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FEDERAL ELECTION COMMISSION Jun 21 5 27 PM '02
Washington, DC 20463

AGENDA ITEM
For Meeting of: 6-19-02

CONTINUED ON 06-22-02

SUBMITTED LATE

MEMORANDUM

TO: The Commission
FROM: Vice Chairman Karl J. Sandstrom *KS*
DATE: 06/21/2002
SUBJECT: Amendment to Agenda Document 02-44

Attached is a proposed amendment to section 300.30, which supercedes the proposed amendment to 300.30 that I included on pp. 13-17 in Agenda Document 02-44 F.



1 § 300.30 Accounts

2
3 (a) Scope and introduction. This section applies to State, district, or local committees
4 or organizations of a political party, whether or not the committee is a political committee
5 under 11 CFR 100.5, that have receipts or make disbursements for Federal election
6 activity. Paragraph (b) of this section describes and explains the types of accounts
7 available to a political party committee or organization covered by this section.
8 Paragraph (c) of this section sets out the account structure that must be maintained by a
9 political party committee or organization covered by this section.

10 (b) Types of accounts. Each State, district, and local party committee that has
11 receipts or makes disbursements for Federal election activity must establish one or more
12 of the following types of accounts..

13 (1) Non Federal Accounts. The funds deposited into this account are governed
14 by State law. Disbursements, contributions, and expenditures made
15 wholly or in part in connection with Federal elections must not be made
16 from any non-Federal account, except as permitted by section (c)(3)(ii)
17 below, 11 CFR 102.5(a)(4), 11 CFR 106.7(d)(1)(i), 11 CFR 300.33 and
18 11 CFR 300.34.

19 (2) Levin Account. The funds deposited into this account must comply with
20 11 CFR 300.31. Such funds may be used for the categories of activities
21 described at 11 CFR 300.32(b).

22 (3) Federal Account. Federal accounts may be used pursuant to the following
23 conditions:

- 1 (i) Only contributions that are permissible pursuant to the limitations
2 and prohibitions of the Act may be deposited into any Federal
3 account, regardless of whether such contributions are for use in
4 connection with Federal or non-Federal elections. See 11 CFR
5 103.3 regarding impermissible funds.
- 6 (ii) The contributions qualify under 11 CFR 102.5(a)(2).
- 7
- 8 (iii) All disbursements, contributions, and expenditures made wholly or
9 in part by any State, district, or local party organization in
10 connection with a Federal election must be made from either:
- 11 (A) A Federal account, except as permitted by 11 CFR 300.32;
12 or
13 (B) A separate allocation account (see section (4) below).
- 14 (iv) If all payments in connection with a Federal election, including
15 payments for Federal election activities, are to be made from a
16 Federal account, expenditures and disbursements for costs that are
17 allocable pursuant to 11 CFR 106.7 or 11 CFR 300.33 must be
18 made from the Federal account in their entirety, with the shares of
19 a non-Federal account or of a Levin account being transferred to
20 the Federal account pursuant to 11 CFR 106.7 and 11 CFR 300.33.
- 21 (v) No transfers may be made to a Federal account from any other
22 account(s) maintained by a State, district, or local party committee
23 or from any other party committee at any level for the purpose of

1 financing activity in connection with Federal elections, except as
2 provided by paragraphs (b)(3)(iv) of this section or 11 CFR 300.33
3 and 300.34.

4 (4) Allocation accounts. At the discretion of the party committee or
5 organization, separate allocation accounts may be established for purposes
6 of making allocable expenditures and disbursements.

7 (i) Only funds from the party committee or organization's Federal and
8 non-Federal accounts may be deposited into an allocation account
9 used to make allocable expenditures and disbursements for
10 activities in connection with Federal and non-Federal elections.

11 (ii) Only funds from the party committee or organization's Federal
12 account and Levin funds from its non-Federal or Levin account(s)
13 may be deposited into an allocation account used to make allocable
14 expenditures and disbursements for activities undertaken pursuant
15 to 11 CFR 300.32(b).

16 (iii) Once a party committee or organization has established a separate
17 allocation account for activities in connection with Federal and
18 non-Federal elections and a separate account for activities
19 undertaken pursuant to 11 CFR 300.32(b), all allocable expenses
20 must be paid from the appropriate allocation account for as long as
21 that account is maintained.

22 (iv) The party committee or organization must transfer to the
23 appropriate allocation account funds from its Federal and non-

- 1 Federal or Levin accounts in amounts proportionate to the Federal,
2 non-Federal and Levin shares of each allocable expense pursuant
3 to 11 CFR 300.33. The transfers must be made pursuant to 11
4 CFR 300.34.
- 5 (v) No funds contained in an allocation account may be transferred to
6 any other account maintained by the party committee or
7 organization.
- 8 (vi) For reporting purposes, all allocation accounts must be treated as
9 Federal Accounts.
- 10 (c) Use of accounts for Federal election activity. Each State, district, and local
11 committee of a political party that has receipts or makes disbursements for Federal
12 election activity must establish its accounts as follows:
- 13 (1) One or more Federal accounts in a campaign depository, in accordance
14 with 11 CFR part 103, which must be treated as a separate political
15 committee and be required to comply with the requirements of the Act
16 including the registration and reporting requirements of 11 CFR part 102
17 and part 104. State, district, and local party committees may choose to
18 make non-Federal disbursements, subject to State law, and disbursements
19 for Federal election activity from a Federal account provided that such
20 disbursements are reported pursuant to 11 CFR 300.36, and provided that
21 contributors of the Federal funds so used were notified that their
22 contributions were subject to the limitations and prohibitions of the Act.
- 23 (2) Establish at least three separate accounts in depositories as follows -

- 1 (i) One or more Federal Accounts;
- 2 (ii) One or more Levin Accounts; and
- 3 (iii) One or more Non-Federal Accounts.
- 4 (3) Establish two separate accounts in depositories as follows:
- 5 (i) A Federal Account, and;
- 6 (ii) An account that functions as both a Non-Federal Account and a
- 7 Levin Account. If such an account is used, the State, district, and
- 8 local party must demonstrate through a reasonable accounting
- 9 method approved by the Commission (including any method
- 10 embedded in software provided or approved by the Commission)
- 11 that whenever such organization makes a disbursement for
- 12 activities undertaken pursuant to 11 CFR 300.32(b), that the
- 13 organization had received sufficient contributions or Levin funds
- 14 to make such disbursement.
- 15 (d) Recordkeeping. All party organizations must keep records of deposits into and
- 16 disbursements from such accounts, and, upon request, must make such records available
- 17 for examination by the Commission.
- 18

