

# FEDERAL ELECTION COMMISSION



1325 K Street, N.W., Washington, D.C. 20463

RELEASE: ON RECEIPT

CONTACT: DAVID FISKE  
SUSAN TIFFT  
(202) 382-4112

## FEC PROPOSED REGULATIONS SENT TO CONGRESS

WASHINGTON - JAN. 11 - The Federal Election Commission today sent to Congress a set of proposed regulations governing all major areas of the Federal election campaign law.

The proposed regulations are virtually identical, with two exceptions, to the set of proposed regulations submitted to Congress on August 3, 1976 and published in the Federal Register August 25, 1976.

The two changes, which were formally adopted by the Commission this fall as amendments to the proposed regulations, require more adequate record-keeping of the "particulars of... [campaign] expenditures", and permit a "corporation or labor organization [to] distribute... [non-partisan] registration or voting information... to the general public."

After publication in the Federal Register and a public comment period, these amendments were incorporated into the August 3, 1976 proposed regulations.

The package of proposed regulations covers Title 2, U.S. Code, which includes reporting and disclosure, and the spending and contribution limits, and Title 26, U.S. Code, which includes the public funding provisions of the law.

The Commission may not officially promulgate these regulations until a period of 30 legislative days has elapsed from the date of transmittal, during which time either house has the opportunity to veto them. The Federal Election Campaign Act of 1971, as amended in 1974 and 1976, defines "regulation" as "a provision or series of interrelated provisions stating a single separable rule of law."

The August 3, 1976 proposed regulations were under review in Congress 26 legislative days when Congress adjourned on October 1, 1976, two legislative days short of the 30 legislative day requirement for promulgation.

Draft regulations were originally published for public comment in the Federal Register on May 26, 1976, five days after the Commission was reconstituted in accordance with the Supreme Court's decision in Buckley v. Valeo. Hearings were held June 7-10, 1976, on Title 2, and part of the Title 26 regulations. A hearing on the General Election Financing Regulation under Title 26, was held on July 7, 1976. Based on these hearings, and written comments, the

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regulations were revised in numerous drafts, and discussed at subsequent Commission meetings. The final drafts of the proposed regulations, with the two amendments, were approved this week for transmittal today.

Attached are highlights of the FEC proposed regulations

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SELECTED HIGHLIGHTS OF THE  
PROPOSED FEC REGULATIONS

PART 100 - General Definitions

Loan - A loan is a contribution "to the extent that the obligation remains outstanding."

Volunteer Activity - An individual can donate services to a campaign without making a contribution or expenditure. However, an employee volunteering services during a "regular work period" must make-up or complete duties "within a reasonable period" to prevent that time being considered as an in-kind contribution by the employer.

Candidate's Personal Expenses - A candidate's "routine living expenses" including food and residence, are not campaign expenditures, if paid by the candidate out of personal funds.

"Testing The Waters" - An individual is not deemed a "candidate" by receiving money or making payments to determine whether to become a "candidate," such as taking a poll. However, upon becoming a candidate, these preliminary transactions will be treated as reportable contributions and expenditures subject to any campaign limits.

Primaries - For independent or minor party candidates, the primary election ends either (1) the last day under a state's law to qualify to appear on that state's general election ballot, or (2) the date of the last major party primary election, caucus or convention in that state, or (3) the date of nomination by the party.

PART 101 - Candidate Status

Candidacy - The individual becoming a candidate must, within 30 days, file a Candidate Statement, or letter, designating a principal campaign committee and a national or state bank as a campaign depository.

Waiver of Candidate Personal Reporting - A candidate is relieved of the duty to file personal campaign reports if he agrees to turn over to his principal campaign committee any contribution made personally to him and also to not make any unreimbursed campaign expenditures (except from personal funds). This waiver becomes effective when the regulations are promulgated by the FEC.

PART 102 - Committee Registration and Organization

State Party Committees - A state or local political party committee supporting Federal and non-Federal candidates must either operate as a single committee and insure that all contributions received by the committee are lawful under Federal law, or in the alternative, set up a separate Federal committee with a separate segregated account.

Principal Campaign Committee - Every candidate's "principal campaign committee" must register regardless of how much money the committee has spent or received.

PART 103 - Campaign Depositories

Deposit of Contributions - A contribution must be deposited in the campaign depository within 10 days of its receipt by the candidate or the committee treasurer.

PART 104 - Reports by Political Committees and Candidates

Waiver of Quarterly Reports - No quarterly finance report is required of candidates or political committees in any quarter in which they do not receive or spend more than \$1,000, and in the case of candidates and their authorized committees in non-election years in any quarter in which they do not receive or spend a total of \$5,000. However, they must "notify the Commission in writing" the first time this reporting exemption applies.

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Itemized Contributions - Only contributions of more than \$100 must be itemized in campaign finance reports. If a candidate or committee chooses to itemize contributions of \$100 or less, it must be done on a separate list from the required larger contributions, and the two categories may not be commingled in the report.

In-Kind Contributions - Each in-kind contribution shall be identified as such and "shall be valued at the usual and normal charge on the date received".

#### PART 105 - Document Filing

Microfilm Copies - The Clerk of the House and the Secretary of the Senate shall transmit to the Commission both a microfilm copy and photocopy of each report filed initially with them for House and Senate races.

#### PART 106 Allocation

Travel Expenses - When a candidate's trips include both campaign and non-campaign related activities, the travel expenses to be reported as campaign expenditures must be "calculated on the actual cost-per-mile of the means of transportation actually used."

Campaign-Related Stop - A campaign-related stop is one in which any non-incidental campaign activity takes place; travel expenses of a spouse or family are campaign expenditures only if the spouse or family members conduct campaign-related activities.

Between Candidates - Expenditures on behalf of more than one candidate shall be attributed to each candidate (and reported) in proportion to the benefit derived by each candidate.

#### PART 107 - Convention Reports

Reports - Each Host Committee, national party committee, state party committee or its subordinate committee which deals with a Presidential Nominating Convention must file a convention report of receipts and expenditures in connection with the Convention within 60 days following the Convention's last session, but not later than 20 days before the general election.

#### PART 108 - States

Filing - Copies of reports required to be filed with State Officers must be "true and legible copies" of the original report filed in Washington.

Preemption - Federal law preempts state law in Federal elections in areas such as committee organization, registration and reporting, and contribution and expenditure provisions, but does not preempt state laws relating to the administration of elections, such as candidate qualifications, voter registration, conduct of elections, or election fraud.

#### PART 109 - Independent Expenditures

"Cooperation and Consultation" - An expenditure is presumed not to be independent of a candidate's campaign when it is made "based on information about the candidate's plans, projects and needs," supplied by the campaign to the expending person "with a view towards having an expenditure made."

Agents - Similarly, expenditures will not be presumed "independent" if made by a person who has been authorized to raise or spend money for the campaign, or who has been a campaign committee officer, or who has been paid or reimbursed by the campaign.

Contribution in-kind - An expenditure not qualifying as an "independent expenditure" will be treated as a "contribution-in-kind" to a candidate subject to contribution limits, and must be reported as an expenditure by the candidate.

Advertising - Any independent general public political advertising must contain a statement that the communication is not authorized by any candidate, and list who is responsible for it. This statement must be included "in a manner calculated to provide actual notice", and shall be "on the face or front page of printed matter" and "at the beginning or end of broadcast or telecast matter."

#### PART 110 - Contribution and Expenditure Limitations

Affiliated Committees - Single Contribution Limit - All political committees of a corporation, union, or other group of persons (including all affiliates, subsidiaries, locals, etc.) are subject to a single combined contribution limit per candidate, per election. Indicia of "maintenance or control" of committees by a group which will bring them under this combined contribution rule include power to hire or fire officers and members, ownership or controlling interests, similar patterns of contributions, and substantial transfers of funds between the different committees.

Party Committees - National and state political party committees are entitled to separate contribution limits. Subordinate state party committees can have a contribution limit separate from the state central party committee contribution limit if they do not receive funds from, or make contribution decisions in coordination with, any other political party unit.

Spouses and Minors - Spouses are entitled to separate contribution limits, but minor children can only be independent of their parents and make a separate contribution if they own or control the money, knowingly and voluntarily make the contribution, and have not received the money for the purpose of the contribution.

Candidate Personal Funds - The unlimited amounts of personal funds a candidate can spend in his own campaign must be funds to which he has "legal and rightful title", or "access and control over," including money from income, dividends, trusts, awards and prizes or personal gifts.

Anonymous Contributions - The amount of any anonymous contribution over \$50 cannot be used in Federal elections.

Presidential Expenditures - As part of a state, county, city, or Congressional district party committee's joint efforts on behalf of its slate of candidates in a general election, such committees may spend up to \$1,000 on behalf of the party's presidential candidate.

Advertising Disclaimers - Statements of authorization required in political advertisements are not required for "small items upon which the disclaimer cannot be conveniently printed," such as bumper strips buttons, and pens.

Independent Expenditures - Contribution limits apply to contributions made to committees making independent expenditures.

No Party Independent Expenditures - Political party committees may not make independent expenditures in connection with the general election campaigns of Federal candidates.

#### PART 111 - Complaint Procedures

Formal Complaint - In addition to signing, swearing-to, and having notarized any complaint, a complaint shall include the complainant's full name, address, telephone number, and a statement of the alleged act involved, and shall include any available documentation of the allegations.

Commission Action - Action following the three stages of initial processing, investigation, and conciliation must be by vote of four of the six members of the Commission.

Results - Public disclosure will be made of any determination by the Commission that no violation of the Act has occurred, and also of the results of any conciliation attempt, including any

Ex Parte Communication - No interested person outside the FEC may make, (and no FEC Commissioner or compliance staff member may receive) any ex parte communication relative to the factual merits of any enforcement action.

#### PART 112 - Advisory Opinions

Advisory Opinion Requests - Requests must be in writing and concern a "specific factual situation" involving the requestor, and may not be hypothetical questions.

Public Comment Period - Advisory opinion requests will be made public at the Commission, or through publication for a 15 day written comment period.

#### PART 113 - Office Account Regulation

Office Account - An office account includes donated or excess campaign funds to support activities of a Federal or state officeholder, but does not include funds with only publicly appropriated funds, personal funds of the officeholder or both.

Reports - Reports of office accounts are due twice yearly on April 15 and October 15.

Campaign Use - Any contribution to or expenditure from an office account for campaign purposes is subject to all campaign law limitations and prohibitions.

#### PART 114 - Corporations and Unions

Retired employee - Former or retired employees are not included in the category of "administrative or executive personnel" who can be regularly solicited for a corporation's "political action committee."

Partisan activities - Partisan "internal communications" may be made by a union to its members, or by a corporation to its "executive and administrative personnel" and stockholders. This communication may include distribution of internally generated printed material, or operation of phone banks. Such communications must be reported when each corporation or local union spends over \$2,000 in all primary elections and over \$2,000 in the general election.

Non-partisan activities - Only non-partisan communications may be made by a corporation or union to individuals outside its own class including allowing candidates or party representatives to address employees so long as the same opportunities are made available to all candidates and parties, aiding non-partisan voter registration and voting drives, conducted by a non-profit organization, and providing non-partisan voter registration information.

Voluntary Contributions to PAC's - Contributions to separate segregated funds must be completely voluntary. A contributor can not be compensated for a contribution such as through a bonus or expense account.

PAC Solicitation - The regulations include numerous technical provisions concerning solicitations to separate segregated funds by corporations and unions, by member organizations, and by trade associations.

Use of Facilities - Any individual using corporate or union facilities for volunteer political activity must reimburse the corporation for any costs incurred (such as long-distance telephone calls).

Airplane - If a candidate used a corporate or union plane, (except for corporation licenses to provide commercial air travel), the candidate must pay for the service "in advance" at the first class air fare rate for cities served by a regularly scheduled commercial service, and at the usual charter rate for other cities.

Credit - Corporations may only extend credit to political campaigns in a commercially reasonable manner, and in a similar fashion as they would extend credit to non-political debtors of similar risk and size of obligation. A corporation must pursue its remedies to collect any political debt in the same fashion and intensity as it pursues non-political debts.

#### PART 115 - Government Contracts

Government Contractors - Under the prohibition against contributions by Federal contractors, a partnership which has a government contract may not contribute, although the individual partners or employees may make personal contributions. However, an individual or sole proprietor who has a Federal contract may not make political contributions from either business or personal funds under his or her control.

#### PART 120 - 125 - Convention Financing

Expenses - Public funds for national political party conventions may only be incurred "for the purpose of conducting" the convention or "convention-related activities". These include physical site expenses, staff salaries, printing costs, the costs of providing a transportation system for persons attending the convention, and entertainment activities which are part of "official convention activity sponsored by the national committee".

Interest - Any interest earned by investment of the public subsidies will count against the total public fund entitlement of the party.

Reports - Convention committees must file a financial statement with the FEC within 60 days of the close of the convention, but not later than 20 days prior to the general election.

#### PART 130 - 134 - Primary Matching Funds

Non-matchable Contributions - Contributions in the form of the purchase price paid for an item of "significant intrinsic and enduring value, such as a watch" and for chances to raffles, lotteries or "similar drawings" are not matchable.

Entertainment - The price of admission to entertainment, such as a concert or motion picture, is matchable only for the amount above the "fair market value" of the entertainment; the total admission price to an "essentially political program", such as "the traditional political dinner or reception", however, is fully matchable.

Disclosure Agreement - A candidate's failure to comply with the reporting and disclosure requirements of the FECA, and of the FEC proposed Disclosure Regulations, when adopted, may result in suspension of certification of matching funds for him or her.

Continuation of Certification - After the date of candidate "ineligibility", matching payments may be made only to defray "net outstanding campaign obligations" as of that date. If the candidate has no outstanding campaign debts, he may receive no more matching money.

#### PART 140 - 146 - General Election Financing

Eligibility - Upon establishing eligibility, a general election candidate will be certified in full for the entire amount provided by law in Federal subsidies.

Reimbursement - Candidates may be reimbursed for media and secret service expenditures, such as airplane travel, initially incurred by the campaign.

Winding-down costs - Public funds may only be utilized by the candidate receiving Federal subsidies up to 30 days after the date of the general election. Private contributions may be received to pay administrative expenses terminating the campaign committee incurred after the Federal cut-off date (30 days after the election), but such contributions must be isolated from the campaign funds, separately reported, and in no way commingled with the campaign fund.