

CITIZENS' GUIDE TO CAMPAIGN FINANCE



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Introduction

The purpose of this guide is to advise citizens how they may legally take an active part in the election process. There are several ways you may support candidates and multi-candidate committees (PACs) involved in State and Local elections. These activities, however, are subject to the campaign finance law. For example, the law limits the amount of money you may contribute and prohibits certain people and organizations from making contributions. This guide explains how to participate in State and Local elections in compliance with Tennessee law. It is important to note that this guide focuses on political activity in State and Local elections—not Federal elections.

1. How Much May Be Contributed?

Your contributions to State and Local candidates and PACs are limited under the law. You, the contributor, and the committee to which you give are both legally responsible for making sure that your contribution does not exceed your contribution limits. The paragraphs below list the contribution limits for individuals.

Contribution Limits

An individual may give a maximum of:

- **\$1,000 per election to a State Legislative or Local candidate** or the candidate's campaign committee. Note that the limit applies separately to each election. Primary, general and runoff elections are considered separate elections.
- **\$2,500 per election to a Statewide (Governor) candidate** or the candidate's campaign committee. Note that the limit applies separately to each election. Primary and general elections are considered separate elections.
- **\$109,100 total biennial limit.** This biennial limit places a ceiling on your total contributions to candidates and PACs, as explained below.
- **\$50 in currency (cash) to any candidate or PAC.** Contributions exceeding \$50 per election must be made by check, money order or other written instrument.

\$109,100 Biennial Limit

You have a biennial (2009 and 2010 combined) limit of \$109,100 on your total contributions to State and Local candidates and PACs combined. Of the \$109,100, an individual may contribute no more than \$43,000 to State and Local candidates and no more than \$66,100 to all PACs (including parties) during the two year cycle.

Joint Contributions

If two or more individuals (such as a husband and wife) want to make a contribution using one check drawn on a joint account they may. If a contribution is made in this manner, it is advisable to attach a statement explaining to the recipient how the contribution should be divided between the contributors.

A husband and wife each have separate contribution limits, even if only one spouse has an income. For example, a couple may contribute a \$2,000 check to a candidate's primary campaign and have \$1,000 attributed to the husband and \$1,000 attributed to the wife.

Minor Contributions

A child under eighteen (18) years of age may make contributions from funds they control if the minor knowingly and voluntarily makes such contribution. A minor may not use funds provided as a gift to them for the purpose of making a contributions to make contributions to a candidate or PAC.

2. What Contributions are Prohibited?

While most individuals are free to make political contributions, there are some prohibitions on contributions as explained below.

Foreign Nationals

Foreign nationals may not make contributions in connection with any election—Federal, State or local (This is a federal law). This prohibition does not apply to foreign citizens who are lawfully admitted for permanent residence in the United States (those who have “green cards”).

Corporations

The law prohibits contributions from corporations (This statute is a criminal provision separate from the campaign finance laws). This prohibition applies to incorporated organizations, profit or nonprofit. For example, the owner of an incorporated “mom and pop” grocery store is not permitted to use a business account to make contributions. Instead, the owner would have to use a personal account. This prohibition does not apply to LLCs or PLLCs.

Contributions in the Name of Another

Contributions made in the name of another are prohibited. For example, an individual who has already contributed up to the limit for a candidate's election may not give money to another person to make a contribution to the same candidate.

Excessive Contributions

Finally, contributions that exceed the law's limits are prohibited. A contributor and the recipient of an excess contribution may be assessed civil penalties in certain circumstances.

3. What Counts as a Contribution?

Most people think of contributions as donations of money in the form of checks or currency. While these are common ways of making a contribution, anything of value given to influence an election is considered a contribution. This section describes several

forms of giving that are considered contributions. All contributions you make, no matter the type, count against your contributions limits detailed above.

Donated Items and Services

Generally, the donation of anything of value is an in-kind contribution. For example the donation of rent, office machines, furniture, stamps, items for an auction are in-kind contributions. The value of the donated item (fair market value) counts against the contribution limits. A donation of services is also considered an in-kind contribution. For example, if you pay a consultant's fee or a printing bill for services provided to a campaign, you have made an in-kind contribution in the amount of the payment. If you sell an item or service to a committee and ask the committee to pay less than the fair market value, you have also made an in-kind contribution to the committee in the amount of the discount.

Under limited exceptions in the law, you may provide certain goods and services without making a contribution to the committee. These exceptions are discussed below in Question 4.

Fundraising Tickets and Items

Another way of making a contribution is to purchase a fundraising item or a ticket to a fundraiser. The full purchase price counts as a contribution. If you pay \$100 for a ticket to a fundraising event like a dinner, you have made a \$100 contribution (even though your meal may have cost the committee \$30). Or, if you pay \$15 for a T-shirt sold by a campaign, your contribution amounts to \$15 (even though the T-shirt may have cost the committee \$5).

Loans and Loan Endorsements

If you loan money to a candidate or political committee, you have made a contribution, even if you charge interest on the loan. The outstanding amount of the loan counts against the contribution limits. Loan repayments, therefore, decrease the amount of your contribution. If your loan exceeds the contribution limits, it is an illegal contribution, even if it is later repaid in full. Endorsements and guarantees of bank loans are also considered contributions. Therefore, you may not endorse a \$10,000 loan to a candidate committee. Repayments made on a loan reduce the amount of your liability and thus reduce the amount of your contribution.

4. What Does Not Count as a Contribution?

The items discussed below are not considered contributions and therefore do not count against the contribution limits.

Volunteering

An individual may help candidates and committees by volunteering personal services. Your services are not considered contributions as long as you are not paid by anyone. (If your services are compensated by someone other than the committee itself, the payment

is considered a contribution by that person to the committee.) As a volunteer, the expenses you incur volunteering are not considered contributions.

Home Event

A fundraising party or reception in your home is not considered a contribution as long as the cost of the invitations, food and beverages do not exceed \$100.

Sample Ballots and Slate Cards

The cost of preparing and distributing slate cards, sample ballots or other printed listings of 3 or more candidates who are opposed for election are not considered contributions. The exemption does not apply to costs incurred with respect to the preparation and display of listings made on broadcast stations, newspapers, magazines and similar types of general public political advertising.

Voter Registration

Nonpartisan activity designed to encourage individuals to vote or register to vote is not considered a contribution.

5. What Are Independent Expenditures?

Independent expenditures provide another way to support candidates. An independent expenditure is money spent for a communication expressly advocating the election or defeat of a clearly identified candidate which is not made with the cooperation or with the prior consent of, or in consultation with, or at the request of, or suggestion of, a candidate or any agent or authorized committee of the candidate.

Independent expenditures are not considered contributions and are unlimited. You may spend any amount on each communication as long as the expenditure is truly independent. You may, for example, pay for an advertisement in a newspaper or on the radio urging the public to vote for the candidate you want elected. Or you may produce and distribute posters or yard signs telling people not to vote for a candidate you oppose.

6. What About a Group Involved in the Elections?

If you and other individuals act together as a group to conduct activities to influence a election(s), the group may be a “political campaign committee.” Political campaign committees are generally defined as:

- a. A combination of 2 or more individuals making expenditures to support or oppose any candidate for public office or a referendum.
- b. A committee, club, association or other group of persons which receives contributions or makes expenditures to support or oppose any candidate for public office or measure during a calendar quarter in an aggregate amount exceeding \$250.

Political campaign committees are required to maintain records and file campaign reports on the committee's activities with the Registry of Election Finance or a County Election Commission. Three types of political campaign committees exist in Tennessee:

- a. Single-candidate committee - formed by a group supporting/opposing a single candidate.
- b. Multi-candidate committee (PAC) - formed by a group supporting/opposing multiple candidates or referendums.
- c. Single-measure committee - formed by a group supporting/opposing a single referendum.

If you are interested in forming a group to participate in State or Local elections and you need more information you may contact the Registry of Election Finance (State Elections) or your County Election Commission (Local Elections). More detailed information on each of the political campaign committees described above is also available at the Registry's website, www.state.tn.us/tref.

7. What Campaign Finance Information Must I Disclose?

The campaign finance law requires many participants in the election process to submit campaign finance reports detailing their financial activity. These reports are then made available to the public. Political campaign committees must file detailed reports on the money they raise and spend. As an individual, you are not required to file campaign finance reports. However, as an individual contributor, you may be asked to provide information to the recipient committee for its reports.

If you contribute more than \$100 to a committee, the committee is required to use its best efforts to collect and publicly disclose on campaign finance reports your name, address, occupation and employer, as well as the date and amount of your contribution. Committees sometimes request this information even for smaller contributions, since the \$100 reporting threshold applies to your total contributions to one committee during a reporting period. For example, if you may make several small contributions to a committee during a reporting period and the contributions total over \$100 then the committee must report the contributor information.

8. What Information is Available to the Public?

As a voter, you may be interested in learning how a particular candidate finances his or her campaign. Who is contributing? How much? Is the candidate using personal funds to finance the campaign? Does the committee have debts? Or you may want to know which candidates a party committee or PAC is supporting, and how much the committee is giving. This information is available to the public in the campaign finance reports regularly filed with the Registry and County Election Commissions.

State Candidate/PAC Records

You may view campaign finance information data for state candidates and PACs from 2004 forward on the Internet. Go to the website, www.tennesseeanytime.org/tncamp and click on the link "Search the Database". You may view basic instructions on how to retrieve the information you are looking for by clicking the link "Search Instructions" at the bottom of the page. For campaign finance information prior to 2004, please contact the Registry office at (615) 741-7959, this information is available on paper.

Local Candidate / PAC Records

You may view campaign finance information for local candidates and PACs at your County Election Commission office. You may locate your County Election Commission contact information at http://www.tnsos.org/elections/election_commissions.php

9. How Do I File a Complaint?

If you are a registered voter and believe a violation of the State campaign finance law has taken place, you may file a sworn complaint. If the complaint concerns a state candidate the sworn complaint should be filed with the Registry of Election Finance. If the complaint concerns a local candidate the sworn complaint should be filed with the district attorney general in the judicial district in which the voter resides.

Your sworn complaint can be in the form of a letter and you must have your signature notarized. The letter should explain why you believe the law may have been violated, describe the specific facts and circumstances and name the individuals or organizations you believe have violated the campaign finance laws. You should also attach any documentation you have concerning the complaint.

If the Registry feels that there is sufficient information to move forward with the complaint process, the Registry will provide an opportunity to the party the complaint was filed against to respond to the complaint. The Registry will consider all information available before making a final decision on the complaint.

10. How Do I Get More Information?

There are several ways to receive more information concerning the campaign finance laws. You may contact the Registry by phone, fax or e-mail. In addition, the Registry's website contains more detailed information about the campaign finance statutes. Contact information is listed below.

Registry of Election Finance
404 James Robertson Parkway, Suite 104
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Telephone: (615) 741-7959
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