



FEDERAL ELECTION COMMISSION  
Washington, DC 20463

RECEIVED  
FEDERAL ELECTION  
COMMISSION  
SECRETARIAT

2005 AUG 11 P 2: 30

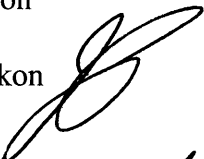
August 11, 2005

# AGENDA ITEM


For Meeting of: 08-18-05

## MEMORANDUM


TO: The Commission


THROUGH: James A. Pehrkon   
Staff Director

FROM: Lawrence H. Norton   
General Counsel

Rosemary C. Smith   
Associate General Counsel

Brad C. Deutsch   
Assistant General Counsel

Amy L. Rothstein   
Attorney

Albert J. Kiss   
Attorney

Subject: Draft AO 2005-10

Attached is a proposed draft of the subject advisory opinion. We request that this draft be placed on the agenda for August 18, 2005.

Attachment

2  
3 Judith L. Corley, Esq.  
4 Brian G. Svoboda, Esq.  
5 Perkins Coie LLP  
6 607 Fourteenth Street, N.W.  
7 Washington, D.C. 20005-2011  
8

9 Dear Ms. Corley and Mr. Svoboda:

10  
11 We are responding to your advisory opinion request on behalf of United States  
12 Representatives Howard L. Berman and John T. Doolittle, concerning the application of the  
13 Federal Election Campaign Act of 1971, as amended (the "Act"), and Commission regulations  
14 to fundraising activities by Representatives Berman and Doolittle for independent ballot  
15 measure committees that support or oppose initiatives on the November 8, 2005, California  
16 statewide special election ballot.

17 The Commission concludes that Representatives Berman and Doolittle may raise funds  
18 for these ballot measure committees, subject to the Act's amount limitations and source  
19 prohibitions, and consistent with State law.

20 ***Background***

21 The facts of this request are presented in your letter dated June 24, 2005, and in your e-  
22 mail communication dated July 15, 2005.

23 Representatives Berman and Doolittle are United States Representatives from  
24 California. They are also candidates for re-election to the House of Representatives in 2006  
25 and holders of Federal office under the Act and Commission regulations. *See* 2 U.S.C. 431(2)  
26 and (3); 11 CFR 100.3 and 100.4.

27 A statewide special election will take place on November 8, 2005, that will present  
28 several ballot initiatives to California voters. The deadline for a ballot initiative to qualify for

1 the special election was June 30, 2005. Neither Representative Berman nor Representative  
2 Doolittle, nor any other candidates for Federal office, will be on the November 8, 2005, ballot.

3 The ballot initiatives represent major issues facing the constituents of Representatives  
4 Berman and Doolittle, and touch on matters frequently before Congress. Accordingly,  
5 Representatives Berman and Doolittle would like to undertake certain activities to support or  
6 oppose certain ballot initiatives.

7 Specifically, Representatives Berman and Doolittle propose to raise funds for ballot  
8 measure committees that have been formed solely to support or oppose the initiatives on the  
9 November 8, 2005, ballot.<sup>1</sup> The ballot measure committees are not and would not be directly or  
10 indirectly established, financed, maintained or controlled by either Representative Berman or  
11 Representative Doolittle, or by anyone acting on their behalf, or by a national, State, district or  
12 local committee of a political party. Representatives Berman and Doolittle would undertake  
13 fundraising in their individual capacities, and not on behalf of any political party committee.  
14 They would not raise funds for any public communications that would refer to either of them  
15 and that would be distributed in their respective congressional districts.

16 ***Question Presented***

17 *Do the Act's amount limitations and source prohibitions apply to Representatives*  
18 *Berman and Doolittle when they raise funds for ballot measure committees formed solely to*  
19 *support or oppose ballot initiatives on the California special election ballot, where the ballot*  
20 *measure committees are not directly or indirectly established, financed, maintained or*

---

<sup>1</sup> Although not directly stated in your request, the Commission assumes that the ballot measure committees are not political committees under the Act.

1 *controlled by either Representative Berman or Representative Doolittle or by anyone acting on*  
2 *their behalf, or by any political party committee?*

3 ***Legal Analysis and Conclusions***

4 Yes, the amount limitations and source prohibitions of the Act apply to Representatives  
5 Berman and Doolittle when they raise funds in the circumstances that you describe. Thus,  
6 although Representatives Berman and Doolittle may raise funds for State ballot measure  
7 committees, they may do so only in amounts that are not in excess of the Act's limitations, that  
8 are from sources permissible under the Act, and that are consistent with State law.

9 As amended by the Bipartisan Campaign Reform Act of 2002, Public Law 107-155,  
10 116 Stat. 81 (2002) ("BCRA"), the Act regulates certain activities of Federal candidates and  
11 officeholders when they raise or spend funds in connection with non-Federal elections. *See*  
12 2 U.S.C. 441i(e)(1)(B); *see also* 11 CFR 300.60 and 300.62. Specifically, under the Act and  
13 Commission regulations, Federal candidates and officeholders may not raise or spend funds in  
14 connection with any non-Federal election unless the funds do not exceed the amounts permitted  
15 with respect to contributions to candidates and political committees under  
16 2 U.S.C. 441a(a)(1), (2), and (3), and do not come from sources prohibited under the Act.<sup>2</sup>  
17 *See* 2 U.S.C. 441i(e)(1)(B); 11 CFR 300.62. Commission regulations also require such funds to  
18 be in amounts and from sources that are consistent with State law. *See* 11 CFR 300.62.

19 The aim of 2 U.S.C. 441i(e)(1)(B) is to limit the ability of Federal candidates and  
20 officeholders to raise and spend soft money in connection with State and local elections, but not  
21 to eliminate the activity entirely. *See* Advisory Opinion 2005-2 and *McConnell v. Federal*

---

<sup>2</sup> Prohibited sources include corporations, labor organizations, national banks, foreign nationals, and government contractors. *See* 2 U.S.C. 441b, 441c, and 441e.

1 *Election Commission*, 540 U.S. 93 (2003) (“*McConnell*”) at 182.<sup>3</sup> Unlike other sections of the  
2 Act specifically dependent upon the appearance of a Federal candidate on the ballot (*see, e.g.*,  
3 2 U.S.C. 431(20)(A)(i) and (ii)), the limitations and prohibitions in 2 U.S.C 441i(e)(1)(B) apply  
4 to a Federal candidate or officeholder at any time, regardless of whether any Federal candidate  
5 appears on the ballot for the relevant election. *See* Advisory Opinion 2005-2.

6 In addition, the Commission has previously determined that the scope of  
7 section 441i(e)(1)(B) is not limited to elections for political office, but also includes elections  
8 involving ballot initiatives. In Advisory Opinion 2003-12, the Commission examined whether  
9 the activities of a State ballot measure committee, and the activities of a Federal officeholder to  
10 raise funds for the ballot measure committee, were “in connection with any election other than  
11 an election for Federal office” under section 441i(e)(1)(B). The Commission found that the  
12 Act’s general definition of “election,” which defines the term to include “a general, special,  
13 primary or runoff election,” did not resolve the question, because “the interpretation of the  
14 scope of section 441i(e)(1)(B) should not depend on one word in isolation.” Advisory  
15 Opinion 2003-12 and 2 U.S.C. 431(1)(A). The Commission contrasted the sweeping language  
16 used by Congress in section 441i(e)(1)(B) (“any election other than an election to Federal

---

<sup>3</sup> In upholding BCRA, the Supreme Court observed in *McConnell* that BCRA’s fidelity to preserving the integrity of the electoral process and preventing corruption sets it apart from certain other statutes that the Court had previously found to be constitutionally infirm, such as those at issue in *First Nat. Bank of Boston v. Bellotti*, 435 U.S. 765 (1978) (Supreme Court struck down a State statute prohibiting corporate speech pertaining to state ballot measures) and *McIntyre v. Ohio Elections Comm’n*, 514 U.S. 334 (1995) (Supreme Court struck down a State statute banning the distribution of anonymous campaign literature). *McConnell* at 206, n.88. More specifically, with respect to the restrictions contained in 2 U.S.C. 441i(e)(1)(B), the Supreme Court stated in *McConnell* that:

Large soft-money donations at a candidate’s or officeholder’s behest give rise to all of the same corruption concerns posed by contributions made directly to the candidate or officeholder. Though the candidate may not ultimately control how the funds are spent, the value of the donation to the candidate or officeholder is evident from the fact of the solicitation itself.

*McConnell* at 182.

1 office”) with the wording in other provisions of the Act, such as section 441b(a), which  
2 prohibits certain contributions and expenditures “in connection with any election *to any*  
3 *political office.*” 2 U.S.C. 441b(a) (emphasis added). Observing that, “[w]here Congress uses  
4 different terms, it must be presumed that it means different things,” the Commission concluded  
5 that the scope of section 441i(e)(1)(B) is not limited to elections for a political office.<sup>4</sup>

6 Advisory Opinion 2003-12 (footnote omitted).

7 In your advisory opinion request, you note that the discussion of activities by ballot  
8 measure committees in Advisory Opinion 2003-12 distinguished those ballot measure  
9 committees that were established, financed, maintained or controlled by a Federal candidate or  
10 officeholder, from those that were not. In that advisory opinion, the Commission concluded  
11 that all activities of a ballot measure committee that is directly or indirectly established,  
12 financed, maintained or controlled by a Federal candidate or officeholder are in connection with  
13 an election other than an election for Federal office under section 441i(e)(1)(B) of the Act but  
14 that the activities of a ballot measure committee that is *not* directly or indirectly established,  
15 financed, maintained or controlled by a Federal candidate or officeholder are in connection with  
16 an election other than an election for Federal office only after the committee qualifies an

17 \_\_\_\_\_  
<sup>4</sup> The Commission’s pre-BCRA advisory opinions, finding that “contributions” or “expenditures” relating exclusively to ballot initiatives are not in connection with an election, are not to the contrary. Advisory Opinion 1989-32 involved interpretation of 2 U.S.C. 441e, which then limited activity “in connection with an election to any political office.” Advisory Opinions 1984-62, n.2, 1982-10, and 1980-95 interpreted 2 U.S.C. 441b(a), which also includes the “in connection with any election to any political office” language.

1 initiative or referendum for the ballot.<sup>5</sup> In the instant inquiry, the fundraising activities by  
2 Representatives Berman and Doolittle would be for ballot measure committees after the  
3 deadline to qualify ballot initiatives for the November 8, 2005, special election has already  
4 passed. Accordingly, such activities are “in connection with an[] election other than an election  
5 for Federal office,” irrespective of whether either Representative Berman or Representative  
6 Doolittle has directly or indirectly established, financed, maintained or controlled any of the  
7 committees.

8 Because the proposed fundraising activities of Representatives Berman and Doolittle in  
9 connection with the November 8, 2005, special election are “in connection with an[] election  
10 other than an election for Federal office” under section 441i(e)(1)(B) of the Act,  
11 Representatives Berman and Doolittle may raise and spend funds in connection with the  
12 November 8, 2005, special election only if the funds comply with the amount limitations and  
13 source prohibitions of the Act. Specifically, Representatives Berman and Doolittle may each  
14 raise up to \$5,000 per calendar year from permissible sources for each ballot measure  
15 committee. *See* 2 U.S.C. 441a(a)(1)(C) and 441i(e)(1)(B); 11 CFR 110.1(d) and 300.62. In  
16 addition, Representatives Berman and Doolittle may raise funds in connection with the ballot  
17 initiatives only in amounts and from sources that are consistent with State law. *See* 11 CFR  
18 300.62.

---

<sup>5</sup> The Commission has determined that an organization will not be treated as an entity directly or indirectly “established, financed, maintained or controlled by” a candidate or Federal officeholder solely because the candidate or Federal officeholder attends fundraising events and/or participates in fundraising activities to some extent. *See* Advisory Opinion 2003-12. A different result may occur, however, if the candidate or Federal officeholder is the source of such a significant amount of funds for the organization that the candidate or Federal officeholder is effectively financing the organization. *See* 11 CFR 300.2(c)(2) and Advisory Opinion 2003-12, n.17.

1           The advisory opinion request does not indicate the status of any of the ballot measure  
2 committees in question under the Internal Revenue Code. If, however, Representatives Berman  
3 and Doolittle seek to solicit funds for a ballot measure committee that is an organization  
4 described in section 501(c) of the Internal Revenue Code and exempt from taxation under  
5 section 501(a) of the Internal Revenue Code or that has submitted an application for  
6 determination of tax exempt status, then the “general solicitation” or “specific solicitation”  
7 provisions of the Act and Commission regulations may apply. *See* 2 U.S.C. 441i(e)(4)(A)  
8 and (B), 11 CFR 300.65, and Advisory Opinion 2003-12. “General solicitations” are not  
9 subject to the Act’s amount limitations or source prohibitions, whereas “specific solicitations”  
10 are limited to amounts not to exceed \$20,000 from any individual in any calendar year.  
11 *See* 2 U.S.C. 441i(e)(4)(A) and (B); 11 CFR 300.65(a) and (b). The general solicitation and  
12 specific solicitation provisions of 2 U.S.C. 441i(e)(4) do not extend to section 527 political  
13 organizations or to any other entities that are not described in section 501(c) of the Internal  
14 Revenue Code. Because your advisory opinion request does not provide any details about the  
15 content of the proposed solicitations by Representatives Berman and Doolittle, the Commission  
16 is unable to determine whether any of the solicitations might qualify as “general” or “specific”  
17 under 2 U.S.C. 441i(e)(4).

18           The Commission expresses no opinion regarding the application of State law or the  
19 Internal Revenue Code to the proposed activities, because those questions are not within the  
20 Commission’s jurisdiction.

21           This response constitutes an advisory opinion concerning the application of the Act and  
22 Commission regulations to the specific transaction or activity set forth in your request. *See*



1 2 U.S.C. 437f. The Commission emphasizes that, if there is a change in any of the facts or  
2 assumptions presented, and such facts or assumptions are material to a conclusion presented in  
3 this advisory opinion, then the requestor may not rely on that conclusion as support for its  
4 proposed activity.

5 Sincerely,  
6  
7

8  
9 Scott E. Thomas  
10 Chairman  
11

12  
13 Enclosures (Advisory Opinions 2005-2, 2003-12, 1989-32, 1984-62, 1982-10, and 1980-95)