

Table of Contents

| | |
|--|----|
| Preface | ix |
| 1. INTRODUCTION | |
| 1.1 Using the Primer | 1 |
| 1.2 The Basics of Campaign Finance Law | 1 |
| 1.3 General Rule about Corporate Political Activity | 3 |
| Test..... | 3 |
| 1.4 Exceptions | 4 |
| 2. POLITICAL ACTION COMMITTEES | |
| 2.1 Introduction | 8 |
| 2.2 Registration | 8 |
| 2.3 Structure and Officers | 9 |
| 2.4 Depository | 10 |
| 2.5 Administrative Expenses, PAC Charitable Match, One-Third Rule, and Control..... | 10 |
| 2.6 Reporting..... | 10 |
| Filing Frequency for Reports | 11 |
| Contents of Reports..... | 12 |
| Internal Controls and Embezzlement..... | 13 |
| 2.7 Recordkeeping and Deposits..... | 13 |
| 2.8 Fundraising and the “Restricted Class” | 14 |
| What Is a Solicitation?..... | 14 |
| Who May Be Solicited? The “Restricted Class”..... | 14 |
| Manner of Solicitation..... | 15 |
| 2.9 Availability of Corporate PAC Solicitation Methods to Unions | 17 |
| 2.10 Restrictions on Contributions to a PAC..... | 17 |
| Dollar Limits on Contributions to the PAC | 17 |
| Prohibited Contributions | 18 |
| 2.11 Restrictions on Contributions and Expenditures by the PAC | 18 |
| Dollar Limits on Contributions by the PAC; Multicandidate Committee Status | 18 |
| Affiliated Committees..... | 19 |
| Independent Expenditures and Electioneering Communications.... | 19 |
| 2.12 Bundling | 20 |
| 2.13 Association PACs | 21 |
| General..... | 21 |
| The Association’s “Restricted Class” | 21 |

| | | |
|-----------|---|----|
| | Prior Approval | 21 |
| | Soliciting and Collecting Contributions to Association PACs | 22 |
| | Application of Other PAC Rules | 23 |
| 3. | USE OF CORPORATE FACILITIES FOR ELECTION CAMPAIGN PURPOSES | |
| 3.1 | Introduction | 27 |
| 3.2 | Campaigning by Employees | 27 |
| 3.3 | Campaign Use of Corporate Facilities by Employees/Shareholders | 28 |
| 3.4 | Campaign Use of Corporate Facilities by Candidates and Political Committees | 29 |
| 3.5 | Campaign Use of Corporate Airplanes and Vehicles | 30 |
| 3.6 | Providing Legal and Accounting Services to Candidates and Political Parties | 30 |
| 4. | POLITICAL COMMUNICATIONS BY A CORPORATION | |
| 4.1 | General Rules | 34 |
| 4.2 | Communications to the Restricted Class | 34 |
| | Candidate and Party Appearances | 34 |
| | Partisan Communications and “Facilitation” | 35 |
| | Partisan Telephone Banks | 35 |
| | Transportation to Polls or Registration Site | 36 |
| | Reporting | 36 |
| 4.3 | Communications to Other Employees | 36 |
| | Candidate Appearances before All Employees | 36 |
| 4.4 | Corporate Communications to the General Public | 37 |
| | Candidate Appearances | 37 |
| | Registration and Voting Information for the General Public | 37 |
| | Voter Guides | 37 |
| | Voting Records | 38 |
| | Nonpartisan Candidate Debates | 38 |
| | Internet Communications and Hyperlinks | 38 |
| 4.5 | Express Advocacy, Independent Expenditures, and Electioneering Communications | 38 |
| 4.6 | Coordination | 40 |
| 4.7 | FEC Coordination Regulations | 41 |
| 4.8 | Coordinated Communications | 41 |
| 4.9 | Content Standards | 42 |
| | Electioneering Communications | 42 |
| | Republication of Campaign Materials | 42 |
| | Express Advocacy | 42 |
| | The Functional Equivalent of Express Advocacy | 42 |
| | Communications within Certain Days of an Election | 42 |
| | Exceptions to Republication Content Standard | 43 |
| 4.10 | Conduct Standards | 43 |
| | Definition of “Agent” | 43 |
| | Request or Suggestion | 44 |
| | Material Involvement | 45 |
| | Substantial Discussion | 45 |
| | Common Vendor | 45 |

| | |
|---|----|
| Former Employee or Independent Contractor..... | 46 |
| Safe Harbor for Publicly Available Information | 46 |
| Safe Harbor for the Use of a Firewall | 47 |
| Safe Harbor for Commercial Transactions | 47 |
| 4.11 Communications by Associations..... | 47 |
| Communications to the Public | 47 |
| Communications to the Restricted Class..... | 47 |
| Communications to Other Employees | 48 |
| | |
| 5. CORPORATE RELATIONS WITH GOVERNMENT OFFICIALS | |
| 5.1 Introduction | 53 |
| 5.2 Lobbying Disclosure | 54 |
| Who Is a Federal Lobbyist? | 54 |
| What Is a Lobbying Contact?..... | 54 |
| What Are the Exceptions to Lobbying Contact? | 55 |
| What Are Lobbying Activities? | 55 |
| Who Are Covered Legislative Branch Officials? | 56 |
| Who Are Covered Executive Branch Officials? | 56 |
| What Is the Tax Method of Reporting? | 56 |
| When to Register? | 57 |
| When to File? | 58 |
| What to Report? | 58 |
| What Certifications Must Be Made? | 59 |
| 5.3 House and Senate Gift Restrictions | 59 |
| Gift Ban on Lobbyists and Entities That Employ or Retain Lobbyists..... | 59 |
| Gifts from Persons Who Are Not Lobbyists or Clients of Lobbyists..... | 60 |
| Exceptions to the House and Senate Gift Bans | 60 |
| Food Provided to Congressional Offices (for nonlobbyists and nonclients only)..... | 62 |
| Charity Events | 62 |
| Privately Funded Travel | 63 |
| Special Rules for Lobbyists..... | 64 |
| Honoraria and Outside Income..... | 64 |
| 5.4 Executive Branch Gift Restrictions..... | 65 |
| 5.5 Bribery and Gratuities | 66 |
| 5.6 Leadership PACs | 67 |
| | |
| 6. CONTRIBUTIONS BY FOREIGN CORPORATIONS AND THEIR U.S. SUBSIDIARIES | |
| 6.1 General Rule..... | 71 |
| 6.2 PACs and Contributions | 72 |
| 6.3 Independent Expenditures and Electioneering Communications..... | 73 |
| | |
| 7. STATE AND LOCAL ELECTIONS AND SOFT MONEY | |
| 7.1 Overview | 75 |
| 7.2 State Contribution Limits for Corporations and PACs..... | 75 |

| | | |
|------------|---|-----|
| 7.3 | Soft Money (Nonfederal Funds)..... | 77 |
| | Levin Money..... | 77 |
| | Building Funds..... | 78 |
| | Tax-Exempt Organizations..... | 78 |
| | Inaugural Committees..... | 78 |
| 8. | TAX CONSIDERATIONS | |
| 8.1 | Introduction..... | 81 |
| 8.2 | IRS Employer Identification Number..... | 82 |
| 8.3 | PAC Federal Income Tax..... | 82 |
| | Corporate Administrative Expenses..... | 83 |
| | Contributors and Tax Credits..... | 84 |
| | PAC Raffles..... | 84 |
| | Annual Tax Return (Form 1120-POL)..... | 84 |
| | Annual Information Return (Form 990)..... | 84 |
| 8.4 | State PACs and IRS Filings..... | 84 |
| | Initial Notice of Section 527 Status (Form 8871)..... | 84 |
| | Periodic Reports of Contributions and Expenditures (Form 8872) .. | 85 |
| | Annual Tax Return (Form 1120-POL)..... | 86 |
| | Annual Information Return (Form 990)..... | 86 |
| 8.5 | State Taxes..... | 86 |
| 8.6 | IRS Disclaimer Requirement..... | 86 |
| 8.7 | Deductibility of Lobbying Expenses..... | 86 |
| 8.8 | Taxation of Political Expenditures of 501(c) Organizations..... | 87 |
| 9. | ENFORCEMENT | |
| 9.1 | The Federal Election Commission (FEC)..... | 89 |
| | Staff Organization..... | 89 |
| | Advisory Opinions..... | 90 |
| | FEC Investigations and Civil Enforcement..... | 90 |
| | Alternate Dispute Resolution..... | 91 |
| | Administrative Fine Program..... | 91 |
| 9.2 | The Department of Justice and Criminal Enforcement..... | 91 |
| 9.3 | Lobbying Disclosure Act (LDA) Enforcement..... | 92 |
| 9.4 | Ethics Rules Enforcement..... | 92 |
| | House Committee on Ethics..... | 92 |
| | Office of Congressional Ethics (OCE)..... | 92 |
| | Senate Select Committee on Ethics..... | 93 |
| | Office of Government Ethics (OGE)..... | 93 |
| 10. | APPENDICES | |
| | Appendix A, FEC Forms and Instructions..... | 95 |
| | 1. FEC Form 1..... | |
| | a. Statement of Organization..... | 96 |
| | b. Instructions for Statement of Organization (FEC Form 1)..... | 100 |
| | 2. FEC Form 1M..... | |
| | a. Notification of Multicandidate Status..... | 103 |
| | b. Instructions for Notification of Multicandidate Status (FEC Form 1M)..... | 104 |

| | | |
|----|---|-----|
| 3. | FEC Form 3X | |
| a. | Report of Receipts and Disbursements for Other than an Authorized Committee (and Related Schedules)..... | 105 |
| b. | Instructions for Report of Receipts and Disbursements for Other than an Authorized Committee and Related Schedules (FEC Form 3X)..... | 126 |
| 4. | FEC Form 7 | |
| a. | Report of Communication Costs by Corporations and Membership Organizations..... | 157 |
| b. | Instructions for Report of Communication Costs by Corporations and Membership Organizations (FEC Form 7)..... | 158 |
| 5. | FEC Form 9 | |
| a. | 24-Hour Notice of Disbursements/Obligations for Electioneering Communications..... | 160 |
| b. | Instructions for 24-Hour Notice of Disbursements/Obligations for Electioneering Communications (FEC Form 9)..... | 164 |
| | Appendix B, Sample PAC Articles of Organization | 167 |
| | Appendix C, Federal Contribution Limits..... | 173 |
| 1. | Contribution Limits 2015–2016 | 174 |
| 2. | Contribution Limits 2013–2014 | 175 |
| 3. | Contribution Limits 2011–2012 | 176 |
| | Appendix D, Lobbying Forms and Guidance..... | 177 |
| 1. | Form LD-1 | |
| a. | Lobbying Registration | 178 |
| b. | Instructions | 192 |
| 2. | Form LD-2 | |
| a. | Lobby Disclosure Report..... | 195 |
| b. | Instructions | 210 |
| 3. | Form LD-203 | |
| a. | Contribution Report | 216 |
| b. | Instructions | 221 |
| | Appendix E, Lobbying Disclosure Act and Guidance..... | 227 |
| 1. | Lobbying Disclosure Act | |
| a. | The Lobbying Disclosure Act of 1995 | 228 |
| b. | Guidance on The Lobbying Disclosure Act of 1995 | 246 |
| | Appendix F, House and Senate Travel Guidelines | 273 |
| 1. | U.S. House of Representatives Committee on Ethics | |
| a. | Travel Guidelines and Regulations..... | 274 |
| b. | Traveler Form | 301 |
| c. | Instructions For Completing The Traveler Form..... | 303 |
| d. | Primary Trip Sponsor Form | 307 |
| e. | Instructions For Completing The Primary Trip Sponsor Form.. | 310 |

| | | |
|----|--|-----|
| f. | Grantmaking Trip Sponsor Form | 315 |
| g. | Non-Grantmaking Trip Sponsor Form | 316 |
| h. | Sponsor Post-Travel Disclosure Form | 317 |
| i. | Member / Officer Post-Travel Disclosure Form..... | 318 |
| j. | Employee Post-Travel Disclosure Form | 319 |
| 2. | United States Senate | |
| a. | Member and Officer Privately-Sponsored Travel Checklist..... | 320 |
| b. | Employee Privately-Sponsored Travel Checklist | 322 |
| c. | Privately-Sponsored Travel Checklist for Sponsors | 324 |
| d. | Regulations and Guidelines for Privately-Sponsored Travel.... | 326 |
| | Glossary of Terms | 332 |
| e. | Senators and Officers Post-Travel Disclosure of Travel Expenses | 343 |
| f. | Employee Post-Travel Disclosure of Travel Expenses..... | 344 |
| g. | Employee Pre-Travel Authorization..... | 345 |
| | Appendix G, Summary of State Contribution Limits, Registration Rules, and Reporting Rules for Corporations and Federal PACs..... | 347 |
| | Appendix H, IRS Forms and Information | 369 |
| 1. | IRS Form 8871: Political Organization Notice of Section 527 | 370 |
| 2. | IRS Form 8872 | |
| a. | Report of Contributions and Expenditures | 373 |
| b. | Instructions | 376 |
| 3. | IRS Form 1120-POL: U.S. Income Tax Return for Certain Political Organizations and Instructions | 380 |
| 4. | IRS Form 990 | |
| a. | Return of Organization Exempt from Income Tax..... (available at www.irs.gov/pub/irs-pdf/f990.pdf) | 386 |
| b. | Instructions for Form 990 and Form 990-EZ | 398 |
| 5. | Frequently Asked Questions Regarding the Annual Form Filing Requirements for Section 527 Organizations | 498 |
| 6. | Revenue Ruling 2004-6: Section 527—Political Organizations | 504 |
| | Appendix I, FEC Notices and Guidance Regarding PAC Administration | 513 |
| 1. | Notice 2007-9: Statement of Policy; Safe Harbor for Misreporting Due to Embezzlement | 514 |
| 2. | Notice 2007-13: Statement of Policy Regarding Treasurers’ Best Efforts to Obtain, Maintain, and Submit Information as Required by the Federal Election Campaign Act..... | 515 |
| 3. | FEC Policy Guidance: Internal Controls and Political Committees | 518 |
| | Index | 527 |
| | About the Author..... | 533 |