

Massachusetts Reduces Contribution Limits for Organizations

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On May 9, the Massachusetts Office of Campaign and Political Finance (OCPF) issued a new regulation limiting contributions by non-political organizations – such as labor unions – to the same dollar limits that apply to individuals. When the regulation goes into effect on May 31, these organizations will be limited to contributing the following amounts in a calendar year: \$1,000 to a candidate’s committee; \$500 to a state PAC; and \$5,000 in aggregate to all political party committees of any one political party.

Relying on a decades-old interpretive bulletin, Massachusetts had previously permitted labor unions and other organizations to contribute up to \$15,000, in aggregate, to candidates, PACs, and political party committees during a given calendar year. As the OCPF noted in its Statement of Reasons accompanying the new regulation, this limit “substantially exceeded any other limit found in the Massachusetts campaign finance law.” Opponents of the provision argued that labor organizations regularly exploited this so-called “union loophole” to funnel large amounts of money to their favored candidates.

In 2015, several family-owned businesses filed a lawsuit challenging the state’s corporate contribution ban and alleging – among other things – that state campaign finance law violated their equal protection rights by banning corporate contributions while permitting labor unions to contribute up to \$15,000 per year. While the Massachusetts Supreme Judicial Court ultimately denied the businesses’ claims, the court noted in its decision that an administrative bulletin – such as the one relied upon by OCPF to permit labor union contributions – does not carry the force of law. Thus, the court observed that it was “not clear to what extent unions

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and nonprofit organizations are free to make political contributions.” Following this decision, OCPF initiated the rulemaking that resulted in the new regulation, which replaces the interpretive bulletin.

Massachusetts is the latest state to enact substantial changes to its campaign finance laws. If your organization plans to be active in the states this year, we are available to discuss any state-law provisions you should be mindful of.