

# **Campaign Finance Frequently Asked Questions**

The Department of State assembled this list from answers we have provided for many years. Because these Frequently Asked Questions and the answers are not a replacement for the law or the regulations, we have provided citations with the relevant links. Please keep in mind:

- Sections 1621 1642 refer to the Pennsylvania Election Code, which may be found at 25 *P.S.* §§ 3241 3260.
- A copy of the Campaign Finance Reporting Law containing sections 1621 1642 and is online at:
  - http://www.portal.state.pa.us/portal/server.pt/gateway/PTARGS\_0\_160329\_687771\_0\_0\_18/law.pdf
- For questions, call (717) 787-5280 (Option 4) or email questions to <u>rastcampaignfinance@pa.gov</u>

# **Definitions**

#### Candidate

#### When do I become a candidate?

Several scenarios trigger a candidacy:

The candidate or the candidate's political committee:

- receives a contribution or
- makes an expenditure or
- gives his/her consent for any other person or committee to receive a contribution or make an expenditure to influence his/her nomination or election to office.

Please note that the candidacy exists whether or not the individual has announced his or her intention to seek a specific office at the time the contribution is received or the expenditure is made; or

The candidate files nomination petitions or nomination papers. See § 1621(a).

For information on candidates for state and local party committees, look under the "registration" category under "candidacy" below.

Write-in candidates should contact the Bureau of Elections and/or the county election office.

#### Contribution

#### What is an election contribution?

A contribution includes:

- Any payment, donation, gift, subscription, assessment, contract, payment for services, dues, loan, forgiveness of a loan, advance or deposit of money or any valuable thing, to a candidate or political committee made for the purpose of influencing any election in this Commonwealth;
- Paying debts incurred by or for a candidate or committee before or after an election;
- Purchasing tickets for events such as dinners, luncheons, rallies and all other fundraising events:
- Granting discounts or rebates not available to the general public;
- Granting discounts or rebates by television and radio stations and newspapers not extended on an equal basis to all candidates for the same office;
- Any payments for the benefit of any candidate;
- Any payments for the services of any person serving as an agent of a candidate or committee by a third party;
- Any receipt or use of anything of value received by a political committee from another political committee; and
- Any return on investments by a political committee.

See § 1621(b).

# Expenditure

# What is election expenditure?

Generally, it is the "payment, distribution, loan or advancement of money or any valuable thing by a candidate, political committee or other person for the purpose of influencing the outcome of an election." See § 1621(d). The expenditure does not have to influence a particular election; rather, the expenditure just has to be made in an effort to influence an election. Expenditures that are made to influence the outcome of future elections are considered election expenditures. A few examples of expenditures are listed at 4 Pa. Code § 177.1(d), which is not an exclusive list.

#### Valuable Thing (In-kind contribution)

# If I donate an item, such as a laptop computer, to a candidate for his use in the campaign, who should report this and how?

Donations, also known as in-kind contributions, are referenced in the law as valuable things. See  $\S 1621(k)$ . See also the definition of "contribution" at  $\S 1621(b)$ , which includes a "valuable thing." Reporting requirements differ based on who donates the item.

- Individuals. If an individual donates an item to a candidate, the donation is considered as a "valuable thing," and must be valued at the fair market value. The candidate is required to report the item as an In-kind Contribution or a Valuable Thing Received on Schedule II. There is no reporting required of the individual.
- Political committees. If a political committee donates an item, then the political committee must report that as an Expenditure on Schedule III. The candidate is required

- to report the item as an In-kind Contribution or a Valuable Thing Received on Schedule II.
- Corporations and labor unions. A corporation or a labor union cannot make a contribution of a "valuable thing" or an "in-kind contribution" to a candidate. See § 1633(a). Instead, a corporation or labor union would have to charge the candidate the fair market value for the laptop computer.

# If I provide a candidate a 20% discount on rent for an office space that I own, how is this valued and reported?

- Individuals. If an individual owns the office space and provides a 20% discount to a candidate, the discount is considered as an "in-kind contribution" or as a "valuable thing," which is defined at § 1621(k). The candidate would be required to report the 20% discount as an In-kind Contribution or a Valuable Thing Received on Schedule II. The candidate would then report the actual amount of the rent (80% of the fair market value) as an Expenditure on Schedule III. There is no reporting required of the individual property owner.
- Political committees. If a political committee provides a 20% discount on rental property, then the political committee must report that 20% discount as an Expenditure on its Schedule III. The candidate would be required to report the 20% discount as an Inkind Contribution or a Valuable Thing Received on Schedule II. The candidate would then report the actual amount of the rent (80% of the fair market value) as an Expenditure on Schedule III.
- Corporations or labor unions. A corporation or labor union cannot make a contribution of a "valuable thing" or an "in-kind contribution" to a candidate. See § 1633(a). A corporation or labor union would have to charge the candidate the fair market value for the rental property.

# Contributions, expenditures and independent expenditures

# Anonymous Contributions

Upon receiving an anonymous contribution, what procedure must a candidate or political committee treasurer follow?

A candidate or treasurer should give all anonymous contributions to the State Treasurer within 20 days of its receipt. See  $\S$  1634(b).

#### **Contribution Limits**

Is there any limit to the amount of money that an individual can contribute?

No. However, if the aggregate amount is in excess of \$100, it cannot be in cash. See § 1634(c).

Corporate and labor union (unincorporated association) contributions, expenditures and independent expenditures

May a corporation or unincorporated association (including a labor union) make a contribution to a candidate or a political committee?

No. Corporations or unincorporated associations cannot make contributions or expenditures to candidates or political committees. See § 1633(a). See also the definitions of "contribution" and "expenditure" at §§ 1621(b) & (d). The term "contribution" includes a "valuable thing," which is defined at § 1621(k).

May a corporation or unincorporated association (including a labor union) make independent expenditures in support of or in opposition to a candidate?

Yes. Corporations and unincorporated associations are permitted to make independent expenditures.

**Reporting the expenditure.** Corporations and unincorporated associations that make independent expenditures that expressly advocate the election or defeat of a clearly identified candidate, or question appearing on the ballot, and that exceed \$100 in the aggregate during a calendar year, must report the expenditure on an independent expenditure report. See § 1626(g).

**Advertising disclaimer.** If a corporation or unincorporated association makes an independent expenditure for a general public political advertisement that expressly advocates the election or defeat of a candidate or ballot question, the advertisement must contain a disclaimer that clearly states who financed the expenditure for the communication. See § 1638(a)(2).

Independent expenditures are defined in § 1621(e). See <u>Citizens United v. Federal Election</u> <u>Commission</u>, 130 S.Ct. 876 (2010), and the Department of State's <u>Statement on Citizens United</u>.

### Payroll deduction

May a corporation use payroll deduction for its individual employee contributions to the corporation's political action committee (PAC)? Likewise, may a labor union or trade association use payroll deduction for its individual members to make contributions to its political action committee (PAC) or collect PAC funds with annual dues?

Yes; however, if an entity is using payroll deduction, there are many important conditions to meet in order to act in compliance with the Pennsylvania Election Code. These conditions are:

- All contributions from employees or members to the PAC must be voluntary and the corporation or association must obtain such a voluntary statement from the individual donor in writing and keep it for three years. See §§ 1633(c) & 1622(c).
- The corporation or association must send the PAC the individual contributions and a list containing the following information:
  - o Contributor's name for contributions over \$10 and the date(s) of the contribution(s),
  - o Contributor's name and address and the date(s) of the contribution(s), for contributions aggregating over \$50 during the reporting period,
  - Contributor's name, address, occupation, name of employer and the date(s) of the contribution(s) for contributions aggregating over \$250 during the reporting period.

The PAC treasurer must keep these records for 3 years.

PAC recordkeeping and reporting requirements are listed at §§ 1622(c) & 1626(b).

• All contributions must be distributed by the corporation or association to the PAC treasurer within 10 calendar days of receipt. See § 1622(d).

Although corporations and associations may pay for the establishment and administration costs of running the PAC, no corporate funds may be transferred to the PAC. Only individual or partnership contributions (that do not come from corporations) may go to the PAC that come from payroll deductions or annual dues and are documented. See §§ 1633(a), (c) & (d).

#### **Political Committees**

# May a political committee incorporate and still be able to make expenditures and take contributions?

Yes. If a political committee is formed for political purposes, it may incorporate. This is an exception to the general rule that corporations cannot make contributions or expenditures. See § 1633(a). However, corporations can make independent expenditures, as noted in the Department's Statement on Citizens United.

#### **Disclaimers**

If a candidate runs an advertisement on television and/or radio, is the candidate required to disclose who paid for the advertisements? Likewise with billboards and printed signs?

Yes. The "disclaimer" notice pertains to all general public, political advertising. See § 1638.

Are there any exceptions to the disclaimer rule for small items such as pencils?

Yes. The disclaimer requirement does not apply to bumper stickers, pins, buttons, pens, and similar small items upon which the statement cannot be conveniently printed. See <u>4 Pa. Code</u> § 181.1(b).

#### **Enforcement**

# Enforcement agencies

# Who enforces the campaign finance law and in what manner?

The Attorney General or District Attorneys in a county in which a violation has occurred have concurrent powers to enforce the campaign finance provisions of the Pennsylvania Election Code. See § 1642.

The Pennsylvania Department of State's role is administrative. The Department receives filings from candidates and political committees, and is authorized to:

- Assess late filing fees. See § 1632. Note that no person may take public office until the appropriate supervisor (state or county) certifies that all campaign finance reports have been filed. See § 1632(b).
- Conduct an audit by selecting via lottery three percent of all offices for which candidates file nomination petitions or papers. See § 1635.
- Investigate and report apparent violations to the appropriate law enforcement authorities. See §§ 1639(6) & (7).

County Boards of Elections shall, for candidates and political committees filing with the Board:

- Assess late filing fees. See § 1632. Note that no person may take public office until the appropriate supervisor (state or county) certifies that all campaign finance reports have been filed. See § 1632(b).
- Investigate and report apparent violations to the appropriate law enforcement authorities. See §§ 1639(6) & (7).

### Late fees

# Are there any penalties for filing a late report?

Yes. The fee is \$10 for each day or part of a day excluding Saturdays, Sundays and holidays that a report is overdue. An additional fee of \$10 is due for each of the first six days that a report is overdue. The maximum fee payable with respect to a single report is \$250. See <u>§ 1632(a)</u>.

#### Audits

# How can I request an audit?

Within 90 days after the last day for filing a report, any five registered voters of the Commonwealth or of a political subdivision (county, municipality, etc.) may file a petition. See § 1636. If the original report is filed with a county board of elections, the five voters must file their petition with the court of common pleas in that county. If the original report is filed with the Department, then the five voters must file their petition with the Commonwealth Court.

#### **Judicial Candidates and Elections**

# May judicial retention candidates receive corporate or labor union contributions for their campaigns?

No. An individual is a candidate if he or she "seeks nomination or **election** to public office." See § 1621(a). The word "election" is defined to include a retention election. See § 1621(c). Corporations and labor unions are prohibited from making contributions in connection with the election of any candidate. See § 1633(a).

# **Political Committees and Political Action Committees (PACs)**

#### Federal PACs

What are the registration and reporting requirements for a Federal PAC making contributions to Pennsylvania candidates for state office?

A Federal PAC may make contributions or expenditures to Pennsylvania candidates if it is registered as a PAC with Pennsylvania. In order to register the PAC with Pennsylvania, the committee must complete the form Political Committee Registration Statement. When the PAC is registered, it must file timely reports. See § 1626(j). Because the PAC in question is also a registered Federal PAC, we require, when filing the Campaign Finance Report with our office, that the PAC:

- Complete the Pennsylvania report cover page,
- Complete the Pennsylvania report expenditure page, listing all expenditures made to Pennsylvania candidates and combining all other expenditures made outside of Pennsylvania into a lump sum,
- Include the summary pages of its Federal Election Commission (FEC) report, and
- Include all contributions from the FEC Report.

# Recordkeeping

### Legal Requirements

# What records and information am I required by law to keep?

Each candidate and committee must keep records of the names and addresses of each person from whom a contribution of over \$10 has been received and a record of all other information required to be reported under the Campaign Finance Reporting Law. For example, see the sections in this FAQ regarding registration, reporting, vouchers, etc. The records are required to be kept for three years after such information is reported.

See  $\S 1622(c)$ .

#### **Vouchers**

#### What is a voucher?

Vouchers are receipted bills for expenditures made for more than \$25. See § 1626(c) and 4 Pa. Code § 177.2(c). A receipted bill must contain all of the following:

- the identification of the person to whom the expenditure is made;
- the amount of the expenditure;
- the particulars of the expenditure; and
- the date the expenditure was made. See 4 Pa. Code § 177.2(c)(2).

When a receipted bill is not available, the treasurer may retain the following:

- the cancelled check (including both the front and back sides of the check) showing payment of the bill; or
- any of the following
  - o the bill, or
  - o the invoice, or
  - o other contemporaneous memorandum of the transaction containing the same information as in a receipted bill;
- or both. See 4 Pa. Code § 177.2(c)(3).

Vouchers must be retained for a period of three (3) years after the information is reported. See  $\S 1622(c)$  and the answer above regarding recordkeeping.

# Must I file vouchers with each report?

No. See § 1626(c).

## How may an individual obtain a voucher from a candidate or political committee?

Any person may inspect or copy vouchers by filing a written request with the appropriate supervisor (either the state or the county) who shall notify the candidate or political committee of the voucher request. The candidate or political committee has the option of either:

- forwarding such vouchers or copies of the vouchers to the supervisor; or
- making the vouchers or copies of the vouchers available for inspection and copying to the requesting person.

The requestor must pay for the cost of copying and delivery of the vouchers. See § 1626(c) and 4 Pa. Code § 177.2(d).

# Registration

# **Candidacy**

#### When do I become a candidate?

Several scenarios trigger a candidacy:

The candidate or the candidate's political committee:

- receives a contribution or
- makes an expenditure or
- gives his/her consent for any other person or committee to receive a contribution or make an expenditure to influence his/her nomination or election to office.

#### Please note that:

- the candidacy exists whether or not the individual has announced his or her intention to seek a specific office at the time the contribution is received or the expenditure is made; or
- the candidate files nomination petitions or nomination papers. See § 1621(a).

Write-in candidates should contact the Bureau of Elections and/or the county election office. (This question and answer also appears on page 1 of this document.)

#### Are individuals who run for state or local party committees exempt from campaign laws?

Yes. Candidates for party offices do not meet the definition of a candidate, which states a candidate is an "individual seeking nomination or election to **public office**." See § 1621(a).

Do contributions from candidates to a local political party committee trigger that political party's registration with the Department if the party committee makes no expenditures to state candidates?

No. The local party committee is only required to register with the Department if it makes expenditures to candidates who file nomination petitions with the Department. See §§ 1626(d) & 1631.

# Amending a registration statement

# Who must sign an amended registration statement for a political committee?

Either the chairman or the treasurer may sign the Registration Statement.

# May a political committee amend its registration statement by filing a letter with the supervisor (state or county)?

Yes. The committee may amend its registration statement by filing a letter, provided that the letter contains the change or correction. See <u>4 Pa. Code § 176.3</u>.

### When must an amendment to a registration statement be filed with the supervisor?

Within 30 days of the change in registration information or within 30 days of the date on which the error is detected. See § 1624(c) and 4 Pa. Code § 176.3.

#### Chairman and Vice Chairman

# What are the advantages of having a vice chairman?

A political committee cannot make any contributions or expenditures if there is a vacancy in the office of chairman or treasurer. See § 1622(a). Thus, if the office of chairman is vacant, and there is a vice chairman or assistant chairman, the committee can continue to make contributions and expenditures. See  $4 \ Pa. \ Code$  §§ 176.5(b)(1) & (d). Also see **Treasurer and Assistant Treasurer** below.

# Receiving Money for the Candidate or Political Committee

# May an individual receive contributions on behalf of a political committee or candidate?

Yes. However, any person receiving any contribution on behalf of a political committee or candidates must turn such contributions over to the treasurer of that committee or the candidate within 10 days of receipt. See § 1622(d).

#### Treasurer and Assistant Treasurer

# Is the treasurer of a political committee the only person, aside from the candidate, who may receive and disburse funds collected on behalf of a candidate?

No. The treasurer of a political committee formed on behalf of a candidate may appoint any number of assistant treasurers, in writing, to receive and disburse funds. See § 1622(b).

#### How would a political committee designate an assistant treasurer?

A political committee may designate an assistant treasurer in writing, either by amending the registration statement, indicating an assistant treasurer, or by filing a letter with the appropriate supervisor (either the state or county). See <u>4 Pa. Code §§ 176.5(b)(2) & (c)</u>.

# What are the advantages of having an assistant treasurer?

A political committee cannot make any contributions or expenditures if there is a vacancy in the office of chairman or treasurer. See § 1622(a). Furthermore, all money received and disbursed by a political committee must be done through the treasurer of the committee. Thus, if the office of treasurer is vacant, and there is an assistant treasurer, the committee can continue to make contributions and expenditures. See 4 Pa. Code § 176.5(e).

# Reporting

# Who must file campaign finance reports?

Each treasurer of a political committee and each candidate for election to public office must file with the appropriate supervisor (state or county) reports of receipts and expenditures on forms designated by the Department, if the amount received or expended or liabilities incurred exceeds \$250. See \$1626(a).

# When may a statement be filed in lieu of a campaign finance report?

If the aggregate amount of receipts, expenditures, or liabilities incurred by a political committee or candidate does not exceed \$250 during a reporting period, then the candidate or treasurer of a political committee shall file a sworn statement with the appropriate supervisor (state or county) on the Department's form. See § 1626(a).

# What type of information must be included in a report?

For contributions to a candidate, political committee, or political action committee (PAC), the required report detail varies by contribution thresholds:

- For each person who contributed more than \$250 in aggregate during the reporting period, the report must include the full name; mailing address; occupation and name of employer, if any, or the principal place of business, if self-employed; the amount and the date of such contribution.
- For each person who contributed in excess of \$50 during the reporting period, the report must list the full name, mailing address, amount, and date of such contribution.
- Also, the report must include the total sum of individual contributions that are \$50 or less in the aggregate during the reporting period.

For expenditures, the report must include:

- each and every expenditure,
- the date made.
- the full name and address of the person to whom it was made, and
- the purpose of the expenditure.

See §§ 1626(a) & (b).

# Must campaign finance reports and campaign finance statements be notarized?

Yes. See § 1629(a).

# Are campaign finance reports public records upon filing?

Yes. See § 1639(3).

### Filing Requirements

# What are acceptable ways to file campaign finance reports?

There are several acceptable ways to file campaign finance reports:

- on paper, using the prescribed forms;
- online via the Internet, directly from our website, along with the submission of the properly executed cover page; or
- on CD with an accompanying properly executed cover page.

Please note that all information regarding methods of filing campaign finance reports can be obtained on the Department of State's website at <a href="www.dos.pa.gov/campaignfinance">www.dos.pa.gov/campaignfinance</a> by clicking on the Campaign Finance link.

Postmarks are acceptable as proof of timely filing when the report is postmarked by the U.S. Postal Service no later than the **day prior** to the filing deadline. See § 1632(a).

# Where must campaign finance reports be filed?

Candidates for statewide, legislative, and judicial offices: File with the Department of State and the county in which the candidate resides.

**Authorized political committees of candidates for statewide, legislative, and judicial offices:** File with the Department of State and the county in which the candidate resides.

Political Action Committees that support statewide, legislative, and judicial offices: File with the Department of State.

**Candidates for local office:** File with the appropriate county board of elections.

**Authorized political committees of candidates for local office:** File with the appropriate county board of elections.

**Political Action Committees that support local offices:** File with the appropriate county board of elections.

Political Committees and Political Action Committees that support both candidates who file with the Department of State and candidates that file with a county board of elections: File with the Department of State.

**Independent Expenditure Reports:** When the amount of an independent expenditure exceeds \$100, file the report on the next filing deadline. For independent expenditures for statewide,

legislative, judicial offices and statewide questions, file with the Department of State. For independent expenditures for local offices and local questions, file with the county board of elections.

**Issues:** Any statement or report concerning an issue to be voted on by electors of the State at large must be filed with the Department of State. Any statement or report concerning any other issue to be voted on by the electors of this Commonwealth must be filed in the county wherein the electors reside.

See § 1631.

# When must campaign finance reports be filed?

**Sixth Tuesday Pre-Primary or Pre-Election Reports:** Must be filed **only** by candidates for statewide office, their authorized candidate committees and any political committee or political action committee that has made an expenditure in excess of \$250 to influence the election of a statewide candidate. See §§ 1626(a) & (d).

Second Friday Pre and Thirty Day Post-Primary or Election Reports: Must be filed by all candidates appearing on the ballot, their authorized candidate committees and any political committee or political action committee that has made an expenditure in excess of \$250 to influence the election of such candidates. See §§ 1626(d) & (e).

**Annual Reports:** Must be filed by all candidates, political committees and contributing lobbyists that have not filed termination reports. *See § 1627*.

### Are lobbyists required to file campaign reports?

Contributing lobbyists must file, regardless of the amount, under the same provisions as a political committee. See § 1625.

# 24 Hour Reports: Late contributions and late independent expenditure reports

# What are the requirements for filing late contributions and late independent expenditures (24 hour reports)?

There are two types of filers that are required to file late (24 hour) reports.

- Any current candidate or political committee authorized by a current candidate which receives any contribution or pledge of \$500 or more, and
- Any person making an independent expenditure of \$500 or more.

Timing requirements.

- After completing the final pre-primary/pre-election report, filers must submit a report of the contribution or expenditure from that date through and including the day of the primary/election.
- All required filers must send the report of late contributions or expenditures within 24 hours of receipt of the contribution or the expenditure.

Filing 24 hour reports.

• Filers may send 24 hour reports by facsimile at 717-213-8083, or via e-mail at: <u>rastcampaignfinance@pa.gov</u>

- Note that the filing of reports via facsimile or e-mail applies **only** to late contribution reports. It does not apply to the filing of campaign finance reports.
- Remember to include late contribution report information on the appropriate post-primary/post-election expense report filing. See § 1628.

Are late contributions and late independent expenditures made by different entities, which aggregate to \$500 or more within the same 24-hour period, subject to the reporting requirement of § 1628?

No. Only contributions and expenditures made by the same entity (person or political committee) which aggregate to \$500 or more within the same 24-hour period are required to be reported. See  $\S$  1628.

# Amending reports

# Can the treasurer amend a campaign finance report?

Yes. To amend a campaign finance report that was filed previously, select "amendment report" on the reporting form and state which report is to be amended.

# Candidate's own funds

# Are candidates required to disclose their own money they spend for the campaign?

Yes. If a candidate spends his/her own money, any money spent directly should appear as an expenditure on the candidate's own report. If the candidate gives money to his/her campaign committee, then the committee reports it as a contribution, and the candidate reports it as an expenditure on the candidate's own report. See §§ 1621(d) and 1626(a). If a candidate wishes to be repaid for money he/she spends for the campaign, the candidate may loan his/her money to the campaign, as described below at "candidate loans."

# Is it possible for a candidate to have a negative cash balance?

Yes. If a candidate spends his/her own money, any money he/she spends directly should appear as an expenditure on his/her own candidate's report. Therefore, a candidate could have a negative cash balance.

# How would a candidate report a contribution that he/she makes to his/her campaign committee?

If the candidate gives money to his/her campaign committee, the candidate reports it as an expenditure on his/her own candidate's report. Then the committee reports it as a contribution on the committee report.

#### Candidate Loans

If a candidate makes a contribution to his/her committee in the form of a loan, is it an expenditure for the candidate?

Yes. The candidate reports it as an expenditure on the candidate's own report, and the committee then reports the loan as a contribution. See §§ 1621(b) and (d). Additionally, the committee would report the loan as an unpaid debt.

# Residual Funds (Excess Funds)

What are the requirements for residual funds of a candidate after an election or when a candidate retires from office?

Residual funds can either be:

- Used for any expenditure to influence the outcome of an election. See § 1621(d); or
- returned, pro rata, to the contributors by the candidate or treasurer of the political committee. See § 1630.

If the funds are used to influence the outcome of an election, the expenditure does not have to influence a particular election, rather, the expenditure just has to be made in an effort to influence **an** election. The funds can be made to influence the outcome of future elections generally. See § 1621(d).

See § 1630 for all candidates except judicial candidates. Judicial candidates should contact the Judicial Ethics Committee of the Pennsylvania Conference of State Trial Judges at (215) 922-3232.

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