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NEWSLETTER

New Rules for Federal Candidates: Transfers and Contributions to Other Candidates

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On December 8, 2004, President Bush signed into law the Consolidated Appropriations Act, 2005 (P.L. 108-447). While much of the new law concerns federal spending, two of the Act's provisions directly affect federal campaign finance law.

The first of these changes deals with the ability of members of Congress to transfer funds from their federal campaign accounts to finance a run for state or local office. Following passage of BCRA, the FEC had ruled that federal officeholders were prohibited from using federal dollars to finance non-Federal campaigns. The Act amends federal law by permitting excess federal funds to be directed into the accounts of candidates for state and local office, or for "any other lawful purpose" provided that it is not converted to "personal use." *See* 2 U.S.C. § 439(a). It is important to note, however, that this change only pertains to federal law. State law also must allow the state campaigns to accept contributions from federal candidate campaign committees.

A second provision inserted into the Act allows federal candidate campaign committees to contribute up to $2,000 per election to other federal candidate campaign committees. This change increases the limit from $1,000 and brings contributions from members' campaign committees in line with contributions from individuals.

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