

Want an Easier Way to Contribute to State Candidates? How Your Federal PAC Can Be Just as Useful Outside Washington, DC

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Many corporations and trade associations form a political action committee (PAC) to make contributions to federal candidates. But a point often overlooked by many organizations is that a federal PAC can be a helpful tool to supplement a corporation or trade association's state activities as well. This is particularly true in states where corporate contributions are prohibited and a corporation or trade association's interest in the state does not warrant establishing a state PAC, which can be cumbersome. For example, state campaign finance law might require a state PAC to register on an annual basis, appoint an in-state registered agent or treasurer, open an in-state bank account, file disclosure reports more frequently than under federal law, itemize contributions at lower thresholds than under federal law (*e.g.*, \$50, \$25, or even \$0), and even force the PAC to pay for its own administrative expenses. Using a federal PAC can reduce or eliminate many of these concerns.

The majority of states permit federal PACs to contribute to state candidates and frequently provide exemptions from the typical state PAC compliance requirements. Several states do not impose any registration or reporting obligations on federal PACs making contributions to state candidates (*e.g.*, Idaho, Maryland, South Carolina). Numerous other states only impose minimal registration and/or reporting obligations on federal PACs making contributions to state candidates. In Illinois, for example, a federal PAC may take advantage of a reporting exemption that permits it to file a copy of its FEC report in lieu of filing as a state PAC. Iowa and Ohio are among the other states that similarly permit federal PACs to file

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copies of their FEC reports to satisfy state reporting requirements. Texas takes a similar approach, but only federal PACs that make at least 80% of their expenditures outside Texas within the previous 12 months are exempt from most of the state's registration and reporting requirements. Certain states (e.g., Pennsylvania, Washington) require federal PACs to file disclosure reports on state-specific forms in accordance with the state's filing schedule, but offer truncated reporting options for federal PACs that typically only require the disclosure of contributions made to state candidates and committees.

As these examples show, federal PACs can be an effective tool for corporations or trade associations because they provide a vehicle to support state candidates with relatively minor administrative burden. Since the specific compliance requirements vary by state, it is important to examine the applicable contribution limits and determine whether the federal PAC must register and/or file reports with the state's campaign finance agency before a federal PAC makes any contributions to state candidates. Wiley Rein is available to assist your organization's federal PAC in determining and complying with these state law requirements.