

The Language of Campaign Finance

Buckley v. Valeo (1976)

In this case the Court 1) held that restrictions on individual contributions to political campaigns and candidates did not violate the First Amendment since the limitations of the FECA enhance the "integrity of our system of representative democracy" by guarding against unscrupulous practices, and 2) that governmental restriction of independent expenditures in campaigns, the limitation on expenditures by candidates from their own personal or family resources, and the limitation on total campaign expenditures did violate the First Amendment. Since these practices do not necessarily enhance the potential for corruption that individual contributions to candidates do, the Court found that restricting them did not serve a government interest great enough to warrant a curtailment on free speech and association. (from <http://oyez.org>)

McCain-Feingold Act (Bipartisan Campaign Reform Act) (2002)

This law prohibiting national political party committees from raising or spending any funds not subject to federal limits and banning proliferation of issue advocacy ads or broadcast ads that name a federal candidate within 30 days of a primary or caucus or 60 days of a general election, and prohibiting any such ad paid for by a corporation or paid for by an unincorporated entity using any corporate or union general treasury funds.

Citizens United v. FEC (2010)

In this case in which the United States Supreme Court held that the First Amendment's Free Speech Clause prohibits the government from restricting political independent expenditures by corporations, associations, or labor unions.

SpeechNow.org v. FEC (2010)

On March 26, 2010, the D.C. Circuit Court of Appeals held that the provisions of the Federal Election Campaign Act that limit the contributions that individuals may make to SpeechNow.org, and the contributions that SpeechNow.org may accept from them, violate the First Amendment.

McCutcheon v. FEC (2013)

In this case the Supreme Court declared unconstitutional that the "aggregate limits" that federal law imposes on the combined campaign contributions that an individual can make directly to (1) candidates for federal office and (2) political parties.

Corporate Personhood

This is the legal concept that a corporation may be recognized as an individual in the eyes of the law. This doctrine forms the basis for legal recognition that corporations, as groups of people, may hold and exercise certain rights under the common law and the U.S. Constitution.

Federal Election Commission

A six-member bipartisan agency created by the FEC of 1974. It administers the campaign finance laws and enforces compliance with their requirements.

Hard Money - This refers to donations that are regulated by law through the Federal Election Commission which are directly used to help an individual win a specific election campaign.

Soft Money - This term refers to unregulated political contributions made in such a way as to avoid Federal Election Commission rules governing federal election campaigns (as by contributions to a political action committee for "party building" activities).

Political Action Committee (PAC)

Funding vehicles created by the 1974 campaign finance reforms. A corporation, union, or some other interest group can create one and register it with the FEC, which will meticulously monitor the PAC's expenditures.

Super PAC

These entities are officially known as "independent-expenditure only committees," they may not make contributions to candidate campaigns or parties, but may engage in unlimited political spending independently of the campaigns. They can raise funds from individuals, corporations, unions and other groups, without any legal limit on donation size.

527 Organizations

Entities organized under section 527 of the tax code are considered "political organizations," defined generally as a party, committee or association that is organized and operated primarily for the purpose of influencing the selection, nomination or appointment of any individual to any federal, state or local public office, or office in a political organization. All political committees that register and file reports with the FEC are 527 organizations, but not all 527 organizations are required to file with the FEC. Some file reports with the Internal Revenue Service (IRS).

501(c)(3) Organizations

To be tax-exempt under section 501(c)(3) of the Internal Revenue Code, an organization must be organized and operated exclusively for exempt purposes set forth in section 501(c)(3), and none of its earnings may inure to any private shareholder or individual. In addition, it may not be an *action organization*, *i.e.*, it may not attempt to influence legislation as a substantial part of its activities and it may not participate in any campaign activity for or against political candidates.

Organizations described in section 501(c)(3) are commonly referred to as *charitable organizations*. Organizations described in section 501(c)(3), other than testing for public safety organizations, are eligible to receive tax-deductible contributions in accordance with Code section 170.

The organization must not be organized or operated for the benefit of private interests, and no part of a section 501(c)(3) organization's net earnings may inure to the benefit of any private shareholder or individual. If the organization engages in an excess benefit transaction with a person having substantial influence over the organization, an excise tax may be imposed on the person and any organization managers agreeing to the transaction. Section 501(c)(3) organizations are restricted in how much political and legislative (*lobbying*) activities they may conduct.

Contribution Limits

The law places the following limits on any type of contribution you make to influence federal elections:

To Candidate Committee: \$2,600 per candidate, per election

To National Party Committee: \$32,400 per calendar year

State, Local, and District Party Committee: \$10,000 per calendar year (combined limit)

Political Action Committee: \$5,000 per calendar year

(from the FEC)

Expenditure Limits

An individual or group (such as a PAC) may make unlimited "independent expenditures" in connection with federal elections. While there is no limit on how much anyone may spend on an independent expenditure, the law does require persons making independent expenditures to report them and to disclose the sources of the funds they used.