



STATE OF MONTANA

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To: All 2020 Montana Candidates

From: Commissioner Jeff Mangan

Date: October 23, 2019

Re: COPP Guidelines and Requirements for Reporting Reimbursement Expenses

Recently, the COPP has become aware that there may be some confusion surrounding candidates for elected office making campaign expenditures using their personal bank account or other personal funds and then seeking reimbursement for the expenditure from their campaign funds.

Specifically, it appears that clarification is needed on how candidates should report personal expenditures made on behalf of the campaign and subsequent reimbursement payments on campaign financial reports.

This memo outlines:

1. A best practices reminder that all campaign financial activity should run through (and be traceable back to) the candidate's campaign bank account.
2. Guidance on how a candidate must report personal expenditures that are made on behalf of their campaign
3. Guidance on how clarified reporting requirements (for a candidate's personal campaign expenditures) impacts previously filed and future campaign finance reports

BEST PRACTICES: The Office of the Commissioner of Political Practices strongly recommends that candidates run every campaign expenditure out of their campaign bank account.

Best practices advises candidates to obtain a debit card attached to the campaign bank account to use for all campaign expenditures. Exclusive use of a debit card connected to the campaign bank account when making campaign expenditures ensures that campaign funds are utilized and simplifies reporting requirements for the candidate.

Exclusive use of a campaign debit card also reduces the chances that a candidate would need to provide personal banking records or other personal financial information to the COPP in the event a campaign finance complaint is filed. Limited use of a candidate's personal bank account or funds for campaign purposes is allowable if the activity is properly reported and disclosed by the candidate.

Reporting Reimbursement of Candidate's Personal Campaign Expenses

For a candidate to reimburse themselves for personal expenditures made on behalf of the campaign, the candidate must first report the activity as a loan provided to the campaign.

This provides candidates with two options on how they choose to disclose the reimbursement details:

Option 1 is for the candidate to provide a direct monetary loan from their personal bank account to the campaign, depositing those funds in the campaign bank account. This monetary transfer would be reported as a loan from the candidate in Schedule A on the relevant campaign financial report. A candidate may use campaign funds to reimburse themselves for any monetary loan they have made to their own campaign.

Reimbursement payments made from the campaign account would be recorded using the Payments tab.

Option 2 is for a candidate to report each campaign expenditure made using their personal bank account or personal funds as an In-Kind loan from the candidate in Schedule A. Each In-Kind loan must provide the date the activity was carried out, the monetary value of the activity, the name of the vendor or business entity the candidate originally paid, and a description of the nature of the specific item/s or service/s provided. This description would require the same level of detail or information as is required for campaign expenditures. Any reimbursement payments made from the campaign account back to the candidate would be recorded using the Payments tab.

How Does this Impact Previously Reported Reimbursement Payments?

The COPP realizes that some candidates running for elected office in the 2020 elections have previously filed campaign financial reports disclosing reimbursements provided to a candidate by their campaign that did not follow the above listed guidelines. These candidates will not be asked to amend those reports so long as all required expenditure detail has been provided to explain the nature and purpose of the items or services the candidate was reimbursed for.

Going forward, all candidates will need to follow the above listed guidelines to fully report and disclose reimbursement payments, starting with the Quarterly C-5 report due on January 5, 2020. Starting with that report, candidates who do not report reimbursements for campaign expenditures made using personal funds following these guidelines will be required to amend their financial reports.

Candidates should always remember that any campaign expenditure activity, including reimbursement payments provided to the candidate for personal expenditures made on behalf of the campaign, need to be reported using the date the expense was incurred, not the date an invoice was received or the campaign was otherwise billed.

Questions?

COPP Compliance Specialists are available to discuss reimbursement payment reporting requirements with candidates or campaign treasurers and are happy to provide additional guidance where possible. Feel free to contact the office via telephone at (406) 444-2942 or via email at cppcompliance@mt.gov with any questions.

This memo is available for reference on the [COPP's website](#).