

TO: Sheryl Sweeney

FROM: Chris Trebilcock

DATE: February 21, 2023; Updated March 21, 2023

SUBJECT: Federal Political Action Committees

I. BACKGROUND:

You requested that I review the current status of the Arizona Westside Districts PAC (“AWD PAC” or “AWD”). The AWD PAC is a non-CONNECTED federal political action committee established in 2008. On its last campaign finance report, AWD PAC reported having a cash-on-hand balance of \$14,067.14. The current treasurer for AWD is Mike Vanderwey and James Downing is listed as assistant treasurer.

An initial review of the campaign finance reports of AWD PAC reveals limited activity since its formation in 2008. The largest amount of expenditures occurred in 2013, totaling \$5,500. This included a \$1,500 contribution to Trent Franks and a \$1,000 contribution to Bruce Heiden. The last reported activity for AWD occurred in 2017. Individual contributions were limited based on my initial review.

II. NON-CONNECTED POLITICAL ACTION COMMITTEES:

Under Federal Election Campaign Act (the “Act”), a nonconnected committee is a political committee that is not a party committee, an authorized committee of a candidate or a separate segregated fund established by a corporation or labor organization. Nonconnected committees and corporate or labor separate segregated funds (“SSFs”) are both commonly called “political action committees” or “PACs,” but are subject to different regulatory standards.

A. Contributions

A nonconnected committee may receive up to \$5,000 per calendar year from any contributor. All forms of support including money and other things of value received by a nonconnected committee from a sponsoring organization are considered contributions, which are subject to annual limits, prohibitions and disclosure requirements under the Act. In order to deposit undesignated contributions into its federal account, a committee must inform donors that their contributions will be used in connection with a federal election or that they are subject to the limitations and prohibitions of the Act. The committee may satisfy this requirement by including that information in its solicitation materials.

Nonconnected committees and their treasurers must also make “best efforts” to obtain, maintain and report the name, address, occupation and employer of each contributor who gives more than \$200 in a calendar year. In order to show that the committee has made “best efforts” to obtain and report the above information, solicitations must specifically request that information and inform contributors that the committee is required by law to undertake best efforts to report it.

B. Contributions to Candidates

All contributions to federal candidates from nonconnected committees during the 2023-2024 election cycle are subject to the \$3,300 per candidate, per election. However, the AWD PAC could take steps to register as a qualified multicandidate committee under the Act. This designation would authorize the AWD to give a candidate up to \$5,000 per election (rather than \$3,300). A nonconnected committee generally qualifies as a multicandidate committee once it has:

- Received contributions from at least 51 persons; and
- Been registered with the FEC for at least six months; and
- Made contributions to at least five federal candidates.

III. PROCESS TO UPDATE AND MOVE FORWARD:

Assuming that interested parties want to continue utilizing the AWD PAC, the process to update or change any information, including the identity of the treasurer is rather simple. AWD needs to submit an amended Form 1 to the Federal Election Commission, which can be done by mail. When sending an amended Form 1, the committee needs to provide only:

- The full name and address of the committee;
- The FEC ID number;
- The changed information;
- The date the change took effect; and
- The treasurer’s name and signature.

The rest of the form may be left blank. A committee may also amend its Statement of Organization by sending the FEC a letter containing the information listed above. The treasurer or assistant treasurer must sign the letter. In this case, I would recommend sending a cover letter from the current treasurer or assistant treasurer attaching the amended Form 1 with the updated information.

SPECIFIC QUESTIONS RAISED:

- 1) What would be necessary from the existing PAC to assume the role or responsibilities?

Response: See Section III, above.

- 2) What is the process for changing the name of the existing PAC.

Response: See Section III, above.

- 3) Filing requirements for Federal PACs.

Response: During election years (i.e., 2024), a political committee must file quarterly reports. Quarterly reports must be filed no later than April 15, July 15, October 15 and January 31 of the following calendar year. Each such report must disclose all transactions from the last report filed through the last day of the calendar quarter. A quarterly report is not required to be filed if a Pre-Election report is required to be filed during the period beginning on the 5th day and ending on the 15th day after the close of the calendar quarter. During a non-election year (i.e., 2023), committees that file quarterly during election years automatically switch to a semi-annual reporting schedule.

Political committees must file reports in an electronic format if they have either received contributions or made expenditures in excess of \$50,000, or if they have reason to expect that they will exceed either of those thresholds during the calendar year. Historically, the AWD PAC has not filed electronically.

- 4) Clark-Hill estimates for filings via paralegal (costs).

Response: Fees and costs for filing depend largely on the amount of activity for a committee. If there are a significant number of contributions and expenditures (i.e., over 50), costs will likely be higher. Based on the goals of the rejuvenated AWD PAC, I would anticipate that each quarterly report cost no more than \$1,000, and likely closer to \$500.