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CAMPAIGN FINANCE GUIDE

Local Political Party Committees



Office of Campaign and Political Finance
Commonwealth of Massachusetts

This guide is designed to introduce individuals interested in serving as officers of elected political party committees at the local (ward, town and city) level to the provisions of the campaign finance law. The Office of Campaign and Political Finance ("OCPF") is responsible for administering Massachusetts General Laws Chapter 55, the campaign finance law. OCPF is available to assist individuals in complying with the statute and encourages treasurers, committee members, campaign workers and interested persons to familiarize themselves with these laws and regulations.

This publication is meant only to be an introductory guide to the campaign finance law, not a substitute for it. It is the responsibility of all those participating in political campaign financing in Massachusetts to become knowledgeable with the provisions of the law and regulations. Violations of the law carry serious penalties of fines, imprisonment or both. For additional information, please contact the

Office of Campaign and Political Finance

One Ashburton Place, Room 411

Boston, MA 02108

(617) 727-8352 / (800) 462-OCPF

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Office of Campaign and Political Finance

Chapter 1173 of the Acts of 1973 strengthened the state campaign finance laws and established the Office of Campaign and Political Finance. While the 1970s saw a push for reforms in campaign finance disclosure laws all across the country, portions of the campaign finance law were on the books in Massachusetts as early as 1884. Some of those original laws provide for restrictions on and protections for public employees and will be discussed later in this brochure. Significant changes to the law were made by Chapters 43 and 292 of the Acts of 1994. Many of these changes affect local party committees and are addressed in detail in this brochure.

The Campaign Finance Law

Chapter 55 of the Massachusetts General Laws is a comprehensive statute governing the financing of political campaigns in the Commonwealth. The statute requires, for example, that candidates and political committees disclose all contributions received and expenditures made. The campaign finance law also provides for limitations, and in some cases absolute prohibitions, on certain sources of campaign contributions. Additionally, the way in which campaign funds may be spent is regulated by the statute as well as by regulations and guidelines established by OCPF. Finally, Chapter 55 regulates certain conduct in connection with the raising and spending of campaign funds, such as the activities of public employees, and prohibits the use of governmental resources for political purposes. OCPF has promulgated regulations (970 CMR) on contributions and expenditures, which should be consulted for more specific guidelines on these requirements.

The Local Party Committee

M.G.L. Chapter 52 regulates the process by which ward, town and city political party committees are formed. Ward and town committee members of each party are elected at the presidential primary by those who have voted in that particular party. The members of the various ward committees of a political party in a city constitute the city committee.

Ward and town committee members hold office for a term of four years, ending on the thirtieth day following the date of the next presidential primary. City and town committees determine the number of members of ward and town committees, which must be no less than three and not more than thirty-five per committee. Ward and town committees may also have associate members. A change in residence or in party affiliation may cause an individual to cease being a member of a political party committee.

M.G.L. c. 52 contains additional information concerning the election, membership and duties of local party committees. OCPF does not administer M.G.L. c. 52, and those needing further information should contact the relevant state party committee or the Elections Division of the Secretary of the Commonwealth. The Elections Division telephone numbers are (617) 727-2828 and (800) 462-VOTE.

Organization and Disclosure Forms

The following is a summary of the appropriate forms required for local party committees and their purpose. OCPF staff would be glad to review with you these forms and the procedures for filing them.

**Commonwealth Of Massachusetts
Elected City, Ward And Town Political Committee Report**

M.G.L. Chapter 52 requires newly elected members of ward, town or city committees to meet and organize between 30 and 40 days of their election at the presidential primary. Within ten days of a committee's organization, its secretary must file the **Elected City, Ward And Town Political Committee Report** (formerly "Form CPF 101WTC") with OCPF. Completed forms should be copied and copies must also be filed with the Secretary of the Commonwealth's Division of Public Records, the city or town clerk or election commission, and the state committee of the political party represented by the committee. A ward committee must also file this form with its city party committee. A political committee may not accept any contributions or incur any expenses until a committee member is designated as its treasurer.

This form contains the name of the committee, with party affiliation listed, as well as the names and addresses of the chairman, treasurer, other principal officers, and members of the committee. Any change in information previously submitted should be reported to OCPF and the other parties noted above within **ten days** of such change.

Any change in treasurer should be reported by filing **Form CPF T 101 (Change of Treasurer; Acceptance of Office by Treasurer)** with OCPF within ten days of such change.

Form CPF 102WTC: Campaign Finance Report

This form must be filed by a committee that has met **any** of the following criteria during a reporting period:

It has:

- received contributions or other receipts totaling more than \$100;
- made expenditures totaling more than \$100;
- incurred liabilities totaling more than \$100; or
- acquired or disposed of assets totaling more than \$100.

The form is used to report all activity since the closing date of the committee's last report and, as discussed in the next section, must be signed by the treasurer of the committee. Treasurers are responsible for the legality, validity, completeness and accuracy of each of their reports.

The following information must be reflected on Form CPF 102WTC:

- Schedule A - Receipts: An alphabetical listing of all contributions and other receipts in excess of \$50 in a reporting period, including the date the contribution was received and the address of the contributor, which, if the contributor is an individual, must be his or her residential address. Receipts of \$50 and under may be added together on one line and included in total receipts. However, complete information, including date, name, address and amount must be kept by the committee regardless of the amount of the contribution. If the contribution is \$200 or more, or if the individual's total contributions are \$200 or more in the calendar year, the occupation and employer of the contributor must also be disclosed.
- Schedule B - Expenditures: An alphabetical listing of all disbursements in excess of \$50 with the amount and date of payment, the name and address of the payee and the purpose of the expenditure. Those amounts of \$50 or less may be totaled on one line and included in the total expenditures.

- Schedule C - In-Kind Contributions: An alphabetical listing of all contributions of anything of value other than money worth in excess of \$50 in a calendar year. This listing includes the date, the name and residential address of the contributor and a description of the contribution. The occupation and employer of any contributor of \$200 or more, whether it is in money, in-kind goods or services, or a combination of both, is also required. In-kind contributions valued at \$50 or less may be added together on one line and included in the total of all in-kind contributions for the period. In-kind contributions do not include volunteers' personal services or the exercise of ordinary hospitality.
- Schedule D - Liabilities: An alphabetical listing of all outstanding unpaid obligations, including loans, as of the last day of the reporting period, regardless of when the liability was incurred. Included are the amount, the date the liability was incurred, the name and address to whom it is due and the purpose of the liability. If a liability has been incurred but a bill has not been received, the liability must still be reported, with an estimate of the amount owed. Liabilities are carried over from each report to the successive report until they are satisfied.
- Schedule E - Disclosure of Assets Statement: A listing of all assets acquired or disposed of during a calendar year that have a useful life of more than one year, would be depreciable in a normal business environment, and have a cost/value of \$1,000 or more at time of acquisition. This schedule is filed only once each year on January 20 with Form 102WTC.

All of the above information is summarized in a schedule on the front page of Form CPF 102WTC. Detailed instructions for completing Form CPF 102WTC are available from OCPF.

Records of all receipts and expenditures must be maintained by the committee for all of its activities, regardless of amount. Treasurers of all political committees organized in Massachusetts are required by law to preserve detailed accounts, vouchers and receipts for six years from the date of the relevant election.

Filing Deadlines

Local political party committees that have had financial activity greater than \$100 during a reporting period are required by statute to file periodic campaign finance reports.

Assuming the committee has reached the \$100 level of activity during a reporting period, reports must be filed on three occasions during state election years and once during off-state election years. Where a report must be filed it must be received by OCPF before the close of business on the day the report is due. The treasurer of the committee is **personally** liable for a \$10 per day late fine for each day a report which must be filed is late.

- Pre-Primary Report: Due on or before the 8th day preceding the state primary, complete from the day following the date of the last report filed through 10 days before the due date.
- Pre-Election Report: Due on or before the 8th day preceding the state election, complete from the day following the ending date of the last report filed through 10 days before the due date.
- Year-End Report: Due on or before January 20 in the following year complete from the day following the ending

date of the last report filed through December 31. Schedule E (Disclosure of Assets) must also be filed at this time in order for the report to be considered complete.

If a local party committee does not raise more than \$100, spend more than \$100, incur liabilities of more than \$100 or acquire or dispose of assets of more than \$100 during any reporting period, it does not have to file a report for that period. The beginning date of the next report that is filed, however, will be the day after the close of the reporting period for the last report that was filed. *For example:* A committee filed a report on January 20 for the reporting period ending December 31. In a state election year, the next reporting period is January 1 to 18 days before the primary (10 days before the due date). The committee does not exceed any of the above four thresholds during the reporting period and exercises the option not to file a pre-primary report. The committee exceeds the threshold in the subsequent pre-election period (the day after the close of the pre-primary period to 18 days before the general election), so it must file a report that has as its starting date January 1, thereby covering the pre-primary period as well as the pre-election period.

A local party committee may choose to file regardless of the level of its activity. This keeps its reporting current and eliminates the need to file reports that go back many reporting periods once the committee exceeds the \$100 threshold.

Contribution Limits

The following is a summary of limitations placed on contributions made to a ward, town or city party committee.

- An *individual, political action committee* or *people's committee* may contribute up to an aggregate of \$5,000 in a

calendar year to all ward, town, city and state committees of the same political party. The total amount contributed to a particular party may be divided among the local committees and the state committee in any fashion, as long as the aggregate does not exceed \$5,000. For example, an individual who gives \$2,500 to the state committee of a party may give another \$2,500 to the party's local committees in any combination in the same year.

- The law limits contributions from registered *lobbyists* to any individual party committee, other than ballot question committees, to \$200 per calendar year. Lobbyists are also subject to the aggregate \$5,000 maximum discussed above.
- An *individual under age 18* is limited to a total of \$25 in political contributions to all candidates and political committees in a calendar year.
- *Candidates* may contribute to party committees from campaign funds, with the contribution limit varying according to the office sought by the candidate. Candidates for statewide office (Governor, Lieutenant Governor, Attorney General, Treasurer, Auditor and Secretary of State) may contribute up to \$100 per year to any state or local party committee, with an aggregate limit of \$1,500. Candidates for all other state, county and local offices may give to state and local party committees without limit.
- A ward, town or city party committee may not accept any contribution, including an in-kind contribution of goods, services, equipment, personnel, facilities or the like, from any business or professional *corporation* or from any association or organization comprised in whole or in part of business corporations. Corporations are also not allowed to spend money on behalf of a political party. An incorporated business may not necessarily use "incorporated" or

“corporation” in its name; therefore, committees should verify whether a business is incorporated if they receive a contribution.

- Individuals may use their *unincorporated businesses* to make individual campaign contributions. The contributions must be attributed to an individual partner or proprietor in that business and is applied to his or her individual limit.
- Statutory requirements regarding *raffles* held in the Commonwealth are found in M.G.L. Chapter 271, which states that no raffle may be held unless the sponsor has been issued a permit by the city or town clerk of the municipality where the raffle will take place. The Attorney General's office has ruled that this statute does not authorize the issuance of a raffle permit for any political purpose and that raffle permits may not be issued to political committees.
- A political committee is required by statute to obtain the *name and address* of all donors at the time a contribution is received. Therefore, "passing the hat" or other similar means of fundraising is prohibited, unless all the appropriate contributor information is obtained and records are kept.
- Each contributor must furnish the committee with his/her *true name and residential address* at the time the contribution is made.
- A committee must disclose the name and address of each contributor of more than \$50 in a calendar year. If an individual gives \$200 or more in a calendar year, the committee must also ask once at the time of solicitation and, if necessary, in one written follow-up request for the

contributor's *occupation and employer*. A copy of the written request must be kept as part of the committee's records. If a contributor still does not provide the information after the two requests, the committee has complied with the law and may keep the contribution.

- Contributions listed from a *trust, foundation or association* must include the names and residential addresses of its principal officers.
- Contributions from the same person that in the aggregate in a calendar year exceed \$50 must be made by *personal check* or a check drawn on an account for which the contributor is personally liable. Cash, money orders, cashier's checks or bank checks are prohibited in any amounts greater than \$50 in the aggregate per contributor per calendar year. Contributions by credit card are prohibited in any amount.
- Contributions of anything of value other than cash or checks are "*in-kind*" contributions, reportable on Schedule C and subject to the same contribution limits previously mentioned. Monetary and in-kind contributions are counted in combination towards an individual's contribution limit. Examples of in-kind contributions include, but are not limited to, rental space, furniture, office equipment, printing and postage, and advertisements.
- *Loans* are defined as contributions and are subject to the same contribution limits previously mentioned. Therefore, loans may make up some or all of an individual's contribution, provided the total amount contributed and/or loaned does not exceed the annual limit.

Expenditures

The following is a summary of limitations placed on expenditures which may be made by ward, town and city committees:

- A political party committee may make expenditures only for the enhancement of the principle for which the committee was organized (e.g., the advancement of the particular party and its candidates), provided such expenditures are not primarily for anyone's personal use. Expenditures may be made to reimburse an agent of the committee for expenses paid out of pocket for the benefit of, and with the authorization of, the committee, provided that disclosure is made of the original expenditure.
- A local party committee may give up to an aggregate of \$1,000 in monetary contributions to a candidate in a calendar year. There is no limit on in-kind contributions from a local party committee to a candidate.
- A local party committee may contribute no more than \$500 to a political action committee during any calendar year. A local party committee may not contribute to a people's committee, which may receive contributions from individuals only.
- A local party committee may contribute to state party committees and other local party committees up to aggregate of \$5,000 in a calendar year to all ward, town, city and state committees of the same political party. The total amount contributed to a particular party may be divided among the local committees and the state committee in any fashion, as long as the aggregate does not exceed \$5,000.

- A local party committee may contribute without limit to a ballot question committee, as long the contribution meets the statutory test of enhancing the principle for which the party committee was organized.
- A local party committee may make a charitable contribution or scholarship award only if the following conditions are met:
 - 1) The treasurer, chairman or any other officer of the committee is not involved in any manner in the selection of specific candidates for the contribution or award,
 - 2) The treasurer, chairman or any other of officer of the committee is not related by consanguinity or affinity to the recipient of the contribution or award,
 - 3) It is the usual and customary practice of the committee to make such contributions or awards, and
 - 4) The committee will receive publicity and foster political goodwill as a result of making the contribution or award.
- An expenditure for any amount exceeding \$50 must be made by check.
- Surplus committee money may be placed in an interest bearing savings account or money market account. No other type of investment is permitted by law.

Public Employees, Buildings and Resources

All political committees, including party committees, should be aware of Sections 13-17 of M.G.L. Chapter 55, which concern political activity involving public employees, buildings and other resources that are publicly funded. These laws were designed to: protect public employees from being coerced into providing political contributions or services as a condition of their employment; protect individuals doing

business with the public sector from being coerced into providing political contributions or services; and separate governmental activity from political campaign activity.

OCPF has published a guide to *Public Employees, Public Resources and Political Activity*, which is available upon request. The following is a summary of the limitations on the political finance activities of public employees and the use of public buildings and resources in campaigns:

- No state, county, city or town employee employed for compensation (a “public employee”), other than an elected official, may directly or indirectly solicit or receive any contribution or anything of value for *any* political purpose.
- If a person is both a public employee and an elected official, the prohibitions against soliciting or receiving political contributions would still apply to him or her.
- No person may solicit or receive political contributions in a building occupied for any state, county or municipal purpose.
- No person in the public service may be compelled to make a political contribution or to render any political service, and no public official or employee may be prejudiced in his or her employment for failure to make a political contribution or be rewarded for making a political contribution.
- No public resource may be expended or utilized in order to promote or oppose the nomination or election of any candidate to public office or to promote or oppose any ballot question placed before the voters. Examples of public resources include: paid staff time of public employees, office equipment, vehicles, buildings and supplies.

In some cases, agency policy or the conflict of interest law, M.G.L. Chapter 268A, may establish additional standards for political activity by public employees. Public employees should consult the State Ethics Commission (617-727-0060) as well as their supervisors or agency heads.

Seeking Guidance from OCPF

OCPF welcomes inquiries regarding campaign finance activities. The office issues written advice, including advisory opinions and guidance letters, to individuals based on written requests describing specific facts and circumstances. OCPF can issue opinions only on prospective activities. If you have any questions concerning advisory opinions, please contact the office. You may also obtain informal, oral advice by calling the office at the numbers listed in the front of this brochure.

In addition to issuing specific written advice, OCPF occasionally issues interpretive bulletins and memoranda setting guidelines on a variety of subjects. These documents are available from OCPF and may be helpful in assisting candidates, committees and other organizations.

Filing a Complaint

Individuals with information concerning possible violations of the campaign finance laws may call or write OCPF. If you have reason to believe that a violation has occurred, you may file a complaint. The office reviews all matters brought to its attention, regardless of the source of the complaint. The identity of complainants is kept confidential.

OCPF cannot comment on any matter that is under review or investigation. Consequently, an individual making a

complaint will not receive periodic information on the status of the complaint. The complainant will, however, receive notice of any public disposition of a case.

Frequently Asked Questions

Q: *How much may I contribute to a ward, town or city political party committee?*

A: Individuals other than lobbyists may make contributions to political committees organized on behalf of a political party provided the total of **all** such contributions that benefit political party committees (ward, town, city and state party committees) shall not exceed \$5,000 in a calendar year. Lobbyists are restricted to \$200 per committee, with an annual aggregate limit of \$5,000.

Q: *May a business make a contribution to a ward, town or city party committee?*

A: Business and professional corporations are prohibited from contributing, but an individual may use his or her unincorporated business to make an individual contribution to the campaign fund of a ward, town or city political party committee. In such cases, the contribution from a unincorporated business should be reported as coming from the individual owner or partner who is d/b/a (doing business as) the unincorporated business. Contributions from partnerships must reflect the amount of the contribution which may be attributable to each partner.

Q: *I am an appointed public employee. May I ask a friend or relative to purchase a ticket to a fundraiser for my local party committee?*

A: No. Section 13 prohibits this activity at any time.

Q: *I am an appointed public employee. May I hold a position in a local party committee?*

A: Because M.G.L. Chapter 55, Section 13 prohibits political fundraising by public employees, you may not serve as the committee's treasurer or in any other position in which you would solicit or receive contributions. You may hold any other position, such as chairman or vice chairman, provided those positions do not involve fundraising.

Q: *May a political committee use the city or town hall as an address to send a contribution to the committee?*

A: No. Soliciting or receiving any contribution in a building occupied for any state, county or municipal purpose is prohibited under M.G.L. Chapter 55 section 14.

Q: *May a political committee hold a raffle as a means of fundraising?*

A: No. While M.G.L. Chapter 271, Section 7A states that a raffle may be held if the sponsor has been issued a permit by the city or town clerk of the municipality where the raffle will take place, the Attorney General's office has ruled that M.G.L. Chapter 271, Section 7A does not authorize the issuance of raffle permits for any political purpose and that raffle permits may not be issued to political committees seeking to hold raffles. The Office of Campaign and Political Finance does not administer or enforce M.G.L. Chapter 271. For further information, please contact the Office of the Attorney General, Election Laws Division, Room 2001, One Ashburton Place, Boston, MA 02108, (617) 727-2200.

Q: *May a local party committee hold a meeting in a city or town facility (such as city or town hall)?*

A: In 1978 the SJC ruled in *Anderson v. Boston* that public resources could not be used for political purposes. If, however, there is reasonable and equal access to a facility (i.e., any other group could use such facility under the

complaint will not receive periodic information on the status of the complaint. The complainant will, however, receive notice of any public disposition of a case.

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Q: *May a local party committee hold a meeting in a city or town facility (such as city or town hall)?*

A: In 1978 the SJC ruled in *Anderson v. Boston* that public resources could not be used for political purposes. If, however, there is reasonable and equal access to a facility (i.e., any other group could use such facility under the

same terms and conditions), the use of a municipal facility for political purposes would not be improper. Check with your local officials for their policies regarding use of the facilities.

Note: Regardless of the circumstances, **NO** political fundraising should take place in any building occupied for a state, county or municipal purpose. That includes committee dues, fundraisers or contributions to any candidates or committees.

Q: *Our local party committee recently held an election of new officers. If I would like to change some information on the previously-filed Statement of Organization, how would I go about doing so?*

A: Any changes to the originally-filed Statement of Organization must be reported within 10 days of the actual change to the parties that received the original organization form. For most changes, a letter of amendment clearly stating the change may be filed with OCPF. The only exception to this is in the case of a change of treasurer, for which the new treasurer should file a completed **FORM CPF T101** (Change of Treasurer) with OCPF.

Q: *Our local party committee is considering establishing a small monthly dues program to raise funds for the committee. Are there any special requirements that I should follow?*

A: The same requirements that apply to the receipt of all campaign contributions are applicable to a monthly dues program (e.g., the political committee must retain the name, address, amount and date received for all contributions). Please note that such dues, like all other political contributions, may not be collected at any committee meeting held in a public building (such as city or town hall).

Q: *Our ward committee has no financial activity; it all goes through the city committee. Do we have to file campaign finance reports?*

A: No. If you have no financial activity, you do not have to file a report.

Q: *May the treasurer and chairman of a committee be the same person?*

A: Yes, unless such person is a public employee. A public employee cannot be a treasurer of any political committee.

Q: *What tax identification number should I give to the bank when opening an account for the campaign?*

A: Political committees should consult the Internal Revenue Service at (617) 536-1040 for information on how to obtain a federal tax identification number. In addition, you should contact the Massachusetts Department of Revenue at (800) 392-6089 for information on any state tax requirements that may be applicable.

Campaign Finance Guides available from OCPF:

Statewide, County and Other “Depository” Candidates
Candidates for The General Court
Candidates for Municipal Office
State Ballot Question Committees
Municipal Ballot Question Committees
Political Action Committees and People’s Committees
Local Political Party Committees
Public Employees, Public Resources and Political Activity

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