



POLITICAL
ACTION
COMMITTEE

PAC

FREQUENTLY ASKED FUNDRAISING QUESTIONS

1. When and where do Federal election laws apply?

- In election campaigns for federal office (i.e., US President, US Senate, US House of Representatives)
- To PAC's, individuals and political parties that make contributions to candidates for federal office; To individuals and groups which may attempt to influence the outcome of elections for federal office.

2. What is considered a contribution?

Anything of value given to influence a federal election is considered a contribution, including:

- Money (subject to limits noted in Question 4);
- Donated items and services (known as 'in-kind' contributions), including vehicles, printed material, office space, office equipment; telephones and the services of most employees working on company time. In-kind contributions are generally valued at their fair market price (See Question 15 for more information);
- Most items or services provided at a discount;
- Loans or loan endorsements (loans count toward the creditor's federal contribution limit.)

3. What is not considered a contribution?

- Uncompensated personal services provided by volunteers;
- Costs paid by volunteers for home events (e.g., costs for food and beverages connected with a home fundraising event) under \$1000 per candidate per election;
- Incidental use of corporate or union facilities in connection with volunteer activities (less than one hour per week or four hours per month);
- Personal travel expenses on behalf of a candidate (under \$1000 per election);
- Certain types of legal and accounting services to assist candidates in complying with federal election laws (strict and explicit limits apply);
- Partisan communications by trade associations to their members (not the public at large.) Strict and explicit limits apply.

4. Can I be reimbursed for a contribution to the PAC?

No, you cannot, by law, be reimbursed or advanced financially by your company, the NAMA, any entity or individual for the purpose of making a contribution to the PAC. In addition, contributions are not tax deductible.

5. What are the new Individual Contribution Limits?

With the enactment of Campaign Finance Reform, some of the individual contribution limits have changed. The following are the limits as the law currently states:

- Individuals may give a maximum of \$5,000 per calendar year to NAMA-PAC.
- Individuals may now give a maximum of \$2,600 per election to a candidate for federal office – primary, runoff and general elections are each considered separate elections.
- Individuals now have a \$32,400 annual aggregate limit on all national party committees combined.
- Individuals now have a \$123,200 overall aggregate two-year hard money contribution limit: \$48,600 two-year aggregate limit on contributions to federal candidates and a \$74,600 two-year aggregate limit to all PAC's and parties.
- Individuals may not make contributions in the name of another person.
- Married couples have separate contribution limits (shown above), even if only one spouse has income.
- Federal government contractors may not make contributions to federal candidates, parties or PAC's.
- Foreign nationals may not make contributions to candidates, parties or PAC's at the local, state or federal level.

6. What are NAMA-PAC Contribution Limits?

- NAMA-PAC may contribute a maximum of \$5,000 per election to a candidate for federal office - primary, runoff and general elections are each considered separate elections.
- NAMA-PAC may contribute a maximum of \$15,000 per year to each national political party committee.

7. Who can be solicited for a NAMA-PAC contribution?

- Non-corporate NAMA members (individuals, partnerships or sole proprietorships) and their families;
- With prior authorization, corporate members and their families (there are strict rules on which employees of the corporate members can be solicited. NAMA-PAC staff can assist you in identifying the proper employees to solicit).

8. Can Non-NAMA Members be solicited?

- No, only eligible NAMA members may be solicited. The public may not be solicited for NAMA-PAC.

9. What is prior authorization?

- Due to federal election law, in order to solicit the executive or administrative personnel of a CORPORATE member, NAMA-PAC must seek and obtain the prior written authorization of the member corporation. (See Appendix for copy of authorization form)
- Once NAMA-PAC has received prior authorization from the individual representing the corporation, the PAC or the corporation may conduct the solicitation for NAMA-PAC.
- NAMA-PAC can solicit individual, unincorporated partnership and sole-proprietorship members without prior authorization.

10. What types of solicitations are there?

1. **Oral Solicitations:** speeches at state council or other meetings, peer-to-peer meetings, telephone calls.
2. **Mailings:** letters to authorized members containing a testament from you explaining the importance of contributing to NAMA-PAC.
3. **Fundraising Events:** a dinner party, BBQ, cocktail, etc...that will get authorized members interested enough to make a contribution and attend.

NOTE: All solicitations must include solicitation disclaimer notices required by federal law.

11. What types of contributions can the NAMA-PAC accept?

The NAMA-PAC can accept checks, credit cards and cash (see note on cash limits) from the following types of accounts:

1. Personal
2. Unincorporated Partnership (See Question 12 for treatment of LLCs and LLPs)

Sole Proprietorship

NOTE: No cash contributions in excess of \$100 can be accepted from an individual at one time. Anonymous contributions may not be accepted.

12. How are LLPs and LLCs treated by the NAMA-PAC?

1. The NAMA-PAC can accept up to \$5,000 per year in contributions from a **Limited Liability Partnership (LLP)** regardless of the number of partners it contains. These contributions must be accompanied by a list of the individual partner(s) with whom the contributions should be attributed. The attributed contributions will also count against the individual partners \$5,000 per year contribution limit.
 - a. For example, Partnership X can send in a \$5,000 check with a note attributing the contribution to 2 of its 5 partners. The check will be reported to the Federal Election Commission and \$2,500 will be counted toward both partner's individual limit of \$5,000 per year. The contributing partners and all other partners of Partnership X cannot make any additional contributions to the NAMA-PAC from their partnership account in that calendar year. They can, however, make additional contributions from their personal accounts until they have reached the maximum allowed per year by law (\$5,000).
2. In some instances a contribution from a **Limited Liability Company (LLC)** is permissible, and in some instances it is not permissible depending on the tax treatment of the LLC. LLCs are either treated as partnerships or corporations for tax purposes.
 - a. **LLCs that are treated as Partnerships for Tax Purposes** – Contributions from these companies will be treated in the same manner as contributions from Limited Liability Partnerships (LLPs). See above.

2) **LLCs that are treated as Corporations for Tax Purposes or with Publicly Traded Shares-** An LLC that is treated as a corporation by the IRS cannot make a contribution to the NAMA-PAC since corporate contributions are prohibited by law.

13. Can the NAMA-PAC accept corporate contributions?

- No. The NAMA-PAC cannot accept corporate contributions;

14. What information must be collected from each contributor?

- The name, address, phone number, employer and occupation of each contributor must be provided with all contributions. This information is reported to the Federal Election Commission for all individuals who contribute in aggregate of \$200 per calendar. NAMA-PAC and all individuals acting on behalf of NAMA-PAC must exercise their best efforts in obtaining this information from each individual contributor. (See Appendix for copy of contribution card)

15. Who can pay for the cost of fundraising events?

There are four different options in handling event costs (food, invitations, services etc). Any of the following groups can pay for events in their entirety or in combination with another option. Payment can be made directly to the vendor. Either way, PLEASE let PAC staff know which option(s) you choose.

1. NAMA-PAC

- a. The NAMA-PAC can pay for all or a percentage of the costs of fundraising events held on its behalf. We have a limited budget for such expenses. In order for the NAMA-PAC to cover event costs, certain criteria must be met:
- b. Prior to any event in which the NAM is responsible for a percentage of the expenses, the event host should create a fundraising plan that includes a budget detailing all expenses and all projected revenue for approval from the NAMA prior to committing resources.
- c. All events for the NAM-PAC must meet a minimum revenue/expenses ratio of 2:1 (\$200 revenue:\$100 expenses); however, the desired ratio is 3:1. (\$300 revenue:\$100 expenses). If NAMA-PAC is to pay all or part of the expenses of an event, the ratio must be agreed upon by the NAMA and the event hosts before the event takes place.
- d. Because federal law mandates that certain legal language must appear on all materials, NAMA must approve all printed event and fundraising materials.
- e. Contracts involving the NAMA-PAC must be pre-approved by the NAMA's in advance.

2. Corporations and Partnerships

- a. Corporation and Partnership members of the NAMA can pay for the cost of events from their business accounts. Because these donations come from member companies, they can be used for covering administrative and solicitation costs of the PAC and are not considered in-kind contributions and are not reported to the Federal Election Commission. There is no maximum annual contribution for this type of donation.
 - i. **Example 1:** Company X helped put on an event for the NAMA-PAC. They would like to take care of the event expenses as well. Since they are a partnership for tax purposes, they have decided to cover these costs from

the company's business account. This donation is not considered an in-kind contribution and is unlimited.

3. Sole Proprietorships
 - a. Sole Proprietorship members of the NAMA can pay for the cost of events from either their business or personal accounts. Donations from either account are not considered in-kind contributions and are not reported to the Federal Election Commission. There is no maximum annual contribution for this type of donation.
 - i. **Example 2:** Company X helped put on an event for the NAMA-PAC. They would like to take care of the event expenses as well. Since the company is considered a sole proprietorship for tax purposes, the company can cover these costs from either the company's business account or the proprietor's personal account. A donation from either account is not considered an in-kind contribution and is unlimited.
4. Individual Employees of Corporate and Partnership members
 - a. Individual Employees of Corporate and Partnership members of the NAMA can opt to pay for the costs of an event from their personal account. All donations and/or payments in this category are considered in-kind contributions and are reported to the Federal Election committee as such. Donations are, along with any other contributions made directly to the PAC, subject to the \$5,000 per year maximum contribution level.

NOTE: Any employee of a member company donating any event costs from a personal account MUST provide NAMA-PAC staff with a copy of the paid receipt or invoice for federal election reporting purposes. Individuals may not be reimbursed for an in-kind personal donation.

Example 3: Company X helped put on an event for the NAMA-PAC. They would like to take care of the event expenses as well. The company's CEO prefers to cover these costs from his/her personal account. This type of donation is considered an in-kind contribution.

RULE OF THUMB:

Contributions toward event costs from BUSINESS accounts are unlimited. Contributions toward event costs from PERSONAL accounts, except for sole proprietors, are considered in-kind contributions and are reportable.

16. Can I hold an event that raises money for my state's PAC and NAMA-PAC?

Yes, joint fundraising events, events in which funds raised are split between NAMA-PAC and a state council PAC, are helpful because they benefit both PAC's and educate attendees about them as well. There are, however, many rules governing how these events must be held. For more information, contact NAMA-PAC staff in advance.

17. How do I conduct a Company Campaign?

Company Campaigns are generally letters from a company leader to their senior, salaried and supervisor co-workers asking for a personal donation for the NAMA PAC. These fund raising letters are one of the most time and cost efficient methods of fundraising. As soon as we have your company's prior authorization to solicit a company's employees, the process is quite simple. We will draft a personal sample letter that you can use when asking for a donation for your salaried, senior and supervisor co-workers. NAMA-PAC staff can handle as much of the campaign as you would

like (handling the letter, mailing, collecting the receipts etc.). For more information, contact NAMA-PAC staff.

18. How quickly should contributions raised be passed along to NAMA-PAC?

Please be sure that you forward any contributions you raise through your event, mailing or company campaign to NAMA-PAC within 10 days of their receipt. If you begin receiving contributions before an event, please forward them to PAC staff right away. While it is often easy to collect all the checks and send them in after the event, federal law mandates the 10-day rule. Please include the occupation and employer information for each donor.

19. Are there rules governing Auctions at NAMA-PAC events?

Yes, there are many rules governing auctions. For more information, please contact NAMA-PAC Staff.