

Procedures for conversion of the campaign committee of a federal candidate to a campaign committee for state office; use of residual funds from a federal campaign for a state campaign. (Issued to Peter Viviani, April 21, 1977)

You are the treasurer for the campaign committee of an ex-candidate for federal office who now wishes to run for state office. You ask whether a federal committee can convert to a state committee and use surplus funds from a federal campaign for a state campaign. If such conversion is permissible, you ask how should it be effectuated.

There is nothing in the campaign finance laws explicitly answering your questions. It is the opinion of the Board that the conversion and transfer you describe are permissible at this time if the following procedure is complied with: The federal campaign committee must register with the Board as a state committee and simultaneously file a report disclosing the sources of the committee's funds on hand. That report must allocate the funds among the sources on a last-in, last-out basis. For example, a federal campaign committee with \$3,000 surplus funds would report the sources of the last \$3,000 of receipts collected by the committee, in a form and manner consistent with sec. 11.06, Stats.

Two qualifications concerning the above procedure must be expressed. First, the treasurer of a converting committee must insure that contribution limits applicable to the state office are not exceeded. This may be accomplished by returning to the reported donors of the funds on hand any amount in excess of applicable limits for the state office which is sought. Second, consistent with timely registration and reporting requirements, a federal committee wishing to convert to a state committee and use federal funds for a state campaign must do so within five days of the collection of any funds specifically designated for the state candidacy and before disbursement of any funds on behalf of the state candidacy. Sec. 11.05 (6), Stats.

The Board feels that the above procedure, as qualified, serves the purposes of the campaign finance laws, including accurate and timely reporting of all funds used for state political purposes and appropriate limitation of contributions. Below is a proposed rule consistent with that procedure. (It should be noted that the proposed rule is not yet a part of the administrative code. It is still subject to the due process safeguards of notice and hearing provided in chapter 227, Stats., for promulgation of administrative rules.)

El.Bd. 1.37 Conversion of federal campaign committee to state committee. (1) Definitions. As used in this rule,

(a) "federal campaign committee" means the campaign committee of a candidate for federal office, which is not registered with a state or local filing officer, and

(b) "state campaign committee" means the personal campaign committee of a candidate for state or local office.

(2) A federal campaign committee may convert to a state campaign committee and use funds collected for federal purposes in a state or local campaign by filing a campaign finance registration statement, pursuant to sec. 11.05, Stats., with the appropriate filing officer and simultaneously filing a campaign finance disclosure report showing the sources of all funds on hand at the time of the report, pursuant to the requirements of secs. 11.06 (1)(a), (b), (c), (d) and (f), Stats. In determining the sources of funds on hand and allocating those funds among the sources, the funds shall be treated on a last-in, last-out basis, so that they will be attributed in the report to the most recent sources, in the full amount received from each source.

Finally, the Board notes that this opinion is based solely on state law. The opinion should not be read to resolve any questions of federal law which may be pertinent to your request.