

As discussed in last week's overview brief, the concept of corruption was at the heart of the earliest campaign finance regulations. One of the earliest laws passed, in fact, was called "The Federal *Corrupt Practices Act*." Similarly, a series of legal rulings that has significantly shaped campaign finance law in the United States started with a 1976 Supreme Court decision that put the concept of corruption at center stage.

In *Buckley v. Valeo*, the Supreme Court held that it was only society's interest in preventing "corruption and the appearance of corruption" that could justify the limits on free expression created by campaign contribution and expenditure limits.¹ Consequently, one of the most noteworthy rulings in *Buckley* was that limits on *spending* by individuals and groups of individuals made independently of a candidate unnecessarily and unconstitutionally impede free speech, because such spending does not necessarily enhance the potential for corruption. It was also ruled in *Buckley* that total campaign expenditures for a candidate could not be limited. *Contribution* limits to candidates, however, did *not* violate the first amendment because such laws "enhance the integrity of our system" by guarding against unscrupulous practices.²

Some academics have argued that the ruling in the *Buckley* case was troublesome on two fronts: First, the court did not find other rationale for campaign finance regulations (e.g. creating more competitive elections or equalizing the influence of citizens over elections) to be compelling enough to justify regulation of political speech. And second, the use and definition of the word itself, "corruption," has been the source of much debate over subsequent years.³ Some four decades after the *Buckley* ruling, what constitutes corruption—enough to override the first amendment right to free speech—is still at the heart of many legal rulings regarding campaign finance. Accordingly, it is still front and center in the policy debate surrounding campaign finance regulations.

In 2010, the Supreme Court of the United States held (in *Citizens United v. Federal Election Commission*) that the rationale for finding unconstitutional any limitations on what an individual could spend independently of a candidate also applied to corporations, a major step beyond the original *Buckley V. Valeo* ruling. Most recently, in *American Tradition Partnership v. Bullock*, the state of Montana asked the Court to revisit its ruling in *Citizens United*. The Supreme Court of Montana had ruled that their state's restrictions on corporate expenditures should be distinguished from those struck down in *Citizens United*, since they could demonstrably show that they had a history of corruption through independent expenditures, and thus their state laws banning such independent expenditures by corporations could be upheld.⁴

In June of 2012, the U.S. Supreme Court summarily reversed the Montana Supreme Court decision (without hearing argument), and thus firmly rejected their state's laws banning corporate independent expenditures. However, Montana remains at the forefront of campaign finance court challenges. Among the ongoing cases include a federal ruling that strikes down a Montana law requiring attack ads to disclose voting records,⁵ and a recent U.S. District Court ruling that says that Montana's limits on

¹ Burke, Thomas F. *The Concept of Corruption in Campaign Finance Law*. 1997

² The Oyez Project. Chicago-Kent College of Law. *Buckley v. Valeo*. www.oyez.org

³ Burke

⁴ Schwinn, Steven D. *Constitutional Law Blog*. Supreme Court Strikes Montana Campaign Finance Restriction. June 2012

⁵ <http://www.detroitnews.com/article/20121010/POLITICS01/210100409>

campaign contributions are unconstitutional (a decision which has been temporarily blocked by a federal appeals court).⁶

Ultimately, since the first truly enforceable campaign finance regulatory system was put into place following Watergate (in the form of the Federal Election Campaign Act), an ongoing dance has ensued between such regulations and the court battles challenging these regulations. This dance has formed the landscape that we find ourselves in today.

Last week's briefing included a timeline of campaign finance regulations; the same timeline also includes a summary of key legal rulings. The current national landscape, based on more than forty years of laws and subsequent legal rulings, can be summarized below.⁷ **Please refer to attachment A at the end of this brief for a table portraying this information.**

1. Expenditures made by candidates' own campaigns may not be limited; such spending limits are considered unconstitutional. (A candidate can agree to abide by expenditure limits as a pre-condition to taking part in a voluntary public funding program.)
2. Expenditures made independently of campaigns (including by corporations), so long as they are not done in coordination with campaigns, may not be limited.
3. Contribution amounts allowed to candidates, political parties and other political committees (e.g. corporate or union PACs that have been created to support specific candidates) are currently limited by federal law (and in many states).
4. Contribution amounts to Independent Expenditure Committees (e.g. Super PACs) may not be limited, so long as the Super PACs are not coordinating with candidates. Any such contribution limits have been ruled unconstitutional (*SpeechNow.org v. FEC*).
5. Disclosure requirements exist (and have generally been upheld by the courts) for candidates, parties, political committees *and* independent expenditure committees. The reach of these laws, however, are the source of much current debate among lawmakers and campaign finance reform advocates.

Disclosure (and Tax) Laws

While expenditure (and some contribution) limit regulations have been rejected by the courts over the years, Supreme Court rulings on campaign finance cases—from *Buckley* to *Citizens United*—have generally upheld federal disclosure laws.⁸ In practice, however, federal election laws are governed by campaign finance statutes, FEC regulations *and* by federal tax codes, and opportunities exist for non-disclosure of political activities, as discussed below.

Candidates, parties and political committees are required to follow specific disclosure laws for campaign contributions and expenditures. They are essentially required to report to the FEC every penny received or spent, with itemized disclosure required at a certain threshold (i.e. any contribution over \$200 needs to identify the contributor).⁹ Independent expenditure groups are also required to disclose contributions and expenditures.

However, certain groups organized under Section 501(c)(4) of the tax code are generally exempt from disclosing their donors to the public, so long as they do not have political activities as their

⁶ NY Times. Federal Appeals Court Reinstates Limits on Montana Campaign Contributions. 10-10-12

⁷ <http://www.fec.gov/pages/brochures/fecfecsa.shtml>

⁸ FEC Court Case Abstracts.

⁹ Zainad, FEC Information Center. Phone Interview. April 9, 2012.

organizations' primary activity. **See attachment B for an overview of various tax code sections and their requirements.**

These groups must still comply with certain specific disclosure requirements if they undertake advertisements. According to current law, any persons or groups must file "ad specific" reports with the FEC if they purchase ads that either:

- 1) Expressly advocate for or against a federal candidate, or
- 2) Are considered "electioneering communications," meaning broadcast ads (television, radio, cable, satellite) that run within 30 days prior to a primary election or 60 days prior to a general election, mention a federal candidate and are targeted towards a specific electorate.

These ad-specific disclosure requirements were significantly impacted, however, by 2007 FEC interpretations of these laws. For example, FEC opinions now indicate that disclosure is only required for contributions which were *specifically designated* for election ads. This places non-disclosure as the default assumption for FEC filings.¹⁰ The percentage of disclosure reports filed with the FEC that list the sources of contributions subsequently declined from 71 percent in 2004 to 15 percent in 2010. While the FEC clarifications are currently a subject of litigation (*Van Hollen v. FEC*),¹¹ a final resolution by the Supreme Court is not anticipated in the immediate future.

527 Groups

The last several election cycles witnessed the rise of so-called 527 groups, named for the section of the tax code that governs them. It is important to note that most political groups, including campaign committees, party committees, and political action committees (PACs), are generally organized under Section 527 of the tax code for their "function of influencing or attempting to influence the selection, nomination, election or appointment of any individual to any federal, state or local public office or office in a political organization, or the election of Presidential or Vice-Presidential electors." This means that any group that has political activity as their primary purpose—unlike 501c(4)s—are all, technically, organized under 527 of the tax code, and their political activity is tax exempt.

Any committees involved in federal elections that additionally meet the following criteria are *also* required to register with the FEC as a "federal political committee:"

1. Accepts "contributions" or makes "expenditures" of over \$1000 in a calendar year, AND
2. Has as its "major purpose" the *nomination or election of one or more federal candidates*.

Once a committee has registered as the appropriate political committee (e.g. candidate, party, etc.), they are then subject to corresponding FEC disclosure and/or contribution requirements. And, once they have registered with the FEC, those political committees are typically referred to as whichever category they have registered under (PACs, candidate committees, etc).

However, some groups claim not to meet the requirements listed above. These groups claim they do not have to register as political committees because they are not making expenditures to advocate "the nomination or election of one or more federal candidates" but are, instead, engaging in independent "issue advocacy." These are the groups generally referred to as 527 groups by the media and others. In summary, all political committees are organized under 527 of the tax code, but not all "527 groups" are considered political committees.

¹⁰ Campaign Legal Center

¹¹ FEC Court Case Abstracts.

527 groups rose in prominence significantly between the 2004 and 2010 cycles. Since 2000, these groups are required to disclose to the IRS those contributions and expenditures that they wish to claim as “tax-exempt.” They theoretically provide more freedom of expenditure, however, than some other options because, unlike their more anonymous counterparts (the 501(c) groups), tax law does not limit how much political activity a 527 group can conduct. In addition, if they are not registered as political committees they can receive unlimited contributions (including from corporations). This was extremely valuable to such groups prior to the *Citizens United* ruling.

Some of the most prominent 527 groups, such as Swift Boat Veterans for Truth and MoveOn.org Voter Fund, played a significant role in financing campaign attack ads in past election cycles, but did not file as political committees with the FEC or adhere to FEC committee contribution limits. They claimed (some more successfully than others) that they were not advocating election or defeat of federal candidates but instead engaging in independent “issue advocacy.”¹²

However, 527 groups became less significant in the wake of *Citizens United*, since the same groups can now register as federal SuperPACs, accept unlimited individual and corporate funds and *directly* advocate for the election or defeat of candidates. Those who still wish to avoid disclosure continue to try to work through 501(c)(4) organizations—see below for more details.

Super PACs

A final significant shift in the campaign finance system for the 2012 election cycle has led to what political columnists have dubbed “The Year of the Super PAC.”¹³ It was a culmination of several of the crucial federal court rulings that has ultimately defined this 2012 landscape. While the *Buckley v. Valeo* case long ago determined that *persons* making independent expenditures were not subject to *spending* limits, and *Citizens United* (35 years later) determined that *corporations* are not banned from making such unlimited independent expenditures, another notable court ruling in the wake of *Citizens United* laid the final brick for a path lined with Super PACs.

Groups required to register with the FEC as federal political committees (as outlined in the previous section) have long been constrained by federal contribution limits and the prohibition on accepting corporate contributions, which historically impacted fundraising and limited the legitimate power of outside groups. However, a recent federal case from the United States Court of Appeals for the D.C. Circuit, *SpeechNow.org v. FEC* (2010), taken with *Citizens United*, led to the rise of new rules for political committees designated as “Independent Expenditure Committees (IECs),” a.k.a. Super PACs. The *SpeechNow* court held that persons or groups making independent expenditures—i.e. not coordinating with candidates or parties—are also not subject to *contribution* limits. These IECs are now able to raise unlimited funds from individuals, corporations and unions—and, as determined previously by *Buckley v. Valeo*, spend unlimited funds.

Additional Pieces of the 2012 Puzzle

Super PACs have now emerged as the biggest potential tool in the toolbox for 2012 federal candidates. Corporations, unions, and high-dollar individual donors can now band together under one umbrella organization and spend unlimited amounts of money to specifically endorse or oppose candidates. Well-known political strategists, such as Karl Rove, can be chosen to lead the new organizations. Staff

¹³ Carnevale, Mary Lu. The Year of the Super Pac. Wall Street Journal Blogs. April 1, 2012.

members of political campaigns—presumably ones who know quite a bit about the campaign’s strategy—are quitting their jobs to staff these Super PACs.

While coordination laws state that expenditures must not be made “in concert or cooperation with or at the request or suggestion of [a] candidate...,” most would agree that FEC rules applying this standard have made the requirement of independence “functionally irrelevant,” and that these legal guidelines create an “illusory boundary” between candidate and Super PAC.¹⁴ Talk show comedian Stephen Colbert has increased the visibility of both Super PACs and anti-coordination laws by creating his own—very real—Super PAC, Americans for a Better Tomorrow, Tomorrow, which appears to largely exist for the purpose of testing the limits of, and identifying holes in, federal coordination laws. Ultimately, the FEC is responsible for enforcing the law and initiating any civil actions and the Department of Justice for criminal sanctions—but both civil proceedings and criminal prosecutions have been rare.¹⁵

Further, while Super PACs do continue to have disclosure laws in place, the intersection between FEC requirements for Independent Expenditure Committees and the tax and disclosure laws that govern 501(c)(4) organizations have resulted in the opportunity to do what some analysts describe as akin to money laundering.¹⁶ Super PACs are able to form nonprofit arms to shield contributor identity—which ultimately limits media exposure of corporate donors and others. In addition, Super PACs have the option of disclosing donors and donations either quarterly or monthly in an election year, and a savvy campaign lawyer will be able to delay some disclosures until after the election.¹⁷ Finally, a series of other financing mechanisms (e.g. using professional bundlers, creating distinct types of PACs under the same leadership, etc) will add to the reach of these “super” finance entities.

Conclusion

Campaign Finance litigation has not played out as a simple case of deciding whether regulations dampen free speech. Instead, courts have debated and made decisions based on their interpretations of how the right to free speech intersects with potential corruption. Ongoing debate also exists as to what extent money constitutes speech in the first place.

In the cases of *Buckley*, *Citizens United* and *SpeechNow*, the courts decided, among other things, that independent expenditures do not directly corrupt candidates, and therefore spending *and* contributions need not be limited for independent expenditure groups, even by corporations. Yet courts—so far—have upheld the idea that contributions to candidates, their committees, and even political parties contain the potential for corruption and, therefore, contributions to these groups can be regulated accordingly (although spending by these groups cannot be). It is anticipated that upcoming cases will continue to challenge these assumptions as well, and campaign finance cases in general will continue to rise to the Supreme Court that could fundamentally address these same notions—what, specifically, constitutes corruption and what constitutes free speech.

Next week: More on our current national landscape, and what states are doing.

¹⁴ Trepp.

¹⁵ Trepp.

¹⁶ Hasen, Richard L. How Justice Kennedy Paved the Way for the Return of Soft Money. Election Law Blog. Oct 25, 2011

¹⁷ Blake, John. Forgetting a Key Lesson from Watergate? CNN.com February 4, 2012.

Attachment A: Current National Landscape (a brief summary)

| Entity | Spending (expenditure) limits | Contribution limits (how much they can accept from donors) | Disclosure requirements |
|-------------------------------------------------------|------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------|
| Candidate/Candidate Committee | No (voluntary only) | Yes (although a candidate can make unlimited contributions to their own campaign) | Yes |
| Political Party | Yes when coordinated with candidates. (None for independent expenditures) | Yes | Yes |
| Political Committee (e.g. PAC) | No | Yes | Yes |
| Independent Expenditure Committees (i.e. Super PACs). | No *Cannot coordinate with campaigns or contribute to campaigns* | No | Yes |
| 527s | No | No | Yes (to IRS), and to FEC for ad-specific electioneering communications and independent expenditures |
| 501 c (4) | Can't have political activity as "primary purpose." | No | Limited to ad-specific electioneering communications and independent expenditures |

ATTACHMENT B

Sources: Campaign Legal Center (campaignlegalcenter.org) and Center for Responsive Politics (www.opensecrets.org)

Political Entities Overview (non candidate):

- **501(c) Groups** — Nonprofit, tax-exempt groups organized under section 501(c) of the Internal Revenue Code that can engage in varying amounts of political activity, depending on the type of group. For example, 501(c)(3) groups operate for religious, charitable, scientific or educational purposes. These groups are not supposed to engage in any political activities, though some voter registration activities are permitted. 501(c)(4) groups are commonly called "social welfare" organizations that may engage in political activities, as long as these activities do not become their primary purpose. Similar restrictions apply to Section 501(c)(5) labor and agricultural groups, and to Section 501(c)(6) business leagues, chambers of commerce, real estate boards and boards of trade.
- **527 Group** — A tax-exempt group organized under section 527 of the Internal Revenue Code to raise money for political activities including voter mobilization efforts, issue advocacy and the like. Currently, the FEC only requires a 527 group to file regular disclosure reports if it is a political party or political action committee (PAC) that engages in either activities expressly advocating the election or defeat of a federal candidate, or in electioneering communications. Otherwise, it must file either with the government of the state in which it is located or the Internal Revenue Service. Many 527s run by special interest groups raise unlimited "soft money," which they use for voter mobilization and certain types of issue advocacy, but not for efforts that expressly advocate the election or defeat of a federal candidate or amount to electioneering communications.
- **Political Action Committee (PAC)** — A political committee that raises and spends limited "hard" money contributions for the express purpose of electing or defeating candidates. Organizations that raise soft money for issue advocacy may also set up a PAC. Most PACs represent business, such as the Microsoft PAC; labor, such as the Teamsters PAC; or ideological interests, such as the EMILY's List PAC or the National Rifle Association PAC. An organization's PAC will collect money from the group's employees or members and make contributions in the name of the PAC to candidates and political parties. Individuals contributing to a PAC may also contribute directly to candidates and political parties, even those also supported by the PAC. A PAC can give \$5,000 to a candidate per election (primary, general or special) and up to \$15,000 annually to a national political party. PACs may receive up to \$5,000 each from individuals, other PACs and party committees per year. A PAC must register with the Federal Election Commission within 10 days of its formation, providing the name and address of the PAC, its treasurer and any affiliated organizations.
- **Super PACs**— Super PACs are a new kind of political action committee created in July 2010 following the outcome of a federal court case known as *SpeechNow.org v. Federal Election Commission*. Technically known as independent expenditure-only committees, Super PACs may raise unlimited sums of money from corporations, unions, associations and individuals, then spend unlimited sums to overtly advocate for or against political candidates. Super PACs must, however, report their donors to the Federal Election Commission on a monthly or quarterly basis -- the Super PAC's choice -- as a traditional PAC would. Unlike traditional PACs, Super PACs are prohibited from donating money directly to political candidates.



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| Organization (IRC section) | Tax Treatment? | Lobbying permitted under Internal Revenue Code (IRC)?* | Political Campaign Activity permitted under Internal Revenue Code (IRC)?* | Disclosure under Internal Revenue Code (IRC)?* | Disclosure under Federal Election Campaign Act (FECA)?** |
|-------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 501(c)(3) Public charities and private foundations | Tax exempt. Contributions are <u>tax-deductible</u> and generally are not subject to the gift tax. | Permitted to engage in lobbying, so long as it constitutes "no substantial part" of the organization's activities. | <u>Prohibited</u> from "participating in, or intervening in ... any political campaign on behalf of (or in opposition to) any candidate for public office." | Must file an annual information return with the IRS using the Form 990 series disclosing all funds raised and spent. Contributor information is not made public, except in case of private foundations. | Because a 501(c)(3) is not permitted to engage in political campaign activity under the IRC, it typically would not have any political campaign spending to report under FECA. |
| 501(c)(4) Social welfare organizations (<i>E.g.</i> , NRA, Sierra Club, Crossroads GPS) | Tax exempt; but if the group engages in political campaign activities (<i>i.e.</i> 527 "exempt function activities"), its investment income (if any) is subject to tax. | Permitted to lobby without limitation provided that all lobbying is consistent with the group's tax-exempt purpose. | These groups cannot have as their " <u>primary activity</u> " participation in "political campaigns on behalf of or in opposition to any candidate for public office." The IRS uses a "facts and circumstances" test to determine when a group sponsoring ads is participating in political campaign activity. Factors include: (1) Whether an ad identifies a candidate for public office; (2) Whether the timing of the ad coincides with an electoral campaign; and (3) Whether the ad targets voters in a particular election. | Must file an annual information return with the IRS using the Form 990 series disclosing all funds raised and spent. <u>Contributor information is not made public, even if the group engages in political campaign activity.</u> | All persons and groups must file "ad specific" disclosure reports with the FEC if they purchase two types of ads: (1) <u>Ads that expressly advocate</u> the election or defeat of a federal candidate (<i>e.g.</i> "vote for," "vote against"). (2) " <u>Electioneering communications</u> ," <i>i.e.</i> TV or radio ads that mention a federal candidate, are targeted to the relevant electorate, and run within 30 days preceding a primary and 60 days preceding a general election. These reports must disclose: the identity of the person or group funding the ad ("ad sponsor"); the recipients of disbursements for the ad; and contributors to the ad sponsor whose contributions were made <u>for the purpose of furthering</u> the express advocacy or electioneering communications. |
| 501(c)(5) Unions | Contributions are <u>not</u> tax-deductible. | | | | |
| 501(c)(6) Trade associations (<i>E.g.</i> , U.S. Chamber of Commerce) | Certain contributions may be subject to the gift tax. | | | | |

* These requirements are enforced by the Internal Revenue Service (IRS).

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|-----------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| | | | | | The FEC has interpreted the law to require disclosure of only those contributors who designated their funds for specific election ads. This interpretation has allowed groups to evade disclosure by designating contributions as "unrestricted donations" or member dues. |
| 527 Political organization that <u>is not</u> registered as a federal political committee | Tax exempt; but may be subject to tax if the group engages in activities that do not relate to political campaign activities, e.g. lobbying, or if the group does not disclose all of its donors. Contributions are <u>not</u> tax-deductible. Contributions are <u>not</u> subject to the gift tax. | Permitted to lobby subject to certain restrictions and only if it is not the group's "primary activity." | Tax law does not limit political campaign activity by 527s. A 527 is a group "organized and operated primarily" for the purpose of "influencing or attempting to influence the selection, nomination, election, or appointment of any individual to any Federal, State, or local public office or office in a political organization, or the election of Presidential or Vice-Presidential electors...." Not all 527s are required to register as federal political committees, only those 527s that meet the definition of a political committee, described <i>below</i> . | Must notify the IRS of their existence within 24 hours of formation. 527s are required to file with the IRS an annual information return, and periodic reports disclosing all contributions and expenditures for which the group seeks tax exemption. 527 reports are publicly available on the IRS' Web site. <u>Contributor information is thus public.</u> If a 527 does not disclose a contribution, it must pay tax on that contribution. | 527s are subject to the "ad specific" reporting requirements under FECA described <i>above</i> . |

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|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|--------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| 527 Political organization that <u>is</u> registered as a federal political committee (E.g., federal candidate committees, national political parties, political action committees (PACs)) | | | A group must register with the FEC as a federal "political committee" if: (1) It accepts "contributions," or makes "expenditures," as defined by FECA, of over \$1000 in a calendar year, and (2) Has as its " <u>major purpose</u> " the "nomination or election" of one or more federal candidates. Tax law does not limit political campaign activity by 527s registered as political committees. Under FECA, however, committees are subject not only to disclosure requirements, but also to contribution limits and source restrictions. "Super-PACS" are registered federal political committees that make <u>only independent expenditures</u> and do not contribute to candidates or parties. Due to <i>Citizens United</i> and other judicial decisions, these "Super PACs" are now exempted from the federal contribution limits and from the restrictions on corporate and union contributions. Super-PACs remain subject to the federal political committee disclosure requirements, however. | 527s that register and report to the FEC as political committees are relieved of many of their IRS reporting obligations. | Federal political committees are subject to extensive reporting and organizational requirements under FECA, including: (1) Registration; (2) Designation of a treasurer and committee bank account(s); (3) Filing periodic disclosure reports with the FEC disclosing <u>all receipts and disbursements (contributor information is thus public)</u> ; (4) Maintaining records for receipts and disbursements from the beginning of the committee's operations. Subject to certain exceptions, federal political committees do not have to file the "ad specific" reports described <i>above</i> , because they are already required to disclose all receipts and disbursements to the FEC in their periodic reports. |

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