



# THE FEDERAL ELECTION COMMISSION

# RECORD

1325 K Street N.W., Washington, D.C. 20463

Volume 8, Number 6

June 1982

## INFORMATION

### PARTY COORDINATED EXPENDITURE LIMITS -- 1982

Party committees may make limited, special expenditures on behalf of their candidates in the 1982 general elections. 2 U.S.C. §441a(d); 11 CFR 110.7. These special expenditures count neither as contributions to the candidate nor as expenditures by the candidate or the candidate's authorized committees. The party committee coordinates the expenditures with the candidate's campaign, but the party committee -- not the candidate -- must report them, using Schedule F of FEC Form 3X.

National party committees have separate spending limits for Senate and House candidates in the general election. State party committees are subject to separate spending limits for Senate and House general election candidates in their respective states. Within a state, all expenditures made on behalf of one candidate by the state party committee or any subordinate party committee (e.g., county, district, local) are subject to one spending limit.

The formulas for the party spending limits in 1982 are based on state voting age population estimates (as of July 1, 1981) from the Department of Commerce, and the Consumer Price Index (CPI) increase certified by the Secretary of Labor. They are calculated as follows:

#### How to Calculate Senate Limit

The Senate formula is the state voting age population (VAP) x \$0.02, plus the 1982 increase in the CPI of 84.4 percent; or \$20,000 (plus the CPI increase), whichever is greater. (See chart below.)

#### How to Calculate House Limit

The House limit depends on the number of districts in the state. For House candidates in states with more than one district (and candidates for Delegate from the District of Columbia,

### NEW IOWA FILING OFFICE

The Iowa Secretary of State's Office has transferred its filing office to a new location. Effective May 7, 1982, all political committees active in federal elections in Iowa should file the state copy of their federal campaign finance reports with:  
Campaign Finance Disclosure Commission  
1st Floor  
Colony Building  
507 10th Street  
Des Moines, Iowa 50309

Guam and the Virgin Islands or for Resident Commissioner from Puerto Rico) the limit is \$10,000 (plus the CPI increase). For House candidates in states entitled to only one representative, the limit is the same as that for Senate candidates. (See above.)

#### Chart on Senate Limits

The Commission has compiled the following chart for 1982 limits on party spending for Senate candidates in the general election. In the chart, an asterisk (\*) indicates those states having only one Representative. In these instances, the Senate limit applies to candidates for the House as well as to Senate candidates. VAP figures in the chart are in thousands.

State	VAP	1982 Party Spending Limits
Alabama	2,772	\$102,231.36
Alaska*	279	36,880.00
Arizona	1,993	73,501.84
Arkansas	1,634	60,261.92
California	17,784	655,873.92
Colorado	2,153	79,402.64
Connecticut	2,333	86,041.04
Delaware*	436	36,880.00

*continued*

## OPINIONS

<b>State</b>	<b>VAP</b>	<b>1982 Party Spending Limits</b>
Florida	7,769	\$286,520.72
Georgia	3,930	144,938.40
Hawaii	703	36,880.00
Idaho	650	36,880.00
Illinois	8,270	304,997.60
Indiana	3,893	143,573.84
Iowa	2,093	77,189.84
Kansas	1,738	64,097.44
Kentucky	2,602	95,961.76
Louisiana	2,965	109,349.20
Maine	818	36,880.00
Maryland	3,121	115,102.48
Massachusetts	4,323	159,432.24
Michigan	6,539	241,158.32
Minnesota	2,949	108,759.12
Mississippi	1,728	63,728.64
Missouri	3,601	132,804.88
Montana	563	36,880.00
Nebraska	1,134	41,821.92
Nevada	622	36,880.00
New Hampshire	680	36,880.00
New Jersey	5,462	201,438.56
New Mexico	910	36,880.00
New York	13,021	480,214.48
North Carolina	4,320	159,321.60
North Dakota*	468	36,880.00
Ohio	7,757	286,078.16
Oklahoma	2,235	82,426.80
Oregon	1,933	71,289.04
Pennsylvania	8,822	325,355.36
Rhode Island	716	36,880.00
South Carolina	2,235	82,426.80
South Dakota*	484	36,880.00
Tennessee	3,336	123,031.68
Texas	10,356	381,929.28
Utah	954	36,880.00
Vermont*	373	36,880.00
Virginia	3,977	146,671.76
Washington	3,074	113,369.12
West Virginia	1,400	51,632.00
Wisconsin	3,408	125,687.04
Wyoming*	340	36,880.00

### Delegate/Resident Commissioner Candidates

District of Columbia	492	18,440.00
Guam	65	18,440.00
Puerto Rico	2,046	18,440.00
Virgin Islands	58	18,440.00

### 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.

<b>AOR</b>	<b>Subject</b>
1982-31	Legal and accounting services provided to campaign by law student partially supported by scholarship. (Date made public: April 15, 1982; Length: 2 pages, plus supplement)
1982-32	Contribution limits of Senate draft committee that has become multicandidate committee. (Date made public: April 19, 1982; Length: 3 pages)
1982-33	Disposal of funds and assets remaining in former Senator's 1976 campaign account. (Date made public: April 21, 1982; Length: 2 pages)
1982-34	Payroll deduction plan for foreign subsidiaries of U.S. corporation. (Date made public: April 29, 1982; Length: 2 pages)
1982-35	Legal expense fund for contesting possible denial of access to primary ballot. (Date made public: May 4, 1982; Length: 2 pages, plus supplement)
1982-36	Funds transferred from PAC of dissolved trade association to PAC of trade association with which it has merged. (Date made public: May 4, 1982; Length: 3 pages)
1982-37	Donations to Congressmen for legal expenditures related to reapportionment plan. (Date made public: May 17, 1982; Length: 1 page)
1982-38	Reasonable accounting method for contributions made by county party organizations to Senate campaign. (Date made public: May 18, 1982; Length: 6 pages)
1982-39	Excess funds transferred among Senate candidate's 1980 committee, 1986 committee and Presidential testing-the-waters organization. (Date made public: May 18, 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 1982-5: Reasonable Methods for Allocating Federal/Nonfederal Expenses of National Party Conference**

The Commission approved four out of the five methods proposed by the Democratic National Committee (the DNC) for allocating a portion of the expenses for its national party conference to nonfederal election activity. 11 CFR 100.3(b), 102.5 and 106.1. The Commission was unable, however, to reach a decision by an affirmative vote of four Commissioners on whether any allocation was in fact required since it appeared that the national conference would not be held in connection with, or to influence, the election of any clearly identified federal candidate.

The purpose of the two-day conference, which will be held in Philadelphia in June 1982, is to provide a "forum for discussion of public policy issues...and a mechanism for party-building and training of candidates and political workers," who will be providing support to both federal and nonfederal campaigns and party committees. Pursuant to Sections 102.5 and 106.1 of Commission Regulations, the DNC may reasonably allocate expenses for nonfederal election activity by using one of the following methods:

**Ballot Position.** Under this method, the DNC would allocate convention expenses between federal and nonfederal activity on the basis of the ratio of federal ballot positions to comparable nonfederal ballot positions in the 1982 elections on a nationwide basis.

**Funds Expended.** Under the second method, the allocation would be based on the ratio of funds expended in "direct support" of federal candidates to funds expended in "direct support" of nonfederal candidates over a certain period of time. The DNC's "direct support" of federal candidates would include DNC contributions made to Congressional candidates (as well as contributions by the Democratic Congressional and Senatorial campaign committees) and coordinated party expenditures made on behalf of the candidates. Similarly, the direct support of nonfederal candidates would include contributions and expenditures made by the DNC (or any of its auxiliary units) on behalf of state and local candidates. The time period used would be the election cycle either preceding the conference (i.e., the 1980

elections) or subsequent to the conference (i.e., the 1982 elections). General administrative costs not directly attributable to a particular candidate would not be included in the calculation.

**Agenda Time.** Under the third method, the DNC would base the allocation on the ratio of federal time (i.e., time in the conference agenda devoted to federal election activities) to total conference time (i.e. total agenda time for all conference activities).

**Participating Candidates and Workers.** Under the fourth method, conference expenses would be allocated between federal and nonfederal election activity on the basis of the ratio of participating federal candidates and their workers to participating nonfederal candidates and their workers. Using this method, the DNC would have to factor into the ratio those participants who belong to both the federal and nonfederal categories or to neither category.

The Commission did not approve a "funds received method" for allocating the nonfederal expenditures because a reasonable allocation method is based on the activity engaged in -- not on the amount of contributions received by a party committee during a given time period.

The Commission conditioned its approval of the four allocation methods by noting that:

1. They were not an exhaustive listing of all reasonable allocation methods;
2. Regardless of which method it chose, the conference committee could make a preliminary estimate of the allocation since the actual allocation of expenses might not be possible until after the close of the conference; and
3. The DNC should maintain detailed records for whatever allocation method it chose and should apply the percentage formula derived from the allocation method to all national conference expenses. Commissioner Thomas E. Harris filed a dissenting opinion. (Date issued: April 21, 1982; Length: 7 pages, including dissent)

### **AO 1982-7: PAC's Computer-Designed Reporting Form**

The Solar Energy Industries Assoc. Political Action Committee (SEIA-PAC) may submit its reports (FEC Form 3X and supporting schedules) on computerized forms designed by D.C. Associates, Inc. The Commission conditionally approved SEIA-PAC's proposed reporting form in order to encourage the PAC's voluntary compliance with the Act.

SEIA-PAC might, however, have to stop using its computerized form and report on a standard, computer-printable FEC Form 3X, once this new form became available. The Commission noted that it was not granting approval of SEIA-PAC's proposed Form 3X under 11 CFR 104.2(c), since continued

that section permits a precise reproduction of forms and the proposed computerized form was not a precise reproduction of FEC Form 3X, or under 11 CFR 104.2(d), since that subsection pertains only to Schedules A and B. (Date issued: April 23, 1982; Length: 3 pages)

**AO 1982-12 Trade Association's Solicitation of Individual Members of Member Nonstock Corporations**

The National Club Association (NCA), a trade association, may solicit contributions to its separate segregated fund from the individual members of its member corporations without capital stock, provided:

1. The nonstock corporate members annually give NCA their prior, exclusive consent to solicit their members;
2. NCA solicits only those individuals who are "members" of the nonstock corporations, as defined by 11 CFR 114.1(e); and
3. The solicitations are otherwise conducted in compliance with 2 U.S.C. §441b(b)(4)(D) and 11 CFR 114.8.

Although the Act and Commission Regulations do not expressly give trade associations this solicitation authority, the Act and its legislative history indicate that a trade association may solicit the individual members of member corporations **without** capital stock to the same extent that it may solicit the stockholders of member corporations **with** stock. (See 2 U.S.C. §441b(b)(4)(C) and related legislative history.) (Date issued: April 9, 1982; Length: 3 pages)

**AO 1982-13: Law Partnership's Contribution Plan**

Sutherland, Askill & Brennan, a law partnership, may implement a contribution plan established by agreement of its partners. Moreover, the fact that several partners will administer the plan will not cause the partnership to become a political committee subject to the requirements of the Act and Commission Regulations; these services are incidental to the partners' administration of the plan and are not provided to directly influence federal elections.

Under the proposed plan, members of the partnership have agreed on an annual amount to be budgeted for partnership contributions, with each partner contributing an agreed-upon share of this amount. The partnership will delegate the administration of the plan to four partners, who will consider all contribution requests and be responsible for authorizing any partnership contributions. When the managers authorize a specific contribution, they will attribute it to the partners (or a particular partner) by charging their personal firm accounts with their respective share of the contribution. (No attribution of a contribution to a partner will exceed the overall annual amount he or she has agreed to contribute.) The managers will then deduct each partner's share of the contribution from his/her monthly income distribution and notify the partner of this transaction.

A partner has the option of vetoing the attribution of a contribution to him/her. Partners may also make contributions through personal checks and advise the recipient that the contribution is authorized by the partnership.

The managers will maintain bookkeeping records to ensure that contributions do not exceed the limits and that they otherwise comply with the Act. To further ensure that the contribution limits are not exceeded, each partner will be responsible for notifying the partnership of contributions he or she makes independently.

Under the Act and Commission Regulations, a partnership may make contributions, as long as: 1) it does not exceed the per election monetary limits for contributions from persons, and 2) it attributes its contributions to both the partnership and the individual partners. One method a partnership may use to attribute contributions to individual partners is to agree to a particular attribution plan. 2 U.S.C. §441a(a)(1)(A); 11 CFR 110.1(e). The partnership's proposed contribution plan would meet these requirements. Chairman Frank P. Reiche filed a dissenting opinion with which Commissioner Thomas E. Harris concurred. (Date issued: April 16, 1982; Length: 10 pages, including dissent)

**AO 1982-14: Party Committee Fund to Influence Congressional Reapportionment**

Funds received and disbursed from a reapportionment account established by the Michigan Republican State Committee (the Committee) to influence the Michigan State Legislature's Congressional reapportionment activities would not constitute "contributions" or "expenditures" subject to the reporting requirements and the limits and prohibitions of the Act, provided the funds are not used to finance any federal election activity. Accordingly, the Committee may accept corporate contributions for the reapportionment account, provided it does not transfer **any** funds from that account to an account for federal elections. See also AO 1981-35. Commissioner Thomas E. Harris filed a dissenting opinion. (Date issued: April 9, 1982; Length: 5 pages, including dissent)

**AO 1982-15 Legal Service Ads Sponsored by Firm Whose Partner May Be a Candidate**

Advertising fees incurred by the law firm of Sprik and Andersen (the firm) to publicize its legal services would not constitute contributions to the firm's senior partner, Dale Sprik, should he become a Congressional candidate from Michigan's Fifth Congressional District. The firm's expenses for the legal service ads would not be contributions to Mr. Sprik's potential campaign because the purpose of the ads will be to expand the firm's clientele -- not to promote Mr. Sprik's candidacy. The commercial, rather than political, purpose of the ads is evidenced by the fact that:

1. The ads will not identify Mr. Sprik as a Congressional (or any other kind of) candidate;
2. The ads will be aired whether or not Mr. Sprik becomes a candidate; and
3. The ads will not appear more frequently just before the 1982 primary or general election in Michigan.

The Commission expressed no opinion on applicable provisions of the Communications Act since they are not within its jurisdiction. (Date issued: April 9, 1982; Length: 2 pages)

**AO 1982-17: Party Committee's Deposit of State Public Funds in Federal Account**

The Indiana Democratic Party (the Party) may deposit state public funds (i.e., funds received from the state government's sale of personalized license plates) in its federal account. Although the funds are not considered contributions, they are reportable receipts. The Party should report them as "miscellaneous receipts," with an explanation indicating their source and identifying the appropriate state agency as the payor. 2 U.S.C. §434(b)(3)(G); 11 CFR 104.3(a)(4)(iv).

Under Indiana law, the state government sells personalized license plates and distributes a portion of the sales proceeds among all qualified state party committees. Since the fee for the plates is mandatory and is not paid to influence federal elections, the Party's share of the sales proceeds would not be considered contributions from the plate purchasers. Moreover, if authorized by its laws, a state may provide such funding to political parties and candidates active in federal elections. See also AOs 1978-9 and 1980-103. (Date issued: April 9, 1982; Length: 2 pages)

**AO 1982-18 Corporate PAC's Solicitation of Solicitable Class of Affiliated Corporations**

The Gannett Fleming Corddry and Carpenter, Inc. Federal Political Action Committee (the PAC), the separate segregated fund of Gannett Fleming Corddry and Carpenter, Inc. (Gannett), may solicit contributions from:

1. The individual stockholders (and their families) of Gannett's parent corporation, Gannett Fleming Affiliates, Inc.; and
2. The executive and administrative personnel (and their families) of Gannett's parent corporation, as well as of the parent corporation's other subsidiaries and their respective subsidiaries.

Under the Act and Commission Regulations, a separate segregated fund may solicit the executive and administrative personnel and stockholders (and their families) of the corporation that establishes and maintains the fund, as well as the sollicitable personnel of any of the corporation's subsidiaries and affiliates. 2 U.S.C.

§441b(b)(4)(A)(i); 11 CFR 114.5(g)(1). Similarly, the PAC may solicit the executive and administrative personnel (and their families) of both the parent corporation's subsidiaries and their respective subsidiaries because they are all owned by a single parent (i.e., Gannett Fleming Affiliates, Inc.) and consequently are affiliated.

The Commission noted that the PAC and any separate segregated fund established by any of Gannett's affiliated corporations would be considered affiliated political committees. For purposes of the contribution limits, they would be considered a single committee subject to a single limit on contributions they receive and on contributions they make. Commissioner Thomas E. Harris filed a dissenting opinion. 2 U.S.C. §441a(a)(5); 11 CFR 100.5(g)(2). (Date issued: April 26, 1982; Length: 4 pages, including dissent)

**AO 1982-20: Media-Buying Services Supplied Simultaneously to Independent Expenditure Committee and Candidate It Supports**

Time Buying Services, Inc. (TBS), a company that buys radio and television time for its clients in media markets throughout the U.S., may simultaneously sell its media-buying services to an independent political committee, such as the National Conservative Political Action Committee (NCPAC), and to the campaign committee of a Republican candidate whom the independent committee plans to support through independent expenditures advocating the candidate's election or his opponent's defeat. The use of TBS's services by these two clients could, however, raise factual questions as to whether the expenditures of the independent committee made on behalf of the Republican candidate qualify as "independent expenditures" under the Act and Commission regulations. Specifically, Section 109.1(b)(4)(i)(B) of Commission Regulations presumes that a committee's expenditures are not independent if they are made by or through **any person (or agent)** who has been "receiving any form of compensation...from the candidate" or any of his campaign agents. (Date issued: April 26, 1982; Length: 3 pages)

**AO 1982-21: Contribution by PAC to Another PAC as Index of Affiliation**

A contribution of \$500 or \$1,000 that HUMPAC, the separate segregated fund of Humana, Inc., proposes to make to the separate segregated fund of the American Hospital Association (AHA) would not, by itself, be sufficient evidence of an affiliated relationship between the two committees. Under Commission Regulations, two political committees are considered affiliated if there is evidence that one of the committees has been established, financed, maintained or controlled by the other committee. 11 CFR 100.5(g)(3). The proposed transfer does represent one indicia of affiliation, namely the transfer of a "substantial portion" of one committee's assets to another committee (in this case either 12 percent or 25 percent). By itself, however, this fact is insufficient

continued

cient evidence of affiliation. See Section 100.5(g)(2)(ii) of Commission Regulations and AO 1976-104. (Date issued: April 23, 1982; Length: 3 pages)

**AO 1982-23: Remaining Funds of Terminating Committee Earmarked Through Local Party Organization**

The Westchester Citizens for Good Government (the Committee), an independent expenditure committee, may not earmark all of its remaining funds (approximately \$3,800) through a local party organization (not registered with the FEC) for the 1982 general election campaign of an, as yet, unidentified Republican Congressional candidate. The Committee could, however, earmark up to \$1,000 for the potential candidate's general election campaign since that is the maximum amount that it may contribute. 11 CFR 110.1. Although a Republican candidate has not yet been selected for the Party's Congressional district, the Committee could nevertheless earmark a contribution because the specific office, party affiliation and election have been identified. (See AO 1977-16.) As long as the party organization exercised no direction or control over the Committee's choice of a recipient candidate, the contribution would be attributed to the Committee alone, not to the intermediary party organization. 11 CFR 110.6.

Alternatively, if permitted by state law, the Committee could contribute all of its remaining funds to the Party or use the funds for any other lawful purpose, provided it earmarked no more than \$1,000 to any federal candidate, per election. Moreover, the Committee could report its termination on the same report that it recorded the disbursement of its remaining funds. 11 CFR 102.3. (Date issued: April 23, 1982; Length: 3 pages)

**AO 1982-24 Campaign Funds Raised Through Sale of Artworks Consigned by Artists**

The Phillips for Congress Committee (the Committee) may sell artworks on consignment from various artists as part of a fundraising event. The artworks will not be considered contributions to the Committee from the artists because the Committee will pay each artist for the normal price of each artwork it sells. 11 CFR 100.7(a)(1)(iii). The Committee plans to raise the price of each artwork above its normal purchase price and keep the surplus amount. It will return all unsold artworks to the various artists.

The full purchase price for each artwork sold by the Committee would, however, constitute a contribution from the purchaser to the Committee. Accordingly, funds received for the artworks would be subject to the Act's contribution limits and prohibitions, as well as its reporting requirements. 11 CFR 100.7(a)(2) and 104.3. Chairman Frank P. Reiche filed a dissenting opinion. (Date issued: April 30, 1982; Length: 5 pages, plus dissent)

**AO 1982-25: Campaign Disbursement Made by Wire Transfer of Funds**

The Barbara Sigmund for Congress Committee (the Committee) may make advance payments to a campaign vendor by wiring a transfer of funds from the Committee's campaign depository to the vendor's bank account. Commission Regulations permit a committee to make disbursements "by check" or by a "similar draft," such as the wire transfer, provided it:

1. Records and maintains adequate documentation of the transaction; and
2. Discloses the transaction as a "disbursement" on its reports. 11 CFR 102.10 and 104.3(b). (Date issued: April 23, 1982; Length: 2 pages)

**AO 1982-27: General Fund Used by City to Finance Presidential Nominating Convention**

The City of Dallas (the City), which proposes to host the 1984 Republican National Convention, may finance facilities and services for the convention from a general convention fund administered by the City, provided any services and facilities obtained from commercial vendors are purchased at their fair market value. 11 CFR 9008.7(b). Moreover, payments that the City makes for the services and facilities would not constitute contributions to the Republican National Committee (RNC) by either the City or by those who donate to the convention fund. Nor would the payments count against the RNC's convention spending limit, should the RNC accept public funding for the convention. See 26 U.S.C. §9008(d).

Since constitutional constraints and long-standing public policy preclude Dallas from using tax revenues or other government funds to finance the convention, the City would like to finance it through the convention fund. The City plans to accept unlimited donations to the convention fund exclusively from the private sector, including individuals, associations, businesses, corporations and other persons. The City would not, however, permit donors to designate their donations for particular events or conventions.

In permitting local government agencies and municipal corporations to make disbursements on behalf of a Presidential nominating convention, Commission Regulations require only that, if services are purchased from commercial vendors, the agency or municipal corporation obtain those services at their fair market value. The Regulations do not impose any requirements on funding sources used by the municipal corporation to finance services for the convention. Chairman Frank P. Reiche filed a concurring opinion. Commissioner Thomas E. Harris filed a dissenting opinion. (Date issued: May 3, 1982; Length: 9 pages, including concurring and dissenting opinions)

## **AO 1982-28: State-Chartered Corporation Established Under Federal Law**

Although the Sealaska Corporation (Sealaska) is an Alaska Native regional corporation established pursuant to the Alaska Native Claims Settlement Act (a federal law), Sealaska is chartered under Alaska law and is not considered a corporation organized by authority of a law of Congress. Accordingly, Sealaska may make contributions and expenditures in connection with state and local elections if permitted by state law. Sealaska may not, however, make contributions and expenditures in connection with **federal** elections. 2 U.S.C. §441b(a).

Sealaska is not considered a federally chartered corporation barred by Section 441b from making contributions and expenditures in connection with any elections (i.e., local, state and federal elections) because:

1. The legislative history of the Alaska Native Claims Settlement Act indicates that Congress rejected the concept of establishing federally chartered Alaska Native regional corporations and specifically provided that these corporations should be organized under state law (1971 U.S. Code Cong. & Ad. News, 2192, 2254); and
2. Congress prohibited the regional corporations from using appropriated **federal** funds in connection with state and local elections (43 U.S.C. §1605(b)), which would have been unnecessary if Congress had believed that the regional corporations were already barred from such activity under 2 U.S.C. §441b(a).

The Commission noted that this opinion overruled AO 1980-129, which had held that Sealaska was a federally chartered corporation and, as such, was subject to the broad prohibitions of 2 U.S.C. §441b. (Date issued: May 7, 1982; Length: 5 pages)

## **AO 1982-29: Payroll Deduction Plan for Corporation's Subsidiaries**

United Telecommunications, Inc., a Kansas corporation with subsidiary operations in at least 21 states, may solicit contributions to its separate segregated fund, United Telecom Political Action Committee (UNIPAC), by offering a payroll deduction plan to as many of its subsidiaries as choose to use it. Under the Act and Commission Regulations, a corporation may implement a payroll deduction plan to solicit contributions to its separate segregated fund from the stockholders and executive and administrative personnel of the corporation, as well as the solicitable personnel of the corporation's subsidiaries. 2 U.S.C. §§441b(b) (4)(A)(i) and (5); 11 CFR 114.1(f), 114.5(g)(1) and 114.5(k)(1).

The Act would preempt and supersede any state law prohibiting the proposed payroll deduction plan. 2 U.S.C. §453. Noting that it had not been asked to consider any other state laws, the Commission expressed no opinion on whether or not the Act would supersede and preempt other laws. (Date issued: April 30, 1982; Length: 3 pages)

## **LEGISLATION**

### **FEC TESTIFIES ON FY 1983 BUDGET AND FY 1982 SUPPLEMENTAL**

During four Congressional hearings held in late April and early May, the Commission requested funding for fiscal year (FY) 1983 that would allow the FEC to administer the 1982 elections and to prepare for the 1984 Presidential elections. The Commission also requested supplemental funds for FY 1982 to avert a possible furlough of the entire FEC staff this fall.

FEC Chairman Frank P. Reiche, Vice Chairman Danny Lee McDonald and Commissioner Joan D. Aikens presented the Commission's budget testimony before the House Committee on Appropriations' Subcommittee on Treasury, Postal Service and General Government; the Senate Committee on Rules and Administration; the Task Force on Elections of the Committee on House Administration; and the Senate Committee on Appropriations' Subcommittee on Treasury, Postal Service and General Government. In their testimony, the Commissioners stated that the FEC's \$9,880,000 budget request for FY 1983 represented the amount the Reagan administration had requested for the Commission in the President's FY 1983 budget. This amount is \$666,000 less than the request the Commission had submitted to the Office of Management and Budget on September 1, 1981.

Chairman Reiche testified that, when adjusted for inflation, the FEC's FY 1983 budget request represented approximately the same level of funding as that used to administer the election law in 1973 (\$4.7 million), when there were no regulations or advisory opinions and less disclosure. He noted that the Commission had also had a lean budget for administering the election law during the last Presidential election cycle, with the cost to the federal government for administering public financing of Presidential elections, as well as for disclosing, monitoring and providing guidance with respect to all federal elections in 1979-80, being less than one percent of reported campaign finance activity.

Vice Chairman McDonald, Chairman of the FEC's Budget Task Force, testified on behalf of the FEC's request for \$183,907 to supplement its FY 1982 budget. He reported that if a pay supplemental were not provided, the Commission could run out of money before the end of the fiscal year and could "face the prospect of furloughing the entire staff at a time when we should be increasing our activity to deal with the 1982 Congressional primaries and general election."

*continued*

In order to administer the election law under a continuing resolution during FY 1982, the Commission had to impose a hiring freeze, which reduced the permanent staff to 217 from a high of 258 during FY 1979. A recent reduction-in-force also eliminated 16 positions in the FEC's Audit Division, representing half of that division's staff. Other spending cuts have been made in travel, in outreach programs to educate candidates and political committees, and in funds allocated to printing, supplies, equipment and other materials. In addition, reductions have been made in contracts administered by the National Clearinghouse on Election Administration.

## COMPLIANCE

### FEC PUBLISHES THE NAMES OF NONFILERS

During April and May, the Commission published separate listings of authorized candidate committees that had failed to file either their first quarterly or their pre-primary reports.\* On April 30, 1982, the Commission published the names of three California House campaigns that

\*The 1979 amendments to the election law do not require the Commission to publish the names of unauthorized committees that fail to file required reports.

had failed to file their first quarterly report, due April 15. During the 1982 election year, the quarterly report is required of all authorized candidate committees active in 1982 elections, as well as of all authorized Presidential committees and all unauthorized committees that choose to file on a quarterly (rather than a monthly) basis. Prior to this publication, the California campaigns received mailgrams notifying them of their failure to file the report.\*\*

During April and May, the Commission also published the names of three House campaigns waged in separate states (i.e., Texas, Indiana and Pennsylvania) that had failed to file their pre-primary reports, due 12 days before the primary elections in those states. The elections were held on May 1, 4 and 18, respectively. Other political committees (not authorized by candidates) that supported candidates in the primaries were also required to file pre-primary reports, unless they had been reporting on a monthly basis.

Further Commission actions against committees that fail to file reports required during the 1982 election year will be decided on a case-by-case basis. The Act gives the Commission broad authority to initiate enforcement actions against any nonfiler, including civil enforcement and the imposition of civil penalties.

\*\*The FEC's revised nonfiler policy is summarized on page 1 of the March 1982 Record.

FEDERAL ELECTION COMMISSION  
1325 K STREET, NW  
WASHINGTON, DC 20463

OFFICIAL BUSINESS

FIRST CLASS MAIL  
POSTAGE & FEES PAID  
FEC  
WASHINGTON, D.C.  
PERMIT NO. G-31