



# Limited Committee Guide



Traveling Oklahoma Route 66

## 2019-2020 Oklahoma Ethics Commission FAIR RULES. FIRM ENFORCEMENT.

"This publication is issued by the Oklahoma Ethics Commission as authorized by Executive Director, Ashley Kemp, pursuant to Ethics [Rule 1.8](#), and is located at the following website: <http://www.ethics.ok.gov>. This publication has been submitted in compliance with [Section 3-114 of Title 65 of the Oklahoma Statutes](#)." Guides are updated annually in July. This guide was updated on **September 10, 2019**.

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## Commissioners

- **Holly Johnson** – appointed by Chief Justice John Reif of the Oklahoma Supreme Court, term expires July 2021
- **Charles Laster** – appointed by Governor Mary Fallin, term expires July 2022
- **Cathy Stocker** – appointed by Attorney General Mike Hunter, term expires July 2022
- **Gregg Engle** – appointed by Senate President Pro Tempore Greg Treat, term expires July 2024
- **Jarred Brejcha** – appointed by Speaker of the House Charles McCall, term expires July 2024

## What's New to This Guide

- The registration and administration fee was lowered from \$250 to \$100 at the Commission meeting held June 14, 2019; this fee change became effective July 1, 2019.
- The Commission added two new Commissioners in July of 2019.
- Rule 2.88 was amended to remove the consent requirement for an affiliated limited committee to solicit from the members of a membership organization.
- This guide also contains modifications to some examples and clerical errors.

## I. Introduction

### What Is the Oklahoma Ethics Commission?

The Oklahoma Ethics Commission (“Commission”) is a state agency created by a vote of the people of Oklahoma in 1990 by adding Article 29 to the Oklahoma Constitution. The Constitution requires the Commission to promulgate rules of ethical conduct for campaigns for state office, campaigns for initiative and referenda, and state officers and employees. The Commission has limited statutory jurisdiction for campaigns at the local levels, such as counties, independent school and technology center districts, and certain municipalities with both a population over 10,000 in the 2010 census and a general revenue fund expenditure budget in excess of Ten Million Dollars.

### How to Use This Guide

This guide summarizes Rules of the Oklahoma Ethics Commission as applied to limited political action committees, effective August 30, 2019. It is written by the Commission staff to assist in compliance with the Ethics Rules, as authorized by [Rule 1.8](#). This guide is not a substitute for the law. If there is a conflict between this guide and the Constitution, statutes or Ethics Rules, then the Constitution, statutes or Ethics Rules prevail.

### Limited Scope

This guide is not intended to provide comprehensive information about all Ethics Rules and other relevant law concerning political action committees. Individuals who are considering forming political organizations should become familiar with the relevant Constitutional and statutory provisions as well as with the Ethics Rules.

**This Guide Is Limited to Oklahoma Campaigns for State Offices**

This guide addresses only Oklahoma law, especially Rules of the Oklahoma Ethics Commission, and is limited to limited political action committees engaged in campaigns for state offices.

**Advisory Opinions**

[Rule 1.7](#) authorizes the Commission to issue official advisory opinions interpreting its rules. Such advisory opinions are binding on the Commission. The Commission will consider an advisory opinion only as it applies to the person requesting the opinion, rather than third parties. Send requests for advisory opinions to the Oklahoma Ethics Commission.

**Registration Fees and Compliance Orders**

The Commission publishes registration and administration fees for political action committees on its website.

The Executive Director is authorized to issue compliance orders to obtain compliance with these Rules, including late filing fees. [Rule 6.19](#).

**Training and Education Fees**

The Executive Director is authorized to establish and collect fees for participation in training and educational seminars, classes and similar programs and materials. [Rule 1.8](#).

**The Guardian System**

The Guardian System is the Commission's online reporting system in which all reports are filed. Access the Guardian System on the Commission website at [www.ethics.ok.gov](http://www.ethics.ok.gov) or directly at <https://guardian.ok.gov/>. The Guardian System is accessible 24 hours a day, 7 days a week.

For more information on how to use The Guardian System, see the documents and the YouTube videos with step-by-step instructions. This information may be accessed in The Guardian System by clicking on the "Resources" tab and then clicking on "Publications" from the drop-down menu.

**a. Guardian System Training**

One-on-one training is available upon request except during the last 5 days of a filing period. Contact the Ethics Commission staff at (405) 521-3451 or [ethics@ethics.ok.gov](mailto:ethics@ethics.ok.gov) to make an appointment.

**Commission Website**

Additional information on compliance with the Ethics Rules is available on the Commission's website at [www.ethics.ok.gov](http://www.ethics.ok.gov).

**GovDelivery Notification System**

Sign up on the Ethics Commission website ([www.ethics.ok.gov](http://www.ethics.ok.gov)) to receive Ethics Commission notifications via text message or email. Users can subscribe to receive information from the Commission on specific topics, such as PAC information, rule updates, continuing education programs, commission meetings, etc. For PAC specific information, text "PAC" to 468311.



### **Ethics Commission Is On Social Media**

Follow the Ethics Commission on social media platforms to view updates on Ethics Commission news.

- Follow @EthicsOKgov on Twitter
- Like us on Facebook: <https://www.facebook.com/EthicsOKgov/>

### **Contacting the Commission**

The Ethics Commission office is located on the ground floor level of the State Capitol in Room G-27. The Commission's hours are **Monday through Friday from 8:30 a.m. to 5:00 p.m.**

The Ethics Commission contact information is as follows:

- Address: State Capitol, 2300 N. Lincoln Blvd., **Rm G-27**, Oklahoma City, OK 73105
- Telephone number: (405) 521-3451
- Fax number: (405) 521-4905
- E-mail: [ethics@ethics.ok.gov](mailto:ethics@ethics.ok.gov).

Information regarding the Commissioners, the Ethics Commission staff, and the Commission meeting agendas and minutes is available on the Commission's website at [www.ethics.ok.gov](http://www.ethics.ok.gov).

## **II. What a Political Action Committee (PAC) Is**

### **A Political Action Committee May Be Formed Intentionally or by Operation of Law**

Ordinarily, a political action committee ("PAC") is formed intentionally by individuals who wish to pool their financial resources to participate in the political process. However, a PAC also may be formed by operation of law through the actions of persons when forming a PAC is neither intended nor considered.

A PAC is any group of two or more persons that receives contributions or makes expenditures for any of these purposes: (1) to make contributions to candidates or candidate committees; (2) to make contributions to other PACs; (3) to make independent expenditures; (4) to make electioneering communications; or (5) to advocate the approval or defeat of a state question. In other words, two or more persons engaging in any one of those activities have created a PAC.

A PAC is required to register with the Ethics Commission by filing a Statement of Organization and paying a registration and administration fee when it (1) accepts contributions in excess of \$1,000 or (2) makes expenditures exceeding \$1,000.00. See [section IV](#) for more information on registration and renewal requirements. [Rules 2.79](#) and [2.80](#).

### **Types of Political Action Committees**

There are different types of political action committees. PACs may be formed to participate in federal election campaigns, state election campaigns or county, municipal or school district campaigns. There are different legal requirements for PACs at each level of government. This

guide exists to assist in compliance with the law for PACs formed for the purpose of participating in Oklahoma state campaigns by raising funds to contribute to candidates.

The two major types of PACs under the Oklahoma Ethics Rules are (1) limited committees and (2) unlimited committees. Other PACs include out-of-state (i.e., Non-Oklahoma PACs), federal and associated PACs.

#### **a. Limited Committees**

A limited committee is a political action committee organized to make contributions to candidates. It also may make independent expenditures or electioneering communications, but a limited committee may not accept contributions in excess of the limits prescribed by these rules. [Rule 2.2](#). A limited committee may be affiliated with a corporation or a labor union or it may be independent of any other entity; however, it cannot receive corporate or labor union contributions. [Rule 2.86](#).

##### **i. 1/25 Limited Political Action Committees**

1/25 PACs are limited committees that have been registered for less than a year prior to a primary election or that have fewer than 25 contributors. These limited committees have more restrictions on the contributions they can receive and provide to other entities. See [section XI](#) for information on 1/25 contributors and contribution limits.

##### **ii. Affiliated Political Action Committees**

An affiliated PAC is a limited committee that is affiliated with or connected to a corporation or labor union. The limited committees that have this affiliation have additional requirements under the Ethics Rules due to the corporation's or labor union's supportive efforts of the committee. [Rule 2.86](#). See [section VIII](#) and [section XI](#) for more information on affiliated PACs.

#### **b. Unlimited Political Action Committees**

An unlimited committee is a PAC organized exclusively to (1) make independent expenditures or electioneering communications; (2) advocate the approval or defeat of a state question; or (3) make independent expenditures or electioneering communications supporting or opposing a candidate for judicial retention. These committees may receive unlimited contributions and may make unlimited expenditures. However, unlimited committees are prohibited from making contributions to candidates. [Rule 2.2\(19\)](#).

For more information on unlimited committees see the unlimited committee guide on the Ethics Commission website at [www.ethics.ok.gov](http://www.ethics.ok.gov).

#### **c. Out-of-State Political Action Committee**

A Non-Oklahoma PAC is a PAC that is registered in another state that makes contributions or expenditures in Oklahoma state campaigns. These PACs can only contribute to Oklahoma candidates for state office if the PAC does not receive any corporate or labor union contributions.

These PACs are subject to special reporting requirements with the Oklahoma Ethics Commission. Such PACs are not required to register with the Ethics Commission but are required to (1) provide proof of registration in another state to the Oklahoma Ethics Commission before giving

contributions to a candidate(s) for state office in Oklahoma and (2) file a Special Report of Contribution and Expenditures for Non-Oklahoma Committees with the Oklahoma Ethics Commission.

A certified copy of the PACs registration document from another state is sufficient to show proof of registration. The Non-Oklahoma Special Report of Contributions and Expenditures form is located in The Guardian System (<http://guardian.ok.gov>) under the “Special Reports” tab. Additional reports may be required if an out-of-state PAC makes independent expenditures or electioneering communications. Contact the Ethics Commission staff with questions regarding reporting requirements. [Rules 2.92](#), [2.99](#) and [2.105\(C\)](#).

#### **d. Federal Political Action Committee**

A PAC registered with the Federal Election Commission (FEC) that may make contributions to or expenditures on behalf of Oklahoma state candidates (i.e., would be considered a limited committee), is not required to register and file reports with the Oklahoma Ethics Commission if those activities are reported to the FEC.

A PAC registered with the FEC that cannot make contributions to Oklahoma state candidates (i.e., would be considered an unlimited committee) is required to file reports with the Oklahoma Ethics Commission if they make an independent expenditure, electioneering communication, or state question communication for Oklahoma campaigns, regardless of whether that committee reports with the FEC. [Rule 2.98](#).

#### **e. Associated Political Action Committee**

An “associated PAC” is a PAC registered with the FEC when the connected or affiliated entities of the federal PAC and an Oklahoma State PAC share a formal business relationship, such as the national and state organizations of a professional or business organization or labor union. [Rule 2.105](#).

### **Section Summary**

- A PAC is any group of two or more persons that receives contributions or makes expenditures for any of these purposes: (1) to make contributions to candidates or candidate committees; (2) to make contributions to other PACs; (3) to make independent expenditures; (4) to make electioneering communications; or (5) to advocate the approval or defeat of a state question.
- The two major types of PACs are limited committees and unlimited committees. Other PACs include out-of-state PACs (i.e., Non-Oklahoma PACs), federal PACs and associated PACs.
- 1/25 PACs and affiliated PACs are two different types of limited committees, which each have distinct contribution and/or reporting requirements under the Ethics Rules.

### III. Political Action Committee Structure

#### **PAC Structure Requirements**

Every political action committee (“PAC”) is required to have a campaign depository (i.e., bank account), a Chair, and a Treasurer. Rules [2.81](#) and [2.94](#).

Although some PACs have bylaws or articles of organization, there is no requirement in the Ethics Rules for these or similar documents.

#### **Campaign Depositories**

Every PAC must establish at least one campaign depository in a financial institution that ordinarily conducts business within the State of Oklahoma. This account must be an independent account that is separate from funds of any other person or entity in order to prevent commingling of funds. Additionally, the account must be maintained in the name of the PAC as it is registered with the Ethics Commission.

All contributions to the PAC, except in-kind contributions, must be deposited in the PAC’s depository. All expenditures made by the PAC must come out of the PAC’s depository by check or debit card, signed by the Treasurer or Deputy Treasurer of the PAC. [Rules 2.94](#) and [2.95](#).

##### **a. PAC Checks Must Include PAC Identification Number**

PACs can use checks to make expenditures. In addition to the PAC name (as registered with the Ethics Commission), any checks used by a PAC are required to include the unique identification number assigned to the PAC by the Ethics Commission. The Ethics number assigned to each PAC is available on the committee’s workspace in The Guardian System upon logging into the system.

It is important to ensure PAC checks include the PAC name and Ethics ID number to enable those receiving funds from PACs to (1) know that the funds are from the PAC as opposed to another entity, (2) appropriately report the funds in The Guardian System, and (3) ensure the contribution limits are not exceeded. [Rule 2.95](#).

**Example:** Somewhere PAC registers with the Ethics Commission in The Guardian System and includes the acronym SOPAC. The committee opens a bank account under Somewhere PAC. When the committee orders checks, may it have SOPAC, rather than the PAC’s full name printed on the checks? No. The full name of the PAC must be printed on the PAC checks, along with the Ethics ID number. Candidates and other entities receiving funds from the committee must be able to identify the committee as registered with the Ethics Commission.

##### **b. Campaign Depositories May Earn Interest**

The PAC’s campaign depository may earn interest paid by the financial institution, but PAC funds shall not be invested in any other way. [Rule 2.95](#).

## **Committee Officers and Other Individuals**

### **a. Required Officers: Chair and Treasurer**

A PAC is required to have a Chair and a Treasurer. The Treasurer must be a resident of Oklahoma. A candidate is prohibited from holding an office for a PAC. [Rule 2.81.](#)

### **b. Optional Officer: Deputy Treasurer**

A Deputy Treasurer is not a required officer but is recommended. This officer is the person designated to fulfill the responsibilities of the Treasurer in the event the Treasurer is unavailable. The Deputy Treasurer performs similar duties to the Treasurer and can sign committee checks or debit cards upon making expenditures. If a Deputy Treasurer is retained, the individual must be a resident of Oklahoma. [Rule 2.81.](#)

### **c. Other Officers**

In addition to the Chair and Treasurer, a PAC may have other officers to assist the committee with its activities and filing requirements. However, the additional officers do not relieve the Chair nor the Treasurer of his or her legal responsibilities under these rules. Further, candidates cannot be officers of PACs. [Rule 2.81.](#)

### **d. Candidates Prohibited from Serving as PAC Officers**

A candidate is prohibited from holding an office for a PAC. [Rule 2.81.](#)

## **Duties of the Officers**

All officers must adhere to the Ethics Commission Rules.

The Treasurer is required to keep the committee's financial records and accounts for a period of four years, including but not limited to, all contributions accepted, all deposit slips or other evidence of acceptance of contributions, all expenditures made, all receipts, canceled checks or other evidence of payment of expenditures, bank statements, and all other documents necessary to file Reports of Contributions and Expenditures and to make such documents available upon request. The Treasurer is also responsible for filing timely and accurate Reports of Contributions and Expenditures for the committee, as well as filing any amendments, including amendments to the Statement of Organization, within the requisite time periods.

When acting in place of the Treasurer, the Deputy Treasurer performs similar duties. The duties of any other PAC officers may be determined by the PAC. However, these determinations cannot relieve the Treasurer or Deputy Treasurer of their legal obligations and responsibilities. [Rule 2.83](#) and [2.81.](#)

### **a. All Records Must be Maintained for Four Years**

All records and documents must be maintained for a period of four years. These records must be made available to the Commission upon request. [Rule 2.83.](#)

**Officer Vacancies**

Any vacancy in the office of Chair, Treasurer or Deputy Treasurer must be filled within 30 days from the time the vacancy occurs. Once the vacancy is filled, an Amended Statement of Organization must be filed in The Guardian System within 5 days of that vacancy being filled. See [section IV](#) for more information on the Statement of Organization. [Rule 2.84](#). See the “Amending the Statement of Organization” section for information on how to add, remove and update officer information.

**a. When a PAC Cannot Accept or Expend Funds: Vacancies of Both Treasurer and Deputy Treasurer**

A PAC may not accept or expend funds when there is a vacancy in the offices of both the Treasurer and Deputy Treasurer.

A PAC also cannot accept or spend funds if the committee fails to properly file reports and/or pay fees by the PAC registration and renewal deadline. See [section IV](#) for more information on PAC registration and renewal requirements. [Rules 2.82](#) and [2.80](#).

**Section Summary**

- All PACs are required to have a depository (i.e., bank account) that ordinarily conducts business in state of Oklahoma, a Chair and a Treasurer.
- Candidates are prohibited from serving as PAC officers.
- The committee may have other officers, but these officers do not relieve the Chair or Treasurer of his or her duties.
- All officers must adhere to the Ethics Commission Rules. The Treasurer is primarily responsible for maintaining all records and documents, as well as filing reports and amendments with the Ethics Commission. All documents must be maintained for a period of four years and made available to the Ethics Commission upon request.

**IV. Political Action Committee Registration and Renewal Requirements****Register with the Ethics Commission by Filing a Statement of Organization**

In order to register with the Ethics Commission, a PAC is required to file a Statement of Organization and pay an annual registration and administration fee.

The PAC registration and administration fee for July 1, 2019 through June 30, 2020 is \$100.00. The registration and administration fee may be paid online via credit card, or mailed to or dropped off at the Ethics Commission office via check or cash. There is an additional fee for using a credit card. [Rule 6.19](#).



**When to File a Statement of Organization****a. First-Time Registration**

A Statement of Organization (“SO”) is required to be filed no later than 10 days after the PAC receives contributions in excess of \$1,000.00 or makes expenditures in excess of \$1,000.00. A PAC may register before it has exceeded the \$1,000 threshold. A PAC that does not receive contributions or make expenditures in excess of \$1,000.00 is not required to file a SO with the Commission. Once a PAC is registered, it is subject to reporting requirements with the Ethics Commission until the committee is dissolved. Dissolved under the Ethics Rules means the bank account is closed and a final report is filed in The Guardian System. [Rule 2.80.](#)

**b. Annual Renewal**

December 31<sup>st</sup> is the deadline to dissolve a PAC, which includes filing a final report, if a PAC does not intend to operate the following year. Any PAC that has not filed a final report and dissolved the PAC by December 31<sup>st</sup> is required to renew its registration and pay a registration fee in January.

PACs will renew its registration by logging into The Guardian System, clicking on the “Renew Registration” button, and completing the Statement of Organization. To complete registration, PACs must review and update the information in the Statement of Organization and pay the registration fee.

The renewal of the SO will not be accepted unless the PAC has filed all Reports of Contributions and Expenditures and paid any fees required during the preceding calendar year. In the event a PAC has not filed all reports and paid the required fees, the PAC is prohibited from accepting contributions or making expenditures, except for paying fees, until it is current in filing reports and paying fees. [Rule 2.80.](#)

**TIP:** Add a calendar entry for December 31 as the deadline to file a final report in The Guardian System if the PAC does not intend to operate during the next calendar year.

**Statement of Organization Contents**

The following information is required to file a Statement of Organization (“SO”):

1. The name of the PAC Chair.
2. The name of the PAC Treasurer. The Chair and Treasurer may be the same person. The Treasurer must be a resident of Oklahoma. [Rule 2.81.](#)
3. The name of the PAC Deputy Treasurer, if a Deputy Treasurer is appointed. The office of Deputy Treasurer is optional. The Deputy Treasurer performs the Treasurer’s duties in the Treasurer’s absence. The Deputy Treasurer must be a resident of Oklahoma. [Rule 2.81.](#)
4. The name of the PAC. The name cannot be an acronym and cannot be the same as any other PAC or sufficiently similar to the name of any other PAC so that the two could be easily confused. In addition to its name, the PAC may list an acronym, as long as the

acronym is not the same as that of any other PAC or sufficiently similar so that the two could be confused.

5. Indication of whether the PAC is limited or unlimited.
6. The purpose or purposes of the PAC.
7. The mailing address, residence address, electronic mailing address, telephone numbers and website, if applicable, of the PAC, the Chair, the Treasurer and, if applicable, the Deputy Treasurer.
8. The full name and address of each financial institution in which the PAC will maintain a campaign depository. [Rule 2.85.](#)

**a. Each Officer Must Have His or Her Own Contact Information**

The contact information for each officer must be the officer's individual contact information. This ensures each officer receives his or her own credentials to log in to The Guardian System, and it enables the Ethics Commission to retain proper officer contact information. Individual login information must not be shared.

**b. Additional Information Required for a PAC Affiliated with a Corporation or Labor Union**

For a limited committee that is affiliated with a corporation or labor union, the Statement of Organization must include the name, mailing address, street address, electronic mailing address, main telephone number and website, if applicable, of the corporation or labor union. [Rule 2.86.](#)

**Where to File the Statement of Organization**

All Statements of Organization must be filed electronically in The Guardian System unless otherwise ordered by the Commission or the Executive Director of the Commission. Access the Guardian System at <http://guardian.ok.gov> or through the Commission website at [www.ethics.ok.gov](http://www.ethics.ok.gov). [Rule 2.122.](#)

**Amending the Statement of Organization**

Any vacancy in the office of Chair, Treasurer or Deputy Treasurer must be filled within 30 days from the time the vacancy occurs. An Amended Statement of Organization must be filed in The Guardian System within 5 days of that vacancy being filled. [Rule 2.84.](#)

It is important to fill vacancies as quickly as possible because a PAC may not accept or expend funds when there is a vacancy in the offices of both the Treasurer and Deputy Treasurer. [Rule 2.82.](#)

For any other change in the information on the Statement of Organization, the Treasurer is responsible for filing an Amended Statement of Organization in The Guardian System within 10 days of a change. [Rule 2.85.](#)

**a. Update Officer Information Upon Any Change**

When a currently registered committee elects new officers or when any of the officer information on the most recent Statement of Organization has changed, the committee is required to amend its current committee registration (i.e., Statement of Organization) with the new officer information within 10 days of the change. [Rule 2.104.](#)

**i. Adding or Removing Officers**

When a committee needs to add or remove the officers associated with the account, the committee must add new officers to the list of officers and delete any former officers from this list. This is done through amending a Statement of Organization. Once new officers are added to the list, The Guardian System will send a username and password to the email address listed for that officer. If an officer is deleted, his or her ability to access the committees' account will be terminated. If a former officer is not deleted he or she will continue to be able to access the account.

**ii. Updating Officer Information**

When the contact information for a current officer changes, the committee will need to amend the most recent Statement of Organization and update the officer information by clicking "Update."

**Add Non-Officers to Assist with Reporting in The Guardian System**

Officers of a PAC can add individuals to assist with reporting requirements in The Guardian System. These individuals can provide support for the committee to ensure reports are filed on time and data is entered appropriately.

**a. Designated Filing Agent (DFA)**

A designated filing agent ("DFA") is someone, other than an officer, who can access the committee's account in The Guardian System to file reports for the committee. A committee may have multiple DFAs. A DFA is not required but is recommended. A Chair, Treasurer or Deputy Treasurer of the committee does not need to register as a DFA because these officers already have access to file reports.

Once a committee is registered, DFAs may be added or removed in The Guardian System during the initial registration process or later by filing an Amended Statement of Organization. Once added to the system, the DFA will receive login credentials via email.

**b. Data Entry User (DEU)**

A data entry user ("DEU") is an individual, other than an officer or DFA, who can access the committee's account in The Guardian System to input contributions and expenditures on behalf of the committee; however, **he or she cannot file reports**. This allows a committee to have an individual to input contributions and expenditures, and those entries can be reviewed and filed by an officer or DFA.

DEUs can only be added by Ethics Commission staff. Call the Ethics Commission staff to receive the DEU's login credentials.

**Section Summary**

- A PAC is required to register with the Commission within 10 days of spending or receiving in excess of \$1,000. However, a PAC may register earlier than required if desired.
- To register with the Ethics Commission, a committee must file a Statement of Organization in The Guardian System and pay the registration and administration fee.
- The Statement of Organization includes information, such as the contact information of the PAC, the contact information of each officer, and the type and purpose of the PAC.
- PACs that register with the Ethics Commission are required to file reports and renew annually until the PAC appropriately dissolves its committee.
- PAC renewal occurs annually in January. A PAC that has filed a final report and dissolved by December 31<sup>st</sup> is not required to renew in January.
- A PAC cannot accept contributions or make expenditures if it has vacancies in both the Treasurer and Deputy Treasurer offices.
- A PAC cannot accept contributions or make expenditures if it has not filed all Reports of Contributions and Expenditures and paid fees required during the preceding calendar year.
- Amendments to the Statement of Organization must be made within 5 days of a filled vacancy for a PAC officer and within 10 days of any other change.
- A committee can utilize one or more Designated Filing Agents (DFAs) to assist with filing reports.

## **V. Understanding Contributions**

### **What a Contribution Is**

A contribution generally is anything of value given to a political party, a PAC or a candidate committee. Contributions may be either monetary or “in-kind.” Monetary contributions are made in cash or through “written instruments,” such as a personal check or a credit card authorization. “In kind” contributions are goods or services provided to a committee. [Rule 2.2\(6\)](#).

Although there are two different types of contributions, all contributions—in-kind and monetary—from a contributor are aggregated toward that contributor’s contribution limit.

#### **a. Contributions Must Be Voluntary**

When soliciting contributions, a PAC must make it clear that the contribution is voluntary and the person being solicited will not be given any advantage or disadvantage based on whether or not a contribution is made or the amount of a contribution. [Rule 2.91](#).

#### **b. Contributions Cannot Be Reported in the Name of Another Person**

A contribution must be reported in the name of the person who made the contribution. To report a contribution in the name of someone other than the person who made the contribution is called “money laundering” and is prohibited. [Rule 2.18](#).

**c. When an Expenditure Is a Contribution**

Contributions include expenditures made on behalf of a political party, a PAC or a candidate committee. For example, if a PAC purchased a newspaper advertisement urging the election of a particular candidate and did so with the candidate's knowledge, the expenditure would be considered an in-kind contribution by the PAC to the candidate. [Rule 2.2\(6\)](#).

**d. Earmarked Contributions Are Contributions to Candidates**

A contribution to a PAC that is designated, either directly or indirectly, for the benefit of a particular candidate or candidates is considered a contribution by the contributor to the candidate or candidates. [Rule 2.33\(A\)](#).

**e. Volunteer Services Are Not Considered Contributions**

The value of volunteer services is not considered a contribution by an individual who volunteers those services. However, no individual or entity may "volunteer" the services of another individual. An employer, for example, cannot "volunteer" the services of an employee. [Rule 2.2\(6\)](#).

When an individual volunteers the use of a personal telephone, electronic mail, Internet social media or similar electronic devices or services for campaign communications, such use is not considered a contribution but is considered a volunteer service. [Rule 2.111](#). However, use of other personal resources by a volunteer may be considered an in-kind contribution.

Use by a commercial entity of telephone, electronic mail, Internet social media or similar devices or services is considered an in-kind contribution by the commercial entity unless the political party committee, PAC or candidate committee pays fair market value for the use. [Rule 2.112](#).

**Example 1:** Sean stuffed envelopes for PAC X. Sean does not receive payment for doing so. This is a volunteer service from an individual. The volunteer service is not considered a contribution and is not reported.

**Example 2:** ABC, L.L.C. is owned by Sally and Jan. ABC, L.L.C. employees stuffed envelopes for PAC X. The L.L.C. does not receive any compensation for these services. This service is coming from an L.L.C. Consequently, the service is an in-kind contribution that must be reported as coming from Sally and Jan as individuals, based upon their percentage of ownership of the L.L.C.

**Example 3:** XYZ, Inc. employees stuffed envelopes for PAC X, a limited PAC, without compensation. This service is coming from a corporation and not an individual. This would be an illegal corporate contribution. If PAC X had paid fair market value for the services from XYZ, Inc., this would be permissible as an expenditure by the PAC.

**Cash Contributions – Limited to \$50 per Contributor**

PACs can receive cash, but there are limits for how much cash per contributor may be accepted.

The maximum amount of a cash contribution is \$50 per contributor per calendar year. This is an aggregate amount, i.e., all cash contributions from a single contributor added together may not exceed \$50.

If a cash contribution in excess of \$50 is received, the amount of the contribution in excess of \$50 must be deposited with the State Treasurer to the general revenue fund of the state, unless the committee can return the excess contribution to an identifiable contributor. [Rules 2.19](#) and [2.20](#). All contributions, including cash contributions, count toward each contributor's contribution limit.

Also, committees must use their best efforts to identify all contributors and their contributor information. [Rules 2.19](#), [2.20](#), and [2.104](#).

### **Anonymous Contributions – Limited to \$50 in the Aggregate per Contributor**

The maximum amount of anonymous contributions is \$50 in the aggregate per contributor per calendar year. Anonymous contributions are not contributions where an individual desires to remain anonymous or otherwise not identified. A contribution from a known contributor must be reported as coming from that contributor.

PACs must make “best efforts” to identify all contributors. If a contributor can be identified by using best efforts, the candidate must identify the contributor and report the contribution in accordance with these Rules, which includes the contributor's name, address, occupation and employer. [Rules 2.20](#) and [2.105](#).

If an anonymous contribution in excess of \$50 is received, the amount of the contribution in excess of \$50 must be deposited with the State Treasurer for the General Revenue Fund of Oklahoma. [Rules 2.20](#) and [2.105](#).

### **Deadlines for Accepting and Depositing Contributions**

A PAC has up to 10 business days to deposit or return a contribution. A “business day” generally excludes Saturdays, Sundays and holidays. A contribution is deemed to have been accepted by a PAC if it is not returned within 10 business days after it has been received. [Rule 2.21](#).

A contribution that is not deposited within 10 business days after it has been received by the PAC must be returned to the contributor and reported to the Commission as having been accepted and refunded. For all funds received, the date a contribution is deposited in the committee's depository (i.e., bank account) or otherwise accepted is the date used for reporting purposes. [Rule 2.22](#).

### **Maintain Contributor Information**

PACs are required to maintain contributor information for all contributions, regardless of the amount. The contributor information that must be maintained includes, but is not limited to, the following: the contributor's name, address, occupation, employer, and where applicable, the committee ID number, the LLC's ownership information, and a partnership's ownership information. [Rule 2.105](#).

Contributor information must be maintained for a period of four years and must be made available upon request by the Ethics Commission. [Rule 2.83](#).



**Section Summary**

- Contributions are either monetary or in-kind (i.e., goods or services) given to the committee. All contributions received—monetary and in-kind—from a contributor are aggregated and limited to a specific amount.
- Contributions must be given voluntarily.
- Contributions shall not be reported in a name other than the actual contributor.
- Voluntary services provided free of charge from an individual are volunteer services, not contributions.
- Goods or services provided free of charge from an organization or using organization resources are in-kind contributions.
- The cash contribution limit is \$50 in the aggregate, and the anonymous contribution limit is \$50 in the aggregate.
- Contributions not deposited within 10 business days are deemed accepted, must be returned to the contributor, and must be reported as received and returned with the Ethics Commission.
- PACs must maintain proper records of all contributions and contributor information for a period of four years.

**VI. Limited PAC Contributors and Contributor Contribution Limits****Who May Contribute to a Limited Political Action Committee**

Recall that a limited committee is a PAC organized to make contributions to candidates. These PACs are limited in the amount of contributions they can receive and the amount of contributions they can make.

Limited PACs may receive contributions from the following:

<b>Individuals</b> -LLCs -Partnerships - Indian Tribes	<b>Other Limited PACs (except 1/25 PACs) that share the same PAC purpose</b> -*Out-of-State PACs -*Limited Federal PACs  *Provided the PAC does not receive corporate contributions
-----------------------------------------------------------------	-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

All of the individuals or entities that can contribute to a limited PAC are limited to a specific contribution limit. Individuals or entities that exceed the contribution limit and the PAC receiving the contribution in excess of the contribution limits can both be in violation of the Ethics Rules. See the full contribution chart in Appendix I. [Rules 2.2](#) and [2.33](#).

**a. Individuals – Limited to \$5,000 per Calendar Year**

Generally, any individual or other person may make contributions. Other “person” could be a partnership or a limited liability company. A child under the age of 18 may make a contribution

only if the contribution is attributed to his or her parent (or equally between two parents) or guardian.

The maximum amount that any individual may contribute to a limited committee during any calendar year is \$5,000. The limit is an individual limit, so an eligible individual and a spouse could contribute up to \$5,000 each during a calendar year. [Rules 2.17](#) and [2.33\(A\)](#).

*i. Married Couples*

The individual contribution limit is a limit for every individual and is not a “per couple” or “per family” limit. A contribution may be made from a joint account of a married couple. However, the PAC should verify how the contribution should be reported to ensure the contribution is voluntary and attributed toward the correct individual’s contribution limits. This is important because the contribution may only be from one spouse. [Rules 2.17](#) and [2.33\(A\)](#).

**Example:** PAC X receives a check from the joint checking account of Jane and John Doe for \$2,000, and the check is signed by Jane Doe. The PAC should contact Jane Doe to determine if the contribution is only from Jane or from both John and Jane. If the contribution is from both John and Jane, the committee needs to also inquire as to what amount should be attributed to John individually and Jane individually. After speaking with Jane Doe, in this example, PAC X reports that Jane Doe contributed \$1,500 and John Doe contributed \$500.

The following two charts show how PAC X should report these contributions versus how the committee should not report them.

**Reported Correctly:**

Date	Contributor Information [Name/Address/Occupation/Employer] [Name of Committee, Committee #]	Type of Contributor	Amount	Reporting Period Total	Aggregate Total
2/1/2017	DOE, JANE  123 STREET, CITY, OK 73111 ENGINEER WIDGETS, INC	Monetary : Individual	\$1,500.00	\$1,500.00	\$1,500.00
2/1/2017	DOE, JOHN  123 STREET, CITY, OK 73073 ATTORNEY JOHN DOE, PC	Monetary : Individual	\$500.00	\$500.00	\$500.00



**Reported Incorrectly:**

Date	Contributor Information [Name/Address/Occupation/Employer] [Name of Committee, Committee #]	Type of Contributor	Amount	Reporting Period Total	Aggregate Total
2/1/2017	DOE, JOHN AND JANE  123 STREET, CITY, OK 73111 ENGINEER, ATTORNEY WIDGETS, INC AND JOHN DOE, PC	Monetary : Individual	\$2,000.00	\$2,000.00	\$2,000.00



**ii. *Limited Liability Company and Partnership Contributions –Attributed to and Count Toward the Individual Members or Partners Contribution Limits***

Limited PACs may accept a contribution from a limited liability company (“LLC”) or a Limited Partnership (“LP”), provided the LLC or partnership does not have an incorporated member or partner. The owners of a limited liability company are called “members.” The owners of a partnership are called “partners.” Contributions by a limited liability company are reported as contributions from each member of the LLC in proportion to the member’s ownership interest. Contributions by a partnership are reported as contributions from each partner in proportion to the partner’s ownership interest. [Rules 2.24, 2.25, 2.33\(A\)](#) and [2.105](#). These contributions count toward the individual member’s or partner’s \$5,000 contribution limit.

Contributions cannot be received by a PAC from a LLC or partnership that has an incorporated member or partner, respectively.

**Example:** Computers LLC, a limited liability company, owned equally by John and Jane Doe, made a \$2,000 contribution to X PAC. Jane Doe and John Doe are not incorporated members. X PAC can accept the check from the LLC, but it would report the contribution as \$1,000 from John Doe and \$1,000 from Jane Doe because John and Jane own the LLC equally.

**Required Information for LLC or Partnership Contributions:**

- Names of all Members or Partners
- Percentage of Ownership for Each Member or Partner
- Addresses of Each Member or Partner
- Occupation and Employer for Each Member or Partner

**Reported Correctly:**

Date	Contributor Information [Name/Address/Occupation/Employer] [Name of Committee, Committee #]	Type of Contributor	Amount	Reporting Period Total	Aggregate Total
3/1/2017	DOE, JANE 123 STREET, CITY, OK 73111 ENGINEER WIDGETS, INC	Monetary : Individual	\$1,000.00	\$2,500.00	\$2,500.00
3/1/2017	DOE, JOHN 123 STREET, CITY, OK 73073 ATTORNEY JOHN DOE, PC	Monetary : Individual	\$1,000.00	\$1,500.00	\$1,500.00



**Reported Incorrectly:**

Date	Contributor Information [Name/Address/Occupation/Employer] [Name of Committee, Committee #]	Type of Contributor	Amount	Reporting Period Total	Aggregate Total
3/1/2017	COMPUTERS LLC 123 STREET, CITY, OK 73073	Monetary : Business	\$2,000.00	\$2,000.00	\$2,000.00



**iii. *Indian Tribes – Each Non-Incorporated Indian Tribe is Limited to \$5,000 per Calendar Year***

Indian tribes follow the individual contribution limit and may contribute up to \$5,000 per calendar year to a limited committee. The contribution limit applies to the tribe as a whole and is reported as coming from the tribe under the contributor type “Indian Tribe” in The Guardian System.

If the tribe is incorporated, limited committees are prohibited from accepting the contribution due to the corporate contribution restrictions.

If the contribution received from a tribe is actually a contribution from the tribe’s political action committee (“PAC”), then the contribution limit for a PAC applies and the contribution must be reported as coming from the PAC. [Rules 2.23, 2.33, and 2.41](#).

**iv. *Payroll Deductions and Affiliated Corporation or Labor Union Solicitations***

Limited committees that are affiliated with a corporation or labor union may receive contributions via payroll deductions and may make certain solicitations to the affiliated corporation or labor union. The limited committee must receive not only the funds contributed, but also the name, occupation and employer of each contributor. For more information on the specific provisions for PACs with affiliated corporations or labor unions, see the [section VIII](#).

**b. *Other Limited Committees That Share the Same Purpose (Except 1/25 PACs) – Limited to \$5,000 per Calendar Year***

A limited committee may contribute no more than \$5,000 to another limited committee during any calendar year if the contributing limited committee shares the same purpose as the receiving limited committee. Limited committees that do not share the same purpose cannot contribute to one another. A limited committee’s purpose is determined by the type of PAC (limited or unlimited), in its bylaws, articles of organization, or similar document, or, if there is no such document, in the Statement of Organization that is filed with the Commission. [Rules 2.33\(C\), 2.34\(B\), and 2.41](#).

**Example 1:** Limited committee A was created to support candidates who wear digital watches. Limited committee B was created to oppose candidates who wear digital watches. Limited committee A cannot contribute to Limited committee B or vice versa because the PACs do not share the same purpose.

**Example 2:** Limited committee A was created to support candidates who only wear digital watches. Limited committee C was created to support candidates who only wear analog watches. Limited committee A cannot contribute to Limited committee C or vice versa because the PACs do not share the same purpose.

**Example 3:** Limited Committee A was created to support candidates who only wear digital watches. Unlimited Committee B was created to support a state

question for a tax credit for digital watch manufacturers. May Limited Committee A make a contribution to Unlimited Committee B? No. Limited committees are formed to make contributions to candidates, while unlimited committees are prohibited from making contributions to candidates.

### **Who Is Prohibited from Making Contributions to a Limited PAC**

The following are the individuals or entities that are prohibited from making contributions to a limited PAC:

Corporations	LLCs or Partnerships with incorporated member(s) or partner(s)	Labor Unions	Foreign Nationals
Candidate Committees	Political Parties	1/25 Limited PACs or Limited PAC with a Different Purpose	Unlimited PACs

### **Rules 2.33 – 2.36**

#### **a. Corporation and Labor Union Contributions Are Prohibited**

Corporations and labor unions may not contribute to limited committees, and limited committees may not accept contributions from corporations or labor unions. This prohibition includes all types of corporations, such as for-profit corporations, nonprofit corporations and professional corporations. If the entity is incorporated, the prohibition applies. [Okla. Const. art. IX, § 40](#); [21 O.S. § 187.2](#); [Rule 2.23](#).

##### ***i. Internal Communications by a Corporation or Labor Union Are Not Contributions***

Political communications by a corporation intended to be received only by its stockholders, directors, officers or employees and their spouses, and political communications by a labor union intended to be received only by its members and their spouses are not considered contributions. [Rule 2.29](#).

#### **b. Contributions from Foreign Nationals Are Prohibited**

Federal law prohibits contributions from a foreign national. For more information, visit [fec.gov](http://fec.gov).

#### **c. Contributions from Candidate Committees, Political Parties and 1/25 PACs are Prohibited**

Limited committees may provide contributions to candidate committees and political parties, but are prohibited from receiving contributions from candidate committees and political parties. [Rule 2.33](#).

#### **d. Contributions from Limited Committees That Do Not Share the Same Purpose and 1/25 Limited Committees Are Prohibited**

A limited committee's purpose is indicated in its bylaws, articles of organization, or similar document, or, if there is no such document, in the Statement of Organization filed with the Commission.

Limited committees are also prohibited from receiving contributions from a limited committee that has been registered with the Commission for less than a year prior to a primary election or that has fewer than twenty-five (25) contributors. The unofficial name for these limited committees are 1/25 PACs or 1/25 committees. [Rules 2.33, 2.34\(B\), and 2.41](#).

**Example:** PAC X, a limited committee, was created to support candidates who like ice cream. PAC Y, a limited committee, was created to support candidates who do not like ice cream. These PACs are prohibited from contributing to one another because their purposes do not align.

**Example:** PAC X is a limited committee that was created in 2019. PAC Z was created in January of 2020. The primary election is June 30, 2020. Neither PAC may contribute to one another because PAC X is a limited committee and PAC Z is a 1/25 limited committee.

#### **e. Contributions from Unlimited PACs Are prohibited**

An unlimited committee is a PAC organized exclusively to make independent expenditures or electioneering communications supporting or opposing candidates or a PAC organized for the purpose of advocating the approval or defeat of a state question. Unlimited committees may receive unlimited contributions, including from corporations and labor unions, and may make unlimited expenditures. Consequently, limited PACs cannot receive contributions from unlimited PACs. [Rules 2.35, 2.36 and 2.23](#).

## **VII. Contributors to a 1/25 PAC and Contributor Contribution Limits**

### **What a 1/25 PAC Is**

A 1/25 PAC is a limited committee that has less than 25 contributors or has been organized less than a year prior to a primary election. Only individuals may contribute to a 1/25 committee.

The individuals who contribute to a 1/25 PAC have the same contribution limits as those who contribute to a limited PAC—\$5,000 per calendar year.

LLCs and partnerships may contribute to a 1/25 PAC. Contributions by a LLC or partnership are reported as contributions from each member or partner in proportion to the member's or partner's ownership interest. Each individual member of an LLC or partner of a partnership follow the individual contribution limit. A 1/25 PAC is prohibited from receiving a contribution from an LLC or partnership that has an incorporated member or partner. [Rule 2.34, 2.24, 2.25 and 2.105](#). See [Section VI\(a\)\(ii\)](#) for more information on LLC and partnership contributions.



**Who Is Prohibited from Making Contributions to a 1/25 PAC**

The following are the entities prohibited from making contributions to a 1/25 limited PAC:

Corporations	LLCs or Partnerships with incorporated member(s) or partners(s)	Labor Unions	Foreign Nationals
Candidate Committees	Political Parties	Limited PACs & 1/25 Limited PACs	Unlimited PACs

1/25 PACs are prohibited from receiving contributions from the same individuals or entities as any other limited committee; however, 1/25 committees are also prohibited from receiving contributions from other limited committees, including other 1/25 PACs.

**Section Summary**

- Limited committees may receive contributions from individuals and other limited committees of the same type and purpose.
- 1/25 limited committees may receive contributions from individuals, but not other limited committees, including 1/25 committees.
- Contributions from married couples are reported as individual contributions. Each spouse follows the individual contribution limit. If a single contribution is received from both spouses, the committee should verify how much to attribute to each spouse.
- Contributions may be received from LLCs or Partnerships that do not have incorporated members or partners. Any contributions received are reported as individual contributions from each member or partner, allocated according to the percentage of ownership of each member or partner.
- Contributions from unincorporated tribes are treated as individual contributions for contribution limit purposes.
- See the contribution limits chart in [Appendix I](#) for a summary of the contribution limits.

## **VIII. Special Provisions for Limited Committees Affiliated with a Corporation or Labor Union**

**Solicitation of Contributions by a Limited Committee Affiliated with a Corporation**

A limited committee affiliated with a corporation may solicit contributions only from the corporation's shareholders, directors, executive and administrative personnel and their families. "Executive and administrative personnel" includes individuals (1) who are paid a salary (not on an hourly basis) and (2) who have policymaking, managerial, professional or supervisory responsibilities. [Rule 2.87](#).

**Solicitation of Contributions by a Limited Committee Affiliated with a Labor Union**

A limited committee affiliated with a labor union may solicit contributions only from the union's members. [Rule 2.89](#).

### **Solicitation of Contributions by a Limited Committee Affiliated with a Membership Organization**

A limited committee affiliated with an incorporated not-for-profit membership organization—other than a labor union—may solicit contributions from the corporation’s directors, executive and administrative personnel, and their families, i.e., the organization’s professional staff. The limited committee also may solicit contributions directly from its non-corporate members and their families. Membership dues and PAC contributions may be solicited in a single solicitation provided the dues and contributions to the limited committee are placed in segregated accounts upon receipt.

Care should be taken for membership organizations with both non-corporate and corporate members to avoid corporate contributions. **Caution:** It may be best not to combine a solicitation for both the dues and PAC contributions to a corporate member because, although dues could be paid by the corporation using corporate funds, PAC contributions are prohibited from a corporation.

If the membership organization includes corporate members, the limited committee also may solicit contributions from the shareholders, directors, executive and administrative personnel and their families of corporate members. [Rule 2.88.](#)

### **Payroll Deductions**

A corporation or a labor union affiliated with a PAC may use payroll deductions or similar methods to obtain contributions from its employees or members. When doing so, funds equal to the amount of those contributions that are drawn on the corporation or labor union’s account are not considered contributions by the corporation or labor union but are considered contributions from the individuals who authorized that the funds be withheld from their compensation. When a corporation or labor union makes such payments, those payments must not exceed the individual contribution limits and must be accompanied by all the information necessary to report the contributions from the individuals, such as the individual’s name, address, occupation and employer. [Rule 2.28.](#)

## **IX. Special Fund-Raising Events**

### **Residence Used for Fund-Raiser**

There is a contribution exclusion for an individual who hosts a PAC fund-raising event in his or her residence and uses personal funds in doing so. The exclusion may be used one time per year and may not exceed \$1,000. In other words, an individual could host such a fund-raising event in his or her home and spend \$1,000 on refreshments without making a contribution to the PAC. Any personal funds expended above the \$1,000 limit are considered in-kind contributions subject to any limits or reporting requirements. For example, an individual who hosted such a fund-raising event in his or her residence and spent \$1,500 on refreshments would be making an in-kind contribution of \$500.

If a husband and wife each spend personal funds for a PAC fund-raiser in their residence (even if those are combined personal funds of the two), then each individual has a \$1,000 exemption. This

rule states “an individual” may spend personal funds, and the Ethics Rules apply contribution limits to individuals rather than to families.

The rule requires the fund-raiser to take place in the residence of the host, and the funds expended must be personal funds. If those conditions are met, then a husband and wife could each spend up to \$1,000 on a fund-raiser in their residence. This exemption will apply for one fund-raiser for the husband and one fund-raiser for the wife. This exemption can be applied to the same fund-raiser or two separate fund-raisers; however, if both the husband and wife are identified as hosts of the fund-raiser and joint funds are used to pay for the fund-raiser, then they have each used their single event exemption. [Rule 2.60.](#)

**Example 1:** Betty hosted a fund-raiser in her residence for a PAC. She spent \$1,500 of her personal funds on decorations, food, and refreshments. The first \$1,000 is excluded and not reported as a contribution to the political party committee. The \$500, which is in excess of \$1,000, is considered an in-kind contribution to the PAC and must be reported as such.

**Example 2:** Same facts as Example 1, but Betty hosts another fundraiser in her residence for the same PAC and spends \$500. The \$500 is reported as an in-kind contribution to the committee because Betty already hosted a fundraiser this year for that PAC.

### **Non-Residence Used for Fund-Raiser**

There is a contribution exclusion for an individual who hosts a PAC fund-raising event in an office or other nonresidential building and uses personal funds in doing so. The exclusion may be used one time per year and may not exceed \$1,000. Any personal funds expended above the \$1,000 limit are considered in-kind contributions subject to any limits or reporting requirements.

To qualify for the exclusion, the office or other building must be owned by or exclusively leased or rented by the individual who is receiving the exclusion. An office or building owned or leased by a business would not qualify for this exemption.

Use of the space and any other costs associated with the fund-raising event are considered an in-kind contribution by the owner. However, if the PAC pays for the costs associated with the fund-raising event, including the fair market value for the use of the space, the payment is considered an expenditure by the PAC, not a contribution to the PAC. This provision does not permit a corporation or labor union to make an in-kind contribution that is otherwise prohibited. [Rule 2.61.](#)

**Example 1:** Y PAC, a limited PAC, has a member, John Smith, who wants to host a fund-raiser at his commercial office space that he owns personally. In this case, John Smith could host the fund-raiser at no cost to Y PAC at his commercial office space. Also, John Smith could spend up to \$1,000 of his personal funds for this fund-raising event without it being considered a contribution, but any amount over the \$1,000 would be considered an in-kind contribution to Y PAC.

**Example 2:** Same facts as Example 1 except that the commercial office space is actually owned by John Smith, Inc. Y PAC would be required to pay John Smith, Inc. fair market value to rent the space for a fund-raiser in order to avoid receiving a prohibited corporate in-kind contribution. John, in this instance, would not be able to use the \$1,000 exemption because the office space is not owned by him individually; instead, it is owned by John Smith, Inc.

### **Golf Fund-Raising Events**

Sometimes PACs use golf events for fund-raising purposes. All goods or services donated to a golf fund-raising event are considered contributions based on the fair market value of the goods or services. All fees paid to participate in the event are contributions. No goods or services may be donated, nor a fee paid, by a corporation or labor union unless otherwise permitted by law. [Rule 2.62.](#)

**Example 1:** Y PAC, a limited committee, hosts a golf tournament to fundraise and offers the opportunity to “sponsor” a hole. Sponsorship includes posting a sign at the sponsored hole. XYZ Corporation sends a \$1,000 check to sponsor the 18<sup>th</sup> hole. Y PAC must return the check because it is a prohibited contribution from a corporation.

**Example 2:** Y PAC, a limited committee, is hosting a golf tournament. Individual green fees are \$100 each or \$350 for a foursome. XYZ, Inc. sends in a check for \$350 so four of its employees may participate in the tournament. Y PAC must return the check because it is a prohibited corporate contribution.

### **Fund-Raising Auctions and Sales**

Sometimes PACs use auctions or other sales to raise money for their PACs. All goods or services donated to such an event are in-kind contributions to the PAC based on their fair market value. All money paid for goods or services at such an event are monetary contributions. No goods or services may be donated, nor goods or services purchased, by a corporation or labor union unless otherwise permitted by law. [Rule 2.63.](#)

The PAC must acquire the name, occupation and employer of each individual contributor, which includes those who contribute goods or services and those who purchase an item from the PAC auction or sale.

When a PAC sells goods or services, such activities are subject to applicable licenses and taxes provided by law. [Rule 2.64.](#)

**Example 1:** X PAC, a limited committee, is hosting an auction to raise funds and is accepting items from the surrounding community to auction. X PAC receives a gift certificate for the auction from Sleep Well Bed and Breakfast, Inc. X PAC must return the gift certificate because it is a prohibited corporate contribution.

**Example 2:** X PAC is hosting an auction to raise funds and is accepting items from the surrounding community to auction. X PAC received a painting from Randy valued at \$200 to be auctioned off. Melanie won the bid for the painting and paid \$300. X PAC will report this in the Report of Contributions and Expenditures as a \$200 in-kind contribution from Randy and a \$300 monetary contribution from Melanie. A single item that is donated and sold or auctioned will have two entries in a PAC's report of Contributions and Expenditures.

## **X. Loans**

### **Loans by Commercial Financial Institutions**

A loan to a PAC by a commercial financial institution that normally engages in the business of making loans is not considered a contribution so long as the loan is made in the regular course of business and on the same terms ordinarily available to the public. [Rule 2.65](#).

### **Loans by Non-Financial Institutions Are Contributions**

A loan to a PAC by a person, other than a commercial financial institution, is a contribution from the lender, guarantor or endorser. Consequently, the lender of a loan from a non-financial institution is limited to the individual contribution limits. [Rule 2.66](#).

### **PACs May Not Make or Receive Loans to or from Other PACs or Candidates**

A PAC may not make or receive a loan to or from a candidate committee or another PAC. [Rule 2.66](#).

## **XI. Understanding Expenditures**

### **What Expenditures Are**

Expenditures are the funds that the PAC spends or the goods or services it donates. [Rule 2.2\(8\)](#).

The following are the types of expenditures that all PACs may make:

- Operating Expenses
- Independent Expenditures (see [section XII](#))
- Electioneering Communications (see [section XII](#))
- Modest Campaign-Related Items to Recognize Contributors and Volunteers
- Contributions
- Other Purposes of the Committee Not Otherwise Prohibited by Law

Although these general permitted uses of expenditures are the same for all PACs, the entities that can receive contributions from PACs and the contribution limits differ depending upon whether a limited or unlimited PAC provides the contribution. [Rules 2.41](#) and [2.42](#).

### **Personal Use Prohibited**

No person may convert PAC funds to personal use. "Personal use" includes any use of funds to fulfill a commitment, obligation or expense of an individual or other person that would exist irrespective of the PAC's activities. [Rule 2.39](#).

**Expenditures for “Other Purposes” Must be for Purposes of the PAC**

PACs may make expenditures for any lawful purpose, provided the expenditure furthers the purposes of the PAC. The PAC’s purposes may be expressed in the PAC’s bylaws, articles of organization or similar document or, if there is no such document, in the PAC’s statement of organization filed with the Ethics Commission. [Rules 2.41](#) and [2.42](#).

**Modest Campaign-Related Items to Recognize Contributors and Volunteers**

A PAC may provide campaign-related goods of **modest** value, such as coffee mugs, t-shirts, caps and similar items free of charge to volunteers or contributors to the PAC. Expenditures for such items are considered as expenditures by the PAC. [Rule 2.64](#).

**Example:** Y PAC wants to provide high-end coolers to volunteers and contributors with the PAC name on them that cost \$200 each. Y PAC may not provide these coolers because they are not of modest value. However, Y PAC could provide each volunteer or contributor a cooler with the PAC name or logo on it that is valued at \$2 each.

**Contributions by Limited Political Action Committees****a. Contributions to a Political Party Committee – Limited to \$10,000 per Calendar Year**

A limited committee may contribute no more than \$10,000 in any calendar year to a political party. For purposes of calculating the limit, contributions to any state committee, Congressional District committee, county committee, precinct committee or any other committee or entity of the party officially recognized in the party’s bylaws or similar governing document are aggregated. For example, a PAC that contributed \$5,000 to a state party committee and \$5,000 to one of the party’s county committees in the same calendar year would have reached the political party contribution limit. [Rules 2.31](#) and [2.33\(B\)](#).

**b. Contributions to Another Limited Committee That Shares the Same Purpose – Limited to \$5,000 per Calendar Year**

A limited committee may contribute no more than \$5,000 to another limited committee during any calendar year if the contributing limited committee shares the same purpose as the receiving limited committee. Limited committees that do not share the same purpose cannot contribute to one another. A limited committee’s purpose is expressed in the committee type (limited or unlimited), in its bylaws, articles of organization, or similar document, or, if there is no such document, in the Statement of Organization filed with the Commission.

A limited committee is prohibited from contributing to a limited committee that has been registered with the Commission for less than a year prior to a primary election or that has fewer than twenty-five (25) contributors (1/25 PACs or 1/25 limited committees). [Rule 2.33\(C\)](#) and [2.34\(B\)](#).

**c. Contributions to Candidates – Limited to \$5,000 per Election That the Candidate’s Name Appears on the Ballot**

A limited committee may make a maximum contribution of \$5,000 for each election that a candidate’s name appears on the ballot, or a total of \$5,000 for a candidate who is unopposed. [Rule 2.33](#).



- **Unopposed Candidates**
  - Up to \$5,000 for the campaign
- **Candidate's name on ballot for one election:**
  - Up to \$5,000 if the candidate's name appears only on the primary election ballot
  - Up to \$5,000 if the candidate's name appears only on the general election ballot
- **Candidate's name on ballot for two elections:**
  - Primary and Runoff Primary Election: Up to \$ \$5,000 prior to each election for a total of \$10,000.
  - Primary and General Election: Up to \$5,000 prior to each election for a total of \$10,000.
  - **Committees may not make one contribution to be allocated across multiple elections.**
- **Candidate's name on ballot for three elections:**
  - Primary, Runoff Primary, and General Elections: Up to \$5,000 prior to each election for a total of \$15,000.
  - **Committees may not make one contribution to be allocated across multiple elections.**
- **Contributions after the general election:**
  - A limited committee that has not contributed over \$5,000 in total to a candidate committee prior to the general election may make additional contributions to the candidate committee after the general election in an amount that when aggregated to prior contributions to the candidate's campaign does not exceed \$5,000.

**Example 1:** Jaqueline is running for state office, and her name appears on the ballot in the primary, runoff, and general elections. PAC X, a limited committee, gives her \$1,000 before the primary, \$2,000 before the runoff, and \$1,000 before the general election for an aggregate total of \$4,000. Because PAC X has not exceeded \$5,000, it may contribute an additional \$1,000 to Jacqueline's campaign after the general election.

**Example 2:** Melvin is running for state office, and his name is on the ballot in the primary, runoff and general elections. PAC X, a limited committee, gives him \$2,000 before the primary, \$1,000 before the runoff, and \$2,000 before the general election for a total of \$5,000. Because PAC X has reached \$5,000 in contributions, it is unable to make additional contributions to Melvin after the general election.

The maximum levels are specific to the election. For example, if a limited committee had given a contribution of \$1,000 to a candidate prior to the primary election, and the candidate's name appeared on the ballot at the runoff primary election, the limited committee could make an additional contribution of \$5,000—or a total of \$6,000 in the aggregate for both elections—prior to the runoff primary election. The committee could not provide \$5,000 to the candidate in the runoff along with

an additional \$4,000 in the runoff to make up the difference of the contribution limit not met in the pre-primary.

However, in the identical circumstances, a limited committee that had given a contribution of \$5,000 to the candidate prior to the primary election could give an additional contribution of \$5,000—or a total of \$10,000—after the primary election but before the runoff primary election. Assuming the same candidate's name did not appear on the general election ballot, the limited committee could give no more contributions after the runoff primary election. [Rule 2.33\(D\), \(E\), \(F\) and \(G\).](#)

#### **d. Contributions by Limited Committee to Candidates for Federal Offices**

A limited committee may make contributions to candidates for federal office but in doing so may incur registration and reporting requirements under federal election law administered by the Federal Election Commission ("FEC"). Such requirements are beyond the scope of this guide. Visit the FEC website at [www.fec.gov](http://www.fec.gov) for more information.

#### **e. Contributions by Limited Committee to Candidates for County, Municipal or School District Office**

A limited committee may make contributions to candidates for county, municipal and school district offices consistent with these Ethics Rules and consistent with purposes of the PAC. However, a limited committee that has been registered less than a year or has less than 25 members may not contribute to county, municipal, or school district candidates. Contributions to county, municipal, or school district candidates from a limited PAC are limited to the candidate contribution limits as discussed in the prior subsections. [Rule 2.33\(J\).](#)

### **Contributions by 1/25 Limited Committees**

A limited committee that has been registered with the Ethics Commission less than a year prior to a primary election or that has fewer than 25 contributors (known as a 1/25 PAC) is subject to contribution limits lower than limited committees with a longer existence and more contributors.

#### **a. Contributions to Political Party Committees – Limited to \$5,000 per Calendar Year**

1/25 limited committees may make no more than \$5,000 in contributions to a political party committee. [Rule 2.34 \(A\) \(B\) and \(C\).](#)

#### **b. Contributions to Other Limited PACs**

1/25 limited committees are prohibited from contributing to another limited committee, including another 1/25 limited committee. [Rule 2.34\(B\).](#)

#### **c. Contributions to Candidate Committees**

1/25 limited committees may make contributions to candidate committees subject to maximum contributions that are exactly half the amount of maximum contributions by other limited committees, i.e., \$2,500 rather than \$5,000.

Thus, the summary of the maximum contribution by such a limited committee to a candidate committee is as follows:

- **Unopposed Candidates**
  - Up to \$2,500 for the campaign
- **Candidate's name on ballot for one election:**
  - Up to \$2,500 if the candidate's name appears only on the primary election ballot
  - Up to \$2,500 if the candidate's name appears only on the general election ballot
- **Candidate's name on ballot for two elections:**
  - Primary and Runoff Primary Election: Up to \$2,500 prior to each election for a total of \$5,000
  - Primary and General Election: Up to \$2,500 prior to each election for a total of \$5,000.
  - **Committees may not make one contribution to be allocated across multiple elections.**
- **Candidate's name on ballot for three elections:**
  - Primary, Runoff Primary, and General Elections: Up to \$2,500 prior to each election for a total of \$7,500.
  - **Committees may not make one contribution to be allocated across multiple elections.**
- **Contributions after the general election:**
  - A limited committee that has not contributed over \$2,500 in total to a candidate committee prior to the general election may make additional contributions to the candidate committee after the general election in an amount that when aggregated to prior contributions to the candidate's campaign does not exceed \$2,500.

[Rule 2.34\(D\) \(E\) \(F\) and \(G\).](#)

**Example 1:** Jaqueline is running for a state legislative office, and her name appears on the ballot in the primary, runoff, and general elections. PAC X, a 1/25 committee, gives her \$1,000 before the primary, \$500 before the runoff, and \$500 before the general election for an aggregate total of \$2,000. Because PAC X has not exceeded \$2,500, it may contribute up to \$500 after the general election to Jacqueline's campaign.

**Example 2:** Melvin is running for state legislative office, and his name is on the ballot in the primary, runoff, and general elections. PAC X, a 1/25 committee, gives him \$2,000 before the primary, \$250 before the runoff, and \$250 before the general election for an aggregate total of \$2,500. Because PAC X has reached \$2,500, it is unable to make additional contributions to Melvin after the general election.

**A Corporation or Labor Union May Use Corporate Funds to Support Its Affiliated PAC**

When a corporation or labor union supports a PAC, the corporation or labor union and the PAC are "affiliated" under the Ethics Rules. When a corporation is affiliated with a PAC, the "corporation" includes its parent, subsidiary, branch, division, department and local units.

A corporation or labor union may use its funds to pay for three types of costs of an affiliated limited committee: (1) costs of establishment of the PAC, such as legal fees; (2) costs of administration of the PAC, such as compensation paid to an employee to manage PAC business; and (3) costs of solicitation of contributions to the PAC, such as envelopes and postage. A corporation or labor union may support only one limited committee. [Rules 2.86, 2.26](#) and [2.27](#).

**a. Payment of Operating Costs for Affiliated PACs**

When a limited committee is affiliated with a corporation or labor union, and the corporation or labor union is paying overhead costs for the costs of establishment of, administration of and solicitation of contributions to the PAC, those costs should be paid directly by the corporation or the labor union to the ultimate vendor. **Funds to pay these costs should never be deposited in the PAC account.** Corporate or labor union costs should never be commingled with the limited committee's own funds derived from contributions or other receipts. [Rule 2.97](#).

**Transfers Between Associated PACs Are Neither Contributions Nor Expenditures**

Recall, an "associated PAC" is a PAC registered with the FEC when the connected or affiliated entities of the federal PAC and an Oklahoma State PAC share a formal business relationship, such as the national and state organizations of a professional or business organization or labor union. Monetary transfers between associated PACs are neither considered contributions nor expenditures, but are reported on the Report of Contributions and Expenditures as transfers. [Rule 2.105](#).

**Section Summary**

- Personal use of committee funds is prohibited.
- The following are the types of expenditures that a PAC may make:
  - Operating Expenses
  - Independent Expenditures (see [section XII](#))
  - Electioneering Communications (see [section XII](#))
  - Modest Campaign-Related Items to Recognize Contributors and Volunteers
  - Contributions to Party Committees, Limited Committees, Candidate Committees
  - Other Purposes of the Committee Not Otherwise Prohibited by Law
- To whom a PAC can provide contributions and the contribution limits depends upon the type of PAC.
- Affiliated PACs may have some expenses paid for by its affiliated corporation or labor union.
- Transfers between associated PACs are neither contributions nor expenditures.
- View the full contribution chart in [Appendix I](#)

## **XII. Understanding Independent Expenditures and Electioneering Communications**

### **Independent Expenditures**

An independent expenditure is an expenditure for a communication that expressly advocates (1) the election or defeat of a clearly identified candidate or (2) a vote for or against the retention of a candidate for judicial retention.

An independent expenditure cannot be made in coordination with, cooperation with, consultation with, or concert with, or at the request or suggestion of, a candidate, a candidate committee or their agents or a political party committee or its agents. [Rule 2.2\(10\)](#).

#### **a. What an Independent Expenditure Is Not**

An independent expenditure is not a contribution to a candidate or a candidate committee. An independent expenditure does not include the display of a noncommercial yard sign, lapel pin, button, bumper sticker or similar displays of support or opposition to a political party or a candidate. [Rule 2.2\(6\)](#) and [\(10\)](#).

#### **b. Who May Make Independent Expenditures**

Any limited committee or unlimited committee may make independent expenditures consistent with the purposes of the committee. Independent expenditures also may be made by other persons, such as individuals, partnerships, limited liability companies and corporations. [Rule 2.50](#).

A candidate, however, cannot make an independent expenditure for his or her own campaign and is prohibited from making an independent expenditure for the campaign of another candidate. [Rule 2.49](#).

#### **c. No Limits on Independent Expenditures**

There are no limits to the amount of funds that a PAC—limited or unlimited committees—may spend on independent expenditures. [Rule 2.50](#).

### **Electioneering Communications**

An electioneering communication can be a single communication or a series of communications that refer to a clearly identified candidate for state office and is made within 60 days prior to a general election or 30 days prior to a primary or runoff election.

An electioneering communication must be sent by Internet advertising or direct mail, radio, television, cable or satellite broadcast or newspaper or magazine advertising.

It must be targeted to the “relevant electorate.” The “relevant electorate” is 25,000 or more persons for a statewide office, 2,500 or more persons for State Representative or District Judge and 5,000 or more persons for all other state offices.

An electioneering communication is distinguishable from an independent expenditure in that an electioneering communication does not explicitly advocate the election or defeat of a candidate. [Rule 2.2\(7\) and \(11\)](#).

**a. Electioneering Communication Is Not**

An electioneering communication is not “issue advocacy,” although the two terms often are very similar in substance. A communication that references a candidate that is outside the relevant time period or that is made through a different means of communication is not an electioneering communication.

However, such a communication, if made through the identified channels, may become an electioneering communication by operation of law if it meets the time, means and relevant electorate requirements. For example, a communication that mentions a candidate’s name and is targeted to the relevant audience through a television broadcast that is made 31 days before a primary election but does not advocate the election or defeat of a candidate is issue advocacy. That same communication, made 30 days before the same primary election becomes an electioneering communication.

Communications by telephone are not electioneering communication regardless of timing, but these communications may be qualified as an independent expenditure. [Rule 2.2\(7\)](#).

**b. Who May Make Electioneering Communications**

Any limited committee or unlimited committee may make electioneering communications consistent with the purposes of the committee. Electioneering communications also may be made by other persons, such as individuals, partnerships, limited liability companies and corporations. [Rule 2.52](#). A candidate may make an electioneering communication only for his or her own campaign. [Rule 2.51](#).

**c. No Limits on Electioneering Communications**

There are no limits to the amount of funds that may be spent on electioneering communications by an unlimited or a limited PAC. [Rule 2.52](#).

**What Constitutes Coordination, Cooperation, Consultation or “Acting in Concert”**

If an alleged “independent expenditure” or “electioneering communication” is in fact made in coordination with, cooperation with, consultation with, or concert with, or at the request or suggestion of, a candidate, a candidate committee or their agents or a political party committee or its agents, then the “expenditure” becomes a contribution to the candidate committee. If the amount of the expenditure exceeds the limits for contributions, then it is a violation of the Ethics Rules by both the contributor and the recipient.

Coordination, cooperation, consultation and “acting in concert” are not defined in the Ethics Rules. Common definitions of “coordination,” “cooperation,” “consultation” and “concert” offer these descriptions, among many others: “to associate with others for mutual benefit,” “to act together,” “to confer,” “formed by mutual communication of opinion and views.” Whether there is coordination, cooperation or consultation in any given situation depends upon the facts. Rules [2.107\(H\)](#), [2.108\(H\)](#) and [2.2\(6\)](#).

## **Disclosure Requirements for Independent Expenditures and Electioneering Communications**

Whenever an independent expenditure (“IE”) or electioneering communication (“EC”) is made, the PAC making the IE or EC must be identified. The exact language that must be used is as follows: **“Not authorized by any candidate or candidate committee. Authorized and paid for by [the name of the PAC, the PAC’s permanent street address and telephone number].”**

If the IE or EC is made by Internet advertising, or by video, radio, television, cable or satellite broadcast, the disclosure may be given either orally or in writing. If the IE or EC is in writing, such as on Internet advertising, direct mail, magazine, newspaper, or any other printed medium, the disclosure must be of sufficient size and contrast to be clearly readable by the person reading the communication. [Rules 2.57](#) and [2.58](#).

### **a. Disclosure Not Required for Some Advertising**

No disclosure is required for bumper stickers, campaign buttons, t-shirts, aerial advertising or similar advertisements where such disclosure would be impractical. [Rule 2.58](#).

## **How Independent Expenditures and Electioneering Communications Are Reported**

PACs report committee activity on quarterly reports of contributions and expenditures. [Rule 2.100](#). However, additional pre-election reports are required if an independent expenditure or electioneering communication of \$5,000 or more is made by a PAC prior to an election.

For IEs and ECs that total \$5,000 or more made **at least 15 days prior** to any primary, runoff primary or general election, that expenditure must be reported by the PAC at the same time candidates file pre-election reports. [Rule 2.107\(A\)](#). If IEs and ECs that total \$5,000 or more are made by a PAC **during the two weeks** before a primary, runoff primary or general election, but no later than the day of the election, those expenditures must be reported no later than the business day following the day the expenditure is made. [Rule 2.107\(B\)](#).

**TIP:** PACs making IEs or ECs should enter IE/EC expenditures into The Guardian System daily during the month before the election to assist in filing timely reports and avoiding late fees.

## **Section Summary**

- An independent expenditure is an expenditure made by a person that expressly advocates (1) the election or defeat of a clearly identified candidate or (2) a vote for or against the retention of a candidate for judicial retention.
- An electioneering communication is a single communication or a series of communications through specific types of media that is/are targeted to a relevant electorate and refer to a clearly identified candidate for state office. These communications are made within 60 days prior to a general election or 30 days prior to a primary or runoff election.
- Most independent expenditures and electioneering communications require the following disclosure: “Not authorized by any candidate or candidate committee. Authorized and paid for by [name, permanent address, and telephone number of the PAC].”
- Disclosures are not required for bumper stickers, campaign buttons, t-shirts, or other advertisements where the disclosure would be impractical.



### XIII. Filing Reports of Contributions and Expenditures

Once a PAC registers with the Ethics Commission in The Guardian System by filing a Statement of Organization, the PAC must file Reports of Contributions and Expenditures with the Commission on a quarterly basis until the PAC is properly dissolved under the Ethics Rules. Additional reports may be required when a PAC makes IEs or ECs.

Except for good cause shown, a PAC that files more than one quarterly report after the date that it is due shall be deemed to have intentionally failed to file the report in violation of these Rules.

#### Quarterly Reports

The reporting dates and time periods covered for quarterly reports are as follows:

Filing Dates	Period Covered	Type of Report Due
<i>Registration/Renewal Period January 1-31</i>		
April 1 – 30	Jan. 1 – March 31	1 <sup>st</sup> Quarter Contributions and Expenditures Report
July 1 – 31	April 1 – June 30	2 <sup>nd</sup> Quarter Contributions and Expenditures Report
Oct. 1 – 31	July 1 – Sept. 30	3 <sup>rd</sup> Quarter Contributions and Expenditures Report
Jan. 1 – 31	Oct. 1 – Dec. 31	4 <sup>th</sup> Quarter Contributions and Expenditures Report

*\*To view the current reporting calendar [click here](#) or access the reporting calendar under the “Campaign Finance Reporting” tab on the Ethics website, [www.ethics.ok.gov](http://www.ethics.ok.gov).*

The “period covered” column indicates the time period that the committee needs to account for funds coming into and leaving the committee in the Contributions and Expenditures Report. The “filing dates” column lists the dates in which the report may be filed in The Guardian System. A report cannot be filed until the filing dates begin after the last day of the period covered.

The Guardian System will notify registered committees by email using the email addresses on the SO when quarterly reports are due in The Guardian System. [Rule 2.100](#).

#### **a. Filing the First Report**

The first Report of Contributions and Expenditures by a PAC must be filed with the Ethics Commission at the same time as required for the next quarterly report after the PAC files a Statement of Organization or should have filed a Statement of Organization. The first Report of Contributions and Expenditures covers the time period that begins when the first contribution is received or expenditure is made through the ending date for the quarterly period. All reports must be filed in The Guardian System at <https://guardian.ok.gov/>. [Rule 2.103](#).

#### **b. Contents of Reports of Contributions and Expenditures**

Reports of Contributions and Expenditure include, but are not limited to, the following:

- Information on all funds, goods or services received, including monetary contributions, in-kind contributions, transfers from associated PACs, refunds and other receipts;

- Contributor information, regardless of the amount or value of the contribution, which includes, for individuals, the name, address, occupation and employer and for other committees, the name, address, and Ethics/FEC ID number;
- Information on all expenditures made, including independent expenditures and electioneering communications, refunds made and transfers to associated PACs;
- Information on all contributions to candidate committees, other PACs and political party committees and
- Information on the expenditures made by the affiliated corporation or labor union for a limited committee affiliated with a corporation or labor union.

[Rules 2.17](#) and [2.105](#).

The Executive Director is authorized to require additional information on Reports of Contributions and Expenditures. [Rule 2.93](#).

### **Independent Expenditure or Electioneering Communication (IE/EC) Reports**

In addition to quarterly Reports of Contributions and Expenditures, limited committees may also be required to file IE/EC Reports. IE/EC Reports, if required, are only ever due during the two weeks immediately preceding an election. Whether a report is due during the six day time period when candidates file pre-election reports, or, whether a report is due by the next business day depends upon when the communication is made and the value of the communication(s). [Rules 2.107](#) and [2.108](#).

#### **a. Pre-Election IE/EC Reporting Period– 15 Days Prior to Any Election**

An IE/EC Report is required if an IE/EC of \$5,000 or more in the aggregate is made by a limited committee at least 15 days before an election. These pre-election IE/EC Reports are due at the same time that candidate committees are required to file pre-election reports for the applicable election. The Guardian System will trigger the respective report once the transaction is entered into the system. Consequently, IE and EC transactions must be entered in regularly to ensure the proper report is triggered in the system, and the committee is able to file the report in a timely manner. [Rules 2.107\(A\)](#) and [2.108\(A\)](#).

**Example:** The 2020 primary election is June 30<sup>th</sup>. X PAC makes a \$5,000 independent expenditure on June 15<sup>th</sup>. Because June 15<sup>th</sup> is *more than 2 weeks* before the primary election, the report will be due between June 16<sup>th</sup> (2<sup>nd</sup> Tuesday before the Election) and June 22<sup>nd</sup> (the next Monday).

The yellow highlight in this calendar provides a visual representation of this example. The report may be filed any time within the yellow dates.

June 2020						
sunday	Monday	Tuesday	Wednesday	Thursday	Friday	Saturday
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15 \$	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30 Primary Election				

### b. Next Business Day Reporting Period – 14 Days Prior to Any Election

A limited committee that makes an IE or EC of \$5,000 or more in the aggregate during the two week period immediately before an election (beginning no more than 14 days prior to a primary, runoff primary or general election, and ending on the day of the election) must file an IE/EC report no later than the business day following the day the expenditure is made.

The Guardian System will only trigger an IE/EC Report(s) when the applicable transaction is entered into the system. Consequently, IE and EC transactions must be entered in regularly, preferably daily, to ensure the proper report is triggered in the system and the committee is able to file the report in a timely manner.

The aggregation of the \$5,000 or more threshold which triggers the next business day report, begins no more than 14 days prior to the election, but no later than the day of the election. It does not aggregate with IEs/ECs made prior to the next business day reporting period. **Once the \$5,000 or more in the aggregate threshold is met during the next business day reporting period, the next business day reporting requirement applies to all additional IEs/ECs made thereafter, regardless of the amount.** [Rules 2.107\(B\)](#) and [2.108\(B\)](#).

**Example 1:** The 2020 primary election is June 30<sup>th</sup>. X PAC makes an independent expenditure of \$5,000 on June 19<sup>th</sup>. Because June 19<sup>th</sup> is within the 2 weeks before the election, the IE/EC report is due no later than June 22<sup>nd</sup> (the next business day).

The yellow highlight in this calendar shows the 2 weeks before the election that require next business day reporting for IE or EC's of \$5,000 or more. Calculate the two week next business day reporting period by starting at the Election Day and counting backwards to the 2<sup>nd</sup> Tuesday before the Election

**Example 2:** Same facts as example 1, but X PAC makes an additional independent expenditure on June 23<sup>rd</sup> for \$500. X PAC must file another IE report no later than June 24<sup>th</sup> (the next business day).

### c. IE/EC Report Contents

IE/EC Reports must include the following:

#### June 2020

sunday	Monday	tuesday	wednesday	thursday	friday	saturday
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				
		Primary Election				

#### June 2020

sunday	Monday	tuesday	wednesday	thursday	friday	saturday
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18	19	20
21	22	23	24	25	26	27
28	29	30				
		Primary Election				

- the name of the committee making the independent expenditure or electioneering communication;
- the amount, date and a brief description or statement of each independent expenditure or electioneering communication;
- the name and office of the candidate supported or opposed; and (4) whether the candidate was supported or opposed ( independent expenditures only). [Rule 2.107\(D\)](#) and [2.108\(D\)](#).

### **Records Substantiating Reports Must be Maintained for Four Years**

It is imperative that the Treasurer keep detailed and accurate records of all PAC transactions to ensure that the Treasurer has the information necessary to correctly account for all the receipts and expenditures by the PAC.

Sometimes this responsibility goes beyond merely recording transactions. For example, expenditures made by political consultants or other third parties on behalf of the PAC must be reported as if the expenditures had been made directly by the PAC itself. Another example is the reporting of contributions from eligible LLCs and partnerships. Although the PAC may receive a contribution from an LLC or a partnership, the contributions must be reported as if the contributions were made by the members or partners, respectively. To accurately report the PAC's activities, the Treasurer often will have to have details beyond the simple transaction information and must keep careful records in order to substantiate accurately the transactions on the Report of Contributions and Expenditures. [Rules 2.83](#) and [2.105](#).

### **Assistance with Filing Reports in the Guardian System**

For more information on how to use The Guardian System to file reports, see the documents and YouTube videos with step-by-step instructions available in The Guardian System. This information may be located in The Guardian System by clicking on the Resources tab and then clicking on "Publications." One-on-one training may be requested by calling or emailing the Ethics Commission staff, but may be unavailable during the last 5 days of a reporting period.

### **Section Summary**

- Every PAC that is registered in The Guardian System must file quarterly Reports of Contributions and Expenditures until the committee is dissolved.
- Additional IE/EC reports may be required if an IE or EC valued at \$5,000 or more is made during a certain time period before an election.
- Reporting dates are available on the Ethics Commission website under the "Campaign Finance Reporting" tab.

## **XIV. Enforcement, Late Filing Fees and Compliance Orders**

The Commission utilizes two process to enforce its Rules. The first is the formal investigative process set forth in the Constitution and enforced in District Court.

The second is an administrative process where the Executive Director issues compliance orders, including late filing fees, to obtain compliance with these Rules and provides an opportunity for a hearing before an administrative law judge.

A committee affected by a compliance order may request a hearing to be conducted by an administrative law judge. Information on how to request a hearing is made available with the issued compliance order. [Rules 6.19](#), [Rule 2.100](#) and [6.3](#).

## **XV. Dissolving the PAC**

### **PAC May Dissolve at Any Time**

A PAC may dissolve at any time by filing a Final Report of Contributions and Expenditures in The Guardian System that accurately shows no funds remaining in the PAC. [Rule 2.115](#).

#### **a. Disposition of Assets**

The PAC must dispose of assets acquired by the PAC through purchase or in-kind contributions, including but not limited to, furniture, computer equipment and similar items. If an individual retains those assets, this would amount to converting contributions to personal use in violation of the Ethics Rules. An individual may purchase such assets from the committee at fair market value for such purchases. If assets are sold for fair market value, the proceeds of the sale should be deposited into the depository (i.e., bank account) of the PAC and reported as “other funds accepted” on the Report of Contributions and Expenditures. These funds coming into the committee as a result of the sale can be used to pay off debt or can be used as surplus funds prior to dissolving the committee. [Rule 2.118](#) and [2.39](#).

#### **b. Resolution of Debt**

If a PAC has debt at the time of its dissolution, that debt must be resolved in a commercially reasonable manner before the PAC may dissolve. Debt may not be resolved for the purpose of evading prohibitions or limitations of the Rules. If a debt is not resolved in a commercially reasonable manner, the amount of the debt that is forgiven shall be considered a contribution to the PAC. [Rule 2.117](#).

#### **c. Surplus Funds**

A PAC has surplus funds only when such funds are not otherwise obligated when the PAC dissolves. Any such funds must be deposited with the State Treasurer for the general revenue fund of the State of Oklahoma. [Rule 2.47](#).

#### **d. Final Report of Contributions and Expenditures**

A PAC must file a Final Report of Contributions and Expenditures to properly dissolve the committee. A Final Report of Contributions and Expenditures is identical to other Reports of Contributions and Expenditures except that it requires information about the resolution of debt and the disposition of tangible assets, if any. A Final Report may be filed at any time in The Guardian System. It covers a period beginning after the last day of the immediately preceding reporting period and ending on the day before the Final Report is filed.

To file a final report, any outstanding reports showing a “View/File” link must first be filed. Then, the committee will click the “Dissolve Committee” button above the “Reports Due” grid in The Guardian System.

If you need to amend a previously filed report please go to the Filing History and select the “Amend” option next to the appropriate report.

**Dissolve Committee**

### Reports Due

Report	Period Begin	Period End	File Begin Date	Due Date	Status	Action
2019 3RD QUARTER REPORT	7/1/2019	9/30/2019	10/1/2019	10/31/2019	Not Filed	<a href="#">View/File</a>
2019 4TH QUARTER REPORT	10/1/2019	12/31/2019	1/1/2020	1/31/2020	Not Filed	

To report debt and resolution of debt, you will need to click the “Dissolve Committee” button to generate a final report and then click the triangle next to the “Dissolve” section that shows on the filing page. And ensure the “Final Report” box is checked and indicate whether the committee has debt. Checking the box next to “Debt” will generate a data entry page to show how the debt was resolved.

**No Activity**

☐ NO ACTIVITY. This Committee did not receive any funds or contributions, take out any loans, or expend any funds during this reporting period.

If you need to enter Costs paid by an Affiliated Entity, click the icon below.

**Costs Paid by Affiliated Entity**

If you need to dissolve your Committee and confirm this is your final report, check the box or boxes below.

☒ FINAL REPORT. This Committee is dissolved in accordance with the Ethics Rules and has no funds remaining.

☒ DEBT. This Committee dissolved with outstanding debt which was resolved as indicated on Schedule J.

**Resolution Of Debt**

Enter the date and dollar amount of the Debt that is being resolved. Select the Entity type “Individual” or “Business” of the Entity the Debt is being resolved. If not, fill in all required fields. Then enter how the debt is being resolved in the description text box. Click the Add to List button.

Required fields are indicated by red asterisks.

Date\*

Amount\*

Entity Type\*

Description of How Debt is being Resolved\*

**Add to List**

**PACs that do not (1) dissolve in accordance with the Ethics Rules and (2) file a Final Report of Contributions and Expenditures by December 31<sup>st</sup> will be required to renew its registration and pay the registration and renewal fee in January of the following year. [Rule 2.118.](#)**

**Example:** PAC X dissolves the committee in November of 2018. However, PAC X decides to wait until January to file the final report during the 4<sup>th</sup> Quarter reporting period. PAC X will be required to renew for calendar year 2019 and pay the registration fee.

### **All Records Must be Maintained for Four Years**

All records and documents should be maintained for a period of four years. These records must be made available to the Commission upon request. [Rule 2.83.](#)



**APPENDIX I: 2020 State Elections Contribution Limits Chart**

CONTRIBUTORS	RECEIVING COMMITTEES				
	State Candidate Committee	Limited Committee	1/25 Committee	Party Committee	Unlimited Committee
Individuals** (candidates may give unlimited contributions to their own campaign)	Per Election Limit*: \$2,800	\$5,000 per year	\$5,000 per year	\$10,000 per year (may be split between multiple party committees)	No Limits
	Unopposed Candidates: \$2,800 per campaign				
Limited Committee (other than 1/25 committees)	Per Election Limit*: \$5,000	\$5,000 per year***	Nothing	\$10,000 per year (may be split between multiple party committees)	Nothing
	Unopposed Candidates: \$5,000 per campaign				
1/25 Limited Committee	Per Election Limit*: \$2,500	Nothing	Nothing	\$5,000 per year (may be split between multiple party committees)	Nothing
	Unopposed Candidates: \$2,500 per campaign				
State Candidate Committee	\$2,800 per campaign	Nothing	Nothing	Up to \$25,000, only after the race is decided for that candidate	Nothing
Political Party	Statewide Office: \$25,000 prior to general election	Nothing	Nothing	Unlimited transfers between committees in same party	Nothing
	All Other State Offices: \$10,000 prior to general election				
Unlimited Committee	Nothing	Nothing	Nothing	Nothing	Unlimited***
Corporations	Nothing	Nothing	Nothing	Nothing	Unlimited
<b>*PER ELECTION LIMITS</b> Contribution limits are election specific with limits resetting after each election <i>only if</i> the candidate's name will appear on another ballot during the election cycle. A contributor may not provide one contribution to be allocated for multiple elections. After the general election, contributors may make additional contributions so long as the overall total given by the contributor does not exceed the amount of a single election limit for that contributor type.					
<b>**CASH &amp; ANONYMOUS CONTRIBUTIONS:</b> No more than \$50 of a contributor's contribution may be in cash or from an anonymous source. Cash or anonymous contributions received in excess of \$50 must either be returned to the contributor (if known) or given to the State Treasurer's office to the general revenue fund of the state of Oklahoma.					
<b>**TRIBES:</b> Contributions from tribes are acceptable, as long as the tribe is not incorporated; tribes follow the individual contribution limit of \$2,800 per election.					
<b>***COMMITTEE TYPE &amp; PURPOSE:</b> A PAC may only contribute to another PAC of the same type and with the same purpose.					