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February 29, 1996

**QOR 1996-08**

Ms. Jennifer K. Wall  
Reports Analyst Division  
Federal Election Commission  
999 "E" Street, N.W.  
Washington, DC 20463

Your ID number: C00278226

Our name: Jefferson County (Ky) Democratic Executive Committee

Dear Ms. Wall:

This letter seeks a written advisory opinion pursuant to the Federal Election Campaign Act of 1971 (Section 437(f)) as to whether a subordinate political party committee of a state political party committee may establish a building fund to purchase a permanent headquarters for the subordinate party. The specific provision in question is Section 431 (8)(B)(viii) of the Federal Election Campaign Act of 1971 which states:

(8)(B) The term "contribution" does not include--  
(viii) any gift, subscription, loan, advance, or deposit of money or anything of value to a national or a State Committee of a political party (emphasis added) specifically designated to defray any cost for construction or purchase of any office facility not acquired for the purpose of influencing the election of any candidate in any particular election for Federal office: (See also: 11 CFR Ch. 1 (1-1-95 Edition) Section 100.7 (12).) which allows same exception for State Committee building funds.)

2 U.S.C. 431 (15) lists the following definitions:

Section 100.14 State committee, subordinate committee.

(a) State Committee means the organization which by virtue of the bylaws of a political party, is responsible for the day-to-day operation of the political party at the State level, as determined by the Commission.

Paid for by Louisville-Jefferson County Democratic Party, Steve Horner, Treasurer  
1250 Bardstown Road, Louisville, KY 40204-1333.

(b) subordinate committee of a State committee means any organization which is responsible for the day-to-day operation of the political party at the level of city, county, neighborhood, ward, precinct, or any other subdivision of a state or any organization under the control and direction of the State committee.

The specific facts relevant to this Advisory Opinion are:

a. The Kentucky Democratic Party (KDP) is the State Committee for the Democratic party in Kentucky as defined in 2 U.S.C. 431 (15) Section 100.14 (a).

b. The Jefferson County Democratic Executive Committee (JCDEC) is a subordinate committee of the KDP as defined in 2 U.S.C. 431 (15) Section 100.14 (b).

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c. The JCDEC wishes to establish a building fund which will comply with all federal election laws. This fund will be established as a completely separate JCDEC bank account and the money expended by the fund would go only for building fund purposes in conformance with federal law.

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d. The JCDEC is aware that Advisory Opinions 1991-5 and 1986-40 do not require a state party to comply with a state law that would ban all corporate donations for the construction or purchase of an office building as corporate donations for this purpose are expressly allowed under federal law.

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e. The JCDEC is aware that building fund donations are not considered contributions and are not subject to any limits or prohibitions. (100.7(b)(12); 114.1(a)(2)(ix)

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The Jefferson County Democratic Executive Committee seeks an Advisory Opinion as to:

1. Whether a subordinate political committee of a state party committee may establish a separate building fund subject to relevant federal laws, regulations, and Advisory Opinions?

2. Whether 2 U.S.C. 431(15) Section 100.14 implicitly includes subordinate committee in the definition of state party committee?

3. If a subordinate committee may not establish a building fund pursuant to federal law, regulation and/or advisory opinion, whether a state committee may establish a separate building fund designated specifically for the building of a local (or subordinate) committee headquarters? That is, may the Kentucky Democratic Party establish a fund specifically designated for the purpose of building a Jefferson County Democratic Committee headquarters? This specifically raises the language of "for the construction and building of an office building," 2 U.S.C. Section 431(8)(B)(viii), see also 11 CFR Ch.1 (1-1-95 Edition) Section 100.7(12) which lists only "office building" as the required purpose of a separate building fund which is not subject to contribution rules and limits.

"Office building" is never specified as state party building in these laws and regulations.

The Jefferson County Democratic Executive Committee seeks advisory opinions on the above issues. Please contact me if more information is needed.

Sincerely,

A handwritten signature in cursive script that reads "Pamela Rochester". The signature is written in black ink and is positioned above the typed name.

Pamela Rochester, Counsel  
Jefferson County Democratic  
Executive Committee

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