MEMORANDUM

TO:       Depository candidates and committees
FROM:     Michael J. Sullivan
SUBJECT:  Expenditures for payroll services

Complete state candidates and other depository committees occasionally ask OCPF if they may pay employees by using an automatic data payroll service.

Because of the rules that apply to depository committees, a committee may use an automatic data payroll service to process payments to employees only if the committee arranges for the service provider to pay employees using specially formatted checks drawn on the committee’s depository account. See M.G.L. c. 55, §§ 7 and 19 and M-90-05. Checks must be provided by the committee to the service provider for that purpose. The campaign finance law contains no provision allowing depository committees to make expenditures of an aggregate amount to an automatic data payroll service, for the purpose of allowing the payroll service to then distribute payments, by direct deposit, to employees.

Using depository checks drawn on a committee’s depository account ensures accurate disclosure of expenditures, including the individual and amount paid. If lump sum payments could be made to automatic data payroll services for employees, the resulting disclosure would not be sufficient since it would not identify the employees being paid or the amount paid. Although there are limited exceptions stated in the law permitting committees to make expenditures electronically, there is no exception allowing payments to employees to be made in this manner.

Section 19 states that a depository committee “may make expenditures by wire transfer or other electronic means for ... payroll services made in connection with employee deductions and withholdings.” This means that a committee may use an automatic data payroll service for a one-time payment of payroll taxes. It does not allow the committee to pay salary through a single payment to an automatic data payroll service for direct deposit of payroll checks into employees’ personal accounts.

For further information and guidance with respect to this memorandum, please contact OCPF.

1 Depository committees include committees organized on behalf of candidates for statewide office, Governor’s Council, county offices and certain municipal offices, and state party committees.

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