

FEDERAL ELECTION COMMISSION Washington, DC 20463

March 14, 2005

<u>MEMORANDUM</u>

TO:

The Commission

General Counsel Staff Director

Public Information

Press Office Public Records

FROM:

Brad C. Deutsch

ZN Assistant General Counse

SUBJECT:

Late comment on De Minimis Exemption for Disbursement of

Levin Funds by State, District, and Local Party Committees

Attached please find one late comment submitted in response to the above Notice of Proposed Rulemaking, Notice 2005-2, published on February 2, 2005 (70 FR 5385). The comment period ended on March 4, 2005.

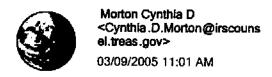
Attachments

cc:

Associate General Counsel for Policy

Congressional Affairs Officer

Executive Assistants



To "deminimis@fec.gov" <deminimis@fec.gov>

Morton Cynthia D

cc <Cynthia.D.Morton@irscounsel.treas.gov>, Blumenfeld Michael B

bcc

Subject Deminimis exemption for disbursement of Levin Funds by state, dis trict, and local party committees

Dear Mr. Deutsch:

Thank you for providing us a copy of the FEC's proposed rules related to deminimis exemption for disbursement of Levin Funds by state, district and local party committees. I am attaching our comments below. We are also sending the signed original letter via regular mail.

If you have any questions or concerns regarding our comments or other related matters, please feel free to contact Michael B. Blumenfeld or me at (202) 622-6070.

Sincerely,

Cynthia Morton
Attorney
Exempt Organizations Branch 1
Office of the Division Counsel/Associate Chief Counsel (Tax-Exempt & Government Entities)
CC:TEGE:EOEG:EO1
Internal Revenue Service
1111 Constitution Ave., N.W.
Washington, D.C. 20224

Cynthia.D.Morton@irscounsel.treas.gov



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DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE WASHINGTON, D.C. 20224

March 8, 2005

VIA E-MAIL & REGULAR MAIL

Mr. Brad C. Deutsch Assistant General Counsel Federal Election Commission 999 E Street, NW Washington, DC 20463

Dear Mr. Deutsch:

Thank you for sending to us a copy of Notice 2005-3, which contains proposed rules relating to a de minimis exemption for disbursement of Levin Funds by State, District, and Local party committees. Pursuant to 2 U.S.C. § 438(f), the Federal Election Commission and the Internal Revenue Service are to "consult and work together to promulgate rules, regulations, and forms which are mutually consistent."

Your Notice proposes revisions to the \$5,000 exemption at 11 C.F.R. 300.32(c)(4) in order to comply with the district court's decision in <u>Shays v. FEC</u>, 337 F. Supp. 2d 28 (D.D.C. 2004). Specifically, you propose to allow Sate, district, and local party committees to pay for allocable Federal Election Activity entirely with Federal Funds or by allocating between Federal funds and Levin funds according to 11 C.F.R. 300.33. Please be advised that we believe the proposed rules do not pose a conflict with the Internal Revenue Code or the regulations thereunder.

If you would like to discuss any the issues involved, please feel free to call Cynthia Morton or me at (202) 622-6070.

Sincerely,

Michael B. Blumenfeld Senior Technician Reviewer Exempt Organizations Branch 2 Office of the Division Counsel/Associate Chief Counsel (Tax Exempt & Government Entities)