

**Compliance Basics for Political Action Committees:****3 types of PACs**

1. **Non-Connected Committees (NCC).** May accept contributions up to \$5000 per calendar year ONLY from ANY individual (\$10K/married couple if jointly contributed). No corporate or union support of any kind.
2. **Separate Segregated Funds (SSF).** May accept contributions up to \$5000 per calendar year ONLY, AND only from individuals in the RESTRICTED CLASS (\$10K/married couple if jointly contributed). PLUS – sponsoring organization support
3. **NEW in 2010 – Independent Expenditure-only PACs (Super-PACs).** May accept unlimited contributions in any amount, from any individual, corporation, union, or other committee, BUT may only make Independent Expenditures – **no direct candidate contributions.**

**The trade-offs**

An NCC may raise money from anyone it wants, but must pay all its own administrative and operating expenses.

An SSF may only raise money from the restricted class, BUT all its expenses can be paid by the sponsoring organization (corporation, union, association, etc.).

Only the SSF's actual contributions to candidates or other political committees cannot be paid for by the sponsoring organization.

**New PACs & Multi-candidate status.**

ALL new PACs are automatically considered “non-qualified”, until they become “qualified” as multi-candidate PACs.

The difference is in making contributions – a non-qualified PAC may contribute up to \$2400. A multi-candidate PAC may contribute up to \$5000 (per candidate per election).

How to “qualify” as multi-candidate: 6+ months since registration, contributions to 5 candidates, 51 donors, and a 1-page form filed w/the FEC.

**Who is in the restricted class?****Corporation restricted class (maybe):**

1. Executive & Administrative personnel (NOT administrative assistants.)
  - a. Salaried, not hourly.
  - b. Policymaking, managerial, professional (i.e, medical, legal, accounting, engineering) or supervisory responsibilities.
  - c. Other consultants or commissioned employees (payroll tax withholding)
2. Shareholders & non-share-holding Directors who are compensated.
3. Restricted class of parent, subsidiary, branch, division, or affiliated entity
4. Family members of the above.

NOT in the corporation restricted class (unless otherwise qualified above):

1. Unionized employees.
2. Employees of vendors/service providers, including outside counsel, accounting, etc.
3. Salaried foreman who supervise hourly workers.
4. Former or retired personnel.

The “Expanded Class”: Twice each year, a corporate SSF may solicit employees (and their families) not included in the restricted class.

**Union restricted class:**

1. Members
2. Executive & Administrative personnel of the Union
3. Family members of the above.

The “Expanded Class”: Twice each year, a union SSF may solicit non-member employees & the restricted class (and their families) of any corporation where union members are employed.

**Membership association restricted class:**

1. Non-corporate Members (individuals & partnerships of individuals)
2. Executive & Administrative personnel of the organization
3. Family members of the above.

**Trade Association restricted class:**

Corporate members may not contribute to unrestricted funds, but may contribute to the PACs administrative cost (generally, through the Trade Association).

The restricted class of the member corporation may be solicited by the Trade Association PAC, BUT only with prior permission of that member corporation.

**Payroll Deduction**

1. Written authorization required. Electronic signature, check-off option accepted.
2. No reverse check-off.
3. Trade Associations may accept payroll deduction from member corporation employees.

**Fun rules for SSF solicitations**

1. An SSF may accept an unsolicited contribution that is otherwise lawful. SSF may NOT inform those outside SSF that such contributions are acceptable (this is a solicitation).
2. Special notices required: political purpose, right to refuse, suggested amounts are just that, Occupation & Employer.
3. Online (website) – only behind password protected pages.

**Cash & Anonymous contributions – AVOID THEM**

1. Cash contributions limited to \$100
2. Anonymous contributions limited to \$50

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