

# 2023 Political Committee Law Changes

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## Impacting PACs & Party Committees



**Maine Commission on Governmental Ethics and Election Practices**

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# 2023 General Information

## Introduction

On January 1, 2023, An Act Regarding Campaign Finance Reform (P.L. 2021, Ch. 274), took effect. The purpose of the law is to prohibit the contribution of funds derived from business entities to candidates and Leadership PACs. This guide is an informational resource for PACs and party committees specifically regarding the law change. It is not, however, a substitute for the Commission's statutes and rules. Please do not hesitate to email or call the Political Committee & Lobbyist Registrar if you have any questions.

- *Ethics Commission Staff*

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## Filing Financial Reports

As a general reminder, committees must file financial reports according to the schedule below. Late reports will be assessed late-filing penalties automatically. Therefore, it is critical committees file their report by 11:59 p.m. on the deadline. The Commission staff is available to help until 5:00 p.m. on each filing deadline. Reports must be filed on the Commission's eFiling website:

[www.mainecampaignfinance.com](http://www.mainecampaignfinance.com)

## Filing Schedule for PACs and State Party Committees

Report	Due Date	Period Begin Date	Period End Date
April Quarterly Report	<b>April 10, 2023</b>	January 1, 2023	March 31, 2023
July Quarterly Report	<b>July 17, 2023</b>	April 1, 2023	June 30, 2023
October Quarterly Report	<b>October 5, 2023</b>	July 1, 2023	September 30, 2023
January Quarterly Report	<b>January 16, 2024</b>	October 1, 2023	December 31, 2023

### 24-Hour Reporting Periods

In the 13 days prior to a candidate election, 24-Hour Reports must be filed if the committee **accepts a single contribution of \$5,000 or more, or makes a single expenditure of \$1,000 or more. This includes loans, debts, and debt payments.** Within 24 hours of the transaction that triggers a 24-Hour Report, committees must log in to the eFiling website, add the transaction, and then file the automatically created 24-Hour Report.

### Independent Expenditure (IE) Reporting Periods

Prior to a candidate election, Independent Expenditure Reports must be filed if the committee makes a single expenditure of more than \$250 on a communication to support or oppose a clearly identified candidate. Reports must be filed according to the following schedule:

**60-Day Pre-Election:** All IEs taking place up to the 61st day before an election must be filed in the IE Report due no later than the 60th day before the election.

**2-Day Pre-Election:** All IEs taking place from the 60th day to the 14th day before an election must be filed in the IE Report due no later than two days after the IE occurred.

**1-Day Pre-Election:** All IEs taking place from the 13th day to the day before an election must be filed in the IE Report due no later than one day after the IE occurred, including Election Day.



# Permitted and Restricted Financial Activity Visual Guide

	Traditional PAC w/ Parent Org	Traditional PAC w/o Parent Org	SSF PAC	Leadership PAC	Caucus PAC	Party Committees
Donate to candidates	✗	✓⚠	✓	✓	✓⚠	✓⚠
Donate to Leadership PACs	✗	✓⚠	✓	✓	✓⚠	✓⚠
Donate to SSF PACs	✗	✓⚠	✓	✓	✓⚠	✓⚠
Donate to Traditional PACs	✓	✓	✓	✓	✓	✓
Donate to Caucus PACs	✓	✓	✓	✓	✓	✓
Make independent expenditures	✓	✓	✓	✓	✓	✓
Accept business entity funds	✓	✓	✗	✗	✓	✓

## Legend



This means no. This type of financial activity is not allowed for the PAC.



This means yes. This type of financial activity is allowed for the PAC.



This means caution. This type of financial activity is allowed, provided the PAC is not funding the financial activity with funds derived from business entities.



# 2023 Contribution Limits & Expenditure Rules

## Contribution Limits

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Some types of committees have contribution limits, and some do not. Please see the pages for each specific committee type for more detailed information.

**Caucus PACs:** Caucus PACs do not have any contribution limits.

**Leadership PACs:** Leadership PACs may not accept funds from business entities, and all contributions are limited to \$475 per calendar year.

**Separate & Segregated Fund (SSF) PACs:** SSF PACs may not accept funds from business entities, and contributions from individuals are limited to \$5,000 per calendar year.

**Traditional PACs:** Traditional PACs do not have contribution limits.

**Political Party Committees:** Party committees do not have contribution limits.

## Expenditure Rules

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The contribution limitations on candidates and some PACs affects how other committees may expend their funds via donations.

**All PACs:** All PACs may donate to BQCs - ballot question committees.

**Caucus PACs:** Caucus PACs may not donate to candidates or Leadership PACs with funds derived from business entities after December 31, 2022.

**Leadership PACs:** Leadership PACs are not restricted in how they spend their funds.

**Separate & Segregated Fund (SSF) PACs:** SSF PACs are not restricted in how they spend their funds.

**Traditional PACs:** Traditional PACs that have a parent organization are considered a business entity, and all donations to other entities are considered a business entity contribution. Therefore, Traditional PACs with a parent organization may not make donations to candidates, SSF PACs, or Leadership PACs. Traditional PACs that do not have a parent organization may donate to candidates and Leadership PACs, provided they are not doing so with funds derived from business entities.

**Political Party Committees:** Party committees may not donate to candidates or Leadership PACs with funds derived from business entities after December 31, 2022.





# Traditional & SSF PACs

## Definitions & Differences

When a group raises or spends more than \$2,500 in Maine to support or oppose candidates, that group has become a PAC and must register with the Ethics Commission.

The first step in designating a PAC type is based on what type of group is founding the PAC. If the PAC's founder is a parent organization, such as corporation, labor union, membership organization, business, *etc.*, it can choose between registering as a Traditional PAC or an SSF PAC, with the decision depending on the activities the parent organization wants to partake in. A parent organization may form both a Traditional and SSF PAC - for more on that, please see "Bank Accounts, Recordkeeping & Having Two PACs."

SSF PACs	Traditional PACs
For organizations that will donate directly to candidates. They cannot solicit or accept business entity funds but can donate to Traditional, Caucus, Leadership, and other SSF PACs. SSF PACs cannot accept more than \$5,000 from any individual in a calendar year.	For organizations that will accept business entity contributions. They cannot donate to candidates, but can make independent expenditures supporting and opposing candidates, and donate to Caucus PACs and other Traditional PACs.

If a PAC is not associated with a parent organization, or is the state level PAC of a federal PAC not associated with a parent organization, the PAC should register as a [Traditional PAC](#). This type of Traditional PAC may accept business entity funds *and* donate to candidates and SSF and Leadership PACs, provided the PAC is certain all donations to candidates and SSF and Leadership PACs were made with non-business entity funds.

## Examples

- A labor union funds its PAC from donations from its members, and prefers to donate to candidates who align with their views. This PAC should register as an SSF PAC.
- A national animal rights non-profit forms a Maine PAC to support candidates who are anti-puppy mills. This PAC should register as a Traditional PAC, and support and oppose candidates by making independent expenditures.
- A group of citizens in Castle Rock form a group to support candidates who will care about Castle Rock. This group should register as a Traditional PAC and either open two bank accounts, or keep very detailed accounting of its contributions, to separate business entity funds from non-business entity funds. The PAC can donate to candidates and Leadership PACs with its non-business entity funds, and make independent expenditures. With its business entity funds, it can make independent expenditures, and donate to Caucus and other Traditional PACs.



# Leadership & Caucus PACs

## Leadership PACs

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A PAC that is established, controlled, or maintained directly or indirectly by a Legislator is a Leadership PAC. The following examples of a Legislator's involvement with a PAC would make the PAC a Leadership PAC:

- The Legislator is the principal officer of the PAC
- The Legislator is the treasurer of the PAC
- The Legislator is a major fundraiser for the PAC
- The Legislator is a major decision maker for the PAC

Other than participating with a Caucus PAC, a Legislator cannot have any of the roles above in a PAC that would not be considered a Leadership PAC.

Leadership PACs have an aggregate contribution limit of \$475 per year from any single source. This means no single source can donate more than \$475 to a Leadership PAC in a calendar year. Leadership PACs may not accept business entity funds, including from Traditional PACs that have a parent organization. Leadership PACs may not accept contributions made with business entity funds from other Traditional PACs, Caucus PACs, and political party committees - though that responsibility lies more with the donating PAC than the receiving one.

## Caucus PACs

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Caucus PACs are the official PACs of the party caucuses in the Maine House of Representatives and the Maine Senate. Currently, there are four caucuses that are allowed to have a Caucus PAC. Legislators may help with fundraising and other activities for the Caucus PAC.

There are no limitations on what a Caucus PAC may accept. However, it is very common for Caucus PACs to donate to candidates and Leadership PACs, and to do so now requires a significant change in their bookkeeping and accounting practices. Caucus PACs may not donate to candidates or Leadership PACs with funds derived from business entities. That includes Traditional PACs with a parent organization. To be absolutely sure a Caucus PAC is donating to candidates and Leadership PACs with funds derived from non-business entities, they should keep two separate bank accounts (one for business entity funds, one for non-business entity funds), or keep rigorous and well organized books.



# Bank Accounts, Bookkeeping, and Having Two PACs

## Bank Accounts

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With the implementation of the new laws, the Commission strongly recommends two separate bank accounts for Traditional PACs without a parent organization, Caucus PACs, and state-level political party committees. The bank accounts would be used to keep business entity funds and non-business entity funds from being commingled and improperly used. If a PAC chooses not to have separate bank accounts, their accounting of business entity and non-business entity funds must be rigorous and well organized. Additionally, these types of committees that raise or spend more than \$100,000 in an election cycle should consider hiring an accounting professional.

## Bookkeeping

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Regardless of PAC or committee types, *all* political committees should be increasing the attention paid to their bookkeeping going forward. This is to make sure no violations occur, including, but not limited to:

- Accepting business entity funds if the PAC is an SSF or Leadership PAC
- Donating business entity funds to candidates, SSF PACs, or Leadership PACs
- Accepting more than the \$475 contribution limit from a single source for Leadership PACs
- Accepting more than the \$5,000 individual contribution limit for SSF PACs

## Having Two PACs

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If a parent organization wants to accept business funds *and* donate to candidates and Leadership PACs, the only feasible way to participate in both is to register two PACs - a Traditional PAC and an SSF PAC. Registering two PACs is allowed, provided each PAC has completely separate bank accounts and recordkeeping.

**Allowances:** The SSF PAC may donate to the Traditional PAC. The Traditional PAC may purchase goods for an auction, and the proceeds from the auction may go to the SSF PAC.

**Restrictions:** The Traditional PAC may not donate to the SSF PAC, or provide in-kind goods or services to the SSF PAC.