INTERPRETIVE BULLETIN

Implementation of Chapter 28 of the Acts of 2009:
Subvendor Reports

The Office of Campaign and Political Finance (OCPF) periodically issues interpretive bulletins regarding various aspects of M.G.L. c. 55, the Massachusetts campaign finance law. This bulletin is issued to provide guidance and direction to political committees and interested persons regarding the interpretation and implementation of those sections of Chapter 28 of the Acts of 2009 ("the Act") relating to the filing of subvendor reports. These provisions became effective as of January 1, 2010.

Among the most significant additions to the campaign finance law is the new requirement that political committees disclose how their paid consultants and vendors may make expenditures on their behalf.

The subvendor reporting requirement, M.G.L.c. 55, § 18D, requires vendors\(^1\) who receive $5,000 or more from a political committee to provide the committee with a detailed account of all subsequent expenditures of $500 or more that the vendors, on behalf of the political committee, make to subvendors who provide goods or services. A committee must electronically file subvendor reports based on information provided to the committee by vendors.

All committees required to file with OCPF are covered by the subvendor disclosure statute. State legislative candidates, PACs, mayoral candidates in cities between 40,000 and 100,000, political party committees, and ballot question committees file the subvendor reports according to the schedule for their filing of campaign finance reports. Depository candidates and committees file the subvendor reports by the fifth of each month to cover the previous month. Committees that do not file with OCPF are not required to file these reports.

\(^1\) A “vendor” is “any person including, but not limited to, a consultant, who provides goods or services to a political committee that files with the director and either receives or is promised $5,000 or more in the aggregate during a calendar year by the committee for such goods or services, or contracts with another on behalf of the committee for such goods or services valued at $5,000 or more in the aggregate to be provided to the committee.” A “subvendor” is “a person providing goods or services to a vendor or who contracts with a vendor to provide goods or services to a committee.” See M.G.L. c. 55, § 18D.
For example, a political committee of a legislative candidate makes an expenditure of $6,000 to a consultant on October 10 (during the pre-election reporting period). The consultant then, on October 17, makes several expenditures to media outlets and printing companies, and each expenditure equals or exceeds $500. The consultant must, within 5 days of making each expenditure, provide the committee with a "detailed account of the expenditure." The committee must then include the information provided by the consultant in a subvendor report when the committee files its pre-election report. The disclosure includes the amount of each payment, the name and address of the vendor and each subvendor, and the purpose of each expenditure. If the expenditure is made by a depository committee, the disclosure takes place on or before the fifth of the following month (i.e., by November 5).

If a consultant or other vendor who has received $5,000 or more during a calendar year does not provide a detailed account of its expenditures, a committee should contact the vendor, to inquire regarding vendors' payments to subvendors. Committees should make these inquiries in written form, and maintain copies of such requests.

OCPF has issued regulations that further define when subvendor reports are required, and to address two anticipated questions. The regulations state that a vendor is not required to provide information to a committee prior to reaching the $500 threshold. Upon reaching the threshold, however, the vendor must provide a detailed account to "describe all expenditures made, including those made prior to reaching the threshold." See 970 CMR 2.18(2).

In addition, the regulations exclude, from the definition of "subvendor," any person "who is an employee of a vendor, and has been an employee of the vendor for a period of at least three consecutive months prior to any month in which a committee is required to file a subvendor report." See 970 CMR 2.18(3).

If you have questions regarding this interpretative bulletin or any other campaign finance matter please do not hesitate to contact OCPF at 1-800-462-OCPF or 617-979-8300.

[Signature]
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