

## Candidate FAQ

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### 1. Who must file Campaign Financial Disclosure Statements?

**Prospective Candidates.** Any individual who receives contributions or makes expenditures (except for incidental expenditures) to determine if he or she will be a candidate for state or local public office is required to report to the appropriate agency.

**Announced Candidates.** Any individual who has made a formal announcement of his or her candidacy for a state or local elected public office or who has formally qualified to seek election to public office in a primary or general election in Tennessee is required to report to the appropriate agency.

**Candidates Exempted.** A candidate may be exempt from the Campaign Financial Disclosure Act's requirements if he or she is seeking a public office for which the service is part-time and for which the compensation is less than five hundred dollars (\$500) per month. This exemption does not apply if the public office being sought is that of a chief administrative officer or if the candidate spends more than one thousand dollars (\$1000) seeking election to the public office.

## 2. Where must candidates file reports?

**Candidates for State Office.** Candidates and single-candidate political campaign committees involved in elections for state public offices (Governor, member of the General Assembly, delegate to a Tennessee Constitutional Convention, District Attorney General, District Public Defender, Judge of the Court of Criminal Appeals, Judge of the Court of Appeals and Supreme Court Justice) must file all required reports with the Registry of Election Finance, 404 James Robertson Parkway, Suite 1614, Nashville, TN 37243-1360.

**Candidate for Local Public Office.** A candidate or single-candidate political campaign committee involved in a local election must file all required reports with the election commission of the county or counties where the election will be held.

## 3. What must a candidate do to begin a campaign operation?

**Political Campaign Treasurers.** Before any monies can be received or spent, (except for incidental expenditures made by an individual to determine whether or not to be a candidate), each must certify the name and address of its political treasurer to the Registry of Election Finance for a state election and to the county election commission for a local election. This is accomplished by completing and filing an appointment of political treasurer statement.

A candidate may appoint himself or herself as the political treasurer for a campaign. If a candidate appoints another person to act as political treasurer, the candidate must co-sign all reports required to be filed under the Campaign Financial Disclosure Act.

**Campaign Bank Account.** A candidate must open and maintain a separate bank account into which all campaign contributions are to be deposited. Additionally, all expenditures from campaign funds must be expended from this bank account.

If a person is a candidate for more than one public office, the candidate must maintain separate campaign bank accounts for each office sought.

## 4. How long is an appointment of treasurer statement effective?

**Candidates - Primary, General Elections.** A political treasurer appointed by a candidate or single-candidate political campaign committee may serve for both the primary and general elections. After the last election in which that candidate or committee is involved in that election year, monies shall not be received or spent for a future election until the candidate or committee has formally appointed a political treasurer for the future election year and filed a report of that appointment with the Registry of Election Finance or the appropriate county election commission. (The new appointment must be filed, even if the treasurer is the same individual who served in that capacity in the candidate's previous election.)

**Change of Treasurers.** Candidates must notify the Registry or the appropriate county election commission of any changes in the office of political treasurer. An appointment of political treasurer statement must be completed and filed for the individual who replaces the previous treasurer.

## 5. What information must be reported in a campaign financial disclosure statement?

**Contributions.** A reportable contribution is defined by the law as being "any advance, conveyance, deposit, distribution, transfer of funds, loan, loan guaranty, personal funds of a candidate, payment, gift, or subscription, of money or like thing of value, and any contract, agreement, promise or other obligation. . . .made for the purpose of influencing a measure or nomination for election or the election

of any person for public office. "Additionally, any of these items given to an officeholder "for the purpose of defraying any expenses. . .incurred in connection with the performance of the officeholder's duties, responsibilities, or constituent services" are reportable as contributions.

**In-Kind Contributions.** In-kind contributions are goods or services provided to a candidate without charge (such as the use of equipment or advertisement materials at no cost to the candidate) and must be listed separately on the campaign financial disclosure statement from other campaign contributions.

An in-kind contribution is considered to be made and is reportable during the period in which the contribution is made or performed, not when the cost of the contribution is billed or paid. The amount for an in-kind contribution which should be reported by a candidate should be the fair market value for such goods or services provided.

If the actual cost of a in-kind contribution is not known at the time when it is reportable, an estimate of the cost shall be reported during the period that the contribution is made or performed, and the disclosure report shall indicate that the amount reported is estimated. If the actual cost of the in-kind contribution as indicated on the bill for the goods or services is different than the amount reported, the candidate or committee shall adjust the amount reported on a later disclosure statement covering the period in which payment for the in-kind contribution is made.

**Expenditures.** A reportable expenditure is defined by statute as "a purchase, payment, distribution, loan, advance, deposit or gift of money or anything of value made for the purpose of influencing a measure or the nomination for election or election of any person to public office."

**Loans.** A campaign loan must be disclosed by a candidate during the reporting period that the loan is made. A loan must continue to be disclosed on future campaign financial disclosure statements until the loan is paid back in full or a statement has been filed with the appropriate campaign financial disclosure statement by the candidate stating that the loan will not be repaid and is to be considered a contribution to the campaign.

**Obligations.** Goods and services received on credit which are not paid for during the reporting period received must be disclosed as an obligation by the candidate or during the reporting period that the obligation is incurred. This obligation must continue to be disclosed by the candidate on campaign financial disclosure statements until fully paid. Payments on the obligation shall be disclosed as expenditures by the candidate on the appropriate campaign financial disclosure statement(s).

## 6. What details are required in campaign financial disclosure statements?

**Contributions.** Contributions totaling one hundred dollars (\$100) or less from a single source during the reporting period may be totaled and reported as a single item.

Candidates are required to list the full name, complete address, amount, date of receipt of contribution, and the election the contribution is designated for, for each person or organization who contributes a total of more than one hundred dollars (\$100) during a reporting period. In addition, if this contribution is from an individual you must also list the occupation and employer of the contributor. A candidate that makes a "best effort" to obtain the address, occupation and employer for a contribution is considered to be in compliance with the requirement. "Best Effort" would include requesting the information on an invitation and stating that the information is required by state law for contributions over \$100 or requesting the information in a letter sent by first class postage and stating that the information is required by state law for contributions over \$100.

For example, a person who contributes fifty dollars (\$50) one day, fifty dollars (\$50) the following day and one dollar (\$1) the next day would have to be specifically listed on the campaign financial disclosure statement as having contributed one hundred one dollars (\$101), if all those monies were contributed during one reporting period. Likewise, a person who buys five (5) tickets to a campaign fundraiser at twenty-five dollars (\$25) each would have to be specifically listed on the campaign

financial disclosure statement as having contributed one hundred twenty-five dollars (\$125). A contributor may designate his/her contribution to a candidate by indicating in writing the specific election to which the contribution is intended to apply.

**Expenditures.** Expenditures totaling one hundred dollars (\$100) or less to a single payee during the reporting period are not required to be itemized. These expenditures may be broken down and totaled by general categories (such as gas, food, etc.). For example, purchases of twenty-five dollars (\$25) of gas at five different service stations would be shown as "Gas -- \$125"

The law requires candidates to list the full name, complete address, amount and detailed purpose for each person or organization to whom a total of more than one hundred dollars (\$100) was paid during a reporting period.

When a purchase is made with a credit card, the purchase must be disclosed as a payment to the vendor (not the credit card company). For example, if printing is purchased from ABC Printing with a credit card, the payee must be listed as ABC Printing.

Purchases of goods and services must be disclosed as a purchase from the actual vendor and not as a purchase from a third party who is reimbursed for the purchase. For example, if a campaign worker goes to ABC Printing and pays for printing and is then reimbursed by the campaign for the printing, the disclosure must list ABC Printing as the vendor and not the campaign worker.

When listing the purpose of an expenditure, the words "reimbursement", "credit card purchase", "other" and "campaign expenditure" may not be used as the purpose. The purpose must be detailed enough to show that the expenditure was an allowable expenditure.

**Loans.** Itemized information must be provided for all loans for more than one hundred dollars (\$100) from one creditor during a reporting period. This information includes the full name and address of each creditor, and the date that the loan was made must be provided. In addition, any endorsers or guarantors for a loan must be listed by full name and address and the amount of the loan which is guaranteed by that person must be disclosed. The outstanding loan balance at the beginning of the reporting period, any additional loans received during that period, any loan payments made during the period and the outstanding loan balance at the end of the reporting period must also be disclosed.

**Obligations.** All obligations owed at the end of a reporting period for more than one hundred dollars (\$100) to one creditor must be itemized. The itemized information includes the full name and address of the creditor. In addition, the outstanding obligations' balance at the beginning of the reporting period, any additional obligations' incurred during the period, any payments made to the creditor during the period and the outstanding obligations balance at the end of the reporting period must be disclosed.

**Detailed Disclosure.** Candidates are exempt from filing a detailed disclosure statement if neither contributions received nor expenditures made during a reporting period for which a statement is submitted exceed one thousand dollars (\$1,000). A candidate claiming this exemption may complete only the front page of a campaign financial disclosure statement. The candidate must report the balance of contributions on hand, outstanding loans and outstanding obligations.

## 7. What campaign financial disclosure statements may a candidate have to file?

Below is a list of campaign financial disclosure reports that may be required to be filed by a state or local candidate. The reports a candidate are required to file will depend on the office sought and the date that an appointment of a political treasurer statement is filed with the Registry of Election Finance or the local county election commission. In order to view the specific reports required for your current election, please refer to the Registry's website or contact your local county election commission.

**Early Semi-Annual Supplemental.** If a candidate appoints a political treasurer before January 1 in the year of the election in which the candidate or committee expects to be involved, the candidate or

committee must file early supplemental campaign financial disclosure statements by January 31 and July 15 of each year preceding the election. The early supplemental report must cover the period beginning with the date of the first contribution or first expenditure, whichever is earlier, or the date of the last early supplemental report. The ending dates of the reporting periods are January 15 and June 30 of each year.

The early semi-annual supplemental report does not need to be filed if it is within sixty (60) days of another report required under the Campaign Financial Disclosure Act.

**1st Quarter.** This campaign financial disclosure statement must be filed no later than April 10. The ending date of this report will be March 31. The beginning date of this report will be depend upon several factors, including, the office the candidate is seeking, whether this is the candidate's first report and when the candidate filed an Appointment of Political Treasurer Statement.

**2nd Quarter.** This campaign financial disclosure statement must be filed no later than July 10. The ending date of this report will be June 30. The beginning date of this report will be depend upon several factors, including, the office the candidate is seeking, whether this is the candidate's first report and when the candidate filed an Appointment of Political Treasurer Statement.

**3rd Quarter.** This campaign financial disclosure statement must be filed no later than October 10. The ending date of this report will be September 30. The beginning date of this report will be depend upon several factors, including, the office the candidate is seeking, whether this is the candidate's first report and when the candidate filed an Appointment of Political Treasurer Statement.

**4th Quarter.** This campaign financial disclosure statement must be filed no later than January 25. The ending date of this report will be January 15. The beginning date of this report will be depend upon several factors, including, the office the candidate is seeking, whether this is the candidate's first report and when the candidate filed an Appointment of Political Treasurer Statement.

**Pre-Primary.** A campaign financial disclosure statement must be filed no later than seven (7) days before the primary election. The ending date of this report will ten (10) days before the primary election. The beginning date of this report will be depend upon several factors, including, the office the candidate is seeking, whether this is the candidate's first report and when the candidate filed an Appointment of Political Treasurer Statement.

**Pre-General.** A campaign financial disclosure statement must be filed no later than seven (7) days before the general election. The ending date of this report will ten (10) days before the general election. The beginning date of this report will be depend upon several factors, including, the office the candidate is seeking, whether this is the candidate's first report and when the candidate filed an Appointment of Political Treasurer Statement.

**Semi-Annual Supplemental.** If a candidate shows an unexpended balance of contributions, continuing debts and obligations, or an expenditure deficit on their 4th Quarter report, the candidate must file a semi-annual supplemental campaign financial disclosure report by January 31 and July 15 each year until the campaign account is closed. The ending dates of the reporting periods are January 15 and June 30 of each year.

**Note:** "Filed" means the date that the Registry or county election commission actually receives the candidate or committee's disclosure statement or the date of the postmark, if the statement is mailed by either certified or registered mail.

## **8. Does the Registry have electronic filing for state candidates?**

The Registry began offering electronic filing with the 2004 August election. The electronic filing system is an Internet based software maintained by the Registry. When a state candidate files an Appointment of Treasurer Statement with the Registry, they will receive an ID and Password that will allow them to

file electronically.

## 9. What reports are required if there is a runoff election?

The effect of a runoff election is to require two additional campaign financial disclosure statements to be filed by a candidate or committee involved in the election. The following reports must be filed:

**Pre-Runoff.** A campaign financial disclosure statement must be filed no later than seven (7) days before the runoff election, reporting all contributions and expenditures from the last day of any prior report through the tenth (10th) day before the election.

**Post-Runoff.** A campaign financial disclosure statement must be filed not later than forty-eight (48) days after the runoff election, covering the period from the last day of the prior report through the forty-fifth (45th) day after the runoff election. If a candidate loses the runoff and show no balance of contributions, an expenditure deficit or continuing debts or obligations, this statement shall be deemed the final statement required to be filed.

## 10. Will a candidate receive notice when a disclosure report is due?

The Registry of Election Finance is required to notify candidates for state public office fourteen (14) days before any regularly scheduled statement is due and each county election commission is required to notify candidates for local public office seven (7) days before any regularly scheduled statement is due.

## 11. Are candidates required to file report during the final days of an election?

**Interim Report.** An interim report is required for major contributions during the final days before an election. Such a report must be filed if a candidate or single-candidate political campaign committee for state public office or a single-measure political campaign committee in a statewide referendum receives a contribution or loan of more than five thousand dollars (\$5,000) from a single source in the period beginning at midnight of the tenth (10th) day prior to any election and extending through midnight of election day. Such a report also is due if a candidate or single-candidate committee for local public office or single-measure committee involved in a local referendum receives a contribution or loan of more than twenty-five hundred dollars (\$2,500) during that final campaign period.

Such reports must be filed by the end of the next business day following the day on which the contribution was received. The interim report must be filed by telegram, fax machine, hand delivery or overnight delivery.

## 12. What activities are not campaign contributions?

a) **Volunteer Work.** Services, including expenses provided without compensation by a candidate, or any individuals who volunteer a portion or all of their time on behalf of a candidate are not contributions.

b) **Publicity.** Not included within the meaning of contribution is any news story, commentary or editorial distributed through the facilities of any broadcasting station, newspaper, magazine or other periodical publication, unless such facilities are owned wholly or in part or controlled by a candidate.

c) **Voter Registration Efforts.** Any nonpartisan activity designed to encourage individuals to vote or to register to vote is not considered a campaign contribution.

d) **Internal Communications.** Not included within the meaning of contribution is any written, oral or electronically transmitted communication by any membership organization or corporation to its members or stockholders, if such membership organization or corporation is not organized primarily for the purpose of influencing the nomination for election or election of any person to public office. However, if the organization or corporation simply finances the dissemination, distribution or

republication in whole or in part of campaign materials prepared by the candidate or candidate's committee, then such financing shall be considered a campaign contribution.

e) **Printed slate cards, sample ballots and other printed listings.** The costs of preparing and distributing printed slate cards, sample ballots or other printed listings of three (3) or more candidates who are opposed for election are not campaign contributions. However, this exemption does not apply to costs incurred with respect to the preparation and display of listings made on broadcasting stations, newspapers, magazines and similar types of general public political advertising.

f) **Cost of voter registration and get-out-the-vote activities.** The costs of voter registration and get-out-the-vote activities conducted by party committees shall not be campaign contributions, except when the expenditures of monies are made on behalf of a clearly identified candidate and the payments can be directly attributed to that candidate.

g) **Day-to-day costs of political party committees.** Expenditures for rent, personnel, overhead, general administrative, fundraising and other day-to-day costs of party committees are not considered campaign contributions, unless the expenditures are made on behalf of a clearly identified candidate and the expenditure can be directly attributed to that candidate.

h) **Educational campaign seminars.** Expenditures made for educational campaign seminars and for the training of campaign workers, are not campaign contributions, unless the expenditures are made on behalf of a clearly identified candidate and the expenditures can be directly attributed to that candidate.

i) **Other Candidate-Related Activities.** Not included within the meaning of contribution is the use of real or personal property and the cost of invitations, food and beverages not exceeding one hundred dollars (\$100), voluntarily provided on an individual's residential premises for candidate-related activities.

### 13. Are there dollar limitations on the amount of campaign contributions that a candidate may accept from a person or a PAC?

Pursuant to the Campaign Contribution Limits Act of 1995, T.C.A. 2-10-301, et seq., there are limits on how much monies that a person or a PAC may contribute to a candidate's campaign per election and how much monies that a candidate may accept for an election from a person or PAC. Those dollar limitations are based on the office sought by the candidate. Those limits are as follows:

OFFICE SOUGHT	PERSON	PAC	TOTAL CONTRIBUTIONS FROM PACs (EXCLUDES PAC *POLITICAL PARTY PACs)	CONTRIBUTIONS FROM POLITICAL PARTY PACs
Statewide Office Governor	\$2,500	\$7,500	50% of total contributions	\$250,000
State senate	\$1,000	\$7,500	\$75,000	\$40,000
Other state offices and all local elected offices	\$1,000	\$5,000	\$75,000	\$20,000

\*Political party PACs include those committees controlled by a political party on the national, state or local level and caucuses of a political party established by members of either house of the General Assembly.

For purposes of dollar limitations, a primary election, general election, run-off election or special election are each considered a separate election with separate contribution limits. For example, a candidate for state senate in the August primary election could accept \$1,000 from John Doe, and if the candidate also runs in the general election, he/she could accept another \$1,000 from John Doe for the general election.

**14. What is included as a contribution for purposes of the dollar limitations?**

Campaign contributions made by cash or a written instrument, such as a check, would be subject to the dollar limitations of the law, as well as in-kind contributions. A person who endorses or guarantees a candidate's campaign loan shall be considered to have made a contribution to the candidate's campaign in the amount of the endorsement or guaranty. Where the portion of the loan for which the endorser or guarantor is liable is not specified in the written agreement, each endorser or guarantor shall be considered to have made a contribution in that proportion of the unpaid balance that each endorser or guarantor bears to the total number of endorsers or guarantors.

Additionally, a person making a loan to a candidate from personal monies shall be considered a campaign contribution for the amount of the loan. This would include monies loaned by a candidate to his/her campaign.

**15. What is not included as a contribution for purposes of the dollar limitations?**

The limitations do not apply to the retention or transfer of funds by a candidate to his/her own campaign from surplus funds from another campaign of the candidate. (Please remember that a candidate shall not transfer funds from a local campaign account to a legislative or gubernatorial campaign account.)

A loan obtained by a candidate from a financial institution is not subject to the dollar limitations if the loan meets the following criteria:

- a) Is made in the ordinary course of business;
- b) Is made on a basis reasonably designated to assure repayment, evidenced by a written instrument and subject to a payment due date or amortization schedule; and
- c) Bears the usual and customary interest rate of the lending institution.

**16. What are the restrictions on the accepting of campaign contributions?**

**Cash Contributions.** No person may make cash contributions to any candidate, in the aggregate that exceeds \$50.00 per election. PACs may not make cash contributions to candidates.

**Blackout Periods.** From the convening of the General Assembly in organizational session through the earlier of June 1 or the last day of regular session in odd numbered years and from the convening of regular legislative session to the earlier of May 15 or the conclusion of annual session in even numbered years and from the convening of an extraordinary session through the conclusion of extraordinary session, the governor or a legislator may not have a fundraiser or solicit or accept campaign for the governor or legislator's benefit or for the benefit of another legislative candidate or gubernatorial candidate, a political party legislative caucus PAC or any member of a political party legislative caucus PAC.

Additionally, from the convening of the General Assembly in organizational session through the earlier of June 1 or the last day of regular session in odd numbered years and from the convening of regular legislative session to the earlier of May 15 or the conclusion of annual session in even numbered years and from the convening of an extraordinary session through the conclusion of extraordinary session, a political party PAC is prohibited from conducting a fundraiser, soliciting or accepting campaign contributions for the benefit of a legislative candidate, gubernatorial candidate, a caucus or any caucus member.

A lobbyist, employer of a lobbyist or a PAC controlled by a lobbyist is prohibited from making a

campaign contribution to a gubernatorial or legislative candidate during legislative session.

During the ten (10) day period prior to any election day, a PAC is prohibited from making a campaign contribution to a candidate for state or local public office, unless the committee is a political party PAC.

### **17. Are corporate campaign contributions allowed?**

It is illegal for the officers of any corporation doing business in Tennessee to use corporate funds to aid in the election or defeat of any candidate. That means corporations are prohibited not only from giving money to candidates and their committees, but from giving money to any political campaign committee that supports the election or defeat of any candidate. Corporate officers who violate this provision are guilty of a Class C misdemeanor under state criminal law.

National political party organizations that are incorporated are allowed to contribute to state and local candidates as long as none of those funds are derived from corporate contributions.

### **18. Can a candidate use campaign funds from a previous election for a subsequent election?**

All state and local candidates may transfer unexpended campaign funds to a future campaign for the same office by that candidate. State candidates may transfer any excess campaign funds to any future state or local campaign that the candidate establishes. Local candidates may transfer excess campaign funds only to future local campaigns that the candidate establishes.

### **19. Are there any restrictions on the use of campaign contributions by candidates?**

**Generally.** A candidate for an elected public office is prohibited from using any campaign funds prior to, during or after an election for the candidate's own personal use. Personal use is defined as any use of funds that would require the candidate or official to treat the use as gross income under Section 61 of the IRS Code of 1986.

Whether an expenditure of campaign funds by a candidate is made for a political purpose depends upon all the facts and circumstances surrounding the expenditure. An activity engaged in between elections by a candidate which is directly related to and supports the selection, nomination or election of that individual to public office is considered political activity. An expense which would be incurred by an individual regardless of that person's candidacy for public office is considered an expenditure for a nonpolitical purpose, except as allowed for the expenditure of surplus contributions.

**Allowable Uses.** A candidate with surplus campaign funds from an election is required by the Campaign Financial Disclosure Act to elect one or more of the following for allocation of such unexpended funds within sixty (60) days after an election:

- a. The funds may be retained or transferred to any campaign fund pursuant to Tennessee's reporting requirements, except a candidate for local office shall not transfer surplus funds from such an account to a campaign account for the General Assembly or governor.
- b. The funds may be returned to any or all of the candidate's contributors as set forth in a formula or plan specified in the candidate's disclosure of the allocation.
- c. The funds may be distributed to the executive committee of the candidate's political party.
- d. The monies may be deposited by the candidate in the volunteer public education trust fund.
- e. The funds may be distributed to any organization as described in 26 U.S.C. 170(c). (Examples - church, schools, school booster clubs, veterans organizations.)
- f. The monies may be distributed to any organization which has received a determination of exemption

from federal income taxation pursuant to subsection (3) or (4) of 26 U.S.C. 501(c), if such organization is currently operating under such exemption. (Section 501(c)(3) includes any non-profit organization that operates exclusively for religious, charitable, scientific, public safety testing, literacy, or educational purposes, or to foster national or amateur sport competition, or for the prevention of cruelty to children or animals. Section 501(c)(4) covers any non-profit civic organization operated exclusively for the promotion of social welfare and also includes certain local employee associations when the associations' net earnings are devoted to charitable, educational or recreational purposes.)

g. The funds may be used to defray any ordinary and necessary expenses incurred in connection with the office of the officeholder. Such expenses may include, but are not limited to the cost of advertisement, membership fees, and donations to community causes.

h. The funds may be distributed to any institution of public or private education in the state for the purpose of supplementing the funds of an existing scholarship trust or program. Please remember that state law requires that the organization to which you are making a contribution must have an up to date exemption from the Internal Revenue Service, in order for your contribution to be proper under this provision.

**Prohibited Uses.** The following expenditures from campaign funds are specifically prohibited:

a. Any residential or household items, supplies or expenditures, including mortgage, rent or utility payments for any part of any personal residence of a candidate or officeholder or a member of the candidate's or officeholder's family.

b. Mortgage, rent, or utility payments for any part of any nonresidential property that is owned by a candidate or officeholder or a member of a candidate's or officeholder's family and used for campaign purposes, to the extent the payments exceed the fair market value of the property usage.

c. Funeral, cremation, or burial expenses related to deaths within a candidate's or officeholder's family.

d. Clothing, other than items of de minimis value that are used in the campaign.

e. Tuition payments within a candidate's or officeholder's family other than those associated with training campaign staff or associated with an officeholder's duties.

f. Dues, fees, or gratuities at a county club, health club, or recreational facility, unless they are part of a specific fundraising event that takes place on the organization's premises.

g. Salary payments to a member of a candidate's family, unless the family member provides bona fide services to the campaign, any salary payment in excess of the fair market value of the services provided is a prohibited use.

h. Admission to a sporting event, concert, theater, activity, charitable event or other form of entertainment, unless the event is an expense associated with a legitimate campaign or officeholder activity where the tickets to such event are provided to students attending schools, guests or constituents of the candidate or officeholder, or persons involved in the candidate's or officeholder's campaign.

i. Payments for grooming or enhancing one's personal appearance unrelated to campaign activities.

j. Payment of any fines, fees, penalties assessed pursuant to Title 2 Chapter 10 (Campaign Finance Statute) or Chapter 3 Title 6 (Lobbying Statute).

## **20. When must a report be filed if the due date falls on a weekend or holiday?**

Whenever a due date for a campaign financial disclosure statements falls on a weekend day or holiday, such report is due to be filed with the Registry of Election Finance or the county election commission,

whichever is required, on the next business day.

"Filed" means the date that the Registry or county election commission actually receives the candidate or committee's disclosure statement or the date of the postmark, if the statement is mailed by certified or registered mail.

### **21. How does a candidate close out a campaign account?**

A campaign account may be closed out at any time when the candidate has filed a campaign financial disclosure statement that shows no unexpended balance, continuing debts or obligations or expenditure deficit.

No additional reports are required after a campaign account is properly closed.

### **22. What recordkeeping procedures are required by candidates?**

A candidate is required to retain copies of all checks, bank statements and vendor receipts for two years after the date of the election the records refer. Additionally, when feasible, a candidate should make copies of campaign contribution checks.

A candidate must adopt a recordkeeping system that will allow the candidate file accurate campaign financial disclosure statements disclosing all required information. Please see questions 5 and 6 for the information that is required to be disclosed.

Campaign bank account reconciliations must be performed by a candidate to ensure that the bank account balances with the financial disclosure reports filed by the candidate.

The Registry will conduct random audits on state candidates. The Registry will audit 2% of legislative candidates, one supreme court candidate, one court of appeals candidate and one court of criminal appeals candidate, and any gubernatorial candidate receiving 10% of the vote in the general election. Candidates will be selected in a random draw. The random draw for legislative candidates will be by district. Audits will not take place until after the election year is completed.

In addition, any state candidate that files a report which lists over 30% of their contributions as unitemized and the unitemized contributions exceed \$5,000 will be subject to an audit of their contributions.

### **23. How long must campaign records be maintained?**

All financial records used by a candidate to prepare a campaign financial disclosure statement must be retained for at least two (2) years after the date of election to which the records refer.

If investigative procedures or an administrative hearing have been initiated against a candidate, financial records relating to a campaign account must be maintained by the candidate until the investigation or administrative hearing has been completed.

The Registry of Election Finance and each county election commission shall maintain all reports filed with their respective offices for five (5) years. These records will be available for public inspection and copying.

### **24. How does an individual inspect or obtain a copy of a candidate's or PAC's campaign financial disclosure statement?**

**2004 Elections Forward.** Campaign financial disclosure reports are available online. Go to [www.tennesseeanytime.org/tncamp](http://www.tennesseeanytime.org/tncamp) and click on the "Search Database" tab to find PAC and Candidate reports.

**Prior to 2004 Elections.** In order to inspect or obtain copies of campaign financial disclosure statements filed by state candidates and PACs, you may come to the Registry's office or request copies by email or telephone. Copies of local candidates may be obtained at the local county election commission. The Registry's charge for copying is 25¢ a page if our staff makes the copies and 10¢ if you make the copies in our office. You will need to check with the local county election commission in order to determine their fees.

## **25. What happens if a candidate does not file the required reports on time or violates other provisions of the law?**

The Registry of Election Finance has the authority to impose civil penalties against a candidate for failing to file a statement on time and ignoring subsequent warnings about the required report. The Registry also has the authority to impose civil penalties for other violations.

**Class One (1) Offenses.** The Registry may impose class one (1) civil penalties of twenty-five dollars (\$25) a day up to a maximum of seven hundred fifty dollars (\$750) for the late filing of any campaign financial disclosure report required to be filed either with the Registry or the county election commission. The law sets specific procedures that must be followed whenever the Registry or a county election commission discovers that a required report has not been filed.

The Registry staff or the county election commission, whichever office should have received a required campaign financial disclosure statement, must notify the candidate by personal service or by return receipt requested mail that the report has not been received and that civil penalties of twenty-five dollars (\$25) a day will begin to accrue five (5) days after receipt of the notice until the report is filed or for thirty (30) days, whichever occurs first.

A candidate that files the required report within that five-day grace period will not be subject to civil penalties.

**Class Two (2) Offenses.** The Registry also has the authority to impose civil penalties of up to ten thousand dollars (\$10,000) or fifteen percent (15%) of the amount in controversy, whichever is greater for a class two (2) offense involving both state and local elections. A class two offense is the failure to file a report within thirty-five (35) days of service of notice of a delinquent report or any other violation of the Campaign Financial Disclosure Act.

The law requires the Registry staff to send an assessment letter to the candidate before any class two (2) civil penalties are imposed by the Registry, advising the candidate of the factual basis of the violation, the maximum penalty and the date that a response must be filed.

**Violations of the Campaign Contributions Act of 1995.** The Registry is empowered to impose a maximum civil penalty of not more than ten thousand dollars (\$10,000) or one hundred fifteen percent (115%) of the amount of all contributions made or accepted in excess of the limitations of the Act, whichever is greater.

A campaign contribution made or accepted in excess of the limitations of this Act shall not be a violation if the candidate refunds or returns the contribution to the person making the contribution within sixty (60) days of its receipt.

**Contested Penalties.** To request a waiver, reduction or to in any way contest a penalty imposed by a county election commission, a candidate for a local public office shall file a petition with the Registry. To appeal any penalty imposed by the Registry, a candidate must file a petition with the Registry within thirty (30) days after the date that the order is issued. An assessment order issued by the Registry becomes final and cannot be appealed thirty (30) days after it has been issued.

## **26. If a candidate fails to file a disclosure statement, may that individual qualify as a candidate in**

**future state or local elections?**

A candidate in a state or local election who fails to file a required disclosure statement is ineligible to qualify as a candidate in any future state or local elections until the report is properly filed with the Registry and/or the local county election commission.

**27. What happens if a candidate fails to pay an assessed civil penalty after an assessment order becomes final?**

If a candidate does not pay assessed civil penalties within thirty (30) days of an assessment order becoming final, the candidate shall be ineligible to qualify as a candidate in any upcoming elections until the assessed penalties and related costs are paid.

**28. How does the Registry of Election Finance begin an investigation?**

**ON ITS OWN INITIATIVE.** The Registry of Election Finance may, on its own initiative, conduct an investigation whenever it believes that a violation of the Campaign Financial Disclosure Act may have occurred. If the Registry investigates the records of any selected candidate, it may also investigate the records of all other candidates running for the same office in the same district or other appropriate geographic area. The Registry has the authority to hold hearings, subpoena witnesses, administer oaths, and compel the production of books, correspondence, papers and other records.

**UPON SWORN COMPLAINTS.** An investigation also may be based on a sworn complaint. A registered voter of Tennessee may file a sworn complaint alleging that a statement filed regarding an election for which that voter was registered to vote does not conform to the law, that a statement filed is not accurate or that a person has failed to file a statement required by law. Sworn complaints regarding candidates or single-candidate political campaign committees for state public office should be filed with the Registry. Sworn complaints regarding elections for local public office should be filed with the district attorney general in the judicial district in which the voter resides.

**29. What guidelines will the Registry of Election Finance provide to candidates and political campaign committees regarding the Campaign Financial Disclosure Law?**

The Registry of Election Finance may issue written advisory opinions when questions arise about the Campaign Financial Disclosure Act and its requirements. Anyone wishing to receive guidance on his or her own campaign finance activities should contact the Registry prior to undertaking the questioned activity. The Registry will issue written advisory opinions to individuals based on written requests describing specific facts and circumstances. The Registry will issue opinions only as to prospective activities. A candidate may rely upon an advisory opinion without threat of sanction with respect to the particular issues addressed if the candidate conforms his or her conduct to the requirements of the advisory opinion.