OCPF REPORTS

Massachusetts Office of Campaign and Political Finance Newsletter

From the Director: William C. Campbell

Moving Ahead

As part of the OCPF effort to increase education, this will be the last quarterly newsletter that will be issued. Beginning in May, the office will be distributing monthly emails in its place. This will allow the office to provide candidates, campaign staff and interested parties more frequent and more timely information on a variety of topics.

The weekly Wednesday training will continue to be offered online. It is our belief that this method provides more people the opportunity to receive training, with fewer obstacles, such as time and money. The office is also upgrading the required online treasurer training and will be launching this new service in the coming weeks.

We are simplifying the process for local candidates to register and use the R7

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2022 state election

Do this to avoid (most) OCPF audit questions

OCPF staffers have years of state election cycle experience, and we know what the common issues will be each time around. Below are our top tips to comply with the law (and avoid letters from OCPF).

- 1. One deposit = One deposit report.
- 2. No deposits? No deposit reports are due.
- 3. File <u>deposit reports</u> shortly after making a deposit. In our experience, committees that file deposit reports within a few days of deposit are less likely to make errors or forget to disclose contributions.
- 4. <u>Clarify debit card expenditures</u> shortly after the bank files its report (OCPF sends a courtesy e-mail when the bank report is filed).
- 5. Only make expenditures by committee check or committee debit card (some campaigns also have committee credit cards).
- 6. Food: Campaigns may buy food for political purposes. However, the law requires clear purpose information to show it was for a political purpose. Example: "Coffee & doughnuts for GOTV volunteers."
- 7. Travel: Use clear purpose information for travel costs. Example A: "Train to NYC for political fundraiser." Example B: "Taxi to Statehouse political rally."
- 8. Workers: Clearly disclose why someone was paid. Example: "Social media management for September."
- 9. Use good penmanship when writing out checks (someone at the bank needs to be able to read it).
- 10. Reach out to your OCPF auditor with any committee changes or issues: OCPF@cpf.state.ma.us

Twitter: @OCPFreports 617-979-8300 1

New Educational Videos

Click the image to watch the video.









Continued: From the Director

electronic reporting system. By eliminating the need to apply and wait for a response to register, candidates and committees will be able to do so directly online. Although not an online filing system, by using R7 committees will streamline their reporting efforts by tracking their information electronically. The data will be compiled in a report the candidate can print and file with their local election official.

This year OCPF will also be administering the State Election Campaign Fund for statewide offices. During the 2018 state election, a total of \$1,093,739 was distributed to two gubernatorial candidates. It is anticipated that a similar amount will be available for distribution this year.

The mission of OCPF is to be a resource for candidates, committees and stakeholders in the election process. Getting out in front of issues with enhanced communication and education will eliminate many of the concerns that can arise. The last thing the campaign finance law should be is a barrier to an earnest individual interested in taking an active role in our democratic system. If you know of anyone considering getting involved in a campaign, let them know about OCPF.

For the quickest way in to the OCPF website, click our new QR code:



William C. Campbell, Director

Announcement: Starting in May, our newsletter,
OCPFREPORTS, will be published using an
embedded e-mail format, rather than PDF format.
It will also be published more frequently.

Recent Cases and Rulings

Click here for PDF copies of the public resolution letters below.

Public Resolution Letters

A public resolution letter may be issued in instances where the office found "no reason to believe" a violation occurred; where "no further action" or investigation is warranted; or where a subject "did not comply" with the law but, in OCPF's view, the case is able to be settled in an informal fashion with an educational letter or a requirement that some corrective action be taken. A public resolution letter does not necessarily imply a wrongdoing on the part of a subject and does not require agreement by a subject.

CPF-21-60: Tisbury School Committee. No further action (public resources); 1/14/2022. The town used public funds to pay for public communications related to a ballot question election. After consulting with OCPF, the town agreed to work with a ballot question committee to disclose the town's spending related to the ballot question election as debts owed by the ballot question committee. Public resources may not be used to support or oppose a municipal ballot question.

CPF-21-125: Charles Alvanos, Feeding Hills. Did not comply (disclosure); 2/4/2022. Alvanos, a mayoral candidate in Agawam, spent \$14,609 on miscellaneous campaign expenses with his own funds, without first depositing those funds into his depository bank account. Section 19 of the campaign finance law requires that all campaign finance activity must take place through the designated depository bank account and be disclosed in a timely manner. Alvanos forgave all outstanding liabilities owed to him by the campaign and dissolved his account.

CPF-21-84: Stephen Quist, Worcester. Did not comply (disclosure); 3/3/2022. Quist, a candidate for Worcester City Council, filed deposit reports late by 181, 203 and 210 days. Deposit reports disclose contributors to a campaign.

CPF-21-84: David Shea, Worcester. Did not comply (disclosure); 3/3/2022. Shea, a candidate for Worcester City Council, filed several deposit reports between 24 and 140 days late. Deposit reports disclose contributors to a campaign.

CPF-21-149: Citizens for Better Education in Westwood. Did not comply (disclosure); 3/3/2022. The committee advocated a vote opposing a tax override ballot question in October, 2021, and did not organize or disclose its financial activity in a timely manner.

Advisory Opinions Issued by OCPF

AO-21-04: A state party committee may not use an existing legal defense fund or create a new legal defense fund to raise and spend money to pay the legal expenses of candidates.

<u>AO-21-05</u>: Contributions from state and local party committees to other political party committees are subject to the aggregate \$5,000 annual contribution limit.

<u>AO-22-01</u>: State party committees are permitted to accept contributions from unincorporated businesses and non-profit entities within the established contribution limits, provided that the business entity or non-profit entity is not and does not derive income from a corporation, partnership, LLC or LLP.

<u>AO-22-02</u>: This opinion addresses questions regarding communications between independent expenditure PACs and party committees.

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The annual contribution limit from a union's **general fund** to a candidate is \$1,000 per calendar year.

A union may contribute a maximum of \$15,000 per year to all candidates and committees. The exception to this rule is money donated from the union's general fund to independent expenditure political action committees, ballot question committees and segregated funds, such as inaugural, recount and legal funds. There are no limits for contributions to those types of committees, or independent expenditures in general.

If a union exceeds \$15,000, or 10 percent of its gross revenues for the previous year, whichever is less, in contributions to candidates and committees, please contact OCPF for further guidance (a PAC may need to be organized). The threshold does not apply to contributions made to independent expenditure action committees, ballot question committees and segregated funds, or independent expenditures made by a union.

LIMITS FROM A UNION'S GENERAL FUND (\$15,000 aggregate total)

- \$1,000 per calendar year to candidates
- \$500 per calendar year to traditional PACs
- \$5,000 in the aggregate to all political party committees

If a union decides to raise money for the purpose of supporting or opposing candidates, a political action committee must be formed. Contact OCPF for further guidance.



In some cases, tax forms may be required for candidates or committees.

For example, a candidate who earns interest on their campaign bank account or savings account may need to file forms with the IRS.

OCPF recommends contacting the IRS for more information about filing responsibilities.

CLICK HERE for OCPF's guide to IRS and state Department of Revenue issues.

As of May 1, 2017, Section 6113 of the Internal Revenue Code requires political committees whose gross annual receipts normally exceed \$100,000 to include a special notice on solicitations informing persons being solicited that their contributions are not tax deductible. Contact the IRS for more information.

Revenue Service

DEPOSITORY REPORTING SYSTEM TIPS



Four Quick Tips

- No ATM withdrawals
- One deposit = One deposit report
- File deposit reports within three days of deposit (recommended)
- If you receive questions from OCPF's Audit Department, answer as soon as possible

OCPF: BEST PRACTICES FOR DEPOSITORY FILERS

WHY DOES OCPF RECOMMEND FILING DEPOSIT
REPORTS WITHIN THREE DAYS OF DEPOSIT, WHEN
THE STATUTE CALLS FOR MONTHLY OR QUARTERLY
REPORTING?

- 1. IN OCPF'S EXPERIENCE, CAMPAIGNS THAT FILE
 WITHIN THREE DAYS OF DEPOSIT MAKE FEWER
 ERRORS AND ARE LESS LIKELY TO FORGET TO
 DISCLOSE CONTRIBUTORS BY THE DEADLINE.
- 2. SHORTLY BEFORE AN ELECTION, SOME REPORTS

 MUST BE FILED WITHIN THREE DAYS. IT HELPS IF

 THE THREE-DAY RULE IS ALREADY PRACTICED BY

 A CAMPAIGN.



Click the image above for OCPF's top 10 campaign finance tips, a helpful refresher for all candidates and committees.



DONATING TO YOUR BOSS

The campaign finance law permits a public employee to donate to elected officials, even if the candidate is also their boss. For example, a correctional officer may contribute to the current sheriff.

However, the campaign finance law does not permit an appointed public employee to contribute to their superior, if that individual is also an appointed public employee. Where do we see this issue most frequently? Usually in sheriff and district attorney races. For example, if a captain at the county jail decides to run for sheriff, the correctional officers under their command may not contribute to the captain's campaign.

OCPF will reply with guidance for your specific questions about this topic at

OCPF@cpf.state.ma.us



SPRING 2022 <u>www.ocpf.us</u>

#ELECTION2022

Before raising or spending money, new candidates should organize/register with OCPF



Many elected officials have aides and staffers who are also appointed public employees.

An appointed public employee's time, while on the clock, is a public resource, and may not be used for campaign purposes. Aides and staffers should not perform campaign duties while working for the state, a county or a municipality.

Click the image for a short tutorial.

POSTING REPORTS TO MUNICIPAL WEBSITES THE CAMPAIGN FINANCE LAW REQUIRES LOCAL ELECTION OFFICIALS TO POST **CAMPAIGN FINANCE REPORTS** TO THEIR MUNICIPAL WEBSITES, IF A REPORT **EXCEEDS \$1,000 IN ACTIVITY.** HOWEVER: OCPF **ENCOURAGES LOCAL ELECTION OFFICIALS TO POST ALL REPORTS, REGARDLESS OF** THE FINANCIAL ACTIVITY. candidate mpaign fina



A LIABILITY IS A DEBT OWED BY A CANDIDATE OR A COMMITTEE.

MOST LIABILITIES ARE CANDIDATE LOANS TO HIS OR HER OWN CAMPAIGN.

CANDIDATE LOANS CAN BE PAID BACK TO THE CANDIDATE BY THE

COMMITTEE, OR A CANDIDATE CAN, AT SOME POINT IN THE FUTURE, FORGIVE

THOSE DEBTS.

A LIABILITY CAN ALSO BE AN UNPAID BILL. FOR EXAMPLE: A CANDIDATE, PARTY COMMITTEE OR OTHER COMMITTEE HIRES A CATERER TO CATER A FUNDRAISER. HOWEVER, THE CATERER HAS NOT YET BILLED THE COMMITTEE AS OF DEC. 31. A LIABILITY TO THE CATERER WOULD BE REPORTED ON THE YEAR-END REPORT, FOR DEPOSITORY FILERS.



YOU'VE DECIDED TO RUN FOR OFFICE. DO THIS FIRST!

WATCH THE TUTORIAL HERE.



ELECTION 2022

Candidate campaigns may pay individuals for the work they perform. However, records should be kept for the hours worked and the type of work, and the pay should be reasonable for the type of work performed.

If someone is paid by a campaign for the work they perform, the purpose of the expenditure should be clear. For example:

- "Media consulting services for July."
- "Campaign newsletter and content production, quarter two."
- "GOTV services (driving voters to the polls)."

Please consult the IRS if your campaign is paying individuals to work for the campaign. There may, or may not, be IRS filing requirements.

A candidate may not be paid by his or her campaign committee.



NEW STATE REGULATIONS

New state campaign finance <u>regulations</u> are now in effect.

Please contact OCPF for further information at OCPF@cpf.state.ma.us

The changes will be publicized in future editions of OCPFReports, and on OCPF's social media platforms.

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