

PAC - Political Action Committees



In the United States, a political action committee (PAC) is a tax-exempt 527 organization that pools campaign contributions from members and donates those funds to campaigns for or against candidates, ballot initiatives, or legislation.

PACs include separate segregated funds (SSFs), nonconnected committees and Super PACs.

<https://www.youtube.com/watch?v=6KQICDbv2CU>

SSFs and nonconnected committees

SSFs are political committees established and administered by corporations, labor unions, membership organizations or trade associations. These committees can solicit contributions only from individuals associated with a connected or sponsoring organization.

By contrast, **nonconnected committees** — as their name suggests — are not sponsored by or connected to any of the aforementioned entities and are free to solicit contributions from the general public.

Super PACs (independent expenditure only political committees) and Hybrid PACs (political committees with non-contribution accounts)

Super PACs (independent expenditure only political committees) are committees that may receive unlimited contributions from individuals, corporations, labor unions and other PACs for the purpose of financing independent expenditures and other independent political activity.

Hybrid PACs (political committees with non-contribution accounts) solicit and accept unlimited contributions from individuals, corporations, labor organizations and other political committees to a segregated bank account for the purpose of financing independent expenditures, other ads that refer to a federal candidate, and generic voter drives in federal elections, while maintaining a separate bank account, subject to all the statutory amount limitations and source prohibitions, that is permitted to make contributions to federal candidates.

Leadership PACs

A **Leadership PAC** is a political committee that is directly or indirectly established, financed, maintained or controlled by a candidate or an individual holding federal office, but is not an authorized committee of the candidate or officeholder and is not affiliated with an authorized committee of a candidate or officeholder. Members of Congress and other political leaders often establish Leadership PACs in order to support candidates for various federal and nonfederal offices.

Like other multicandidate PACs, a Leadership PAC may contribute up to \$5,000 per election to a federal candidate committee.

A nonconnected committee may expend its funds for any lawful purpose consistent with the Act and Commission regulations.

An expenditure is a purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value to influence a federal election. "Disbursement" is a broader term that covers both expenditures and other kinds of payments (those not made to influence a federal election). All disbursements must be reported by the PAC.

Disbursements must be made by check or similar draft drawn on an account maintained at the committee's designated depository.

However, the PAC may maintain a petty cash fund for small disbursements. A written record of petty cash disbursements must be kept if a petty cash fund is maintained. Payments from petty cash to one person for any one purchase or transaction may not exceed \$100.

Contributions made by a nonconnected PAC

As committees that solicit and accept unlimited contributions from individuals, corporations, labor organizations and other political committees, Super PACs and Hybrid PACs do **not** make contributions to candidates.

Other types of nonconnected PACs may make contributions to influence federal elections, subject to the Act's limitations and reporting requirements.

How do PACs raise money?

A nonconnected committee may solicit contributions from anyone in the general public who may lawfully make a contribution in connection with a federal election. Corporations and labor organizations may lawfully contribute to a Super PAC or the non-contribution account of a Hybrid PAC



Contribution Limits

Giving and Receiving Limits

The NYS Election Law establishes certain limits on contributions that can be given and received by candidates and political committees, as well as limits on contributions that can be given by individuals and other entities. Contribution limits were established to, among other things, curtail the amount of influence, through money, that a contributor can have on elections and the election process.

What is a Contributor?

A contributor may be an individual, a corporation, limited liability company (LLC/PLLC), another candidate's political committee, an unincorporated union or trade organization, a PAC or any other entity such as a league or association, etc.

Please note: For all local level candidates and for those state level candidates not participating in the Public Campaign Finance Program, the funds of a candidate and the spouse of the candidate spent on the campaign are not contributions and are not subject to limits. However, they must be reported on disclosure reports.

For candidates participating in the Public Campaign Finance Program, the funds of a candidate (and those jointly held with the candidate's spouse and/or unemancipated children) are limited to three times the individual contribution limit for the applicable office. This includes contributions and loans. All funds must be reported on disclosure reports.

Sole proprietors' contributions are from the owner and must be listed as such.

Partnership contributions are contributions from the partners individually, but they are not listed individually until the partnership contribution exceeds \$2500. Once that threshold is crossed, the filer must also attribute the contribution to the individual partner(s).

With no other information available, checks drawn on a joint account are assumed given by the signatory.

The New York State Election Law places aggregate calendar year limits on the amount of political contributions that can be made by **corporations, LLCs, and PLLCs** to New York State candidates and committees, as follows:

Corporations

A corporation may contribute up to a total of \$5,000 in a calendar year.

Each affiliated or subsidiary corporation, if a separate legal entity, has its own limit.

The \$5,000 aggregate limit does not apply to funds given to housekeeping, independent expenditure, or ballot proposition committees.

LLCs/PLLCs

An LLC/PLLC may contribute up to a total \$5,000 in a calendar year.

All contributions made to a campaign or political committee by an LLC/PLLC shall be attributed to each member of the LLC/PLLC in proportion to the member's ownership interest in the company. Attribution is required from the first dollar.

By December 31st of any year in which an LLC/PLLC makes a contribution or expenditure, the LLC/PLLC must file with the New York State Board of Elections a statement of identity of all direct and indirect owners of the membership interests in the company and the proportion of each direct or indirect member's ownership interest.

The \$5,000 aggregate limit does not apply to funds given to housekeeping, independent expenditure, or ballot proposition committees.

Notwithstanding the above, no individual, corporation, or other contributor may give more to a candidate or a candidate's authorized political committee(s) than an amount determined under the law for the office sought by the candidate. This is called the **election limit**. This amount is the maximum that the candidate may receive from any one contributor during the campaign cycle for the particular election.

For some offices, the law requires a formula be used to determine the limit. In those cases, you should contact the applicable board of elections to find out the limits.

Each Primary, General or Special election campaign has its own limit. Therefore, contributors may give up to the limit for each election in which the candidate participates. Candidates and committee treasurers must ensure that the election limits are not exceeded and that those funds are spent only for the election to which they pertain unless they were surplus funds left over from a prior election.

The election limit for family members is an aggregate limit from all the candidate's family (defined as a child, parent, grandparent, brother and sister and the spouses of those persons).

