2017 Campaign Finance Reporting Workshop

Betsie Kimbrough, State Election Director, Idaho Secretary of State's Office
Justin Ruen, AIC

This Presentation Will Cover

Campaign Finance Reporting Basics

Reporting Deadlines

Contribution Limits

Frequently Asked Questions

Application of Sunshine Law to City Elections

Idaho Code 50-420 provides that campaign finance disclosure laws apply to elections for mayor and council, and ballot measures (including recall elections) in cities with 5,000 or more population.

The City Clerk is responsible for overseeing Sunshine Law reporting and working with candidates and campaign treasurers.

Currently, 33 cities fall under the Idaho Sunshine Law.

Cities Covered by the Idaho Sunshine Law

Ammon
Blackfoot
Boise
Burley
Caldwell
Chubbuck
Coeur d'Alene
Eagle
Emmett
Fruitland
Garden City
Hailey
Hayden
Idaho Falls
Jerome
Kuna
Lewiston
Meridian
Middleton
Moscow
Mountain Home
Nampa
Payette
Pocatello
Post Falls
Preston
Rathdrum
Rexburg
Rupert
Sandpoint
Star
Twin Falls
Weiser

Campaign Finance Disclosure Requirements for Candidates

When Does a Person Become a Candidate?

- **A candidate is a person who seeks election to city office.**
- **A person becomes a candidate when they:**

  (1) receive contributions, spend money, or reserve space or facilities with the intent to promote their candidacy for city office; or

  (2) announce publicly or file to run for city office.

Why Does It Matter? When a person becomes a candidate that is the point at which they need to certify their campaign treasurer and start complying with the Sunshine Law.

Sunshine Law Reporting Forms for Candidates

C-1—Appointment & Certification of Political Treasurer;

C-2—Campaign Financial Disclosure Report; and

C-5—48-Hour Notice of Contributions/Loans Received of $1,000 or More.

Certifying the Treasurer

The first step for candidates is to certify their treasurer, which is done by filing the C-1 form with the City Clerk.

The treasurer must be certified BEFORE the candidate starts raising or spending money.

Candidates can certify their treasurer and start raising and spending money long before they file their Declaration of Candidacy with the City Clerk in late August or early September to get their name on the ballot.

Who May Serve as a Treasurer?

Any person who is registered to vote in Idaho.

A candidate may serve as his/her own treasurer.

A person may serve as treasurer for multiple candidates and/or political committees.

Designating a New Treasurer

If the treasurer resigns or is removed, the candidate must certify a new treasurer *immediately* with the City Clerk's office by submitting a new C-1 form.

No money may be raised or spent until the new treasurer is certified.

Responsibilities of the Treasurer

Keep up-to-date accounts of contributions and expenditures.

Keep all campaign records for at least 1 year after the election, or 1 year after the last report is filed, whichever is later.

Must file the required reports in a timely manner with all the necessary information.

Responsibilities of the Treasurer, cont.

Obtain name, mailing address, and date for any person/entity contributing $50 or more during the calendar year.

Must obtain a receipt or canceled check for expenditures of $25 or more.

Must transmit to the State Controller for deposit in the public school fund any anonymous contribution of more than $50.

Elements of Campaign Finance Reporting

Contributions

Expenditures

In-Kind Contributions

Loans

Credit Cards and Debt

What is a Contribution?

Money contributions: cash or check;

Contributions of the candidate's personal funds;

In-kind contributions: goods or services furnished to the candidate for less than fair market value;

Loans from any source, including the candidate's personal funds; and

Pledged contributions.

Reporting Contributions

Unitemized Contributions: **Report number and total amount of contributions less than $50 received during reporting period.**

Itemized Contributions: **Any contribution totaling $50 or more from a single contributor. Report on C-2 Schedule A:**

- **Name and mailing address of contributor,**
- **Amount of the contribution,**
- **Total contributions from contributor for calendar year-to-date, and**
- **Date the contribution was received by the treasurer.**

What is an Expenditure?

An expenditure includes any payment or gift of money or anything of value.

The treasurer must report all expenditures made during the reporting period by or on behalf of the candidate.

Reporting Expenditures

Unitemized Expenditures: **Report number & total amount of expenditures less than $25.**

Itemized Expenditures: **Expenditures of $25 or more, which must be reported individually on C-2 Schedule B. Must report:**

- **Name and mailing address of each person or business receiving an expenditure of $25 or more,**
- **Amount of the expenditure,**
- **Date the expenditure was made, and**
- **Purpose of the expenditure.**

Reporting In-Kind Contributions

Reported on C-2 Schedule C.

In-kind contributions are goods or services provided to a candidate for less than fair market value.

For instance, a printer provides brochures for a candidate at no cost.

The name and address of the business owner is listed as the contributor.

The name and address of the printing business is listed under expenditure.

The fair market value of the brochures is listed as the amount for both the contributor and the expenditure. The same amount is written in both places.

Loans

Loans are reported on C-2 Schedule D.

The treasurer must report:

- **The name and mailing address of all lenders,**
- **The balance of loans at the end of the previous reporting period,**
- **The amount of loans received during the reporting period,**
- **Interest accrued during the reporting period,**
- **Repayment of loans during the reporting period, and**
- **The balance outstanding at the end of the reporting period.**

Contribution Limits for City Elections

Contributions to candidates for mayor or council, or committees formed on behalf of a candidate, are limited to $1,000 per election from each contributor.

There is no limit on the amount of personal funds that a candidate may contribute or loan to their own campaign, but these contributions or loans must be reported.

The candidate's spouse and other family members are subject to the contribution limit.

Monetary and in-kind contributions, as well as loans, all count toward the contribution limit.

Reporting Deadlines for Candidates

October 10 Pre-General Report

Period Covered: **From date of treasurer certification through September 30, 2017.**

Deadline: **October 10, 2017.**

Reporting Form: **C-2**

7-Day Pre-General Report

Period Covered: **October 1 through October 22, 2017.**

Deadline: **October 31, 2017.**

Reporting Form: **C-2.**

48-Hour Notice of Contributions/Loans of $1,000 or More

<u>Period Covered:</u> October 23 through November 4, 2017

<u>Deadline:</u> Within 48 hours after receipt of contribution/loan of $1,000 or more.

<u>Reporting Form:</u> C-5

30-Day Post-General Report

Period Covered: **October 23 through November 17, 2017.**

Deadline: **December 7, 2017.**

Reporting Form: **C-2.**

Annual Report (2017)

<u>Period Covered:</u> November 18 through December 31, 2017.

<u>Deadline:</u> January 31, 2018.

<u>Reporting Form:</u> C-2.

Terminating Reporting

Candidates may stop reporting when a zero balance is reported on Lines 6 and 7 of the C-2 Summary Page and no further contributions or expenditures are anticipated.

To end reporting, check "Yes" next to the question "Is this a Termination Report?" on the Summary Page of the C-2 form.

As an alternative to terminating reporting, the candidate can keep their campaign account open and file an annual report each year until the next election in which the candidate is involved.

This would normally happen if the candidate had money left over that they wanted to spend on the next election, or if they wanted to raise or spend money in preparation for the next election.

Donating Leftover Campaign Funds

If the candidate has funds leftover after the election and wants to close out their campaign account and stop reporting, the leftover funds can be contributed to a school booster group, veterans group or other charitable organization.

Penalty for Late Filing of Reports

Penalty for failing to file a report by the deadline is $50 per day until the report is filed.

The city clerk may waive penalties if it is determined that the late filing was not willful.

However, fines must be imposed if the report is not filed within 5 days after receiving written notice from the city clerk.

Attribution Requirement

Idaho Code 67-6614A requires that any political advertising must identify the person responsible for the communication.

This applies to any advertising, whether on television or radio; in newspapers; or billboards, signs, or brochures.

For example, John Smith is running for city council and has brochures printed.

His brochures must contain the notation: "Paid for by John Smith for City Council, Joe Greene Treasurer."

Exceptions to Attribution Requirement

Certain items are exempt from the attribution requirement, specifically: campaign buttons, bumper stickers, pins, pens, and similar small items upon which the attribution cannot be conveniently printed.

Filing of Written Complaints

The Sunshine Law allows any registered voter to file a written complaint with the city clerk if the person has reason to believe the law has been violated.

Complaints must be filed on form L-5.

The city clerk must thoroughly investigate all such complaints.

Frequently Asked Questions

Should a candidate open a new checking account to prevent comingling their personal funds with campaign funds?

Yes. Having a separate campaign account makes it much easier to keep track of how campaign funds are spent.

Is it required that the campaign treasurer be an accountant or bookkeeper?

No, however accounting or even basic bookkeeping experience is helpful.

If you are the type of person who doesn't balance your checking account, then finding a numbers person for your treasurer is probably a good idea.

Are corporations and labor unions allowed to contribute to candidates and political committees?

Yes. The Sunshine Law allows corporations and unions to contribute to candidates and political committees.

Is there a limit on how much money a candidate can receive from a single contributor?

Yes. Each person, corporation, political action committee, or other recognized legal entity may contribute up to $1,000 to a candidate for city office per election.

Is there a limit on the amount of personal funds a candidate may contribute to their own campaign?

No. The contribution limit does not apply to a candidate's personal funds.

Does the $1,000 contribution limit apply to contributions from the candidate’s spouse or other family members?

Yes. The candidate’s spouse, children and other family members may each contribute up to $1,000 per election.

Are in-kind contributions restricted by the contribution limit?

Yes. In-kind contributions are reported at fair market value and count toward the contribution limit, along with cash contributions and loans.

Are candidates required to report the amount of their personal funds contributed or loaned to their campaign?

Yes. All personal funds contributed or loaned by a candidate in support of their own election must be reported.

However, it is not necessary to report personal funds expended to pay the candidate filing fee.

If our political action committee pays to print a candidate's fliers, how should this be reported on our PAC's report and on the candidate's report?

On C-2 Schedule B, the political action committee will list as the recipient the business that printed the fliers.

Enter the date, amount and purpose of the expenditure, as well as the candidate benefiting from the expenditure.

The candidate reports the in-kind contribution on C-2 Schedule C, including:

- The date;
- The name and address of the PAC (under contributor);
- The business paid by the PAC (under expenditure);
- The amount; and
- The purpose for which the expenditure was made.

If the candidate purchases office supplies, meals, gas, etc. with their personal funds, may they be reimbursed from campaign funds?

Yes, the transaction should be reported on C-2 Schedule B.

The candidate's name and address are listed as the recipient, along with the date of the reimbursement, the purpose and the amount.

There must be a brief statement identifying that this is a reimbursement for the purchase of office supplies by the candidate on the particular date of the original transaction.

How are credit card transactions reported?

Credit card purchases are considered debt to the campaign and are reported on C-2 Schedule E, Credit Cards & Debt.

The report includes:

- The name and address of the creditor,
- The balance of debt at the end of the last reporting period,
- The amount of new debt incurred during the current reporting period,
- Repayment of debt during the current reporting period, and
- Debt outstanding at the end of the reporting period.

Each creditor listed in Schedule E must have an accompanying Schedule E-1 listing each credit card transaction, including:

- The date,
- The name and address of the business from which the goods or services were purchased,
- The purpose of the expenditure, and
- The amount of the expenditure.

If a treasurer is unable to balance a report, what should be done?

The report should be filed on a timely basis with a notation that an amendment will be forthcoming.

Filing a report late is a violation of the law.

Does a report need to be filed if the candidate has not received any contributions or spent any money during the reporting period?

Yes. The treasurer must check the certification on the summary page (page 1) of the C-2 form that no contributions or expenditures occurred during the reporting period. Only page 1 of the C-2 form must be filed.

Does the 48-Hour Notice requirement pertain to contributions of a candidate's personal funds and in-kind contributions?

Yes. This requirement applies to all types of contributions, including contributions from the candidate's personal funds, in-kind contributions and loans.

What date of receipt should be entered for a contribution: the date on the check or the date the treasurer received the contribution?

The date the treasurer received the contribution.

Must Campaign Financial Disclosure Reports be faxed or emailed to the city clerk?

Yes. The completed and signed report must be faxed, or scanned and emailed to the city clerk. Reports cannot be snail-mailed to the city clerk. This is a new requirement.

The treasurer is responsible for confirming that the report is received by the city clerk.

Can computer printouts be used in lieu of the C-2 itemized contribution and expenditure schedules?

Yes. Campaign records may be maintained electronically and spreadsheets can be used in lieu of the contribution and expenditure schedules.

If a treasurer plans to use computer-generated reports, they should submit a sample copy to the city clerk's office for approval.

Treasurers should follow these guidelines for computer reports:

- Approximately the same format used in C-2 Schedules A and B.
- Clearly label all data.
- The itemized contribution report must provide a calendar year-to-date amount for each contributor.
- The font must be *at least 10 point.*

Are there any restrictions on the use of campaign funds?

In addition to being used for campaign purposes, campaign funds may be used to defray any ordinary and necessary expenses incurred in connection with the holding of public office.

However, it is unlawful for campaign funds to be converted to personal use.

This means any expense that would exist irrespective of the candidate's election campaign or a successful candidate's duties as an officeholder.

The law prohibits using campaign funds for:

- Home mortgage, rent or utility payments;
- Clothing purchases except for campaign shirts or hats;
- Non-campaign or non-officeholder related automobile expenses;
- Country club memberships;
- Vacations or other non-campaign related trips;
- Tuition payments;
- Admission to sporting events, concerts, theater or other entertainment not associated with an election campaign;
- Dues, fees and other payments to a health club or recreational facility; and
- Meals, groceries or food expenses, unless related to the campaign or officeholder's responsibilities.

Excess campaign funds may be transferred to any nonprofit charitable, civic, religious, fraternal, patriotic or veterans organization; volunteer fire department; rescue squad; school booster group; or parent-teacher organization.

May I have an extension on the due date to file a report?

No. The law does not grant the city clerk the authority to give extensions.

When and under what circumstances can reporting be terminated?

May terminate reporting only when a zero balance is reported on Lines 6 and 7 of the C-2 Summary Page and no further contributions or expenditures are anticipated.

Cannot terminate reporting prior to an election in which the candidate is involved.

To terminate reporting, check “Yes” next to the question “Is this a Termination Report?” on the C-2 Summary Page (page 1).

Thanks for your time and attention!