

Accounting and Reporting Manual for Political Committees



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Introduction

This manual is intended to be a practical guide to campaign finance accounting and reporting procedures for political committees engaging in Montana's election process.

This manual *is not a substitute* for the laws and rules governing campaign finance and practices. Specific citations are noted throughout the manual. For precise legal language and requirements, consult Montana Code Annotated (MCA) Title 13, Chapters 35 and 37 and Administrative Rules of Montana (ARM) Chapter 44.11.

Montana election law provides for public disclosure of contributions received and expenditures made to influence elections. Accurate disclosure of these transactions requires:

- 1) An understanding of applicable laws and rules; and
- 2) The maintenance of detailed records of contributions received and expenditures made.

Part 1, POLITICAL COMMITTEES, on pages 2 through 4, defines and describes the types of political committees as defined under Montana law.

Part 2, POLITICAL COMMITTEE ACCOUNTING, on pages 4 through 10, discusses the legal responsibilities of political committees participating in Montana elections, including committee registration with COPP and committee banking requirements. It also provides formal definitions and basic examples for contributions and expenditures.

Part 3, POLITICAL COMMITTEE REPORTING, on pages 10 through 12, discusses political committee finance reporting requirements. It also provides a brief description of the individual forms political committees are required to file with COPP and the information each form is intended to disclose.

Part 4, ATTRIBUTION, on page 13, briefly discusses the "paid for by" attribution statement required on election communications, electioneering communications, and independent expenditures finance by political committees.

Montana's Campaign Electronic Reporting System (CERS) is a user-friendly system used by candidates to file all required statements and reports. Access CERS from COPP's agency website, politicalpractices.mt.gov, or by clicking the following link: [Campaign Electronic Reporting System \(dashboard\) \(mt.gov\)](#). COPP has additional guidance for accessing CERS and utilizing it to file required statements and reports available [here](#).

PART 1: POLITICAL COMMITTEES

POLITICAL COMMITTEES, DEFINITIONS

A “Political committee” is legally defined under Montana Code Annotated (MCA) [13-101\(34\)](#) as “a combination of two or more individuals or a person other than an individual who receives a contribution or makes an expenditure”:

- to support or oppose a candidate or a committee organized to support or oppose a candidate or a petition for nomination;
- to support or oppose a ballot issue or a committee organized to support or oppose a ballot issue; or
- to prepare or disseminate an election communication, an electioneering communication, or an independent expenditure.

Political committees include ballot issue committees, incidental committees, independent committees and political party committees.

A political committee is **NOT** formed when a combination of two or more individuals or a person other than an individual makes an election communication, an electioneering communication, or an independent expenditure of \$250 or less, MCA 13-1-101(34)(d). Similarly, a candidate and their campaign treasurer are not considered a political committee under Montana law.

POLITICAL COMMITTEES, TYPES

Ballot Issue Committees

As the name implies, a ballot issue committee is organized to support or oppose a particular ballot issue, MCA 13-1-101(7).

A ballot issue itself is defined as “a combination of two or more individuals or a person other than an individual who receives a contribution or makes an expenditure”, MCA 13-1-101(6)(a). A statewide issue becomes a ballot issue “upon preparation and transmission by the Secretary of State of the form of the petition or referral to the person who submitted the proposed issue,” 13-1-101(6)(b), MCA. A local issue becomes a local ballot issue "upon certification by the proper official that the legal procedure necessary for its qualification and placement on the ballot has been completed", 13-1-101(6)(b), MCA.

Ballot issue committees must file a Form C-2, Statement of Organization, with the COPP within five days after the issue becomes a ballot issue, MCA [13-37-201](#). A ballot issue

committee's initial finance report must include all contributions received and expenditures made by the committee since its date of foundation to qualify the issue for the ballot, MCA [13-37-228](#)(1). If a primary ballot issue committee supporting a statewide initiative fails to file statements and reports as required by law, initiative may not appear on the formal ballot, MCA [13-37-126](#)(3).

Incidental Committees

An incidental committee is defined as “a political committee that is not specifically organized or operating for the primary purpose of supporting or opposing candidates or ballot issues but that may incidentally become a political committee by receiving a contribution or making an expenditure”, MCA 13-1-101(26)(a). For purposes of this definition, the primary purpose is determined by the Commissioner and “includes criteria such as the allocation of budget, staff, or members' activity or the statement of purpose or goal of the person or individuals that form the committee”, MCA 13-1-101(26)(b). For additional information about the “primary purpose” considerations relevant to an incidental committee, see Administrative Rules of Montana (ARM) [44.11.203](#). An incidental committee is not required to register or report with COPP if the total sum of reportable contributions received and expenditures made are less than \$250.00, MCA [13-37-232](#)(1).

Example: A local Ace Hardware has an interest in a ballot issue that could impact the owner’s ability to conduct business. The primary purpose of Ace Hardware is to sell home improvement supplies. Ace Hardware writes a check to an organized ballot issue committee in the amount of \$1,000. By making this contribution to an established ballot issue committee, Ace Hardware has become an incidental committee, subject to registration and reporting requirements with COPP.

Independent Committees

An independent committee is defined as “a political committee organized for the primary purpose of receiving contributions and making expenditures that is not controlled either directly or indirectly by a candidate”, MCA 13-1-101(27). In other words, independent committees, more commonly referred to as a Political Action Committee (PAC), have a primary purpose of supporting and/or opposing candidates, but are not themselves directly affiliated with any candidate or candidate’s campaign.

Political Party Committees

A political party committee is defined as “a political committee formed by a political party organization and includes all county and city central committees”, MCA 13-1-101(35). In turn, a "political party organization" "means a political organization that was represented on the official ballot in either of the two most recent statewide general elections; or has met the petition requirements, as provided in Title 13, chapter 10, part 5", MCA 13-1-101(36)(a) and (b). Currently the Republican, Libertarian, and Democratic parties are recognized as political party organizations in the State of Montana.

Political party committees “may not contribute to a judicial candidate,” MCA [13-35-231](#). Political party committees may finance independent expenditures supporting or opposing judicial candidates, or otherwise endorse judicial candidates.

PART 2: POLITICAL COMMITTEE ACCOUNTING

STATEMENT OF ORGANIZATION

Political committees are required to file with COPP, MCA 13-37-201. As noted in **Part 1**, independent committees, incidental committees, and political party committees, this filing must be made within five (5) days of making or authorizing the initial expenditure; for ballot issue committees, this filing must be made within five (5) days of the issue supported or opposed qualifying as a ballot issue.

Political committees file with COPP by submitting Form C-2, the Statement of Organization, in CERS.

COMMITTEE TREASURER

Each political committee must designate a committee treasurer and certify their full name and address on the Statement of Organization filed with COPP, MCA 13-37-201, [202](#), and [203](#). The treasurer performs the important functions of depositing and disbursing funds, keeping accurate accounts, and administering the financial affairs of the political committee. The committee treasurer is prohibited from performing any duty until a certification statement is filed, 13-37-203, MCA.

Political committees may also appoint and certify deputy campaign treasurers, MCA 13-37-202(2), but not more than one in each county in which the campaign is conducted. A deputy treasurer must be specifically authorized in writing to exercise any of the powers of the treasurer before doing so. Only an appointed and certified treasurer or appointed and certified deputy treasurer may make deposits to or draw funds on the political committee account, MCA 13-37-203(2). A political committee’s appointed treasurer and deputy treasurer must be a resident of Montana, MCA 13-37-203(1).

The treasurer must keep detailed accounts that must be current within not more than 10 days after the date of receiving a contribution or making an expenditure, except that accounts shall be current as of the 5th day before the date of filing a report, MCA [13-37-208](#)(1)(a) and (b). These records must be kept for a period of two (2) years.

COMMITTEE DEPOSITORY

Each political committee must designate one primary depository in which to deposit contributions received and disburse expenditures made, MCA [13-37-205](#). This depository may be a bank, a credit union, a savings and loan association, or a building and loan

association; however, this depository must be authorized to transact business in Montana and must offer accounts on which the equivalent of a check may be drawn.

It is important that all monetary receipts be deposited in the political committee account and that all money spent by the political committee be by checks, debit card, wire transfer, or other electronic means drawn on this account, ARM [44.11.409](#)(4). Use of the political committee checking account will make record keeping and reporting much easier.

All funds must first be deposited into the political committee checking account. A political committee, however, may have more than one account in the primary depository for instance, a savings account and payroll account.

A secondary depository is permitted in each county where an election is held and in which the political committee participates. With the specific written authorization provided by law, a deputy treasurer may make deposits to and expenditures from a secondary depository.

CONTRIBUTIONS RECEIVED

A contribution is defined by law, in part, as “an advance, gift, loan, conveyance, deposit, payment, or distribution of money or anything of value to support or oppose a candidate or ballot issue. . .”, MCA 13-1-101(9).

Political committee treasurers are required to keep a detailed accounting of all contributors. Any system of record keeping may be used, as long as it maintains the information required by law and necessary for filing reports.

All monetary contributions (cash or checks) received by a political committee must be transmitted to the treasurer (or deputy treasurer) and deposited within five business days after the contribution is received, MCA [13-37-207](#)(1). Contributions received via a third-party payment gateway or on-line service provider (ActBlue, Win Red, or PayPal, as examples) are considered received at the time received by the online service provider, ARM [44.11.408](#)(2)(a).

Prior to the time a deposit to the committee account is made, the treasurer is required to prepare a statement showing the amounts received from each contributor, MCA 13-37-207(2). This statement, the receipt form for cash contributions deposited at the same time, and a deposit slip for the deposit must be kept together as part of the campaign records maintained by the treasurer.

Receipts must be written for any cash contributions of \$25 or more, ARM [44.11.407](#). Cash receipts must show:

- 1) The contributor’s full name and mailing address;
- 2) The date the contribution was received;
- 3) The name of the individual who received the contribution on behalf of the candidate; and
- 4) The exact amount received.

Some things are not included in the legal definition of “contribution.” For instance, any time or services provided by individuals volunteering their time without compensation are not considered contributions and do not need to be recorded or reported, MCA 13-1-101(9)(b)(i). Similarly, meals and lodging provided by individuals in their private residence for a candidate or other individual are not considered a contribution, MCA 13-1-101(9)(b)(ii). Finally, the use of a person’s real property for a fundraising reception or other political event also would not qualify as a reportable contribution, MCA 13-1-101(9)(b)(iii).

Types of contributions

There are two different types of contributions a political committee may receive. The first, monetary contributions, are traditional cash, check, or related considerations that can be deposited in the committee depository. The second, in-kind contributions, are the provision of items or services of value to the committee for free or at a reduced price. The specific item or service provided must be identified when reporting an in-kind contribution, and the contribution must be reported at the fair-market value of the item or service provided, ARM [44.11.403](#).

Frequently, in-kind contributions come in the form of services for which charges usually are made but which are rendered to the committee free of charge or at lesser amount than is customary.

Example: The fair market value of a mailing that your graphic designer friend charges clients is \$1.25 per mailing, but your friend only charges your political committee \$.50 per mailing. The \$.75 per mailing difference is an in-kind contribution that needs to be reported by the committee.

Types of contributors

There are several different types of contributors from which a political committee may be receiving contributions. Those include:

1. **Individual contributors:** Political committees are required to keep records of all contributions received from individual contributors, including the name of the contributor and the amount provided. Montana election law does not allow for anonymous contributions, so a committee does need to know the source of any contribution it receives. When reporting, the committee will need to disclose the name, address, occupation, and employer of any contributor who has made aggregate (total) contributions of \$50.00 or more, MCA [13-37-229\(1\)\(b\)](#).

2. Political committees: Political committees are also required to keep records of all contributions received from other political committees, including the name of the committee and the amount provided. When reporting, the committee will need to disclose the name and address of any political committee from whom they have received a contribution, MCA 13-37-229(1)(d).
3. Fundraisers and “mass collection” events: Contributions received from fundraiser or related “mass collection” events (such as passing the hat or selling campaign pins, raffle tickets, or baked goods) also need to be recorded and reported.

MCA 13-37-229(1)(h) and ARM [44.11.406](#) allow for political committees to report contributions of under \$50 received from a fundraiser or related “mass collection” event as one lump sum. [Detailed guidance](#) on reporting contributions received at a fundraiser or “mass collection” event can be found on COPP’s agency website. Remember that Montana law does not allow for anonymous contributions, so committee treasurers must be able to identify the source and amount of any contribution received at a fundraiser or related “mass collection” event.

To report a fundraiser or related “mass collection” event, the committee would need to include:

- 1) The date of the event,
- 2) The approximate number of people attending,
- 3) A description of the event, and
- 4) The aggregate (total) amount of under \$50.00 contributions received.

Any individual who has contributed an aggregate (total) of \$50 or more needs to be reported as an individual contributor, regardless of where or when their contributions are received.

4. Refunds, rebates, etc.: Political committees are required to record and report any refunds, rebates, etc. they receive, MCA 13-37-229(1)(i). Common examples include interest earned on a campaign savings account, or rebates provided by a vendor for bulk purchases.
5. Loans: Finally, political committees are required to record and report any loans received, MCA 13-37-229(1)(f). Report all loans in the same manner as contributions received. By definition any loan to a political committee is a contribution, ARM [44.11.405](#).

Limitations on Contributions- Candidates

Political committees are not limited in the amount of contributions they may accept from contributors. Unlike political committees, however, Montana has established campaign contribution limits that apply to candidates, MCA [13-37-216](#). In other words, candidates

are limited in the amount they may accept from contributors, including political committees. Montana’s current campaign contribution limits are posted on COPP’s agency website on the [Contribution Limits](#) page, and are also published in ARMs [44.11.226](#) and [227](#).

Montana’s campaign contribution limits apply per election. For purposes of campaign contribution limits, MCA 13-37-216(6) defines an election as:

the general election or a primary election that involves two or more candidates for the same nomination. If there is not a contested primary, there is only one election to which the contribution limits apply. If there is a contested primary, then there are two elections to which the contribution limits apply

An individual or political committee may contribute the following amount per election:

Governor/Lt. Governor	\$1,120
Other statewide offices	\$790
Other public offices	\$450

These limits include **both** monetary and in-kind contributions.

Contributions to candidates by political party committees are subject to separate aggregate limits:

Governor/Lt. Governor	\$112,200
Other statewide offices	\$84,150
PSC	\$16,850
State Senate	\$3,350
Other public offices	\$2,250

Example: A candidate for the office of Governor can receive \$112,200 in aggregate (total) contributions from political party committees. In other words, the candidate can receive one \$112,200 contribution from one political party committee, or multiple smaller contributions up to the \$112,200 limit. When the candidate has reached the \$112,200 aggregate limit, they cannot accept any more political party contributions.

An exemption for these aggregate political party limits does exist for certain paid personal services provided by paid staff of a political party committee benefitting the associational interests of a candidate. While still reportable as in-kind contributions, these “personal services” do not count towards the aggregate limits discussed above. See ARM [44.11.225\(3\)](#).

Some campaigns coordinate certain campaign expenditure activities with political party committees or other entities. Any coordinated election activity other than those personal services provided by paid staff of a political party committee exempted under ARM 44.11.225(3) needs to be reported as a contribution received and is subject to Montana’s campaign contribution.

Example: The Firefighter PAC and Charlie Brown’s campaign for Senate District 1 work together on an advertisement that advocates for Charlie Brown’s campaign. Charlie can accept items or services up to the \$450 contribution limit as a contribution from the Firefighter PAC. Any excess costs beyond \$450 would have to be paid by Charlie Brown’s campaign.

EXPENDITURES

An expenditure is defined in law as “a purchase, payment, distribution, loan advance, promise, pledge, or gift of money or anything of value made by a candidate or political committee to support or oppose a candidate or ballot issue,” MCA [13-1-101\(21\)](#). As such, an expenditure means just about anything a political committee expends in support of or in opposition to candidates or ballot issues.

All money spent must be by check, debit card, wire transfer or other electronic means that clearly identifies the person receiving payment drawn on the committee account, ARM [44.11.502](#). The person who draws the check must be an appointed treasurer or an appointed deputy treasurer certified on the Statement of Organization filed with COPP.

Political committees must keep records for all expenditures. These records must be able to identify certain information about the person or business to whom the expenditure was made, including:

- 1) The full name and mailing address,
- 2) The date the expenditure was made,
- 3) The full amount of the expenditure, and
- 4) The purpose of the expenditure.

Note: A common mistake is the reporting of consultants. Reports of expenditures made to a consultant, advertising agency, polling firm, etc. must be itemized and must be described in sufficient detail to disclose the *specific services performed*, MCA [13-37-229\(b\)](#).

COMMITTEE DEBTS AND OBLIGATIONS

The timely and proper reporting of debts or related obligations owed by a political committee is one of the most commonly missed requirements during the reporting process. Political committees are required to report all debts or related obligation at the time the obligation is incurred, MCA 13-37-229(2)(b)(vi) and ARM 44.11.502(2). If the exact amount is unknown at the time, the estimated amount must be reported, ARM [44.11.506](#). Debts or related obligations are to be reported with the same level of detail as expenditures.

PART 3: POLITICAL COMMITTEE REPORTING

Statements and Reports

STATEMENTS AND REPORTS

Political committees are required to file required statements and reports electronically, utilizing the CERS system.¹ These required statements and reports include the C-2 Statement of Organization and the C-4 (for incidental committees) or C-6 (for ballot issue, independent, and political party committees) committee finance reports. Certain contributions received and expenditures made of \$500.00 or more immediately prior to an election must be reported within two (2) business days via forms C-7 and C-7E. Each of these forms, including the time for filing, will be discussed in more detail below.

Political committees that file required statements and reports with the Federal Election Commission (FEC) or nonresident committees that file required statement and reports in their home state jurisdiction may engage in political activity in Montana. These committees may file copies of their FEC or home state statements and reports with COPP, ***so long as they meet the reporting and disclosure requirements of Montana law***, ARM [44.11.305](#) (emphasis added). Federally filing and nonresident political committees are required to report using Montana’s forms if their federal or home state reports cannot “fully disclose the source and disposition of all funds used to influence elections in Montana”.

¹ Again, certain school and special district candidates are exempted from this requirement- see MCA 13-37-206.

Reporting Forms

Form C-2 Statement of Organization

All political committees must file form C-2, the Statement of Organization. Incidental committees, independent committees, and political party committees must file within five days after making the initial expenditure; ballot issue committees must file within five days of the issue qualifying as a ballot issue. An amended C-2 identifying any changes to information included, such as the committee treasurer, committee address or other contact information telephone numbers, or the candidates or issues supported or opposed, filed within five days as well.

One section of the C-2 Statement of Organization requires the “*Name of Candidate(s) or Ballot Issue(s)*” that the committee supports or opposes. All candidates or issues supported or opposed by the committee must be listed here, ARM [44.11.201](#)(f) and (g). In the case of a political party committee, the committee may simply to state “entire (Party) ticket” if the committee supports ALL candidates running under that party. A political committee supporting or opposing a variety of candidates and/or ballot issues may attach a separate sheet listing them and indicating support or opposition.

Political committees organized specifically to support or oppose candidates or ballot issues in certain school districts and established special districts are exempted from registering as a political committee or filing finance reports with COPP, MCA [13-37-206](#).² For those committees exempted from registering and reporting with COPP, please keep in mind that all other campaign finance requirements discussed in this manual apply.

Form C-4 Incidental Political Committee Finance Report

Incidental political committees must periodically file form C-4, the incidental committee finance report. A C-4 incidental committee finance report discloses earmarked contributions received by the incidental committee and expenditures made during a given reporting period. See MCA [13-37-232](#) for full incidental committee disclosure requirements. If engaging only in limited activity (for example, making a one-time

² **13-37-206. Exception for certain school districts and certain special districts.** (1) The provisions of this part, except **13-37-216** and **13-37-217**, do not apply to a candidate for the office of trustee of a school district, the candidate's political campaign, or a political committee organized to support or oppose a school district issue or a candidate when the school district is:

- (a) a first-class district located in a county having a population of less than 15,000;
- (b) a second- or third-class district; or
- (c) a county high school district having a student enrollment of less than 2,000.

(2) The provisions of this part, except **13-37-216** and **13-37-217**, do not apply to a candidate, the candidate's political campaign, or a political committee organized to support or oppose an issue or a candidate if the candidate is running for or the committee's issue involves a unit of local government authorized by law to perform a single function or a limited number of functions, including but not limited to a conservation district, a weed management district, a fire district, a community college district, a hospital district, an irrigation district, a sewer district, a transportation district, a water district, any other special purpose district, or any entity formed by interlocal agreement.

contribution to a candidate or ballot issue committee), incidental committees are required to report the expenditure within 30 days, MCA 13-37-232(5).

For incidental committees that remain active throughout an election cycle, the required committee finance reporting dates and the time periods covered by reports are established under [13-37-226](#) and [13-37-228](#), MCA. Full reporting calendars are also available on the COPP's website, www.politicalpractices.mt.gov.

Form C-6 Political Committee Finance Report

All ballot issue, independent, and political party committees must periodically file form C-6, the committee finance report. Each C-6 committee finance report discloses contributions received and expenditures made by the political committee during a given reporting period. See MCA [13-37-229](#) for full committee disclosure requirements.

The required committee finance reporting dates and the time periods covered by reports are established under [13-37-226](#) and [13-37-228](#), MCA. Full reporting calendars are also available on the COPP's website, www.politicalpractices.mt.gov.

Form C-7 Notice of Pre-Election Contributions

All political committees must file form C-7, the Notice of Pre-Election Contributions, to disclose any contributions of \$500.00 or more received from a single source between the 25th day of the month preceding an election in which the committee participates and the day before the election, MCA 13-37-226(2)(d). Form C-7 must be filed within two (2) business days and must be filed electronically using the CERS system.

Form C-7E Notice of Pre-Election Expenditures

All political committees must file form C-7E, the Notice of Pre-Election Expenditures, to disclose any expenditures of \$500.00 or more made between the 25th day of the month preceding an election in which the committee participates and the day before the election. Form C-7E must be filed within two (2) business days and must be filed electronically using the CERS system.

PART 4: ATTRIBUTION

All election communications, electioneering communications, or independent expenditures financed by a political committee need include a “paid for by” attribution statement. The attribution statement must include the words “paid for by” and the full name and address of the committee and the name of the committee treasurer or other listed officer, MCA [13-35-225](#)(1)(b). If the committee is a corporation or union, the attribution statement must include “the name of the corporation or union, its chief executive officer or equivalent, and the address of the principal place of business”. The attribution statement must be clear and conspicuous, ARM [44.11.601](#)(3).

Example attribution statements include:

Paid for by the Citizens for Less Pepsi
Coca Cola, treasurer
PO Box 292
Helena, MT 59601

Corporation:
Paid for by Pretty Good Manufacturing Co.
Bob the Builder, CEO
1000 Industry Drive
Helena, MT 59605

Union:
Paid for by Montana Grocery Workers Union
Sam A Grocer, President
2000 Shopping Cart Avenue
Helena, MT 59605