR 100.82(e)(2) and 100.142(e)(2). Date account established: _____		Location of account: Address: _____ City, State, Zip: _____	
F. If neither of the types of collateral described above was pledged for this loan, or if the amount pledged does not equal or exceed the loan amount, state the basis upon which this loan was made and the basis on which it assures repayment.			
G. COMMITTEE TREASURER Typed Name Gottlob Frege Signature <i>Gottlob Frege</i>		DATE M 02 / D 01 / Y 2002	
H. Attach a signed copy of the loan agreement.			
I. TO BE SIGNED BY THE LENDING INSTITUTION: I. To the best of this institution's knowledge, the terms of the loan and other information regarding the extension of the loan are accurate as stated above. II. The loan was made on terms and conditions (including interest rate) no more favorable at the time than those imposed for similar extensions of credit to other borrowers of comparable credit worthiness. III. This institution is aware of the requirement that a loan must be made on a basis which assures repayment, and has complied with the requirements set forth at 11 CFR 100.82 and 100.142 in making this loan.			
AUTHORIZED REPRESENTATIVE Typed Name Joe Themistocles Signature <i>Joe Themistocles</i>		DATE M 02 / D 01 / Y 2002	
Title Loan Officer			

tured. Additionally, in the case of a committee that has obtained a line of credit, a new Schedule C-1 must be filed with the next report whenever the committee draws on the line of credit. 104.3(d)(1) and (3). (See example of Schedule C-1 at bottom left.) For loans derived from a candidate loan, the reporting on Schedule C-1 is simplified. See “Reporting Bank Loans, Brokerage Loans and Other Lines of Credit” below.

Line-by-line instructions for filling out the schedule appear in the Form 3 instruction booklet. The committee treasurer or designated assistant treasurer must sign the schedule on Line G and attach a copy of the loan agreement. 104.3(d)(2).

Finally, an authorized representative of the lending institution must sign the statement on Line I.

16. Reporting Bank Loans, Brokerage Loans and Other Lines of Credit

Bank loans to candidates and loans derived from advances on a candidate’s brokerage accounts, credit cards, home equity line of credit, or other lines of credit obtained for use in connection with his or her campaign must be reported by the committee. 100.83. The committee must report the loan from the candidate as a receipt and repayment of the loan to the candidate as a disbursement. 104.3(a)(3)(vii)(B) and (b)(2)(iii)(A).

Schedule A

The candidate may choose either to loan or to contribute the loan proceeds to the authorized committee. If the candidate treats the funds as a personal contribution, the receipt of the contribution from the candidate must be reported on Schedule A for line 11 (d). If the candidate treats the funds as a loan, the receipt of the loan must be reported on Schedule A for Line 13 (a). If the funds are designated as a contribution, then the committee cannot repay the underlying loan to the financial institution. 113.2(d).

Schedule B

If the funds are designated as a loan, the committee’s repayment to the lending institution or the candidate is reported as an itemized entry on Schedule B. The committee is not required to report repayments by the candidate to the lending

institution. 104.3(b)(4). The loan must also be continually reported on Schedule C or C-P until it is extinguished.

Schedule C

The committee need only list the candidate as the source of the loan on Schedule C. The type of loan the candidate receives (i.e. bank loan, brokerage account, credit card, home equity line of credit, other line of credit) must also be disclosed in either the first box for endorsers and guarantors with a notation for loan type or in the box for “Loan Source” after the candidate’s name.

Schedule C-1

The committee must disclose, in the report covering the period when the loan was obtained, the following information on Schedule C-1:

- The date, amount and interest rate of the loan, advance or line of credit;
- The name and address of the lending institution; and
- The types and value of collateral or other sources of repayment that secure the loan, advance or line of credit.

Unlike loans to committees, when reporting bank loans obtained by the candidate or loans derived from the candidate’s brokerage account, credit card, home equity line of credit or other line of credit, the committee is not required to submit the loan agreements to the Commission. Note, however, that the C-1 must still be filed when the candidate obtains a loan and then contributes the proceeds to the committee.

Keeping Records

The committee must retain records relating to the loan for three years after the date of the election in which the candidate ran. Additionally, the candidate must preserve the following records for three years after the election for which he or she was a candidate:

- Records to demonstrate the ownership of the accounts or assets securing the loans;
- Copies of the executed loan agreements and all security and guarantee statements;
- Statements of account for all accounts used to secure any loan for the period the loan is outstanding such as brokerage accounts or credit card accounts and statements on any line of credit account that was used for the purpose of influencing the candidate’s election for federal office;

- Documentation to establish the source of the funds in the account and the time of the loan; and
- Documentation for all payments made on the loan by any person.

17. Reporting Refunds, Returns and Bounced Checks

Refunds v. Returns

A refund occurs when the committee has actually deposited a contribution in its bank depository and then pays it back to the contributor by issuing a check. When a committee *refunds* a contribution to a donor, the committee must include the refund in the total for the appropriate category of refund on the Detailed Summary Page (Line 20(a), (b) or (c)). If the committee previously itemized the incoming contribution on Schedule A, then it must itemize the refund on a Schedule B for the appropriate category of refund. 104.8(d)(4). (See example, top right.) Alternatively, a committee may return a contribution to the donor without depositing it, although the return must be made within 10 days of the treasurer's receipt of the contribution. 103.3(a). In this case, the committee does not have to report either the receipt or the return of the contribution.

Refunded Contributions

SCHEDULE A (FEC Form 3) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
<small>Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.</small> NAME OF COMMITTEE (In Full) Doe for Congress Committee		<input type="checkbox"/> 11a <input type="checkbox"/> 11b <input checked="" type="checkbox"/> 11c <input type="checkbox"/> 11d <input type="checkbox"/> 12 <input type="checkbox"/> 13a <input type="checkbox"/> 13b <input type="checkbox"/> 14 <input type="checkbox"/> 15			
Full Name (Last, First, Middle Initial) A. Very Controversial PAC		Date of Receipt 03 / 19 / 2004		Refunded 3/30 Amount of Each Receipt this Period 5000.00 See Schedule B, Line 20(c) <input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(4)(1))	
Mailing Address 879 Peabody Street City: Washington State: DC Zip Code: 00000		FEC ID number of contributing federal political committee: C			
Name of Employer: Occupation:		Election Cycle-to-Date: 5000.00			
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)					

SCHEDULE B (FEC Form 3) ITEMIZED DISBURSEMENTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
<small>Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.</small> NAME OF COMMITTEE (In Full) Doe for Congress Committee		<input type="checkbox"/> 17 <input type="checkbox"/> 18 <input type="checkbox"/> 19a <input type="checkbox"/> 19b <input type="checkbox"/> 20a <input checked="" type="checkbox"/> 20c <input type="checkbox"/> 21			
Full Name (Last, First, Middle Initial) A. Very Controversial PAC		Date of Disbursement 03 / 30 / 2004		Amount of Each Disbursement this Period 5000.00 See Schedule A, Line 11(c) <input type="checkbox"/> Refund or Disposal of Excess Contributions Required Under 11 C.F.R. 400.53	
Mailing Address 879 Peabody Street City: Washington State: DC Zip Code: 00000		Purpose of Disbursement Refund of 3/19/02 contribution 001			
Candidate Name Jane Doe		Disbursement For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify)			
Office Sought: <input type="checkbox"/> House <input type="checkbox"/> Senate <input type="checkbox"/> President State: District:					

Checks Returned Due to Insufficient Funds

If a committee reports the receipt of a check and later finds it cannot be negotiated because of insufficient funds in the donor's account, the committee should deduct the amount of the check in its next report as follows:

- If the committee did not itemize the receipt on a previous report, it subtracts the amount of the check from the total for the appropriate category of receipts. The reduced total is entered on the Detailed Summary Page.
- If the committee previously itemized the receipt, it itemizes the return of the check as a *negative entry* on the appropriate Schedule A. (See example on next page)

Checks received and returned by the bank in the same reporting period do not need to be reported.

18. Reporting Transfers Between Authorized Committees

As explained in Chapter 10, authorized committees may make and receive transfers to and from other federal authorized committees of the same candidate. The following sections explain the rules for reporting the permissible transfers discussed in Chapter 10.

Transfers Between Candidate's Committees for the Same Office

In the Same Election Cycles

Transfers between a candidate's authorized committees for the same election are reported by the transferring committee on Line 18 of the Form 3 Detailed Summary Page, and by the committee receiving the transfer on Line 12 of the Form 3 Detailed Summary Page. 104.3(a)(3)(vi) and (b)(2)(ii). The receiving committee does not need to reitemize the sources of the funds transferred (e.g., contributions that comprise the transfer) because the transferring committee has already itemized them in its report to the principal campaign committee, which is attached to the principal campaign committee's consolidated report (Form 3Z). 110.3(c)(4). (See example above.)

In Different Election Cycles

The receiving committee also does not have to itemize contributions transferred between committees authorized by one candidate for two different election cycles as long as the original contributions count against the limits for the election for which the contributions were intended. 110.3(c)(4).

Checks Returned Due to Insufficient Funds

SCHEDULE A (FEC Form 3) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
		<input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 11d <input type="checkbox"/> 12 <input type="checkbox"/> 13a <input type="checkbox"/> 13b <input type="checkbox"/> 14 <input type="checkbox"/> 15			
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) A. Light, Jack					
Mailing Address 421 Overdraw Street				Date of Receipt 03 / 01 / 2004	
City Falls Church		State VA	Zip Code 000000		
FEC ID number of contributing federal political committee. C				Amount of Each Receipt This Period -300.00	
Name of Employer None		Occupation Graduate Student			
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Election Cycle-to-Date 0.00			
				<input type="checkbox"/> bounced check <input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(4)(1)-1)	

Transfers Between Candidate's Committees for Same Office

SCHEDULE A (FEC Form 3) ITEMIZED RECEIPTS		Use separate schedule(s) for each category of the Detailed Summary Page	FOR LINE NUMBER: (check only one)	PAGE	OF
		<input checked="" type="checkbox"/> 11a <input type="checkbox"/> 11b <input type="checkbox"/> 11c <input type="checkbox"/> 11d <input type="checkbox"/> 12 <input type="checkbox"/> 13a <input type="checkbox"/> 13b <input type="checkbox"/> 14 <input type="checkbox"/> 15			
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) A. Friends of Jane Doe					
Mailing Address 147 Felicity Circle				Date of Receipt 03 / 21 / 2004	
City Fairfax		State VA	Zip Code 000000		
FEC ID number of contributing federal political committee. C 00000002				Amount of Each Receipt This Period 3000.00	
Name of Employer		Occupation			
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) ▼		Election Cycle-to-Date 3000.00			
				<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(i)(4)(1)-1)	

EXAMPLE: A 2004 House candidate has a surplus from that campaign. The candidate may roll over that amount to his or her committee for reelection in 2006 without again itemizing the contributions that make up the transfer, provided that:

- He or she did not become a candidate for the 2006 election before the 2004 general election; and
- The surplus transferred from the 2004 committee consists of contributions that count against the 2004 limit rather than the 2006 limit (i.e., were made prior to the 2004 general election).

Transfers Between Candidate's Committees for Multiple Offices

A candidate's authorized committee for one office (e.g., a Senate campaign) receiving a transfer from that candidate's authorized committee for another office (e.g., a House campaign) must

report the total transfer on Line 12 of the Form 3 Detailed Summary Page and must itemize the transfer on Schedule A, regardless of amount. 104.3(a)(4)(iii)(A). (See Chapter 10 for information on when such transfers are permissible.) In addition, as discussed in Chapter 10, the receiving committee must aggregate the contributions that make up the transfer with any other contributions it receives from the same contributor.

If the aggregate contributions from one contributor exceed \$200 in the election cycle, the receiving committee must itemize the contributions as memo entries on a Schedule A. The recipient committee must also report the total transfer on Line 12 of the Form 3 Detailed Summary Page and must itemize the source of the transfer on Schedule A, regardless of amount. See AO 1984-38.

The committee making the transfer must report the transfer on Line 18 of the Form 3 Detailed Summary Page and must itemize the disbursement on Schedule B, regardless of amount. 110.3(c)(5), 104.3(b)(4)(ii).

Transfers of Joint Fundraising Receipts

For information on reporting transfers of joint fundraising receipts, see Appendix C, “Joint Fundraising.”

19. Reporting Investments

A committee that has invested its funds—for example, in a savings account, money market fund or certificate of deposit—must include the total amount invested in its cash on hand (Line 27 of the Form 3 Detailed Summary Page). It should not report any investment as a disbursement, since the money is not an expenditure but, instead, is still a committee asset. 104.3(a)(1).

Reporting Additional Depository

Funds Invested with Banks

If a committee invests the funds in a bank that was not previously identified as a campaign depository on the Statement of Organization (FEC Form 1), the committee must file an amended Statement of Organization disclosing the name and address of the new depository. The amendment must be filed within 10 days of making the investment. 102.2(a)(2).

Funds Invested with Other Establishments

If committee funds are invested in a fund that is not operated by a bank (such as a money market fund operated by a brokerage firm), no amendment to the Statement of Organization is required. Before using the funds (principal or interest) to make expenditures, the committee must first transfer them to a designated campaign checking account. 103.3(a). See, for example, Advisory Opinion (AO) 1986-18.

Note, however, that interest or other income earned on these investment accounts need not be placed in the campaign depository account before they are reinvested. As noted above, investments are not expenditures; they are simply a conversion of assets from one form to another. The committee must report the reinvested income from investments following the rules explained below. AO 1997-6.

Reporting Investment Income

A committee must report investment income (e.g., interest, dividends or capital gains/losses) received during the reporting period in the “other receipts” category of the Detailed Summary Page. If investment income received from one source aggregates over \$200 during an election cycle, the committee must also itemize the interest on a Schedule A for “Other Receipts.” 104.3(a)(4)(vi).

Reporting Investment Losses

A committee should report investment losses as a negative entry under “Other Receipts.” If investment losses exceed \$200 during an election cycle, the committee should also itemize the losses on Schedule A for “Other Receipts.”

Reporting Income Tax

A committee must report, as an *operating expenditure*, income tax paid on investment income. Income tax payments must be itemized on a Schedule B for operating expenditures only if the payments aggregate over \$200 during an election cycle to the same payee (the state or federal government).

20. Filing Amendments

The committee must file an amended report if it:

- Discovers that an earlier report contained erroneous information; or
- Does not obtain all the required information about a particular itemized receipt or disbursement in time to include it in the appropriate report.

Paper Filers

When filing an amended Form 3, the committee should complete the Summary Page (including the treasurer's signature), indicating on Line 3 that the document is an amended report.

In addition to the Summary Page, the committee should file a corrected version of the schedule that contained the incomplete or incorrect itemized information in the earlier report, along with a revised Detailed Summary Page, if appropriate. Transactions originally reported correctly do not have to be itemized again. The Commission recommends that the treasurer attach a cover letter explaining the change.

Electronic Filers

Electronic filers must electronically resubmit the entire report, not just the amended portions. The committee must check the amendment box on the new report before filing. The amendments must be formatted to comply with the Electronic Filing Specifications Requirements mentioned on page 64.

Summary Page

21. The Summary Page

Line 1. Name and Address

Fill in the committee's full name and mailing address. If the address has changed, be sure to check the appropriate box.

Line 2. ID Number

Enter the committee's FEC identification number on Line 2. If the committee is filing its first report, it may not yet have received an ID number; in that case the committee should leave this space blank.

A committee should include its ID number in all reports, statements, notices and other written communications with the FEC.

Line 3. Original or Amended Report

Check “amended” only if you are amending a report that has already been filed with the FEC; otherwise, check “new.”

Line 4. Type of Report

Check the appropriate box and, if necessary, fill in the appropriate information (for 12-day pre-election, 30-day post-election, special election reports, and termination reports).

Line 5. Coverage Dates

The period covered by the report begins the day after the close of books of the last report filed by the committee. If the report is the first one filed by the committee, then the reporting period begins with the date of the committee’s first activity.

Line 6. Net Contributions (Other Than Loans)

- On Line 6(a), enter the amount of total contributions other than loans from Line 11 (e) of the Detailed Summary Page.
- On Line 6(b), enter the amount of refunds from Line 20(d) of the Detailed Summary Page.

Line 7. Net Operating Expenditures

- On Line 7(a), enter the amount of total operating expenditures from Line 17 of the Detailed Summary Page.
- On Line 7(b), enter the amount of total offsets to operating expenditures from Line 14 of the Detailed Summary Page.

Summary Page (continued)

SUMMARY PAGE		
FEC Form 3 (Revised 02/2003)	of Receipts and Disbursements	Page 2
Write or Type Committee Name Doe for Congress Committee		
Report Covering the Period: From: 01 / 01 / 2004 To: 03 / 31 / 2004		
	COLUMN A This Period	COLUMN B Election Cycle-to-Date
6. Net Contributions (other than loans)		
(a) Total Contributions (other than loans) (from Line 11(e))....	9892.00	24892.00
(b) Total Contribution Refunds (from Line 20(d)).....	5000.00	10000.00
(c) Net Contributions (other than loans) (subtract Line 6(b) from Line 6(a)).....	4892.00	14892.00
7. Net Operating Expenditures		
(a) Total Operating Expenditures (from Line 17).....	3054.50	13054.50
(b) Total Offsets to Operating Expenditures (from Line 14).....	0.00	0.00
(c) Net Operating Expenditures (subtract Line 7(b) from Line 7(a)).....	3054.50	13054.50
8. Cash on Hand at Close of Reporting Period (from Line 27).....		
9. Debts and Obligations Owed TO the Committee (itemize all on Schedule C and/or Schedule D).....	0.00	
10. Debts and Obligations Owed BY the Committee (itemize all on	6350.00	
For further information contact: Federal Election Commission 999 E Street, NW Washington, DC 20463 Toll Free 800-424-9530 Local 202-694-1100		

Line 8. Cash on Hand at Close of Reporting Period

On Line 8, enter the amount of cash at hand at the close of the reporting period from Line 27 of the Detailed Summary Page.

Line 9. Debts Owed to Committee

On Line 9, transfer the total amount owed to the committee from the appropriate Schedule C and/or D.

Line 10. Debts Owed by Committee

On Line 10, transfer the total amount owed by the committee from the appropriate Schedule C and/or D.

Treasurer's Name and Signature

The treasurer must sign and date Form 3 at the bottom of the Summary Page. Only a treasurer or assistant treasurer designated on Form 1 (Statement of Organization) may sign the report. 104.14(a). See Chapters 2 and 12 for more information on the treasurer's responsibilities.

22. The Detailed Summary Page

The Detailed Summary Page lists the totals for various categories of receipts and disbursements. Some of the figures are taken from the totals listed on the attached Schedules A and B, some are totals of figures that are not itemized on these schedules and some are combined totals of itemized figures from the schedules plus some unitemized figures. (See example of Detailed Summary Page at right.)

Column A and Column B

Note that Column A is for the figures relating to amounts received and disbursed during the reporting period covered by the report. Column B lists totals for the election cycle to date

Line 11. Contributions

Line 11(a). Contributions from Individuals/Persons Other Than Political Committees

Use Line 11 to report contributions from individuals and groups other than political committees (such as partnerships, sole proprietorships and certain LLC's and Indian tribes).

- Enter the total of itemized contributions from individuals and other groups (not political committees) on Line 11 (a)(i).

Detailed Summary Page

DETAILED SUMMARY PAGE of Receipts		
FEC Form 3 (Revised 02/2003)		Page 3
Write or Type Committee Name <u>Doe for Congress Committee</u>		
Report Covering the Period: From: <u>01</u> / <u>01</u> / <u>2004</u> To: <u>03</u> / <u>31</u> / <u>2004</u>		
I. RECEIPTS	COLUMN A Total This Period	COLUMN B Election Cycle-to-Date
11. CONTRIBUTIONS (other than loans) FROM:		
(a) Individuals/Persons Other Than Political Committees		
(i) Itemized (use Schedule A).....	385.00	
(ii) Unitemized.....	2307.00	
(iii) TOTAL of contributions from individuals.....▶	2692.00	6892.00
(b) Political Party Committees.....	0.00	0.00
(c) Other Political Committees (such as PACs).....	6000.00	14000.00
(d) The Candidate.....	1200.00	4000.00
(e) TOTAL CONTRIBUTIONS (other than loans) (add Lines 11(a)(iii), (b), (c), and (d))..	9892.00	24892.00
12. TRANSFERS FROM OTHER AUTHORIZED COMMITTEES.....	3000.00	6000.00
13. LOANS:		
(a) Made or Guaranteed by the Candidate.....	3000.00	5000.00
(b) All Other Loans.....	0.00	0.00
(c) TOTAL LOANS (add Lines 13(a) and (b)).....	3000.00	5000.00
14. OFFSETS TO OPERATING EXPENDITURES (Refunds, Rebates, etc.).....	0.00	0.00
15. OTHER RECEIPTS (Dividends, Interest, etc.).....	750.00	1400.00
16. TOTAL RECEIPTS (add Lines 11(e), 12, 13(c), 14, and 15) (Carry Total to Line 24, page 4).....▶	16642.00	38292.00

- On Line 11 (a)(ii), enter the total amount of unitemized contributions.
- On Line 11 (a)(iii), enter the total of itemized and unitemized contributions from individuals/others.

Line 11(b). Contributions from Political Party Committees

On Line 11 (b), enter the total amount of contributions from party committees including any party organizations not registered with the FEC. As noted earlier in the chapter, these contributions must be itemized on a Schedule A, regardless of amount. 104.3(a)(3)(iii).

Line 11(c). Contributions from Other Political Committees

On Line 11 (c), enter the total amount of contributions from other political committees (such as PACs or other candidates' committees) and other groups not registered with the FEC, which, as noted earlier in the chapter, must be itemized on a Schedule A, regardless of amount. 104.3(a)(3)(iv).

Line 11(d). Contributions from Candidate

On Line 11 (d), enter the total contributions from the candidate. This includes any contributions from the candidate that were itemized on Schedule A, as well as any contributions that did not have to be itemized. If the contribution is derived from an underlying loan to the candidate from a lending institution, or from an advance from the candidate's brokerage account, credit card or line of credit, report the underlying loan on Schedule C-1.

Line 12. Transfers from Other Authorized Committees

On Line 12, enter the total amount of transfers from the candidate's other authorized committees (if there are any such committees) which, as noted earlier in the chapter, must be itemized on a Schedule A, regardless of amount.

Line 13. Loans

Line 13(a). Loans Made or Guaranteed by the Candidate

On Line 13 (a), enter the total amount of loans made or guaranteed by the candidate which, as noted earlier in the chapter, must be itemized on a Schedule A, regardless of amount.

Detailed Summary Page (continued)

DETAILED SUMMARY PAGE of Disbursements		
FEC Form 3 (Revised 02/2003)		Page 4
II. DISBURSEMENTS	COLUMN A Total This Period	COLUMN B Election Cycle-to-Date
17. OPERATING EXPENDITURES.....	3054.00	14054.00
18. TRANSFERS TO OTHER AUTHORIZED COMMITTEES	0.00	0.00
19. LOAN REPAYMENTS:		
(a) Of Loans Made or Guaranteed by the Candidate.....	400.00	1400.00
(b) Of All Other Loans	0.00	0.00
(c) TOTAL LOAN REPAYMENTS (add Lines 19(a) and (b)).....	400.00	1400.00
20. REFUNDS OF CONTRIBUTIONS TO:		
(a) Individuals/Persons Other Than Political Committees	0.00	0.00
(b) Political Party Committees.....	0.00	0.00
(c) Other Political Committees (such as PACs).....	5000.00	10000.00
(d) TOTAL CONTRIBUTION REFUNDS (add Lines 20(a), (b), and (c)).....	5000.00	10000.00
21. OTHER DISBURSEMENTS.....	1000.00	4000.00
22. TOTAL DISBURSEMENTS (add Lines 17, 18, 19(c), 20(d), and 21) ▶	9454.50	29454.50
III. CASH SUMMARY		
23. CASH ON HAND AT BEGINNING OF REPORTING PERIOD.....		5367.31
24. TOTAL RECEIPTS THIS PERIOD (from Line 16, page 3).....		38292.00
25. SUBTOTAL (add Line 23 and Line 24).....		43659.31
26. TOTAL DISBURSEMENTS THIS PERIOD (from Line 22).....		29454.50
27. CASH ON HAND AT CLOSE OF REPORTING PERIOD (subtract Line 26 from Line 25)		14204.81

Line 13(b). All Other Loans

On Line 13 (b), enter the total of all other loans (i.e., those not made or guaranteed by the candidate) the committee received during the reporting period which, as noted earlier in the chapter, must be itemized on a Schedule A, regardless of amount.

Line 14. Offsets to Operating Expenditures

On Line 14, enter the total amount of offsets to operating expenditures (such as refunds or rebates) received during the reporting period. The figure might include unitemized offsets as well as itemized offsets, which, as noted earlier, are listed on a Schedule A.

Line 15. Other Receipts

On Line 15, enter the total amount of any other receipts—both itemized and unitemized—included for the reporting period. Note that the type of receipts included here may vary widely (e.g., from dividends to certain sales of campaign assets). Remember that those receipts aggregating over \$200 from any source during the election cycle must be itemized on a Schedule A.

Line 17. Operating Expenditures

On Line 17, enter the total amount of disbursements for operating expenditures—both itemized and unitemized—made during the reporting period. Remember that these disbursements must be itemized when they aggregate over \$200 to any one source during the election cycle.

Line 18. Transfers to Other Authorized Committees

On Line 18, enter the total amount of transfers made to the candidate's other authorized committees (if any such committees exist). As noted earlier in the chapter, such transfers must be itemized on a Schedule B, regardless of amount.

Line 19. Loan Repayments

Line 19(a). Repayments on Loans Made or Guaranteed by the Candidate

On Line 19(a), enter the total of repayments of principal of loans made or guaranteed by the candidate. Such payments of principal must be itemized on a Schedule B, regardless of amount. As noted earlier in the chapter, payments of interest are considered operating expenditures, not repayments on loans (see Section 15, "Reporting Loans").

Line 19(b). Repayments on All Other Loans

On Line 19(b), enter the total of repayments of principal of all loans not made or guaranteed by the candidate. Such payments of principal must be itemized on a Schedule B, regardless of amount. As noted earlier in the chapter, payments of interest are considered operating expenditures, not repayments on loans (see Section 15, "Reporting Loans").

Line 20. Refunds of Contributions

Line 20(a). Refunds of Contributions to Individuals/Persons Other Than Political Committees

On Line 20(a), enter the total amount of contributions refunded to individuals or groups (other than political committees). Remember that contribution refunds need only be itemized (on a Schedule B) if the original contributions were itemized (on a Schedule A). (See Section 17, "Reporting Refunds, Returns and Bounced Checks".)

Line 20(b). Refunds to Political Party Committees

On Line 20(b), enter the total amount of contributions refunded to political party committees. Remember that, since these contributions must be itemized regardless of amount, the refunds will have to be itemized as well.

Line 20(c). Refunds to Other Political Committees

On Line 20(c), enter the total amount of contributions refunded to other political committees (i.e., other than political party committees). Remember that, since these contributions must be itemized regardless of amount, the refunds will have to be itemized as well.

Line 21. Other Disbursements

On Line 21 enter the total of all other disbursements—itemized and unitemized—made during the reporting period. Note that this line may contain a wide array of disbursements. Remember that disbursements aggregating over \$200 to the same payee during the election cycle must be itemized on a Schedule B.

Line 23. Cash on Hand

A committee must report the cash on hand it possessed at both the beginning of the reporting period and the close of the reporting period. Note that the closing cash balance for the current reporting period appears on the next report as the beginning cash on hand. Cash on hand includes petty cash, funds held in checking and savings accounts, traveler's checks, certificates of deposit, treasury bills and other investments valued at cost. 104.3(a)(1).

First Report

Beginning cash on hand—i.e., money that the committee had in its possession at the time of registration—is subject to the contribution limit, prohibitions and disclosure requirements of federal law. (The committee must exclude any contributions that are not permissible under federal law.) The committee should itemize contributions and other receipts included in the beginning cash-on-hand balance. (See “When to Itemize Receipts,” p. 69.)

Line 24. Total Receipts This Period

Enter the total receipts figure from Line 16 of the Detailed Summary Page.

Line 26. Total Disbursements This Period

Enter the amount of total disbursements from Line 22 of the Detailed Summary Page.

Post-Election Detailed Summary Page

POST-ELECTION DETAILED SUMMARY PAGE
Report of Receipts and Disbursements

FEC Form 3 (Revised 1/01) Page 5

• If the candidate participated in the general election, use this form for the 30-day Post-General report.
• If the candidate did NOT participate in the general election, use this form for the Year-end report covering through December 31 of the election year (due on January 31).

This form is used in lieu of filling out Line Numbers 6 through 7 on Page 2 (Summary Page) and Pages 3 and 4 (the Detailed Summary Page) for the last report filed by a candidate during the current election cycle.

Write or Type Committee Name
Doe for Congress Committee

Report Covering the Period: From: 10 / 14 / 2002 To: 11 / 25 / 2002

I. RECEIPTS

COLUMN A Total this Period	COLUMN B Election Cycle Total as of	COLUMN C Total for
11. CONTRIBUTIONS (other than loans) FROM:		
(a) Individuals/Persons Other than Political Committees		
(i) Itemized (use Schedule A)	11 / 05 / 2002 (date of general election)	11 / 06 / 2002 (date after general election)
385.00		
(ii) Unitemized		11 / 25 / 2002 (last day of reporting period)
2300.00		
(iii) Total of contributions from individuals		
2685.00	120685.00	2000.00
(b) Political Party Committees		
50.00	5050.00	0.00
(c) Other Political Committees		
16000.00	65000.00	1000.00

23. Post-Election Detailed Summary Page

In election years, the reporting period for the Post-General (or, in some cases, the Year-End) report will span two election cycles. For this report only, committees must not use the normal Detailed Summary Page; instead, they must use the Post-Election Detailed Summary Page. This form divides the post-election reporting period into two time frames:

- From the beginning of the reporting period through the date of the election; and
- From the day after the election to the end of the reporting period.

The campaign must divide its records into those two time periods in order to fill out the form. Campaigns that do not participate in the gen-

eral election must file the Post-Election Detailed Summary Page with their election-year year-end report.

Committees involved in a special general election must also file the Post-Election Detailed Summary Page .

CHAPTER 15

Winding Down the Campaign

1. Sale of Campaign Assets

Purchaser Makes Contribution

Generally, when a *campaign* sells its property, the purchase is considered a contribution to the campaign by the purchaser. The payment, therefore, must not come from *prohibited sources* and must not exceed the contribution limits.

Sale of Campaign Materials

The sale of fundraising items or materials developed uniquely for the committee (such as artwork, publications and opinion polls¹) results in contributions from the purchasers. 100.53. See also, for example, Advisory Opinions (AOs) 1982–24 and 1980–19. (However, note the exception for mailing lists, below.)

Commercial Ventures

The Commission has determined that when a committee asset is sold or used for an ongoing commercial venture to produce revenue for a committee, the proceeds are considered contributions to the committee. See AOs 1991-34 and 1983-2.

Purchaser Does Not Make Contribution

Under limited circumstances, however, the sale of a campaign asset does not result in a contribution.

Mailing Lists

Mailing lists developed by a campaign for its own use may be sold at the “usual and normal” charge without the purchaser making a contribution. See, for example, AOs 1982–41, 1981–53 and 2002–14.

Liquidation of Equipment and Supplies

The Commission has said that the sale of campaign equipment and supplies does not result in a contribution under certain conditions. AOs 2003-19 and 1986–14.

2. Retiring Debts

Through Contributions

When raising contributions to retire debts after the election is over, a campaign must remember three general rules:²

- First, the contributions are still subject to the limits and prohibitions of the Federal Election Campaign Act, even if the candidate lost the election and does not plan to run for future federal office.
- Second, contributions made after an election to retire debts must, in most cases, be specifically designated for that election by the contributor. See “Designated and Undesignated Contributions,” page 19.
- Finally, contributions designated for, but made after, a particular election may not exceed the campaign’s *net debts outstanding*, as explained on page 20.

110.1(b)(3)(i).

Through Sale of Assets

A campaign may sell its assets to raise funds to retire debts. Please note that the sale or use of assets to retire debts may result in contributions from the purchasers, as explained in section 1, above.

Through Transfers

A campaign may receive funds to retire debts through transfers of excess funds from the same candidate’s campaign for a different election cycle, as long as the transferor committee has no outstanding debts. 116.2(c)(2). See Chapter 10, “Transfers.” See also AO 1997-10.

Salary Owed to Campaign Staff

Unpaid salary or wages owed to campaign employees are not considered contributions

1. For more information on opinion polls, see Commission regulations at 106.4.

2. A campaign may raise funds to retire debts through joint fundraising. See Appendix C.

from those employees. Uncompensated services rendered by an employee may be converted to volunteer work, or the amount owed may be treated as a debt, as explained below. 116.6(a). Note, however, that FEC rules do not require an employee to accept less than full payment for his or her services. 116.6(b).

Treatment as Volunteer Service

Uncompensated employee service may be considered volunteer service if the employee signs a statement agreeing to the arrangement. 116.6(a). (Services performed by volunteers are exempt from limits and reporting requirements. See page 32.)

Treatment as Debt

Alternatively, the committee may treat the unpaid amount of salary as a debt to the employee (see page 79 for reporting information). The committee and the employee may settle the debt for less than the amount owed, using the procedures described in the next section. 116.6(b).

3. Settling Debts

Eligibility for Debt Settlement

Only a terminating committee may settle a debt for less than the full amount owed to the creditor. A “terminating committee” is one that does not intend to raise contributions or make expenditures—except for the purposes of paying winding-down costs and retiring its debts. 116.1(a) and 116.2(a). An authorized committee may not settle any debts, however, if any other authorized committee of the same candidate has enough permissible cash on hand to pay all or part of the debt. 116.2(c)(1) and (2).

Debts Subject to Settlement

The types of debts that are subject to debt settlement requirements include:

- Amounts owed to commercial vendors;
- Debts arising from advances by individuals (e.g., staff using personal funds or credit to purchase goods and services on behalf of the committee);
- Salary owed to committee employees; and
- Debts arising from loans from political committees or individuals, including candidates. 116.7(b).

The debt settlement rules do not apply to disputed debts, which are covered by other rules (see below). 116.7(c)(2).

They also do not apply to bank loans, though the Commission recognizes that under extraordinary circumstances, such as the death or bankruptcy of the candidate, settlement of bank loans may be appropriate. (The Commission will consider specific requests on a case-by-case basis.)

Debt Settlement Rules

A commercial vendor (incorporated or unincorporated) may forgive or settle a debt owed by a committee without incurring a contribution if:

- Credit was initially extended in the vendor’s ordinary course of business, and the terms of the credit were similar to those observed by the vendor when extending a similar amount of credit to a nonpolitical client of similar risk. 116.3 and 116.4(d)(1).
- The committee undertook all reasonable efforts to satisfy the outstanding debt, such as fundraising, reducing overhead costs and liquidating assets. 116.4(d)(2).
- The vendor made the same efforts to collect the debt as those made to collect debts from a nonpolitical debtor in similar circumstances. Remedies might include, for example, late fee charges, referral to a debt collection agency or litigation. 116.4(d)(3). If the committee or the creditor fails to take these steps, the difference between the amount owed and the amount actually paid may be considered a contribution. 114.2(b).

Debt Settlement Plans

After a terminating committee has reached agreements with its creditors, the treasurer should file a debt settlement plan on FEC Form 8. Once the plan has been submitted to the Commission for review, the committee must postpone payment on the debt until the Commission has completed the review. 116.7(a). Payments to creditors must be disclosed in the committee’s termination report.

Completing Form 8

Step-by-step instructions for completing Form 8 are included with the form. The Commission recommends that the committee include as many debts as possible in the plan and submit a separate Part II (second page) for each creditor along with Part I (cover page). The treasurer must also submit Part III (third page) to indicate how the

committee intends to address other debts not included in the submission. The treasurer must sign and date the first page. The creditor must also sign the form to indicate his or her acceptance of the settlement. As an alternative, the treasurer may attach a signed statement from the creditor containing the same information.

Reporting Debts Undergoing Settlement

Debts undergoing settlement must be continuously reported until the Commission has completed its review of the committee's debt settlement plan. The committee may file a termination report once all debts have been paid, settled, forgiven or otherwise extinguished. 116.4(f), 116.5(e) and 116.6(c).

Disputed Debts

A disputed debt is a bona fide disagreement between the creditor and the committee as to the existence of a debt or the amount owed by the committee. When filing a debt settlement plan, a terminating committee must describe any disputed debts and the committee's efforts to resolve them on Part III of Form 8. 116.10(b).

Creditor's Rights

No commercial vendor or other creditor is required to forgive or settle debts owed by committees. 116.4(e).

Assigning Debts to Another Committee

To expedite termination, an authorized committee that qualifies as a terminating committee and has no remaining cash on hand may assign its debts to another authorized committee of the same candidate, provided that:

- The committee transferring the debts was organized for an election that has already been held;
- Within 30 days before the assignment takes effect, the transferor committee notifies each creditor in writing of the name and address of the committee assuming the debts; and
- The committee assuming the debts notifies the FEC in writing that it has assumed the obligation to pay the debts. That committee must continue to report the debts until they are retired.

116.2(c)(3).

Forgiveness of Debts Owed by Ongoing Committees

Forgiveness Rules

A creditor may forgive a debt owed by an *ongoing committee* (that is, one that does not qualify as a terminating committee) if the debt has been outstanding at least 24 months and:

- The ongoing committee (1) has insufficient cash on hand to pay the debt, (2) has had receipts of less than \$1,000 and disbursements of less than \$1,000 during the previous 24 months and (3) owes debts to other creditors of such magnitude that the creditor could reasonably conclude that the ongoing committee will not pay its particular debt; or
- The creditor is unable, after reasonable diligence, to locate the ongoing committee.

116.8(a).

Notification to Commission

A creditor who intends to forgive a debt owed by an ongoing committee must notify the Commission of its intent in writing. The letter must provide the following information:

- The terms of the initial extension of credit and a description of the terms under which the creditor has extended credit to similar nonpolitical debtors;
- A description of the campaign's efforts to satisfy the debt;
- A description of the steps taken by the creditor to obtain payment, along with a comparison of those remedies with others pursued by the creditor under similar circumstances; and
- An indication that the creditor has forgiven other debts involving nonpolitical debtors in similar circumstances.

116.8(b).

Commission Review

The Commission will review each proposal to forgive a debt to ensure that the creditor, the ongoing committee and the candidate have complied with the Act's contribution limits and prohibitions. 116.8(c).

4. Terminating the Committee

Eligibility

A committee may file a termination report at any time, provided that:

- The committee no longer intends to receive contributions, make expenditures, or make any disbursements that would otherwise qualify it as a political committee; and
- Neither the committee seeking to terminate nor any other authorized committee of the same candidate has any outstanding debts or obligations.

102.3 and 116.1.

A committee involved in an FEC enforcement action, however, must continue to file regularly scheduled reports until the matter is resolved.

Termination Report

When filing the committee's termination report, the treasurer should check the "Termination Report" box on Line 4 of the Summary Page of Form 3. The termination report must disclose:

- All receipts and disbursements not previously reported, including an accounting of debt retirement (See "Retiring Debts," above); and
- The purposes for which any remaining committee funds will be used. (See chapter 9.) 102.3(a).

Committee No Longer Required to Report

The committee's reporting obligation ends only when the Commission notifies the committee in writing that the termination report has been accepted.

Administrative Termination

The FEC, upon its own initiative or at the request of a political committee, may administratively terminate a committee's reporting status. For details on administrative termination, consult section 102.4 of the regulations.

Appendix A

Earmarked (Bundled) Contributions

An *earmarked contribution* is one which the contributor directs (either orally or in writing) to a clearly identified candidate or his or her authorized committee through an intermediary or conduit. The conduit or intermediary may be an unregistered entity, such as an individual or group, or a registered political committee with regular reporting obligations. 110.6(b). Earmarking contributions is sometimes referred to as “bundling” contributions because, in many cases, the conduit receives several contributions that are earmarked for a candidate and forwards them all together (in a “bundle”).

1. Conduits

Who Is a Conduit

Anyone who receives and forwards an earmarked contribution to a candidate committee is considered a conduit or intermediary. 110.6(b)(2). (The terms “conduit” and “intermediary” are interchangeable; “conduit” will be used in the remainder of this appendix.)

Individuals, *political committees*, unregistered committees and partnerships may act as conduits for earmarked contributions.

Persons Not Considered Conduits

For the purposes of the earmarking rules, certain individuals and organizations are not considered conduits even though they may participate in activities to raise money for a candidate. These persons include:

- An employee or full-time volunteer working for a candidate committee;
- An individual who occupies a significant position in a candidate’s campaign and who is expressly authorized to raise money on behalf of the candidate;
- A committee *affiliated* with the candidate committee; and
- A commercial fundraising firm retained by the candidate committee. 110.6(b)(2)(i).

Prohibitions Apply

No corporation, labor organization or other entity prohibited from making contributions in connection with federal elections may act as a conduit for an earmarked contribution. A *separate segregated fund* (SSF), however, may act as a conduit. 110.6(b)(2)(ii); 114.3(c)(2).

Furthermore, no individual may receive a contribution on behalf of a candidate (as a conduit or otherwise) while acting as the representative of a corporation, labor organization or other entity prohibited from making contributions. 110.6(b)(2)(i)(A) and (E). See also AO 1986–4.

2. Earmarking and Contribution Limits

General Rule

An earmarked contribution is considered to have been made by the original contributor, thus counting against his or her contribution limit with respect to the recipient candidate. The conduit’s own contribution limit is normally not affected unless the conduit exercises direction or control over the contributor’s choice of recipient candidate (however, see “Contributions Earmarked Through SSF,” below). In that case, the contribution is considered to have been made by both the original contributor and the conduit, and it counts against both of their respective contribution limits. 110.6(d).

Contributions Earmarked Through SSF

Unsolicited

As discussed in Section 1, a corporation or labor organization may never act as a conduit for earmarked contributions. A corporation or labor organization’s SSF, however, may. An unsolicited earmarked contribution, transmitted to a candidate through the SSF, counts against the original contributor’s contribution limits. It does not count against the limits on the SSF’s own contributions to the candidate. 110.6(d).

Solicited

If, however, the earmarked contribution was solicited from the restricted class by a communication from the SSF's connected organization, under 114.3, and was collected by the SSF, it is considered a contribution to both the SSF and the candidate, and from both the individual contributor and the SSF. As such, the earmarked contribution counts against several contribution limits. Note that, under these circumstances, the contribution automatically counts against the SSF's contribution limits regardless of whether the SSF exercised direction or control over the choice of recipient. 114.2(f)(2)(iii) and (f)(4)(iii).

3. Forwarding Earmarked Contributions

The conduit must forward an earmarked contribution to the recipient authorized committee within 10 days. The conduit's report to the recipient (described below) must be forwarded along with the contribution. 102.8(a) and (c); 110.6(b)(2)(iii).

4. Reporting Earmarked Contributions

An earmarked contribution must be reported by both the conduit (political committee or unregistered entity) and the recipient authorized committee.

Reports by Political Committee Conduit

A political committee that serves as a conduit of an earmarked contribution must disclose the earmarked contribution, regardless of amount, on two separate reports: the committee's next regularly scheduled FEC report, and a special transmittal report sent to the recipient authorized committee. 110.6(c)(1).

Next Regular FEC Report

The conduit's next regularly scheduled report must indicate whether the earmarked contribution was:

- Transmitted through the conduit's account, in which case each contribution must be reported on the reporting schedules for itemized receipts and disbursements (Schedules A and B); or
- Transmitted in the form of the original contributor's check, in which case each earmarked contribution must be reported as a memo entry on Schedules A and B.

110.6(c)(1)(iv) and (v).

Transmittal Report to Recipient Committee

A report to the recipient committee must also be forwarded at the same time as the earmarked contribution. 110.6(c)(1)(iii).

Reports by Unregistered Conduit

A conduit that is not a registered political committee (that is, the conduit is an individual, a partnership or a group) must, within 30 days of forwarding the contribution, file a report by letter with the Federal Election Commission (not the Secretary of the Senate) and must, when the contribution is forwarded, file a transmittal report by letter with the recipient authorized committee. 110.6(c)(1)(ii).

Contents of Reports by Conduit

The above reports filed by a conduit must contain the following information:

- The name and mailing address of the original contributor and, if the contribution is from an individual and exceeds \$200, the contributor's occupation and employer;
- The amount of the earmarked contribution;
- The date the contribution was received by the conduit;
- The recipient of the contribution, as designated by the contributor;
- The date the contribution was forwarded to the recipient; and
- Whether the contribution was passed on in cash, by the contributor's check or by the conduit's check.

110.6(c)(1)(iv).

Report by Recipient Committee

The recipient of an earmarked contribution also has a reporting obligation if the earmarked contributions received from a single conduit exceed \$200 in an election cycle. In that case, on Schedule A, the authorized committee must:

- Identify the conduit by name and address (and occupation and employer if the conduit is an individual);
- Report the date of receipt and total amount of earmarked contributions received from that conduit; and
- Itemize the original contributions from each individual whose total contributions to the committee aggregate over \$200 per election cycle (including the full name, mailing address, occupation and employer of the contributor, the amount earmarked and the date the conduit received the contribution). 110.6(c)(2).

Appendix B

Contributions from Partnerships¹

Outlined below are special rules concerning contributions received from partnerships and from limited liability companies taxed as partnerships.

1. Contribution Limits

Contributions received by a candidate's committee from a partnership may not exceed \$2000 per election. A contribution from a partnership also counts proportionately against each contributing partner's \$2,000 per election limit for the same candidate. 110.1 (b)(1) and (e).

Note, however, that certain partnerships and partners may be prohibited from contributing. See "Prohibited Partnership Contributions," below.

2. Attribution Among Partners

Formula

A portion of the partnership contribution must be attributed to each contributing partner.² If all partners within the organization are contributing, the partnership may attribute the contribution according to each partner's share of the firm's profits. However, if the partnership attributes a contribution on another basis agreed to by the partners, the following rules must be observed:

- The contributing partners' profits must be reduced (or their losses increased) by the amount of the contribution attributed to them; and
- The profits (or losses) of only the contributing partners must be affected.

Whatever the attribution, the portion attributed to each partner must not, when aggregated with

other contributions from that person, exceed his or her contribution limit. 110.1 (e).

Notice to Recipient Committee

The partnership must provide to the recipient committee, along with the contribution, a written notice listing the names of the contributing partners and the amount to be attributed to each. The signature of each contributing partner is not required. 110.1 (k)(1).

3. Prohibited Partnership Contributions

Professional Corporations

Although law firms, doctors' practices and similar businesses are often organized as partnerships, some of these businesses may instead be professional corporations. Unlike a partnership, a professional corporation is prohibited from making any contributions because contributions from corporations are unlawful. 114.2.

Partnerships or LLCs with Corporate Members

Because contributions from corporations are prohibited, a partnership or LLC with corporate members may not attribute any portion of a contribution to the corporate partners. 110.1 (e) and 114.2. See also "Contributions from Limited Liability Companies" in Chapter 4, Section 11 of this Guide.

A partnership or LLC composed solely of corporate partners may not make any contributions. Advisory Opinion (AO) 1981–56.

Partnerships or LLCs with Foreign National Members

Similarly, because contributions from foreign nationals are prohibited, a partnership or LLC may not attribute any portion of a contribution to a partner who is a foreign national. 110.20.

Partnerships or LLCs with Federal Government Contracts

A partnership or LLC that is negotiating a contract with the federal government or that has not completed performance of such a contract is prohibited from making contributions. However, an

1. For information on contributions from limited liability companies, see Chapter 4, Section 11 on page 24.
2. A portion of a contribution drawn on a partnership account may not be attributed to the spouse of a partner, unless the spouse is also a member of the partnership. AO 1980–67.

individual partner in such a firm may make contributions from personal funds (rather than from funds drawn on the partnership's account). 115.4. See also AO 1991-1. An individual partner who is a federal government contractor, however, may not make contributions using any funds (business or personal) under his or her control. 115.5.

4. Reporting Partnership/LLC Contributions

Included in Total Figure

Partnership or LLC contributions are included in the total figure reported for "contributions from individuals/persons other than political committees" on the Detailed Summary Page of Form 3 (Line 11a).

Itemization

If a single partnership/LLC contribution exceeds \$200, or if several contributions by the same partnership/LLC aggregate over \$200 during an election cycle, the committee must itemize the contribution on a Schedule A used for "Contributions from Individuals/Persons Other Than Political Committees" (Line 11a).

Additionally, if an individual partner's share of the contribution exceeds \$200 when combined with other contributions received from that partner in the same election cycle, the committee must disclose, as a memo entry, itemized information on the partner (name, address, occupation, date contribution received, partner's share of contribution and aggregate cycle-to-date total of contributions made by that partner). 104.8 and 110.1 (e).

Partnership Contributions

SCHEDULE A (FEC Form 3)		FOR LINE NUMBER: PAGE OF	
ITEMIZED RECEIPTS		(check only one)	
Use separate schedule(s) for each category of the Detailed Summary Page		<input checked="" type="checkbox"/> 11a	<input type="checkbox"/> 11b
		<input type="checkbox"/> 12	<input type="checkbox"/> 13a
		<input type="checkbox"/> 11c	<input type="checkbox"/> 11d
		<input type="checkbox"/> 13b	<input type="checkbox"/> 14
		<input type="checkbox"/> 15	
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.			
NAME OF COMMITTEE (In Full) Doe For Congress			
Full Name (Last, First, Middle Initial) A. Hobbes, Locke & Rousseau		Date of Receipt 08 / 04 / 2004	
Mailing Address 101 Modernity Ave. City: Fairfax State: VA Zip Code: 00000		Amount of Each Receipt This Period 750.00	
FEC ID number of contributing federal political committee. C		See attribution below.	
Name of Employer Partnership		<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(j)(4)(1a)-1)	
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) _____		Election Cycle-to-Date 750.00	
Full Name (Last, First, Middle Initial) B. Hobbes, Thomas		Date of Receipt 08 / 04 / 2004	
Mailing Address 201 Sovereign Ave. City: Bellum State: VA Zip Code: 00000		Amount of Each Receipt This Period 250.00	
FEC ID number of contributing federal political committee. C		MEMO	
Name of Employer Hobbes, Locke & Rousseau		<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(j)(4)(1a)-1)	
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) _____		Election Cycle-to-Date 250.00	
Full Name (Last, First, Middle Initial) C. Locke, John		Date of Receipt 08 / 04 / 2004	
Mailing Address 180 Property Street City: Luckets State: VA Zip Code: 00000		Amount of Each Receipt This Period 250.00	
FEC ID number of contributing federal political committee. C		MEMO	
Name of Employer Hobbes, Locke & Rousseau		<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(j)(4)(1a)-1)	
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) _____		Election Cycle-to-Date 250.00	
Full Name (Last, First, Middle Initial) A. Rousseau, Jean Jacques		Date of Receipt 08 / 04 / 2004	
Mailing Address 101 General Will Road City: Front Royal State: VA Zip Code: 00000		Amount of Each Receipt This Period 250.00	
FEC ID number of contributing federal political committee. C		MEMO	
Name of Employer Hobbes, Locke & Rousseau		<input type="checkbox"/> Limits Increased Due to Opponent's Spending (2 U.S.C. §441a(j)(4)(1a)-1)	
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) _____		Election Cycle-to-Date 250.00	

In-Kind Contributions

A committee reports the value of an in-kind contribution from a partnership or LLC in the same way it reports a monetary contribution. In addition, as with all in-kind contributions, the committee must report the value of the in-kind contribution as an operating expenditure. Moreover, an in-kind contribution itemized on Schedule A must also be itemized on a Schedule B for operating expenditures. 104.13 and 110.1 (e). However, any information about a partner itemized as a memo entry on Schedule A does not have to be reported on Schedule B.

More Information on Partnership Contributions

For more information on partnership sponsored PACs and partnership contribution plans, see the *FEC Campaign Guide for Nonconnected Committees*.

Appendix C Joint Fundraising

1. Introduction

What Is Joint Fundraising

Joint fundraising is election-related fundraising conducted jointly by a political committee and one or more other political committees or unregistered organizations.

Who Must Observe Joint Fundraising Rules

The rules described in this appendix apply to political committees and unregistered organizations engaged in joint fundraising.

Please note that nothing in these rules supersedes the fundraising restrictions of 11 CFR part 300. Participants in joint fundraisers should consult those regulations in addition to the provisions described below. See Appendix E, “Fundraising by Federal Candidates and Officeholders.”

The participants in joint fundraising activity may include

- Party committees;
- Party organizations not registered as political committees;
- Federal and nonfederal candidate committees,
- Nonparty political committees (except separate segregated funds — SSFs); and
- Unregistered nonparty organizations.

102.17(a)(1)(i) and (a)(2).

The rules in this appendix do not apply to fundraising by collecting agents and separate segregated funds. 102.17(a)(3).

Overview of Rules

All participants in a joint fundraising effort, including unregistered organizations, must:

- Create or select a federal political committee to act as the fundraising representative;
- Agree to a formula for allocating proceeds and expenses;
- Sign a written agreement naming the fundraising representative and stating the allocation formula;

- Establish a separate account for joint fundraising receipts and disbursements;
- Notify the public of the allocation formula and certain other information (detailed below) when soliciting contributions;
- Screen contributions to make sure they comply with the limits and prohibitions of the Federal Election Campaign Act; and
- Report allocated proceeds and expenses (applies to political committees only).

The committee named as the fundraising representative has additional responsibilities, as explained below.

2. Fundraising Representative

Joint fundraising participants must either establish a new political committee (using a Statement of Organization, FEC Form 1) or select a participating political committee to act as the fundraising representative. This committee is responsible for: collecting and depositing joint fundraising contributions; paying expenses; allocating proceeds and expenses to each participant; keeping records; and reporting overall joint fundraising activity. Any federal candidate participating in the fundraiser must designate the fundraising representative as an authorized committee (by amending the Statement of Candidacy, FEC Form 2). 102.17(a)(1)(i), (b)(1) and (b)(2).

New Committee

If a new committee is established, it collects all the contributions. 102.17(b)(1). Note that a new committee may not itself be a participant in any other joint fundraising effort, though it may conduct more than one event or activity on behalf of its own participants. 102.17(a)(1)(i).

Participating Committee

If a participating committee acts as a fundraising representative, the other participants may also collect contributions, but they must forward them to the fundraising representative as required under 102.8 of FEC regulations. 102.17(b)(2).

Commercial Firm

Although participants may hire a commercial fundraising firm or other type of agent to assist the joint fundraiser, they are still required to es-

tablish or select a political committee to serve as the fundraising representative. 102.17(a)(1)(ii).

3. Written Agreement

Before conducting a joint fundraiser, all participants must enter into a written agreement that identifies the fundraising representative and states the allocation formula—the amount or percentage that the participants agree to use for allocating proceeds and expenses. The fundraising representative must retain a copy of the written agreement for three years and make it available to the FEC upon request. 102.17(c)(1).

4. Separate Depository

Establishing the Account

Joint fundraising participants or the joint fundraising representative must establish a separate account solely for the receipt and disbursement of all joint fundraising proceeds. Each participating political committee must amend its Statement of Organization (FEC Form 1) to show the account as an additional depository. 102.17(c)(3)(i).

Depositing Contributions

The fundraising representative must deposit contributions into the account within 10 days after receiving them. Only contributions permissible under the Act may be deposited in the joint fundraising account. If any participant is an unregistered organization which may, under state law, accept prohibited contributions, the participants may either establish a second account for such contributions or forward them directly to the participants that may accept them. 102.17(c)(3)(i) and (ii).

5. Statements of Organization

Joint Fundraising Representatives

If the joint fundraising committee is a new committee, it must file a Statement of Organization (FEC Form 1). If, on the other hand, the representative is an existing committee, it must amend its Statement of Organization. In either instance, the Statement of Organization must:

- Identify the committee as the joint fundraising representative;
- List the names and addresses of all federal committees participating in the joint fundraising effort; and
- Name the depository institution being used by the joint fundraising committee.

In the case of a representative which is an existing committee, the depository is named only if it is different from the depository named on the committee's current Statement of Organization.

Other Joint Fundraising Participants

Committees (other than the joint fundraising representative) that are participating in the joint fundraising effort must amend their Statements of Organization (FEC Form 1). On the form the committees must:

- Provide the name and address of the Joint Fundraising Representative and identify it as the "JFR"; and
- State the name and address of the depository institution holding the joint fundraising account, if it is different from the depository named on their current Statements of Organization. 102.17(c)(3)(i).

6. Start-Up Costs

Participants may advance funds to the fundraising representative for start-up costs of the fundraiser. The amount advanced by a participant should be in proportion to the agreed upon allocation formula. Any amount advanced in excess of a participant's proportionate share is considered a contribution and must not exceed the amount the participant may contribute to the other participants. 102.17(b)(3)(i) and (ii). (However, an exception is made for party committees and affiliated committees under 110.3. See also 102.17(b)(3)(iii).)

Joint Fundraising (Form 1)

FEC Form 1 (Revised 02/2003) Page 2

5. TYPE OF COMMITTEE (Check One)

(a) This committee is a principal campaign committee. (Complete the candidate information below.)

(b) This committee is an authorized committee, and is NOT a principal campaign committee. (Complete the candidate information below.)

Name of Candidate: Jane Doe

Candidate Party Affiliation: IND Office Sought: House Senate President State: VA District: 12

(c) This committee supports/opposes only one candidate, and is NOT an authorized committee.

Name of Candidate: _____

(d) This committee is a _____ (National, State or subordinate) committee of the _____ (Democratic, Republican, etc.) Party.

(e) This committee is a separate segregated fund.

(f) This committee supports/opposes more than one Federal candidate, and is NOT a separate segregated fund or party committee.

6. Name of Any Connected Organization or Affiliated Committee

Doe/Johnson Golf Outing 2002

Mailing Address: 201 King Street

Alexandria VA 22304

Relationship: Joint Fundraising Representative

Type of Connected Organization:

Corporation Corporation w/o Capital Stock Labor Organization

Membership Organization Trade Association Cooperative

Example

Committees A, B and C determine they need \$2,000 in start-up costs. According to their allocation formula (Committees A and B, 25 percent each; Committee C, 50 percent), Committees A and B each advance \$500 to the fundraising representative, and Committee C, \$1,000. If, however, Committee C advances the entire \$2,000, it has made a \$500 contribution to each of the other committees.

Unregistered Organizations

An unregistered organization (such as a party organization that has not yet qualified as a political committee) must use permissible funds when advancing money for start-up costs. 102.17(c)(3)(i). If an unregistered participant advances more than its share of start-up costs and thus makes a contribution, the contributed amount may trigger registration and reporting requirements under the Act. 100.5.

7. Joint Fundraising Notice

General Rule

In addition to any notice required under “Disclaimers” (page 53), participants or the joint fundraising representative must include a joint fundraising notice with every solicitation for contributions. The notice must contain the following information:

- The names of all participants, regardless of whether they are registered political committees or unregistered organizations;
- The allocation formula (the amount or percentage of each contribution that will be allocated to each participant);
- A statement informing contributors that they may designate contributions for a particular participant (notwithstanding the formula); and
- A statement that the allocation formula may change if any contributor makes a contribution which would exceed the amount he or she may lawfully give to any participant.

102.17(c)(2)(i).

Special Situations

In two situations, participants must include additional information in the joint fundraising notice:

- If a participant is engaging in the joint fundraiser to pay off outstanding debts, the notice must state that the allocation formula may change if the participant receives enough funds to pay its debts. See “Contributions to Retire Debts,” page 20.
- If, under state law, any unregistered participant is permitted to receive contributions prohibited under the Act, the notice must say that such contributions will be given only to participants that may legally accept them.

102.17(c)(2)(ii).

8. Screening Contributions

The fundraising representative and participants must screen all contributions to make sure they are neither prohibited by the Act nor in excess of the Act’s contribution limits. (Prohibited contributions received by unregistered organizations do

not have to be screened.) The maximum amount a contributor may give to a joint fundraiser is the total amount he or she may contribute to all participants without exceeding any limits.

To facilitate screening, participants must provide the fundraising representative with records of past contributions so that the representative can determine whether a donor has exceeded the contribution limits. 102.17(c)(4)(i) and (c)(5).

9. Recordkeeping

Receipts

With regard to gross proceeds, the fundraising representative must collect the following contributor information and later forward it to the participating political committees:

- For contributions exceeding \$50, the amount, date of receipt, and the contributor’s name and address.
- For contributions exceeding \$200, the amount, date of receipt, and the contributor’s name, address, occupation and employer.

102.8(b) and 102.17(c)(4)(ii).

The date of receipt is the date the fundraising representative receives the contribution.

102.17(c)(3)(iii).

Prohibited Contributions

The fundraising representative must also keep a record of the total amount of prohibited contributions received, if any, and of any transfers containing prohibited funds made to participants that may accept them. 102.17(c)(4)(ii).

Disbursements

The fundraising representative must retain, for three years, records on all disbursements made for the joint fundraiser. 102.17(c)(4)(iii) and 102.9. The required recordkeeping information is described on page 77. If a commercial fundraising firm or agent is used, it must forward required records on disbursements to the fundraising representative. 102.17(c)(4)(iii).

10. Allocating Gross Proceeds

The fundraising representative may make payments for fundraising expenses from gross proceeds collected at the fundraiser (and from funds

advanced by the participants). 102.17(c)(7)(iii). Nevertheless, it must allocate (but not transfer) gross proceeds among the participants.

Generally, the fundraising representative must allocate gross proceeds according to the allocation formula. However, as stated in the fundraising notice, the formula may change if the allocation results in:

- An excessive contribution from a contributor to one of the participating committees; or
- A surplus for a participant raising money solely to pay off campaign debts.

Reallocation under these circumstances must be based on the other participants' proportionate shares under the allocation formula. If reallocation results in a contributor's exceeding the contribution limits for the remaining participants, the fundraising representative must return the excess amount to the contributor. 102.17(c)(6)(i).

Example

Using the same example mentioned above (allocation formula: Committees A and B, 25 percent each; Committee C, 50 percent), the participants receive a \$2,000 contribution from a donor who had previously contributed up to his limit to Committee C. If the fundraising representative were to divide the contribution according to the allocation formula, Committee C would receive an excessive contribution of \$1,000. Instead, the excess \$1,000 is divided equally between Committees A and B, since their proportionate shares under the allocation formula are equal. Each receives an extra \$500, bringing their total allocation to \$1,000 apiece.

If, however, Committee A can accept only \$800 from the contributor without exceeding the limit, the excess \$200 is allocated to Committee B. If Committee B cannot accept the money for the same reason, the \$200 must be returned to the contributor.

Designated Contributions

Designated or earmarked contributions that exceed the contributor's limit for a participant may not be reallocated without the prior written consent of the contributor. 102.17(c)(6)(ii).

Prohibited Contributions

Prohibited contributions must be distributed only to the unregistered participants that may lawfully accept them; they do not have to be distributed according to the allocation formula. 102.17(c)(6)(iii).

11. Allocating Expenses

After gross proceeds are allocated, the joint fundraising representative must calculate each participant's share of expenses based on its actual share of gross proceeds. This allocation may differ from the original formula—see example below. (Prohibited contributions may be excluded from the gross proceeds when determining the ratio.) 102.17(c)(7)(i)(A). Expenses for a series of fundraising events must be allocated on a per-event basis. 102.17(c)(7)(i)(C).

Example

At the start of the fundraiser, Committees A, B and C agree to allocate 25 percent of proceeds and expenses to Committee A, 25 percent to Committee B and 50 percent to Committee C. However, because the fundraising representative must reallocate some contributions, Committee A is actually allocated 20 percent of gross proceeds; Committee B, 35 percent; and Committee C, 45 percent. The fundraising representative must allocate the joint fundraising expenses, \$10,000, on the same basis: \$2,000 to Committee A, \$3,500 to Committee B and \$4,500 to Committee C.

Excess Payment

If a participant pays for more than its allocated share of expenses, the excess payment is considered a contribution, subject to the Act's limits (see "Start-Up Costs," page 104). 102.17(c)(7)(i)(B). (Party committees are excepted from this rule; see below.)

Remember, if an unregistered participant makes such a contribution, the payment may trigger registration and reporting requirements for that organization. 100.5

12. Calculating Net Proceeds

The fundraising representative may delay transferring net proceeds to participants until after it receives all contributions and pays all expenses for the fundraiser. To determine net proceeds, the fundraising representative subtracts the participant's share of expenses from its share of gross proceeds. 102.17(c)(3)(ii) and (c)(7)(i)(A).

Example

Committees A, B and C raise \$50,000 in gross proceeds and spend \$10,000 in expenses, leaving \$40,000 in net proceeds. The fundraising representative allocates \$10,000 (20 percent) in gross proceeds to Committee A and \$2,000 (20 percent) in expenses; Committee A's net proceeds equal \$8,000.

13. Reporting

Fundraising Representative

The fundraising representative reports all joint fundraising proceeds in the reporting period in which they are received. If any prohibited contributions are received for a participating unregistered organization, the fundraising representative must report them as a memo entry. Any Schedules A used to itemize contributions must clearly indicate on the schedule that the receipts are joint fundraising proceeds. 102.17(c)(3)(iii) and (c)(8)(i)(A).

The fundraising representative must also report all disbursements made for the joint fundraiser in the reporting period in which they are made. 102.17(c)(8)(ii).

Joint Fundraising (Schedule A)

SCHEDULE A (FEC Form 3)		FOR LINE NUMBER: (check only one)		PAGE OF	
ITEMIZED RECEIPTS		11a	11b	11c	11d
Use separate schedule(s) for each category of the Detailed Summary Page		<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Any information copied from such Reports and Statements may not be sold or used by any person for the purpose of soliciting contributions or for commercial purposes, other than using the name and address of any political committee to solicit contributions from such committee.					
NAME OF COMMITTEE (In Full) Doe for Congress Committee					
Full Name (Last, First, Middle Initial) A. Doe/Johnson Golf Outing 2002					
Mailing Address 201 King Street. City Alexandria VA Zip Code 00000				Date of Receipt 03 / 28 / 2004	
FEC ID number of contributing federal political committee. C 0 0 0 0 0 0 0 0				Amount of Each Receipt this Period 2000.00	
Name of Employer Occupation				Joint Fundraiser	
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) _____				Election Cycle-to-Date 2000.00	
Full Name (Last, First, Middle Initial) B. Rosity, Jenny					
Mailing Address 1324 Seven Chimney Lane City Centreville VA Zip Code 00000				Date of Receipt 03 / 25 / 2004	
FEC ID number of contributing federal political committee. C				MEMO Amount of Each Receipt this Period 1000.00	
Name of Employer Centreville College Occupation Professor				Joint Fundraiser	
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) _____				Election Cycle-to-Date 1,000.00	
Full Name (Last, First, Middle Initial) C. Magnanimous, Joseph					
Mailing Address 490 Main Street City Fredericksburg VA Zip Code 00000				Date of Receipt 03 / 25 / 2004	
FEC ID number of contributing federal political committee. C				MEMO Amount of Each Receipt this Period 1,000.00	
Name of Employer Wittgenstein & Russell Occupation Attorney				Joint Fundraiser	
Receipt For: <input checked="" type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other (specify) _____				Election Cycle-to-Date 1,000.00	
SUBTOTAL of Receipts This Page (optional).....				2000.00	
TOTAL This Period (last page this line number only).....				10060.00	

Electronic Filing

A joint fundraising representative must file electronically if its total yearly contributions or total yearly expenditures exceed, or are expected to exceed, \$50,000. 104.18. For more information on electronic filing, see page 64.

Participants

After the fundraising representative distributes the net proceeds, each participating political committee reports its share as a transfer-in from the fundraising representative. Using the records received from the fundraising representative, a

participating committee itemizes its share of gross receipts as contributions from the original donors on a memo entry Schedule A (to the extent required by the rules on itemization—see page 68). When itemizing gross contributions, the participant must report the date of receipt as the day the fundraising representative received the contribution. 102.17(c)(3)(iii) and (c)(8)(i)(B).

Note that, if the fundraising representative is one of the participating committees (rather than a committee established solely for the joint fundraiser), it must itemize its own share of gross receipts in addition to reporting total fundraising proceeds.

14. Exception for Political Parties

Payments by Party Committees

Payments made by a party committee on behalf of another party committee are considered transfers of funds rather than contributions. Because there is no limit on transfers between party committees of the same political party, a party committee may pay any amount of another party committee's allocated start-up costs and fundraising expenses. Moreover, if all the participants in the fundraiser are party committees, start-up costs and fundraising expenses need not be allocated at all. 102.6(a)(1)(i) and (ii); 102.17(b)(3)(iii) and (c)(7)(ii).

Payments by Unregistered Party Organizations

The same exception also applies to unregistered party organizations. They must, however, use permissible funds when making payments for start-up costs and fundraising expenses. Furthermore, such payments by a party organization on behalf of a registered party committee count against the \$1,000 contribution/expenditure threshold for registration as a political committee. 100.5; 102.6(a)(2); and 102.17(c)(7)(ii).

Appendix D Independent Expenditures and Coordination

NOTE: Candidate campaigns may reproduce and distribute this appendix to anyone who requests FEC guidelines on independent expenditures. This appendix defines the term independent expenditure and explains reporting and other requirements involved in making independent expenditures. Citations refer to Federal Election Commission regulations, contained in title 11 of the Code of Federal Regulations (11 CFR). Advisory opinions (AOs) issued by the Commission are cited as well. If you have any questions after reading this appendix, please call the Commission: 800/424-9530 (toll free) or 202/694-1100.¹

1. What Is an Independent Expenditure

An independent expenditure is an expenditure for a communication that expressly advocates the election or defeat of a clearly identified candidate² but which is made independently of any candidate's campaign or of a political party. Independent expenditures are special because, unlike contributions, they are not subject to any limits. However, an expenditure is "independent" only if it meets certain conditions: It must not be made in cooperation, consultation or concert with, or at the request or suggestion of a candidate, party or their agents. 100.16 and 109.20(a). An expenditure which does not meet these criteria for independence is considered a contribution, as explained below.

-
1. The reader should not rely solely on this appendix but should also consult FEC regulations.
 2. A candidate is "clearly identified" in a communication when his or her name, photograph or drawing appears, or when his or her identity is apparent by unambiguous reference. 100.17.

2. Who May Make Independent Expenditures

General Rule

Generally, individuals, groups and committees permitted to make contributions in connection with federal elections may make independent expenditures. Those persons prohibited from making contributions or expenditures in connection with federal elections—for example, incorporated entities, labor organizations and individuals or businesses under contract to the federal government—are similarly prohibited from making independent expenditures. However, there is an exception to this rule.

Certain Nonprofit Corporations

There is a limited exception to the general prohibition on corporate expenditures.³ Qualified Nonprofit Corporations (QNCs) may make independent expenditures. To qualify as a QNC, a nonprofit corporation must meet all five of the following criteria:

- The corporation's express purpose is the promotion of political ideas.
- The corporation does not engage in business activities.
- The corporation does not have shareholders or other persons who have a claim on its assets or earnings, or for whom there are disincentives to disassociate themselves from the organization.
- The corporation is a social welfare organization as described in 26 U.S.C. §501 (c)(4).
- The corporation was not established by a business corporation or labor organization and does not accept anything of value from such entities. 114.10(c).

Party Committees

Although the FEC for many years took the position that party committees, because of their close ties to candidates, were not capable of making independent expenditures, the Supreme Court

ruled that party committee expenditures made independently of House and Senate candidates are permissible and are not subject to limits. *FEC v. Colorado Republican Federal Campaign Committee*, 518 U.S. 604 (1996). Among the facts mentioned by the Court in this case were that the party chairman had arranged for the development of the script on his own initiative; that all relevant script discussions were attended by party staff only; and that at the time of the ad, the party had not selected its nominee from among three contenders.

3. What is Not an Independent Expenditure

When a payment for a communication is made under the circumstances described below, it is considered a coordinated expenditure and results in an in-kind contribution rather than an independent expenditure and therefore counts against the spender's contribution limit for the candidate's election. 109.20, 109.21 (b) and 109.37 (b).

Solicitations on Behalf of a Candidate

An expenditure made for a communication that solicits the public for contributions on behalf of a candidate is an in-kind contribution if the person making the communication collects and forwards the money to the candidate's committee. See AOs 2003-23 and 1980-46. See also Appendix A, "Earmarked (Bundled) Contributions."

Candidate-Prepared Material

Any expenditure to distribute or republish campaign material (print or broadcast) produced or prepared by a candidate's campaign is an in-kind contribution, not an independent expenditure. 109.23.

3. *Austin v. Michigan Chamber of Commerce*, 494 U.S. 652 (1990) and *Federal Election Commission v. Massachusetts Citizens for Life, Inc.*, 479 U.S. 238 (1986).

Coordination with Candidate's Campaign

Coordination Defined

A payment is considered “coordinated” if it is made in cooperation, consultation or concert with, or at the request or suggestion of, a candidate, a candidate’s authorized committee, or their agents, or a political party committee or its agents.⁴

Determining Coordination

There is a three-pronged test to determine whether a communication is coordinated. 109.37.

Communications that satisfy all three prongs of the test are considered coordinated. The three parts of the test consider:

- The source of payment;
- A “content standard” regarding the subject matter of the communication; and
- A “conduct standard” regarding the interactions between the person paying for the communication and the candidate or political party committee.

109.21 (a).

Source of Payment. A coordinated communication is paid for by someone other than a candidate, an authorized committee or a political party committee. However, a person’s status as a candidate would not exempt him or her from the coordination regulations with respect to payments he or she makes on behalf of a different candidate. 109.21 (a)(1).

Content Standard. The purpose of the content standard is to determine whether the subject matter of a communication is reasonably related to an election. A communication that satisfies any one part of this four-part standard meets the content requirement:

- A communication that is an “electioneering communication” (see above);
- A public communication that republishes, disseminates or distributes candidate campaign materials, unless the activity

meets one of the exceptions at 109.23(b) discussed in the conduct standards below;

- A public communication that expressly advocates the election or defeat of a clearly identified candidate for federal office; or
- A public communication that:
 - Refers to a clearly identified federal candidate or political party;
 - Is publicly distributed or disseminated 120 days or fewer before a primary or general election or a convention or caucus with the authority to nominate a candidate. See AOs 2004-1 and 2003-25; and
 - Is directed to voters in the jurisdiction of the clearly identified candidate or to voters in a jurisdiction where one or more candidates of the political party appear on the ballot.

109.21 (c)(1)-(4).

Conduct Standard. The purpose of the conduct standards is to determine when interaction between the campaign and the person paying for the communication might constitute coordination. When the conduct standard and the first two prongs of the test (the content standards and the source of payment) are also met, then the communication is coordinated and results in an in-kind contribution. 109.21 (d). The conduct prong may be satisfied by any one of the following:

Request or Suggestion. This test has two parts, and satisfying either satisfies the test. A communication satisfies the first part if the person creating, producing or distributing the communication does so at the request or suggestion of a candidate, authorized committee, political party committee or agent of any of these. A communication satisfies the second part of the “request or suggestion” conduct standard if the person paying for the communication suggests the creation, production or distribution of the communication to the candidate, authorized committee, political party committee or agent of any of the above, and the candidate or political party committee assents to the suggestion. 109.21 (d)(1).

Material Involvement. A candidate, candidate committee, political party committee or an agent of any of these satisfies the material involve-

4. For the purposes of 11 CFR part 109 only, “agent” is defined at 11 CFR 109.3.

ment test if it is “materially involved in decisions” regarding any of the following aspects of a public communication paid for by someone else:

- Content of the communication;
- Intended audience;
- Means or mode of the communication;
- Specific media outlet used;
- Timing or frequency of the communication; or
- Size or prominence of a printed communication or duration of a communication by means of broadcast, cable or satellite. 109.21 (d)(2).

Substantial Discussion. A communication meets this standard if it is created, produced or distributed after one or more substantial discussions between the person paying for the communication, or the person’s agents, and the candidate clearly identified in the communication or that candidate’s committee, that candidate’s opponent or opponent’s committee, a political party committee, or an agent of the above. A discussion would be “substantial” if information about the plans, projects, activities or needs of the candidate or political party committee that is material to the creation, production or distribution of the communication is conveyed to the person paying for the communication. 109.21 (d)(3).

Employment of Common Vendor. The conduct standard provides that the use of a common vendor in the creation, production or distribution of a communication satisfies the conduct standard if:

- The person paying for the communication contracts with, or employs, a “commercial vendor” to create, produce or distribute the communication;⁵ and
- The commercial vendor, including any officer, owner or employee of the vendor, has a previous or current relationship with the candidate or political party committee that puts the commercial vendor in a position to acquire information about the campaign plans, projects, activities or needs of the candidate or political party committee. This previous relationship is defined in terms of nine specific services related to campaigning and campaign communications. Note that these

services would need to have been rendered during the election cycle in which the communication is first publicly distributed; and

- The commercial vendor uses or conveys information about the campaign plans, projects, activities or needs of the candidate or political party committee, or information previously used by the commercial vendor in serving the candidate or political party committee, to the person paying for the communication, and that information is material to the creation, production or distribution of the communication. 109.21 (d)(4).

Former Employee/Independent Contractor. This standard applies to communications paid for by a person who has previously been an employee or an independent contractor of a candidate’s campaign committee or a political party committee during the election cycle.

The standard requires that the former employee use or convey material information about the plans, projects, activities or needs of the candidate or political party committee, or material information used by the former employee in serving the candidate or political party committee, to the person paying for the communication, and the information is material to the creation, production or distribution of the communication. 109.21 (d)(5).⁶

Dissemination, Distribution or Republication of Campaign Material. A communication that republishes, disseminates or distributes campaign material only satisfies the first three conduct standards on the basis of the candidate’s conduct—or that of his or her committee or agents—that occurs

5. The term “common vendor” is defined at 11 CFR 116.1 (c).

6. A candidate or political party committee would not be held responsible for receiving or accepting an in-kind contribution that resulted only from conduct described in the “Employment of Common Vendor” and “Former Employee/Independent Contractor” sections. 109.21 (d)(4) and (d)(5). However, the person paying for a communication that is coordinated because of conduct described in these sections would still be responsible for making an in-kind contribution for purposes of the contribution limitations, prohibitions and reporting requirements of the Act. 109.21 (b)(2).

after the original preparation of the campaign materials that are disseminated, distributed or republished. 11 CFR 109.21 (d)(6).⁷

Agreement or Formal Collaboration. Neither agreement (defined as a mutual understanding on any part of the material aspect of the communication or its dissemination) nor formal collaboration (defined as planned or systematically-organized work) is necessary for a communication to be a coordinated communication. 109.21 (e).

Safe Harbor for Responses to Inquiries About Legislative or Policy Issues. A candidate's or political party committee's response to an inquiry about that candidate's or party's positions on legislative or policy issues, which does not include discussion of campaign, plans, projects, activities or needs, will not satisfy any of the conduct standards. 109.21 (f)

Internet Independent Expenditures

Recent AOs have addressed cases involving independent expenditures over the Internet. In AO 1999-37, a PAC generated express advocacy communications for electronic distribution through downloads and e-mail. Costs of registering and maintaining the web site or of computer hardware and software did not count as independent expenditures unless they were directly attributed to specific express advocacy communications such as maintaining a separate web site for or against specific candidates. On the other hand, the expenses of initially distributing an express advocacy communication through e-mail was considered an independent expenditure. The PAC was not required to collect information on those individuals who downloaded the PAC's advertisements and used them for their own political activity. See 106.1 (c)(1). See also, the discussion of Internet Volunteer Activity on page 32.

7. Note that the financing of the distribution or republication of campaign materials, while considered an in-kind contribution by the person making the expenditure, is not considered an expenditure by the candidate's authorized committee unless the dissemination, distribution or republication of campaign materials is coordinated. Additionally, republications of campaign materials coordinated with party committees are in-kind contributions to such party committees, and are reportable as such. 109.23 (a).

4. Disclaimer Notice Required

An independent expenditure must include a clear and conspicuous disclaimer notice. The notice must:

- Identify the name of the person or committee that paid for the expenditure; and
- State that the communication is not authorized by any candidate or his or her authorized committee.

The person or committee paying for the communication must also disclose the following contact information:

- Permanent street address;
- Telephone number; or
- World Wide Web address of the person who paid for the communication.

109.3 and 110.11 (a)(1)(iii) and (b)(3).

EXAMPLE: Paid for by the XYZ PAC and not authorized by any candidate or candidate's committee. The XYZ PAC can be reached at www.xyzpac.com.

5. Reporting Requirements

Political Committee

A federally registered political committee reports independent expenditures on Schedule E of FEC Form 3X. A political committee must itemize each independent expenditure which exceeds \$200 or which, when added to previous independent expenditures made on behalf of (or in opposition to) the same candidate, aggregates over \$200 during a calendar year. Schedule E instructions explain what itemized information must be disclosed. (Independent expenditures of \$200 or less must be subtotaled and reported as unitemized expenditures on Schedule E.) 104.3 (b)(3)(vii) and 104.4 (a).

Any Other Person

Any other person (individual or group) must file a report with the FEC on Form 5 at the end of the first reporting period in which independent expenditures aggregate more than \$250 and must continue to file reports in any succeeding reporting period during the same year in

which additional independent expenditures of any amount are made. 109.2(a). Form 5 instructions explain what information must be disclosed. Also, all individuals, groups or qualified non-profit corporations (QNCs) whose independent expenditures exceed, or are expected to exceed, \$50,000 in any calendar year, must electronically file FEC Form 5. See page 64.

Date Made

An independent expenditure is considered made on the first date on which the communication is published, broadcast or otherwise publicly disseminated. See 104.4(f). For each person who receives a payment or disbursement during the calendar year aggregating in excess of \$200 in connection with an independent expenditure, the reporting committee must provide on Schedule E the full name, mailing address and zip code of the payee receiving any disbursement, the date and amount of any independent expenditure aggregating in excess of \$200, and the purpose of the independent expenditure (e.g., radio, television, newspaper).

Certification

Both Schedule E (used by political committees) and Form 5 (used by others) require a certification, under penalty of perjury, that the expenditure meets the standards for independence. 109.10(e)(1)(v), 104.3(b)(3)(vii)(B) and 104.4(d)(1) and (2). See page 110.

24-Hour Pre-Election Reports

Any independent expenditure of \$1,000 or more (in the aggregate) which is made after the 20th day, but more than 24 hours, before the day of an election must be reported within 24 hours after the expenditure is made. The report must include all the information required on Schedule E or Form 5 and must be received by the Secretary of the Senate or the Federal Election Commission, as appropriate, within 24 hours of making the expenditure. 104.4 and 109.10(d). A political committee must disclose a last-minute independent expenditure a second time on a Schedule E filed with its next scheduled report. The committee may, if it wishes, note that the expenditure was previously reported.

48-Hour Reports

The BCRA requires political committees and other persons who make independent expenditures at any time during a calendar year—up to and including the 20th day before an election—to disclose this activity within 48 hours each time that the expenditures aggregate \$10,000 or more.

Independent Expenditures Aggregating Less than \$10,000

Committees must report on Schedule E of Form 3X independent expenditures that aggregate less than \$10,000 with respect to a given election during the calendar year that are made up to and including the 20th day before an election. The report must be filed no later than the filing date of the committee's next regularly scheduled report. 11 CFR 104.4(a) and (b)(1). Individuals other than political committees disclose on FEC Form 5 independent expenditures aggregating in excess of \$250 with respect to a given election during the calendar year that are made during this time period. The report must be filed by the filing deadline of the next report under the quarterly filing schedule. 11 CFR 109.10(b).

Both committees and individuals must file an additional report each time that independent expenditures made less than 20 days, but more than 24 hours, before an election aggregate in excess of \$1,000. These reports must be received by the Commission by the end of the day following the date that the communication is publicly disseminated. All individuals and committees, even those supporting or opposing Senate candidates, must file 24-hour notices of independent expenditures with the Commission. Electronic filers must file these reports electronically, and paper filers may file by fax or email. Additionally, electronic filers and paper filers may file 24-hour reports using the FEC web site's online program. 11 CFR 104.4(c), 109.10(d) and 100.19(d)(3).

Independent Expenditures Aggregating \$10,000 and Above

Once an individual's or committee's independent expenditures reach or exceed \$10,000 in the aggregate at any time up to and including the 20th day before an election, they must be reported within 48 hours of the date that the expenditure is publicly distributed. All 48-hour reports must be filed with and received by the Commission at the

end of the second day after the independent expenditure is publicly distributed. Electronic filers must file these reports electronically, and paper filers may file by fax or email. 11 CFR 104.4(b)(2), 109.10(c) and 100.19(d)(3).

Aggregating Independent Expenditures for Reporting Purposes

Independent expenditures are aggregated toward the various reporting thresholds on a per-election basis within the calendar year. Consider, as examples, the following scenarios, all of which occur outside of the 20-day window before an election when 24-hour notices are required:

- If a committee makes \$5,000 in independent expenditures with respect to a Senate candidate, and \$5,000 in independent expenditures with respect to a House candidate, then the committee is not required to file 48-hour reports, but must disclose this activity on its next regularly scheduled report.
- If the committee makes \$5,000 in independent expenditures with respect to a clearly identified candidate in the primary, and an additional \$5,000 in independent expenditures with respect to the same candidate in the general, then again no 48-hour notice is required and the expenditures are disclosed on the committee's next report.
- If the committee makes \$6,000 in independent expenditures supporting a Senate candidate in the primary election and \$4,000 opposing that Senate candidate's opponent in the same election, then the committee must file a 48-hour report.

The date that a communication is publicly disseminated serves as the date that a person or committee must use to determine whether the total amount of independent expenditures has, in the aggregate, reached or exceeded the threshold reporting amounts of \$1,000 or \$10,000. The calculation of the aggregate amount of the independent expenditures must include both disbursements for independent expenditures and all contracts obliging funds for disbursements of independent expenditures. 11 CFR 104.4(f).

6. Contributions to Committees Making Independent Expenditures

Contributions to a political committee making independent expenditures are subject to the donor's limit for that committee. However, if a donor knows that a substantial portion of his or her contribution to a committee will be spent on behalf of a particular candidate, the contribution counts, instead, against the donor's per-election limit with respect to that candidate. 110.1(h). Additionally, funds used to make independent expenditures must come from federally permissible sources (i.e. not from a source prohibited by the FECA).

Appendix E

Fundraising by Federal Candidates and Officeholders

Prohibition

The Bipartisan Campaign Reform Act prohibits Federal candidates, officeholders, their agents, and any entity directly or indirectly established, financed, maintained or controlled by, or acting on behalf of, a federal candidate or officeholder from raising funds outside the limits and prohibitions of federal law. 300.60-62. There are exceptions to the general prohibition on raising funds outside the limits and prohibitions of the Act that cover certain tax-exempt organizations and certain fundraising events at which the candidate appears as a guest.

1. Fundraising for Nonfederal Elections and State Party Candidates

Nonfederal Elections

A Federal candidate, officeholder or his or her agents, and any entity directly or indirectly established, financed, maintained or controlled by, or acting on behalf of, one or more federal candidates or officeholders may raise funds in connection with a nonfederal election, but only in amounts consistent with state law and that do not exceed the Act's contribution limits or come from prohibited sources. 300.62.

Candidate Running Simultaneously in Federal and Nonfederal Election

A federal candidate or officeholder who is also a candidate for state or local office may raise and spend nonfederal funds only in connection with the nonfederal election as permitted by state law.

If the candidate or officeholder is simultaneously running for both federal and state or local

office, then the candidate or his or her agents may only raise and spend funds within the limits of the Act for the federal election. 300.63.

2. Attending Fundraising Events

State or Local Party Fundraiser

A candidate may attend, speak or be a featured guest at a fundraising event for a state or local party committee, including events at which Levin funds or nonfederal funds are raised. At such events the candidate may speak without restriction. Also, a state or local party committee may advertise (through pre-event invitation materials and other party communications) that the candidate will appear at the event: however, the candidate may not serve on a host committee for a nonfederal fundraising event or sign solicitation materials in connection with such an event. 300.64 and AO 2003-3.

State or Local Candidate Fundraiser

A federal candidate or officeholder may attend, speak or be a featured guest at a state or local candidate fundraiser.

When involved in such events, the candidate may only ask for funds in amounts and from sources that are both consistent with state law and not in violation of the Act's limits and prohibitions. Furthermore, no solicitation materials mentioning the candidate may solicit funds outside the limits and prohibitions of the Act. See AOs 2003-36 and 2003-3.

Disclaimer Notices

Oral disclaimer or written notices must be clearly and conspicuously displayed at the event indicating that the federal candidate/officeholder is only soliciting federally permissible funds. The Commission has approved the following safe harbor disclaimer:

"I am asking for a donation of up to \$2,000 per election from an individual's own funds [or up to \$5,000 per election from a multicandidate political committee or a political party committee]. I am not asking for funds from corporations or labor organizations."

See AOs 2003-36 and 2003-3.

3. Fundraising for Tax-Exempt Organizations

Federal Election Activity

A candidate and his or her agents may make solicitations for tax-exempt organizations. The regulations regarding solicitation for tax-exempt organizations differ depending on whether the funds solicited will be used for certain federal election activities and whether the organization's principal purpose is to conduct federal election activity.

Limits and Prohibitions

General Solicitations

A federal candidate or officeholder (or individual acting on behalf of either) may make a general solicitation on behalf of a tax-exempt organization, without limits on the source or amount of funds, if:

- The organization does not make expenditures or disbursements in connection with elections; or
- It is not the principal purpose of the organization to conduct election activities, including federal election activity; and
- The solicitation is not to obtain funds for election activities in connection with an election, including federal election activity.

300.65(a), (b) and (c).

Specific Solicitations

A federal candidate or officeholder may also make a specific solicitation explicitly to obtain funds to pay for federal election activities conducted by a tax-exempt organization whose principal purpose is to undertake such activities. The federal election activities for which such a specific solicitation may be made are limited to:

- Voter registration activity during the period that begins 120 days before the date of a regularly-scheduled federal election and ends on the day of that election; and
- Voter identification, get-out-the vote or generic campaign activity conducted in connection with an election in which a federal candidate appears on the ballot (regardless of whether a state or local candidate also appears on the ballot).

When making specific solicitations for a tax exempt organization, the candidate may solicit only individuals and may solicit no more than \$20,000 per calendar year from each contributor. 300.65(b) and (c).

General Prohibition

Because federal law permits limited solicitations by federal candidates and officeholders only for the specific federal election activities listed above, these individuals must not make any solicitations on behalf of a 501 (c) organization, or an organization that has applied for this tax status, for other types of election activities, such as public communications promoting or supporting federal candidates. 300.65(d).

Safe Harbor

To demonstrate that conducting election activity is the principal purpose of a 501 (c) organization, a federal candidate or officeholder may obtain and rely upon a written certification, signed by an officer of the organization, stating that:

- It is not the organizations principal purpose to engage in election activities; and
- The organization does not intend to pay debts incurred from expenditures or disbursements in connection with an election for federal office in a prior election cycle.

300.65(e).

Appendix F Millionaires' Amendment

1. Increased Limits for Candidates Running Against a Self-Financed Opponent

Under the provisions of the BCRA known as the “Millionaires’ Amendment,” candidates running against a self-financed opponent may be eligible to receive contributions from individuals at increased limits and to have increased coordinated party expenditures made on their behalf.

2. Threshold Amounts

The provisions of the Millionaires’ Amendment may, in certain circumstances, increase the contribution limits for House and Senate candidates facing opponents who spend personal funds in excess of certain threshold amounts. The threshold amounts and the triggers for increased limits for House and Senate candidates differ. For House candidates the threshold amount is \$350,000. 11 CFR 400.9(b) House candidates whose opponent’s personal spending exceeds that threshold may trigger increased limits. For Senate candidates the threshold amount is the sum of \$150,000 plus an amount equal to the voting age population of the state in question multiplied by \$0.04. 11 CFR 400.9(a). Senate candidates may qualify for increased limits only after an opposing candidate’s personal spending exceeds twice the threshold amount.

3. Opposition Personal Funds Amount

An opposing candidate’s campaign-related expenditures from personal funds in excess of the triggering threshold do not automatically result in increased contribution limits. The regulations also take into account fundraising by the campaigns.

Campaigns must use the “opposition personal funds amount” formula to determine whether an opposing candidate has spent sufficient personal funds in comparison to the amounts raised by the campaigns to trigger increased contribution limits. The formula for calculating the opposition personal funds amount depends upon the date on which the calculation is made. 400.10(a) and (b). A worksheet provided in the instructions for FEC Form 11 will assist with the necessary calculations summarized below.

Calculating the Opposition Personal Funds Amount

Prior to July 16 of the year before the election, the opposition personal funds amount is equal to:

- (a) the opponent’s aggregate expenditures from personal funds minus
- (b) the candidate’s aggregate expenditures from personal funds or simply:

$$a - b$$

From July 16 of the year before the election to January 31 of the election year, the candidate must use one of the following formulas depending on the candidate’s gross receipts and expenditures from personal funds for the period and election in question:

- If the candidate’s net receipts are greater than the opponent’s net receipts, then the opposition personal funds amount is equal to: The difference between:
 - (a) the opponent’s aggregate expenditures from personal funds minus
 - (b) the candidate’s aggregate expenditures from personal funds.
 Minus half the difference between
 - (c) the candidate’s net receipts as of June 30 and
 - (d) the opponent’s net receipts as of June 30:

$$a - b - ((c - d)/2)$$

- If the candidate’s net receipts are less than or equal to the opponents net receipts, then the opposition personal funds amount is simply:

$$a - b$$

From February 1 of the election year to the day of the general election, the candidate must use one of the following formulas depending on the candidate’s gross receipts and expenditures from personal funds for the period and election in question:

- If the candidate’s net receipts are greater than the opponent’s net receipts, then the opposition personal funds amount is equal to: The difference between:
 - (a) the opponent’s aggregate expenditures from personal funds minus
 - (b) the candidate’s aggregate expenditures from personal funds.
 Minus half the difference between:
 - (e) the candidate’s net receipts as of December 31 and
 - (f) the opponent’s net receipts as of December 31:
$$a - b - ((e - f)/2)$$
- If the candidate’s net receipts are less than or equal to the opponent’s net receipts, then the opposition personal funds amount is simply:

$$a - b$$

Expenditures from Personal Funds and Gross Receipts

FEC FORM 32-1
CONSOLIDATED REPORT OF GROSS RECEIPTS FOR AUTHORIZED COMMITTEES (11 CFR 104.19)
 (Millionaires' Amendment)

Name of Candidate		Candidate ID Number
Bob Sardanapalus		S4VA22222
Name of Principal Campaign Committee		Committee ID Number
Sardanapalus for Senate		C 00670000
Committee Address		
1313 Opulence Ave.		
City	State	ZIP
Arlington	VA	22207
Report Covering Period (check one) <input type="checkbox"/> through June 30, or <input type="checkbox"/> through December 31 of the year preceding the year of the general election		
	Primary	General
1. Gross receipts of authorized committees	0.00	10,000,000.00
2. Aggregate amount of contributions from personal funds of the candidate	0.00	0.00
3. Gross receipts minus the candidate's personal contributions	0.00	10,000,000.00

When the net receipts of the candidate are greater than the net receipts of the opponent, the opposition personal funds formula takes half the difference between the net receipts of the candidate and the net receipts of the opponent and subtracts that from the amount by which the opponent is outspending the candidate. Hence, a candidate with a significant fundraising advantage over a self-financed opponent might not receive an increased contribution limit

4. Increased Individual Contribution Limits

House of Representatives

When a House candidate’s “opposition personal funds amount” exceeds \$350,000:

- The contribution limits for the candidate triple (\$6,000 per election); and
- The national and state party committees may make unlimited coordinated expenditures on behalf of the candidate. 400.41.

Senate

For Senate candidates, the extent to which a candidate’s “opposition personal funds amount” exceeds the threshold determines the amount of the increase in contribution limits. If it exceeds:

- Twice the threshold (\$300,000 + (\$0.08 x VAP)), then the individual contribution limits for the candidate are tripled (\$6,000 per election);
- Four times the threshold (\$600,000 + (\$0.16 x VAP)), then the individual contribution limits for the candidate are raised six-fold (\$12,000 per election);
- Ten times the threshold (\$1,500,000 + (\$0.40 x VAP)), then the contribution limits for the candidate are raised six-fold (\$12,000 per election), and the national and state party committees may make unlimited coordinated expenditures on the candidate’s behalf. 400.40.

Avoiding Excessive Contributions and Coordinated Party Expenditures

Campaigns that accept contributions under the increased limits must continually monitor the opposition personal funds amount to ensure their continued eligibility for the increased limits, and that they have not accepted excessive contributions.

When the aggregate amount of contributions at the increased limit and coordinated party expenditures at the increased limit is equal to 100 percent of the opposition personal funds amount (for House candidates) or 110 percent of the opposition personal funds amount (for Senate candidates) then:

- Candidates must not accept any more contributions at the increased limit 400.31 (d) and 400.31 (e); and
- National and state party committees must not make any coordinated expenditures at the increased limit on the candidate's behalf. 400.31 (d)(2) and (e)(2).

5. Reporting and Notification

In order to facilitate continual monitoring of fundraising, personal spending by candidates and coordinated party expenditures, new reporting and notification requirements have been added to the regulations.

Notification of Expenditures from Personal Funds

FEC FORM 10
24-HOUR NOTICE OF EXPENDITURE FROM CANDIDATE'S PERSONAL FUNDS (11 CFR 400.21 and 400.22)
(Millionaires' Amendment)

1. Name of Candidate Bob Sardanapalus	2. Office Sought Senate	3. State VA	4. District	5. Candidate ID Number S4VA22222
6. Name of Principal Campaign Committee Sardanapalus for Senate				7. Committee ID Number C 000670000
8. Address 1313 Opulence Ave.				
9. City, State and ZIP Code Arlington, VA 22207				

10. Expenditures of Personal Funds (If the candidate has made expenditures for different elections, submit a separate Form 10 for each election.)


Aggregate Expenditures Previously Reported During the Election Cycle 0.00

DATE	ELECTION	AMOUNT	CHECK IF LOAN/DEBT
A. 03 / 02 / 2004	<input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other	12,000,000.00	<input checked="" type="checkbox"/>
B. / /	<input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other		<input type="checkbox"/>
C. / /	<input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other		<input type="checkbox"/>
D. / /	<input type="checkbox"/> Primary <input type="checkbox"/> General <input type="checkbox"/> Other		<input type="checkbox"/>

11. Total Expenditures This Notice 12,000,000.00

12. Total Expenditures Election Cycle To Date 12,000,000.00

TYPE OR PRINT NAME OF COMMITTEE TREASURER
Gottlob Frege

SIGNATURE OF COMMITTEE TREASURER 	DATE 3/21/04
---	-----------------

FESAN040 For further information contact:
Federal Election Commission, 999 E Street, NW, Washington, DC 20463
Toll Free 800-424-9530, Local 202-694-1100

FEC Form 10 (Rev. 02/2003)

Form 2 Declaration of Intent in Statement of Candidacy

At the outset, candidates must estimate on their Statement of Candidacy (FEC Form 2) the amount by which their personal spending on the campaign will exceed the applicable threshold amount. 101.1 (a). This must be faxed to each opposing campaign (Senate candidates must also fax the form to the FEC). 400.20.

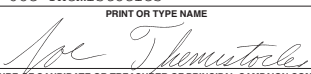
Form 3Z-1 Disclosure of Gross Receipts and Aggregate Expenditures from Personal Funds

To facilitate opposition personal funds calculations, by July 15 of the year before the election and January 31 of the year in which the candidate's election takes place, each principal campaign committee must file a report disclosing the campaign's aggregate gross receipts for the primary and general elections, and the candidate's aggregate contributions from personal funds for the primary and general elections (FEC Form 3Z-1). 104.19.

Form 10 Notification of Expenditures from Personal Funds

A candidate's principal campaign committee must notify the Commission and each opposing candidate within 24 hours when the candidate makes an expenditure from personal funds that aggregates in excess of the triggering threshold (i.e., \$350,000 for House candidates and \$300,000 + (\$0.08 x VAP) for Senate candidates). 400.21. From that time on, the committee must also notify all of the entities mentioned above within 24 hours whenever the candidate makes an additional expenditure from personal funds in excess of \$10,000. 400.22. This notification must be made by faxing or e-mailing a copy of FEC Form 10 (or by sending an e-mail containing all the required information) to all of the entities mentioned above. 400.24. For House candidates, Form 10 must be filed electronically with the FEC. 400.24(b).

Calculation of Opposition Personal Funds Amount

FEC FORM 11 24-HOUR NOTICE OF OPPOSITION PERSONAL FUNDS AMOUNT (11 CFR 400.30) (Millionaires' Amendment)		
1. Name of Candidate Karen Penury		2. Candidate ID Number S4VA11111
3. Office Sought Senate	4. State VA	5. District
6. Name of Principal Campaign Committee Penury for Senate		7. Committee ID Number C 00720000
8. Address 57 West Street		9. City, State and Zip Code Vienna, VA 22222
<small>The information below is based on the worksheet calculations and receipt of a 24-hour Notice of Expenditure of Personal Funds (FEC Form 10) from the following committee/candidate:</small>		
10. Name of Candidate Bob Sardanapalus		
11. Name of Committee Sardanapalus for Senate		12. Committee ID Number C S4VA22222
13. Committee Address 1313 Opulence Ave.		
14. City, State and Zip Code Arlington, VA 22207		15. Date of Receipt of FEC Form 10: 03 / 21 / 2004
16. Opposition Personal Funds Amount (11 CFR 400.10 See worksheet in instructions) 11,900,000.00 (From Part A, Line # 3 or 9 of worksheet)	17. Election <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other _____	18. Type <input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special
I certify that I have examined this notice and to the best of my knowledge and belief, it is true, correct and complete.		
Joe Themistocles <small>PRINT OR TYPE NAME</small>		
 <small>SIGNATURE OF CANDIDATE OR TREASURER OF PRINCIPAL CAMPAIGN COMMITTEE</small>		3/22/04 <small>DATE</small>

Schedule F (Party Committees)

National or state political party committees that make coordinated expenditures on behalf of a candidate whose limits have been raised in accordance with the above provisions must notify the Commission and the candidate on whose behalf the expenditure is made within 24 hours. This is done by faxing or e-mailing a copy of Schedule F to the Commission and to the candidate or authorized candidate committee on whose behalf the expenditure was made. 400.30(c)(2).

Form 11 Calculation of Opposition Personal Funds Amount

Each time a candidate committee receives a Form 10 from an opponent, it must recalculate its opposition personal funds amount (use the worksheet provided with the instructions for FEC Form 11). If the committee's opposition personal funds amount exceeds the threshold for increased coordinated party expenditures (i.e., \$350,000 for House candidates and \$1,500,000 + (\$.40 x VAP) for Senate candidates), then it must file a calculation of its opposition personal funds amount with the FEC and with its national and state party committees on FEC Form 11 within 24 hours. 400.30(b)(2).

Form 12 Notice of Suspension of Increased Limits

Candidates operating under increased limits (or their principal campaign committees) must fax or e-mail FEC Form 12 within 24 hours after the aggregate amount of contributions accepted and coordinated party expenditures made under the increased limits reaches:

- 100 percent of the opposition personal funds amount for House candidates; or
- 110 percent of the opposition personal funds amount for Senate candidates.

400.31 (d) and (e).

To make this calculation, use the worksheet provided with the instructions for FEC Form 12.

Notice of Suspension of Increased Limits

FEC FORM 12 24-HOUR NOTICE OF SUSPENSION OF INCREASED LIMITS (11 CFR 400.31) (Millionaires' Amendment)		
1. Name of Candidate Karen Penury		2. Candidate ID Number S4VA11111
3. Office Sought Senate	4. State VA	5. District
6. Name of Principal Campaign Committee Penury for Senate		7. Committee ID Number C 00720000
8. Address 57 West Street		9. City, State and Zip Code Vienna, VA 22222
10. Election <input type="checkbox"/> Primary <input checked="" type="checkbox"/> General <input type="checkbox"/> Other		11. Type <input checked="" type="checkbox"/> Regular <input type="checkbox"/> Special
12A. To be filled out by House candidates and their principal campaign committees: On <input type="text"/> / <input type="text"/> / <input type="text"/> , the campaign reached 100% of the opposition personal funds amount of <input type="text"/> as previously disclosed on an FEC Form 11 filed on <input type="text"/> / <input type="text"/> / <input type="text"/> . National and State committees of political parties may no longer make coordinated party expenditures in conjunction with the general election that exceed the limitations set forth in 11 CFR 109.32.		
12B. To be filled out by Senate candidates and their authorized committees: On <input type="text"/> / <input type="text"/> / <input type="text"/> , the campaign reached 110% of the opposition personal funds amount of <input type="text"/> 11,900,000.00 as previously disclosed on an FEC Form 11 filed on <input type="text"/> / <input type="text"/> / <input type="text"/> . National and State committees of political parties may no longer make coordinated party expenditures in conjunction with the general election that exceed the limitations set forth in 11 CFR 109.32.		
I certify that I have examined this notice and to the best of my knowledge and belief, it is true, correct and complete.		
<p style="text-align: center;">Joe Themistocles TYPE OR PRINT NAME OF CANDIDATE OR TREASURER OF PRINCIPAL CAMPAIGN COMMITTEE</p> <p style="text-align: center;"><i>Joe Themistocles</i> SIGNATURE OF CANDIDATE OR TREASURER OF PRINCIPAL CAMPAIGN COMMITTEE</p> <p style="text-align: right;">3/22/04 Date</p>		

6. Withdrawal of Opponent

If a candidate's self-financed opponent withdraws from the election:

- The candidate may no longer accept any contribution under the increased limits; and
- The national and state party committees must not make any coordinated expenditures on the candidate's behalf at the increased limits.

400.32 (b) and (c).

An opponent is considered to have withdrawn from the election on the earlier of the following dates:

- The date on which the candidate publicly announces that he or she is no longer a candidate and ceases to conduct campaign activities; or

- The date on which the candidate becomes ineligible for nomination or election by operation of law.

400.32(a)(2)(i) and (ii).

Prior to the end of the election, the candidate is not required to refund contributions raised at the increased limit received before the date of the opponent's withdrawal; however, at the end of each election cycle all remaining funds from contributions at the increased limit must be disposed of as described in the following section.

7. Disposal of Excess Contributions Made at Increased Limit

The following rules apply for disposing of any excess contributions made at the increased limit:

- The candidate's committee must refund any excess contributions within 50 days of the election for which they were designated. 400.51;
- Contributions made at the increased limit cannot be redesignated for another election. 400.52;
- The candidate's committee must refund the excess contributions to individuals who made them. 400.53(a);
- Any refund checks not cashed within six months of the date on the check must be disgorged to the U.S. Treasury within nine months of the election. 400.53(b); and
- The committee must disclose the source, amount and manner in which any excess contributions were refunded on their next report falling more than 50 after the election. 400.54.

These rules generally prohibit the transfer of funds raised at the increased limit from one election to the next.

Appendix G Compliance with Other Laws

In addition to complying with the Federal Election Campaign Act, campaigns must observe laws and rules outside the Commission's jurisdiction. This appendix lists some of the laws that affect the activities of candidates, political committees and federal officeholders. The FEC has no jurisdiction over these laws.

1. Ethics in Government Act/Personal Finance Reports

The Ethics in Government Act requires all candidates to file reports on personal finances.¹

- Senate Candidates: Senate Select Committee on Ethics, 220 Hart Senate Office Building, Washington, DC 20510 (202/224-2981).
- House Candidates: House Committee on Standards of Official Conduct, Room HT-2, The Capitol, Washington, DC 20515 (202/225-7103).

2. House and Senate Rules

The U.S. Senate and House each have rules regulating activity of incumbent Senators and Representatives. Contact the Senate Select Committee on Ethics or the House Committee on Standards of Official Conduct (addresses given in the previous paragraph).

1. Although Presidential and Vice-Presidential candidates (except incumbent officeholders) file their personal financial reports with the FEC, the Commission has no enforcement jurisdiction over these reports. Copies of the blank financial disclosure form are available from the Commission's Public Disclosure division. For more information, contact the Federal Election Commission, Office of General Counsel, Public Financing, Ethics and Special Programs Branch, 999 E Street NW, Washington, DC 20463. (800/424-9530).

3. Ballot Access Rules

State laws and procedures govern how candidates come to appear on election ballots. For information, individuals should contact the chief election official in their state.

4. Tax Laws

Campaigns should be aware that they have to comply with federal and state laws on income tax. For information on federal tax laws, contact the Internal Revenue Service, 1111 Constitution Avenue, NW, Washington, DC 20224, Attention: EEO (202/622-8100 or 877/829-5500) www.irs.gov/polorgs.

Committees that need to obtain a taxpayer ID number should call 800/TAX-FORM (800/829-3676) for information. Each regional IRS office also has a toll-free number; consult your telephone directory for the number in your state. Campaigns should also consult the appropriate state agency for information on state income tax laws.

5. Communications Act

For information on rules concerning rates for purchasing broadcast time, equal access to broadcast media, and procedures for filing complaints in this area, contact the Federal Communications Commission, Mass Media Bureau 445 12th Street, SW, Washington, DC 20554 (1-888-225-5322) or online at www.fcc.gov/mmb.

6. Hatch Act

For information on the Hatch Act, which regulates political activity by federal employees, contact the Office of Special Counsel, U.S. Merit Systems Protection Board, 1730 M Street, NW, Suite 201 Washington, DC 20036 (800/854-2824 or 202/653-7143), or online at www.osc.gov/hatchact.htm.

Appendix H Definitions

Act—The Federal Election Campaign Act of 1971, as amended (2 U.S.C. §§431–455). 100.18.

Advisory Opinions (AOs)—A formal ruling from the Commission regarding the legality of a specific activity proposed in an advisory opinion request. Part 112.

Affiliated Committees—(1) All committees established or authorized by a candidate as part of his or her campaign for federal or nonfederal office; (2) all committees established, financed, maintained or controlled by the same person, group or organization. 100.5(g)(1) and (2). See page 10.

Agent—An agent of a federal candidate or officeholder is any person who has actual authority, either express or implied, to engage in any of the following activities on behalf of the candidate or officeholder:

- To request or suggest that a communication be created, produced or distributed;
- To make or authorize a communication that meets one or more of the “content standards” for coordination. See Appendix D, Section 3;
- To request or suggest that any other person create, produce, or distribute any communication;
- To be materially involved in decisions regarding the content, intended audience, means, media outlet, timing, frequency, size, prominence or duration of a communication;
- To provide material or information to assist another person in the creation, production or distribution of any communication; or
- To make or direct a communication that is created, produced or distributed with the use of material or information derived from a substantial discussion about the communication with a different candidate. 109.3(b).

Authorized Committee—Any political committee, including the principal campaign committee, authorized in writing by a federal candidate to receive contributions and make expenditures on

his or her behalf. 100.5(f)(1). Authorized committees are often called “candidate committees” or “campaign committees.”

Bank—A state bank; a federally chartered depository institution (including a national bank); or a depository institution insured by the Federal Deposit Insurance Corporation or the National Credit Union Administration. 100.82(a)-(d); 100.142(a)-(d) and 103.2.

Campaign—A candidate for a federal office, his or her authorized agents, principal campaign committee and any other authorized committees.

Campaign Committee—Popular term for an authorized committee.

Candidate—An individual seeking election to federal office becomes a candidate when he or she or agents acting on his or her behalf raise contributions or make expenditures that exceed \$5,000. 100.3.

Candidate Committee—Popular term for an authorized committee.

Clear and Conspicuous—A disclaimer is clear and conspicuous if the print is not difficult to read and the placement cannot be easily overlooked. 110.11(c)(1).

Clearly Identified Candidate—A candidate is clearly identified when his or her name, photograph or drawing appears or when his or her identity is apparent by unambiguous reference. 100.17; 106.1(d).

Contribution—A payment, service or anything of value given to influence a federal election. 100.52(a). See Chapter 3, “Understanding Contributions.”

Commercial Vendor—Any persons providing goods or services to a candidate or political committee whose usual and normal business involves the sale, rental, lease or provision of those goods or services. 116.1(c).

Coordinated—Made in cooperation, consultation or concert with, or at the request or suggestion of, a candidate, a candidate’s authorized committee, or their agents, or a political party committee or its agents. 109.20.

Coordinated Communication—A communication that satisfies a three pronged test:

- The communication must be paid for by a person other than a federal candidate, authorized committee, or a political party committee, or any agents of the aforementioned entities (See, Party Coordinated Communication, below);
- One or more of the four content standards set forth in 109.21 (c) must be satisfied; and
- One or more of the five conduct standards set forth in 109.21 (d).

A payment for a communication satisfying all three prongs is an in-kind contribution to the candidate or political party committee with which it was coordinated. 109.21.

Coordinated Party Expenditure—Commonly referred to as a “441 a(d)” expenditure for its derivation from 2 U.S.C. §441 a(d), this is a special type of expenditure that can be made only by a national or state political party committee in connection with the general election of a candidate. These expenditures are subject to a separate set of limits and do not count against the party’s normal contribution limits with respect to each candidate. 109.30 and 109.32-34.

Corporation—Any separately incorporated entity (other than a political committee that has incorporated for liability purposes only). 100.134(l) and 114.12(a). The term corporation covers both for-profit and nonprofit corporations and includes nonstock corporations, incorporated membership organizations and incorporated cooperatives.

Date Contribution Is Made—The date the contributor relinquishes control over a contribution; in the case of an in-kind contribution, the date the goods or services are provided by the contributor. 110.1 (b)(6). See also page 20.

Date Contribution Is Received—The date the campaign (or campaign agent) takes possession of the contribution. 102.8(a).

Direct Mail—A communication to the general public using either a commercial mailing firm or mailing lists purchased from a commercial vendor. 100.87(a), 100.89(a) 100.147(a), and 100.149(a).

Disbursement—Any purchase or payment made by a political committee.

District or Local Party Committee —Any organization that is part of the official party structure, and is responsible for the day-to-day operation of the political party at the level of city, county, neighborhood, ward, district precinct or any other subdivision of a State. 100.14(b).

Earmarked (Bundled) Contribution—A contribution that the contributor directs (either orally or in writing) to a clearly identified candidate or authorized committee through an intermediary or conduit. Earmarking may take the form of a designation, instruction or encumbrance, and it may be direct or indirect, express or implied. 110.6. See Appendix A.

Election—Any one of several processes by which an individual seeks nomination for election, or election, to federal office. They include: a primary election, including a caucus or convention that has authority to select a nominee; a general election; a runoff election; and a special election held to fill a vacant seat. 100.2.

Election Cycle—The period beginning the day after the previous general election (for federal office) and ending on the day of the next general election. 100.3(b). (For House candidates, the election cycle is two years; for Presidential candidates, four years; for Senate candidates, six years).

Election Year—Year in which there are regularly scheduled elections for federal office (even-numbered years).

Expenditure—A purchase or payment made for the purpose of influencing a federal election. 100.111 (a). See the chapter on expenditures.

Express Advocacy – Unambiguously advocating the election or defeat of a clearly identified federal candidate. There are two ways that a communication can be defined as express advocacy (candidate advocacy): by use of certain “explicit words of advocacy of election or defeat” and by the “only reasonable interpretation” test. 100.22.

“Explicit words of advocacy of election or defeat”: The following words convey a message of express advocacy (candidate advocacy):

- “Vote for the President,” “re-elect your Congressman,” “support the Democratic nominee,” “cast your ballot for the Republican

challenger for the U.S. Senate in Georgia,” “Smith for Congress,” “Bill McKay in ‘96”;

- Words urging action with respect to candidates associated with a particular issue, e.g., “vote Pro-Life”/ “vote Pro-Choice,” when accompanied by names or photographs of candidates identified as either supporting or opposing the issue;
- “Defeat” accompanied by the name or photograph of the opposed candidate or “reject the incumbent”; and
- Campaign slogan(s) or word(s), e.g., on posters, bumper stickers and advertisements, that in context can have no other reasonable meaning than to support or oppose a clearly identified candidate, for example, “Nixon’s the One,” “Carter ‘76,” “Reagan/Bush.” 100.22(a).

“Only Reasonable Interpretation” Test: In the absence of such “explicit words of advocacy of election or defeat,” express advocacy (candidate advocacy) is found in a communication that, when taken as a whole and with limited reference to external events, can only be interpreted by a “reasonable person” as advocating the election or defeat of one or more clearly identified candidate(s). 100.22(b).

FEC Identification Number—Number assigned to a committee upon registration with the FEC. Used for identification purposes with the FEC only, this number is not a taxpayer identification number.

Federal funds—Funds raised within the limits and prohibitions of federal law. Corporations, unions, foreign nationals, national banks and federal government contractors are prohibited from making contributions or expenditures in connection with a federal election. 2 U.S.C. § 441 b. Permissible sources of funds for contributions to federal political committees include individuals, partnerships, Indian tribes and other political committees. AO 2003-37.

Federal Office—U.S. Presidency and Vice Presidency and seats in the U.S. Congress: Senator, Representative, Delegate (District of Columbia, Guam, American Samoa and Virgin Islands) and Resident Commissioner (Puerto Rico). 100.4.

Foreign National—(1) an individual who is not a citizen of the United States or a national of the United States and has not been lawfully admitted

to the U.S. for permanent residence, as defined in 8 U.S.C. §1101 (a)(20); or (2) a foreign principal, as defined in 22 U.S.C. §611 (b). 110.20(a)(3).

Government Contractor—A person who enters into contract with any agency or department of the United States government and is paid for services, material, equipment, supplies, land or buildings with funds appropriated by Congress. Part 115. Identification—For purposes of recordkeeping and reporting, a person’s full name and address and, in the case of an individual, his or her occupation and employer as well. 100.12.

Identification Number—See FEC Identification Number.

Independent Expenditure—An expenditure for a communication which expressly advocates the election or defeat of a clearly identified candidate and which is not made with the cooperation or prior consent of, or in consultation with, or at the request or suggestion of, any candidate or his or her authorized committees or agents. 100.16. See Appendix D.

In-Kind Contribution—A contribution of goods, services or property offered free or at less than the usual and normal charge. 100.52(d).

Joint Contribution—A contribution made by more than one person on a single check or other written instrument. 110.1(k)(1). See page 21.

Joint Fundraising—Fundraising conducted jointly by a political committee and one or more other committees. See Appendix C.

Labor Organization—An organization, agency or employee representative committee or plan in which employees participate and which deals with employers on grievances, labor disputes, wages, hours of employment or working conditions. 114.1(d).

Memo Entry—Supplemental information on a reporting schedule. The dollar amount in a memo entry is not incorporated into the total figure.

Multicandidate Committee—A political committee that has been registered at least 6 months, has more than 50 contributors and, with the exception of state party committees, has made contributions to at least 5 candidates for federal office. 100.5(e)(3).

National Party Committees—Political committees established and maintained by a national political party. A party’s national committee, House campaign committee and Senate campaign committee are defined as national party committees. 110.1 (c)(2).

Negative Entry—An amount entered on a reporting schedule that is subtracted from the total balance for that schedule. Parentheses around a number indicate a negative entry.

Net Debts Outstanding—The total of a campaign’s unpaid debts incurred with respect to an election plus estimated costs to liquidate the debts minus cash on hand and receivables. 110.1 (b)(3) (ii). See “Contributions to Retire Debts,” page 20.

Nonconnected Committee—A political committee that is not established or administered by a candidate, political party, corporation or labor organization. 106.6(a).

Nonelection Year—A year in which there is no regularly scheduled federal election (odd-numbered years).

Nonfederal Election—An election for a state or local office.

Nonpartisan, Tax-Exempt Organization—An organization which is exempt from federal taxation under 26 U.S.C. §501 (c)(3) or (4) and which does not support, endorse or oppose candidates or political parties. 110.13 (a)(1).

Ongoing Committee—A political committee that has not terminated and does not qualify as a terminating committee. 116.1 (b).

Operating Expenditures—A committee’s day-to-day expenditures for items such as rent, overhead, administration, personnel, equipment, travel, advertising and fundraising. 106.1 (c).

PAC—Acronym for political action committee; see definition below.

Party Committee—A political committee which represents a political party and is part of the official party structure at the national, state or local level. 100.5(e)(4).

Party Coordinated Communication—A communication that satisfies a similar three-pronged test as for a “coordinated communication” (see above), except that the first prong requires that the communication be paid for by a political party committee or its agents. A payment for a communication satisfying all three prongs is either an in-kind contribution to, or a “coordinated party expenditure” on behalf of, the candidate with whom it was coordinated. 109.37.

Permissible Funds—Contributions which do not violate the Act’s limits or prohibitions.

Person—An individual, partnership or any group of persons (such as a political committee, corporation or labor organization), not including the federal government. 100.10.

Personal Funds of Candidate—Generally, assets which an individual had at the time he or she became a candidate:

- Control over;
- Legal right of access;
- Legal and rightful title;
- An equitable interest; or
- Income

at the time he or she became a candidate. 100.33.

Personal Use of Campaign Funds—Any use of funds in a campaign account of a candidate (or former candidate) to pay for an expense (of any person) that would exist irrespective of the candidate’s campaign or responsibilities as a federal officeholder. 113.1 (g). See chapter 9, “Use of Campaign Funds.”

Political Action Committee (PAC)—Popular term for a political committee that is neither a party committee nor an authorized committee of a candidate. PACs sponsored by a corporation or labor organization are called separate segregated funds; PACs without a corporate or labor sponsor are called nonconnected PACs.

Political Committee—A group that meets one of the following conditions:

- An authorized committee of a candidate (see definition of candidate).
- A state party committee or nonparty committee, club, association or other group of persons that receives contributions or makes

expenditures, either of which aggregate over \$1,000 during a calendar year.

- A local unit of a political party (except a state party committee) that: (1) receives contributions aggregating over \$5,000 during a calendar year; (2) makes contributions or expenditures either of which aggregate over \$1,000 during a calendar year; or (3) makes payments aggregating over \$5,000 during a calendar year for certain activities which are exempt from the definitions of contribution and expenditure (100.80, 100.87 and 100.89; 100.140, 100.147 and 100.149).
- Any separate segregated fund upon its establishment. 100.5.

Principal Campaign Committee—An authorized committee designated by a candidate as the principal committee to raise contributions and make expenditures for his or her campaign for a federal office. 100.5(e)(1).

Prohibited Sources—Those entities that are prohibited from making contributions or expenditures in connection with, or for the purpose of influencing, a federal election. 110.20, 114.2 and 115.2. See the chapter on prohibited contributions.

Reattributed Contribution—The portion of an excessive contribution that has been attributed in writing to another contributor and signed by both contributors. 110.1(k)(3)(ii). See page 22.

Receipt—Anything of value (money, goods, services or property) received by a political committee.

Redesignated Contribution—The portion of a contribution (usually excessive) that has been designated by the contributor, in writing, to an election other than the one for which the funds were originally given. 110.1(b)(5).

Refunded Contribution—A contribution is refunded when the recipient committee first deposits the contribution and later sends the contributor a check for the entire amount (or a portion) of the contribution. 103.3(b). Compare with definition of returned contribution.

Restricted Class—The executive and administrative personnel, members and stockholders (and the

families of each) of a corporation or labor organization. 114.3(a); 114.5(g); 114.7(a) and (h); and 114.8(c), (h) and (i).

Returned Contribution—A contribution is returned when the recipient committee sends the original check (or other negotiable instrument) back to the contributor, without depositing it. 103.3(a). Compare with definition of refunded contribution.

Runoff Election—An election held after a primary or a general election when no candidate wins the previous election. 100.2(d).

Separate Segregated Fund (SSF)—A political committee established by a corporation or labor organization, popularly called a corporate or labor PAC. 114.1(a)(2)(iii).

Special Election—A primary, general or runoff election which is not a regularly scheduled election and which is held to fill a vacant seat in the House of Representatives or the Senate. 100.2(f).

State Party Committee—A committee which, by virtue of the bylaws of a political party or the operation of state law is part of the official party structure and is responsible for the day-to-day operation of the party at the state level, including an entity that is directly or indirectly established, financed, maintained or controlled by that organization, as determined by the Commission. 100.14(a).

Terminating Committee—A political committee that is winding down its activities in preparation for filing a termination report. A terminating committee has ceased to receive contributions or make expenditures (other than for debt retirement purposes or winding down costs). 116.1(a).

Usual and Normal Charge—With regard to goods provided to a political committee, the term refers to the price of those goods in the market from which they ordinarily would have been purchased at the time they were provided. With regard to services, the term refers to the hourly or piece-work charge for the services at a commercially reasonable rate prevailing at the time the services were rendered. 100.52(d)(2).