



THE FEDERAL ELECTION COMMISSION

RECORD

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REPORTS

REPORTS DUE IN JULY

The following paragraphs explain the reporting schedule for the various categories of filers that have reports due in July.

Quarterly Filers

Authorized candidate committees active in 1982 elections, as well as authorized Presidential committees and unauthorized committees that have chosen to file on a quarterly (rather than a monthly) basis, are required to file a quarterly report, due by July 15. The report should cover all activity from the closing date of the last report filed or from the date of registration, whichever is later, through June 30, 1982.

Semiannual Filers

Political committees authorized by House and Senate candidates not active in 1982 elections (i.e., committees authorized by candidates who ran for federal office prior to 1982 or candidates who are involved in future elections) are required to file a semiannual report, due by July 31, rather than a quarterly report. Note that Presidential candidate committees may not file on a semiannual basis. 11 CFR 104.5(b)(2).

Monthly Filers

Unauthorized committees and authorized Presidential committees that have chosen to file on a monthly basis must file their June monthly report by July 20. The report should cover all activity from the closing date of the last report filed or from the date of registration, whichever is later, through June 30.

Change in Filing Frequency

Unauthorized committees that wish to change their reporting schedule (from monthly to quarterly or from quarterly to monthly) must notify the Commission of their intention. The committee may notify the Commission by a letter submitted with the next report due under

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NEW CAMPAIGN GUIDE FOR CORPORATIONS AND LABOR ORGANIZATIONS

The Commission recently published a Campaign Guide for Corporations and Labor Organizations to help the following organizations comply with the Federal Election Campaign Act (the Act) and Commission Regulations:

1. National Banks
2. Corporations With Capital Stock
3. Corporations Without Capital Stock
4. Incorporated Membership Organizations
5. Incorporated Trade Associations
6. Incorporated Cooperatives
7. Labor Organizations

Although these organizations are prohibited, under the election law, from using their general treasury funds to make contributions and expenditures in connection with federal elections, they may engage in a number of activities that support federal elections. Part One of the Guide explains how a corporation or labor organization may establish and operate a separate segregated fund (i.e., a political committee popularly called a PAC) that supports candidates for federal office. Part Two discusses other permissible activities by corporations and labor organizations, such as making partisan and nonpartisan communications and using their facilities in connection with federal election activities. Part Three reproduces FEC reporting forms and shows how to fill them out.

Based on the Act and Commission Regulations, the Guide includes citations to regulations and selected advisory opinions. The Guide has been sent to all separate segregated funds registered with the Commission. Copies of the Guide are available free of charge by contacting: Office of Public Communications, Federal Election Commission, 1325 K Street, N.W., Washington, D.C. 20463; or call 202/523-4068 or toll free 800/424-9530.

its old schedule. A committee may not change its filing frequency more than once a year. 11 CFR 104.5(c). The FEC also requests that Presidential committees inform the Commission in writing if they decide to change their reporting schedule.

Forms and Information

Reporting forms and additional information have been sent to all registered committees, alerting them to their reporting requirements. Questions and requests for additional forms should be addressed to the Office of Public Communications, Federal Election Commission, 1325 K Street, N.W., Washington, D.C. 20463; or call 202/523-4068 or toll free 800/424-9530.

**MICHIGAN AND MISSISSIPPI
PRIMARIES RESCHEDULED**

Michigan and Mississippi have each rescheduled primary elections to be held in those states in August. Michigan's primary election will be held on August 10 instead of August 3. Mississippi's primary election (for the House of Representatives) will be held on August 17 instead of June 1. If there are any Mississippi House races in which no candidate obtains a majority of the votes, a runoff election will be held in Mississippi on August 31.

The new schedule for filing the 12-day pre-election report by committees supporting candidates for federal office in either the Michigan or Mississippi primaries is as follows:

Closing Date of Books	Mailing Date of Report (if sent by registered or certified mail)	Filing Date
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Michigan Primary

July 21, 1982 July 26, 1982 July 29, 1982

Mississippi Primary

July 28, 1982 August 2, 1982 August 5, 1982

Mississippi Runoff

August 11, 1982 August 16, 1982 August 19, 1982

OPINIONS

ADVISORY OPINION REQUESTS

The following chart lists recent requests for advisory opinions (AORs). The full text of each AOR is available to the public in the Commission's Office of Public Records.

AOR	Subject
1982-40	Federal PAC established by incorporated membership organization; contributions to federal candidates from its existing state PAC. (Date made public: May 28, 1982; Length: 3 pages, plus supplement)
1982-41	Organization's exchange of mailing lists (provided by other organizations) for campaign's lists. (Date made public: May 28, 1982; Length: 2 pages)
1982-42	Union's reimbursement to its PAC for the PAC's establishment, administration and solicitation costs. (Date made public: May 28, 1982; Length: 3 pages, plus supplement)
1982-43	Affiliated committee status for PACs established by two corporations and by a joint venture corporation formed by the two corporations. (Date made public: June 11, 1982; Length: 8 pages)
1982-44	Donation of free air time to two national party committees by cable t.v. network. (Date made public: June 14, 1982; Length: 6 pages)

The Record is published by the Federal Election Commission, 1325 K Street, N.W., Washington, D.C. 20463. Commissioners are: Frank P. Reiche, Chairman; Danny Lee McDonald, Vice Chairman; Joan D. Aikens; Lee Ann Elliott; Thomas E. Harris; John Warren McGarry; William F. Hildenbrand, Secretary of the Senate, Ex Officio; Edmund L. Henshaw, Jr., Clerk of the House of Representatives, Ex Officio. For more information, call 202/523-4068 or toll-free 800/424-9530.

ADVISORY OPINIONS: SUMMARIES

An Advisory Opinion (AO) issued by the Commission provides guidance with regard to the specific situation described in the AOR. Any qualified person who has requested an AO and acts in accordance with the opinion will not be subject to any sanctions under the Act. Other persons may rely on the opinion if they are involved in a specific activity which is indistinguishable in all material aspects from the activity discussed in the AO. Those seeking guidance for their own activity, however, should consult the full text of an AO and not rely only on the summary given here.

AO 1982-4: Procedures for Reporting Campaign's Renovation of Leased Property

Before occupying its campaign headquarters, the Jerry Apodaca for U.S. Senate Committee (the Committee) had to undertake extensive renovations of its office space. The labor for the renovations was voluntary. Some of the materials used in the renovations were donated and some were purchased. In the rental lease with the Committee, the owner of the building agreed to apply the costs of the renovations toward the Committee's rent. The Committee should report the office renovation and rental expenses as follows:

Volunteer Labor - Since volunteer services provided by the various carpenters, plumbers, electricians, carpet-installers and other tradesmen are exempt from the Act's definition of contribution, the Committee does not have to report these uncompensated services. 2 U.S.C. §431(8)(B)(i). If, however, these individuals had been compensated for their work, any payments they received would be considered contributions from the payor and would be subject to the Act's contribution limits, prohibitions and reporting requirements.

Building Materials - The Committee must report expenditures for building materials as "disbursements" on line 17 of FEC Form 3. Any disbursement in excess of \$200 to a particular person must be itemized in accordance with Section 104.3(b)(3) of Commission Regulations. On the other hand, any materials donated for the renovation must be considered contributions subject to the Act's limits, prohibitions and reporting requirements. In this case, the Committee must determine the usual and normal charge for the donated materials and report their value as in-kind contributions. 11 CFR 104.3(a)(2).

Offset in Rent - The offset to operating expenditures, which the Committee will realize as a result of deducting the renovation expenses from its rent, should be reported as a receipt entry on FEC Form 3, Line 14, "Offsets to Operating Expenditures." The entry should be listed as a receipt from the lessor and clearly annotated, "Offset of Tenant Financed Improvement Against Rent." The rental expense should also be reported as an expense entry on FEC Form 3, Line 17, "Operating Expenditures," and noted as a non-cash offset against the value of the Committee's improvements. The offset of the improvements against the rent may be reported as a single transaction (i.e., a single entry) on one report or as monthly entries until the offset credit is exhausted. The Commission conditioned its approval of these reporting procedures by noting that:

1. The Committee may not deduct as offsets from its rent any property improvements that it plans to take with it when the lease expires.
2. Alternatively, if the lessor later directs the Committee to remove property improvements at the end of the lease, a question might be raised requiring the Commission to determine whether the lease agreement conformed with the lessor's usual and normal charge and practice for commercial leases. (Political committees must pay for goods and services at the usual and normal charge to avoid receiving a contribution. 11 CFR 100.7(a)(1).) (Date issued: May 14, 1982; Length: 4 pages)

AO 1982-19: Receipts and Disbursements for Testing-the-Waters Activities of Potential Presidential Candidate

If Senator Alan Cranston (D-California) should decide to become a 1984 Presidential candidate, funds that were received and disbursed by a committee formed on his behalf to test the waters for his potential candidacy, the Cranston Presidential Advisory Committee (the Committee), would become "contributions" and "expenditures" subject to the reporting requirements, limits and prohibitions of the Act. 11 CFR 100.7(b)(1), 100.8(b)(1) and 101.3. These Commission Regulations would apply to the Committee, and not just to Senator Cranston, because he authorized the Committee.

In the event Senator Cranston becomes a Presidential candidate, funds received and disbursed during the testing-the-waters period would be subject to the following requirements:

continued

1. Section 101.3 of FEC Regulations would apply to the Committee's financial activity during the testing-the-waters period. Specifically, Section 101.3 requires an individual, prior to becoming a candidate, to keep records of the name of each contributor, the date of receipt of his/her contribution and the amount of total contributions received and expenditures made.
2. Although the Committee could accept donations in excess of the Act's limits, as well as donations from prohibited sources, during the testing-the-waters period, the Committee would have to refund these donations within 10 days after Senator Cranston became a Presidential candidate, as defined by the Act and Commission Regulations. 2 U.S.C. §431 (2); 11 CFR 100.7(b)(1) and 101.3. The initial receipt of these donations, as well as their refund, would have to be disclosed on the first report filed by Senator Cranston's authorized Presidential campaign committee.
3. Advisory groups formed to do research, and to brief Senator Cranston on public issues of interest to him as a Senator and as a potential candidate for the Presidency, would fall within the testing-the-waters exemption because the groups were organized to further the Committee's testing-the-waters purpose. Consequently, the receipts and disbursements of the advisory groups, exempt during the testing-the-waters period, would also become "contributions" and "expenditures" subject to the law's requirements should Senator Cranston become a Presidential candidate. During the testing-the-waters period, they would also be subject to the recordkeeping requirements of 11 CFR 101.3.
4. An individual could give up to \$1,000 to the Committee, if Senator Cranston became a Presidential candidate, and up to \$1,000 to Senator Cranston's 1986 Senate campaign committee, provided the contributions to the separate campaigns complied with Section 110.1(f) of Commission Regulations.
5. A \$1,000 donation made by an individual to support Senator Cranston's testing-the-waters activities would be subject to that individual's \$25,000 overall contribution limit for 1984, if Senator Cranston became a Presidential candidate.
6. All funds expended for testing-the-waters activities would become "expenditures," subject to the expenditure limits of Section 110.8 of Commission Regulations, should Senator Cranston decide to accept public funding for his Presidential candidacy.

The Commission did not specifically answer 13 questions posed by the Committee because, as general questions of interpretation, they did not qualify as advisory opinion requests. See 11 CFR 112.1(b)(1). Commissioner Thomas E. Harris filed a dissenting opinion. (Date issued: May 6, 1982; Length: 8 pages, including dissent)

AO 1982-26: Status of Municipal Corporations as "Corporations" for Purposes of Association's Solicitations

Under the Act, municipal corporations are considered "corporations" subject to the same solicitation rules as are other kinds of corporate members solicited by a trade association. 2 U.S.C. §§441b(a), 441b(b)(2)(C) and 441b(b)(4)(D). The American Public Power Association (APPA), a trade association, must therefore obtain the exclusive written approval of each of its member municipal corporations before soliciting contributions to its separate segregated fund (PAC) from the corporations' executive and administrative employees.

The Commission's opinion reaffirmed AO 1977-32, which had held that, while APPA's member municipal corporations could not contribute to its PAC, APPA could solicit the municipal corporate members' executive and administrative employees after obtaining written approvals from the corporations. Commissioner Thomas E. Harris filed a concurring opinion. (Date issued: May 14, 1982; Length: 4 pages, including concurring opinion)

AO 1982-30: Discount Coupon Books Sold as Campaign Fundraising Item

The Sunrise-Sunset Corporation (the Corporation), which produces books of discount coupons redeemable at various Washington, D.C. restaurants, may sell the coupon books as a fundraising item to a Virginia Congressional candidate, provided the corporation charges the candidate the usual and normal fee. 11 CFR 100.7(a)(1)(iii). The corporation may sell the books to the candidate at a volume discount rate (based on the number of coupon books ordered) if:

1. The corporation routinely offers similar discounts to nonpolitical purchasers in the ordinary course of business; and
2. The discount is equivalent to the volume discount offered to any other purchaser buying the same number of coupon books.

Since the restaurants had agreed to participate in the coupon plan in order to attract business rather than to finance political campaigns, they would not be making contributions to the candidate by virtue of either being included in the books or honoring the coupons sold by his campaign. (Date issued: May 14, 1982; Length: 2 pages)

AO 1982-31: Legal and Accounting Services Provided to Campaign by Law Student Partially Supported by Scholarship

Law student Eric Koenig may continue receiving part of his Root-Tilden Scholarship (\$170/week) while providing legal and accounting services to the LaRocco for Congress Committee (the Committee) as a summer intern. At the same time, he may accept \$50 a week from the Committee. The scholarship stipend will not result in a contribution to the Committee from either the Root-

Tilden program or from Mr. Koenig if his legal and accounting services are provided solely to ensure the Committee's compliance with the Act. The Committee must, however, report Mr. Koenig's services in accordance with Section 104.3(h) of Commission Regulations.

Under the Act and Commission Regulations, legal and accounting services are specifically exempted from the definitions of "contribution" and "expenditure" if: 1) the services are provided solely for the purpose of ensuring compliance with the Act; and 2) the person paying for the services is the regular employer of the individual rendering the services. 2 U.S.C. §§431(8)(B)(ix)(II), 431(9)(B)(vii)(II); 11 CFR 100.7(b)(14) and 100.8(b)(15). For purposes of this exemption, the Root-Tilden program is considered Mr. Koenig's "regular employer" because: 1) he would receive the scholarship stipend whether he worked for the Committee or for some other organization that met the Root-Tilden program's criteria and 2) the scholarship funds are taxed as income to him.

Additionally, Mr. Koenig would not be making a contribution to the Committee if he provided other services commensurate with the \$50 per week he is being paid by the Committee or if he provided volunteer services (i.e., services not compensated by anyone). 2 U.S.C. §431(8)(B)(i). (Date issued: May 20, 1982; Length: 4 pages)

AO 1982-32: Qualification of Former Draft Committee as Multicandidate Committee

The Jackson Can Win Committee (the Committee), an unauthorized draft committee organized in August 1980 to advocate the Presidential candidacy of Senator Henry Jackson (D-Oregon), currently qualifies as a multicandidate committee under the Act and Commission Regulations. See 2 U.S.C. §441a(a)(4) and 11 C.F.R. 100.5(e)(3). The Committee may therefore contribute up to \$5,000 per election to Senator Jackson's reelection campaign, as well as to the campaigns of other federal candidates. 2 U.S.C. §441a(a)(6); 11 CFR 110.1(a)(2). As an **unauthorized** committee, the Committee must, however, exclude Senator Jackson's name from its title and file an amended Statement of Organization (FEC Form 1) reflecting this change. 2 U.S.C. §432(e)(4); 11 CFR 102.14(a).

The Commission noted that, although the Committee had filed an amended Statement of Organization in April 1982 indicating that it supported more than one federal candidate, the Committee qualifies for multicandidate status now because the six-month qualification period dates from the time a political committee files its **original** Statement of Organization (in this case, in 1980). (Date issued: May 14, 1982; Length: 2 pages)

AO 1982-33: Disposal of Former Candidate's Excess Campaign Funds and Assets
The Williams Project '76 (the Committee), the principal campaign committee of former Senator Harrison Williams (D-New Jersey), may donate all its "excess campaign funds," i.e., remaining cash and assets, to Mr. Williams for his personal use. Although the 1979 Amendments to the Act prohibit candidates from converting excess campaign funds to personal use, the amendments exempt from this provision individuals, such as Mr. Williams, who were members of Congress on January 8, 1980.

Before it terminates, the Committee must disclose how the remaining cash and assets will be used. It may, however, file this information and terminate on the same report. 11 CFR 102.3. (Date issued: May 20, 1982; Length: 2 pages)

AO 1982-37: Donations for Legal Expenditures Related to Reapportionment

Donations made to California Congressmen for expenses of litigation related to the California legislature's reapportionment decisions would not constitute "contributions" subject to the Act's monetary limits because the funds will not be used to influence federal election activity. The Congressmen must, however, keep the donations strictly segregated from contributions received by their authorized campaign committees. Chairman Frank P. Reiche and Commissioner Thomas E. Harris filed concurring opinions. (Date issued: May 27, 1982; Length: 4 pages, including concurring opinions)

PUBLICATIONS

1971 FECA LEGISLATIVE HISTORY AVAILABLE

During June, the Commission announced the availability of The 1971 Legislative History of the Federal Election Campaign Act (the Act). The clothbound volume, which contains an indexed history to the 1971 Act, includes: the Congressional debates on the Act; copies of all Senate and House reports and bills related to the Act; and the text of the Public Law (No. 92-225) subsequently codified at Titles 2, 18, 26, 39 and 47 of the U.S. Code.

The 1971 Legislative History of the Federal Election Campaign Act is available from the Superintendent of Documents, U.S. Government Printing Office, Washington, D.C. 20402; telephone 202/275-2091. The order number is 052-006-000-22-8. Purchase price, payable in advance to the Superintendent of Documents, is \$26 (in the U.S.) and \$32.50 (outside the U.S.).

STATISTICS

FEC RELEASES FINAL STATISTICS ON 1979-80 CONGRESSIONAL RACES

Campaigns waged by successful candidates for U.S. Senate and House seats accounted for approximately half of the total money raised and spent by all 1980 Congressional campaigns. The same successful candidates received 67.6 percent of all nonparty/noncandidate committee contributions to Senate and House campaigns.

These figures were taken from the FEC's Final Report on Financial Activity for 1979-80 U.S. Senate and House Campaigns, released on March 7, 1982. The report shows that the 34 candidates who won election to the Senate raised a total of \$41.7 million, spent \$40 million and received \$10.2 million from nonparty/noncandidate committees to finance their primary and general election campaigns. Their counterparts in the House (440 candidates) raised \$86 million, spent \$78 million and received \$27 million from nonparty/noncandidate committees. Comparable figures for the 1977-78 election cycle showed that 35 Senate winners raised \$43 million, spent \$42.3 million and received \$6 million from nonparty/noncandidate committees. House winners (438 candidates) raised \$60 million, spent \$55.6 million and received \$17 million from nonparty/noncandidate committees.

The chart compares activity for the 1977-78 and 1979-80 election cycles. Receipt and disbursement figures for the campaigns have been adjusted for transfers between all the committees of a campaign. Additional summary information on individual candidates is also available in an FEC press release issued on March 7, 1982, available from the FEC's Office of Public Records.

Copies of the 1979-80 Final Report, Reports on Financial Activity for U.S. Senate and House Campaigns may be purchased for \$5 from the Public Records Office of the Federal Election Commission, 1325 K Street, N.W., Washington, D.C. 20463. Computer tapes of the study are also available from the Data Systems Development Division. The cost of a computer tape is \$65.

Congressional campaigns received a total of \$47.5 million in contributions of \$500 or more from **individuals** during 1979-80. They also received \$55.2 million from nonparty/noncandidate committees. Major party committees gave the campaigns \$6 million in contributions. They also made coordinated (\$441a(d)) expenditures on behalf of the candidates in the general election, which totaled \$9.2 million.

The chart below provides information on the campaigns of candidates who won primary campaigns and went on to wage general election campaigns.

FINANCIAL ACTIVITY* OF CONGRESSIONAL CANDIDATES

Type of Candidates	Number Of Candidates 1977-1978			Number Of Candidates 1979-1980		
	Raised	Spent		Raised	Spent	
All Senate & House	1079	\$158.2	\$153.5	1216	\$201.5	\$192.1
Senate Candidates	111	66.0	65.5	123	76.9	75.2
House Candidates	968	92.2	88.0	1093	124.6	116.9
Democrats	463	76.2	73.2	465	102.0	97.2
Republicans	417	80.8	79.1	439	98.1	93.5
Other Parties	199	1.2	1.2	312	1.4	1.4
Incumbents	401	75.0	71.7	424	106.8	99.0
Challengers	517	46.2	45.7	674	67.4	66.4
Open Seat Races	161	37.0	36.1	118	27.3	26.7

*Figures are in millions of dollars.

THE LAW IN THE COURTS

FEC v. HALL-TYNER ELECTION CAMPAIGN COMMITTEE

On May 6, 1982, the U.S. Court of Appeals for the Second Circuit issued an opinion in FEC v. Hall-Tyner Election Campaign Committee (Civil Action No. 81-6229). The appeals court upheld an earlier ruling by the U.S. District Court for the Southern District of New York that the record-keeping and disclosure requirements of the Act, as applied to the Hall-Tyner Campaign Committee (the Committee), would abridge First Amendment rights of the Committee's supporters.* (The Committee was the principal campaign committee for the 1976 Presidential nominees of the Communist Party, U.S.A.)

The FEC's suit arose from an unresolved compliance matter involving the Committee's failure to keep records of, or to disclose on its reports, the names and addresses of certain contributors who had elected to remain anonymous. In affirming the district court's decision, the appeals court found that the Committee had met the standard set forth in Buckley v. Valeo for exempting minor parties from the Act's disclosure requirements; i.e., the Committee had demonstrated a "reasonable probability" that disclosure of the names of its contributors would subject them to governmental or private harassment. Buckley v. Valeo, 424 U.S. at 72-74. Moreover, the appeals court cited the Court's holding in Buckley that the

*For a detailed summary of the district court's decision, see page 5 of the November 1981 Record.

governmental interest served in disclosing the source and amount of contributions (i.e., "the undue influence of large contributions on office-holders") is less substantial in the case of a minor party with little chance of winning an election. Id. at 70. The appeals court concluded, therefore, that the governmental interest served in obtaining information on the Committee's contributors did not justify the chilling effect that disclosure would have on their First Amendment rights of free association.

AUDITS

AUDITS RELEASED TO THE PUBLIC

The following is a chronological listing of audits released by the Commission between March 29 and June 1, 1982. Final audit reports are available to the general public in the Public Records Office.

1. Indiana Democratic Congressional Victory Committee (Final audit report released March 29, 1982)
2. Friends of Assemblyman Richard Robinson Committee (Final audit report released March 29, 1982)
3. Connecticut Democratic Presidential Committee (Final audit report released April 13, 1982)
4. Nebraska Democratic State Central Committee (Final audit report released April 23, 1982)
5. Life Amendment Political Action Committee (Final audit report released May 3, 1982)
6. Kansas Democratic State Committee (Final audit report released May 10, 1982)
7. American Party (Final audit report released June 1, 1982)

CHANGE OF ADDRESS

Political Committees

Registered political committees are automatically sent the Record. Any change of address by a registered committee must, by law, be made in writing as an amendment to FEC Form 1 (Statement of Organization) and filed with the Clerk of the House, the Secretary of the Senate, or the FEC, as appropriate.

Other Subscribers

Record subscribers (who are not political committees), when calling or mailing in a change of address, are asked to provide the following information:

1. Name of person to whom the Record is sent.
2. Old address.
3. New address.
4. Subscription number. The subscription number is located in the upper left hand corner of the mailing label. It consists of three letters and five numbers. Without this number, there is no guarantee that your subscription can be located on the computer.

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