

Oklahoma Ethics Commission

FAIR RULES. FIRM ENFORCEMENT.



Guide for Political Action Committees

2016-2017

"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 July 1, 2016.

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Commissioners

- **Jo Pettigrew – Chair, re-appointed by Governor Mary Fallin, term expires July 2017**
- **John Hawkins – Vice Chair, appointed by Senate President Pro Tempore Brian Bingman, term expires July 2019**
- **Karen Long – re-appointed by Speaker of the House Jeff Hickman, term expires July 2019**
- **Holly Easterling – appointed by Chief Justice John Reif of the Oklahoma Supreme Court, term expires July 2021**
- **Cathy Stocker – appointed by Attorney General Scott Pruitt, term expires July 2017**

I. Introduction

How to Use This Guide

This Guide summarizes Rules of the Oklahoma Ethics Commission as applied to political action committees, effective July 1, 2016. It is written by the Commission staff to assist in compliance with the Rules, as authorized by [Rule 1.8](#). The Guide is not a substitute for the law. If there is a conflict between this Guide and the Constitution, statutes or Rules, then the Constitution, statutes or 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 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 and State Questions

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

Advisory Opinions

[Rule 1.7](#) authorizes the Commission to issue official advisory opinions interpreting its Rules. Such advisory opinions are binding on the Commission. Ordinarily, the Commission will consider an advisory opinion only as it applies to the person requesting the opinion, rather than third parties. Requests for advisory opinions may be sent to the Oklahoma Ethics Commission (see contact information below).

Registration and Compliance Fees

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. A person affected by a compliance order may request a hearing to be conducted by an administrative law judge. [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 filing system in which all reports are filed. The Guardian System may be accessed on the Commission website at <https://guardian.ok.gov/>.

The Guardian System is accessible 24 hours a day, 7 days a week. All reports are due in The Guardian System on the specified filing date, **regardless of weekends and holidays**.

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

Commission Website

Additional information on compliance with the Rules may be found on the Commission’s Internet website at www.ethics.ok.gov.

Contacting the Commission

The Ethics Commission office is located in Room B-5 of the State Capitol. The Commission’s hours are Monday through Friday from 8:30 a.m. to 5 p.m.

The Ethics Commission contact information is as follows:

- Telephone number: (405) 521-3451
- Fax number: (405) 521-4905
- E-mail: ethics@ethics.ok.gov.
- Address: 2300 N. Lincoln Blvd., Rm B-5, Oklahoma City, OK 73105

Information regarding the Commissioners, the Ethics Commission staff, and the Commission meeting agendas and minutes may be located on the Commission’s Internet website at www.ethics.ok.gov.

II. What a 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, i.e., whether the persons forming the PAC intend to do so or not, they may create a PAC by their actions.

A PAC is any group of two or more persons that receives contributions or makes expenditures for any of these purposes: (1) Making contributions to candidates or candidate committees; (2) making contributions to other PACs; (3) making independent expenditures; (4) making electioneering communications; or (5) advocating 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. The PAC is required to file a Statement of Organization with the Ethics Commission when its contributions or expenditures exceed \$1,000.00. [Rule 2.79.](#)

Types of Political Action Committees

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

This Guide is to assist in compliance with the law for PACs formed for the purpose of participating in Oklahoma state campaigns.

The two major types of PACs are known as limited committees and unlimited committees.

a. Limited Political Action Committee

A limited committee is one organized to make contributions to candidates. A limited committee also may make independent expenditures or electioneering communications, but a limited committee may not accept contributions in excess of the limits prescribed by the 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. [Rule 2.86.](#)

b. Unlimited Political Action Committee

An unlimited committee is one organized exclusively to make independent expenditures or electioneering communications supporting or opposing candidates or one organized for the purpose of advocating the approval or defeat of a state question. In addition to PACs organized to support or oppose candidates for elective office, an unlimited committee also may be organized exclusively for the purpose of making independent expenditures or electioneering communications supporting or opposing a candidate for judicial retention. These committees may receive unlimited contributions and may make unlimited expenditures. These committees cannot make direct contributions to candidates. [Rule 2.2.](#)

A Non-Oklahoma PAC is one that is registered in another state that makes contributions or expenditures in Oklahoma state campaigns. These PACs are subject to special reporting requirements. [Rules 2.99](#) and [2.105.](#)

A PAC registered with the Federal Election Commission (FEC) may make contributions to or expenditures on behalf of Oklahoma state candidates and those activities are reported to the FEC. [Rule 2.98.](#)

c. 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.

A Corporation May Use Corporate Funds to Support a Limited Committee

A corporation may use its funds to pay for three costs of a 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 may support only one limited committee. When a corporation supports a PAC, the corporation and the PAC are “affiliated” under the Rules. When a corporation is affiliated with a PAC, the “corporation” includes its parent, subsidiary, branch, division, department and local units. [Rule 2.26.](#)

A Labor Union May Use Union Funds to Support a Limited Committee

A labor union may use its funds to pay for three costs of a 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 labor union may support only one PAC. When a labor union supports a PAC, the labor union and the PAC are “affiliated” under the Rules. [Rule 2.27.](#)

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, those costs should be paid directly by the corporation or the labor union. These overhead costs include the costs of establishment of, administration of and solicitation of contributions to the PAC. 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.](#)

III. How to Get Started

Statement of Organization Is the Only Document Required

A PAC is only required to file a Statement of Organization and pay an annual registration fee with the Commission. Although some PACs have bylaws or articles of organization, there is no requirement in the Rules for these or similar documents. The registration fee for PACs opened between July 1, 2016 and June 30, 2017 is \$100.00. [Rule 6.19.](#) There is an additional fee for using a credit card.

When to File a Statement of Organization

A Statement of Organization may be filed at any time, but 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 that has filed a Statement of Organization and that has not dissolved must renew its registration during January of each year by filing another Statement of Organization. The renewal of the Statement of Organization 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 fees.

The Executive Director is authorized to issue compliance orders to obtain compliance with these Rules, including late filing fees. [Rule 6.19](#). A person affected by a compliance order may request a hearing to be conducted by an administrative law judge. [Rule 6.19](#).

From July 1, 2016 to June 30, 2017, the late filing fee schedule for PACs is as follows:

- \$100.00 for **first** day of late filing
- \$100.00 per day for each of the next **five days after the first day** of late filing
- \$400.00 on the **seventh** day of late filing

[Rule 2.80](#).

What Information Is Needed for the Statement of Organization

The following information is required to file a Statement of Organization:

1. The name of the Chair of the PAC.
2. The name of the Treasurer of the PAC. The Chair and Treasurer may be the same person. The Treasurer must be a resident of Oklahoma. [Rule 2.81](#).
3. The name of a Deputy Treasurer of the PAC, if a Deputy Treasurer is appointed. The office of Deputy Treasurer is optional. The Deputy Treasurer may perform 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. The purpose or purposes of the PAC. This requirement includes an indication of whether or not the PAC is a limited or unlimited PAC.
6. The mailing address, residence address, electronic mailing address, telephone numbers and Internet website, if applicable, of the PAC, the Chair, the Treasurer and, if applicable, the Deputy Treasurer.
7. The full name and address of each financial institution in which the PAC will maintain an account. [Rule 2.85](#).

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 also includes the name, mailing address, street address, electronic mailing address, main telephone number and Internet website, if applicable, of the corporation or labor union. [Rule 2.86](#).

Filing 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. The Guardian System may be accessed at <http://guardian.ok.gov> or on the Commission website at www.ethics.ok.gov [Rule 2.121](#).

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. Once the new person is chosen to fill the vacancy, an Amended Statement of Organization must be filed in The Guardian System within five days of that vacancy being filled. [Rule 2.84](#).

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](#).

Renew the Statement of Organization Annually

A PAC that has filed a Statement of Organization and has not dissolved must renew its registration during January of each year by filing another Statement of Organization in The Guardian System.

The renewal of the Statement of Organization 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 until it is current with its reports and fees. [Rule 2.80](#).

PAC Officers

A PAC must have a Chair and a Treasurer, and the same person may serve as both Chair and Treasurer. [Rule 2.81](#). In addition to the Chair and Treasurer, the PAC may determine any other officers it wishes to have.

a. Candidates Cannot Be PAC Officers

No candidate may be an officer of a PAC. [Rule 2.81](#).

b. Duties of the Officers

The Treasurer is responsible legally for keeping the PAC's financial records and accounts, including 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 and all other documents necessary to file Reports of Contributions and Expenditures. The Treasurer also is responsible for timely and accurate filing of all Reports of Contributions and Expenditures. [Rule 2.83](#). When acting in place of the Treasurer, the Deputy Treasurer should perform 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.

How Long Records Should Be Kept

All records and documents that the Treasurer is required to keep must be maintained for a four year period. These records must be made available to the Commission upon request. [Rule 2.83](#).

When the PAC Cannot Accept or Expend Funds

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](#).

Campaign Depositories

The PAC must establish at least one campaign depository in a financial institution that ordinarily conducts business within the State of Oklahoma. 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 account. All expenditures made by the PAC must be made by check or debit card signed by the Treasurer or Deputy Treasurer of the PAC. Checks for the PAC must include the unique identification number assigned to the PAC by the Ethics Commission. The account may earn interest paid by the financial institution. [Rules 2.94](#) and [2.95](#).

IV. 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\(6\)](#).

a. Contributions Must Be Voluntary

When soliciting contributions, a PAC must make it clear that the contribution is voluntary and that 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, except independent expenditures. 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 limited committee that is designated, either directly or indirectly, for the benefit of a particular candidate or candidates is considered as 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 as a volunteer service. [Rule 2.110](#). Use by a commercial entity of telephone, electronic mail, Internet social media or similar devices or services is considered as an in-kind contribution unless the political party committee, PAC or candidate committee pays for the use. [Rule 2.111](#).

Cash Contributions and Anonymous Contributions

The maximum amount of a cash contribution is \$50. This is an aggregate amount, i.e., all cash contributions from a single contributor added together may not exceed \$50. The maximum amount of an anonymous contribution is \$50. 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 to the general revenue fund of the state. [Rules 2.19](#) and [2.20](#).

Who May Make Contributions

Generally, any individual or other person may make contributions. Other “person” could be a partnership or a limited liability company, for example. 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. [Rule 2.17](#). Federal law prohibits contributions by a foreign national.

Special rules apply to contributions by corporations, labor unions, limited liability companies and partnerships.

a. Limited Liability Company Contributions

A limited liability company may make contributions to a PAC. The owners of a limited liability company are called “members.” A limited liability company may not make a contribution to a limited committee if one or more members of the limited liability company is a corporation. [Rule 2.24](#). Contributions by a limited liability company are reported as contributions from each member of the limited liability company in proportion to the member’s ownership interest. For example, if a limited liability company owned by two members equally made a contribution to a PAC, the PAC could accept a check from the limited liability company but would report a contribution for half the amount of the check from each of the two members as individuals. [Rule 2.105](#).

b. Partnership Contributions

A partnership may make contributions to a PAC. However, a partnership may not make a contribution to a limited committee if one or more partners is a corporation. [Rule 2.25](#). Contributions by a partnership are reported as contributions from each partner in proportion to the partner’s partnership interest. For example, if a partnership with two partners owning equal shares of the partnership made a contribution to a PAC, the PAC could accept a check from the partnership but would report a contribution for half the amount of the check from each of the two partners as individuals. [Rule 2.105](#).

Limited PACs Prohibited from Accepting Corporate and Labor Union Contributions

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](#); [Title 21, Crimes and Punishments § 187.2](#); [Rule 2.23](#).

Communications by a Corporation or Labor Union

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

Corporations and labor unions may contribute to unlimited committees, including unlimited committees organized for the exclusive purposes of making independent expenditures or electioneering communications; or for the purpose of supporting or opposing a candidate for judicial retention; or for the purpose of supporting or opposing a state question. [Rules 2.35](#) and [2.36](#).

Accepting and Depositing Contributions

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 “business day” generally excludes Saturdays, Sundays and holidays. A contribution must be deposited during that same period—10 business days—unless it is returned. 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. [Rule 2.22](#).

Modest Items May Be Given in Recognition of Contributions

A PAC may provide 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. However, a corporation or labor union may purchase such items as a cost of solicitation of contributions to an affiliated PAC. [Rule 2.64](#).

V. Special Provisions for Limited Committees Affiliated with a Corporation or Labor Union

Solicitation of Contributions by Limited Committee Affiliated with 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 who are paid a salary (not on an hourly basis) and who have policymaking, managerial, professional or supervisory responsibilities. [Rule 2.87](#).

Solicitation of Contributions by Limited Committee Affiliated with 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 and 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 that the dues and contributions to the limited committee are placed in segregated accounts upon receipt. Care should be taken, however, if the membership dues solicitation includes both corporate and non-corporate members of the organization. It may not be practical to combine the dues and PAC contributions in a single solicitation to a corporate member, since dues could be paid by the corporation but PAC contributions could not be made by the 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. Before doing so, however, the PAC must obtain consent from the member corporation in writing. Once consent is given, the consent is considered permanent until revoked by the member corporation. [Rule 2.88](#).

Solicitation of Contributions by Limited Committee Affiliated With Labor Union

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

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 as 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 be accompanied by all the information necessary to report the contributions from the individuals. [Rule 2.28](#).

Solicitations by Unaffiliated Limited Committee

A limited committee not affiliated with a corporation or labor union may solicit contributions from any individual or entity not otherwise prohibited by law from making contributions. [Rule 2.90](#).

VI. 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. [Rule 2.60](#).

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. Otherwise, use of the space is considered an in-kind contribution by the owner. This provision does not permit a corporation or labor union to make an in-kind contribution that is otherwise prohibited. [Rule 2.61](#).

Golf Fund-Raising Events

Sometimes PACs use golf events for fund-raising purposes. Any goods or services donated to a golf fund-raising event are considered as contributions based on the fair market value of the goods or services. Any fee paid to participate in the event is a contribution. 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](#).

Fund-Raising Auctions and Sales

Sometimes PACs use auctions or other sales to raise money for their PACs. Any goods or services donated to such an event are contributions to the PAC based on their fair market value. Any money paid for goods or services at such an event are 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](#).

a. Licenses and Taxes

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

VII. 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 if 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 by a person other than a commercial financial institution to a PAC is a contribution from the lender, guarantor or endorser in the amount of the balance of the loan that has not been repaid. [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](#).

VIII. Receiving Contributions

Prohibited Contributions to Limited Committee

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](#).

Limits on Contributions to Limited Committee

The maximum amount that any person 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 \$5,000 each during a calendar year. [Rule 2.33\(A\)](#).

No Limits on Contributions to Unlimited Committees

Any person (except a foreign national), including individuals, partnerships, limited liability companies, corporations and labor unions, may make unlimited contributions to unlimited committees. This includes unlimited committees organized exclusively for the purpose of making independent expenditures or electioneering communications or unlimited committees organized exclusively for the purpose of advocating the approval or defeat of a state question. [Rules 2.35](#) and [2.36](#).

IX. Making Contributions

Contributions by Limited Political Action Committees

a. Contributions by Limited Committee to a Political Party Committee

A limited committee may contribute no more than \$10,000 in any calendar year to a political party committee. 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 limit. [Rules 2.31](#) and [2.33\(B\)](#).

b. Contributions by Limited Committee to Another Limited Committee

A limited committee may contribute no more than \$5,000 to another limited committee during any calendar year. [Rule 2.33\(C\)](#).

c. Contributions by Limited Committee to Candidates

A limited committee may contribute no more than \$5,000 to a candidate committee prior to a primary election.

Whether or not a limited committee has made a prior contribution, the committee may contribute \$5,000 to a candidate committee after the primary election but before the runoff primary election, but only if the candidate's name appears on the ballot at the runoff primary election.

Similarly, a limited committee may contribute an additional \$5,000 to a candidate committee prior to the general election if the candidate receives the party nomination in a contested primary or runoff primary election, regardless of whether the PAC had made a prior contribution, but only if the candidate's name appears on the ballot at the general election.

If the PAC has made no prior contributions to a candidate committee, it may contribute no more than \$5,000 after the general election. [Rule 2.33\(D\), \(E\), \(F\) and \(G\)](#).

In other words, a limited committee may make a maximum contribution of \$5,000 for each election a candidate's name appears on the ballot, or a total of \$5,000 for a candidate who is unopposed.

The maximum contribution by a limited committee to a candidate committee is as follows:

- \$5,000 if the candidate's name appears only on the primary election ballot or only on the general election ballot;
- \$10,000 if the candidate's name appears only on the primary election and runoff primary election ballots;
- \$10,000 if the candidate's name appears only on the primary election and general election ballots;
- \$15,000 if the candidate's name appears on the primary election, runoff primary election and general election ballots;
- \$5,000 if the candidate is unopposed; and
- \$5,000 after the general election if no previous contributions have been made.

The maximum levels are specific to the next 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.

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.

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 and other consequence under federal election law administered by the FEC. Such consequences are beyond the scope of this Guide.

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 Rules and consistent with purposes of the PAC. [Rule 2.33\(J\)](#).

Contributions by Unlimited Political Action Committees

a. Unlimited Committees Prohibited from Contributing to Candidates

An unlimited committee may not make a contribution in any amount to a candidate committee.

b. Unlimited Committees Prohibited from Contributing to Limited Committees

An unlimited committee may not make a contribution in any amount to a limited committee.

c. Unlimited Committees May Contribute to Other Unlimited Committees

An unlimited committee organized exclusively for the purpose of making independent expenditures or electioneering communications may make a contribution in any amount to another unlimited committee organized exclusively for the purpose of making independent expenditures or electioneering communications.

X. Limited Committees Registered Less Than a Year or With Fewer Than 25 Contributors (1/25 PACs)

Maximum Contributions Different Than Those of Other 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.

Such a committee may make no more than \$5,000 in contributions to a political party committee and is prohibited from making a contribution to another limited committee. [Rule 2.34 \(A\) \(B\) and \(C\)](#). Such limited committees may make contributions to candidate committees subject to maximum contributions exactly half the amount of maximum contributions by other limited committees, i.e., \$2,500 rather than \$5,000. [Rule 2.34\(D\) \(E\) \(F\) and \(G\)](#).

Thus, the maximum contribution by such a limited committee to a candidate committee is

- \$2,500 if the candidate's name appears only on the primary election ballot or only on the general election ballot;

- \$5,000 if the candidate's name appears only on the primary election and runoff primary election ballots;
- \$5,000 if the candidate's name appears only on the primary election and general election ballots;
- \$7,500 if the candidate's name appears on the primary election, runoff primary election and general election ballots;
- \$2,500 if the candidate is unopposed; and
- \$2,500 after the general election if no previous contributions have been made.

XI. Other Expenditures by the PAC

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 Must Be for Purposes of PAC

In addition to making expenditures for independent expenditures, electioneering communications, other PACs and (in the case of limited committees) contributions to political party committees and candidate committees, PACs may make expenditures for operating expenses of the PAC.

PACs also may make additional 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](#).

XII. Transfers Between Associated PACs

Transfers Are Neither Contributions or Expenditures

Monetary transfers between associated PACs are not considered to be contributions nor expenditures, but are reported on the Report of Contributions and Expenditures. [Rule 2.105](#).

XIII. Making Independent Expenditures

No Limits on Amount of Independent Expenditures

Any PAC, including both limited and unlimited committees, may make unlimited independent expenditures that expressly advocate the election or defeat of a candidate or candidates. [Rule 2.50](#).

Disclosure Requirements for Advertising

Whenever an independent expenditure is made, the PAC making the independent expenditure must be identified. The language that must be used is as follows: "Not authorized by any candidate or candidate committee. Authorized and paid for by," which is followed by the name of the PAC, the PAC's permanent street address and telephone number.

If the independent expenditure 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 it is in writing, it must be of sufficient size and contrast to be clearly readable by the person reading the communication. If the independent expenditure is made through Internet advertising, direct mail, magazine advertisement, newspaper advertisement or any other printed medium, the disclosure must be in writing and meet the same standard for readability. [Rules 2.57](#) and [2.58](#).

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](#).

XIV. Making Electioneering Communications

No Limits on Amount of Electioneering Communications

Any PAC, including both limited and unlimited committees, may make unlimited electioneering communications. [Rule 2.51](#).

Disclosure Requirements for Advertising

Whenever an electioneering communication is made, the PAC making the electioneering communication must be identified. The language that must be used is: “Not authorized by any candidate or candidate committee. Authorized and paid for by,” which is followed by the name of the PAC, the PAC’s permanent street address and telephone number.

If the electioneering communication 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 it is in writing, it must be of sufficient size and contrast to be clearly readable by the person reading the communication. If the electioneering communication is made through Internet advertising, direct mail, magazine advertisement, newspaper advertisement or any other printed medium, the disclosure must be in writing and meet the same standard for readability. [Rules 2.57](#) and [2.58](#).

XV. Making Reports of Contributions and Expenditures

Reports Are Made Quarterly

Once registered with the Ethics Commission in The Guardian System, a PAC must file a quarterly Report of Contributions and Expenditures with the Commission. The reporting dates and time periods covered 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 st Quarter Contributions and Expenditures Report
July 1 – 31	April 1 – June 30	2 nd Quarter Contributions and Expenditures Report
Oct. 1 – 31	July 1 – Sept. 30	3 rd Quarter Contributions and Expenditures Report
Jan. 1 – 31	Oct. 1 – Dec. 31	4 th 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.

Quarterly reports due in January, April, July or October cannot be filed early, unless the PAC is dissolving and filing a Final Report of Contributions and Expenditures. Except for good cause shown, a political action committee 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. [Rule 2.100](#).

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 required for the next quarterly report after the PAC files its Statement of Organization. The first Report of Contributions and Expenditures covers the time period beginning when the first contribution was received or expenditure made through the ending date for the quarterly period. All reports must be filed in The Guardian System, which can be accessed at <https://guardian.ok.gov/>. [Rule 2.103](#).

Contents of Reports of Contributions and Expenditures

Reports of Contributions and Expenditure include the following:

- Information on all receipts, including monetary contributions, in-kind contributions, transfers from associated PACs, refunds and other receipts;
- 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.

[Rule 2.105](#).

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

Details in Reports of Contributions and Expenditures

Reports of Contributions and Expenditures require significant detail. For example, Reports of Contributions and Expenditures include the following:

- The name, address, occupation and employer of any person other than a PAC making a contribution to the PAC exceeding \$50 in the aggregate; and
- The name and address of any person or entity to which an expenditure of more than \$200 in the aggregate was made.

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 gross expenditures. 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. That makes it necessary to identify all of the expenditures made by such persons on behalf of the PAC so that

expenditures of more than \$200 can be properly reported. The same is true for expenditures made by using a credit card for payment.

Expenditures made by using a credit card that are more than \$200 are reported individually, not as a single credit card payment. Another example of necessary detail that goes beyond the surface is the reporting of contributions from eligible limited liability companies and partnerships. Although the PAC may receive a contribution from a limited liability company 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 elicit details not apparent on the face of a contribution or expenditure and keep careful records in order to make the Report of Contributions and Expenditures. [Rule 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."

XVI. Understanding Independent Expenditures and Electioneering Communications

Independent Expenditures

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 independent expenditure cannot be made in coordination with, cooperation with, consultation with, or concert with, or at their 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, of course, 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 may be spent on independent expenditures. [Rule 2.50](#).

Electioneering Communications

An electioneering communication can be a single communication or a series of communications that refers 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 or any 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. In other words, 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 may be qualify as an independent expenditure.

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 in 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. [Rule 2.52](#).

How Independent Expenditures and Electioneering Communications Are Reported

If an independent expenditure or electioneering communication of \$5,000 or more is made by a PAC or any other person 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 that candidates file pre-election reports. The \$5,000 trigger is an aggregate number of all independent expenditures or electioneering communications made by the PAC. [Rule 2.107\(A\)](#) and [2.108\(A\)](#). Dates for pre-election reports may be found on the Ethics Commission website at www.ethics.ok.gov.

If an independent expenditure or electioneering communication of \$5,000 or more is made by a PAC or any other person no more than 14 days prior to a primary, runoff primary or general election, but no later than the day of the election, that expenditure must be reported no later than the business day following the day the expenditure is made. [Rule 2.107\(B\)](#) and [2.108\(B\)](#).

If the person making the electioneering communication or independent expenditure is a non-profit corporation that is not officially approved by the United States Internal Revenue Service (IRS) for tax exempt status under the Section 501(c) of Title 26 of the United States Code, the committee must report the name, address and principal business activity of each person contributing funds in excess of \$50.00 in the aggregate to the corporation during the current calendar year, the preceding calendar year, and the amount of any such contribution or contributions that have not been previously reported. This is reported along with a cumulative total of all contributions made by each person since the first report was filed for the electioneering the election for which communication or independent expenditure is being made. [Rule 2.107\(F\)](#) and [2.108\(F\)](#).

a. Help with Reports

Detailed information on completing reports of independent expenditures or electioneering communications may be found on the Ethics Commission's website, www.ethics.ok.gov, under the "Campaign Finance Reporting" tab.

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. [Rules 2.107\(H\)](#), [2.108\(H\)](#) and [2.2\(6\)](#). 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 or not there is coordination, cooperation or consultation in any given situation depends upon the facts.

XVII. 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 shows no funds remaining in the PAC. [Rule 2.114](#).

a. 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](#).

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 2.116](#).

Final Report of Contributions and Expenditures

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. If tangible assets are purchased from a PAC by an officer or family member of an officer of the PAC, the purchase price must be fair market value.

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. [Rule 2.117](#).